



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

June 2, 2010

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

**Re: Abbreviated Notice of Penalty
 Tri-State Generation and Transmission Association, Inc. - Merchant (TSPMTS),
 FERC Docket No. NP10-___-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Abbreviated Notice of Penalty (Abbreviated NOP) regarding the Registered Entity listed in Attachment a, 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)).

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines and the Commission's July 3, 2008 and October 26, 2009 Guidance Orders,¹ the NERC BOTCC reviewed the findings and proposed penalty or sanction and approved the Abbreviated NOP and the attachments thereto on April 12, 2010, for filing with the Commission. Pursuant to Order No. 693, the zero dollar penalty will be effective upon expiration of the 30 day period following the filing of this Abbreviated NOP with the Commission, or, if the Commission decides to review the penalty, upon final determination by the Commission.

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) Disposition of Alleged/Confirmed Violation, included as Attachment a;
- b) TSPMTS' Self-Report, dated August 27, 2009, included as Attachment b;
- c) TSPMTS' Mitigation Plan, submitted on October 6, 2009, included as Attachment c; and
- d) TSPMTS' Certification of Mitigation Plan Completion, dated October 20, 2009, included as Attachment d.

¹ *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008); *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 129 FERC ¶ 61,069 (2009).

A Form of Notice Suitable for Publication²

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

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, New Jersey 08540-5721 (609) 452-8060 (609) 452-9550 – facsimile david.cook@nerc.net</p> <p>Sherryl Caikowski* Chief Compliance Officer Tri-State Generation and Transmission Association, Inc. - Merchant 1100 West 116th Avenue Westminster, CO 80234 (303) 254-3276 scaikowski@tristategt.org</p> <p>Luis Zaragoza* Primary Compliance Contact Tri-State Generation and Transmission Association, Inc. - Merchant 1100 West 116th Avenue Westminster, CO 80234 (303) 254-3113 lzaragoza@tristategt.org</p> <p>*Persons to be included on the Commission's service list are indicated with an asterisk. NERC requests waiver of the Commission's rules and regulations to permit the inclusion of more than two people on the service list.</p>	<p>Rebecca J. Michael* 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>Daniel P. Skaar* President Midwest Reliability Organization 2774 Cleveland Avenue North Roseville, MN 55113 (651) 855-1731 dp.skaar@midwestreliability.org</p> <p>Sara E. Patrick* Director of Regulatory Affairs and Enforcement Midwest Reliability Organization 2774 Cleveland Avenue North Roseville, MN 55113 (651) 855-1708 se.patrick@midwestreliability.org</p>
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² See 18 C.F.R § 39.7(d)(6).

Conclusion

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

Respectfully submitted,

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cc: Tri-State Generation and Transmission Association, Inc. - Merchant
Midwest Reliability Organization

Attachments

Attachment a

Disposition of Alleged/Confirmed Violation



DISPOSITION OF VIOLATION¹

Date: June 2, 2010

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.	NOC#
MRO200900103	MRO2009082709_TSPMTS_INT_004-2_R2	NOC-478
REGISTERED ENTITY	NERC REGISTRY ID.	
Tri-State Generation and Transmission Association, Inc. -Merchant (TSPMTS)	NCR10103	

I. REGISTRATION INFORMATION

ENTITY IS REGISTERED FOR THE FOLLOWING FUNCTIONS:

BA	DP	GO	GOP	IA	LSE	PA	<i>PSE</i>	RC	RP	RSG	TO	TOP	TP	TSP
					x		x							

* *VIOLATION APPLIES TO ITALICIZED FUNCTIONS*

DESCRIPTION OF REGISTERED ENTITY

Tri-State Generation and Transmission Association, Inc. (Tri-State), TSPMTS' parent company, is a wholesale electric power supplier owned by the 44 electric cooperatives that it serves. Tri-State generates and transmits electricity to its member systems throughout a 250,000 square-mile service territory across Colorado, Nebraska, New Mexico and Wyoming. Tri-State has Merchant, Marketing and Reliability divisions.

Tri-State's owned and contracted portfolio of electric energy is derived from coal, natural gas and oil-fired and combustion turbine generation facilities located throughout its four-state member service territory. Tri-State owns and operates plants in Colorado and New Mexico, and it receives a share of power from plants in Arizona, New Mexico and Wyoming.

Tri-State purchases federal hydropower from the Western Area Power Administration, in addition to energy from other renewable energy sources, such as wind power, small hydropower and biomass.

¹ The instant violations are Confirmed Violations; however, for purposes of this document, the violations at issue are described as "violations," regardless of their procedural posture and whether they were possible, alleged, or confirmed violations.



I. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
INT-004-2	2	2.2	Lower	Lower

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

The purpose of Standard INT-004-2: To ensure Dynamic Transfers are adequately tagged to be able to determine their reliability impacts.

Requirement 2 states:

The Purchasing-Selling Entity responsible for tagging a Dynamic Interchange Schedule shall ensure the tag is updated for the next available scheduling hour and future hours when any one of the following occurs:

R 2.2: The average energy profile in an hour is less than or equal to 250 MW and in that hour the actual hourly integrated energy deviates from the hourly average energy profile indicated on the tag by more than +/- 25 megawatt-hours.

VIOLATION DESCRIPTION

On August 27, 2009, TSPMTS self-reported its possible non-compliance with Reliability Standard INT-004-2 R2.2 to MRO. TSPMTS serves its customer load located in Nebraska Public Power District's (NPPD) control area utilizing Basin Electric generation via a dynamic signal sent simultaneously to both Balancing Authorities: Western Area Power Administration Upper Great Plains and NPPD. TSPMTS reported that due to lower than expected load served by the Dynamic Interchange Schedule on the evening of August 16, 2009, the TSPMTS real time night shift operator revised the energy schedule for all future hours of the scheduling day of August 17, 2009. However, the TSPMTS operator did not revise the associated tag resulting in the "tagged load value" exceeding +/- 25 MW each hour for a period of 19 hours.²

The tagged value in this instance was 175 MW and the actual Dynamic Interchange Schedule varied from 114 MW to 138 MW, reflecting a difference of 37-61 MW. This range exceeded the +/- 25 MW reporting requirement by 12-36 MW for the 19 hour time period.

TSPMTS discovered this error upon receiving a phone call inquiry from NPPD at approximately 6:12pm MST. At that time, TSPMTS immediately corrected the tagging error for the next hour and the remainder of the day.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

² The Self-Report incorrectly states that the "tagged load value" exceeded +/- 25 MW for a period of 18 consecutive hours.



(IF THE VIOLATION POSED A SERIOUS OR SUBSTANTIAL RISK, THE ABBREVIATED NOP FORM MAY NOT BE USED.)

MRO determined that this violation did not pose a serious or significant risk to the bulk power system. Although TSPMTS failed to update the tag for a Dynamic Interchange Schedule for the next available scheduling hour and future hours when the actual hourly integrated energy deviated from the hourly average energy profile by more than 25 MW as indicated on the tag, the Balancing Authorities use the direct electronic dynamic signal to regulate generation, rather than the tagged value. Additionally, no notices of reliability issues were received by TSPMTS from its Reliability Coordinator, Transmission Operator, or Balancing Authorities as a result of failing to modify the tag.

IS THERE A SETTLEMENT AGREEMENT YES ☐ NO ☒

WITH RESPECT TO THE VIOLATION, REGISTERED ENTITY

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

WITH RESPECT TO THE PROPOSED PENALTY OR SANCTION, REGISTERED ENTITY

ACCEPTS IT YES ☐
DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS) YES ☒

III. DISCOVERY INFORMATION

METHOD OF DISCOVERY

SELF-REPORT	<input checked="" type="checkbox"/>
SELF-CERTIFICATION	<input type="checkbox"/>
COMPLIANCE AUDIT	<input type="checkbox"/>
COMPLIANCE VIOLATION INVESTIGATION	<input type="checkbox"/>
SPOT CHECK	<input type="checkbox"/>
COMPLAINT	<input type="checkbox"/>
PERIODIC DATA SUBMITTAL	<input type="checkbox"/>
EXCEPTION REPORTING	<input type="checkbox"/>

DURATION DATE(S)

TSPMTS failed to update its tags per the requirement for 19 hours from 12:00am MST through 7:00pm MST on August 17, 2009.

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY

08/27/2009³

³ The Mitigation Plan incorrectly states that the self-report was submitted to MRO on August 28, 2009 and that the violation date was August 18, 2009.



IS THE VIOLATION STILL OCCURRING

YES ☐ NO ☒

EXPLAIN

TSPMTS submitted its Mitigation Plan on 10/6/2009, and on 10/20/2009 TSPMTS certified mitigation completion as of 09/28/2009. On 11/10/2009, MRO verified that TSPMTS had completed the required mitigation actions as of 09/28/2009. On 11/4/2009, TSPMTS completed additional mitigation efforts at the suggestion of MRO, as discussed below.

REMEDIAL ACTION DIRECTIVE ISSUED YES ☐ NO ☒
PRE TO POST JUNE 18, 2007 VIOLATION YES ☐ NO ☒

IV. MITIGATION INFORMATION

MITIGATION PLAN NO. MIT-09-2054

DATE SUBMITTED TO THE REGIONAL ENTITY 10/6/2009⁴
DATE ACCEPTED BY REGIONAL ENTITY 10/12/2009
DATE APPROVED BY NERC 10/26/2009
DATE PROVIDED TO FERC 10/26/2009
IDENTIFY AND EXPLAIN VERSIONS THAT WERE REJECTED
N/A

MITIGATION PLAN COMPLETED YES ☒ NO ☐

EXPECTED COMPLETION DATE 10/02/09
EXTENSIONS GRANTED N/A
ACTUAL COMPLETION DATE 09/28/09⁵

DATE CERTIFIED AS COMPLETE BY REGISTERED ENTITY TSPMTS certified on 10/20/2009 that mitigation was complete as of 09/28/2009.

DATE VERIFIED AS COMPLETE BY REGIONAL ENTITY
MRO verified on 11/10/2009 that TSPMTS mitigation was complete as of 09/28/2009. On 11/4/2009, MRO further verified that TSPMTS completed additional mitigation actions that were not included in TSPMTS' Mitigation Plan and that had been suggested by MRO, as discussed below.

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

⁴ The Mitigation Plan incorrectly states that the submittal date was September 2, 2009. The Mitigation Plan was signed on October 2, 2009.

⁵ The Mitigation Plan at Section C2 incorrectly states that the Mitigation Plan was completed on September 25, 2009.



TSPMTS Mitigation Plan to address the referenced violation was accepted by MRO on 10/12/2009 and approved by NERC on 10/26/2009. The Mitigation Plan for the violation listed is designated as MIT-09-2054 and was submitted to FERC on 10/26/2009 in accordance with FERC Orders.

TSPMTS certified on 10/20/2009 that its Mitigation Plan was completed as of 09/28/2009. The Mitigation Plan required the following actions and timetable:

1. 08/18/09 – TSPMTS issued an e-mail from the Compliance Coordinator to the Energy Resource Coordinators on shift emphasizing the importance of verifying the schedule and tag for this dynamic schedule, and for communicating this requirement between shifts.
2. 09/01/09 through 09/21/09 – TSPMTS issued its *Revised Hourly Workflow Procedure* for review and signature by all Market Execution Employees.
3. 09/01/09 through 09/21/09 - TSPMTS issued a Re-Training Packet for review and signature completion by all Market Execution Employees. The Training Packet includes:
 - a. TSPMTS Mitigation Plan for this Violation of INT-004-2 R2.2;
 - b. NERC Standard Requirement;
 - c. *Market Execution Existing Reliability Standard Procedure for INT-004-2*; and
 - d. Short Interval Scheduling Contractual Agreement.
4. 09/17/09 – TSPMTS held a Market Execution Department Training Meeting, which included a group review and discussion of the TSPMTS violation, NERC Standard INT-004-2, TSPMTS Mitigation Plan, and its *Revised Hourly Workflow Procedure for Dynamic Schedules*.

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

1. Market Execution Employee Training Packet including:
 - a. TSPMTS Mitigation Plan for this violation of INT-004-2 R2.2;
 - b. NERC Standard Requirement;
 - c. *Market Execution Existing Reliability Standard Procedure for INT-004-2*; and
 - d. Short Interval Scheduling Contractual Agreement.
2. Signed Training Rosters indicating that Market Execution Employees received the training in September 2009.

TSPMTS also provided the following evidence to demonstrate completion of additional actions suggested by MRO:



1. *Energy Markets Training Reference Document 24-008: MRO Shift Change Elog Entry*, revised to include *Procedure for Maintaining Compliance at Shift Change*; and
2. *Energy Markets Training Reference Document 24-005: MRO Nebraska East Load Alarm Procedure*, revised to include *Procedure for Maintaining Compliance Each Scheduling Hour*.

MRO reviewed the evidence submitted by TSPMTS and, on 11/10/2009, verified TSPMTS' completion of its Mitigation Plan as of 09/28/2009. MRO determined that TSPMTS had updated the schedule as soon as possible upon learning of the concern. MRO determined that TSPMTS had taken steps to ensure future compliance by revising its procedures and communicated these changes to the appropriate personnel.

ADDITIONAL ACTIONS

In addition, upon completing the steps outlined in the Mitigation Plan, MRO determined that TSPMTS implemented the following additional actions suggested by MRO during the review of TSPMTS' Mitigation Plan completion:

1. TSPMTS made programming changes to include an audible alarm⁶ for the Nebraska East Load Dynamic Schedule to alert operators when the load is out of balance. The estimated cost to TSPMTS to complete these programming changes was \$600; and
2. TSPMTS had implemented a procedure requiring the Energy Resource Coordinator to make an E-log entry at the beginning of each shift to indicate the Nebraska East Load Dynamic Schedule and Tag have been verified and are within a bandwidth of $\pm 20\text{MW}$ of the load for the next available scheduling hour and all future hours.

MRO verified that TSPMTS had completed these additional efforts suggested by MRO as of 11/04/2009.

V. PENALTY INFORMATION

PROPOSED PENALTY OR SANCTION

\$0

ADDITIONAL SUPPORT FOR PROPOSED PENALTY OR SANCTION

Reliability Standard INT-004-2 R2.2 has a "Lower" Violation Risk Factor (VRF), and MRO assessed the violation of INT-004-2 R2.2 to be a "Lower" Violation Severity Level (VSL). According to the Base Penalty Table of the NERC Sanction Guidelines the ERO base penalty range for a "Lower" VRF violation with a "Lower" VSL is \$1,000 to

⁶ The Mitigation Plan for the previous self-reported violation by TSPMTS of Reliability Standard INT-004-1 R2.2 included a programming change to alert operators when the load is out of balance. This change resulted in a pop-up box in the program, but still required manual monitoring by the operators. The change made under MIT-09-2054 includes an audible alarm in addition to the pop-up box messaging to alert the operators when the load is out of balance.



\$3,000. The base penalty range represents the amount that could be applied on a per day basis. TSPMTS was in violation of this requirement for 19 hours from 12:00am MST through 7:00pm MST on August 17, 2009.

In determining the assessed penalty, MRO considered that although this was TSPMTS' second occurrence of non-compliance with this Standard, the non-compliance occurred after the one-year reset period as outlined by the Standard and therefore, was not considered an aggravating factor.

MRO determined that this violation did not pose a serious or significant risk to the bulk power system. Although TSPMTS failed to update the tag for a Dynamic Interchange Schedule for the next available scheduling hour and future hours when the actual hourly integrated energy deviated from the hourly average energy profile by more than 25 MW as indicated on the tag, the Balancing Authorities use the direct electronic dynamic signal to regulate generation, rather than the tagged value. Additionally, no notices of reliability issues were received by TSPMTS from its Reliability Coordinator, Transmission Operator, or Balancing Authorities as a result of failing to modify the tag.

MRO also considered that TSPMTS self-reported this violation; took immediate action to correct the non-compliance; made no attempt to conceal the violation; and fully cooperated with MRO. Because TSPMTS acted responsibly, and corrected and reported this violation as soon as TSPMTS was aware of the issue, MRO used its discretion and applied a zero dollar penalty.

(1) THE RELATION OF THE PENALTY TO THE SERIOUSNESS OF THE VIOLATION

MRO has determined that a penalty of \$0 bears a reasonable relationship to the severity of the violation and considers the actions taken by TSPMTS to mitigate the violation. This determination is based on the following facts:

- TSPMTS self-reported this violation;
- TSPMTS took immediate action to correct the non-compliance upon being alerted to it and completed additional mitigating actions at MRO's request;
- TSPMTS made no attempt to conceal the violation;
- MRO reported that there was no evidence that the violation was intentional;
- TSPMTS fully cooperated with MRO and willingly discussed the violation and provided additional information in a timely manner;
- The quality of TSPMTS compliance program, as discussed below;
- MRO determined that the violation did not pose a serious or significant risk to the bulk power system, as described above; and
- This is the second violation of the Reliability Standard, which was not considered an aggravating factor, as discussed above.

For the foregoing reasons, MRO used its discretion and applied a zero dollar penalty.



This proposed penalty or sanction is subject to review and possible revision by NERC and FERC. NERC will include its determination of the proposed penalty or sanction in a Notice of Penalty to be filed with FERC.

DOCUMENTATION ☐ PERFORMANCE ☒ BOTH ☐

EXPLAIN (FOR DOCUMENTATION-TYPE VIOLATIONS, INCLUDE A DESCRIPTION OF HOW THE REGIONAL ENTITY VERIFIED THAT THE REGISTERED ENTITY HAD PERFORMED IN ACCORDANCE WITH THE RELIABILITY STANDARD(S)/REQUIREMENT(S))

See above.

(2) REGISTERED ENTITY'S COMPLIANCE HISTORY

PRIOR VIOLATIONS OF THIS RELIABILITY STANDARD OR REQUIREMENT(S) THEREUNDER

YES ☒ NO ☐

NUMBER OF SUCH VIOLATIONS

TSPMTS self-reported non-compliance with Reliability Standard INT-004-1⁷ R2.2 on August 21, 2007.

At the time of the self-report, TSPMTS was not registered for the PSE function in the MRO region. Contemporaneous with the submission of the self-report, TSPMTS requested a change in functional registration to separate the LSE function from its affiliated company Tri-State Generation and Transmission Association, Inc—Transmission, and add the PSE function. TSPMTS was subsequently added to the NERC Registry as a separate entity responsible for the LSE and PSE functions. In processing the August 21, 2007 self-report of non-compliance with Reliability Standard INC-004-1, R2.2, MRO utilized the pre-existing NERC Registration Number that included the PSE function for the affiliated Tri-State Generation and Transmission Association (NCR05432). This pre-existing NERC Registration Number is currently assigned to Tri-State Generation and Transmission Association, Inc—Marketing in the WECC region. The publicly posted disposition of the August 21, 2007 self-report (NP08-6-000) reflects the correct NERC Registration Number of NCR10103 for TSPMTS.

LIST ANY CONFIRMED OR SETTLED VIOLATIONS AND STATUS

NP08-6-000 was filed with FERC on June 4, 2008 and approved by FERC Order dated July 3, 2008.

⁷ INT-004-1 was enforceable from June 18, 2007 through August 27, 2008. INT-004-2, the current version of the Standard, was approved by the Commission and became enforceable on August 28, 2008.



PRIOR VIOLATIONS OF OTHER RELIABILITY STANDARD(S) OR REQUIREMENTS THEREUNDER

YES ☐ NO ☒

NUMBER OF SUCH VIOLATIONS

N/A

LIST ANY PRIOR CONFIRMED OR SETTLED VIOLATIONS AND STATUS

N/A

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

FULL COOPERATION YES ☒ NO ☐
EXPLAIN

TSPMTS cooperated in a timely and satisfactory manner with MRO staff at all times during the processing of this self-reported non-compliance with Reliability Standard INT-004-2 R2.2. TSPMTS provided prompt responses to all MRO data requests and implemented additional mitigating actions at MRO's request.

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

IS THERE A DOCUMENTED COMPLIANCE PROGRAM

YES ☒ NO ☐

EXPLAIN

TSPMTS has a formal internal compliance program document titled *Compliance Administrative Policy (ERM-1)* and has distributed pertinent sections of the document to all employees. The document was introduced in May 2009, though prior to this date the elements of the Internal Compliance Program were incorporated into a companywide program that included FERC Standards of Conduct and other company policies.

EXPLAIN SENIOR MANAGEMENT'S ROLE AND INVOLVEMENT WITH RESPECT TO THE REGISTERED ENTITY'S COMPLIANCE PROGRAM

TSPMTS has assigned management and staff dedicated to manage NERC and Regional compliance activities. As demonstrated by its self-report and mitigation efforts, TSPMTS' compliance staff is performing effective compliance activities.

(5) ANY ATTEMPT BY THE REGISTERED ENTITY TO CONCEAL THE VIOLATION OR INFORMATION NEEDED TO REVIEW, EVALUATE OR INVESTIGATE THE VIOLATION (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒



IF YES, EXPLAIN

(6) ANY EVIDENCE THIS WAS AN INTENTIONAL VIOLATION (IF THE RESPONSE IS “YES,” THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒
IF YES, EXPLAIN

(7) ANY OTHER MITIGATING FACTORS FOR CONSIDERATION

YES ☒ NO ☐
IF YES, EXPLAIN

TSPMTS mitigated the first violation of INT-004-1 R2.2 with a good faith effort to prevent a recurrence of a violation of the instant Standard by implementing a programming change and to have a pop-up alarm incorporated into the program to alert Operators when the load is out of balance. TSPMTS was not aware that the program was not open at all times and the program had to be open for the pop-up to be visible and thus warn the Operator. This unintended situation contributed to the instant non-compliance.

(8) ANY OTHER AGGRAVATING FACTORS FOR CONSIDERATION (IF THE RESPONSE IS “YES,” THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒
IF YES, EXPLAIN

According to Section 4.3.1 of the NERC Sanction Guidelines, a “violation reset time period” may be defined within a Reliability Standard and describes the period of time required for a Registered Entity to continue operations without incidence of further violation of the Reliability Standards. The violation reset time period allows a Registered Entity to avoid or minimize consideration of the Registered Entity’s previous violation history for sanctioning purposes. Reliability Standard INT-004-2 includes a “violation reset time period” of one calendar year. TSPMTS first self-reported non-compliance with Reliability Standard INT-004-1 R2.2 on 8/21/2007 and then subsequently self-reported the instant violation of Reliability Standard INT-004-2 R2.2 on 8/27/2009. Because the time between the two self-reported violations exceeds one calendar year, MRO did not consider the second violation as an aggravating factor for sanctioning purposes.

(9) ANY OTHER EXTENUATING CIRCUMSTANCES (IF THE RESPONSE IS “YES,” THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒
IF YES, EXPLAIN



VI. OTHER RELEVANT INFORMATION:

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR SANCTION ISSUED
DATE : 10/15/2009 OR N/A ☐

NOTICE OF CONFIRMED VIOLATION ISSUED

DATE: 01/29/2010 OR N/A ☐

Revised Notice of Confirmed Violation was issued on March 23, 2010.

SUPPLEMENTAL RECORD INFORMATION

DATE(S) _ _ _ _ OR N/A ☒

REGISTERED ENTITY RESPONSE CONTESTED
FINDINGS ☐ PENALTY ☐ BOTH ☐

HEARING REQUESTED

YES ☐ NO ☒

DATE

OUTCOME

APPEAL REQUESTED

EXHIBITS:

TSPMTS SELF-REPORT, dated August 27, 2009

TSPMTS MITIGATION PLAN, submitted on October 6, 2009

TSPMTS CERTIFICATION OF MITIGATION PLAN COMPLETION, dated October 20, 2009

Attachment b

TSPMTS' Self-Report, dated August 27, 2009

<u>Registered Entity</u>	<u>Requirement</u>	<u>Description</u>	<u>Violation Risk Factor</u>	<u>Date Of Occurance</u>	<u>Submitted On</u>	<u>Status</u>
<u>Tri-State Generation And Transmission Association Inc. - Merchant</u>	INT-004-2 R2	The Purchasing-Selling Entity responsible for tagging a Dynamic Interchange Schedule shall ensure the tag is updated for the next available scheduling hour and future hours when any one of the following occurs:	Low	Aug 17, 2009	Aug 27, 2009	Validated

Midwest Reliability Organization

Program Year 2009

Administrator

Self Report Maintenance

Self Report Details

* Standard Requirement
 INT-004-2 R2

* Date Alleged Violation
 Occurred Aug 17, 2009

* Alleged Violation Description and Cause

TSPMTS serves its' customer load located in NPPD's control area, utilizing Basin Electric generation via a dynamic signal sent simultaneously to both Balancing Authorities: Western Area Power Upper Great Plains (WAUE), and Nebraska Public Power District (NPPD). Lower than expected loads served by this dynamic (schedule) caused the TSPMTS real time night shift operator, the evening of August 16, 2009, to revise the energy schedule for all future hours of the scheduling day of August 17, 2009, and due to human error did not revise the associated tag. Therefore the tagged load estimate was communicated to both BA's in excess of +/- 25MW for a period of 18 consecutive hours. TSPMTS day shift operator received a phone call inquiry from NPPD at 18:12 MPT to which the TSPMTS operator immediately discovered and corrected the tagging error for the next hour and remainder of the day. TSPMTS day shift operator immediately notified his manager and the compliance contact. The compliance contact instructed hourly schedule/tag verification supported by log entries during investigation of this event, and until further notice.

* Potential Impact to the Bulk Power System

TSPMTS determines there was no potential risk to the Bulk Power System as the tagging procedure is an administrative function used to forecast load. The Balancing Authorities use the direct electronic dynamic signal to regulate generation rather than the tagged value. Additionally, no notices of reliability issues were received by TSPMTS from the RC, TOP or BA's as a result of failing to modify the tag during this time period.

Attachment c

**TSPMTS' Mitigation Plan, submitted on October 6,
2009**

Midwest Reliability Organization



Mitigation Plan

Mitigation Plan submitted on: **Oct 06, 2009**

Mitigation Plan Completed (Yes/No):

Mitigation Plan Completed On:

Midwest Reliability Organization



Section A: Compliance Notices

• Section 6.2 of the NERC CMEP¹ sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:

- (1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan. This person may be the Registered Entity's point of contact described in Section B.
- (2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.
- (3) The cause of the Alleged or Confirmed Violation(s).
- (4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).
- (5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed violation(s).
- (6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.
- (7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.
- (8) Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined or recommended to the applicable governmental authorities for not completing work associated with accepted milestones.²
- (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.
- (11) This submittal form may be used to provide a required Mitigation Plan for review and approval by regional entity(ies) and NERC.

• The Mitigation Plan shall be submitted to the regional entity(ies) and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.

1. Uniform Compliance Monitoring and Enforcement Program ("NERC CMEP") of the North American Electric Reliability Corporation (a copy of the current version approved by the Federal Energy Regulatory Commission is posted on NERC's website.) Or the North American Electric Reliability Corporation Compliance Monitoring and Enforcement Program – Province of Manitoba, Schedule "B" to the Interim Agreement on Compliance Monitoring and Enforcement in Manitoba between NERC, the Regional Entity, and Manitoba Hydro (available upon request from the Regional Entity).

2. Implementation milestones that precede the date that a Mitigation Plan becomes effective in Manitoba will be considered to be extended until the date that the Mitigation Plan becomes effective.

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- 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 alleged or confirmed violations with respect to each additional Reliability Standard, as applicable.
- If the Mitigation Plan is accepted by regional entity(ies) and approved by NERC, a copy of this Mitigation Plan will be provided to the Federal Energy Regulatory Commission or filed with the applicable governmental authorities for approval in Canada.
- Regional Entity(ies) or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
- Remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.
- The user has read and accepts the conditions set forth in these Compliance Notices.



Section B: Registered Entity Information

B.1

Identify your organization:

Entity Name: ***Tri-State Generation And Transmission Association Inc. - Merchant***

Address: ***1100 W 116th Ave, Westminster, Colorado 80234, United States***

NERC Compliance Registry ID: *[If known]* ***NCR10103***

B.2

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

Name: ***Janelle Marriott***

Title: ***Market Training, Compliance***

Email: ***jmarriott@tristategt.org***

Phone: ***303-254-3507***



Section C: Identity of Reliability Standard Violation associated with this Mitigation Plan

C.1

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

Standard Requirement: **INT-004-2 R2**

Description: ***The Purchasing-Selling Entity responsible for tagging a Dynamic Interchange Schedule shall ensure the tag is updated for the next available scheduling hour and future hours when any one of the following occurs:***

Violation Date: **Aug 18, 2009**

C.2

Identify the cause of the violation(s) identified above:

Mitigation Plan Submittal Date: 09/02/09

Mitigation Plan Completion Date: 09/25/09

Date Non-Compliance Discovered: 08/17/09

Date of Self Report to the MRO: 08/28/09

Alleged Violation to be Corrected by this Mitigation Plan: TSPMTS failed to update dynamic tag WAUE_NEBRAUG to match the associated energy schedule on 08/17/09, HE 01 through HE 19 MPT.

Cause of Alleged Violation: TSPMTS serves its' customer load located in NPPD's control area, utilizing Basin Electric generation via a dynamic signal sent simultaneously to both Balancing Authorities: Western Area Power Upper Great Plains (WAUE), and Nebraska Public Power District (NPPD). On the evening of August 16, 2009, in anticipation of lower than expected load requirements served by this dynamic schedule, the TSPMTS real time night shift Energy Resource Coordinator (ERC) revised the energy schedule for all future hours of the scheduling day of August 17, 2009, and was remiss in not revising the associated tag. Therefore the tagged load estimate was communicated to both BA's in excess of +/- 25MW for a period of 18 consecutive hours.

C.3

Provide any relevant information regarding the violations associated with this Mitigation Plan: ***[If known]***



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 violation(s) identified above in Section C.1 of this form:

Registered Entity's Action Plan to Correct the Alleged Violation: Upon receipt of a phone call inquiry from NPPD at 18:12 MPT, the TSPMTS day shift ERC promptly corrected the tagging error for the next hour and remainder of the day, and immediately notified his manager and the TSPMTS Compliance Coordinator. TSPMTS ERC's were promptly instructed to review the dynamic load, schedule, and tag each hour and log the hourly check until revised procedures and remedial training have been provided.

Registered Entity's Action Plan and Time Table to Prevent Recurrence of the Alleged Violation:

- 1. 08/18/09 Email From Compliance Coordinator to ERC's on shift emphasizing importance of verifying the schedule and tag for this dynamic schedule, and for communicating this requirement between shifts.***
- 2. 09/01/09 ? 09/21/09 Issued Revised Hourly Workflow Procedure for Review and Signature by all Market Execution Employees.***
- 3. 09/01/09 ? 09/21/09 Issued Re-Training Packet for Review and Signature Completion by all Market Execution Employees. Training Packet includes:***
 - a. TSPMTS Mitigation Plan for this Violation of INT-004-2 R2.2***
 - b. NERC Standard Requirement***
 - c. Market Execution Existing Reliability Standard Procedure for INT-004-2***
 - d. Short Interval Scheduling Contractual Agreement***
- 4. 09/17/09 Market Execution Department Training Meeting included group review and discussion of the TSPMTS Alleged Violation, NERC Standard INT-004-2, TSPMTS Mitigation Plan, and Revised Hourly Workflow Procedure for Dynamic Schedules.***
- 5. 09/28/09 Completed TSPMTS INT-004-2 08/17/09 Alleged Violation Mitigation Plan.***

Mitigation Plan Timeline and Milestones

D.2

Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the violations associated with this Mitigation Plan are corrected: **Oct 02, 2009**

D.3

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

Midwest Reliability Organization



Milestone Activity	*Proposed Completion Date (Shall not be greater than 3 months apart)	Actual Completion Date
Email From Compliance Coordinator to ERC's on shift emphasizing importance of verifying the schedule	Aug 18, 2009	Aug 18, 2009
Market Execution Department Training Meeting included group review and discussion	Sep 17, 2009	Sep 17, 2009
Issued Revised Hourly Workflow Procedure for Review and Signature by all Market Execution Employees.	Sep 21, 2009	Sep 21, 2009
Issued Re-Training Packet for Review and Signature Completion by all Market Execution Employees.	Sep 21, 2009	Sep 21, 2009
Completed Mitigation Plan	Sep 28, 2009	Sep 28, 2009

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

Additional Relevant Information (Optional)

D.4

If you have any relevant additional information that you wish to include regarding the mitigation plan, milestones, milestones dates and completion date proposed above you may include it here:

The information in the attached training packet consists of:

- ? Revised ERC Hourly Workflow Incorporating NERC Standard INT-004-2 Requirement Reference
- ? Copy of Energy Markets Mitigation Plan for the 8-16-09 Violation
- ? Copy of Spreadsheet showing Hours of Violation
- ? Energy Markets Compliance Procedure for INT-004-2
- ? Copy of NERC Standard INT-004-2
- ? Copy of the Short Interval Scheduling Contract between Tri-State and WAPA, Basin, and NPPD which governs the dynamic schedule referenced in this violation.



Section E: Interim and Future Reliability Risk

Abatement of Interim BPS Reliability Risk

E.1

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

TSPMTS determines there was no potential risk to the Bulk Power System as the tagging procedure is an administrative function used to forecast load. The Balancing Authorities use the direct electronic dynamic signal to regulate generation rather than the tagged value. Additionally, no notices of reliability issues were received by TSPMTS from the RC, TOP or BA's as a result of failing to modify the tag during the Alleged Violation time period.

Prevention of Future BPS Reliability Risk

E.2

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

Ongoing training to reinforce compliance.

E.3

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

Midwest Reliability Organization



Section F: Authorization

An authorized individual must sign and date the signature page. By doing so, this individual, on behalf of your organization:

- (a) Submits the Mitigation Plan, as laid out in Section D, to the Regional Entity for acceptance 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 **Chief Compliance Officer** of **Tri-State Generation And Transmission Association Inc. - Merchant**.

2. I am qualified to sign this Mitigation Plan on behalf of **Tri-State Generation And Transmission Association Inc. - Merchant**.

3. I have read and understand **Tri-State Generation And Transmission Association Inc. - Merchant's** obligations to comply with Mitigation Plan requirements and ERO remedial action directives as well as ERO documents, including, but not limited to, the NERC Rules of Procedure and the NERC CMEP currently in effect or the NERC CMEP-Province of Manitoba, Schedule B currently in effect, whichever is applicable.

4. I have read and am familiar with the contents of the foregoing Mitigation Plan.

5. **Tri-State Generation And Transmission Association Inc. - Merchant** agrees to be bound by, and comply with, this Mitigation Plan, including the timetable completion date, as accepted by the Regional Entity, NERC, and if required, the applicable governmental authorities in Canada.

Authorized Individual Signature _____

(Electronic signature was received by the Regional Office via CDMS. For Electronic Signature Policy see CMEP.)

Name: **Sherryl Caikowski**

Title: **Chief Compliance Officer**

Authorized On: **Oct 02, 2009**

Attachment d

**TSPMTS' Certification of Mitigation Plan Completion,
dated October 20, 2009**



Certification of Mitigation Plan Completion

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

Registered Entity Name: **Tri-State Generation and Transmission Association, Inc- Merchant**

NERC Registry ID: **NCR10103**

Date of Submittal of Certification: **October 20, 2009**

NERC Violation ID No(s): **MR0200900103**

Reliability Standard and the Requirement(s) of which a violation was mitigated: **INT-004-2, Requirement 2.2**

Date Mitigation Plan was scheduled to be completed per accepted Mitigation Plan: **October 2, 2009**

Date Mitigation Plan was actually completed: **September 28, 2009**

Additional Comments (or List of Documents Attached): Requirement 2.2 provides that a Purchasing-Selling Entity responsible for tagging a Dynamic Interchange Schedule shall ensure the tag is updated for the next available scheduling hour and future hours when the average energy profile in an hour is less than or equal to 250 MW and in that hour the actual hourly integrated energy deviates from the hourly average energy profile indicated on the tag by more than +25 megawatt-hours. TSPMTS is enforcing compliance with the requirement by mandating the operators to verify the tagged values hourly as well as re-verifications of future hours during shift changes.

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: **Sherryl Caikowski**

Title: **Chief Compliance Officer**

Email: **scaikowski@tristategt.org**

Phone: **303-254-3276**





MIDWEST
RELIABILITY
ORGANIZATION



Authorized Signature *Sheryl Carshaw Sr.*

Date October 20, 2009

Please direct any questions regarding completion of this form to the Midwest Reliability Organization e-mail address mco@midwestreliability.org

Please submit the completed form via CDSM at www.midwestreliability.org



2774 Cleveland Avenue N • Roseville, MN 55113 • Phone (651) 855-1760 • Fax (651) 855-1712 •

Attachment e

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Tri-State Generation and Transmission
Association, Inc. - Merchant

Docket No. NP10-____-000

NOTICE OF FILING
June 2, 2010

Take notice that on June 2, 2010, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Tri-State Generation and Transmission Association, Inc. - Merchant 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