

**MIDWEST RELIABILITY
ORGANIZATION**

STRATEGIC PLAN 2022-24

Company Summary

01



Who We Are

Midwest Reliability Organization (MRO) is a regulatory agency that operates as a cross-border Regional Entity under the delegated authority of the North American Electric Reliability Corporation (NERC). Headquartered in Saint Paul, Minnesota, MRO's region spans the provinces of Saskatchewan and Manitoba, and all or parts of 16 states in the Midwest corridor down to Texas. The region is comprised of more than 200 organizations that are involved in the production and delivery of electricity, including municipal utilities, cooperatives, investor-owned utilities, transmission system operators, federal power marketing agencies, Canadian Crown Corporations, and independent power producers.

What We Do

MRO's primary responsibilities are to: ensure compliance with mandatory Reliability Standards by entities who own, operate, or use the interconnected North American bulk power system; conduct assessments of the grid's ability to meet electricity demand in the region; and analyze regional system events. Additionally, MRO creates an open forum for stakeholder experts across the region to discuss important topics related to addressing risk and improving reliable and secure operations, and serves as a vital link between bulk power system users, owners, operators, and other stakeholders who share common reliability and security interests.

From the CEO



MRO's role in protecting the reliability and security of the North American bulk power system is critically important, and we take our responsibilities seriously. North America is experiencing significant changes to power supply as the generation resource mix continues to evolve. The addition of variable energy resources, primarily wind and solar, and the retirement of conventional generation, is fundamentally changing how the bulk power system is planned and operated. The electricity industry is also taking advantage of new technologies to streamline the production and delivery of electricity to consumers, and while providing significant benefit, we have seen an unprecedented increase in cyber risk.

The extraordinary evolution of the power grid presents new challenges and opportunities for reliability, resilience, and security. Navigating these challenges requires us to lean into past experience—what we have done well and what could be improved—assess the current landscape, and envision where (and who) we want to be in the future. Our strategic planning process began with the latter, and this document encapsulates the results of that planning.

MRO is fortunate to have a dedicated and knowledgeable team of individuals ready to confront the many challenges that lie ahead. This, coupled with the support of our colleagues across the ERO Enterprise and an extensive network of stakeholder experts that share our vision of a highly reliable and secure bulk power system, has prepared us well to execute our strategy as we move forward.

Together, our future is bright!

Sara Patrick, President and CEO

What Guides Us

Vision

A highly reliable and secure North American bulk power system.

Mission

To identify, prioritize and assure effective and efficient mitigation of risks to the reliability and security of the North American bulk power system by promoting Highly Effective Reliability Organizations® (HEROs).

About HEROs

HEROs are entities that exhibit the following high reliability behaviors:

1. Preoccupation with failure and risk

- Focus on failures; look twice at repeat problems; imagine what could fail, even if it hasn't yet; ask tough questions; seek out and encourage bad news

2. Reluctance to simplify interpretations

- Embrace the complexity of the bulk power system; investigate the facts; reject overly simple diagnoses; be a skeptic and value other skeptics; challenge the status quo

3. Sensitivity to operations

- Seek to fully understand how things work, not just how they are supposed to work; identify (and share) opportunities for improvement; don't assign blame; empower others to speak up; promote teamwork and awareness; identify silos and encourage cross-communication

4. Commitment to resilience

- Promote awareness of risk; identify and share resilient behaviors for our industry; determine and train others on appropriate mitigation efforts; assess mitigation efforts for effectiveness; promote continuous learning and training

5. Deference to expertise

- Listen to (and leverage) the boots on the ground (experts); make decisions informed by technical truth; develop communication tools for sharing of information; improve relationships among regional constituents

Keys to Sustainable Success

At MRO, we foster a culture that embraces: **Connection, Curiosity, Commitment** and **Competency**. A culture where people are CONNECTED to the work they do and the people they work with. A culture where CURIOSITY is encouraged and people feel empowered to examine the status quo and ask tough questions. A culture that starts with the WHY and where a COMMITMENT to our vision of a highly reliable and secure North American bulk power system is led by example. A culture that values COMPETENCY—one where decisions are not made solely on the basis of power and authority, but that defers to the intelligence, experience and expertise of our boots on the ground.

CONNECTION

“People will forget what you said. People will forget what you did. But people will never forget how you made them feel.”

--Maya Angelou

COMPETENCY

“We are what we repeatedly do. Excellence then, is not an act, but a habit.”

--Aristotle

CURIOSITY

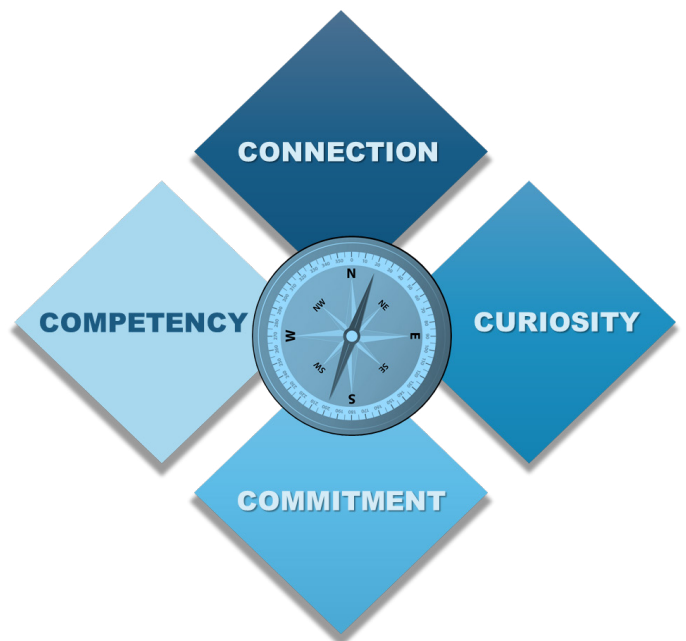
“It doesn’t matter where you are in the organization, you can ask interesting questions that inspire and incite others to think about things they wouldn’t have thought about.”

--Tim Brown, IDEO CEO

COMMITMENT

“Your work is going to fill a large part of your life and the only way to be truly satisfied is to do what you believe is great work. And the only way to do great work is to love what you do.”

--Steve Jobs, Apple CEO



Delegated Authority

United States

The Federal Energy Regulatory Commission, or FERC, is an independent agency that regulates the interstate transmission of electricity, natural gas, and oil in the United States. FERC's Mission is: Economically Efficient, Safe, Reliable, and Secure Energy for Consumers. FERC oversees the North American Electric Reliability Corporation (NERC) in the U.S. NERC is the Electric Reliability Organization (ERO) for North America whose jurisdiction includes owners, operators, and users of the bulk power system, which serves nearly 400 million people.

Canada

Authority over electricity generation and transmission in Canada rests primarily with provincial governments. Both Manitoba and Saskatchewan, which are part of MRO's cross-border regional footprint, have recognized NERC as an electric Reliability Standards setting organization and have committed to supporting NERC and MRO in their respective roles.



To ensure reliability of the bulk power system in the United States, Congress passed the Energy Policy Act of 2005, creating a new regulatory organization called the Electric Reliability Organization (ERO) to establish mandatory Reliability Standards and monitor and enforce compliance with those standards on those who own, operate or use the interconnected power grid. In 2006, FERC approved NERC as the ERO under section 215 of the Federal Power Act. NERC delegates its authority to six Regional Entities, of which, MRO is one. Collectively, NERC and the Regional Entities are referred to as the ERO Enterprise. MRO operates as a cross-border Regional Entity under delegated authority from NERC. MRO's role is similar in both Canada and the United States, and while the approval process varies between Manitoba and Saskatchewan, generally the NERC Reliability Standards are mandatory and enforceable in these two provinces.

Delegated Functions



Reliability Assessment, Performance Analysis

MRO develops assessments of the reliability of the bulk power system and ensures that data and information is collected, analyzed and provided to NERC in support of the development of NERC's reliability assessments. MRO also develops, maintains, and collects data in support of the development of reliability performance metrics and assessments of risks to reliable operation.



Critical Infrastructure Security

MRO collaborates with NERC and others across the ERO Enterprise in its efforts to coordinate electric industry activities to promote critical infrastructure protection of the bulk power system in North America.



Event Analysis and Reliability Improvement

NERC and MRO coordinate event analysis to support the effective and efficient use of their collective resources, consistency in event analysis, and timely delivery of event analysis reports. In collaboration with NERC, MRO disseminates to the electricity industry lessons learned and other information obtained through the event analysis process.



Compliance Monitoring and Enforcement

MRO monitors compliance and enforces Reliability Standards through NERC's Compliance Monitoring and Enforcement Program (CMEP), which meets all applicable requirements of the Federal Power Act, FERC Order 672, and the ERO Regulations and standards of due process. Each Regional Entity develops and maintains a CMEP as part of the ERO Enterprise-wide program.



Situation Awareness, Training & Education

MRO gathers and assesses situation awareness information to support NERC's activities in monitoring present conditions, and responding to events, on the bulk power system. MRO also provides reliability and security training and education to registered entities in support of its performance of delegated functions and NERC's role as the ERO.



Organization Registration & Certification

The NERC Board of Trustees sets criteria for certification and registration of the owners, operators and users of the North American bulk power system in accordance with the NERC Rules of Procedure. NERC maintains a database of these registered entities based on information provided by the Regional Entities. This database is continually revised as conditions warrant.



Reliability Standard Development

MRO is responsible for proposing Reliability Standards, regional variances, or modifications thereof to NERC, which considers these requests through an open and inclusive process with industry stakeholders. MRO is also required to maintain a Regional Standards Process Manual whereby it can propose regional Reliability Standards necessary to maintain reliability of the regional bulk power system.

ERO Commitment



The ERO Enterprise encompasses NERC and six regional organizations of similar size and complexity. NERC provides industry-wide perspective and oversight, and the Regional Entities have unique features and activities that serve the needs of their regional constituents. While NERC and the Regional Entities play different roles in delivering ERO Enterprise programs, these roles are equally important and complementary, allowing the ERO Enterprise to work as one synchronous machine—effectively, efficiently, and collaboratively.

MRO is committed to the success of the ERO Enterprise, and as such, has agreed to:

- Work together as one team and honor each of our respective roles;
- Actively support ERO Enterprise activities while eliminating unnecessary duplication of work;
- Collaborate in developing clear and consistent guidance across the ERO Enterprise;
- Share information, knowledge, and resources across the ERO Enterprise;
- Develop and share harmonized messages across ERO Enterprise communications; and
- Support innovation, initiatives, and the sharing of best-practices across the ERO Enterprise.

ERO Focus Areas

01

Expand Risk-Based Focus in Standards, Compliance Monitoring, and Enforcement

Prioritize and support the development of new and/or enhancement of existing Reliability Standards, consistently embed internal control activities within the CMEP, and develop strategy for appropriate oversight of the emerging resource mix.

02

Assess and Catalyze Steps to Mitigate Known and Emerging Risks to Reliability and Security

Identify and assess performance trends and emerging factors impacting bulk power system reliability and make recommendations to address high-priority risks, develop lessons learned, recommendations, and /or implement mitigations (e.g., guidelines, technical references, training, industry outreach).

03

Build a Strong E-ISAC-Based Security Capability

Support the Electricity-Information Sharing and Analysis Center's strategy through information-sharing, analysis, and engagement with industry.

04

Strengthen Engagement across the Reliability and Security Ecosystem in North America

Enhance outreach to stakeholders and policy makers, work to refine and further develop elements of the ERO Enterprise Communication Strategy, sustain and expand stakeholder outreach, support corollary activities within industry, and improve processes and presentation of seasonal assessments for coordinated and quicker release.

05

Capture Effectiveness, Efficiency, and Continuous Improvement Opportunities

Pursue and implement joint technology projects, increase budget awareness, evaluate CMEP processes for efficiency and implement standardized processes where possible, and build upon efforts to transform ERO relationships to be better aligned and more collaborative.

Strategic Planning Process

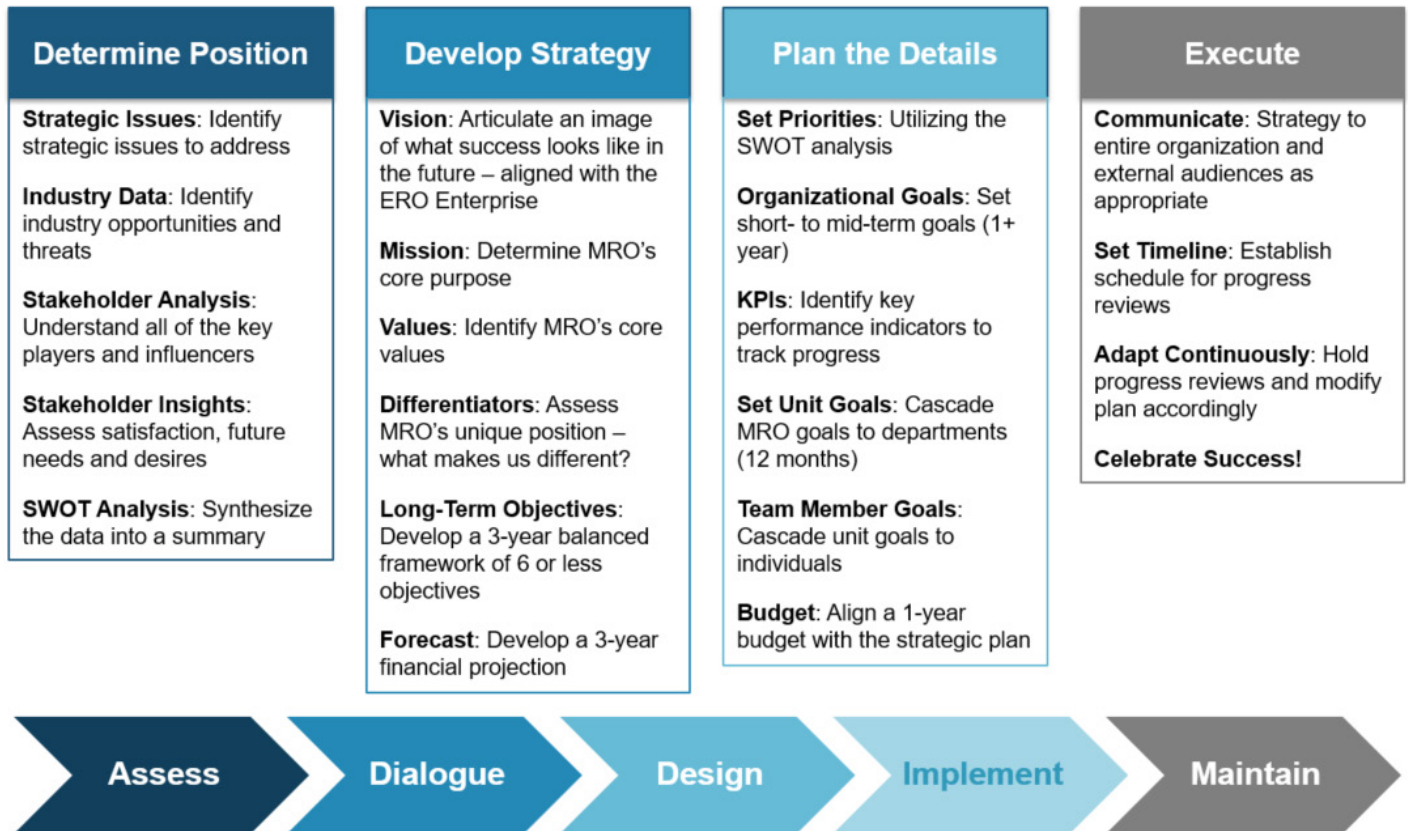
02



MRO's strategic planning process is built upon three fundamentals: **Sustain**, **Enhance**, and **Transform**. As a regulator, we must SUSTAIN our delegated functions and perform them with a high degree of accuracy, and in an efficient and responsible manner to maintain credibility and trust with those agencies who delegate authority to us, including our Canadian partners. Improving delegated work remains the highest priority in this strategic plan. In addition to delegated responsibilities, MRO uses the theory and principles of High Reliability Organizations (HROs) as a framework for ensuring reliable operations of the regional bulk power system. HRO's are organizations that have succeeded in avoiding catastrophes in environments where accidents can be expected due to complexity, interdependence, and risk. MRO applies this theory to the work we do—both at MRO and across registered entities—to ENHANCE our focus on risk and implement high standards of operational excellence. These activities often require more investment and planning, but provide significant value to the region as a whole.

Finally, in keeping with the characteristics of MRO's Keys to Sustainable Success, we foster a culture of curiosity, with the understanding that innovation is critical to addressing complex risk. The bulk power system (and the electricity industry) continues to evolve at an accelerated rate. Responding to an evolution of this magnitude requires that we remain agile and able to TRANSFORM our approach to how we think about and address risk. Efforts in this area reflect fundamental changes to the way we operate.

Process Map



Process Overview

MRO's strategic planning process began with an environmental scan of industry trends and forecasts, existing and emerging industry risks, along with business risks to the organization. MRO's Board of Directors, senior leadership team, and technical experts proficient in key risk areas, gathered together to confirm MRO's vision, mission, and core principles, as well as the assumptions made during the initial environmental assessment. A SWOT (strengths, weaknesses, opportunities, threats) analysis was conducted to inform the strategy, identify key focus areas, and set priorities. The group then leaned into MRO's past experiences and the present landscape, to develop long-term objectives and a thoughtful roadmap to where and who we want to be in 2024. The board's approval of this plan drives the development of corporate, department, and individual goals that support long-term priorities and strategic objectives. These operating goals are reviewed and revised each plan year. Key performance metrics are also developed to track progress towards the stated objectives and overall strategy.

MRO's president and CEO provides regular status updates to the board on the plan's progress, and adjustments are made as assumptions change or conditions warrant. Providing transparency and appropriately communicating MRO's strategic efforts, both internally and externally, are critical to sustaining this plan. The board and staff will continue to seek ways to increase transparency and tie MRO's strategic objectives to the company's operations and budget.

Strategic Priorities

The following strategic priorities support MRO's vision and mission and the ERO Enterprise Long-Term Strategy. They are forward-looking and serve to guide the key objectives and supporting activities found within this strategic plan.

01

Ensure that MRO remains an innovative, resilient, and high-performing organization with an increased emphasis on leadership development and culture.

The future of MRO relies upon developing the next generation of leaders that will continue to advance the organization's vision and mission. Improving staff training, creating career advancement and development opportunities, focusing on soft skills (in addition to technical competency), and fostering a culture of diversity, equity and inclusion are objectives in this area.

02

Drive operational excellence throughout MRO in all processes and procedures, while emphasizing effectiveness and efficiency.

Amazing results can be achieved through a mindset of continuous improvement and the ability to imagine an invented future. Leveraging the skills of futuristic thinkers at MRO, across the ERO, and within industry, is critical to addressing complex and evolving risk. Planning for the future must be integrated with delegated responsibilities and MRO's public trust obligation to be an effective and efficient regulator, and to use funding wisely.

03

Develop a nimble, adaptive, and collaborative culture that allows MRO to carry out its mission as a trusted and valued member of the ERO Enterprise.

The electricity industry is facing numerous, dynamic challenges that require forward-thinking insight and analysis to develop and support initiatives that ensure a highly reliable and secure bulk power system into the future. Increased coordination across all industry stakeholders, as well as other critical infrastructure sectors, is critical to MRO's success.

Strategic Objectives



Priority One

Ensure that MRO remains an innovative, resilient, and high-performing organization with an increased emphasis on leadership development and culture.

1. Ensure continuous learning, growth, and career development opportunities.
2. Foster a culture of diversity, equity, inclusion, honesty, and trust through constructive feedback, empowerment, and clarity of roles.
3. Promote opportunities for cross-departmental and inter-ERO collaboration.
4. Formalize processes to ensure continuity of leadership and a skilled and engaged workforce.



Priority Two

Drive operational excellence throughout MRO in all processes and procedures, while emphasizing effectiveness and efficiency.

1. Focus on identifying, assessing, and mitigating corporate risks and ensure expenditure of resources are prioritized and appropriately deployed.
2. Foster a culture of continued improvement and innovation through forward thinking and futuristic visioning.
3. Leverage KPIs to measure operational effectiveness.
4. Identify and implement processes to assess and prioritize work.



Priority Three

Develop a nimble, adaptive, and collaborative culture that allows us to carry out our mission as a trusted and valued member of the ERO Enterprise.

1. Focus on advanced methods for identifying, assessing, and actively mitigating new and emerging risks to the BPS and ensure resources are deployed appropriately.
2. Lead and support ERO transformation efforts.
3. Expand collaborative relationships with federal, state, and provincial regulators, independent system operators, industry leadership, and the broader reliability and security ecosystem.
4. Ensure security and confidentiality of our partners' data & information.
5. Increase capability to support mitigation of increasing frequency and sophistication of cyber risks for corporate and industry (ransomware, phishing, vulnerabilities, etc.).
6. Be a trusted leader in providing premier and cutting-edge outreach to our stakeholders.

Value Proposition

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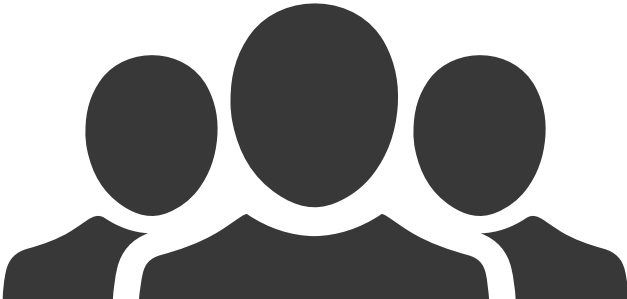
To Registered Entities

MRO provides a wide-area view of reliability and security insights for registered entities in the region and across the North American bulk power system. Our regional reliability and risk assessments complement continent-wide assessments and share actionable information and mitigation recommendations that entities can use to improve their respective operations. Additionally, MRO provides a significant amount of outreach and forums for registered entities to share information and best practices that benefit the region as a whole.

To Consumers

MRO serves the public interest by being an independent voice for reliability and security of the bulk power system in MRO's regional footprint. We do this by maintaining technical competency and serving as a trusted expert to regional constituents and the public. MRO staff is impartial and unbiased to fuel supply and generation resources, and relies on the data and assessments to inform decisions in the best interests of reliability and security.

Stakeholder Participation



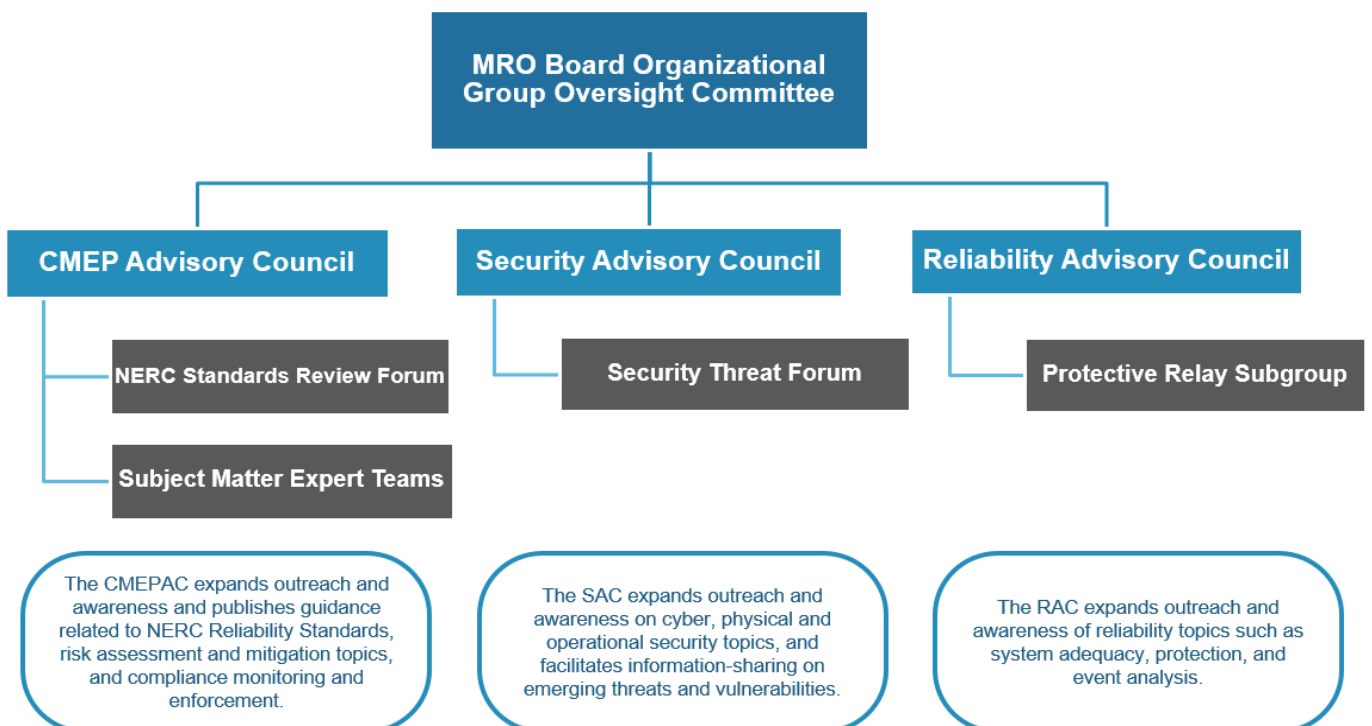
The brilliance of the ERO Enterprise regulatory model is the ability for industry to provide input on regulatory policy and assist with standards development. Additionally, the ERO Enterprise collaborates with industry subject matter experts to identify, assess, and mitigate risk to the North American bulk power system. At MRO, only members are able to participate on MRO organizational groups and represent MRO on NERC organizational groups. [Membership](#) with MRO is voluntary and free of charge.

MRO Organizational Groups

MRO’s organizational group structure enables subject matter experts from MRO member companies to contribute their input and technical skills to help identify risks to reliability and security of the regional bulk power system, develop mitigation strategies, and share information and best practices with participants across MRO’s regional footprint. The structure consists of three advisory councils and several subgroups reporting to the advisory councils.

The advisory councils and subgroups do a tremendous amount of work not only to identify and mitigate risk, but also to sponsor and deliver outreach across MRO’s regional footprint. These groups host webinars, workshops, and conferences, and publish several newsletter articles throughout the year to raise awareness of risk and help entities across the regional footprint reduce risk to their individual systems. The organizational group structure provides a forum for industry participants to discuss and share information on important reliability and security topics.

More information on MRO’s organizational groups is available on the [MRO website](#).





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