



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

March 31, 2010

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

**Re: NERC Notice of Penalty regarding Sunray Energy, Inc.
FERC Docket No. NP10-_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty¹ regarding Sunray Energy, Inc. (SRE), NERC Registry ID# NCR05415,² 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 June 22, 2009, SRE self-reported possible violations of FAC-008-1 Requirement (R) 1, FAC-009-1 R1 and PRC-005-1 R1 to the Western Electricity Coordinating Council (WECC) for SRE's failure to (1) have a documented Facility Ratings Methodology that meets the requirements of the Standard; (2) establish its Facility Ratings consistent with an associated Facility Ratings Methodology; and (3) have a documented generation Protection System⁴ maintenance and testing program. This Notice of Penalty is being filed with the Commission because, based on information from WECC, WECC and SRE have entered into a Settlement Agreement to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in WECC's determination and findings of the enforceable alleged violations of FAC-008-1 R1, FAC-009-1 R1 and PRC-005-1 R1. According to the Settlement Agreement, SRE neither admits nor denies the alleged violations, but has agreed to the proposed penalty of

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 SRE was included on the NERC Compliance Registry as a Generator Operator and Generator Owner on June 17, 2007. On July 31, 2009, SRE's Generator Operator function was deregistered. As a Generator Owner, SRE is subject to the requirements of NERC Reliability Standards FAC-008-1, FAC-009-1 and PRC-005-1.

³ *See* 18 C.F.R. § 39.7(c)(2).

⁴ *The NERC Glossary of Terms Used in Reliability Standards*, approved by FERC in Order No. 693 at P 1893 and updated April 20, 2009, defines Protection System as "Protective relays, associated communication systems, voltage and current sensing devices, station batteries and DC control circuitry."

fourteen thousand dollars (\$14,000) to be assessed to SRE, in addition to other remedies and actions to mitigate the instant violations and facilitate future compliance under the terms and conditions of the Settlement Agreement. Accordingly, the alleged violations identified as NERC Violation Tracking Identification Numbers WECC200901456, WECC200901457 and WECC200901454 are being filed in accordance with the NERC Rules of Procedure and the CMEP.

Statement of Findings Underlying the Alleged Violations

This Notice of Penalty incorporates the findings and justifications set forth in the Settlement Agreement executed on October 26, 2009, by and between WECC and SRE, which is included as Attachment d. The details of the findings and basis for the penalty are set forth in the Settlement Agreement and herein. This Notice of Penalty filing contains the basis for approval of the Settlement Agreement by the NERC Board of Trustees Compliance Committee (NERC BOTCC). In accordance with Section 39.7 of the Commission's regulations, 18 C.F.R. § 39.7 (2007), NERC provides the following summary table identifying each alleged violation of a Reliability Standard resolved by the Settlement Agreement, as discussed in greater detail below.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
WECC	Sunray Energy, Inc.	NOC-405	WECC200901456	FAC-008-1	1	Lower ⁵	14,000
			WECC200901457	FAC-009-1	1	Medium	
			WECC200901454	PRC-005-1	1	High ⁶	

FAC-008-1 and FAC-009-1

The purpose of Reliability Standards FAC-008-1 and FAC-009-1 is to ensure that Facility Ratings used in the reliable planning and operation of the bulk power system (BPS) are determined based on an established methodology or methodologies.

⁵ FAC-008-1 R1, R1.3 and R1.3.5 each have a "Lower" VRF; R1.1, R1.2, R1.2.1, R1.2.2, R1.3.1-4 each have a "Medium" VRF. When NERC filed VRFs it originally assigned FAC-008-1 R1.1, R1.2, R1.2.1 and R1.2.2 "Lower" VRFs. The Commission approved the VRFs as filed; however, it directed NERC to submit modifications. NERC submitted the modified "Medium" VRFs and on February 6, 2008, the Commission approved the modified "Medium" VRFs. Therefore, the "Lower" VRFs for FAC-008-1 R1.1, R1.2, R1.2.1 and R1.2.2 were in effect from June 18, 2007 until February 6, 2008 when the "Medium" VRFs became effective. WECC determined that the VRF for the instant violation was "Lower."

⁶ When NERC filed VRFs for PRC-005, NERC originally assigned a "Medium" VRF to PRC-005-1 Requirement R1. In the Commission's May 18, 2007 Order on Violation Risk Factors, the Commission approved the VRF as filed but directed modifications. On June 1, 2007, NERC filed the modified "High" VRF for PRC-005 Requirement R1 for approval. On August 6, 2007, the Commission issued an Order approving the modified VRF. Therefore, the "Medium" VRF was in effect from June 18, 2007 until August 6, 2007 and the "High" VRF has been in effect since August 6, 2007. According to the Settlement Agreement, WECC determined that the "High" VRF was appropriate for the instant alleged violation.

FAC-008-1 R1 requires each Generator Owner, such as SRE, to document its current methodology used for developing Facility Ratings (Facility Ratings Methodology) of its solely and jointly owned Facilities. The methodology shall include all of the following:

- R1.1 A statement that a Facility Rating shall equal the most limiting applicable Equipment Rating of the individual equipment that comprises that Facility.
- R1.2 The method by which the Rating (of major BPS equipment that comprises a Facility) is determined.
 - R1.2.1 The scope of equipment addressed shall include, but not be limited to, generators, transmission conductors, transformers, relay protective devices, terminal equipment and series and shunt compensation devices.
 - R1.2.2 The scope of Ratings addressed shall include, as a minimum, both Normal and Emergency Ratings.
- R1.3 Consideration of the following:
 - R1.3.1 Ratings provided by equipment manufacturers.
 - R1.3.2 Design criteria (*e.g.*, including applicable references to industry Rating practices such as manufacturer's warranty, IEEE, ANSI or other standards).
 - R1.3.3 Ambient conditions.
 - R1.3.4 Operating limitations.
 - R1.3.5 Other assumptions.

FAC-008-1 R1, R1.3 and R1.3.5 each have a "Lower" Violation Risk Factor (VRF). FAC-008-1 R1.1, R1.2, R1.2.1, R1.2.2, R1.3.1, R1.3.2, R1.3.3 and R1.3.4 each have a "Medium" VRF.

FAC-009-1 R1 requires each Generator Owner, such as SRE, to establish Facility Ratings for its solely and jointly owned Facilities that are consistent with the associated Facility Ratings Methodology. FAC-009-1 R1 has a "Medium" VRF.

SRE was recently acquired by a subsidiary of Cogentrix Energy, LLC (CELLC). After this acquisition, CELLC conducted a review of SRE's compliance with the NERC Reliability Standards. CELLC discovered that SRE had minimal documentation for its Facility Ratings Methodology as required by FAC-008-1 R1 and therefore, did not have Facility Ratings consistent with an associated Facility Ratings Methodology as required by FAC-009-1 R1. On June 22, 2009, based on CELLC's findings, SRE self-reported possible violations of FAC-008-1 R1 and FAC-009-1 R1. In its self-reports, SRE stated that equipment name plate ratings existed for facilities and that the limiting factors and operating parameters were known by plant personnel. However, in the opinion of CELLC's Reliability Standards Compliance Group (RSCG), a documented Facility Ratings Methodology was not available to demonstrate compliance with the Standards.

WECC Enforcement reviewed the self-reports and determined that SRE had alleged violations of FAC-008-1 R1 and FAC-009-1 because SRE did not have a documented Facility Ratings

Methodology as required by FAC-008-1 R1 and therefore, its Facility Ratings were not established consistent with an associated Facility Ratings Methodology as required by FAC-009-1 R1. WECC determined the duration of each of the alleged violations to be from June 18, 2007, the date the Standards became enforceable, through July 2, 2009, when SRE completed its Mitigation Plans. WECC determined that the alleged violations of FAC-008-1 R1 and FAC-009-1 R1 did not create a serious or substantial risk to the BPS because (1) the equipment name plate ratings did exist for facilities and the limiting factors and operating parameters were known by plan personnel; (2) SRE is comprised of two solar electric generating units that have name plate ratings of 13.8 MW and 30.0 MW and because these units are solar, they are dependent on solar energy during daylight hours; (3) these units have a limited ability to supplement solar energy with natural gas; (4) the BPS is not dependent on solar energy because the energy produced is based on ambient conditions and is variable; and (5) SRE is connected to the BPS via a radial transmission line.

PRC-005-1

The purpose of Reliability Standard PRC-005-1 is to ensure all transmission and generation Protection Systems affecting the reliability of the BPS are maintained and tested.

PRC-005-1 R1 requires each Generator Owner that owns a generation Protection System, such as SRE, to have a Protection System maintenance and testing program for Protection Systems that affect the reliability of the BPS. The program shall include: (R1.1) maintenance and testing intervals and their basis and (R1.2) a summary of maintenance and testing procedures.

PRC-005-1 R1 has a “High” VRF.

During its review of SRE’s compliance with NERC Reliability Standards, CELLC discovered that, although SRE had performed appropriate maintenance on all required Protection System devices, SRE did not have a written Protection System maintenance and testing program. On June 22, 2009, based on CELLC’s findings, SRE self-reported a possible violation of PRC-005-1 R1. WECC SMEs determined that, although formal written documentation of a maintenance and testing program was not available, SRE nonetheless had conducted and continues to conduct, the required Protection System maintenance and testing.

WECC Enforcement reviewed the self-report and determined that SRE had an alleged violation of PRC-005-1 R1 because it did not have a documented generation Protection System maintenance and testing program. WECC determined the duration of the alleged violation to be from June 18, 2007, the date the Standard became enforceable, through July 2, 2009, when SRE completed its Mitigation Plan. WECC determined that the alleged violation did not create a serious or substantial risk to the BPS because SRE was performing maintenance and testing on all required Protection System devices.

Regional Entity’s Basis for Penalty

According to the Settlement Agreement, WECC has assessed a penalty of fourteen thousand dollars (\$14,000) for the referenced alleged violations. In reaching this determination, WECC considered the following factors: (1) SRE self-reported the alleged violations; (2) the alleged

violations constituted SRE's first occurrence of violations of the NERC Reliability Standards FAC-008-1, FAC-009-1 and PRC-005-1 at issue in this Notice of Penalty; (3) SRE 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; and (5) WECC determined that the alleged violations did not pose a serious or substantial risk to the BPS, as discussed above. Additionally, SRE is comprised of two solar electric generating units having a nameplate rating of 13.8 MW and 30.0 MW. Because these generating units are solar, they are dependent on solar energy during daylight hours. These units have a limited ability to supplement solar energy with natural gas. The BPS is not dependent on this energy because the energy produced is based on these ambient conditions and is variable. In addition, SRE is connected to the BPS via a radial transmission line.

After consideration of the above factors, WECC determined that, in this instance, the penalty amount of fourteen thousand dollars (\$14,000) is appropriate and bears a reasonable relation to the seriousness and duration of the alleged violations.

Status of Mitigation Plans⁷

FAC-008-1 R1

SRE's Mitigation Plan to address its alleged violation of FAC-008-1 R1 was submitted to WECC on June 18, 2009⁸ with a proposed completion date of August 12, 2009. The Mitigation Plan was accepted by WECC on July 7, 2009 and approved by NERC on July 21, 2009. The Mitigation Plan for this alleged violation is designated as MIT-07-1817 and was submitted as non-public information to FERC on July 21, 2009 in accordance with FERC orders.

SRE's Mitigation Plan required SRE to complete the following actions:

- Develop a Facility Ratings Methodology that complies with FAC-008-1;
- Determine the Facilities Ratings of its solely and jointly owned facilities by use of the Facilities Ratings Methodology; and
- Document and implement this written Facilities Rating Methodology, procedures and appropriate documentation/evidence necessary with the assistance of CELLC's RSCG.

SRE certified on July 2, 2009 that the above Mitigation Plan requirements were completed on that same day. As evidence of completion of its Mitigation Plan, SRE submitted a copy of its newly developed Facility Ratings Methodology, *SRE FAC-008-1 Plant Procedure R0* and *SRE FAC-008-1 Attachment A R0*, and copies of training records demonstrating that personnel had been trained on the new methodology.

On July 10, 2009, after WECC's review of SRE's submitted evidence, WECC verified that SRE's Mitigation Plan was completed on July 2, 2009 and notified SRE in a letter dated July 21, 2009 that it was in compliance with FAC-008-1 R1.

FAC-009-1 R1

⁷ See 18 C.F.R § 39.7(d)(7).

⁸ The Mitigation Plan was signed on June 19, 2009.

SRE's Mitigation Plan to address its alleged violation of FAC-009-1 R1 was submitted to WECC on June 19, 2009⁹ with a proposed completion date of August 12, 2009. The Mitigation Plan was accepted by WECC on July 8, 2009 and approved by NERC on July 21, 2009. The Mitigation Plan for this alleged violation is designated as MIT-07-1818 and was submitted as non-public information to FERC on July 21, 2009 in accordance with FERC orders.

SRE's Mitigation Plan required SRE to complete the following actions:

- Determine the Facility Ratings of its solely and jointly owned facilities by use of the Facility Ratings Methodology set forth in conjunction and coordination with the CELLC Engineering Department; and
- Develop Facility Ratings that comply with FAC-009-1; and
- Prepare documentation/evidence necessary with the assistance of CELLC's RSCG.

SRE certified on July 2, 2009 that the above Mitigation Plan requirements were completed on that same day. As evidence of completion of its Mitigation Plan, SRE submitted a copy of its new Facility Ratings document, *SRE FAC-009-1 Plant Procedure R0*, which was established according to SRE's new Facility Ratings Methodology and *SRE FAC-009-1 Facilities Ratings Spreadsheet R0*. SRE also submitted copies of training records demonstrating that personnel had been trained on the new ratings.

On July 10, 2009, after WECC's review of SRE's submitted evidence, WECC verified that SRE's Mitigation Plan was completed on July 2, 2009 and notified SRE in a letter dated July 21, 2009 that it was in compliance with FAC-009-1 R1.

PRC-005-1 R1

SRE's Mitigation Plan to address its alleged violation of PRC-005-1 R1 was submitted to WECC on June 18, 2009¹⁰ with a proposed completion date of August 12, 2009. The Mitigation Plan was accepted by WECC on July 3, 2009 and approved by NERC on July 21, 2009. The Mitigation Plan for this alleged violation is designated as MIT-07-1815 and was submitted as non-public information to FERC on July 21, 2009 in accordance with FERC orders.

SRE's Mitigation Plan required SRE to develop and implement procedures, including the supporting information and documentation required to ensure compliance with PRC-005-1, with the assistance of CELLC's RSCG and the CELLC Corporate Engineering Department.

SRE certified on July 2, 2009¹¹ that the above Mitigation Plan requirements were completed on that same day. As evidence of completion of its Mitigation Plan, SRE submitted a copy of its newly developed Protection System maintenance and testing program, *SRE PRC-005-1 Plant Procedure R0*, *SRE PRC-005-1 Attachment 0* and copies of training records demonstrating that personnel had been trained on the new program.

⁹The Mitigation Plan was signed on June 19, 2009.

¹⁰ The Mitigation Plan was signed on June 19, 2009.

¹¹ The Settlement Agreement incorrectly states that SRE submitted its Certification of Completion on August 3, 2009.

On August 15, 2009, after WECC's review of SRE's submitted evidence, WECC verified that SRE's Mitigation Plan was completed on July 2, 2009 and notified SRE in a letter dated September 25, 2009 that it was in compliance with PRC-005-1 R1.

Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed¹²

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,¹³ the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on February 10, 2010. The NERC BOTCC approved the Settlement Agreement, including WECC's imposition of a financial penalty, assessing a penalty of fourteen thousand dollars (\$14,000) against SRE and other actions to facilitate future compliance required under the terms and conditions of the Settlement Agreement. In approving the Settlement Agreement, the NERC BOTCC reviewed the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the alleged violations at issue.

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

- (1) SRE self-reported the alleged violations;
- (2) these alleged violations constituted SRE's first occurrence of violations of the NERC Reliability Standards FAC-008-1, FAC-009-1 and PRC-005-1 at issue in this Notice of Penalty;
- (3) WECC reported SRE 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; and
- (5) WECC determined that the alleged violations did not pose a serious or substantial risk to the BPS, as discussed above.

For the foregoing reasons, the NERC BOTCC approves the Settlement Agreement and believes that the proposed penalty of fourteen thousand dollars (\$14,000) is appropriate for the alleged 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.

¹² See 18 C.F.R. § 39.7(d)(4).

¹³ *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008).

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) SRE's Self-Report for FAC-008-1 R1 dated June 22, 2009, included as Attachment a;
- b) SRE's Self-Report for FAC-009-1 R1 dated June 22, 2009, included as Attachment b;
- c) SRE's Self-Report for PRC-005-1 R1 dated June 22, 2009, included as Attachment c;
- d) Settlement Agreement by and between WECC and SRE executed on October 26, 2009, included as Attachment d;
- e) SRE's Mitigation Plan designated as MIT-07-1817 for FAC-008-1 R1 dated June 18, 2009, included as Attachment e;
- f) SRE's Certification of Completion of the Mitigation Plan for FAC-008-1 R1 dated July 2, 2009, included as Attachment f;
- g) WECC's Verification of Completion of the Mitigation Plan for FAC-008-1 R1 dated July 21, 2009, included as Attachment g;
- h) SRE's Mitigation Plan designated as MIT-07-1818 for FAC-009-1 R1 dated June 18, 2009, included as Attachment h;
- i) SRE's Certification of Completion of the Mitigation Plan for FAC-009-1 R1 dated July 2, 2009, included as Attachment i;
- j) WECC's Verification of Completion of the Mitigation Plan for FAC-009-1 R1 dated July 21, 2009, included as Attachment j;
- k) SRE's Mitigation Plan designated as MIT-07-1815 for PRC-005-1 R1 dated June 18, 2009, included as Attachment k;
- l) SRE's Certification of Completion of the Mitigation Plan for PRC-005-1 R1 dated July 2, 2009, included as Attachment l; and
- m) WECC's Verification of Completion of the Mitigation Plan for PRC-005-1 R1 dated September 25, 2009, included as Attachment m.

A Form of Notice Suitable for Publication¹⁴

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

¹⁴ 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>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>*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>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> <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>Tony Halcomb* Authorized Entity Officer Information VP Ops & Maintenance 9405 Arrowpoint Blvd. Charlotte, NC 28273 (704) 672-2923 (704) 527-4413 – facsimile tonyhalcomb@cogentrix.com</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,

/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

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

cc: Sunray Energy, Inc.
Western Electricity Coordinating Council

Attachments

Attachment a

SRE's Self-Report for FAC-008-1 R1 dated June 22, 2009



Self-Reporting Form

Date Submitted by Registered Entity: 6/22/2009

NERC Registry ID: NCR05415

Joint Registration Organization (JRO) ID:

Registered Entity: Sunray Energy, Inc (SRE)

Registered Entity Contact: Sid Frymyer

Function(s) Applicable to Self-Report:

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

Standard: FAC-008-1

Requirement: R1

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

Date violation occurred: 6/19/2009

Date violation discovered: 6/19/2009

Is the violation still occurring? ☒ Yes ☐ No

Detailed explanation and cause of violation: In connection with a recent acquisition of Sunray Energy, Inc. (SRE) by a subsidiary of Cogentrix Energy, LLC (CELLC), CELLC conducted a review of SRE's NERC reliability standards. It was discovered that SRE had minimal documentation to provide as evidence of their Facility Ratings Methodology in developing facility ratings.

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

Detailed explanation of Potential Impact: Although equipment name plate ratings do exist and the limiting factors and operating parameters are known by plant personnel, in the opinion of the RSCG a formal documented methodology did not exist to adequately satisfy compliance to the appropriate requirements of FAC-008-1. SRE feels that the absence of a well documented facility rating methodology poses minimal risk to the Bulk Electric System (BES).

Additional Comments: SRE has no additional comments.



For Public Release - March 31, 2010

Non-Public and CONFIDENTIAL

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

Attachment b

**SRE's Self-Report for FAC-009-1 R1 dated June
22, 2009**



Self-Reporting Form

Date Submitted by Registered Entity: 6/22/2009

NERC Registry ID: NCR05415

Joint Registration Organization (JRO) ID:

Registered Entity: Sunray Energy, Inc (SRE)

Registered Entity Contact: Sid Frymyer

Function(s) Applicable to Self-Report:

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

Standard: FAC-009-1

Requirement: R1

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

Date violation occurred: 6/19/2009

Date violation discovered: 6/19/2009

Is the violation still occurring? ☒ Yes ☐ No

Detailed explanation and cause of violation: In connection with a recent acquisition of Sunray Energy, Inc. (SRE) by a subsidiary of Cogentrix Energy, LLC (CELLC), CELLC conducted a review of SRE's NERC reliability standards. It was discovered that SRE did not have adequate documentation to provide as evidence of their Facility Ratings based on the Facility Rating Methodology.

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

Detailed explanation of Potential Impact: Although equipment name plate ratings do exist and the limiting factors are known by plant personnel, in the opinion of the RSCG the facility ratings were not appropriately documented utilizing the Facility Rating Methodology (FAC-008-1) to adequately satisfy compliance to the appropriate requirements of FAC-009-1. SRE feels that the absence of well documented facility ratings poses minimal risk to the Bulk Electric System (BES).

Additional Comments: SRE has no additional comments.



For Public Release - March 31, 2010

Non-Public and CONFIDENTIAL

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

Attachment c

SRE's Self-Report for PRC-005-1 R1 dated June 22, 2009



Self-Reporting Form

Date Submitted by Registered Entity: 6/22/2009

NERC Registry ID: NCR05415

Joint Registration Organization (JRO) ID:

Registered Entity: Sunray Energy, Inc (SRE)

Registered Entity Contact: Sid Frymyer

Function(s) Applicable to Self-Report:

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

Standard: PRC-005-1

Requirement: R1

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

Date violation occurred: 6/19/2009

Date violation discovered: 6/19/2009

Is the violation still occurring? ☒ Yes ☐ No

Detailed explanation and cause of violation: In connection with the recent acquisition of Sunray Energy, Inc (SRE) by a subsidiary of Cogentrix Energy, LLC (CELLC), CELLC conducted a due diligence review of SRE's NERC reliability standards compliance. Although SRE has performed appropriate maintenance on the required protective system devices, insufficient evidence of documentation of a written Protection System Maintenance and Testing Program was found.

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

Detailed explanation of Potential Impact: SRE has conducted and continues to conduct required protection system maintenance and testing although formal written documentation of a maintenance and testing program was not complete, therefore minimal risk is/was posed to the Bulk Electric System (BES). SRE is comprised of two solar electric generating units having a nameplate rating of 13.8 MW and 32.5 MW. SRE is connected to the BES via a radial transmission line which does not support other transactions other than the delivery of electrical energy to the BES.



Non-Public and CONFIDENTIAL

Additional Comments: SRE has no additional comments.
Western Electricity Coordinating Council

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

Attachment d

Settlement Agreement by and between WECC and SRE executed on October 26, 2009

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

Western Electricity Coordinating Council ("WECC") and Sunray Energy, Inc. ("SRE")(collectively the "Parties") hereby enter into this Settlement Agreement ("Agreement") on this 8 day of OCT, 2009.

RECITALS

A. The Parties desire to enter into this Agreement to resolve all outstanding issues between them arising from various Self-Reporting Forms submitted by SRE that resulted in certain WECC determinations and findings regarding three (3) alleged SRE violations of the following North American Electric Reliability Corporation ("NERC") Reliability Standards ("Reliability Standards" or "Standards"):

WECC200901456	FAC-008-1 R1	<i>Facility Ratings Methodology</i>
WECC200901457	FAC-009-1 R1	<i>Establish and Communicate Facility Ratings</i>
WECC200901454	PRC-005-1 R1	<i>Protection System Maintenance and Testing</i>

B. SRE is an independent power producer. Its principal offices are located in Charlotte, North Carolina. SRE, through its approximately 13.8 MW "SEGS I" solar generating facility and its approximately 30.0 MW "SEGS II" solar generating facility, generates and sells electrical energy up to approximately 43.8 MW of electric capacity to Southern California Edison. SRE is currently subject to this Reliability Standard because it was registered on the NERC Compliance Registry on June 17, 2007 as a Generator Owner and Generator Operator, although SRE has since been permitted to deregister from the NERC Compliance Registry with respect to its SEGS I facility.

C. WECC was formed on April 18, 2002 by the merger of the Western Systems Coordinating Council, Southwest Regional Transmission Association and Western Regional Transmission Association. WECC is one of eight Regional Entities in the United States responsible for coordinating and promoting electric system reliability and enforcing the mandatory Reliability Standards created by NERC under the authority granted in Section 215 of the Federal Power Act. In addition, WECC supports efficient competitive power markets, assures open and non-discriminatory transmission access among members, provides a forum for resolving transmission access disputes, and provides an environment for coordinating the operating and planning activities of its members. WECC's region encompasses a vast area of nearly 1.8 million square miles

extending from Canada to Mexico and including 14 western states. It is the largest and most diverse of the eight Regional Entities in the United States.

D. The Parties are entering into this Agreement to settle the above referenced alleged violations. It is in the Parties' and the public's best interests to resolve this matter efficiently without the delay and burden associated with a contested proceeding. Nothing contained in this Agreement shall be construed as an admission or denial by SRE of a violation or waiver of either party's rights. Except, however, nothing in this Agreement shall limit or prevent WECC from evaluating SRE for subsequent violations of the same Reliability Standards addressed herein and taking enforcement action, if necessary. Such enforcement action can include assessing penalties against SRE for subsequent violations of the Reliability Standards addressed herein in accordance with NERC Rules of Procedure.

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

I. Representations of the Parties

For purposes of this Agreement, SRE stipulates to the facts contained herein. WECC has determined that SRE has Alleged Violations as this term is defined in the WECC Compliance and Monitoring Enforcement Program ("CMEP"), of the Reliability Standards described below in detail.

II. Violations

A. NERC Reliability Standard FAC-008-1, Requirement 1

R1: *The Transmission Owner and Generator Owner shall each document its current methodology used for developing Facility Ratings (Facility Ratings Methodology) of its solely and jointly owned Facilities. The methodology shall include all of the following:*

R1.1. *A statement that a Facility Rating shall equal the most limiting applicable Equipment Rating of the individual equipment that comprises that Facility.*

R1.2. *The method by which the Rating (of major BES equipment that comprises a Facility) is determined.*

R1.2.1. *The scope of equipment addressed shall include, but not be limited to, generators, transmission conductors, transformers, relay protective devices, terminal equipment, and series and shunt compensation devices.*

R1.2.2. *The scope of Ratings addressed shall include, as a minimum, both Normal and Emergency Ratings.*

R1.3. *Consideration of the following:*

R1.3.1. *Ratings provided by equipment manufacturers.*

R1.3.2. *Design criteria (e.g., including applicable references to industry Rating practices such as manufacturer's warranty, IEEE, ANSI or other standards).*

R1.3.3. *Ambient conditions.*

R1.3.4. *Operating limitations.*

R1.3.5. Other assumptions.

SRE is subject to this Standard because it was registered on the NERC Compliance Registry on June 17, 2007 as a Generator Owner of SEGS I and SEGS II. SRE discovered this possible violation on June 19, 2009 and reported it to WECC on June 22, 2009. On July 6, 2009, WECC subject matter experts (SME) reviewed SRE's Self-Report and determined that SRE had a possible violation of this Standard.

SRE was recently acquired by a subsidiary of Cogentrix Energy, LLC ("CELLC"). After this acquisition, CELLC conducted a review of SRE's compliance with the NERC Reliability Standards. CELLC discovered that SRE had minimal documentation to demonstrate that it had a formal documented Facility Ratings Methodology. Based on this finding by CELLC, SRE submitted a Self-Report for FAC-008-1 R1. In this Self-Report, SRE stated that equipment name plate ratings do exist for facilities and that the limiting factors and operating parameters are known by plant personnel. However, in the opinion of CELLC's Reliability Standards Compliance Group ("RSCG") a formal documented Facility Ratings Methodology was not available to demonstrate compliance with the Standard.

The WECC Enforcement Department (Enforcement) reviewed SRE's Self-Report and the findings of WECC SMEs and determined that SRE had an Alleged Violation of FAC-008-1 R1 because it did not have a formal documented Facility Ratings Methodology. Enforcement determined that the violation period for this violation is from June 18, 2007, when the Standard became effective, until July 2, 2009, when the mitigation plan was completed.

SRE submitted a mitigation plan to address its possible violation on June 18, 2009. This mitigation plan states that the RSCG of CELLC will assist SRE in the documentation and implementation of a written Facility Ratings Methodology, procedures, and appropriate documentation and evidence necessary to ensure compliance with Reliability Standard FAC-008-1. This mitigation plan had an expected completion date of August 12, 2009. The mitigation plan was accepted by WECC on July 7, 2009 and was approved by NERC on July 21, 2009.

SRE certified completion of this mitigation plan on July 2, 2009, certifying that it was completed that same day. To demonstrate completion of this mitigation plan SRE provided WECC with a copy of its newly developed Facility Ratings Methodology and Facility Ratings. SRE also provided WECC with copies of training records demonstrating that personnel had been trained on the new methodology and ratings. On July 10, 2009, WECC SMEs reviewed the completion documentation and verified completion of the mitigation plan.

NERC Reliability Standard FAC-009-1, Requirement 1

R1: *The Transmission Owner and Generator Owner shall each establish Facility Ratings for its solely and jointly owned Facilities that are consistent with the associated Facility Ratings Methodology.*

SRE is subject to this Standard because it was registered on the NERC Compliance Registry on June 17, 2007 as a Generator Owner of SEGS I and SEGS II. SRE discovered this possible violation on June 19, 2009, and reported it to WECC on June 22, 2009. On July 6, 2009, WECC SMEs reviewed SRE's Self-Report and determined that SRE had a possible violation of this Standard.

SRE was recently acquired by CELLC. After this acquisition, CELLC conducted a review of SRE's compliance with the NERC Reliability Standards. CELLC discovered that SRE had minimal documentation to demonstrate that it had a Facility Ratings Methodology that was used to develop Facility Ratings. Based on this finding by CELLC, SRE submitted a Self-Report for FAC-009-1 R1. In this Self-Report, SRE stated that equipment name plate ratings did exist for facilities and that the limiting factors and operating parameters are known by plant personnel. However, in the opinion of the RSCG, the facility ratings were not appropriately documented utilizing a Facility Rating Methodology as required by the Standard.

Enforcement reviewed SRE's Self-Report and the findings of WECC SMEs and determined that SRE had an Alleged Violation of FAC-009-1 R1 because its Facility Ratings were not established consistent with an associated Facility Ratings Methodology. Enforcement determined that the violation period for this violation is from June 18, 2007, when the Standard became effective, until July 2, 2009, when the mitigation plan was completed.

SRE submitted a mitigation plan to address its possible violation on June 18, 2009. This mitigation plan states that SRE will determine the Facility Ratings of its solely and jointly owned facilities that meet the requirements of the Standard. The Facility Ratings will be established pursuant to the Facility Ratings Methodology being developed for the mitigation plan for FAC-008-1 R1 and in coordination with the CELLC Engineering Department. This mitigation plan had an expected completion date of August 12, 2009. This mitigation plan was accepted by WECC on July 8, 2009 and was approved by NERC on July 21, 2009.

SRE certified completion of this mitigation plan on July 2, 2009, certifying that it was completed that same day. To demonstrate completion of this mitigation plan SRE provided WECC with a copy of its newly developed Facility Ratings Methodology and Facility Ratings that were established according to the new Facility Ratings Methodology. SRE also provided WECC with copies of training records demonstrating that personnel had been trained on the new methodology and ratings. On July 10, 2009, WECC SMEs reviewed the completion documentation and verified completion of the mitigation plan.

NERC Reliability Standard PRC-005-1, Requirement 1

R1: *Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall have a Protection System maintenance and testing program for Protection Systems that affect the reliability of the BES. The program shall include:*

R1.1 *Maintenance and testing intervals and their basis*

R1.2 Summary of maintenance and testing procedures

SRE is subject to this Standard because it was registered on the NERC Compliance Registry on June 17, 2007 as a Generator Owner of SEGS I and SEGS II. SRE discovered this possible violation on June 19, 2009, and reported it to WECC on June 22, 2009. On July 3, 2009, WECC SMEs reviewed SRE's Self-Report and determined that SRE had a possible violation of this Standard.

SRE was recently acquired by CELLC. After this acquisition, CELLC conducted a review of SRE's compliance with the NERC Reliability Standards. CELLC discovered that, although SRE had preformed appropriate maintenance on all required Protection System devices, SRE had insufficient documentation of a written Protection System maintenance and testing program. WECC SMEs determined that, although formal written documentation of a maintenance and testing program was not available, SRE nonetheless had conducted, and continues to conduct, required Protection System maintenance and testing.

Enforcement reviewed SRE's Self-Report and the findings of WECC SMEs and determined that SRE had an Alleged Violation of PRC-005-1 R1 because it did not have a formal generation Protection System maintenance and testing program. Enforcement determined that the violation period for this violation is from June 18, 2007, when the Standard became effective, until July 2, 2009, when the mitigation plan was completed.

SRE submitted a mitigation plan to address its possible violation on June 18, 2009. This mitigation plan states that SRE will organize, develop and implement procedures, supporting information and documentation required to ensure compliance with PRC-005-1. SRE will utilize the assistance of the CELLC RSCG and the CELLC Corporate Engineering Department. This mitigation plan had an expected completion date of August 12, 2009. This mitigation plan was accepted by WECC on July 3, 2009 and was approved by NERC on July 21, 2009.

SRE certified completion of this mitigation plan on August 3, 2009, certifying that it was actually completed on July 2, 2009. To demonstrate completion of the mitigation plan SRE provided WECC with a copy of its newly developed Protection System maintenance and testing program. SRE also provided WECC with copies of training records demonstrating that personnel had been trained on the new program. On August 15, 2009, WECC SMEs reviewed the completion documentation and verified completion of the mitigation plan.

III. Settlement Terms

A. Payment. To settle this matter, SRE hereby agrees to pay \$14,000 to WECC via wire transfer or cashier's check. SRE shall make the funds payable to a WECC account identified in a Notice of Payment Due that WECC will send to SRE upon approval of this Agreement by NERC and the Federal Energy Regulatory Commission ("FERC"). SRE shall issue the payment to WECC no later than thirty days after receipt of the Notice of Payment Due.

The terms of this Agreement, including the agreed upon payment, are subject to review and possible revision by NERC and FERC. Upon NERC approval of the Agreement, NERC will file a Notice of Penalty with FERC. If FERC approves the Agreement, NERC will post the Agreement publicly. If either NERC or FERC rejects the Agreement, then WECC will attempt to negotiate a revised settlement agreement with SRE that includes any changes to the Agreement specified by NERC or FERC. If the Parties cannot reach a settlement agreement, the CMEP governs the enforcement process.

B. Settlement Rationale. WECC's determination of penalties in an enforcement action is guided by the statutory requirement codified at 16 U.S.C. § 824o(e)(6) that any penalty imposed "shall bear a reasonable relation to the seriousness of the violation and shall take into consideration the efforts of such user, owner, or operator to remedy the violation in a timely manner". Additionally, WECC considers the guidance provided by the NERC Sanction Guidelines and by the FERC in Order No. 693 and in its July 3, 2008 Guidance Order on Reliability Notices of Penalty.

Specifically, to determine penalty assessment, WECC considers the following factors: (1) the seriousness of the violation, including the applicable Violation Risk Factor ("VRF") and Violation Severity Level, and the risk to the reliability of the Bulk Electric System (BES); (2) the violation's duration; (3) the Registered Entity's compliance history; (4) the Registered Entity's self-reports and voluntary corrective action; (5) the degree and quality of cooperation by the Registered Entity in the audit or investigation process, and in any remedial action; (6) the quality of the Registered Entity's compliance program; (7) any attempt by the Registered Entity to conceal the violation or any related information; (8) whether the violation was intentional; (9) any other relevant information or extenuating circumstances; and (10) the Registered Entity's ability to pay a penalty.

The following VRFs apply to SRE's Alleged Violations in accordance with NERC's VRF Matrix dated February 3, 2009:

1. The violation of FAC-008-1 R1 has a VRF of Lower. WECC determined that this violation posed a minimal risk to the reliability of the BES because equipment name plate ratings did exist for facilities and the limiting factors and operating parameters were known by plant personnel. SRE is comprised of two solar electric generating units having a nameplate rating of 13.8 MW and 30.0 MW. Because these generating units are solar, they are dependent on solar energy during daylight hours. These units have a limited ability to supplement solar energy with natural gas. The BES is not dependent on this energy because the energy produced is based on these ambient conditions and is variable. In addition, SRE is connected to the BES via a radial transmission line, which does not support transactions other than the delivery of electric energy to the BES.
2. The violation of FAC-009-1 R1 has a VRF of Medium. WECC determined that this violation posed a minimal risk to the reliability of the BES because equipment name plate ratings did exist for facilities and the limiting factors

and operating parameters were known by plant personnel. SRE is comprised of two solar electric generating units having a nameplate rating of 13.8 MW and 30.0 MW. Because these generating units are solar, they are dependent on solar energy during daylight hours. These units have a limited ability to supplement solar energy with natural gas. The BES is not dependent on this energy because the energy produced is based on these ambient conditions and is variable. In addition, SRE is connected to the BES via a radial transmission line, which does not support transactions other than the delivery of electric energy to the BES.

3. The violation of PRC-005-1 R1 has a VRF of High. WECC determined that this violation posed a minimal risk to the reliability of the BES because SRE was conducting required Protection System maintenance and testing. SRE is comprised of two solar electric generating units having a nameplate rating of 13.8 MW and 30.0 MW. Because these generating units are solar, they are dependent on solar energy during daylight hours. These units have a limited ability to supplement solar energy with natural gas. The BES is not dependent on this energy because the energy produced is based on these ambient conditions and is variable. In addition, SRE is connected to the BES via a radial transmission line which does not support transactions other than the delivery of electric energy to the BES.

In addition to the factors listed above, WECC considered several mitigating factors to reach an agreement with SRE regarding the payment amount. First, the Alleged Violations addressed by this Agreement are SRE's first assessed noncompliance with the applicable Reliability Standards. Second, SRE self-reported and mitigated each of the violations. Third, SRE was cooperative throughout WECC's evaluation of its compliance with the Reliability Standards and the enforcement process.

Finally, in reaching this Agreement, WECC considered that there were no aggravating factors warranting a higher payment amount. Specifically, SRE did not have any negative compliance history. There was no failure by SRE to comply with applicable compliance directives, nor any evidence of an attempt by SRE to conceal a violation. Finally, there was no evidence that SRE's violations were intentional.

IV. Additional Terms

A. Authority. The undersigned representative of each party warrants that he or she is authorized to represent and bind the designated party.

B. Representations. The undersigned representative of each party affirms that he or she has read the Agreement, that all matters set forth in the Agreement are true and correct to the best of his or her knowledge, information, or belief, and that he or she understands that the Agreement is entered into by each party in express reliance on the representations set forth herein.

C. Review. Each party agrees that it has had the opportunity to consult with legal counsel regarding the Agreement and to review it carefully. Each party enters the

Agreement voluntarily. No presumption or rule that ambiguities shall be construed against the drafting party shall apply to the interpretation or enforcement of this Agreement.

D. Entire Agreement. The Agreement represents the entire agreement between the Parties. No tender, offer, or promise of any kind outside the terms of the Agreement by any member, employee, officer, director, agent, or representative of SRE or WECC has been made to induce the signatories or the Parties to enter into the Agreement. No oral representations shall be considered a part of the Agreement.

E. Effective Date. The Agreement shall become effective upon FERC's approval of the Agreement by order or operation of law.

F. Waiver of Right to Further Proceedings. SRE and WECC agree that the Agreement, upon approval by NERC and FERC, is a final settlement of all matters set forth herein. SRE waives its right to further hearings and appeal, unless and only to the extent that SRE contends that any NERC or FERC action concerning the Agreement contains one or more material modifications to the Agreement.

G. Reservation of Rights. WECC reserves all of its rights to initiate enforcement, penalty or sanction actions against SRE in accordance with the Agreement, the CMEP and the NERC Rules of Procedure. In the event that SRE fails to comply with any of the terms of this Agreement, WECC shall have the right to pursue enforcement, penalty or sanction actions against SRE up to the maximum penalty allowed by the NERC Rules of Procedure. SRE shall retain all of its rights to defend against such enforcement actions in accordance with the CMEP and the NERC Rules of Procedure. Failure by WECC to enforce any provision hereof on occasion shall not constitute a waiver by WECC of its enforcement rights or be binding on WECC on any other occasion.

H. Consent. SRE consents to the use of WECC's determinations, findings, and conclusions set forth in this Agreement for the purpose of assessing the factors, including the factor of determining SRE's history of violations, in accordance with the NERC Sanction Guidelines and applicable FERC orders and policy statements. Such use may be in any enforcement action or compliance proceeding undertaken by NERC and/or any Regional Entity; provided, however, that SRE does not consent to the use of the specific acts set forth in this Agreement as the sole basis for any other action or proceeding brought by NERC and/or any Regional Entity, nor does SRE consent to the use of this Agreement by any other party in any other action or proceeding.

I. Amendments. Any amendments to the Agreement shall be in writing. No amendment to the Agreement shall be effective unless it is in writing and executed by the Parties.

J. Successors and Assigns. The Agreement shall be binding on successors or assigns of the Parties.

K. Governing Law. The Agreement shall be governed by and construed under the laws of the State of Utah.

L. Captions. The Agreement's titles, headings and captions are for the purpose of convenience only and in no way define, describe or limit the scope or intent of the Agreement.

M. Counterparts and Facsimiles. The Agreement may be executed in counterparts, in which case each of the counterparts shall be deemed to be an original. Also, the Agreement may be executed via facsimile, in which case a facsimile shall be deemed to be an original.

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

Agreed to and accepted:

WESTERN ELECTRICITY COORDINATING COUNCIL

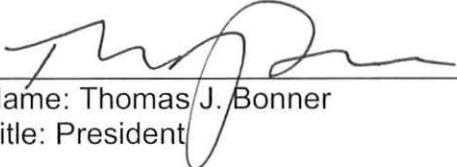


Constance B. White
Vice President of Compliance
Western Electricity Coordinating Council

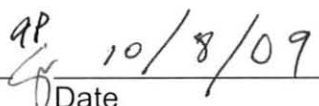


Date

SUNRAY ENERGY, INC.



Name: Thomas J. Bonner
Title: President



Date

Attachment e

**SRE's Mitigation Plan designated as MIT-07-1817
for FAC-008-1 R1 dated June 18, 2009**



Mitigation Plan Submittal Form

New ☒ or Revised ☐

Date this Mitigation Plan is being submitted:

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: Sunray Energy, Inc
Registered Entity Address: 35100 Santa Fe St., Daggett, CA 92327
NERC Compliance Registry ID: NCR05415

- 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: Richard S. Frymyer
Title: General 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: sidfrymyer@cogentrix.com

Phone: 760.254.3381



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: FAC-008-1
[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)
		R1	Lower	06/19/09	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:

In connection with a recent acquisition of Sunray Energy, Inc. (SRE) by a subsidiary of Cogentrix Energy, LLC (CELLC), CELLC conducted a review of SRE's NERC reliability standards. It was discovered that SRE had minimal documentation to provide as evidence of their Facility Ratings Methodology in developing facility ratings.

[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:

SRE has no further information.

[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:

The Reliability Standards Compliance Group (RSCG) of CELLC will assist SRE in the documentation and implementation of a written methodology, procedures and appropriate documentation/evidence necessary to insure compliance with Reliability Standard FAC-008-1. SRE will determine the Facility Ratings of its solely and jointly owned facilities by use of the Facility Ratings Methodology (FRM) in conjunction and coordination with the Corporate Engineering Department of CELLC, and develop a FRM that complies with all Requirements of Reliability Standard FAC-008-1. [Provide your response here; additional detailed information may be provided as an attachment as necessary]

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

Mitigation Plan Timeline and Milestones

D.2 Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the alleged or confirmed violations associated with this Mitigation Plan corrected: 8/12/09

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



Western Electricity Coordinating Council



Milestone Activity	Proposed Completion Date* (milestones cannot be more than 3 months apart)
Submit complete equipment name plate rating information to Engineering for review	6/24/09
Engineering to appropriately document the Facility Rating Methodology for Sunray Energy, Inc	7/8/09
RSCG to assist SRE in the training and implementation of FAC-008-1 Plant Procedure	7/29/09
RSCG to ensure SRE is fully compliant with Requirements of FAC-008-1	8/12/09

(*) 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 8.6, 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:

SRE has no further information to provide at this time.
[Provide your response here; additional detailed information may be provided as an attachment as necessary]



Western Electricity Coordinating Council



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:

Although equipment name plate ratings do exist and the limiting factors and operating parameters are known by plant personnel, in the opinion of the RSCG a formal documented methodology did not exist to adequately satisfy compliance to the appropriate requirements of FAC-008-1. SRE feels that the absence of a well documented facility rating methodology posed/poses minimal risk to the Bulk Electric System (BES).
[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:

CELLC is committed to supporting and promoting the adequacy, reliability and security of the North American Bulk Electric System. CELLC hereby confirms the commitment of all business units and company resources to endeavor to fully meet or exceed the requirements of NERC and Regional Reliability Standards applicable to Cogentrix entities. SRE will adequately document the facility rating methodology, appropriately apply the methodology and ensure that appropriate plant personnel understand the limiting factors identified.
[Provide your response here; additional detailed information may be provided as an attachment as necessary]



Western Electricity Coordinating Council



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:

SRE does not plan to take any further actions other than those stated in this mitigation plan.

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



Western Electricity Coordinating Council

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 an authorized agent of Sunray Energy, Inc.
- 2. I am an officer, employee, attorney or other person authorized to sign this Mitigation Plan on behalf of Sunray Energy, Inc.
- 3. I understand Sunray Energy, Inc.'s obligations to comply with Mitigation Plan requirements and WECC or ERO remedial action directives and I have reviewed the WECC and ERO documents related to these obligations, including, but not limited to, the WECC CMEP and the NERC Rules of Procedure.
- 4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
- 5. Sunray Energy, Inc. agrees to be bound by, and comply with, the Mitigation Plan, including the timetable completion date, as approved by WECC and approved by NERC.

Authorized Signature:

(Electronic signatures are acceptable; see CMEP Section 3.0)

Name (Print): Richard S. Frymyer

Title: Authorized Agent

Date: 6/19/09



Western Electricity Coordinating Council



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.

Presently SRE believes that the facility does not meet the criteria listed in the NERC Compliance Registry Criteria 5.0 and has requested (3/31/09) a review of the registration and that SRE status be changed to inactive and SRE be removed from the WECC and NERC Compliance Registry.
[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>



Western Electricity Coordinating Council



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.
- 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 f

SRE's Certification of Completion of the Mitigation Plan for FAC-008-1 R1 dated July 2, 2009



Non-Public and CONFIDENTIAL

Certification of Mitigation Plan Completion Form

Submittal of a Certification of Mitigation Plan Completion shall include data or information sufficient for Western Electricity Coordinating Council (WECC) to verify completion of the Mitigation Plan. WECC may request additional data or information and conduct follow-up assessments, on-site or other Spot Checking, or Compliance Audits as it deems necessary to verify that all required actions in the Mitigation Plan have been completed and the Registered Entity is in compliance with the subject Reliability Standard. (CMEP Section 6.6)

Registered Entity: Sunray Energy, Inc

NERC Registry ID: NCR05415

Date of Submittal of Certification: July 2, 2009

NERC Violation ID No(s) (if known): Not Known

Standard: FAC-008-1

Requirement(s): 1

Date Mitigation Plan was scheduled to be completed per accepted Mitigation Plan: August 12, 2009

Date Mitigation Plan was actually completed: July 2, 2009

Additional Comments (or List of Documents Attached):

Sunray Energy, Inc. (SRE) has completed determining the Facility Ratings of SEGS II by use of a Facility Ratings Methodology (FRM) in conjunction and coordination with the Corporate Engineering Department of Cogentrix Energy, LLC (CELLC) and developed a FRM that complies with all requirements of Reliability Standard FAC-008-1. The Cogentrix Reliability Standards Compliance Group (RSCG) has assisted SRE with training and implementation of SRE FAC-008-1 Plant Procedure R0. RSCG has ensured that SRE is fully compliant with all requirements of FAC-008-1. All Milestones of FAC-008-1_R1 Self-Reported Mitigation Plan submitted on 6/19/09 are complete.

Supporting documentation:

1. SRE FAC-008-1 Plant Procedure R0.
2. SRE FAC-008-1 Attachment A R0.
3. SRE FAC-009-1 Facility Ratings Spreadsheet R0.
4. Training Records (Form EHS 200)
 - Review of FAC-008-1 Reliability Standard.
 - Review SRE FAC-008-1 Plant Procedure R0.
 - Review SRE FAC-008-1 Attachment A R0 and understand the limiting factors identified.

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I certify that the Mitigation Plan for the above named violation has been completed on the date shown above and that all submitted information is complete and correct to the best of my knowledge.

Name: Richard S. Frymyer

Title: Site General Manager

Email: sidfrymyer@cogentrix.com

Phone: 760-254-3381

Authorized Signature:

A handwritten signature in black ink, appearing to read 'Richard S. Frymyer', written over the 'Authorized Signature:' label.

Date: 7/2/09

CONFIDENTIAL

Attachment g

WECC's Verification of Completion of the Mitigation Plan for FAC-008-1 R1 dated July 21, 2009

CONFIDENTIAL



Laura Scholl
Managing Director of Compliance

801.819.7619
lscholl@wecc.biz

July 21, 2009

Sid Frymyer
General Manager
Sunray Energy, Inc.
35100 Santa Fe Street, PO Box 338
Daggett, CA 92327

NERC Registration ID: NCR05415

Subject: Certification of Completion Response Letter

Dear Sid Frymyer,

The Western Electricity Coordinating Council (WECC) received the Certification of Completion and supporting evidence of Sunray Energy, Inc. (SRE) on 7/2/2009 for the alleged violation of Reliability Standard FAC-008-1 Requirement 1.

WECC accepted the Certification of Completion for Requirement 1 of the Reliability Standard FAC-008-1 and found this requirement to be fully mitigated. No further mitigation of this requirement is required at this time.

If you have any questions or concerns, please contact Jay Look at jay@wecc.biz. Thank you for your assistance in this effort.

Sincerely,
Laura Scholl
Laura Scholl
Managing Director of Compliance

LS:ki

cc: Kelly White, SRE Operations Compliance Coordinator
Lisa Milanes, WECC Manager of Compliance Program Administration
Jay Look, WECC Senior Compliance Engineer

Attachment h

**SRE's Mitigation Plan designated as MIT-07-1818
for FAC-009-1 R1 dated June 18, 2009**



Mitigation Plan Submittal Form

New ☒ or Revised ☐

Date this Mitigation Plan is being submitted:

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: Sunray Energy, Inc
Registered Entity Address: 35100 Santa Fe St., Daggett, CA 92327
NERC Compliance Registry ID: NCR05415

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: Richard S. Frymyer
Title: General 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: sidfrymyer@cogentrix.com

Phone: 760.254.3381



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: FAC-009-1
[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)
		R1	Medium	06/19/09	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:

In connection with a recent acquisition of Sunray Energy, Inc. (SRE) by a subsidiary of Cogentrix Energy, LLC (CELLC), CELLC conducted a review of SRE's NERC reliability standards. It was discovered that SRE did not have adequate documentation to provide as evidence of their Facility Ratings based on the Facility Rating Methodology.

[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:



SRE has no further information.

[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:

The Reliability Standards Compliance Group (RSCG) of CELLC will assist SRE in the preparation of documentation/evidence necessary to insure compliance with Reliability Standard FAC-009-1. SRE will determine the Facility Ratings of its solely and jointly owned facilities by use of the Facility Ratings Methodology (FRM) set forth in conjunction and coordination with the CELLC Engineering Department, and develop facility ratings that comply with requirements of Reliability Standard FAC-009-1.
[Provide your response here; additional detailed information may be provided as an attachment as necessary]

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

Mitigation Plan Timeline and Milestones

- D.2 Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the alleged or confirmed violations associated with this Mitigation Plan corrected: 8/12/09
- 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)
--------------------	--



Submit complete equipment name plate rating information to Engineering for review	6/24/09
Engineering to review the documented Facility Ratings to ensure they are listed as to the Facility Rating Methodology	7/8/09
RSCG to ensure SRE is fully compliant with the Requirements of FAC-009-1	8/12/09

(*) 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 6.5, 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:

SRE has no further information to provide at this time.
[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:

Although equipment name plate ratings do exist and the limiting factors are known by plant personnel, in the opinion of the RSCG the facility ratings were not appropriately documented utilizing the Facility Rating Methodology (FAC-008-1) to adequately satisfy compliance to the appropriate requirements of FAC-009-1. SRE feels that the absence of well documented facility ratings posed/poses minimal risk to the Bulk Electric System (BES). [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:

CELLC is committed to supporting and promoting the adequacy, reliability and security of the North American Bulk Electric System. CELLC hereby confirms the commitment of all business units and company resources to endeavor to fully meet or exceed the requirements of NERC and Regional Reliability Standards applicable to Cogentrix entities. SRE will adequately document the facility ratings appropriately applying the methodology of FAC-008-1 and ensure that appropriate plant personnel understand the limiting factors identified.



Western Electricity Coordinating Council



[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:

SRE does not plan to take any further actions other than those stated in this mitigation plan

[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 an authorized agent of Sunray Energy, Inc..
 2. I am an officer, employee, attorney or other person authorized to sign this Mitigation Plan on behalf of Sunray Energy, Inc..
 3. I understand Sunray Energy, Inc.'s obligations to comply with Mitigation Plan requirements and WECC or ERO remedial action directives and I have reviewed the WECC and ERO documents related to these obligations, including, but not limited to, the WECC CMEP and the NERC Rules of Procedure.
 4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
 5. Sunray Energy, Inc. agrees to be bound by, and comply with, the Mitigation Plan, including the timetable completion date, as approved by WECC and approved by NERC.

Authorized Signature: _____

(Electronic signatures are acceptable; see CMEP Section 3.0)

Name (Print): Richard S. Frymyer

Title: Authorized Agent

Date: 6/19/09



Section G: Comments and Additional Information

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

Presently SRE believes that the facility does not meet the criteria as listed in the NERC Compliance Registry Criteria 5.0 and has requested (3/31/09) a review of the registration and that SRE's status be changed to inactive and SRE be removed from the WECC and NERC Compliance Registry. [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) 863-6884

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
- 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 i

SRE's Certification of Completion of the Mitigation Plan for FAC-009-1 R1 dated July 2, 2009



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Certification of Mitigation Plan Completion Form

Submittal of a Certification of Mitigation Plan Completion shall include data or information sufficient for Western Electricity Coordinating Council (WECC) to verify completion of the Mitigation Plan. WECC may request additional data or information and conduct follow-up assessments, on-site or other Spot Checking, or Compliance Audits as it deems necessary to verify that all required actions in the Mitigation Plan have been completed and the Registered Entity is in compliance with the subject Reliability Standard. (CMEP Section 6.6)

Registered Entity: Sunray Energy, Inc

NERC Registry ID: NCR05415

Date of Submittal of Certification: July 2, 2009

NERC Violation ID No(s) (if known): Not Known

Standard: FAC-009-1

Requirement(s): 1

Date Mitigation Plan was scheduled to be completed per accepted Mitigation Plan: August 12, 2009

Date Mitigation Plan was actually completed: July 2, 2009

Additional Comments (or List of Documents Attached):

Sunray Energy, Inc. (SRE) has completed determining the Facility Ratings of SEGS II by use of a Facility Ratings Methodology (FRM) in conjunction and coordination with the Corporate Engineering Department of Cogentrix Energy, LLC (CELLC) and developed a FRM that complies with all requirements of Reliability Standard FAC-008-1. The Cogentrix Reliability Standards Compliance Group (RSCG) has assisted SRE with training and implementation of SRE FAC-009-1 Plant Procedure R0. RSCG has ensured that SRE is fully compliant with all requirements of FAC-009-1. All Milestones of FAC-009-1, R1 Self-Reported Mitigation Plan submitted on 6/19/09 are complete.

Supporting documentation:

1. SRE FAC-009-1 Plant Procedure R0.
2. SRE FAC-009-1 Facility Ratings Spreadsheet R0.
3. Training Records (Form EHS 200)
 - Review of FAC-009-1 Reliability Standard.
 - Review SRE FAC-009-1 Plant Procedure R0.
 - Review SRE FAC-009-1 Facility Ratings Spreadsheet and understand the limiting factors identified.

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I certify that the Mitigation Plan for the above named violation has been completed on the date shown above and that all submitted information is complete and correct to the best of my knowledge.

Name: Richard S. Frymyer

Title: Site General Manager

Email: sidfrymyer@cogentrix.com

Phone: 760-254-3381

Authorized Signature:

A handwritten signature in black ink, appearing to read 'Richard S. Frymyer', written over a horizontal line.

Date: 7/2/09

CONFIDENTIAL

Attachment j

WECC's Verification of Completion of the Mitigation Plan for FAC-009-1 R1 dated July 21, 2009

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Laura Scholl
Managing Director of Compliance

801.819.7619
lscholl@wecc.biz

July 21, 2009

Sid Frymyer
General Manager
Sunray Energy, Inc.
35100 Santa Fe Street, PO Box 338
Daggett, CA 92327

NERC Registration ID: NCR05415

Subject: Certification of Completion Response Letter

Dear Sid Frymyer,

The Western Electricity Coordinating Council (WECC) received the Certification of Completion and supporting evidence of Sunray Energy, Inc. (SRE) on 7/2/2009 for the alleged violation of Reliability Standard FAC-009-1 Requirement 1.

WECC accepted the Certification of Completion for Requirement 1 of the Reliability Standard FAC-009-1 and found this requirement to be fully mitigated. No further mitigation of this requirement is required at this time.

If you have any questions or concerns, please contact Jay Look at jay@wecc.biz. Thank you for your assistance in this effort.

Sincerely,
Laura Scholl
Laura Scholl
Managing Director of Compliance

LS:ki

cc: Kelly White, SRE Operations Compliance Coordinator
Lisa Milanes, WECC Manager of Compliance Program Administration
Jay Look, WECC Senior Compliance Engineer

Attachment k

**SRE's Mitigation Plan designated as MIT-07-1815
for PRC-005-1 R1 dated June 18, 2009**



Mitigation Plan Submittal Form

New ☒ or Revised ☐

Date this Mitigation Plan is being submitted:

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: Sunray Energy, Inc
Registered Entity Address: 35100 Santa Fe St., Daggett, CA 92327
NERC Compliance Registry ID: NCR05415

- 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: Richard S. Frymyer
Title: General 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: sidfrymyer@cogentrix.com

Phone: 760.254.3381



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: PRC-005-1
[Identify by Standard Acronym (e.g. FAC-001-1)]
- C.2 Requirement(s) violated and violation dates:
[Enter information in the following Table]

NERC Violation ID # [If known]	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)
		R1	High	06/19/09	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:

In connection with the recent acquisition of Sunray Energy, Inc (SRE) by a subsidiary of Cogentrix Energy, LLC (CELLC), CELLC conducted a due diligence review of SRE's NERC reliability standards compliance. Although SRE has performed appropriate maintenance on the required protective system devices, insufficient evidence of documentation of a written Protection System Maintenance and Testing Program was found. [Provide your response here; additional detailed information may be provided as an attachment as necessary]



Western Electricity Coordinating Council



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

SRE has no further information to provide.

[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:

The CELLC Reliability Standards Compliance Group (RSCG), with the support of the Engineering Department of CELLC, will assist SRE in the organization, development and implementation of all procedures, supporting information, and/or documentation required to ensure compliance with Reliability Standard PRC-005-1.

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

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

Mitigation Plan Timeline and Milestones

D.2 Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the alleged or confirmed violations associated with this Mitigation Plan corrected: 8-12-2009

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)
--------------------	--



Western Electricity Coordinating Council



Engineering to complete attachments and exhibits associated with PRC-005-1	7/15/09
RSCG to assist SRE in the training, development and implementation of PRC-005-01 Plant Procedure	7/29/09
RSCG to ensure SRE is fully compliant with Requirements of PRC-005-1	8/12/09

(*) 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:

SRE has no further information to provide at this time.
[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:

SRE has conducted and continues to conduct required protection system maintenance and testing although formal written documentation of a maintenance and testing program was not complete, therefore minimal risk is/was posed to the Bulk Electric System (BES). SRE is comprised of two solar electric generating units having a nameplate rating of 13.8 MW and 32.5 MW. Ambient conditions greatly effect the capabilities of the generating output. Some of these conditions include, but are not limited to: cloud covering, angle of the sun due to the time of year, smog, fog, wind, fires, and nightfall. SRE is connected to the BES via a radial transmission line which does not support other transactions other than the delivery of electrical energy to the BES. [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:

CELLC is committed to supporting and promoting the adequacy, reliability and security of the North American Bulk Electric System. Cogentrix hereby confirms the commitment of all business units and company resources to endeavor to fully meet or exceed the requirements of NERC and Regional



Reliability Standards applicable to Cogentrix entities. SRE will implement the Protection System Maintenance and Testing Program and procedures as documented by the mitigation plan remedies to better ensure the reliability of the BES.

[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:

SRE does not plan to take any additional actions outside of those stated in this mitigation plan.

[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 an authorized agent of Sunray Energy, Inc..
 2. I am an officer, employee, attorney or other person authorized to sign this Mitigation Plan on behalf of Sunray Energy, Inc..
 3. I understand Sunray Energy, Inc.'s obligations to comply with Mitigation Plan requirements and WECC or ERO remedial action directives and I have reviewed the WECC and ERO documents related to these obligations, including, but not limited to, the WECC CMEP and the NERC Rules of Procedure.
 4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
 5. Sunray Energy, Inc. agrees to be bound by, and comply with, the Mitigation Plan, including the timetable completion date, as approved by WECC and approved by NERC.

Authorized Signature:

A handwritten signature in black ink, appearing to read 'Richard S. Frymyer', is written over a horizontal line.

(Electronic signatures are acceptable; see CMEP Section 3.0)

Name (Print): Richard S. Frymyer
Title: Authorized Agent
Date: 6/19/09



Section G: Comments and Additional Information

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

Presently SRE believes that the facility does not meet the criteria as listed in the NERC Compliance Registry Criteria 5.0 and has requested (3/31/09) a review of the registration and that SRE registration status be changed to inactive and SRE removed from the WECC and NERC Compliance Registry.

[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.



- 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 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 1

SRE's Certification of Completion of the Mitigation Plan for PRC-005-1 R1 dated July 2, 2009



Non-Public and CONFIDENTIAL

Certification of Mitigation Plan Completion Form

Submittal of a Certification of Mitigation Plan Completion shall include data or information sufficient for Western Electricity Coordinating Council (WECC) to verify completion of the Mitigation Plan. WECC may request additional data or information and conduct follow-up assessments, on-site or other Spot Checking, or Compliance Audits as it deems necessary to verify that all required actions in the Mitigation Plan have been completed and the Registered Entity is in compliance with the subject Reliability Standard. (CMEP Section 6.6)

Registered Entity: Sunray Energy, Inc

NERC Registry ID: NCR05415

Date of Submittal of Certification: July 2, 2009

NERC Violation ID No(s) (If known): Not Known

Standard: PRC-005-1

Requirement(s): 1

Date Mitigation Plan was scheduled to be completed per accepted Mitigation Plan: August 12, 2009

Date Mitigation Plan was actually completed: July 2, 2009

Additional Comments (or List of Documents Attached):

Sunray Energy, Inc. (SRE) has completed a Transmission and Generation Protection System Maintenance and Testing Program in conjunction and coordination with the Corporate Engineering Department of Cogentrix Energy, LLC (CELLC) and developed a Protection System Maintenance and Testing Program that complies with all requirements of Reliability Standard PRC-005-1. The Cogentrix Reliability Standards Compliance Group(RSCG) has assisted SRE with training and implementation of SRE PRC-005-1 Plant Procedure R0. RSCG has ensured that SRE is fully compliant with all requirements of PRC-005-1. All Milestones of PRC-005-1_R1 Self-Reported Mitigation Plan submitted on 6/19/09 are complete.

Supporting documentation:

1. SRE PRC-005-1 Plant Procedure R0.
2. SRE PRC-005-1 Attachment A R0.
 - SRE PRC-005-1 Exhibit A1 R0.
 - SRE PRC-005-1 Exhibit A2 R0.
 - SRE PRC-005-1 Exhibit A3 R0.
 - SRE PRC-005-1 Exhibit A4 R0.
 - SRE PRC-005-1 Exhibit A5 R0.
3. Training Records (Form EHS 200)

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- Review of PRC-005-1 Reliability Standard.
- Review SRE PRC-005-1 Plant Procedure R0.
- Review SRE PRC-005-1 Attachment A
 - SRE PRC-005-1 Exhibit A1 R0.
 - SRE PRC-005-1 Exhibit A2 R0.
 - SRE PRC-005-1 Exhibit A3 R0.
 - SRE PRC-005-1 Exhibit A4 R0.
 - SRE PRC-005-1 Exhibit A5 R0.

I certify that the Mitigation Plan for the above named violation has been completed on the date shown above and that all submitted information is complete and correct to the best of my knowledge.

Name: Richard S. Frymyer

Title: Site General Manager

Email: sidfrymyer@cogentrix.com

Phone: 760-254-3381

Authorized Signature:

A handwritten signature in black ink, appearing to read 'Richard S. Frymyer', is written over the 'Authorized Signature:' label.

Date: 7/2/09

CONFIDENTIAL

Attachment m

WECC's Verification of Completion of the Mitigation Plan for PRC-005-1 R1 dated September 25, 2009

CONFIDENTIAL



Laura Scholl
Managing Director of Compliance

801.819.7619
lscholl@wecc.biz

September 25, 2009

Sid Frymyer
General Manager
Sunray Energy, Inc.
35100 Santa Fe Street, PO Box 338
Daggett, CA 92327

NERC Registration ID: NCR05415

Subject: Certification of Completion Response Letter

Dear Sid Frymyer,

The Western Electricity Coordinating Council (WECC) received the Certification of Completion and supporting evidence of Sunray Energy, Inc. (SRE) on 7/2/2009 for the alleged violation of Reliability Standard PRC-005-1 Requirement 1.

WECC has accepted the Certification of Completion for Requirement 1 of the Reliability Standard PRC-005-1 and has found this requirement 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 Phil O'Donnell at podonnell@wecc.biz. Thank you for your assistance in this effort.

Sincerely,

Laura Scholl

Laura Scholl
Managing Director of Compliance

LS:ki

cc: Kelly White, SRE Operations Compliance Coordinator
Lisa Milanes, WECC Manager of Compliance Program Administration
Phil O'Donnell, WECC Senior Compliance Engineer

Attachment n

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Sunray Energy, Inc.

Docket No. NP10-____-000

NOTICE OF FILING
March 31, 2010

Take notice that on March 31, 2010, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Sunray Energy, Inc. in the Western Electricity Coordinating Council region.

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

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

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

Comment Date: [BLANK]

Kimberly D. Bose,
Secretary