



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

July 6, 2010

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

**Re: Abbreviated Notice of Penalty
 National Grid Generation LLC (NGG), FERC Docket No. NP10-__-000**

Dear Secretary Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Abbreviated Notice of Penalty (NOP) regarding the Registered Entity listed in Attachment a, 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)).

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines and the Commission's July 3, 2008 and October 26, 2009 Guidance Orders,¹ the NERC BOTCC reviewed the findings and proposed penalty or sanction and approved the Abbreviated NOP and the attachments thereto on May 14, 2010, for filing with the Commission. Pursuant to Order No. 693, the forty thousand dollar (\$40,000) penalty will be effective upon expiration of the 30 day period following the filing of this NOP with the Commission, or, if the Commission decides to review the penalty, upon final determination by the Commission.

¹ *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008); *North American Electric Reliability Corporation*, "Further Guidance Order on Reliability Notices of Penalty," 129 FERC ¶ 61,069 (2009).

Attachments to be included as Part of this Notice of Penalty

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

- a) Disposition of Violation, included as Attachment a;
- b) NGG's Source Document dated June 25, 2009, included as Attachment b;
- c) NGG's Response to the Notice of Alleged Violation and Proposed Penalty or Sanction dated December 22, 2009, included as Attachment c;
- d) NGG's Response to the Notice of Confirmed Violation and Proposed Penalty or Sanction dated March 29, 2010, included as Attachment d;
- e) NGG's Mitigation Plan submitted November 5, 2009, included as Attachment e;
- f) NGG's Certification of Mitigation Plan Completion dated November 12, 2009, included as Attachment f; and
- g) NPCC's Verification of Mitigation Plan Completion dated January 22, 2010, included as Attachment g.

A Form of Notice Suitable for Publication²

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

² 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 david.cook@nerc.net</p> <p>Vicki O’Leary* Director - Reliability Compliance National Grid 40 Sylvan Road Waltham, MA 02451 (781) 907-5707 – facsimile vicki.oleary@us.ngrid.com</p> <p>Douglas Crocker* Director - Electric Production National Grid 175 East Old Country Road Hicksville, NY 11795 (516) 545-5210 – facsimile douglas.crocker@us.ngrid.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>Edward A. Schwerdt* President & Chief Executive Officer Northeast Power Coordinating Council, Inc. 1040 Avenue of the Americas-10th Fl. New York, NY 10018-3703 (212) 840-1070 (212) 302-2782 – facsimile eschwerdt@npcc.org</p> <p>Stanley E. Kopman* Assistant Vice President of Compliance Northeast Power Coordinating Council, Inc. 1040 Avenue of the Americas-10th Fl. New York, NY 10018-3703 (212) 840-1070 (212) 302-2782 – facsimile skopman@npcc.org</p> <p>Walter Cintron* Manager of Compliance Enforcement Northeast Power Coordinating Council, Inc. 1040 Avenue of the Americas-10th Fl. New York, NY 10018-3703 (212) 840-1070 (212) 302-2782 – facsimile wcintron@npcc.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
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: National Grid Generation LLC
Northeast Power Coordinating Council, Inc.

Attachments

Attachment a

Disposition of Violation

DISPOSITION OF VIOLATION¹

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.	NOC#
NPCC200900080	Same	NOC-451
NPCC200900081	Same	

REGISTERED ENTITY	NERC REGISTRY ID
National Grid Generation LLC (NGG)	NCR07128

REGIONAL ENTITY
Northeast Power Coordinating Council, Inc. (NPCC)

I. REGISTRATION INFORMATION

ENTITY IS REGISTERED FOR THE FOLLOWING FUNCTIONS:

BA	DP	GO	GOP	IA	LSE	PA	PSE	RC	RP	RSG	TO	TOP	TP	TSP
		X	X											
		6/21/07	6/21/07											

* VIOLATION APPLIES TO SHADED FUNCTIONS

DESCRIPTION OF THE REGISTERED ENTITY

NGG is an international energy delivery company. In the U.S., NGG delivers electricity to approximately 3.3 million customers in Massachusetts, New Hampshire, New York and Rhode Island, and manages the electricity network on Long Island under an agreement with the Long Island Power Authority (LIPA). NGG is the largest power producer in New York State, owning 6,650 MW of electricity generation that provides power to over one million LIPA customers and supplies roughly a quarter of New York City's electricity needs. It is also the largest distributor of natural gas in the northeastern U.S., serving approximately 3.5 million customers in New York, Massachusetts, New Hampshire and Rhode Island.

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

I. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
PRC-005-1	1	1.1, 1.2	HIGH	LOWER
PRC-005-1	2	2.1²	HIGH	MODERATE

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

Purpose: To ensure all transmission and generation Protection Systems³ affecting the reliability of the bulk power system (BPS) are maintained and tested.

Requirements

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:

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

On June 25, 2009, NGG self-reported possible violations of PRC-005-1 R1, R1.1, R1.2 and R2.1 to the Northeast Power Coordinating Council, Inc. (NPCC). Specifically, NGG stated that the “relevant procedures did not include verification of [potential transformers (PT)] and [current transformers (CT)] integrity” as part

² PRC-005-1 R2 has a “Lower” VRF; R2.1 and R2.2 each have a “High” VRF. 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.”

of the Northport Power Station's relay testing and calibration program; and that the Northport Generator Protection System "relays were trip tested according to their procedure but that 29 out of 95 (31%) were not calibrated within the 2-year period" outlined in the NGG Procedure and that battery and maintenance testing at the Northport Power Station was not done during the second half of 2008 according to NGG's procedure for testing and maintenance of batteries and chargers.

After reviewing the documentation presented, NPCC confirmed:

1. NGG's Protective Relay Testing and Maintenance program documentation did not include verification of PT and CT integrity thus violating R1.1 and R1.2;
2. as required by NGG's Protective Relay Testing and Maintenance program, NGG did not perform battery testing for the second half of 2008 and did not perform the relay calibrations required at the Northport Power Station, thus violating R2.1.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

NPCC determined that this violation did not pose a serious or substantial risk to the BPS for the following reasons: (1) although 29 relays were not calibrated within the required two-year interval, NGG performed trip testing on a two-year interval according to its procedures for generating facilities; (2) although NGG's relay testing procedure required a two-year interval, NGG reviewed its relay testing procedure and determined that a two-year interval was too restrictive and a four-year interval was appropriate.⁴ NGG confirmed that all generating relays had been tested within a 4-year interval, and NGG later adopted in its new relay maintenance program; and (3) NGG routinely verified the integrity of its CTs and PTs by taking secondary readings on the potential transformer fuses as part of the local start-up procedure for generating facilities.

IS THERE A SETTLEMENT AGREEMENT YES ☐ NO ☒

WITH RESPECT TO THE VIOLATION(S), REGISTERED ENTITY

NEITHER ADMITS NOR DENIES IT (SETTLEMENT ONLY)	YES	<input type="checkbox"/>
ADMITS TO IT	YES	<input checked="" type="checkbox"/>
DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS)	YES	<input checked="" type="checkbox"/>

WITH RESPECT TO THE PROPOSED PENALTY OR SANCTION, REGISTERED ENTITY

ACCEPTS IT/DOES NOT CONTEST IT YES ☒

⁴ NPCC criteria was changed from a 2 year testing program to a 4 year testing program.

III. DISCOVERY INFORMATION**METHOD OF DISCOVERY**

SELF-REPORT	<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) 6/21/2007 (date included on the NERC Compliance Registry) through 10/6/2009 (Mitigation Plan completion)

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY 6/25/2009

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-07-2110

DATE SUBMITTED TO REGIONAL ENTITY 11/5/2009

DATE ACCEPTED BY REGIONAL ENTITY 11/6/2009

DATE APPROVED BY NERC 11/10/2009

DATE PROVIDED TO FERC 11/10/2009

IDENTIFY AND EXPLAIN VERSIONS THAT WERE REJECTED, IF APPLICABLE

N/A

MITIGATION PLAN COMPLETED **YES** ☒ **NO** ☐

EXPECTED COMPLETION DATE 11/5/2009

EXTENSIONS GRANTED N/A

ACTUAL COMPLETION DATE 10/6/2009

DATE OF CERTIFICATION LETTER 11/12/2009

CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF 10/6/2009

DATE OF VERIFICATION LETTER **1/22/2010**
VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **10/6/2009**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT
RECURRENCE

NGG's Mitigation Plan required it to: (1) review and amend internal procedures; (2) create a new procedure consistent with NPCC Directory #3 which recommended the 4-year protection assembly testing interval; (3) calibrate any relays that had not been calibrated within the intervals defined in the new procedure; (4) complete the PT and CT testing program at its Northport Power Station; and (5) amend relevant procedure(s) to ensure that administrative issues do not delay future maintenance and testing.

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

NPCC reviewed the battery maintenance records; relay calibration records, PT and CT testing records and a record indicating NGG established a Technical Working Team to address PRC-005-1 compliance.

V. PENALTY INFORMATION

TOTAL PROPOSED PENALTY OR SANCTION OF **\$40,000** FOR **TWO**
VIOLATIONS.

(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))

(2) 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

(3) 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

(4) THE PRESENCE AND QUALITY OF THE REGISTERED ENTITY’S
COMPLIANCE PROGRAM

IS THERE A DOCUMENTED COMPLIANCE PROGRAM

YES ☒ NO ☐

EXPLAIN

NGG has a formal compliance program to address compliance with NERC Reliability Standards. NGG operates its compliance program through a variety of centralized, enterprise-wide processes and procedures in coordination with employees within various parts of the global business. From an organizational standpoint, the principally responsible departments and committees include: NGG’s Legal Department, including without limitation: Company Secretary and General Counsel; Senior Vice President and General Counsel; Risk and Compliance Group; US Ethics and Business Conduct Office; Risk and Responsibility Committee; and US Business Conduct Committee. NGG recognizes and is committed to an overall compliance program that is robust but responsive to evolving standards, as well as organizational and operational changes. In the fall of last year, NGG joined a working group of nearly 30 utilities to develop a model FERC compliance program guide that satisfied FERC’s most recent policy pronouncements. That effort involved an intensive process, drawing on the combined legal and practical compliance expertise of the members and their attorneys to develop a Model Compliance Plan (“MCP”) with twenty-two chapters addressing the various FERC compliance policies and regulations. The MCP provides a comprehensive approach to addressing compliance requirements incorporating a wide range of

recommended controls, policies, and procedures depending on a company's particular structure and operations.

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

The NGG compliance program is driven and supported by senior management.

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

NGG has a Reliability Compliance Steering Committee that is made up of senior management representatives who receive a quarterly report by Reliability Compliance and provide direct input into the program.

(5) 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

(6) 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

(7) ANY OTHER MITIGATING FACTORS FOR CONSIDERATION

YES ☐ NO ☒

IF YES, EXPLAIN

(8) ANY OTHER AGGRAVATING FACTORS FOR CONSIDERATION (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒
IF YES, EXPLAIN

(9) ANY OTHER EXTENUATING CIRCUMSTANCES

YES ☐ NO ☒
IF YES, EXPLAIN

(10) ADDITIONAL SUPPORT FOR PROPOSED PENALTY OR SANCTION

EXHIBITS:

SOURCE DOCUMENT
NGG's Self-Report dated June 25, 2009

RESPONSE DOCUMENT
NGG's Response to the Notice of Alleged Violation and Proposed Penalty or Sanction dated December 22, 2009

NGG's Response to the Notice of Confirmed Violation and Proposed Penalty or Sanction dated March 29, 2010

MITIGATION PLAN
NGG's Self-Report dated November 5, 2009

CERTIFICATION BY REGISTERED ENTITY
NGG's Certification of Completion of the Mitigation Plan dated November 12, 2009

VERIFICATION BY REGIONAL ENTITY
NPCC's Verification of Completion of the Mitigation Plan dated January 22, 2010

OTHER RELEVANT INFORMATION:

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR
SANCTION ISSUED

DATE: **12/11/2009** OR N/A ☐

SETTLEMENT DISCUSSIONS COMMENCED

DATE: OR N/A ☒

NOTICE OF CONFIRMED VIOLATION ISSUED

DATE: **3/23/2010** 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 b

NGG's Source Document dated June 25, 2009

Logged in as:

Walter Cintron

[Log Out](#)

System Administration

Compliance

RC Forms

BA Forms

DP Forms

GOP Forms

PSE Forms

TOP Forms

TSP Forms

GO Forms

LSE Forms

TO Forms

All Forms

CIP Survey

Pending Certification
Statements

Self Report

Self Report Forms

Historical Forms

Certification Statements

Reports

Mitigation Plans

Plants & Generators

2009 Schedule

PRC-005-1 Self Report (GO)

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Attachments (1)

This form has been locked because it was included on a certification statement.
If you need to edit data contained in this form, please contact your [NPCC Administrator](#).

This form was marked as ready to be added to a certification statement on 6/25/2009.

* Required Fields

Status: Read Only

Technical Contact

* |

Notice: Prior to submitting this self-certification form, you are directed to review the complete text of the applicable reliability standard (including interpretations) that is found at www.nerc.com. Each registered entity should evaluate its compliance with the official standard in preparing this filing.

Evidence must be retained to support the responses to this Self-Certification, including any follow-up investigation, until the completion of the next scheduled audit, unless the NERC or Regional Entity advises otherwise.

NPCC will disclose this information to NERC and other third parties, only as required, and in accordance with established procedures pursuant to section 1500 of the NERC rules of procedure.

This self-certification covers the Reporting Period for **2009**. The response to the certification should accurately reflect the entity's compliance status for the entire Reporting Period.

As an authorized representative of **NPCC**, I certify the following:

NPCC is Not in Compliance for a portion of or the entire Reporting Period with the following requirement(s) of NERC Reliability Standard PRC-005-1 (indicated by checkmark) but was in compliance with all other requirements of the standard for the entire Reporting Period.

☒ **NPCC** is indicating a possible violation that has **not** been previously identified to NPCC.

☐ **NPCC is indicating a possible violation that was previously identified to NPCC.** Provide issues tracking number, if known.

Check all requirements for which NPCC was Not in Compliance for a portion of or the entire Reporting Period:

☒ **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 BES. The program shall include:

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

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.)

Provide a detailed explanation why this was not accomplished

Enter date of alleged violation



Enter time of alleged violation

hh:mm:ss

R1.2. Summary of maintenance and testing procedures.

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.)

Provide a detailed explanation why this was not accomplished

Please see the Mitigation Plan Submittal Form and Attachment.

Enter date of alleged violation

6/18/2007

Enter time of alleged violation

hh:mm:ss

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 to its Regional Reliability Organization 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.

Date of Violation

6/18/2007

Reason for the non-compliance

Please see the Mitigation Plan Submittal Form and Attachment.

Reliability Impact Statement

Mitigation Plan Included?

☒ Yes ☐ No

Additional Comments:

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[Ready to Create Certification Statement](#)

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Attachment c

NGG's Response to the Notice of Alleged Violation and Proposed Penalty or Sanction dated December 22, 2009

December 22, 2009

Mr. Walter Cintron
Manager, Compliance Enforcement
Northeast Power Coordinating Council (NPCC), Inc.
1040 Avenue of the Americas
New York, NY 10018

RE: NERC/NPCC Violation ID(s): NPCC200900080, NPCC200900081

Dear Mr. Cintron:

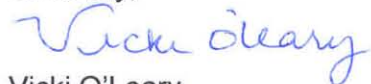
In response to your "Notice of Alleged Violation and Proposed Penalty or Sanction" dated December 11, 2009, **National Grid Generation LLC** herein officially responds to NPCC consistent with the 30-day reporting requirement outlined in Section 5.1 of NERC's Compliance Monitoring and Enforcement Program. National Grid Generation LLC hereby agrees with the alleged violation and the proposed penalty in the amount of \$40,000. As noted in the "Notice of Alleged Violation," National Grid Generation LLC's mitigation plan was accepted by NPCC on November 6, 2009. In addition, a certification statement of the completed mitigation plan was submitted to NPCC on November 12, 2009. All mitigation activities were completed as of October 6, 2009.

Per your request, the National Grid Generation LLC representative who is authorized to respond to questions concerning the above-listed alleged violation and mitigation plan is as follows:

National Grid
Douglas Crocker, Director – Electric Production
175 East Old Country Road
Hicksville, NY 11801
1-516-545-3136

If you have any questions, please do not hesitate to contact Doug or myself on this matter.

Sincerely,



Vicki O'Leary
Director, Reliability Compliance

cc: Richard Hohlman
Douglas Crocker
Anna Chacko

Attachment d

NGG's Response to the Notice of Confirmed Violation and Proposed Penalty or Sanction dated March 29, 2010



March 29, 2010

Walter Cintron
NPCC, Inc.
1040 Ave. of the Americas - 10th floor
New York, NY 100018

Dear Walter:

Re: Notice of Confirmed Violation and Proposed Penalty or Sanction regarding **National Grid Generation, LLC**. NERC Violation Tracking Numbers NPCC200900080 and NPCC200900081

Per NERC's Rules of Procedure and the Compliance Monitoring and Enforcement Program (CMEP), National Grid would like to provide a statement on our efforts to comply with the NERC Reliability Standards.

National Grid is committed to maintaining the reliability of the bulk power system and ensuring compliance with all applicable NERC Reliability Standards. National Grid is committed to and currently has in place an overall FERC compliance program that is robust and responsive to all areas regulated by FERC, and in particular, the area of evolving NERC Reliability Standards. A Reliability Compliance group was formed to provide services on behalf of National Grid operating companies which include the Transmission, Distribution and Generation lines of business. The company wide compliance program is supported by senior management.

In context of this Notice of Confirmed Violation, National Grid Generation (NGG), LLC self-reported the compliance violation as a result of the following contributing factors: (1) PRC-005 was discussed at the Spring '09 NPCC workshop as the most violated standard (2) Reliability Compliance Implementation Group (RCIG) published a whitepaper in May '09 on PRC-005 and (3) an internal self-assessment review followed based on the development of the "Generator Materiality" doctrine issued by NPCC. The recent clarity on the scope of PRC-005 provided by NPCC and the RCIG led directly to a reassessment of whether NGG had violated the rule. Upon such review, NGG promptly self-reported the violation to NPCC. NGG completed all mitigation activities within the proposed time table, and in some cases in advance of the target dates. NGG's conduct was prompt upon clarification, review and discovery of the violation and evidences NGG's clear intent to comply at all times. Such conduct should be encouraged and due credit granted for prompt compliance.

The following individuals are authorized representatives of National Grid Generation, LLC:

Rich Hohlman
Vice-President, Electric Generation
Phone: 516-545-5598

Douglas Crocker
Director, Electric Production
Phone: 516-545-3136

Anna Chacko
Assistant General Counsel
Phone: 516-545-5246

Sincerely,

A handwritten signature in cursive script, reading "Vicki O'Leary".

Vicki O' Leary
Director, Reliability Compliance
Phone: 781-907-2521

cc: D. Crocker
R. Hohlman
A. Chacko

Attachment e

NGG's Mitigation Plan submitted November 5, 2009



NORTHEAST POWER COORDINATING COUNCIL, INC.
1040 AVE OF THE AMERICAS, NEW YORK, NY 10018 TELEPHONE (212) 840-1070 FAX (212) 302-2782

Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: 11/5/2009 (prior draft was 8/28/2009)

Section A: Compliance Notices & Mitigation Plan Requirements

- A.1 Notices and requirements applicable to Mitigation Plans and this Submittal Form are set forth in "Attachment A - Compliance Notices & Mitigation Plan Requirements" to this form.
- A.2 ☒ I have reviewed Attachment A and understand that this Mitigation Plan Submittal Form will not be accepted unless this box is checked.

Section B: Registered Entity Information

- B.1 Identify your organization: National Grid Generation, LLC

Company Name: National Grid Generation, LLC
Company Address: 175 East Old Country Road, Hicksville, NY 11801

NERC Compliance Registry ID: NCR07128

- B.2 Identify the individual in your organization who will be the Entity Contact regarding this Mitigation Plan.

Name: Douglas Crocker
Title: Generation Optimization Director
Email: Douglas.Crocker@us.ngrid.com
Phone: 516-545-3136

Section C: Identification of Alleged or Confirmed Violation(s) Associated with this Mitigation Plan

- C.1 This Mitigation Plan is associated with the following Alleged or Confirmed violation(s) of the reliability standard listed below.

Applicable Standard, Requirement(s) and dates:

PRC-005-1
Generation Protection System Maintenance & Testing
R1, R1.1, & R1.2, R.2
June 21, 2007

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NERC Violation ID #	Reliability Standard	Requirement Number	Violation Risk Factor	Alleged or Confirmed Violation Date ^(*)	Method of Detection (e.g., Audit, Self-report, Investigation)
NPCC200900080	PRC-005-1	R1.	High	06/21/07	Self-Report
NPCC200900080	PRC-005-1	R1.1.	High	06/21/07	Self-Report
NPCC200900080	PRC-005-1	R1.2.	High	06/21/07	Self-Report
NPCC200900081	PRC-005-1	R2.1	High	06/21/07	Self-Report

(*) Note: The Alleged or Confirmed Violation Date shall be expressly specified by Registered Entity, and subject to modification by [RE acronym], as: (i) the date the Alleged or Confirmed violation occurred; (ii) the date that the Alleged or Confirmed violation was self-reported; or (iii) the date that the Alleged or Confirmed violation has been deemed to have occurred on by [RE acronym]. Questions regarding the date to use should be directed to the [RE acronym] contact identified in Section G of this form.

C.2 Identify the cause of the Alleged or Confirmed violation(s) identified above. Additional detailed information may be provided as an attachment:

1. Although NGG, with the support of the National Grid Protection and Telecom Dept., has conducted Generator Protection System relay testing and calibration, the relevant procedures did not include verification of PT and CT integrity. These verifications have not been performed since NGG's (formerly KeySpan Generation LLC) initial registration on June 21, 2007.
2. The current NGG procedure for testing and maintenance of batteries and chargers at Northport, which include those that support the Generator Protection System, requires such work be done semi-annually. This was not done in the second half of 2008 but was done in each of the surrounding periods.
3. A review of the relay maintenance data base and paper maintenance records indicates that all Northport Generator Protection System relays were trip tested but some were not calibrated within the 2 year period outlined in the National Grid Procedure.

Provide any additional relevant information regarding the Alleged or Confirmed violations associated with this Mitigation Plan. Additional detailed information may be provided as an attachment:



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National Grid Generation (NGG) recently conducted a review of NGG compliance with NERC Standard -PRC-005-1. This review was prompted by the confluence of several events and the receipt of new information:

- PRC-005-1 was identified by NPCC 'the most violated NERC standard' among GO's (Generator Owners) at NPCC's May 19th-21st workshop.
- The Reliability Compliance Implementation Group published a whitepaper in May on PRC-005-1 compliance, outlining all components pertinent to the Generator Protection System and the reasons for many generators not being compliant.
- Recent development of the "generator materiality" doctrine which identified significantly more NGG units which will have to become NERC Standard compliant. In preparation for certification of compliance for the new units and in consideration of the information above, we reviewed the PRC-005-1 compliance material for Northport and found the discrepancies identified below

These three events prompted NGG to revisit Standard PRC-005-1 and to look at our compliance with a better understanding of the requirements. NGG has determined that its current practices and processes as they pertain to Northport Power Station (Units 1-4) may not meet the intent of NERC Reliability Standard PRC-005-1 and is accordingly self-reporting this possible non-compliance. NGG continues to review its data to ensure complete resolution of the potential problem.

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 Alleged or Confirmed violations identified above in Part C.1 of this form. Additional detailed information may be provided as an attachment:
1. NGG has reviewed and amended internal procedures. A new procedure(s) with new testing guidelines and cycle schedules taken from NPCC Directory #3 for PTs/CTs was completed July 31, 2009.
 2. Initial investigation revealed that all Northport Generator Protection System (GPS) relays were trip tested according to our procedure but that 29 out of 95 (31%) were not calibrated within the 2 year period outlined in the National

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Grid Procedure. A new procedure that was written to be consistent with NPCC Directory #3 has adopted the recommended 4-year protection assembly testing interval for Non-Self Monitored Protection Assemblies. This procedure was approved and put into effect on July 31, 2009. At the time of the initial self report, 12 relays out of 95 (13%) had not been calibrated within this 4-year cycle window. Additional work has been performed and now all of the relay calibrations are within the 4-year cycle window including those recently added to the list of GPS associated relays. The revised procedure will tighten controls over this important process.

3. NGG will complete the PT/CT testing program at Northport as described in the new procedure by November 5, 2009. Northport Unit #3 has already been completed.
4. The PPE issues have been resolved and NGG will continue to meet the Generator Protection System battery and charger testing procedure requirements and schedule. We completed our first of two-semiannual requirements on time. The relevant procedure(s) will be amended to ensure that similar administrative issues do not delay future maintenance and testing.

Mitigation Plan Timeline and Milestones

- D.2 Provide the date by which full implementation of the Mitigation Plan will be, or has been, completed with respect to the Alleged or Confirmed violations identified above. State whether the Mitigation Plan has been fully implemented: the full implementation will be complete by November 5th, 2009. Some portions of the Plan are already complete and the remaining steps are well along towards completion.
- D.3 Enter Milestone Activities, with due dates, that your organization is proposing, or has completed, for this Mitigation Plan:

Milestone Activity	Proposed/Actual Completion Date* (shall not be more than 3 months apart)
Complete Generator Protection System semi-annual Battery testing and maintenance	Completed by 6/31/09
Establish an In-house Technical Working Team to address PRC-005-1 compliance	Complete; first meeting held July 9, 2009
Review and amend relevant procedure(s) to adopt the guidance	Due 8/5/09; completed 7/31/09

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in NPCC Directory #3 and clarify testing and maintenance requirements at the involved units	
Complete Generator Protection System relay calibrations within the 4-year cycle requirement of the new procedure above as described in NPCC Directory #3	All GPS relays at Northport have been calibrated and trip tested. Future protection assembly testing will be completed in accordance with the new procedure. Due 11/5/09; completed ahead of schedule on 10/6/09.
Complete PT/CT integrity validation program	11/5/09: work cannot be confidently scheduled during the current summer peak load period but will be scheduled as soon as possible as units come off line in the lower load Fall period. In any case, this work will be complete by 11/5/09. Completed ahead of schedule on 10/06/09

(*) Note: Implementation milestones no more than three (3) months apart are permissible only 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.



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Section E: Interim and Future Reliability Risk

Abatement of Interim BPS Reliability Risk

- E.1 While your organization is implementing this Mitigation Plan the reliability of the Bulk Power System (BPS) 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 to mitigate this increased risk to the reliability of the BPS. Additional detailed information may be provided as an attachment:

There was a risk that relays out of their calibration cycle would not operate as intended and place a generator in jeopardy. All of the GPS related relays at Northport have been calibrated within the four year window called for in the new procedure and NPCC guidance and the risk has been mitigated. Untested CTs and PTs may still result in damage to a generator if they fail to properly sense a fault. These devices will be tested as Northport units come offline and will be completed by November 5th. Northport #3 PT/CT testing is already complete with the exception of a single relay that is scheduled for removal during the major outage that begins Sept 1st.

Prevention of Future BPS Reliability Risk

- E.2 Describe how successful completion of this Mitigation Plan will prevent or minimize the probability that your organization incurs further risk or Alleged violations of the same or similar reliability standards requirements in the future. Additional detailed information may be provided as an attachment:

Successful completion of this Mitigation Plan will ensure that the required testing and maintenance is performed on all relevant components of the Generator Protection System. This non-compliance issue has raised our awareness of the need to monitor the performance of all groups participating in NERC Standard Compliance activities to ensure their obligations are satisfied and commitments are not inadvertently overlooked. A new, more detailed procedure is now in-place and adherence will be monitored closely. An automated process to remind personnel of the procedure requirements is being investigated to ensure future compliance. Measures like additional regular internal reviews and audits will be put into place. An agreement has been made to have the internal National Grid Reliability Compliance Department work with NGG to assure future compliance. Their work will include regular audits of NERC Standards compliance by NGG.



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1040 AVE OF THE AMERICAS, NEW YORK, NY 10018 TELEPHONE (212) 840-1070 FAX (212) 302-2782**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 this Mitigation Plan for acceptance by NPCC and approval by NERC, and
- b) If applicable, certifies that this Mitigation Plan was completed 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 of National Grid Generation, LLC.
 2. I am qualified to sign this Mitigation Plan on behalf of National Grid Generation, LLC.
 3. I understand National Grid Generation, LLC'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)).
 3. I have read and am familiar with the contents of this Mitigation Plan.
 4. National Grid generation, LLC agrees to comply with, this Mitigation Plan, including the timetable completion date, as accepted by NPCC and approved by NERC.

Authorized Individual Signature

Name Richard E. Hohlman
 Title: VP -Electric Generation
 Date: November 5, 2009



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Section G: Regional Entity Contact

Please direct any questions regarding completion of this form to:

Walter Cintron
Manager, Compliance Enforcement
Northeast Power Coordinating Council, Inc.
1040 Ave. of the Americas – 10th Floor
New York, N.Y. 10018
Tel: 212-840-1070
Fax: 212-302-2782
E-mail: wcintron@npcc.org



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NORTHEAST POWER COORDINATING COUNCIL, INC.
1040 AVE OF THE AMERICAS, NEW YORK, NY 10018 TELEPHONE (212) 840-1070 FAX (212) 302-2782

Attachment A – Compliance Notices & Mitigation Plan Requirements

- I. 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.
- II. This submittal form must be used to provide a required Mitigation Plan for review and acceptance by NPCC and approval by NERC.

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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- III. This Mitigation Plan is submitted to the regional entity (ies) and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.
- IV. This Mitigation Plan Submittal Form may be used to address one or more related Alleged or Confirmed violations of one Reliability Standard. A separate mitigation plan is required to address Alleged or Confirmed violations with respect to each additional Reliability Standard, as applicable.
- V. If the Mitigation Plan is accepted by NPCC and approved by 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.
- VI. NPCC or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
- VII. Remedial action directives also may be issued as necessary to ensure reliability of the BPS.

Attachment f

NGG's Certification of Mitigation Plan Completion dated November 12, 2009

Certification of a Completed Mitigation Plan

NPCC Violation Mitigation Plan Closure Form

Name of registered entity submitting certification: National Grid Generation, LLC

Date of Certification¹: 11/12/09

Name of Standard and the Requirement of which a violation was mitigated: PRC-005-1, R1, R1.1, R1.2, R2.1

Date of completion of the Mitigation Plan²: 11/5/09

Date of completion of the Milestone Activities in Mitigation Plan³: 10/06/09

I certify that the mitigation plan for the above named violation has been completed on the date shown above and that all submitted information is complete and correct to the best of my knowledge.

Please provide any additional information required for NPCC to verify completion of the mitigation plan.

Name: Richard E. Hohlman

Title: VP Electric Generation

Entity: National Grid

Email: Richard.Hohlman@us.ngrid.com

Phone: 516 545 5598

Executive Signature  Date: 11/12/09

Mitigation Plan Milestone Activity Reporting

¹ This date has to be the same as the signature date





² The date final Mitigation Plan has been signed

³ The completion date for the last Milestone Activity


Date: November 11, 2009

To: Walter Cintron,
Manager, Compliance Enforcement

National Grid Generation, LLC provides the following evidence for NPCC to verify the completed activities in the Mitigation Plan.

Activity	Dates Completed	Documentation ¹ Insert any documents indicating completion of the Activity.
i. Complete Generator Protection System semi-annual Battery testing and maintenance	Completed by 6/31/09	 Battery Maintenance Records
ii. Review and amend relevant procedure(s) to adopt the guidance in NPCC Directory #3 and clarify testing and maintenance	Due 8/5/09; completed 7/31/09	 New Relay Testing and Maintenance Pro
iii. Complete Generator Protection System relay calibrations within the 4-year cycle requirement of the new procedure above as described in NPCC Directory #3	10/6/09.	 Relay Maintenance Database report
iv. Complete PT/CT integrity validation program	10/06/09	See Relay Maintenance Database report in cell above.
v. Establish an In-house Technical Working Team to address PRC-005-1 compliance	7/9/09	 U:\NERC Compliance\ PRC-005-1\NPT\PRC-

1. To attach a file: from the INSERT drop down menu in Microsoft Word click OBJECT, click the tab CREATE FROM FILE, click BROWSE, find the file you wish to attach, click INSERT, click the DISPLAY AS ICON check box, click CHANGE ICON, in the CAPTION field change the file name, click OK, click OK. Resize the attached file to fit in the cell.

Authorized Signature: 

Comments:

The Relay Maintenance Database report shows the relays that comprise the generator protection systems at Northport Units 1 – 4. The date of the report is October 29, 2009 when the mitigation plan relay work was completed.

- The “CAL_DATE” column lists the date the relay was last calibrated.
- The “LDCK_DATE” column shows the date the CT or PT associated with the relay last had its integrity validated.
- The “TT_DATE” indicates the last date the relay was trip tested.
- The “ZOP” column indicates the “Zone of Protection”, really the unit associated with the relay, so that “P2” is Northport Unit #2, “P1” is Northport Unit #1, etc

Attachment g

NPCC's Verification of Mitigation Plan Completion dated January 22, 2010



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Confidential

Date: January 22, 2010

Mr. Douglas Crocker
Generation Optimization Director
National Grid Generation, LLC
175 East Old Country Rd
Hicksville, New York 11801

Re: Mitigation Plan Tracking # MIT - 07-2110, NERC Violation # NPCC200900080,
NPCC200900081

This letter is to notify you that on January 22, 2010, NPCC verified the completion of the Mitigation Plan #MIT-07-2110 submitted on November 5, 2009 by reviewing each of the documents submitted as evidence of completion.

NPCC thanks you for your cooperation in this matter and for improving the reliability of the bulk electric system.

Please do not hesitate to call if you have any questions regarding this issue.

Sincerely,

Walter Cintron

Walter Cintron
Manager, Compliance Enforcement
Tel: 212 840-1070
Fax: 212 302-2782
wcintron@npcc.org

Attachment h

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

National Grid Generation LLC

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 National Grid Generation LLC in the Northeast Power Coordinating Council, Inc. 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