



# MIDWEST RELIABILITY MATTERS

## Spring 2009 Issue

### A Note from MRO President, Dan Skaar

#### A Brief Word on Balancing Priorities and Focusing on Improvements

#### Special points of interest:

- January 2009 CIP Certification Results
- 2008 Overview of Enforceable Standards Submitted to NERC
- MRO Submits Summer Assessments to NERC

Since the last newsletter, there has been a lot of activity in our industry: SmartGrid, transmission investment plans, renewable integration, and critical infrastructure security. Much of this will need to be addressed by the industry, including MRO, either indirectly, through policy and opinions, or directly through the mandated processes such as assessments, standards, and compliance.

In order to be effective, we will need to carefully pick the issues to address and garner stakeholder involvement in shaping policy and opinions. Providing more engagement from the industry, hopefully, will provide a high level of consideration on these important matters. The pace of these issues with the backdrop of the economic situation is almost creating a perfect storm for resources to address the emerging matters while at the same time performing our day to day functions. This includes both MRO and those who plan and operate the bulk electric system.

“In order to be effective, we will need to carefully pick the issues to address”

At MRO, given these economic times and resource scarcity, we will need to rationalize increasing demands and focus our efforts on how to best address these emerging issues through our mandated functions with NERC. MRO has done four things to address these matters already.

1. MRO recently assessed its resources and assigned staff where the needs were the greatest: compliance, enforcement and assessments.
2. MRO uses effective outsourcing to manage workload peaks. A stable of excellent third party consultants has been established by MRO staff. MRO transferred ownership and management of Compliance Data Management System (CDMS) and Reliability Standards Voting Program (RSVP) to OATI where it will reside in a managed secured environment. This will free-up valuable staff time at a reasonable cost with a qualified vendor who possesses a solid record of performance in our industry.
3. MRO has rigorous discretionary cost controls that will continue. Last year, MRO came within 1% of its costs. This is attributed to a keen sense of cost management and value.
4. MRO has a flexibly designed facility and systems that can accommodate change with minimal investment such as the deployment of the proposed Situational Awareness tool and records retention in a secured area.

However, this optimization is not enough to keep up with demands. NERC will be publishing a draft of its Three Year Assessment required in the United States under the Commission rules. I would like to see a critical review of the rules and the terms of the regional delegation agreement to bring NERC and the Regional Entities closer together. I believe that this will kill two birds with one stone — improve consistency in implementation across all eight Regions and reduce costs for the industry. I would strongly encourage you to provide comments on this initial three year performance assessment of NERC as the international Electric Reliability Organization. While the self regulatory model is new to the industry, we need your insights on how it can be improved.

#### Inside this issue:

Note from MRO President	1
Compliance Department	2
Enforcement	2
Assessments	3
Finance Update	3
Calendar of Events	3
MRO Staff Contact Info	4

## Midwest Reliability Compliance Department Updates

Wayne VanOsdol, VP of Compliance

### CIP Self Certification

#### January 2009 Results

NERC requires each Regional Entity to perform a Self-Certification on the CIP-002 – CIP-009 Standards each January and July until 2011. In December 2008, MRO notified applicable Registered Entities of the MRO Regional Entity process to be used for completing the CIP self-certification. All 83 entities met the deadline for submittal and are in the appropriate state of compliance in accordance with the NERC CIP Implementation schedules.

Per the NERC Implementation Plan, MRO will begin performing CIP audits with the Table 1 entities for the 13 CIP Requirements that become “Auditably Compliant” on July 1, 2009. NERC requires all Table 1 entities to be audited by December 31, 2010. All Table 2 entities will receive an audit between July and December 2010. The MRO will utilize the already defined three and six-year audit schedule for the implementation of the compliance monitoring with the CIP standards. Any Table 1 entity already scheduled to receive a compliance audit in the second half of 2009 and in 2010 will have the applicable CIP Requirements included in their Compliance Audit Questionnaire. Those entities not on the Audit schedule will receive a spot check (audit) for the CIP Requirements. The spot-check process will follow the steps outlined in the Compliance Monitoring and Enforcement Program. Going forward (or starting in 2011), the CIP Standards and Requirements will be included in the three and six year audit schedule.

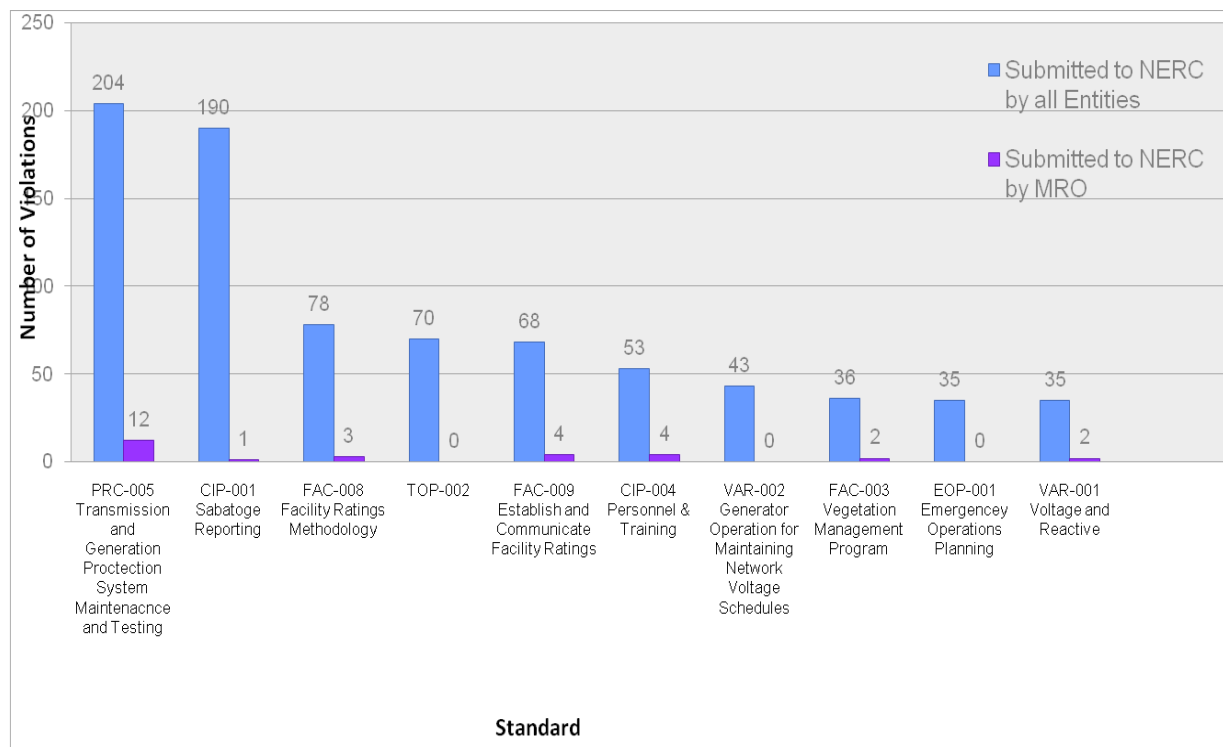
### Other News:

The Reliability & Compliance Workshop held on March 25, 2009 was considered a success. A few of the items covered during the workshop were the Reliability Assessment Process, NERC and MRO Standards Development, 2009 Compliance Monitoring Program, Demonstrating Compliance, CMEP Enforcement Processes, CIP Program Perspectives, and a Registered Entity Panel discussion on CIP Program Development. A user group forum development concept was discussed and resulted in a decision to move forward with this idea. A user group forum meeting will be held in June. The next scheduled MRO Reliability & Compliance Workshop is scheduled for December 2, 2009.

MRO is scheduled to be audited by NERC the week of August 24th-28th. MRO is looking forward to this and is already taking steps to prepare information needed for this audit.

## Midwest Reliability Enforcement Department Updates

### Top 10 Reliability Standard Violations (Submitted 1/1/2008 through 12/31/2008)

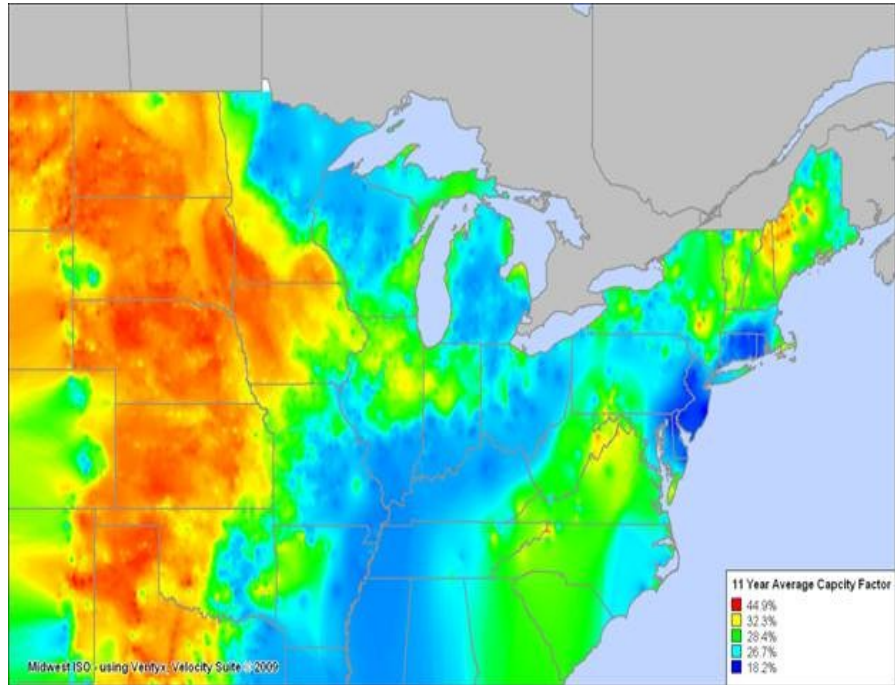


## Reliability Assessments

John Seidel, MRO Assessments Manager

### MRO Assessments

The MRO Assessments Group submitted the MRO 2009 Summer Assessment to NERC on March 31. Most notable in this assessment is the rate of increase in wind generation nameplate. Wind generation nameplate within the MRO has increased from 4,000 MW in June 2008 to an expected 6,000 MW by June 2009, a 50% increase in one year. There are several reasons for this: six states within the MRO Region have renewable portfolio mandates or goals; production tax credits for wind generation were extended through 2009; the Upper Midwest has capacity factors in the 40-45% range for wind generation. The below map, provided by the Midwest ISO for the Joint Coordinated System Plan (JCSP), illustrates how the Upper Midwest is abundant with wind potential. Although several wind farm owners are funding necessary transmission system upgrades, often times the wind farm installation is completed prior to the transmission upgrades. Consequently, several wind farms have operating guides or special protection systems (SPS) associated with them to help manage congestion. This presents unique operational challenges to the Midwest ISO as the predominant Reliability Coordinator and



Market Operator in the Region.

the MRO Assessments Group will also complete the 2009 LTRA and the Scenario Assessment for 2009 (“Accelerated Integration of Renewable Resources”) by mid-June this year. For the Scenario Assessment, the MRO, RFC, and SPP Regional Entities are relying largely on the JCSP study that is being performed. This study provides an exploratory transmission plan to accommo-

date up to 20% of the energy needs in the JCSP footprint with wind generation by 2024. A significant portion of this wind generation would be located in the MRO Region and therefore, multiple new 765kV AC and 800 kV DC circuits would be required from the Upper Midwest to the Eastern Regions. The JCSP study provides a rough estimate of the required transmission (\$80B). For more details on the JCSP study, visit the following link: <http://icspstudy.org/>

### MRO Finance Update

Sue Clarke, VP Finance & Accounting

Virchow and Krause, the independent auditor of MRO, presented the required communications to the Board resulting from the 2008 audit. The audit resulted in a “clean” or unqualified opinion, of the financials of MRO and there were no accounting adjustments required by MRO.

Board reviewed the 2008 year end financials where actual were within 1% of budget. For 2008, total costs for 2008 were \$5,325,525 and budgeted costs were \$5,331,488 resulting in a deviation \$5,963. The Board commended the Finance and Audit Committee and staff for diligent work on managing costs while performing their responsibilities under the delegation agreement.

### MRO Calendar of Events

Date	Time	Group	Location
May 4	11:30-5:00	Scenario Assessment Task Force	MRO Office
May 19	8:30-3:30	Compliance Committee	Holiday Inn
May 20	8:30-3:30	Reliability Assessment Committee	Holiday Inn
May 21	9:00-4:00	Model Building Subcommittee	Holiday Inn
May 21	10:00-3:00	Standards Committee	MRO Office
June 18	8:00-3:00	Board of Directors	Holiday Inn



## MRO Employee Contact List

Main Phone: 651-855-1760  
Main Fax: 651-855-1712  
Web: [www.midwestreliability.org](http://www.midwestreliability.org)

### General & Executive

[Dan Skaar, President](#)

651-681-1731

[Jessie Mitchell, Exec. Asst. & Office Mgr](#)

651-855-1733

### Operations

[Dan Schoenecker, VP Operations](#)

651-855-1753

[Jo Anne McNabb, Operations Admin](#)

651-855-1730

[Clark Liu, CIP Program Manager](#)

651-855-1744

### Assessments

[John Seidel, Assessments Manager](#)

651-855-1716

### Finance

[Sue Clarke, VP of Finance & Accounting](#)

651-855-1707

### Information Technology

[Victoria Carey, IT Specialist](#)

651-855-1729

[Bruce Wagar, IT Analyst](#)

651-855-1746

### Compliance

[Wayne VanOsdol, VP Compliance](#)

651-855-1714

[Mari Ann Baden, Compliance Administrator](#)

651-855-1740

### Legal & Enforcement

[Sara Patrick, Director of Regulatory Affairs & Legal Counsel](#)

651-855-1708

[Jim Burley, Enforcement & Mitigation Manager](#)

651-855-1748

[Janice Anderson, Enforcement Admin](#)

651-855-1720

## Employee News

Jessica Mitchell welcomed her first child "Avery" on February 28th

Jessica will be back in the office on May 26th

+++++

Shel Berg's official last day at MRO was Friday, February 27th

+++++

Three new employees were added to the MRO line-up in January 2009

Janice Anderson  
*Enforcement Admin*

Gina Davis  
*Accountant & HR*

Bill Kunkel  
*Senior Engineer*

Please welcome these individuals to MRO!

## MRO Committee Chairs

### MRO Board of Directors

Dale Landgren, American Transmission Company, LLC

### MRO Standards Committee

Dave Acton, Alliant Energy

### MRO Compliance Committee

Earl Cass, Western Area Power Administration

### MRO Reliability Assessment Committee

Hoa Nguyen, Montana-Dakota Utilities

### MRO Security Committee

Tom Kayser, Xcel Energy, Inc.

## 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.

MIDWEST RELIABILITY ORGANIZATION  
2774 Cleveland Ave N.  
Roseville, MN 55113

Ph: 651-855-1760  
Fx: 651-855-1712  
[www.midwestreliability.org](http://www.midwestreliability.org)