

NERC Violation ID	Reliability Standard	Req.	Violation Risk Factor	Violation Severity Level	Violation Start Date	Violation End Date	Method of Discovery	Mitigation Completion Date	Date Regional Entity Verified Completion of Mitigation
WECC2016016377	EOP-008-1	R1., R1.1, 1.5, 1.2.4, 1.2.5, 1.6.2,	Medium	Severe	11/22/2013	12/28/2017	Compliance Audit	12/28/2017	3/1/2018
<b>Description of the Violation (For purposes of this document, each violation at issue is described as a “violation,” regardless of its procedural posture and whether it was a possible, or confirmed violation.)</b>			During a Compliance Audit conducted from September 26, 2016 through October 7, 2016, WECC determined that the entity, as a Balancing Authority (BA), had a violation of EOP-008-1 R1. Specifically, WECC found several issues with the entity’s Operating Plan: <ul style="list-style-type: none"><li>a. it defined the backup functionality as being provided by remotely accessing the BA functionality from specified hotel lobbies and using laptops instead of transferring operations to a specific backup facility. The entity incorporated an incorrect definition of facility, citing the use of laptops in a hotel lobby as implementing backup functionality in addition to an “alternate” Control Center, which did not meet the criteria of backup functionality provided by FERC’s directives in Order 693 (R1.1);</li><li>b. the laptop batteries were listed as the backup power supply to the hotel building power for use from the hotel lobbies (R1.2.4);</li><li>c. it did not include physical or cyber security in the hotel lobbies (R1.2.5);</li><li>d. the entity did not include a transition period between the loss of primary control center functionality and the time to transition to the alternate control center in Austin, Texas which was used for low probability high impact events, such as hurricanes requiring evacuation of Houston, Texas. Specifically, the primary Control Center and the alternate Control Center were two and a half hours away from each other by car resulting in a period over the two-hour limit (R1.5);</li><li>e. for these reasons, the entity did not include actions to manage the risk to the BES during the transition from primary to backup functionality as well as during outages of the primary or backup functionality because the entity assumed that its operators would be able to gain full operational functionality in under two hours from the hotel lobbies whenever required (R1.6.2).</li></ul> After reviewing all relevant information, WECC determined that the entity failed to have an Operating Plan describing the manner in which it continues to meet its functional obligations with regard to the reliable operations of the BES in the event that its primary control center functionality is lost that meets the requirements of EOP-008-1 R1, specifically R1.1, R1.2.4, R1.2.5, R1.5, and R1.6.2.  The root cause of the violation was the entity’s incorrect assumptions regarding the criteria for its Operating Plan and previous implementation of its Operating Plan. The entity did not consider the specific sub-requirements of EOP-008-1 R1 nor FERC’s directives when it designed and created its Operating Plan.  This violation began on November 22, 2013, when GRID registered as a BA and ended on December 28, 2017, when GRID established its new Operating Plan and designated a new backup Facility, for a total of 1,499 days of noncompliance.						
<b>Risk Assessment</b>			This violation posed a moderate risk and did not pose a serious and substantial risk to the reliability of the BPS. In this instance, the entity failed to have an Operating Plan describing the manner in which it continues to meet its functional obligations with regard to the reliable operations of the BPS in the event that its primary control center functionality is lost that meets the requirements of EOP-008-1 R1, specifically R1.1, R1.2.4, R1.2.5, R1.5, and R1.6.2.  The entity did not have effective internal controls to detect or prevent this issue. However, the entity’s EOP-008 Operating Plan was used successfully for backup control center functionality on January 6, 2016, due to a false fire alarm, and on December 14, 2012, due to a bomb threat. In addition, the Operating Plan was used successfully during hurricane evacuation conditions and for routine training and testing of remote functionality verifying all functions could be performed using remote access functionality from 2012 through 2016. For these reasons, WECC determined that there was a moderate likelihood of causing intermediate harm to the BPS. No harm is known to have occurred.						
<b>Mitigation</b>			To mitigate this violation, the entity: <ul style="list-style-type: none"><li>a. engaged a real estate firm to assist with identification of a space that will be the entity-managed facility that is accessible in approximately 90 minutes or less;</li><li>b. visited spaces that have been identified by the real estate firm as potential entity facilities;</li><li>c. modified the Operating Plan to include a summary of the risk assessment for power supply needs during a loss of primary control center condition based on new understanding of the requirements of the Standard;</li></ul>						

	<div>d. negotiated the lease and build-out requirements;</div> <div>e. established the new EOP-008 Operating Plan that is inclusive of the entity-managed designated facility;</div> <div>f. established a new Operating Plan inclusive of the new entity-managed facility; and</div> <div>g. built out the leased space to meet requirements for backup functionality established in the EOP-008 risk-based assessment.</div>
Other Factors	WECC considered the entity’s compliance history with EOP-008-1 R1 and determined the entity did not have any relevant compliance history.

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WECC2016016323	INT-006-4	R1.1,	Lower	Severe	7/5/2016	7/5/2016	Self-Report	3/29/2017	5/24/2017
<b>Description of the Violation (For purposes of this document, each violation at issue is described as a “violation,” regardless of its procedural posture and whether it was a possible, or confirmed violation.)</b>			<p>On October 5, 2016, the entity submitted a Self-Report stating that, as a Balancing Authority (BA), it was in violation of INT-006-4 R1.</p> <p>Specifically, the entity reported that on July 5, 2016 at 1:40 PM, its scheduling software automatically approved a downward modification to a Confirmed Interchange (CI) even though it was not capable of supporting the magnitude including ramping throughout the duration of the AI. The entity should have denied or curtailed the request for the AI. The downward modification or curtailment resulted in an AI that was below the low operating limit of the generating Facility. At 1:50 PM, the modified CI resulted in an over-generation condition in which the entity was producing more than the expected magnitude of Interchange and ramp because of the minimum generation levels at the generating Facility. The entity then directed the generating Facility to reconfigure its generation blocks to achieve the magnitude of the interchange. The interchange value remained constant into the next hour. In the absence of directing the generator offline the entity returned to compliance when the schedules ramped in to match the output of the generating facility at 2:56 PM.</p> <p>After reviewing all relevant information, WECC determined that the entity failed to deny an AI or curtail CI for which it did not expect to be capable of supporting the magnitude of the Interchange, including ramping, throughout the duration of the AI, as required by INT-006-4 R1, R1.1.</p> <p>The root cause of the violation was a lack of controls around the protocol and configuration of the entity’s electronic tagging system, which automatically accepted an AI, even though the entity could not support the magnitude of the Interchange.</p> <p>This violation began on July 5, 2016 at 1:50 pm, when the entity automatically accepted the Arranged Interchange (AI) request and ended on July 5, 2016, when the entity directed the generating Facility to achieve the output of the magnitude of the interchange, for a total of 66 minutes of noncompliance.</p>						
<b>Risk Assessment</b>			<p>WECC determined that this violation posed a moderate risk and did not pose a serious and substantial risk to the reliability of the BPS. In this instance, the entity failed to deny an AI or curtail CI for which it did not expect to be capable of supporting the magnitude of the Interchange, including ramping, throughout the duration of the AI as required by INT-006-4 R1, R1.1. Such failure could result in inadvertent energy, an out-of-balance condition on the system, and incorrect Net Scheduled Interchange (NSI) information to the Interconnection and BAAL deviations which affected another Requirement, WECC2016016013, BAL-001-2 R2. The risk was reduced because the amount of over-generation relative to the Western Interconnection was small (Entity 2 ACE +100 MWs, the entity ACE +40MW) during the event. The entity provides interchange authority services for 4,800 MW of generation for seven BAs. Therefore, WECC assessed the potential harm to the security and reliability of the BPS as intermediate.</p> <p>However, this over-frequency (outside of BAAL limits) lasted a total of 66 minutes and the entity was in communication with its Reliability Coordinator during the entire event. Based on this, WECC determined that there was a moderate likelihood of causing intermediate harm to the BPS. No harm is known to have occurred.</p>						
<b>Mitigation</b>			<p>To remediate and mitigate this violation, the entity:</p> <ul style="list-style-type: none"><li>a. directed the generating Facility to reconfigure its generation blocks to achieve the magnitude of the interchange;</li><li>b. developed a lessons learned document to help the entity System Operators identify and prevent such an issue in the future and improve their situational awareness for potential BAAL related violations;</li><li>c. developed the entity System Operator Guidance documents to provide guidance in a BAAL event for what steps they might consider for mitigation; and</li><li>d. implemented changes in the electronic scheduling software to provide the entity System Operators additional time to evaluate adjustments which may result in a NSI below the minimum operating limit. The software now delays automatically approving Interchange requests, so the entity System Operators can determine if the modified Interchange can be supported before approving the request.</li></ul>						
<b>Other Factors</b>			<p>WECC considered the entity’s compliance history with INT-006-4 R1 and determined the entity did not have any relevant compliance history.</p>						

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WECC2017017742	VAR-002-4	R3	Medium	Severe	2/10/2017	2/11/2017	Self-Report	12/11/2017	1/31/2018
<b>Description of the Violation (For purposes of this document, each violation at issue is described as a “violation,” regardless of its procedural posture and whether it was a possible or confirmed violation.)</b>			<p>On June 12, 2017, the entity submitted a Self-Report stating, as a Generator Operator (GOP), it was in violation of VAR-002-4 R3. The entity is vertically integrated and serves as the TOP for this Standard and Requirement. Specifically, on February 10, 2017 at 4:19 PM, the entity placed a 37 MW unit online but did not place the power system stabilizer (PSS) online. During a shift change at 11:26 PM that same day, the plant operator realized that the PSS had not been placed online and did so immediately, allowing him until 11:56 PM to notify the TOP of the change, per the Standard. The plant operator later verbally informed his supervisor of the status change but not the TOP control center load dispatcher directly. The supervisor later notified the TOP control center load dispatcher at 9:05 AM the following morning.</p> <p>After reviewing all relevant information, WECC determined the entity failed to notify its associated TOP of a PSS status change within 30 minutes of the change, when the status had not been restored within 30 minutes of the change, as required by VAR-002-4 R3.</p> <p>The root cause of the issue was a lack of comprehensive training and clear understanding of the procedures for all plant operators.</p> <p>This issue began on February 10, 2017 at 11:57 PM, 31 minutes after the PSS status change, and ended February 11, 2017 at 9:05 AM, when the TOP was notified of the PSS status change, for a total of nine hours and nine minutes of noncompliance.</p>						
<b>Risk Assessment</b>			<p>WECC determined this violation posed a minimal risk and did not pose a serious or substantial risk to the reliability of the Bulk Power System (BPS). In this instance, the entity failed to notify its associated TOP of a PSS status change within 30 minutes of the change, when the status had not been restored within 30 minutes of the change, as required by VAR-002-4 R3.</p> <p>However, the entity implemented good detective controls to identify this issue. Specifically, every shift change for plant operators started with a station and equipment status check immediately after assuming duties, which is how this issue was identified. Additionally, the entity reviewed all PSS logs quarterly to identify potential issues of noncompliance. The entity also implemented good compensating controls. Specifically, the plant operators at the control desk maintained visibility of the Facility to monitor voltage and ensured it was maintained within the specified range. This ensured that the unit was prepared to respond to any unexpected voltage excursions. Lastly, the AVR maintained the generator output voltage. Had this 37 MW generation tripped offline, the entity had sufficient generation reserves to meet its generation needs using internal generation resources.</p>						
<b>Mitigation</b>			<p>To remediate and mitigate this violation, the entity has:</p> <ul style="list-style-type: none"><li>a. notified its TOP control center dispatcher of the PSS status change;</li><li>b. required all system operators to review and sign that they understand the voltage monitoring and reporting requirements outlined within the internal documented procedures;</li><li>c. reminded system operators via email to log AVR/PSS status even if it is not offline whenever they report the generating unit is on to the ECC. Requiring the plant operator in issue to both acknowledge via a sign-in sheet and to send a confirmation response to an email sent by the Facility Managers;</li><li>d. the compliance officer and compliance group, control center management, and key SMEs performed a comprehensive in-person VAR-002-4 R3 training at the unit in issue, and all plant operators and traveling relief operators were required to attend;</li><li>e. placed small laminated signs next to the AVR auto/manual buttons and on monitors as a reminder of the appropriate procedures pertaining to all plant operators; and</li><li>f. required operators who were absent at the in-person training to watch a recorded video of the training of VAR-002-4 R3 and to review internal documents until all applicable personnel were trained.</li></ul>						
<b>Other Factors</b>			<p>WECC determined that the proposed penalty of \$59,000 within this Expedited Settlement Agreement is appropriate for the following reasons:</p> <ul style="list-style-type: none"><li>a. Base penalty factors:<ul style="list-style-type: none"><li>i. The Violation Risk Factor is Medium, and the Violation Severity Level is Severe for this violation.</li><li>ii. This violation posed a Minimal risk to the reliability of the BPS.</li><li>iii. This violation duration was nine hours and nine minutes as described above.</li><li>iv. This Requirement has a Real-time Operations violation time horizon expectation for remediation of the Requirement within one hour or less to preserve the reliability of the BPS.</li></ul></li><li>b. WECC applied a mitigating credit for the following reasons:<ul style="list-style-type: none"><li>i. The entity was cooperative throughout the process.</li><li>ii. The entity accepted responsibility and admitted to the violation.</li><li>iii. The entity agreed to settle this violation and penalty.</li><li>iv. The entity self-reported this violation.</li></ul></li><li>c. WECC considered the following as aggravating factors:<ul style="list-style-type: none"><li>i. NERC Violation IDs WECC201102819 and WECC201002387 to be relevant noncompliance history to this violation and therefore supports the expedited settlement disposition option and penalty.</li></ul></li><li>d. Other Considerations:<ul style="list-style-type: none"><li>i. WECC did not apply mitigating credit for the entity’s Internal Compliance Program (ICP). Although the entity does have a documented ICP, WECC determined that the entity did not implement its ICP with effective internal controls sufficient to identify, assess, report, and mitigate in a timely manner for the above violation.</li></ul></li></ul>						

	<div>ii. The entity did not fail to complete any applicable compliance directives. There was no evidence of any attempt by the entity to conceal the violation. There was no evidence that the violation was intentional. The entity submitted all requested documentation and/or mitigation plans timely.</div> <div>iii. WECC determined there were no other aggravating factors warranting a penalty higher than the proposed penalty.</div>
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