

Draft

Midwest Reliability Organization

**Reliability Standards Process
Manual**

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MRO Reliability Standards Process Manual

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MRO Reliability Standards Process Manual

Introduction

Purpose: This manual defines the characteristics of a Midwest Reliability Organization (MRO) Reliability Standard and establishes the process for development of consensus prior to adoption, approval, revision, and withdrawal of such standards. MRO Reliability Standards apply to the reliability planning and operation of bulk electric systems located within the MRO region.

Authority: This manual is published by the authority of the MRO Board of Directors (BOD), who shall have the sole authority to modify the manual. A procedure for revising the manual is provided in the section titled Maintenance of MRO Reliability Standards and Process.

Credits: This manual was derived from the North American Electric Reliability Council (NERC) Reliability Standards Process Manual (available at www.nerc.com). Thus the MRO Reliability Standards process is very similar to the NERC process and the MRO Reliability Standard format is the same as the NERC Reliability Standard format.

Background: NERC works with all segments of the electric industry, including electricity end-users, to develop standards for the reliable planning and operation of bulk electric systems. The purpose of the NERC Reliability Standards is to promote reliability, while at the same time accommodating competitive electricity markets.

The NERC Reliability Standards Process provides for regional differences. Regions (such as the MRO) may develop, through their own processes, separate regional reliability standards that go beyond, add detail to, or implement NERC Reliability Standards, or that cover matters not addressed in NERC Reliability Standards. Regional Reliability Standards may:

- (i) be developed and exist separately from NERC Reliability Standards; or
- (ii) be proposed as NERC Reliability Standards; or
- (iii) be formed by simply adopting NERC Reliability Standards.

NERC requires that Regional Reliability Standards that exist separately from the NERC Reliability Standards, not be inconsistent with, or less stringent than, such NERC Reliability Standards. Adopting a NERC Reliability Standard as a Regional Reliability Standard obligates the region to monitor, enforce compliance and apply sanctions, if any, to such standard.

MRO Reliability Standard Definition, Characteristics, and Elements

Definition of a MRO Reliability Standard: A MRO Reliability Standard defines certain obligations or requirements of entities that operate, plan, and use the bulk electric systems of the MRO region. The obligations or requirements must be material to reliability and be measurable. MRO Reliability Standards include:

1. Regional Reliability Standards that exist separately from the NERC Reliability Standards and which were developed through the MRO Reliability Standards development process; and
2. NERC Reliability Standards that have been adopted for MRO compliance purposes.

Characteristics of a MRO Reliability Standard: A MRO Reliability Standard may include standards for the operation and planning of interconnected systems and market interface practices. The format and process defined by this manual applies to all MRO Reliability Standards.

A MRO Reliability Standard shall have the following characteristics:

- **Material to Reliability** - A MRO Reliability Standard shall be material to the reliability of bulk electric systems in the MRO region. If the reliability of the bulk electric systems could be compromised without a particular standard or by a failure to comply with that standard, then the standard is material to reliability.
- **Measurable** - A MRO Reliability Standard shall establish technical or performance requirements that can be practically measured.
- **Relative to NERC Reliability Standards** - A MRO Reliability Standard must go beyond, add detail to, or cover matters not addressed in NERC Reliability Standards.

Elements of a MRO Reliability Standard: A MRO Reliability Standard shall consist of the elements shown in the MRO Reliability Standard Template.

These elements are intended to apply a systematic discipline in the development and revision of MRO Reliability Standards. This discipline is necessary to achieving standards that are measurable, enforceable, and consistent.

The format allows a clear statement of the purpose, requirements, measures, and penalties for non-compliance associated with each standard.

All mandatory requirements of a MRO Reliability Standard shall be within an element of the standard.

Supporting documents to aid in the implementation of a standard may be referenced by the standard but are not part of the standard itself. Types of supporting documents are described in a later section of this manual.

MRO Reliability Standard Template

The following are the core elements of a MRO Reliability Standard

Identification Number	A unique identification number assigned by the Standards Process Manager.
Title	A brief, descriptive phrase identifying the topic of the standard.
Effective Date and Status	The effective date of the standard or, prior to adoption of the standard by the Board of Directors, the proposed effective date. The status of the standard will be indicated as active or by reference to one of the numbered steps in the standards process.
Purpose	The purpose of the standard shall explicitly state what outcome will be achieved by the adoption of the standard. The purpose is agreed to early in the process as a step toward obtaining approval to proceed with the development of the standard.
Requirement(s)	<p>Explicitly stated technical, performance, and preparedness requirements.</p> <p>Each requirement identifies who is responsible and what action is to be performed or what outcome is to be achieved. Each statement in the requirements section shall be a statement for which compliance is mandatory.</p> <p>Any additional comments or statements for which compliance is not mandatory, such as background or explanatory information should be placed in a separate document and referenced. (See Supporting References)</p>
Measure(s)	<p>Each requirement shall be addressed by one or more measurements. Measurements will be used to assess performance and outcomes for the purpose of determining compliance with the requirements stated above.</p> <p>Each measurement shall identify to whom the measurement applies.</p> <p>Each measurement shall be tangible, practical, and as objective as is practical.</p> <p>Achieving the full compliance level of each measurement should be a necessary and sufficient indicator that the requirement was met.</p>

Expected Performance or Outcomes	Defines the expected level of performance or outcomes for each measurement.
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Compliance Administration Elements

Compliance Monitoring Process	<p>Defines for each measure:</p> <ul style="list-style-type: none"> • The specific data or information that is required to measure performance or outcomes. • The entity that is responsible to provide such data or information. • The entity that is responsible for evaluating such data or information. • The time period in which performance or outcomes is measured, evaluated, and then reset. • Measurement data retention requirements and assignment of responsibility for data archiving.
Levels of Non-Compliance	Defines the levels of non-compliance for each measure, typically based on the actual or potential severity of the consequences of non-compliance.
Sanctions	Defines all penalties or sanctions associated with non-compliance, typically based on level of non-compliance and number of offenses.

Supporting Information Elements

Interpretations	Formal interpretations of an MRO Reliability Standard. Interpretations are temporary, as the standard should be revised to incorporate the interpretation.
Supporting References	<ul style="list-style-type: none"> • This section will reference related documents that support implementation of the MRO Reliability Standard, but are not themselves mandatory.

Roles in the MRO Reliability Standards Development Process

Nomination, Revision or Withdrawal of a Standard: Any member of the MRO or group within the MRO shall be allowed to request that a MRO Reliability Standard be developed, modified, or withdrawn. Additionally, any person (organization, company, government agency, individual, etc.) who is directly and materially affected by the reliability of the MRO's bulk electric systems shall be allowed to request that a MRO Reliability Standard be developed, modified, or withdrawn.

Process Roles

Board of Directors - The MRO Board of Directors shall consider for adoption as MRO Reliability Standards the standards that have been approved by the Registered Ballot Body (RBB). Once the Board adopts a MRO Reliability Standard, compliance with the standard shall be enforced consistent with the bylaws and the effective date.

Standards Committee (SC) - The Standards Committee will consider which requests for new or revised standards should be assigned for development. The SC will manage the standards development process. The SC shall advise the MRO Board of Directors on MRO Reliability Standards presented for adoption by the Board.

Registered RBB (RBB) - The Registered RBB comprises all entities that:

1. Qualify for one of the Industry Segments approved by the MRO Board of Directors¹, and
2. Are registered in the MRO RBB, and
3. Are current with any MRO related designated fees associated with this program.

Each registered member of the RBB is eligible to participate in the voting process for each Standards Action (add, change or withdraw). However, each company may have only one vote per segment that they are eligible to participate in.

The RBB will ensure, through its vote, the need for and the technical merits of, a proposed Standards Action and the appropriate consideration of views and objections received during the development process. The RBB votes to approve each Standards Action.

The MRO Reliability Standards Process relies on open and inclusive participation by the electric utility industry. RBB

Standards Process Manager (SPM) – The MRO Reliability Standards Process shall be administered by a SPM. The SPM is responsible for ensuring that the development and revision of standards is in accordance with this manual. The SPM works to ensure the integrity of the process and consistency of quality and completeness of the MRO Reliability Standards. The SPM facilitates all steps in the process.

Standards Process Staff - MRO staff will assist the Standards Committee (SC), SPM, Requester and Standard Drafting Team.

Requester - A Requester is any person or entity (organization, company, government agency, etc.) that submits a complete request for development, revision, or withdrawal of a standard. Any person or entity, within the MRO region or adjacent to the MRO region, that is directly and materially affected by an existing standard or the need for a new standard may submit a request for a new standard, a revision to a standard, or a withdrawal of a standard.

Compliance Committee (CC) - The mission of the MRO Compliance Committee is to manage and enforce compliance with MRO Reliability Standards. The development of a MRO Reliability Standard, in particular the measures and compliance administration portions of the standard, shall have direct input from the CC. Field testing will also be managed and coordinated with the CC. The Compliance Program Manager (CPM) and the CC shall provide inputs and comments during the standards development process to ensure the measures will be effective and other aspects of the Compliance Program can be practically implemented.

¹ *Appendix B contains a description of the latest version of the Industry Segments approved by the Board of Directors.*

Standard Drafting Team (SDT) - A small team (5-10 people) of technical experts, approved by the SC, that:

- Develops the details of the standard
- Considers and responds to comments
- Participates in industry forums to help build consensus on posted draft standards

Adoption of the NERC Reliability Standards

In accordance with the MRO Bylaws, a NERC Reliability Standard must be adopted as a MRO Reliability Standard before the MRO can apply sanctions that originate from the MRO.

Because the NERC Reliability Standards Process is open, fair, and allows all interested parties to participate, the MRO can adopt a NERC Reliability Standard as a MRO Reliability Standard without requiring the full MRO Reliability Standards Consensus Process (i.e., use of the MRO RBB).

The MRO has three options to adopt NERC Reliability Standards:

1. The MRO Board of Directors, upon a recommendation from the SC, can adopt the NERC Reliability Standard to be implemented as soon as the Bylaws allow. In this case the NERC Reliability Standard will be treated like other MRO Reliability Standards.
2. The MRO Board of Directors can adopt the NERC Reliability Standard with conditions on implementation. *The Board cannot change the content of the NERC Reliability Standard* but can place conditions on the implementation of the Standard within the MRO due to timing issues, budget or other constraints.
3. The MRO Board of Directors can adopt the NERC Reliability Standard as a MRO Reliability Standard without penalties for non-compliance. In this case, however, sanctions for violation of this NERC Reliability Standard will be under the authority that NERC, not the MRO, has for imposing sanctions.

A NERC Reliability Standard adopted by the MRO is excluded from the MRO balloting process. The following describes the process the MRO will follow to determine how a NERC Reliability Standard will be treated:

Step 1 - Request to Adopt or Withdraw a NERC Reliability Standard

The SPM will identify and forward to the new or modified NERC Reliability Standard to the SC so they can make a recommendation to the MRO Board of Directors on whether to adopt it as a MRO Reliability Standard or not.

If the new NERC Reliability Standard is to replace a previously adopted NERC Reliability Standard, the recommendation will be whether or not to replace the existing MRO Reliability Standard.

If NERC withdraws a Reliability Standard the MRO has previously adopted, the SC will make a recommendation to the MRO Board of Directors on whether or not to withdraw the MRO Reliability Standard.

Step 2 - Adoption of the NERC Reliability Standard by the Board

The MRO Board of Directors will consider any advice offered by the SC concerning adoption of the NERC Reliability Standard. The MRO Board of Directors may adopt or reject a standard, but may not modify a NERC Reliability Standard proposed for adoption by the MRO.

If the MRO Board of Directors chooses not to adopt a standard, it shall provide its reasons for not doing so. Members of the MRO will still be obligated to comply with the NERC Standards, since the Bylaws state in Section 5.6 Obligations of Members that "...each Member acknowledges and it is authorized and agrees to comply with all Organization Standards, all NERC standards and requirements" Enforcement of any sanctions associated with this standard will be under the authorities that NERC has for imposing sanctions.

A MRO Reliability Standard that is adopted by the MRO Board of Directors shall become effective on a date designated by the MRO Board of Directors in accordance with the implementation plan. The implementation plan may place the standard in effect as soon as the Bylaws allow or it may place conditions on when the standard will be implemented within the MRO, due to timing issues, budget or other constraints. The standard will be publicly posted, showing the final status.

If the recommendation is to withdraw a MRO Reliability Standard, the MRO Board of Directors will provide reasons for not withdrawing it if that is their choice. The withdrawal of a MRO Reliability Standard will be publicly posted and will be removed as a MRO Reliability Standard on the date specified by the MRO Board of Directors.

Step 3 - Implementation of MRO Reliability Standard

After adoption of a NERC Reliability Standard, the standard will be forwarded to the CPM for implementation.

MRO Reliability Standards Consensus Development Process

Overview

The MRO process for development of MRO Reliability Standards (other than those adopted directly from the NERC Reliability Standards) is illustrated in the Process Diagram on page 16 and has the following characteristics:

- **Due process** - Any person with a direct and material interest has a right to participate by:
 - a) expressing an opinion and its basis,
 - b) having that position considered and
 - c) appealing if adversely affected.

- **Openness** - Participation is open to all persons who are directly and materially affected by the MRO region bulk electric system reliability. There shall be no undue financial barriers to participation. Participation shall not be conditional upon membership in the MRO or any organization, and shall not be unreasonably restricted on the basis of technical qualifications or other such requirements.
- **Balance** - The MRO reliability standards development process shall have a balance of interests and shall not be dominated by any single interest category.

The MRO reliability standards development process is intended to develop consensus, first on the need for the standard, then on the standard itself. The process includes the following key elements:

- **Nomination of a proposed standard, revision to a standard, or withdrawal of a standard** using a Standard Authorization Request (SAR).
- **Public posting of the SAR** to allow all parties to review and provide comments on the need for the proposed standard and the expected outcomes and impacts from implementing the proposed standard. Notice of standards shall provide an opportunity for participation by all directly and materially affected persons.
- **Review of the public comments** in response to the SAR and prioritization of proposed standards, leading to the authorization to develop standards for which there is a consensus-based need.
- **Assignment of teams** to draft the new or revised standard.
- **Drafting of the standard.**
- **Public posting of the draft standard** to allow all parties to review and provide comments on the draft standard. At this point the need for the standard has been established and comments should focus on aspects of the draft standard itself.
- **Field testing of the draft standard** and measures. The need and extent of field testing shall be determined in the authorization process considering the recommendation of the MRO CC.
 - Field testing may be region-wide or may consist of one or more, lesser scale demonstrations.
 - Field testing should be cost effective and practical, yet sufficient to validate the requirements, measures, measurement processes and other elements of the standard necessary to implement the Compliance Program.
 - For some standards and their associated measures, field testing may not be appropriate, such as those measures that consist of administrative reports.
- **Formal balloting of the standard** for approval by the RBB.
- **Re-ballot to consider specific comments** by those submitting comments with negative votes.
- **Adoption by the MRO Board of Directors.**
- **An appeals mechanism** as appropriate for the impartial handling of substantive and procedural complaints regarding action or inaction related to the standards process.

The first three steps in the MRO reliability standards development process serve to establish consensus on the need for the standard.

Step 1 - Request to Develop a Standard or Revise an Existing Standard

Requests to develop, revise, or withdraw² a MRO Reliability Standard shall be submitted to the SPM by completing a Standard Authorization Request (SAR).

The SAR is a description of the subject matter of the new or revised standard along with a proposed implementation plan and includes:

- Descriptive detail to clearly define the scope of the standard.
- States the purpose of the standard.
- A needs statement must be included as part of the SAR which will provide the justification for the development or revision of the standard, including an assessment of the reliability and market interface impacts of implementing or not implementing the standard.

Appendix A provides a sample of the information in a SAR.

The SPM shall maintain this form and make it available electronically

Any person or entity directly or materially affected by an existing standard or the need for a new or revised standard may initiate a SAR.

The Requester shall submit the SAR to the SPM electronically and the SPM shall electronically acknowledge receipt of the SAR.

The SPM shall assist the Requester in developing the SAR, reviewing NERC Reliability Standards to see whether they already address the need, identify issues with interconnected regions, and verify that the SAR is in compliance with this manual.

The SPM shall forward all properly completed SARs to the SC. The SC shall meet at established intervals to review all pending SARs. The frequency of this review process will depend on workload, but in no case shall a properly completed SAR wait for SC action more than 60 days from the date of receipt.

The SC may take one of the following actions:

- Remand the SAR back to the SPM for additional work and information from the Requester.
- Accept the SAR as a candidate for a new or revised standard. If the SC accepts a SAR as a candidate for a new or revised standard, it will provide technical support and analysis of comments for that SAR, and assist the Requester and the SPM in the remaining steps of the process.

² *Actions in the remaining steps of the standards process apply to proposed new standards, revisions to existing standards, or withdrawal of existing standards, unless explicitly stated otherwise.*

- Reject the SAR. If the SC rejects a SAR, it will provide a written explanation for rejection to the Requester within 30 days of the rejection decision. If the SC rejects a SAR, the Requester may file an appeal following the Appeals Process.

The status of SARs shall be tracked electronically by the SPM. The SAR and its status shall be posted for public viewing including any actions or decisions.

Step 2 - Solicit Public Comments on the SAR

Once a SAR has been accepted by the SC as a candidate for the development of a new or revised standard, the SPM shall post the SAR for the purpose of soliciting public comments.

The SPM shall notify the RBB and others that the SAR has been posted.

Comments on the SAR(s) will be accepted for a 21 day period from the date of posting. Comments will be accepted on-line using the Reliability Standards Voting Process (RSVP) application. The SPM will provide a copy of the comments to the Requester. In addition, comments will be visible to the RBB during the commenting period. Based on the comments, the Requester may decide to: submit the SAR for authorization, withdraw the SAR, or revise and resubmit it to the SPM for another posting in the next available comment period.

The Requester shall give prompt consideration to the written views and objections of all participants. The Requester, with support from the SPM, shall make an effort to resolve all expressed objections and shall advise each objector of the disposition of the objection and the reasons therefore. In addition, the SPM shall inform each objector that an appeals process exists within the MRO standards process.

While there is no established limit on the number of times a SAR may be posted for comment, the SC retains the right to reverse its prior decision and reject a SAR if it believes continued revisions are not productive. Once again, the SC shall notify the Requester in writing of the rejection and the availability of the Appeals Process. During the SAR comment process, the Requester may become aware of potential sub-Regional differences (within the MRO) related to the proposed standard. To the extent possible, the Requester should make any sub-Regional differences or exceptions a part of the SAR so that, if the SAR is authorized, such variations will be made a part of the draft new or revised standard.

Step 3 - Authorization to Proceed With Drafting of a New or Revised Standard

After the public provides comments on the SAR, the Requester may decide to submit the SAR to the SC for authorization to draft the standard. The SC reviews the comments received in response to the SAR and any revisions to the SAR. The SC, considering the public comments received and their resolution, may then take one of the following actions:

- Authorize the drafting of the proposed standard or revisions to a standard.
- Reject the SAR with a written explanation to the Requester and post that explanation.

If the SC rejects a SAR, the Requester may file an appeal.

Step 4 – Formation of the Standard Drafting Team

For each new SAR, the SPM shall post a request that interested parties complete a 'Standard Drafting Team Self-nomination' form utilizing the RSVP software. Those individuals who complete and submit these self-nomination forms through the RSVP program shall be considered for appointment to the associated Standard Drafting Team.

Once a SAR has been authorized by the SC to proceed to the drafting stage, the SC shall assign the development of the standard to a Standard Drafting Team. The SPM shall recommend a list of candidates for appointment to the team and shall submit the list to the SC. The SC may accept the recommendations of the SPM or may select other individuals to serve on the Standard Drafting Team.

The SDT shall elect a Chairman for their team. The SDT Chairman shall not be a MRO staff member. This team shall consist of a small group of people who collectively have the necessary technical expertise and work process skills. A representative of the CC or their designee plus an MRO staff member should be included as a member of each drafting team.

The SPM shall assign MRO Standards Process staff personnel to assist in the drafting of the standard.

Step 5 - Draft New or Revised Standard

The drafting of measures and compliance administration aspects of the standard will be coordinated with the CC.

Once the standard has been drafted, the SPM shall review the standard for consistency of quality and completeness. The SPM shall also ensure the draft standard is within the scope and purpose identified in the SAR. This review shall occur within a 15 day period.

The SPM shall post the new or revised standard for public comment once this review is completed.

Step 6 - Solicit Public Comments on Draft Standard

Once a draft standard has been verified by the SPM to be within the scope and purpose of the SAR and in compliance with this manual, the SPM will post the draft standard. The posting of the draft standard will be linked to the SAR for reference. Comments on the draft standard will be accepted for a 30 day period from the notice of posting. Comments will be accepted on-line using the Reliability Standards Voting Process (RSVP) application.

Since the need for the standard was established by authorization of the SAR, comments at this stage should identify specific issues with the draft standard and propose alternative language. The comments may include recommendations to accept or reject the standards and reasons for that recommendation.

Step 7 - Field Testing

The SDT will determine if field testing of the proposed new or revised standard is needed and submit its recommendation through the SPM to the SC for approval. Once approved, the CPM will facilitate field testing of the standard to validate the standard, the measurement process, and any other elements of the standard necessary to the administration of the Compliance Program.

In some cases, measurement may be an administrative task and no field testing is required at all. In other cases, one or more limited scale demonstrations may be sufficient.

Step 8 - Analysis of the Comments and Field Test Results

The SPM shall assemble the comments on the draft standard including those resulting from the field test and distribute those comments to the Standard Drafting Team and the Requester.

The Standard Drafting Team, assisted by the Requester, shall give prompt consideration to the written views and objections of all participants. The Standard Drafting Team shall make an effort to resolve all expressed objections, and shall advise each objector of the disposition of its objection and the reasons therefore.

The SPM shall publicly post the responses.

In addition, the SPM shall inform each objector that an appeals process exists within the MRO standards process.

The Standard Drafting Team shall choose one of the following decisions:

- Submit the draft standard for balloting as it stands, along with the comments received and responses to the comments. Based on the comments received and field testing, the Standard Drafting Team may include revisions that are not substantive. A substantive change is one that directly and materially affects the use of the standard, including, for example: changing “shall” to “should,” changing “should” to “shall”; adding, deleting, or revising requirements; or adding, deleting, or revising measures for which compliance is mandatory.
- Withdraw the request for a standard.
- Make substantive revisions to the draft standard by returning to Step 5.

Step 9 - Ballot the New or Revised Standard

If the Standard Drafting Team decides to submit the draft standard to a vote, the SPM shall provide notice of such to the RBB and electronically post the draft standard, all comments received, and the responses to those comments.

First Ballot

The ballot will be conducted electronically. All members of the RBB shall be eligible to vote on the associated standard except that only one member from an entity may vote in any given segment. The voting options are:

- Affirmative, with or without comment
- Negative, with or without reasons (the reasons for a negative vote may be given and, if possible, should include specific wording or actions that would resolve the objection)
- Abstain

The time window for voting shall be designated when the draft standard is posted to the RBB. In no case shall the voting time window start sooner than thirty (30) days from the notice of the posting to the RBB. Typically, the voting time window will be a period of ten (10) days.

This provides a total of forty (40) days from the initial notice until the end of the voting period. Approval of a MRO Reliability Standard or revision to a MRO Reliability Standard requires:

- A quorum, which is established by at least 4 of the Segments submitting a response with an affirmative vote, a negative vote, or an abstention; and
- An affirmative vote from at least two-thirds of the segments participating in the vote. Each segment vote is determined by the majority of the votes cast in the segment, either affirmative or negative. Abstentions and non-responses will not be counted.

Balloting examples are provided in Appendix C.

Members of the RBB should submit any comments on the proposed standard during the public comment period. If any comments are received during the ballot period, they shall be addressed in accordance with *Step 8* and included with the re-circulation ballot.

The SPM shall facilitate the Standard Drafting Team, assisted by the Requester, in preparing a response to negative votes submitted with reasons.

In addition, the SPM shall inform each objector that an appeals process exists within the MRO standards process. A negative vote that does not contain a statement of reason does not require a response. If there are no negative votes with reasons from the first ballot, then the results of the first ballot shall stand. If, however, one or more members submit negative votes with reasons, regardless of whether those reasons are resolved or not, a second ballot shall be conducted.

If a quorum of the Segments is not established, the standard shall be balloted a second time, allowing ten (10) days for the ballot. Should a quorum not be established with the second ballot, the SPM shall re-survey the RBB to establish interest in participating in a ballot on the standard.

Second Ballot

In the second ballot (also called a “re-circulation ballot”), members of the RBB shall again be presented the proposed standard (unchanged from the first ballot) along with the reasons for negative votes, the responses, and any resolution of the differences.

All members of the RBB eligible to vote shall be permitted to reconsider and change their vote from the first ballot. Eligible voting members of the RBB that did not respond to the first ballot shall be permitted to vote in the second ballot. Only one vote will be accepted from each organization within a segment.

In the second ballot, votes will be counted by exception only - members on the second ballot may indicate a revision to their original vote, otherwise their vote shall remain the same as in the first ballot. If a second ballot is conducted, the results of the second ballot shall determine the status of the standard, regardless of the outcome of the first ballot.

The voting time window for the second ballot is ten (10) days (to allow members to review comments and responses). The 30-day posting is not required for the second ballot. Members of the RBB may submit comments in the second ballot but no response to those comments is required.

In the second ballot step no revisions to the standard are permitted, as such revisions would not have been subject to public comment. However, if the SC determines that revisions proposed during the ballot process would likely provide an opportunity to achieve consensus on the standard, then such revisions may be made and the draft standard posted for public comment again beginning with Step 6 and continuing with subsequent steps.

The SPM shall post the final outcome of the ballot process. If the standard is rejected, the process is ended and any further work in this area would require a new SAR. If the standard is approved, the SPM shall post the consensus standard and the SC Chair shall present it to the MRO Board of Directors for adoption by MRO.

Step 10 - Adoption of the MRO Reliability Standard by the MRO Board of Directors

A MRO Reliability Standard submitted for adoption by the MRO Board of Directors must be publicly posted and noticed at least 15 days prior to action by the MRO Board of Directors.

At a regular or special meeting, the MRO Board of Directors shall consider adoption of the proposed MRO Reliability Standard. The MRO Board of Directors shall consider the results of the balloting and dissenting opinions. The MRO Board of Directors shall consider any advice offered by the MRO SC. The MRO Board of Directors may adopt or reject a standard, but may not modify a proposed MRO Reliability Standard. If the MRO Board of Directors chooses not to adopt a standard, it shall provide its reasons for not doing so.

A MRO Reliability Standard that is adopted by the MRO Board of Directors shall become effective on a date designated by the MRO Board of Directors in accordance with the implementation plan which the SC provides.

The SPM shall publicly post the standard, showing the final status.

Step 11 - Implementation of the MRO Reliability Standard

Once a MRO Reliability Standard is adopted, all persons and organizations subject to the Bylaws of MRO are required to comply with the standard in accordance with those Bylaws and other applicable agreements.

The adopted MRO Reliability Standard will then be monitored by the MRO CC to oversee the implementation and assess the effectiveness of the MRO Reliability Standard.

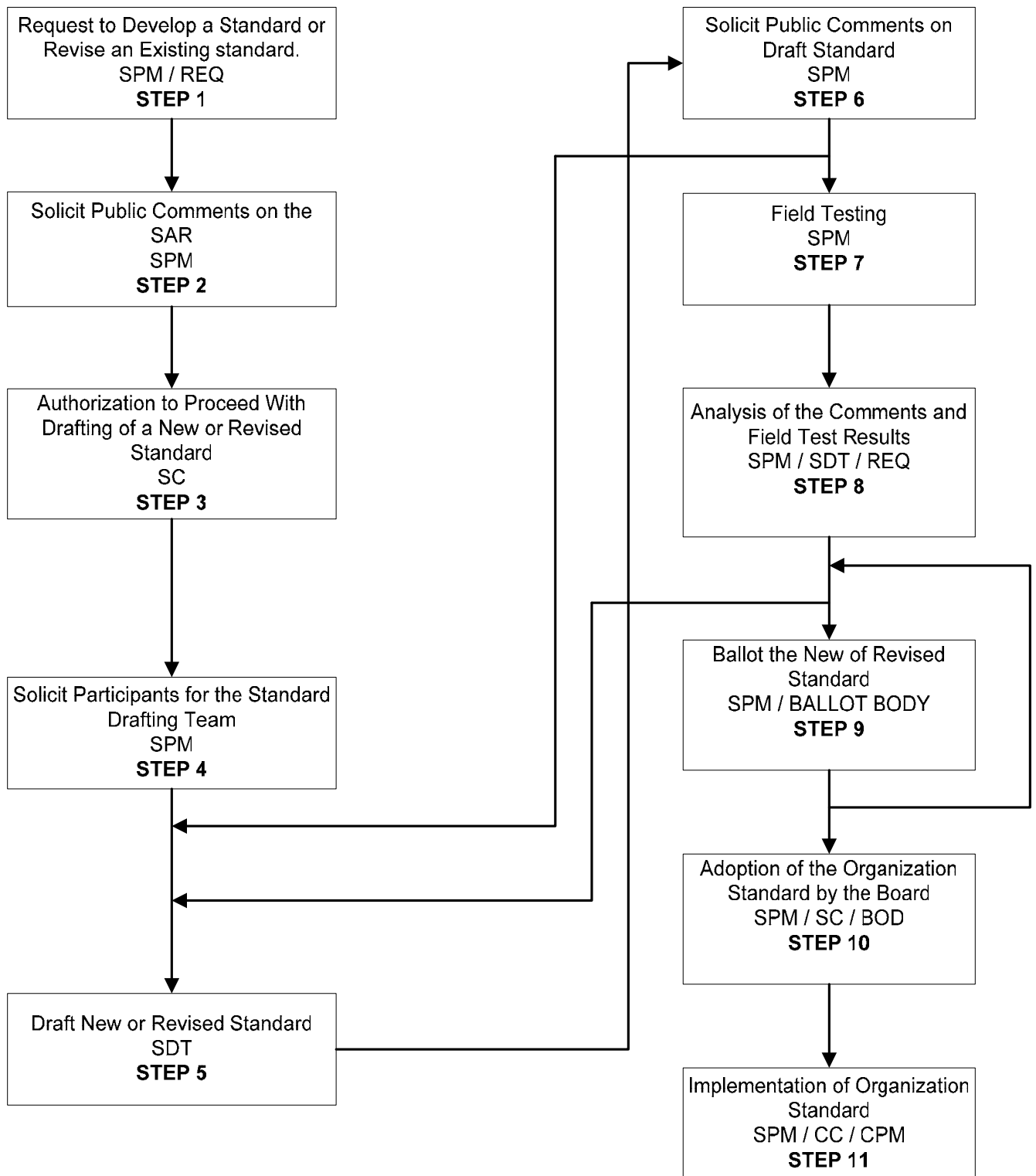
The MRO Board of Directors has established a separate Compliance Program to measure compliance with the MRO Reliability Standards and to administer sanctions as appropriate.

After adoption of a MRO Reliability Standard, the SPM shall forward the standard to the Compliance Program Manager for implementation.

Consideration for Submittal as a Regional Difference to a NERC Reliability Standard

The SC shall assess the MRO Reliability Standard, once adopted, for submittal to the NERC Reliability Standards process as a Regional Difference. If the SC determines that the MRO Reliability Standard warrants inclusion as a NERC Reliability Standard, it shall recommend that the MRO Board of Directors submit it to NERC as a Regional Difference.

Standards Process Diagram



Interpretations of MRO Reliability Standards

All persons who are directly and materially affected by the reliability of MRO bulk electric systems shall be permitted to request an interpretation of a MRO Reliability Standard. The person requesting an interpretation shall send a request to the SPM explaining the specific circumstances surrounding the request and what clarifications are required as applied to those circumstances. The request should indicate the material impact to the requesting party or others caused by the lack of clarity or a possibly incorrect interpretation of the standard.

The SPM shall recommend a list of candidates with the relevant expertise for appointment to an interpretation team and shall submit the list to the SC.

As soon as practical (but not more than 45 days), the team shall draft a written interpretation to the standard addressing the issues raised. The SPM shall post the interpretation and that interpretation shall stand until such time as the standard is revised through the normal process, at which time the standard will be modified to incorporate the clarifications provided by the interpretation.

Appeals

Persons who have directly and materially affected interests and who have been or will be adversely affected by any substantive or procedural action or inaction related to the development, approval, revision, or withdrawal of a MRO Reliability Standard shall have the right to appeal. This appeals process applies only to the MRO Reliability Standards process as defined in this manual.

The burden of proof to show adverse effect shall be on the appellant. Appeals shall be made within 30 days of the date of the action purported to cause the adverse effect, except appeals for inaction, which may be made at any time. In all cases, the request for appeal must be made prior to the next step in the process.

The final decisions of any appeal shall be documented in writing and made public.

The appeals process provides two levels, with the goal of expeditiously resolving the issue to the satisfaction of the participants:

Level 1 Appeal

Level 1 is the required first step in the appeals process. The appellant shall submit to the SPM a complaint in writing that describes the substantive or procedural action or inaction associated with a MRO Reliability Standard or the MRO Reliability Standards process. The appellant shall describe in the complaint the actual or potential adverse impact to the appellant. Assisted by any necessary staff and committee resources, the SPM shall prepare a written response addressed to the appellant as soon as practical but not more than 45 days after receipt of the complaint. If the appellant accepts the response as a satisfactory resolution of the issue, both the complaint and response shall be made a part of the public record associated with the standard.

Level 2 Appeal

If, after the Level 1 Appeal the appellant remains unsatisfied with the resolution, and indicates such in writing to the SPM, the SPM shall convene a Level 2 Appeals Panel. This panel shall consist of five (5) panel members total appointed by the MRO Board of Directors. In all cases, Level 2 Appeals Panel members shall have no direct affiliation with the participants in the appeal.

The SPM shall post the complaint and other relevant materials and provide at least 30 days notice of the meeting of the Level 2 Appeals Panel. In addition to the appellant, any person that is directly and materially affected by the substantive or procedural action or inaction referenced in the complaint shall be heard by the panel. The panel shall not consider any expansion to the scope of the appeal that was not presented in the Level 1 Appeal. The panel may in its decision find for the appellant and remand the issue to the SC with a statement of the issues and facts in regard to which fair and equitable action was not taken. The panel may find against the appellant with a specific statement of the facts that demonstrate fair and equitable treatment of the appellant and the appellant's objections. The panel may not, however, revise, approve, disapprove, or adopt a MRO Reliability Standard, as these responsibilities remain with the standard's RBB and MRO Board of Directors respectively. The SPM shall publicly post the actions of the Level 2 Appeals Panel.

In addition to the foregoing, a procedural objection that has not been resolved may be submitted to the MRO Board of Directors for consideration at the time the MRO Board of Directors decides whether to adopt a particular MRO Reliability Standard. The objection must be in writing, signed by an officer of the objecting entity, and contain a concise statement of the relief requested and a clear demonstration of the facts that justify that relief. The objection must be filed no later than 30 days after the announcement of the vote by the RBB on the MRO Reliability Standard in question.

Maintenance of MRO Reliability Standards and Process

Process Revisions

A request to change this MRO Reliability Standards Process Manual shall begin with the preparation of a SAR and be handled using the same procedure as a request to revise a MRO Reliability Standard, with the exception that a single ballot without regard to negative comments of the RBB shall be conducted and the results of that ballot will be binding. Once approved by the RBB, any proposed revisions to this manual would go to the Board of Directors for adoption.

The manual may be revised only under authority of the MRO Board of Directors.

The MRO Board of Directors may make changes to the Industry Segments referenced in Appendix B. These changes shall be carried over to this manual without the need to prepare a SAR. In addition, the SC may alter the document numbering system without going through the Standards Process. The MRO BOD shall be notified in advance of this action by the SC Chair.

Five-Year Review

Each MRO Reliability Standard shall be reviewed at least once every five (5) years from the effective date of the standard or the latest revision to the standard, whichever is the later. The review process shall be conducted by soliciting comments from the stakeholders. If no changes are warranted, the SC shall recommend to the Board that the Standard be reaffirmed. If the review indicates a need to revise or withdraw the standard, a SAR shall be prepared and submitted by the SC or any other stakeholder in accordance with the standards process. The SPM shall be responsible for administration of the five (5)-year review of MRO Reliability Standards.

On-line Standards Information System

The SPM shall be responsible for maintaining an electronic database of information regarding currently proposed and currently in effect MRO Reliability Standards. This information shall include current standards in effect, proposed revisions to standards, and proposed new standards. This information shall provide a record, for at a minimum the previous five years, of the review and approval process for each MRO Reliability Standard, including public comments received during the development and approval process. This information shall be available through public Internet access.

Archived Standards Information

The SPM shall be responsible for maintaining a historical record of MRO Reliability Standards information that is no longer maintained on-line. Archived information shall be retained indefinitely as practical, but in no case less than five years or one complete standard review cycle from the date on which the standard was no longer in effect. Archived records of standards information shall be available electronically within 30 days following the receipt by the SPM of a written request.

Numbering System

The SPM shall establish, maintain, and electronically post a system of identification numbers that allow MRO Reliability Standards to be categorized and easily referenced. Re-numbering of adopted standards does not warrant standard review but will be handled through the SC. The SPM will post the information on the RSVP system for a period of 30 days prior to change.

Supporting Documents

The following table identifies documents that may be developed to support a MRO Reliability Standard. These documents may explain or facilitate implementation of standards but do not themselves contain mandatory requirements subject to compliance review. Any requirements that are mandatory must be incorporated into the standard. For example, a procedure that must be followed as written must be incorporated into a MRO Reliability Standard. If the procedure defines one way, but not necessarily the only way, to implement a standard it is more appropriately a reference.

Type of Document	Description	Approval
Standard Reference	Descriptive, explanatory information to support the understanding and interpretation of a MRO Reliability Standard.	Standards Committee
Standard Supplement	Data forms, pro forma documents, and associated instructions that support the implementation of a MRO Reliability Standard.	Standards Committee
Procedure	Step-wise instructions defining a particular process or operation. Procedures may support the implementation of a MRO Reliability Standard.	Standards Committee
Technical Reference	Descriptive, technical information or analysis. A technical reference may support the implementation of a MRO Reliability Standard.	RAC development and SC concurrence

Appendix A – Information in a Standard Authorization Request

The table below provides a template for information to be included in a Standard Authorization Request. The SPM shall be responsible for implementing and maintaining this form as needed to support the information requirements of the standards process.

Standard Authorization Request Form

	complete	MRO will
Title of Proposed Standard		ID
Request Date		Authorized for Posting
		Authorized for Development

SAR Requestor Information

Name	SAR Type (Check box for one of these selections.)	
Company	<input type="checkbox"/>	New Standard
Telephone	<input type="checkbox"/>	Revision to Existing Standard
Fax	<input type="checkbox"/>	Withdrawal of Existing Standard
E-mail	<input type="checkbox"/>	Urgent Action

Purpose (Provide one or two sentences.)

Industry Need (Provide one or two sentences.)

Brief Description (A few sentences or a paragraph.)

Reliability Functions

<i>The Standard will Apply to the Following Functions</i> (Check box for each one that applies.)		
	Reliability Authority	Ensures the reliability of the bulk transmission system within its Reliability Authority area. This is the highest reliability authority.
	Balancing Authority	Integrates resource plans ahead of time, and maintains load-interchange-resource balance within its metered boundary and supports system frequency in real time
	Interchange Authority	Authorizes valid and balanced Interchange Schedules
	Planning Authority	Plans the bulk electric system
	Transmission Service Provider	Provides transmission services to qualified market participants under applicable transmission service agreements
	Transmission Owner	Owns transmission facilities
	Transmission Operator	Operates and maintains the transmission facilities, and executes switching orders
	Distribution Provider	Provides and operates the “wires” between the transmission system and the customer
	Generator	Owns and operates generation unit(s) or runs a market for generation products that performs the functions of supplying energy and Interconnected Operations Services
	Purchasing-Selling Entity	The function of purchasing or selling energy, capacity and all necessary Interconnected Operations Services as required
	Load-Serving Entity	Secures energy and transmission (and related generation services) to serve the end user

Detailed Description (Provide enough detail so that an independent entity familiar with the industry could draft a Standard based on this description.)

Related Standards

Standard No.	Explanation

Related SARs

SAR ID	Explanation

Implementation Plan

<p>Description <i>(Provide plans for the implementation of the proposed standard, including any known systems or training requirements.)</i></p>
<p>Proposed Implementation days after Board of Directors adoption or on (date):</p>

Assignments

	<i>Assignment</i>
Team Members	
MRO Staff	

Appendix B – Development of the RBB Registration Procedures

The RBB comprises all organizations and entities that:

1. Qualify for one of the segments, and
2. Are registered with MRO as ballot participants in the voting on standards, and
3. Are current with any MRO designated fees associated with this program.

Each entity, when initially registering to join the RBB, and annually thereafter, will self-select to belong to one or more of the segments described below.

The MRO General Manager shall review all applications for joining the RBB, and make a determination of whether the self-selection satisfies at least one of the guidelines to belong to that segment. The entity will then be “credentialed” to participate as a voting member of that segment. The SC will decide disputes, with an appeal to the Board of Trustees.

All registrations shall be done electronically via the RSVP system.

Segment Qualification Guidelines

The segment qualification guidelines are inclusive; i.e., any entity with a legitimate interest in the electric industry that can meet any one of the guidelines for a segment is entitled to belong to and vote in that segment. Only one vote per entity per segment is permitted

The general guidelines for all segments are:

- Corporations or organizations with integrated operations or with affiliates that qualify to belong to more than one segment (e.g., Transmission Owners and Load Serving Entities) may belong to each of the segments in which they qualify, provided that each segment constitutes a separate membership and is represented by a different representative. Only one vote per entity per segment.
- Corporations, organizations, and entities may participate freely in all subgroups.
- After their initial selection, registered participants may apply to change segments annually, according to a defined schedule.
- The qualification guidelines and rules for joining segments will be reviewed periodically by the SC to ensure that the process continues to be fair, open, balanced, and inclusive. Public input shall be solicited in the review of these guidelines.
- Since all balloting of standards will be done electronically, any registered participant may designate an agent or proxy to vote on its behalf. There are no limits on how many proxies an agent may hold. However, MRO must have in its possession, either in writing or by e-mail, documentation that the voting right by proxy has been transferred from the registered participant to the agent prior to casting any vote or proxy.

Segments

Segment 1: Transmission Owners

- a. Any entity within the MRO region that owns or controls at least 200 circuit miles of integrated transmission facilities, or has an Open Access Transmission Tariff or equivalent on file with a regulatory authority.
- b. Transmission owners within the MRO region that have placed their transmission under the operational control of an RTO.
- c. Independent transmission companies or organizations, merchant transmission developers, and Transco's that are in the MRO region and are not RTOs.
- d. Excludes RTOs, RCs and ISOs (that are eligible to belong to Segment 2).

Segment 2: Regional Transmission Organizations (RTOs), Independent System Operators (ISOs), Reliability Organizations, and Reliability Coordinators

- a. Authorized by appropriate regulator to operate as a RTO or ISO within or adjacent to the MRO.
- b. Reliability Organizations certified by NERC or its successor
- c. Reliability Coordinators within or adjacent to the MRO.
- d. In cases where the RTO or ISO and the RC have exactly the same geographic boundary, both may belong to this segment as long as they are separate entities.

Segment 3: Load-Serving Entities (LSEs)

- a. Entities within the MRO region serving end-use customers under a regulated tariff, a contract governed by a regulatory tariff, or other legal obligation to serve.
- b. A member within the MRO region of a G&T cooperative or a joint-action agency is permitted to designate the G&T or joint-action agency to represent it in this segment; such designation does not preclude the G&T or joint-action agency from participation and voting in another segment representing its direct interests.

Segment 4: Electric Generators

- a. Affiliated and independent generators within the MRO region.
- b. A corporation that sets up separate corporate entities for each one or two generating plants within the MRO region in which it is involved may only have one vote in this segment regardless of how many single-plant or two-plant corporations the parent corporation has established or is involved in.

Segment 5: Electricity Brokers, Aggregators, and Marketers

- a. Entities serving end-use customers under a power marketing agreement or other authorization not classified as a regulated tariff.
- b. An entity that buys, sells, or brokers energy and related services for resale in wholesale or retail markets, whether a non-jurisdictional entity operating within its charter or an entity licensed by a jurisdictional regulator.
- c. G&T cooperatives and joint-action agencies that perform an electricity broker, aggregator, or marketer function are permitted to belong to this segment.

Segment 6: Electricity End Users

- a. Service delivery taken within the MRO region that is not purchased for resale
- b. Agents, associations, consumer advocates can represent groups of end users or TDUs.

Segment 7: Federal, State, and Provincial Regulatory or other Government Entities

- a. Does not include Federal PMAs or TVA.
- b. May include PUCs.

Appendix C – Balloting Examples

The MRO voting mechanism differs from NERC in that a quorum is established if at least four Segments have submitted an affirmative, negative or abstention vote. A majority vote within a Segment is determined based on the affirmative and negative votes. A Standard is approved if at least two-thirds of the voting Segments have an affirmative vote. The following are examples of potential voting scenarios. The yellow areas indicate where a Segment did not cast a vote. The green areas with **bold** numbers represent majority votes within a Segment.

Example RBB

Segment	Number Registered in the RBB
1. Transmission Owners	15
2. RTO's, ISO's, & Reliability Coordinators	4
3. Load Serving Entities	16
4. Electric Generators	21
5. Electricity Brokers, Aggregators, & Marketers	7
6. Electricity End Users	6
7. Federal, State, & Provincial Regulatory or other Government Entities	8
Totals	77

Example 1 – A quorum has been established with 5 of the 7 Segments having registered an affirmative, negative, or an abstention vote. Two-thirds of the Segments (4 of 5 voting Segments) have voted to approve the Standard. The Standard is approved.

Segment	Ballot Pool	Votes			
		Affirmative Votes	Negative Votes	Abstain Votes	No Ballot
1. Transmission Owners	15	10	2	1	2
2. RTO's, ISO's, & Reliability Coordinators	4	3	0	0	1
3. Load Serving Entities	16	3	6	2	5
4. Electric Generators	21	13	0	1	7
5. Electricity Brokers, Aggregators, & Marketers	7	0	0	0	7
6. Electricity End Users	6	0	0	0	6
7. Federal, State, & Provincial Regulatory or other Government Entities	8	3	0	1	4
Totals	77				

Example 2 – A quorum has been established with 4 of the 7 Segments having registered an affirmative, negative, or an abstention vote. Less than two-thirds of the Segments (1 of 4 voting Segments) have voted to approve the Standard. The Standard is NOT approved.

Segment	Ballot Pool	Votes			
		Affirmative Votes	Negative Votes	Abstain Votes	No Ballot
1. Transmission Owners	15	10	2	1	2
2. RTO's, ISO's, & Reliability Coordinators	4	1	2	0	1
3. Load Serving Entities	16	3	6	2	5
4. Electric Generators	21	0	0	0	21
5. Electricity Brokers, Aggregators, & Marketers	7	0	0	0	7
6. Electricity End Users	6	0	0	0	6
7. Federal, State, & Provincial Regulatory or other Government Entities	8	0	3	1	4
Totals	77				

Example 3 – A quorum has not been established because only 3 of the 7 Segments have registered an affirmative, negative, or an abstention vote. The Standard is NOT approved because of a lack of a quorum.

Segment	Ballot Pool	Votes			
		Affirmative Votes	Negative Votes	Abstain Votes	No Ballot
1. Transmission Owners	15	10	2	1	2
2. RTO's, ISO's, & Reliability Coordinators	4	4	0	0	0
3. Load Serving Entities	16	3	6	2	5
4. Electric Generators	21	0	0	0	21
5. Electricity Brokers, Aggregators, & Marketers	7	0	0	0	7
6. Electricity End Users	6	0	0	0	6
7. Federal, State, & Provincial Regulatory or other Government Entities	8	0	0	0	8
Totals	77				

Example 4 – A quorum has been established with 6 of the 7 Segments having registered an affirmative, negative, or an abstention vote. The Standard is NOT approved because the two-thirds of the Segments did not cast an affirmative vote. Segment 2's vote is considered negative because a majority did not cast an affirmative vote.

Segment	Ballot Pool	Votes			
		Affirmative Votes	Negative Votes	Abstain Votes	No Ballot
1. Transmission Owners	15	10	2	1	2
2. RTO's, ISO's, & Reliability Coordinators	4	2	2	0	0
3. Load Serving Entities	16	3	6	2	5
4. Electric Generators	21	10	9	1	1
5. Electricity Brokers, Aggregators, & Marketers	7	4	3	0	0
6. Electricity End Users	6	0	0	0	6
7. Federal, State, & Provincial Regulatory or other Government Entities	8	2	3	0	3
Totals	77				