

July 6, 2010

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

**Re: Abbreviated Notice of Penalty
 SRW Cogeneration Limited Partnership, FERC Docket No. NP10-__-000**

Dear Secretary Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Abbreviated Notice of Penalty (NOP) regarding SRW Cogeneration Limited Partnership (SRW), with information and details regarding the nature and resolution of the violation¹ discussed in detail in the Settlement Agreement (Attachment c) and the Disposition Documents (Attachments d, d-1 and d-2), 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)).²

In preparation for a Compliance Audit scheduled for August 4, 2009 through August 6, 2009, on June 17, 2009³ and updated on June 29, 2009,⁴ SRW submitted a Self-Report form in which it identified a violation of PRC-005-1 Requirement (R) 1 and R2 to SERC Reliability Corporation

¹ For purposes of this document, the violation at issue is described as a "violation," regardless of its procedural posture and whether it was a possible, alleged or confirmed violation.

² *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 (2010). *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).

³ The Self-Report is dated June 16, 2009, but was submitted to SERC on June 17, 2009.

⁴ SRW submitted the updated Self-Report to indicate that it was evaluating its remaining maintenance and testing data to determine if there were any additional gaps in documentation or implementation for any other Protection System components.

(SERC) because: (1) its Protection System⁵ maintenance and testing program, in effect for the period of June 25, 2007 through January 20, 2009, did not meet all the requirements of the subject Standard; and (2) SRW failed to conduct weekly testing on the Packaged Electrical and Electronic Control Compartment (PEECC) batteries in accordance with its Protection System maintenance and testing program. On June 17, 2009,⁶ SRW submitted another Self-Report form in which it identified a violation of FAC-008-1 R1 for its failure to have a documented Facility Ratings Methodology that addressed all of the elements specified in the Requirement. This Notice of Penalty is being filed with the Commission because SERC and SRW have entered into a Settlement Agreement to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in SERC's determination and findings of the enforceable violations of PRC-005-1 R1, PRC-005-1 R2 and FAC-008-1 R1. According to the Settlement Agreement, SRW neither admits nor denies the violations, but has agreed to the proposed penalty of twenty thousand dollars (\$20,000) to be assessed to SRW, in addition to other remedies and actions to mitigate the instant violations and facilitate future compliance under the terms and conditions of the Settlement Agreement. Accordingly, the violations identified as NERC Violation Tracking Identification Numbers SERC200900278, SERC200900279 and SERC200900280 are being filed in accordance with the NERC Rules of Procedure and the CMEP.

Statement of Findings Underlying the Violations

This Notice of Penalty incorporates the findings and justifications set forth in the Settlement Agreement executed on December 17, 2009, by and between SERC and SRW. The details of the findings and the basis for the penalty are set forth in the Disposition Documents. This Notice of Penalty 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.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
SERC	SRW Cogeneration Limited Partnership	NOC-449	SERC200900278	PRC-005-1	1	High ⁷	20,000

⁵ The NERC Glossary of Terms Used in Reliability Standards, approved by FERC in Order No. 693 at P 1893, defines Protection System as "Protective relays, associated communication systems, voltage and current sensing devices, station batteries and DC control circuitry."

⁶ The Self-Report is dated June 16, 2009, but was submitted to SERC on June 17, 2009.

⁷ When NERC filed Violation Risk Factors (VRFs) for PRC-005-1, NERC originally assigned a "Medium" VRF to PRC-005-1 R1. In the Commission's May 18, 2007 Order on Violation Risk Factors, the Commission approved the VRF as filed but directed modifications. On June 1, 2007, NERC filed a modified "High" VRF for PRC-005 R1 for approval. On August 9, 2007, the Commission issued an Order approving the modified VRF. Therefore, the "Medium" VRF was in effect from June 18, 2007 until August 9, 2007 and the "High" VRF has been in effect since August 9, 2007.

			SERC200900279	PRC-005-1	2	High ⁸	
			SERC200900280	FAC-008-1	1	Lower ⁹	

The text of the Reliability Standards at issue is set forth in the Disposition Documents.

PRC-005-1 R1 - OVERVIEW¹⁰

SERC determined that SRW, as a Generator Owner, did not have a generation Protection System maintenance and testing program that met all of the requirements of PRC-005-1. Specifically, SRW's maintenance and testing program did not: (1) address testing of associated communication systems and DC control circuitry as required in PRC-005-1 R1; (2) include the basis for maintenance and testing intervals for each category of Protection System components included in the program, as required in PRC-005-1 R1.1; and (3) include a summary of maintenance and testing procedures for each category of Protection System included in the program, as required in PRC-005-1 R1.2. SRW also reported that it failed to conduct the weekly testing for the Packaged Electronic/Electrical Control Compartment (PEECC) Batteries.

The duration of the PRC-005-1 R1 violation was from June 25, 2007,¹¹ when SRW, as a qualifying small power production and cogeneration facility (QF), was required to be compliant with the NERC Reliability Standards, through June 4, 2009, the date SRW's revised Protection System maintenance and testing program went into effect.

SERC concluded that this violation did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because the Generator Owner is a single 420 MW QF primarily designed to provide thermal energy to its host and puts residual power on the BPS. In addition, the facility has a single 138 kV connection to the BPS which would have limited the impact if the generation Protection System misoperated.

⁸ PRC-005-1 R2 has a "Lower" VRF; R2.1 and R2.2 each have a "High" VRF. SERC chose to apply a "High" VRF to this violation. During a final review of the standards subsequent to the March 23, 2007 filing of the Version 1 VRFs, NERC identified that some standards requirements were missing VRFs; one of these include PRC-005-1 R2.1. On May 4, 2007, NERC assigned PRC-005 R2.1 a "High" VRF. In the Commission's June 26, 2007 Order on Violation Risk Factors, the Commission approved the PRC-005-1 R2.1 "High" VRF as filed. Therefore, the "High" VRF was in effect from June 26, 2007.

⁹ FAC-008-1 R1, R1.3 and R1.3.5 each have a "Lower" VRF; R1.1, R1.2, R1.2.1, R1.2.2, R1.3.1-4 each have a "Medium" VRF. When NERC filed VRFs it originally assigned FAC-008-1 R1.1, R1.2, R1.2.1 and R1.2.2 "Lower" VRFs. The Commission approved the VRFs as filed; however, it directed NERC to submit modifications. NERC submitted the modified "Medium" VRFs and on February 6, 2008, the Commission approved the modified "Medium" VRFs. Therefore, the "Lower" VRFs for FAC-008-1 R1.1, R1.2, R1.2.1 and R1.2.2 were in effect from June 18, 2007 until February 6, 2008 when the "Medium" VRFs became effective.

¹⁰ Further information on this violation is contained in the Disposition Document included as Attachment d-1.

¹¹ On May 18, 2007, the Commission issued an Order revising its regulations governing qualifying small power production and cogeneration facilities (QFs) to eliminate the exemption of QFs from the requirements of Section 215 of the Federal Power Act. Therefore, any registered entity, such as SRW, that is a QF was not required to be responsible for compliance with NERC Reliability Standards until June 25, 2007. *See Applicability of Federal Power Act Section 215 to Qualifying Small Power Production and Cogeneration Facilities*, (Order No. 696), 119 FERC ¶ 61,149 (2007).

PRC-005-1 R2 - OVERVIEW¹²

SERC determined that SRW, as a Generator Owner failed to provide evidence that its Protection System devices were maintained and tested within the defined intervals for more than 50% but less than 75% of the applicable devices. Specifically, SRW did not perform the weekly testing intervals for its gas turbine generator PEECC batteries, generation station 5 kV batteries and associated DC control circuitry.¹³

The duration of the PRC-005-1 R2 violation was from June 25, 2007, when SRW, as a QF, was required to be compliant with the NERC Reliability Standards, through July 21, 2009, the date SRW completed its Mitigation Plan.

SERC concluded this violation did not pose a serious or substantial risk to the reliability of the BPS because SRW is a single 420 MW QF primarily designed to provide thermal energy to its host and only puts residual power on the BPS. In addition, the facility has a single 138 kV connection to the BPS which would have limited the impact if the generation Protection System misoperated.

FAC-008-1 R1 - OVERVIEW¹⁴

SERC determined that although SRW, as a Generator Owner, had multiple technical documents that addressed parts of the requirements of the Standard, it did not have a documented Facility Ratings Methodology that met all the requirements of FAC-008-1 R1. Specifically, the documentation did not: (1) contain a statement that the Facility Rating shall equal the most limiting applicable Equipment Rating of the individual equipment that comprises that Facility as required by R1.1; (2) fully document the scope of the applicable equipment considered during the development of the Facility Ratings as required by R1.2.1; and (3) include a statement that indicates that Emergency Ratings were considered as required by R1.2.2.

The duration of the FAC-008-1 R1 violation was from June 25, 2007, when SRW, as a QF, was required to be compliant with the NERC Reliability Standards, through June 1, 2009, the date SRW completed its Mitigation Plan.

SERC concluded that this violation did not pose a serious or substantial risk to the reliability of the BPS because the Facility Ratings SRW was using prior to the creation of its documented Facility Ratings Methodology were derived based upon facility design documents and were confirmed with a facility performance test prior to connection to the BPS.

Regional Entity's Basis for Penalty

According to the Settlement Agreement, SERC has assessed a penalty of twenty thousand dollars (\$20,000) for the referenced violations. In reaching this determination, SERC considered the following factors:

¹² Further information on this violation is contained in the Disposition Document included as Attachment d-1.

¹³ SERC was able to verify that SRW performed the quarterly and monthly testing for this period. Additionally, SRW was unable to perform certain testing during Hurricane Ike due to flooding and the plant being shut down in September and October 2008.

¹⁴ Further information on this violation is contained in the Disposition Document included as Attachment d-2.

1. the violations constituted SRW's first occurrence of violations of the subject NERC Reliability Standards;
2. SRW submitted Self-Report forms for the violations after being notified of an upcoming Compliance Audit;
3. SRW was cooperative throughout the compliance enforcement process;
4. the SRW compliance program was considered, as discussed in the Disposition Document;
5. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so;¹⁵
6. the violations did not pose a serious or substantial risk to the BPS, as discussed above; and
7. there were no other mitigating or aggravating factors or extenuating circumstances that would affect the assessed penalty.

After consideration of the above factors, SERC determined that, in this instance, the penalty amount of twenty thousand dollars (\$20,000) is appropriate and bears a reasonable relation to the seriousness and duration of the violations.

Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed¹⁶

Basis for Determination

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines, the Commission's July 3, 2008 and October 26, 2009 Guidance Orders,¹⁷ the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on May 14, 2010. The NERC BOTCC approved the Settlement Agreement, including SERC's imposition of a financial penalty, assessing a penalty of twenty thousand dollars (\$20,000) against SRW 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. the violations constituted SRW's first occurrence of violations of the subject NERC Reliability Standards;

¹⁵ SERC did not find the error in SRW's earlier Self-Certifications as to being compliant with the referenced Standards to be intentional, nor did SERC find that SRW had tried to conceal any information. At the time of the earlier self-certifications, SRW believed that it was compliant. After review of published lessons learned on NERC Reliability Standard PRC-005-1, as part of its internal review, SRW became aware of the issue and reported the violations.

¹⁶ See 18 C.F.R. § 39.7(d)(4).

¹⁷ *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008); *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 129 FERC ¶ 61,069 (2009)."

2. SRW submitted Self-Report forms for the violations after being notified of an upcoming Compliance Audit;
3. SERC reported that SRW was cooperative throughout the compliance enforcement process;
4. the SRW compliance program was considered, as discussed in the Disposition Document;
5. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so, as noted above;
6. the violations did not pose a serious or substantial risk to the bulk power system, as discussed in the Notice of Penalty and Disposition Documents; and
7. SERC reported there were no other mitigating or aggravating factors or extenuating circumstances that would affect the assessed penalty.

For the foregoing reasons, the NERC BOTCC approves the Settlement Agreement and believes that the proposed penalty of twenty thousand dollars (\$20,000) is appropriate for the violations and circumstances in question, and is consistent with NERC's goal to promote and ensure reliability of the BPS.

Pursuant to Order No. 693, the penalty will be effective upon expiration of the 30 day period following the filing of this Notice of Penalty 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 Notice of Penalty is the following documents and material:

- a) SRW's Self-Report for PRC-005-1 R1 and R2 dated June 16, 2009¹⁸ and Revised Self-Report dated June 29, 2009, included as Attachment a;
- b) SRW's Self-Report for FAC-008-1 R1 dated June 16, 2009,¹⁹ included as Attachment b;
- c) Settlement Agreement by and between SERC and SRW executed December 17, 2009, included as Attachment c;
 - i. SRW's Mitigation Plan designated as MIT-07-1981 for PRC-005-1 R1 and R2 submitted June 29, 2009,²⁰ included in the Settlement Agreement as Appendix A-1;
 - ii. SRW's Certification of Completion of the Mitigation Plan for PRC-005-1 R1 and R2 dated July 22, 2009, included in the Settlement Agreement as Appendix A-2;
 - iii. SERC's Verification of Completion of the Mitigation Plan for PRC-005-1 R1 and R2 dated November 18, 2009, included in the Settlement Agreement as Appendix A-3.
 - iv. SRW's Mitigation Plan designated as MIT-07-2005 for FAC-008-1 R1 submitted September 4, 2009, included in the Settlement Agreement as Appendix A-4;
 - v. SRW's Certification of Completion of the Mitigation Plan for FAC-008-1 R1 dated September 4, 2009, included in the Settlement Agreement as Appendix A-5; and
 - vi. SERC's Verification of Completion of the Mitigation Plan for FAC-008-1 R1 dated September 28, 2009, included in the Settlement Agreement as Appendix A-6.
- d) Disposition Document for Common Information, included as Attachment d;
 - i. Disposition Document for PRC-005-1 R1 and R2, included as Attachment d-1; and
 - ii. Disposition Document for FAC-008-1 R1, included as Attachment d-2.

A Form of Notice Suitable for Publication²¹

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

¹⁸ SRW submitted the Self-Report form dated June 16, 2009 to SERC via e-mail on June 17, 2009.

¹⁹ *Id.*

²⁰ The Mitigation Plan was signed on June 26, 2009.

²¹ 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* 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 gerry.cauley@nerc.net david.cook@nerc.net</p> <p>David Waldschmidt* Senior Counsel ConocoPhillips PO Box 2197, Houston Texas 77252 ML2024 (281) 293-3382 (281) 293-3700 - facsimile David.A.Waldschmidt@conocophillips.com</p> <p>Michael Albosta* Power Assets Regulatory & Compliance ConocoPhillips PO Box 2197, Houston Texas 77252 HU1064 Ph 281 293-5498 281 293-1823 – facsimile Michael.A.Albosta@conocophillips.com</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* Assistant General Counsel Holly A. Hawkins* Attorney 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 holly.hawkins@nerc.net</p> <p>Scott Henry* President and CEO SERC Reliability Corporation 2815 Coliseum Centre Drive, Suite 500 Charlotte, NC 28217 (704) 940-8202 (704) 357-7914 – facsimile shenry@serc1.org</p> <p>Marisa A. Sifontes* Interim Compliance Director and Legal Counsel Jacqueline E. Carmody* Contract Attorney SERC Reliability Corporation 2815 Coliseum Centre Drive, Suite 500 Charlotte, NC 28217 (704) 494-7775 (704) 357-7914 – facsimile msifontes@serc1.org jcarmody@serc1.org</p> <p>Kenneth B. Keels, Jr.* Manager of Compliance Enforcement SERC Reliability Corporation 2815 Coliseum Centre Drive, Suite 500 Charlotte, NC 28217 (704) 940-8214 (704) 357-7914 – facsimile kkeels@serc1.org</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
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
gerry.cauley@nerc.net
david.cook@nerc.net

/s/ Rebecca J. Michael
Rebecca J. Michael
Assistant General Counsel
Holly A. Hawkins
Attorney
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
holly.hawkins@nerc.net

cc: SRW Cogeneration Limited Partnership
SERC Reliability Corporation

Attachments

Attachment a

**SRW's Self-Report for PRC-005-1 R1 and R2
dated June 16, 2009 and Revised Self-Report
dated June 29, 2009**



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Self-Reporting Form

Date Submitted by Registered Entity: 6/16/09

Region: SERC

NERC Registry ID: NCR01331

Joint Registration Organization (JRO) ID: N/A

Registered Entity: SRW Cogeneration Limited Partnership

Registered Entity Contact Name: Randall Read

Registered Entity Contact Email: randall.read@conocophillips.com

Registered Entity Contact Telephone: (409) 883-7869

Function(s) Applicable to Self-Report: Generator Owner

Standard: PRC-005

Requirement: R1, R1.1, R1.2, R2.1

Has this possible alleged violation previously been reported or discovered: ☐ Yes ☒ No
If Yes selected: Provide NERC Violation ID (if known):

Date violation occurred: R1, R1.1, R1.2 - June 18, 2007 through January 20, 2009; R2.1 - June 18, 2007 through March 27, 2009

Date violation discovered: June 8, 2009

Is the violation still occurring? ☐ Yes ☒ No

Detailed explanation and cause of violation: A thorough investigation of SRW Cogeneration Limited Partnership's (SRW) historical documentation performed in preparation for its on-site audit scheduled for August 2009 found the deficiencies that have led to this self report.

It has been recently determined that the documentation for SRW's protection system maintenance and testing program in effect for the period of 6/18/07 through 1/20/09 did not meet all the requirements of PRC-005. Specifically, it did not address testing of "Associated Communication Systems" and "DC Control Circuitry," as required in PRC-005-1, R1. The documentation also did not include the basis for maintenance and testing intervals for each category of Protection System components included in the program, as required in PRC-005-1, R1.1. Lastly, the documentation did not include a summary of maintenance and testing procedures for each category of Protection System included in the program, as required in PRC-005-1, R1.2.

On January 21, 2009, as part of a process improvement effort, a new protection system maintenance and testing program, RCP-NERC-Attachment 17, was implemented. At that time, it was not recognized that the original documents were in violation, and a self report was not filed. SRW believes RCP-NERC-Attachment 17 met all the requirements of PRC-005-1



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because this new program addressed "Associated Communication Systems," "DC Control Circuitry," the basis for the besting intervals, and a summary of the maintenance and testing procedures. Since January, RCP-NERC-Attachment 17 has been further revised to reflect refinements to the procedure along with a name change (Protection System Maintenance and Testing Program, June 4 2009, Rev 4), and SRW continues to believe the procedure is compliant with the Standard.

As part of the same recent audit preparation effort, SRW discovered that from 6/18/07 through the week of 3/27/09, weekly testing did not take place on the PEECC Batteries as called for in the Protection System Maintenance & Testing Program documents in effect over that period (R2.1).

The remaining maintenance & testing data is currently being evaluated in depth to see if there are any more gaps in either documentation or implementation under PRC-005. If more gaps are found, SRW will supplement this self-report.

Reliability Impact: Minimal

Reliability Impact Description: None for R1, R1.1, R1.2. The Protection System Program in place prior to January 21, 2009 was based on sound engineering practices and confirmed with extensive maintenance and testing experience over a period of time. The Program documentation now includes line items for DC control systems and communications systems associated with protective relays, the basis for maintenance and testing intervals, and a summary of procedures. SRW Cogeneration LP has and will continue to make process improvements to ensure that all of its documentation adheres to NERC's requirements.

Minimal for R2.1. The impact of not testing the PEECC batteries was minimal. These batteries provide backup power support to secondary systems such as the gas turbine emergency pumps and control system in the event auxiliary power is interrupted. The generators are automatically separated from the Bulk Electric System when auxiliary power is lost, so a battery failure would not represent a danger to the BES. During the violation time period, these batteries were not used in an emergency situation.

Additional Comments: None.

NOTE: *While submittal of a mitigation plan is not required until after a determination of a violation is confirmed, early submittal of a mitigation plan to address and remedy an identified deficiency is encouraged. Submittal of a mitigation plan shall not be deemed an admission of a violation. (See NERC Rules of Procedure, Appendix 4C, Section 6.4.)*

**SERC Staff will contact the person providing the report as soon as possible.
If you do not receive a response from SERC Staff within 2 business days please contact the SERC office (704-357-7372).**

Please complete the form as completely as possible and email to serccomply@serc1.org.



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Self-Reporting Form

Date Submitted by Registered Entity: 6/29/09

Region: SERC

NERC Registry ID: NCR01331

Joint Registration Organization (JRO) ID: N/A

Registered Entity: SRW Cogeneration Limited Partnership

Registered Entity Contact Name: Randall Read

Registered Entity Contact Email: Randall.Read@ConocoPhillips.com

Registered Entity Contact Telephone: 409.883.7869

Function(s) Applicable to Self-Report: Generator Owner

Standard: PRC-005-1

Requirement: R1, R1.1, R1.2, R2.1

Has this possible alleged violation previously been reported or discovered: ☐ Yes ☒ No
If Yes selected: Provide NERC Violation ID (if known):

Date violation occurred: R1, R1.1, R1.2 - 6/18/07 through 1/20/09; R2.1 - 6/18/07 through 3/27/09

Date violation discovered: 6/8/09

Is the violation still occurring? ☐ Yes ☐ No

Detailed explanation and cause of violation: A thorough investigation of SRW Cogeneration Limited Partnership's (SRW) historical documentation performed in preparation for its on-site audit scheduled for August 2009 found the deficiencies that have led to this self-report. SRW continues to review this historical documentation and if necessary, it will supplement this Mitigation Plan.

It has been recently determined that the documentation for SRW's Protection System maintenance and testing program in effect for the period of 6/18/2007 through 1/20/09 did not meet all requirements of PRC-005-1. Specifically, it did not address testing of "Associated Communications Systems" and "DC Control Circuitry," as required in PRC-005-1, R1. The documentation also did not include the basis for maintenance and testing intervals for each category of Protection System components included in the program, as required in PRC-005-1, R1.1. Lastly, the documentation did not include a summary of maintenance and testing procedures for each category of Protection System included in the program, as required in PRC-005-1, R1.2.

On 1/21/09, as part of a process improvement effort, a new protection system maintenance and testing program, RCP-NERC-Attachment 17, was implemented. At that time, it was not



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recognized that a self report should have been filed as a result of the lack of a complete written procedure not being in place from 6/18/07 through 1/20/09. SRW believes RCP-NERC-Attachment 17 met all requirements of PRC-005-1 because this new program addressed "Associated Communication Systems," "DC Control Circuitry," and the basis for the testing intervals, and it contained a summary of the maintenance and testing procedures. Since January 2009, RCP-NERC-Attachment 17 has been further revised to reflect refinements to the procedure, as well as a name change to the "Protection System Maintenance and Testing Program," now in its 4th Revision dated June 4, 2009. SRW continues to believe the procedure is compliant with all the Requirements within the Standard.

As part of the same recent audit preparation effort, SRW discovered that from 6/18/07 through the week of 3/27/09, weekly testing did not take place on the PEECC Batteries, as called for in SRW's Protection System maintenance and testing program documents in effect over that period, and as required by PRC-005-1, R2.1. Testing commenced as of 3/27/09.

As mentioned above, the remaining maintenance and testing data is currently being evaluated in-depth with SRW's Generator Operator to determine if there are any additional gaps in either documentation or implementation for any SRW Protection System components subject to PRC-005 since 6/18/07. SRW believes it is in the best interest of maintaining reliability to submit its Mitigation Plan for SERC's review and approval at this time, rather than allow any delay while it finalizes its internal review and evaluation with the Generator Operator. Because this evaluation is ongoing, SRW has not checked either box above regarding whether the violation is still occurring.

Finally, in connection with SRW's audit preparation efforts, SRW discovered that SRW self-certified that it was compliant with PRC-005-1 for the period 4/1/08 through 3/31/09 when in fact it was not compliant for the entire period, as discussed above.

Reliability Impact: Minimal

Reliability Impact Description: The impact of not testing the PEECC batteries was minimal and it has already been mitigated because testing began on 3/27/09. The lack of documentation associated with the maintenance and testing program prior to the implementation of Attachment 17 did not impact the Bulk Power System (BPS).

There was no impact to the BPS regarding the testing or documentation of the remaining SRW Protection System components primarily because, even assuming there are additional instances of failure to test, that failure happened in the past, and there were no interruptions on the BPS related to SRW's failure to test its Protection System.

Site management with PRC-005-1 compliance-related responsibility is responsible for strict adherence to the execution and tracking of the Protection System Maintenance and Testing Program currently in place, and instructing local personnel regarding the detection, reporting, and correction of compliance violations if required during the interim period while the historical documentation is being reviewed.



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Additional Comments: None.

NOTE: *While submittal of a mitigation plan is not required until after a determination of a violation is confirmed, early submittal of a mitigation plan to address and remedy an identified deficiency is encouraged. Submittal of a mitigation plan shall not be deemed an admission of a violation. (See NERC Rules of Procedure, Appendix 4C, Section 6.4.)*

**SERC Staff will contact the person providing the report as soon as possible.
If you do not receive a response from SERC Staff within 2 business days please contact
the SERC office (704-357-7372).**

Please complete the form as completely as possible and email to serccomply@serc1.org.

Attachment b

**SRW's Self-Report for FAC-008-1 R1 dated June
16, 2009**



**Non-Public and CONFIDENTIAL
(until filed with FERC)**

Self-Reporting Form

Date Submitted by Registered Entity: 6/16/09

Region: SERC

NERC Registry ID: NCR01331

Joint Registration Organization (JRO) ID: N/A

Registered Entity: SRW Cogeneration Limited Partnership

Registered Entity Contact Name: Randall Read

Registered Entity Contact Email: randall.read@conocophillips.com

Registered Entity Contact Telephone: (409) 883-7869

Function(s) Applicable to Self-Report: Generator Owner

Standard: FAC-008

Requirement: R1, R1.1, R1.2.1, R1.2.2

Has this possible alleged violation previously been reported or discovered: ☐ Yes ☒ No
If Yes selected: Provide NERC Violation ID (if known):

Date violation occurred: June 18, 2007 through March 30, 2008

Date violation discovered: June 8, 2009

Is the violation still occurring? ☐ Yes ☒ No

Detailed explanation and cause of violation: SRW Cogeneration LP used various technical documents to derive its Facility Ratings for the period covering 6/18/07 thru 3/30/08 but did not have one single written Facility Ratings Methodology (R1). In addition, although technically accurate, the documents that SRW Cogeneration LP used to derive its actual Facility Ratings did not meet all the requirements under FAC-008 R1. Specifically, they did not contain a statement that the Facility Rating shall equal the most limiting applicable Equipment Rating of the individual equipment that comprises that Facility (R1.1). They did not fully document the scope of the applicable equipment considered during the development of the Facility Ratings (R1.2.1). Lastly, these documents did not include a statement that indicates that emergency ratings were considered (R1.2.2).

On March 31 of 2008, as part of a process improvement effort, a Facility Rating Methodology document was released which SRW Cogeneration LP believes is compliant with the requirements of FAC-008. At that time, a self report was not filed because it was not recognized that it was not sufficient that SRW Cogeneration had been technically compliant with all the requirements of FAC-008, but that all items in the standard had to be reflected in a written methodology as well. A thorough investigation of SRW Cogeneration LP's historical documentation performed in preparation for its on-site audit in August, 2009 found the deficiencies and led to this self report.



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Reliability Impact: Minimal

Reliability Impact Description: None. SRW Cogen's lack of a Facility Ratings Methodology document did not impact the reliability of the BES. The Facility Ratings derived during this period were developed in coordination with SRW Cogeneration LP's Transmission Operator and Reliability Coordinator (Entergy), and were based on facility design documents and sound engineering and were confirmed with an extensive facility performance test prior to connection to the Bulk Electric System.

Additional Comments: None

NOTE: *While submittal of a mitigation plan is not required until after a determination of a violation is confirmed, early submittal of a mitigation plan to address and remedy an identified deficiency is encouraged. Submittal of a mitigation plan shall not be deemed an admission of a violation. (See NERC Rules of Procedure, Appendix 4C, Section 6.4.)*

**SERC Staff will contact the person providing the report as soon as possible.
If you do not receive a response from SERC Staff within 2 business days please contact the SERC office (704-357-7372).**

Please complete the form as completely as possible and email to serccomply@serc1.org.

Attachment c

Settlement Agreement by and between SERC and SRW executed December 17, 2009

SETTLEMENT AGREEMENT

OF

SERC RELIABILITY CORPORATION

AND

SRW COGENERATION LIMITED PARTNERSHIP

I. INTRODUCTION

1. SERC Reliability Corporation (“SERC”) and SRW Cogeneration Limited Partnership (“SRW”) enter into this Settlement Agreement (“Settlement Agreement”) to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in SERC’s determination and findings, pursuant to the North American Electric Reliability Corporation (“NERC”) Rules of Procedure, of three alleged violations by SRW of NERC Reliability Standards PRC-005-1, Requirements 1 and 2 (SERC Tracking No. 09-036, NERC Violation ID No. SERC200900278; SERC Tracking No. 09-037, NERC Violation ID No. SERC200900279) and FAC-008-1, Requirement 1 (SERC Tracking No. 09-038, NERC Violation ID No. SERC200900280).

II. STIPULATION

2. The facts stipulated herein are stipulated solely for the purpose of resolving, between SRW and SERC, the matters discussed herein and do not constitute stipulations or admissions for any other purpose. SRW and SERC hereby stipulate and agree to the following:

Background

3. SRW Cogeneration Limited Partnership is a Delaware limited partnership. The limited partner and the general partner of SRW are each indirect subsidiaries of ConocoPhillips Company headquartered in Houston, Texas. The SRW cogeneration facility is located in Orange, Texas. SRW is a 420-megawatt Qualifying Facility (QF) that includes 2-gas turbine units and 1-steam turbine unit. The SRW facility is connected to the electric power grid at 138 kV. SRW primarily provides power and steam to an EIDUPont facility, and then provides the excess generation to its host utility.

4. SRW is currently listed on the NERC Compliance Registry as a Generator Owner (GO) (NCR01331).
5. On February 27, 2009, SERC notified SRW that an audit to determine its compliance with the NERC Reliability Standards had been scheduled to take place August 4–6, 2009.
6. On May 9, 2009, SERC Audit Staff sent a letter to SRW detailing, among other things, the Reliability Standards that would be the focus of the upcoming audit. Among the standards to be audited were NERC Reliability Standards PRC-005-1 (Transmission and Generation Protection System Maintenance and Testing) and FAC-008-1 (Facility Ratings Methodology).

Alleged Violations

Alleged Violations of NERC Reliability Standard PRC-005-1, Requirements 1 and 2

7. The purpose of NERC Reliability Standard PRC-005-1 is to ensure that all transmission and generation Protection Systems that affect the reliability of the Bulk Electric System are maintained and tested.
8. NERC Reliability Standard PRC-005-1, Requirement 1 requires that each Generator Owner that owns a Protection System “shall have a Protection System maintenance and testing program for Protection Systems that affect the reliability of the Bulk Electric System.”¹
9. NERC Reliability Standard PRC-005-1, Requirement 2 requires that each Generator Owner that owns a Protection System “provide documentation of its Protection System maintenance and testing program,” as well as evidence that its Protection System devices were maintained and tested within the defined intervals and the date each Protection System was last maintained and tested.²
10. On June 17, 2009, SRW submitted a self-report for NERC Reliability Standard PRC-005-1, Requirements 1 and 2 stating that an investigation of its historical documentation performed in preparation for its on-site audit scheduled for August 2009 discovered a number of deficiencies in its compliance with the Standard.³

¹ NERC Reliability Standard PRC-005-1 – Transmission and Generation Protection System Maintenance and Testing, approved by NERC Board of Trustees on May 2, 2006, approved by FERC effective June 18, 2007.

² Id.

³ While the date listed in the self-report is June 16, 2009, SERC did not receive the self-report until June 17, 2009.

SRW stated that the documentation for its protection system maintenance and testing program in effect between June 18, 2007 and January 20, 2009 did not meet all the requirements of NERC Reliability Standard PRC-005-1.⁴ SRW explained that its documentation did not address testing of associated communications systems and DC control circuitry, nor did it include the basis for the maintenance and testing intervals for each category of Protection System components included in the program, as required in the Standard. In addition, the documentation did not include a summary of maintenance and testing procedures for each category of Protection System included in the program. SRW also reported that it had discovered that weekly testing did not take place on the Packaged Electronic/Electrical Control Compartment (PEECC) Batteries from June 18, 2007 to March 27, 2009, as called for in its Protection System maintenance and testing program documents.

11. On June 29, 2009, SRW submitted an updated self-report for NERC Reliability Standard PRC-005-1 indicating that it was evaluating its remaining maintenance and testing data to determine if there were any additional gaps in either documentation or implementation for any other Protection System components subject to the Standard. SRW also noted in its self-report that, in connection with its audit preparation efforts, SRW had discovered that it had self-certified in error that it was compliant with NERC Reliability Standard PRC-005-1 for the period April 1, 2008 through March 31, 2009, when in fact it had not been compliant for the entire period, based on the self-reports submitted as a result of its internal investigation.⁵
12. Directly after submitting the self-reports, SRW acted to mitigate the alleged violations of NERC Reliability Standard PRC-005-1. SRW promptly engaged in a detailed review of the applicable data to both confirm the initial compliance concerns that had been raised with respect to the Generator Owner and to propose a mitigation plan to SERC for approval.
13. After confirming SRW's NERC registration status, SERC Staff commenced its detailed compliance assessment. On June 23, 2009, SERC Staff issued to SRW a Compliance Assessment Notice advising SRW of the initiation of a formal assessment to determine, in part, its compliance relative to NERC Reliability Standard PRC-005-1, Requirements 1a and 2a and directing SRW to preserve all relevant records and information. Subsequently, SERC Staff requested certain

⁴ As a QF, SRW was required to be compliant with the NERC Reliability Standards by June 25, 2007. However, in its self-report, SRW identified that it had not been in compliance since June 18, 2007, the start of the mandatory reliability period for all other bulk power system users, owners and operators.

⁵ SERC did not find the error in SRW's earlier self-certifications to be intentional, nor did SERC find that SRW had tried to conceal any information. At the time of the filing of the earlier self-certification, SRW believed that it was compliant. After review of published lessons learned on NERC Reliability Standard PRC-005-1, as part of its internal review, SRW became aware of the issue and filed its self-report.

information from SRW to assist with its assessment, to which SRW promptly responded. Specifically, SERC Staff requested that SRW identify the scope of its Protection System components and the details of the facility's connection with the bulk power system. SERC Staff also requested details of SRW's testing procedures, as well as the historical records showing implementation of the program. SERC Staff promptly established direct contact with representatives of SRW to begin the process of gathering information and documentation for the detailed compliance assessment. SERC Staff also reported the possible violations to NERC, which, in turn, reported the possible violations to the Federal Energy Regulatory Commission ("Commission") in accordance with the Compliance Monitoring Enforcement Program ("CMEP") of the NERC Rules of Procedure.

14. As part of its review of the evidence provided to determine compliance with NERC Reliability Standard PRC-005-1, Requirement 1, SERC Staff reviewed SRW's "Power Enclosure Electrical Procedure" (PEMP-28), Revisions 1-3, that were in effect from December 2005 through January 20, 2009 and SRW's Protection System maintenance and testing program identified as "RCP-NERC-Attachment 17" in effect from January 21, 2009 to June 4, 2009.
15. In its review of the procedures, SERC Staff found that PEMP-28 was established to provide guidelines for proper inspection and maintenance of 138kV electrical transmission and distribution substations, and did not constitute a generation Protection System program. PEMP-28 contained basic guidelines and general recommendations for battery, relay, and instrument transformer inspections. It also provided detailed explanations and preventive maintenance procedures for substation breakers, but it did not cover all categories of protection system equipment, as required by the Standard.
16. SRW's RCP-NERC-Attachment 17 provides a description of each category of the Protection System by including associated communications systems and DC control circuitry. Although SRW's RCP-NERC-Attachment 17 provided intervals for each category of the Protection System components, it lacked adequate test methods, test basis, and maintenance procedures.
17. On June 4, 2009, SRW adopted a revised Protection System maintenance and testing program that satisfied all of the elements of NERC Reliability Standard PRC-005-1, Requirement 1.
18. For NERC Reliability Standard PRC-005-1, Requirement 1, SERC Staff found that prior to June 4, 2009, SRW's program did not identify testing of associated communications systems and DC control circuitry, as listed in the NERC Glossary of Terms. In addition, prior to June 4, 2009, SRW's Protection System program identified, but did not include the basis for maintenance and testing intervals or summary of maintenance and testing procedures for protective relays, voltage and current sensing devices, and station batteries.

19. For NERC Reliability Standard PRC-005-1, Requirement 2, SERC Staff reviewed the information provided by SRW and validated that its generation Protection System was comprised of six battery banks in a redundant configuration; sixteen protective relays; instrument transformers for the generator 138kV breakers, 138kV Ring-Bus CCVTs, and 138kV station transformers; associated communications systems for four of the sixteen relays; and corresponding DC control circuitry.
20. From its review, SERC Staff found that the evidence showed that from June 25, 2007 through March 27, 2009, SRW did not perform weekly testing intervals for its gas turbine generator PEECC batteries, generation station 5kV batteries, and associated DC control circuitry. SERC Staff was able to verify that SRW performed quarterly and monthly battery testing during the same period. In addition, due to the effects of Hurricane Ike, which flooded and shut down the plant during September and October 2008, certain testing was not performed during that period and records for other tests that had been performed prior to that time were lost.
21. From its review of the evidence provided, SERC Staff found that SRW missed one three-year interval on each of the instrument transformers for the 138kV Ring-Bus CCVTs, 138kV station transformer, and 138kV generator breakers testing intervals on the instrument transformers one of which was scheduled to be tested on June 25, 2007 and the other on January 20, 2009. SRW also missed one four-year interval on thirteen of the sixteen protective relays and one four-year interval on three of the four associated communications system fiber-optic lines connected to the protective relays during the same period.
22. During the scheduled audit that took place on August 4-6, 2008, the Audit team did not further assess SRW's compliance with NERC Reliability Standard PRC-005-1 due to the ongoing enforcement action and the work being done under SRW's open mitigation plan.
23. SERC Staff concluded that the facts and evidence supported a finding that SRW violated NERC Reliability Standard PRC-005-1, Requirements 1 and 2, because the evidence reviewed showed that SRW's existing Protection System maintenance and testing program was deficient in a number of required areas and lacked documentation of the implementation of that program. In addition, the available documentation identified a number of areas where the program had not been implemented in accordance with SRW's procedure. Requirements 1 and 2 of NERC Reliability Standard PRC-005-1 are both assigned a "High" VRF.⁶ SERC Staff

⁶ When NERC filed VRFs for PRC-005, NERC originally assigned a "Medium" VRF to PRC-005-1, Requirement 1. In the Commission's May 18, 2007 Order on Violation Risk Factors, the Commission approved the VRF as filed but directed modifications. On June 1, 2007, NERC filed the modified "High" VRF for PRC-005-1, Requirement 1 for approval. On August 6, 2007, the Commission issued an Order approving the modified VRF.

(continued)

concluded that there was no serious or substantial risk to the reliability of the Bulk Power System (BPS) as a result of these alleged violations, because the Generator Owner has a single 420 MW cogeneration facility that is primarily designed to provide thermal energy to its host and only puts residual power on the bulk power system. In addition, the facility has a single 138kV connection to the BPS which would have limited the impact if the generation Protection System misoperated.

Alleged Violation of NERC Reliability Standard FAC-008-1, Requirement 1

24. The purpose of NERC Reliability Standard FAC-008-1 is to ensure that Facility Ratings used in the reliable planning and operation of the Bulk Electric System are determined based on an established methodology or methodologies.
25. NERC Reliability Standard FAC-008-1, Requirement 1 requires that a Generator Owner document its current methodology used for developing Facility Ratings.”⁷
26. On June 17, 2009, SRW submitted a self-report for NERC Reliability Standard FAC-008-1, Requirement 1 stating that while it used various technical documents to derive its Facility Ratings, it did not have a single written Facility Ratings Methodology from June 18, 2007 through March 30, 2008.⁸ SRW further explained that it released a Facility Ratings Methodology on March 31, 2008 and at the time of the self-report believed that the March 2008 document met the requirements of NERC Reliability Standard FAC-008-1, Requirement 1.
27. On June 23, 2009, SERC Staff issued to SRW a Compliance Assessment Notice advising SRW of the initiation of a formal assessment to determine, in part, its compliance relative to NERC Reliability Standard FAC-008-1, Requirement 1, and directing SRW to preserve all relevant records and information. SERC Staff promptly established direct contact with representatives of SRW to begin the process of gathering information and documentation for the detailed compliance assessment. SERC Staff also reported the possible violations to NERC, which, in turn, reported the possible violations to the Commission in accordance with the CMEP of the NERC Rules of Procedure.

Therefore, the “Medium” VRF was in effect from June 18, 2007 until August 6, 2007 and the “High” VRF has been in effect since August 6, 2007.

⁷ NERC Reliability Standard FAC-008-1 – Facility Ratings Methodology, approved by NERC Board of Trustees on February 7, 2006, approved by FERC effective June 18, 2007.

⁸ As a QF, SRW was required to be compliant with the NERC Reliability Standards by June 25, 2007. However, in its self-report, SRW identified that it had not been in compliance since June 18, 2007, the start of the mandatory reliability period for all other bulk power system users, owners and operators.

28. To assist in its analysis, SERC Staff requested documentation of SRW's Facility Ratings, how the ratings were derived, and current and past methodologies. SRW promptly provided the requested information.
29. From its review, SERC Staff verified that SRW did not have a documented Facility Ratings Methodology, as required by NERC Reliability Standard FAC-008-1, Requirement 1 between June 25, 2007 and March 30, 2008. However, SRW provided a Performance Test Report for its facility, dated May 16, 2002 that was developed during the plant commissioning acceptance test. SRW stated that it used Plant Net Output test data from the report as an operating guideline for its Facility Ratings.
30. After an internal assessment, SRW developed a Facility Ratings Methodology document that it adopted on March 31, 2008. However, this document did not contain the statement that the Facility Rating shall equal the most limiting applicable Equipment Rating of the individual equipment that comprises that Facility, nor the method by which the Rating (of major Bulk Electric System equipment that comprises a Facility) would be determined. On June 1, 2009, SRW adopted a revised Facility Ratings Methodology that fully met the requirements of NERC Reliability Standard FAC-008-1. The revised procedure included all of the required elements of the Standard.
31. SERC Staff concluded that the facts and evidence supported a finding that SRW violated NERC Reliability Standard FAC-008-1, Requirement 1, because as a Generator Owner, SRW did not have a documented Facility Ratings Methodology that met the requirements of NERC Reliability Standard FAC-008-1, Requirement 1 for use in developing facility ratings. NERC Reliability Standard FAC-008-1, Requirement 1 is assigned a "Medium" VRF consistent with the VRF filed by NERC and approved by the Commission. SERC Staff further concluded that there was no serious or substantial risk to the reliability of the BPS because the Facility Ratings derived during this period were based on facility design documents and were confirmed with a facility performance test prior to connection to the BPS.
32. On July 23, 2009, SRW formally requested settlement discussions for the resolution of the alleged violations of NERC Reliability Standards PRC-005-1, Requirements 1 and 2 and FAC-008-1, Requirement 1.
33. During the scheduled compliance audit which took place on August 4-5, 2009, the Audit Team did not identify any other possible violations of the NERC Reliability Standards.
34. On September 17, 2009, SERC Staff conducted a web conference with SRW. At this time, SERC Staff presented its findings and conclusions, the potential daily penalty exposure, and SERC Staff's total proposed penalty based on its assessment of the

seriousness of the alleged violation and SRW's efforts to remedy the alleged violation, and the settlement process.

III. PARTIES' SEPARATE REPRESENTATIONS

Statement of SERC and Summary of Findings

35. SERC finds that beginning on June 25, 2007, the beginning of the mandatory reliability period for QFs, and continuing until June 4, 2009, the date that SRW adopted a procedure that fully complied with NERC Reliability Standard PRC-005-1, Requirement 1, SRW, as a Generator Owner, did not have documented evidence or records of a Protection System maintenance and testing program for its generation Protection System. This is a violation of NERC Reliability Standard PRC-005-1, Requirement 1 for failing to have documentation for its generation Protection System maintenance and testing program.
36. SERC finds that beginning on June 25, 2007, the beginning of the mandatory reliability period for QFs and continuing until July 21, 2009, the date that SRW completed its Mitigation Plan, SRW, as a Generator Owner, failed to provide documented evidence or records that all applicable components have been tested and maintained. This is a violation of NERC Reliability Standard PRC-005-1, Requirement 2, for failing to have evidence of maintenance and testing for elements of its generation Protection System.
37. SERC finds that beginning on June 25, 2007, the beginning of the mandatory reliability period for QFs and continuing until June 1, 2009, the date that SRW adopted a Facility Ratings Methodology that fully complied with the Standard, SRW, as a Generator Owner, did not have a documented Facility Ratings Methodology that included all of the items identified in NERC Reliability Standard FAC-008-1, Requirement 1. This is a violation of NERC Reliability Standard FAC-008-1, Requirement 1 because the Generator Owner did not have a documented Facility Ratings Methodology for use in developing facility ratings according to the standard.
38. SERC Staff concluded that the actual or foreseeable impact of the alleged violations on the reliability of the bulk power system was minimal, as discussed above.
39. SERC agrees that this Settlement Agreement is in the best interest of the parties and in the best interest of bulk power system reliability.

Statement of SRW

40. SRW agrees to the stipulated facts but neither admits nor denies that they constitute violations of PRC-005-1 R1, R2.1, and FAC-008-1 R1. SRW has entered into this settlement agreement to avoid lengthy proceedings and expedite the settlement of alleged violations.

41. Although SRW does not admit to, nor does it deny, the alleged violations of PRC-005-1 R1, R2.1 and FAC-008-1 R1, SRW has agreed to enter into this Agreement with SERC 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. SRW agrees that this Agreement is in the best interest of the parties and in the best interest of maintaining a reliable electric infrastructure.
42. SRW's internal compliance program includes SRW's electronic NERC Reliability Compliance Manual, which contains the applicable NERC Standards and all associated processes and procedures. SRW also "spot checks" its NERC compliance program on a regular basis. Also, an electronic NERC Library is available to employees online which contains numerous helpful links, maps, and other NERC related information. In addition, NERC meetings are held on a regular basis with designated SRW employees to discuss NERC and power regional compliance issues. SRW employees are also trained regularly on NERC Reliability Standards that apply to SRW. ConocoPhillips and SRW both have overarching ethics/code of compliance and health and safety-related policies that require all employees and contractors to adhere to all rules, laws, and regulations. Additionally, SRW has a NERC Compliance Policy in place that has been signed by the Vice President of Conoco Global Power Development-Sabine Inc. Finally, ConocoPhillips has an anonymous Ethics hotline telephone number and email box that any employee can utilize in the event that he or she has any concerns about SRW's NERC compliance program.

IV. MITIGATING ACTIONS, REMEDIES AND SANCTIONS

43. SRW's Mitigation Plan MIT-07-1981 for NERC Reliability Standard PRC-005-1, Requirements 1 and 2 dated June 29, 2009, was accepted by SERC on September 17, 2009. It was submitted to NERC for its approval on September 18, 2009. It was approved by NERC on September 18, 2009, and submitted to the Commission on September 23, 2009. SRW's Mitigation Plan was completed on July 21, 2009. SRW certified completion of Mitigation Plan MIT-07-1981 on July 22, 2009 and SERC verified completion of the Mitigation Plan on November 18, 2009. SRW's Mitigation Plan MIT-07-1981 is attached hereto as Appendix A-1. Its Certification of Mitigation Plan Completion is attached hereto as Appendix A-2, and the Statement of SERC Compliance Staff Regarding Completion of SRW's Mitigation Plan MIT-07-1981 is attached hereto as Appendix A-3.
44. Actions implemented by SRW in its Mitigation Plan will help to prevent a recurrence of any similar violation of NERC Reliability Standard PRC-005-1, Requirements 1 and 2. Specifically:

- a. SRW revised its generation Protection System maintenance and testing program to include missing components of its Protection System based on the NERC Glossary of Terms and as stated in Requirements 1.1 and 1.2.
 - b. SRW implemented a process for annual reviews of the Protection System maintenance and testing program and documented the process review.
 - c. SRW performed training of Plant personnel on all GO standards.
 - d. SRW documented the implementation of its generation Protection System program as defined in Requirements 2.1 and 2.2 for all components.
 - e. SRW documented historical test dates for all equipment listed in its generation Protection System. SRW also implemented a tracking tool for its maintenance and testing program and tested any equipment, which did not have verifiable testing information.
 - f. SRW's maintenance and testing program has been revised to include all aspects of its Protection Systems, with sufficient details regarding intervals, procedures, and methods of maintenance and testing.
45. SRW's Mitigation Plan MIT-07-2005 for NERC Reliability Standard FAC-008-1, Requirement 1 dated September 4, 2009, was accepted by SERC on September 24, 2009. It was submitted to NERC for its approval on September 25, 2009. It was approved by NERC on October 8, 2009 and submitted to FERC on October 12, 2009. SRW's Mitigation Plan was completed on June 1, 2009. SRW certified completion of Mitigation Plan MIT-07-2005 on September 4, 2009 and SERC verified completion of the Mitigation Plan on September 28, 2009. SRW's Mitigation Plan MIT-07-2005 is attached hereto as Appendix A-4. Its Certification of Mitigation Plan Completion is attached hereto as Appendix A-5, and the Statement of SERC Compliance Staff Regarding Completion of SRW's Mitigation Plan MIT-07-2005 is attached hereto as Appendix A-6.
46. Actions implemented by SRW in its Mitigation Plan MIT-07-2005 will help to prevent a recurrence of any similar violation. Specifically:
- a. SRW has revised and approved its documented Facility Ratings Methodology used for developing Facility Ratings.
 - b. SRW implemented a requirement to annually review its Facility Ratings Methodology, as well as a process to do so. Dates for these reviews have been entered into the Compliance Database and reminders will be sent to the plant.
 - c. SRW provided training for existing personnel on NERC Reliability Standard FAC-008-1. In accordance with SRW's procedure, any new employees with

responsibility for ratings methodology will be provided with training to help ensure ongoing compliance with the Standard.

47. SERC has reviewed the preventative measures described in the Mitigation Plans and has determined that these measures will assist SRW in improving prospective compliance with the requirements of all of the Reliability Standards, including NERC Reliability Standards PRC-005-1 and FAC-008-1 and will ultimately enhance the reliability of the bulk power system within an appropriate time frame.
48. For NERC Reliability Standard PRC-005-1, Requirement 1, SERC reviewed SRW's Protection System Maintenance and Testing Program, Rev. 4 dated June 4, 2009 as the testing procedure that included all of the components of SRW's Protection System, based on the NERC Glossary of Terms and as stated in Requirement 1 of the Standard.
49. For Requirement 2 of NERC Reliability Standard PRC-005-1, SERC Staff reviewed a representative sample of SRW's components showing last completed tests, prior tests, next due dates, and files with evidence of completion.
50. For NERC Reliability Standard FAC-008-1, SERC Staff reviewed SRW's revised Facility Rating Methodology that addresses the methodology utilized by SRW to rate its generation facility in accordance with the Standard. SERC Staff verified that SRW revised its procedure to require an annual review.
51. SERC Staff also considered the specific facts and circumstances of the violation and SRW's actions in response to the alleged violation 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 [SRW] to remedy the violation in a timely manner."⁹ The factors considered by SERC Staff in the determination of the appropriate penalty for SRW's alleged violations of NERC Reliability Standards FAC-008-1 and PRC-005-1 pursuant to this Settlement Agreement included the following:
 - d. SRW has no prior violation of this Standard or any closely-related standard during the mandatory reliability period.
 - e. SRW cooperated in a timely and satisfactory manner with SERC Staff during the investigation.¹⁰ SRW cooperated with SERC Staff during meetings between the parties to discuss these events. SRW initiated its own internal investigation

⁹ 16 U.S.C. § 824o(e)(6).

¹⁰ Revised Policy Statement on Enforcement, 123 FERC ¶ 61,156, P 65 (May 15, 2008).

and voluntarily provided supporting information to SERC Staff to assist in SERC Staff's review of the facts and circumstances. This included the submission of detailed mitigation plans, evidence resulting from ongoing internal assessments of SRW's Protection System, and historical methodology documents. SRW's comprehensive response to SERC Staff's questions enabled SERC Staff to conduct its investigation in an efficient manner.

- f. SRW agreed to resolve this issue via settlement and promptly initiated various mitigation and preventative measures before receiving a Notice of Alleged Violation from SERC.
 - g. As described above, SRW has implemented a wide-range of measures to address the alleged violations and to protect against future violations of the same or similar requirements, and is taking steps to implement and strengthen as set forth in Paragraphs 44 and 46.
52. Based on the above factors, as well as the mitigation actions and preventative measures taken, SRW shall pay \$20,000 to SERC as set forth in this Settlement Agreement. SRW shall remit the payment to SERC via check, or by wire transfer to an account to be identified by SERC ("SERC Account"), within twenty days after SERC provides SRW with a notice of penalty payment due and invoice, to be issued by SERC after this Settlement Agreement is either approved by the Commission or by operation of law. SERC shall notify NERC, and NERC shall notify the Commission, if the payment is not timely received. If SRW does not remit the payment by the required date, interest payable to SERC will begin to accrue pursuant to the Commission's regulations at 18 C.F.R. §35.19a(a)(2)(iii) from the date that payment is due, and shall be payable in addition to the payment.
53. 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, may subject SRW to new or additional enforcement, penalty or sanction actions in accordance with the NERC Rules of Procedure. SRW will retain all rights to defend against such enforcement actions in accordance with the NERC Rules of Procedure.

V. ADDITIONAL TERMS

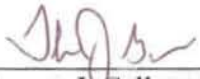
54. The signatories to the Settlement Agreement agree that they enter into the Settlement Agreement voluntarily and that, other than the recitations set forth herein, no tender, offer or promise of any kind by any member, employee, officer, director, agent or representative of SERC or SRW has been made to induce the signatories or any other party to enter into the Settlement Agreement. The signatories agree that the terms and conditions of this Settlement Agreement are consistent with the Commission's regulations and orders, and NERC's Rules of Procedure.

55. SERC 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 in to for similar violations or under other, similar circumstances. Based on this review, NERC will either approve the settlement or reject the settlement and notify SERC and SRW of changes to the settlement that would result in a approval. If NERC rejects the settlement, NERC will provide specific written reasons for such rejection and SERC will attempt to negotiate a revised settlement agreement with SRW 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.
56. 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.
57. SRW agrees that this Settlement Agreement, when approved by NERC and the Commission, shall represent a final settlement of all matters set forth herein and SRW waives its right to further hearings and appeal, unless and only to the extent that SRW contends that any NERC or Commission action on the Settlement Agreement contains one or more material modifications to the Settlement Agreement. SERC reserves all rights to initiate enforcement, penalty or sanction actions against SRW in accordance with the NERC Rules of Procedure in the event that SRW fails to comply with the mitigation plan agreed to in this Settlement Agreement. In the event SRW fails to comply with any of the stipulations, remedies, sanctions or additional terms, as set forth in this Settlement Agreement, SERC will initiate enforcement, penalty, or sanction actions against SRW 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, SRW shall retain all rights to defend against such enforcement actions, also according to the NERC Rules of Procedure.
58. SRW consents to the use of SERC'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 SRW does not consent to the use of the specific acts set forth in this Agreement as the sole basis for any other action or proceeding brought by NERC and/or SERC, nor does SRW consent to the use of this Agreement by any other party in any other action or proceeding.

59. Each of the undersigned warrants that he or she is an authorized representative of the party designated, is authorized to bind such party and accepts the Settlement Agreement on the party's behalf.
60. 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.
61. The Settlement Agreement may be signed in counterparts.
62. This Settlement Agreement is executed in duplicate, each of which so executed shall be deemed to be an original.

***Remainder of page intentionally blank.
Signatures to be affixed to the following page.***

Agreed to and accepted:



Thomas J. Galloway
Vice President and Director of Compliance
SERC RELIABILITY CORPORATION

12/17/09

Date



M.T. Swenson
President - Conoco Global Power Developments - Sabine Inc.

10 December 2010

Date

As General Partner and on behalf of
SRW COGENERATION LIMITED PARTNERSHIP
AW Legal

**APPENDIX A
TO
SETTLEMENT AGREEMENT
OF
SERC RELIABILITY CORPORATION
AND
SRW COGENERATION LIMITED PARTNERSHIP**

- (1) SRW's Mitigation Plan for PRC-005-1, R1&R2**
- (2) SRW's Certification of Mitigation Plan Completion for PRC-005-1, R1&R2**
- (3) Statement of SERC Staff Regarding Completion of SRW's Mitigation Plan for
PRC-005-1, R1&R2**
- (4) SRW's Mitigation Plan for FAC-008-1, R1**
- (5) SRW's Certification of Mitigation Plan Completion for FAC-008-1, R1**
- (6) Statement of SERC Staff Regarding Completion of SRW's Mitigation Plan for
FAC-008-1, R1**



Mitigation Plan Submittal Form

*Please refer to
SERC Guidelines for Mitigation Plan Submission.pdf available at
<http://www.serc1.org/Application/ContentPageView.aspx?ContentId=22>*

Date this Mitigation Plan is being submitted: 6/29/09

If this Mitigation Plan has already been completed:

- Check this box ☐ and
- Provide the Date of Completion of the Mitigation Plan:

Section A: Compliance Notices

- Section 6.2 of the CMEP¹ sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:
 - (1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan. This person may be the Registered Entity's point of contact described in Section 2.0.
 - (2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.
 - (3) The cause of the Alleged or Confirmed Violation(s).
 - (4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).
 - (5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed violation(s).
 - (6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.
 - (7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.
 - (8) Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date

¹ "Uniform Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation;" a copy of the current version approved by the Federal Energy Regulatory Commission is posted on NERC's website.

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of submission. Additional violations could be determined for not completing work associated with accepted milestones.

- (9) Any other information deemed necessary or appropriate.
 - (10) The Mitigation Plan shall be signed by an officer, employee, attorney or other authorized representative of the Registered Entity, which if applicable, shall be the person that signed the Self-Certification or Self Reporting submittals.
- This submittal form shall be used to provide a required Mitigation Plan for review and approval by SERC and NERC.
 - The Mitigation Plan shall be submitted to SERC and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.
 - This Mitigation Plan form may be used to address one or more related violations of one Reliability Standard. A separate mitigation plan is required to address violations with respect to each additional Reliability Standard, as applicable.
 - If the Mitigation Plan is approved by SERC and NERC, a copy of this Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
 - SERC or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
 - Remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.

Section B: Registered Entity Information

B.1 Identify your organization:

Company Name: SRW Cogeneration Limited Partnership
Company Address: P.O. Box 2816, Orange TX 77631
NERC Compliance Registry ID *[if known]*: NCR01331

B.2 Identify the individual in your organization who will serve as the Contact to SERC regarding this Mitigation Plan. This person shall be technically knowledgeable regarding this Mitigation Plan and authorized to respond to SERC regarding this Mitigation Plan.

Name: Randall Read
Title: Operations Specialist
Email: randall.read@conocophillips.com
Phone: 409-883-7869



Section C: Identity of Reliability Standard Violations Associated with this Mitigation Plan

This Mitigation Plan is associated with the following violation(s) of the reliability standard listed below:

C.1 Standard: PRC-005-1
[Identify by Standard Acronym (e.g. FAC-001-1)]

C.2 Requirement(s) violated and violation dates:
[Enter information in the following Table]

NERC Violation ID # [if known]	SERC Violation ID # [if known]	Requirement Violated (e.g. R3.2)	Violation Date ^(*)
SERCYYYYnnnnn	YYYY-nnn	Rn.n.n	MM/DD/YYYY
		R1	6/18/2007
		R1.1	6/18/2007
		R1.2	6/18/2007
		R2.1	6/18/2007

(*) Note: The Violation Date shall be: (i) the date that the violation occurred; (ii) the date that the violation was self-reported; or (iii) the date that the violation has been deemed to have occurred on by SERC. Questions regarding the date to use should be directed to SERC.

C.3 Identify the cause of the violation(s) identified above:

A thorough investigation of SRW Cogeneration Limited Partnership's (SRW) historical documentation performed in preparation for its on-site audit scheduled for August 2009 found the deficiencies that have led to this self-report. SRW continues to review this historical documentation and if necessary, it will supplement this Mitigation Plan.

It has been recently determined that the documentation for SRW's Protection System maintenance and testing program in effect for the period of 6/18/2007 through 1/20/09 did not meet all requirements of PRC-005-1. Specifically, it did not address testing of "Associated Communications Systems" and "DC Control Circuitry," as required in PRC-005-1, R1. The documentation also did not include the basis for



maintenance and testing intervals for each category of Protection System components included in the program, as required in PRC-005-1, R1.1. Lastly, the documentation did not include a summary of maintenance and testing procedures for each category of Protection System included in the program, as required in PRC-005-1, R1.2.

On 1/21/09, as part of a process improvement effort, a new protection system maintenance and testing program, RCP-NERC-Attachment 17 (attached), was implemented. At that time, it was not recognized that a self report should have been filed as a result of the lack of a complete written procedure not being in place from 6/18/07 through 1/20/09. SRW believes RCP-NERC-Attachment 17 met all requirements of PRC-005-1 because this new program addressed "Associated Communication Systems," "DC Control Circuitry," and the basis for the testing intervals, and it contained a summary of the maintenance and testing procedures. Since January 2009, RCP-NERC-Attachment 17 has been further revised to reflect refinements to the procedure, as well as a name change to the "Protection System Maintenance and Testing Program," now in its 4th Revision dated June 4, 2009 (attached for reference). SRW continues to believe the procedure is compliant with all the Requirements within the Standard.

As part of the same recent audit preparation effort, SRW discovered that from 6/18/07 through the week of 3/27/09, weekly testing did not take place on the PEECC Batteries, as called for in SRW's Protection System maintenance and testing program documents in effect over that period, and as required by PRC-005-1, R2.1. Testing commenced as of 3/27/09.

As mentioned above, the remaining maintenance and testing data is currently being evaluated in-depth with SRW's Generator Operator to determine if there are any additional gaps in either documentation or implementation for any SRW Protection System components subject to PRC-005 since 6/18/07. SRW believes it is in the best interest of maintaining reliability to submit this Mitigation Plan for SERC's review and approval at this time, rather than allow any delay while it finalizes its internal review and evaluation with the Generator Operator.

Finally, in connection with SRW's audit preparation efforts, SRW discovered that SRW self-certified that it was compliant with PRC-005-1 for the period 4/1/08 through 3/31/09 when in fact it was not compliant for the entire period, as discussed above.



C.4 **[Optional]** Provide any relevant additional information regarding the violations associated with this Mitigation Plan:

None.

Section D: Details of Proposed Mitigation Plan

Mitigation Plan Contents

D.1 Identify and describe the action plan, including specific tasks and actions that your organization is proposing to undertake, or which it undertook if this Mitigation Plan has been completed, to correct the violations identified above in Part C.2 of this form:

1. Create and implement a Protection System maintenance and testing program that contains all the Requirements of PRC-005-1, including R1, R1.1, and R1.2

SRW implemented RCP-NERC Attachment 17 on 1/21/09 as part of a process improvement effort. SRW believes that Attachment 17 was compliant with PRC-005-1 since it addressed "Associated Communication Systems," "DC Control Circuitry," and the basis for the testing intervals, and it contained a summary of the maintenance and testing procedures. Continual improvements have been made to it to reflect SERC's "lessons learned" about PRC-005-1. The name of the document has also changed; the most current version of SRW's program, Revision 4 (dated 6/4/09), is now called "Protection System and Maintenance Testing Program," and is attached.

2. Implement an annual review process of the program documentation.

SRW has updated its NERC Reliability Compliance Manual to reflect a requirement that the Protection System Maintenance and Testing Program document be reviewed annually. The first review was conducted on 3/31/09, as illustrated in "RCP-NERC-PRC-005." Dates for the reviews have been entered into a compliance database, and reminders will be sent to the Operations Specialist who is responsible for the review to ensure that the reviews are completed timely. Updates to the program will be made where appropriate, in accordance with the findings of the annual reviews.

3. Test all PEECC batteries



PEECC battery testing commenced 3/27/09.

4. Determine whether there is any additional testing that was not completed or whether there are any testing-related documentation deficiencies.

SRW is currently working with its Generator Operator to evaluate the state of Protection System testing and associated testing documentation. SRW expects to complete this review by 7/31/09. If, as a result of this review, additional updates to this Mitigation Plan are required, SRW will supplement it. SRW believes it is in the best interest of maintaining reliability to submit this Mitigation Plan for SERC's review and approval at this time, rather than allow any delay while it finalizes its internal review and evaluation with the Generator Operator.

5. Create a tracking mechanism for capturing all maintenance and testing activities that have happened since 6/18/07 and those that will occur in the future pursuant to the Protection System Maintenance and Testing Program (and PRC-005-1).

SRW will create a spreadsheet for tracking all of the maintenance and testing of SRW's Protection System components and devices that has happened to date and that will be performed in the future in accordance with the program. Responsibility for oversight of this mechanism/spreadsheet will be assigned to ensure that the maintenance and testing are being performed timely, and that the spreadsheet is being updated accordingly. Onsite management will be responsible for ensuring strict compliance with the execution and tracking of the Protection System Maintenance and Testing Program, as well as instructing impacted personnel on the expectations associated with the detection, reporting, and correction of compliance violations associated with this Standard.

6. Training on PRC-005-1 requirements has been conducted and completed for existing personnel; additional general training is planned as described below. New employees with Protection System maintenance and testing responsibility will also receive training.

Specifically, the Operations Specialist and Director of Operations & Maintenance, along with some of SRW's Generator Operator personnel, participated in training 1/22/09 regarding, among other things, PRC-005-



1. Additional training on, among other things, PRC-005-1, was also conducted on 3/25/09, with the same SRW onsite personnel present. Basic NERC and Generator Owner training occurred on June 24, 2009 and an additional training session is scheduled for June 30, 2009.

7. Starting 7/31/09, SRW's self-certification process will include a review of the spreadsheet control document described in 5. above to ensure that all maintenance and testing has been completed in accordance with the program requirements.

Check this box ☐ and proceed to Section E of this form if this Mitigation Plan, as set forth in Part D.1, has already been completed; otherwise respond to Part D.2, D.3 and, optionally, Part D.4, below.

Mitigation Plan Timeline and Milestones

D.2 Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the violations associated with this Mitigation Plan are corrected: The Mitigation Plan will be completed by July 31, 2009. See table under D.3 for specific milestones.

D.3 Enter Milestone Activities, with completion dates, that your organization is proposing for this Mitigation Plan:

Milestone Activity	Proposed Completion Date* (shall not be more than 3 months apart)
Create and implement Attachment 17 to address PRC-005-1 R1, R1.1, and R1.2	Completed 1/21/09.
Implement a process for annual reviews of the Protection System Maintenance and Testing Program and document completion of the review	Completed. Review completed 3/31/09; process documented on 6/8/09.
Perform weekly testing of the PEECC batteries	In process. Testing began 3/27/09.
Identify any other instances where maintenance and testing were not performed and/or where there are related documentation gaps	7/31/09

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Create spreadsheet to track maintenance and testing performed, and populate with testing dates beginning with June 2007; assign oversight responsibility	7/31/09
Training for existing onsite personnel	Completed 1/22/09, 3/25/09, and 6/24/09; additional training planned for 6/30/09.
Include as part of the self-certification process a review of the spreadsheet control document to ensure compliance with maintenance and testing program.	7/31/09

(*) Note: Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined for not completing work associated with accepted milestones.



Additional Relevant Information (Optional)

D.4 If you have any relevant additional information that you wish to include regarding the mitigation plan, milestones, milestones dates and completion date proposed above you may include it here:

None

Section E: Interim and Future Reliability Risk

Check this box ☐ and proceed and respond to Part E.2 and E.3, below, if this Mitigation Plan, as set forth in Part D.1, has already been completed.

Abatement of Interim BPS Reliability Risk

E.1 While your organization is implementing the Mitigation Plan proposed in Part D of this form, the reliability of the Bulk Power System may remain at higher risk or be otherwise negatively impacted until the plan is successfully completed. To the extent they are, or may be, known or anticipated: (i) identify any such risks or impacts; and (ii) discuss any actions that your organization is planning to take or is proposing as part of the Mitigation Plan to mitigate any increased risk to the reliability of the bulk power system while the Mitigation Plan is being implemented:

The impact of not testing the PEECC batteries was minimal and it has already been mitigated because testing begun as of 3/27/09. The lack of documentation associated with the maintenance and testing program prior to the implementation of Attachment 17 did not impact the Bulk Power System (BPS).

There was no impact to the BPS regarding the testing or documentation of the remaining SRW Protection System components primarily because, even assuming there are additional instances of failure to test, that failure happened in the past, and there were no interruptions on the BPS related to SRW's failure to test its Protection System.

In the meantime, site management with PRC-005-1 compliance-related responsibility is responsible for strict adherence to the execution and tracking of the Protection System Maintenance and Testing Program currently in place, and instructing local personnel regarding the



detection, reporting, and correction of compliance violations if required during the interim period.

Prevention of Future BPS Reliability Risk

- E.2 Describe how successful completion of the Mitigation Plan as laid out in Part D of this form will prevent or minimize the probability that your organization incurs further violations of the same or similar reliability standards requirements in the future:

The regular review of the SRW Protection System Maintenance and Testing Program, the use of a maintenance and tracking spreadsheet specific to Protection System components with assigned responsibility for upkeep of the spreadsheet, the completion of timely maintenance and testing, and onsite management's commitment to compliance with this Standard is expected to eliminate the probability of another violation of the Standard.

- E.3 Your organization may be taking or planning other action, beyond that listed in the Mitigation Plan, as proposed in Part D.1, to prevent or minimize the probability of incurring further violations of the same or similar standards requirements listed in Part C.2, or of other reliability standards. If so, identify and describe any such action, including milestones and completion dates:

We will have periodic follow-up reminders for the annual reviews at our NERC Committee Meetings which are held monthly.

[Continued on Next Page](#)



Section F: Authorization

An authorized individual must sign and date this Mitigation Plan Submittal Form. By doing so, this individual, on behalf of your organization:

- a) Submits the Mitigation Plan, as laid out in Section D of this form, to SERC for acceptance by SERC and approval by NERC, and
- b) If applicable, certifies that the Mitigation Plan, as laid out in Section D of this form, was completed (i) as laid out in Section D of this form and (ii) on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and
- c) Acknowledges:
 1. I am Vice President, Conoco Global Power Developments-Sabine, Inc.
 2. I am qualified to sign this Mitigation Plan on behalf of SRW Cogeneration Limited Partnership.
 3. I have read and understand SRW Cogeneration Limited Partnership's obligations to comply with Mitigation Plan requirements and ERO remedial action directives as well as ERO documents, including, but not limited to, the NERC Rules of Procedure, including Appendix 4(C) (Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation" (NERC CMEP)).
 4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
 5. SRW Cogeneration Limited Partnership agrees to be bound by, and comply with, the Mitigation Plan, including the timetable completion date, as approved by SERC and approved by NERC.

Authorized Individual Signature /s/ Trent A. Balke

(Electronic signatures are acceptable; see CMEP)

Name (Print): Trent Balke

Title: Vice President, Conoco Global Power Developments-Sabine, Inc.

Date: 6/26/09



Section G: Comments and Additional Information

You may use this area to provide comments or any additional relevant information not previously addressed in this form.

None

Submittal Instructions:

Please convert the completed and signed document to a text-searchable Adobe .pdf document using the following naming convention:

[(MP Entity Name (STD-XXX) MM-DD-YY.pdf)]

Email the pdf file to serccomply@serc1.org.

Please direct any questions regarding completion of this form to:

Ken Keels
Manager, Compliance Enforcement
SERC Reliability Corporation
704-357-7372
kkeels@serc1.org

SRW Cogeneration Limited Partnership

SERC Reliability Corporation Violation Mitigation Plan Closure Form

Name of Registered Entity submitting certification: SRW Cogeneration Limited Partnership

Date of Certification: 7/22/09

Name of Standard and the Requirement(s) of mitigated violation(s): PRC-005 R1, R1.1, R1.2, R2.1

SERC Tracking Number (contact SERC if not known): 09-036 and 09-037

NERC Violation ID Number (if assigned):

Date of completion of the Mitigation Plan: 7/21/09

Summary of all actions described in Part D of the relevant mitigation plan:

Milestone Activity	Proposed Completion Date
Create and implement Attachment 17 to address PRC-005-1 R1, R1.1, and R1.2	Completed 1/21/09.
Implement a process for annual reviews of the Protection System Maintenance and Testing Program and document completion of the review	Completed. Review completed 3/31/09; process documented on 6/8/09.
Perform weekly testing of the PEECC batteries	In process. Testing began 3/27/09.
Identify any other instances where maintenance and testing were not performed and/or where there are related documentation gaps	Completed 7/17/09
Create spreadsheet to track maintenance and testing performed, and populate with testing dates beginning with June 2007; assign oversight responsibility	Completed 7/21/09
Training for existing onsite personnel	Completed 1/22/09, 3/25/09, 6/24/09, and 6/30/09
Include as part of the self-certification process a review of the spreadsheet control document	Completed 7/21/09

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to ensure compliance with maintenance and testing program.	
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I certify that the mitigation plan for the above-named violation has been completed on the date shown above. In doing so, I certify that all required mitigation plan actions described in Part D of the relevant mitigation plan have been completed, compliance has been restored, the above-named entity is currently compliant with all of the requirements of the referenced standard, and that all information submitted information is complete and correct to the best of my knowledge.

Name: Trent Balke

Title: Vice President

Entity: Conoco Global Power Developments–Sabine, Inc.

Email: Trent.A.Balke@ConocoPhillips.com

Phone: 281.293.4150

Designated Signature /s/ Trent A. Balke Date 7/22/09

(Form Revised August 13, 2008)



Statement of SERC Reliability Corporation Compliance Staff Regarding Completion of Mitigation Plan

Registered Entity:	SRW Cogeneration Limited Partnership
SERC Tracking IDs:	09-036 and 09-037
NERC Violation No:	SERC200900278, SERC200900279
NERC Mitigation Plan ID:	MIT-07-1981
Standard:	PRC-005-1
Requirement:	R1, R2

Violation Summary:

SRW was unable to provide evidence that the existing generation and Protection System program includes all of the Protection System components, maintenance and testing intervals and their basis, and a summary of maintenance and testing procedures. SERC staff finds SRW, as a Generator Owner that owns a Protection System affecting the Bulk Electric System (BES), to be in violation of PRC-005-1, Requirement 1 from June 25, 2007, the beginning of the mandatory reliability period for QFs until mitigated, for not having complete documentation of a Protection System program that includes all components of the Protection System. SERC staff finds Entity, as a Generator Owner that owns a Protection System affecting the Bulk Electric System (BES), to be in violation of PRC-005-1, Requirement 2 from June 25, 2007, the beginning of the mandatory reliability period for QFs through July 21, 2009, for not having evidence that its Protection System devices were maintained and tested within the defined intervals.

Mitigation Plan Summary:

SRW's Mitigation Plan to address the referenced violations was submitted on June 29, 2009, was accepted by SERC on September 17, 2009, and approved by NERC on September 18, 2009. The Mitigation Plan is identified as MIT-07-1981 and was submitted as non-public information to FERC on September 23, 2009 in accordance with FERC orders.

SRW implemented a range of corrective measures to restore compliance during the mitigation process including actual maintenance and testing of numerous components actions implemented by SRW as outlined in D.1 section of plan includes the following:

- i. SRW revised the Protection System maintenance and testing program to include missing components of Protection System based on NERC Glossary of terms and as stated in R1.1 and R1.2 by creating and implementing new Protection System Program.
- ii. SRW implemented a process for annual reviews of the Protection System Maintenance and Testing Program and documented the process review.
- iii. SRW performed weekly testing of the PEECC batteries in process. Testing began 3/27/09.



- iv. SRW documented the implementation of its Protection System program as defined in R2.1 and R2.2 for all components by identifying any other instances where maintenance and testing were not performed and/or where there were related documentation gaps
- v. SRW created a spreadsheet to track maintenance and testing performed, and populated testing dates beginning with June 2007; SRW additionally assigned oversight responsibility.
- vi. SRW performed training for existing onsite personnel on PRC-005-1 NERC standard.
- vii. SRW included as part of the self-certification process a review of their spreadsheet control document.

SERC's Monitoring of Registered SRW's Mitigation Plan Progress:

SERC Reliability Corporation Compliance Staff ("SERC Staff") monitors the Registered SRW's progress towards completion of its Mitigation Plans in accordance with Section 6.0 of the uniform Compliance Monitoring and Enforcement Program, ("CMEP"). Pursuant to the CMEP, Registered Entities are required to establish implementation milestones no more than three (3) months apart. SERC Staff solicits quarterly reports from all Registered Entities with open mitigation plans to monitor the progress on completion of milestones. SERC Staff also produces and reviews daily Mitigation Plan status reports highlighting Mitigation Plans that are nearing the scheduled completion date. If the Registered Entity fails to complete its Mitigation Plan according to schedule, appropriate additional enforcement action is initiated to assure compliance is attained.

Mitigation Plan Completion Review Process:

SRW certified on July 22, 2009 that the subject Mitigation Plan was completed on July 21, 2009. A SERC compliance staff member reviewed the evidence submitted in a manner similar to a compliance audit. That action was followed by another compliance staff member's peer review of the initial conclusion.

Evidence Reviewed:

SRW submitted and SERC Staff reviewed the following evidence in support of its certification that its Mitigation Plan was completed in accordance with its terms:

- i. SRW revised the Protection System maintenance and testing program to include missing components of Protection System based on NERC Glossary of terms and as stated in R1.1 and R1.2 by creating and implementing a new Protection System Program (*Maintenance & Protection System Program June 4 2009 Rev 4 Approved.pdf*)
- ii. SRW implemented a process for annual reviews of the Protection System Maintenance and Testing Program and documented the process review. (*RCP- NERC-PRC-005 procedure 7-20-09.pdf*)



- iii. SRW performed weekly testing of the PEECC batteries in process. Testing began 3/27/09. (PRC-005 Tracking Spreadsheet 7-20-09)
- iv. SRW documented the implementation of its Protection System program as defined in R2.1 and R2.2 for all components by identifying any other instances where maintenance and testing were not performed and/or where there were related documentation gaps (2nd Supplemental Letter to SERC PRC-005 7-22-09)
- v. SRW created a spreadsheet to track maintenance and testing performed, and populated testing dates beginning with June 2007; SRW additionally assigned oversight responsibility. (PRC-005 Tracking Spreadsheet 7-20-09).
- vi. SRW performed training for existing onsite personnel on PRC-005-1 NERC standards (Power Training Tracker for SRW people.pdf & Power Training Tracker for SRW people.xls).

Conclusion:

On November 18, 2009, SERC Reliability Corporation Compliance Staff ("SERC Staff") completed its review of the evidence submitted by SRW in support of its Certification of Completion of the subject Mitigation Plan. Based on its review of the evidence submitted, SERC Staff verifies that, in its professional judgment, all required actions in the Mitigation Plan have been completed and SRW is in compliance with the subject Reliability Standard Requirement.

This Statement, along with the subject Mitigation Plan, may become part of a public record upon final disposition of the possible violation.

Respectfully submitted,

Mickey Bellard, SERC Compliance Engineer
Kevin Berent, SERC Auditor

Mitigation Plan Submittal Form

*Please refer to
SERC Guidelines for Mitigation Plan Submission.pdf available at
<http://www.serc1.org/Application/ContentPageView.aspx?ContentId=22>*

Date this Mitigation Plan is being submitted: 9/4/09

If this Mitigation Plan has already been completed:

- Check this box ☒ and
- Provide the Date of Completion of the Mitigation Plan: 6/1/09

Section A: Compliance Notices

- Section 6.2 of the CMEP¹ sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:
 - (1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan. This person may be the Registered Entity's point of contact described in Section 2.0.
 - (2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.
 - (3) The cause of the Alleged or Confirmed Violation(s).
 - (4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).
 - (5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed violation(s).
 - (6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.
 - (7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.
 - (8) Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined for not completing work associated with accepted milestones.
 - (9) Any other information deemed necessary or appropriate.
 - (10) The Mitigation Plan shall be signed by an officer, employee, attorney or other authorized representative of the Registered Entity, which if applicable, shall be the person that signed the Self-Certification or Self Reporting submittals.

¹ "Uniform Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation;" a copy of the current version approved by the Federal Energy Regulatory Commission is posted on NERC's website.

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- This submittal form shall be used to provide a required Mitigation Plan for review and approval by SERC and NERC.
- The Mitigation Plan shall be submitted to SERC and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.
- This Mitigation Plan form may be used to address one or more related violations of one Reliability Standard. A separate mitigation plan is required to address violations with respect to each additional Reliability Standard, as applicable.
- If the Mitigation Plan is approved by SERC and NERC, a copy of this Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
- SERC or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
- Remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.

Section B: Registered Entity Information

B.1 Identify your organization:

Company Name: SRW Cogeneration Limited Partnership
Company Address: P.O. Box 2806, Orange TX 77631
NERC Compliance Registry ID **[if known]:** NCR01331

B.2 Identify the individual in your organization who will serve as the Contact to SERC regarding this Mitigation Plan. This person shall be technically knowledgeable regarding this Mitigation Plan and authorized to respond to SERC regarding this Mitigation Plan.

Name: Randall Read
Title: Operations Specialist
Email: randall.read@conocophillips.com
Phone: (409) 883-7869

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Section C: Identity of Reliability Standard Violations Associated with this Mitigation Plan

This Mitigation Plan is associated with the following violation(s) of the reliability standard listed below:

C.1 Standard: FAC-008-1
[Identify by Standard Acronym (e.g. FAC-001-1)]

C.2 Requirement(s) violated and violation dates:
[Enter information in the following Table]

NERC Violation ID # [if known]	SERC Violation ID # [if known]	Requirement Violated (e.g. R3.2)	Violation Date ^(*)
SERCYYYYnnnnn	YYYY-nnn	R1	06/18/2007
		R1.1	06/18/2007
		R1.2.1	06/18/2007

(*) Note: The Violation Date shall be: (i) the date that the violation occurred; (ii) the date that the violation was self-reported; or (iii) the date that the violation has been deemed to have occurred on by SERC. Questions regarding the date to use should be directed to SERC.

C.3 Identify the cause of the violation(s) identified above:

SRW Cogeneration LP used various technical documents to derive its Facility Ratings for the period covering 6/18/07 thru 3/30/08 but did not have one single written Facility Ratings Methodology (R1). In addition the written Methodologies put in place beginning 3/31/08 and thru 5/31/09 did not meet all the requirements under FAC-008 R1, namely R1.1 and R1.2.1. On 6/1/09, as part of a process improvement effort, a Facility Rating Methodology document was released which is compliant with the requirements of FAC-008.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

C.4 **[Optional]** Provide any relevant additional information regarding the violations associated with this Mitigation Plan:

SRW Cogen's deficiencies under FAC-008 had no impact on the reliability of the BES. [Provide your response here; additional detailed information may be provided as an attachment as necessary]

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Section D: Details of Proposed Mitigation Plan

Mitigation Plan Contents

D.1 Identify and describe the action plan, including specific tasks and actions that your organization is proposing to undertake, or which it undertook if this Mitigation Plan has been completed, to correct the violations identified above in Part C.2 of this form:

1. Created a Facility Ratings Methodology document that addressed all the Requirements under FAC-008 including R1, R1.1 and R1.2.1.

On 6/1/09, as part of a process improvement effort, a Facility Ratings Methodology document was released which is compliant with the requirements of FAC-008.

2. Implemented a process for annual reviews of the Facility Ratings Methodology with updates made as appropriate. Dates for these reviews have been entered into the Compliance Database and reminders will be sent to the plant.

SRW Cogeneration LP updated its Reliability Compliance Manual for NERC Standard FAC-008 on 6-8-09 (RCP-NERC-FAC-008) to require annual reviews of its Facility Ratings Methodology. This document is attached to this mitigation plan.

3. Training for existing personnel has been conducted and completed. Any new employees with responsibility for ratings methodology will be provided with training to ensure maintenance of ongoing compliance with FAC-008.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

Check this box ☒ and proceed to Section E of this form if this Mitigation Plan, as set forth in Part D.1, has already been completed; otherwise respond to Part D.2, D.3 and, optionally, Part D.4, below.

Mitigation Plan Timeline and Milestones

D.2 Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the violations associated with this Mitigation Plan are corrected:

D.3 Enter Milestone Activities, with completion dates, that your organization is proposing for this Mitigation Plan:

Milestone Activity	Proposed Completion Date* (shall not be more than 3 months apart)

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(*) Note: Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined for not completing work associated with accepted milestones.

[Note: Provide your response here; additional detailed information may be provided as an attachment as necessary]

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Additional Relevant Information (Optional)

- D.4 If you have any relevant additional information that you wish to include regarding the mitigation plan, milestones, milestones dates and completion date proposed above you may include it here:

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

Section E: Interim and Future Reliability Risk

Check this box ☒ and proceed and respond to Part E.2 and E.3, below, if this Mitigation Plan, as set forth in Part D.1, has already been completed.

Abatement of Interim BPS Reliability Risk

- E.1 While your organization is implementing the Mitigation Plan proposed in Part D of this form, the reliability of the Bulk Power System may remain at higher risk or be otherwise negatively impacted until the plan is successfully completed. To the extent they are, or may be, known or anticipated: (i) identify any such risks or impacts; and (ii) discuss any actions that your organization is planning to take or is proposing as part of the Mitigation Plan to mitigate any increased risk to the reliability of the bulk power system while the Mitigation Plan is being implemented:

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

Prevention of Future BPS Reliability Risk

- E.2 Describe how successful completion of the Mitigation Plan as laid out in Part D of this form will prevent or minimize the probability that your organization incurs further violations of the same or similar reliability standards requirements in the future:

SRW Cogeneration LP believes that the documentation updates made to the Facility Ratings Methodology corrected the original problem, but did not address an underlying misconception that technical and operational proficiency was sufficient evidence of compliance to FAC-008. The regular review of the Facility Ratings Methodology and training is expected to eliminate the probability of a repeat of this type of violation to FAC-008.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

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- E.3 Your organization may be taking or planning other action, beyond that listed in the Mitigation Plan, as proposed in Part D.1, to prevent or minimize the probability of incurring further violations of the same or similar standards requirements listed in Part C.2, or of other reliability standards. If so, identify and describe any such action, including milestones and completion dates:

We will have periodic follow-up reminders for the annual reviews at our NERC Committee Meetings which are held monthly.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

[Continued on Next Page](#)

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Section F: Authorization

An authorized individual must sign and date this Mitigation Plan Submittal Form. By doing so, this individual, on behalf of your organization:

- a) Submits the Mitigation Plan, as laid out in Section D of this form, to SERC for acceptance by SERC and approval by NERC, and
- b) If applicable, certifies that the Mitigation Plan, as laid out in Section D of this form, was completed (i) as laid out in Section D of this form and (ii) on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and
- c) Acknowledges:
 1. I am Vice President, Conoco Global Power Developments-Sabine Inc.
 2. I am qualified to sign this Mitigation Plan on behalf of SRW Cogeneration Limited Partnership.
 3. I have read and understand SRW Cogeneration Limited Partnership's obligations to comply with Mitigation Plan requirements and ERO remedial action directives as well as ERO documents, including, but not limited to, the NERC Rules of Procedure, including Appendix 4(C) (Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation" (NERC CMEP)).
 4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
 5. SRW Cogeneration Limited Partnership agrees to be bound by, and comply with, the Mitigation Plan, including the timetable completion date, as approved by SERC and approved by NERC.

Authorized Individual Signature /s/ Trent A. Balke
(Electronic signatures are acceptable; see CMEP)

Name (Print): Trent A. Balke

Title: Vice President, Conoco Global Power Developments-Sabine Inc.

Date: 9/4/09

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Section G: Comments and Additional Information

You may use this area to provide comments or any additional relevant information not previously addressed in this form.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

Submittal Instructions:

Please convert the completed and signed document to a text-searchable Adobe .pdf document using the following naming convention:

[(MP Entity Name (STD-XXX) MM-DD-YY).pdf)]

Email the pdf file to serccomply@serc1.org.

Please direct any questions regarding completion of this form to:

Ken Keels
Manager, Compliance Enforcement
SERC Reliability Corporation
704-357-7372
kkeels@serc1.org

Trent A. Balke
Vice President
Conoco Global Power Assets-
Sabine, Inc.

SRW Cogeneration, L.P.
P.O. Box 2197
Houston, TX 77252-2197
Phone: 281-293-4150

SRW Cogeneration Limited Partnership

SERC Reliability Corporation Violation Mitigation Plan Closure Form

Name of Registered Entity submitting certification: SRW Cogeneration Limited Partnership

Date of Certification: 9/4/09

Name of Standard and the Requirement(s) of mitigated violation(s): FAC-008-1, R1

SERC Tracking Number (contact SERC if not known): 09-038

NERC Violation ID Number (if assigned):

Date of completion of the Mitigation Plan: 6/1/09

Summary of all actions described in Part D of the relevant mitigation plan:

A Facilities Ratings Methodology was created on 6/1/09 that addressed all the requirements of the Standard. The Methodology is to be reviewed annually, and a process for documenting the reviews has been established. Training for existing employees has been conducted and completed, and any new employees with responsibility for reviewing the ratings methodology will be trained to ensure ongoing compliance with the Standard.

Description of the information provided to SERC for their evaluation:

The Facilities Rating Methodology was provided. Additionally, an excerpt from SRW Cogeneration Limited Partnership's Reliability Compliance Manual specifically addressing FAC-008-1 was provided.

I certify that the mitigation plan for the above-named violation has been completed on the date shown above. In doing so, I certify that all required mitigation plan actions described in Part D of the relevant mitigation plan have been completed, compliance has been restored, the above-named entity is currently compliant with all of the requirements of the referenced standard, and that all information submitted information is complete and correct to the best of my knowledge.

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Name: Trent Balke

Title: Vice President

Entity: Conoco Global Power Developments–Sabine, Inc.

Email: Trent.A.Balke@ConocoPhillips.com

Phone: 281.293.4150

Designated Signature /s/ Trent A. Balke Date 9/4/09

(Form Revised August 13, 2008)



Statement of SERC Reliability Corporation Compliance Staff Regarding Completion of Mitigation Plan

Registered Entity:	SRW Cogeneration Limited Partnership
SERC Tracking IDs:	09-038
NERC Violation No:	SERC200900280
NERC Mitigation Plan ID:	MIT-07-2005
Standard:	FAC-008-1
Requirement:	R1

Violation Summary:

SRW's current documented Facility Ratings Methodology does not include the required elements, scope and considerations set forth in sub-requirements R1.1, R1.2, and R1.3 of Reliability Standard FAC-008-1.

Mitigation Plan Summary:

SRW's Mitigation Plan to address the referenced violations was submitted on June 16, 2009 and revised on September 4, 2009, was accepted by SERC on September 24, 2009, and approved by NERC on October 7, 2009. The Mitigation Plan is identified as MIT-07-2005 and was submitted as non-public information to FERC on October 12, 2009 in accordance with FERC orders.

SRW developed a revised Facility Ratings Methodology to include in its compliance documentation. The revised Methodology incorporated and addressed all of the elements of FAC-008 R1, including specifically a complete scope of equipment and ratings referenced in R1.1 and R1.2.1.

SRW implemented corrective measures to restore compliance during the mitigation process including actual maintenance and testing of numerous components actions implemented by SRW as outlined in D.1 section of plan includes the following:

- i. SRW created a Facility Ratings Methodology document that addressed all the Requirements under FAC-008-1 including R1, R1.1 and R1.2.1. On 6/1/09, Facility Ratings Methodology document was released which is compliant with the requirements of FAC-008-1
- ii. SRW's Facility Ratings Methodology addresses Requirement 1 and the sub-requirements of FAC-008-1. This documentation addresses the methodology utilized by SRW to rate its generation facility in accordance with FAC-008-1.
- iii. SRW Implemented a process for annual reviews of the Facility Ratings Methodology with updates made as appropriate. Dates for these reviews have



been entered into the Compliance Database and reminders will be sent to the plant. SRW Cogeneration LP updated its Reliability Compliance Manual for NERC Standard FAC-008 (RCP-NERC-FAC-008) to require annual reviews of its Facility Ratings Methodology

- iv. SRW provided training for existing personnel on Generator Owner standard FAC-008-1. Any new employees with responsibility for ratings methodology will be provided with training to ensure maintenance of ongoing compliance with FAC-008-1

SERC's Monitoring of Registered SRW's Mitigation Plan Progress:

SERC Reliability Corporation Compliance Staff ("SERC Staff") monitors the Registered SRW's progress towards completion of its Mitigation Plans in accordance with Section 6.0 of the uniform Compliance Monitoring and Enforcement Program, ("CMEP"). Pursuant to the CMEP, Registered Entities are required to establish implementation milestones no more than three (3) months apart. SERC Staff solicits quarterly reports from all Registered Entities with open mitigation plans to monitor the progress on completion of milestones. SERC Staff also produces and reviews daily Mitigation Plan status reports highlighting Mitigation Plans that are nearing the scheduled completion date. If the Registered SRW fails to complete its Mitigation Plan according to schedule, appropriate additional enforcement action is initiated to assure compliance is attained.

Mitigation Plan Completion Review Process:

SRW certified on September 4, 2009 that the subject Mitigation Plan was completed on June 1, 2009. A SERC compliance staff member reviewed the evidence submitted in a manner similar to a compliance audit. That action was followed by another compliance staff member's peer review of the initial conclusion.

Evidence Reviewed:

SRW submitted and SERC Staff reviewed the following evidence in support of its certification that its Mitigation Plan was completed in accordance with its terms:

- v. SRW created a Facility Ratings Methodology document that addressed all the Requirements under FAC-008-1 including R1, R1.1 and R1.2.1. On 6/1/09, Facility Ratings Methodology document was released which is compliant with the requirements of FAC-008-1 (*Facility Ratings Methodology June 1, 2009.pdf*)
- vi. SRW Implemented a process for annual reviews of the Facility Ratings Methodology with updates made as appropriate. Dates for these reviews have been entered into the Compliance Database and reminders will be sent to the plant. SRW Cogeneration LP updated its Reliability Compliance Manual for NERC Standard FAC-008 (RCP-NERC-FAC-008) to require annual reviews of its Facility Ratings Methodology. SRW database extract for procedures under FAC-008, FAC-009, and PRC-005 2010 Review (*database dump for annual reviews of*



*prc5 fac8 fac9 SRW.pdf & database dump for annual reviews of
prc5 fac8 fac9 SRW.xls).*

- vii. SRW provided training for existing personnel on Generator Owner standard FAC-008-1. Any new employees with responsibility for ratings methodology will be provided with training to ensure maintenance of ongoing compliance with FAC-008-1. NERC Alerts and NERC GO Slides 1/25/09, 3/25/09 (*Power Training Tracker for SRW people.pdf & Power Training Tracker for SRW people.xls*)

On September 28, 2009, SERC Reliability Corporation Compliance Staff ("SERC Staff") completed its review of the evidence submitted by SRW in support of its Certification of Completion of the subject Mitigation Plan. Based on its review of the evidence submitted, SERC Staff verifies that, in its professional judgment, all required actions in the Mitigation Plan have been completed and SRW is in compliance with the subject Reliability Standard Requirement.

This Statement, along with the subject Mitigation Plan, may become part of a public record upon final disposition of the possible violation.

Respectfully submitted,

Mickey Bellard, SERC Compliance Engineer
James Harrell, SERC Auditor

Attachment d

Disposition Document for Common Information

DISPOSITION OF VIOLATION¹

INFORMATION COMMON TO INSTANT VIOLATIONS

REGISTERED ENTITY
**SRW Cogeneration Limited
 Partnership (SRW)**

NERC REGISTRY ID
NCR01331

NOC#
NOC-449

REGIONAL ENTITY
SERC Reliability Corporation (SERC)

I. REGISTRATION INFORMATION²

ENTITY IS REGISTERED FOR THE FOLLOWING FUNCTIONS:

BA	DP	GO	GOP	IA	LSE	PA	PSE	RC	RP	RSG	TO	TOP	TP	TSP
		X												
		5/31/07												

DESCRIPTION OF THE REGISTERED ENTITY

SRW is a Delaware limited partnership. The limited partner and the general partner of SRW are each indirect subsidiaries of ConocoPhillips Company, headquartered in Houston, Texas. The SRW qualifying small power production and cogeneration facility (QF) is located in Orange, Texas. SRW's 420 MW QF includes two gas turbine units and one steam turbine unit and is connected to the electric power grid at 138 kV. SRW primarily provides power and steam to DuPont's Sabine River Works petrochemical facility, and then provides the excess generation to its host utility.

IS THERE A SETTLEMENT AGREEMENT YES ☒ NO ☐

WITH RESPECT TO THE VIOLATION(S), REGISTERED ENTITY

¹ For purposes of this document and attachments hereto, the violations at issue are described as "violations," regardless of their procedural posture and whether they were possible, alleged or confirmed violations.

² On May 18, 2007, the Commission issued an Order revising its regulations governing qualifying small power production and cogeneration facilities (QFs) to eliminate the exemption of QFs from the requirements of Section 215 of the Federal Power Act. Therefore, any registered entity, such as SRW, that is a QF was not required to be responsible for compliance with NERC Reliability Standards until June 25, 2007. *See Applicability of Federal Power Act Section 215 to Qualifying Small Power Production and Cogeneration Facilities*, (Order No. 696), 119 FERC ¶ 61,149 (2007).

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 PROPOSED PENALTY OR SANCTION, REGISTERED ENTITY

ACCEPTS IT YES ☒
 DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS) YES ☐

III. PENALTY INFORMATION

TOTAL ASSESSED PENALTY OR SANCTION OF **TWENTY THOUSAND DOLLARS (\$20,000)** FOR **THREE** VIOLATIONS.

(1) REGISTERED ENTITY'S COMPLIANCE HISTORY

PRIOR VIOLATIONS OF ANY OF THE INSTANT RELIABILITY STANDARD(S) OR REQUIREMENT(S) THEREUNDER
 YES ☐ NO ☒

LIST ANY CONFIRMED OR SETTLED VIOLATIONS AND STATUS

ADDITIONAL COMMENTS

PRIOR VIOLATIONS OF OTHER RELIABILITY STANDARD(S) OR REQUIREMENTS THEREUNDER
 YES ☐ NO ☒

LIST ANY PRIOR CONFIRMED OR SETTLED VIOLATIONS AND STATUS

ADDITIONAL COMMENTS

(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 ☐

EXPLAIN

SRW's internal compliance program became effective in February 2007 and includes SRW's electronic NERC Reliability Compliance Manual, which contains the applicable NERC Standards and all associated processes and procedures. SRW also "spot checks" its NERC compliance program on a regular basis. Also, an electronic NERC Library is available to employees online which contains numerous helpful links, maps, and other NERC related information. In addition, NERC Reliability Standards compliance meetings are held on a regular basis with designated SRW employees to discuss NERC and power regional compliance issues. SRW employees are also trained regularly on NERC Reliability Standards that apply to SRW. ConocoPhillips and SRW both have overarching ethics/code of compliance and health and safety-related policies that require all employees and contractors to adhere to all rules, laws, and regulations. Additionally, SRW has a NERC Compliance Policy in place that has been signed by the Vice President of Conoco Global Power Development-Sabine Inc. and ConocoPhillips has an anonymous ethics hotline telephone number and e-mail box that any employee can utilize in the event that he or she has any concerns about SRW's NERC compliance program.

DOES SENIOR MANAGEMENT TAKE ACTIONS THAT SUPPORT THE COMPLIANCE PROGRAM, SUCH AS TRAINING, COMPLIANCE AS A FACTOR IN EMPLOYEE EVALUATIONS, OR OTHERWISE

YES ☒ NO ☐

EXPLAIN

SRW has the support and participation of senior management. Senior management is routinely updated during monthly NERC compliance meetings regarding NERC compliance activities.

EXPLAIN SENIOR MANAGEMENT'S ROLE AND INVOLVEMENT WITH RESPECT TO THE REGISTERED ENTITY'S COMPLIANCE PROGRAM

See above.

(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 (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒
IF YES, EXPLAIN

(8) ANY OTHER EXTENUATING CIRCUMSTANCES

YES ☐ NO ☒
IF YES, EXPLAIN

(9) ADDITIONAL SUPPORT FOR PROPOSED PENALTY OR SANCTION

SRW is a single 420 MW QF, with a single 138 kV connection to the BPS, that is primarily designed to provide thermal energy to its host and puts residual power on the BPS. In addition, the facility has a single 138 kV connection to the BPS which would have limited the impact if the generation Protection System misoperated.

OTHER RELEVANT INFORMATION:

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR
SANCTION ISSUED

DATE: OR N/A ☒

SETTLEMENT DISCUSSIONS COMMENCED

DATE: **7/23/2009** 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

Attachment d1

Disposition Document for PRC-005-1 R1 and R2

DISPOSITION OF VIOLATION

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.	
SERC200900278	09-036	
SERC200900279	09-037	

I. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
PRC-005-1	R1	R1.1 and R1.2	High¹	
PRC-005-1	R2	R2.1	High²	

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 of PRC-005-1 is to ensure all transmission and generation Protection Systems³ affecting the reliability of the bulk power system (BPS) are maintained and tested.

R1. Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall have a Protection System maintenance and testing program for Protection Systems that affect the reliability of the BPS. The program shall include:

¹ When NERC filed Violation Risk Factors (VRFs) for PRC-005-1, NERC originally assigned a “Medium” VRF to PRC-005-1 R1. In the Commission’s May 18, 2007 Order on Violation Risk Factors, the Commission approved the VRF as filed but directed modifications. On June 1, 2007, NERC filed a modified “High” VRF for PRC-005 R1 for approval. On August 9, 2007, the Commission issued an Order approving the modified VRF. Therefore, the “Medium” VRF was in effect from June 18, 2007 until August 9, 2007 and the “High” VRF has been in effect since August 9, 2007.

² PRC-005-1 R2 has a “Lower” VRF; R2.1 and R2.2 each have a “High” VRF. SERC chose to apply a “High” VRF to this violation. During a final review of the standards subsequent to the March 23, 2007 filing of the Version 1 VRFs, NERC identified that some standards requirements were missing VRFs; one of these include PRC-005-1 R2.1. On May 4, 2007, NERC assigned PRC-005 R2.1 a “High” VRF. In the Commission’s June 26, 2007 Order on Violation Risk Factors, the Commission approved the PRC-005-1 R2.1 “High” VRF as filed. Therefore, the “High” VRF was in effect from June 26, 2007.

³ *The NERC Glossary of Terms Used in Reliability Standards* defines Protection System as “Protective relays, associated communication systems, voltage and current sensing devices, station batteries and DC control circuitry.”

R1.1. Maintenance and testing intervals and their basis.

R1.2. Summary of maintenance and testing procedures.

R2. Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall provide documentation of its Protection System maintenance and testing program and the implementation of that program. . . on request (within 30 calendar days). The documentation of the program implementation shall include:

R2.1. Evidence Protection System devices were maintained and tested within the defined intervals.

R2.2. Date each Protection System device was last tested/maintained.

VIOLATION DESCRIPTION

PRC-005-1 R1

After being notified by SERC of an upcoming Compliance Audit, SRW conducted an assessment of its historical documentation and discovered a number of deficiencies.

After discovering these deficiencies, SRW submitted a Self-Report form on June 17, 2009 for a violation of PRC-005-1 R1 because its generation Protection System maintenance and testing program, in effect for the period of June 18, 2007 through January 20, 2009, did not meet all the requirements of the subject Standard. Specifically, SRW's maintenance and testing program did not: (1) address testing of associated communication systems and DC control circuitry as required in PRC-005-1 R1; (2) include the basis for maintenance and testing intervals for each category of Protection System components included in the program, as required in PRC-005-1 R1.1; and (3) include a summary of maintenance and testing procedures for each category of Protection System included in the program, as required in PRC-005-1 R1.2. SRW submitted an updated Self-Report form on June 29, 2009 to indicate that it was evaluating its remaining maintenance and testing data to determine if there were any additional gaps in documentation or implementation for any other Protection System components and reporting that it failed to conduct the weekly testing for the Packaged Electronic/Electrical Control Compartment (PEECC) Batteries.

SRW provided evidence of its documentation to SERC. The first document, *Power Enco Electrical Procedure* (PEMP-28), Revision 1-3 effective December 2005 through January 20, 2009, was created to provide guidelines for proper inspection and maintenance of 138 kV electrical transmission and distribution substations. SERC determined that PEMP-28 did contain (1) basic guidelines and general recommendations for battery, relay and instrument transformer inspections; and (2) detailed explanations and preventative maintenance procedures for substation breakers; however, SERC determined that PEMP-28 did not address all categories of protection system equipment.

The second document SRW provided to SERC was *RCP-NERC-Attachment 17* which provided a description of each category of the Protection System, including associated communications systems and DC control circuitry. SERC determined that even though the document provided the intervals for each of the categories of the Protection System components, it did not include adequate test methods, test basis and maintenance procedures.

On June 4, 2009, SRW revised its Protection System maintenance and testing program that satisfied PRC-005-1 R1.

PRC-005-1 R2

Prior to the audit, SRW provided SERC information regarding its generation Protection System which is comprised of six battery banks in a redundant configuration; sixteen protective relays; instrument transformers for the 138 kV breakers; 138 kV ring-bus CCVTs; 138 kV station transformers; associated communications systems for four of the sixteen protective relays and the corresponding DC control circuitry.

SERC determined, and SRW validated in its self-report, that from June 25, 2007 through March 27, 2009, even though SRW did perform monthly and quarterly testing for its gas turbine generator PEECC batteries, it failed to perform the weekly testing intervals as called for in its Protection System maintenance and testing program documents in effect over that period. Additionally, SERC determined that SRW missed one three-year interval on each of the instrument transformers for the 138 kV ring-bus CCVTs; 138 kV station transformer; and 138 kV generator breakers testing intervals. SRW also missed one four-year interval on thirteen of the sixteen protective relays and one four-year interval on three of the four associated communications system fiber-optic lines connected to the protective relays during that period.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

SERC concluded there was no serious or substantial risk to the reliability of the BPS as a result of these violations because SRW is a single 420 MW qualifying small power production and cogeneration facility (QF) primarily designed to provide thermal energy to its host and only puts residual power on the BPS. In addition, the facility has a single 138 kV connection to the BPS which would have limited the impact if the generation Protection System misoperated.

III. DISCOVERY INFORMATION

METHOD OF DISCOVERY

SELF-REPORT⁴



⁴ SRW submitted the Self-Report forms after being notified of an upcoming Compliance Audit. The original Self-Report was dated June 16, 2009 and submitted to SERC on June 17, 2009.

SELF-CERTIFICATION	<input type="checkbox"/>
COMPLIANCE AUDIT	<input type="checkbox"/>
COMPLIANCE VIOLATION INVESTIGATION	<input type="checkbox"/>
SPOT CHECK	<input type="checkbox"/>
COMPLAINT	<input type="checkbox"/>
PERIODIC DATA SUBMITTAL	<input type="checkbox"/>
EXCEPTION REPORTING	<input type="checkbox"/>

DURATION DATE(S)

R1: 6/25/2007 (when the Standard became mandatory and enforceable for QFs) through 6/4/2009 (when SRW had an acceptable Protection System maintenance and testing program)

R2: 6/25/2007⁵ (when the Standard became mandatory and enforceable for QFs) through 7/21/2009 (Mitigation Plan Completion)

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **June 17, 2009**
and updated on **June 29, 2009**

IS THE VIOLATION STILL OCCURRING

YES ☐ NO ☒

IF YES, EXPLAIN

REMEDIAL ACTION DIRECTIVE ISSUED	YES	<input type="checkbox"/>	NO	<input checked="" type="checkbox"/>
PRE TO POST JUNE 18, 2007 VIOLATION	YES	<input type="checkbox"/>	NO	<input checked="" type="checkbox"/>

IV. MITIGATION INFORMATION

MITIGATION PLAN NO. **MIT-07-1981**

DATE SUBMITTED TO REGIONAL ENTITY	6/29/2009⁶
DATE ACCEPTED BY REGIONAL ENTITY	9/17/2009
DATE APPROVED BY NERC	9/18/2009
DATE PROVIDED TO FERC	9/23/2009

IDENTIFY AND EXPLAIN VERSIONS THAT WERE REJECTED, IF
APPLICABLE

⁵ On May 18, 2007, the Commission issued an Order revising its regulations governing qualifying small power production and cogeneration facilities (QFs) to eliminate the exemption of QFs from the requirements of Section 215 of the Federal Power Act. Therefore, any registered entity, such as SRW, that is a QF was not required to be responsible for compliance with NERC Reliability Standards until June 25, 2007. See Applicability of Federal Power Act Section 215 to Qualifying Small Power Production and Cogeneration Facilities, (Order No. 696), 119 FERC ¶ 61,149 (2007).

⁶ The Mitigation Plan was signed on June 26, 2009.

MITIGATION PLAN COMPLETED YES ☒ NO ☐

EXPECTED COMPLETION DATE **7/31/2009**

EXTENSIONS GRANTED **N/A**

ACTUAL COMPLETION DATE **7/21/2009**

DATE OF CERTIFICATION LETTER **7/22/2009**

CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **7/21/2009**

DATE OF VERIFICATION LETTER **11/18/2009**

VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **7/21/2009**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT
RECURRENCE

- 1. SRW revised its Protection System maintenance and testing program to include missing components of Protection System based on NERC Glossary of terms and as stated in R1.1 and R1.2 by creating and implementing a new Protection System program;**
- 2. SRW implemented a process for annual reviews of the Protection System maintenance and testing program and documented the process review;**
- 3. Beginning on March 27, 2009, SRW performed weekly testing of the PEECC batteries in process;**
- 4. SRW documented the implementation of its Protection System program as defined in R2.1 and R2.2 for all components by identifying any other instances where maintenance and testing were not performed and/or where there were related documentation gaps;**
- 5. SRW created a spreadsheet to track maintenance and testing performed, populated testing dates beginning with June 2007 and assigned oversight responsibility;**
- 6. SRW performed training for existing onsite personnel on PRC-005-1 NERC Standard requirements; and**
- 7. SRW included as part of the self-certification process a review of its spreadsheet control document.**

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

- 1. SRW revised its Protection System maintenance and testing program to include missing components of its Protection System based on**

NERC Glossary of Terms and as stated in R1.1 and R1.2 by creating and implementing a new Protection System program (*Maintenance & Protection System Program June 4 2009 Rev 4 Approved.pdf*);

- 2. SRW implemented a process for annual reviews of the Protection System maintenance and testing program and documented the process review (*RCPNERC-PRC-005 procedure 7-20-09.pdf*);**
- 3. SRW performed weekly testing of the PEECC batteries in process beginning March 27, 2009 (*PRC-005 Tracking Spreadsheet 7-20-09*);**
- 4. SRW documented the implementation of its Protection System program as defined in R2.1 and R2.2 for all components by identifying any other instances where maintenance and testing were not performed and/or where there were related documentation gaps (*2nd Supplemental Letter to SERC PRC-005 7-22-09*);**
- 5. SRW created a spreadsheet to track maintenance and testing performed, and populated testing dates beginning with June 2007 and additionally assigned oversight responsibility (*PRC-005 Tracking Spreadsheet 7-20-09*); and**
- 6. SRW performed training for existing onsite personnel on PRC-005-1(*Power Training Tracker for SRW people.pdf & Power Training Tracker for SRW people.xls*).**

V. PENALTY INFORMATION

(1) DOCUMENTATION ☐ PERFORMANCE ☒ BOTH ☐

EXPLAIN (FOR DOCUMENTATION-TYPE VIOLATIONS, INCLUDE A DESCRIPTION OF HOW THE REGIONAL ENTITY VERIFIED THAT THE REGISTERED ENTITY HAD PERFORMED IN ACCORDANCE WITH THE RELIABILITY STANDARD(S)/REQUIREMENT(S))

EXHIBITS (SEE ATTACHMENTS TO THE NOTICE OF PENALTY):

SOURCE DOCUMENT

SRW's Self-Report dated June 16, 2009 and Revised Self-Report dated June 29, 2009

MITIGATION PLAN

SRW's Mitigation Plan submitted June 29, 2009

CERTIFICATION BY REGISTERED ENTITY

SRW's Certification of Completion of the Mitigation Plan dated July 22, 2009

VERIFICATION BY REGIONAL ENTITY

SERC's Verification of Completion of the Mitigation Plan dated November 18, 2009

Attachment d2

Disposition Document for FAC-008-1 R1

DISPOSITION OF VIOLATION

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.	
SERC200900280	09-038	

I. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
FAC-008-1	R1	R1.1, R1.2.1 and R1.2.2	Lower¹	

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 of Reliability Standard FAC-008-1 is to ensure that Facility Ratings used in the reliable planning and operation of the bulk power system (BPS) are determined based on an established methodology or methodologies.

R1. The Transmission Owner and Generator Owner shall each document its current methodology used for developing Facility Ratings (Facility Ratings Methodology) of its solely and jointly owned Facilities. The methodology shall include all of the following:

R1.1. A statement that a Facility Rating shall equal the most limiting applicable Equipment Rating of the individual equipment that comprises that Facility.

R1.2. The method by which the Rating (of major BPS equipment that comprises a Facility) is determined.

R1.2.1. The scope of equipment addressed shall include, but not be limited to, generators, transmission conductors, transformers, relay

¹ When NERC filed Violation Risk Factors (VRFs) it originally assigned FAC-008-1 R1.1, R1.2, R1.2.1 and R1.2.2 Lower VRFs. The Commission approved the VRFs as filed; however, it directed NERC to submit modifications. NERC submitted the modified Medium VRFs and on February 6, 2008, the Commission approved the modified Medium VRFs. Therefore, the Lower VRFs for FAC-008-1 R1.1, R1.2, R1.2.1 and R1.2.2 were in effect from June 18, 2007 until February 6, 2008 when the Medium VRFs became effective. FAC-008-1 R1, R1.3 and R1.3.5 have Lower VRFs and FAC-008-1 R1.3.1, R1.3.2, R1.3.3 and R1.3.4 have Medium VRFs.

protective devices, terminal equipment, and series and shunt compensation devices.

R1.2.2. The scope of Ratings addressed shall include, as a minimum, both Normal and Emergency Ratings.

R1.3. Consideration of the following:

R1.3.1. Ratings provided by equipment manufacturers.

R1.3.2. Design criteria (e.g., including applicable references to industry Rating practices such as manufacturer's warranty, IEEE, ANSI or other standards).

R1.3.3. Ambient conditions.

R1.3.4. Operating limitations.

R1.3.5. Other assumptions.

VIOLATION DESCRIPTION

SRW used various technical documents to derive its Facility Ratings for the period covering June 25, 2007 through March 30, 2008, but SRW did not have a written Facility Ratings Methodology for that time period and the documents that SRW used to derive its actual Facility Ratings did not meet all the elements specified under FAC-008-1 R1.² Specifically, the documentation did not: (1) contain a statement that the Facility Rating shall equal the most limiting applicable Equipment Rating of the individual equipment that comprises that Facility as required by R1.1; (2) fully document the scope of the applicable equipment considered during the development of the Facility Ratings as required by R1.2.1; and (3) include a statement that indicates that Emergency Ratings were considered as required by R1.2.2.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

SERC concluded that there was no serious or substantial risk to the reliability of the BPS as a result of these violations because the Facility Ratings SRW was using prior to the creation of its documented Facility Ratings Methodology were derived based upon facility design documents and were confirmed with a facility performance test prior to connection to the BPS. Additionally, the SRW facility is a single 420 MW qualifying small power production and cogeneration facility (QF) primarily designed to provide thermal energy to its host and puts residual power on the BPS. In addition, the facility has a single 138 kV connection to the BPS which would have limited the impact if the generation Protection System misoperated.

² SRW provided a Performance Test Report for its facility that was developed during the plant commissioning acceptance test. SRW stated that it used the Plant Net Output test data from the Performance Test Report as an operating guideline for its Facility Ratings.

III. DISCOVERY INFORMATION

METHOD OF DISCOVERY

SELF-REPORT ³	<input checked="" type="checkbox"/>
SELF-CERTIFICATION	<input type="checkbox"/>
COMPLIANCE AUDIT	<input type="checkbox"/>
COMPLIANCE VIOLATION INVESTIGATION	<input type="checkbox"/>
SPOT CHECK	<input type="checkbox"/>
COMPLAINT	<input type="checkbox"/>
PERIODIC DATA SUBMITTAL	<input type="checkbox"/>
EXCEPTION REPORTING	<input type="checkbox"/>

DURATION DATE(S) **6/25/2007⁴** (when the Standard became mandatory and enforceable for QFs) through **6/1/2009** (Mitigation Plan completion)

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **6/17/2009**

IS THE VIOLATION STILL OCCURRING

YES ☐ NO ☒

IF YES, EXPLAIN

REMEDIAL ACTION DIRECTIVE ISSUED	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
PRE TO POST JUNE 18, 2007 VIOLATION	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>

IV. MITIGATION INFORMATION

MITIGATION PLAN NO. **MIT-07-2005**

DATE SUBMITTED TO REGIONAL ENTITY	9/4/2009
DATE ACCEPTED BY REGIONAL ENTITY	9/24/2009
DATE APPROVED BY NERC	10/8/2009
DATE PROVIDED TO FERC	10/12/2009

IDENTIFY AND EXPLAIN VERSIONS THAT WERE REJECTED, IF APPLICABLE

MITIGATION PLAN COMPLETED YES ☒ NO ☐

³ SRW submitted the Self-Report form after being notified of an upcoming Compliance Audit. The Self-Report was dated June 16, 2009 and submitted to SERC on June 17, 2009.

⁴ On May 18, 2007, the Commission issued an Order revising its regulations governing qualifying small power production and cogeneration facilities (QFs) to eliminate the exemption of QFs from the requirements of Section 215 of the Federal Power Act. Therefore, any registered entity, such as SRW, that is a QF was not required to be responsible for compliance with NERC Reliability Standards until June 25, 2007. See Applicability of Federal Power Act Section 215 to Qualifying Small Power Production and Cogeneration Facilities, (Order No. 696), 119 FERC ¶ 61,149 (2007).

EXPECTED COMPLETION DATE **6/1/2009**
EXTENSIONS GRANTED **N/A**
ACTUAL COMPLETION DATE **6/1/2009**

DATE OF CERTIFICATION LETTER **9/4/2009**
CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **6/1/2009**

DATE OF VERIFICATION LETTER **9/28/2009**
VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **6/1/2009**

**ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT
RECURRENCE**

- 1. SRW created a Facility Ratings Methodology document that addressed all the Requirements under FAC-008-1 including R1, R1.1 and R1.2.1;**
- 2. SRW's Facility Ratings Methodology addressed FAC-008-1 R1 and the methodology utilized by SRW to rate its generation facility in accordance with the Standard;**
- 3. SRW implemented a process for annual reviews of the Facility Ratings Methodology with updates made as appropriate. Dates for these reviews have been entered into the Compliance Database and reminders will be sent to the plant. SRW updated its Reliability Compliance Manual for NERC Standard FAC-008-1 (RCP-NERC-FAC-008) to require annual reviews of its Facility Ratings Methodology; and**
- 4. SRW provided training for existing personnel on FAC-008-1. Any new employees with responsibility for ratings methodology will be provided with training to ensure maintenance of ongoing compliance with the Standard.**

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

- 1. SRW created a Facility Ratings Methodology document that addressed all the Requirements under FAC-008-1 including R1, R1.1 and R1.2.1. On June 1, 2009, the Facility Ratings Methodology document was released which is compliant with the requirements of FAC-008-1 (*Facility Ratings Methodology June 1, 2009.pdf*);**
- 2. SRW implemented a process for annual reviews of the Facility Ratings Methodology with updates made as appropriate. Dates for these reviews have been entered into the Compliance Database and reminders will be sent to the plant. SRW updated its Reliability**

Compliance Manual for FAC-008-1 (RCP-NERC-FAC-008) to require annual reviews of its Facility Ratings Methodology. SRW database extract for procedures under FAC-008, FAC-009, and PRC-005, 2010 Review (*database dump for annual reviews of prc5_fac8_fac9_SRW.pdf & database dump for annual reviews of prc5_fac8_fac9_SRW.xls*); and

- 3. SRW provided training for existing personnel on FAC-008-1. Any new employees with responsibility for ratings methodology will be provided with training to ensure maintenance of ongoing compliance with the Standard. NERC Alerts and NERC Generator Owner Slides dated January 25, 2009 and March 25, 2009 (*Power Training Tracker for SRW people.pdf & Power Training Tracker for SRW people.xls*).**

V. PENALTY INFORMATION

(1) DOCUMENTATION ☐ PERFORMANCE ☒ BOTH ☐

EXPLAIN (FOR DOCUMENTATION-TYPE VIOLATIONS, INCLUDE A DESCRIPTION OF HOW THE REGIONAL ENTITY VERIFIED THAT THE REGISTERED ENTITY HAD PERFORMED IN ACCORDANCE WITH THE RELIABILITY STANDARD(S)/REQUIREMENT(S))

EXHIBITS (SEE ATTACHMENTS TO THE NOTICE OF PENALTY):

SOURCE DOCUMENT

SRW's Self-Report dated June 16, 2009

MITIGATION PLAN

SRW's Mitigation Plan submitted September 4, 2009

CERTIFICATION BY REGISTERED ENTITY

SRW's Certification of Completion of the Mitigation Plan dated September 4, 2009

VERIFICATION BY REGIONAL ENTITY

SERC's Verification of Completion of the Mitigation Plan dated September 28, 2009

Attachment e

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

SRW Cogeneration Limited Partnership

Docket No. NP10-____-000

NOTICE OF FILING
July 6, 2010

Take notice that on July 6, 2010, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding SRW Cogeneration Limited Partnership in the SERC Reliability Corporation region.

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, or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date: [BLANK]

Kimberly D. Bose,
Secretary