



# MIDWEST RELIABILITY MATTERS

## Fall 2010

### Special points of interest:

- President Skaar provides insight on compliance (cover)
- Mis-operations related to disturbances (pg 3)
- Industry news (pg. 5)
- **TIPS and Lessons Learned (pgs 6-7)**
- Future meetings and events (pg 8)

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### Share your feedback!

Please let us know what information is important to you.

To submit story ideas or other suggestions for **Reliability Matters**, please contact [Jessie Mitchell](#) at 651-855-1733

### FROM THE PRESIDENT

*Daniel P. Skaar*

#### Thoughts on Compliance and Other Matters

MRO staff is nearing completion of the scheduled CIP spot checks and is hopeful to have the results summarized later this year. CIP, in general, tends to be a very detailed subject, and as a result the conduct of CIP audits and spot checks is very comprehensive and administratively intensive. We encourage Registered Entities to call the audit lead to schedule a pre-audit conference to review the scope and conduct of the audit/spot check and to address questions. I also want to alert you to a few compliance matters:

- Since MRO spot checks and audits cover a period of time, the documents in effect for that period may have had deficiencies, however, the current “in play” document has no deficiencies (therefore no findings). MRO staff now identifies the past deficient program documents as a “partial period finding.” We think such identification provides a level of materiality or significance to the finding, since the Registered Entity subsequently found and corrected its program. These considerations are a key part of any enforcement determination.
- MRO recently communicated a “tip” to Entities on attestations from contractors providing background checks (CIP-004). Registered Entities must do some due diligence or corroboration on contractor attestations. Please exercise due care and be prepared to show MRO (upon request) that you corroborated the background check. This is a good due diligence practice for Registered Entities and MRO staff. If you have questions on this matter, please don’t hesitate to contact us.
- MRO staff is working on ways to streamline compliance and enforcement. I have asked Sara Patrick from our staff to work with NERC and the other Regions to propose expedited processes that we need to handle minor enforcement matters, providing more certainty, sooner, to those we serve. Look for progress

to be made on this front by the end of the year.

A core competency for MRO is compliance (evaluating compliance with standards and the controls that provide assurance that requirements are being met). We have set high expectations for Registered Entities in our Region to maintain good compliance programs and to cultivate a culture of compliance within their organizations. MRO recently assessed its own compliance and ethics program and the internal controls that ensure program compliance. Although we have good controls in place, we need to ensure that we are meeting our compliance obligations in a more systematic manner given our growth in staff, added workload, and added requirements.

As a result of our assessment, Staff presented a proposed framework for an enterprise-wide compliance and ethics program to the board (of which more details can be found later in this newsletter). Staff believes that to visibly demonstrate to those we serve that we have sustainable systems in place and to earn and uphold trust in what we do, we must always operate with the highest level of integrity, each and every day.

Being thrifty is another core competency for MRO. While we are holding steady on costs, we are always looking for ways to save money-painlessly. We have used outsourcing with success. I am happy to report that our compliance system (now called webCDMS) has been substantially upgraded to a state-of-the-art platform and will soon be housed in a highly secured facility, subject to CIP and stringent performance requirements. While this was originally homegrown, it’s commercial grade today and we were able to cap both our risk and cost through effective outsourcing. This conversion took place about two months ago and I want to thank Registered Entities for working with us through this change.

## COMPLIANCE UPDATE

Wayne VanOsdol, VP Compliance

### Annual Implementation Plan Update

The 2010 Annual Implementation Plan and associated compliance monitoring schedules (audit, CIP spot-check, self-certification) are posted and can be found on the MRO website ([MRO 2010 Implementation Plan](#)). The implementation of the MRO 2010 compliance monitoring plan is on schedule. Of the 19 compliance audits that were scheduled for 2010, 15 have been completed (as of September 30), and the remaining 4 are scheduled to be completed by year end. 17 CIP spot-checks were scheduled for 2010, and as of September 30, 13 have been completed with the remaining 4 scheduled to be completed by year end. Please note that the compliance assessment process used for CIP spot check is the same process used for conducting a compliance audit.

The NERC 2011 Annual Implementation Plan is currently in the final stage of development, and the MRO 2011 annual implementation plan will be created by using the approved NERC annual plan. We will continue to keep Registered Entities informed on the status of the NERC and MRO 2011 annual plans.

### Annual Self-Certification Update

The annual self-certification process requires each Registered Entity to report its status of compliance with the Reliability Standards applicable to the function(s) for which they are registered. The annual self-certification was initiated on September 27, 2010, and closes on October 29, 2010. All Registered Entities must participate in the annual self-certification. MRO conducted the first session of the Spring 2010 annual self-certifications in May/June, specifically for those Registered Entities that were scheduled to receive a compliance audit in the Fall of 2010 (September-October timeframe). If your company did not participate in the 2010 May/June self-certification (first session), then your company is expected to participate in the 2010 September/October self-certification. WebCDMS is open for Registered Entity submissions.

### CIP - Technical Feasibility Exception (TFE)

The work associated with the TFE Part B assessment continues. The MRO region is processing TFE's from 20 Registered

Entities totaling 302 TFE's that cover 7,288 assets. MRO expects to complete the Part B assessment within the 365 day review period.

### OATI WebCDMS Update

The new OATI WebCDMS compliance and enforcement tool used by the MRO Regional Entity and Registered Entities in the MRO Region was placed into production on July 20th, 2010. The MRO December workshop will include staff from OATI and will allow Registered Entities to share their experiences using the new product.

### Education and Training

MRO will hold a Reliability Workshop on December 1, 2010, at the Holiday Inn Select in Bloomington, MN. Tom Galloway, NERC Senior VP, and Susan Court, former Enforcement Director at FERC, will be speaking at this event. Workshop announcements and registration details are available on the MRO web site. In addition, the Mid-Continent Compliance Forum (MCCF) is scheduled to meet on December 2, 2010 at the same location. The MCCF provides a forum and opportunity for Registered Entities to share compliance program process material as well as share compliance audit experiences. MRO staff plans to present information at the MCCF meeting, and recommends Registered Entities attend workshops, seminars, and other related meetings where Bulk Power System reliability and associated compliance matters are discussed.

For questions regarding the upcoming workshop, please contact Jo Anne McNabb at [ja.mcنabb@midwestreliability.org](mailto:ja.mcنabb@midwestreliability.org).

The MRO Compliance Department can be reached at [mco@midwestreliability.org](mailto:mco@midwestreliability.org).

### **MRO Reliability Workshop - December 1, 2010**

**Tom Galloway, NERC Senior Vice President, and Susan Court, former Enforcement Director at FERC, will be speaking at MRO's December Reliability Workshop.**

## OPERATIONS UPDATE

### Reliability Assessments

John Seidel, Sr. Mgr. Situational Awareness, Event Analysis and Reliability Improvement

#### Winter 2010-2011 Assessment

MRO submitted the 2010-2011 winter assessment to the NERC Reliability Assessment Subcommittee ("RAS") on September 30, 2010. This assessment will be reviewed by the NERC RAS at their meeting on October 13 and 14, 2010. The final results of the compiled 2010-2011 winter assessment

will be publicly posted shortly after the October meeting.

#### Reporting of Assessments in 2011

NERC staff is in the process of re-aligning the NERC sub-regions to better reflect ISO/RTO and Planning Coordinator geographies (ISO/RTO's are Planning Authorities). The sub-regions within MRO (which are presently MRO-US and MRO-CAN) will be revised to consist of Manitoba, Saskatchewan, MAPP/WAPA, and the Midwest ISO. Since the Midwest ISO sub-region straddles MRO, RFC and SERC, the assessment of

...Continued on page 3

## OPERATIONS UPDATE, cont...

the Midwest ISO sub-region would be jointly performed by these three Regional Entities with a designated lead Region.

Certain Nebraska entities who are in the SPP market would be reported through the SPP Planning Authority, the SPP RTO. The goal is to collect, assess and report data on an ISO-RTO and/or Planning Coordinator basis, in its entirety. This will significantly improve the assessments by maintaining the integrity of the data that is prepared by planning and operating entities and provide more value to the readers of the reports.

### Protection Systems Mis-Operations

*Dan Schoenecker, VP Operations*

So why all of the focus on protection system mis-operations? Staff has seen that mis-operations have played a role in most disturbances and events on the Bulk Electric System either as a cause or contributing factor. It's very prudent to review these in much more detail to determine why this is happening, address the potential risks, and ascertain possible preventative measures. Staff understands that equipment owners are investing in newer technologies, such as microprocessor based controls, as part of their asset replacement programs. Is there more we can do on this important matter?

Registered Entities are required to report mis-operations to MRO under PRC-003 and have done so voluntarily for many years. MRO staff logs the mis-operation, the cause, the corrective actions and reviews the information with the MRO Protective Relay Subcommittee (PRS). While this MRO database has lots of information on protection system mis-operations, the granularity of the information is varied and the reporting methods across North America lack uniformity at this time (PRC-003 is currently under revision to resolve these issues). For example, mis-operations by equipment or technology type would be helpful in the database and we also plan to greatly reduce the use of the "unknown" category of mis-operations.

While we understand that this may require more analysis by the protection system owner, the benefits could be great given the prominence of mis-operations related to disturbances. The PRS has been tasked with leading an effort to obtain more and better information on mis-operations and provide analysis in an effort to share best practices and preventative measures to reduce the number of mis-operations across the MRO Region. NERC and the

other Regions have taken on similar initiatives and we hope to coordinate our efforts with those of NERC.



### Event Analysis Report

*Dan Schoenecker, VP Operations*

Status of Event Analysis in the MRO Region

MRO staff continues to work with NERC and the other Regional Entities to develop a transparent and consistent process for event analysis and sharing of lessons learned. As the new processes

are being developed, MRO staff has provided guidance to Registered Entities so that their efforts in event analysis align with the expectations in the new process. Two events in the MRO Region in 2009 were significant, and therefore; the event analysis report was written in both detailed version and a public version so that they could be shared with the industry. The public reports are posted on the MRO website at [www.midwestreliability.org](http://www.midwestreliability.org).

MRO and Registered Entities have also captured a number of lessons learned from past events. These lessons are currently being reviewed per the new NERC process and will be posted soon on the NERC website along with lessons from other Regions at <http://www.nerc.com/page.php?cid=6183>. There have been several single entity events in the MRO Region in 2010. These events have had detailed event analysis reports prepared by the Registered Entity. The reports have been reviewed by MRO and NERC staff and by an MRO stakeholder committee (currently the Planning Committee but will be transferred to the new Operating Committee). Reports of events of a lesser magnitude will generally not be converted to a public version unless the Operating Committee determines that there may be value to the industry. However, any lessons learned from the lesser events will be shared.

### NERC Event Analysis Working Group (EAWG)

The NERC EAWG has developed a new process document in an effort to ensure consistency and transparency in the event analysis process. This document was posted on the NERC website on October 1, 2010 and can be found at: <http://www.nerc.com/filez/eawg.html>. Event analysis is important because the goal is to identify what happened and why, so that steps can be taken to avoid a recurrence of an event and share any lessons learned with the industry. The process document describes event analysis goals and process steps, and includes event category descriptions, analysis and reporting expectations for each category, expectations for self assessment of compliance, along with templates and checklists.

The EAWG is planning a field test of the new process beginning in mid October and running through at least the end of the year. The goal of the field test will be to determine if the new process is working, if the expectations and roles of the Registered Entity, Regional Entity and NERC are clear, and if the process document provides adequate guidance for successful event analysis.

Watch for announcements from NERC on a pre-field test webinar that is scheduled for **October 12th, 2010**, to lay out the new Event Analysis process to the industry. You can register for this webinar on NERC's website at: <http://www.nerc.com/page.php?cid=11831355>.

## STANDARDS UPDATE

Carol Gerou, Standards Manager

### Recent Changes to the Standards Committee

On June 24, 2010, the MRO Board of Directors approved a revised MRO Standards Committee charter, changing the committee's focus to primarily being a resource for industry stakeholders to learn more about meeting the obligations and requirements of existing, newly effective, or emerging Reliability Standards. The revised Standards Committee charter can be found on MRO's website at: [http://www.midwestreliability.org/STA\\_standards\\_committee.html](http://www.midwestreliability.org/STA_standards_committee.html)

On July 29, the Standards Committee reviewed the top ten most violated standards to decide which standards they should begin developing training and assistance programs for stakeholders in regards to compliance. The review revealed that the most challenging mandatory standards by far for MRO Entities are PRC-005-1 ("Transmission and Generation Protection System Maintenance and Testing") and PRC-008-0 ("Implementation and Documentation of Under-frequency Load Shedding Equipment Maintenance Program"). The committee gathered a pool of the following MRO Subject Matter Experts (SME) to assist in developing training for these standards: Tom Ernst (Minnesota Power), Joe Livingston (Great River Energy), John Zipp (ITC Holdings), Kraig Bowen (Tri-State G&T), & Mathew Westrich (American Transmission Company).

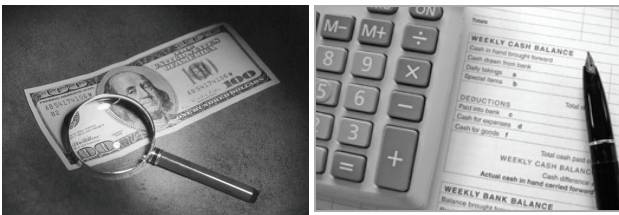
The Standards Committee felt the most effective forum to offer assistance to stakeholders at this time would be the fall Mid-Continent Compliance Forum (MCCF) and MRO's Compliance & Enforcement Workshop, respectively scheduled for December 2, 2010 and December 1, 2010. The Protection and Controls (PRC) SME group has already met to construct an outline for their proposed presentations.

The next project for the Standards Committee is to seek additional topics for which they can assist stakeholders in regards to improving stakeholder compliance with Reliability Standards. The committee is asking for topics within the three main standards categories: Modeling, Data, and Analysis (MOD); Transmission Planning (TPL); & Critical Infrastructure Protection (CIP). If you have a topic that you would like additional information or training on, please contact Jennifer Matz by **October 28, 2010** at [jl.matz@midwestreliability.org](mailto:jl.matz@midwestreliability.org).

If you are a SME in any of the three categories listed above, and are interested in participating in a pool with other SMEs throughout the MRO Region, please contact [Jennifer Matz](mailto:jennifer.matz@midwestreliability.org) for a nomination form and instructions on how to submit. The nominations forms are also due by **October 28, 2010**.

## FINANCE UPDATE

Sue Clarke,  
VP of Administration and Finance



### Year to Date Financials

MRO's August 2010 financials reflect that we are currently operating on budget. While we expect the budget to be tight, we expect that year-end figures will be materially close to budget as well.

### MRO Regional 2011 Business Plan and Budget

The 2011 Business Plan and Budget was approved by NERC in May, and MRO staff expects regulatory approval on the budgets later this year.

### MRO staff proposes new Framework for Ethics, Corporate Governance and Compliance

At the September 23rd, 2010 MRO Board meeting, the MRO Board Vice Chair, Ed Tymofichuk, presented to the board for information and discussion, MRO's proposed en-

terprise-wide approach to compliance, ethics and corporate governance. While MRO has policies and procedures in place to address compliance, ethics and corporate governance, staff is proposing a more integrated program with annual self assessments that would be reported up to the board.

A presentation describing the proposed framework can be found in the September 23 Board of Directors meeting agenda book on MRO's website at [http://www.midwestreliability.org/ABO\\_bod\\_agenda\\_minutes.html](http://www.midwestreliability.org/ABO_bod_agenda_minutes.html)

More information on the status of the proposed framework will be available at the December 2nd, 2010 board meeting.

Any question on the above can be directed to [Sue Clarke](mailto:sue.clarke@midwestreliability.org), VP of Finance and Administration.

Questions regarding accounts payable or receivable should be directed to [Regina Davis](mailto:regina.davis@midwestreliability.org), Accountant and HR Specialist.

## IMPORTANT INDUSTRY UPDATES AND EVENTS

### DOE Energy Secretary Chu Announces Latest Efforts to Address Cybersecurity

Washington, D.C. - Speaking at the inaugural GridWise Global Forum on September 23rd, U.S. Energy Secretary Steven Chu announced the investment of more than \$30 million for ten projects that will address cybersecurity issues facing the nation's electric grid. Together, these projects represent a significant investment in addressing cybersecurity issues in the nation's electric infrastructure. Today's announcement supports the Administration's goal of building a 21st Century clean energy economy supported by a secure, reliable, electricity system delivering power to American homes and businesses. The full press release can be found at <http://www.energy.gov/news/9539.htm>

### Department of Homeland Security continues its series of Cyber Storm exercises: Securing Cyber Space

*September 27, 2010 Cyber Storm III.* The Department of Homeland Security (DHS) Secretary Janet Napolitano announced the beginning of Cyber Storm III - a 3 day long DHS-sponsored exercise that brought together a diverse cross-section of the nation's cyber incident responders to assess U.S. cyber response capabilities. Cyber Storm III is an exercise scenario that simulates a large-scale cyber attack on critical infrastructure across the nation. The goal of the exercise is to examine and strengthen collective cyber preparedness and response capabilities, involving thousands of participants across government and industry. As part of Cyber Storm III, DHS will exercise elements of the newly-developed National Cyber Incident Response Plan (NCIRP), a blueprint for the Nation's cybersecurity incident response.

Participants of Cyber Storm III included; seven cabinet level departments: Commerce, Defense, Energy, Homeland Security, Justice, Transportation and Treasury; eleven states; 12 international partners and 60 private sectors. Cyber Storm III also represents the first major exercise testing the new National Cybersecurity and Communications Integration Center (NCCIC) which serves as the hub of national cybersecurity coordination and was established in October of 2009.

For more information on Cyber Storm III, please visit: [www.dhs.gov/files/training/gc\\_1204738275985.shtm](http://www.dhs.gov/files/training/gc_1204738275985.shtm).

### FERC Reaffirms NERC's Performance as the Nation's Electric Reliability Organization

*September 16, 2010.* The Federal Energy Regulatory Commission (FERC) accepted the Performance Assessment of the North American Electric Reliability Corporation (NERC) finding that NERC continues to fulfill its statutory and regulatory responsibilities as the nation's Electric Reliability Organization to develop and enforce Reliability Standards.

NERC's performance assessment "represents a significant milestone in NERC's efforts to protect the reliability of the nation's bulk power system," FERC said, outlining NERC's

successes and opportunities for improvement in development of reliability standards, enforcement, critical infrastructure protection, compliance registry, situational awareness and business planning and budgeting, accounting and financial reporting and assessment processes. The Commission also highlighted the success of the July 6 technical conference on development and enforcement of reliability standards for bulk power systems. The Commission supports NERC's suggestion to convene periodic technical conferences on an array of topics. The Commission will work with NERC and international regulators to develop appropriate topics for discussion and will schedule conferences in the near future. The full press release can be found at: <http://ferc.gov/media/news-releases/2010/2010-3/09-16-10-E-2.asp>

### FERC Modifies Penalty Guidelines for Enforcement Cases

*September 16, 2010.* The Federal Energy Regulatory Commission (FERC) enhanced its enforcement program by modifying its Penalty Guidelines after carefully considering a broad range of comments and recommendations submitted by industry. The modified Penalty Guidelines will ensure fairness, consistency and transparency in all FERC civil penalty decisions.

The modified Penalty Guidelines will apply to penalties FERC assesses for violations of its requirements, though FERC retains discretion to depart from them when it deems appropriate, and Enforcement staff continues to have discretion to close investigations and self-reports for violations that do not warrant sanctions. The modified Penalty Guidelines will apply to violations of the Reliability Standards, but not to the Commission's review of notices of penalty submitted by the North American Electric Reliability Corp. FERC affirmed its use of the U.S. Sentencing Guidelines as an appropriate model for the penalty guidelines. The full press release can be found at: <http://ferc.gov/media/news-releases/2010/2010-3/09-16-10-M-1.asp>

### FERC Technical Conference on Reliability, Monitoring and Enforcement Issues

The Federal Energy Regulatory Commission (Commission) will hold a Commissioner-led Technical Conference on October 1, 2010, to explore issues associated with reliability monitoring, enforcement and compliance. For more information, visit FERC's [website](#).

### Grid Week - October 18-21, 2010

Explore Smart Grid's impact on the economy, utility infrastructure, consumers and the environment. For more information, visit: <http://www.gridweek.com/2010/>

For more information on upcoming energy-related and industry events. Please visit Energy Central's website at: <http://www.energycentral.com/events/conferences>

# TIPS and Lessons Learned

SHARING INFORMATION...INCREASING COMPLIANCE...STRENGTHENING RELIABILITY



Please Take  
Note...

The following Tips and Lessons Learned have been compiled by MRO staff during the conduct of compliance audits, mitigation plan reviews, enforcement actions, and event analysis. If you would clarification on a particular topic, please contact [jr.mitchell@midwestreliability.org](mailto:jr.mitchell@midwestreliability.org).

## **MITIGATION PLAN PROCESS: Developing a Good Mitigation Plan for Reliability Standard PRC-005-1, R2**

Anytime a Registered Entity is found to be in violation of a Reliability Standard, the Compliance Monitoring and Enforcement Program (CMEP) requires the Registered Entity to file with MRO either a proposed Mitigation Plan to correct a violation, or a description of how the violation has been mitigated. A Mitigation Plan may be submitted at any time but is required to be submitted within thirty (30) days of issuance of a Notice of Alleged Violation and Proposed Penalty or Sanction. It is important to note that submission of a Mitigation Plan is NOT deemed an admission of a violation or of the appropriateness of a penalty or sanction.

The CMEP details the information that must be included in a Mitigation Plan, including:

- The Registered Entity's point of contact for the Mitigation Plan
- The Reliability Standard the Mitigation Plan will correct
- The cause of the violation
- The action plan to correct the violation
- The anticipated impact of the Mitigation Plan and an action plan to mitigate any increased risk to the reliability of the bulk power system while mitigation efforts are implemented
- The timetable for completion
- Implementation milestones no more than 3 months apart
- Any other information deemed necessary or appropriate

While all of the required information is important, the purpose of a Mitigation Plan is accomplished through (a) identification of the cause of a violation; (b) the plan to correct the violation; and (c) the timetable for completion. Determining the cause of a violation ensures that the compliance concern is properly addressed and minimizes the risk of recurrence. Identifying specific tasks and actions that will be undertaken to correct the violation and minimize the risk of recurrence is essential to Mitigation Plan development. Additionally, there is a high degree of importance attached to the date upon which the Mitigation Plan will be completed. The date specified for completion of the Mitigation Plan is deemed a significant contractual obligation of the Registered Entity, reflecting when the possible or alleged violation will be remedied and risk to reliability of the bulk power system will be alleviated. Failure to complete the Mitigation Plan on or by that date can result in additional compli-

ance enforcement actions and additional penalties may be applied.

MRO takes a holistic approach to Mitigation Plan development. By focusing on the underlying cause and addressing the concern in a systematic approach, MRO strives to improve reliability of the bulk power system. For instance, in the event a possible violation of PRC-005, R2 is identified, MRO staff will request the Registered Entity to provide information regarding its Protection System, which may include:

- The number of devices in each of the defined elements of the Protection System - Protective relays, associated communication systems, voltage and current sensing devices, station batteries and DC control circuitry.
- Evidence that all Protection System devices were maintained and tested within the defined Intervals (R2.1). For each type of device, indicate the total number of instances that evidence was missing.
- Evidence of date each Protection System device was last tested/maintained (R2.2.) .
- For each test interval missed on each device, describe the condition of the device during the test interval immediately prior to the missed test interval. Specifically, was the device working and in good condition during the test interval immediately prior to the missed test interval? In addition, for each test interval missed on each device, where possible, describe the condition of the device during the test interval immediately following the missed test interval.
- Provide a copy of the Maintenance and Testing Program in place at the time the possible violation occurred.

Through answering these questions, the Registered Entity will be better able to establish a comprehensive action plan with realistic completion timeframes.

MRO encourages Registered Entities to consider a collaborative approach in the development of Mitigation Plans. MRO will review draft Mitigation Plans and provide recommendations or suggestions prior to formal submission. While this informal process is not considered acceptance of the Mitigation Plan, it provides guidance to Registered Entities in developing Mitigation Plans as well as some assurance that concerns with any draft Mitigation Plans are identified prior to formal submission.

## **COMPLIANCE LESSONS LEARNED**

In addition to other forums, this newsletter is used for sharing information learned from conducting compliance audits. It is an acceptable practice for Registered Entities to use third party vendors and/or contractors for conducting

## LESSONS LEARNED, cont...

certain work or job task as required by a NERC Reliability Standard.

During the conduct of a compliance audit, MRO has received Attestation Letters from Registered Entities where the intent of the letter is to demonstrate compliance with a NERC Reliability Standard (or requirement). **Please note:** when this occurs, the MRO audit team will request to receive a sample of the detailed work conducted as described in the Attestation Letter. In certain situations, the third party was *not* able to provide the detailed evidence to the Registered Entity as requested by MRO. MRO recommends that Registered Entities conduct an internal review to ensure that third party vendors and contractors are prepared to provide detailed evidence that may be requested by the MRO audit team.

### CIP002-4: Bright-line Criteria to Identify Critical Assets

The Standards Drafting Team (“SDT”) has worked hard to establish a more uniform approach for identifying Critical Assets by applying a bright-line criteria specific to generation, transmission and control center assets that operate on the Bulk Electric System (“BES”). This criteria can be found in a guidance document that serves as a reference and provides guidance for responsible Entities in the application of the bright-line criteria. It provides clarifying notes on the intent and rationale of the SDT, but is not meant to augment, modify, or nullify any compliance requirements in the standard. The document can be found on NERC’s website at: [http://www.nerc.com/docs/standards/sar/Project\\_2008-06\\_CIP-002-4\\_Guidance\\_clean.pdf](http://www.nerc.com/docs/standards/sar/Project_2008-06_CIP-002-4_Guidance_clean.pdf)

Clarity and more uniformity on identifying Critical Assets is vital for the success of the entire CIP program.

Some important points derived from the Guidance document are as follows:

- The term “Facility” may be defined by the Registered Entity to identify a group of facilities at a location to specifically address the BES facilities. As long as a Facility meets at least one bright-line criteria, it shall be considered a Critical Asset.
- A Critical Asset shall be listed by only one Registered Entity (no joint registrations for these facilities).
- Facilities designated by the Planning Coordinator or Transmission Planner as “must run” are considered critical.
- Blackstart facilities, as well as Cranking Paths that are identified as part of the Restoration Plan, should be considered critical.
- Special Protection Systems, Remedial Action Scheme or automated switching schemes, should also be considered critical.

It’s very important that Entities consult the “Identifying Critical Asset Guideline” to understand the differences between a control room and control center.

In many of the criteria, the impact threshold is defined as the capability impact of the failure or compromise of a Critical Asset which could result in exceeding one or more Interconnection Reliability Operating Limits. Control systems that are capable of performing automatic load shedding of 300 MW or more should be considered critical.

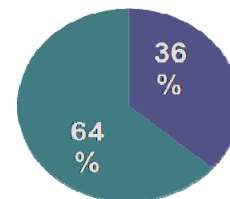
Generation, Transmission and Control Center criteria references the BAL-002, MOD-024, and EOP-005 as well as DOE EIA-417. The SDT has made an effort to tie in Security to the thresholds used in the Reliability Standards.

The draft CIP002-4 can be found at [NERC’s Website](#), along with the supporting documents.

### SENDING THE RIGHT MESSAGE: The Importance of Self Reporting

Since 2007, the Electric Utility Industry continues to set a high standard by discovering possible violations of Reliability Standards through self reporting and self certifications. As seen in the chart below, more violations were discovered in 2009 by Registered Entities than by NERC and the Regions. That said, NERC and the Regions need to be vigilant in sending the right messages in enforcement proceedings that encourage investments in reliability and self-reporting - the right things to do.

**2009**



■ NERC/Region Discovered  
■ Entity Self-Disclosed

### NERC RESOURCE CENTER

NERC’s Resource Center makes educational products available to Regional Entities, industry participants, and regulators. These products are designed to provide the industry with the basic foundations, from the NERC perspective, to improve reliability performance, as well as assist in the development of their own, internal programs.

Currently on NERC’s Resource Center, you will find information on upcoming Webinars, past Webinars, Lessons Learned from Event Analysis, and past NERC presentations. You can view NERC’s Resource Center at:

<http://www.nerc.com/page.php?cid=6183>



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[Dan Schoenecker, VP Operations](#)

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[Jennifer Matz, Operations Admin](#)

651-855-1740

### Assessments

[Salva Andiappan, Mgr Reliability Assessments and Performance Analysis](#)

651-855-1719

### Event Analysis and Situational Awareness

[John Seidel, Sr. Manager, Sit Awareness, Event Analysis and Reliability Improvement](#)

651-855-1716

### Information Technology

[Clark Liu, IT Manager](#) (and CIP Program Manager)

651-855-1744

After Hours Emergency Line  
651-734-8355

## EMPLOYEE NEWS

Laura Elsenpeter, MRO Staff Engineer,  
is now  
**Mrs. Matthew Couillard**  
(as of October 2nd, 2010)

**Congratulations Laura and Matt!**

Also please welcome the following new employees to MRO:

**Will Smith** joined MRO in April as MRO Audit Manager

**Chris Kulseth** joined MRO on July 19th as a Senior Performance Analyst Engineer

**Tom Tierney** began employment with the MRO on August 5, 2010 as a CIP Audit Specialist

For open positions within MRO, please visit the career page on our [website](#)

## ABOUT MRO

MRO is a non-profit organization dedicated to ensuring the reliability and security of the bulk power system and operates under delegated authority from regulators in both the U.S. and Canada. MRO works to develop and ensure compliance with regional and international standards and also performs assessments of the grid's ability to meet the demands for electricity. Additional information can be found on our website at [www.midwestreliability.org](http://www.midwestreliability.org)

### NOT A MEMBER YET?

MRO membership provides the following advantages:

- Participation on the various MRO committees and working groups; including the board
- Vote on key matters, such as; development of regional reliability policies and implementation
- Participate in North American and Inter-connection-wide technical assessments
- Network of industry peers

MRO membership is **free of charge**. To apply, visit our [website](#) or call **651-855-1760**

## MRO Calendar of Events

November 2010			
Nov 9	8-4	Model Building Subcommittee Meeting	Holiday Inn Select Bloomington, MN
Nov 15 Nov 16	12-5 8-12	Protective Relay Subcommittee Meeting	Holiday Inn Select Bloomington, MN
Nov 16	8-3	Compliance Committee Meeting	Conferece Call/WebEx
Nov 16	8-3	Operating Committee Meeting	Holiday Inn Select Bloomington, MN
Nov 17	8:30 - 3:30	Planning Committee Meeting	Holiday Inn Select Bloomington, MN
Nov 18	10-3	Standards Committee Meeting	MRO Office
December 2010			
Dec 1	8-5	2010 MRO Reliability Workshop <a href="#">Click here for Workshop details and to Register</a>	Holiday Inn Select Bloomington, MN
Dec 2	8-3:30	Board of Directors and Annual Member Meeting	Holiday Inn Select Bloomington, MN

### QUOTE OF THE QUARTER:

**The only job where you start at the top, is digging a hole.**  
- Anonymous

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