



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

July 30, 2010

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

**Re: NERC Abbreviated Notice of Penalty
Dynergy 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 Dynergy, Inc. (Dynergy),¹ with information and details regarding the nature and resolution of the violation² discussed in detail in the Settlement Agreement (Attachment d) and the Disposition Document attached thereto in accordance with the Federal Energy Regulatory Commission's (Commission or FERC) rules, regulations and orders, as well as NERC Rules of Procedure including Appendix 4C (NERC Compliance Monitoring and Enforcement Program (CMEP)).³

On April 30, 2009,⁴ Dynergy self-reported a violation of NERC Reliability Standard PRC-005-1 R2 and specifically R2.1 stating that not all battery maintenance activities had been conducted according to its Protection System⁵ maintenance and testing program. This Notice of Penalty is

¹ Concurrently being filed is a separate Settlement Agreement for Dynergy in the WECC region addressing a violation of VAR-002-1 R2 (NOC-425). Information on previously filed violations for Dynergy is included in the Disposition Document.

² 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.

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).

⁴ Dynergy submitted a revised Self-Report on May 6, 2009 providing additional detail to its April 30, 2009 Self-Report. On May 29, 2009, Dynergy submitted an Addendum to its May 6, 2009 revised Self-Report to include non-compliance with PRC-005-1 R2.1 at all ten of its plants in the SERC region.

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

being filed with the Commission because SERC Reliability Corporation (SERC) and Dynergy have entered into a Settlement Agreement to resolve all outstanding issues arising from SERC's determination and findings of the enforceable violation of PRC-005-1 R2 and specifically R2.1. According to the Settlement Agreement, Dynergy neither admits nor denies the violation, but has agreed to the proposed penalty of twelve thousand five hundred dollars (\$12,500) to be assessed to Dynergy, 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 Number SERC200900263 is being filed in accordance with the NERC Rules of Procedure and the CMEP.

Statement of Findings Underlying the Violation

This Notice of Penalty incorporates the findings and justifications set forth in the Settlement Agreement executed on July 23, 2010, by and between SERC and Dynergy. The details of the findings and the basis for the penalty are set forth in the Disposition Document. This Notice of Penalty filing contains the basis for approval of the Settlement Agreement by the NERC Board of Trustees Compliance Committee (NERC BOTCC). In accordance with Section 39.7 of the Commission's regulations, 18 C.F.R. § 39.7, NERC provides the following summary table identifying each violation of a Reliability Standard resolved by the Settlement Agreement, as discussed in greater detail below.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
SERC	Dynergy, Inc.	NOC-568	SERC200900263	PRC-005-1	2/ 2.1	Lower/High ⁶	12,500

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

PRC-005-1 R1 - OVERVIEW⁷

SERC determined that Dynergy, as a Generator Owner, did not maintain and test its batteries as required by its Protection System maintenance and testing program, *Dynergy Generation Operations Procedure G6-15, Rev 2 – Station Battery Bank Maintenance and Testing*. The program requires monthly battery inspections, quarterly electrical diagnostic battery tests and five year battery performance/load tests to be completed at each of the ten Dynergy Plants (Baldwin, Wood River, Stallings, Havana, Hennepin, Oglesby, Vermilion, Tilton, Bluegrass and formerly Heard County).

The duration of the PRC-005-1 R2 and R2.1 violation was from June 18, 2007, when the Standard became enforceable, through July 15, 2009, when Dynergy completed the maintenance and testing of batteries across all of its plants in the SERC region.

⁶ During a final review of the standards subsequent to the March 23, 2007 filing of the Version 1 VRFs, NERC identified that some standards requirements were missing VRFs; one of these include PRC-005-1 R2.1. On May 4, 2007, NERC assigned PRC-005 R2.1 a "High" VRF. In the Commission's June 26, 2007 Order on Violation Risk Factors, the Commission approved the PRC-005-1 R2.1 "High" VRF as filed. Therefore, the "High" VRF was in effect from June 26, 2007.

⁷ Further information on this violation is contained in the Disposition Document included as Attachment A to the Settlement Agreement.

SERC concluded that this violation did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because each of the generating plants has remote monitoring and alarming for battery voltage and battery ground indications.

Although Dynergy controls a significant amount of generation in the SERC region totaling 3,500 MW and the violation involved all of Dynergy's units in the region, the most significant discrepancies (where multiple monthly maintenance and quarterly tests were missed) involved 3 relatively small peaking units totaling approximately 350 MW. Dynergy provided records for the remaining 6 units, comprising approximately 3,150 MW of its generation showing such units' non-compliance was due to the late completion of required activities rather than a failure to complete the maintenance and testing.

Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed⁸

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,⁹ the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on June 10, 2010. The NERC BOTCC approved the Settlement Agreement, including SERC's imposition of a financial penalty, assessing a penalty of twelve thousand five hundred dollars (\$12,500) against Dynergy 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 Dynergy's first occurrence of violation of the subject NERC Reliability Standard;
2. Dynergy self-reported the violation;
3. SERC reported that Dynergy was cooperative throughout the compliance enforcement process;
4. the quality of Dynergy's compliance program, as discussed in the Disposition Document;
5. SERC reported there was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
6. the violation did not pose a serious or substantial risk to the bulk power system, as discussed in the Disposition Document; and

⁸ See 18 C.F.R. § 39.7(d)(4).

⁹ *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).

7. 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 twelve thousand five hundred dollars (\$12,500) 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 Order No. 693, the penalty will be effective upon expiration of the 30 day period following the filing of this Notice of Penalty with FERC, or, if FERC decides to review the penalty, upon final determination by FERC.

Attachments to be included as Part of this Notice of Penalty

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

- a) Dynergy's Self-Report dated April 30, 2009, included as Attachment a;
- b) Dynergy's Revised Self-Report dated May 6, 2009, included as Attachment b;
- c) Dynergy's Addendum to its May 6, 2009 Revised Self-Report dated May 29, 2009, included as Attachment c;
- d) Settlement Agreement by and between SERC and Dynergy executed July 23, 2010, included as Attachment d;
 - i. Disposition Document and SERC's Verification of Completion contained therein dated July 23, 2010, included as Attachment A to the Settlement Agreement;
- e) Dynergy's Mitigation Plan designated as MIT-07-1901 submitted May 29, 2009, included as Attachment e; and
- f) Dynergy's Certification of Completion of the Mitigation Plan dated August 11, 2009, included as Attachment f.

A Form of Notice Suitable for Publication¹⁰

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

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* 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>Joseph Paul* Assistant Group General Counsel Dynegy Inc. 1000 Louisiana Street, Suite 5800 Houston, Texas 77002 (713) 767-0064 (713) 356-2007 – facsimile Joe.Paul@dynegy.com</p> <p>Timothy Muller* Senior Corporate Counsel-Regulatory Dynegy Inc. 1000 Louisiana Street, Suite 5800 Houston, Texas 77002 (713) 767-0394 (713) 507-6834 – facsimile Tim.W.Muller@dynegy.com</p> <p>Dan E. Roethemeyer* Director-Electric System Operations and Compliance Dynegy Inc. 133 South Fourth Street, Suite 306 Springfield, IL 62701-1232 (217) 492-6605 (217) 492-6623 – facsimile dan_roethemeyer@dynegy.com</p> <p>*Persons to be included on the Commission's service list are indicated with an asterisk. NERC requests waiver of the Commission's rules and regulations to permit the inclusion of more than two people on the service list.</p>	<p>Rebecca J. Michael* Assistant General Counsel V. Davis Smith* Attorney (admitted in IN; application pending in NJ; not admitted in D.C.) 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 davis.smith@nerc.net</p> <p>R. Scott Henry* President and CEO SERC Reliability Corporation 2815 Coliseum Centre Drive Charlotte, NC 28217 (704) 940-8202 (704) 357-7914 – facsimile shenry@serc1.org</p> <p>Marisa A. Sifontes* Interim Compliance Director and Legal Counsel Jacqueline E. Carmody* Contract Attorney SERC Reliability Corporation 2815 Coliseum Centre Drive, Suite 500 Charlotte, NC 28217 (704) 494-7775 (704) 357-7914 – facsimile msifontes@serc1.org jcarmody@serc1.org</p> <p>Kenneth B. Keels, Jr.* Manager of Compliance Enforcement SERC Reliability Corporation 2815 Coliseum Centre Drive Charlotte, NC 28217 (704) 940-8214 (704) 357-7914 – facsimile kkeels@serc1.org</p>
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Conclusion

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

Respectfully submitted,

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

/s/ Rebecca J. Michael
Rebecca J. Michael
Assistant General Counsel
V. Davis Smith*
Attorney (admitted in IN; application
pending in NJ; not admitted in D.C.)
North American Electric Reliability
Corporation
1120 G Street, N.W.
Suite 990
Washington, DC 20005-3801
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cc: Dynegy, Inc.
SERC Reliability Corporation

Attachments

Attachment a

Dynegy's Self-Report dated April 30, 2009



SERC Reliability Corporation
Self-Reporting / Complaint Form Template
Revision 1 (10-25-07)

Report Type (please check): ☒ **Self-Report** ☐ **Complaint**

Date of Report: April 30, 2009

NAME OF PERSON REPORTING POSSIBLE STANDARD VIOLATION(S)		
CONTACT NAME	CONTACT TELEPHONE NUMBER	
Greg Mason	(217) 492-6604	
CONTACT E-MAIL	CONTACT FAX	
Gregory.A.Mason@Dynergy.com		
REPORTING COMPANY NAME	ANONYMOUS? (Y/N)	
Dynergy Inc.	No	
NERC OR REGIONAL STANDARD(S) AND SPECIFIC REQUIREMENT(S) POSSIBLY VIOLATED		
NAME OF COMPANY POSSIBLY VIOLATING STANDARD(S)	ENTITY FUNCTION TYPE(S)	
Dynergy Inc. (Heard County Plant)	GO/GOP	
STANDARD # AND VERSION	MEASURE / REQUIREMENT	DATE OF POSSIBLE VIOLATION(S)
PRC-005-1	M2/R2, R2.1	Various-See below
POSSIBLE VIOLATION DESCRIPTION, REASON FOR COMPLAINT, OR QUESTION		
<p>Dynergy's Heard County Plant performs battery maintenance and testing in accordance with "Dynergy Generation Operations Procedure No. G6-15, Rev 2 – Station Battery Bank Maintenance & Testing". One of the required tests in this procedure is a battery performance test that is to be completed on a quarterly basis.</p> <p>In preparation for the pending sale of the plant to another party, the Heard County Plant recently completed a review of its compliance documentation, including its battery testing records. The preliminary review of battery testing records determined that for the reporting period June 18, 2007 through April 29, 2009, there are 25 quarterly battery tests that were not completed on schedule. In the majority of cases, the lateness in testing was caused by missing the first testing date deadline in the sequence which caused the subsequent tests to be late, even though many of the subsequent tests were completed within approximately 90 days of the prior test. As a result, further analysis of battery testing records may reduce the number of tests that are cited as not completed on schedule. In addition, for 15 of these tests the Plant has no testing documentation.</p>		

This untimely completion of the quarterly battery testing and the lack of testing documentation is a possible violation of PRC-005-1, R2 and R2.1. These Battery Systems and quarterly test periods are as follows:

Balance of Plant – 2Q 2007, 3Q 2007
Balance of Plant – 1Q 2008, 2Q 2008, 3Q 2008, 4Q 2008
Balance of Plant – 1Q 2009
Combustion Turbine 1 – 2Q 2007, 3Q 2007
Combustion Turbine 1 – 1Q 2008, 2Q 2008, 3Q 2008, 4Q 2008
Combustion Turbine 1- 1Q 2009
Combustion Turbine 2 – 2Q 2007, 3Q 2007
Combustion Turbine 2 – 1Q 2008, 3Q 2008
Combustion Turbine 2 – 1Q 2009
Combustion Turbine 3 – 2Q 2007, 3Q 2007
Combustion Turbine 3 – 1Q 2008, 3Q 2008, 4Q 2008
Combustion Turbine 3- 1Q 2009

Due to battery testing and data collector equipment malfunctions, the ultimate failure of that equipment, the transition to new equipment and inadequate compliance controls at the Heard County Plant, the 25 quarterly battery tests were not completed on schedule.

In addition, these equipment and compliance controls problems resulted in the battery test data/documentation not being available for 15 of the quarterly tests listed above. The quarterly battery testing is scheduled and tracked in the Plant's Maintenance Management System (Maximo) to provide maintenance personnel with the Work Order and Task IDs needed to perform the required battery testing on a timely and complete basis. Upon maintenance personnel completion of the required Task IDs, Maximo indicates a Close Out for each Task ID and an overall completion date for the Work Order. Closed out and completed Maximo records for each of the referenced 15 quarterly battery tests indicated that the required testing was completed, even though the actual battery test data is not available.

It should also be noted that the 2008 Dynegy Inc. Self Certification of compliance with Standard PRC-005-1 for the Heard County Plant was based on inaccurate information provided by the plant in response to corporate data requests for verification of compliance with Dynegy Generation Operations Procedure No. G6-15.



There has been no known impact on system reliability due to the nature of this possible violation. Also, Dynegy Inc. has not received any calls from Reliability Coordinator (i.e. Southern Company Services-Transmission) or the neighboring Transmission Operator (i.e. Georgia System Operations Corp.) indicating any reliability concerns or problems related to this possible non-compliance.

SERC Staff will contact the person providing the report as soon as possible.

If you do not receive a response from SERC Staff within 2 business days please contact the SERC office (704-357-7372).

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

Attachment b

Dynegy's Revised Self-Report dated May 6, 2009



SERC Reliability Corporation
Self-Reporting / Complaint Form Template
Revision 1 (10-25-07)

Report Type (please check): ☒ **Self-Report** ☐ **Complaint**

Date of Report: May 6, 2009 **(REVISED)**

NAME OF PERSON REPORTING POSSIBLE STANDARD VIOLATION(S)		
CONTACT NAME	CONTACT TELEPHONE NUMBER	
Greg Mason	(217) 492-6604	
CONTACT E-MAIL	CONTACT FAX	
Gregory.A.Mason@Dynegy.com		
REPORTING COMPANY NAME	ANONYMOUS? (Y/N)	
Dynegy Inc.	No	
NERC OR REGIONAL STANDARD(S) AND SPECIFIC REQUIREMENT(S) POSSIBLY VIOLATED		
NAME OF COMPANY POSSIBLY VIOLATING STANDARD(S)	ENTITY FUNCTION TYPE(S)	
Dynegy Inc. (Heard County Plant)	GO/GOP	
STANDARD # AND VERSION	MEASURE / REQUIREMENT	DATE OF POSSIBLE VIOLATION(S)
PRC-005-1	M2/R2, R2.1	Various-See below
POSSIBLE VIOLATION DESCRIPTION, REASON FOR COMPLAINT, OR QUESTION		
<p>Dynegy's Heard County Plant performs battery maintenance and testing in accordance with "Dynegy Generation Operations Procedure No. G6-15, Rev 2 – Station Battery Bank Maintenance & Testing". One of the required tests in this procedure is a routine electrical diagnostic battery test that is to be completed on a quarterly basis.</p> <p>In preparation for the sale of the plant to another party, the Heard County Plant recently completed a review of its compliance documentation, including its battery testing records. The review of battery testing records determined that for the period June 18, 2007 through April 30, 2009, there were 6 quarterly battery tests that were missed/not completed and 5 quarterly battery tests that were not completed on schedule. The attached document shows the actual test dates for all quarterly battery tests during this period and highlights those tests that were either missed/not completed or not completed on schedule. In addition, the Plant has no testing documentation for 10 of the quarterly battery tests. This missed and untimely completion of the quarterly battery testing and the lack of testing documentation is a possible violation of PRC-005-1, R2 and R2.1.</p>		



The 6 quarterly battery tests that were missed/not completed and the 5 quarterly battery tests that were not completed on schedule were due to battery testing and data collector equipment malfunctions, the ultimate failure of that equipment, the transition to new equipment and inadequate compliance controls at the Heard County Plant.

In addition, these equipment and compliance controls problems resulted in the battery test data/documentation not being available for 10 of the quarterly tests.. The quarterly battery testing is scheduled and tracked in the Plant's Maintenance Management System (Maximo) to provide maintenance personnel with the Work Order and Task IDs needed to perform the required battery testing on a timely and complete basis. Upon maintenance personnel completion of the required Task IDs, Maximo indicates a Close Out for each Task ID and an overall completion date for the Work Order. Closed out and completed Maximo records for each of the referenced 10 quarterly battery tests indicated that the required testing was completed, even though the actual battery test data is not available.

Please note that the all the required quarterly electrical diagnostic battery tests for the Heard County Plant are current as of April 30, 2009. Also, the battery performance/load test that is required to be completed every 5 years was completed for all batteries at the Heard County Plant in November and December 2007.

It should also be noted that the 2008 Dynegy Inc. Self Certification of compliance with Standard PRC-005-1 for the Heard County Plant was based on inaccurate information provided by the plant in response to corporate data requests for verification of compliance with Dynegy Generation Operations Procedure No. G6-15.

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RELIABILITY IMPACT (IF KNOWN)

There has been no known impact on system reliability due to the nature of this possible violation. Also, Dynegy Inc. has not received any calls from Reliability Coordinator (i.e. Southern Company Services-Transmission) or the neighboring Transmission Operator (i.e. Georgia System Operations Corp.) indicating any reliability concerns or problems related to this possible non-compliance.

SERC Staff will contact the person providing the report as soon as possible.

If you do not receive a response from SERC Staff within 2 business days please contact the SERC office (704-357-7372).

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

Attachment c

Dynegy's Addendum to its May 6, 2009 Revised Self-Report dated May 29, 2009



SERC Reliability Corporation
Self-Reporting / Complaint Form Template
Revision 1 (10-25-07)

Report Type (please check): ☒ **Self-Report** ☐ **Complaint**

Date of Report: May 29, 2009

NAME OF PERSON REPORTING POSSIBLE STANDARD VIOLATION(S)		
CONTACT NAME	CONTACT TELEPHONE NUMBER	
Greg Mason	(217) 492-6604	
CONTACT E-MAIL	CONTACT FAX	
Gregory.A.Mason@Dynergy.com	(217) 492-6633_	
REPORTING COMPANY NAME	ANONYMOUS? (Y/N)	
Dynergy Inc.	No	
NERC OR REGIONAL STANDARD(S) AND SPECIFIC REQUIREMENT(S) POSSIBLY VIOLATED		
NAME OF COMPANY POSSIBLY VIOLATING STANDARD(S)		ENTITY FUNCTION TYPE(S)
Dynergy Inc. (Baldwin, Wood River, Stallings, Havana, Hennepin, Oglesby, Vermilion, Tilton and Bluegrass Plants)		GO/GOP
STANDARD # AND VERSION	MEASURE / REQUIREMENT	DATE OF POSSIBLE VIOLATION(S)
PRC-005-1	M2/R2, R2.1	Various-See below
POSSIBLE VIOLATION DESCRIPTION, REASON FOR COMPLAINT, OR QUESTION		
<p>All ten of the Dynergy Inc. Plants in the SERC footprint (i.e. Baldwin, Wood River, Stallings, Havana, Hennepin, Oglesby, Vermilion, Tilton, Bluegrass and formerly Heard County) perform battery maintenance and testing in accordance with "Dynergy Generation Operations Procedure No. G6-15, Rev 2 – Station Battery Bank Maintenance & Testing". This Procedure requires monthly battery inspections, quarterly electrical diagnostic battery tests and five year battery performance/load tests to be completed at each Plant.</p> <p>In conjunction with the recent sale of its Heard County Plant, Dynergy Inc. completed a review of Heard County's NERC compliance documentation, including its battery testing records. The review identified battery testing deficiencies at the Heard County Plant and Dynergy Inc. filed an associated Self Reported Violation of NERC Standard PRC-005-1, R2 and R2.1 with SERC on May 6, 2009. In order to determine if the battery testing deficiencies were limited to the Heard County Plant, Dynergy Inc. initiated a comprehensive review of the battery maintenance and testing practices at all of its other Plants within SERC. The results of that review identified the following deficiencies with</p>		

battery maintenance and testing that represent a possible violation of NERC Standard PRC-005-1, R2 and R2.1:

1. Missed /Not Completed Monthly Battery Inspections and Quarterly Battery Tests at the Stallings, Oglesby and Tilton Plants

As indicated on the attached spreadsheet (Schedule A), the following monthly inspections and quarterly tests at the Stallings, Oglesby and Tilton Plants were missed/not completed for the period from June 18, 2007 through May 29, 2009:

- a. Stallings Plant (4 station batteries)- A total of 52 monthly battery inspections were missed/not completed and 16 quarterly battery tests were missed/not completed.
- b. Oglesby Plant (1 station battery)- A total of 20 monthly battery inspections were missed/not completed and 6 quarterly battery tests were missed/not completed.
- c. Tilton Plant (2 station batteries)- A total of 28 monthly battery inspections were missed/not completed and 6 quarterly battery tests were missed/not completed.

Stallings, Oglesby and Tilton are peaking plants. The Oglesby and Stallings Plants are unmanned facilities that are seldom called upon to operate. They are supported by personnel from the nearby Wood River and Hennepin Plants, respectively. The key indicators of the overall health of the battery system at each of these Plants are also continuously monitored (Stallings and Oglesby are monitored remotely at the Wood River and Hennepin Plants, respectively).

These battery inspections and tests were missed/not completed due to working level plant personnel either determining that these battery inspections and tests did not need to be completed due to other priorities or inadvertently failing to schedule the maintenance work. These decisions and actions by working level personnel at these plants were made without sufficient knowledge of the NERC compliance requirements for the required battery inspections and tests.

2. Late Quarterly Battery Tests at the Baldwin, Havana, Hennepin and Bluegrass Plants

For the period from June 18, 2007 through May 29, 2009 the Baldwin, Havana, Hennepin and Bluegrass Plants did not complete a total of 22 quarterly battery tests on schedule. In addition, for 7 of the quarterly battery tests at the Havana, Wood River and Stallings Plants during this period, the Plants have completed PM records but the test result documentation could not be located for these tests. The attached spreadsheet (Schedule A) shows the (1) the actual test dates for all quarterly battery tests during this period for these Plants and highlights those tests that were not completed on schedule and (2) the quarterly

tests that do not have the test result documentation.

These tests were primarily not completed on schedule due to the Plants making a broad interpretation that the “quarterly” testing requirement in Dynegy Generation Operations Procedure G6-15 meant testing could be completed anytime during a quarter. The intent of the Procedure was to complete the battery tests approximately every 90 days (with an additional grace period of about 3 weeks).

3. Incomplete Monthly Inspections and Quarterly Tests at the Wood River, Stallings, Havana, Hennepin, Oglesby, Vermilion, Tilton, Bluegrass Plants

The items to be checked, and recorded where required, in the monthly battery inspections and quarterly electrical diagnosis tests are specified in Dynegy Generation Operations Procedure G6-15. On a collective basis, these items provide an overall “health check” for the battery.

A review of the forms used by each Plant to conduct these monthly inspections and quarterly tests indicates that the Dynegy Plants in SERC were checking (and recording where required) the vast majority, but not all, of the individual inspection and testing items listed in Dynegy Generation Operations Procedure G6-15. The following specific deficiencies were identified for the monthly battery inspections and quarterly battery tests completed for the period from June 18, 2007 to May 29, 2009:

- a. The Plants did not complete 5 % of the total monthly inspection items that were to be checked (and recorded where required).
- b. The Plants completed, but failed to document, 4 % of the total monthly inspection items that were to be checked (and recorded where required).
- c. The Plants did not complete 16 % of the total quarterly test items that were to be checked (and recorded where required).
- d. The Plants completed, but failed to document, 9 % of the total quarterly test items that were to be checked (and recorded where required).

The attached spreadsheet (Schedule B) shows the detailed completion performance of each monthly inspection and quarterly test item by Plant.

Two causes contributed to all of the individual items listed for the monthly inspections and quarterly tests in Dynegy Generation Operations Procedure G6-15 not being checked (and recorded when required) by these Plants. First, when Dynegy Generation Operations Procedure G6-15 was issued it did not include a standard form to be used by all Plants. Second, the historic forms used by the Plants to



make these inspections and tests had not been changed to have the items that need to be checked (and recorded where required) to directly correspond to the items listed in Dynegy Generation Operations Procedure G6-15.

Please note that the all the required monthly battery inspections and the quarterly electrical diagnostic battery tests for all the Dynegy Inc. Plants in SERC are current as of May 29, 2009. Also, the battery performance/load test that is required to be completed every 5 years has been completed at each Plant except the Stallings Plant. The 5 year battery performance/load tests are scheduled to be completed at the Stallings Plant by July 15, 2009.

It should also be noted that the 2008 Dynegy Inc. Self Certification of compliance with Standard PRC-005-1 for the Dynegy Inc. Plants was based on inaccurate information provided by the plant in response to corporate data requests for verification of compliance with Dynegy Generation Operations Procedure No. G6-15.

RELIABILITY IMPACT (IF KNOWN)

There has been no known impact on system reliability due to the nature of this possible violation. As mentioned above, the three Plants where monthly battery inspections and quarterly battery tests were missed/not completed are peaking plants and two of them are seldom called upon to operate. Also, Dynegy Inc. has not received any calls from the Reliability Coordinators (i.e. MISO and TVA) or the associated Transmission Operators (i.e. Ameren and LG&E) indicating any reliability concerns or problems related to this possible non-compliance.

SERC Staff will contact the person providing the report as soon as possible.

If you do not receive a response from SERC Staff within 2 business days please contact the SERC office (704-357-7372).

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

Attachment d

Settlement Agreement by and between SERC and Dynegy executed July 45, 2010

SETTLEMENT AGREEMENT

OF

SERC RELIABILITY CORPORATION

AND

DYNEGY, INC.

I. INTRODUCTION

1. SERC Reliability Corporation (“SERC”) and Dynegy, Inc. (“Dynegy”) enter into this Settlement Agreement (“Settlement Agreement”) to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in SERC’s determination and findings, pursuant to the North American Electric Reliability Corporation (“NERC”) Rules of Procedure, of one violation by Dynegy of NERC Reliability Standard PRC-005-1 (Transmission and Generation Protection System Maintenance and Testing) Requirement (R)2 (SERC Issue Tracking No. 09-019; NERC Violation ID No. SERC200900263).
2. Dynegy neither admits nor denies that the facts set forth and agreed to by the parties for purposes of this Settlement Agreement constitute violations of NERC Reliability Standard PRC-005-1 R2 and has agreed to the proposed penalty of twelve thousand, five hundred dollars (\$12,500) to be assessed to Dynegy, in addition to other remedies and mitigation actions to mitigate the instant alleged violations and ensure future compliance under the terms and conditions of the Settlement Agreement.

II. STIPULATION

3. The facts stipulated herein are stipulated solely for the purpose of resolving, between Dynegy and SERC, the matters discussed herein and do not constitute stipulations or admissions for any other purpose. The attached Disposition Document dated July 20, 2010 is incorporated herein in its entirety. Dynegy and SERC hereby stipulate and agree to the following:

Background

4. See Section I of the Disposition Document for a description of Dynegy.

One Violation of NERC Reliability Standard PRC-005-1 R2

5. See Section II of the Disposition Document for the description of the violation(s).

III. PARTIES' SEPARATE REPRESENTATIONS

Statement of SERC and Summary of Findings

6. SERC staff finds that beginning on June 18, 2007 and continuing until completion of Dynegy's maintenance and testing of batteries across all of its plants in the SERC Region on July 15, 2009, Dynegy, as a Generator Owner, did not have evidence that it maintained and tested within defined intervals all of its Protection System devices as described in the Disposition Document, in accordance with Dynegy's Protection System maintenance and testing program, as required by NERC Reliability Standard PRC-005-1 R2.
7. SERC staff concluded that the violations did not pose a serious or substantial risk to the bulk power system, as discussed in the Disposition Document.
8. SERC agrees that this Settlement Agreement is in the best interest of the parties and in the best interest of bulk power system reliability.

Statement of Dynegy, Inc.

9. Dynegy neither admits nor denies that the facts set forth and agreed to by the parties for purposes of this Settlement Agreement constitute violations of NERC Reliability Standard PRC-005-1 R2.
10. Dynegy has agreed to enter into this Settlement Agreement with SERC to avoid extended litigation with respect to the matters described or referred to herein, to avoid uncertainty, and to effectuate a complete and final resolution of the issues set forth herein. Dynegy agrees that this Settlement Agreement is in the best interest of the parties and in the best interest of bulk power system reliability.
11. Dynegy believes that compliance with NERC Reliability Standards is a key to preserving the reliability of the bulk power system. Further, Dynegy believes that timely reviews and revisions of the Standards are an important component of improving bulk power system reliability. Dynegy is committed to compliance with NERC Reliability Standards.

IV. MITIGATING ACTIONS, REMEDIES AND SANCTIONS

12. SERC and Dynegy agree that Dynegy has completed and SERC has verified completion of the mitigating actions set forth in Section IV of the Disposition Document. The Mitigating Actions, Remedies and Sanctions are discussed in detail in the Disposition Document.

13. It is understood that SERC staff shall review the progress of mitigation plans and any other remedies of this Agreement, including, but not limited to site inspection, interviews, and request other documentation to validate progress and/or completion of the mitigation plans and any other remedies of this Agreement. SERC shall reasonably coordinate audits and information requests with the Dynegy related to this Agreement.
14. SERC staff also considered the specific facts and circumstances of the violations and Dynegy's actions in response to the violations in determining a proposed penalty that meets the requirement in Section 215 of the Federal Power Act that "[a]ny penalty imposed under this section shall bear a reasonable relation to the seriousness of the violation and shall take into consideration the efforts of Dynegy to remedy the violation in a timely manner."¹ The factors considered by SERC staff in the determination of the appropriate penalty are set forth in Section V of the Disposition Document.
15. Based on the above factors, as well as the mitigation actions and preventative measures taken, Dynegy shall pay twelve-thousand five-hundred dollars (\$12,500) to SERC as set forth in this Settlement Agreement. Dynegy shall remit the payment to SERC via check, or by wire transfer to an account to be identified by SERC ("SERC Account") in its invoice to Dynegy, within thirty days after this Settlement Agreement is either approved by the Federal Energy Regulatory Commission ("FERC" or "Commission") or by operation of law. SERC shall notify NERC, and NERC shall notify the Commission, if the payment is not timely received. If Dynegy does not remit the payment by the required date, interest payable to SERC will begin to accrue pursuant to the Commission's regulations at 18 C.F.R. §35.19a(a)(2)(iii) from the date that payment is due, and shall be payable in addition to the payment.
16. Failure to make a timely penalty payment or to comply with any of the terms and conditions agreed to herein, or any other conditions of this Settlement Agreement shall be deemed to be either the same alleged violation that initiated this Settlement Agreement and/or additional violation(s) and may subject Dynegy to new or additional enforcement, penalty or sanction actions in accordance with the NERC Rules of Procedure. Dynegy shall retain all rights to defend against such additional enforcement actions in accordance with NERC Rules of Procedure.d

V. ADDITIONAL TERMS

17. The signatories to the Settlement Agreement agree that they enter into the Settlement Agreement voluntarily and that, other than the recitations set forth herein, no tender, offer or promise of any kind by any member, employee, officer, director, agent or representative of SERC or Dynegy has been made to induce the signatories or any other party to enter into the Settlement Agreement. The signatories agree that the

¹ 16 U.S.C. § 824o(e)(6).

terms and conditions of this Settlement Agreement are consistent with the Commission's regulations and orders, and NERC Rules of Procedure.

18. SERC shall report the terms of all settlements of compliance matters to NERC. NERC will review the settlement for the purpose of evaluating its consistency with other settlements entered into for similar violations or under other, similar circumstances. Based on this review, NERC will either approve the settlement or reject the settlement and notify SERC and Dynegy of changes to the settlement that would result in approval. If NERC rejects the settlement, NERC will provide specific written reasons for such rejection and SERC will attempt to negotiate a revised settlement agreement with Dynegy including any changes to the settlement specified by NERC. If a settlement cannot be reached, the enforcement process shall continue to conclusion. If NERC approves the settlement, NERC will (i) report the approved settlement to the Commission for the Commission's review and approval by order or operation of law and (ii) publicly post this Settlement Agreement.
19. This Settlement Agreement shall become effective upon the Commission's approval of the Settlement Agreement by order or operation of law as submitted to it or as modified in a manner acceptable to the parties.
20. Dynegy agrees that this Settlement Agreement, when approved by NERC and the Commission, shall represent a final settlement of all matters set forth herein and Dynegy waives its right to further hearings and appeal, unless and only to the extent that Dynegy contends that any NERC or Commission action on the Settlement Agreement contains one or more material modifications to the Settlement Agreement. SERC reserves all rights to initiate enforcement, penalty or sanction actions against Dynegy in accordance with the NERC Rules of Procedure in the event that Dynegy fails to comply with the mitigation plan and compliance program agreed to in this Settlement Agreement. In the event Dynegy fails to comply with any of the stipulations, remedies, sanctions or additional terms, as set forth in this Settlement Agreement, SERC will initiate enforcement, penalty, or sanction actions against Dynegy to the maximum extent allowed by the NERC Rules of Procedure, up to the maximum statutorily allowed penalty. Except as otherwise specified in this Settlement Agreement, Dynegy shall retain all rights to defend against such enforcement actions, also according to the NERC Rules of Procedure.
21. Dynegy consents to the use of SERC's determinations, findings, and conclusions set forth in this Settlement 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 Dynegy does not consent to the use of the specific acts set forth in this Settlement Agreement as the sole basis for any other action or proceeding brought by NERC and/or SERC, nor does Dynegy consent to the use of this Settlement Agreement by any other party in any other action or proceeding.

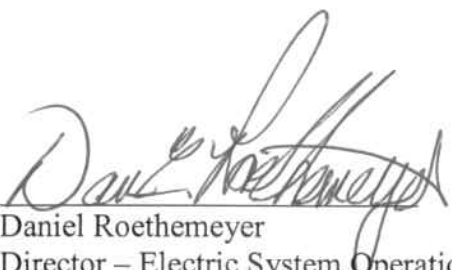
22. Each of the undersigned warrants that he or she is an authorized representative of the entity designated, is authorized to bind such entity and accepts the Settlement Agreement on the entity's behalf.
23. The undersigned representative of each party affirms that he or she has read the Settlement Agreement, that all of the matters set forth in the Settlement Agreement are true and correct to the best of his or her knowledge, information and belief, and that he or she understands that the Settlement Agreement is entered into by such party in express reliance on those representations, provided; however, that such affirmation by each party's representative shall not apply to the other party's statements of position set forth in Section III of this Settlement Agreement.
24. The Settlement Agreement may be signed in counterparts.
25. This Settlement Agreement is executed in duplicate, each of which so executed shall be deemed to be an original.

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

Agreed to and accepted:


R. Scott Henry
President and CEO
SERC RELIABILITY CORPORATION

7/23/2010
Date


Daniel Roethemeyer
Director – Electric System Operations and Compliance
DYNEGY, INC.

7/22/10
Date

**Disposition Document and SERC's Verification of
Completion contained therein
dated July 45, 2010**

DISPOSITION OF VIOLATION¹

July 23, 2010

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.	NOC#
SERC200900263	09-019	NOC-568
REGISTERED ENTITY		NERC REGISTRY ID.
Dynegy, Inc. (Dynegy)		NCR00200
REGIONAL ENTITY		
SERC Reliability Corporation (SERC)		

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											
		5/31/07	5/31/07											

* VIOLATION APPLIES TO SHADED FUNCTIONS

DESCRIPTION OF THE REGISTERED ENTITY

Dynegy provides wholesale power, capacity and ancillary services to utilities, cooperatives, municipalities and other energy companies in seven states in key U.S. regions of the Midwest, the Northeast and the West Coast. The company's power generation portfolio consists of approximately 12,500 MW of baseload, intermediate and peaking power plants fueled by a mix of coal, fuel oil and natural gas. Dynegy operates approximately 3,500 MW of capacity within the SERC region.

Dynegy is registered in four NERC regions, Northeast Power Coordinating Council (NPCC), ReliabilityFirst Corporation (RFC), SERC and Western Electricity Coordinating Council (WECC), under the same NERC Compliance Registry ID number.

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.

II. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
PRC-005-1	2	2.1	High ²	Lower

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

The purpose statement of PRC-005-1 states: “To ensure all transmission and generation Protection Systems³ affecting the reliability of the Bulk Electric System (BES) are maintained and tested.”

PRC-005-1 R2 requires that:

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

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

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

VIOLATION DESCRIPTION

On April 30, 2009, Dynegy self-reported a violation of NERC Reliability Standard PRC-005-1 R2 and specifically R2.1 at its Heard County Plant stating that it had discovered, during due diligence activities associated with the sale of the Heard County Plant, that not all battery maintenance activities at that plant had been conducted according to the schedule required by its Protection System maintenance and testing program, *Dynegy Generation Operations Procedure G6-15, Rev 2 – Station Battery Bank Maintenance and Testing*. Dynegy’s battery maintenance and testing program has two primary activity levels: monthly inspections and quarterly testing.⁴ Monthly inspections include such activities as checking electrolyte levels, battery charger voltage and current, status of DC system ground indicators, status of AC input to the battery charger, and battery terminals and bars for signs of corrosion and deterioration. Quarterly testing includes such activities as measuring

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

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

⁴ Dynegy also requires battery performance/load test to be performed every five years; Dynegy did not miss any of the five year testing.

charger voltage, charger current, the specific gravity, the battery terminal float voltage, individual battery cell float voltage, equalizing voltage, inter-cell resistance, and investigating and eliminating battery grounds.

In order to assess the extent of Dynegy's non-compliance, SERC requested, and Dynegy had already begun to undertake, a comprehensive review of all of Dynegy's plants⁵ in the SERC footprint to determine if other similar circumstances existed at any of its other plants. From its review, Dynegy found that battery maintenance had not been conducted as required by Dynegy's program intervals not only at the Heard County Plant, but at all of its ten plants in the SERC region.

Dynegy submitted an addendum to its Self-Report on May 29, 2009 based upon its review noted above, which included a spreadsheet indicating that, of the missed activities, 128 out of a total of 710 scheduled maintenance activities or approximately 18% of the total (100 of 525 scheduled monthly or 19% and 28 of 185 quarterly or 15%) maintenance activities were missed at three of the 9 plants,⁶ the Stallings, Oglesby and Tilton Plants, all of which are relatively small peaking plants totaling approximately 350 MW. The Oglesby and Stallings Plants are unmanned and are continuously monitored by the Wood River and Hennepin Plants, respectively. The remaining 6 of the 9 plants had late completion of quarterly activities in 22 instances (12%). In another 7 instances (4%), the date of quarterly activity was recorded but the back-up data was not available.

In addition to the station review mentioned above, Dynegy conducted a comprehensive review of all the other elements of its generator Protection System. Dynegy reported to SERC and provided an attestation that no additional deficiencies were identified with other Protection System elements.

As a result of SERC's review of the circumstances described above, SERC determined that Dynegy, as a Generator Owner, was in violation of PRC-005-1 R2.1 for failing to maintain and test its Protection System devices within the defined intervals in accordance with Dynegy's Protection System maintenance and testing program.

**RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL
SERC determined that this violation did not create a serious or substantial risk to the reliability of the BPS because each of the generating plants has remote monitoring and alarming for battery voltage and battery ground indications.**

⁵ At the time of the violation, Dynegy had ten plants in the SERC footprint – Baldwin, Wood River, Stallings, Havana, Hennepin, Oglesby, Vermilion, Tilton, Bluegrass and Heard County. Dynegy sold the Heard County plant to Oglethorpe effective May 1, 2009; Oglethorpe renamed it the Hawk Road Energy Facility. Dynegy sold the Heard County Plant prior to the conclusion of SERC's assessment of the instant violation. Thus, the past maintenance violations at the Heard County Plant could not be verified and the future maintenance activities were no longer within Dynegy's control after such sale. The batteries at the Heard County Plant were tested and confirmed to be in working order prior to the sale.

⁶ The Heard County Plant is not included in this number as it was sold prior to Dynegy's submittal of its May 29, 2009 self-report addendum.

Although Dynegy controls a significant amount of generation in the SERC region totaling 3,500 MW and the violation involved all of Dynegy's units in the region, the most significant discrepancies (where multiple monthly maintenance and quarterly tests were missed) involved 3 relatively small peaking plants totaling approximately 350 MW. Dynegy provided records for the remaining 6 plants, comprising 3,150 MW of its generation showing these plants' non-compliance was due to the late completion of required activities rather than a failure to complete the maintenance and testing.

IS THERE A SETTLEMENT AGREEMENT YES ☒ NO ☐

WITH RESPECT TO THE VIOLATION(S), REGISTERED ENTITY

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

WITH RESPECT TO THE PROPOSED 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)

PRC-005-1 R2 and R2.1 – The duration of the violation is from June 18, 2007, when the Standard became enforceable, through July 15, 2009, when Dynegy completed the maintenance and testing of batteries across all of its plants in the SERC region.

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY

Dynegy discovered this issue on April 27, 2009 and self-reported its initial findings on April 30, 2009 and submitted a revised Self-Report on May 6, 2009 providing additional detail. On May 29, 2009, Dynegy submitted an Addendum to its May 6,

2009 revised Self-Report to include additional instances of non-compliance with PRC-005-1 R2.1 at all ten of its plants in the SERC region.

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

MITIGATION PLAN NO. MIT-07-1901

DATE SUBMITTED TO REGIONAL ENTITY May 29, 2009

DATE ACCEPTED BY REGIONAL ENTITY August 20, 2009

DATE APPROVED BY NERC August 25, 2009

DATE PROVIDED TO FERC August 25, 2009

IDENTIFY AND EXPLAIN VERSIONS THAT WERE REJECTED, IF APPLICABLE

N/A

MITIGATION PLAN COMPLETED YES ☒ NO ☐

EXPECTED COMPLETION DATE August 1, 2009

EXTENSIONS GRANTED No

ACTUAL COMPLETION DATE August 3, 2009

DATE OF CERTIFICATION LETTER August 11, 2009

CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF August 3, 2009

DATE OF VERIFICATION LETTER

This document provides Verification of Completion

VERIFIED COMPLETE BY REGIONAL ENTITY AS OF August 3, 2009

On August 11, 2009, Dynegy certified the completion of its Mitigation Plan occurred on August 3, 2009, two days after the agreed date of August 1, 2009. Dynegy had not requested an extension of the end date for the Mitigation Plan. When SERC Staff inquired why Dynegy completed its plan after the end date, Dynegy explained that it was unable to complete the required training for four employees until after the approved completion date. It

further explained the four employees had either been on vacation or out sick on the date that training was scheduled. For these four employees, the required training was completed as soon as the employees returned to work on August 3, 2009. As described below, part of Dynegy's Mitigation Plan required it to train its employees on the requirements contained within PRC-005-1 R2.1 regarding maintaining "[e]vidence Protection System devices were maintained and tested within the defined intervals" since this was directly related to the violation. Dynegy conducted the training associated with compliance to PRC-005-1 on June 1, 2009 and June 2, 2009 at the Tilton Plant, July 16, 2009 through June 29, 2009 at the Oglesby Plant and July 22, 2009 through July 28, 2009 at the Wood River Plant. The training at Wood River occurred during the last weeks of its approximately 9 week Mitigation Plan schedule resulted in the four employees completing their training after the approved completion date.

SERC Staff considers an entity's obligation to complete its Mitigation Plan as imperative to the reliability of the BPS. Under the CMEP, entities have the right to request an extension within five (5) days of the end date and SERC would be unlikely to deny a reasonable request especially a request for such a limited duration. Completion of employee training within the last week of the Mitigation Plan should have been seen by Dynegy as a potential for problems, because employee absences are part of everyday business planning. SERC Staff considered the circumstances and did not believe that Dynegy provided an adequate reason to have missed the approved completion date, because the reasons for its lateness were within its control.

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

Dynegy's Mitigation Plan for the 9 plants discussed above consisted of 4 activities:

- Provided refresher NERC compliance training on battery inspection and testing requirements to all plant personnel who support the Stallings, Oglesby, and Tilton Plants. These three plants accounted for the majority of the missed inspections whereas the other six plants primarily had late completion of activities. The training included a review of PRC-005-1 and *Dynegy Generation Operations Procedure G6-15*.
- Revised *Dynegy Generation Operations Procedure G6-15* to clarify that "quarterly" means 90 days plus 21 days.⁷

⁷ Dynegy's program adds an additional 21 days to the quarterly period to account for portions of the quarter when priority maintenance, outages and scheduling conflicts occur.

- Revised Monthly Inspection and Quarterly Test forms at all nine plants to be consistent with the items required to be checked (and recorded where required) by *Dynegy Generation Operations Procedure G6-15*.
- Modified *Dynegy Generation Regulatory Compliance Procedure G9-03* to require the Plant Manager's signature on all Plant Self-Certifications of compliance or non-compliance.

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

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

- A copy of the presentation materials used to train plant staff emphasizing the requirements and importance of battery maintenance.
- A copy of the sign in sheets showing that all required personnel received training for battery maintenance at the Oglesby, Stallings and Tilton Plants.
- A copy of the attestations signed by the Oglesby, Stallings and Tilton Plant Managers verifying that all required personnel have received the required training.
- A copy of the revised Monthly Inspection and Quarterly Test forms for all nine (the Heard County Plant was subsequently sold) plants to be consistent with all the required items to be checked and recorded by its *Generation Operations Procedure G6-15*.
- A copy of the redlined and final versions of *Dynegy Generation Operations Procedure G6-15 – Station Battery Bank Maintenance and Testing* confirming the addition of the clarifying statements.
- A copy of the redline and the final versions of *Dynegy Generation Regulatory Compliance Procedure G9-03– Compliance With NERC Reliability Standards – Division of Responsibilities Within Dynegy*.

V. PENALTY INFORMATION

TOTAL PROPOSED PENALTY OR SANCTION OF \$12,500 FOR 1 VIOLATION.

(1) REGISTERED ENTITY'S COMPLIANCE HISTORY

PRIOR VIOLATIONS OF THIS RELIABILITY STANDARD OR
 REQUIREMENT(S) THEREUNDER YES ☐ NO ☒

LIST ANY VIOLATIONS AND STATUS

ADDITIONAL COMMENTS

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

LIST ANY PRIOR VIOLATIONS AND STATUS

In the WECC Region

- On October 14, 2009, NERC submitted an Omnibus filing under NP10-2-000 which addressed violations for certain registered entities including one violation of VAR-002-1 R2 for Dynegy in the WECC region. On November 13, 2009, FERC issued an order stating it would not engage in further review of the violations addressed in the Omnibus Notice of Penalty.⁸

In the ReliabilityFirst Region

- A Settlement Agreement covering violations of FAC-008-1 R1 for Dynegy in the ReliabilityFirst region (NOC-432) was approved by the BOTCC on March 10, 2010 and filed with FERC under NP10-98-000 on April 28, 2010. On May 28, 2010, FERC issued an order stating it would not engage in further review of the Notice of Penalty.

In the SERC Region

- On March 31, 2009, NERC filed a Notice of Penalty (NOC-010) under NP09-16-000 which addressed two violations of VAR-002-1 R2 by Dynegy registered in the SERC region. On April 30, 2009, FERC issued an order stating it would not engage in further review of the March 31, 2009 Notice of Penalty.

⁸ Dynegy, Inc. was additionally registered on the NERC Compliance Registry under NCR05136 and on October 30, 2008 this registration was consolidated with NCR00200.

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

FULL COOPERATION YES ☒ NO ☐
IF NO, EXPLAIN

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

IS THERE A DOCUMENTED COMPLIANCE PROGRAM
YES ☒ NO ☐

EXPLAIN

Dynegy has an Internal Compliance Program that is governed by *Dynegy Generation Procedure G9-04* and Dynegy's Code of Business Conduct and Ethics (the Code). *Dynegy Generation Procedure G9-04* augments Dynegy's Code which sets forth Dynegy's expectations regarding lawful and ethical business behavior. The Code outlines an overall culture of compliance that includes a specific commitment to excellence in compliance. The principles included in the Code and the details in *Dynegy Generation Procedure G9-04* constitute Dynegy's Internal Compliance Program associated with the NERC Reliability Standards.

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

Dynegy's compliance program is headed by a Director - Electric System Operations and Compliance, this position reports directly to Executive Vice President - Operations.

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

YES ☐ NO ☒
IF YES, EXPLAIN

(5) ANY EVIDENCE THIS WAS AN INTENTIONAL VIOLATION

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

(9) ADDITIONAL SUPPORT FOR PROPOSED PENALTY OR SANCTION

SERC Staff does not believe there was any financial gain from these missed maintenance activities. These maintenance activities have been and will continue to be conducted by existing Dynegy personnel.

EXHIBITS:

SOURCE DOCUMENT

Dynegy's Self-Report dated April 30, 2009

Dynegy's Revised Self-Report dated May 6, 2009

Dynegy's Addendum to the May 6, 2009 Self-Report dated May 29, 2009

MITIGATION PLAN

Dynegy's Mitigation Plan submitted May 29, 2009

CERTIFICATION BY REGISTERED ENTITY

Dynegy's Certification of Completion dated August 11, 2009

OTHER RELEVANT INFORMATION:

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR
SANCTION ISSUED

DATE : OR N/A ☒

SETTLEMENT DISCUSSIONS COMMENCED

DATE: 8/31/09 OR N/A ☐

NOTICE OF CONFIRMED VIOLATION ISSUED

DATE: OR N/A ☒

SUPPLEMENTAL RECORD INFORMATION

DATE(S) OR N/A ☒

REGISTERED ENTITY RESPONSE CONTESTING

FINDINGS ☐ PENALTY ☐ BOTH ☐ N/A ☒

HEARING REQUESTED

YES ☐ NO ☒

DATE

OUTCOME

APPEAL REQUESTED

ISSUANCE HISTORY

(Current version to be retained at each issuance)

REASON

DATE

NAVAPS

SETTLEMENT

July 23, 2010

NOCV

FERC FILING

OTHER (Explain)

Attachment e

**Dynegy's Mitigation Plan designated as MIT-07-
1901 submitted May 29, 2009**



Mitigation Plan Submittal Form

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

Date this Mitigation Plan is being submitted: May 29, 2009

If this Mitigation Plan has already been completed:

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

Section A: Compliance Notices

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

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



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

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

Section B: Registered Entity Information

B.1 Identify your organization:

Company Name: Dynegy Inc.

Company Address: 133 South Fourth Street, Suite 306, Springfield, IL 62701-1232

NERC Compliance Registry ID *[if known]* NCR00200

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

Name: Greg Mason

Title: Director - Electric System Operations And Compliance

Email: Gregory.A.Mason@dynegy.com

Phone: (217)492-6604





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

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

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

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

NERC Violation ID # [if known]	SERC Violation ID # [if known]	Requirement Violated (e.g. R3.2)	Violation Date ⁰
Unknown	Unknown	R2, R2.1	5/29/09 (SR)

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

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

The causes of the possible violations identified above include:

(1) The battery inspections and tests were missed/not completed at Stallings, Oglesby, and Tilton due to working level plant personnel either determining that these battery inspections and tests did not need to be completed due to other priorities or inadvertently failing to schedule the maintenance work. These decisions and actions by working level personnel at these plants were made without sufficient knowledge of the NERC compliance requirements for the required battery inspections and tests.

(2) The quarterly battery tests were primarily not completed on schedule due to the Baldwin, Havana, Hennepin, and Bluegrass Plants making a



broad interpretation that the "quarterly" testing requirement in Dynegy Generation Operations Procedure G6-15 meant testing could be completed anytime during a quarter. The intent of the Procedure was to complete the battery tests approximately every 90 days (with an additional grace period of about 3 weeks).

(3) Two causes contributed to all of the individual items listed for the monthly inspections and quarterly tests in Dynegy Generation Operations Procedure G6-15 not being checked (and recorded when required) by the Wood River, Stallings, Havana, Hennepin, Oglesby, Vermilion, Tilton and Bluegrass Plants. First, when Dynegy Generation Operations Procedure G6-15 was issued it did not include a standard form to be used by all Plants. Second, the historic forms used by the Plants to make these inspections and tests had not been changed to have the items that need to be checked (and recorded where required) to directly correspond to the items listed in Dynegy Generation Operations Procedure G6-15.

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

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

N/A

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

Please note that the all the required monthly battery inspections and the quarterly electrical diagnostic battery tests for all the Dynegy Inc. Plants in SERC are current as of May 29, 2009. Also, the battery performance/load test that is required to be completed every 5 years has been completed at each Plant except the Stallings Plant. The 5 year battery performance/load tests are scheduled to be completed at the Stallings Plant by July 15, 2009.



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:

The action plan of Dynegy Inc. includes five specific tasks and actions as follows:

(1) Training: Provide refresher NERC compliance training on battery inspection and testing requirements to all Plant personnel that support the Stallings, Oglesby, and Tilton Plants. This training will include a review of NERC Standard PRC-005 and Dynegy Generation Procedure G6-15.

(2) Procedures: Revise Dynegy Generation Procedure G6-15 to clarify that "quarterly" means 90 days plus 21 days.

(3) Inspection Forms: Revise Monthly Inspection and Quarterly Test forms at all nine Plants to be consistent with the items required to be checked (and recorded where required) by Dynegy Generation Operations Procedure G6-15.

(5) Procedures: Modify Dynegy Generation Regulatory Compliance Procedure G9-03 to require the Plant Manager's signature on all Plant Self-Certifications of compliance or non-compliance.

[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 DA, below.

Mitigation Plan Timeline and Milestones

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



D.3 date by which full implementation of the Mitigation Plan described in D.1 above is to be completed is August 1, 2009.

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

Milestone Activity	Proposed Completion Date* (shall not be more than 3 months apart)
Conduct refresher NERC compliance training on battery inspection and testing requirements with the Plant personnel that support the Stallings, Oglesby, and Tilton Plants. This training will include a review of NERC Standard PRC-005 and Dynegy Generation Procedure G6-15.	August 1, 2009
Revise Dynegy Generation Procedure G6-15 to clarify that "quarterly" means 90 days plus 21 days.	July 15, 2009
Revise Monthly Inspection and Quarterly Test forms at all nine Plants to be consistent with the items required to be checked (and recorded where required) by Dynegy Generation Operations Procedure G6-15.	August 1, 2009
Revise Dynegy Generation Regulatory Compliance Procedure G9-03 to require the Plant Manager's signature on all Plant Self-Certifications of compliance or non-compliance.	July 15, 2009

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

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



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:

N/A

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

Section E: Interim and Future Reliability Risk

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

Abatement of Interim BPS Reliability Risk

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

We are not aware of any risks or impacts, caused by the implementation of this Mitigation Plan, to the reliability of the Bulk Power System during our implementation of this Mitigation Plan.

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

Prevention of Future BPS Reliability Risk

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

By completing the outlined steps in our Mitigation Plan, the Dynegy Inc. Plants operating in the SERC Region will minimize the probability of a reoccurrence of this violation.



[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:

N/A

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

[Continued on Next Page](#)

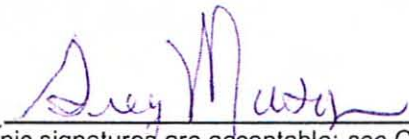


Section F: Authorization

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

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

Authorized Individual Signature


(Electronic signatures are acceptable; see CMEP)

Name (Print): Greg Mason

Title: Director-Electric System Operations and Compliance

Date: 5/29/09



Section G: Comments and Additional Information

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

N/A

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

Submittal Instructions:

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

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

Email the pdf file to [serccomply\(5\)serc1.org](mailto:serccomply(5)serc1.org).

Please direct any questions regarding completion of this form to:

Ken Keels
Manager, Compliance Enforcement
SERC Reliability Corporation
704-357-7372
[kkeels\(S\)serc1.org](mailto:kkeels(S)serc1.org)

Attachment f

Dynegy's Certification of Completion of the Mitigation Plan dated August 11, 2009

Print on Registered Entity's Corporate Letterhead

To Close Out a Completed Mitigation Plan, fill out this form, save it as a text searchable pdf file or MS Word file, and email it to serccomply@serc1.org. Note that electronic signatures are acceptable.

All Mitigation Plan Completion Certification submittals shall include data or information sufficient for SERC to verify completion of the Mitigation Plan. SERC may request such 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) Data or information submitted may become part of a public record upon final disposition of the possible violation, therefore any confidential information contained therein should be marked as such in accordance with the provisions of Section 1500 of the NERC Rules of Procedure.

Certification of a Completed Mitigation Plan

SERC Reliability Corporation Violation Mitigation Plan Closure Form

Name of Registered Entity submitting certification: Dynegy Inc.

Date of Certification: August 11, 2009

Name of Standard and the Requirement(s) of mitigated violation(s): Transmission and Generation Protection System Maintenance and Testing (PRC-005-1, R2, R2.1)

SERC Tracking Number (contact SERC if not known): 09-019

NERC Violation ID Number (if assigned): Unknown

Date of completion of the Mitigation Plan: August 3, 2009

Summary of all actions described in Part D of the relevant mitigation plan: The action plan of Dynegy Inc. included four specific tasks and actions as follows:

- (1) Training: Provide refresher NERC compliance training on battery inspection and testing requirements to all Plant personnel that support the Stallings, Oglesby, and Tilton Plants. This training will include a review of NERC Standard PRC-005 and Dynegy Generation Procedure G6-15.
- (2) Procedures: Revise Dynegy Generation Procedure G6-15 to clarify that "quarterly" means 90 days plus 21 days.

Print on Registered Entity's Corporate Letterhead

(3) Inspection Forms: Revise Monthly Inspection and Quarterly Test forms at all nine Plants to be consistent with the items required to be checked by and recorded (some) Dynegy Generation Operations Procedure G6-15.

(4) Procedures: Modify Dynegy Generation Regulatory Compliance Procedure G9-03 to require the Plant Manager's signature on all Plant Self-Certifications of compliance or non-compliance.

Description of the information provided to SERC for their evaluation:

Information for Milestone #1 showing refresher training is included in documentation sections A-C. Training completed for the Stallings facility on 8/3/09 closed out all required training (see documentation section C6). Information for Milestone #2 showing revised Dynegy Generation Procedure G6-15 is included in documentation section D-E. The final signed version of the Procedure is dated 7/13/09 (see documentation section E1). Information for Milestone #3 showing Revised Monthly Inspection and Quarterly Test Forms is included in documentation sections F-N. All forms were completed prior to 8/1/09. Note one Plant (i.e. Baldwin) did not require any revisions. Information for Milestone #4 showing revised Dynegy Generation Regulatory Procedure G9-03 is included in documentation section O-P. The final signed version of the Procedure is dated 7/13/09 (see documentation section P1).

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

Name: Greg Mason

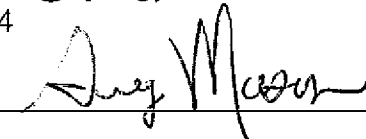
Title: Director-Electric System Operations and Compliance

Entity: Dynegy Inc.

Email: Gregory.A.Mason@dynegy.com

Phone: (217) 492-6604

Designated Signature



Date 8/11/08

[NOTE – Closure Form should be signed by same individual that signed Mitigation Plan]

(Form Revised August 13, 2008)

Attachment g

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Dynegy, Inc.

Docket No. NP10-____-000

NOTICE OF FILING
July 52, 2010

Take notice that on July 52, 2010, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Dynegy, Inc. in the SERC Reliability Corporation region.

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

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

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

Comment Date: [BLANK]

Kimberly D. Bose,
Secretary