



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

November 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 RRI Energy Etiwanda, Inc.,
FERC Docket No. NP11-__-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Abbreviated Notice of Penalty (NOP) regarding RRI Energy Etiwanda, Inc. (REET), with information and details regarding the nature and resolution of the violation¹ discussed in detail in the Settlement Agreement (Attachment b) 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)).²

This NOP is being filed with the Commission because Western Electricity Coordinating Council (WECC) and REET have entered into a Settlement Agreement to resolve all outstanding issues arising from WECC's determination and findings of the enforceable violation of VAR-002-1 R3. According to the Settlement Agreement, REET stipulates to the facts contained therein, neither admits nor denies that the facts stipulated and agreed to therein constitute violations of the Reliability Standard and has agreed to the assessed penalty of one thousand five hundred dollars (\$1,500), 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,

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

² *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards* (Order No. 672), III FERC Stats. & Regs. ¶ 31,204 (2006); *Notice of New Docket Prefix "NP" for Notices of Penalty Filed by the North American Electric Reliability Corporation*, Docket No. RM05-30-000 (February 7, 2008). See also 18 C.F.R. Part 39 (2010). *Mandatory Reliability Standards for the Bulk-Power System*, FERC Stats. & Regs. ¶ 31,242 (2007) (Order No. 693), *reh'g denied*, 120 FERC ¶ 61,053 (2007) (Order No. 693-A). See 18 C.F.R. § 39.7(c)(2).

the violation identified as NERC Violation Tracking Identification Numbers WECC200901749 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 April 7, 2010, by and between WECC and REET. 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.

NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Duration	Total Penalty (\$)
NOC-530	WECC200901749	VAR-002-1 ³	R3	Medium	8/11/09-8/27/09	1,500

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

VAR-002-1 R3- OVERVIEW

On September 16, 2009, REET submitted a Self Report to WECC addressing REET's noncompliance with VAR-002-1 R3. REET stated in the Self-Report that, on August 11, 2009, it failed to enable its Power System Stabilizer (PSS) at 0632 upon unit start-up and when REET did enable the PSS at 1810, it did not notify its Transmission Operator of a change in status. WECC confirmed that REET, as a Generator Operator, did not notify its associated Transmission Operator as soon as practical, but within 30 minutes, of a change in status of the PSS.

Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed⁴

Basis for Determination

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines, the Commission's July 3, 2008, October 26, 2009 and August 27, 2010 Guidance Orders,⁵ the NERC BOTCC reviewed the Settlement Agreement and supporting documentation

³ VAR-002-1 was enforceable from August 2, 2007, through August 27, 2008. VAR-002-1a was approved by the Commission and was enforceable from August 28, 2008 through May 13, 2009. VAR-002-1.1a was approved by the Commission and was enforceable from May 13, 2009 through September 16, 2010. VAR-002-1.1b was approved by the Commission and became enforceable on September 16, 2010. 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.

⁴ See 18 C.F.R. § 39.7(d)(4).

⁵ *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

on October 12, 2010. The NERC BOTCC approved the Settlement Agreement, including WECC's assessment of a one thousand five hundred dollar (\$1,500) financial penalty against REET 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:

1. the violation constituted REET's first occurrence of violation of the subject NERC Reliability Standard;
2. REET self-reported the violation;
3. WECC reported that REET was cooperative throughout the compliance enforcement process;
4. REET had a compliance program at the time of the violation which WECC considered a mitigating factor, as discussed in the Disposition Document;
5. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
6. WECC determined that the violation did not pose a serious or substantial risk to the reliability of the BPS, as discussed in the Disposition Document; and
7. 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 five hundred dollar (\$1,500) is appropriate for the violation and circumstances at issue, and is consistent with NERC's goal to promote and ensure reliability of the BPS.

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

Attachments to be included as Part of this Notice of Penalty

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

- a) REET's Self-Report for VAR-002-1 R3 dated September 16, 2009, included as Attachment a;
- b) Settlement Agreement by and between WECC and REET executed April 7, 2010, included as Attachment b;
- c) REET's Mitigation Plan MIT-09-2301 for VAR-002-1 R3 dated December 14, 2009 and submitted December 15, 2009, included as Attachment c;
- d) REET's Certification of Mitigation Plan Completion for VAR-002-1 R3 dated January 19, 2010, included as Attachment d;
- e) WECC's Verification of Mitigation Plan Completion for VAR-002-1 R3 dated February 26, 2010, included as Attachment e; and
- f) Disposition Document dated October 12, 2010, included as Attachment f.

A Form of Notice Suitable for Publication⁶

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

⁶ See 18 C.F.R. § 39.7(d)(6).

Notices and Communications

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

<p>Gerald W. Cauley President and Chief Executive Officer David N. Cook* Sr. Vice President and General Counsel North American Electric Reliability Corporation 116-390 Village Boulevard Princeton, NJ 08540-5721 (609) 452-8060 (609) 452-9550 – facsimile david.cook@nerc.net</p> <p>Chris Hajovsky* Director, Regulatory Affairs and NERC Reliability Standards RRI Energy West, Inc. 1000 Main Street Ste. 2181 Houston, TX 77002 832-357-7908 832-357-2008 - fax cjhajovsky@rrienergy.com</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>*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 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) 819-7658 (801) 883-6894 – facsimile Smooy@wecc.biz</p>
---	---

Conclusion

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

Respectfully submitted,

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

/s/ Rebecca J. Michael
Rebecca J. Michael
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

cc: RRI Energy Etiwanda, Inc.
Western Electricity Coordinating Council

Attachments

Attachment a

**REET's Self-Report for VAR-002-1 R3 dated
September 16, 2009**



Self-Reporting Form

Date Submitted by Registered Entity: 09/16/2009

NERC Registry ID: NCR05352

Joint Registration Organization (JRO) ID: N/A

Registered Entity: RRI Energy Etiwanda, Inc.

Registered Entity Contact: Galen Gillum; Manager Regulatory Affairs & NERC Compliance;
713 497-5706; ggillum@rrienergy.com

Function(s) Applicable to Self-Report:

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

Standard: VAR-002-1.1a — Generator Operation for Maintaining Network Voltage

Requirement: R3

Has this violation previously been reported or discovered: Yes No
If Yes selected: Provide NERC Violation ID (if known): N/A

Date violation occurred: 08/11/2009

Date violation discovered: 08/26/2009

Is the violation still occurring? Yes No

Detailed explanation and cause of violation: On August 11, 2009 the Unit 3 Power System Stabilizer (PSS) was not enabled from 0632 hours to approximately 1810 hours and that because of this condition the PSS did not automatically turn on from approximately 1500 hours to 1810 hours when the unit load exceeded approximately 30 MWs. No report was made to the Transmission Operator as soon as practical, nor within the 30 minute requirement of R3 of the VAR-002-1.1a standard. The violation was discovered during a records review on August 26, 2009.

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



Non-Public and CONFIDENTIAL

Western Electricity Coordinating Council

Detailed explanation of Potential Impact: During the time the Etiwanda PSS was turned off, RRI Energy Etiwanda's portion of the Bulk Power System experienced no excursions, or other system issues.

Additional Comments: none

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

Attachment b

Settlement Agreement by and between WECC and REET executed April 7, 2010

SETTLEMENT AGREEMENT
OF
WESTERN ELECTRICITY COORDINATING COUNCIL
AND
RRI ENERGY ETIWANDA, INC.

Western Electricity Coordinating Council ("WECC") and RRI Energy Etiwanda, Inc. ("REET") (collectively, the "Parties" and individually, a "Party") hereby enter into this Settlement Agreement ("Agreement") on this 7 day of APRIL, 2010.

RECITALS

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

*WECC200901749 VAR-002-1 R3 Generator Operation for Maintaining
Network Voltage Schedules*

B. REET is a limited liability company organized under the laws of the State of Delaware. Its principal offices are located in Houston, Texas. REET owns and operates the Etiwanda generating station, a natural gas-fired facility comprised of two generating units with a total nameplate capacity of 666 MW and located in the Western Interconnection. REET was registered and placed on the NERC Compliance Registry as of June 17, 2007 as a Generator Owner and Generator Operator.

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 by either Party or a waiver of either Party's rights. Except, however, nothing in this Agreement shall limit or prevent WECC from evaluating REET for subsequent violations of the same Reliability Standard addressed herein and taking enforcement action, if necessary. Such enforcement action can include assessing penalties against REET for subsequent violations of the Reliability Standard addressed herein in accordance with NERC Rules of Procedure.

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

I. Representations of the Parties

For purposes of this Agreement, REET stipulates to the facts contained herein. WECC believes that it has established sufficient facts, as set forth herein, to support its determination that REET has Confirmed Violations as this term is defined in the WECC Compliance and Monitoring Enforcement Program ("CMEP") of the Reliability Standard described below in detail. The facts stipulated herein are stipulated solely for the purpose of resolving the matters addressed herein and do not constitute stipulations or admissions for any other purpose. REET neither admits nor denies that the facts stipulated and agreed to herein constitute violations of the Reliability Standard described herein.

II. Alleged Violation

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

VAR-002-1 R3: *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.*

REET is subject to this Standard because it was registered on the NERC Compliance Registry on June 17, 2007 as a Generator Owner and Generator Operator. On August 26, 2009, REET conducted a review of its records and discovered possible noncompliance with this Standard. On September 16, 2009, REET submitted a Self-Report to the WECC addressing REET's possible noncompliance with the Standard.

REET stated in the Self-Report that, on August 11, 2009, it failed to enable its Power System Stabilizer ("PSS") and that "the PSS did not automatically turn on from approximately 1500 hours to 1810 hours when the unit load exceeded approximately 30 MWs." REET indicated in the Self-Report that it did not notify the associated Transmission Operator of the change in REET's PSS status within 30 minutes.

On December 1, 2009, a WECC subject matter expert ("SME") reviewed the Self-Report. In the SME's written findings, the SME indicated that he had determined that REET failed to notify its associated Transmission Operator within 30 minutes of a change in status of REET's PSS on a generator Reactive Power resource. The SME also indicated in his findings that he determined that REET did not enable the PSS during a generating plant start-up. The SME's findings indicate that he determined REET's failure to notify the Transmission Operator of such a change was a possible violation of VAR-002-1 R3. The SME forwarded the Self-Report and the SME's findings to the WECC Compliance Enforcement Department ("Enforcement").

Enforcement reviewed the Self-Report and the SME's findings. The Standard requires REET to notify its Transmission Operator within 30 minutes of a status or capability change on any generator Reactive Power resource, including the status of any PSS. Enforcement concluded that REET started a generating unit with the PSS not in service, eventually enabled the PSS, and failed to notify its Transmission Operator of this change in status. Enforcement determined REET's failure in this case is an Alleged Violation of VAR-002-1 R3.

On December 14, 2009, REET submitted a mitigation plan, marked as completed, addressing the alleged violation. REET's Senior Vice President, Generation Operations, certified that REET completed the actions outlined in the mitigation plan by December 9, 2009. To mitigate the alleged violation, and prevent recurrence, REET completed the following seven actions:

- 1) Ensured plant operators are reminded of the VAR-002 requirements (and other reporting requirements), including sending a reporting procedure to all operations employees
- 2) Re-trained and re-familiarized plant operators of the steps of a unit start-up procedure
- 3) Created a procedure to place the PSS in operation during a plant start-up
- 4) Trained personnel to utilize a checklist, including a step to place the PSS in service
- 5) Provided an equipment-based backup (indicator lights) to the human-based performance of placing the PSS in service
- 6) Provided an equipment based-backup (audible alarms) to the human-based performance of placing the PSS in service
- 7) Provided oversight at a separate location and a different personnel position with visual indication of PSS status

On January 14, 2010, WECC completed its review of the completed mitigation plan. REET provided photographs to WECC showing the indicator lights discussed in item (5) above, as well as a computer screen capture of the oversight indication discussed in item (7). During its review of the completed mitigation plan, WECC requested that REET provide supporting documentation for the procedure identified in item (3), the checklist identified in item (4), and REET's reporting procedures. REET provided its *BLR-2 Cold Start-Up Procedure on Gas Fuel* (revised 11/11/2009), *Start Up and Shut Down Check List* (dated 9/25/2009), and *PROC-Dispatch Communication West Power* (dated 8/28/2009). WECC reviewed each document, including the screen captures and photographs. WECC determined that REET took the necessary actions to prevent recurrence. Further, WECC also determined, through interviews and electronic communication with REET's Director, Regulatory Affairs and NERC Reliability Standards, that REET notified its associated Transmission Operator on August 27, 2009 of REET's August 11, 2009 generation status change. WECC accepted the completed mitigation plan. On February 26, 2010 WECC notified REET of WECC's acceptance of the completed mitigation plan.

III. Settlement Terms

A. Payment. To settle this matter, REET hereby agrees to pay \$1,500 to WECC via wire transfer or cashier's check. REET shall make the funds payable to a WECC account identified in a Notice of Payment Due that WECC will send to REET after approval of this Agreement by NERC and either the issuance of an order by the Federal Energy Regulatory Commission ("FERC") approving the Agreement or the payment amount set forth in this Agreement become effective by operation of law as provided for in Section 39.7(e)(1) of the FERC's regulations, 18 C.F.R. § 39.7(e)(1). REET 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 or the payment amount set forth herein becomes effective by operation of law as provided for in Section 39.7(e)(1) of the FERC's regulations, 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 REET that includes any changes to the Agreement specified by NERC or FERC. If the Parties cannot reach 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 VRFs apply to REET's Alleged Violation in accordance with NERC's VRF Matrix dated October 21, 2009:

1. The violation of VAR-002-1 R3 has a "Medium" VRF. WECC determined that this violation posed minimal risk to the reliability of the BPS because REET's PSS was out of service for approximately 3 hours. During this time, REET's operators maintained a stable system with no voltage excursions. REET operates multiple generating units and this violation relates to a single 160 MW unit.

In addition to the factors listed above, WECC considered several factors to reach an agreement with REET regarding the payment amount. First, the Alleged Violation addressed by this Agreement is REET's first assessed noncompliance with the applicable Reliability Standards. Second, REET mitigated of the alleged violation. Third, REET was cooperative throughout WECC's evaluation of its compliance with the Reliability Standards and the enforcement process. Fourth, REET self-reported the alleged violation addressed herein.

Finally, WECC evaluated REET's Internal Compliance Program ("ICP"). WECC determined that (1) REET has a documented ICP; (2) REET's ICP oversight position is identified and staffed; (3) REET supports its ICP with a strong governance structure; (4) REET's ICP provides for self assessment and self enforcement; and (5) REET supports its ICP with a dedicated budget. Based on these findings, WECC concluded that REET has an effective compliance culture.

In reaching this Agreement, WECC considered that there were no aggravating factors warranting a higher payment amount. Specifically, REET did not have any negative compliance history. There was no failure by REET to comply with applicable compliance directives, nor any evidence of an attempt by REET to conceal a violation. Finally, there was no evidence that REET's violations were 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 with respect to such Party 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 REET 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 on the date on which FERC issues an order approving the Agreement or the payment amount set forth herein becomes effective by operation of law as provided for in Section 39.7(e)(1) of the FERC's regulations, 18 C.F.R. § 39.7(e)(1).

F. Waiver of Right to Further Proceedings. REET and WECC each agree that the Agreement, upon its effective date as set forth in Section IV.E., shall represent a final settlement of all matters set forth herein. In such case, REET waives its right to further hearings and appeal, unless and only to the extent that REET 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 REET in accordance with the Agreement, the CMEP and the NERC Rules of Procedure in the event that REET fails to comply with the terms of this Agreement. In the event that REET fails to so comply, WECC shall have the right to pursue enforcement, penalty or sanction actions against REET up to the maximum penalty allowed by the NERC Rules of Procedure. REET 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. REET 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 REET 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 REET 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.

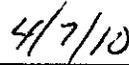
***[Remainder of page intentionally left blank -
signatures affixed to following page]***

Agreed to and accepted:

WESTERN ELECTRICITY COORDINATING COUNCIL

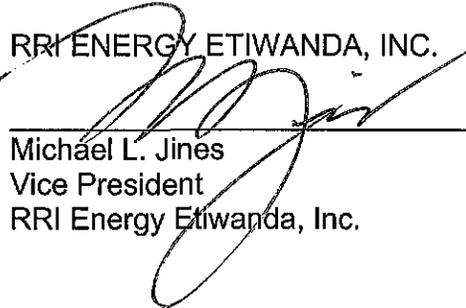


Constance B. White
Vice President of Compliance

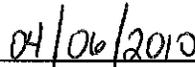


Date

RRI ENERGY ETIWANDA, INC.



Michael L. Jines
Vice President
RRI Energy Etiwanda, Inc.



Date

Attachment c

REET's Mitigation Plan MIT-09-2301 for VAR-002-1 R3 dated December 14, 2009 and submitted December 15, 2009



Mitigation Plan Submittal Form

New or Revised

Date this Mitigation Plan is being submitted: 12/14/2009

If this Mitigation Plan has already been completed:

- Check this box and
- Provide the Date of Completion of the Mitigation Plan: 12/09/2009

Section A: Compliance Notices & Mitigation Plan Requirements

- A.1 Notices and requirements applicable to Mitigation Plans and this Submittal Form are set forth in "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: RRI Energy Etiwanda, Inc.
Registered Entity Address: 1000 Main St., Houston, TX 77002
NERC Compliance Registry ID: NCR05352

- 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: Galen L. Gillum
Title: Manager of Regulatory Affairs & NERC Reliability Standards
Email: ggillum@rrienergy.com
Phone: 832 357-5706

¹ A copy of the WECC CMEP is posted on WECC's website at:

<http://compliance.wecc.biz/Application/Documents/Home/20090101%20-%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.



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-002-1.1a
[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	medium	08/11/2009	internal review

(*) 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:

Narrative Description

NERC Reliability Standard VAR-002-1.1a states in requirement 3:

R3. 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.

On August 11, 2009 during a plant startup, the RRI Energy Etiwanda Unit 3 Power System Stabilizer (PSS) was not enabled from 0632 hours to approximately 1810 hours. The control switch for the PSS was in "OFF" versus the other position of "PSS Enabled." Because of this condition the PSS did not automatically turn on from approximately 1500 hours to 1810 hours when the unit load was approximately 30 MWs. No report was made to the Transmission Operator as soon as practical, nor within the 30 minute requirement of R3 of the VAR-002-1.1a standard. The violation was discovered during a records review on August 26, 2009.

Summary Points

- The PSS comes on automatically if it is enabled (selector switch to "PSS Enabled") and plant output exceeds approximately 25 to 30 MW.
- During a plant startup on the morning of August 11, 2009 the PSS was not enabled - control switch was in "OFF"
- When the plant output exceeded 30 MW (at approximately 1500 hours) the PSS did not turn on.
- The switch for the PSS was placed into its correct position at approximately 1810 hours and the PSS was in service.
- The required notifications to the Transmission Operator of PSS status were not made as soon as practical, nor within the 30 minute requirement of R3 of the VAR-002-1.1a standard.

[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:

None

[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



Western Electricity Coordinating Council



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:

See Attachment 1

[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:

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)

(*) 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)



Western Electricity Coordinating Council



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:

E.2 The actions taken are all focused on the need to stay informed of current PSS status, and to ensure notification occurs timely to the appropriate entities when necessary.

The Actions listed below are detailed in Attachment 1.

(i) risks or impacts (to the Bulk Power System) based on the NERC Reliability Standard VAR-002 would presumably be based on system excursions while the PSS was not in service during a time when it should have been in service. (ii) actions that the company is taking as part of the Mitigation Plan to mitigate any increased risk to the Bulk Power System while the Plan is being implemented include:

Action 1 which was designed as an initial action to ensure plant operators are reminded of the VAR-002 requirements as well as other reporting requirements in NERC Reliability Standards.

Action 2 which ensured plant operators are re-familiarized with steps of the unit start-up procedure.

Action 6 which was a short-term action put in place quickly to ensure operating personnel were reminded of required notifications, lessening the chance that a notification would be missed.

Action 7 which provides an equipment-based backup to the human-based performance of placing the PSS in service. The alarm gives another visual and audible clue that the PSS is not in its required status.

Action 8 which provides a backup at another location, and in another job function to provide oversight for checking PSS status, minimizing the likelihood that the PSS is not in its required status.



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

Prevention of Future BPS Reliability Risk

- E.3 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 actions taken and proposed to be taken are all focused on the need to stay informed of current PSS status, and to ensure notification occurs timely to the appropriate entities when necessary.

The Actions listed below are detailed in Attachment 1.

Action 1 was designed as an initial action to ensure plant operators are reminded of the VAR-002 requirements as well as other reporting requirements in NERC Reliability Standards.

Action 2 ensured plant operators are re-familiarized with steps of the unit start-up procedure.

Action 3 has added the procedural step of placing the PSS in operation during a plant startup, minimizing the likelihood that the PSS will not be placed into service as it should.

Action 4 minimizes the likelihood that a step, such as to place the PSS in operation, will be overlooked by reminding plant operators of the company's requirement to use the check-off list during all plant start-ups

Action 5 provides an equipment-based backup to the human-based performance of placing the PSS in service. The indicator lights give another visual clue that the PSS is not in its required status.

Action 6 was a short-term action put in place quickly to ensure operating personnel were reminded of required notifications, lessening the chance that a notification would be missed.

Action 7 provides another equipment-based backup to the human-based performance of placing the PSS in service. The alarm gives another visual and audible clue that the PSS is not in its required status.

Action 8 provides a backup at another location, and in another job function to provide oversight for checking PSS status, minimizing the likelihood that the PSS are not in their required status.

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

- E.4 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



Western Electricity Coordinating Council



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:

None

[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 Sr. Vice President Generations Operations of RRI Energy, Inc.
 - 2. I am an officer, employee, attorney or other person authorized to sign this Mitigation Plan on behalf of RRI Energy Etiwanda, Inc.
 - 3. I understand RRI Energy Etiwanda, Inc.'s 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. RRI Energy Etiwanda, Inc. 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): David S. Freysinger
Title: Sr. Vice President Generation Operations
Date: December 14, 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.

None

[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:

Mike Wells, Sr. Compliance Engineer

Email: mike@wecc.biz

Phone: (801) 883-6884

For guidance on submitting this form, please refer to the "*WECC Compliance Data Submittal Policy*". This policy can be found on the WECC Compliance Website at:

<http://compliance.wecc.biz/Application/Documents/Forms/WECC%20Compliance%20Data%20Submittal%20Policy.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.



Western Electricity Coordinating Council



- 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

REET's Certification of Mitigation Plan Completion for VAR-002-1 R3 dated January 19, 2010



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: RRI Energy Etiwanda, Inc

NERC Registry ID: NCR05352

Date of Submittal of Certification: 01/19/2010

NERC Violation ID No(s) (if known): WECC200901749

Standard: VAR-002-1.1a

Requirement(s): R3

**Date Mitigation Plan was scheduled to be completed per accepted Mitigation Plan:
12/14/2009**

Date Mitigation Plan was actually completed: 12/14/2009

Additional Comments (or List of Documents Attached): documents were submitted with the filing of the Mitigation Plan on 12/15/2009, and in response to Mike Wells e-mail request (dated 01/14/2010, responded to 01/18/2010).

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.

Name: David Freysinger

Title: Sr. Vice President Generation Operations

Email: dfreysinger@rrienergy.com

Phone: 832-357-7378

Authorized Signature: _____

A handwritten signature in black ink, appearing to read 'D Freysinger', is written over a horizontal line.

Date: 01/19/2010

Attachment e

WECC's Verification of Mitigation Plan Completion for VAR-002-1 R3 dated February 26, 2010

CONFIDENTIAL



Western Electricity Coordinating Council

Laura Scholl
Managing Director of Compliance

801-819-7619
lscholl@wecc.biz

VIA COMPLIANCE WEB PORTAL

February 26, 2010

Chris Hajovsky
Director, Regulatory Affairs and NERC Reliability Standards
RRI Energy Etiwanda, Inc.
1000 Main Street
Houston, Texas 77002

NERC Registration ID: NCR05352
NERC Violation ID: WECC200901749

Subject: Notice of Mitigation Plan and Completed Mitigation Plan Acceptance
Reliability Standard VAR-002-1 Requirement 3

Dear Chris,

The Western Electricity Coordinating Council (WECC) has received the Mitigation Plan and the Certification of Completion and supporting submitted by RRI Energy Etiwanda, Inc. (REET) on 12/15/2009 and 1/19/2010 respectively for the alleged violation of Reliability Standard VAR-002-1 Requirement 3.

WECC has accepted the Mitigation Plan and 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 this requirement 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,

A handwritten signature in black ink, appearing to read 'Laura Scholl', written in a cursive style.

Laura Scholl
Managing Director of Compliance

LS:rh

cc: Greg Bockholt, REET Director, Dispatch and Real Time
John McGhee, WECC Director of Audits and Investigations
Lisa Milanese, WECC Manager of Compliance Program Administration
Mike Wells, WECC Senior Compliance Engineer

Attachment f

Disposition Document dated October 12, 2010

DISPOSITION OF VIOLATION¹

Dated October 12, 2010

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.	NOC#
WECC200901749	REET_WECC20091940	NOC-530

REGISTERED ENTITY RRI Energy Etiwanda, Inc. (REET)	NERC REGISTRY ID NCR05352
--	-------------------------------------

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											
		6/17/07	6/17/07											

* VIOLATION APPLIES TO SHADED FUNCTIONS

DESCRIPTION OF THE REGISTERED ENTITY

REET is a limited liability company organized under the laws of the State of Delaware as a fully owned subsidiary of RRI Energy, Inc. Its principal offices are located in Houston, Texas. REET owns and operates the Etiwanda generating station, a natural gas-fired facility comprised of two generating units with a total nameplate capacity of 666 MW and located in the Western Interconnection.

II. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
VAR-002-1²	R3	3.1	Medium	Lower

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 VAR-002-1 was enforceable from August 2, 2007, through August 27, 2008. VAR-002-1a was approved by the Commission and was enforceable from August 28, 2008 through May 13, 2009. VAR-002-1.1a was approved by the Commission and was enforceable from May 13, 2009 through September 16, 2010. VAR-002-1.1b was approved by the Commission and became enforceable on September 16, 2010. The subsequent interpretations provide clarity regarding the responsibilities of a registered entity and do not

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) **From 8/11/09 when REET effected a change in status of the PSS through 8/27/09 when REET notified its TOP of the change in status.**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **9/16/09**

IS THE VIOLATION STILL OCCURRING YES NO
IF YES, EXPLAIN

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

IV. MITIGATION INFORMATION

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO.	MIT-09-2301
DATE SUBMITTED TO REGIONAL ENTITY	12/14/09
DATE ACCEPTED BY REGIONAL ENTITY	1/14/10
DATE APPROVED BY NERC	1/27/10
DATE PROVIDED TO FERC	1/27/10

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

NONE

MITIGATION PLAN COMPLETED YES NO

EXPECTED COMPLETION DATE **SUBMITTED AS COMPLETE**
EXTENSIONS GRANTED **N/A**

ACTUAL COMPLETION DATE	12/09/09
DATE OF CERTIFICATION LETTER	1/19/10
CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF	12/09/09⁴
DATE OF VERIFICATION LETTER	2/26/10
VERIFIED COMPLETE BY REGIONAL ENTITY AS OF	12/09/09

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

To mitigate the violation, and prevent recurrence, REET completed the following actions:

- 1. Ensured plant operators are reminded of the VAR-002 requirements (and other reporting requirements), including sending a reporting procedure to all operations employees;**
- 2. Re-trained and re-familiarized plant operators of the steps of a unit start-up procedure;**
- 3. Created a procedure to place the PSS in operation during a plant start-up;**
- 4. Trained personnel to utilize a checklist, including a step to place the PSS in service;**
- 5. Provided an equipment-based backup (indicator lights) to the human-based performance of placing the PSS in service;**
- 6. Provided an equipment based-backup (audible alarms) to the human-based;**
- 7. Placed the PSS in service; and**
- 8. Provided oversight at a separate location and a different personnel position with visual indication of PSS status.**

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. Photographs showing the indicator lights discussed in item five (5) above;**
- 2. A computer screen capture of the oversight indication discussed in item (7) above;**
- 3. REET's *BLR-2 Cold Start-Up Procedure on Gas Fuel* (revised 11/11/2009);**
- 4. REET's *Start Up and Shut Down Check List* (dated 9/25/2009); and**

⁴ The Certification of Completion letter states that the violations were mitigated by December 14, 2009. WECC determined that the Mitigation Plan served as the primary document for completion of the mitigating activities.

5. **REET's PROC-Dispatch Communication West Power (dated 8/28/2009); and**
6. **Through interviews and electronic communication with REET's Director, Regulatory Affairs and NERC Reliability Standards, WECC confirmed REET notified its associated Transmission Operator on August 27, 2009 of REET's August 11, 2009 generation status change.**

V. PENALTY INFORMATION

TOTAL ASSESSED PENALTY OR SANCTION OF **\$1,500** PENALTY FOR ONE VIOLATION OF A RELIABILITY STANDARD.

(1) REGISTERED ENTITY'S COMPLIANCE HISTORY

PREVIOUSLY FILED VIOLATIONS OF ANY OF THE INSTANT RELIABILITY STANDARD OR REQUIREMENTS THEREUNDER

YES NO

LIST VIOLATIONS AND STATUS

ADDITIONAL COMMENTS

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

YES NO

LIST VIOLATIONS AND STATUS

ADDITIONAL COMMENTS⁵

On March 31, 2010, NERC filed a Notice of Penalty in the ReliabilityFirst Corporation Region regarding: RRI Energy Mid-Atlantic, RRI Energy Wholesale Generation, LLC, RRI Energy Wholesale Generation, LLC (Seward), and Orion Power Midwest, LP for PRC-005-1 R2.1 violations.

⁵ WECC determined that the prior violations of the affiliates should not serve as a basis for aggravating the penalty because they involved unrelated standards and their associated Mitigation Plans would not have resolved or prevented the instant violations. Moreover, there was nothing in the record to suggest that broader corporate issues were implicated.

(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 evaluated REET's Internal Compliance Program ("ICP"), which was in place at the time of the violation. WECC determined that:

- 1. REET has a documented ICP;**
- 2. REET's ICP oversight position is identified and staffed;**
- 3. REET supports its ICP with a strong governance structure including involvement by senior management;**
- 4. REET's ICP provides for self assessment and self enforcement;**
and
- 5. REET supports its ICP with a dedicated budget.**

Based on these findings, WECC concluded that REET has an effective compliance culture and was a mitigating factor in determining the assessed penalty.

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

REET'S Self Report dated September 16, 2009

MITIGATION PLAN

REET's Mitigation Plan MIT-09-2301 dated December 14, 2009 and submitted December 15, 2009,

CERTIFICATION BY REGISTERED ENTITY

REET's Certification of Mitigation Plan MIT-09-2301 Completion dated January 19, 2010

VERIFICATION BY REGIONAL ENTITY

WECC's Verification of Mitigation Plan MIT-09-2301 Completion dated January 26, 2010

OTHER RELEVANT INFORMATION:

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR
SANCTION ISSUED

DATE: **December 22, 2009** OR N/A

SETTLEMENT DISCUSSIONS COMMENCED

DATE: OR N/A

NOTICE OF CONFIRMED VIOLATION ISSUED

DATE: OR N/A

SUPPLEMENTAL RECORD INFORMATION

DATE(S) OR N/A

REGISTERED ENTITY RESPONSE CONTESTED

FINDINGS PENALTY BOTH NO CONTEST

HEARING REQUESTED

YES NO

DATE

OUTCOME

APPEAL REQUESTED

Attachment g

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

RRI Energy Etiwanda, Inc.

Docket No. NP11-____-000

NOTICE OF FILING
November 30, 2010

Take notice that on November 30, 2010, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding RRI Energy Etiwanda, 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