



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

September 30, 2010

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

Re: NERC Abbreviated Notice of Penalty regarding Edison Mission Marketing & Trading, Inc., FERC Docket No. NP10-__-000

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Abbreviated Notice of Penalty (NOP) regarding Edison Mission Marketing and Trading, Inc. (EMMT),¹ with information and details regarding the nature and resolution of the violation² discussed in detail in the Settlement Agreement (Attachment a) and the Disposition Document (Attachment f), 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)).³

On June 15, 2009, EMMT self-reported a violation of VAR-002-1 Requirement (R) 3.2 for its failure to notify its Transmission Operator within 30 minutes that the capacity of its generator Reactive Power resource had changed. This NOP is being filed with the Commission because WECC and EMMT have entered into a Settlement Agreement to resolve all outstanding issues

¹Also concurrently being filed is a Notice of Penalty designated as NOC-471 regarding a Notice of Confirmed Violation for Kern River Cogeneration Company (KRCC), for a violation of the same Reliability Standard, albeit different sub-requirements of the Standard. KRCC is 50% owned by Edison Mission Energy (EME), a wholly-owned subsidiary of Edison International and EMMT is wholly owned by EME. This Notice of Penalty was done prior to the Commission's August 27, 2010 Guidance Order being issued. WECC did not consider the violations by KRCC, and there is nothing in the record to support that broader corporate issues are implicated.

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

³*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).

arising from WECC's determination and findings of the enforceable violation of VAR-002-1 R3.2. According to the Settlement Agreement, EMMT stipulates to the facts of the violation and has agreed to the assessed penalty of one thousand dollars (\$1,000), in addition to other remedies and actions to mitigate the instant violation and facilitate future compliance under the terms and conditions of the Settlement Agreement. Accordingly, the violation identified as NERC Violation Tracking Identification Numbers WECC200901516 is being filed in accordance with the NERC Rules of Procedure and the CMEP.

Statement of Findings Underlying the Violation

This NOP incorporates the findings and justifications set forth in the Settlement Agreement executed on January 25, 2010, by and between WECC and EMMT. The details of the findings and the basis for the penalty are set forth in the Disposition Document. This NOP filing contains the basis for approval of the Settlement Agreement by the NERC Board of Trustees Compliance Committee (NERC BOTCC). In accordance with Section 39.7 of the Commission's regulations, 18 C.F.R. § 39.7, NERC provides the following summary table identifying each violation of a Reliability Standard resolved by the Settlement Agreement, as discussed in greater detail below.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
WECC	Edison Mission Marketing & Trading, Inc.	NOC-473	WECC200901516	VAR-002-1 ⁴	3/3.2	Medium	1,000

The text of the Reliability Standard at issue is set forth in the Disposition Document.

VAR-002-1 R3.2 - OVERVIEW⁵

WECC determined that EMMT, as a Generator Operator, did not notify its Transmission Operator within 30 minutes that the capacity of its generator Reactive Power resource had changed after the dynamic voltage ampere reactive (DVAR) unit at EMMT's Mountain Wind II (MWII) facility tripped off-line. The facility's monitoring service diagnosed the fault and reduced power from 4 MVAR to 2 MVAR enabling a restart of the unit. When the monitoring service reported the fault and the restart to EMMT's plant manager, the change in generation capacity was not communicated. EMMT did not discover that MWII was operating at reduced capacity until June 10, 2009.

The duration of the VAR-002-1 R3.2 violation was from May 20, 2009, when the generation capacity of EMMT's MWII facility changed, through June 10, 2009, the date EMMT notified its Transmission Operator that MWII was operating at reduced capacity.

⁴ VAR-002-1 was enforceable from August 2, 2007 through August 27, 2008. VAR-002-1a was approved by the Commission and became enforceable on August 28, 2008. VAR-002-1.1a is the current enforceable Standard as of May 13, 2009. VAR-002-1.1b is awaiting regulatory approval. The subsequent interpretations provide clarity regarding the responsibilities of a registered entity and do not change the meaning or language of the original NERC Reliability Standard and its requirements. For consistency in this filing, the original NERC Reliability Standard, VAR-002-1, is used throughout.

⁵ Further information on this violation is contained in the Disposition Document included as Attachment f.

WECC concluded that this violation did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because although EMMT failed to notify the Transmission Operator of the change in MVAR capacity, it was not a total loss of Reactive Power, but only 50% of a relatively small MVAR capacity. Furthermore, the total change of 2 MVAR for 20 days reflects a minimal impact to the BPS.

Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed⁶

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,⁷ the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on July 12, 2010. The NERC BOTCC approved the Settlement Agreement, including WECC's assessment of a one thousand dollar (\$1,000) financial penalty against EMMT 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 violation at issue.

In reaching this determination, the NERC BOTCC considered the following factors:⁸

1. the violation constituted EMMT's first occurrence of violation of the subject NERC Reliability Standard;
2. EMMT self-reported the violation;
3. WECC reported that EMMT was cooperative throughout the compliance enforcement process;
4. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
5. WECC determined that the violation did not pose a serious or substantial risk to the reliability of the BPS, as discussed above and in the Disposition Document; and
6. WECC reported that 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 assessed penalty of one thousand dollars (\$1,000) is appropriate for the violation and circumstances at issue, and is consistent with NERC's goal to promote and ensure reliability of the BPS.

⁶ See 18 C.F.R. § 39.7(d)(4).

⁷ *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). See also *North American Electric Reliability Corporation*, "Notice of No Further Review and Guidance Order," 132 FERC ¶ 61,182 (2010).

⁸ EMMT did not receive credit for having a compliance program because it was not reviewed by WECC.

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

Attachments to be included as Part of this Notice of Penalty

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

- a) EMMT's Self-Report for VAR-002-1 R3.2 dated June 15, 2009, included as Attachment a;
- b) Settlement Agreement by and between WECC and EMMT executed January 25, 2010, included as Attachment b;
- c) EMMT's Mitigation Plan #MIT-09-1897 for VAR-002-1 R3.2 submitted June 25, 2009,⁹ included as Attachment c;
- d) EMMT'S Certification of Mitigation Plan Completion for VAR-002-1 R3.2 dated July 31, 2009, included as Attachment d;
- e) WECC's Verification of Mitigation Plan Completion for VAR-002-1 R3.2 dated September 23, 2009, included as Attachment e; and
- f) Disposition Document dated July 12, 2010, included as Attachment f.

A Form of Notice Suitable for Publication¹⁰

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

⁹ The Settlement Agreement incorrectly states the Mitigation Plan was submitted June 15, 2009.

¹⁰ See 18 C.F.R. § 39.7(d)(6).

Notices and Communications

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

<p>Gerald W. Cauley* President and Chief Executive Officer David N. Cook* Sr. Vice President and General Counsel North American Electric Reliability Corporation 116-390 Village Boulevard Princeton, NJ 08540-5721 (609) 452-8060 (609) 452-9550 – facsimile gerry.cauley@nerc.net david.cook@nerc.net</p> <p>Christopher Luras* Manager of Compliance Enforcement Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-6887 (801) 883-6894 – facsimile CLuras@wecc.biz</p> <p>Letitia Davis* Chief Ethics and Compliance Vice President Edison Mission Marketing & Trading, Inc. 18101 Von Karman Avenue Suite 1700 Irvine, CA 92612-1046 (949) 798-7907 (949) 757-0807 – facsimile ldavis@edisonmission.com</p> <p>James Thompson* Specialist, NERC Process Edison Mission Marketing & Trading, Inc. 235 Remington Blvd. Suite A Bolingbrook, IL 60440 (630) 771-7932 (312) 788-5269 – facsimile jwthompson@edisonmission.com</p>	<p>Rebecca J. Michael* Assistant General Counsel North American Electric Reliability Corporation 1120 G Street, N.W. Suite 990 Washington, DC 20005-3801 (202) 393-3998 (202) 393-3955 – facsimile rebecca.michael@nerc.net</p> <p>Louise McCarren* Chief Executive Officer Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-6868 (801) 582-3918 – facsimile Louise@wecc.biz</p> <p>Constance White* Vice President of Compliance Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-6885 (801) 883-6894 – facsimile CWhite@wecc.biz</p> <p>Sandy Mooy* Senior Legal Counsel Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-7658 (801) 883-6894 – facsimile SMooy@wecc.biz</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>
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Conclusion

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

Respectfully submitted,

Gerald W. Cauley
President and Chief Executive Officer
David N. Cook
Sr. Vice President and General Counsel
North American Electric Reliability Corporation
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Princeton, NJ 08540-5721
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gerry.cauley@nerc.net
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/s/ Rebecca J. Michael
Rebecca J. Michael
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(202) 393-3998
(202) 393-3955 – facsimile
rebecca.michael@nerc.net

cc: Edison Mission Marketing & Trading, Inc.
Western Electricity Coordinating Council

Attachments

Attachment a

EMMT's Self-Report for VAR-002-1 R3.2 dated June 15, 2009



Self-Reporting Form

Date Submitted by Registered Entity: 6/15/09

NERC Registry ID: NCR00769

Joint Registration Organization (JRO) ID:

Registered Entity: Edison Mission Marketing & Trading, Inc.

Registered Entity Contact: Ellen Oswald, Edison Mission Energy, Director of NERC Compliance

Function(s) Applicable to Self-Report:

<input type="checkbox"/> BA	<input type="checkbox"/> TOP	<input type="checkbox"/> TO	<input checked="" type="checkbox"/> GO	<input checked="" type="checkbox"/> GOP	<input type="checkbox"/> LSE
<input type="checkbox"/> DP	<input type="checkbox"/> PSE	<input type="checkbox"/> TSP	<input type="checkbox"/> PA	<input type="checkbox"/> RP	<input type="checkbox"/> TP
<input type="checkbox"/> RSG	<input type="checkbox"/> RC	<input type="checkbox"/> IA	<input type="checkbox"/> RRO		

Standard: VAR-002-1.1b

Requirement: R3.2

Has this violation previously been reported or discovered: ☐ Yes ☒ No

If Yes selected: Provide NERC Violation ID (if known):

Date violation occurred: 5/20/09

Date violation discovered: 6/10/09

Is the violation still occurring? ☐ Yes ☒ No

Detailed explanation and cause of violation: Edison Mission O&M personnel operate and maintain the Mountain Wind Generating Facilities in Ft. Bridger, WY. The site utilizes two American Superconductor (AMSC) D-VAR (dynamic voltage ampere reactive) units. The D-VAR unit is designed to dynamically stabilize and regulate voltage. Mountain Wind I and II each have an installed D-VAR unit capable of supplying 4 MVAR of reactive power.

On May 20, 2009, the Mountain Wind II D-VAR unit tripped off-line. The AMSC 24/7 monitoring service remotely monitors the D-VARs and diagnosed the fault. AMSC remotely isolated the power supply circuit breaker to 1/2 of the MW II D-VAR, thereby reducing its capacity from 4 MVAR to 2 MVAR, and were able to re-start the unit. Notification of the fault and re-start were made to the Mountain Wind O&M Project Manager. There is no record showing American Superconductor communicated the change in D-VAR capacity to the O&M Project Manager.



Non-Public and CONFIDENTIAL

During a training session on June 10, 2009, Edison Mission O&M personnel discovered that the D-VAR unit was operating at reduced capacity. Upon discovery, the Transmission Operator was immediately notified.

Potential Impact to the Bulk Power System (minimal, moderate, or severe): Minimal

Detailed explanation of Potential Impact: The fault reduced the D-VARs MVAR compensation to 75% from 8 MVAR to 6 MVAR.

Additional Comments:

***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.)*

Attachment b

Settlement Agreement by and between WECC and EMMT executed January 25, 2010

SETTLEMENT AGREEMENT
OF
WESTERN ELECTRICITY COORDINATING COUNCIL
AND
EDISON MISSION MARKETING AND TRADING, INC

Western Electricity Coordinating Council ("WECC") and Edison Mission Marketing and Trading, Inc ("EMMT") (collectively the "Parties") hereby enter into this Settlement Agreement ("Agreement") on this 25 day of Jan, 2010.

RECITALS

A. The Parties desire to enter into this Agreement to resolve all outstanding issues between them arising from a non-public, preliminary assessment of EMMT by WECC that resulted in certain WECC determinations and findings regarding one alleged EMMT violation of the North American Electric Reliability Corporation ("NERC") Reliability Standards ("Reliability Standards" or "Standards"):

WECC200901516: VAR-002-1 R3, Voltage and Reactive

B. EMMT is privately held company with its principal offices located in Boston, Massachusetts. EMMT conducts energy services including electricity trading, and risk management. EMMT is a part of Edison International, headquartered in Rosemead, Calif., and is a subsidiary of Edison Mission Energy of Irvine, Calif. EMMT has been registered as a Generator Operator and Generator Owner with WECC since October 15, 2008.

C. WECC was formed on April 18, 2002 by the merger of the Western Systems Coordinating Council, Southwest Regional Transmission Association and Western Regional Transmission Association. WECC is one of eight Regional Entities in the United States responsible for coordinating and promoting electric system reliability and enforcing the mandatory Reliability Standards created by NERC under the authority granted in Section 215 of the Federal Power Act. In addition, WECC supports efficient competitive power markets, assures open and non-discriminatory transmission access among members, provides a forum for resolving transmission access disputes, and provides an environment for coordinating the operating and planning activities of its members. WECC's region encompasses a vast area of nearly 1.8 million square miles extending from Canada to Mexico and including 14 western states. It is the largest and most diverse of the eight Regional Entities in the United States.

D. The Parties are entering into this Agreement to settle the disputed matters between them. It is in the Parties' and the public's best interests to resolve this matter

efficiently without the delay and burden associated with a contested proceeding. Nothing contained in this Agreement shall be construed as an admission or waiver of either party's rights. Except, however, nothing in this Agreement shall limit or prevent WECC from evaluating EMMT for subsequent violations of the same Reliability Standards addressed herein and taking enforcement action, if necessary. Such enforcement action can include assessing penalties against EMMT for subsequent violations of the Reliability Standards addressed herein in accordance with NERC Rules of Procedure.

NOW, THEREFORE, in consideration of the terms set forth herein, including in the Recitals, WECC and EMMT hereby agree and stipulate to the following:

I. Representations of the Parties

For purposes of this Agreement, EMMT stipulates to the facts contained herein. WECC has established sufficient facts, as set forth herein, to support its determination that EMMT has Confirmed Violations as this term is defined in the WECC Compliance and Monitoring Enforcement Program ("CMEP"), of the Reliability Standards described below in detail.

II. Confirmed Violations

A. NERC Reliability Standard VAR-002-1, Requirement 3

VAR-002-1 R. 3: Each Generator Operator shall notify its associated Transmission Operator as soon as practical, but within 30 minutes of any of the following:

R3.1. A status or capability change on any generator Reactive Power resource, including the status of each automatic voltage regulator and power system stabilizer and the expected duration of the change in status or capability.

R3.2. A status or capability change on any other Reactive Power resources under the Generator Operator's control and the expected duration of the change in status or capability.

EMMT is subject to this Standard because it was registered on the NERC Compliance Registry as a Generator Operator ("GOP") on June 17, 2007. On June 15, 2009, EMMT self-reported a possible violation of this Standard. In its Self-Report, EMMT stated that on May 20, 2009, its Mountain Wind II's ("MWII") D-VAR unit tripped off-line. The facility's monitoring service diagnosed the fault and remotely isolated the power supply circuit breaker to ½ of the MWII D-VAR. As a result, the capacity of the MWII facility was reduced from 4 MVAR to 2 MVAR, enabling the monitoring service to restart the unit.

Subsequently, the monitoring service reported the fault and the restart to EMMT's plant manager. However, the change in generation capacity was not communicated. As a result, EMMT did not notify the Transmission Operator ("TOP") of the capability change in EMMT's Reactive Power resource within 30 minutes as required by the Standard. During a training exercise on June 10, 2009, EMMT personnel discovered that EMMT's MWII facility was operating at reduced capacity. Upon discovery, EMMT immediately notified the TOP of the change.

A WECC subject matter expert ("SME") reviewed EMMT's Self-Report and confirmed that it had failed to notify its associated TOP within 30 minutes of the capability change at its MWII facility. Due to the failure to notify the TOP in the time frame required by the Standard, the SME determined that EMMT had a potential violation of NERC Standard VAR-002-1, Requirement 3. The SME forwarded these findings to the WECC Enforcement Department ("Enforcement") for its review and consideration.

Enforcement reviewed EMMT's Self-Report, the SME's findings, and EMMT's mitigation plan, and determined that EMMT had an Alleged Violation of VAR-002-1 Requirement 3 because it failed to notify its associated TOP within 30 minutes of the capability change at its generator Reactive Power resource. Enforcement determined that the violation period was from May 20, 2009 to June 10, 2009, a period of 21 days

EMMT submitted a mitigation plan for this Standard on June 15, 2009 with an estimated completion date of August 1, 2009. EMMT stated in its mitigation plan that it would conduct additional training for MWII staff to ensure familiarity with the Standard and the need for TOP notification as required by the Standard. Also, EMMT modified internet based monitoring pages to display the D-VAR capacity as a percentage of full capacity. Additionally, EMMT added an indication of the D-VAR power supply circuit breaker status to the monitoring page. Finally, EMMT stated that revised protocols for notification of a D-VAR fault have been agreed upon between EMMT and its remote monitoring service for future notification that will be immediate, detail the time of an occurrence, the facility's current status and capability, as well as the required action and time frame to return the facility to full capacity. EMMT submitted a Mitigation Plan Completion Form and supporting evidence to WECC on July 31, 2009. EMMT reported that the actual completion date of its mitigation plan was July 28, 2009. A WECC SME reviewed the completed mitigation plan and supporting evidence on August 17, 2009, and determined that EMMT had completed the mitigation plan and was compliant with the Standard.

III. Settlement Terms

A. **Payment.** To settle this matter, EMMT hereby agrees to pay \$1,000 to WECC via wire transfer or cashier's check. EMMT shall make the funds payable to a WECC account identified in a Notice of Payment Due that WECC will send to EMMT upon approval of this Agreement by NERC and the Federal Energy Regulatory Commission ("FERC"). EMMT shall issue the payment to WECC no later than thirty days after receipt of the Notice of Payment Due.

The terms of this Agreement, including the agreed upon payment, are subject to review and possible revision by NERC and FERC. Upon NERC approval of the Agreement, NERC will file a Notice of Penalty with FERC. If FERC approves the Agreement, NERC will post the Agreement publicly. If either NERC or FERC rejects the Agreement, then WECC will attempt to negotiate a revised settlement agreement with EMMT that includes any changes to the Agreement specified by NERC or FERC. If the Parties cannot reach a settlement agreement, the CMEP governs the enforcement process.

B. **Settlement Rationale.** WECC's determination of penalties in an enforcement action is guided by the statutory requirement codified at 16 U.S.C. § 824o(e)(6) that any penalty imposed "shall bear a reasonable relation to the seriousness of the violation and shall take into consideration the efforts of such user, owner, or operator to remedy the violation in a timely manner". Additionally, WECC considers the guidance provided by the NERC Sanction Guidelines and by the FERC in Order No. 693 and in its July 3, 2008 Guidance Order on Reliability Notices of Penalty.

Specifically, to determine penalty assessment, WECC considers the following factors: (1) the seriousness of the violation, including the applicable Violation Risk Factor and Violation Severity Level, and the risk to the reliability of the BPS; (2) the violation's duration; (3) the Registered Entity's compliance history; (4) the Registered Entity's self-reports and voluntary corrective action; (5) the degree and quality of cooperation by the Registered Entity in the audit or investigation process, and in any remedial action; (6) the quality of the Registered Entity's compliance program; (7) any attempt by the Registered Entity to conceal the violation or any related information; (8) whether the violation was intentional; (9) any other relevant information or extenuating circumstances; and (10) the Registered Entity's ability to pay a penalty.

The following VRF applies to EMMT's Alleged Violation in accordance with NERC's VRF Matrix dated June 25, 2009:

1. The violation of VAR-002-1 R3 has a VRF of Medium. WECC determined that this violation posed a minimal risk to the reliability of the BPS because EMMT failed to notify the TOP of the change in its MVAR capacity within 30 minutes of the capability change.

In addition to the factors listed above, WECC considered several mitigating factors to reach an agreement with EMMT regarding the payment amount. First, the

Alleged Violations addressed by this Agreement are EMMT's first assessed noncompliance with the applicable Reliability Standard. Second, EMMT Self-Reported this violation. Third, EMMT completed the mitigation of this violation within 69 days of discovery. Finally, EMMT was cooperative throughout WECC's evaluation of its compliance with the Reliability Standards and the enforcement process.

In reaching this Agreement, WECC considered that there were no aggravating factors warranting a higher payment amount. Specifically, EMMT did not have any negative compliance history. There was no failure by EMMT to comply with applicable compliance directives, nor any evidence of an attempt by EMMT to conceal a violation. Finally, there was no evidence that EMMT's violation was intentional.

IV. Additional Terms

A. Authority. The undersigned representative of each party warrants that he or she is authorized to represent and bind the designated party.

B. Representations. The undersigned representative of each party affirms that he or she has read the Agreement, that all matters set forth in the Agreement are true and correct to the best of his or her knowledge, information, or belief, and that he or she understands that the Agreement is entered into by each party in express reliance on the representations set forth herein.

C. Review. Each party agrees that it has had the opportunity to consult with legal counsel regarding the Agreement and to review it carefully. Each party enters the Agreement voluntarily. No presumption or rule that ambiguities shall be construed against the drafting party shall apply to the interpretation or enforcement of this Agreement.

D. Entire Agreement. The Agreement represents the entire agreement between the Parties. No tender, offer, or promise of any kind outside the terms of the Agreement by any member, employee, officer, director, agent, or representative of EMMT or WECC has been made to induce the signatories or the Parties to enter into the Agreement. No oral representations shall be considered a part of the Agreement.

E. Effective Date. The Agreement shall become effective upon FERC's approval of the Agreement by order or operation of law.

F. Waiver of Right to Further Proceedings. EMMT agrees that the Agreement, upon approval by NERC and FERC, is a final settlement of all matters set forth herein. EMMT waives its right to further hearings and appeal, unless and only to the extent that EMMT contends that any NERC or FERC action concerning the Agreement contains one or more material modifications to the Agreement.

G. Reservation of Rights. WECC reserves all of its rights to initiate enforcement, penalty or sanction actions against EMMT in accordance with the

Agreement, the CMEP and the NERC Rules of Procedure. In the event that EMMT fails to comply with any of the terms of this Agreement, WECC shall have the right to pursue enforcement, penalty or sanction actions against EMMT up to the maximum penalty allowed by the NERC Rules of Procedure. EMMT shall retain all of its rights to defend against such enforcement actions in accordance with the CMEP and the NERC Rules of Procedure. Failure by WECC to enforce any provision hereof on occasion shall not constitute a waiver by WECC of its enforcement rights or be binding on WECC on any other occasion.

H. Consent. EMMT consents to the use of WECC'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 Registered Entity 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 WECC, nor does EMMT consent to the use of this Agreement by any other party in any other action or proceeding.

I. Amendments. Any amendments to the Agreement shall be in writing. No amendment to the Agreement shall be effective unless it is in writing and executed by the Parties.

J. Successors and Assigns. The Agreement shall be binding on successors or assigns of the Parties.

K. Governing Law. The Agreement shall be governed by and construed under the laws of the State of Utah.

L. Captions. The Agreement's titles, headings and captions are for the purpose of convenience only and in no way define, describe or limit the scope or intent of the Agreement.


M. Counterparts and Facsimiles. The Agreement may be executed in counterparts, in which case each of the counterparts shall be deemed to be an original. Also, the Agreement may be executed via facsimile, in which case a facsimile shall be deemed to be an original.

Remainder of page intentionally left blank -

signatures affixed to following page]

Agreed to and accepted:

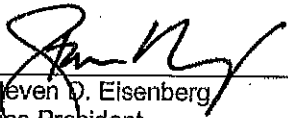
WESTERN ELECTRICITY COORDINATING COUNCIL



Constance B. White
Vice President of Compliance

11/25/10
Date

EDISON MISSION MARKETING AND TRADING, INC



Steven D. Eisenberg
Vice President

11/25/10
Date

Attachment c

**EMMT's Mitigation Plan #MIT-09-1897 for VAR-
002-1 R3.2 submitted June 25, 2009**

Mitigation Plan Submittal Form

New ☒ or Revised ☐

Date this Mitigation Plan is being submitted: 6/25/09

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 & Mitigation Plan Requirements

- A.1 Notices and requirements applicable to Mitigation Plans and this Submittal Form are set forth in "Appendix A - Compliance Notices & Mitigation Plan Requirements" to this form. **Review Appendix A and check this box ☒ to indicate that you have reviewed and understand the information provided therein.** This Submittal Form and the Mitigation Plan submitted herein are incomplete and cannot be accepted unless the box is checked.

Section B: Registered Entity Information

- B.1 Identify your organization:

Registered Entity Name: Edison Mission Marketing & Trading, Inc.
Registered Entity Address: One International Place, 9th Floor Boston,
MA 02110
NERC Compliance Registry ID: NCR00769

- B.2 Identify the individual in your organization who will be the Entity Contact regarding this Mitigation Plan. Please see Section 6.2 of the WECC Compliance Monitoring and Enforcement Program (CMEP) for a description of the qualifications required of the Entity Contact.¹

Name: David Gladem
Title: Edison Mission O&M, Director Of O&M Support
Email: dgladem@edisonmission.com

¹ A copy of the WECC CMEP is posted on WECC's website at <http://www.wecc.biz/documents/library/compliance/manuals/Att%20A%20-%20WECC%20CMEP.pdf>. Registered Entities are responsible for following all applicable WECC CMEP procedures. WECC strongly recommends that registered entities become familiar with the WECC CMEP and its requirements, as they may be amended from time to time.



Western Electricity Coordinating Council

Phone: 661-768-3000

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

This Mitigation Plan is associated with the alleged or confirmed violation(s) of the reliability standard/requirements listed below:

C.1 Standard: VAR-002-1.1b
[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]	WECC Violation ID # [if known]	Requirement Violated (e.g. R3)	Violation Risk Factor	Alleged or confirmed Violation Date ^(*) (MM/DD/YY)	Method of Detection (e.g. audit, self-report, investigation)
		R3.2		5/20/09	

(*) Note: The Alleged or Confirmed Violation Date shall be: (i) the date the violation occurred; (ii) the date that the violation was self-reported; or (iii) the date upon which WECC has deemed the violation to have occurred. Please contact WECC if you have questions regarding which date to use .

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

Edison Mission O&M personnel operate and maintain the Mountain Wind Generating Facilities in Ft. Bridger, WY. The site utilizes two American Superconductor (AMSC) D-VAR (dynamic voltage ampere reactive) units. The D-VAR unit is designed to dynamically stabilize and regulate voltage. Mountain Wind I and II each have an installed D-VAR unit capable of supplying 4 MVAR of reactive power.

On May 20, 2009, the Mountain Wind II D-VAR unit tripped off-line. The AMSC 24/7 monitoring service remotely monitors the D-VARs and diagnosed the fault. AMSC remotely



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isolated the power supply circuit breaker to 1/2 of the MW II D-VAR, thereby reducing its capacity from 4 MVAR to 2 MVAR, and were able to re-start the unit. Notification of the fault and re-start were made to the Mountain Wind O&M Project Manager. There is no record showing American Superconductor communicated the change in D-VAR capacity to the O&M Project Manager.

During a training session on June 10, 2009, Edison Mission O&M personnel discovered that the D-VAR unit was operating at reduced capacity. Upon discovery, the Transmission Operator was immediately notified.

[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 alleged or confirmed violations associated with this Mitigation Plan:

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

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. The acting O&M Project Manager for the Mountain Wind facility was re-trained on the need for notification to the Transmission Operator, even if it is only to report an occurrence after the fact. This item is completed June 9, 2009.

2. The AMSC D-VAR training provided understanding of local indication that will identify that the D-VAR is operating at reduced capacity. There is an Auto Enable light on the D-VAR control panel that blinks when either D-VAR unit is not at full capability. This item is complete June 9, 2009.

3. Internet based monitoring pages have been modified to display the D-VAR capacity as a percentage of full capability. Additional indication of the D-VAR power supply circuit breaker status has been added to the monitoring page. This item is complete June 11, 2009

4. Protocols for notification of a D-VAR fault have been agreed upon between Edison Mission O&M and American Superconductor. This notification will be immediate, detail the time of occurrence, current status and capability, required actions to return to full capability and estimated time to return to full status (if applicable). This item is complete June 16, 2009.

5. The event will be recorded in the business unit Event Reporting Database and will be utilized as a lessons learned for all Edison Mission O&M generation facilities that meet the NERC registration criteria. To be completed by 8/01/09.

[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 alleged or confirmed violations associated with this Mitigation Plan corrected: All open Mitigation Plan action items will be complete by August 1, 2009.

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

Milestone Activity	Proposed Completion Date* (milestones cannot be more than 3 months apart)
Event Report Distributed	August 1, 2009

(*) Note: Implementation milestones should be no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. As set forth in CMEP section 6.6, adverse consequences could result from failure to complete, on a timely basis, all required actions in this Mitigation Plan, including implementation of milestones. A request for an extension of the completion date of any milestone or of the Mitigation Plan must be received by WECC at least five (5) business days before the relevant milestone or completion date.

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

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, 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 known, reasonably suspected 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:

On 6/10/09 the Mountain Wind II D-VAR unit was repaired and returned to full capability. Edison Mission O&M believes there is no risk to the Bulk Power System while the remaining action items for this Mitigation Plan are 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 will incur further violations of the same or similar reliability standards requirements in the future:

The notification protocols set in place with AMSC formalizes the timeliness and detail of the information required from the AMSC 24/7 monitoring service.

The improved internet based monitoring pages and completion of training will improve the facility personnel's ability to detect abnormal operation of the D-VAR units.



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The Event Database report and lessons learned communication will document the incident and raise the level of awareness for reporting situations that may impact the compliance with NERC standards.

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

- 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:

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



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 WECC for acceptance by WECC 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 Ellen Oswald of Edison Mission Energy, LLC.
 2. I am an officer, employee, attorney or other person authorized to sign this Mitigation Plan on behalf of NCR00769, Edison Mission Marketing & Trading.
 3. I understand Edison Mission Energy, LLC obligations to comply with Mitigation Plan requirements and WECC or ERO remedial action directives and I have reviewed the WECC and ERO documents related to these obligations, including, but not limited to, the WECC CMEP and the NERC Rules of Procedure.
 4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
 5. Edison Mission Energy, LLC agrees to be bound by, and comply with, the Mitigation Plan, including the timetable completion date, as approved by WECC and approved by NERC.

Authorized Signature: _____

(Electronic signatures are acceptable; see CMEP Section 3.0)

Name (Print): Ellen Oswald
Title: Director of NERC Compliance Program
Date: June 25, 2009



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]

Section H: WECC Contact and Instructions for Submission

Please direct any questions regarding completion of this form to:

Jim Stuart, Sr. Compliance Engineer

Email: jstuart@wecc.org

Phone: (801) 883-6887

For guidance on submitting this form, please refer to the "*WECC Compliance Data Submittal Policy*". This policy can be found on the Compliance Manuals website as Manual 2.12:

<http://www.wecc.org/ComplianceManuals/Manual2.12.pdf>

Attachment A – Compliance Notices & Mitigation Plan Requirements

- I. Section 6.2 of the WECC CMEP 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.
 - (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 may be used to provide a required Mitigation Plan for review and approval by WECC and NERC.



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- III. The Mitigation Plan shall be submitted to the WECC and NERC as confidential information in accordance with Section 9.3 of the WECC CMEP and Section 1500 of the NERC Rules of Procedure.
- IV. This Mitigation Plan 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 violations with respect to each additional Reliability Standard, as applicable.
- V. If the Mitigation Plan is approved by WECC and NERC, a copy of the Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
- VI. Either WECC or NERC may reject a Mitigation Plan that it determines to be incomplete or inadequate. If the Mitigation Plan is rejected by either WECC or NERC, the Registered Entity will be notified and required to submit a revised Mitigation Plan.
- VII. In accordance with Section 7.0 of the WECC CMEP, remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.

Attachment d

EMMT'S Certification of Mitigation Plan Completion for VAR-002-1 R3.2 dated July 31, 2009



Non-Public and CONFIDENTIAL

Certification of Mitigation Plan Completion Form

Submittal of a Certification of Mitigation Plan Completion shall include data or information sufficient for Western Electricity Coordinating Council (WECC) to verify completion of the Mitigation Plan. WECC may request additional data or information and conduct follow-up assessments, on-site or other Spot Checking, or Compliance Audits as it deems necessary to verify that all required actions in the Mitigation Plan have been completed and the Registered Entity is in compliance with the subject Reliability Standard. (CMEP Section 6.6)

Registered Entity: Edison Mission Marketing & Trading, Inc.

NERC Registry ID: NCR 00769

Date of Submittal of Certification: 7/31/09

NERC Violation ID No(s) (if known):

Standard: VAR-002-1-1.1b

Requirement(s): R3.2

Date Mitigation Plan was scheduled to be completed per accepted Mitigation Plan: 8/1/09

Date Mitigation Plan was actually completed: 7/28/09

Additional Comments (or List of Documents Attached):

- 1 - Re-training of Acting O&M Manager 7-1-09.pdf
- 2 - Mountain Wind DVAR manual p72-73.pdf
- 3 - MW screenshot of DVAR monitoring page 7-30-09.doc
- 3 - Modification to MW DVAR monitoring page 6-11-09.pdf
- 4 - Correspondance with AMSC on MW & ER operating agreement 6-16-09 part 1.pdf
- 4 - Correspondance with AMSC on MW & ER opearting agreement 6-16-09 part 2.pdf
- 5 - Lesson learned Elkhorn Ridge complete 7-1-09.pdf
- 5 - Lessons learned Goat Mountain complete 7-2-09.pdf



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.

Non-Public and CONFIDENTIAL

Name: Ellen Oswald

Title: Director of NERC Compliance Program

Email: eoswald@mwgen.com

Phone: 312 237 6839

Authorized Signature:

Date: 7-29-09

Attachment e

WECC's Verification of Mitigation Plan Completion for VAR-002-1 R3.2 dated September 23, 2009

CONFIDENTIAL



Laura Scholl
Managing Director of Compliance

801.819.7619
lscholl@wecc.biz

September 23, 2009

David Gladem
Director, O&M Support
Edison Mission Marketing & Trading, Inc.
Midwest Generation Joliet Station Annex
Joliet, Illinois 60436

NERC Registration ID: NCR00769

Subject: Certification of Completion Response Letter

Dear David Gladem,

The Western Electricity Coordinating Council (WECC) received the Certification of Completion and supporting evidence of Edison Mission Marketing & Trading, Inc. (EMMT) on 7/31/2009 for the alleged violation of Reliability Standard VAR-002-1 Requirement 3.

WECC has accepted the Certification of Completion for Requirement 3 of the Reliability Standard VAR-002-1 and has found this requirement to be fully mitigated. No further mitigation of these requirements will be required at this time.

If you have any questions or concerns, please contact Mike Wells at mike@wecc.biz. Thank you for your assistance in this effort.

Sincerely,
Laura Scholl
Laura Scholl
Managing Director of Compliance

LS:ki

cc: William Roberts, EMMT Director & Counsel
Lisa Milanese, WECC Manager of Compliance Program Administration
Mike Wells, WECC Senior Compliance Engineer

Attachment f

Disposition Document dated July 12, 2010

DISPOSITION OF VIOLATION¹

Dated July 12, 2010

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.	NOC#
WECC200901516	EMMT_WECC20091688	NOC-473

REGISTERED ENTITY	NERC REGISTRY ID
Edison Mission Marketing and Trading, Inc. (EMMT)	NCR00769

REGIONAL ENTITY
Western Electricity Coordinating Council (WECC)

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											
		10/15/08	10/15/08²											

* VIOLATION APPLIES TO SHADED FUNCTIONS

DESCRIPTION OF THE REGISTERED ENTITY

EMMT is a privately held company with its principal offices located in Boston, Massachusetts. EMMT conducts energy services including electricity trading and risk management. EMMT is a part of Edison International, headquartered in Rosemead, California, and is a subsidiary of Edison Mission Energy of Irvine, California.

EMMT's Mountain Wind I and II facilities are located in Ft. Bridger, Wyoming. The Mountain II project began operation in September 2008, and PacifiCorp, a part of MidAmerican Energy Holdings Company, purchases 100 percent of both facilities' output. The site utilizes two American Superconductor (AMSC) dynamic voltage ampere reactive (DVAR) units. The DVAR unit is designed to dynamically stabilize and regulate voltage. Mountain Wind I and II each have an installed DVAR unit capable of supplying 4 MVAR of Reactive Power.

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.

² The Settlement Agreement incorrectly states that EMMT was registered as a Generator Operator on June 17, 2007.

II. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
VAR-002-1³	3	3.2	Medium	Lower

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

The purpose statement of VAR-002-1 provides: “To ensure generators provide reactive and voltage control necessary to ensure voltage levels, reactive flows, and reactive resources are maintained within applicable Facility Ratings to protect equipment and the reliable operation of the Interconnection.”

VAR-002-1 R3 provides:

Each Generator Operator shall notify its associated Transmission Operator as soon as practical, but within 30 minutes of any of the following:

R3.1. A status or capability change on any generator Reactive Power resource, including the status of each automatic voltage regulator and power system stabilizer and the expected duration of the change in status or capability.

R3.2. A status or capability change on any other Reactive Power resources under the Generator Operator’s control and the expected duration of the change in status or capability.

VIOLATION DESCRIPTION

On June 15, 2009, EMMT self-reported a violation of VAR-002-1 R3.2 for its failure to notify its Transmission Operator within 30 minutes that the capacity of its generator Reactive Power resource had changed. On May 20, 2009, the DVAR unit at EMMT’s Mountain Wind II (MWII) facility tripped off-line causing the generation capacity at MWII to be cut in half. The facility’s monitoring service diagnosed the fault and reduced power from 4 MVAR to 2 MVAR enabling a restart of the unit. When the monitoring service reported the fault and the restart to EMMT’s plant manager, the change in generation capacity was not communicated. EMMT did not discover that MWII was operating at reduced capacity until a routine

³ VAR-002-1 was enforceable from August 2, 2007 through August 27, 2008. VAR-002-1a was approved by the Commission and became enforceable on August 28, 2008. VAR-002-1.1a is the current enforceable Standard as of May 13, 2009. VAR-002-1.1b is awaiting regulatory approval. The subsequent interpretations provide clarity regarding the responsibilities of a registered entity and do not change the meaning or language of the original NERC Reliability Standard and its requirements. For consistency in this filing, the original NERC Reliability Standard, VAR-002-1, is used throughout.

training exercise conducted on June 10, 2009. EMMT notified its Transmission Operator immediately upon discovery.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

WECC determined that the violation did not pose a serious or substantial risk to the reliability of the BPS because although EMMT failed to notify the Transmission Operator of the change in MVAR capacity, it was not a total loss of Reactive Power, but only 50% of a relatively small MVAR capacity. Furthermore, the total change of 2 MVAR for 20 days reflects a minimal impact to the BPS.

IS THERE A SETTLEMENT AGREEMENT YES ☒ NO ☐

WITH RESPECT TO THE VIOLATION(S), REGISTERED ENTITY

NEITHER ADMITS NOR DENIES IT (SETTLEMENT ONLY) YES ☒

Stipulates to the facts

ADMITS TO IT YES ☐

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

WITH RESPECT TO THE ASSESSED PENALTY OR SANCTION, REGISTERED ENTITY

ACCEPTS IT/ DOES NOT CONTEST IT YES ☒

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) 5/20/2009, when the generation capacity of EMMT's MWII facility changed, through 6/10/2009, the date EMMT notified its Transmission Operator that MWII was operating at reduced capacity.

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY 6/15/2009

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

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO.	MIT-09-1897
DATE SUBMITTED TO REGIONAL ENTITY	6/25/2009⁴
DATE ACCEPTED BY REGIONAL ENTITY	8/16/2009
DATE APPROVED BY NERC	8/19/2009
DATE PROVIDED TO FERC	8/19/2009

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

N/A

MITIGATION PLAN COMPLETED	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>
---------------------------	-----	-------------------------------------	----	--------------------------

EXPECTED COMPLETION DATE	8/1/2009
EXTENSIONS GRANTED	N/A
ACTUAL COMPLETION DATE	7/28/2009

DATE OF CERTIFICATION LETTER **7/31/2009⁵**
 CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **7/28/2009**

DATE OF VERIFICATION LETTER **9/23/2009**
 VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **7/28/2009**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

1. the acting O&M Project Manager for the MWII facility was retrained on the need for notification to the Transmission Operator, even if it is only to report an occurrence after the fact;
2. the AMSC DVAR training provided understanding of local indication that will identify that the DVAR is operating at reduced capacity. There is an auto enable light on the DVAR control panel that blinks when either DVAR unit is not at full capability;
3. Internet based monitoring pages have been modified to display the DVAR capacity as a percentage of full capability. Additional

⁴ The Settlement Agreement incorrectly states that the Mitigation Plan was submitted on June 15, 2009.

⁵ The Certification of Completion was signed on July 29, 2009.

indication of the DVAR power supply circuit breaker status has been added to the monitoring page;

4. Protocols for notification of a DVAR fault have been agreed upon between Edison Mission O&M and AMSC. This notification will be immediate, detail the time of occurrence, current status and capability, required actions to return to full capability and estimated time to return to full status (if applicable); and
5. The event will be recorded in the business unit Event Reporting Database and will be utilized as a lessons learned for all Edison Mission O&M generation facilities that meet the NERC registration criteria.

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

1. Re-training of Acting O&M Manager 7-1-09.pdf;
2. Mountain Wind DVAR manual p72-73.pdf;
3. MW screenshot of DVAR monitoring page 7-30-09.doc;
4. Modification to MW DVAR monitoring page 6-11-09.pdf;
5. Correspondence with AMSC on MW and ER operating agreement 6-16-09 part 1.pdf;
6. Correspondence with AMSC on MW and ER operating agreement 6-16-09 part 2.pdf;
7. Lesson learned Elkhorn Ridge complete 7-1-09.pdf; and
8. Lessons learned Goat Mountain complete 7-2-09.pdf.

V. PENALTY INFORMATION

TOTAL ASSESSED PENALTY OR SANCTION OF **\$1,000** FOR **ONE** VIOLATION OF A RELIABILITY STANDARD.

(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 ☐ UNDETERMINED ☒
EXPLAIN

WECC did not review EMMT's internal compliance program.

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

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

YES ☐ NO ☒
IF YES, EXPLAIN

(8) ANY OTHER EXTENUATING CIRCUMSTANCES

YES ☐ NO ☒
IF YES, EXPLAIN

EXHIBITS:

SOURCE DOCUMENT
EMMT's Self-Report dated June 15, 2009

MITIGATION PLAN
EMMT's Mitigation Plan submitted on June 25, 2009

CERTIFICATION BY REGISTERED ENTITY
EMMT's Certification of Mitigation Plan Completion dated July 31, 2009

OTHER RELEVANT INFORMATION:

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR
SANCTION ISSUED
DATE: **10/19/2009** OR N/A ☐

SETTLEMENT DISCUSSIONS COMMENCED
DATE: **1/29/2010** 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 g

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Edison Mission Marketing & Trading, Inc.

Docket No. NP10-____-000

NOTICE OF FILING
September 52, 2010

Take notice that on September 52, 2010, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Edison Mission Marketing & Trading, Inc. in the Western Electricity Coordinating Council 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