

October 30, 2014

VIA ELECTRONIC FILING

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

**Re: NERC Full Notice of Penalty regarding NextEra Energy Resources, LLC,
FERC Docket No. NP15-_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty¹ regarding NextEra Energy Resources, LLC (NextEra), NERC Registry ID# NCR02910,² in accordance with the Federal Energy Regulatory Commission's (Commission or FERC) rules, regulations, and orders, as well as NERC's Rules of Procedure including Appendix 4C (NERC Compliance Monitoring and Enforcement Program (CMEP)).³

A subsidiary of FPL Group, Inc., NextEra is an energy supplier with a presence in 26 states and Canada with headquarters in Juno Beach, Florida. NextEra has natural gas, wind, solar, hydroelectric, and nuclear power plants in operation across North America. In the Texas RE region, NextEra owns two natural gas sites and numerous wind sites, comprising approximately 5,189 megawatts of generation. For additional information about NextEra, see Addendum A to the Notice of Confirmed Violation (NOCV) at p. 3.

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 (2014). *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 In the Texas RE region, NextEra was included on the NERC Compliance Registry as a Generator Owner (GO) and Generator Operator (GOP) on October 4, 2007.

³ See 18 C.F.R § 39.7(c)(2) and 18 C.F.R § 39.7(d).

3353 Peachtree Road NE
Suite 600, North Tower
Atlanta, GA 30326
404-446-2560 | www.nerc.com

NERC Notice of Penalty
 NextEra Energy Resources, LLC
 October 30, 2014
 Page 2

This Notice of Penalty is being filed with the Commission because Texas Reliability Entity, Inc. (Texas RE) issued a Notice of Confirmed Violation and Proposed Penalty or Sanction (NOCV) to NextEra, with a fifty-two thousand dollar (\$52,000) penalty, for violations⁴ of IRO-001-1 R8 and TOP-001-1 R3. Accordingly, the violations identified as NERC Violation Tracking Identification Numbers TRE201000112 and TRE201000113 are Confirmed Violations, as that term is defined in the NERC Rules of Procedure and the CMEP.

Statement of Findings Underlying the Violations

This Notice of Penalty incorporates the findings and justifications set forth in the NOCV issued on August 7, 2014 by Texas RE. The details of the findings and basis for the penalty are set forth in the NOCV and herein. This Notice of Penalty filing contains the basis for approval of the NOCV 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 (2014), NERC provides the following summary table identifying each violation of a Reliability Standard resolved by the NOCV, as discussed in greater detail below.

NERC Violation ID	Reliability Std.	Req.	VRF/VSL*	Applicable Function(s)	Total Penalty
TRE201000112	IRO-001-1	R8	High/Moderate	GOP	\$52,000
TRE201000113	TOP-001-1	R3	High/Severe	GOP	

*Violation Risk Factor (VRF) and Violation Severity Level (VSL)

Procedural History

Texas RE issued a Notice of Alleged Violation (NOAV) on February 22, 2011 alleging that NextEra violated IRO-001-1 R8 and TOP-001-1 R3 based on events described below. On January 18, 2012,

⁴ 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, alleged or confirmed violation.

NERC Notice of Penalty
NextEra Energy Resources, LLC
October 30, 2014
Page 3

NextEra filed a complaint with the Public Utility Commission of Texas (PUCT)⁵ challenging the allegations contained in the NOAV. The PUCT issued a final recommendation⁶ on November 16, 2012.

On December 3, 2012, the Texas RE Board of Directors held a special meeting to review the recommendation of the PUCT. The Texas RE Board issued its decision on January 18, 2013, in which it found that NextEra violated the Standards and Requirements at issue and that a penalty of \$52,000 was appropriate.

On February 7, 2013, NextEra appealed the Texas RE Board decision to the NERC BOTCC. The BOTCC affirmed the decision on July 15, 2014.

On August 7, 2014, Texas RE issued the NOCV that is the subject of this Notice of Penalty.

Background

On October 12, 2008 at 11:29 a.m., the Electric Reliability Council of Texas, Inc. (ERCOT), registered as the Reliability Coordinator and Transmission Operator (RC/TOP), issued an electronic directive to NextEra. Specifically, ERCOT directed NextEra to reduce the output of Capricorn Ridge 4 (Capridge 4), a wind power generator, to zero MW beginning at noon. The electronic directive in this case was referred to as an “Out of Merit Energy” (OOME) order⁷ and was regularly used to give direction to market participants in the ERCOT markets. ERCOT issued this electronic directive to address overloading on the Menard – San Angelo transmission line. Entities were required to respond to an OOME order within an hour per ERCOT protocols. NextEra did not timely respond to the electronic directive.

At 12:14 p.m., ERCOT issued an OC1, which is a zonal congestion management technique redirecting generation within certain zones. The OC1 issued by ERCOT in this case was also to address the overloading on the Menard – San Angelo transmission line. ERCOT deactivated the OC1 by 12:30 p.m.

⁵ The Texas RE Rules of Procedure designate the PUCT as the hearing body for all appeals of violations.

⁶ The PUCT found that NextEra did not violate NERC reliability standard TOP-001-1, requirement 3 but that NextEra violated NERC reliability standard IRO-001-1, requirement 8. Ultimately, the PUCT recommended that both possible violations should be dismissed and that no penalty should be assessed.

⁷ ERCOT Protocols defined Out of Merit Energy (OOME) as “[e]nergy provided by a Resource selected by ERCOT outside the bidding process to resolve a reliability or security event.”

NERC Notice of Penalty
NextEra Energy Resources, LLC
October 30, 2014
Page 4

At 12:59 p.m., an ERCOT operator contacted NextEra by telephone and asked why NextEra had not complied with the electronic directive. The NextEra operator replied that he was busy “dealing with mismatches,” had not seen the electronic directive, and would comply immediately.

Five minutes later, at 1:04 p.m., an ERCOT supervisor called NextEra and asked why NextEra had still not complied with the electronic directive. During the call with NextEra, the ERCOT supervisor informed NextEra that had NextEra complied with the electronic directive, ERCOT “probably would not have had to activate the OC1.”

The Capridge 4 unit was at zero megawatts at 1:11 p.m.

IRO-001-1 R8 (TRE201000112) and TOP-001-1 R3 (TRE201000113)

Texas RE determined that NextEra violated IRO-001-1 R8 for failing to comply with a Reliability Coordinator directive or immediately inform the Reliability Coordinator of its inability to perform the directive.

Texas RE determined that NextEra violated TOP-001-1 R3 for failing to comply with reliability directives issued by the Transmission Operator or immediately inform the Transmission Operator of its inability to comply with the directive.

Texas RE determined the duration of the violations to be on October 12, 2008, from the time NextEra was required to comply with the RC/TOP directive or inform the RC/TOP of its inability to perform the directive, until NextEra complied with the directive.

Texas RE determined that this violation posed a moderate risk to the reliability of the bulk power system (BPS), but did not pose a serious or substantial risk. The BPS was stressed at the time of the violation. The West-North power flow exceeded the stability limit, returning to normal around 12:32 p.m. Although the stability limit returned to normal, ERCOT still directed the curtailment of generation. If there were no additional generation available to curtail, there could have been a negative impact on the BPS. Further, the electronic order was complied with only after subsequent telephone calls to NextEra and after the stability limit issue had been resolved. However, the risk was mitigated because the ERCOT system provided regulation signals to other Generator Operators to curtail generation in addition to NextEra’s generation.

NERC Notice of Penalty
NextEra Energy Resources, LLC
October 30, 2014
Page 5

NextEra completed mitigation activities for both IRO-001-1 R8 and TOP-001-1 R3 and provided supporting evidence of completion to Texas RE on August 19, 2011.⁸

NextEra's mitigating activities included:

1. installing an automated curtailment system, which is designed to receive electronic dispatches from ERCOT and forward electronic signals directly to the wind farm to curtail generation to the desired megawatt level; and
2. installing additional monitors to increase the number of screens available to view ERCOT dispatch instructions and ensure that ERCOT electronic deployment data has a dedicated screen that is always visible to the operator.

Regional Entity's Basis for Penalty

Texas RE assessed a penalty of fifty-two thousand dollars (\$52,000) for the referenced violations.⁹ In reaching this determination, Texas RE considered the following factors:

1. Texas RE considered prior violations of similar NERC Reliability Standards as aggravating factors in the penalty determination;¹⁰
2. NextEra had an internal compliance program at the time of the violation which Texas RE considered a mitigating factor;¹¹

⁸ NextEra did not submit a formal Mitigation Plan for the referenced violations.

⁹ Texas RE reported that, although the facts and circumstances supported violations of both IRO-001-1 R8 and TOP-001-1 R3, Texas RE assessed a single consolidated penalty of \$52,000 for both violations. The \$52,000 penalty is the penalty for the more serious of the two violations, TOP-001-1 R3.

¹⁰ A Settlement Agreement covering a violation of TOP-002-2 R14 for NextEra was filed with FERC under NP10-72-000 on March 31, 2010. On April 30, 2010, FERC issued an order stating it would not engage in further review of the Notice of Penalty.

A Settlement Agreement covering violations of VAR-002-1 R1 and R3, FAC-008-1 R1, and two violations of PRC-005-1 R2 for NextEra was filed with FERC under NP11-16-000 on November 5, 2010. On December 3, 2010, FERC issued an order stating it would not engage in further review of the Notice of Penalty.

Texas RE considered NextEra's prior violations of TOP-002-2 R14 and VAR-002-1 R1 and R3 as an aggravating factor in the penalty determination. The violations of TOP-002-2 R14 and VAR-002-1 R1 and R3 were considered real-time operations violations and were also associated with communications with ERCOT by NextEra's GOP function in the Texas RE region.

¹¹ Texas RE reviewed NextEra's internal compliance program and found that: the director of reliability and compliance has direct access to the chief operating officer, who is the executive sponsor and compliance officer for the program. The

NERC Notice of Penalty
NextEra Energy Resources, LLC
October 30, 2014
Page 6

3. NextEra was cooperative throughout the compliance enforcement process;
4. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
5. the violations of IRO-001-1 R8 and TOP-001-1 R3 posed a moderate risk but did not pose a serious or substantial risk to the reliability of the BPS, as discussed above; and
6. there were no other mitigating or aggravating factors or extenuating circumstances that would affect the assessed penalty.

After consideration of the above factors, Texas RE determined that, in this instance, the penalty amount of fifty-two thousand dollars (\$52,000) is appropriate and bears a reasonable relation to the seriousness and duration of the violations.

Statement Describing the Assessed 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, October 26, 2009 and August 27, 2010 Guidance Orders,¹³ the NERC BOTCC reviewed the NOCV and supporting documentation on October 1, 2014 and approved the NOCV. In approving the NOCV, the NERC BOTCC reviewed the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the violations at issue.

In reaching this determination, the NERC BOTCC also considered the factors considered by Texas RE as listed above.

For the foregoing reasons, the NERC BOTCC approved the NOCV and believes that the assessed penalty of fifty-two thousand dollars (\$52,000) is appropriate for the violations and circumstances at issue, and is consistent with NERC's goal to promote and ensure reliability of the BPS.

compliance officer has direct access to the company president and to group senior management. The chief operating officer and each of the stakeholders receives quarterly briefings and urgent updates based upon ongoing needs.

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); *North American Electric Reliability Corporation*, "Further Guidance Order on Reliability Notices of Penalty," 129 FERC ¶ 61,069 (2009); *North American Electric Reliability Corporation*, "Notice of No Further Review and Guidance Order," 132 FERC ¶ 61,182 (2010).

NERC Notice of Penalty
NextEra Energy Resources, LLC
October 30, 2014
Page 7

Pursuant to 18 C.F.R. § 39.7(e), 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.

Request for Confidential Treatment

Certain attachments to the instant NOP include confidential information as defined by the Commission's regulations at 18 C.F.R §388. This includes non-public information related to enforcement records for violations of Reliability Standards.

In accordance with the Commission's Rules of Practice and Procedure, 18 C.F.R. §388.112, a non-public version of the information redacted from the public filing is being provided under separate cover.

Because certain of the attached documents are deemed confidential by NERC, NERC requests that the confidential, non-public information be provided special treatment in accordance with the above regulation.

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:

- a) Texas RE's NOCV dated August 7, 2014, included as Attachment A;
 - a. Disposition of Violation for IRO-001-1 R8 and TOP-001-1 R3, included as Addendum A to the NOCV;
 - b. Texas RE's Notice of Alleged Violation (NAV) dated February 22, 2011, included as Exhibit A to the NOCV;
 - c. Texas RE's Spot Check Report dated September 7, 2010, included as Exhibit B to the NOCV;
 - d. Texas RE's NAV typographical correction email, dated December 14, 2011, included as Exhibit C to the NOCV;
- b) Complete Record of the Proceedings before the PUCT, Texas RE Board, and the NERC BOTCC, included as Attachment B.

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 North American Electric Reliability Corporation 3353 Peachtree Road NE Suite 600, North Tower Atlanta, GA 30326 (404) 446-2560</p> <p>Charles A. Berardesco* Senior Vice President and General Counsel North American Electric Reliability Corporation 1325 G Street N.W., Suite 600 Washington, DC 20005 (202) 400-3000 (202) 644-8099 – facsimile charles.berardesco@nerc.net</p> <p>Derrick Davis* Director, Enforcement, Reliability Standards & Registration Texas Reliability Entity, Inc. 805 Las Cimas Parkway Suite 200 Austin, TX 78746 (512) 583-4923 derrick.davis@texasre.org</p>	<p>Sonia C. Mendonça* Associate General Counsel and Senior Director of Enforcement North American Electric Reliability Corporation 1325 G Street N.W. Suite 600 Washington, DC 20005 (202) 400-3000 (202) 644-8099 – facsimile sonia.mendonca@nerc.net</p> <p>Edwin G. Kichline* Senior Counsel and Associate Director, Enforcement Processing North American Electric Reliability Corporation 1325 G Street N.W. Suite 600 Washington, DC 20005 (202) 400-3000 (202) 644-8099 – facsimile edwin.kichline@nerc.net</p> <p>Paul Curtis* Assistant General Counsel Texas Reliability Entity, Inc. 805 Las Cimas Parkway Suite 200 Austin, TX 78746 (512) 583-4924 paul.curtis@texasre.org</p>
--	--

NERC Notice of Penalty
NextEra Energy Resources, LLC
October 30, 2014
Page 9

Tammy Cooper*
General Counsel
Texas Reliability Entity, Inc.
805 Las Cimas Parkway
Suite 200
Austin, TX 78746
(512) 583-4960
tammy.cooper@texasre.org

*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.

Summer C. Esquerre*
Manager, NERC Reliability Standards
Guidance & Oversight
NextEra Energy Resources, LLC
700 Universe Blvd
CRO/JB
Juno Beach, FL 33408
561-691-2643
Summer.Esquerre@Nee.com

Joel Newton*
Senior Attorney
NextEra Energy Resources, LLC
801 Pennsylvania Ave
PMI/WAS
Washington, DC 20004
202-347-7126
Joel.Newton@Nee.com

NERC Notice of Penalty
NextEra Energy Resources, LLC
October 30, 2014
Page 10

Conclusion

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

Respectfully submitted,

/s/ Edwin G. Kichline

Edwin G. Kichline*
Senior Counsel and Associate Director,
Enforcement Processing
North American Electric Reliability
Corporation
1325 G Street N.W.
Suite 600
Washington, DC 20005
(202) 400-3000
(202) 644-8099 - facsimile
edwin.kichline@nerc.net

Sonia C. Mendonça
Associate General Counsel and Senior
Director of Enforcement
North American Electric Reliability
Corporation
1325 G Street N.W.
Suite 600
Washington, DC 20005
(202) 400-3000
(202) 644-8099 – facsimile
sonia.mendonca@nerc.net

Gerald W. Cauley
President and Chief Executive Officer
North American Electric Reliability Corporation
3353 Peachtree Road NE
Suite 600, North Tower
Atlanta, GA 30326
(404) 446-2560

Charles A. Berardesco
Senior Vice President and General Counsel
North American Electric Reliability Corporation
1325 G Street N.W., Suite 600
Washington, DC 20005
(202) 400-3000
(202) 644-8099 – facsimile
charles.berardesco@nerc.net

cc: NextEra Energy Resources, LLC
Texas Reliability Entity, Inc.

Attachments

Attachment A

Texas RE's NOCV dated August 7, 2014

- a. Disposition of Violation for IRO-001-1 R8 and TOP-001-1 R3**
 - b. Texas RE's Notice of Alleged Violation (NAV) dated February 22, 2011**
 - c. Texas RE's Spot Check Report dated September 7, 2010**
 - d. Texas RE's NAV typographical correction email, dated December 14, 2011**
-



Notice of Confirmed Violation

Date: August 7, 2014

Issued To: Silvia Parada Mitchell
Director
NextEra Energy Resources, LLC

NERC Compliance Registry ID: NCR02910

NERC Violation Number: TRE201000112
TRE201000113

Standard and Requirement: IRO-001-1 R8
TOP-001-1 R3

Re: Notice of Confirmed Violation

Texas Reliability Entity, Inc. (Texas RE) hereby provides this Notice of Confirmed Violation to NextEra Energy Resources, LLC (NextEra), in accordance with the Federal Energy Regulatory Commission's (Commission or FERC) rules, regulations and orders, and the NERC Rules of Procedure including Appendix 4C (NERC Compliance Monitoring and Enforcement Program (CMEP)).¹

Pursuant to CMEP Section 5.7, Texas RE is issuing this Notice of Confirmed Violation because the NERC Board of Trustees Compliance Committee affirmed the violations of IRO-001-1 R8 and TOP-001-1 R3 and the penalty for these violations in its July 15, 2014 Decision on Appeal of Violation Determination. Accordingly, the violations identified by the above NERC Violation Numbers are Confirmed Violations, as that term is defined in the NERC Rules of Procedure and the CMEP.

NERC Process

Texas RE is providing this Notice of Confirmed Violation to NERC for its review and consideration. NERC shall review the Notice of Confirmed Violation and prepare a Notice of Penalty. NERC will provide the Notice of Penalty to FERC or any other Applicable Governmental Authority, with a copy to NextEra and Texas RE. Following NERC action, FERC and any other Applicable Governmental Authority may act to accept, reject, or modify the findings and/or penalties or sanctions set forth herein.

¹ See 18 C.F.R § 39.7(c)(2).

The Record of the Proceeding²

The record of the proceeding includes this Notice of Confirmed Violation as well as the following documents and material (to the extent applicable), attached hereto.

- a) August 7, 2014 – Disposition of Confirmed Violations for TRE201000112 and TRE201000113
- b) February 22, 2011 – Notice of Alleged Violation
- c) September 7, 2010 – Spot Check Conclusions Report
- d) December 14, 2011 – NAV Typographical Correction

Conclusion

Any questions regarding this Notice of Confirmed Violation issued by Texas RE should be directed to the undersigned.

Respectfully submitted,

Derrick Davis
Texas Reliability Entity, Inc.
Director of Enforcement, Reliability Standards & Registration
(512) 583-4923
Email: Derrick.Davis@TexasRE.org

cc: NERC Enforcement and Mitigation
Lane Lanford, Texas RE
Jim Albright, Texas RE
Tammy Cooper, Texas RE
Paul Curtis, Texas RE
Summer Esquerre, NextEra

Attachment: Addendum A

² See 18 C.F.R § 39.7(d)(5).

Addendum A

DISPOSITION OF VIOLATION

NERC TRACKING NO.
TRE201000112
TRE201000113

NOC#

REGISTERED ENTITY
NextEra Energy Resources, LLC (NextEra)

NERC REGISTRY ID.
NCR02910

REGIONAL ENTITY
Texas Reliability Entity, Inc. (Texas RE)

I. REGISTRATION INFORMATION

ENTITY IS REGISTERED FOR THE FOLLOWING FUNCTIONS:

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

*Alleged Violation applies to italicized functions

DESCRIPTION OF THE REGISTERED ENTITY

NextEra is a clean energy provider, with natural gas, wind, solar, hydroelectric and nuclear power plants in operation across the nation. A subsidiary of FPL Group, Inc., NextEra is an energy supplier with a presence in 26 states and Canada with headquarters in Juno Beach, Florida.

In the Texas RE region, NextEra is the Generator Owner for two natural gas sites, Forney Energy Center in Kaufman County and Lamar Energy Center in Lamar County. Forney Energy Center is a 1789-megawatt combined cycle power plant located near Forney, Texas. Lamar Energy Center is a 1000-megawatt combined cycle power plant located near Lamar, Texas.

NextEra is also the Generator Owner for wind sites located in Borden, Garza, Scurry, Upton, Pecos, Culberson, Crocket, Taylor, Nolan, Sterling, Coke and Cooke Counties. Total production for all NextEra wind sites is approximately 2400-megawatts.

In addition to the Generator Owner registration in the ERCOT region, NextEra is also registered as a Generator Operator and Purchasing-Selling Entity.

II. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
IRO-001-1	R8		High	Moderate
TOP-001-1	R3		High	Severe

IRO-001-1 R8

The purpose statement of Reliability Standard IRO-001-1 provides: “Reliability Coordinators must have the authority, plans, and agreements in place to immediately direct reliability entities within their Reliability Coordinator Areas to re-dispatch generation, reconfigure transmission, or reduce load to mitigate critical conditions to return the system to a reliable state. If a Reliability Coordinator delegates tasks to others, the Reliability Coordinator retains its responsibilities for complying with NERC and regional standards. Standards of conduct are necessary to ensure the Reliability Coordinator does not act in a manner that favors one market participant over another.”

TOP-001-1 R3

The purpose statement of Reliability Standard TOP-001-1 provides: “To ensure reliability entities have clear decision-making authority and capabilities to take appropriate actions or direct the actions of others to return the transmission system to normal conditions during an emergency.”

TEXT OF RELIABILITY STANDARD AND REQUIREMENTS SUB-REQUIREMENT

IRO-001-1, R8 provides: “Transmission Operators, Balancing Authorities, Generator Operators, Transmission Service Providers, Load-Serving Entities, and Purchasing-Selling Entities shall comply with Reliability Coordinator directives unless such actions would violate safety, equipment, or regulatory or statutory requirements. Under these circumstances, the Transmission Operator, Balancing Authority, Generator Operator, Transmission Service Provider, Load-Serving Entity, or Purchasing-Selling Entity shall immediately inform the Reliability Coordinator of the inability to perform the directive so that the Reliability Coordinator may implement alternate remedial actions.”

TOP-001-1, R3 provides: “Each Transmission Operator, Balancing Authority, and Generator Operator shall comply with reliability directives issued by the Reliability Coordinator, and each Balancing Authority and Generator Operator shall comply with reliability directives issued by the Transmission Operator, unless such actions would violate safety, equipment, regulatory or statutory requirements. Under these circumstances the Transmission Operator, Balancing Authority or Generator Operator shall immediately inform the Reliability Coordinator or Transmission Operator of the inability to perform the directive so that the Reliability Coordinator or Transmission Operator can implement alternate remedial actions.”

ALLEGED/CONFIRMED VIOLATION DESCRIPTION

A Spot Check on NextEra was requested on July 12, 2010 and the Spot Check results were concluded on September 7, 2010. Texas RE's finding is stated below:

On October 12, 2008, a directive from Electric Reliability Council of Texas, Inc. (ERCOT ISO) acting as the Reliability Coordinator and Transmission Operator to reduce the output of Capridge G4 to zero (0) MW for interval ending 12:00 was not acknowledged or followed for an extended amount of time. The directive was provided electronically at 11:29. NextEra personnel did not immediately inform the Reliability Coordinator or Transmission Operator of the inability to perform the directive. At 12:59 ERCOT ISO called NextEra personnel to verify if NextEra had received the directive and discuss the required response. According to the voice logs, the NextEra personnel stated that it was not seen when issued because they were dealing with other issues. At 13:04 the ERCOT ISO Shift Supervisor called NextEra personnel to discuss the issue. NextEra indicated again that the directive had been missed while working on schedules. NextEra personnel started to bring Capridge G4 to zero (0) after the initial call and achieved zero (0) MW at approximately 13:13.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

This violation did not pose a serious or substantial risk to the bulk power system (BPS) but had a moderate impact because Capridge G4 was operating at approximately 100 MW during the October 12, 2008 incident. The system provided regulation signals to other participants to make up the MW difference. The BPS situation during this incident was stressed as the West-North power flow exceeded the stability limit and returned to normal at around 12:32. Although the initial electronic directive was not followed, subsequent voice calls from ERCOT ISO were acknowledged and the directive was fully complied with after a one hour forty-four minute delay.

REQUEST FOR SETTLEMENT AGREEMENT Yes No

Date of request

Is there a final Settlement Agreement Yes No

Date Settlement Agreement signed

WITH RESPECT TO THE ALLEGED/CONFIRMED VIOLATION, REGISTERED ENTITY

- Neither admits nor denies it (settlement only)
- Admits to it
- Does not contest it (Including within 30 days)

WITH RESPECT TO THE PROPOSED PENALTY OR SANCTION, REGISTERED ENTITY

- Accepts it/Does not contest it

III. DISCOVERY INFORMATION

METHOD OF DISCOVERY

- | | |
|------------------------------------|-------------------------------------|
| Self-Report | <input type="checkbox"/> |
| Self-Certification | <input type="checkbox"/> |
| Compliance Audit | <input type="checkbox"/> |
| Compliance Violation Investigation | <input type="checkbox"/> |
| Spot Check | <input checked="" type="checkbox"/> |
| Complaint | <input type="checkbox"/> |
| Periodic Data Submittal | <input type="checkbox"/> |
| Exception Reporting | <input type="checkbox"/> |

DURATION DATES

October 12, 2008

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY

September 7, 2010

Is the alleged/confirmed violation still occurring

Yes No

Explain if yes

Remedial Action Directive issued

Yes No

Pre to post June 18, 2007 violation

Yes No

IV. MITIGATION INFORMATION

NextEra has not submitted a Mitigation Plan for the Alleged Violations identified in this Notice.

MITIGATION PLAN NO.

Date of Mitigation Plan

Date Accepted by Regional Entity

Date approved by NERC

Date provided to FERC

Identify and explain any version that were rejected

MITIGATION PLAN COMPLETED

Yes No

Expected completion date

Extensions granted

Actual Completion Date

Date of Certification Letter

Certified as complete by Registered Entity as of

Date of Verification Letter

Verified complete by Regional Entity as of

Actions taken to mitigate the issued and prevent recurrence

On August 19, 2011, NextEra provided a description of mitigating activities and evidence to support the completion of these actions:

1. NextEra installed an automated curtailment system which is designed to receive electronic dispatches from ERCOT and forward electronic signals directly to the wind farm to curtail generation to the desired megawatt level.
2. NextEra also installed additional monitors to increase the number of screens available to view ERCOT dispatch instructions and ensure that ERCOT electronic deployment data has a dedicated screen that is always visible to the operator.

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. Spreadsheet of testing results showing the wind unit is able to move generation to desired levels.
2. Photograph of a monitor screen showing where ERCOT dispatch instructions are available.

V. PENALTY INFORMATION

PROPOSED PENALTY OR SANCTION

\$52,000

ADDITIONAL SUPPORT FOR PROPOSED PENALTY OR SANCTION

IRO-001-1

According to the Base Penalty Table of the NERC Sanction Guidelines the ERO base penalty range for a "High" Violation Risk Factor and a "Moderate" Violation Severity Level is \$8,000 to \$300,000.

TOP-001-1

According to the Base Penalty Table of the NERC Sanction Guidelines the ERO base penalty range for a “High” Violation Risk Factor and a “Severe” Violation Severity Level is \$20,000 to \$1,000,000.

Texas RE has determined that a penalty of \$52,000 bears a reasonable relationship to the severity of the violation and considers the actions of NextEra. This determination is based on the following facts:

1. Texas RE determined the violation did not pose a serious or substantial risk, but had a moderate impact on the BPS as discussed above.
2. Texas RE considered NextEra’s prior violations of Reliability Standards as an aggravating factor in determining the penalty. NextEra’s prior violations were associated with the same function of NextEra.

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 Proposed Penalty or Sanction to be filed with FERC.

The alleged violations addressed herein were determined to be performance based issues that did not pose serious or substantial risk to the BPS, but had a moderate impact, as discussed before.

(1) Registered Entity’s compliance history

Prior violations of this Reliability Standard or Requirement(s) thereunder

Yes No

Number of such violations

List any confirmed or settled violations and status

Prior violations of other Reliability Standard or Requirement(s) thereunder

Yes No

Number of such violations 6

List any confirmed or settled violations and status³

TOP-002-2, R14 (TRE200800045) FERC NOP issued on March 31, 2010
PRC-005-1, R1 (TRE200800049) Settlement signed

³ The listed previous violations include the compliance history of NextEra in the Texas RE Region on February 22, 2011 only.

VAR-002-1, R1 (TRE200800065)	Settlement signed
VAR-002-1, R3 (TRE200800066)	Settlement signed
FAC-008-1, R1 (TRE200800069)	Settlement signed
PRC-005-1, R1 (TRE200800070)	Settlement signed

(2) The degree and quality of cooperation by the Registered Entity

Exemplary cooperation	<input type="checkbox"/>
Full cooperation	<input checked="" type="checkbox"/>
Partial cooperation	<input type="checkbox"/>

Explain if partial or exemplary cooperation

(3) The presence and quality of the Registered Entity's Compliance Program

Is there a documented compliance program
 Yes No

Explain Senior Management's Role and involvement with respect to the Registered Entity's Compliance Program, including whether senior management takes actions that support the compliance program, such as training, compliance as factor in employee evaluations, or otherwise.

The Director of Reliability & Compliance has direct access to the Chief Operating Officer who is the executive sponsor and Compliance Officer for the program. The Compliance Officer has direct access to company President and to Group Senior Management. The internal compliance program has received official review and authorization from the Chief Operating Officer. Also, the COO and each stakeholder receive quarterly briefings and urgent updates based on on-going needs.

(4) Any attempt by the Registered Entity to conceal the violation or information needed to review, evaluate, or investigate the violation

Yes No

Explain if Yes

(5) Any evidence this was an intentional violation

Yes No

Explain if Yes

(6) Any other mitigating factors for consideration

Yes No

Explain if Yes

(7) Any other aggravating factors for consideration

Yes No

Explain if Yes

(8) Any other extenuating circumstances

Yes No

Explain if Yes

OTHER RELEVANT INFORMATION

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR SANCTION ISSUED

Date February 22, 2011
Or N/A

NOTICE OF CONFIRMED VIOLATION ISSUED

Date August 7, 2014
Or N/A

SUPPLEMENTAL RECORD INFORMATION

Date(s)
Or N/A

REGISTERED ENTITY RESPONSE CONTESTED

Findings
Penalty
Both

HEARING REQUESTED

Yes No

Date January 18, 2012

Outcome Decision issued on
January 17, 2013

Appeal Requested February 7, 2013

EXHIBITS

- a) February 22, 2011 – Notice of Alleged Violation
- b) September 7, 2010 – Spot Check Conclusions Report
- c) December 14, 2011 – NAV Typographical Correction



EXHIBIT A
NOTICE OF ALLEGED VIOLATION

NOTICE OF ALLEGED VIOLATION¹

Date: February 22, 2011

Issued To: Mitch Davidson
CEO and President
NextEra Energy Resources, LLC
700 Universe Blvd
Juno Beach, Florida 33408

NERC Compliance Registry ID: NCR02910

NERC Violation Number: TRE201000112
TRE201000113

Standard and Requirement: IRO-001-1.1, R8
TOP-001-1, R3

Re: Notice of Alleged Violation

North American Electric Reliability Corporation (NERC) delegated authority to Texas Reliability Entity, Inc. to become the regional entity for the ERCOT region effective July 1, 2010, pursuant to Section 215(e)(4) of the Federal Power Act. NERC also delegated to Texas Reliability Entity, Inc. the authority and responsibility for the continuation of all compliance monitoring and enforcement activities that it had previously delegated to Texas Regional Entity (a division of Electric Reliability Council of Texas, Inc.). The term "Texas RE" is used herein to refer to both Texas Regional Entity and Texas Reliability Entity, Inc.

In accordance with the NERC Rules of Procedure including Appendix 4C thereto, which contains the NERC Compliance Monitoring and Enforcement Program (CMEP), Texas Reliability Entity ("Texas RE") hereby notifies NextEra Energy Resources, LLC ("NextEra") of two Alleged Violations of the NERC Reliability Standards and the Proposed Penalty or Sanction. In support hereof, Texas RE states as follows:

NextEra is registered on the NERC Compliance Registry for the functions listed in Addendum A. As discussed herein, Texas RE has determined to assess NextEra with two violations based upon

¹ This document is part of the record to be included in the Notice of Penalty filing to be submitted to the Applicable Governmental Authority. The document will be submitted as part of the public record, unless the registered entity marks specific information as confidential Critical Energy Infrastructure Information or Privileged Information in accordance with the NERC Rules of Procedure Section 1500 and the Applicable Governmental Authority's regulations, rules and orders. The registered entity must provide adequate justification supporting designation of information that is submitted to the Applicable Governmental Authority as Confidential Information.

information available to it that NextEra did not comply or was not in compliance with the NERC Reliability Standards listed in Addendum A.

I. Reliability Standard(s) and Requirement(s) Allegedly Violated and Discovery Details

The facts and evidence of each Alleged Violation, the date or period of when each Alleged Violation occurred, the date(s) each Alleged Violation was discovered and the discovery method are also listed in Addendum A.

II. Proposed Penalty or Sanction

Pursuant to the Federal Energy Regulatory Commission's (FERC or Commission) regulations and orders, NERC Rules of Procedure and the NERC Sanction Guidelines, Texas RE proposes to assess a penalty for the violations of the Reliability Standards referenced in Addendum A in the amount of \$52,000.

III. Procedures for Response by Registered Entity to this Notice

As required by Section 5.2 of the NERC CMEP, within thirty (30) days of the date of this notification, NextEra must notify Texas RE in writing of its decision to elect one of the following options:

1. NextEra agrees with or does not contest the Alleged Violations and proposed penalty or sanction, and agrees to submit and implement a mitigation plan to correct the violations and its underlying causes;
2. NextEra agrees to or does not contest the Alleged Violations and agrees to submit and implement a mitigation plan to eliminate the violations and its underlying causes, but contests the proposed penalty or sanction; or
3. NextEra contests both the Alleged Violations and the proposed penalty or sanction for the Alleged Violations.

With respect to election options 1-3, NextEra may submit a response in accordance with CMEP Section 5.2. The Registered Entity's statement must be on company letterhead and must include the name, title, and signature of an officer, employee, attorney or other authorized representative of the Registered Entity. The mitigation plan referenced in the election options above, and time line for completion, must be accepted by both the Texas RE and NERC.

If NextEra does not contest or does not respond to the Notice of Alleged Violation within thirty (30) days of the date of this Notice, it shall be deemed to have accepted Texas RE's determination of violations and proposed penalty or sanction (if applicable), in which case Texas RE shall issue to NextEra and NERC a final report of Confirmed Violation. NERC will provide a Notice of Penalty, Sanction, or Other Enforcement Action to FERC.

If NextEra contests the Alleged Violations or the proposed sanction, NextEra shall submit to Texas RE a response explaining its position, signed by an officer, employee, attorney or other authorized representative, together with any supporting information and documents within thirty (30) days of the date of this Notice. NextEra shall provide a primary contact name who will be the responsible party to respond to questions regarding the above Alleged Violations. Texas RE shall schedule a conference with NextEra within ten (10) business days after receipt of the response. If Texas RE and NextEra are unable to resolve all issues within forty (40) days after NextEra's response, NextEra may request a hearing. If no hearing request is made, the violation will become a Confirmed Violation when filed by NERC with FERC or other Applicable Governmental Authority.

Upon acceptance of the Alleged Violations and proposed penalty or sanction, the final notice of the penalty or sanction or other enforcement action will then be processed and issued to the Registered Entity.

IV. Settlement Process

CMEP Section 5.6 governs the settlement process and provides that settlement negotiations may occur at any time including prior to the issuance of a Notice of Alleged Violation until a Notice of Penalty, Sanction, or Other Enforcement Action is filed with FERC or other Applicable Governmental Authority.

V. Mitigation Plan Procedures and Requirements

CMEP Section 6.0 sets forth the provisions regarding the submittal of a mitigation plan. A Registered Entity found to be in violation of a Reliability Standard shall file with the applicable Regional Entity (i) a proposed Mitigation Plan to correct the violation, or (ii) a description of how the violation has been mitigated, and any requests for extensions of Mitigation Plans or a report of completed mitigation. CMEP Section 6.2 requires that a Mitigation Plan include the following information:

- (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 (BPS) 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 for not completing work associated with accepted milestones.
 - (9) Any other information deemed necessary or appropriate.

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.

CMEP Section 6.4 provides that a Mitigation Plan may be submitted at any time but shall have been submitted by the Registered Entity within thirty (30) days after being served the Notice of Alleged Violation, if the Registered Entity does not contest the violation and penalty or sanction. If the Registered Entity disputes the Notice of Alleged Violation, the Registered Entity shall submit its Mitigation Plan within ten (10) business days following issuance of the written decision of the hearing body, unless the Registered Entity elects to appeal the hearing body's determination to NERC.

The Registered Entity may choose to submit a Mitigation Plan while it contests an Alleged Violation or penalty or sanction; such submission shall not be deemed an admission of a violation or the appropriateness of a penalty or sanction nor does the submission of a Mitigation Plan result in waiver of the Registered Entity's right to contest the Alleged Violation and/or the proposed penalty or sanction.

If the Registered Entity has not yet submitted a Mitigation Plan, or the Registered Entity submits a Mitigation Plan but it is rejected by the Compliance Enforcement Authority or the hearing body in accordance with section 6.5, any subsequent violations of the Reliability Standard identified by the Compliance Enforcement Authority before the hearing body renders its decision will not be held in abeyance and will be considered as repeat violations of the Reliability Standard. In addition, if a Mitigation Plan submitted by a Registered Entity is rejected by the Compliance Enforcement Authority or the hearing body in accordance with CMEP Section 6.5, the Registered Entity shall be subject to any findings of violation of the applicable Reliability Standards during the period the Mitigation Plan was under consideration and to imposition of any penalties or sanctions imposed for such violations.

Any violations assessed during the period of time the accepted Mitigation Plan is being implemented will be recorded by the Compliance Enforcement Authority with associated sanctions or penalties. The Texas RE will report any findings of violations recorded during this time period to NERC with the notation that the Registered Entity is working under an accepted Mitigation Plan with

an extended completion date with penalties and sanctions held in abeyance until completion of the Mitigation Plan. Upon completion of the accepted Mitigation Plan in accordance with CMEP Section 6.6, the Compliance Enforcement Authority will notify the Registered Entity that any findings of violations of the applicable Reliability Standard(s) during the period that the accepted Mitigation Plan was being implemented have been waived and no penalties or sanctions will apply. Regional Entities will also notify NERC of any such waivers of violations of Reliability Standard(s). Failure to complete the mitigation plan in accordance with the timetable set forth in the mitigation plan or an agreed upon extension granted by Texas RE and NERC also may result in the imposition of additional penalties.

A request for an extension of any milestone or the completion date of the accepted Mitigation Plan by the Registered Entity must be received by the Texas RE at least five (5) business days before the original milestone or completion date. The terms of the mitigation plan and time line for completion may be modified only upon express written approval by Texas RE and NERC.

VI. Mitigation Plan Status

NextEra has not yet submitted Mitigation Plan for the Alleged Violations identified in this Notice.

VII. Hearing Process

If NextEra elects to contest the Alleged Violations or the proposed penalty or sanction, NextEra shall state in a written hearing request that it is electing to have a hearing conducted pursuant to the Texas RE Compliance Monitoring and Enforcement Program Hearing Process, described in Attachment 1 and Attachment 2 of Exhibit D to the Texas RE Delegation Agreement.

NextEra may appeal the hearing process decision in accordance with the NERC CMEP and the NERC Rules of Procedure.

VIII. The Record of the Proceeding

- a) September 7, 2010 – Spot Check Conclusions Report

IX. Conclusion

Please direct any questions in response to this Notice of Alleged Violation to the undersigned. In your reply correspondence to this notice, please provide the name and contact information of NextEra's representative who is authorized to respond to questions regarding the above-listed Alleged Violation and who is responsible for providing the required Mitigation Plan. Please also provide the relevant NERC Violation Tracking Identification Number in any correspondence.

This Notice of Alleged Violation is being forwarded to NERC. Within two business days of receipt, NERC will provide a copy of this Notice to FERC and any other Applicable Governmental Authority.

Respectfully submitted,

Rashida Caraway
Manager, Compliance Enforcement
Texas Reliability Entity, Inc.
(512) 583-4977
Rashida.Caraway@TexasRE.org

cc: NERC Enforcement and Mitigation
Larry Grimm, Texas RE
Susan Vincent, Texas RE
Virginia Cook, NextEra

Attachment: Addendum A

Addendum A

DISPOSITION OF VIOLATION

Dated February 22, 2011

NERC TRACKING NO.

 TRE201000112
 TRE201000113

NOC#
REGISTERED ENTITY

NextEra Energy Resources, LLC ("NextEra")

NERC REGISTRY ID.

NCR02910

REGIONAL ENTITY

Texas Reliability Entity, Inc. ("Texas RE")

I. REGISTRATION INFORMATION

ENTITY IS REGISTERED FOR THE FOLLOWING FUNCTIONS:

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

*Alleged Violation applies to italicized functions

DESCRIPTION OF THE REGISTERED ENTITY

NextEra is a clean energy provider, with natural gas, wind, solar, hydroelectric and nuclear power plants in operation across the nation. A subsidiary of FPL Group, Inc., NextEra is a energy supplier with a presence in 25 states and Canada with headquarters in Juno Beach, Florida.

In the Texas RE region, NextEra is the Generator Owner for two natural gas sites, Forney Energy Center in Kaufman County and Lamar Energy Center in Lamar County. Forney Energy Center is a 1789-megawatt combined cycle power plant located near Forney, Texas. Lamar Energy Center is a 1000-megawatt combined cycle power plant located near Lamar, Texas.

NextEra is also the Generator Owner for wind sites located in Borden, Garza, Scurry, Upton, Pecos, Culberson, Crocket, Taylor, Nolan, Sterling, Coke and Cooke Counties. Total production for all NextEra wind sites is approximately 2400-megawatts.

In addition to the Generator Owner registration in the ERCOT region, NextEra is also registered as a Generator Operator and Purchasing-Selling Entity.

II. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)



IRO-001-1.1	R8		High	Moderate
TOP-001-1	R3		High	Severe

The purpose of IRO-001-1.1 is:

Reliability Coordination — Responsibilities and Authorities

Reliability Coordinators must have the authority, plans, and agreements in place to immediately direct reliability entities within their Reliability Coordinator Areas to re-dispatch generation, reconfigure transmission, or reduce load to mitigate critical conditions to return the system to a reliable state. If a Reliability Coordinator delegates tasks to others, the Reliability Coordinator retains its responsibilities for complying with NERC and regional standards. Standards of conduct are necessary to ensure the Reliability Coordinator does not act in a manner that favors one market participant over another.

The purpose of TOP-001-1 is:

Reliability Responsibilities and Authorities

To ensure reliability entities have clear decision-making authority and capabilities to take appropriate actions or direct the actions of others to return the transmission system to normal conditions during an emergency.

TEXT OF RELIABILITY STANDARD AND REQUIREMENTSUB-REQUIREMENT

IRO-001-1.1, R8: Transmission Operators, Balancing Authorities, Generator Operators, Transmission Service Providers, Load-Serving Entities, and Purchasing-Selling Entities shall comply with Reliability Coordinator directives unless such actions would violate safety, equipment, or regulatory or statutory requirements. Under these circumstances, the Transmission Operator, Balancing Authority, Generator Operator, Transmission Service Provider, Load-Serving Entity, or Purchasing-Selling Entity shall immediately inform the Reliability Coordinator of the inability to perform the directive so that the Reliability Coordinator may implement alternate remedial actions.

TOP-001-1, R3: Each Transmission Operator, Balancing Authority, and Generator Operator shall comply with reliability directives issued by the Reliability Coordinator, and each Balancing Authority and Generator Operator shall comply with reliability directives issued by the Transmission Operator, unless such actions would violate safety, equipment, regulatory or statutory requirements. Under these circumstances the Transmission Operator, Balancing Authority or Generator Operator shall immediately inform the Reliability Coordinator or Transmission Operator of the inability to perform the directive so that the Reliability Coordinator or Transmission Operator can implement alternate remedial actions.

ALLEGED/CONFIRMED VIOLATION DESCRIPTION

A Spot Check on NextEra was requested on July 12, 2010 and the Spot Check results were concluded on September 7, 2010. Texas RE’s finding is stated below:

On October 12, 2008, a directive from Electric Reliability Council of Texas, Inc (ERCOT ISO) acting as the Reliability Coordinator and Transmission Operator to reduce the output of Capridge G4 to

zero (0) MW for interval ending 12:00 was not acknowledged or followed for an extended amount of time. The directive was provided electronically at 11:29. NextEra personnel did not immediately inform the Reliability Coordinator or Transmission Operator of the inability to perform the directive. At 12:59 ERCOT ISO called NextEra personnel to verify if NextEra had received the directive and discuss the required response. According to the voice logs, the NextEra personnel stated that it was not seen when issued because they were dealing with other issues. At 13:04 the ERCOT ISO Shift Supervisor called NextEra personnel to discuss the issue. NextEra indicated again that the directive had been missed while working on schedules. NextEra personnel started to bring Capridge G4 to zero (0) after the initial call and achieved zero (0) MW at approximately 13:13.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

This violation did not pose a serious or substantial risk to the bulk power system (“BPS”) but had a moderate impact because Capridge G4 was operating at approximately 100 MW during the October 12, 2008 incident. The system provided regulation signals to other participants to make up the MW difference. The BPS situation during this incident was stressed as the West-North power flow exceeded the stability limit and returned to normal at around 12:32. Although the initial electronic directive was not followed, subsequent voice calls from ERCOT ISO were acknowledged and the directive was fully complied with after a one hour forty-four minute delay.

REQUEST FOR SETTLEMENT AGREEMENT Yes No

Date of request

Is there a final Settlement Agreement Yes No

Date Settlement Agreement signed

List any other alleged/confirmed violations included in the settlement agreement:

Tracking No.	Standard/ Requirement	Discovery Method	Date of Discovery

WITH RESPECT TO THE ALLEGED/CONFIRMED VIOLATION, REGISTERED ENTITY

- Neither admits nor denies it (settlement only)
- Admits to it
- Does not contest it (Including within 30 days)

WITH RESPECT TO THE PROPOSED PENALTY OR SANCTION, REGISTERED ENTITY

Accepts it/Does not contest it

III. DISCOVERY INFORMATION

METHOD OF DISCOVERY

- Self-Report
- Self-Certification
- Compliance Audit
- Compliance Violation Investigation
- Spot Check
- Complaint
- Periodic Data Submittal
- Exception Reporting

DURATION DATES

October 12, 2008

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY

September 7, 2010

Is the alleged/confirmed violation still occurring

Yes No

Explain if yes

Remedial Action Directive issued

Yes No

Pre to post June 18, 2007 violation

Yes No

IV. MITIGATION INFORMATION

NextEra has not yet submitted Mitigation Plan for the Alleged Violations identified in this Notice.

MITIGATION PLAN NO.

Date of Mitigation Plan

Date Accepted by Regional Entity

Date approved by NERC

Date provided to FERC



Identify and explain any version that were rejected**MITIGATION PLAN COMPLETED**Yes No **Expected completion date****Extensions granted****Actual Completion Date****Date of Certification Letter****Certified as complete by Registered Entity as of****Date of Verification Letter****Verified complete by Regional Entity as of****Actions taken to mitigate the issued and prevent recurrence****List of evidence reviewed by Regional Entity to evaluate completion of Mitigation Plan or Milestones (for cases in which mitigation is not yet completed)****V. PENALTY INFORMATION****PROPOSED PENALTY OR SANCTION**

\$52,000

ADDITIONAL SUPPORT FOR PROPOSED PENALTY OR SANCTION

IRO-001-1.1

According to the Base Penalty Table of the NERC Sanction Guidelines the ERO base penalty range for a "High" Violation Risk Factor and a "Moderate" Violation Severity Level is \$8,000 to \$300,000.

TOP-001-1

According to the Base Penalty Table of the NERC Sanction Guidelines the ERO base penalty range for a "High" Violation Risk Factor and a "Severe" Violation Severity Level is \$20,000 to \$1,000,000.

Texas RE has determined that a penalty of \$52,000 bears a reasonable relationship to the severity of the violation and considers the actions of NextEra. This determination is based on the following facts:

1. Texas RE determined the violation did not pose a serious or substantial risk, but had a moderate impact on the BPS as discussed above.
2. Texas RE considered NextEra's prior violation of a Reliability Standard as an aggravating factor in determining the penalty. NextEra's prior violations were associated with the same function of NextEra.

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 Proposed Penalty or Sanction to be filed with FERC.

The alleged violations addressed herein were determined to be performance based issues that did not pose serious or substantial risk to the BPS, but had a moderate impact, as discussed before.

(1) Registered Entity's compliance history

Prior violations of this Reliability Standard or Requirement(s) thereunder

Yes No

Number of such violations

List any confirmed or settled violations and status

Prior violations of other Reliability Standard or Requirement(s) thereunder

Yes No

Number of such violations

6

List any confirmed or settled violations and status

TOP-002-2, R14 (TRE200800045)	FERC NOP issued on March 31, 2010
PRC-005-1, R1 (TRE200800049)	Settlement signed
VAR-002-1, R1 (TRE200800065)	Settlement signed
VAR-002-1, R3 (TRE200800066)	Settlement signed
FAC-008-1, R1 (TRE200800069)	Settlement signed
PRC-005-1, R1 (TRE200800070)	Settlement signed

(2) The degree and quality of cooperation by the Registered Entity

Exemplary cooperation

Full cooperation

Partial cooperation

Explain if partial or exemplary cooperation

(3) The presence and quality of the Registered Entity's Compliance Program**Is there a documented compliance program**Yes No **Explain Senior Management's Role and involvement with respect to the Registered Entity's Compliance Program, including whether senior management takes actions that support the compliance program, such as training, compliance as factor in employee evaluations, or otherwise.**

The Director of Reliability & Compliance has direct access to the Chief Operating Officer who is the executive sponsor and Compliance Officer for the program. The Compliance Officer has direct access to company President and to Group Senior Management. The internal compliance program has received official review and authorization from the Chief Operating Officer. Also, the COO and each stakeholder receive quarterly briefings and urgent updates based on on-going needs.

(4) Any attempt by the Registered Entity to conceal the violation or information needed to review, evaluate, or investigate the violationYes No **Explain if Yes****(5) Any evidence this was an intentional violation**Yes No **Explain if Yes****(6) Any other mitigating factors for consideration**Yes No **Explain if Yes****(7) Any other aggravating factors for consideration**Yes No **Explain if Yes****(8) Any other extenuating circumstances**Yes No **Explain if Yes**

OTHER RELEVANT INFORMATION**NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR SANCTION
ISSUED**Date
Or N/ADate
NOTICE OF CONFIRMED VIOLATION ISSUEDDate
Or N/A**SUPPLEMENTAL RECORD INFORMATION**Date(s)
Or N/A**REGISTERED ENTITY RESPONSE CONTESTED**Findings
Penalty
Both

HEARING REQUESTEDYes No

Date

Outcome

Appeal Requested

EXHIBITS

1. September 7, 2010 – Spot Check Conclusions Report



EXHIBIT B
SPOT CHECK CONCLUSIONS REPORT



September 7, 2010

Brian J. Murphy
Manager, NERC Reliability Standards & Compliance
Corporate Compliance
NextEra Energy Resources, LLC
700 Universe Blvd
Juno Beach, Florida 33408
(305) 442-5132
Brian.J.Murphy@fpl.com

RE: NERC Standard IRO-001-1.1, IRO-004-1, TOP-001-1, Spot Check Conclusions Report

Dear Brian Murphy,

Please be advised that Texas Reliability Entity (Texas RE) has completed a review of the information submitted by NextEra Energy Resources, LLC (NextEra) to substantiate compliance with NERC Standard IRO-001-1.1 R8, IRO-004-1 R4, TOP-001-1 R3, with regard to the October 12, 2008 event in which NextEra was issued a directive to reduce the output of Capridge G4 to zero (0) MW for interval ending 12:00 to interval ending 19:00.

The Reliability Standards were reviewed based on NextEra's registration as a Generation Owner and a Generation Operator where applicable. NextEra was sent a Spot Check request for the Standards noted above on July 12, 2010. The Spot Check team consisted of representatives from Texas RE, as detailed in the notification. During the Spot Check, Texas RE reviewed the responses and documentation provided by NextEra using the Reliability Standard Audit Worksheet for the Standards published on NERC's website. The following table is a summary of the Spot Check notes and findings.



Reliability Standard	Spot Check Notes	Finding
IRO-001-1.1 R8	A directive from Electric Reliability Council of Texas, Inc (ERCOT ISO) acting as the Reliability Coordinator to reduce the output of Capridge G4 to zero (0) MW for interval ending 12:00 was not acknowledged or followed for an extended amount of time. The directive was provided at 11:29. NextEra personnel did not immediately inform the Reliability Coordinator of the inability to perform the directive. At 12:59 ERCOT ISO called NextEra personnel to verify if NextEra had received the directive and discuss the required response. NextEra personnel indicated that he "just now saw it. I was dealing with mismatches". At 13:04 the ERCOT ISO Shift Supervisor called NextEra personnel to discuss the issue. NextEra indicated again that the directive had been missed while working on schedules. NextEra personnel started to bring Capridge G4 to zero (0) after the initial call and achieved zero (0) MW at approximately 13:13.	Possible Violation
IRO-004-1 R4	NextEra did provide information required for system studies during the time frame reviewed through its resource plans and telemetry.	No violation indicated
TOP-001-1 R3	A directive from Electric Reliability Council of Texas, Inc (ERCOT ISO) acting as the Reliability Coordinator and Transmission Operator to reduce the output of Capridge G4 to zero (0) MW for interval ending 12:00 was not acknowledged or followed for an extended amount of time. The directive was provided at 11:29 NextEra personnel did not immediately inform the Reliability Coordinator or Transmission Operator of the inability to perform the directive. At 12:59 ERCOT ISO called NextEra personnel to verify if NextEra had received the directive and discuss the required response. NextEra personnel indicated that he "just now saw it. I was dealing with mismatches". At 13:04 the ERCOT ISO Shift Supervisor called NextEra personnel to discuss the issue. NextEra indicated again that the directive had been missed while working on schedules. NextEra personnel started to bring Capridge G4 to zero (0) after the initial call and achieved zero (0) MW at approximately 13:13.	Possible Violation

The possible alleged violation findings above have been forwarded to Texas RE Enforcement; they will review this matter from this point forward and make the formal determination. NextEra may choose to submit a mitigation plan for possible violation findings; <http://www.texasre.org/enforcement/nerc/mitplan/Pages/Default.aspx>. Submission of a mitigation plan does not indicate NextEra's admission of a violation. Texas RE appreciates your efforts to support grid reliability.



Respectfully submitted,

A handwritten signature in black ink that reads "Mark Henry". The signature is written in a cursive style with a long, sweeping tail on the letter "y".

Mark Henry
Manager, Reliability Services
Texas Reliability Entity
(512) 583-4988
E-mail: Mark.Henry@TexasRE.org

cc: Larry Grimm – Texas Reliability Entity
Lane Lanford - Texas Reliability Entity
Rashida Caraway – Texas Reliability Entity



EXHIBIT C
NAV TYPOGRAPHICAL CORRECTION

Brian O'Toole

From: Brian O'Toole
Sent: Wednesday, December 14, 2011 4:36 PM
To: 'Newton, Joel'
Cc: 'Curtis, Paul'; Taylor, Jennifer
Subject: RE: NextEra Energy Resources response to PNAV - CONFIDENTIAL

Joel,

Your letter indicated a bit of confusion regarding whether a formal NAV had actually issued. Attached are copies of the NAV that Texas RE sent NextEra Energy Resources, LLC (NextEra) on February 22, 2011, and a confirmation of receipt that you sent on March 24, 2011. Also, please note the following typographical error correction to the NextEra NAV and its attachments: the first NERC Reliability Standard and Requirement allegedly violated (listed as "IRO-001-1.1, R8" in the documents) is hereby corrected to read "IRO-001-1, R8". If you have any objections concerning this correction to the NAV and its attachments, please contact me immediately in writing. Thank you.

Brian O'Toole
(512) 439-2173 office direct
(512) 751-3837 cell

From: Newton, Joel [<mailto:Joel.Newton@nexteraenergy.com>]
Sent: Friday, December 09, 2011 3:37 PM
To: Rashida.Caraway@TEXASRE.org
Cc: Paul.Curtis@TEXASRE.org; Shivaz.Chopra@TEXASRE.org; Brian O'Toole; Susan.Vincent@TEXASRE.org; Parada Mitchell, Silvia; Cook, Virginia
Subject: NextEra Energy Resources response to PNAV - CONFIDENTIAL
Importance: High

Attached please find NextEra Energy Resources' response to the PNAV. Should you have any questions regarding the response that you would like to discuss prior to our scheduled call, please do not hesitate to contact me.

Joel

Joel Newton
Senior Attorney
NextEra Energy Resources
202-347-7126 (office)
202-329-1119 (cell)