



NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

March 1, 2010

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

**Re: NERC Notice of Penalty regarding Midway Sunset Cogeneration Company,  
FERC Docket No. NP10-\_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty<sup>1</sup> regarding Midway Sunset Cogeneration Company (MSCC),<sup>2</sup> NERC Registry ID NCR05510,<sup>3</sup> 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)).<sup>4</sup>

As discussed below, on July 9, 2008, MSCC submitted a Self-Certification to the Western Electricity Coordinating Council (WECC) indicating a possible violation of VAR-002-1 R3 as a result of its failure to notify its associated Transmission Operator, within 30 minutes of a status change in its Power System Stabilizer (PSS). This Notice of Penalty is being filed with the Commission because, based on information from WECC, MSCC does not dispute the violation of VAR-002-1 R3 and the proposed three thousand dollar (\$3,000) penalty to be assessed to MSCC. Accordingly, the violation identified as NERC Violation Tracking Identification Number WECC200801118 is a Confirmed Violation, as that term is defined in the NERC Rules of Procedure and the CMEP.

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<sup>1</sup> *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 (2008). *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).

<sup>2</sup> On October 14, 2009, NERC submitted an Omnibus filing which addressed violations for certain registered entities including MSCC. On November 13, 2009, FERC issued an order stating it would not engage in further review of the violations addressed in the Omnibus Notice of Penalty.

<sup>3</sup> Western Electricity Coordinating Council (WECC) confirmed that MSCC was included on the NERC Compliance Registry as a Generator Owner and Generator Operator on August 10, 2007. As a Generator Operator, MSCC was subject to the requirements of NERC Reliability Standard VAR-002-1.

<sup>4</sup> *See* 18 C.F.R. § 39.7(c)(2).

### Statement of Findings Underlying the Violation

This Notice of Penalty incorporates the findings and justifications set forth in the Notice of Confirmed Violation and Proposed Penalty or Sanction (NOCV) issued on September 2, 2009, by WECC. The details of the findings and basis for the penalty are set forth herein. This Notice of Penalty filing contains the basis for approval of this Notice of Penalty by the NERC Board of Trustees Compliance Committee (BOTCC). In accordance with Section 39.7 of the Commission's Regulations, 18 C.F.R. § 39.7 (2007), NERC provides the following summary table identifying the Reliability Standard at issue in this Notice of Penalty.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
WECC	Midway Sunset Cogeneration Company	NOC-269	WECC200801118	VAR-002-1	3	Medium	3,000

The purpose of Reliability Standard VAR-002-1<sup>5</sup> is to ensure generators provide the reactive and voltage control necessary to ensure voltage levels, reactive flows, and that reactive resources are maintained within applicable Facility Ratings to protect equipment and the reliable operation of the Interconnection.

VAR-002-1 R3 requires each Generator Operator, such as MSCC, to 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; and 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. VAR-002-1 R3, R3.1 and R3.2 all have "Medium" Violation Risk Factors (VRFs).

According to WECC, on January 30, 2008, MSCC notified its associated Transmission Operators (California Independent System Operator and Pacific Gas and Electric) 12 hours after its PSS went offline, instead of within the 30 minutes as required by the Standard because the notification requirement was overlooked by personnel. Less than two (2) hours after MSCC notified its Transmission Operators the PSS was offline, the PSS was placed back online and in service. After MSCC placed the PSS back online and in service, MSCC notified its Transmission Operators again of the status of the PSS. MSCC discovered the violation while

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<sup>5</sup> This alleged violation is subject to compliance with VAR-002-1 as it was the enforceable standard at the time of discovery. VAR-002-1 was approved by the Commission and was enforceable from June 18, 2007 through August 28, 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 became enforceable on May 13, 2009. An interpretation provide clarity regarding the responsibilities of a registered entity. It does not change the meaning or language of the NERC Reliability Standard and its requirements. The errata errata can be a misspelled word, an incorrect reference to a requirement or measure, or an error, such as a missing word, *etc.*, that, when added or corrected, does not change the scope or technical content of the standard.

preparing its Self-Certification submittals and, on July 9, 2008, reported the possible violation on its Self-Certification form.

WECC's subject matter experts (SMEs) reviewed MSCC's Self-Certification and determined that MSCC had a possible violation. WECC Enforcement Staff confirmed the SMEs' conclusion and determined that the duration of the violation was for less than one day on January 30, 2008.

According to the NOCV, WECC assessed a penalty of three thousand dollars (\$3,000) for this violation. In reaching this determination, WECC considered the following factors: (1) there was no serious or substantial risk to the bulk power system because the requirement to notify the Transmission Operators of the change in status of a PSS allows the Transmission Operators to consider whether changes in stability limited paths System Operating Limits should be considered. The PSS is designed to correct the phase error present in fast excitation systems and assist the interconnected system in damping most frequency oscillations. The failure to notify the Transmission Operators that the PSS was out of service presents a moderate increase risk to the BPS taking into account the VRF of medium. While this is a 500 MW combined-cycle generation facility, this factor does not, by itself, represent a significant contribution to damping interconnection-wide frequency oscillations in relation to the size of the Western Interconnection. In addition, the violation was only one incident of non-compliance with the Standard and it was corrected within hours of the violation; (2) MSCC had no violation history for this standard; (3) MSCC cooperated with WECC Staff throughout the enforcement process; and (4) WECC found no aggravating factors. Therefore, WECC determined that, in this instance, the penalty amount of three thousand dollars (\$3,000) was appropriate and bears a reasonable relation to the seriousness and duration of the alleged violation.

### **Status of Mitigation Plan**

MSCC's completed Mitigation Plan to address the referenced violation was signed on September 23, 2008 and submitted to WECC on September 30, 2008<sup>6</sup> with a completion date of September 23, 2008. The Mitigation Plan was accepted by WECC on October 14, 2008 and approved by NERC on December 17, 2008. The Mitigation Plan for the violation of VAR-002-1 R3 is designated as MIT-07-1156 and was submitted as non-public information to FERC on December 17, 2008, in accordance with FERC orders.

MSCC's Mitigation Plan required MSCC to conduct additional training courses to reinforce with operations and maintenance personnel, including management, the importance of communicating and reporting when the PSS or automatic voltage regulator online status has changed.

In its Mitigation Plan submitted on September 30, 2008, MSCC certified to WECC that the above Mitigation Plan requirements were completed on September 23, 2008. As evidence of completion, MSCC submitted copies of the training class attendance sheets, the training class agenda and a company memorandum detailing PSS status reporting.

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<sup>6</sup> The Mitigation Plan states that it was submitted on September 23, 2008 but it was received by WECC on September 30, 2008.

On October 14, 2008, after its review of MSCC's evidence submitted in support of its Certification of Completion, WECC verified that MSCC completed its Mitigation Plan and notified MSCC in a letter dated October 31, 2008 that it was in compliance with VAR-002-1 R3.<sup>7</sup>

## **Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed<sup>8</sup>**

### **Basis for Determination**

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines and the Commission's July 3, 2008 Guidance Order,<sup>9</sup> the NERC BOTCC reviewed the NOCV and supporting documentation on January 15, 2010. The NERC BOTCC approved the assessment of a three thousand dollar (\$3,000) penalty against MSCC based upon WECC's findings and determinations, the NERC BOTCC's review of the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the violation at issue.

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

- there was no serious or substantial risk to the reliability of the BPS as discussed above;
- the violation lasted one day;
- this is the first incidence of a violation by MSCC;
- WECC reported that MSCC was cooperative throughout the compliance process; and
- WECC reported that there was no evidence of any attempt by MSCC to conceal a violation nor evidence of intent to do so.

Therefore, NERC believes that the proposed three thousand dollar (\$3,000) penalty is appropriate and consistent with NERC's goal to ensure reliability of the bulk power system.

Pursuant to Order No. 693, the penalty will be effective upon expiration of the thirty (30) day period following the filing of this Notice of Penalty with FERC, or, if FERC decides to review the penalty, upon final determination by FERC.

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<sup>7</sup> The Verification of Completion Attachment A is incorrectly dated October 30, 2008.

<sup>8</sup> See 18 C.F.R § 39.7(d)(4).

<sup>9</sup> *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008).

### **Attachments Included as Part of the Notice of Penalty**

The attachments included as part of this Notice of Penalty are the following documents and material:

- a) WECC's screen shot of VAR-002-1 R3, included as Attachment a;
- b) MSCC's Response to the Notice of Alleged Violation and Proposed Penalty or Sanction dated August 24, 2009, included as Attachment b;
- c) Mitigation Plan designated as MIT-07-1156 and Certification of Completion therein dated September 23, 2008, included as Attachment c; and
- d) WECC's Verification of Completion of the Mitigation Plan, dated October 31, 2008, included as Attachment d.

### **A Form of Notice Suitable for Publication<sup>10</sup>**

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

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<sup>10</sup> 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:

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

For MSCC:

Dave Faiella\*  
Executive Director  
PO BOX 457  
Fellows, CA 93224  
(661) 768-3000  
(661)768-4570 – facsimile  
dfaiella@edisonmission.com

Greg Jans\*  
Plant Manager  
PO BOX 457  
Fellows, CA 93224  
(661)768-3000  
(661)768-4570 – facsimile  
gjans@edisonmission.com

\*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.

Rebecca J. Michael\*  
Assistant General Counsel  
Holly A. Hawkins\*  
Attorney  
North American Electric Reliability Corporation  
1120 G Street, N.W.  
Suite 990  
Washington, D.C. 20005-3801  
(202) 393-3998  
(202) 393-3955 – facsimile  
rebecca.michael@nerc.net  
holly.hawkins@nerc.net

For WECC:  
Western Electricity Coordinating Council  
615 Arapen Drive, Suite 210  
Salt Lake City, UT 84108-1262

Louise McCarren\*  
Chief Executive Officer  
(801) 883-6868  
(801) 582-3918 – facsimile  
Louise@wecc.biz

Steven Goodwill\*  
Associate General Counsel  
(801) 883-6857  
(801) 883-6894 – facsimile  
SGoodwill@wecc.biz

Constance White\*  
Vice President of Compliance  
(801) 883-6885  
(801) 883-6894 – facsimile  
CWhite@wecc.biz

Christopher Luras\*  
Manager of Compliance Enforcement  
(801) 883-6887  
(801) 883-6894 – facsimile  
CLuras@wecc.biz

## Conclusion

NERC respectfully requests that the Commission accept this Notice of Penalty as compliant with its rules, regulations and orders.

Respectfully submitted,

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

/s/ Rebecca J. Michael  
Rebecca J. Michael  
Assistant General Counsel  
Holly A. Hawkins  
Attorney  
North American Electric Reliability  
Corporation  
1120 G Street, N.W.  
Suite 990  
Washington, D.C. 20005-3801  
(202) 393-3998  
(202) 393-3955 – facsimile  
rebecca.michael@nerc.net  
holly.hawkins@nerc.net

cc: Midway Sunset Cogeneration Company  
Western Electricity Coordinating Council

Attachments


## **Attachment a**

### **WECC's screen shot of VAR-002-1 R3**



WECC Compliance Database

Post June 18th Violations



Western Electricity Coordinating Council

Compliance and Registration Database

Post Violations Tracking and Reporting

Region: WECC

Violation Date: 7/9/2008

WECC ID: MSCC\_WECC20081205

Entity: Midway Sunset Cogeneration Compai...

Acronym: MSCC

Registry ID: NCR05510

NERC violation ID: WECC200801118

Standard: VAR-002-1

Generator Operation for Maintaining Network Voltage Schedules

Disposition & Final Record

Mitigation Plan

RAD & RAD Appeal

Internal Notes

Initial Notice

NAVAPS

Proposed Sanction Penalty

Contested Hearing

Requirement: 1

Repeat Alleged Violation? ☐

Initial Determination by Region: 10/24/2008

Reporting Method: Self-Certification

On Site Audit ☐

Off Site Audit ☐

Deemed Date: 8/30/2007

Violation Level: LNC - Level 1

Violation Risk Factor: MEDIUM

Alleged Violation Time:

Alleged Violation End Date:

Violation Description:  
MSCC did not notify the TOP within the 30 minute notification window as stated in the requirement.

Regional Contact Person: Wells, Mike

Applicable Functions: GO, GOP

Regional Determination of Impact to BPS:

Detailed Description of Potential Impact to BPS:  
\*DIMI - Minimal Impact - TOP was not notified in the 30 minute window stated in the requirement.

ID sent to Entity: 1/9/2009

Additional Comments

Close

violation requirement id

Filtered

start

NOC-269\_BOTCC\_Ds...

Midway Sunset Coge...

WECC Compliance Da...

WECC Compliance Me...

1:06 PM

## **Attachment b**

### **MSCC's Response to the Notice of Alleged Violation and Proposed Penalty or Sanction dated August 24, 2009**



August 24, 2009

CC-1582

Western Electricity Coordinating Council  
Steven F. Goodwill, Associate General Counsel for Compliance  
615 Arapeen Drive Suite 210  
Salt Lake City, UT 84108

**Subject: MSCC NERC WECC NOAV Position Statement**

Dear Steve Goodwill,

In accordance with Section 4 (f) of the Settlement Negotiation Confidentiality and Tolling Agreement, 5.1(v) of the CMEP, Midway Sunset Cogeneration Company (MSCC) provides the following position statement for the Alleged Violation and proposed penalty received on July 21, 2009.

MSCC agrees with and does not contest the Alleged Violation and proposed penalty in the amount of \$3,000 for the Alleged Violation of Reliability Standard VAR-002-1 R3. As you know, MSCC self-reported this violation on July 9, 2008 during the GO/GOP Self Certification process and at the same time submitted a mitigation plan to address this finding. The mitigation plan was completed ahead of schedule as reported to WECC in the September 23, 2008 first quarterly mitigation plan update.

During the same July 9th GO/GOP Self Certification process MSCC also discovered and self reported the violation of Reliability Standard PRC-005-1 R2. A mitigation plan was filed at that time and was completed ahead of schedule as reported in the November 20, 2008 mitigation plan update. It is MSCC's understanding that this self-reported potential violation is currently under review by WECC. Please note that at the time of Self Certification there was considerable uncertainty among all parties on the implementation of Reliability Standard PRC-005-1 R2. MSCC is not convinced that a violation of the Standard actually occurred based on our existing procedures at that time but adopted the in-service testing as a good practice, even though the procedure carries the risk of causing a forced outage.

MSCC respectfully requests that the second Alleged Violation PRC-005-1 R2 be jointly resolved along with the above proposed resolution of VAR-002-1 R3 for the proposed penalty of \$3,000. Mitigating factors to consider in concluding these matters jointly include the fact that neither violation carried any material risk to the Bulk Power System and both were of very low severity levels. In addition, MSCC immediately self-reported these events, concurrently submitted mitigation plans, and rapidly implemented these mitigation plans to insure there would not be a repeat of these events. MSCC is proud of its reputation of operating in full compliance with all regulations and has always sought to meet both the letter and full intent of the law. Our practice with WECC, as with all regulatory agencies, is to be very aggressive at self-reporting and rectifying any perceived deviation from required regulations.

Thank you for your consideration of our proposed resolution to this matter. Please let me know when we can meet to discuss this further.

Regards,

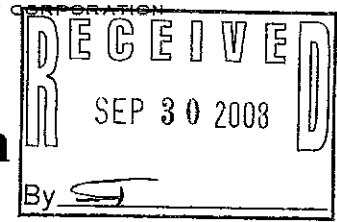
A handwritten signature in black ink, appearing to read "D. Faiella", with a stylized flourish at the end.

Dave Faiella  
Executive Director, MSCC

CC: G. Jans  
J. Alvidres  
File CC-1582  
File WECC

**Attachment c**

**Mitigation Plan designated as MIT-07-1156 and  
Certification of Completion therein dated  
September 23, 2008**



# Mitigation Plan Submittal Form

New ☐ or Revised ☒

Date this Mitigation Plan is being submitted: 9/23/08

If this Mitigation Plan has already been completed:

- Check this box ☒ and
- Provide the Date of Completion of the Mitigation Plan: 9/23/08

## Section A: Compliance Notices & Mitigation Plan Requirements

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

## Section B: Registered Entity Information

B.1 Identify your organization:

Registered Entity Name: Midway Sunset Cogeneration Company  
Registered Entity Address: 3466 West Crocker Springs Rd, Fellows, Ca. 93224  
NERC Compliance Registry ID: NCR05510

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

Name: Greg Jans  
Title: Plant Manager  
Email: gjans@edisonmission.com

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



Western Electricity Coordinating Council

Phone: 661-768-3000



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

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

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

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

NERC Violation ID # [if known]	WECC Violation ID # [if known]	Requirement Violated (e.g. R3)	Violation Risk Factor	Alleged or confirmed Violation Date <sup>(*)</sup> (MM/DD/YY)	Method of Detection (e.g. audit, self-report, investigation)
		R3		7/8/08	

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

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

During the self certification process, it was discovered that MSCC missed the 30 minute notification window as required by VAR-002-1 Requirement 3, Unit A Power System Stabilizer was offline.

On the date of the incident, January 30, 2008, after returning from a scheduled outage, it was discovered that the PSS was offline. Approximately 12 hours after the discovery of the PSS offline, notifications were submitted to CAISO through the System Logging ISO California (SLIC) and PG&E on the plant recorded telephone system concerning the PSS status. Less than 2 hours after the CAISO and PG&E were notified the PSS was back online and in service.



After the PSS was placed back online, the CAISO SLIC outage ticket was updated and PG&E was notified.

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

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

With the new Reliability Standards, the 30 minute notification requirement was overlooked by onsite personnel at the time of the incident.

[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:

Additonal training classes will be conducted to reinforce with operations and maintenance personnel, including management, the requirements for reporting the offline status of the Power System Stabilizer and auto voltage regulator as required by this standard.

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

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

### **Mitigation Plan Timeline and Milestones**

- D.2 Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the alleged or confirmed violations associated with this Mitigation Plan corrected: September 30, 2008
- D.3 Enter Milestone Activities, with completion dates, that your organization is proposing for this Mitigation Plan:





Milestone Activity	Proposed Completion Date* (milestones cannot be more than 3 months apart)
Training completion	September 30, 2008

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

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

#### **Additional Relevant Information (Optional)**

D.4 If you have any relevant additional information that you wish to include regarding the Mitigation Plan, milestones, milestones dates and completion date proposed above you may include it here:

The training of personnel was completed within the September 30, 2008 timeframe. Attendance sheet copies of training class attendees is attached as well as the training class agenda and company memorandum detailing unit power system stabilizer status reporting.  
[Provide your response here; additional detailed information may be provided as an attachment as necessary]



## Section E: Interim and Future Reliability Risk

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

### Abatement of Interim BPS Reliability Risk

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

MSCC believes there is no risk to the Bulk Power System while this mitigation plan is being implemented. MSCC arrives at this belief due to the fact that the WECC allows generating units to operate up to 60 days with Power System Stabilizers being offline. Additionally, this mitigation plan deals with reporting timeline requirements.

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

### Prevention of Future BPS Reliability Risk

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

The training and re-enforcement of the requirements of the Standard will prevent re-occurrence of this incident.

[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



*Western Electricity Coordinating Council*



standards. If so, identify and describe any such action, including milestones and completion dates:

MSCC management is committed to meeting the intent as well as the letter of the Standard, therefore will continue to re-enforce all Reliability Standards to all personnel through training and consistent communication.  
[Provide your response here; additional detailed information may be provided as an attachment as necessary]



## Section F: Authorization

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

- a) Submits the Mitigation Plan, as laid out in Section D of this form, to WECC for acceptance by WECC and approval by NERC, and
- b) If applicable, certifies that the Mitigation Plan, as laid out in Section D of this form, was completed (i) as laid out in Section D of this form and (ii) on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and
- c) Acknowledges:
  1. I am Dave Faiella, Executive Director of Midway Sunset Cogeneration Company.
  2. I am an officer, employee, attorney or other person authorized to sign this Mitigation Plan on behalf of Midway Sunset Cogeneration Company.
  3. I understand Midway Sunset Cogeneration Company's obligations to comply with Mitigation Plan requirements and WECC or ERO remedial action directives and I have reviewed the WECC and ERO documents related to these obligations, including, but not limited to, the WECC CMEP and the NERC Rules of Procedure.
  4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
  5. Midway Sunset Cogeneration Company agrees to be bound by, and comply with, the Mitigation Plan, including the timetable completion date, as approved by WECC and approved by NERC.

Authorized Signature: \_\_\_\_\_

(Electronic signatures are acceptable; see CMEP Section 3.0)

Name (Print): Dave Faiella  
Title: Executive Director  
Date: September 23, 2008



### **Section G: Comments and Additional Information**

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

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

### **Section H: WECC Contact and Instructions for Submission**

Please direct any questions regarding completion of this form to:

Jim Stuart, Sr. Compliance Engineer

Email: [JStuart@wecc.biz](mailto:JStuart@wecc.biz)

Phone: (801) 883-6887

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

<http://www.wecc.biz/wrap.php?file=/wrap/Compliance/manuals.html>



## **Attachment A – Compliance Notices & Mitigation Plan Requirements**

- I. Section 6.2 of the WECC CMEP sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:
  - (1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan. This person may be the Registered Entity's point of contact described in Section 2.0.
  - (2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.
  - (3) The cause of the Alleged or Confirmed Violation(s).
  - (4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).
  - (5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed violation(s).
  - (6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.
  - (7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.
  - (8) Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission.
  - (9) Any other information deemed necessary or appropriate.
  - (10) The Mitigation Plan shall be signed by an officer, employee, attorney or other authorized representative of the Registered Entity, which if applicable, shall be the person that signed the Self-Certification or Self Reporting submittals.
- II. This submittal form may be used to provide a required Mitigation Plan for review and approval by WECC and NERC.



*Western Electricity Coordinating Council*



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

## **Attachment d**

### **WECC's Verification of Completion of the Mitigation Plan, dated October 31, 2008**



**CONFIDENTIAL**



**Bob Kiser**  
Manager of Audits and Investigations

360.980.2799  
bkiser@wecc.biz

10/31/2008

Greg Jans  
Plant Manager  
Midway Sunset Cogeneration Company  
PO Box 457  
Fellows, California 93224

Subject: Mitigation Plan Completion Review(s)

Dear Greg Jans,

The Western Electricity Coordinating Council (WECC) received Mitigation Plan Completion Form(s) and supporting evidence for each violation listed in Table 1 of Attachment A. The table indicates which plans have been completed and which remain incomplete. Attachment A also includes audit notes that detail the findings supporting this conclusion.

Each compliance violation associated with the incomplete Mitigation Plan(s) is now subject to sanctions and penalties under the Energy Policy Act of 2005. You will be receiving a letter from the WECC Compliance Department outlining the next steps in the penalty and sanction process regarding such violation(s).

Please submit a revised Mitigation Plan by November 14, 2008, including new proposed completion dates, for each unmitigated violation identified in Attachment A. The Mitigation Plan template form can be found on the WECC Compliance Manuals webpage, as Manual 03.03:

<http://www.wecc.biz/wrap.php?file=/wrap/Compliance/manuals.html>

Upon review, the WECC Compliance Department will provide written notice of its acceptance or rejection of the newly submitted Mitigation Plan.

If you have any questions or concerns, please contact Mike Wells at (801) 883.6884 or [mike@wecc.biz](mailto:mike@wecc.biz). Thanks for your assistance in this effort.

**CONFIDENTIAL**

Sincerely,

*Bob Kiser*

Bob Kiser  
Manager of Audits and  
Investigations

BK:gc

Attachment

Cc: Janie Alvidres, MSCC Plant Administration Manager  
Lisa Milanes, WECC Manager of Compliance Administration  
Ed Ruck, NERC Regional Compliance Program Coordinator



For Public Release - March 1, 2010

**CONFIDENTIAL**

**Registered Entity:** Midway Sunset Cogeneration Company

**Date:** 10/30/2008

	Standard Number	Requirement	Completion Received by WECC	Sufficient Evidence	Review Status
1	VAR-002-1	3	30-Sep-08	Yes	Compliant

**Attachment e**

**Notice of Filing**

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Midway Sunset Cogeneration Company

Docket No. NP10-\_\_\_\_-000

NOTICE OF FILING  
March 1, 2010

Take notice that on March 1, 2010, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Midway Sunset Cogeneration Company in the Western Electricity Coordinating Council region.

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

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

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

Comment Date: [BLANK]

Kimberly D. Bose,  
Secretary