



COMPLIANCE MONITORING & DISCOVERY

The implementation of the mandatory Compliance Monitoring and Enforcement Program (CMEP) has been in effect nearly one year. We are committed to working with, and providing information to, the Registered Entities in the MRO Region. Two compliance and enforcement seminars were held in May with the objective of ensuring the Registered Entities are aware of the processes and procedures used by the MRO for the implementation of the CMEP and more specifically, the Annual Implementation Plan. All of the material presented at the seminar is posted on the [MRO web site](#).

In order to maintain the communication and awareness pertaining to the status of the CMEP, the MRO will continue to provide a quarterly CMEP report to the Registered Entities. You should expect to receive a report for the second quarter of 2008 in early July.

CIP SELF-CERTIFICATION — JULY 2008

The intent of the Cyber Security Standards is to ensure that all entities responsible for the reliability of the Bulk Electric Systems in North America identify and protect Critical Cyber Assets that control or could impact the reliability of the Bulk Electric Systems.

On July 1, 2008, the MRO will be conducting a Critical Infrastructure Protection (CIP) Self Certification for all applicable entities registered in our region. This self certification will be specific to CIP-002-1 through CIP-009-1 following the implementation tables outlined in the 2008 NERC CIP Implementation Plan. The date when each requirement must reach a defined status is

identified in the Implementation Plan tables.

All applicable registered entities will be completing the CIP Self Certification workbook developed by NERC. Specific instructions on completing the workbook will be sent to the Primary Compliance Contacts (PCC) the last week in June. When the PCC receives the instructions, the entity will have access to the workbook through the CDMS. The Registered Entity will complete each column related to their functions.

Results of this survey will be sent to NERC to be used in the assessment of North America's identification and protection of critical cyber assets.

BUDGET UPDATE

As indicated by MRO's Statement of Activities, YTD May 31, 2008 MRO staff believes that we will be on budget or slightly over by the end of 2008 projections. 2009 Business Plan and Budget are on the agenda for the Board of Directors (BOD) meeting to be held June 19, 2008 agenda. The Finance and Audit Committee is recommending the BOD approve the 2009 amount which is an increase of 19%. This increase is in line with or less than the other Regions and NERC. The [2009 Business Plan and Budget](#) was posted on the MRO website on June 2, 2008.

NOTE FROM THE PRESIDENT

Bill Bourbonnais (WPS) announced his retirement for June 30, 2008. Bill has been a dedicated MRO Board member and strong contributor to our mutual cause—reliability of the bulk power system. We wish Bill a happy and well-deserved retirement.

I want to thank all the participants of the MRO workshops, especially staff who organized the vents and our panelists who shared their views on compliance matters—Rich Koch (NPPD), Doug Johnson (ATC), and Joe DePoorter (MGE).

- Dan Skaar

NERC SUBMITS FIRST SET OF NOTICES

The North American Electric Reliability Corporation (NERC) recently submitted the first set of Notice of Penalty filings in the United States to the Federal Energy Regulatory Commission (FERC) for approval under Section 215 of the Federal Power Act.

These notices represent the final step in the Compliance Monitoring and Enforcement Process for handling a violation of NERC Reliability Standards. At the same time the violations are filed with FERC, they are also publicly posted on the NERC website. The filings and postings include a number of documents that make up the "record" for the violation. Documents from the initial investigation of the violation, Mitigation Plans, the Notice of Alleged Violation and Penalty or Sanction, and the Notice of Confirmed Violation are all part of the record. Any information that is confidential can be redacted from this record, but there must be justification. FERC has 30 days to act on the violations that are filed.

The majority of the first set violations had a zero penalty assessment. This is because the violations were either documentation related, presented a low potential impact to the bulk power system, or were self reported and mitigated in 2007, the first year of mandatory reliability standards.

LONG TERM RELIABILITY ASSESSMENT (LTRA)

EVENT ANALYSIS

The September 18, 2007 MRO Event Analysis continues.

Teams with specific expertise were formed to analyze various aspects of the event. These teams are made up of subject matter experts from MRO entities, as well as representatives from NERC and FERC. As the experts began to sift through the huge amount of data collected, it became apparent that this event was more complex than originally believed. Grid studies are being performed to replicate the exact sequence of actions seen in the event. The analysis effort will also include examination of operating guides, processes, communications and root cause analysis.

The September 18 event analysis teams have had several meetings and conference calls. An Interim Report was published on March 26, 2008, with the final report due later this summer. That report will include a detailed description of the event, lessons learned and recommendations the teams feel could lead to improved reliability.

On May 16th, MRO staff submitted the regional Long Term Reliability Assessment (LTRA) to the NERC. A few highlights from this report:

The resource definitions for this year's LTRA have been refined to accommodate changes in how projects are planned and proposed across North America. NERC is working closely with the Regions to establish consistency in the LTRA. The projected capacity margins based on this year's resource definitions should better capture future generation as compared to previous LTRA assessments. This year's LTRA includes a portion of future potential resources from the generation interconnection queues in the MRO region. Sufficient generating capacity is expected within the MRO region through 2017. Expected capacity margins exceed the target levels for the five Planning Authorities through 2017.

The makeup of the regional generation profile continues to change. For example, in 1992, conventional baseload generation (coal, hydro, nuclear) amounted to 90% of the total generation in the former MAPP Region (MRO assumed the MAPP region, part of the MAIN region

and the province of Saskatchewan). In 2008, conventional baseload generation amounts to about 73% of the total generation within the MRO. Over the next ten years, wind generation on a nameplate basis makes up about 84% (roughly 38,000 MW out of 45,000 MW) of the proposed resources within the MRO Region, based on the Midwest ISO generation interconnection queue. Assuming that all of the proposed wind generation gets built, and assuming that 20% of that nameplate wind is available and deliverable at peak load, this would amount to about 40% of the projected 20,240 MW total for new resources expected to be available during peak load in 2017. Therefore, the existing plus future wind generation could be serving about 16% of the projected MRO net internal demand of 55,238 MW at peak load in 2017.

Because wind generation is a variable resource, the operational impacts of the large amount of proposed wind generation in the MRO region will need to be closely monitored for any reliability impacts. The impact of wind generation will be reported in more detail in the MRO Scenario Assessment that is required as a part of the 2008 LTRA. This report will be provided to NERC in May, 2009.

Through the 2017 planning horizon, the MRO expects its transmission system to perform adequately assuming proposed reinforcements are completed on schedule. The MRO Transmission Owners estimate that 833 miles of 500 kV DC circuit, 1,068 miles of 345kV circuit and 996 miles of 230kV circuit may be installed in the MRO Region over the next ten years.

The final NERC 2008 LTRA is expected to be completed by early October, 2008.

STANDARDS WORKSHOP

The Midwest Reliability Organization hosted a Reliability Standards Workshop May 14, 2008. All the segments within the MRO geographical area were well represented by the attendees, from transmission planning to compliance officers and legal staff.

Of the attendees that completed the survey, only 46% were a part of the Registered Ballot Body (RBB) for standards, which indicates the need for increased participation by the industry. Being a part of the RBB is your voice into the standards development process.

Nearly 90% of the attendees felt that they now have a better understanding of the standards development process and how they can contribute in the standards process. For updates on Standards, please refer to "[Stakeholder Update on MRO Regional Standards – Revised](#)".

The MRO Standards Committee at its next meeting in August will be discussing a Spring 2009 Regional Reliability Standards Workshop. If you have any topics that you would like to have the committee consider, please send them to: mro-standards@midwestreliability.org

