



Midwest Reliability Organization

Regional Reliability Standards Process Manual

MRO Regional Reliability Standards Process Manual

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I. Introduction

Purpose: This manual defines the characteristics of a Midwest Reliability Organization (“MRO”) Regional Reliability Standard and establishes the process for proposing Regional Reliability Standards to North American Electric Reliability Corporation (“NERC”) for enforcement under direct or delegated regulatory authority consistent with the Energy Policy Act of 2005 (“EPAAct 2005”) in the United States and applicable Canadian authorities. The MRO plans to become a Cross-Border Regional Entity (“CBRE”) as defined in EPAAct 2005 and the final FERC reliability rule consistent with the US-Canadian Bilateral principles. For more information on the MRO please refer to <http://www.midwestreliability.org>.

The MRO standards process is consensus-based, technically vetted, and open to the public and bordering entities that may be impacted by a proposed Regional Reliability Standard by the MRO. MRO Regional Reliability Standards apply to the reliability planning, and operation of bulk power systems located within the MRO region. NERC as the Electric Reliability Organization (“ERO”), and the applicable regulatory authorities in the United States and Canada will have the ability to enforce these standards. The MRO region is defined in agreements (e.g. delegation agreement) with NERC and applicable regulatory authorities in the United States and Canada.

Applicable Regulatory Authorities in the United States and Canada: FERC is the Applicable Regulatory Authority in the United States. The Manitoba Public Utilities Board is the Applicable Regulatory Authority in Manitoba. The Provincial Government of Saskatchewan is the Applicable Regulatory Authority in Saskatchewan.

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 this manual is provided in the section titled “Maintenance of MRO Regional Reliability Standards and Process.”

Credits: This manual was developed from the NERC Reliability Standards Development Procedure (available at www.nerc.com). Thus, the MRO Regional Reliability Standards process is very similar to the NERC process and the format is the same as the NERC Reliability Standard format.

Background: NERC and the MRO work 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.

EPAAct 2005 and NERC, ERO provide for Regional Entities (“RE”) to propose Regional Reliability Standards to NERC for eventual enforcement within the region of the RE or CBRE. Regions (such as the MRO) may develop, through their own processes, regional reliability standards that; go beyond, add detail to, or cover matters not addressed in NERC Reliability Standards. MRO Regional Reliability Standards are proposed to NERC for approval and become enforceable, once approved by NERC and the applicable regulatory authorities in the United States and Canada as Reliability Standards.

MRO Regional Reliability Standards that are proposed shall not be inconsistent with, or less stringent than established NERC Reliability Standards. All MRO Regional Reliability Standards obligate the MRO to monitor and enforce compliance, apply sanctions, if any, consistent with any regional agreements and the NERC rules.

Proposed MRO Regional Reliability Standards shall be subject to approval by NERC, as the ERO, and by applicable regulatory authorities in the United States and Canada, before becoming mandatory and enforceable. No Regional Reliability Standard shall be effective within the MRO area unless approved by NERC and the applicable regulatory authorities in the United States and Canada.

MRO proposed Regional Reliability Standards, when approved by NERC and the applicable regulatory authorities in the United States and Canada, shall be made part of the body of NERC Reliability Standards and shall be enforced upon all applicable bulk power system owners, operators, and users within the MRO region as defined in agreements (e.g. delegation agreements).

II. MRO Regional Reliability Standard Definition, Characteristics, and Elements

Definition of a MRO Regional Reliability Standard: A MRO Regional Reliability Standard defines certain obligations or requirements of entities that operate, plan, and use the bulk electric systems of the MRO region.

The Bylaws of the MRO define a Reliability Standard as: “a NERC requirement, duly in effect, to provide for reliable operation of the Bulk-Power System. The term includes requirements for the operation of existing Bulk-Power System facilities, including cybersecurity protection, and the design of planned additions or modifications to such facilities to the extent necessary to provide for reliable operation of the Bulk-Power System. The term does not include any requirement to enlarge such facilities or to construct new transmission capacity or generation capacity.”

When proposing a Regional Reliability Standard in the MRO region, the obligations or requirements must be material to reliability and be measurable.

Each MRO Regional Reliability Standard shall enable or support one or more of the NERC reliability principles, thereby ensuring that each standard serves a purpose in support of the reliability of the regional bulk power system. Each of those standards shall also be consistent with all of the NERC reliability principles, thereby ensuring that no standard undermines reliability through an unintended consequence.

While MRO Regional Reliability Standards are intended to promote reliability, they must at the same time accommodate electricity markets. Reliability is a necessity for electricity markets, and robust electricity markets can support reliability. Recognizing that bulk power system reliability and electricity markets are inseparable and mutually interdependent, all MRO Regional Reliability Standards shall be consistent with NERC’s market interface principles. Consideration of the market interface principles is intended to ensure that standards are written such that they achieve their reliability objective without causing undue restrictions or adverse impacts on electricity markets.

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

A MRO Regional Reliability Standard shall have the following characteristics:

- **Material to Reliability** - A MRO Regional 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 Regional Reliability Standard shall establish technical or performance requirements that can be practically measured.
- **Relative to NERC Reliability Standards** - A MRO Regional Reliability Standard shall go beyond, add detail to, or cover matters not addressed in already approved NERC Reliability Standards.

Elements of a MRO Regional Reliability Standard: To ensure uniformity of MRO Regional Reliability Standards, a MRO Regional Reliability Standard shall consist of the elements identified in Appendix C of this manual. However, the most current version of the approved NERC Reliability Standard template and its associated elements posted on the NERC website will be used at the time of the development of a MRO Regional Reliability Standard if different from the elements listed in Appendix C.

These elements are intended to apply a systematic discipline in the development and revision of MRO Regional 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 Regional 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.

III. Roles in the MRO Regional Reliability Standards Development Process

Nomination, Revision or Withdrawal of a Standard: Any member of the MRO or group within the MRO region shall be allowed to request that a MRO Regional 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 MRO bulk power system shall be allowed to

request that a MRO Regional Reliability Standard be developed, modified, or withdrawn.

Process Roles

Board of Directors (BOD) - The BOD shall consider MRO Regional Reliability Standards that have been approved by the Registered Ballot Body (“RBB”) to be proposed to NERC and the regulatory authorities for enforcement consistent with direct or delegated regulatory authorities of the MRO. Once the proposed MRO Regional Reliability Standard is approved by NERC and the regulatory authorities, it becomes effective in the MRO region consistent with the MRO’s direct or delegated regulatory authority.

Compliance Committee (CC) - The mission of the MRO CC is to assure that the compliance program and policies are followed according to the rules and carried out in a non-discriminatory manner, subject to the BOD approval with MRO staff and BOD oversight. The compliance program is designed around compliance with Reliability Standards. The development of a MRO Regional Reliability Standard, in particular the measures and compliance administration portions of the standard, shall have direct input from the CC. Field-testing will be managed and coordinated with the CC. The Compliance Manager (CM), a MRO staff function, and the CC shall provide input and comments during the standards development process to ensure the measures will be effective and other aspects of the compliance program practically implemented.

Standards Committee (SC) -The responsibilities of the SC will include: management of the standards work flow so as not to overwhelm available resources, review of standards authorization requests and draft standards for such factors as completeness, sufficient detail, rational result, and compatibility with existing standards; clarifying standard development issues not specified in this procedure; and advising the BOD on standard development matters. Under no circumstance will the SC change the substance of a draft standard. The SC shall advise the BOD on MRO Regional Reliability Standards presented for their consideration in determining whether to propose such Reliability Standard to NERC.

Standards Process Manager (SPM) – This is a MRO staff function. The Standards Manager who will act as the SPM shall administer the MRO Regional Reliability Standards Process. 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 Regional Reliability Standards. The SPM facilitates all steps in the process.

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

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

1. qualify for one of the Industry Segments approved by the BOD¹, and
2. are registered in the MRO RBB, and

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

3. are current with any MRO related designated fees associated with this program. Designated fees are defined as fees associated with the Standards Development process. At this time there are no fees for registration.

Each voter must be a member of the RBB. **Note: An individual's membership in the RBB will be in a "Pending" stage immediately following registration; in order to be able to vote, your registration must be activated, and activation may take up to 24 hours.**

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

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 Regional Reliability Standards Process relies on open and inclusive participation by the electric utility industry and the interested public. Participation and voting is open to non-members of the MRO; at this time there are no fees for participation or voting.

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 that is directly and materially affected by an existing standard or the need for a new standard may submit a completed Standard Authorization Request (SAR) for any of the three following actions; a new standard to be developed, a revision to an existing standard, or a withdrawal of an existing standard.

SAR Drafting Team - A team of technical experts assigned by the SC, that:

- assists in refining the SAR,
- considers and responds to comments, and
- participates in industry forums to help build consensus on the SAR.

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 or regional forums to help build consensus on posted draft standards

Sub-Regional Variance: An aspect of a Reliability Standard (one that is proposed for the MRO region for enforceability) that applies only within a particular regional entity sub-region. A Sub-Regional Variance may be used to exempt a group of entities within the MRO region from all or a portion of a Reliability Standard or may establish different measures or performance criteria as necessary to achieve reliability within the particular group of entities within the region. A Sub-Regional Variance may not be inconsistent with the Reliability Standard as it would otherwise exist without the variance. A Sub-regional variance cannot establish a level of reliability less than that set by a continent-wide Reliability Standard and such a

variance would only exempt a group of entities from a MRO Reliability Standard. Such a variance may be proposed by a group of sub-regional entities and, if approved by NERC and regulatory authorities, shall be enforced within the MRO region pursuant to its delegated authority.

IV. MRO Regional Reliability Standards Consensus Development Process

Overview

The process for development of MRO Regional Reliability Standards to be proposed to NERC and regulatory authorities for approval and eventual enforcement under direct or delegated authority is illustrated in the Process Diagram in Appendix A and has the following characteristics:

- **Inclusive** – Any entity (person, organization, company, government agency, individual, etc.) with a direct material interest in the bulk power system in the MRO area shall have a right to participate by: a) expressing a position and its basis, b) having that position considered, and c) having the right to appeal.
- **Openness** - Participation is open to all persons who are directly and materially affected by the reliability of the MRO region bulk power system. 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 Regional Reliability Standards Development Process shall have a balance of interests and shall not be dominated by any two, interest categories and no single interest category shall be able to defeat a matter.
- **Transparent** - All actions material to the development of MRO regional reliability standards shall be transparent. All standards development meetings shall be open and publicly noticed on the MRO Web site.
- **Timeliness** - The MRO Regional Reliability Standards Development Process does not unnecessarily delay development of the proposed reliability standard.
- **Fair Due Process** - The MRO Regional Reliability Standards Development Process provides for reasonable notice and opportunity for public comment. The procedure includes public notice of the intent to develop a standard, a public comment period on the proposed standard, due consideration of those public comments, and a ballot of all persons who are directly and materially affected.

The MRO Regional 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 recommendations for field testing shall be determined by the SDT and submitted through the SPM to the SC for approval. The SDT shall request input from the RAC and CC members.
 - Field-testing may be region-wide or may consist of one or more, lesser scale demonstrations, evaluations, or other SC approved methods.
 - 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.
- **Approval of a MRO Regional Reliability Standard.**
- **Appeals mechanism** as appropriate for the impartial handling of substantive and procedural complaints regarding action or inaction related to the standards process.

Process Steps

The first three steps in the MRO Regional 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

Objective: A valid SAR that clearly justifies the purpose for, and describes the scope of, the proposed standards action. An example of a SAR form can be found in Appendix B.

Sequence Considerations: Submitting a valid SAR is the first step in proposing a standard action. A requester may prepare a draft of the proposed standard (Step 5), which the SC may authorize for concurrent posting with the SAR. This could be useful for a standard action with a clearly defined and limited scope or one for which stakeholder consensus on the need and scope is likely. Complex standards where broad debate of issues is required should be, presented in two stages. The first stage is, the completion of a valid SAR to get agreement on the scope and purpose, the second stage is the development of the standard later in Step 6.

Requests to develop, revise, or withdraw² a MRO Regional Reliability Standard shall be submitted to the SPM by completing a 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.
- A statement of the purpose of the standard
- A needs statement that provides 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 B provides a sample template of the SAR form.

The SPM shall maintain the SAR 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 through the RSVP application and the SPM shall electronically acknowledge receipt of the SAR within 15 days. The SPM shall send the electronic acknowledgement simultaneously to the Requester and to NERC.

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 complies 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 the review process will depend on workload; 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:

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.

- 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.
- 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 SAR 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

Objective: Establish that there is stakeholder consensus on the need, scope and applicability of the requester's proposed standards' action.

Sequence Considerations: A SAR may be posted only after completion of Step 1. A SAR may at the discretion of the SC, be posted for comment concurrently with a draft standard (Step 6).

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 on the RSVP Application for the purpose of soliciting public comments.

The SPM shall notify the RBB, the MRO region, NERC, and other interested parties that the SAR has been accepted by the SC and posted for comment.

Within thirty (30) days of acceptance by the SC, the SAR shall be posted electronically and 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 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 or SPM assigned staff, 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

Objective: Authorize development of a standard that is consistent with the SAR and for which there is stakeholder consensus on the need, scope and applicability.

Sequence Considerations: The SC may formally authorize the development of a standards' action only after due consideration of SAR comments to determine there is consensus on the need, scope and applicability of the proposed standard. This does not preclude, however, the requester from previously preparing a draft standard for consideration and the SC from authorizing a concurrent posting of the draft standard for comment along with the SAR.

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 SDT

Objective: Appoint a SDT that has the expertise, competencies, and diversity of views that are necessary to develop the standard.

Sequence Considerations: The SC may appoint a SDT concurrently with or after authorization of the development of a standard (Step 3).

For each new SAR, the SPM shall post a request that interested parties complete a "SDT Self-Nomination" form utilizing the RSVP application. Those individuals who complete and submit these self-nomination forms through the RSVP will be considered for appointment to the associated SDT.

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 SDT. 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 SDT within 60 days.

The SDT shall elect a Chairman for their team. 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 a Reliability

Assessment Committee (RAC) representative or their designee should be included as a member of each SDT.

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

Step 5 - Draft New or Revised Standard

Objective: Develop a standard within the scope of the SAR.

Sequence Considerations: Development of the draft standard follows the authorization by the SC (Step 3) and appointment of a SDT (Step 4). Steps 5 and 6 may be iterated as necessary to consider stakeholder comments and build consensus on the draft standard.

The drafting team shall develop a work plan for completing the regional reliability standard, including the establishment of a milestone schedule for completing critical elements of the work in sufficient detail to ensure that the drafting team will meet the objectives established by the SC. The drafting team shall submit its work plan to the SC for its concurrence.

The drafting team shall convene periodically, either in person or by electronic means as necessary, to establish work teams (made up of members of the drafting team) as necessary, and perform other activities to complete the proposed standard within the milestone date(s) agreed upon by the SC.

The work product of the drafting team will consist of the following:

- A draft standard consistent with the standard request on which it was based.
- An assessment of the reliability impact of the standard request within the region and in neighboring regions, including appropriate input from the neighboring regions if the standard request is determined to impact any neighboring region.
- An implementation plan, including the nature, extent and duration of field-testing needed, if any.
- Identification of any existing standard that will be deleted, in part or whole, or otherwise impacted by the implementation of the draft standard.
- Technical reports, white papers and/or work papers that provide technical support for the draft standard under consideration.

The team regularly (at frequency determined by the SC) shall inform the SC of its progress in meeting a timely completion of the draft standard.

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

If the SDT determines that the scope of the SAR is inappropriate based on its own work and stakeholder comments, the team shall notify the SC. The SDT may recommend the scope of the standard be reduced to allow the effort to continue forward, while still remaining within the scope of the SAR. Reducing the scope defined in the SAR is acceptable if the SDT finds, for instance, that additional

technical research is needed prior to developing a portion of the standard or issues need to be resolved before consensus can be achieved on a portion of the standard. In this case, the SDT shall provide detailed justification of need for reducing the scope. The SC, based on the SDT recommendation and a review of stakeholder comments, will determine if the change in scope is acceptable.

If the SDT determines it is necessary to expand the scope of the standard or to modify the scope in a way that is no longer consistent with the scope defined in the SAR, then the SDT may initiate or recommend another requester initiate a new SAR (Step 1) to develop the expanded or modified scope. At no time will a SDT develop a standard that is not within the scope of the SAR that was authorized for development.

If the SDT elects to narrow the SAR, scope or identifies issues not in the SAR scope, then a report shall be prepared and sent to the SC.

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. The SPM shall notify the RBB, the MRO region, NERC, and other interested parties that the new or revised standard has been posted for public comment.

Step 6 - Solicit Public Comments on Draft Standard

Objective: Receive stakeholder inputs on the draft standard for the purpose of assessing consensus on the draft standard, and modifying the draft standard as needed to achieve consensus.

Sequence Considerations: The posting of a draft standard will occur after the appointment of a SDT and development of a draft by the team. Alternatively, a draft standard submitted by the requester may be posted for comment concurrently with the associated SAR, with the condition that the SAR and draft standard meet the requirements of this procedure and are consistent with each other. In all cases, public comments on the draft standard shall be solicited prior to the SC approving the standard going to ballot (Step 9).

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 RSVP application and will be viewable during the posted commenting period.

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.

The SDT shall develop an implementation plan for the standard that will be posted in conjunction with the standard for at least one stakeholder comment period. Once the implementation plan has been developed and posted for stakeholder comment, it shall remain part of the standard action for subsequent postings and shall be included on the ballot for the standard. The implementation plan shall describe when the standard will become effective. If the implementation is to be phased, the plan will describe which elements of the standard are to be applied to each class of

responsible entities, and when. The plan will describe any deployment considerations unique to the standard, such as computer applications, measurement devices, databases, or training, as well as any other special steps necessary to prepare for and initially implement the standard.

Step 7 - Field Testing

Objective: Determine what testing is required to validate the concepts, requirements, measures and compliance elements of the standard and implement that testing.

Sequence Considerations: Testing may be completed during or after Steps 1 through 6. Testing and associated analysis of results (Step 8) must be completed prior to determining whether to submit the standard to ballot (Step 9).

Taking into consideration stakeholder comments received through Step 6, the SDT may recommend to the SC that a test of one or more aspects of a standard is needed. The MRO Compliance Manager will also evaluate whether field-testing of the compliance elements of the proposed new or revised standard is needed and advise the SC. The SC will approve all field tests of proposed standards based on the recommendations of the SDT and the compliance manager. If needed, the SC will also request inputs on technical matters from applicable standing committees or other experts.

Once the field-testing plan is approved, the SPM will, under the direction of the SC, oversee the field-testing of the standard.

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, evaluations, or other SC approved method may be sufficient.

Step 8 - Analysis of the Comments and Field Test Results

Objective: Evaluate stakeholder comments and field test results to determine if there is consensus that the proposed standard should go to ballot or requires additional work.

Sequence Considerations: This step follows Steps 6 and 7 and must precede Step 9.

The SPM will assemble the comments on the draft standard and distribute those comments to the SDT and the requester. The SDT, assisted by the requester, shall give prompt consideration to the written views and objections of all participants. An effort to resolve all expressed objections shall be made, and each objector shall be advised of the disposition of the objection and the reasons therefore. The STD shall prepare a summary of the comments received and the changes made to the proposed standard as a result of these comments. The STD shall summarize comments that were rejected by the STD and the reason(s) that these comments were rejected, in part or whole. The summary, along with a response to each comment received will be posted on the MRO website no later than the next posting

of the proposed standard. In addition, each objector will be informed that an appeals process exists within the MRO standards process.

Based on comments received, the SDT may determine there is an opportunity to achieve consensus for the standard. In this case, the SDT may elect to return to Step 5 and revise the draft for another posting. Although there is no predetermined limit on the number of times a draft standard may be revised and posted, the SDT should ensure the potential benefits of another posting outweigh the burden on the SDT and stakeholders. Returning to Step 5 to continue working on the standard is the prerogative of the SDT, subject to SC oversight.

If the SDT determines the draft standard is ready for ballot, the SDT shall submit the draft standard to the SC with a request to proceed to balloting, along with the comments received and responses to the comments. Based on the comments received and field-testing, the SDT may include revisions that are not substantive. Substantive changes to a draft standard shall not be permitted between the last posting for stakeholder comment and submittal for ballot. A substantive change is one that directly and materially affects the intent or use of the standard. For example, adding, deleting, or revising requirements; or adding, deleting, or revising measurements for which compliance is mandatory. Any non-substantive changes such as: spelling, grammar, or formatting, made prior to going to ballot, will be identified to stakeholders at the time of the ballot notice. If the SDT determines, based on comments received, that substantive changes to the standard are required, the standard will be re-posted for comment and a notice sent to the MRO region, the RBB, NERC, and other interested parties that the revised standard has been re-posted for public comment.

When the SC receives a draft standard that has been recommended for ballot, the SC will review the standard to ensure that the proposed standard is consistent with the scope of the SAR; addresses all of the objectives cited in Steps 1-8, as applicable; and is compatible with other existing standards. If the proposed standard does not pass this review, the SC shall remand the proposed standard to the SDT to address the deficiencies. If the proposed standard passes the review, the SC shall set the proposed standard for ballot as soon as the workflow will accommodate.

If the SDT determines there is insufficient consensus to ballot the standard and that further work is unlikely to achieve consensus, the SDT may recommend to the SC that the standard drafting be terminated and the SAR withdrawn. The SC will consider the recommendation of the SDT and stakeholder comments and may terminate the standard drafting and accept the withdrawal of the SAR. If the SC believes the recommendation is unsubstantiated, the SC may direct other actions consistent with this procedure, such as requesting the SDT to continue or appointing a new SDT.

Step 9 - Ballot the New or Revised Standard

Objective: Approve the proposed standard by vote of industry stakeholders.

Sequence Considerations: The SC shall determine that all requirements of Steps 1 through 8 have been satisfactorily met before authorizing an action to go to ballot.

If the SDT decides to submit the standard to a vote, the SPM shall provide notice of such to the RBB, NERC, as well as other interested parties, and electronically post the standard, and all comments received, the responses to those comments, and an implementation plan.

First Ballot

Each voter must be a member of the Registered Ballot Body (RBB). **Note: An individual's membership in the RBB will be in a "Pending" stage immediately following registration; in order to be able to vote, your registration must be activated, and activation may take up to 24 hours.**

The ballot will be conducted electronically through the RSVP application. 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. It is the responsibility of the entity to identify and notify the SPM of the eligible voter. The voting options are:

- Affirmative, with or without comment;
- Negative, with or without comment (the comments 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. In no case shall the voting time window start sooner than fifteen (15) and no later than thirty (30) days from the notice of the posting. The voting time window will be a period of ten (10) days.

This provides a minimum total of twenty-five (25)-days from the initial notice until the end of the voting period. Approval of a MRO Regional Reliability Standard or revision to a MRO Regional 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.

Voting results, comments, and responses, if necessary, will be posted for public viewing as soon as practical after the balloting period closes. Voting results and comments may be posted prior to the responses.

Balloting examples are provided in Appendix D.

Members of the RBB should submit any comments on the proposed standard during the public comment period. If any Negative votes with 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 SDT, assisted by the Requester, in preparing a response to negative votes submitted with comments.

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

If a quorum of the Segments is not established, the standard shall be re-balloted, allowing ten (10) days for the ballot. If a quorum is not established with the re-ballot, the SPM shall 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 21-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 BOD for consideration.

Step 10 –Approval of a Proposed MRO Regional Reliability Standard

Objective: To have the BOD approve the proposed new or revised, MRO Regional Reliability Standard. Once properly approved by the BOD, accepted by NERC, and

accepted for filing by the applicable regulatory authorities in the United States and Canada, the Reliability Standard becomes enforceable.

Sequence Considerations: The thirty (30)-day notice prior to action by the BOD may begin concurrently with or any time after the start of the first ballot. The thirty (30)-day period shall not end any sooner than the end of the final ballot.

A MRO Regional Reliability Standard submitted for consideration to the BOD must be publicly posted and noticed no less than fifteen (15) and no more than thirty (30) days prior to action by the BOD, included with the standard is the implementation plan that was part of the posting process.

At a regular or special meeting, the BOD shall consider the proposed MRO Regional Reliability Standard. The BOD shall consider the results of the balloting and dissenting opinions. The BOD shall consider any advice offered by the MRO SC. The BOD may accept or reject a standard, but may not modify a proposed MRO Regional Reliability Standard. If the BOD chooses not to propose a standard to NERC and the applicable regulatory authorities in the United States and Canada, it shall provide its reasons for not doing so. Upon acceptance of the standard, the SPM will submit the standard to NERC for approval and filing with the applicable regulatory authorities in the United States and Canada.

A MRO Regional Reliability Standard that is approved by NERC and filed with the applicable regulatory authorities shall become effective in accordance with applicable NERC and applicable regulatory proceedings. The implementation plan is included with the proposed Reliability Standard.

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

Step 11 - Implementation of the MRO Regional Reliability Standard

Objective: That Organizations subject to the standard use the standard, and the compliance program incorporates the standard into its compliance monitoring and enforcement process.

Sequence Considerations: The effective date of a standard is defined in the standard implementation plan.

After approval of a MRO Regional Reliability Standard by the applicable authorities in the United States and Canada, the SPM will forward the standard to the Compliance Manager for implementation, enforcement, and monitoring by the CC which will oversee the implementation and assess the effectiveness.

V. Interpretations and Appeals

Interpretations of MRO Regional Reliability Standards

All persons who are directly and materially affected by the reliability of MRO bulk power systems shall be permitted to request an interpretation of a MRO Regional 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 provide notice to the MRO region within ten business days of such a request for interpretation.

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 (not more than 45 days), the SDT will draft a written interpretation to the standard addressing the issues raised. The SPM shall take the draft interpretation to the SC for acceptance, which would be forwarded to the Board for approval, at the SC recommendation. If approved by the Board, the interpretation is appended to the standard and is effective immediately. The SPM will send notice to all entities that operate, plan, and use the bulk electric systems of the MRO region. The interpretation will stand until 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 Regional Reliability Standard shall have the right to appeal. This appeals process applies only to the MRO Regional 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 Regional Reliability Standard or the MRO Regional 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 BOD. 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, or disapprove a MRO Regional Reliability Standard, as these responsibilities remain with the standard's RBB and BOD 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 BOD for consideration at the time the BOD decides whether to approve proposing a particular MRO Regional Reliability Standard for NERC consideration and eventual enforceability. 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 Regional Reliability Standard in question.

VI. Errata

Approved Reliability Standards

Errata are errors in approved standards that, if corrected, do not change the scope or intent of the associated approved standard and do not have a material impact on the end users of the standard.

1. If the error falls into one of the following categories, the SPM will produce a red line version of the standard that shows the proposed correction:
 - a. A misspelled word
 - b. An incorrect reference to a requirement or measure
 - c. A missing word that, when added, improves readability but does not seem to change the technical content
 - d. An error that, if corrected, does not seem to change the scope or technical content of the standard
 - e. A discrepancy between the redline and clean versions of a balloted standard
2. If the error does not fall into the above categories as errata, the SPM will make note of the error for inclusion in the next SAR submitted to revise the associated standard.

3. The Standards Committee will review the clean and red line versions of the standard, and if the proposed modification seems to fall into the category of errata as defined above, then staff will post the clean and red line versions of the standard for a 30-day comment period.
4. If the Standards Committee authorizes posting for stakeholder comment, the SPM will post the clean and redline versions of the standard for a 30-day comment period. The comment form must ask stakeholders if they agree that the proposed modification is immaterial, and if stakeholders believe the modification(s) is material, stakeholders must identify the specific material impact of the proposed modification.
5. The SPM will announce the errata to stakeholders along with a notice indicating when the BOD will act on the errata.
6. The drafting team will prepare a response to stakeholder comments and submit a recommendation to the entire Standards Committee.
7. The standards committee will determine whether to authorize moving the errata forward for BOD adoption and filing with regulatory authorities.
8. The SPM will submit the errata to the BOD for their approval and then send notice of the errata to applicable regulatory authorities.
9. The SPM will modify the BOD approved version and all regulatory approved versions of the standard to include the approved correction and send a notice of the approval and associated modification to the stakeholders.

Draft Standards

If a draft standard is found to have errata, as defined above, during an initial or recirculation ballot period; the SPM shall be allowed to make the changes. The SPM will post a redline version of the document and notify stakeholders.

Errata found during commenting periods will be handled by the commenting process as defined in steps 1 – 8 of section IV.

VII. Maintenance of MRO Regional Reliability Standards Process

Process Revisions

A request to substantively change the MRO Regional Reliability Standards Process Development process shall begin with the preparation of a SAR, and be handled using the same procedure as a request to revise a MRO Regional Reliability Standard. The exception is that a single ballot without regard to negative comments from the RBB shall be conducted and the results of that ballot will be binding. Non-substantive changes will be handled through the abbreviated process listed below. Once approved by the RBB, any proposed revisions to this manual would go to the BOD, NERC, and the applicable authorities in the United States and Canada for approval.

The BOD may make changes to the Industry Segments referenced in Appendix D. These changes shall be carried over to this process without the need to prepare a SAR. In addition, the SC may alter the document number on any existing or proposed standard without going through the MRO Regional Standards Process.

Abbreviated Process for Procedural/Administrative Changes

The SPM shall handle all procedural/administrative requests using an abbreviated process described here. The SPM shall post all proposed procedural/administrative revisions to the MRO Regional Reliability Standards Development Process for a 30-day public comment period. The SC shall consider all comments received and modify the proposed revisions as needed. Based on the degree of consensus for the revisions, the SC may:

- a. submit the revised procedure directly to the BOD for adoption;
- b. submit the revised procedure for ballot pool approval prior to submitting it for BOD adoption (the regular voting process in the procedure, including a re-circulation ballot if needed, would be used and the results of the ballot would be binding on the decision to move the revisions to the BOD or not);
- c. propose additional changes and repeat the posting for further comment;
- d. remand the proposal to the requester for further work; or
- e. reject the proposal.

The SPM shall post any proposed revisions submitted for BOD adoption for a period of 30 days prior to BOD action. The SC shall submit to the BOD a description of the basis for the procedure changes, a summary of the comments received, and any minority views expressed in the comment process. The proposed procedure revisions will be effective upon BOD adoption, or another date designated by the BOD.

Five-Year Review

Each MRO Regional 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 BOD 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 Regional 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 Regional 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 Regional 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 an historical record of MRO Regional 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

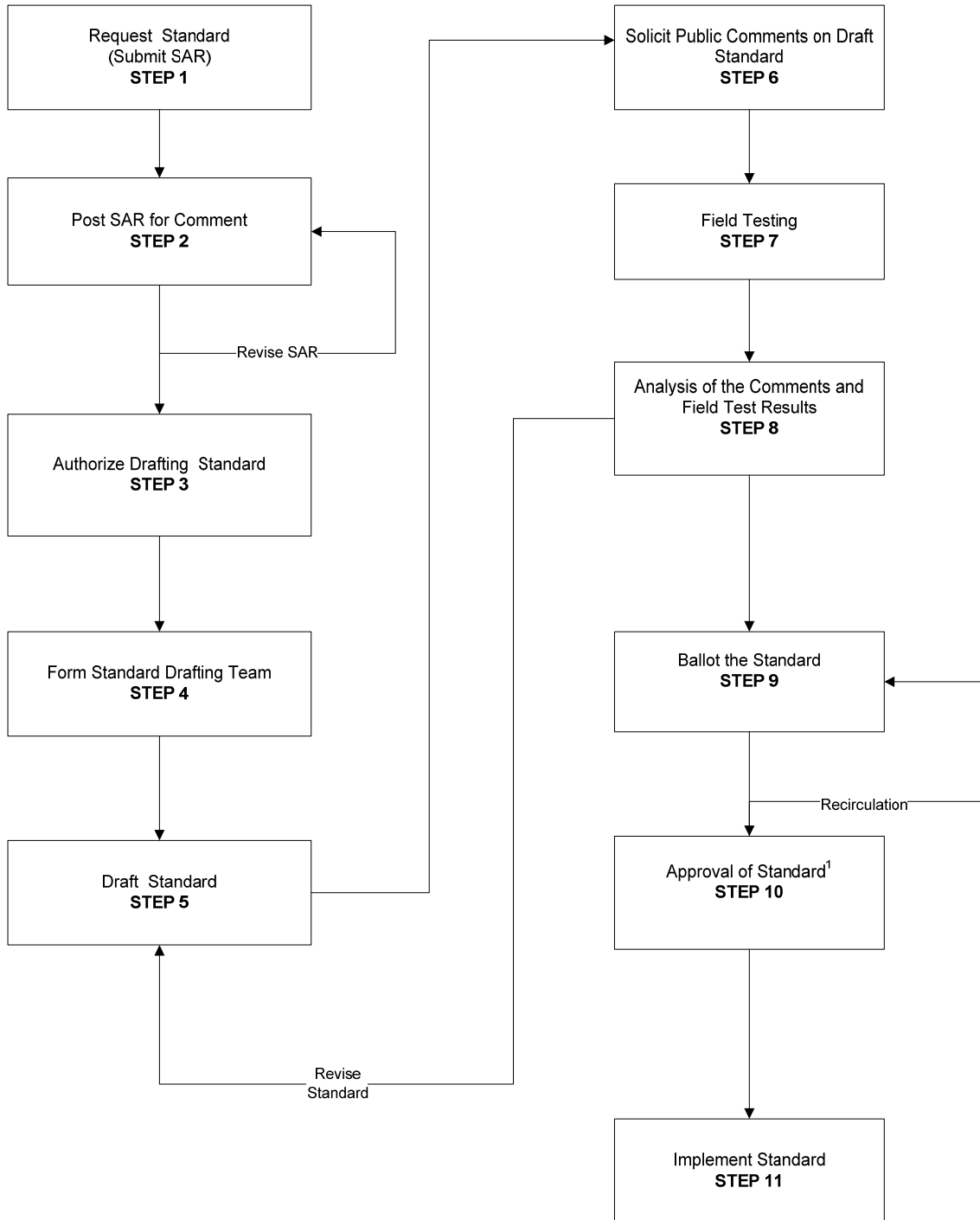
The SPM shall establish, maintain, and electronically post a system of identification numbers that allow MRO Regional Reliability Standards to be categorized and easily referenced. Re-numbering of approved standards does not warrant standard review but will be handled through the SC. The SPM will notify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

Supporting Documents

The following table identifies documents that may be developed to support a MRO Regional 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 Regional Reliability Standard. If the procedure defines one way, but not necessarily the only way, to implement a standard it is more appropriately a reference.

| <i>Type of Document</i> | <i>Description</i> | <i>Approval</i> |
|--------------------------------|---|---|
| Standard Reference | Descriptive, explanatory information to support the understanding and interpretation of an MRO Regional Reliability Standard. | SC |
| Standard Supplement | Data forms, pro forma documents, and associated instructions that support the implementation of an MRO Regional Reliability Standard. | As assigned to the MRO Standing Committee |
| Procedure | Instructions defining a particular process or operation. Procedures may support the implementation of an MRO Regional Reliability Standard. | As assigned to the MRO Standing Committee |
| Technical Reference | Descriptive, technical information or analysis. A technical reference may support the implementation of an MRO Regional Reliability Standard. | As assigned to the MRO Standing Committee |

Appendix A – MRO Regional Reliability Standards Process Diagram



¹After MRO Board approval, the standard is submitted to NERC for approval and filing to the applicable regulatory authorities. Upon regulatory acceptance or approval, the standard becomes enforceable as a Reliability Standard.

Appendix B – Information in a Standard Authorization Request

Below is a template of the required information to complete 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

| |
|----------------------------|
| Title of Proposed Standard |
| Request Date |

| SAR Requestor Information | SAR Type <i>(Check a box for each one that applies.)</i> |
|---------------------------|--|
| Name | <input type="checkbox"/> New Standard |
| Primary Contact | <input type="checkbox"/> Revision to existing Standard |
| Telephone Fax | <input type="checkbox"/> Withdrawal of existing Standard |
| E-mail | <input type="checkbox"/> Urgent Action |

| |
|---|
| Purpose (Describe the purpose of the standard – what the standard will achieve in support of reliability.) |
|---|

| |
|---|
| Industry Need (Provide a detailed statement justifying the need for the proposed standard, along with any supporting documentation.) |
|---|

| |
|---|
| Brief Description (Describe the proposed standard in sufficient detail to clearly define the scope in a manner that can be easily understood by others.) |
|---|

Reliability Functions

| The Standard will Apply to the Following Functions (Check box for each one that applies.) | | |
|---|-------------------------------|--|
| <input type="checkbox"/> | Reliability Authority | Ensures the reliability of the bulk transmission system within its Reliability Authority area. This is the highest Reliability Authority. |
| <input type="checkbox"/> | 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. |
| <input type="checkbox"/> | Interchange Authority | Authorizes valid and balanced Interchange Schedules. |
| <input type="checkbox"/> | Planning Authority | Plans the Bulk Electric System. |
| <input type="checkbox"/> | Resource Planner | Develops a long-term (>one year) plan for the resource adequacy of specific loads within a Planning Authority area. |
| <input type="checkbox"/> | Transmission Planner | Develops a long-term (>one year) plan for the reliability of transmission systems within its portion of the Planning Authority area. |
| <input type="checkbox"/> | Transmission Service Provider | Provides transmission services to qualified market participants under applicable transmission service agreements |
| <input type="checkbox"/> | Transmission Owner | Owns transmission facilities. |
| <input type="checkbox"/> | Transmission Operator | Operates and maintains the transmission facilities, and executes switching orders. |
| <input type="checkbox"/> | Distribution Provider | Provides and operates the "wires" between the transmission system and the customer. |
| <input type="checkbox"/> | Generator Owner | Owns and maintains generation unit(s). |
| <input type="checkbox"/> | Generator Operator | Operates generation unit(s) and performs the functions of supplying energy and Interconnected Operations Services. |
| <input type="checkbox"/> | Purchasing-Selling Entity | The function of purchasing or selling energy, capacity, and all necessary Interconnected Operations Services as required. |
| <input type="checkbox"/> | Market Operator | Integrates energy, capacity, balancing, and transmission resources to achieve an economic, reliability-constrained dispatch. |
| <input type="checkbox"/> | Load-Serving Entity | Secures energy and transmission (and related generation services) to serve the end user. |

NERC Reliability and Market Interface Principles

| | |
|---|--|
| Applicable Reliability Principles <i>(Check box for all that apply.)</i> | |
| <input type="checkbox"/> | 1. Interconnected bulk electric systems shall be planned and operated in a coordinated manner to perform reliably under normal and abnormal conditions as defined in the NERC Standards. |
| <input type="checkbox"/> | 2. The frequency and voltage of interconnected bulk electric systems shall be controlled within defined limits through the balancing of real and reactive power supply and demand. |
| <input type="checkbox"/> | 3. Information necessary for the planning and operation of interconnected bulk electric systems shall be made available to those entities responsible for planning and operating the systems reliably. |
| <input type="checkbox"/> | 4. Plans for emergency operation and system restoration of interconnected bulk electric systems shall be developed, coordinated, maintained and implemented. |
| <input type="checkbox"/> | 5. Facilities for communication, monitoring and control shall be provided, used and maintained for the reliability of interconnected bulk electric systems. |
| <input type="checkbox"/> | 6. Personnel responsible for planning and operating interconnected bulk electric systems shall be trained, qualified, and have the responsibility and authority to implement actions. |
| <input type="checkbox"/> | 7. The security of the interconnected bulk electric systems shall be assessed, monitored and maintained on a wide area basis. |
| <input type="checkbox"/> | 8. Bulk power systems shall be protected from malicious physical or cyber attacks. |
| Does the proposed Standard comply with all of the following Market Interface Principles? <i>(Select 'yes' or 'no' from the drop-down box.)</i> | |
| 1. The planning and operation of bulk electric systems shall recognize that reliability is an essential requirement of a robust North American economy. Yes | |
| 2. A MRO Regional Reliability Standard shall not give any market participant an unfair competitive advantage. Yes | |
| 3. A MRO Regional Reliability Standard shall neither mandate nor prohibit any specific market structure. Yes | |
| 4. A MRO Regional Reliability Standard shall not preclude market solutions to achieving compliance with that Standard. Yes | |
| 5. A MRO Regional Reliability Standard shall not require the public disclosure of commercially sensitive information. All market participants shall have equal opportunity to access commercially non-sensitive information that is required for compliance with reliability standards. Yes | |

Related Standards

| Standard No. | Explanation |
|--------------|-------------|
| | |
| | |
| | |
| | |

Related SARs

| SAR ID | Explanation |
|--------|-------------|
| | |
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| | |

Regional Differences

| Region | Explanation |
|--------|-------------|
| ERCOT | |
| FRCC | |
| MRO | |
| NPCC | |
| SERC | |
| RFC | |
| SPP | |
| WECC | |

Appendix C – MRO Regional Reliability Standard Example

Below is an example of a MRO Regional Reliability Standard. Please see the [NERC Reliability Standards Development Procedure](#) for the most current format.

| | |
|----------------------------------|---|
| Identification Number | A unique identification number assigned by the SPM. |
| Title | A brief, descriptive phrase identifying the topic of the MRO Regional Reliability Standard. |
| Applicability | Clear identification of the functional classes of entities responsible for complying with the standard, noting any specific additions or exceptions. |
| Effective Date and Status | The effective date of the MRO Regional Reliability Standard shall be upon NERC and regulatory approvals. 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 MRO Regional Reliability Standard shall explicitly state what outcome will be achieved by the approved Reliability Standard. The purpose is agreed to early in the process as a step toward obtaining approval to proceed with the development of the Reliability Standard. The purpose should link the standard to the relevant principle(s). |
| Requirement(s) | <p>Explicitly stated technical, performance, preparedness, or certification 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> |

| | |
|----------------------------|--|
| <p>Risk Factors</p> | <p>The potential reliability significance of each requirement, designated as a High, Medium, or Lower Risk Factor in accordance with the criteria listed below:</p> <p>A High Risk Factor requirement (a) is one that, if violated, could directly cause or contribute to bulk power system instability, separation, or a cascading sequence of failures, or could place the bulk power system at an unacceptable risk of instability, separation, or cascading failures; or (b) is a requirement in a planning timeframe that, if violated, could, under emergency, abnormal, or restorative conditions anticipated by the preparations, directly cause or contribute to bulk power system instability, separation, or a cascading sequence of failures, or could place the bulk power system at an unacceptable risk of instability, separation, or cascading failures, or could hinder restoration to a normal condition.</p> <p>A Medium Risk Factor requirement (a) is a requirement that, if violated, could directly affect the electrical state or the capability of the bulk power system, or the ability to effectively monitor and control the bulk power system, but is unlikely to lead to bulk power system instability, separation, or cascading failures; or (b) is a requirement in a planning timeframe that, if violated, could, under emergency, abnormal, or restorative conditions anticipated by the preparations, directly affect the electrical state or capability of the bulk power system, or the ability to effectively monitor, control, or restore the bulk power system, but is unlikely, under emergency, abnormal, or restoration conditions anticipated by the preparations, to lead to bulk power system instability, separation, or cascading failures, nor to hinder restoration to a normal condition.</p> <p>A Lower Risk Factor requirement is administrative in nature and (a) is a requirement that, if violated, would not be expected to affect the electrical state or capability of the bulk power system, or the ability to effectively monitor and control the bulk power system; or (b) is a requirement in a planning time frame that, if violated, would not, under the emergency, abnormal, or restorative conditions anticipated by the preparations, be expected to affect the electrical state or capability of the bulk power system, or the ability to effectively monitor, control, or restore the bulk power system.</p> |
|----------------------------|--|

| | |
|-------------------|---|
| Measure(s) | <p>Each requirement shall be addressed by one or more measures. These measures will be used to assess performance and outcomes for the purpose of determining compliance with the requirements stated above.</p> <p>Each measure shall identify to whom the measurement applies and the expected level of performance or outcomes required demonstrating compliance.</p> <p>Each measure shall be tangible, practical, and as objective as is practical.</p> <p>It is important to realize that measures are proxies to assess required performance or outcomes.</p> <p>Achieving the full compliance level of each measurement should be a necessary and sufficient indicator that the requirement was met.</p> <p>Each measure shall clearly refer to the requirement(s) to which it applies.</p> |
|-------------------|---|

Glossary of Terms Used in Standards

| | |
|------------------------------|--|
| Definitions of Terms: | <p>All defined terms used in MRO Regional Reliability Standards, shall be defined in the glossary. Definitions may be approved as part of a standards action or as a separate action. All definitions must be approved in accordance with the standards process.</p> |
|------------------------------|--|

Compliance Administration Elements

| | |
|--------------------------------------|---|
| Compliance Monitoring Process | <p>The following compliance elements, which are part of the standard and are balloted with the standard are developed for each measure in a standard by the NERC compliance program in coordination with the standard drafting team</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 for providing the data or information for measuring performance or outcomes. • The process that will be used to evaluate data or information for the purpose of assessing performance or outcomes • 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. |
| Violation Severity Levels | <p>Defines the degree to which compliance with a requirement was not achieved. The violation severity levels, are part of the standard and are balloted with the standard, and developed by the MRO compliance program in coordination with the standard drafting team.</p> |

Supporting Information Elements

| | |
|-------------------------------------|--|
| <p>Interpretations</p> | <p>Formal interpretations of Regional Reliability Standard(s) proposed by the MRO and approved by NERC, FERC, and the applicable Canadian regulatory authorities.</p> <p>Interpretations are temporary, as the standard should be revised to incorporate the interpretation.</p> |
| <p>Implementation Plan</p> | <p>Each Regional Reliability Standard proposed by the MRO and approved by NERC, FERC and the applicable Canadian regulatory authorities shall have an associated implementation plan describing the effective date of the standard or effective dates if there is a phased implementation. The implementation plan may also describe the implementation of the standard in the compliance program and other considerations in the initial use of the standard, such as necessary tools, training, etc. The implementation plan must be posted for at least one public comment period and is approved as part of the ballot of the standard.</p> |
| <p>Supporting References</p> | <p>This section will reference related documents that support implementation of the Reliability Standard proposed by the MRO and approved by NERC and the regulatory authorities, but are not themselves mandatory. Examples include, but are not limited to:</p> <ul style="list-style-type: none"> • Developmental history of the standard and prior versions • Notes pertaining to implementation or compliance • Standard references • Standard supplements • Procedures • Practices • Training references • Technical references • White papers • Internet links to related information |

Appendix D – Registered Ballot Body (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. Designated fees are defined as fees associated with the Standards Development process. At this time there are no fees for registration.

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 SPM 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 BOD.

In order to comment or vote you must have an active membership in the RBB. When you submit your registration request, you are placed in a “pending stage” until your account is activated. Activation of your account may take up to 24 hours. You will be unable to submit comments or vote until your account is activated.

All registrations must be done electronically via the RSVP application (<http://rsvp.midwestreliability.org>). There is no fee for registration at this time.

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 in the RBB and is represented by a different representative. Only one vote per entity per segment registered is allowed.
- Corporations, organizations, and entities may participate freely in all subgroups.
- After their initial selection, registered participants may apply to change segments with thirty (30) days notice to the SPM. In addition, a registered participant cannot change segments during a balloting period once the participant has cast a vote or designated a proxy.

- Additionally, the SPM may change a participant segment under certain circumstances. These circumstances will be approved by the SC and posted on the RSVP.
- 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, the 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.

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 TRANSCOs 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), Regional Transmission Group (RTG), Independent System Operators (ISOs), Reliability Organizations, and Reliability Coordinators

- a. Authorized by appropriate regulator to operate as an RTO, RTG, or ISO within or adjacent to the MRO.
- b. Reliability Organizations certified by NERC or its successor.
- c. Check FERC definition.
- d. Reliability Coordinators within or adjacent to the MRO.
- e. 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 as 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 a transmission dependent utility. A Transmission Dependent Utility (TDU) is defined as; an entity that relies on another entity for transmission service to service the majority of their contractual loads.

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

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

Appendix E – 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, RRO'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, RRO'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, RRO'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, RRO'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 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, RRO'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 | | | | |