



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 Colorado Energy Management - BCM
FERC Docket No. NP10-_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty¹ regarding Colorado Energy Management - BCM (CBCM), NERC Registry ID# NCR00213,² in accordance with the Federal Energy Regulatory Commission's (Commission or FERC) rules, regulations and orders, as well as NERC Rules of Procedure including Appendix 4C (NERC Compliance Monitoring and Enforcement Program (CMEP)).³

On August 19, 2008, CBCM self-reported a possible violation of the Regional Reliability Standard VAR-STD-002b-1 WR1 to Western Electricity Coordinating Council (WECC) because the Power System Stabilizers (PSS) were not completely installed at CBCM's newly acquired Malburg Generating Station and, therefore, were not in service as required by the Standard. This Notice of Penalty is being filed with the Commission because, based on information from WECC, CBCM does not dispute the violation of VAR-STD-002b-1 WR1 and the proposed two thousand dollar (\$2,000) penalty and other sanctions as required by the Regional Standard to be assessed to CBCM. Accordingly, the violation identified as NERC Violation Tracking Identification Number WECC200801022 is a Confirmed Violation, as that term is defined in the NERC Rules of Procedure and the CMEP.

¹ *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). *See* 18 C.F.R. § 39.7(c)(2).

² Western Electricity Coordinating Council confirmed that CBCM was included on the NERC Compliance Registry as a Generator Operator on September 18, 2008 and, as such, is subject to the requirements of Regional Reliability Standard VAR-STD-002b-1.

³ *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 October 21, 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	Colorado Energy Management - BCM	NOC-397	WECC200801022	VAR-STD-002b-1	WR1	N/A	2,000

VAR-STD-002b-1

The purpose of Regional Reliability Standard VAR-STD-002b-1 is to ensure that PSS on generators are kept in service at all times, unless one of the exemptions listed in Section C (Measures) applies, and shall be properly tuned in accordance with WECC requirements.

VAR-STD-002b-1 WR1 requires each Generator Operator, such as CBCM, to keep PSS on generators in service at all times, unless one of the exemptions listed in Section C (Measures) applies, and shall be properly tuned in accordance with WECC requirements. VAR-STD-002b-1 WR1 does not have a Violation Risk Factor (VRF).

On August 19, 2008, following a review and inspection of its newly acquired Malburg Generating Station, CBCM self-reported a violation of VAR-STD-002b-1 WR1. The previous operators had represented that the PSS were installed on all generators at the time of sale; however, CBCM's post-acquisition investigation discovered that the PSS were not completely installed and thus not operational. CBCM self-reported a violation because the Standard requires that PSS on generators shall be kept in service at all times.

A WECC subject matter expert (SME) reviewed CBCM's Self-Report and determined that CBCM had a possible violation of the Standard. The SME forwarded the Self-Report and findings to the WECC Enforcement Department (WECC Enforcement) for its review and consideration.

WECC Enforcement reviewed the Self-Report and the SME's findings. WECC Enforcement determined that CBCM had a violation of this Standard because the generator's PSS were not installed, and thus were not in service at all times. In addition, none of the exemptions in Section

C applied. WECC determined the duration of the violation to be from September 18, 2008,⁴ the date that CBCM was included on the NERC Compliance Registry, through March 13, 2009, when CBCM completed its Mitigation Plan.

Regional Entity's Basis for Penalty

For penalty determination purposes, VAR-STD-002b-1 WR1 states that sanctions for non-compliance are to be addressed pursuant to the table contained within the Regional Reliability Standard. In accordance with the Standard, WECC assessed a Level 4 of non-compliance because CBCM's Malburg Generating Station had its PSS out of service for more than 150 calendar days. According to the Sanction Table in the Standard, the sanction for a single occurrence of Level 4 non-compliance is the "higher of \$2,000 or \$2 per MW of Sanction Measure." Because the Malburg Generating Station has a rated capacity of 134 MW, it was appropriate to use the higher penalty of two thousand dollars (\$2,000). In addition, the Sanction Table states that all monetary sanctions shall also include the issuance of a Letter B.⁵

In addition, WECC considered the following mitigating factors: (1) the instant violation is CBCM's first violation of VAR-STD-002b-1 WR1; (2) CBCM self-reported the violation; (3) CBCM was cooperative throughout the compliance enforcement process; (4) there was no evidence of any attempt to conceal a violation nor evidence of intent to do so; (5) CBCM demonstrated a positive culture of compliance by self-reporting the violation concurrent with its application for registration with NERC; and (6) WECC determined that the violation did not pose a serious or substantial risk to the bulk power system (BPS) because, although the PSS was out of service, the facility operates at 134 MW and caused no system disturbances.

Therefore, WECC determined that, in this instance, the penalty amount of two thousand dollars (\$2,000) and the issuance of Letter B are appropriate and bears a reasonable relation to the seriousness and duration of the subject violation.

Status of Mitigation Plan⁶

CBCM's Mitigation Plan to address its violation of VAR-STD-002b-1 WR1 dated October 13, 2008 was submitted to WECC on October 16, 2008 with a proposed completion date of March 8, 2009. The Mitigation Plan was accepted by WECC on October 28, 2008 and approved by NERC on December 31, 2008. The Mitigation Plan for this violation is designated as MIT-08-1183 and was submitted as non-public information to FERC on December 31, 2008 in accordance with FERC orders. On December 10, 2008, CBCM submitted a revised Mitigation Plan, dated December 8, 2008, to WECC extending the proposed completion date to November 16, 2009. This revised Mitigation Plan was accepted by WECC on December 12, 2008. On March 2, 2009, CBCM submitted another revised Mitigation Plan to WECC changing the

⁴ Although the instant violation began prior to September 18, 2008, CBCM was not included on the NERC Compliance Registry until that date, and therefore, the violation was not enforceable until September 18, 2008.

⁵ Letter B is sent to CBCM's Chief Executive Officer informing CBCM of non-compliance, with copies of the letter provided to NERC, the WECC Member Representative, the WECC Operating Committee Representative, CBCM's Chairman of the Board (if different from the CEO), state or provincial regulatory agencies with jurisdiction over CBCM, FERC and the Department of Energy, if such governing entities request such information.

⁶ See 18 C.F.R. § 39.7(d)(7).

proposed completion date to March 16, 2009, which was earlier than the previously approved completion date. This revised Mitigation Plan was accepted by WECC on March 9, 2009 and approved by NERC on August 20, 2009. The revised Mitigation Plan is also designated as MIT-08-1183 and was submitted as non-public information to FERC on August 20, 2009.

CBCM's Mitigation Plan required CBCM to specify the scope of the work to get the PSS operational by October 24, 2008, arrange for vendor quotes by November 15, 2008, award a contract for the work by January 1, 2009, and have the work performed and tested by March 16, 2009.

CBCM certified on March 16, 2009⁷ that its Mitigation Plan was completed on March 13, 2009. As evidence of completion of its Mitigation Plan, CBCM submitted its *VG Power Prelim Report* which featured a summary stating that all three generation units had been handed over for commercial usage as well as a description of completed testing performed on the units. CBCM also provided a copy of its *Kestrel Prelim Report* which stated that testing was completed and confirmed that each unit meets WECC requirements and is operating. Now that the PSS are operational, CBCM will keep the PSS in service at all times, as required by the Standard.

On March 31, 2009, after WECC's review of CBCM's submitted evidence, WECC verified that CBCM's Mitigation Plan was completed on March 13, 2009 and notified CBCM in a letter dated April 8, 2009 that it was in compliance with VAR-STD-002b-1 WR1.

Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed⁸

Basis for Determination

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines and the Commission's July 3, 2008 Guidance Order,⁹ the NERC BOTCC reviewed the NOCV and supporting documentation on February 10, 2010. The NERC BOTCC approved the assessment of a two thousand dollar (\$2,000) financial penalty against CBCM and the issuance of Letter B 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:

- (1) CBCM self-reported the violation;
- (2) The penalty was determined in accordance with the Regional Reliability Standard;
- (3) The violation is the first violation of VAR-STD-002b-1 WR1 by CBCM;
- (4) WECC reported CBCM was cooperative throughout the compliance enforcement process;

⁷ CBCM's Certification of Mitigation Plan was not dated, however, this date was provided by WECC.

⁸ See 18 C.F.R. § 39.7(d)(4).

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

- (5) CBCM demonstrated a positive culture of compliance by self-reporting the violation concurrent with its application for registration with NERC;
- (6) There was no evidence of any attempt to conceal a violation nor evidence of intent to do so; and
- (7) WECC determined that the violation did not pose a serious or substantial risk to the BPS, as discussed above.

For the foregoing reasons, the NERC BOTCC believes that the proposed penalty of two thousand dollars (\$2,000) and the issuance of Letter B is appropriate for the violations and circumstances in question, and is consistent with NERC's goal to promote and ensure reliability of the BPS.

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

Attachments to be Included as Part of this Notice of Penalty

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

- a) CBCM's Self-Report for VAR-STD-002b-1 WR1 dated August 19, 2008, included as Attachment a;
- b) CBCM's Mitigation Plan designated as MIT-08-1183 for VAR-STD-002b-1 WR1 dated October 13, 2008, included as Attachment b;
- c) CBCM's Revised Mitigation Plan designated as MIT-08-1183 for VAR-STD-002b-1 WR1 submitted December 10, 2008, included as Attachment c;
- d) CBCM's Revised Mitigation Plan designated as MIT-08-1183 for VAR-STD-002b-1 WR1 submitted March 2, 2009, included as Attachment d;
- e) CBCM's Certification of Completion of the Mitigation Plan for VAR-STD-002b-1 WR1 submitted March 16, 2009, included as Attachment e; and
- f) WECC's Verification of Completion of the Mitigation Plan for VAR-STD-002b-1 WR1 dated April 8, 2009, included as Attachment f.

A Form of Notice Suitable for Publication¹⁰

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

¹⁰ See 18 C.F.R § 39.7(d)(6).

Notices and Communications

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

<p>Gerald W. Cauley* President and Chief Executive Officer David N. Cook* Vice President and General Counsel North American Electric Reliability Corporation 116-390 Village Boulevard Princeton, N.J. 08540-5721 (609) 452-8060 (609) 452-9550 – facsimile gerry.cauley@nerc.net david.cook@nerc.net</p> <p>Christopher Luras* Manager of Compliance Enforcement Western Electricity Coordinating Council 615 Arapeen Drive, Suite 210 Salt Lake City, UT 84108-1262 (801) 883-6887 (801) 883-6894 – facsimile CLuras@wecc.biz</p> <p>Martin J. Wenzel* President & Chief Executive Officer Colorado Energy Management – BCM 2575 Park Lane, Suite 200 Lafayette, CO 80026 (303) 607-5610 (303) 442-5113 – facsimile mwenzel@coloradoenergy.com</p> <p>*Persons to be included on the Commission’s service list are indicated with an asterisk. NERC requests waiver of the Commission’s rules and regulations to permit the inclusion of more than two people on the service list.</p>	<p>Rebecca J. Michael* Assistant General Counsel 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</p> <p>Louise McCarren* Chief Executive Officer Western Electricity Coordinating Council 615 Arapeen Drive, Suite 210 Salt Lake City, UT 84108-1262 (801) 883-6868 (801) 582-3918 – facsimile Louise@wecc.biz</p> <p>Constance White* Vice President of Compliance Western Electricity Coordinating Council 615 Arapeen Drive, Suite 210 Salt Lake City, UT 84108-1262 (801) 883-6885 (801) 883-6894 – facsimile CWhite@wecc.biz</p> <p>Steven Goodwill* Associate General Counsel Western Electricity Coordinating Council 615 Arapeen Drive, Suite 210 Salt Lake City, UT 84108-1262 (801) 883-6857 (801) 883-6894 – facsimile SGoodwill@wecc.biz</p>
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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
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gerry.cauley@nerc.net
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/s/ Rebecca J. Michael
Rebecca J. Michael
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(202) 393-3955 – facsimile
rebecca.michael@nerc.net
holly.hawkins@nerc.net

cc: Colorado Energy Management - BCM
Western Electricity Coordinating Council

Attachments

Attachment a

CBCM's Self-Report for VAR-STD-002b-1 WR1 dated August 19, 2008



CONFIDENTIAL

Compliance Violation Self-Reporting Form

Please complete an individual Self-Reporting Form for each NERC Reliability Standard that indicates any level(s) of non-compliance and return to Compliance@WECC.biz

Registered Entity Name: Colorado Energy Management - BCM

Contact Name: Erik Knutson

Contact Phone: (323) 476-3615

Contact email: eknutson@coloradoenergy.com

Date noncompliance was discovered: 8/19/08

Date noncompliance was reported: 8/19/08

Standard Title: Power System Stabilizer

Standard Number: VAR-STD-002b-1

Requirement Number(s)¹: **WR1**

How was the noncompliance found? (e.g. Routine Readiness Evaluation, Self-evaluation, Internal Audit, etc.)

Evaluation following purchase and operation of existing plant.

***Submit a Mitigation Plan in conjunction with this form to show that corrective steps are being taken within ten (10) business days. If a mitigation plan is not being submitted with this form please complete the following:**

Describe the cause of non-compliance:

GOP 'Colorado Energy Management - BCM' is the new operator of this facility. GO 'Bicent (California) Malburg, LLC' is the new owner. Both Entities are registering 8/19/08 (today).

PSS are in place on all three generators, but were never placed in service by the previous operator. We are currently evaluating vendors, budgets and schedules to place them in service.

Describe the reliability impact of this non-compliance:

¹ Violations are on a per requirement basis.

Unknown

Expected date of Mitigation Plan submittal: After initial consultation with WECC.
Please contact us at your convenience.

Attachment b

CBCM's Mitigation Plan designated as MIT-08-1183 for VAR-STD-002b-1 WR1 dated October 13, 2008



Mitigation Plan Submittal Form

New ☒ or Revised ☐

Date this Mitigation Plan is being submitted: October 13, 2008

If this Mitigation Plan has already been completed:

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

Section A: Compliance Notices & Mitigation Plan Requirements

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

Section B: Registered Entity Information

- B.1 Identify your organization:

Registered Entity Name: Colorado Energy Management - BCM
Registered Entity Address: 4963 Soto Street, Vernon, CA 90058
NERC Compliance Registry ID: NCR-00213

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

Name: Erik Knutson
Title: Plant Manager
Email: EKnutson@coloradoenergy.com
Phone: (323) 476-3615

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



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-STD-002b-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 ^(*) (MM/DD/YY)	Method of Detection (e.g. audit, self-report, investigation)
		WR1		8/25/08	Self Report

(*) 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:

The Malburg Generating Station was acquired from the City of Vernon, CA. The City of Vernon had indicated that the Power System Stabilizer ("PSS") was installed however, upon further investigation it appears that the PSS is in fact not completely installed. The hardware appears to be in place however the logic/software has never been installed, hence the system is inoperable.
[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:



Western Electricity Coordinating Council

[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:

Specify work scope, get price quote(s) and service availability from OEM. Budget funds and schedule outage. Mobilize OEM contractor. Perform work, tuning and testing. Begin required quarterly reporting.

[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: March 8, 2009
- D.3 Enter Milestone Activities, with completion dates, that your organization is proposing for this Mitigation Plan:

Milestone Activity	Proposed Completion Date* (milestones cannot be more than 3 months apart)
Specify scope of work	October 24, 2008
Get quote(s) from vendor(s)	November 15, 2008
Award contract, schedule work & budget funds	January 1, 2009
Perform work, tune & test	March 8, 2009



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

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

Additional Relevant Information (Optional)

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

This situation was not disclosed by the Seller, and was thus unanticipated. This plant is a high Power Factor plant and availability of the plant is important to the City of Vernon, CA. Rough estimate of price for the work is around \$100,000 and this is an unanticipated cost which must be budgeted. Availability of qualified technicians is limited and dependant on our overseas OEM having enough technicians with work visas to work in the United States. The work for each of the three PSS units is estimated at 4 - ten hour days per unit. The work requires the generator to be offline while work is proceeding. The plant is scheduled for a five day outage March 4-8, 2009. If sufficient technicians are available, the work may be accomplished during the five day scheduled outage. If the OEM is unable to provide sufficient technical staff to place all three PSS in service during this outage, a portion of the work may need to be rescheduled.

[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:

Unknown

[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:

This violation is related to absence of equipment being placed in service when the plant was originally constructed and commissioned. When completed, milestones identified in this Plan will result in enabling of that equipment. Maintenance and reporting will then be as required by WECC guidelines. [Provide your response here; additional detailed information may be provided as an attachment as necessary]

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



N/A

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



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 President and CEO of Colorado Energy Management - BCM.
 2. I am an officer, employee, attorney or other person authorized to sign this Mitigation Plan on behalf of Colorado Energy Management - BCM.
 3. I understand Colorado Energy Management - BCM 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. Colorado Energy Management - BCM 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): Martin J. Wenzel

Title: President and CEO

Date: October 13, 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.

None

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

Section H: WECC Contact and Instructions for Submission

Please direct any questions regarding completion of this form to:

Mike Wells, Sr. Compliance Engineer

Email: mike@wecc.biz

Phone: (801) 883-6884

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

**CBCM's Revised Mitigation Plan designated as
MIT-08-1183 for VAR-STD-002b-1 WR1
submitted December 10, 2008**



Mitigation Plan Submittal Form

New ☐ or Revised ☒

Date this Mitigation Plan is being submitted: December 8, 2008

If this Mitigation Plan has already been completed:

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

Section A: Compliance Notices & Mitigation Plan Requirements

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

Section B: Registered Entity Information

- B.1 Identify your organization:

Registered Entity Name: Colorado Energy Management - BCM
Registered Entity Address: 4963 Soto Street, Vernon, CA 90058
NERC Compliance Registry ID: NCR-00213

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

Name: Erik Knutson
Title: Plant Manager
Email: EKnutson@coloradoenergy.com
Phone: (323) 476-3615

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



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-STD-002b-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 ^(*) (MM/DD/YY)	Method of Detection (e.g. audit, self-report, investigation)
		WR1		8/25/08	Self Report

(*) 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:

The Malburg Generating Station was acquired from the City of Vernon, CA. The City of Vernon had indicated that the Power System Stabilizer ("PSS") was installed however, upon further investigation it appears that the PSS is in fact not completely installed. The hardware appears to be in place however the logic/software has never been installed, hence the system is inoperable.
[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:



Western Electricity Coordinating Council



[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:

Specify work scope, get price quote(s) and service availability from OEM. Budget funds and schedule outage. Mobilize OEM contractor. Perform work, tuning and testing. Begin required quarterly reporting.

[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: November 16, 2009
- D.3 Enter Milestone Activities, with completion dates, that your organization is proposing for this Mitigation Plan:

Milestone Activity	Proposed Completion Date* (milestones cannot be more than 3 months apart)
Specify scope of work	October 24, 2008
Get quote(s) from vendor(s)	November 15, 2008
Award contract, schedule work & budget	January 1, 2009
Perform work, tune & test	(CT-1 and CT-2) March 8, 2009, (ST) November 16, 2009

June 1, 2009 and September 1, 2009 milestones to verify project is on schedule for November 16, 2009 completion date.



(*) 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:

This situation was not disclosed by the Seller, and was thus unanticipated. This plant is a high Power Factor plant and availability of the plant is important to the City of Vernon, CA. Rough estimate of price for the work is around \$150,000 and this is an unanticipated cost which must be budgeted. Availability of qualified technicians is limited and our overseas OEM has informed us they can only support (2) generator installations (Gas Turbine #1 and #2) during our March 4-8, 2009 outage where we had originally planned to implement all (3) PSS installations. The work for each of the three PSS units is expected to be roughly 4- 10 hour days per unit which requires the unit being worked on to be offline. Due to our contract requirements with the City of Vernon, we have a limited number of outage days per year and cannot take a scheduled outage during the summer months of June 1 to October 31. For this reason, we will have to schedule the 3rd installation (Steam Turbine) during our November 11-15, 2009 outage and fulfill a final completion date of November 16, 2009.

Four milestones are listed on the original Mitigation Plan which was previously approved by WECC. The same milestones are listed on this revision, with one date change in the fourth milestone as explained above. The first two milestone dates have passed and associated tasks are complete. The third milestone is in progress and will be completed as scheduled.

[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:

Unknown

[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:

This violation is related to absence of equipment being placed in service when the plant was originally constructed and commissioned. When completed, milestones identified in this Plan will result in enabling of that equipment. Maintenance and reporting will then be as required by WECC guidelines.
[Provide your response here; additional detailed information may be provided as an attachment as necessary]

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



N/A

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



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 President and CEO of Colorado Energy Management - BCM.
 2. I am an officer, employee, attorney or other person authorized to sign this Mitigation Plan on behalf of Colorado Energy Management - BCM.
 3. I understand Colorado Energy Management - BCM 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. Colorado Energy Management - BCM 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): Martin J. Wenzel

Title: President and CEO

Date: December 8, 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.

None

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

Section H: WECC Contact and Instructions for Submission

Please direct any questions regarding completion of this form to:

Mike Wells, Sr. Compliance Engineer

Email: mike@wecc.biz

Phone: (801) 883-6884

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

**CBCM's Revised Mitigation Plan designated as
MIT-08-1183 for VAR-STD-002b-1 WR1
submitted March 2, 2009**



Mitigation Plan Submittal Form

New ☐ or Revised ☒

Date this Mitigation Plan is being submitted: March 2, 2009

If this Mitigation Plan has already been completed:

- Check this box ☐
- Provide the Date of Completion of the Mitigation Plan:
- Evidence supporting full compliance must be submitted along with this Mitigation Plan Submittal Form

Section A: Compliance Notices & Mitigation Plan Requirements

- A.1 Notices and requirements applicable to Mitigation Plans and this Submittal Form are set forth in "Attachment A - Compliance Notices & Mitigation Plan Requirements" to this form. **Review Attachment 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: Colorado Energy Management - BCM
Registered Entity Address: 4963 Soto Street, Vernon, CA 90058
NERC Compliance Registry ID: NCR-00213

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

Name: Erik Knutson
Title: Plant Manager

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



Western Electricity Coordinating Council

Email: eknutson@coloradoenergy.com

Phone: (323) 476-3615



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-STD-002b-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 ^(*) (MM/DD/YY)	Method of Detection (e.g. audit, self-report, investigation)
		WR1		8/25/08	Self Report

(*) 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:

The Malburg Generating Station was acquired from the City of Vernon, CA. The City of Vernon had indicated that the Power System Stabilizer ("PSS") was installed however, upon further investigation it appears that the PSS is in fact not completely installed. The hardware appears to be in place however the logic/software has never been installed, hence the system is inoperable.
[Provide your response here; additional detailed information may be provided as an attachment as necessary]

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



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

Section D: Details of Proposed Mitigation Plan

Mitigation Plan Contents

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

Specify work scope, get price quote(s) and service availability from OEM. Budget funds and schedule outage. Mobilize OEM contractor. Perform work, tuning and testing. Begin required quarterly reporting.
[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: March 16, 2009
- D.3 Enter Milestone Activities, with completion dates, that your organization is proposing for this Mitigation Plan:

Milestone Activity	Proposed Completion Date* (milestones cannot be more than 3 months apart)
Specify scope of Work	October 24, 2008
Get Quote(s) from vendor(s)	November 15, 2008
Award contract, schedule work & budget	January 1, 2009
Perform work, tune & test	(CT-1, CT-2, and ST) March 16, 2009



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

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

Additional Relevant Information (Optional)

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

This situation was not disclosed by the Seller, and was thus unanticipated. This plant is a high Power Factor plant and availability of the plant is important to the City of Vernon, CA. Rough estimate of price for the work is around \$150,000 and this is an unanticipated cost which must be budgeted. Our overseas OEM has informed us they can now support (3) generator installations (Gas Turbine #1, #2, and Steam Turbine) during our March 4-8, 2009 outage. The installation work for each of the three PSS units is expected to be completed during our March 4-8 outage. Testing and certification of the PSS units is scheduled for the week of March 9.

Four milestones are listed on the original Mitigation Plan which was previously approved by WECC. The same milestones are listed on this revision, with one date change in the fourth milestone as explained above. The first three milestones have passed and are complete. The fourth milestone will be complete per the revised schedule.

[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:

Unknown

[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:

This violation is related to absence of equipment being placed in service when the plant was originally constructed and commissioned. When completed, milestones identified in this Plan will result in enabling of that equipment. Maintenance and reporting will then be as required by WECC guidelines.
[Provide your response here; additional detailed information may be provided as an attachment as necessary]

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



N/A

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



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 President and CEO of Colorado Energy Management - BCM.
 2. I am an officer, employee, attorney or other person authorized to sign this Mitigation Plan on behalf of Colorado Energy Management - BCM.
 3. I understand Colorado Energy Management - BCM 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. Colorado Energy Management - BCM 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: _____

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

(Electronic signatures are acceptable; see CMEP Section 3.0)

Name (Print): Martin J. Wenzel

Title: President and CEO

Date: December 3, 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:

Mike Wells, Sr. Compliance Engineer

Email: mike@wecc.biz

Phone: (801) 883-6884

For guidance on submitting this form, please refer to the “*WECC Compliance Data Submittal Policy*”. This policy can be found on the 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 e

CBCM's Certification of Completion of the Mitigation Plan for VAR-STD-002b-1 WR1 submitted March 16, 2009



CONFIDENTIAL

Mitigation Plan Completion Form

Please complete a Mitigation Plan Completion form for each fully mitigated violation and submit to the WECC Compliance Web Portal File Upload along with the supporting evidence that confirms full compliance and Authorized Officer's signature.

Registered Entity Name: Colorado Energy Management - BCM

Standard Title: Power System Stabilizer (PSS)

Standard Number: VAR-STD-002b-1

Requirement Number(s): **WR1**

Actual completion date of Mitigation Plan: March 13, 2009

Check this box ☒ to indicate that you understand that the submittal of this Completion form is incomplete and cannot be reviewed for approval unless supporting documentation/evidence that confirms full compliance is attached.

Please provide the specific location (i.e. paragraph numbers, page numbers) in the documentation / evidence submitted to verify compliance.

Attachment "VG Power Prelim Report" page 2 of 8 under Contents: Summary states all three updated AVR's have been handed over for commercial use. It further describes testing that was completed. More detail is contained within the report describing the PSS2a that was installed. A final report has not yet been received.

Attachment "Kestrel Prelim Report" page ii, bullet 1 states that testing was completed, confirming each unit meets WECC requirements.

Additional Notes or Comments pertaining to this violation:

Please note that the attachments are preliminary reports and will be followed up with final reports describing in detail the implementation and testing that was completed. These final reports will be available to WECC upon request or can be uploaded to the Web Portal upon receipt.

By endorsement of this document I attest that Colorado Energy Management - BCM is now in full compliance with the standard / requirements addressed in this Mitigation Plan and documentation / evidence supporting full compliance is attached for review and audit by the WECC Compliance Staff.

Authorized Officer's Signature: _____

Authorized Officer's Name: Martin J. Wenzel

Authorized Officer's Title: President and CEO

Date:

Attachment f

WECC's Verification of Completion of the Mitigation Plan for VAR-STD-002b-1 WR1 dated April 8, 2009

CONFIDENTIAL



Laura Scholl
Managing Director of Compliance

801.819.7619
lscholl@wecc.biz

April 8, 2009

Erik Knutson
Plant Manager
Colorado Energy Management - BCM
4963 Soto Street
Vernon, California 90058

NERC Registration ID: NCR00213

Subject: Certification of Completion Response Letter

Dear Erik Knutson,

The Western Electricity Coordinating Council (WECC) has received the Certification of Completion and supporting evidence on 3/16/2009 for Colorado Energy Management - BCM CBCM's alleged violation of Reliability Standard VAR-STD-002b-1 and Requirement(s) WR1. Listed below is the outcome of WECC's official review.

WECC has accepted the Certification of Completion for Requirement(s) WR1 of the Reliability Standard VAR-STD-002b-1 and have found these requirements to be fully mitigated. No further mitigation of these requirements will be required at this time.

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

Sincerely,

Laura Scholl

Laura Scholl
Managing Director of Compliance

LS:cm

cc: Kevin Moe, CBCM O&M Manager
Lisa Milanese, WECC Manager of Compliance Program Administration
Mike Wells, WECC Senior Compliance Engineer

Attachment g

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Colorado Energy Management - BCM

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 Colorado Energy Management - BCM in the Western Electricity Coordinating Council region.

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

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

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

Comment Date: [BLANK]

Kimberly D. Bose,
Secretary