



# MIDWEST RELIABILITY MATTERS

## Winter 2009

### Special points of interest:

- President Skaar reviews 2009 and provides insight on 2010 (cover)
- NERC 2009 Winter Reliability Assessment (page 3)
- Update on the renewal of the Regional Delegation Agreements
- Industry updates and events (page 4)
- Elimination of MRO Pension Plan complete (Finance Section, page 4)

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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

As we wrap up 2009, I want to take some time to highlight 2009 and look at what's in store for 2010.

In 2009, MRO established a cyber security team of three professionals to address the growing workload related to CIP standards, including helping Registered Entities understand the CIP standard requirements.

We increased staff by four people and have three vacancies yet to fill. MRO terminated its pension plan this year, which was a major initiative, to offer more flexibility and portability to employees while reducing the complexity of administering a pension plan for a small company. We upgraded many aspects of human resources to provide state of the art conveniences and professionalism to employees and prospective employees.

MRO staff published a public version of the September 18, 2007 event, for which we received appreciation from those outside our Region wanting to learn more about what happened. More information sharing is needed on events and disturbances – this represents low hanging fruit to help prevent future disturbances. Registered Entities mitigated 53 violations of Reliability Standards, and MRO had no contested alleged violations and only one rejected mitigation plan. MRO completed an inventory of all the bulk power system generator and transmission elements, and is committed to an accurate and relevant registry of facilities and their owners, operators, and users.

Regionally, MRO is one of the highest in “turn rate speed” and quality for processing alleged violations to regulatory approval with the second lowest cost per registered function. Costs and service quality are important considerations for our staff, who thoroughly understand our cost structure. In order to address scale and our regional complexities, we look for innovation, automation, and overall thriftiness. We count on our staff and those we serve to contribute new and better ideas on how to perform our basic func-

tions.

MRO has our own administrative internal metrics related to two areas: speed and quality. The faster we are, the less our costs; resulting in more outputs and outputs sooner. The more focused on quality we are, the less re-work necessary, resulting in lower costs and more output.

A similar concept regarding mitigation plans to resolve violations; the faster a Registered Entity is at resolving a violation, the better; less risk to reliability.

For 2010, the MRO Board and senior staff established key initiatives to improve and guide the organization in the future. These initiatives will focus our efforts on internal improvements, resolving problems related to self regulation, and educating Registered Entities on compliance requirements (after all, there should be no mystery in compliance with mandatory standards). In actuality, many of the improvements to system reliability are not directly tied to mandatory stan-

dards. For example, analyzing system disturbances and follow-up on lessons learned with the industry provides one of the best ways to improve system reliability. As such, these are areas where stakeholders should hold themselves accountable to improving regional reliability through the MRO stakeholder processes. This is essential to making self regulation work effectively, and it is low hanging fruit. MRO staff would like to collaborate with Registered Entities in order to facilitate this key activity, and are committing more resources to this area in 2010.

In 2010, we can attain better compliance across our region by allocating resources to the areas with the greatest returns to reliability – providing a real, tangible service to the industry and overall system reliability.

*“...analyzing system disturbances and follow-up on lessons learned with the industry provides one of the best ways to improve system reliability”.*

## Compliance Department Updates

Wayne VanOsdol, VP Compliance

At the time of this report MRO has discovered one-hundred thirty-eight (138) alleged violations through the implementation of the Compliance Monitoring and Enforcement Program (CMEP). All compliance monitoring methods

## Compliance Department Updates

(Continued from page 1)

(audit, self-certification, spot-check, periodic data submittal, etc.) were conducted as scheduled, and as described in the MRO 2009 Implementation Plan.

The NERC annual plan requires the Regional Entities to conduct spot checks on the CIP-002 through CIP-009 Reliability Standards for all Table 1 and Table 2 entities by no later than December 31, 2010. MRO completed all CIP spot checks as scheduled in 2009. The NERC annual plan also requires the Regional Entities to conduct a CIP self-certification in January and July. MRO completed the CIP self-certification as scheduled in 2009. Notices and instructions for the January 2010 CIP self-certification were sent to Registered Entities in December 2009.

The procedure to be used for the submittal of CIP Technical Feasibility Exceptions (TFEs) has been finalized and MRO is prepared to process TFEs submitted by Registered Entities. Currently, MRO is working to update the CDMS portal to accept electronic submittals of TFEs. When complete, Registered Entities in the MRO geography will use CDMS to fill out and submit an electronic version of the TFE "Part A Form." MRO CIP Compliance staff will receive, catalogue, and report TFEs via CDMS. Timeframes for Review and Acceptance or Rejection of TFEs will be in accordance with the new procedures, which includes the initial screening within sixty (60) calendar days after receiving the TFE Request and substantive review within one (1) year of the submittal of the TFE Request. If you have any questions regarding TFEs please contact MRO CIP Auditor, Jeff Crabtree at (651)855-1711 or [ja.crabtree@midwestreliability.org](mailto:ja.crabtree@midwestreliability.org).

If MRO receives a significant number of TFE's, we would ask for your patience on the 60 days and staff reserves the right to request an extension of time for good cause.

In regards to training and education, MRO held a CIP workshop on December 1 and a compliance workshop on December 2. This is a key component in providing transparency between Regional and Registered Entities. In addition, a Registered Entity group called "Mid-Continent Compliance Forum" held a meeting on December 3 and MRO compliance staff was invited to present and discuss compliance program information.

The MRO 2010 Implementation Plan has been approved by NERC. The plan is posted on the MRO website at: [http://www.midwestreliability.org/02\\_compliance/cmep/MRO\\_Implementation\\_Plan.pdf](http://www.midwestreliability.org/02_compliance/cmep/MRO_Implementation_Plan.pdf)

The 2010 audit and CIP spot check schedule is posted on the MRO web site at: [http://www.midwestreliability.org/02\\_compliance/audit\\_information/MRO\\_Compliance\\_Audit\\_Schedule.pdf](http://www.midwestreliability.org/02_compliance/audit_information/MRO_Compliance_Audit_Schedule.pdf)

MRO staff continues to work with the other Regional Entities and NERC on the Multiple Regional Registered Entity (MRRE) project which involves the consolidation of compliance monitoring for certain Registered Entities that are registered in multiple regions.

The next MRO compliance workshop is tentatively scheduled for June 2010. Please watch for announcements.

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

## Operations Department Updates

### STANDARDS

By Carol Gerou, Standards Manager

**UFLS SDT Update.** The Under Frequency Load Shed (UFLS) Standard Drafting Team (SDT) will be welcoming new members to the team who represent the Planning Coordinators within the MRO region. This team will also be focusing on developing the second draft of this regional UFLS standard. Also, this team will be determining the anticipated schedule looking forward and when they would be able to prepare their standard for ballot.

**Clarification SDT Update.** The Clarification Drafting Team (CDT) is reviewing industry comments for the regional standards. This team is scheduled to meet with Saskatchewan Power Corporation (SPC) to determine if SPC will need a sub-regional variance for any of the requirements listed in the regional standards. Also, this team will be determining the anticipated schedule looking forward and when they would be able to prepare their standards for ballot.

### ASSESSMENTS

John Seidel, Assessments Manager

**Reliability Assessments Update.** The NERC 2009/2010 Winter Assessment has been completed (link to the assessment can be found on page 3).

- Continent-wide, more than half of the generation added

since last winter is gas-fired (approximately 11,000 MW).

- New wind generation also significantly increased since last winter: about 8,000 MW continent-wide, with approximately 1400 MW within the MRO region alone. This brings the wind generation total within the MRO Region to about 6,400 MW for this winter.

The 2010 Summer Assessment and the 2010 Long Term Reliability Assessment efforts are underway. Additionally, it was decided at the NERC Planning Committee meeting on Dec 8-9, 2009, that post-seasonal assessments will be performed for the summer and winter assessments. The first post-seasonal assessment will occur for the Winter 2009/2010 assessment. These reports will look back at actual system conditions and compare them to the forecasts and system performance expectations identified in the seasonal assessment.

The NERC Planning Committee also approved two Scenario Assessments for 2010. These scenario assessments are selected from the emerging issues listed in the LTRA reports. The scenarios chosen are:

- Impacts of Rapid Demand Growth after a Long-Term Recession
- Early Fossil-Fired Unit Retirements: Potential Impacts of Environmental Regulations

NERC staff will prepare these scenario assessments with the

## Operations Department Updates (cont.)

Continued from page 2

help and support of the Regions.

**Fill-in-the-Blank Standards.** Ultimately, NERC Standards that are applicable to the Regional Reliability Organization, referred to as fill-in-the-blank Standards, will be reassigned to applicable registered entities that are “Owners, Users, or Operators of the Bulk Electric System”. To help prepare the Registered Entities within MRO for these pending enforceable Standards, the MRO will proactively communicate upcoming changes and make recommendations so that entities are best positioned for to meet these new standards. An example of this is the letter of recommendation that was sent to DPs and TOs to document their existing UFLS obligations and consider replacement of electro-mechanical relays used for UFLS.

### REGIONAL DELEGATION AGREEMENT UPDATE

Dan Schoenecker, VP Operations

A fundamental component of the Electric Reliability Organization's (ERO) operation is the reliance on Regional Entities to carry out certain reliability functions. Under Section 215 of the Federal Power Act, Congress specifically provided for the ERO to have the ability “to delegate authority to a Regional Entity for the purpose of proposing reliability standards to the ERO and enforcing reliability standards.” FERC approved the first Regional Delegation Agreements (RDA) between NERC and the 8 Regional Entities in April of 2007, and they included the following common provisions:

- Representations by the Regional Entity that they have the legal authority to enter into the agreement, and have the necessary standards development and compliance enforcement procedures.
- Representations by NERC that it has legal authority to enter into the agreement and that it has been certified as the ERO.
- Covenants by NERC and the Regional Entity to maintain their respective qualifications to be the ERO or a Regional Entity.
- Delegation of authority to propose Reliability Standards and Regional Variances, and to develop Regional Reliability Standards under specified processes.

- Delegation of authority to enforce Reliability Standards within specific geographical boundaries and pursuant to a specified Compliance Monitoring and Enforcement Program (CMEP).
- Provision for other related services to be performed by the Regional Entity in furtherance of NERC's responsibilities as the ERO or in support of delegated functions.
- Provision for funding by NERC of the Regional Entity's delegated activities.
- A three year term.

With the third anniversary of the delegation agreements coming up next May, NERC and the Regional Entities have developed a work plan and have begun discussions to develop the next generation of delegation agreements. The recently-completed Three-Year ERO Performance Assessment provided input from stakeholders about matters to be addressed in the new delegation agreement and ERO Rules of Procedure (ROP).

In order to provide time for stakeholder comments and to for all of the appropriate approvals of new agreements, the current delegation agreements have been extended for one year, to May 2011. This extension has been approved by, the Commission, NERC and, in MRO's case, the MRO Board.

Some of the key areas being discussed for the new RDA and ROP include:

- Establishing clear roles and responsibilities and decisional processes
- Development of a framework for establishing metrics that address regional and NERC performance
- Addressing consistency issues
- Delegated functions versus services provided
- Multi-regional Registered Entities
- International implementation issues

Look for a posting of the first draft of the RDA sometime in January.

## INDUSTRY UPDATES AND EVENTS (continued on page 4)



### [NERC 2009 Winter Electric Reliability Assessment.](#)

The outlook for electric reliability in North America this winter appears good. Reserve margins, including supply and demand-side resources, are expected to exceed NERC's reference planning levels in all regions.

#### Highlights from NERC's 2009 Winter Reliability report include:

Economic Recession Results in Increased Projected Reserve Margins. Reduced economic activity has led to a decrease in projected demand and, as a result, higher reserve margins throughout North America over the coming winter season.

Natural Gas and Wind Resources Continue to Grow. Over half of the generation capacity added to the system since last year has been natural gas-fired. Regions with the highest growth in natural gas generation include Florida, the southeast and northeast U.S., and southeastern Canada. Natural gas-fired generation is projected to provide roughly 30 percent (40 percent when dual-fuel resources are included) of the electricity generated during this winter's hour of peak demand.

“Nameplate” wind generation has grown by more than 8,000 MW or 30 percent (of which 1,500 MW is projected to be available on peak) since last winter. Wind power will provide less than one percent of the total electricity generated during this winter's hour of peak demand.

## Finance Department Updates

Sue Clarke, VP of Administration and Finance

### Elimination of MRO Pension Plan

The Pension Plan conversion has been completed with final termination on December 18th. Employees now participated in a defined contribution plan.

### Year to Date Financials and End of Year Projections.

MRO staff projects actual and budget will be in line, or slightly under, budgeted costs.

For questions pertaining to accounts payable, receivable or expense reimbursement requests, please contact [Regina Davis](#), Accountant and HR Specialist at 651-855-1706.

## INDUSTRY UPDATES AND EVENTS (continued from page 3)

Operational Challenges are Manageable through the Winter. No operational conditions are expected to significantly impact bulk power system reliability this winter. The variability of new wind resources continues to present concerns, however operational procedures are expected to be sufficient to ensure reliable operation of the system.

### [Crowe Horwath Evaluates NERC Compliance Program](#)

The Process Evaluation Report for NERC's compliance enforcement, registration, and certification program is now available online, in accordance with Section 406 of NERC's Rules of Procedure. Section 406 requires NERC to provide for an independent audit of its compliance monitoring and enforcement program at least once every three years. The evaluation leading to this report was conducted at NERC's request and in coordination with the Compliance and Certification Committee by Crowe Horwath, an independent consultant, from July through October, 2009.

### [NERC Reports No Vegetation-Related Transmission Outages in Peak Growth Season](#)

No transmission line outages were caused by vegetation growing into the lines from within the rights-of-way between the months of July and September 2009, a first in the six years the North American Electric Reliability Corporation has tracked this data, the organization reported today. The majority of vegetation-related transmission line outages typically occur over the summer months due to seasonal tree and shrub growth. In comparison, five such transmission outages were reported in the third quarter of 2008.

### [AWEA wind power trends to watch for in 2010](#)

As the nation looks ahead to 2010, renewable energy will be central to the economic and energy issues that dominate the political agenda.

AWEA - WASHINGTON, D.C. - 12/28/09

[Recology uses methane as a power source for facility](#) Trash – it isn't just for landfills any more. The Recology Ostrom Road Landfill is using the methane gas produced during decomposition to generate power.

Dec 28 - McClatchy-Tribune Regional News - Ashley Gebb Appeal-Democrat, Marysville, Calif.

### [The US Senate has confirmed Mr. John Norris' as a FERC Commissioner.](#)

Statements of FERC Chairman Jon Wellinghoff and John Norris on U.S. Senate vote confirming Mr. Norris' nomination to FERC.

### [Secretary Chu Announces Efforts to Strengthen U.S. Electric](#)

### [Transmission Networks](#) Washington, DC

Energy Secretary Steven Chu announced award selections for \$60 million in funding from the American Recovery and Reinvestment Act to support transmission planning for the country's three interconnection transmission networks. The 6 awards will promote collaborative long-term analysis and planning for the Eastern, Western and Texas electricity interconnections, which will help states, utilities, grid operators and others prepare for future growth in energy demand, renewable energy sources, and Smart Grid technologies. This represents the first-ever effort to take a collaborative, comprehensive look across each of the three transmission interconnections.

### [Department of Energy to Invest \\$366M in Energy Innovation Hubs](#) Washington, DC

U.S. Department of Energy Secretary Steven Chu outlined the Department's plans to invest up to \$366 million to establish and operate three new Energy Innovation Hubs focused on accelerating research and development in three key energy areas. Each Hub, to be funded at up to \$122 million over five years, will bring together a multidisciplinary team of researchers in an effort to speed research and shorten the path from scientific discovery to technological development and commercial deployment of highly promising energy-related technologies. The Hubs are part of a broad-based clean energy research strategy by the Obama Administration that will harness America's innovation machine to achieve the breakthroughs we need.



The [2010 National Electricity Forum](#) is scheduled for **February 17-18, 2010** in **Washington, DC**. Sponsored by the U.S. DOE and the National Association of Regulatory Utility Commissioners, the forum (held annually in conjunction with the NARUC Winter Committee Meetings) will address cutting edge issues that discuss how the Nation will evolve to a clean energy economy. The Keynote Panel will address what a clean energy economy should include, what new, innovative technologies should be deployed and what the impacts of carbon mandates will be on the electricity infrastructure.

[EnergyBiz Leadership Forum](#) is scheduled for **February 28-March 2, Washington, DC** and is specifically designed to bring together all the major influences on energy – industry executives, policy makers, regulators, consumers, and members of the financial and legal communities, along with thought leaders from outside the industry – to tackle the formative issues impacting energy, from its generation through its consumption. The forum's three major sessions will collectively help paint a fuller picture of energy's emerging architecture.



## MRO Employee Contact List:

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 651-681-1731  
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### Enforcement

[Sara Patrick, Director of Regulatory Affairs & Legal Counsel](#)  
 651-855-1708  
[Jim Burley, Enforcement & Mitigation Mgr](#)  
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[Mike Brytowski, Compliance Specialist](#)  
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### Assessments

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### Standards

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### Information Technology

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 651-855-1744  
[Victoria Carey, IT Specialist](#)  
 651-855-1729  
[Bruce Wagar, IT Analyst](#)  
 651-855-1746

**After Hours Emergency Line**  
**651-734-8355**

## MRO Calendar of Events

January 2010			
February 2010			
March 2010			
March 8	March 9	12:00 - 5:00 8:00 - 12:00	Protective Relay Subcommittee Meetings TBA
March 9		8:00 - 3:00	Compliance Committee Meeting TBA
March 10		8:30 - 3:30	Reliability Assessment Committee Meeting TBA
March 11		10:00 - 3:00	Standards Committee Meeting MRO Office
March 25		8:00 - 4:00	Board of Directors Meeting TBA

## Did You Know...

Electric cars were introduced in 1896 and by the end of the century almost 50% of motorcars worldwide were electric. The rest of the cars were either gasoline (petrol) or steam driven. The **first land speed record** of 66 mph (106 km/h) was set by an electric car in 1899. An electric car could travel up to 100 miles (160 km) per day. A horse and wagon had to stop every 10 miles (16km), as did steam-driven cars. Gasoline-driven cars often had to stop every 18 miles (30km) for engine cooling - most simply broke down. Yet, by 1905 80% of cars were gasoline driven and by 1920 the electric car was, well, almost history. The main reason: cheap fuel. Gasoline cost a fraction of the price of electricity. Even at today's rates, in most countries gasoline costs about half of what electricity will cost to run a car.

## QUOTE OF THE DAY:

*"Integrity is doing the right thing...even when no one is watching"*

MIDWEST RELIABILITY ORGANIZATION

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