



NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

August 11, 2011

Ms. Kimberly Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, DC 20426

**Re: NERC Abbreviated Notice of Penalty regarding Western Electricity Coordinating Council,  
FERC Docket No. NP11-\_\_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Abbreviated Notice of Penalty (NOP) regarding Western Electricity Coordinating Council (WECC),<sup>1</sup> with information and details regarding the nature and resolution of the violations<sup>2</sup> discussed in detail in the Settlement Agreement (Attachment a) and the Disposition Documents attached thereto, in accordance with the Federal Energy Regulatory Commission's (Commission or FERC) rules, regulations and orders, as well as NERC Rules of Procedure including Appendix 4C (NERC Compliance Monitoring and Enforcement Program (CMEP)).<sup>3</sup>

This NOP is being filed with the Commission because NERC-Compliance Enforcement (NCEA) and WECC have entered into a Settlement Agreement to resolve all outstanding issues arising from NCEA's determination and findings of the violations of IRO-001-1 R3, IRO-005-1 R9, TOP-007-0 R4, and COM-002-2 R2. According to the Settlement Agreement, WECC neither admits nor denies the violations, but has agreed to the assessed penalty of one hundred thousand dollars (\$100,000), in addition to other remedies and actions to mitigate the instant violations and

<sup>1</sup> The violations in the Settlement Agreement involved two predecessors of WECC in its role as a Reliability Coordinator. WECC and WECC RC are used interchangeably herein.

<sup>2</sup> For purposes of this document, each violation at issue is described as a "violation," regardless of its procedural posture and whether it was a possible, alleged or confirmed violation.

<sup>3</sup> *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards* (Order No. 672), III FERC Stats. & Regs. ¶ 31,204 (2006); *Notice of New Docket Prefix "NP" for Notices of Penalty Filed by the North American Electric Reliability Corporation*, Docket No. RM05-30-000 (February 7, 2008). See also 18 C.F.R. Part 39 (2011). *Mandatory Reliability Standards for the Bulk-Power System*, FERC Stats. & Regs. ¶ 31,242 (2007) (Order No. 693), *reh'g denied*, 120 FERC ¶ 61,053 (2007) (Order No. 693-A). See 18 C.F.R. § 39.7(c)(2).

facilitate future compliance under the terms and conditions of the Settlement Agreement. Accordingly, the violations identified as NERC Violation Tracking Identification Numbers NCEA201000101, NCEA201000100, NCEA201000099, and NCEA201000098 are being filed in accordance with the NERC Rules of Procedure and the CMEP.

### Statement of Findings Underlying the Violations

This NOP incorporates the findings and justifications set forth in the Settlement Agreement executed on June 14, 2011, by and between NCEA and WECC. The details of the findings and the basis for the penalty are set forth in the Disposition Documents. This NOP filing contains the basis for approval of the Settlement Agreement by the NERC Board of Trustees Compliance Committee (NERC BOTCC). In accordance with Section 39.7 of the Commission’s regulations, 18 C.F.R. § 39.7, NERC provides the following summary table identifying each violation of a Reliability Standard resolved by the Settlement Agreement, as discussed in greater detail below.

NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Duration	Total Penalty (\$)
NOC-917	NCEA201000101	IRO-001-1	3	High	6/18/07-12/31/08	100,000
	NCEA201000100	IRO-005-1	9	High	11/7/08	
	NCEA201000099	TOP-007-0	4	High	11/7/08	
	NCEA201000098	COM-002-2	2	Medium	11/7/08	

The text of the Reliability Standards at issue and further information on the subject violations are set forth in the Disposition Documents.

The violations that are the subjects of the Settlement Agreement occurred during two system events:

The first event occurred on November 7, 2008, in the southwest portion of the Western Interconnection (WI). It involved two of WECC RC’s predecessors, California-Mexico Reliability Coordinator (CMRC) and Rocky Mountain Desert Southwest Reliability Coordinator (RDRC), and four registered entities (Transmission Facility 1 Operator, Transmission Facility 2 Operator, Transmission Facility 3 Operator, and Transmission Facility 4 Operator<sup>4</sup>) for which RDRC or CMRC were the Reliability Coordinators (RCs). A Category 2 disturbance was initiated by the forced unscheduled outage of a key 500 kV line due to a fire in the line’s series capacitor bank at a substation operated by Transmission Facility Operator 1, for which CMRC was the RC. The outage produced stability and thermal System Operating Limit (SOL)<sup>5</sup>

<sup>4</sup> The identities of the registered entities and the facilities are masked for reasons of compliance monitoring and enforcement.

<sup>5</sup> “System Operating Limit”: The value (such as MW, MVar, Amperes, Frequency or Volts) that satisfies the most limiting of the prescribed operating criteria for a specified system configuration to ensure operation within acceptable reliability criteria such as: facility ratings; transient stability ratings; voltage stability ratings; system voltage limits. (Source: NERC Glossary of Terms)

exceedances on two of the WI's transfer paths. The SOL exceedances were not timely addressed/corrected as required by applicable mandatory NERC and WECC Regional Reliability Standards. This event also produced some load shedding. NERC conducted a CVI (NERC0006CVI) to investigate the event.

A second, separate event occurred on December 26, 2008. A Transmission Owner/Operator (Transmission Operator) discovered that, due to a battery charger failure, it had inadequate DC battery voltage supply at one of its substations to operate the protective relays and control circuits of its 230 kV BPS and 69 kV distribution facilities at the site correctly and reliably. During the event, the Transmission Operator operated the substation in an unknown operating state for approximately one and a half hours, in violation of applicable mandatory NERC reliability standards. The event also produced some load shedding. NERC conducted a CVI (NERC0009CVI) to investigate the event. The CVI Team's findings included that the Transmission Operator violated applicable mandatory NERC Reliability Standards. NERC staff is conducting separate compliance enforcement proceedings with the Transmission Operator to address and resolve these findings. This settlement agreement addresses the involvement of CMRC as the Transmission Operator's RC at the time of the December 26, 2008 event.

#### IRO-001-1 R3 - OVERVIEW

Capacity Bank Fire Event: CMRC and RDRC did not have clear decision making authority to direct actions to preserve the integrity of the bulk electric system before and during the event. NCEA determined that CMRC and RDRC, as RCs, failed to take action or to direct action, without delay, by Transmission Operators to preserve the reliability of the bulk electric system. CMRC and RDRC both failed to issue their directives timely in order to address the event.

Loss of Substation DC Control Voltage Supply Event: CMRC failed to take action or to direct action, without delay, during this event. NCEA determined that CMRC, as a RC, after being notified by the Transmission Operator of the loss of adequate voltage supply, failed to take action or direct action by the Transmission Operator or other registered entities to preserve the reliability of the bulk electric system.

#### IRO-005-1 R9 – OVERVIEW

Capacity Bank Fire Event: CMRC did not coordinate as needed with Transmission Facility 2 Operator to develop and implement action plans to mitigate the Transmission Facility 2 SOL exceedance. RDRC did not coordinate as needed with Transmission Facility 3 Operator to develop and implement action plans to mitigate the Transmission Facility 3 SOL exceedance. NCEA determined that RDRC and CMRC, as RCs, did not adequately coordinate with Transmission Operators to develop and implement action plans to mitigate the SOL exceedances on Transmission Facilities 2 and 3 caused by the capacitor bank fire.

#### TOP-007-0 R4 – OVERVIEW

Capacity Bank Fire Event: CMRC and RDRC both failed to issue directives with sufficient specificity to indicate to the Transmission Facility 2 Operator and Transmission Facility 3 Operator, respectively, the actions they should take to address the SOL exceedances. NCEA found that CMRC and RDRC, as RCs, did not direct actions required to return the system to within limits.

COM-002-2 R2 – OVERVIEW

Capacity Bank Fire Event: CMRC issued a directive to Transmission Facility 2 Operator that did not include clear directions to return the system to within limits. CMRC also did not require the appropriate repeating back of the directive to ensure correctness. NCEA determined that CMRC, as a RC, failed to issue a directive in a clear, concise, and definitive manner, nor did it ensure the recipient repeated back the information correctly.

**Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed<sup>6</sup>**

**Basis for Determination**

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines, the Commission's July 3, 2008, October 26, 2009 and August 27, 2010 Guidance Orders,<sup>7</sup> the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on May 9, 2011. The NERC BOTCC approved the Settlement Agreement, including NCEA's assessment of a one hundred thousand dollar (\$100,000) financial penalty against WECC and other actions to facilitate future compliance required under the terms and conditions of the Settlement Agreement. In approving the Settlement Agreement, the NERC BOTCC reviewed the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the violations at issue.

In reaching this determination, the NERC BOTCC considered the following factors:

1. WECC has no previous violations of the subject NERC Reliability Standards;<sup>8</sup>
2. NCEA reported that WECC was cooperative throughout the compliance enforcement process;
3. There was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
4. NCEA determined that the violations did not pose a serious or substantial risk to the reliability of the bulk power system (BPS), as discussed in the Disposition Documents;
5. A third former Reliability Coordinator, Pacific Northwest Security Coordinator (PNSC), was involved in a separate event dated February 14, 2008. That event was investigated jointly by NERC and FERC and subsequently addressed in a separate Settlement Agreement<sup>9</sup> among NERC, FERC and WECC (1b Investigation Settlement). The 1b Investigation Settlement involved violations of IRO-001-1 R3, IRO-005-1 R8, and COM-

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<sup>6</sup> See 18 C.F.R. § 39.7(d)(4).

<sup>7</sup> *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008); *North American Electric Reliability Corporation*, "Further Guidance Order on Reliability Notices of Penalty," 129 FERC ¶ 61,069 (2009); *North American Electric Reliability Corporation*, "Notice of No Further Review and Guidance Order," 132 FERC ¶ 61,182 (2010).

<sup>8</sup> Other violations of WECC's predecessor RCs, including violations of IRO-005-1 and IRO-001-1 treated in the Omnibus filing, which are not viewed as the same or similar to the instant violations, are identified and addressed in the Disposition Document.

<sup>9</sup> See *Order Approving Stipulation and Consent Agreement*, issued July 7, 2011 (136 FERC ¶ 61,020) (available at [http://www.nerc.com/files/Order\\_approving\\_WECC\\_settlement\\_IN11-1\\_20110707.pdf](http://www.nerc.com/files/Order_approving_WECC_settlement_IN11-1_20110707.pdf)).

002-2 R2, among others. Because the event addressed in the 1b Investigation Settlement involved similar issues to those in the instant agreement NCEA considered the penalty, mitigation actions, and preventative measures provided for in the 1b Investigation Settlement in determining the penalty, mitigation actions, and preventative measures in this case; and

6. As in the PNSC event and the associated 1b Investigation Settlement, WECC became responsible for the violations addressed herein over the course of discontinuing operations of CMRC, RDRC, and PNSC, and assuming RC responsibilities for the WI from these organizations effective January 1, 2009. No action or inaction by WECC in its performance of the RC function resulted in the instant violations.

For the foregoing reasons, the NERC BOTCC approved the Settlement Agreement and believes that the assessed penalty of one hundred thousand dollars (\$100,000) is appropriate for the violations and circumstances at issue, and is consistent with NERC's goal to promote and ensure reliability of the BPS.

Pursuant to 18 C.F.R. § 39.7(e), the penalty will be effective upon expiration of the 30 day period following the filing of this NOP with FERC, or, if FERC decides to review the penalty, upon final determination by FERC.

#### **Attachments to be included as Part of this Notice of Penalty**

The attachments to be included as part of this NOP are the following documents:

- a) Settlement Agreement by and between NCEA and WECC executed June 14, 2011, included as Attachment a.<sup>10</sup>

#### **A Form of Notice Suitable for Publication<sup>11</sup>**

A copy of a notice suitable for publication is included in Attachment b.

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<sup>10</sup> The Abbreviated Notice of Penalty, Settlement Agreement and Disposition Document contain references to violations from a third former Reliability Coordinator, Pacific Northwest Security Coordinator (PNSC); these violations were addressed in a separate proceeding in Docket No. IN11-1-000,

<sup>11</sup> See 18 C.F.R. § 39.7(d)(6).

### Notices and Communications

Notices and communications with respect to this filing may be addressed to the following:

<p>Gerald W. Cauley President and Chief Executive Officer David N. Cook* Sr. Vice President and General Counsel North American Electric Reliability Corporation 116-390 Village Boulevard Princeton, NJ 08540-5721 (609) 452-8060 (609) 452-9550 – facsimile david.cook@nerc.net</p> <p>Tom Galloway* Sr. Vice President and Chief Reliability Officer North American Electric Reliability Corporation 3353 Peachtree Road NE Suite 600, North Tower Atlanta, GA 30326 404-446-2560 tom.galloway@nerc.net</p> <p>*Persons to be included on the Commission’s service list are indicated with an asterisk. NERC requests waiver of the Commission’s rules and regulations to permit the inclusion of more than two people on the service list.</p>	<p>Rebecca J. Michael* Associate General Counsel Corporate and Regulatory Matters North American Electric Reliability Corporation 1120 G Street, N.W. Suite 990 Washington, DC 20005-3801 (202) 393-3998 (202) 393-3955 – facsimile rebecca.michael@nerc.net</p> <p>Steven F. Goodwill* Vice President and General Counsel Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-6857 (801) 582-3918 – facsimile sgoodwill@wecc.biz</p> <p>Matthew Yates* Senior Legal Counsel Western Electricity Coordinating Council 7600 NE 41<sup>st</sup> Street, Suite 150 Vancouver, WA 98662 (360) 567-4070 (360) 213-2679 myates@wecc.biz</p>
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**Conclusion**

Accordingly, NERC respectfully requests that the Commission accept this Abbreviated NOP as compliant with its rules, regulations and orders.

Respectfully submitted,

Gerald W. Cauley  
President and Chief Executive Officer  
David N. Cook  
Sr. Vice President and General Counsel  
North American Electric Reliability Corporation  
116-390 Village Boulevard  
Princeton, NJ 08540-5721  
(609) 452-8060  
(609) 452-9550 – facsimile  
david.cook@nerc.net

/s/ Rebecca J. Michael  
Rebecca J. Michael  
Associate General Counsel  
Corporate and Regulatory Matters  
North American Electric Reliability  
Corporation  
1120 G Street, N.W.  
Suite 990  
Washington, DC 20005-3801  
(202) 393-3998  
(202) 393-3955 – facsimile  
rebecca.michael@nerc.net

cc: Western Electricity Coordinating Council  
North American Electric Reliability Corporation-Compliance Enforcement

Attachments

## **Attachment a**

# **Settlement Agreement by and between NCEA and WECC executed June 14, 2011**

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**SETTLEMENT AGREEMENT**

**OF**

**North American Electric Reliability Corporation - Compliance Enforcement**

**AND**

**Western Electricity Coordinating Council**

**I. INTRODUCTION**

1. Staff of the North American Electric Reliability Corporation as Compliance Enforcement Authority (“NCEA”) and the Western Electricity Coordinating Council (“WECC”) enter into this Settlement Agreement (“Settlement Agreement”) to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in NCEA’s determination and findings, pursuant to the North American Electric Reliability Corporation (“NERC”) Rules of Procedure, of violations<sup>1</sup> of NERC Reliability Standards IRO-001-1 Requirement 3 (R3), IRO-005-2 R9, TOP-007-0 R4 and COM-002-2 R2 for which WECC has accepted responsibility. The table below summarizes the violations for the two Reliability Coordinators (RCs) involved, the Rocky Mountain Desert Southwest Reliability Coordinator (RDRC) and California-Mexico Reliability Coordinator (CMRC):

<b>Reliability Standard</b>	<b>Requirement</b>	<b>Reliability Coordinator</b>
IRO-001-1	R.3	RDRC, CMRC
IRO-005-1	R.9	RDRC, CMRC
TOP-007-0	R.4	RDRC, CMRC
COM-002-2	R.2	CMRC

2. WECC neither admits nor denies the violations of the aforementioned NERC Reliability Standards and has agreed to the proposed penalty of one hundred thousand (\$100,000) dollars to be assessed to WECC, in addition to other remedies

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<sup>1</sup> For purposes of this document, each violation at issue is described as a “violation,” regardless of its procedural posture and whether it was a possible, alleged or confirmed violation.

and mitigation actions to mitigate the instant alleged violations and facilitate future compliance under the terms and conditions of the Settlement Agreement.

## **II. STIPULATION**

3. The facts stipulated herein are stipulated solely for the purpose of resolving, between WECC and NCEA, the matters discussed herein and do not constitute stipulations or admissions for any other purpose. The attached Disposition Document is incorporated herein in its entirety. WECC and NCEA hereby stipulate and agree to the following:

### **Background**

4. See the attached Disposition Document for a description of WECC, for summaries of the system events during which NERC alleges the subject NERC Reliability Standards violations occurred, and for NCEA's findings and determinations with respect to those events. As noted therein, NCEA has found that CMRC and RDRC incurred the violations identified below, during the course of the Capacitor Bank Fire Event, that occurred on Friday, November 7, 2008, and the Loss of Substation DC Control Voltage Supply Event, that occurred on Friday, December 26, 2008.<sup>2</sup>

### **Violations of NERC Reliability Standard Requirement IRO-001-1 R3**

5. See Attachment A to the Disposition Document for the description of the violations.

### **Violations of NERC Reliability Standard Requirement IRO-005-2 R9**

6. See Attachment B to the Disposition Document for the description of the violations.

### **Violations of NERC Reliability Standard Requirement TOP-007-0 R4**

7. See Attachment C to the Disposition Document for the description of the violations.

### **Violations of NERC Reliability Standard Requirement COM-002-2 R2**

8. See Attachment D to the Disposition Document for the description of the violations.

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<sup>2</sup> A third Reliability Coordinator, Pacific Northwest Security Coordinator (PNSC), was involved in a separate event dated February 14, 2008, which is the subject of an investigation by NERC and the Federal Energy Regulatory Commission and is being resolved by a separate settlement agreement among NERC, FERC and WECC (1b Investigation Settlement).

### **III. PARTIES' SEPARATE REPRESENTATIONS**

#### **STATEMENT OF NCEA AND SUMMARY OF FINDINGS**

9. NCEA finds that CMRC and RDRC incurred the violations listed above for the reasons indicated in the violations' respective attachments attached to the Disposition Document.
10. NCEA recognizes that, since the indicated incidents occurred, WECC has subsequently assumed direct RC operations and responsibilities, across the entire Western Interconnection, from RDRC, CMRC and PNSC, with WECC's two new Reliability Coordinator Centers (RCCs), effective January 1, 2009. NCEA also notes that RDRC, CMRC and PNSC have fully ceased any and all RC operations since January 1, 2009. In assuming direct RC operations and responsibilities, WECC also assumed the current and previous obligations and liabilities related to RDRC's, CMRC's, and PNSC's Reliability Coordinator responsibilities.
11. NCEA acknowledges that NERC conducted a pre-operational RC Certification audit of WECC's two new RCCs, in 2008, pursuant to NERC's Rules of Procedure (Section 500 - Organization Registration and Certification). NCEA further acknowledges that the audit did not identify any areas of noncompliance that would bar WECC from performing the RC function in the Western Interconnection. NCEA accepts that the findings of the audit include corrective and mitigation actions that address the conditions at PNSC, RDRC and CMRC that resulted in the indicated incidents. NCEA, therefore, finds that further additional mitigation by WECC is neither warranted nor required by NERC to address or complete mitigation of the present violations, beyond that which is required of WECC to satisfy the actions indicated in Section IV MITIGATING ACTIONS, REMEDIES AND SANCTIONS, below, or in the attached violation Disposition Documents (Attachments A-D, inclusive).
12. NCEA agrees that this agreement is in the best interest of the parties and in the best interest of bulk power system reliability.

#### **STATEMENT OF WECC**

13. WECC neither admits nor denies that the facts set forth and agreed to by the parties for purposes of this Agreement constitute violations of NERC Reliability Standards IRO-001-1 R3, IRO-005-2 R9, TOP-007-0 R4 and COM-002-2 R2.
14. Although WECC does not admit to, nor does it deny, the violations, WECC has agreed to enter into this Settlement Agreement with NCEA to avoid extended litigation with respect to the matters described or referred to herein, to avoid uncertainty, and to effectuate a complete and final resolution of the issues set forth

herein. WECC agrees that this agreement is in the best interest of the parties and in the best interest of maintaining a reliable electric infrastructure.

#### **IV. MITIGATING ACTIONS, REMEDIES AND SANCTIONS**

15. NCEA and WECC agree that WECC substantially mitigated the violations addressed herein by virtue of discontinuing RC operations of PNSC, RDRC and CMRC, beginning January 1, 2009, and replacing each effective upon that date with WECC's two new Reliability Coordination Centers. Further, prior to January 1, 2009, NERC verified that the new WECC RCCs were prepared to assume the RC role based on a pre-operational RC certification audit of the new centers conducted in accordance with NERC's Rules of Procedure.
16. WECC has certified to NERC, to NERC's satisfaction, that the CMRC operating procedure previously in place between the CMRC and the Operator, and implicated in the CMRC's violation of IRO-001-1 R3 addressed by this agreement, is no longer in effect and is not followed, formally or informally, by WECC's Reliability Coordinators, including its operating personnel at its RCCs. WECC has further certified to NERC that former operating procedure WECC-RC-003-01, previously followed by PNSC, RDRC and CMRC, and implicated in the violations of IRO-001-1 R3 and TOP-007-0 R4 addressed by this agreement, is not followed, formally or informally, by WECC RC operating personnel, including its operating personnel at its RCCs. WECC replaced RC-003-01 with "WECC RC Directives Procedure TOP-001," effective January 1, 2009. In particular and germane to the violations of IRO-001-1 R3 and TOP-007-0 R4 addressed by this agreement the replacement procedure does not direct WECC's Reliability Coordinators to delay issuing Reliability Coordinator directives, as did the predecessor RC-003-01 procedure.
17. NCEA staff also considered the specific facts and circumstances of the violations and WECC's actions in response to the violations in determining a proposed penalty that meets the requirement in Section 215 of the Federal Power Act that "[a]ny penalty imposed under this section shall bear a reasonable relation to the seriousness of the violation and shall take into consideration the efforts of WECC to remedy the violation in a timely manner."<sup>3</sup> The factors considered by NCEA Staff in the determination of the appropriate penalty are set forth in the Disposition Document.
18. Based on the above factors, as well as the mitigation actions and preventative measures taken, and based on penalty, mitigation actions, and preventative measures provided for in the 1b Investigation Settlement, WECC shall pay the monetary

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<sup>3</sup> 16 U.S.C. § 824o(e)(6).

penalty of \$100,000 to North American Electric Reliability Corporation, via wire transfer within twenty days after the Agreement is either approved by the Federal Energy Regulatory Commission or by operation of law.

19. Failure to make a timely penalty payment or to comply with any of the terms and conditions agreed to herein, or any other conditions of this Settlement Agreement, shall be deemed to be either an admission to the same alleged violations that initiated this Settlement and/or additional violation(s) and may subject WECC to new or additional enforcement, penalty or sanction actions in accordance with the NERC Rules of Procedure.
20. If WECC does not make the monetary penalty payment above at the times agreed by the parties, interest payable to NERC will begin to accrue pursuant to the Commission's regulations at 18 C.F.R. § 35.19(a)(2)(iii) from the date that payment is due, in addition to the penalty specified above. WECC shall retain all rights to defend against such additional enforcement actions in accordance with NERC Rules of Procedure.

## **V. ADDITIONAL TERMS**

21. The signatories to the Settlement Agreement agree that they enter into the Settlement Agreement voluntarily and that, other than the recitations set forth herein, no tender, offer or promise of any kind by any member, employee, officer, director, agent or representative of NCEA or WECC has been made to induce the signatories or any other party to enter into the Settlement Agreement.
22. NCEA shall report the terms of all settlements of compliance matters to NERC. NERC will review the settlement for the purpose of evaluating its consistency with other settlements entered into for similar violations or under other, similar circumstances. Based on this review, NERC will either approve the settlement or reject the settlement and notify NCEA and WECC of changes to the settlement that would result in approval. If NERC rejects the settlement, NERC will provide specific written reasons for such rejection and NCEA will attempt to negotiate a revised settlement agreement with WECC including any changes to the settlement specified by NERC. If a settlement cannot be reached, the enforcement process shall continue to conclusion. If NERC approves the settlement, NERC will (i) report the approved settlement to the Commission for the Commission's review and approval by order or operation of law and (ii) publicly post this Settlement Agreement.
23. This Settlement Agreement shall become effective upon the Commission's approval of the Settlement Agreement by order or operation of law as submitted to it or as modified in a manner acceptable to the parties.
24. WECC agrees that this Settlement Agreement, when approved by NERC and the Commission, shall represent a final settlement of all matters set forth herein and

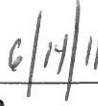
WECC waives its right to further hearings and appeal, unless and only to the extent that WECC contends that any NERC or Commission action on the Settlement Agreement contains one or more material modifications to the Settlement Agreement. NCEA reserves all rights to initiate enforcement, penalty or sanction actions against WECC in accordance with the NERC Rules of Procedure in the event that WECC fails to comply with the Mitigation Plan and compliance program agreed to in this Settlement Agreement. In the event WECC fails to comply with any of the stipulations, remedies, sanctions or additional terms, as set forth in this Settlement Agreement, NCEA may initiate enforcement, penalty, or sanction actions against WECC to the maximum extent allowed by the NERC Rules of Procedure, up to the maximum statutorily allowed penalty. Except as otherwise specified in this Settlement Agreement, WECC shall retain all rights to defend against such enforcement actions, also according to the NERC Rules of Procedure.

25. WECC consents to the use of NCEA's determinations, findings, and conclusions set forth in this Agreement for the purpose of assessing the factors, including the factor of determining the company's history of violations, in accordance with the NERC Sanction Guidelines and applicable Commission orders and policy statements. Such use may be in any enforcement action or compliance proceeding undertaken by NERC and/or any Regional Entity; provided, however, that WECC does not consent to the use of the specific acts set forth in this Settlement Agreement, which NERC acknowledges were the acts of RDRC and CMRC, as the sole basis for any other action or proceeding brought by NERC and/or NCEA, nor does WECC consent to the use of this Settlement Agreement by any other party in any other action or proceeding.
26. Each of the undersigned warrants that he or she is an authorized representative of the entity designated, is authorized to bind such entity and accepts the Settlement Agreement on the entity's behalf.
27. The undersigned representative of each party affirms that he or she has read the Settlement Agreement, that all of the matters set forth in the Settlement Agreement are true and correct to the best of his or her knowledge, information and belief, and that he or she understands that the Settlement Agreement is entered into by such party in express reliance on those representations, provided, however, that such affirmation by each party's representative shall not apply to the other party's statements of position set forth in Section III of this Settlement Agreement.
28. The Settlement Agreement may be signed in counterparts.
29. This Settlement Agreement is executed in duplicate, each of which so executed shall be deemed to be an original.

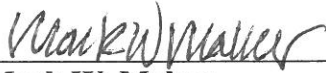
Agreed to and accepted:



\_\_\_\_\_  
**Tom Galloway**  
**Senior Vice President and Chief Reliability Officer**  
**North American Electric Reliability Corporation**



\_\_\_\_\_  
**Date**



\_\_\_\_\_  
**Mark W. Maher**  
**Chief Executive Officer**  
**Western Electricity Coordinating Council - Reliability Coordinator**



\_\_\_\_\_  
**Date**

# **Common Disposition Document**

**DISPOSITION OF VIOLATION<sup>1</sup>**  
**INFORMATION COMMON TO INSTANT VIOLATIONS**  
**Dated June 9, 2011**

REGISTERED ENTITY	NERC REGISTRY ID	NOC#
<b>Western Electricity Coordinating Council - Reliability Coordinator (WECC RC) as successor to Rocky Mountain District Reliability Coordinator (RDRC) and California-Mexico Reliability Coordinator (CMRC)</b>	<b>NCR10289, NCR05049 and NCR05364</b>	<b>NOC-XX</b>
REGIONAL ENTITY		
<b>NERC Compliance Enforcement (NCEA)</b>		

**I. REGISTRATION INFORMATION**

ENTITY IS REGISTERED FOR THE FOLLOWING FUNCTIONS:

BA	DP	GO	GOP	IA	LSE	PA	PSE	RC	RP	RSG	TO	TOP	TP	TSP
								X						
								06/17/07 <sup>2</sup>						

DESCRIPTION OF THE REGISTERED ENTITY

Western Electricity Coordinating Council (WECC) is a not-for-profit company incorporated in Utah. The purpose of WECC is to ensure and enhance bulk electric system reliability in the Western Interconnection, which includes several Balancing Authority Areas.

WECC serves as a “Regional Entity” with delegated authority from NERC, as approved by FERC, for the purpose of proposing and enforcing Reliability Standards within the Western Interconnection. WECC also performs various member services.

<sup>1</sup> For purposes of this document and attachments hereto, each violation at issue is described as a “violation,” regardless of its procedural posture and whether it was a possible, alleged or confirmed violation.

<sup>2</sup> Registration date indicated is for CMRC (NCR05049) and RDRC (NCR05364) which were both registered as Reliability Coordinators with NERC as of June 17, 2008. On July 23, 2008, WECC instituted name changes in the NERC Compliance Registry for CMRC and RDRC so that their registered names would be listed as “WECC California Mexico Reliability Coordinator” and “WECC Rock Mountain – Desert Southwest Reliability Coordinator”, respectively. As discussed later herein WECC was not registered as a Reliability Coordinator until January 1, 2009, contemporaneous with formally assuming Reliability Coordinator functions and responsibility from RDRC and CMRC.

WECC also has a Reliability Coordinator function, WECC-RC, for the Western Interconnection and is registered in the NERC compliance registry as a Reliability Coordinator under the NERC functional model. In this capacity, WECC-RC has the responsibility and authority for the reliable operation of the bulk power system within the Western Interconnection and an obligation to comply with associated Reliability Standards.

At the time of the events in question WECC funded and established policies for three Reliability Coordination Offices in the Western Interconnection: the Pacific Northwest Security Coordinator (PNSC); RDRC; and CMRC. Each these three were individually registered in NERC's Compliance Registry as a Reliability Coordinator at the time of the events in question. CMRC and RDRC were the relevant and responsible RCs for the events in question.

## DESCRIPTION OF THE RELEVANT SYSTEM EVENTS

### Capacitor Bank Fire Event

The event involved two reliability coordinators and four registered entities and three major transmission facilities. The two reliability coordinators were RDRC and CMRC. Registered Entity #1 (Transmission Facility 1 Operator) operates one of the transmission facilities, a 500 kV transmission line (Transmission Facility 1). The second transmission facility involved in the event was one of the Western Interconnection's Transmission Nomograms<sup>3</sup> (Transmission Facility 2); it is operated by Registered Entity #2 (Transmission Facility 2 Operator). The third transmission facility involved was a WECC designated Transmission Path<sup>4</sup> (Transmission Facility 3); it is operated by Registered Entity #3 (Transmission Facility 3 Operator). The event led to load shedding in the service area of Registered Entity #4 (Transmission Facility 4 Operator)<sup>5</sup>.

On Friday, November 7, 2008, the Western Interconnection Bulk Electric System (BES) experienced a category two<sup>6</sup> disturbance initiated by the forced outage of Transmission Facility 1 Operator's Transmission Facility 1. A fire in a series capacitor bank on Transmission Facility 1 at one of Transmission Facility 1 Operator's substations resulted in an unscheduled outage of Transmission Facility 1. Transmission Facility 1 Operator initially expected the unscheduled outage to last approximately 15 minutes.

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<sup>3</sup> A Nomogram is comprised of two or more Paths in WECC; but for purposes of operations, it is treated as a single facility with a single SOL.

<sup>4</sup> As defined in the WECC Path Rating Catalog, a Path is composed of an individual transmission line or a combination of parallel transmission lines. A Transfer Path may be composed of transmission lines between control areas or internal to a control area, or a combination of both.

<sup>5</sup> The various entities involved in the Event are subject to separate CVI's and their individual identities have been intentionally masked.

<sup>6</sup> Classified by NERC as a category two due to the loss of less than 500 MW of load, which occurred.

De-energizing Transmission Facility 1 for the outage led to operation of two Remedial Action Schemes (RAS) that shed 855 MW of generation in the local region<sup>7</sup>. Also, System Operating Limits (SOLs) were immediately exceeded on Transmission Facility 2 and on Transmission Facility 3. The SOL exceedance on Transmission Facility 3 was due to thermal issues (“thermal-related”). The SOL exceedance on Transmission Facility 2 was due to system stability issues (“stability-related”).

The Transmission Facility 2 Operator learned of the fire and pending required outage of Transmission Facility 1 from Transmission Facility 1 Operator at about 11:40 MST. An initial response by Transmission Facility 2 Operator was to contact Transmission Facility 3 Operator and CMRC regarding the fire and Transmission Facility 1 outage in order to notify them, discuss implications and develop responsive plans.<sup>8</sup> CMRC thereafter contacted RDRC on the same basis.<sup>9</sup> At the direction of the Transmission Facility 2 Operator, Transmission Facility 1 Operator delayed the Transmission Facility 1 outage to the extent possible to allow the Transmission Facility 2 Operator and Transmission Facility 3 Operator time to make BES system adjustments before the line was de-energized. The Transmission Facility 1 outage began at 11:56 MST. At that time, the two RASs operated and removed the 855 MW of generation from the grid as noted above. The outage also produced the SOL exceedances noted above on Transmission Facility 2 and on Transmission Facility 3.

Based upon Transmission Facility 1 Operator’s initial reporting to Transmission Facility 2 Operator, Transmission Facility 3 Operator and CMRC all presumed that the duration of Transmission Facility 1’s outage would be limited to approximately 15 minutes.

At 12:06 MST, CMRC updated RDRC regarding developments and to indicate that the Transmission Facility 1 outage might last about another half-hour.

At 12:09 MST, Transmission Facility 2 Operator began undertaking load shedding through Transmission Facility 4 Operator to assist relief of the SOL exceedances on Transmission Facility 2 and on Transmission Facility 3. Over the next several minutes Transmission Facility 4 Operator shed 250 MW of firm load interrupting service to 140,000 customers. This firm load shedding contributed to correction of the Transmission Facility 2’s SOL exceedance at 12:20 MST, after 24 minutes.

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<sup>7</sup> Generation was lost at three generating stations, none of which were assets of or operated by any of the four registered entities

<sup>8</sup> Transmission Facility 2 Operator engaged Transmission Facility 3 Operator because Transmission Facility 3 would also experience an SOL exceedance when Transmission Facility 1 was removed from service. Also a potential and common remedial action for the pending Transmission Facility 2 and Transmission Facility 3 exceedances would be timely return of Transmission Facility 1 to service. Transmission Facility 2 Operator engaged CMRC because CMRC was Transmission Facility 2 Operator’s reliability coordinator.

<sup>9</sup> RDRC was Transmission Facility 3 Operator’s reliability coordinator.

At 12:26 MST, CMRC advised RDRC of a phase angle issue that was preventing Transmission Facility 1 from returning to service.<sup>10</sup>

Transmission Facility 3's SOL exceedance was corrected at 12:43 MST, after 47 minutes. Transmission Facility 4 Operator's firm load shedding contributed to correction of this SOL exceedance.

Transmission Facility 1 Operator returned Transmission Facility 1 to service after approximately 50 minutes, at 12:46 MST, when system conditions brought the line's phase angle to within allowable reclose limits. Transmission Facility 2 Operator and Transmission Facility 4 Operator began restoration of shed load shortly thereafter at 12:49 MST.

NERC has determined that Transmission Facility 2 SOL exceedance lasted 4 minutes beyond the limit established for Path Operators by FERC-approved mandatory WECC Regional Reliability Standard TOP-STD-007-0<sup>11</sup> for a stability-related SOL, and Transmission Facility 3 SOL exceedance lasted 17 minutes beyond the limit for a thermal-related SOL. Nevertheless, the Reliability Coordinators did not issue any directives to correct these issues within timeframes established for Transmission Facility 3 Operator or Transmission Facility 2 Operator by the standard.

NERC investigated the event under Compliance Violation Investigation (CVI) NERC0006CVI.

#### Loss of Substation DC Control Voltage Supply Event

The event involved one Reliability Coordinator and one registered entity. The Reliability Coordinator was CMRC. The event involved three of the Substation Operator's transmission substations: SUB1, SUB2, and SUB3.

Beginning at 10:27 PST, on Friday, December 26, 2008, SUB1 had inadequate DC battery voltage to operate its protective relays and control circuits. The cause of this situation was failure of the single battery charger unit that served as supply for SUB1's batteries. Correction of the situation required replacement of the failed charger unit with a replacement unit from off-site.

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<sup>10</sup> There is a known and studied phase-angle issue that can impede and delay the return of Transmission Facility 1 to service after it has been de-energized such as it was during this event. When the line is to be re-energized and brought back into service it may encounter excessive phase-angle difference that prevents its immediate return to service until system conditions change or can be adjusted to reduce the difference to within limits. The issue and its BES effects were known to Transmission Facility 2 Operator and CMRC prior to the event.

<sup>11</sup> On December 10, 2010 a copy of the standard was posted at WECC's website as document <http://www.wecc.biz/Standards/Approved%20Standards/TOP-STD-007-0.pdf>. This standard is applicable to transmission operators in the WECC area. Because this standard applies to transmission operators and not RCs, a violation of this standard is not being asserted against CMRC or RDRC.

NERC's CVI Team found that materials and information provided to the team showed that the Substation Operator's BES operations personnel recognized that without adequate DC battery voltage SUB1's protection systems could not be counted upon to operate in the event of a fault or other protected condition incident. Also, SUB1's control circuits might not respond to local or remote commands and that SUB1 should be de-energized. NERC concluded that continued connection of SUB1 to the bulk-power system while in this state represented both a risk of unknown scope and magnitude to the reliability of the bulk-power system and operation by the Substation Operator of its portion of the BES in an unknown operating state. At no time during the event did CMRC direct the Substation Operator to take action to resolve this situation.

At 10:51 PST, the Substation Operator called CMRC to notify of the situation at SUB1, including that the service status of SUB1's protection systems was uncertain (*i.e.*, the systems might not operate in the event of a fault in their zone of protection). CMRC took no action in response to this notification and did not direct the Substation Operator to take any action at SUB1 or elsewhere.

After reviewing the situation and potential options, the Substation Operator independently determined that interim modification of relay settings at SUB2 would allow it to keep SUB1 energized and adequately in service to provide local station service during the battery charger replacement. Also this would allow the Substation Operator to keep SUB3, then radially-connected to SUB1, in service to continue supplying the loads usually served by SUB3 plus additional load that the registered entity could transfer to SUB3 from SUB1 to minimize impacts the situation might have on customers usually supplied from SUB1. The Substation Operator made the relay setting changes, completing them at 11:54 PST. The Substation Operator also successfully transferred some SUB1 load to SUB3, but the Substation Operator still ultimately shed approximately 110 MW of SUB1's firm load, affecting approximately 58,700 customers, for about 31 minutes.

NERC has found that CMRC allowed the Substation Operator to operate SUB1 in an unknown operating state for one hour and twenty-seven minutes from 10:27 PST, upon loss of adequate DC battery voltage supply at SUB1, until 11:54 PST when interim relay setting changes to extend protection system coverage from SUB2's relays to SUB1 were completed. NERC has concluded that leaving SUB1 energized during this period was an avoidable risk to the reliability of the BPS that would have been addressed by immediate disconnection of SUB1 from the BPS as soon as the DC supply inadequacy was identified. CMRC did not issue any directives to the Substation Operator during this event.

NERC investigated this event under Compliance Violation Investigation (CVI) NERC0009CVI.

IS THERE A SETTLEMENT AGREEMENT      YES         NO

WITH RESPECT TO THE VIOLATION(S), REGISTERED ENTITY

NEITHER ADMITS NOR DENIES IT (SETTLEMENT ONLY) YES   
 ADMITS TO IT YES   
 DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS) YES

WITH RESPECT TO THE ASSESSED PENALTY OR SANCTION, REGISTERED ENTITY

ACCEPTS IT/ DOES NOT CONTEST IT YES

**II. PENALTY INFORMATION**

TOTAL ASSESSED PENALTY OR SANCTION OF DOLLAR PENALTY FOR NUMBER OF VIOLATIONS INCLUDED IN THE NOCV/SA VIOLATIONS OF RELIABILITY STANDARDS.

\$100,000

(1) REGISTERED ENTITY'S COMPLIANCE HISTORY

PREVIOUSLY FILED VIOLATIONS OF ANY OF THE INSTANT RELIABILITY STANDARD(S) OR REQUIREMENT(S) THEREUNDER  
 YES  NO

LIST VIOLATIONS AND STATUS

ADDITIONAL COMMENTS

A third former Reliability Coordinator, Pacific Northwest Security Coordinator (PNSC), was involved in separate event dated February 14, 2008, which is the subject of an investigation by NERC and the Federal Energy Regulatory Commission and is being resolved by a separate Settlement Agreement among NERC, FERC and WECC (1b Investigation Settlement). The 1b Investigation Settlement involves violations of IRO-001-1 R3, IRO-005-1 R8, and COM-002-2 R2, among others identified below.

Because the event addressed in the 1b Investigation Settlement involved similar issues regarding the PNSC RC's failure to act without delay and to use clear and concise communications, NCEA considered the penalty, mitigation actions, and preventative measures provided for in the 1b Investigation Settlement in determining the penalty, mitigation actions, and preventative measures in this case.

PREVIOUSLY FILED VIOLATIONS OF OTHER RELIABILITY  
STANDARD(S) OR REQUIREMENTS THEREUNDER

YES  NO

LIST VIOLATIONS AND STATUS

On September 13, 2010, NERC submitted an Omnibus filing under N0-160-000 which addressed violations for certain registered entities including:

- violations of CIP-001-1 R4; COM-001-1 R3; IRO-001-1 R4, R5, R7; and IRO-005-2 R2 for CMRC with an assessed penalty of \$0.
- violations of CIP-001-1 R4; EOP-006-1 R3, R6; IRO-004-1 R1, and TOP-003-0 R4 for PNSC with an assessed penalty of \$0
- violations of EOP-006-1 R1; PER-004-1 R1, R3, R4; and EOP-008-0 R1 for RDRC with an assessed penalty of \$0

On October 13, 2010, FERC issued an order stating it would not engage in further review of the violations of CMRC and RDRC addressed in the Omnibus Notice of Penalty.

ADDITIONAL COMMENTS

In addition to the violations identified above with respect to the 1b Investigation, the 1b Investigation Settlement also involved violations of IRO-005-1 R11, IRO-005-1 R13, EOP-002-2 R1, EOP-002-2 R8, IRO-005-1 R12, and IRO-002-1 R9.

Although the Omnibus violations include violations of IRO-001-1 and IRO-005-1, those violations were related to different requirements than those at issue in the instant case. Because of that and because the Omnibus violations were older, relatively minor, and had records that did not measure up to the criteria stated in FERC's July 3, 2008 order, they were not considered to be the same or similar to the instant violations and therefore were not considered as aggravating factors in the present case.

(2) THE DEGREE AND QUALITY OF COOPERATION BY THE REGISTERED ENTITY (IF THE RESPONSE TO FULL COOPERATION IS "NO," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

FULL COOPERATION YES  NO   
IF NO, EXPLAIN

(3) THE PRESENCE AND QUALITY OF THE REGISTERED ENTITY'S COMPLIANCE PROGRAM

IS THERE A DOCUMENTED COMPLIANCE PROGRAM

YES  NO  UNDETERMINED

EXPLAIN

This issue is moot. The entities that actually produced the violations in question are no longer in operation.

EXPLAIN SENIOR MANAGEMENT'S ROLE AND INVOLVEMENT WITH RESPECT TO THE REGISTERED ENTITY'S COMPLIANCE PROGRAM, INCLUDING WHETHER SENIOR MANAGEMENT TAKES ACTIONS THAT SUPPORT THE COMPLIANCE PROGRAM, SUCH AS TRAINING, COMPLIANCE AS A FACTOR IN EMPLOYEE EVALUATIONS, OR OTHERWISE.

Not Applicable

(4) ANY ATTEMPT BY THE REGISTERED ENTITY TO CONCEAL THE VIOLATION(S) OR INFORMATION NEEDED TO REVIEW, EVALUATE OR INVESTIGATE THE VIOLATION.

YES  NO

IF YES, EXPLAIN

(5) ANY EVIDENCE THE VIOLATION(S) WERE INTENTIONAL (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES  NO

IF YES, EXPLAIN

(6) ANY OTHER MITIGATING FACTORS FOR CONSIDERATION

YES  NO

IF YES, EXPLAIN

(7) ANY OTHER AGGRAVATING FACTORS FOR CONSIDERATION

YES  NO

IF YES, EXPLAIN

(8) ANY OTHER EXTENUATING CIRCUMSTANCES

YES  NO   
IF YES, EXPLAIN

OTHER RELEVANT INFORMATION:

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR  
SANCTION ISSUED

DATE: OR N/A

SETTLEMENT DISCUSSIONS COMMENCED

DATE: OR N/A

NOTICE OF CONFIRMED VIOLATION ISSUED

DATE: OR N/A

SUPPLEMENTAL RECORD INFORMATION

DATE(S) OR N/A

REGISTERED ENTITY RESPONSE CONTESTED

FINDINGS  PENALTY  BOTH  NO CONTEST

HEARING REQUESTED

YES  NO

DATE

OUTCOME APPEAL REQUESTED

## **Disposition Document for IRO-001-1 R3**

**DISPOSITION OF VIOLATION****Dated June 9, 2011**

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.
<b>NCEA201000101</b>	<b>N/A</b>

**I. VIOLATION INFORMATION**

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
IRO-001-1	R3		<b>High</b>	<b>Severe</b>

VIOLATION APPLIES TO THE FOLLOWING FUNCTIONS:

BA	DP	GO	GOP	IA	LSE	PA	PSE	RC	RP	RSG	TO	TOP	TP	TSP
				X				X						

PURPOSE OF THE RELIABILITY STANDARD AND TEXT OF RELIABILITY STANDARD AND REQUIREMENT(S)/SUB-REQUIREMENT(S)

The purpose statement of IRO-001-1 provides:

*“Reliability Coordinators must have the authority, plans, and agreements in place to immediately direct reliability entities within their Reliability Coordinator Areas to re-dispatch generation, reconfigure transmission, or reduce load to mitigate critical conditions to return the system to a reliable state. If a Reliability Coordinator delegates tasks to others, the Reliability Coordinator retains its responsibilities for complying with NERC and regional standards. Standards of conduct are necessary to ensure the Reliability Coordinator does not act in a manner that favors one market participant over another.”*

IRO-001-1 R3 provides:

*“The Reliability Coordinator shall have clear decision-making authority to act and to direct actions to be taken by Transmission Operators, Balancing Authorities, Generator Operators, Transmission Service Providers, Load-Serving Entities, and Purchasing-Selling Entities within its Reliability Coordinator Area to preserve the integrity and reliability of the Bulk Electric System. These actions shall be taken without delay, but no longer than 30 minutes.”*

## VIOLATION DESCRIPTIONS

### Capacitor Bank Fire Event

NCEA found that CMRC did not have clear decision making authority to direct actions to preserve the integrity of the bulk-power system (BPS) before and during this event. An operating procedure in place between CMRC and the Transmission Facility 2 Operator<sup>1</sup> affected CMRC's authority by stipulating that, in an emergency situation, the Transmission Facility 2 Operator's Shift Manager would determine how system operations duties would be shared/split between him/herself and the Reliability Coordinator (CMRC), in violation of IRO-001-1 R3.

NCEA found that because CMRC failed to issue a directive until 15 minutes into the event, CMRC failed to take action or to direct action, without delay, and did not comply with IRO-001-1 R3.

NCEA found that because RDRC failed to issue a directive until 25 minutes into the event, RDRC failed to take action or to direct action, without delay, during this event and did not comply with IRO-001-1 R3.

NCEA found that both CMRC and RDRC delayed their response to this event based on a WECC Procedure RC-003-01.<sup>2</sup> Accordingly, NCEA found that that this procedure did not afford CMRC and RDRC "clear decision-making authority to act and to direct actions . . . to preserve the integrity and reliability of the Bulk Electric System," and caused CMRC and RDRC to delay their actions inappropriately.

### Loss of Substation DC Control Voltage Supply Event

CMRC failed to take action or to direct action, without delay, during this event. As discussed in the Common Information document attached to this Settlement Agreement, the Substation Operator failed to return the BPS to a known operating state during the event. Subsequent to being notified by the Substation Operator of the loss of adequate DC battery voltage supply at SUB1, CMRC failed to take or direct actions to be taken, by the Substation Operator or other registered entities within the CMRC Reliability Coordinator area, to return the BPS to a known operating state to preserve the integrity and reliability of the bulk-power system, and thereby did not comply with IRO-001-1 R3.

## RELIABILITY IMPACT STATEMENTS - POTENTIAL AND ACTUAL

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<sup>1</sup> Effective January 1, 2009, use of this procedure was discontinued by WECC as discussed in the Settlement Agreement to this violation disposition document.

<sup>2</sup> WECC Procedure RC-003-01, which was then in force and followed by CMRC and RDRC, directed that an RC not issue a directive until 15 minutes after the start of a stability-related SOL exceedance and also directed that an RC not issue a directive until 25 minutes after the start of a thermal-related SOL exceedance. Effective January 1, 2009, RC-003-01 was replaced by WECC procedure "WECC RC Directives Procedure TOP-001" as discussed in the Settlement Agreement to this violation disposition document.

NCEA did not consider these violations to pose a serious or substantial risk to the BPS. Although load was shed in both events, the record indicates that the events occurred due to system conditions unrelated to the RCs' action or inaction, and that, at a minimum, the load involved, or more, would have needed to be shed even if CMRC and RDRC took decisive and prompt action. Nevertheless, because the duration and magnitude of the events associated with this violation would have been mitigated as a result of more decisive action on the part of CMRC and RDRC, NCEA believes the violation did pose a moderate risk to the reliability of the BPS.

**II. DISCOVERY INFORMATION**

METHOD OF DISCOVERY

- SELF-REPORT
- SELF-CERTIFICATION
- COMPLIANCE AUDIT
- COMPLIANCE VIOLATION INVESTIGATION
- SPOT CHECK
- COMPLAINT
- PERIODIC DATA SUBMITTAL
- EXCEPTION REPORTING

DURATION DATE(S): **June 18, 2007 (when the standard became effective for CMRC and RDRC) through December 31, 2008 (when CRMC and RDRC ceased to operate as RCs)**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY N/A

IS THE VIOLATION STILL OCCURRING      YES       NO   
 IF YES, EXPLAIN

REMEDIAL ACTION DIRECTIVE ISSUED      YES       NO   
 PRE TO POST JUNE 18, 2007 VIOLATION      YES       NO

**III. MITIGATION INFORMATION**

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO.      N/A  
 DATE SUBMITTED TO REGIONAL ENTITY      N/A  
 DATE ACCEPTED BY REGIONAL ENTITY      N/A  
 DATE APPROVED BY NERC      N/A

DATE PROVIDED TO FERC N/A

IDENTIFY AND EXPLAIN ALL PRIOR VERSIONS THAT WERE ACCEPTED OR REJECTED, IF APPLICABLE

N/A

MITIGATION PLAN COMPLETED YES  NO

EXPECTED COMPLETION DATE N/A

EXTENSIONS GRANTED N/A

ACTUAL COMPLETION DATE N/A

DATE OF CERTIFICATION LETTER N/A

CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF N/A

DATE OF VERIFICATION LETTER N/A

VERIFIED COMPLETE BY REGIONAL ENTITY AS OF N/A

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

**WECC replaced RDRC, CMRC and PNSC with two new WECC-owned and operated Reliability Coordinator Centers (RCCs) effective January 1, 2009. In advance of this, NERC conducted a formal RC Certification Audit of the RCCs, pursuant to, and as required by, NERC's Rules of Procedure. As part of the audit, the RCCs' pre-operational compliance with all mandatory reliability standards applicable to the RC function was reviewed and verified. No repeat violations have been reported by WECC RC, nor reported to or detected by NERC, since the new RCCs assumed operation as RCs from RDRC, CMRC and PNSC on January 1, 2009. Furthermore, as noted in the Settlement Agreement to this violation disposition document, WECC has discontinued use of the previous operating agreement between the CMRC and Transmission Facility 2 Operator and replaced the WECC RC-003-1 procedure with "WECC RC Directives Procedure TOP-001."**

LIST OF EVIDENCE REVIEWED BY REGIONAL ENTITY TO EVALUATE COMPLETION OF MITIGATION PLAN OR MILESTONES (FOR CASES IN WHICH MITIGATION IS NOT YET COMPLETED, LIST EVIDENCE REVIEWED FOR COMPLETED MILESTONES)

N/A

EXHIBITS:

SOURCE DOCUMENT

N/A

MITIGATION PLAN

N/A

CERTIFICATION BY REGISTERED ENTITY

N/A

VERIFICATION BY REGIONAL ENTITY

N/A

## **Disposition Document for IRO-005-1 R9**

**DISPOSITION OF VIOLATION****Dated June 9, 2011**

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.
NCEA201000100	N/A

**I. VIOLATION INFORMATION**

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
IRO-005-1	R9		<b>High</b>	<b>High</b>

VIOLATION APPLIES TO THE FOLLOWING FUNCTIONS:

BA	DP	GO	GOP	IA	LSE	PA	PSE	RC	RP	RSG	TO	TOP	TP	TSP
				X				X						

PURPOSE OF THE RELIABILITY STANDARD AND TEXT OF RELIABILITY STANDARD AND REQUIREMENT(S)/SUB-REQUIREMENT(S)

The purpose statement of IRO-005-1 provides:

*“The Reliability Coordinator must be continuously aware of conditions within it’s Reliability Coordinator Area and include this information in its reliability assessments. The Reliability Coordinator must monitor Bulk Electric System parameters that may have significant impacts upon the Reliability Coordinator Area and neighboring Reliability Coordinator Areas.”*

IRO-005-1 R9 in relevant part provides:

*“The Reliability Coordinator shall coordinate with Transmission Operators, Balancing Authorities, and Generator Operators as needed to develop and implement action plans to mitigate potential or actual SOL, IROL, CPS, or DCS violations....”*

## VIOLATION DESCRIPTIONS

Capacitor Bank Fire Event

NCEA found that CMRC violated IRO-005-1 R9 because it did not coordinate as needed with Transmission Facility 2 Operator to develop and implement action plans to mitigate the Transmission Facility 2 SOL exceedance. CMRC arranged conference calls, shared information and issued one directive to Transmission Facility 2 Operator. Nevertheless, CMRC's initial coordination actions failed adequately to consider and address the Transmission Facility 1's phase-angle issue<sup>1</sup>. Also, after learning that the Transmission Facility 1's return to service would be delayed, CMRC did not coordinate with any BAs or TOPs to develop and implement other action plans. Accordingly, CMRC violated IRO-005-1 R9 during the subject event.

RDRC violated IRO-005-1 R9 because it did not coordinate as needed with Transmission Facility 3 Operator to develop and implement action plans to mitigate that path's SOL exceedance. From the start of Transmission Facility 1's outage at 11:56 MST, RDRC was counting upon the timely return of the Transmission Facility 1, specifically within 15 minutes of going offline as the Substation Operator had projected, as the remedy to the (resulting) SOL exceedance on Transmission Facility 3. By 12:06 MST, RDRC was aware that Transmission Facility 1 would not be timely returning to service within the originally projected 15 minutes<sup>2</sup> and that additional and immediate action by Transmission Facility 3 Operator would be required.<sup>3</sup> That is when RDRC first noted Transmission Facility 1's delayed return to service to the Transmission Facility 3 Operator and suggested that the Operator "should" start backing down generation for Transmission Facility 3 problems.<sup>4</sup> The Transmission Facility 3 Operator did not undertake any actions to relieve the SOL exceedance until 12:23 MST (27 minutes into the event) or initiate curative action until 12:25 MST (29 minutes into event) and the exceedance was not corrected until 47 minutes into the event. RDRC was required by IRO-005-1 R9 to coordinate with the Transmission Facility 3 Operator and potentially others to develop and implement action plans to timely and actively mitigate the Transmission Facility 3 SOL exceedance. RDRC did not do so and therefore violated IRO-005-1 R9.

NCEA concluded that these alleged violations by RDRC and CMRC to coordinate as needed may have contributed to the duration and severity of the Transmission Facility 2 and Transmission Facility 3 SOL exceedances. Had RDRC and CMRC coordinated in

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<sup>1</sup> As noted in the Common Information document associated with this Settlement Agreement this issue was known to CMRC prior to the event,

<sup>2</sup> Source: Sequence of Events listings provided (i) by RDRC to CVI Team RFI (Request for Information) Data Request #6 dated January 12, 2009, and (ii) CMRC to CVI RFI Data Requests #4 and #5 dated January 12, 2009.

<sup>3</sup> *Id.*

<sup>4</sup> *Id.* As discussed in the COM-002-2 R2 Disposition Document of this Settlement Agreement this communication was not intended or received as a directive from RDRC to the Transmission Facility 3 Operator.

accordance with IRO-005-1 R9, the duration and severity of the Transmission Facility 2 and Transmission Facility 3 SOL exceedances may have been lessened.

RELIABILITY IMPACT STATEMENTS - POTENTIAL AND ACTUAL

Capacitor Bank Fire Event

NCEA did not consider these violations to pose a serious or substantial risk to the BPS. Although load was shed in both events, the record indicates that the load involved would have needed to be shed even if CMRC and RDRC took decisive and prompt action. Nevertheless, because NCEA concluded that the duration and magnitude of the events would have been mitigated as a result of more decisive action on the part of CMRC and RDRC, NCEA believes this violation posed a moderate risk to the BPS.

**II. DISCOVERY INFORMATION**

METHOD OF DISCOVERY

- SELF-REPORT
- SELF-CERTIFICATION
- COMPLIANCE AUDIT
- COMPLIANCE VIOLATION INVESTIGATION
- SPOT CHECK
- COMPLAINT
- PERIODIC DATA SUBMITTAL
- EXCEPTION REPORTING

DURATION DATE(S) **1 day (date of Capacitor Bank Fire Event)**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY N/A

IS THE VIOLATION STILL OCCURRING      YES       NO   
 IF YES, EXPLAIN

REMEDIAL ACTION DIRECTIVE ISSUED      YES       NO   
 PRE TO POST JUNE 18, 2007 VIOLATION      YES       NO

**III. MITIGATION INFORMATION**

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO.      N/A  
 DATE SUBMITTED TO REGIONAL ENTITY      N/A  
 DATE ACCEPTED BY REGIONAL ENTITY      N/A

DATE APPROVED BY NERC N/A  
DATE PROVIDED TO FERC N/A

IDENTIFY AND EXPLAIN ALL PRIOR VERSIONS THAT WERE ACCEPTED OR REJECTED, IF APPLICABLE  
N/A

MITIGATION PLAN COMPLETED YES  NO

EXPECTED COMPLETION DATE N/A  
EXTENSIONS GRANTED N/A  
ACTUAL COMPLETION DATE N/A

DATE OF CERTIFICATION LETTER N/A  
CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF N/A

DATE OF VERIFICATION LETTER N/A  
VERIFIED COMPLETE BY REGIONAL ENTITY AS OF N/A

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

**WECC replaced RDRC, CMRC and PNSC with two new WECC-owned and operated Reliability Coordinator Centers (RCCs) effective January 1, 2009. In advance of this, NERC conducted a formal RC Certification Audit of the RCCs, pursuant to, and as required by, NERC's Rules of Procedure. As part of the audit, the RCCs' pre-operational compliance with all mandatory reliability standards applicable to the RC function was reviewed and verified. No repeat violations have been reported by WECC RC, nor reported to or detected by NERC, since the new RCCs assumed operation as RCs from RDRC, CMRC and PNSC on January 1, 2009.**

LIST OF EVIDENCE REVIEWED BY REGIONAL ENTITY TO EVALUATE COMPLETION OF MITIGATION PLAN OR MILESTONES (FOR CASES IN WHICH MITIGATION IS NOT YET COMPLETED, LIST EVIDENCE REVIEWED FOR COMPLETED MILESTONES)  
N/A

EXHIBITS:

SOURCE DOCUMENT  
N/A

MITIGATION PLAN  
N/A

CERTIFICATION BY REGISTERED ENTITY

N/A

VERIFICATION BY REGIONAL ENTITY

N/A

## **Disposition Document for TOP-007-0 R4**

**DISPOSITION OF VIOLATION****Dated June 9, 2011**

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.
NCEA201000099	N/A

**I. VIOLATION INFORMATION**

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
TOP-007-0	R4		<b>High</b>	<b>Severe</b>

VIOLATION APPLIES TO THE FOLLOWING FUNCTIONS:

BA	DP	GO	GOP	IA	LSE	PA	PSE	RC	RP	RSG	TO	TOP	TP	TSP
								X						

PURPOSE OF THE RELIABILITY STANDARD AND TEXT OF RELIABILITY STANDARD AND REQUIREMENT(S)/SUB-REQUIREMENT(S)

The purpose statement of TOP-007-0 provides:

*“This standard ensures SOL and IROL violations are being reported to the Reliability Coordinator so that the Reliability Coordinator may evaluate actions being taken and direct additional corrective actions as needed.”*

TOP-007-0 R4 provides:

*“The Reliability Coordinator shall evaluate actions taken to address an IROL or SOL violation and, if the actions taken are not appropriate or sufficient, direct actions required to return the system to within limits.”*

## VIOLATION DESCRIPTIONS

Capacitor Bank Fire Event

NCEA found that RDRC violated TOP-007-0 R4 because RDRC failed to direct actions required to return the system to within limits.

- By 12:06 MST, RDRC was aware that Transmission Facility 1 would not be returning to service within 15 minutes as originally expected.<sup>1</sup> At 12:06 MST, RDRC advised the Transmission Facility 3 Operator of the delayed return of Transmission Facility 1 and indicated that the Operator "should" start backing down generation to address Transmission Facility 3 problems.<sup>2</sup> While this suggestion appears tentative, reflecting possible a lack of adequate evaluation of the circumstances, NCEA concluded RDRC's communication to the Transmission Facility 3 Operator that the Operator "should" start backing down generation was not issued by RDRC nor received by the Transmission Facility 3 Operator as a directive.<sup>3</sup> NCEA found that RDRC's failure to issue this communication to the Transmission Facility 3 Operator as a directive constituted violation by RDRC of TOP-007-0 R4.
- At 12:22 MST, RDRC formally issued a directive to the Transmission Facility 3 Operator. It directed the Operator to "do whatever means necessary to get under the path limit on [Transmission Facility 3]."<sup>4</sup> Measure 3 of Reliability Standard TOP-007-0 provides guidance that requirement R4's performance expectation of RCs is that the RC "evaluated actions and provided direction required to return the system to within limits." NCEA found that RDRC did not provide specific direction as to how the Transmission Facility 3 Operator should return the system to within limits and that as issued RDRC's directive was of limited practical value to the Transmission Facility 3 Operator to timely address the Path's SOL exceedance within the time remaining (*i.e.* within the 30 minute limit directed by WECC regional standard TOP-STD-007-0). NERC concluded that, for the directive to satisfy RDRC's obligations pursuant to TOP-007-0 R4, it should have identified to the Transmission Facility 3 Operator, with appropriate specificity, *what actions RDRC wanted the Transmission Facility 3 Operator to take.* RDRC's directive to the Transmission Facility 3 Operator did not do so with the result, NCEA concluded, that RDRC violated TOP-007-0 R4.

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<sup>1</sup> Source: Sequence of Events listings provided (i) by RDRC to CVI Team RFI (Request for Information) Data Request #6 dated January 12, 2009, and (ii) CMRC to CVI RFI Data Requests #4 and #5 dated January 12, 2009.

<sup>2</sup> *ibid*

<sup>3</sup> In its response to CVI Team RFI Data Request #6 dated April 24, 2009, RDRC indicated that it had only issued one directive, at approximately 12:22 MST. NCEA and the CVI Team accepted RDRC's implicit indication, via the cited RFI response, in conjunction with CVI Team interviews and the totality of the evidence, that the subject conversation at 12:06 MST was not an instance of RDRC issuing a directive and the term 'should' used in this context is taken more as indicative of a suggestion.

<sup>4</sup> Source: Sequence of Events listings provided (i) by RDRC to CVI Team RFI (Request for Information) Data Request #6 dated January 12, 2009, and (ii) CMRC to CVI RFI Data Requests #4 and #5 dated January 12, 2009.

NCEA found that CMRC violated TOP-007-0 R4 because it failed to adequately evaluate the Transmission Facility 2 Operator's actions to address the SOL exceedance on Transmission Facility 2 and failed to direct actions by the Transmission Facility 2 Operator required to return the system to within limits.

- As discussed in the Common Information document attached to this Settlement Agreement, CMRC was aware of the risk and potential consequences of excessive phase angle on Transmission Facility 1 when the line was removed from service, as it was during the event. CMRC was also aware and concurred with the Transmission Facility 2 Operator's initial intended response to the Transmission Facility 1 outage and resulting SOL exceedance on Transmission Facility 2: wait for timely return to service of Transmission Facility 1.<sup>5</sup> NCEA concluded that Transmission Facility 1's phase-angle issue was not properly addressed by CMRC and that CMRC inadequately evaluated the initial actions taken to address the Transmission Facility 2 SOL exceedance. NCEA further found that as a result of CMRC's failure to evaluate the initial actions in light of the Transmission Facility 1 phase angle issue, CMRC did not direct actions required to return the system to within limits, in violation of TOP-007-0 R4.
- By 12:06 MST, CMRC was aware that Transmission Facility 1 would not be returning to service within 15 minutes (*i.e.* at ~12:11 MST) as originally expected and counted upon. At/by 12:10 MST, CMRC indicated to RDRC that it could take 30 more minutes to get Transmission Facility 1 back in service. At 12:12 MST, CMRC issued a directive to the Transmission Facility 2 Operator to "[t]ake all steps necessary to get underneath the [Transmission Facility 2] limit within twenty minutes up to and including the shedding of ... firm load." Measure 3 of Reliability standard TOP-007-0 provides guidance that requirement R4's performance expectation is that the RC "evaluated actions and provided direction required to return the system to within limits." NCEA found that CMRC did not provide specific direction to the Transmission Facility 2 Operator regarding how to return the system to within limits. NCEA concluded that for the directive to satisfy CMRC's obligations pursuant to TOP-007-0 R4 it should have identified to the Transmission Facility 2 Operator, with appropriate specificity, *what actions CMRC wanted the Transmission Facility 2 Operator to take*. CMRC's directive did not do so with the result that NCEA concluded that CMRC violated TOP-007-0 R4.

NCEA concluded that failure by RDRC and CMRC to (i) evaluate, respectively, the Path and Transmission Facility 2 Operators' actions to address the respective paths' SOL exceedances and (ii) direct actions by the Operators required to return the system to within limits, as required by the subject reliability standards requirement, may have contributed to the severity and duration of the Path and Transmission Facility 2 SOL exceedances and thereby the duration and severity of the risk to the reliability of the bulk-power system.

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<sup>5</sup> CMRC operator log entry for 10:54 PST (provided to CVI Team by CMRC in RFI).

RELIABILITY IMPACT STATEMENTS - POTENTIAL AND ACTUAL

Capacitor Bank Fire Event

NCEA did not consider these violations to pose a serious or substantial risk to the BES. Although load was shed in both events, the record indicates that the events occurred due to system conditions unrelated to the RCs' action and that the load involved would have needed to be shed even if CMRC and RDRC took decisive and prompt action. Nevertheless, because the duration and magnitude of the events could have been mitigated as a result of more decisive action on the part of CMRC and RDRC,<sup>6</sup> NCEA believes this violation did pose a moderate risk to the reliability of the BES.

**II. DISCOVERY INFORMATION**

METHOD OF DISCOVERY

- SELF-REPORT
- SELF-CERTIFICATION
- COMPLIANCE AUDIT
- COMPLIANCE VIOLATION INVESTIGATION
- SPOT CHECK
- COMPLAINT
- PERIODIC DATA SUBMITTAL
- EXCEPTION REPORTING

DURATION DATE(S) **1 day (date of Capacitor Bank Fire Event)**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY N/A

IS THE VIOLATION STILL OCCURRING      YES       NO   
 IF YES, EXPLAIN

REMEDIAL ACTION DIRECTIVE ISSUED      YES       NO   
 PRE TO POST JUNE 18, 2007 VIOLATION      YES       NO

<sup>6</sup> For example: CMRC should have determined alternative options to return of Transmission Facility 1, earlier than after it was determined that the line's return would be delayed; RDRC could have issued its 12:06 direction to the Transmission Facility 3 Operator, as a formal RC directive.

**III. MITIGATION INFORMATION**

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO. N/A  
DATE SUBMITTED TO REGIONAL ENTITY N/A  
DATE ACCEPTED BY REGIONAL ENTITY N/A  
DATE APPROVED BY NERC N/A  
DATE PROVIDED TO FERC N/A

IDENTIFY AND EXPLAIN ALL PRIOR VERSIONS THAT WERE ACCEPTED OR REJECTED, IF APPLICABLE

N/A

MITIGATION PLAN COMPLETED YES  NO

EXPECTED COMPLETION DATE N/A  
EXTENSIONS GRANTED N/A  
ACTUAL COMPLETION DATE N/A

DATE OF CERTIFICATION LETTER N/A  
CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF N/A

DATE OF VERIFICATION LETTER N/A  
VERIFIED COMPLETE BY REGIONAL ENTITY AS OF N/A

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

**WECC planned and did replace RDRC, CMRC and PNSC with two new WECC-owned and operated Reliability Coordinator Centers (RCCs) effective January 1, 2009. In advance of this NERC conducted a formal RC Certification Audit of the RCCs, pursuant to and as required by NERC's Rules of Procedure, during which the RCCs' pre-operational compliance with all mandatory reliability standards applicable to the RC function was reviewed and verified. No repeat of the present violation has been reported by WECC RC, nor detected or suspected by NERC, since the new RCCs assumed operation as RCs from RDRC, CMRC and PNSC on January 1, 2009.**

LIST OF EVIDENCE REVIEWED BY REGIONAL ENTITY TO EVALUATE COMPLETION OF MITIGATION PLAN OR MILESTONES (FOR CASES IN WHICH MITIGATION IS NOT YET COMPLETED, LIST EVIDENCE REVIEWED FOR COMPLETED MILESTONES)

N/A

EXHIBITS:

SOURCE DOCUMENT

N/A

MITIGATION PLAN

N/A

CERTIFICATION BY REGISTERED ENTITY

N/A

VERIFICATION BY REGIONAL ENTITY

N/A

## **Disposition Document for COM-002-2 R2**

**DISPOSITION OF VIOLATION****Dated June 9, 2011**

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.
NCEA201000098	N/A

**I. VIOLATION INFORMATION**

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
COM-002-2	R2		<b>Medium</b>	<b>Severe</b>

VIOLATION APPLIES TO THE FOLLOWING FUNCTIONS:

BA	DP	GO	GOP	IA	LSE	PA	PSE	RC	RP	RSG	TO	TOP	TP	TSP
				X				X						

PURPOSE OF THE RELIABILITY STANDARD AND TEXT OF RELIABILITY STANDARD AND REQUIREMENT(S)/SUB-REQUIREMENT(S)

The purpose statement of COM-002-2 provides *“To ensure Balancing Authorities, Transmission Operators, and Generator Operators have adequate communications and that these communications capabilities are staffed and available for addressing a real-time emergency condition. To ensure communications by operating personnel are effective.”*

COM-002-2 R2 provides:

*“Each Reliability Coordinator, Transmission Operator, and Balancing Authority shall issue directives in a clear, concise, and definitive manner; shall ensure the recipient of the directive repeats the information back correctly; and shall acknowledge the response as correct or repeat the original statement to resolve any misunderstandings.”*

## VIOLATION DESCRIPTIONS

### Capacitor Bank Fire Event<sup>1</sup>

At 12:11 MST, CMRC attempted to issue the following directive to the Transmission Facility 2 Operator:

CMRC: *I am issuing you a – ahh – reliability coordinator directive to pass on to [the TOP shift supervisor]*

Transmission Facility 2 Operator: *I will do so.*

CMRC: *Okay. You are required to – ahh – take all steps necessary to get underneath the [Transmission Facility 2] limit within twenty minutes up to and including the shedding of – ahh – firm load.*

Transmission Facility 2 Operator: *Okay. We will do. Thank you very much.*

CMRC: *I need you to repeat back. Sorry.*

Transmission Facility 2 Operator: *Ahh – we – sorry. Ahh – you want us to do everything as – beep - do everything we can possible to – ahh – get under the [Transmission Facility 2] limit – ahh – including shed loads –*

CMRC Response: *Correct.*

NCEA found that CMRC violated COM-002-2 R2 here because CMRC did not issue this directive in a clear, concise, and definitive manner, and did not ensure the Transmission Facility 2 Operator repeated the information back correctly. The directive did not provide clear, concise and definitive direction to the Transmission Facility 2 Operator as to how to return the system to within limits. The directive did little more than repeat the Transmission Facility 2 Operator’s obligation to return to the Transmission Facility 2 limit, and while it suggested the possibility of shedding load, it did not direct any action.

Furthermore, the repeat back of the directive accepted by the CMRC Reliability Coordinator from the Transmission Facility 2 Operator employee lacked – and thereby did not provide active acknowledgement of – the time restriction element included by CMRC in the directive, *i.e.* that the Operator “get underneath the Transmission Facility 2 limit within twenty minutes.” By acknowledging that the Transmission Facility 2 Operator employee’s response was “Correct,” CMRC effectively altered the directive to eliminate the 20 minute time limit, without re-engaging the three-way communication.

## RELIABILITY IMPACT STATEMENTS - POTENTIAL AND ACTUAL

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Capacitor Bank Fire Event

NCEA did not consider this violation to pose a serious or substantial risk to the reliability of the BPS. The record indicates that (i) the load shedding associated with this event had been initiated by the Transmission Facility 2 Operator before the above directive was issued (*i.e.*, at 12:09 MST) and that (ii) the load shedding undertaken was required because the duration of the forced outage of Transmission Facility 1 did not end after 15 minutes as initially expected and planned upon. Nevertheless, the duration and magnitude of the event could have been mitigated had CMRC issued a directive conforming to COM-002-2 R2. NCEA believes this violation posed a moderate risk to the reliability of the BPS.

**II. DISCOVERY INFORMATION**

METHOD OF DISCOVERY

- SELF-REPORT
- SELF-CERTIFICATION
- COMPLIANCE AUDIT
- COMPLIANCE VIOLATION INVESTIGATION
- SPOT CHECK
- COMPLAINT
- PERIODIC DATA SUBMITTAL
- EXCEPTION REPORTING

DURATION DATE(S) **1 day (date of Capacitor Bank Fire Event)**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY N/A

IS THE VIOLATION STILL OCCURRING YES  NO   
 IF YES, EXPLAIN

REMEDIAL ACTION DIRECTIVE ISSUED YES  NO   
 PRE TO POST JUNE 18, 2007 VIOLATION YES  NO

**III. MITIGATION INFORMATION**

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO. N/A  
 DATE SUBMITTED TO REGIONAL ENTITY N/A  
 DATE ACCEPTED BY REGIONAL ENTITY N/A  
 DATE APPROVED BY NERC N/A  
 DATE PROVIDED TO FERC N/A

IDENTIFY AND EXPLAIN ALL PRIOR VERSIONS THAT WERE ACCEPTED OR REJECTED, IF APPLICABLE

N/A

MITIGATION PLAN COMPLETED      YES          NO   

EXPECTED COMPLETION DATE    N/A  
EXTENSIONS GRANTED            N/A  
ACTUAL COMPLETION DATE       N/A

DATE OF CERTIFICATION LETTER N/A  
CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF N/A

DATE OF VERIFICATION LETTER N/A  
VERIFIED COMPLETE BY REGIONAL ENTITY AS OF N/A

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

**WECC replaced RDRC, CMRC and PNSC with two new WECC-owned and operated Reliability Coordinator Centers (RCCs) effective January 1, 2009. In advance of this, NERC conducted a formal RC Certification Audit of the RCCs, pursuant to, and as required by, NERC's Rules of Procedure. As part of the audit, the RCCs' pre-operational compliance with all mandatory reliability standards applicable to the RC function was reviewed and verified. No repeat violations have been reported by WECC RC, nor reported to or detected by NERC, since the new RCCs assumed operation as RCs from RDRC, CMRC and PNSC on January 1, 2009. In addition to mitigation of this issue via these actions taken by WECC RC to date the following items are to be implemented to mitigate the possible recurrence of the present violation:**

- (a)    Implement training programs and procedure enhancements to ensure that when a directive is communicated, *i.e.*, any time the Reliability Coordinator is directing an action be taken:
- it is clear that the communication is a directive;
  - the directive is given in a clear, concise and definitive manner; and,
  - the issuer of the directive understands that he/she is responsible for ensuring all parties adhere to the three-part communication procedure: issue, repeat and acknowledge.

LIST OF EVIDENCE REVIEWED BY REGIONAL ENTITY TO EVALUATE COMPLETION OF MITIGATION PLAN OR MILESTONES (FOR CASES IN WHICH MITIGATION IS NOT YET COMPLETED, LIST EVIDENCE REVIEWED FOR COMPLETED MILESTONES)

N/A

EXHIBITS:

SOURCE DOCUMENT

N/A

MITIGATION PLAN

N/A

CERTIFICATION BY REGISTERED ENTITY

N/A

VERIFICATION BY REGIONAL ENTITY

N/A

**Attachment b**

**Notice of Filing**

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Western Electricity Coordinating Council

Docket No. NP11-\_\_\_\_-000

NOTICE OF FILING  
August 11, 2011

Take notice that on August 11, 2011, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Western Electricity Coordinating Council by the North American Electric Reliability Corporation-Compliance Enforcement.

Any person desiring to intervene or to protest this filing must file in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211, 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a notice of intervention or motion to intervene, as appropriate. Such notices, motions, or protests must be filed on or before the comment date. On or before the comment date, it is not necessary to serve motions to intervene or protests on persons other than the Applicant.

The Commission encourages electronic submission of protests and interventions in lieu of paper using the "eFiling" link at <http://www.ferc.gov>. Persons unable to file electronically should submit an original and 14 copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426.

This filing is accessible on-line at <http://www.ferc.gov>, using the "eLibrary" link and is available for review in the Commission's Public Reference Room in Washington, D.C. There is an "eSubscription" link on the web site that enables subscribers to receive email notification when a document is added to a subscribed docket(s). For assistance with any FERC Online service, please email [FERCOnlineSupport@ferc.gov](mailto:FERCOnlineSupport@ferc.gov), or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date: [BLANK]

Kimberly D. Bose,  
Secretary