



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

June 29, 2011

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

**Re: NERC Abbreviated Notice of Penalty regarding Luminant Energy Company, LLC,
FERC Docket No. NP11-__-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Abbreviated Notice of Penalty (NOP) regarding Luminant Energy Company, LLC (Luminant), with information and details regarding the nature and resolution of the violations¹ discussed in detail in the Settlement Agreement (Attachment a) 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)).²

This NOP is being filed with the Commission because Texas Reliability Entity, Inc. (Texas RE) and Luminant have entered into a Settlement Agreement to resolve all outstanding issues arising from Texas RE's determination and findings of the violations of VAR-002-1.1a Requirement (R) 3, IRO-001-1.1 R8 and TOP-001-1 R3. According to the Settlement Agreement, Luminant admits to the violations, and has agreed to the assessed penalty of one hundred seven thousand dollars (\$107,000), in addition to other remedies and actions to mitigate the instant violations and facilitate future compliance under the terms and conditions of the Settlement Agreement. Accordingly, the violations identified as NERC Violation Tracking Identification Numbers

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).

TRE201000114, TRE201000121 and TRE201000122 are being filed in accordance with the NERC Rules of Procedure and the CMEP.

Statement of Findings Underlying the Violations

This NOP incorporates the findings and justifications set forth in the Settlement Agreement executed on June 27, 2011, by and between Texas RE and Luminant. The details of the findings and the basis for the penalty are set forth in the Disposition Documents. 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 ³	Total Penalty (\$)
NOC-841	TRE201000114 TRE201100204	VAR-002-1.1a	3	Medium ⁴	1/22/10 – 1/26/10 & 11/21/10 - 11/23/10	107,000
	TRE201000121	IRO-001-1.1	8	High ⁵	3/20/10, 4/24/10, 5/19/10, 5/26/10	
	TRE201000122	TOP-001-1	3	High	3/20/10, 4/24/10, 5/19/10, 5/26/10	

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

VAR-002-1.1a R3 - OVERVIEW

As a result of Self-Reports submitted on February 5, 2010 and January 25, 2011,⁶ Texas RE determined that Luminant, as a Generator Operator (GOP), did not notify its Transmission

³ The violations of IRO-001-1.1 R8 and TOP-001-1 R3 involved four event-based occurrences of a single violation. The Mitigation Plan for these violations, MIT-10-3110, was completed on July 7, 2010.

⁴ 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 version of the NERC Reliability Standard at the time of the violation, VAR-002-1.1a, is used throughout.

⁵ IRO-001-1 was enforceable from June 18, 2007 through May 12, 2009. IRO-001-1.1 is the current enforceable version of the Standard effective May 13, 2009.

⁶ On January 25, 2011, Luminant submitted a Self-Report dated January 24, 2011 concerning a violation of VAR-002-1.1a R3.1 (TRE201100204). Texas RE considered this as a second instance of Luminant’s previous violation of VAR-002-1.1a R3.1 because the violation occurred after Luminant had implemented a Mitigation Plan that Texas

Operator, Electric Reliability Council of Texas, Inc. Independent System Operator (ERCOT ISO), within 30 minutes of a change in the status of its Power System Stabilizer (PSS) at the Big Brown Unit 2 generating station, and the Oak Grove Unit 2, as required by the Standard.

IRO-001-1.1 R8 and TOP-001-1 R3 - OVERVIEW

As a result of a Self-Report submitted on June 8, 2010, Texas RE determined that Luminant, as a GOP, did not follow directives from its Reliability Coordinator, ERCOT ISO, on March 20, 2010 and April 24, 2010 at Luminant's Roscoe Wind Farm, and May 19, 2010 and May 26, 2010 at Luminant's Graham Unit 2, as required by the Standard.

Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed⁷

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,⁸ the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on June 10, 2011. The NERC BOTCC approved the Settlement Agreement, including Texas RE's assessment of a one hundred seven thousand dollar (\$107,000) financial penalty against Luminant and other actions to facilitate future compliance required under the terms and conditions of the Settlement Agreement. In approving the Settlement Agreement, the NERC BOTCC reviewed the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the violations at issue.

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

1. the violations constituted Luminant's first occurrence of violations of the subject NERC Reliability Standards;
2. Luminant self-reported the violation of VAR-002-1.1a R3;
3. Texas RE reported that Luminant was cooperative throughout the compliance enforcement process;
4. Luminant had a compliance program at the time of the violation which Texas RE considered a mitigating factor, as discussed in the Common Disposition Document;
5. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so;

RE believed would prevent future violations. Texas RE adjusted the penalty to include the second instance of the violation.

⁷ See 18 C.F.R. § 39.7(d)(4).

⁸ *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); *North American Electric Reliability Corporation*, "Notice of No Further Review and Guidance Order," 132 FERC ¶ 61,182 (2010).

6. Texas RE determined that the violations posed a minimal risk and did not pose a serious or substantial risk to the reliability of the bulk power system (BPS), as discussed in the Disposition Documents; and
7. Texas RE 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 approved the Settlement Agreement and believes that the assessed penalty of one hundred seven thousand dollars (\$107,000) is appropriate for the violations 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) Settlement Agreement by and between Texas RE and Luminant executed June 27, 2011, included as Attachment a;
 - i. Common Disposition Document, included as Attachment A to the Settlement Agreement;
 - ii. Disposition Document for VAR-002-1.1a R3, included as Attachment B to the Settlement Agreement; and
 - iii. Disposition Document for IRO-001-1.1 R8 and TOP-001-1 R3, included as Attachment C to the Settlement Agreement.
- b) Record Documents for VAR-002-1.1a R3:
 - i. Luminant's Self-Report for VAR-002-1.1a R3 (First Instance) dated February 5, 2010, included as Attachment b-1;
 - ii. Luminant's Self-Report for VAR-002-1.1a R3 (Second Instance) dated January 24, 2011 and submitted on January 25, 2011, included as Attachment b-2;
 - iii. Luminant's Mitigation Plan MIT-10-3034 for VAR-002-1.1a R3 (First Instance) dated February 5, 2010, included as Attachment b-3;
 - iv. Luminant's Mitigation Plan MIT-11-3490 for VAR-002-1.1a R3 (Second Instance) dated February 7, 2011,⁹ included as Attachment b-4;
 - v. Luminant's Certification of Mitigation Plan Completion dated May 3, 2010, included as Attachment b-5; and

⁹ The Mitigation Plan for TRE201100204 (2nd Instance of VAR-002-1.1a R3.1 violation) has an expected completion date of November 29, 2011. Therefore, this Notice of Penalty is being filed with FERC prior to the Mitigation Plan being completed.

- vi. Texas RE's Verification of Mitigation Plan Completion dated December 8, 2010, included as Attachment b-6.¹⁰
- c) Record Documents for IRO-001-1.1 R8 and TOP-001-1 R3:
- i. Luminant's Self-Reports for IRO-001-1.1 R8 dated June 8, 2010, June 29, 2010 and August 12, 2010, included as Attachment c-1;
 - ii. Luminant's Self-Reports for TOP-001-1 R3 dated June 8, 2010, June 29, 2010 and August 12, 2010, included as Attachment c-2;
 - iii. Luminant's Revised Mitigation Plan MIT-10-3110 for IRO-001-1.1 R8 and TOP-001-1 R3 dated June 16, 2010, included as Attachment c-3;
 - iv. Luminant's Certification of Mitigation Plan Completion for IRO-001-1.1 R8 and TOP-001-1 R3 dated July 7, 2010, included as Attachment c-4; and
 - v. Texas RE's Verification of Mitigation Plan Completion for IRO-001-1.1 R8 and TOP-001-1 R3 dated January 13, 2011, included as Attachment c-5.¹¹

A Form of Notice Suitable for Publication¹²

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

¹⁰ The Verification of Mitigation Plan Completion states the Mitigation Plan was submitted on February 25, 2011.

¹¹ The Verification of Mitigation Plan Completion for the IRO-001 and TOP-001 violations is misdated as January 13, 2010.

¹² 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>Susan Vincent* General Counsel Texas Reliability Entity, Inc. 805 Las Cimas Parkway, Suite 200 Austin, TX 78746 (512) 583-4922 (512) 233-2233 – facsimile susan.vincent@texasre.org</p> <p>Rashida Caraway* Manager, Compliance Enforcement Texas Reliability Entity, Inc. 805 Las Cimas Parkway, Suite 200 Austin, TX 78746 (512) 583-4977 (512) 233-2233 – facsimile rashida.caraway@texasre.org</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* Associate General Counsel for Corporate and Regulatory Matters 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>Thomas E. Oney* VP, Regulatory Law and Chief Compliance Officer Luminant Energy Company LLC 500 North Akard, Suite 10-020 Dallas, Texas 75201 (214)875-9086 (214)875-9480 - facsimile Thomas.oney@luminant.com</p> <p>J. Kevin Phillips* Director, Trade Floor Compliance Program Luminant Energy Company LLC 500 North Akard, Suite 14-075 Dallas, Texas 75201 (214)875-9341 (214)875-9480 - facsimile Kevin.phillips@luminant.com</p>
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Conclusion

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

Respectfully submitted,

Gerald W. Cauley
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David N. Cook
Sr. Vice President and General Counsel
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/s/ Rebecca J. Michael
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rebecca.michael@nerc.net

cc: Luminant Energy Company, LLC
Texas Reliability Entity, Inc.

Attachments

Attachment a

Settlement Agreement by and between Texas RE and Luminant executed June 49, 2011



SETTLEMENT AGREEMENT

OF

TEXAS RELIABILITY ENTITY, INC.

AND

LUMINANT ENERGY COMPANY, LLC

I. INTRODUCTION

1. North American Electric Reliability Corporation ("NERC") delegated authority to Texas Reliability Entity, Inc. to become the regional entity for the ERCOT region effective July 1, 2010, pursuant to Section 215(e)(4) of the Federal Power Act. NERC also delegated to Texas Reliability Entity, Inc. the authority and responsibility for the continuation of all compliance monitoring and enforcement activities that it had previously delegated to Texas Regional Entity (a division of Electric Reliability Council of Texas, Inc.). The term "Texas RE" is used herein to refer to both Texas Regional Entity and Texas Reliability Entity, Inc.
2. Texas RE and Luminant Energy Company LLC ("Luminant") (collectively, Luminant and Texas RE are referred to herein as the "parties") enter into this Settlement Agreement ("Settlement Agreement") to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in Texas RE's determination and findings, pursuant to the NERC Rules of Procedure, of alleged violations of NERC Reliability Standards as detailed in Disposition Exhibits A – C attached hereto, by Luminant.
3. Luminant admits the violations of NERC Reliability Standards VAR-002-1.1a, R3, IRO-001-1.1a, R8, and TOP-001-1, R3 and has agreed to the proposed penalty of \$107,000 to be assessed to Luminant, in addition to other remedies and mitigation actions to mitigate the instant alleged violation and facilitate future compliance under the terms and conditions of the Settlement Agreement.

II. STIPULATION

4. The facts stipulated herein are stipulated solely for the purpose of resolving, between Luminant and Texas RE, the matters discussed herein and do not constitute stipulations or admissions for any other purpose. The attached Disposition Document is incorporated herein in its entirety. Luminant and Texas RE hereby stipulate and agree to the following:


Luminant Energy Company, LLC
Background

5. See Section I of the Disposition of Violation, Information Common to Instant Violations," attached as Exhibit A for a description of Luminant.

Violations of NERC Reliability Standards

See Disposition Exhibits A – C attached hereto for the description of individual violations, summarized as follows:

Exhibit No.	Violation Tracking No.	Standard and Requirement	Discovery Method	Violation Date(s)
B	TRE201000114	VAR-002-1.1a, R3	Self-report	1/22/2010 - 1/26/2010
B	TRE201000204	VAR-002-1.1a, R3	Self-report	11/21/2010 - 11/23/2010
C	TRE201000121	IRO-001-1.1, R8	Audit/Self-report	3/20/2010, 4/24/2010, 5/19/2010, 5/26/2010
C	TRE201000122	TOP-001-1, R3	Audit/Self-report	3/20/2010, 4/24/2010, 5/19/2010, 5/26/2010

III. PARTIES' SEPARATE REPRESENTATIONS
STATEMENT OF TEXAS RE AND SUMMARY OF FINDINGS

6. As a result of Texas RE's findings from a self-report dated February 5, 2010, Texas RE has determined that the Power System Stabilizer ("PSS") at generating station Big Brown Unit 2 was not in-service as expected from approximately January 22, 2010 until January 26, 2010. The Transmission Operator, Electric Reliability Council of Texas, Inc. ("ERCOT ISO"), was not notified within 30 minutes of a status or capability change of a PSS as required by VAR-002-1.1a, R3.
7. Texas RE received a self-report on June 8, 2010 and conducted an on-site audit August 2 - 5, 2010. Texas RE subsequently determined that Luminant did not follow ERCOT ISO directives to maintain certain generator outputs on March 20, 2010, April 24, 2010, May 19, 2010, and May 26, 2010. As a result, Texas RE determined that Luminant violated IRO-001-1.1, R8 and TOP-00101, R3, both of which require registered entities to comply with such directives.
8. Texas RE received a self-report on January 25, 2011. Texas RE determined that Luminant failed to notify ERCOT of a change in status of the PSS at Oak Grove Unit 2 when the PSS did not activate after the unit came back online from a scheduled outage on November 21, 2010. The PSS outage was discovered out-of-service on November 23, 2010, at which time the PSS was placed back into service and Luminant Energy notified ERCOT the PSS was back in service on November 23, 2010.



Luminant Energy Company, LLC

9. Texas RE agrees that this agreement is in the best interest of the parties and in the best interest of bulk power system reliability.

STATEMENT OF LUMINANT

10. Luminant admits that the facts set forth and agreed to by the parties for purposes of this Agreement constitute violations of Reliability Standards VAR-002-1.1a, R3, IRO-001-1.1, R8, and TOP-001-1, R3. However, Luminant notes that it has a strong commitment to compliance. Luminant timely self-reported these instances of non-compliance upon discovery of them and has fully cooperated with Texas RE in its investigation of them. Moreover, Luminant has implemented extensive mitigation measures to help prevent future violations of this nature. Additionally, Luminant does not believe that any of these violations impacted the reliability of the ERCOT bulk electric system.
11. Luminant agrees to the alleged violations, and has agreed to enter into this Settlement Agreement with Texas RE 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. Luminant agrees that this agreement is in the best interest of the parties and in the best interest of maintaining a reliable electric infrastructure.

IV. MITIGATING ACTIONS, REMEDIES AND SANCTIONS

12. Texas RE and Luminant agree that Luminant has completed and Texas RE has verified and will verify completion of the mitigating actions as described in the attached Disposition Documents. The Mitigating Actions, Remedies and Sanctions are discussed in detail in the Disposition Documents.
13. For purposes of settling any and all disputes arising from Texas RE's investigation into the matters reported by Luminant in its Self Reports and from the Compliance Audit, Texas RE and Luminant agree that on and after the effective date of this Agreement, Luminant shall take the following actions:

Activity - IRO-001-1.1, R8 and TOP-001-1, R3	Dates to be completed
i. Build out robust Nodal monitoring capabilities (Generation Resource Energy Deployment Performance [GREDP] and Reliability Unit Commitment [RUC]) for Luminant Energy real-time operations team. Reference Protocols 8.1.1.4.1(7)-(8) and 8.1.2(3).	6/30/2011
ii. Build out robust Nodal trade day +1 review capabilities (GREDP and RUC) for Luminant Energy Compliance.	6/30/2011
iii. Evaluate an enterprise logging solution to improve end to end communications and logging from the resource to the Qualified Scheduling Entity (QSE) to ERCOT.	6/30/2011



Luminant Energy Company, LLC

Activity - VAR-002-1.1a, R3	Dates to be completed
i. Integrate Power System Stabilizer (PSS) and Automatic Voltage Regulator (AVR) alarm and flagging tools into the Luminant Power Operations Center charged with monitoring of real-time fleet status.	12/01/11 *
ii. Evaluate an enterprise logging solution to improve end to end communications and logging from the resource to the QSE to ERCOT.	6/30/2011
iii. Training plant operators to use consistent, key terminology when reporting PSS and AVR status changes to the QSE	6/30/2011

*- Subject to outage schedule changes.

14. In order to facilitate Texas RE's need to communicate the status and provide accountability to the ERO (NERC), Luminant will provide updates quarterly, or more frequently, upon request by Texas RE. This reporting obligation will conclude upon completion of the respective activity. Luminant will submit these status updates to Texas RE in accordance with the confidentiality provisions of Section 1500 of the NERC Rules of Procedure.
15. It is understood that Texas RE staff shall audit 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. Texas RE shall reasonably coordinate audits and information requests with Luminant related to this Agreement.
16. Texas RE staff also consider the specific facts and circumstances of the violations and Luminant'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 such user, owner, or operator to remedy the violation in a timely manner."¹ The factors considered by Texas RE staff in the determination of the appropriate penalty are set forth in Section V of the Disposition Document.
17. Based on the above factors, as well as the mitigation actions and preventative measures taken, Luminant shall pay the monetary penalty of \$107,000 to Texas RE, within twenty days after the Agreement is either approved by the Federal Energy Regulatory Commission or by operation of law, and Texas RE shall notify NERC if the payment is not received.
18. The estimated costs to Luminant to implement the agreed to actions beyond those necessary to come into compliance with the Standard, as discussed above, are

¹ 16 U.S.C. § 824o(e)(6).

**Luminant Energy Company, LLC**

approximately \$215,000. Texas RE may audit and inspect financial records to validate actual expenditures with estimates in this Settlement Agreement.

19. 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 and/or additional violation(s) and may subject Luminant to new or additional enforcement, penalty or sanction actions in accordance with the NERC Rules of Procedure.
20. If Luminant does not make the monetary penalty payment above at the times agreed by the parties, interest payable to Texas RE will begin to accrue pursuant to the Commission's regulations at 18 C.F.R. § 35.19(a)(2)(iii) from the date that payment is due, in addition to the penalty specified above. Luminant shall retain all rights to defend against such additional enforcement actions in accordance with NERC Rules of Procedure.

V. ADDITIONAL TERMS

21. 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 Texas RE or Luminant has been made to induce the signatories or any other party to enter into the Settlement Agreement.
22. Texas RE 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 Texas RE and Luminant 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 Texas RE will attempt to negotiate a revised settlement agreement with Luminant 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.
23. 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.
24. Luminant agrees that this Settlement Agreement, when approved by NERC and the Commission, shall represent a final settlement of all matters set forth herein and Luminant waives its right to further hearings and appeal, unless and only to the extent that Luminant contends that any NERC or Commission action on the Settlement Agreement contains one or more material modifications to the

**Luminant Energy Company, LLC**

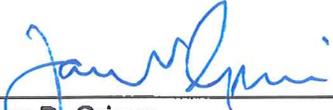
Settlement Agreement. Texas RE reserves all rights to initiate enforcement, penalty or sanction actions against Luminant in accordance with the NERC Rules of Procedure in the event that Luminant fails to comply with the Mitigation Plan and compliance program agreed to in this Settlement Agreement. In the event Luminant fails to comply with any of the stipulations, remedies, sanctions or additional terms, as set forth in this Settlement Agreement, Texas RE will initiate enforcement, penalty, or sanction actions against Luminant 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, Luminant shall retain all rights to defend against such enforcement actions, also according to the NERC Rules of Procedure.

25. Luminant consents to the use of Texas RE'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 Luminant 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 Texas RE, nor does Luminant consent to the use of this Settlement Agreement by any other party in any other action or proceeding.
26. 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.
27. 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.
28. The Settlement Agreement may be signed in counterparts.
29. This Settlement Agreement is executed in duplicate, each of which so executed shall be deemed to be an original.

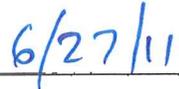


Luminant Energy Company, LLC

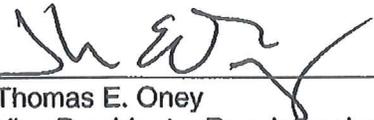
Agreed to and accepted:



Larry D. Grimm
President & CEO
Texas Reliability Entity, Inc.



Date



Thomas E. Oney
Vice President – Regulatory Law
Luminant Energy Company, LLC



Date

Common Disposition Document

Exhibit “A”

DISPOSITION OF VIOLATION¹ INFORMATION COMMON TO INSTANT VIOLATIONS Dated June 27, 2011

NERC REGISTRY ID.
NCR10133

NOC#
NOC-841

REGISTERED ENTITY
Luminant Energy Company, LLC (“Luminant”)

REGIONAL ENTITY
Texas Reliability Entity, Inc. (“Texas RE”)

I. REGISTRATION INFORMATION

ENTITY IS REGISTERED FOR THE FOLLOWING FUNCTIONS (BOTTOM ROW INDICATES REGISTRATION DATE):

BA	DP	GO	GOP ²	IA	LSE	PA	PSE	RC	RP	RSG	TO	TOP	TP	TSP
			X											
			1/30/08											

* Violation applies to shaded functions

DESCRIPTION OF THE REGISTERED ENTITY

Luminant is an electric power and natural gas marketer. Luminant is the largest generator/provider of electricity in Texas, through fourteen (14) plants encompassing forty (40) units, including gas fired units, coal fired units, nuclear power, and leadership in wind purchases. Luminant has an actual generating capacity of 15,427 MW, including units that are

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 On March 16, 2009, Luminant was registered with Coordinated Functional Registration (“CFR”) (formerly Type 2 Joint Registration Organization) (JRO00036 and JRO00037) for the Generator Operator function.

leased, mothballed, or operated for third parties. Luminant sells power at wholesale primarily in the Electric Reliability Council of Texas, Inc. ("ERCOT") region. Luminant is also engaged in Qualified Scheduling Entities (QSE) activities in ERCOT. Additionally, Luminant is authorized to sell power at wholesale in other parts of the United States pursuant to market-based rate authority granted by the Federal Energy Regulatory Commission (FERC). Luminant operates as a natural gas marketer throughout the United States under a blanket marketing certificate from the Commission pursuant to Section 7 of the Natural Gas Act. Luminant is a Texas limited liability company and is a wholly owned subsidiary of Luminant Holding Company LLC, a Delaware limited liability company, which in turn is wholly owned by Texas Competitive Electric Holdings Company LLC, a Delaware limited liability company. Texas Competitive Electric Holdings Company LLC is wholly owned by Energy Future Competitive Holdings Company, a Texas corporation, which is wholly owned by Energy Future Holdings Corp (EFH) a Texas corporation.

IS THERE A SETTLEMENT AGREEMENT Yes No

WITH RESPECT TO THE VIOLATION, REGISTERED ENTITY

Neither admits nor denies it (settlement only)
 Admits to it
 Does not contest it (Including within 30 days)

WITH RESPECT TO THE PROPOSED PENALTY OR SANCTION, REGISTERED ENTITY

Accepts it/Does not contest it

V. PENALTY INFORMATION

ASSESSED PENALTY OR SANCTION \$107,000

(1) Registered Entity's compliance history

Previous filed violations of any of the Reliability Standard(s) or Requirement(s) thereunder

Yes No

List violations and status

Additional comments

Previously filed violations of other Reliability Standard(s) or Requirement(s) thereunder

Yes No

List violations and status

Additional comments

(2) The degree and quality of cooperation by the Registered Entity

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

Luminant had an internal compliance program (ICP) in effect at the time of the violations, and continues to have substantially the same Compliance Program. Texas RE considered Luminant's Compliance Program as a mitigating factor in determining appropriate penalties.

The program included the following elements:

- Active engagement and leadership by a Vice President/Chief Compliance Officer as described below.
- Wide dissemination within the company, including NERC Reliability Compliance training. This training is provided annually and is mandatory for all Luminant employees with functional responsibility for electric reliability compliance matters. To ensure adherence to NERC standards, Luminant mandates an annual web-based training program with a testing component for all Luminant employees with functional responsibility for electric reliability compliance matters.
- Preventive measures, including internal audits, prompt detection of problems, cessation of misconduct, and reporting of violations. This Compliance Program also reflects Luminant's commitment to Compliance as it pertains to possible exceptions or violations. Luminant Energy has various channels in place for Compliance to report to senior management as it pertains to possible exceptions or violations. Among those channels are the following:

- The Luminant Energy Chief Compliance Officer has direct access to the EFH Board of Directors
- Compliance has a standing agenda item to report on current events at the Luminant Energy Risk Management Forum;
- The Director – Trade Floor Compliance Program meets weekly with the Chief Compliance Officer to review possible Compliance Program exceptions
- A Compliance Helpline is available for all employees to raise Compliance concerns.
- Employees are required to raise any Compliance concern through various means, such as the Compliance Helpline, contacting their manager or supervisor, or by contacting any of the General Counsel, Chief Compliance Officer or Director -Trade Floor Compliance Program.
- Documented exceptions or violations will be reported via these channels to be appropriately resolved.
- Corporate Code of Conduct and Employee Discipline Policy

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 factor in employee evaluations, or otherwise.

Luminant’s Compliance Program is fully supported by EFH’s senior leadership and represents senior management involvement. An example of this involvement is the EFH Compliance Leadership Charter. This charter establishes a Leadership Team comprised of a high-level group of officers who are tasked with various responsibilities regarding the oversight and enforcement of internal compliance programs (e.g., EFH’s Corporate Code of Conduct, EFH’s Employee Discipline Policy, insider trading compliance, and antitrust compliance). Additionally, EFH’s Corporate Code of Conduct, which applies to all EFH and subsidiary employees, includes a cover letter signed by the Chairman, President, and Chief Executive of EFH, that urges compliance with those rules, sending a “top down” signal to all employees that EFH’s Corporate Code of Conduct is taken seriously by EFH senior management. Similarly, the Luminant Energy Chief Executive provides a documented statement at the beginning of each annual compliance training session stressing the organizations commitment to compliance. Luminant recognizes the importance of ensuring that an officer or senior employee is tasked with overseeing a regulated company’s compliance with all regulatory obligations. Accordingly, Luminant has implemented a senior role for a Vice President, Regulatory Law and Chief Compliance Officer of Luminant Energy. This officer has general responsibility for overseeing compliance with applicable laws and regulations for Luminant Energy. This officer has direct access to the Luminant Board of Directors and reports to the General Counsel of Luminant, who, in turn, reports directly the General Counsel of EFH.

(4) Any attempt by the Registered Entity to conceal the violation(s) or information needed to review, evaluate, or investigate the violationYes No **Explain if Yes****(5) Any evidence the violation(s) were intentional**Yes No **Explain if Yes****(6) Any other mitigating factors for consideration**Yes No **Explain if Yes**

Above and Beyond Measures for IRO-001-1.1 R8 and TOP-001-1 R3 – (1) Build out robust Nodal monitoring capabilities (Generation Resource Energy Deployment Performance [GREDP] and Reliability Unit Commitment [RUC]) for Luminant Energy real-time operations team. Reference Protocols 8.1.1.4.1(7)-(8) and 8.1.2(3); (2) Build out robust Nodal trade day +1 review capabilities (GREDP and RUC) for Luminant Energy Compliance; and (3) Evaluate an enterprise logging solution to improve end to end communications and logging from the resource to the Qualified Scheduling Entity (QSE) to ERCOT.

Above and Beyond Measures for VAR-002-1.1a R3 – (1) Integrate Power System Stabilizer (PSS) and Automatic Voltage Regulator (AVR) alarm and flagging tools into the Luminant Power Operations Center charged with monitoring of real-time fleet status; (2) Evaluate an enterprise logging solution to improve end to end communications and logging from the resource to the QSE to ERCOT; and (3) Training plant operators to use consistent, key terminology when reporting PSS and AVR status changes to the QSE.

The estimated costs to Luminant to implement the agreed to actions beyond those necessary to come into compliance with the Standard, as discussed above, are approximately \$215,000

(7) Any other aggravating factors for considerationYes No **Explain if Yes****(8) Any other extenuating circumstances**Yes No **Explain if Yes**

OTHER RELEVANT INFORMATION**Notice of alleged violation and proposed penalty or sanction issued**

Date
Or N/A

Settlement discussions requested

Date 12/8/2010
Or N/A

Notice of Confirmed Violation issued

Date
Or N/A

Supplemental Record information

Date(s)
Or N/A

Registered Entity response contested

Findings
Penalty
Both
Did not contest

Hearing Requested

Yes No

Date
Outcome
Appeal Requested

Disposition Document for VAR-002-1.1a R3

Exhibit “B”

DISPOSITION OF VIOLATION³ Dated June 27, 2011

NERC TRACKING NO.

TRE201000114 (1st instance)
TRE201100204 (2nd Instance)

REGIONAL ENTITY TRACKING NO.

I. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT	SUB-REQUIREMENT(S)	VRF	VSL
VAR-002-1.1a ⁴	R3	R3.1	Medium	Lower

Violation applies to the following functions:

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

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

The purpose statement of VAR-002-1.1a provides: “To ensure generators provide reactive and voltage control necessary to ensure voltage levels, reactive flows, and reactive resources are maintained within applicable Facility Ratings to protect equipment and the reliable operation of the Interconnection.”

³ 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.

⁴ 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 version of the NERC Reliability Standard at the time of the violation, VAR-002-1.1a, is used throughout.

VAR-002-1.1a R3 provides:

- 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.

VIOLATION DESCRIPTION

On January 26, 2010,⁵ at 7:35 a.m., plant personnel at generating station Big Brown Unit 2 concluded that the Power System Stabilizer ("PSS") was not in-service as expected even though the control switch was in the "on" position. Twenty minutes later, at 7:55 a.m., the Transmission Operator Electric Reliability Council of Texas, Inc. Independent System Operator (ERCOT ISO) was notified via phone of the "off" status. Further research revealed that the PSS was most likely out-of-service since approximately January 22, 2010 when an employee had noticed that a diagnostic light for the PSS was off. During this time the PSS control switch had been in the "on" position. The Transmission Operator was not notified within 30 minutes of a status or capability change of a PSS.

On November 21, 2010, the PSS at Oak Grove Unit 2 did not activate after the unit came back online from a scheduled outage. The PSS should have activated upon the plant coming back on-line and reaching 20% output. The plant operator did not receive an alarm as he should have and did not realize the PSS was inactive. The PSS outage was discovered out of service at 3:02 p.m. on November 23, 2010 when a Luminant Protection and Control technician working at the plant discovered that the PSS was disabled. Luminant's technician immediately notified the plant control operator that the PSS was not enabled or active. The plant control operator then enabled the PSS placing it back in service and the Transmission Operator was informed that the PSS was back in service at 3:07 p.m. on November 23, 2010. The Transmission Operator was not notified within 30 minutes of a status or capability change of a PSS.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

Texas RE determined that this violation posed a minimal risk and did not pose a serious or substantial risk to the bulk power system (BPS) because the unit AVR and PSS were

⁵ The Self-Report, Mitigation Plan and Verification of Mitigation Plan Completion incorrectly state that the violation occurred on January 26, 2009.

installed and tuned so the PSS activates when the unit output is greater than 174 MW. As an additional design and control feature, when the PSS is not activated or out-of-service, the AVR automatically changes the gain and appropriately controls voltage. On both occasions, the AVR operated as designed and automatically began controlling voltage as required when the PSS went out-of-service. The recent addition of the two PSS was a result of ERCOT Nodal Operating Guide requirements. In addition, the transmission operator (Oncor) reported that both the Big Brown facility and Oak Grove facility experienced no voltage control issues during the course of the violation.

II. 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)

1st Instance: 1/22/2010 (when Luminant noticed that the PSS was not in-service at Big Brown Unit 2) – 1/26/10 (when Luminant notified ERCOT ISO that the PSS was not in service at Big Brown Unit 2)

2nd Instance: 11/21/2010 (when Luminant noticed that the PSS was not in-service at Oak Grove Unit 2) - 11/23/2010 (when Luminant notified ERCOT ISO that the PSS was not in-service at Oak Grove Unit 2)

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY

1st Instance: 2/5/2010

2nd Instance: 1/25/11⁶

Is the violation still occurring

Yes No

Explain if yes

Remedial Action Directive issued

Yes No

Pre to post June 18, 2007 violation

Yes No

⁶ The Self-Report is dated January 24, 2011.

III. MITIGATION INFORMATION

Note that two mitigation plans have been submitted for this violation. Each mitigation plan accompanied a respective self-report.

Regarding the first mitigation plan and the reason it failed to address a recurrence of this issue, the elements of the mitigation plan included certain revisions to plant start-up procedures designed to provide greater awareness and transparency of the status of both PSS and Automatic Voltage Regulator (AVR) equipment. In practice, the plant personnel utilize documented procedures as well as written Checklists in the normal course of business. While the mitigation plan called for revisions to the start-up procedures, changes to the Checklists were not specifically mandated.

Additionally, the mitigation plan required installation of visible and audible alarms and status indicators designed to provide plant operators clear signals when changes to the PSS status occur.

On November 13, 2010 Oak Grove Unit 2 was taken off line for a scheduled outage. The PSS was enabled and active as the outage occurred. While on outage, the PSS was disabled and inactive.

The generating unit was placed back in service on November 21, 2010. When the unit came back online, the PSS remained disabled and inactive. The generating unit reached the PSS activation level (approximately 20% output) at 19:46 on November 21, 2010, and the PSS did not activate at that time. Per R3.1 of VAR-002-1-1a, Luminant was obligated to notify ERCOT ISO within 30 minutes of the change in status of the PSS. Specifically, the change in status resulted from the PSS being in operation during the plant operation prior to the outage, to the PSS being out of operation at the time the outage ended when the plant was brought back online. The PSS should have activated upon the plant being brought online and reaching approximately 20% output, otherwise ERCOT ISO should have been notified within 30 minutes (that is, by 20:16 on November 21, 2010). However, the plant operator did not receive a PSS alarm and did not realize the PSS was not active. The PSS was discovered out of service on November 23, 2010 at 15:02, at which time the PSS was placed back into service. Luminant notified ERCOT the PSS was back in service at 15:07 on November 23, 2010.

MITIGATION PLAN NO.

1st Instance: MIT-10-3034

2nd Instance: MIT-11-3490

Date Submitted to Regional Entity

1st Instance: 2/5/2010

2nd Instance: 2/7/2011

Date Accepted by Regional Entity

1st Instance: 10/27/2010

2nd Instance: 3/25/2011

Date approved by NERC1st Instance: 11/23/20102nd Instance: 4/15/2011**Date provided to FERC**1st Instance: 11/23/20102nd Instance: 4/19/2011

Identify and explain all prior versions that were accepted or rejected, if applicable

MITIGATION PLAN COMPLETEDYes ⁷ No **Expected completion date**1st Instance: 4/26/20102nd Instance: 11/29/2011**Extensions granted**

N/A

Actual Completion Date1st Instance: 4/12/20102nd Instance: TBD**Date of Certification Letter**1st Instance: 5/3/20102nd Instance: TBD**Certified as complete by Registered Entity as of**1st Instance: 4/12/20102ND Instance: TBD**Date of Verification Letter**1st Instance: 12/8/20102nd Instance: TBD**Verified complete by Regional Entity as of**1st Instance: 4/12/20102nd Instance: TBD

⁷ Luminant's Mitigation Plan MIT-10-3034 was certified and verified as of April 12, 2010. Luminant's subsequent Mitigation Plan, submitted on February 7, 2011 has an estimated completion date of November 29, 2011.

Actions taken to mitigate the issue and prevent recurrence**MIT-10-3034**

1. Provided audible and clearly visible PSS status change alarms in the Big Brown Unit 2 control room. This was completed prior to the replacement PSS being placed into service.
2. Replaced the defective PSS on Big Brown Unit 2 at the first available Unit outage.
3. For all Luminant Power generating units equipped with a PSS, Luminant Power provided visible and audible PSS status change alarms in the unit control rooms.
4. Luminant Power conducted a technical review of visible and audible AVR alarms on all Luminant Power generating units. Alarm logic was revised as needed to provide consistent AVR status alarms to unit operators. Because of the limitation of technology, for Combustion Turbine Generating units, Luminant Power utilized visible alarms that require operator action to resolve the alarm.
5. Luminant Power reviewed and reinforced AVR and PSS compliance and reliability reporting requirements with applicable plant personnel at all Luminant Power generating units.
6. Luminant Power reviewed and revised the annual compliance training documents to expand the details for compliance and reporting obligations relating to PSS and AVR.
7. Luminant Power reviewed and modified as necessary unit startup procedures to include an operator verification of the unit's AVR and PSS status at all Luminant Power Generating units.

List of evidence reviewed by Regional Entity to evaluate completion of Mitigation Plan or Milestones (for cases in which mitigation is not yet completed, list evidence reviewed for completed milestones)**MIT-10-3034**

1. *AVR Progress Summary Checklist 4-12-2010.pdf*
2. *AVR PSS Mitigation Refresher Training 3-19-10.pdf*
3. *AVR PSS Startup Procedure Verification 4-1-10.pdf*
4. *AVR-PSS Alarm Implementation Summary.pdf*
5. *CPNPP AVR PSS OPS Trng Mtrl.pdf*
6. *Final NERC - ERCOT Compliance Training for Fossil 4-12-10.pdf*
7. *GENCTRL Log 012610.pdf*
8. *GENCTRL Log 031810.pdf*
9. *GENCTRL Log 031910.pdf*
10. *Luminant Energy PSS Mitigation Summary 4-29-10.pdf*
11. *Luminant Generation_AVR_PSS_Test Results_4-12-2010.pdf*
12. *PSS_Progress Summary Checklist_4-12-2010.pdf*

Item 10 listed all the planned mitigation activities and provided the planned completion and actual completion of individual tasks identified earlier. This document also referenced the rest of the above documents where applicable to indicate how individual activities are addressed. Over all, the provided evidence indicated that Luminant Energy installed new PSS at Big Brown Unit 2 (items 8 and 9), modified DCS systems to include visual and audible alarms to indicate the status of PSS at each of the power stations. Luminant Energy also provided evidence of appropriate verification by the responsible personnel at the individual plants (items 1, 3 and 4). Luminant Energy also provided evidence (items 5 and 6) that Luminant Power will review and reinforced AVR and PSS compliance and reliability reporting requirements with applicable plant personnel at all Luminant Power generating units. Luminant Energy provided evidence (item 10) that they reviewed unit startup procedures to include an operator verification of the unit's AVR and PSS status at all Luminant Power Generating units. Item 2 above shows that Luminant Energy reviewed and revised the annual compliance training documents to expand the details for compliance and reporting obligations relating to PSS and AVR.

MIT-11-3490

1. For immediate mitigation, Luminant placed the PSS back into service and reported the Oak Grove Unit 2 PSS in-service to ERCOT Operations at 15:07 on November 23, 2010, thus providing the TOP with the status change as required.
2. Luminant Power reviewed and modified, as necessary, all unit startup procedures and startup checklists to include an operator verification of a unit's PSS status during startup at all active Luminant Power generating units equipped with a PSS. This was completed by April 1, 2011.
3. Luminant and Luminant Power plan to review and modify as necessary the PSS status alarm logic to provide visible and audible alarms in the unit control rooms for any time the PSS is not active when a unit is above its activation MW threshold or when a unit is online and the PSS is not available. This activity will provide immediate PSS status changes to the control room operators. The PSS alarms will be tested to verify proper alarming. A unit must be offline to perform the final alarm logic programming and initial testing. The final alarm testing must be completed when a unit is returning online after an outage. Luminant Power will complete alarm testing and verification as soon as possible using any forced outage (if the outage is of sufficient duration and adequate resources are available to complete alarm testing and verification), or after the conclusion of the next planned outage as currently scheduled:
 - a. Monticello Unit 1 – March 22, 2011
 - b. Martin Lake Unit 1 – April 3, 2011
 - c. Martin Lake Unit 2 – April 5, 2011
 - d. Monticello Unit 2 – April 6, 2011
 - e. Martin Lake Unit 3 – May 14, 2011
 - f. Sandow Unit 5 – May 26, 2011
 - g. Oak Grove Unit 1 – November 7, 2011
 - h. Big Brown Unit 2 – November 8, 2011
 - i. Oak Grove Unit 2 – November 9, 2011
 - j. Sandow Unit 4 – November 29, 2011

The completion of this activity may be impacted by changes to outage schedules or forced outage extensions.

List of evidence reviewed by Regional Entity to evaluate completion of Mitigation Plan or Milestones (for cases in which mitigation is not yet completed, list evidence reviewed for completed milestones)

TBD

EXHIBITS

Source Document

Luminant's Self-Report dated February 5, 2010

Luminant's Self-Report dated January 24, 2011 and submitted January 25, 2011

Mitigation Plan

Luminant's Mitigation Plan MIT-10-3034 dated February 5, 2010

Luminant's Mitigation Plan MIT-11-3490 dated February 7, 2011

Certification of Completion

Luminant's Certification of Mitigation Plan Completion dated May 3, 2010

Verification by Regional Entity

Texas RE's Verification of Mitigation Plan Completion dated December 8, 2010

**Disposition Document for IRO-001-1.1 R8 and
TOP-001-1 R3**

Exhibit “C”

DISPOSITION OF VIOLATION⁸ Dated June 27, 2011

NERC TRACKING NO.

TRE201000121 (IRO-001-1.1a R8)

TRE201000122 (TOP-001-1 R3)

REGIONAL ENTITY TRACKING NO.

NERC20100024

NERC20100023

I. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
IRO-001-1.1 ⁹	R8		High	Severe
TOP-001-1	R3		High	Severe

Violation applies to the following functions:

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

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

IRO-001-1.1 R8

The purpose statement of IRO-001-1.1 provides:

Reliability Coordinators must have the authority, plans, and agreements in place to immediately direct reliability entities within their Reliability Coordinator Areas to re-dispatch generation, reconfigure transmission, or reduce load to mitigate critical conditions to return the system to a reliable state. If a Reliability Coordinator delegates tasks to others, the Reliability Coordinator retains its responsibilities for complying with NERC and regional standards. Standards of conduct are necessary to ensure the Reliability Coordinator does not act in a manner that favors one market participant over another.

⁸ 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.

⁹ IRO-001-1 was enforceable from June 18, 2007 through May 12, 2009. IRO-001-1.1 is the current enforceable version of the Standard effective May 13, 2009.

IRO-001-1.1 R8 provides:

- R8.** Transmission Operators, Balancing Authorities, Generator Operators, Transmission Service Providers, Load-Serving Entities, and Purchasing-Selling Entities shall comply with Reliability Coordinator directives unless such actions would violate safety, equipment, or regulatory or statutory requirements. Under these circumstances, the Transmission Operator, Balancing Authority, Generator Operator, Transmission Service Provider, Load-Serving Entity, or Purchasing-Selling Entity shall immediately inform the Reliability Coordinator of the inability to perform the directive so that the Reliability Coordinator may implement alternate remedial actions.

TOP-001-1 R3

The purpose statement of TOP-001-1 provides: "To ensure reliability entities have clear decision-making authority and capabilities to take appropriate actions or direct the actions of others to return the transmission system to normal conditions during an emergency."

TOP-001-1 R3 provides:

- R3.** Each Transmission Operator, Balancing Authority, and Generator Operator shall comply with reliability directives issued by the Reliability Coordinator, and each Balancing Authority and Generator Operator shall comply with reliability directives issued by the Transmission Operator, unless such actions would violate safety, equipment, regulatory or statutory requirements. Under these circumstances the Transmission Operator, Balancing Authority or Generator Operator shall immediately inform the Reliability Coordinator or Transmission Operator of the inability to perform the directive so that the Reliability Coordinator or Transmission Operator can implement alternate remedial actions.

VIOLATION DESCRIPTION

Note: the description of the violation is the same for both standards.

Roscoe Wind Farm on 3/20/2010

On March 20, 2010, at approximately 11:33, ERCOT ISO (the Reliability Coordinator (RC)) issued a series of electronic directives every 15 minutes (Out-of-Merit Energy or "OOME" directives) to a Luminant operator to reduce the output of the Roscoe Wind Farm ("Roscoe") to 0 MW for the period 11:45 until 18:00. The Luminant operator subsequently failed to notify the Roscoe facility and the facility continued to produce energy at approximately 21 MW during this period. There were 25 electronic directives in all.

Later that day, at approximately 17:53, a different Luminant operator contacted ERCOT ISO to inquire whether the directive would be terminated and the Roscoe facility would be allowed to return to an unrestricted operating level. The ERCOT ISO operator indicated that it would not be allowed to return to an unrestricted operating level and to "hold everything where it is at."

The ERCOT ISO operator then issued a series of eight electronic OOME directives approximately every 15 minutes to reduce the output of Roscoe to 0 MW for the period 18:00 through 20:00. The Luminant operator did not notify the Roscoe facility and the facility continued to produce energy at approximately 20 MW during this period.

To summarize, on March 20, 2010, 33 electronic OOME directives were issued by ERCOT ISO to a Luminant operator approximately every 15 minutes beginning at 11:33. Each directive was to reduce the output of the Roscoe Wind Farm to 0 MW for a 15 minute period. Altogether the directives ordered the Roscoe facility to operate at 0 MW for the period 11:45 until 20:00. The Luminant operator did not notify the Roscoe facility, and during this period Roscoe produced approximately 20 MW when it was directed to operate at 0 MW. Texas RE determined that this comprises violations of IRO-001-1.1 R8 and TOP-001-1 R3 for failure to follow directives of ERCOT as both the RC and Transmission Operator.

Roscoe Wind Farm on 4/24/2010

On April 24, 2010, seven electronic OOME directives were issued by ERCOT ISO to a Luminant operator approximately every 15 minutes beginning at 3:48. Each directive was to reduce the output of the Roscoe Wind Farm to at or below 50 MW for a 15 minute period. Altogether the directives applied to the period 4:00 until 5:45. The Luminant operator did not notify the facility, and during this period Roscoe produced energy at approximately 93 MW when it was supposed to produce at or below 50 MW. Texas RE determined that this comprises violations of IRO-001-1.1 R8 and TOP-001-1 R3 for failure to follow directives of ERCOT as both the RC and TOP.

Graham Unit 2 on 5/19/2010

On May 19, 2010, four electronic OOME directives were issued by ERCOT ISO to a Luminant operator approximately every 15 minutes beginning at 18:48. Each directive was to operate Graham Unit 2 at or above approximately 380 MW. Altogether the directives applied to the period 19:00 until 20:00. The Luminant operator incorrectly instructed Graham 2 to produce output equivalent to the maximum level attainable while operating under Automatic Generation Control ("AGC"), approximately 368 MW, because of a concern that moving the resource above 368 MW would substantially increase the risk of a forced outage. However, the Luminant operator did not discuss this issue with ERCOT ISO. Accordingly, Graham Unit 2 produced approximately 368 MW during the period 19:00 until 20:00 when it was supposed to produce at or above approximately 380 MW. Texas RE determined that this comprises violations of IRO-001-1.1 R8 and TOP-001-1 R3 for failure to follow directives of ERCOT as both the RC and TOP.

Graham Unit 2 on 5/26/2010

On May 26, 2010, 39 electronic OOME directives were issued by ERCOT ISO to a Luminant operator approximately every 15 minutes beginning at 9:34. Each directive was to operate Graham 2 at or above approximately 390 MW. Altogether the directives applied to the period 9:45 until 19:30. The Luminant operator incorrectly instructed Graham Unit 2 to produce output equivalent to the maximum level attainable while operating under Automatic Generation Control ("AGC"), approximately 368 MW, because of a concern that moving the resource above 368 MW would substantially increase the risk of a forced outage. However, the Luminant operator

did not discuss this issue with ERCOT ISO. Accordingly, Graham Unit 2 produced approximately 368 MW during the period 9:45 until 19:30 when it was supposed to produce at or above 390 MW. Texas RE determined that this comprises violations of IRO-001-1.1 R8 and TOP-001-1 R3 for failure to follow directives of ERCOT as both the RC and TOP.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

Texas RE determined that these violations posed a minimal risk and did not pose a serious or substantial risk to the BPS. Although Luminant did not dispatch resources as directed by ERCOT ISO (the RC), the redispatch errors were not so serious that ERCOT ISO ever contacted Luminant to correct the discrepancies. Further, the maximum discrepancy during all periods between directed generation and actual generation was no greater than 45 MW, a comparatively modest amount.

II. DISCOVERY INFORMATION

METHOD OF DISCOVERY

- | | |
|------------------------------------|---------------------------------------|
| Self-Report | <input checked="" type="checkbox"/> * |
| Self-Certification | <input type="checkbox"/> |
| Compliance Audit | <input checked="" 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"/> |

* After an audit notification was received by Luminant, Luminant discovered the subject violations and self-reported on 6/8/2010, 6/29/2010 and 8/12/2010.

DURATION DATE(S)

3/20/2010, 4/24/2010, 5/19/2010, 5/26/2010 (these are dates in which directives were not followed)

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY

6/8/2010 (Original Self-Report Date), 6/29/2010 and 8/12/2010
8/5/2010 (Audit Date)

Is the violation still occurring

Yes No

Explain if yes

Remedial Action Directive issued

Yes No

Pre to post June 18, 2007 violation

Yes No

III. MITIGATION INFORMATION

MITIGATION PLAN NO.	MIT-10-3110
Date Submitted to Regional Entity	6/16/2010
Date Accepted by Regional Entity	11/29/2010
Date approved by NERC	12/7/2010
Date provided to FERC	12/10/2010

Identify and explain all prior versions that were accepted or rejected, if applicable

After the Mitigation Plan was submitted on June 16, 2010, Texas RE's Senior Enforcement Engineer requested that Luminant revise a few minor technical issues with the initial submittal. Luminant complied with Texas RE's request, and Texas RE deemed the problem rectified and accepted Luminant's submittal. Texas RE did not consider this to be a revised Mitigation Plan and deemed the submittal date, June 16, 2010, the day of the original submittal.

MITIGATION PLAN COMPLETED	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Expected completion date	7/7/2010	
Extensions granted		
Actual Completion Date	7/7/2010	
Date of Certification Letter	7/7/2010	
Certified as complete by Registered Entity as of	7/7/2010	
Date of Verification Letter	1/13/2011 ¹⁰	
Verified complete by Regional Entity as of	7/7/2010	

Actions taken to mitigate the issue and prevent recurrence

1. Luminant made procedural improvements to: require specific logging of calls to wind resources; require the QSE Operators to confirm that units move to required levels; log events of non-compliance; and require calls to both ERCOT and the non-compliant resource in the event a resource fails to comply.
2. Developed and conducted training associated with this specific event to reinforce personnel awareness of Luminant's specific obligation as well as train all affected personnel on the relevant procedural updates.
3. Developed and implemented a situational awareness monitor to be used by the QSE Operators to monitor unit output levels and compare them to levels required by any

¹⁰ The Verification of Mitigation Plan Completion is misdated as January 13, 2010.

- unit-specific reliability directive. Exceptions will be flagged within the monitor in real time and handled in accordance with the requirements established by procedure.
4. Implemented a process for Luminant Compliance to duplicate the exception query on a business day + 1 basis. This will enable Luminant to validate, on a timely basis, that Luminant met its reliability directive obligations for that operating period.

List of evidence reviewed by Regional Entity to evaluate completion of Mitigation Plan or Milestones (for cases in which mitigation is not yet completed, list evidence reviewed for completed milestones)

1. *Real Time Logging – Version 002 06-14-2060 – final pdf.pdf*
2. *2010.06.14 LUME Reliability Coordination Procedure – Version 003-final.pdf*
3. *2010.06.16 LUME Training Materials.pdf*
4. *2010.06.16 LUME Training Sign In Sheets.pdf*
5. *2010.07.07 LUME Situational Awareness Introductory Email.pdf*
6. *2010.08.20 LUME Situational Awareness Monitor Screen Shot.pdf*
7. *2010.07.07 LUME Compliance Review Report_Situational Awareness Monitor.pdf*

EXHIBITS

Source Document

Luminant's Self-Report for IRO-001 1.1 R8 dated June 8, 2010

Luminant's Self-Report for TOP-001-1 R3 dated June 8, 2010

Luminant's Self-Report for IRO-001 1.1 R8 dated June 29, 2010

Luminant's Self-Report for TOP-001-1 R3 dated June 29, 2010

Luminant's Self-Report for IRO-001 1.1 R8 dated August 12, 2010

Luminant's Self-Report for TOP-001-1 R3 dated August 12, 2010

Mitigation Plan

Luminant's Revised Mitigation Plan MIT-10-3110 dated June 16, 2010

Certification of Completion

Luminant's Certification of Mitigation Plan Completion dated July 7, 2010

Verification by Regional Entity

Texas RE's Verification of Mitigation Plan Completion dated January 13, 2011

Attachment b

Record Documents for VAR-002-1.1a R3

- i. Luminant's Self-Report for VAR-002-1.1a R3 (First Instance) dated February 5, 2010**
- ii. Luminant's Self-Report for VAR-002-1.1a R3 (Second Instance) dated January 24, 2011 and submitted on January 25, 2011**
- iii. Luminant's Mitigation Plan MIT-10-3034 for VAR-002-1.1a R3 (First Instance) dated February 5, 2010**
- iv. Luminant's Mitigation Plan MIT-11-3490 for VAR-002-1.1a R3 (Second Instance) dated February 7, 2011**
- v. Luminant's Certification of Mitigation Plan Completion dated May 3, 2010**
- vi. Texas RE's Verification of Mitigation Plan Completion dated December 8, 2010**

Logged in as:
Rashida Caraway
[Log Out](#)

- ▶ System Administration
- ▶ Compliance
- ▶ Self-Report
- ▶ TFE Request

VAR-002-1 Self-Report (GOP)

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[New Mitigation Plan](#) | [Attachments \(1\)](#)

This form was submitted on 2/5/2010.

* Required Fields

Status: Saved

Technical Contact

*

 Find | [Clear](#) |  New Contact

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

As an authorized representative of **Luminant Energy Company, LLC**, I certify the following:

Luminant Energy Company, LLC is Not in Compliance with the following requirement(s) of NERC Reliability Standard VAR-002-1 (indicated by checkmark) but is in compliance with all other requirements of the standard.

Ⓔ **Luminant Energy Company, LLC** is indicating a possible violation that has **not** been previously identified to Texas Regional Entity.

Ⓕ **Luminant Energy Company, LLC** is indicating a possible violation that was previously identified to Texas Regional Entity. Provide issues tracking number, if known.

Check all requirements for which Luminant Energy Company, LLC was Not in Compliance:

- Ⓔ **R1.** The Generator Operator shall operate each generator connected to the interconnected transmission system in the automatic voltage control mode (automatic voltage regulator in service and controlling voltage) unless the Generator Operator has notified the Transmission Operator.
- Ⓔ **R2.** Unless exempted by the Transmission Operator, each Generator Operator shall maintain the generator voltage or Reactive Power output (within applicable Facility Ratings. [1] as directed by the Transmission Operator
 - Ⓔ **R2.1.** When a generator's automatic voltage regulator is out of service, the Generator Operator shall use an alternative method to control the generator voltage and reactive output to meet the voltage or Reactive Power schedule directed by the Transmission Operator.
 - Ⓔ **R2.2.** When directed to modify voltage, the Generator Operator shall comply or provide an explanation of why the schedule cannot be met.
- Ⓔ **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.

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

Provide a detailed explanation why this was not accomplished

Luminant Energy Company LLC (Luminant Energy) received an inquiry from ERCOT on January 25, 2009, at 3:06PM, requesting information pertaining to the Power System Stabilizer (PSS) status on Big Brown Unit 2. The request from ERCOT was related to initial commissioning and status information that ERCOT had on record from mid-2009 regarding the PSS. It was

confirmed with plant management, via phone conversation, that the PSS had gone through proper commissioning and was in service in July 2009. On the morning of January 26, 2009, at approximately 7:35 a.m., plant personnel realized that the PSS on Big Brown Unit 2 appeared to not be in service, even though the control switch for this device, on the Boiler Turbine Generator (BTG) Board, was in the "On" position. This status was reported to Luminant Energy, who is the NERC registered GOP for the unit and the ERCOT registered Qualified Scheduling Entity for the unit. Luminant Energy subsequently notified ERCOT operations, the NERC registered TOP, via phone call at 7:55 a.m. that same day that the Big Brown Unit 2 PSS was out of service. Upon investigation by the plant, it was discovered that a diagnostic light for the PSS was off and was noticed by a plant employee on Friday, January 22, 2009 at approximately 4:00PM. The employee who noticed the indication is not in the plant operations department and was not familiar with the NERC Standard and ERCOT Protocol requirements to report these status changes within 30 minutes of the status change. Big Brown plant personnel that were in operations as of September 2009 have attended mandatory training pertaining to ERCOT/NERC compliance requirements and reporting.

Upon a more in depth investigation, other factors were identified that contributed to the delayed reporting of the PSS status change. During the Spring, 2009 planned unit overhaul on Big Brown Unit 2, a new, upgraded replacement Automatic Voltage Regulator (AVR) was installed, and included the installation of a new PSS. ERCOT Nodal Operating Guides, section 2.2.6, requires, for the period after January 1, 2008, the installation of a PSS when an AVR replacement of this nature occurs. In anticipation of the implementation of the Nodal Market and to meet the Nodal Operating Guides, Luminant Power planned for and installed the PSS in conjunction with the AVR replacement. Big Brown Unit 2 was originally built and operated for more than 35 years without a PSS. The new PSS was installed, commissioned and placed into service in June 2009. After final tuning was completed, the AVR/PSS testing and modeling report was submitted to ERCOT on August 7, 2009.

The PSS was equipped by the manufacturer (Basler) with minimal status indicators for operational personnel in the control room. For this unit, the only status indication provided on the BTG Board was a single light indicator. Big Brown Unit 2's control system was previously upgraded to a Digital Control System and control room operators now predominantly operate this unit from control consoles located in the unit control room. This results in minimal need to work from the unit BTG Board where this status indication for the PSS is currently located. During the installation of the PSS, no alarms or annunciators on the control consoles were provided to alert the operator of a status change of the new PSS. Therefore, when the status light of the PSS changes, it may not be immediately recognized as the indicator light is not in a location that is continually observed. The location of the status indicator light outside the normal observation range of operators with compliance training, and the absence of alarm annunciation have been identified as key contributors to this event.

Further inquiry with support staff from the Luminant Power Fossil Engineering and Support (FES) group identified that, prior to this event, the new PSS had been reset more than once since its installation in mid 2009. Luminant Power has not been able to determine how many times the PSS was reset, or how much out of service time, if any appreciable amount, elapsed during the times the PSS was reset. When the PSS was reset the BTG Board control switch for this device was in

the "On" position. The FES staff has addressed this reset issue with the manufacturer of the PSS. Basler has indicated that there is a manufacturing defect with this model of PSS and is in the process of supplying a replacement PSS device for the plant. The installation of the replacement PSS will require a unit outage. Efforts in Luminant Power are under way to get this replacement PSS installed and in service as soon as possible, at the first available unit outage (planned or unplanned). Until then, the PSS will remain out of service; however the AVR voltage control is operating properly and maintaining voltage well within ERCOT requirements.

Enter date of alleged violation

1/26/2010

Enter time of alleged violation

07:55:00 hh:mm:ss

- ⊖ **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.

R5. After consultation with the Transmission Operator regarding necessary step-up transformer tap changes, the Generator Owner shall ensure that transformer tap positions are changed according to the specifications provided by the Transmission Operator, unless such action would violate safety, an equipment rating, a regulatory requirement, or a statutory requirement.

- ⊖ **R5.1.** If the Generator Operator can't comply with the Transmission Operator's specifications, the Generator Operator shall notify the Transmission Operator and shall provide the technical justification.

Date Violation Discovered:

1/26/2010

Reason for the non-compliance:

See Detailed Explanation above for R 3.1.

Reliability Impact Statement:

Luminant Energy believes that the delayed reporting of the PSS outage on Big Brown Unit 2 did not have any negative impact on the reliability of the unit or the Bulk Power System (BPS), nor does the current out-of-service status of the PSS have any negative impact on the BPS reliability. The unit AVR and PSS were installed and tuned so the PSS activates when the unit output is greater than 174 MW. As an additional design and control feature, when the PSS is not activated or out-of-service, the AVR automatically changes the gain and appropriately controls voltage. The AVR operated as designed and automatically began controlling voltage as required when the PSS went out of service. The operation of the AVR and voltage control is very similar to how the unit operated prior June 2009 when the PSS was installed. Again, the PSS was installed per anticipated ERCOT Nodal Operating Guide requirements as a part of an AVR replacement and upgrade, not as a result of an analysis indicating a PSS was necessary on the unit. In addition, Luminant Power discussed voltage support with the Transmission Service Provider (TSP) for Big Brown. The TSP has observed no voltage control issues in the area and does not anticipate voltage support risks with the PSS out of service.

Mitigation Plan Included?

Yes No

Additional Comments:

Overview of Company Structure: Luminant Energy Company LLC (Luminant Energy) is registered as a Generator Operator (GOP) and serves as the GOP for eight NERC Registered Entities that

function as Generator Owners (GO). The eight GO entities, Big Brown Power Company LLC, Collin Power Company LLC, DeCordova Power Company LLC, Luminant Generating Company LLC, Oak Grove Management Company LLC, Sandow Power Company LLC, Tradinghouse Power Company LLC and Valley NG Power Company LLC, are collectively referred to as Luminant Power. Luminant Power and Luminant Energy only own and operate generating plants in the ERCOT region.

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Self-Report Form Non-Public and CONFIDENTIAL

Date Submitted by Registered Entity: January 24, 2011

NERC Registry ID: NCR10133

Joint Registration Organization (JRO) ID:

Registered Entity: Luminant Energy Company LLC

Registered Entity Contact Name: J. Kevin Phillips

Registered Entity Contact Email: kevin.phillips@luminant.com

Function(s) Applicable to Self-Report:

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

Standard: VAR-002-1-1b

Requirement: R3.1

Has this violation previously been reported or discovered: Yes No

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

Date violation occurred: November 21, 2010 @ 19:46

Date violation discovered: November 23, 2010 @ 15:07

Is the violation still occurring? Yes No

Detailed explanation and cause of violation: On November 21, 2010, Luminant Energy did not notify ERCOT of the change in status of the Oak Grove Unit 2 PSS within 30 minutes as required by VAR-002-1 R 3.1.

Luminant Energy Company LLC (Luminant Energy) submitted a Self Report on 2/5/10 (revised on 5/28/10) for a possible violation of VAR-002-1 due to a failure to timely notify ERCOT of a change in status of the Power System Stabilizer (PSS) on Big Brown Unit 2. As part of the Self Report, Luminant Energy developed and implemented a Mitigation Plan to address and remedy the

deficiencies that contributed to the potential violation. The Mitigation Plan was completed on May 3, 2010 and subsequently accepted by the TRE on October 27, 2010.

Among the elements of the Mitigation Plan were certain revisions to plant start up procedures designed to provide greater awareness and transparency of the status of both PSS and Automatic Voltage Regulator (AVR) equipment. In practice, the plant personnel utilize documented procedures as well as written Checklists in the normal course of business. While the Mitigation Plan called for revisions to the start up procedures, changes to the Checklists were not specifically mandated.

Additionally, the Mitigation Plan required installation of visible and audible alarms and status indicators designed to provide plant operators clear signals when changes to the PSS status occur.

On November 13, 2010 Oak Grove Unit 2 was taken off line for a scheduled outage. The PSS was enabled and active as the outage occurred. While on outage, the PSS was disabled and inactive.

The generating unit was placed back in service on November 21, 2010. When the unit came back online, the PSS remained disabled and inactive. The generating unit reached the PSS activation level (approximately 20% output) at 19:46 on November 21, and the PSS did not activate at that time. Per R 3.1 of VAR-002-1-1b, Luminant Energy was obligated to notify ERCOT within 30 minutes of the change in status of the PSS (specifically, the change in status resulted from the PSS being in operation during the plant operation prior to the outage, to the PSS being out of operation at the time the outage ended when the plant was brought back online. The PSS should have activated upon the plant being brought online and reaching approximately 20% output, otherwise ERCOT should have been notified within 30 minutes (that is, by 20:16 on November 21st)). However, the plant operator did not receive a PSS alarm and did not realize the PSS was not active. The PSS was discovered out of service on November 23 at 15:02, at which time the PSS was placed back into service. Luminant Energy notified ERCOT the PSS was back in service at 15:07 on November 23.

The cause of the failure to timely notify ERCOT of the change in status of the PSS is attributed to 2 primary factors:

1. While the Mitigation Plan implemented after the Big Brown Unit 2 PSS event required revisions to plant start up procedures, the Mitigation Plan did not specifically require revisions to start up Checklists used by plant personnel. At the time Oak Grove Unit 2 was placed back in service on November 23rd, the plant personnel were working with a Checklist that had not been updated to be consistent with the revised procedure. As a result of this event, the Oak Grove plant has abandoned the use of this Checklist when starting the unit.

2. While the control room had been equipped with visual and audible alarms designed to announce a change in status of the PSS and the alarms had been previously tested and verified for proper operation, the designed alarm logic failed to correctly respond to the conditions that occurred in this particular event. Specifically, since the PSS was disabled during the outage, the alarm logic did not recognize the continued outage of the PSS when the generating unit was brought back on-line as a change in status of the PSS. In short, the alarm logic implemented was not sufficient to capture the status of the PSS in all possible conditions.

Potential Impact to the Bulk Power System: Luminant Energy believes that the delayed reporting of the PSS outage on Oak Grove Unit 2 did not have any negative impact on the reliability of the unit or the Bulk Power System (BPS). The unit PSS was installed and tuned to activate at the point where unit generation reaches or exceeds approximately 191 MW output. As an additional design and control feature, when the PSS is not activated or out-of-service, the AVR continues to maintain and appropriately control voltage. In this instance, the AVR operated as designed and automatically controlled voltage during the time the PSS was out of service.

The PSS was installed in accordance with anticipated ERCOT Nodal Operating Guide requirements as a part of a new unit. In addition, Oak Grove received no notices of voltage control issues in the area during the 43 hours and 16 minutes the PSS was not active.

The interconnecting Transmission Service Provider was contacted and also verified that they did not observe or log any issues concerning system voltage support provided by Oak Grove 2 during the time the PSS was out of service.

Additional Comments: A revised Mitigation Plan is under development to address the conditions that led to this Self Report. This Mitigation Plan will be developed and submitted to the TRE by close of business February 4, 2011. Additionally, as part of the development of a Revised Mitigation Plan, Luminant Energy will conduct a thorough gap analysis to decrease the risk of similar occurrences.

Submit completed form to: selfreporting@texasre.org

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.)

Mitigation Plan Submittal Form

Draft Privileged and Confidential Attorney Client Communications.

Date this Mitigation Plan is being submitted: 02/05/2010

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 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 may be used to provide a required Mitigation Plan for review and approval by Texas Regional Entity (Texas RE) and NERC.
- The Mitigation Plan shall be submitted to the Texas RE and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.

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.

- 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 Texas RE 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.
- Texas RE 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: Luminant Energy Company LLC
Company Address: 500 N Akard Street, Dallas, Texas 75201
NERC Compliance Registry ID: NCR10133

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

Name: Mike Laney
Title: Director Generation Compliance
Email: mike.laney@luminant.com
Phone: 214-875-8747

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: VAR-002-1.1a

C.2 Requirement(s) violated and violation dates:

Please note: The Violation Date below is the date the alleged violation was self-reported to the Texas Regional Entity by phone.

NERC Violation ID # [if known]	Texas RE Violation ID # [if known]	Requirement Violated (e.g. R3.2)	Violation Date ^(*)
		R3.1	01/26/10

(*) Note: The Violation Date shall be: (i) 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 Texas RE. Questions regarding the date to use should be directed to the Texas RE.

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

The change of the Power System Stabilizer (PSS) status for Big Brown Unit 2 was not reported within 30 minutes of the PSS tripping out of service as required by VAR-002-1, R3.1. There was no audible or clearly visible alarm to alert the control room operators of the change of status of the PSS. This was a key contributor to the delayed reporting. Additional information is provided in section C.4.

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

Overview of Company Structure

Luminant Energy Company LLC (Luminant Energy) is registered as a Generator Operator (GOP) and serves as the GOP for eight NERC Registered Entities that function as Generator Owners (GO). The eight GO entities, Big Brown Power Company LLC, Collin Power Company LLC, DeCordova Power Company LLC, Luminant Generating Company LLC, Oak Grove Management Company LLC, Sandow Power Company LLC, Tradinghouse Power Company LLC and Valley NG Power Company LLC, are collectively referred to as Luminant Power. Luminant Power and Luminant Energy only own and operate generating plants in the ERCOT region.

Additional Discussion of Reason for the possible non-compliance

Luminant Energy Company LLC (Luminant Energy) received an inquiry from ERCOT on January 25, 2009, at 3:06PM, requesting information pertaining to the Power System Stabilizer (PSS) status on Big Brown Unit 2. The request from ERCOT was related to initial commissioning and status information that ERCOT had on record from mid-2009 regarding the PSS. It was confirmed with plant management, via phone conversation, that the PSS had gone

through proper commissioning and was in service in July 2009. On the morning of January 26, 2009, at approximately 7:35 a.m., plant personnel realized that the PSS on Big Brown Unit 2 appeared to not be in service, even though the control switch for this device, on the Boiler Turbine Generator (BTG) Board, was in the "On" position. This status was reported to Luminant Energy, who is the NERC registered GOP for the unit and the ERCOT registered Qualified Scheduling Entity for the unit. Luminant Energy subsequently notified ERCOT operations, the NERC registered TOP, via phone call at 7:55 a.m. that same day that the Big Brown Unit 2 PSS was out of service. Upon investigation by the plant, it was discovered that a diagnostic light for the PSS was off and was noticed by a plant employee on Friday, January 22, 2009 at approximately 4:00PM. The employee who noticed the indication is not in the plant operations department and was not familiar with the NERC Standard and ERCOT Protocol requirements to report these status changes within 30 minutes of the status change. Big Brown plant personnel that were in operations as of September 2009 have attended mandatory training pertaining to ERCOT/NERC compliance requirements and reporting.

Upon a more in depth investigation, other factors were identified that contributed to the delayed reporting of the PSS status change. During the Spring, 2009 planned unit overhaul on Big Brown Unit 2, a new, upgraded replacement Automatic Voltage Regulator (AVR) was installed, and included the installation of a new PSS. ERCOT Nodal Operating Guides, section 2.2.6, requires, for the period after January 1, 2008, the installation of a PSS when an AVR replacement of this nature occurs. In anticipation of the implementation of the Nodal Market and to meet the Nodal Operating Guides, Luminant Power planned for and installed the PSS in conjunction with the AVR replacement. Big Brown Unit 2 was originally built and operated for more than 35 years without a PSS. The new PSS was installed, commissioned and placed into service in June 2009. After final tuning was completed, the AVR/PSS testing and modeling report was submitted to ERCOT on August 7, 2009.

The PSS was equipped by the manufacturer (Basler) with minimal status indicators for operational personnel in the control room. For this unit, the only status indication provided on the BTG Board was a single light indicator. Big Brown Unit 2's control system was previously upgraded to a Digital Control System and control room operators now predominantly operate this unit from control consoles located in the unit control room. This results in minimal need to work from the unit BTG Board where this status indication for the PSS is currently located. During the installation of the PSS, no alarms or annunciations on the control consoles were provided to alert the operator of a status change of the new PSS. Therefore, when the status light of the PSS changes, it may not be immediately recognized as the indicator light is not in a location that is continually observed. The location of the status indicator light outside the normal observation range of operators with compliance training, and the absence of alarm annunciation have been identified as key contributors to this event.

Further inquiry with support staff from the Luminant Power Fossil Engineering and Support (FES) group identified that, prior to this event, the new PSS had been reset more than once since its installation in mid 2009. Luminant Power has not been able to determine how many times the PSS was reset, or how much out of service time, if any appreciable amount, elapsed during the times the PSS was reset. When the PSS was reset the BTG Board control switch for this device was in the "On" position. The FES staff has addressed this reset issue with the manufacturer of the PSS. Basler has indicated that there is a manufacturing defect with this model of PSS and is in the process of supplying a replacement PSS device for the plant. The

installation of the replacement PSS will require a unit outage. Efforts in Luminant Power are under way to get this replacement PSS installed and in service as soon as possible, at the first available unit outage (planned or unplanned). Until then, the PSS will remain out of service; however the AVR voltage control is operating properly and maintaining voltage well within ERCOT requirements.

Section D: Details of Proposed Mitigation Plan

Mitigation Plan Contents

- D.1 Identify and describe the action plan, including specific tasks and actions that your organization is proposing to undertake, or which it undertook if this Mitigation Plan has been completed, to correct the violations identified above in Part C.2 of this form:
1. For immediate mitigation, Luminant Energy reported the Big Brown Unit 2 PSS out of service to ERCOT operations (the registered Transmission Operator) at 7:55 a.m. on January 26, 2010, thus providing the TOP with the status change as required by VAR-002-1, Requirement R3.1.
 2. Luminant Energy and Luminant Power plan to undertake the following corrective and preventive activities as a part of the mitigation plan:
 - i. Provide audible and clearly visible PSS status change alarms in the Big Brown Unit 2 control room. This activity will provide immediate PSS status changes to the control room operators. This activity requires software programming and logic changes, and will be completed prior to the replacement PSS being placed into service.
 - ii. Replace the defective PSS on Big Brown Unit 2 at the first available unit outage.
 - iii. For all Luminant Power generating units equipped with a PSS, Luminant Power will provide visible and audible PSS status change alarms in the unit control rooms.
 - iv. To prevent future similar occurrences, Luminant Power will conduct a technical review of visible and audible AVR alarms on all Luminant Power generating units. Alarm logic will be revised as needed to provide consistent AVR status alarms to unit operators.
 1. Luminant Power owns Combustion Turbine Generating units with technology that does not support audible AVR status alarms in the control rooms. Luminant Power will utilize visible alarms that require operator action to resolve the alarm.
 - v. Luminant Power will review and reinforce AVR and PSS compliance and reliability reporting requirements with applicable plant personnel at all Luminant Power generating units.
 - vi. Luminant Power will review and revise the annual compliance training documents to expand the details for compliance and reporting obligations relating to PSS and AVR.
 - vii. Luminant Power will review and modify as necessary unit startup procedures to include an operator verification of the unit's AVR and PSS status at all Luminant Power Generating units.

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

Mitigation Plan Timeline and Milestones

- D.2 Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the violations associated with this Mitigation Plan are corrected:
1. The PSS status change was reported to ERCOT, the Transmission Operator at 7:55 a.m. on January 26, 2010, at which time the alleged violation was corrected.
 2. The remainder of the mitigation activities will be completed by April 26, 2010.
- D.3 Enter Milestone Activities, with completion dates, that your organization is proposing for this Mitigation Plan:

Milestone Activity	Proposed Completion Date* (shall not be more than 3 months apart)
D1 (1)	January 26, 2010
D1 (2)(v)	March 19, 2010
D1 (2)(vii)	April 1, 2010
D1 (2)(i)	April 26, 2010 or prior to installation of replacement PSS, whichever date occurs first.
D1 (2)(iii)	April 26, 2010
D1 (2)(iv)	April 26, 2010
D1 (2)(ii)	First available unit outage after the replacement PSS has been received from the manufacturer
D1 (2)(vi)	April 26, 2010

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

Additional Relevant Information (Optional)

- D.4 If you have any relevant additional information that you wish to include regarding the mitigation plan, milestones, milestones dates and completion date proposed above you may include it here:
- The installation of the PSS on Big Brown Unit 2 requires a unit outage. Big Brown Unit 2 is a base load unit. The PSS is planned for installation at the first available planned or unplanned outage of the unit.

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:

Luminant Energy and Luminant Power do not anticipate any risks to the reliability of the Bulk Power System (BPS) during the period the mitigation plan is implemented and completed. The BPS did not suffer any reliability impacts when the PSS was out of service and the status reporting was delayed. The status has been correctly reported to ERCOT. The PSS on Big Brown Unit 2 was installed in anticipation of an ERCOT Nodal Operating Guide requirement. There was no analysis conducted indicating a need for a PSS on the unit. When the PSS went out of service, the associated unit AVR automatically increased the gain and appropriately controlled voltage as required. In addition, Luminant Power discussed voltage support with the Transmission Service Provider (TSP) for Big Brown. The TSP has observed no voltage control issues in the area and does not anticipate voltage support risks with the PSS out of service. While the mitigation plan indicates a March 19 date for reinforcing reporting requirements, the activity will commence several weeks prior to that date.

Prevention of Future BPS Reliability Risk

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

The initial item in the mitigation plan reported the PSS status and ended the violation. All of the remaining mitigation plan items are directed toward preventing or minimizing the probability that Luminant Energy or Luminant Power will incur violations of the same or similar nature. The audible and visible alarm implementation for all locations with a PSS will provide clear direct indications to trained personnel that action is required. The reinforced training and modification of training information will provide expanded details regarding the reliability compliance reporting requirements for AVR and PSS status changes. The modifications to the unit startup procedures will provide a further check that the AVR and PSS have the proper status when a unit is brought online.

- 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:

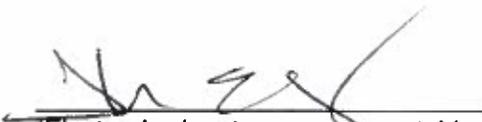
Luminant Energy and Luminant Power are investigating the technical feasibility of sending unit AVR and PSS status alarms to a centralized corporate site. If feasible, this would provide backup monitoring for AVR and PSS. As Luminant Power has a variety of types and technologies of control systems across the generation fleet, this activity is a longer term project that will require a thorough engineering analysis and an in depth cyber security review for each plant location. No completion date has been finalized for this activity.

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 Texas RE for acceptance by Texas RE and approval by NERC, and
- b) If applicable, certifies that the Mitigation Plan, as laid out in Section D of this form, was completed (i) as laid out in Section D of this form and (ii) on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and
- c) Acknowledges:
 - 1. I am Vice President – Regulatory Law & Chief Compliance Officer of Luminant Energy Company LLC.
 - 2. I am qualified to sign this Mitigation Plan on behalf of Luminant Energy Company LLC.
 - 3. I have read and understand Luminant Energy Company LLC 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. Luminant Energy Company LLC agrees to be bound by, and comply with, the Mitigation Plan, including the timetable completion date, as approved by Texas RE and approved by NERC.

Authorized Individual Signature



(Electronic signatures are acceptable; see CMEP)

Name (Print): Thomas E. Oney

Title: Vice President - Regulatory Law & Chief Compliance Officer

Date: February 5, 2010

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.

Submit completed and signed forms to mitigation@texasre.org

Please direct any questions regarding completion of this form to:

Texas Regional Entity
Rashida Caraway
512-225-7056
rashida.caraway@texasre.org

Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: 02/07/2011

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 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 may be used to provide a required Mitigation Plan for review and approval by Texas Regional Entity (Texas RE) and NERC.
- The Mitigation Plan shall be submitted to the Texas RE and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.

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.

- 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 Texas RE 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.
- Texas RE 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: Luminant Energy Company LLC
Company Address: 500 N Akard Street, Dallas, Texas 75201
NERC Compliance Registry ID *[if known]*: NCR10133

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

Name: Mike Laney
Title: Director Generation Compliance
Email: mike.laney@luminant.com
Phone: 214-875-8747

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: VAR-002-1.1b
[Identify by Standard Acronym (e.g. FAC-001-1)]

C.2 Requirement(s) violated and violation dates:

[Enter information in the following Table]

Please note: The Violation Date below is the date the alleged violation was self-reported to the Texas Regional Entity by phone.

NERC Violation ID # [if known]	Texas RE Violation ID # [if known]	Requirement Violated (e.g. R3.2)	Violation Date ^(*)
aaaaaYYYYnnnnn	TREYYYYnnnnn	Rn.n.n R3.1	MM/DD/YY 11/21/10

(*) Note: The Violation Date shall be: (i) 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 Texas RE. Questions regarding the date to use should be directed to the Texas RE.

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

Response

On November 21, 2010, Luminant Energy did not notify ERCOT of the change in status of the Oak Grove Unit 2 Power System Stabilizer (PSS) within 30 minutes as required by VAR-002-1 R 3.1. Additional information is provided in section C.4.

[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:

Response

Overview of Company Structure

Luminant Energy Company LLC (NCR10133) (Luminant Energy) is registered with NERC as a Generator Operator (GOP) and serves as the GOP for seven NERC-Registered Entities that function as Generator Owners (GO). The seven GO entities, Big Brown Power Company LLC (NCR10217), Collin Power Company LLC (NCR10070), Luminant Generating Company LLC (NCR10219), Oak Grove Management Company LLC (NCR00542), Sandow Power Company LLC (NCR00502), Tradinghouse Power Company LLC (NCR10220) and Valley NG Power Company LLC (NCR10071), are collectively referred to in this response as Luminant Power. Luminant Power and Luminant Energy only own and operate generating plants in the ERCOT region.

Additional Discussion of Reason for the Possible Non-compliance

Luminant Energy submitted a Self Report on February 5, 2010 (revised on May 28, 2010) for a possible violation of VAR-002-1 due to a failure to timely notify ERCOT of a change in status of the Power System Stabilizer (PSS) on Big Brown Unit 2. As part of the Self Report, Luminant Energy developed and implemented a Mitigation Plan to address and remedy the deficiencies that contributed to the potential violation. The Mitigation Plan was completed on May 3, 2010 and subsequently accepted by the Texas Reliability Entity on October 27, 2010.

Among the elements of the Mitigation Plan were certain revisions to plant start up procedures designed to provide greater awareness and transparency of the status of both PSS and Automatic Voltage Regulator (AVR) equipment. In practice, the plant personnel utilize documented procedures as well as written Checklists in the normal course of business. While the Mitigation Plan called for revisions to the start up procedures, changes to the Checklists were not specifically mandated.

Additionally, the Mitigation Plan required installation of visible and audible alarms and status indicators designed to provide plant operators clear signals when changes to the PSS status occur.

On November 13, 2010, Oak Grove Unit 2 was taken offline for a scheduled outage. The PSS was enabled and active as the outage occurred. While on outage, the PSS was disabled and inactive.

Oak Grove Unit 2 was placed back into service on November 21, 2010. When the unit came back on-line, the PSS remained disabled and inactive. The unit reached the PSS activation level (i.e., approximately 20% of maximum unit output) at 19:46 on November 21, and the PSS did not activate at that time. The plant operator did not receive a PSS alarm and did not realize the PSS was not active. The PSS was discovered out of service on November 23 at 15:02, at which time the PSS was placed back into service. Luminant Energy notified ERCOT the PSS was back in service at 15:07 on November 23. Luminant Energy did not notify ERCOT of the change in status of the PSS within 30 minutes as required by VAR-002-1 R 3.1.

The cause of the failure to timely notify ERCOT of the change in status of the PSS is attributed to 2 primary factors:

1. While the Mitigation Plan implemented after the Big Brown Unit 2 PSS event required revisions to plant start up procedures, the Mitigation Plan did not specifically require revisions to start up Checklists used by plant personnel. At the time Oak Grove Unit 2 was placed back in service on November 21, the plant personnel were working with a Checklist that had not been updated to be consistent with the revised start up procedure. As a result of this event, the Oak Grove Plant has discontinued the use of the Checklist and is now utilizing the plant start up procedure that includes the steps to check the activation of the PSS during start up.
2. While the Oak Grove plant control room had been equipped with visual and audible alarms designed to announce a change in status of the PSS and the alarms had been previously tested and verified for proper operation, the designed alarm logic failed

to correctly respond to the conditions that occurred in this particular event. Specifically, since the PSS was disabled during the outage, the alarm logic did not recognize the continued outage of the PSS when the generating unit was brought back on-line as a change in status of the PSS. In short, the alarm logic implemented was not adequately designed to capture the status of the PSS in all possible conditions.

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

Section D: Details of Proposed Mitigation Plan

Mitigation Plan Contents

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

Response

1. For immediate mitigation, Luminant Energy Company LLC placed the PSS back into service and reported the Oak Grove Unit 2 PSS in service to ERCOT operations (the NERC-registered Transmission Operator) at 15:07 on November 23, 2010, thus providing the TOP with the status change as required by VAR-002-1, Requirement R3.1.
2. Luminant Power will review and modify, as necessary, all unit startup procedures and startup checklists to include an operator verification of a unit's PSS status during startup at all active Luminant Power generating units equipped with a PSS. This activity will be completed by April 1, 2011.
3. Luminant Energy and Luminant Power plan to review and modify as necessary the PSS status alarm logic to provide visible and audible alarms in the unit control rooms for any time the PSS is not active when a unit is above its activation MW threshold or when a unit is on-line and the PSS is not available. This activity will provide immediate PSS status changes to the control room operators. The PSS alarms will be tested to verify proper alarming. A unit must be offline to perform the final alarm logic programming and initial testing. The final alarm testing must be completed when a unit is returning on-line after an outage. Luminant Power will complete alarm testing and verification as soon as possible using any unit forced outage (if the outage is of sufficient duration and adequate resources are available to complete alarm testing and verification), or after the conclusion of the next planned unit outage as currently scheduled:
 - i. Monticello Unit 1 – March 22, 2011
 - ii. Martin Lake Unit 1 – April 3, 2011
 - iii. Martin Lake Unit 2 – April 5, 2011
 - iv. Monticello Unit 2 – April 6, 2011
 - v. Martin Lake Unit 3 – May 14, 2011
 - vi. Sandow Unit 5 – May 26, 2011
 - vii. Oak Grove Unit 1 – November 7, 2011
 - viii. Big Brown Unit 2 – November 8, 2011
 - ix. Oak Grove Unit 2 – November 9, 2011

x. Sandow Unit 4 – November 29, 2011

The completion of this activity may be impacted by changes to outage schedules or forced outage extensions.

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

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

Mitigation Plan Timeline and Milestones

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

Response

1. The PSS status change was reported to ERCOT, the Transmission Operator at 15:07 on November 23, 2010, at which time the alleged violation was corrected.
2. The remainder of the mitigation activities will be completed per the times listed in section D.1.

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

Milestone Activity	Proposed Completion Date* (shall not be more than 3 months apart)
D1 (1)	November 23, 2010
D1 (2)	April 1, 2011
D1 (3)(i)	March 22, 2011
D1 (3)(ii)	April 3, 2011
D1 (3)(iii)	April 5, 2011
D1 (3)(iv)	April 6, 2011
D1 (3)(v)	May 14, 2011
D1 (3)(vi)	May 26, 2011
D1 (3)(vii)	November 7, 2011
D1 (3)(viii)	November 8, 2011
D1 (3)(ix)	November 9, 2011
D1 (3)(x)	November 29, 2011

(*) 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:

Response

The proposed completion dates for mitigation activities 3(i) through 3(x) are contingent upon current planned outage schedules and outages being completed on time. Outage schedules and completion dates are subject to change, and Luminant will update the Mitigation Plan in the event milestone dates or completion dates are impacted.

[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:

Response

Luminant Energy and Luminant Power do not anticipate any risks to the reliability of the Bulk Power System (BPS) during the period the mitigation plan is implemented and completed. The status has been correctly reported to ERCOT, and the PSS is in service and performing properly. The BPS did not suffer any reliability impacts when the PSS was out of service and the status reporting was delayed. When the PSS was out of service, the associated unit Automatic Voltage Regulator (AVR) automatically controlled voltage as required. Oak Grove plant personnel have discontinued the use of the startup checklist which did not contain the PSS "Active" verification, and are currently using startup procedures that include steps to verify the

PSS status during startup. PSS status alarms are in service at all of Luminant Power's active generating units which have a PSS, and the status alarms will remain in service during the execution of the 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:

Response

The initial item in the mitigation plan reported the PSS status and ended the violation. All of the remaining mitigation plan items are directed toward preventing or minimizing the probability that Luminant Energy or Luminant Power will incur violations of the same or similar nature. The alarm logic reviews and changes for all active Luminant Power generating units with a PSS will provide clear direct indications to trained personnel that action is required. The modifications to the unit startup procedures and startup checklists will provide a further check that the PSSs have the proper status when a unit is brought on-line.

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

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

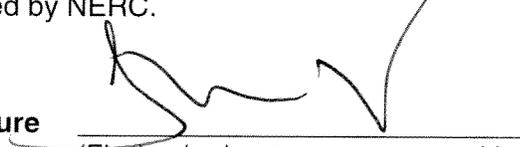
[Provide your response here; additional detailed information may be provided as an attachment as necessary]

Section F: Authorization

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

- a) Submits the Mitigation Plan, as laid out in Section D of this form, to Texas RE for acceptance by Texas RE 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 VP Regulatory Law & Chief Compliance Officer of Luminant Energy Company LLC.
 - 2. I am qualified to sign this Mitigation Plan on behalf of Luminant Energy Company LLC.
 - 3. I have read and understand Luminant Energy'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. Luminant Energy Company LLC agrees to be bound by, and comply with, the Mitigation Plan, including the timetable completion date, as approved by Texas RE and approved by NERC.

Authorized Individual Signature


(Electronic signatures are acceptable; see CMEP)

Name (Print): Thomas E. Oney

Title: VP Regulatory Law & Chief Compliance Officer

Date: February 7, 2011

Section G: Comments and Additional Information

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

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

Submit completed and signed forms to mitigation@texasre.org

Please direct any questions regarding completion of this form to:

Texas Regional Entity
Rashida Caraway
512-225-7056
rashida.caraway@texasre.org

Mitigation Plan Completion Certification

Submittal of a Mitigation Plan Completion Certification shall include data or information sufficient for Texas Regional Entity to verify completion of the Mitigation Plan. Texas Regional Entity 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 Name: Luminant Energy Company LLC

NERC Registry ID: NCR10133

Date of Submittal of Certification: May 3, 2010

NERC Violation ID No(s): Pending

Reliability Standard and the Requirement(s) of which a violation was mitigated: VAR-002-1 R 3.1

Date Mitigation Plan was scheduled to be completed per accepted Mitigation Plan: April 26, 2010

Date Mitigation Plan was actually completed: April 12, 2010

Additional Comments (or List of Documents Attached):

Please see attached file "Luminant Energy PSS Mitigation Plan Summary 4-29-2010.pdf" for a complete summary.

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: J. Kevin Phillips

Title: Director - Tradefloor Compliance Program

Email: kevin.phillips@luminant.com

Phone: 214-875-9341

2700 Via Fortuna, Suite 225

Austin, Texas 78746

Tel: (512) 225-7000

Fax: (512) 225-7165

December 8, 2010

Mike Laney
Director Generation Compliance
mike.laney@luminant.com

Luminant Energy Company LLC

NCR10133

Violation Numbers:

TRE201000114

Re: Texas Reliability Entity, Inc. (Texas RE) Mitigation Plan Verification of Completion

Mr. Laney:

North American Electric Reliability Corporation (NERC) delegated authority to Texas Reliability Entity, Inc. to become the regional entity for the ERCOT region effective July 1, 2010, pursuant to Section 215(e)(4) of the Federal Power Act. NERC also delegated to Texas Reliability Entity, Inc. the authority and responsibility for the continuation of all compliance monitoring and enforcement activities that it had previously delegated to Texas Regional Entity (a division of Electric Reliability Council of Texas, Inc.) The term "Texas RE" is used herein to refer to both Texas Regional Entity and Texas Reliability Entity, Inc.

As a result a self-report dated February 05, 2010, Texas RE has determined there is a sufficient basis for finding that Luminant Energy Company LLC (Luminant Energy) possibly violated VAR-002-1.1a, R3.

VAR-002-1, R3.1 requires that each Generator Operator shall notify its associated Transmission Operator as soon as practical, but within 30 minutes of 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.

On the morning of January 26, 2009, at approximately 7:35 a.m., plant personnel realized that the PSS on Big Brown Unit 2 appeared to not be in service, even though the control switch for this device, on the Boiler Turbine Generator (BTG) Board, was in the "On" position. This status was reported to Luminant Energy, who is the NERC registered GOP for the unit and the ERCOT registered Qualified Scheduling Entity for the unit. Luminant Energy subsequently notified ERCOT operations, the NERC registered TOP, via phone call at 7:55 a.m. that same day that the Big Brown Unit 2 PSS was out of service. Upon investigation by the plant, it was discovered that a diagnostic light for the PSS was off and was noticed by a plant employee on Friday, January 22, 2009 at approximately 4:00PM.

Upon a more in depth investigation, other factors were identified that contributed to the delayed reporting of the PSS status change. During the spring, 2009 planned unit overhaul on Big Brown

Unit 2, a new, upgraded replacement Automatic voltage Regulator (AVR) was installed, and included the installation of a new PSS. During the installation of the PSS, no alarms or annunciators on the control consoles were provided to alert the operator of a status change of the new PSS. Therefore, when the status light of the PSS changes, it may not be immediately recognized as the indicator light is not in a location that is continually observed. The location of the status indicator light outside the normal observation range of operators with compliance training, and the absence of alarm annunciation have been identified as key contributors to this event.

Further inquiry with support staff from the Luminant Power Fossil Engineering and Support (FES) group identified that, prior to this event; the new PSS had been reset more than once since its installation in mid-2009. Luminant Power has not been able to determine how many times the PSS was reset, or how much out of service time, if any appreciable amount elapsed during the times the PSS was reset. When the PSS was reset the BTG Board control switch for this device was in the "On" position.

On February 25, 2010, Luminant Energy submitted a Mitigation Plan to address the possible violations. The Mitigation Plan contains the following corrective actions:

1. Provide audible and clearly visible PSS status change alarms in the Big Brown Unit 2 control room. This will be completed prior to the replacement PSS being placed into service.
2. Replace the defective PSS on Big Brown Unit 2 at the first available Unit outage.
3. For all Luminant Power generating units equipped with a PSS, Luminant Power will provide visible and audible PSS status change alarms in the unit control rooms.
4. Luminant Power will conduct a technical review of visible and audible AVR alarms on all Luminant Power generating units. Alarm logic will be revised as needed to provide consistent AVR status alarms to unit operators. Because of the limitation of technology, for Combustion Turbine Generating units, Luminant Power will utilize visible alarms that require operator action to resolve the alarm.
5. Luminant Power will review and reinforce AVR and PSS compliance and reliability reporting requirements with applicable plant personnel at all Luminant Power generating units.
6. Luminant Power will review and revise the annual compliance training documents to expand the details for compliance and reporting obligations relating to PSS and AVR.
7. Luminant Power will review and modify as necessary unit startup procedures to include an operator verification of the unit's AVR and PSS status at all Luminant Power Generating units.

Luminant Energy provided Texas RE with the following documents to demonstrate completion of the Mitigation Plan:

1. AVR Progress Summary Checklist 4-12-2010.pdf
2. AVR PSS Mitigation Refresher Training 3-19-10.pdf
3. AVR PSS Startup Procedure Verification 4-1-10.pdf
4. AVR-PSS Alarm Implementation Summary.pdf
5. CPNPP AVR PSS OPS Trng Mtrl.pdf

6. Final NERC - ERCOT Compliance Training for Fossil 4-12-10.pdf
7. GENCTRL Log 012610.pdf
8. GENCTRL Log 031810.pdf
9. GENCTRL Log 031910.pdf
10. Luminant Energy PSS Mitigation Summary 4-29-10.pdf
11. Luminant Generation_AVR_PSS_Test Results_4-12-2010.pdf
12. PSS_Progress Summary Checklist_4-12-2010.pdf

Item 10 listed all the planned mitigation activities and provided the planned completion and actual completion of individual tasks identified earlier. This document also referenced the rest of the above documents where applicable to indicate how individual activities are addressed. Over all provided evidence indicated that Luminant Energy installed new PSS at Big Brown Unit 2 (items 8 and 9), modified DCS systems to include visual and audible alarms to indicate the status of PSS at each of the power stations. Luminant Energy also provided evidence of appropriate verification by the responsible personnel at the individual plants (items 1, 3 and 4). Luminant Energy also provided evidence (items 5 and 6) that Luminant Power will review and reinforced AVR and PSS compliance and reliability reporting requirements with applicable plant personnel at all Luminant Power generating units. Luminant Energy provided evidence (item 10) that they reviewed unit startup procedures to include an operator verification of the unit's AVR and PSS status at all Luminant Power Generating units. Item 2 above shows that Luminant Energy reviewed and revised the annual compliance training documents to expand the details for compliance and reporting obligations relating to PSS and AVR.

Based on evidence presented by Luminant Energy and reviewed by Texas RE, this letter confirms the above mentioned mitigation plan is complete. If you have any questions, please feel free to contact Brent Torgrimson at (512) 583-4987 or via e-mail at Brent.Torgrimson@TexasRE.org.

Respectfully submitted,

Rashida Caraway
Texas Reliability Entity, Inc.
Manager, Compliance Enforcement
(512) 583-4977
Email: Rashida.Caraway@TexasRE.org

Attachment c

Record Documents for IRO-001-1.1 R8 and TOP-001-1 R3

- i. Luminant's Self-Reports for IRO-001-1.1 R8 dated June 8, 2010, June 29, 2010 and August 12, 2010**
- ii. Luminant's Self-Reports for TOP-001-1 R3 dated June 8, 2010, June 29, 2010 and August 12, 2010**
- iii. Luminant's Revised Mitigation Plan MIT-10-3110 for IRO-001-1.1 R8 and TOP-001-1 R3 dated June 16, 2010**
- iv. Luminant's Certification of Mitigation Plan Completion for IRO-001-1.1 R8 and TOP-001-1 R3 dated July 7, 2010**
- v. Texas RE's Verification of Mitigation Plan Completion for IRO-001-1.1 R8 and TOP-001-1 R3 dated January 13, 2011**

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- ▶ TFE Request

IRO-001 -1 Self-Report (GOP)

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

As an authorized representative of **Luminant Energy Company, LLC**, I certify the following:

Luminant Energy Company, LLC is Not in Compliance with the following requirement(s) of NERC Reliability Standard IRO-001-1 (indicated by checkmark) but is in compliance with all other requirements of the standard.

b **Luminant Energy Company, LLC** is indicating a possible violation that has **not** been previously identified to Texas Regional Entity.

e **Luminant Energy Company, LLC** is indicating a possible violation that was previously identified to Texas Regional Entity. Provide issues tracking number, if known.

Check all requirements for which Luminant Energy Company, LLC was Not in Compliance:

- b** **R8.** Transmission Operators, Balancing Authorities, Generator Operators, Transmission Service Providers, Load-Serving Entities, and Purchasing-Selling Entities shall comply with Reliability Coordinator directives unless such actions would violate safety, equipment, or regulatory or statutory requirements. Under these circumstances, the Transmission Operator, Balancing Authority, Generator Operator, Transmission Service Provider, Load-Serving Entity, or Purchasing-Selling Entity shall immediately inform the Reliability Coordinator of the inability to perform the directive so that the Reliability Coordinator may implement alternate remedial actions.

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

Provide a detailed explanation why this was not accomplished

On March 20, 2010 the Roscoe Wind Farm LLC, operating within the Luminant Energy Company LLC (LUME) QSE, was online and operating at approximately 205 MW output. For interval ending 0915 LUME received an electronic Category 2 OOME Down instruction from ERCOT to reduce the Roscoe output level to at or below 50 MW. This instruction was fully implemented in the 0930 interval. For interval ending 0945, LUME received a second electronically transmitted Category 2 OOME Down instruction to reduce the output level to at or below 25 MW. This instruction was fully implemented in the 0945 interval. For the 1200 interval, LUME received a third Category 2 OOME Down instructing Roscoe to reduce the output level to 0 MW. From interval 1200 through 1800, this OOME Down instruction was not correctly relayed to the Roscoe facility from the LUME QSE Generation Controller and Roscoe continued operating at approximately 21 MW, the same output level as experienced during the 25 MW Category 2 OOME instruction level. At 17:53, the LUME Generation Controller recognized that the

electronically-transmitted OOME Down instruction was approaching expiration and contacted ERCOT to inquire if the OOME Down instruction would be terminated and Roscoe would be allowed to return to its un-restricted output level. The ERCOT operator indicated it would not be released and to "hold everything where it is at" and that he would "send some OOME VDIs". The ERCOT operator issued an electronic VDI OOME Down continuing the 0 MW output instruction from interval 1815 through 1845. At 1900 the Category 2 OOME Down to 0 MW resumed and was maintained through the end of interval 2000.

From interval 1200 through interval 2000, when the Category 2 OOME Down to 0 MW instruction expired, LUME failed to notify Roscoe of the OOME Down to 0 MW instructions and Roscoe continued at an output level of approximately 21 MW throughout the period. For the period 1200 through 1730, the day shift Generation Controller was accountable for responding to the OOME Down instructions and failed to relay that instruction to Roscoe. For the intervals 1730 through 2000, the night shift Generation Controller was accountable for responding to the OOME Down instruction and failed to relay that instruction to Roscoe. While the second Generation Controller did recognize (shortly after coming on shift) that the OOME Down instruction was about to expire and contacted ERCOT at 17:53 to inquire if the OOME Down instruction was going to expire, he did not recognize that Roscoe was not operating at the appropriate OOME level nor did the ERCOT Operator note the issue.

Violation Severity Level

VSL - High

Enter date of alleged violation

3/20/2010

Enter time of alleged violation

12:30:00 hh:mm:ss

Date

Violation

6/1/2010

Discovered

Reason for the non-compliance

LUME has procedures and training in place to thoroughly prepare the Real Time Operations staff on LUME's QSE obligations. Specifically, the Reliability Coordination Procedure includes explicit guidance on the proper handling of instructions from the Reliability Coordinator (ERCOT). In this particular event, the LUME failure to successfully process and implement the OOME Down instruction moving the Roscoe unit output level from approximately 21 MW to 0 MW is attributed to operation errors on the part of the two Generation Controllers (both the day and night Generation Controller).

Reliability Impact Statement

LUME is not aware of a negative reliability impact that was experienced by ERCOT associated with the Roscoe unit operating at approximately 21 MW in excess of the instruction by ERCOT. During the intervals of the non-compliance (1200-2000), the Reliability Coordinator (ERCOT) did not notify LUME that the Roscoe unit had failed to follow the 0 MW OOME Down instruction.

Mitigation Plan Included?

Yes No

Additional Comments:

LUME is currently developing a Mitigation Plan to provide additional assurance such operational lapses do not occur in the future. Such Mitigation Plan will at least contain the

following elements: training of real-time traders and generation controllers regarding this particular event and procedural modifications designed to detect operational issues such as that described in this self report.

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

As an authorized representative of **Luminant Energy Company, LLC**, I certify the following:

Luminant Energy Company, LLC is Not in Compliance with the following requirement(s) of NERC Reliability Standard IRO-001-1 (indicated by checkmark) but is in compliance with all other requirements of the standard.

Luminant Energy Company, LLC is indicating a possible violation that has **not** been previously identified to Texas Regional Entity.

Luminant Energy Company, LLC is indicating a possible violation that was previously identified to Texas Regional Entity. Provide issues tracking number, if known.

Check all requirements for which Luminant Energy Company, LLC was Not in Compliance:

- R8.** Transmission Operators, Balancing Authorities, Generator Operators, Transmission Service Providers, Load-Serving Entities, and Purchasing-Selling Entities shall comply with Reliability Coordinator directives unless such actions would violate safety, equipment, or regulatory or statutory requirements. Under these circumstances, the Transmission Operator, Balancing Authority, Generator Operator, Transmission Service Provider, Load-Serving Entity, or Purchasing-Selling Entity shall immediately inform the Reliability Coordinator of the inability to perform the directive so that the Reliability Coordinator may implement alternate remedial actions.

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

Provide a detailed explanation why this was not accomplished

04.24.2010 Sweetwater Wind Power LLC (Sweetwater): On April 24, 2010 the Sweetwater resource, operating within the Luminant Energy Company LLC (LUME) QSE, received an electronic Category 2 OOME instruction beginning with interval ending 0030 and extending through interval ending 1730. The instruction required the unit output level be at or below 7 MW for interval ending 0030. From interval 0030 through 0100 this OOME Down instruction was not correctly relayed to the Sweetwater resource from the LUME QSE Generation Controller and the Sweetwater resource continued operating between 17 and 26 MW. At or around 0115, the LUME QSE relayed the instruction to the Sweetwater resource and the resource complied with the instruction by interval ending 0130.

04.24.2010 Roscoe Wind Farm LLC (Roscoe): On April 24, 2010 the Roscoe resource, operating within the LUME QSE, received multiple Category 2 OOME and OOMEVDI instructions beginning

with interval ending 0015 and extending through interval ending 1730. During this period, LUME received an electronic Category 2 OOME instruction reducing the resource output further from a prior OOME Category 2 OOME instruction level of 100 MW to at or below 50 MW for interval ending 0415. From interval 0415 through 0545 this OOME Down instruction was not correctly relayed to the Roscoe resource from the LUME QSE Generation Controller and Roscoe continued operating at approximately 93MW.

05.19.2010 Luminant Generation Company LLC Graham 2(Graham2): On May 19, 2010 Graham 2, operating within the LUME QSE, received a Category 3 OOME instruction beginning with interval ending 1915 and extending through interval ending 2000. The OOME instruction required the resource output level be increased to at or above 380 MW for interval ending 1915; 379 for interval ending 1930; 380 for interval 1945 and lastly 379 for interval ending 2000. The LUME QSE Generation Controller incorrectly instructed the resource to move to the output level equivalent to the maximum level attainable while operating under Automatic Generation Control, approximately 368 MW, because of a concern that moving the resource to 379 MW or 380 MW would substantially increase the risk of a forced outage of the resource on that day.

05.26.2010 Luminant Generation Company LLC Graham 2 (Graham 2): On May 26, 2010 Graham Unit 2, operating within the LUME QSE, received a Category 3 OOME instruction beginning with interval ending 1000 and extending through interval ending 1930. The OOME instruction required the resource output level be increased to at or above 390 MW. The LUME QSE Generation Controller incorrectly instructed the resource to move to the output level equivalent to the maximum level attainable while operating under Automatic Generation Control, approximately 368 MW, because of a concern that moving the resource to 390 MW would substantially increase the risk of a forced outage of the resource on that day.

Violation Severity Level

VSL - High

Enter date of alleged violation

4/24/2010

Enter time of alleged violation

01:15:00 hh:mm:ss

Date

Violation

Discovered

6/18/2010

4.24.2010 Sweetwater Wind Power LLC (Sweetwater): In this particular event, the LUME failure to successfully process and implement the OOME Down instruction moving the Sweetwater resource output level to the required level of at or below 7 MW is attributed to operational error on the part of the Generation Controller in inadvertently failing to review the instruction.

4.24.2010 Roscoe Wind Farm LLC (Roscoe): In this particular event, the LUME failure to successfully process and implement the OOME Down instruction moving the Roscoe resource output level from approximately 93 MW to 50 MW is attributed to operational error on the part of the Generation Controller in inadvertently failing to review the instruction.

Reason for the non-compliance

05.19.2010 Luminant Generation Company LLC Graham 2 (Graham2): In this particular event, the LUME failure to successfully process and implement the OOME Up instruction moving the Graham resource output level to approximately

380 MW is attributed to operational error on the part of the Generation Controller in failing to correctly comply with an ERCOT directive, or, in the alternative, seeking assistance from ERCOT regarding his concern.

05.26.2010 Luminant Generation Company LLC Graham 2 (Graham 2): In this particular event, the LUME failure to successfully process and implement the OOME Up instruction moving the Graham resource output level to 390 MW is attributed to operational error on the part of the Generation Controller in failing to correctly comply with an ERCOT directive, or, in the alternative, seeking assistance from ERCOT regarding his concern.

Reliability
Impact
Statement

LUME is not aware of a negative reliability impact that was experienced by ERCOT associated with the failure to successfully process and implement the OOME instructions described herein. Importantly, ERCOT Protocol 5.4.3(3) states "if ERCOT believes that a resource or group of resources has inadequately responded to a Dispatch Instruction, ERCOT shall notify the relevant QSE". During the intervals of the non-compliance, ERCOT (the Reliability Coordinator) did not notify LUME that the resource(s) had failed to follow the OOME instruction(s).

Mitigation
Plan
Included?

Yes No

Additional Comments:

LUME has developed a Mitigation Plan to provide additional assurance such operational lapses do not occur in the future. LUME submitted this Mitigation Plan to the Texas RE on June 16, 2010 in follow-up to its June 8, 2010 self-report on a similar issue. The Mitigation Plan contains the following elements: training of real-time traders and generation controllers regarding a similar previously reported violation of IRO-001-1 R8 and TOP-001-1 R3 that occurred on March 20, 2010; procedural modifications designed to detect operational issues such as that described in this self report; develop and implement a situational awareness monitor to be used by the QSE Operators to monitor unit output levels and compare them to levels required by any unit-specific reliability directive. Exceptions will be visibly flagged in real-time for attention by the QSE operators. Lastly, LUME Compliance will implement a day-after follow-on review of the situational awareness monitor data to further identify exceptions on a timely basis.

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

As an authorized representative of **Luminant Energy Company, LLC**, I certify the following:

Luminant Energy Company, LLC is Not in Compliance with the following requirement(s) of NERC Reliability Standard IRO-001-1 (indicated by checkmark) but is in compliance with all other requirements of the standard.

Luminant Energy Company, LLC is indicating a possible violation that has **not** been previously identified to Texas Regional Entity.

Luminant Energy Company, LLC is indicating a possible violation that was previously identified to Texas Regional Entity. Provide issues tracking number, if known.

Check all requirements for which Luminant Energy Company, LLC was Not in Compliance:

- R8.** Transmission Operators, Balancing Authorities, Generator Operators, Transmission Service Providers, Load-Serving Entities, and Purchasing-Selling Entities shall comply with Reliability Coordinator directives unless such actions would violate safety, equipment, or regulatory or statutory requirements. Under these circumstances, the Transmission Operator, Balancing Authority, Generator Operator, Transmission Service Provider, Load-Serving Entity, or Purchasing-Selling Entity shall immediately inform the Reliability Coordinator of the inability to perform the directive so that the Reliability Coordinator may implement alternate remedial actions.

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

Provide a detailed explanation why this was not accomplished

PLEASE NOTE -This is not a new Self Report. This is a revision to the Self Report originally filed by Luminant Energy Company LLC on June 29, 2010. The corrected detailed explanation is as follows:

4.24.2010 Roscoe Wind Farm LLC (Roscoe): On April 24, 2010 the Roscoe resource, operating within the LUME QSE, received multiple Category 2 OOME and OOMEVDI instructions beginning with interval ending 0015 and extending through interval ending 1730. During this period, LUME received an electronic Category 2 OOME instruction reducing the resource output further from a prior OOME Category 2 OOME instruction level of 100 MW to at or below 50 MW for interval ending 0415. From interval 0415 through 0545 this OOME Down instruction was not correctly relayed to the Roscoe facility from the LUME QSE Generation Controller and Roscoe continued operating at approximately 93MW.

05.19.2010 Luminant Generation Company LLC Graham 2 (Graham2): On May 19, 2010 Graham 2, operating within the Luminant Energy Company LLC (LUME) QSE, received a Category 3 OOME instruction beginning with interval ending 1915 and extending through interval ending 2000. The OOME instruction required the resource output level be increased to at or above 380 MW for interval ending 1915; 379 for interval ending 1930; 380 for interval 1945 and lastly 379 for interval ending 2000. The LUME QSE Generation Controller incorrectly instructed the resource to move to the output level equivalent to the maximum level attainable while operating under Automatic Generation Control, approximately 368 MW, because of a concern that moving the resource to 379 MW or 380 MW would substantially increase the risk of a forced outage of the resource on that day.

05.26.2010 Luminant Generation Company LLC Graham 2 (Graham 2): On May 26, 2010 Graham Unit 2, operating within the Luminant Energy Company LLC (LUME) QSE, received a Category 3 OOME instruction beginning with interval ending 1000 and extending through interval ending 1930. The OOME instruction required the resource output level be increased to at or above 390 MW. The LUME QSE Generation Controller incorrectly instructed the resource to move to the output level equivalent to the maximum level attainable while operating under Automatic Generation Control, approximately 368 MW, because of a concern that moving the resource to 390 MW would substantially increase the risk of a forced outage of the resource on that day.

Violation Severity Level

VSL - High

Enter date of alleged violation

4/24/2010

Enter time of alleged violation

01:15:00 hh:mm:ss

Date

Violation

6/18/2010

Discovered

Reason for the non-compliance

4.24.2010 Roscoe Wind Farm LLC (Roscoe): In this particular event, the LUME failure to successfully process and implement the OOME Down instruction moving the Roscoe resource output level from approximately 93 MW to 50 MW is attributed to operational error on the part of the Generation Controller in inadvertently failing to review the instruction.

05.19.2010 Luminant Generation Company LLC Graham 2 (Graham 2): In this particular event, the LUME failure to successfully process and implement the OOME Up instruction moving the Graham resource output level to approximately 380 MW is attributed to operational error on the part of the Generation Controller in failing to correctly comply with an ERCOT directive, or, in the alternative, seeking assistance from ERCOT regarding his concern.

05.26.2010 Luminant Generation Company LLC Graham 2 (Graham 2): In this particular event, the LUME failure to successfully process and implement the OOME Up instruction moving the Graham resource output level to 390 MW is attributed to operational error on the part of the Generation Controller in failing to correctly comply with an ERCOT directive, or, in the alternative, seeking assistance from ERCOT regarding his concern.

LUME is not aware of a negative reliability impact that was experienced by ERCOT associated with the failure to successfully process and implement the OOME instructions

Reliability
Impact
Statement

described herein. Importantly, ERCOT Protocol 5.4.3(3) states "if ERCOT believes that a resource or group of resources has inadequately responded to a Dispatch Instruction, ERCOT shall notify the relevant QSE". During the intervals of the non-compliance, ERCOT (the Reliability Coordinator) did not notify LUME that the resource(s) had failed to follow the OOME instruction(s).

Mitigation
Plan
Included?

Yes No

Additional Comments:

LUME has developed a Mitigation Plan to provide additional assurance such operational lapses do not occur in the future. LUME submitted this Mitigation Plan to the Texas RE on June 16, 2010 in follow-up to its June 8, 2010 self-report on a similar issue. The Mitigation Plan contains the following elements: training of real-time traders and generation controllers regarding a similar previously reported violation of IRO-001-1 R8 and TOP-001-1 R3 that occurred on March 20, 2010; procedural modifications designed to detect operational issues such as that described in this self report; develop and implement a situational awareness monitor to be used by the QSE Operators to monitor unit output levels and compare them to levels required by any unit-specific reliability directive. Exceptions are visibly flagged in real-time for attention by the QSE operators. Lastly, LUME Compliance implemented a day-after follow-on review of the situational awareness monitor data to further identify exceptions on a timely basis.

Please note Luminant Energy Company LLC completed the required Mitigation Plan Completion Certification on July 7, 2010.

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

As an authorized representative of **Luminant Energy Company, LLC**, I certify the following:

Luminant Energy Company, LLC is Not in Compliance with the following requirement(s) of NERC Reliability Standard TOP-001 -1 (indicated by checkmark) but is in compliance with all other requirements of the standard.

b **Luminant Energy Company, LLC** is indicating a possible violation that has **not** been previously identified to Texas Regional Entity.

e **Luminant Energy Company, LLC** is indicating a possible violation that was previously identified to Texas Regional Entity. Provide issues tracking number, if known.

Check all requirements for which Luminant Energy Company, LLC was Not in Compliance:

- b** **R3.** Each Transmission Operator, Balancing Authority, and Generator Operator shall comply with reliability directives issued by the Reliability Coordinator, and each Balancing Authority and Generator Operator shall comply with reliability directives issued by the Transmission Operator, unless such actions would violate safety, equipment, regulatory or statutory requirements. Under these circumstances the Transmission Operator, Balancing Authority, or Generator Operator shall immediately inform the Reliability Coordinator or Transmission Operator of the inability to perform the directive so that the Reliability Coordinator or Transmission Operator can implement alternate remedial actions.

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

Provide a detailed explanation why this was not accomplished

On March 20, 2010 the Roscoe Wind Farm LLC, operating within the Luminant Energy Company LLC (LUME) QSE, was online and operating at approximately 205 MW output. For interval ending 0915 LUME received an electronic Category 2 OOME Down instruction from ERCOT to reduce the Roscoe output level to at or below 50 MW. This instruction was fully implemented in the 0930 interval. For interval ending 0945, LUME received a second electronically transmitted Category 2 OOME Down instruction to reduce the output level to at or below 25 MW. This instruction was fully implemented in the 0945 interval. For the 1200 interval, LUME received a third Category 2 OOME Down instructing Roscoe to reduce the output level to 0 MW. From interval 1200 through 1800, this OOME Down instruction was not correctly relayed to the Roscoe facility from the LUME QSE Generation Controller and Roscoe continued operating at approximately 21 MW, the same output level as experienced during the 25 MW Category 2 OOME instruction level.

- ▶ System Administration
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- ▶ Self-Report
- ▶ TFE Request

At 17:53, the LUME Generation Controller recognized that the electronically-transmitted OOME Down instruction was approaching expiration and contacted ERCOT to inquire if the OOME Down instruction would be terminated and Roscoe would be allowed to return to its un-restricted output level. The ERCOT operator indicated it would not be released and to "hold everything where it is at" and that he would "send some OOME VDIs". The ERCOT operator issued an electronic VDI OOME Down continuing the 0 MW output instruction from interval 1815 through 1845. At 1900 the Category 2 OOME Down to 0 MW resumed and was maintained through the end of interval 2000.

From interval 1200 through interval 2000, when the Category 2 OOME Down to 0 MW instruction expired, LUME failed to notify Roscoe of the OOME Down to 0 MW instructions and Roscoe continued at an output level of approximately 21 MW throughout the period. For the period 1200 through 1730, the day shift Generation Controller was accountable for responding to the OOME Down instructions and failed to relay that instruction to Roscoe. For the intervals 1730 through 2000, the night shift Generation Controller was accountable for responding to the OOME Down instruction and failed to relay that instruction to Roscoe. While the second Generation Controller did recognize (shortly after coming on shift) that the OOME Down instruction was about to expire and contacted ERCOT at 17:53 to inquire if the OOME Down instruction was going to expire, he did not recognize that Roscoe was not operating at the appropriate OOME level nor did the ERCOT Operator note the issue.

Violation Severity Level

VSL - Severe

Enter date of alleged violation

3/20/2010

Enter time of alleged violation

12:30:00 hh:mm:ss

- è **R6.** Each Transmission Operator, Balancing Authority, and Generator Operator shall render all available emergency assistance to others as requested, provided that the requesting entity has implemented its comparable emergency procedures, unless such actions would violate safety, equipment, or regulatory or statutory requirements.
- è **R7.** Each Transmission Operator and Generator Operator shall not remove Bulk Electric System facilities from service if removing those facilities would burden neighboring systems unless:
 - è **R7.1.** For a generator outage, the Generator Operator shall notify and coordinate with the Transmission Operator. The Transmission Operator shall notify the Reliability Coordinator and other affected Transmission Operators, and coordinate the impact of removing the Bulk Electric System facility.
 - è **R7.3.** When time does not permit such notifications and coordination, or when immediate action is required to prevent a hazard to the public, lengthy customer service interruption, or damage to facilities, the Generator Operator shall notify the Transmission Operator, and the Transmission Operator shall notify its Reliability Coordinator and adjacent Transmission Operators, at the earliest possible time.

Date

Violation

Discovered

6/1/2010

Reason for the non-compliance

LUME has procedures and training in place to thoroughly prepare the Real Time Operations staff on LUME's QSE obligations. Specifically, the Reliability Coordination Procedure includes explicit guidance on the proper handling of instructions from the Reliability Coordinator (ERCOT). In this particular event, the LUME failure to successfully process and implement the OOME Down instruction moving the Roscoe unit output level from approximately 21 MW to 0 MW is attributed to operation errors on the part of the two Generation Controllers (both the day and night Generation Controller).

Reliability
Impact
Statement

LUME is not aware of a negative reliability impact that was experienced by ERCOT associated with the Roscoe unit operating at approximately 21 MW in excess of the instruction by ERCOT. During the intervals of the non-compliance (1200-2000), the Reliability Coordinator (ERCOT) did not notify LUME that the Roscoe unit had failed to follow the 0 MW OOME Down instruction.

Mitigation
Plan
Included?

Yes No

Additional Comments:

LUME is currently developing a Mitigation Plan to provide additional assurance such operational lapses do not occur in the future. Such Mitigation Plan will at least contain the following elements: training of real-time traders and generation controllers regarding this particular event and procedural modifications designed to detect operational issues such as that described in this self report.

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TOP-001 -1 Self-Report (GOP)

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[New Mitigation Plan](#) | [Attachments \(1\)](#)

This form was submitted on 6/29/2010.

* Required Fields

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Technical Contact

*

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

As an authorized representative of **Luminant Energy Company, LLC**, I certify the following:

Luminant Energy Company, LLC is Not in Compliance with the following requirement(s) of NERC Reliability Standard TOP-001 -1 (indicated by checkmark) but is in compliance with all other requirements of the standard.

Luminant Energy Company, LLC is indicating a possible violation that has **not** been previously identified to Texas Regional Entity.

Luminant Energy Company, LLC is indicating a possible violation that was previously identified to Texas Regional Entity. Provide issues tracking number, if known.

Check all requirements for which Luminant Energy Company, LLC was Not in Compliance:

- R3.** Each Transmission Operator, Balancing Authority, and Generator Operator shall comply with reliability directives issued by the Reliability Coordinator, and each Balancing Authority and Generator Operator shall comply with reliability directives issued by the Transmission Operator, unless such actions would violate safety, equipment, regulatory or statutory requirements. Under these circumstances the Transmission Operator, Balancing Authority, or Generator Operator shall immediately inform the Reliability Coordinator or Transmission Operator of the inability to perform the directive so that the Reliability Coordinator or Transmission Operator can implement alternate remedial actions.

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

Provide a detailed explanation why this was not accomplished

04.24.2010 Sweetwater Wind Power LLC (Sweetwater): On April 24, 2010 the Sweetwater resource, operating within the Luminant Energy Company LLC (LUME) QSE, received an electronic Category 2 OOME instruction beginning with interval ending 0030 and extending through interval ending 1730. The instruction required the unit output level be at or below 7 MW for interval ending 0030. From interval 0030 through 0100 this OOME Down instruction was not correctly relayed to the Sweetwater resource from the LUME QSE Generation Controller and the Sweetwater resource continued operating between 17 and 26 MW. At or around 0115, the LUME QSE relayed the instruction to the Sweetwater resource and the resource complied with the instruction by interval ending 0130.

04.24.2010 Roscoe Wind Farm LLC (Roscoe): On April 24, 2010 the Roscoe resource, operating within the LUME QSE, received

- System Administration
- Compliance
 - All Forms
 - BAL Forms
 - CIP Forms
 - COM Forms
 - EOP Forms
 - IRO Forms
 - NUC Forms
 - PRC Forms
 - TOP Forms
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 - Historical Forms
 - Certification Statements
- Self-Report
- TFE Request

multiple Category 2 OOME and OOMEVDI instructions beginning with interval ending 0015 and extending through interval ending 1730. During this period, LUME received an electronic Category 2 OOME instruction reducing the resource output further from a prior OOME Category 2 OOME instruction level of 100 MW to at or below 50 MW for interval ending 0415. From interval 0415 through 0545 this OOME Down instruction was not correctly relayed to the Roscoe resource from the LUME QSE Generation Controller and Roscoe continued operating at approximately 93MW.

05.19.2010 Luminant Generation Company LLC Graham 2(Graham2): On May 19, 2010 Graham 2, operating within the LUME QSE, received a Category 3 OOME instruction beginning with interval ending 1915 and extending through interval ending 2000. The OOME instruction required the resource output level be increased to at or above 380 MW for interval ending 1915; 379 for interval ending 1930; 380 for interval 1945 and lastly 379 for interval ending 2000. The LUME QSE Generation Controller incorrectly instructed the resource to move to the output level equivalent to the maximum level attainable while operating under Automatic Generation Control, approximately 368 MW, because of a concern that moving the resource to 379 MW or 380 MW would substantially increase the risk of a forced outage of the resource on that day.

05.26.2010 Luminant Generation Company LLC Graham 2 (Graham 2): On May 26, 2010 Graham Unit 2, operating within the LUME QSE, received a Category 3 OOME instruction beginning with interval ending 1000 and extending through interval ending 1930. The OOME instruction required the resource output level be increased to at or above 390 MW. The LUME QSE Generation Controller incorrectly instructed the resource to move to the output level equivalent to the maximum level attainable while operating under Automatic Generation Control, approximately 368 MW, because of a concern that moving the resource to 390 MW would substantially increase the risk of a forced outage of the resource on that day.

Violation Severity Level

VSL - Severe

Enter date of alleged violation

4/24/2010

Enter time of alleged violation

01:15:00 hh:mm:ss

- Ⓔ **R6.** Each Transmission Operator, Balancing Authority, and Generator Operator shall render all available emergency assistance to others as requested, provided that the requesting entity has implemented its comparable emergency procedures, unless such actions would violate safety, equipment, or regulatory or statutory requirements.
- Ⓔ **R7.** Each Transmission Operator and Generator Operator shall not remove Bulk Electric System facilities from service if removing those facilities would burden neighboring systems unless:
 - Ⓔ **R7.1.** For a generator outage, the Generator Operator shall notify and coordinate with the Transmission Operator. The Transmission Operator shall notify the Reliability Coordinator and other affected Transmission Operators, and coordinate the impact of removing the Bulk Electric System facility.
 - Ⓔ **R7.3.** When time does not permit such notifications and coordination, or when immediate action is required to prevent a hazard to the public, lengthy customer service interruption, or damage to facilities, the Generator Operator shall notify the Transmission Operator, and the Transmission Operator shall notify its Reliability Coordinator and adjacent Transmission Operators, at the earliest possible time.

Date

Violation

Discovered

6/18/2010

04.24.2010 Sweetwater Wind Power LLC (Sweetwater): In this particular event, the LUME failure to successfully process and implement the OOME Down instruction moving the

Sweetwater resource output level to the required level of at or below 7 MW is attributed to operational error on the part of the Generation Controller in inadvertently failing to review the instruction.

04.24.2010 Roscoe Wind Farm LLC (Roscoe): In this particular event, the LUME failure to successfully process and implement the OOME Down instruction moving the Roscoe resource output level from approximately 93 MW to 50 MW is attributed to operational error on the part of the Generation Controller in inadvertently failing to review the instruction.

Reason for the non-compliance

05.19.2010 Luminant Generation Company LLC Graham 2 (Graham2): In this particular event, the LUME failure to successfully process and implement the OOME Up instruction moving the Graham resource output level to approximately 380 MW is attributed to operational error on the part of the Generation Controller in failing to correctly comply with an ERCOT directive, or, in the alternative, seeking assistance from ERCOT regarding his concern.

05.26.2010 Luminant Generation Company LLC Graham 2 (Graham 2): In this particular event, the LUME failure to successfully process and implement the OOME Up instruction moving the Graham resource output level to 390 MW is attributed to operational error on the part of the Generation Controller in failing to correctly comply with an ERCOT directive, or, in the alternative, seeking assistance from ERCOT regarding his concern.

Reliability Impact Statement

LUME is not aware of a negative reliability impact that was experienced by ERCOT associated with the failure to successfully process and implement the OOME instructions described herein. Importantly, ERCOT Protocol 5.4.3(3) states "if ERCOT believes that a resource or group of resources has inadequately responded to a Dispatch Instruction, ERCOT shall notify the relevant QSE". During the intervals of the non-compliance, ERCOT (the Reliability Coordinator) did not notify LUME that the resource(s) had failed to follow the OOME instruction(s).

Mitigation Plan Included?

Yes No

Additional Comments:

LUME has developed a Mitigation Plan to provide additional assurance such operational lapses do not occur in the future. LUME submitted this Mitigation Plan to the Texas RE on June 16, 2010 in follow-up to its June 8, 2010 self-report on a similar issue. The Mitigation Plan contains the following elements: training of real-time traders and generation controllers regarding a similar previously reported violation of IRO-001-1 R8 and TOP-001-1 R3 that occurred on March 20, 2010; procedural modifications designed to detect operational issues such as that described in this self report; develop and implement a situational awareness monitor to be used by the QSE Operators to monitor unit output levels and compare them to levels required by any unit-specific reliability directive. Exceptions will be visibly flagged in real-time for attention by the QSE operators. Lastly, LUME Compliance will implement a day-after follow-on review of the situational awareness monitor data to further identify exceptions on a timely basis.

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Compliance

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Self-Report

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TOP-001 -1 Self-Report (GOP)

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* Required Fields

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

As an authorized representative of **Luminant Energy Company, LLC**, I certify the following:

Luminant Energy Company, LLC is Not in Compliance with the following requirement(s) of NERC Reliability Standard TOP-001 -1 (indicated by checkmark) but is in compliance with all other requirements of the standard.

Luminant Energy Company, LLC is indicating a possible violation that has **not** been previously identified to Texas Regional Entity.

Luminant Energy Company, LLC is indicating a possible violation that was previously identified to Texas Regional Entity. Provide issues tracking number, if known.

Check all requirements for which Luminant Energy Company, LLC was Not in Compliance:

- R3.** Each Transmission Operator, Balancing Authority, and Generator Operator shall comply with reliability directives issued by the Reliability Coordinator, and each Balancing Authority and Generator Operator shall comply with reliability directives issued by the Transmission Operator, unless such actions would violate safety, equipment, regulatory or statutory requirements. Under these circumstances the Transmission Operator, Balancing Authority, or Generator Operator shall immediately inform the Reliability Coordinator or Transmission Operator of the inability to perform the directive so that the Reliability Coordinator or Transmission Operator can implement alternate remedial actions.

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

Provide a detailed explanation why this was not accomplished

PLEASE NOTE -This is not a new Self Report. This is a revision to the Self Report originally filed by Luminant Energy Company LLC on June 29, 2010. The corrected detailed explanation is as follows:

4.24.2010 Roscoe Wind Farm LLC (Roscoe): On April 24, 2010 the Roscoe resource, operating within the LUME QSE, received multiple Category 2 OOME and OOMEVDI instructions beginning with interval ending 0015 and extending through interval ending 1730. During this period, LUME received an electronic Category 2 OOME instruction reducing the resource output further from a prior OOME Category 2 OOME instruction level of 100 MW to at or below 50 MW for interval ending 0415. From interval 0415 through 0545 this OOME Down instruction was not correctly relayed to the Roscoe facility from the LUME QSE Generation Controller and Roscoe continued operating at approximately 93MW.

05.19.2010 Luminant Generation Company LLC Graham 2(Graham 2): On May 19, 2010 Graham 2, operating within the Luminant Energy Company LLC (LUME) QSE, received a Category 3 OOME instruction beginning with interval ending 1915 and extending through interval ending 2000. The OOME instruction required the resource output level be increased to at or above 380 MW for interval ending 1915; 379 for interval ending 1930; 380 for interval 1945 and lastly 379 for interval ending 2000. The LUME QSE Generation Controller incorrectly instructed the resource to move to the output level equivalent to the maximum level attainable while operating under Automatic Generation Control, approximately 368 MW, because of a concern that moving the resource to 379 MW or 380 MW would substantially increase the risk of a forced outage of the resource on that day.

05.26.2010 Luminant Generation Company LLC Graham 2 (Graham 2): On May 26, 2010 Graham Unit 2, operating within the Luminant Energy Company LLC (LUME) QSE, received a Category 3 OOME instruction beginning with interval ending 1000 and extending through interval ending 1930. The OOME instruction required the resource output level be increased to at or above 390 MW. The LUME QSE Generation Controller incorrectly instructed the resource to move to the output level equivalent to the maximum level attainable while operating under Automatic Generation Control, approximately 368 MW, because of a concern that moving the resource to 390 MW would substantially increase the risk of a forced outage of the resource on that day.

Violation Severity Level

VSL - Severe

Enter date of alleged violation

4/24/2010

Enter time of alleged violation

04:15:00 hh:mm:ss

- ⌘ R6. Each Transmission Operator, Balancing Authority, and Generator Operator shall render all available emergency assistance to others as requested, provided that the requesting entity has implemented its comparable emergency procedures, unless such actions would violate safety, equipment, or regulatory or statutory requirements.
- ⌘ R7. Each Transmission Operator and Generator Operator shall not remove Bulk Electric System facilities from service if removing those facilities would burden neighboring systems unless:
 - ⌘ R7.1. For a generator outage, the Generator Operator shall notify and coordinate with the Transmission Operator. The Transmission Operator shall notify the Reliability Coordinator and other affected Transmission Operators, and coordinate the impact of removing the Bulk Electric System facility.
 - ⌘ R7.3. When time does not permit such notifications and coordination, or when immediate action is required to prevent a hazard to the public, lengthy customer service interruption, or damage to facilities, the Generator Operator shall notify the Transmission Operator, and the Transmission Operator shall notify its Reliability Coordinator and adjacent Transmission Operators, at the earliest possible time.

Date
Violation
Discovered

6/18/2010

4.24.2010 Roscoe Wind Farm LLC (Roscoe): In this particular event, the LUME failure to successfully process and implement the OOME Down instruction moving the Roscoe resource output level from approximately 93 MW to 50 MW is attributed to operational error on the part of the Generation Controller in inadvertently failing to review the instruction.

Reason for
05.19.2010 Luminant Generation Company LLC Graham 2 (Graham 2): In this particular event, the LUME failure to successfully process and implement the OOME Up instruction moving the Graham resource output level to approximately

the non-compliance

380 MW is attributed to operational error on the part of the Generation Controller in failing to correctly comply with an ERCOT directive, or, in the alternative, seeking assistance from ERCOT regarding his concern.

05.26.2010 Luminant Generation Company LLC Graham 2 (Graham 2): In this particular event, the LUME failure to successfully process and implement the OOME Up instruction moving the Graham resource output level to 390 MW is attributed to operational error on the part of the Generation Controller in failing to correctly comply with an ERCOT directive, or, in the alternative, seeking assistance from ERCOT regarding his concern.

Reliability Impact Statement

LUME is not aware of a negative reliability impact that was experienced by ERCOT associated with the failure to successfully process and implement the OOME instructions described herein. Importantly, ERCOT Protocol 5.4.3(3) states "if ERCOT believes that a resource or group of resources has inadequately responded to a Dispatch Instruction, ERCOT shall notify the relevant QSE". During the intervals of the non-compliance, ERCOT (the Reliability Coordinator) did not notify LUME that the resource(s) had failed to follow the OOME instruction(s).

Mitigation Plan Included?

Yes No

Additional Comments:

LUME has developed a Mitigation Plan to provide additional assurance such operational lapses do not occur in the future. LUME submitted this Mitigation Plan to the Texas RE on June 16, 2010 in follow-up to its June 8, 2010 self-report on a similar issue. The Mitigation Plan contains the following elements: training of real-time traders and generation controllers regarding a similar previously reported violation of IRO-001-1 R8 and TOP-001-1 R3 that occurred on March 20, 2010; procedural modifications designed to detect operational issues such as that described in this self report; develop and implement a situational awareness monitor to be used by the QSE Operators to monitor unit output levels and compare them to levels required by any unit specific reliability directive. Exceptions are visibly flagged in real-time for attention by the QSE operators. Lastly, LUME Compliance implemented a day-after follow-on review of the situational awareness monitor data to further identify exceptions on a timely basis.

Please note Luminant Energy Company LLC completed the required Mitigation Plan Completion Certification on July 7, 2010.

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Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: June 16, 2010

If this Mitigation Plan has already been completed:

- Check this box and
- Provide the Date of Completion of the Mitigation Plan: July 7, 2010

Section A: Compliance Notices

- Section 6.2 of the CMEP¹ sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:
 - (1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan. This person may be the Registered Entity's point of contact described in Section 2.0.
 - (2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.
 - (3) The cause of the Alleged or Confirmed Violation(s).
 - (4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).
 - (5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed violation(s).
 - (6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.
 - (7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.
 - (8) Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined for not completing work associated with accepted milestones.
 - (9) Any other information deemed necessary or appropriate.
 - (10) The Mitigation Plan shall be signed by an officer, employee, attorney or other authorized representative of the Registered Entity, which if applicable, shall be the person that signed the Self-Certification or Self Reporting submittals.
- This submittal form may be used to provide a required Mitigation Plan for review and approval by Texas Regional Entity (Texas RE) and NERC.
- The Mitigation Plan shall be submitted to the Texas RE and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.

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.

- 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 Texas RE 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.
- Texas RE 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: Luminant Energy Company LLC
Company Address: 500 North Akard, Suite 14-000
Dallas, Texas 75201
NERC Compliance Registry ID [*if known*]: NCR10133

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

Name: J. Kevin Phillips
Title: Director – Trade Floor Compliance Program
Email: kevin.phillips@luminant.com
Phone: 214-875-9341

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: IRO-001-1 and TOP-001-1

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

NERC Violation ID # [if known]	Texas RE Violation ID # [if known]	Requirement Violated (e.g. R3.2)	Violation Date ^(*)
TRE201000121	NERC20100024	R8	03.20.2010
TRE201000121	NERC20100024	R8	04.24.2010
TRE201000121	NERC20100024	R8	05.19.2010
TRE201000121	NERC20100024	R8	05.26.2010
TRE201000122	NERC20100023	R3	03.20.2010
TRE201000122	NERC20100023	R3	04.24.2010
TRE201000122	NERC20100023	R3	05.19.2010
TRE201000122	NERC20100023	R3	05.26.2010

(*) Note: The Violation Date shall be: (i) 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 Texas RE. Questions regarding the date to use should be directed to the Texas RE.

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

Luminant Energy Company LLC (LUME) has procedures and training in place to thoroughly prepare the QSE Operators on LUME's QSE obligations. Specifically, the Reliability Coordination Procedure includes explicit guidance on the proper handling of instructions from the Reliability Coordinator (ERCOT).

In these particular events, the LUME failure to successfully process and implement the OOME instructions is attributed to operation errors on the part of the Generation Controllers.

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

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

Section D: Details of Proposed Mitigation Plan

Mitigation Plan Contents

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

LUME has developed a Mitigation Plan comprised of operational enhancements designed to provide additional assurances that future reliability directives will be

implemented in compliance with all regulatory obligations. Following is a summary of the elements of the Mitigation Plan:

- LUME is making procedural improvements to: require specific logging of calls to wind resources; require the QSE Operators to confirm that units move to required levels; log events of non-compliance; and require calls to both ERCOT and the non-compliant resource in the event a resource fails to comply.
- Develop and conduct training associated with this specific event to reinforce personnel awareness of LUME's specific obligation as well as train all affected personnel on the relevant procedural updates.
- Develop and implement a situational awareness monitor to be used by the QSE Operators to monitor unit output levels and compare them to levels required by any unit-specific reliability directive. Exceptions will be flagged within the monitor in real time and handled in accordance with the requirements established by procedure.
- Implement a process for LUME Compliance to duplicate the exception query on a business day +1 basis. This will enable LUME to validate, on a timely basis, that LUME met its reliability directive obligations for that operating period.

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

Mitigation Plan Timeline and Milestones

D.2 Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the violations associated with this Mitigation Plan are corrected: July 7, 2010

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

Milestone Activity	Proposed Completion Date* (shall not be more than 3 months apart)
Complete Revisions and Implementation of Procedural Updates	June 16, 2010 (complete)
Develop and Deliver Training to Affected Personnel	June 16, 2010 (complete)
Develop and Implement Situational Awareness Monitor Displaying Unit Output Relative to Levels Required by Directive for LUME QSE Operations	July 7, 2010
Develop and Implement LUME Compliance Business Day +1 Review of Performance	July 7, 2010

(*) 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:

[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:

LUME is not aware of a negative reliability impact occurred on the dates of the events associated with this Mitigation Plan. Importantly, ERCOT Protocol 5.4.3(3) states “if ERCOT believes that a Resource or group of Resources has inadequately responded to a Dispatch Instruction, ERCOT shall notify the relevant QSE”. ERCOT (the Reliability Coordinator) did not make any such notification to LUME associated with any of the events related to this Mitigation Plan. Additionally, LUME considers the risk of any future negative impact to the Bulk Power System to be minimal.

To mitigate increased risk to the Bulk Power System pending completion of the entire Mitigation Plan, LUME has already completed the first two milestones noted in section D.3 (Procedural Changes & Personnel Training).

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:

Upon completion of this Mitigation Plan, LUME will be prepared to process reliability directives more efficiently and with greater accuracy due to procedural updates, employee retraining, and a new situational awareness monitor that monitors unit output levels required by directive. When these improvements are achieved, there should be reasonable assurances that similar violations are less likely to occur in the future.

- 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.

In conjunction with the implementation of the ERCOT Nodal Market scheduled for 12/1/2010, LUME systems will change such that the majority of all units, including all wind units, will be moved electronically by ERCOT with the exception of Comanche Peak, units on test and units with similarly related issues. LUME believes that this system change will further mitigate the remaining compliance risk associated with this Standard

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

Authorized Individual Signature



(Electronic signatures are acceptable; see CMEP)

Name (Print): Shannon Caraway, P.E.

Title: VP Asset Management

Date: June 16, 2010

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.

This Mitigation Plan is also responsive to the LUME Self Report associated with ERCOT Protocol 5.4.4(1).

Submit completed and signed forms to mitigation@texasre.org

Please direct any questions regarding completion of this form to:

Texas Regional Entity
Rashida Caraway
512-225-7056
rashida.caraway@texasre.org

Mitigation Plan Completion Certification

Submittal of a Mitigation Plan Completion Certification shall include data or information sufficient for Texas Regional Entity to verify completion of the Mitigation Plan. Texas Regional Entity 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 Name: Luminat Energy Company LLC

NERC Registry ID: NCR10133

Date of Submittal of Certification: July 7, 2010

NERC Violation ID No(s):

Reliability Standard and the Requirement(s) of which a violation was mitigated: IRO-001-1 R8; TOP-001-1-R3

Date Mitigation Plan was scheduled to be completed per accepted Mitigation Plan: July 7, 2010

Date Mitigation Plan was actually completed: July 7, 2010

Additional Comments (or List of Documents Attached):

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: J. Kevin Phillips

Title: Director - Trade Floor Compliance Program

Email: kevin.phillips@luminant.com

Phone: (214) 875-9341

2700 Via Fortuna, Suite 225

Austin, Texas 78746

Tel: (512) 225-7000

Fax: (512) 225-7165

Authorized Signature

K. A. O.

Date 7/7/2010

Please submit completed forms or any questions regarding completion of this form to the **mitigation@texasre.org**.

Please indicate the company name and reference the NERC Violation ID # (if known) in the subject line of the e-mail.

Verification of Mitigation Plan

January 13, 2010

J. Kevin Phillips
Director – Trade Floor Compliance Program

Luminant Energy Company, LLC

NCR10133

Violation Numbers:

TRE201000121, TRE201000122,

Re: Texas Reliability Entity, Inc. (“Texas RE”) Mitigation Plan Verification of Completion

North American Electric Reliability Corporation (“NERC”) delegated authority to Texas Reliability Entity, Inc. to become the regional entity for the ERCOT region effective July 1, 2010, pursuant to Section 215(e)(4) of the Federal Power Act. NERC also delegated to Texas Reliability Entity, Inc. the authority and responsibility for the continuation of all compliance monitoring and enforcement activities that it had previously delegated to Texas Regional Entity (a division of Electric Reliability Council of Texas, Inc.) The term “Texas RE” is used herein to refer to both Texas Regional Entity and Texas Reliability Entity, Inc.

As a result of Texas RE’s findings from self-reports dated June 8, 2010, June 29, 2010, and August 12, 2010, and an audit dated August 5, 2010, Texas RE has determined there is a sufficient basis for finding that Luminant Energy Company, LLC (“Luminant”) may not be or may not have been in compliance with NERC Reliability Standards IRO-001-1.1, R8 and TOP-001-1, R3.

IRO-001-1.1, R8 requires that Transmission Operators, Balancing Authorities, Generator Operators, Transmission Service Providers, Load-Serving Entities, and Purchasing-Selling Entities shall comply with Reliability Coordinator directives unless such actions would violate safety, equipment, or regulatory or statutory requirements. Under these circumstances, the Transmission Operator, Balancing Authority, Generator Operator, Transmission Service Provider, Load-Serving Entity, or Purchasing-Selling Entity shall immediately inform the Reliability Coordinator of the inability to perform the directive so that the Reliability Coordinator may implement alternate remedial actions.

TOP-001-1, R3 requires that each Transmission Operator, Balancing Authority, and Generator Operator shall comply with reliability directives issued by the Reliability Coordinator, and each Balancing Authority and Generator Operator shall comply with reliability directives issued by the Transmission Operator, unless such actions would violate safety, equipment, regulatory or statutory requirements. Under these circumstances the Transmission Operator, Balancing Authority or Generator Operator shall immediately inform the Reliability Coordinator or

Transmission Operator of the inability to perform the directive so that the Reliability Coordinator or Transmission Operator can implement alternate remedial actions.

Roscoe Wind Farm on 3/20/2010

On 3/20/2010, 33 electronic OOME directives were issued by ERCOT ISO to a Luminant operator approximately every 15 minutes beginning at 11:33. Each directive was to reduce the output of the Roscoe Wind Farm to 0 MW for a 15 minute period. Altogether the directives ordered the Roscoe facility to operate at 0 MW for the period 11:45 until 20:00. The Luminant operator did not notify the Roscoe facility, and during this period Roscoe produced approximately 20 MW when it was directed to operate at 0 MW. This comprises violations of IRO-001-1.1, R8 and TOP-001-1, R3.

Roscoe Wind Farm on 4/24/2010

On 4/24/2010, seven electronic OOME directives were issued by ERCOT ISO to a Luminant operator approximately every 15 minutes beginning at 3:48. Each directive was to reduce the output of the Roscoe Wind Farm to at or below 50 MW for a 15 minute period. Altogether the directives applied to the period 4:00 until 5:45. The Luminant operator did not notify the facility, and during this period Roscoe produced approximately 95 MW when it was supposed to produce at or below 50 MW. This comprises violations of IRO-001-1.1, R8 and TOP-001-1, R3.

Graham 2 on 5/19/2010

On 5/19/2010, four electronic OOME directives were issued by ERCOT ISO to a Luminant operator approximately every 15 minutes beginning at 18:48. Each directive was to operate Graham 2 at or above approximately 380 MW. Altogether the directives applied to the period 19:00 until 20:00. The Luminant operator incorrectly instructed Graham 2 to produce output equivalent to the maximum level attainable while operating under Automatic Generation Control ("AGC"), approximately 368 MW, because of a concern that moving the resource above 368 MW would substantially increase the risk of a forced outage. However, the Luminant operator did not discuss this issue with ERCOT ISO. Accordingly, Graham 2 produced approximately 368 MW during the period 19:00 until 20:00 when it was supposed to produce at or above approximately 380 MW. This comprises violations of IRO-001-1.1, R8 and TOP-001-1, R3.

Graham 2 on 5/26/2010

On 5/26/2010, 39 electronic OOME directives were issued by ERCOT ISO to a Luminant operator approximately every 15 minutes beginning at 9:34. Each directive was to operate Graham 2 at or above approximately 390 MW. Altogether the directives applied to the period 9:45 until 19:30. The Luminant operator incorrectly instructed Graham 2 to produce output equivalent to the maximum level attainable while operating under Automatic Generation Control ("AGC"), approximately 368 MW, because of a concern that moving the resource above 368 MW would substantially increase the risk of a forced outage. However, the Luminant operator did not discuss this issue with ERCOT ISO. Accordingly, Graham 2 produced approximately

368 MW during the period 9:45 until 19:30 when it was supposed to produce at or above 390 MW. This comprises violations of IRO-001-1.1, R8 and TOP-001-1, R3.

On 6/16/2010, Luminant submitted a mitigation plan to address the possible violations. The mitigation plan contains the following corrective actions:

1. Luminant will make procedural improvements to: require specific logging of calls to wind resources; require the QSE Operators to confirm that units move to required levels; log events of non-compliance; and require calls to both ERCOT and the non-compliant resource³ in the event a resource fails to compl.
2. Develop and conduct training associated with this specific event to reinforce personnel awareness of Luminant's specific obligation as well as train all affected personnel on the relevant procedural updates.
3. Develop and implement a situational awareness monitor to be used by the QSE Operators to monitor unit output levels and compare them to levels required by any unit-specific reliability directive. Exceptions will be flagged within the monitor in real time and handled in accordance with the requirements established by procedure.
4. Implement a process for Luminant Compliance to duplicate the exception query on a business day + 1 basis. This will enable Luminant to validate, on a timely basis, that Luminant met its reliability directive obligations for that operating period.

Luminant provided Texas RE with the following documents to demonstrate completion of the mitigation plan:

1. Complete Revisions and Implementation of Procedural Updates.
 - "Real Time Logging – Version 002 06-14-2060 – final pdf.pdf"
 - "2010.06.14 LUME Reliability Coordination Procedure – Version 003-final.pdf"
This procedure and log contains all the required items in 1. above.
2. Develop and Deliver Training to Affected Personnel.
 - "2010.06.16 LUME Training Materials.pdf"
 - The training occurred as part of Luminant Energy's summer training which has an extensive agenda. The full training deck for the Summer Training is 137 slides. For the purpose of this data submission, only the relevant slides from the training deck were excerpted and included in this submission.
 - "2010.06.16 LUME Training Sign In Sheets.pdf"
3. Develop and Implement Situational Awareness Monitor Displaying Unit Output Relative to Levels Required by Directive for LUME QSE Operations.
 - "2010.07.07 LUME Situational Awareness Introductory Email.pdf". This email was distributed to all affected personnel and gave background and guidance on the new tool.
 - "2010.08.20 LUME Situational Awareness Monitor Screen Shot.pdf". The Real Time desk tool was not archived as it reviews fleet status in "real time". The

screen shot from 8.20.2010 is representative of the view of the tool used by the Real Time staff.

- The tool was timely implemented as evidenced by the email notice (2010.07.07 LUME Situational Awareness Introductory Email.pdf sent to the Real Time staff noted in bullet 1 of item 3) as well as the implementation of the LUME Compliance Business Day +1 review described in item 4 below.
4. Develop and Implement LUME Compliance Business Day +1 Review of Performance (relative to OOM instructions).
- “2010.07.07 LUME Compliance Review Report_Situational Awareness Monitor.pdf”.

Based on evidence presented by Luminant and reviewed by Texas RE, this letter confirms the above mentioned mitigation plan is complete. If you have any questions, please feel free to contact Brent Torgrimson at (512) 583-4987 or via e-mail at Brent.Torgrimson@TexasRE.org.

Respectfully submitted,

Rashida Caraway
Texas Reliability Entity, Inc.
Manager, Compliance Enforcement
(512) 583-4977
Email: Rashida.Caraway@TexasRE.org

Attachment d

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Luminant Energy Company, LLC

Docket No. NP11-____-000

NOTICE OF FILING
June 29, 2011

Take notice that on June 29, 2011, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Luminant Energy Company, LLC in the Texas Reliability Entity, Inc. region.

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

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

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

Comment Date: [BLANK]

Kimberly D. Bose,
Secretary