NERC
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

October 31, 2019

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 Peak Reliability, FERC Docket No. NP20-_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty[1] regarding Peak Reliability (PEAK), NERC Registry ID# NCR10289,[2] with information and details regarding the nature and resolution of the violations[3] discussed in detail in the Settlement Agreement attached hereto (Attachment 1), 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)).[4]

NERC is filing this Notice of Penalty with the Commission because Western Electricity Coordinating Council (WECC) and PEAK have entered into a Settlement Agreement to resolve all outstanding issues arising from WECC's determination and findings of one moderate risk violation and one minimal risk violation of the Interconnection Reliability Operations and Coordination (IRO) Reliability Standards, one moderate risk violation of the Communications (COM) Reliability Standards, and two moderate risk violations of the Emergency Preparedness and Operations (EOP) Reliability Standards.

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[1] *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards*, Order No. 672, 114 FERC ¶ 61,104, *order on reh'g*, Order No. 672-A, 114 FERC ¶ 61,328 (2006); *Notice of New Docket Prefix "NP" for Notices of Penalty Filed by the N. Am. Elec. Reliability Corp.*, Docket No. RM05-30-000 (February 7, 2008); *Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693, 118 FERC ¶ 61,218, *order on reh'g*, Order No. 693-A, 120 FERC ¶ 61,053 (2007).

[2] PEAK was included on the NERC Compliance Registry as a Reliability Coordinator (RC) on December 23, 2008.

[3] 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.

[4] See 18 C.F.R § 39.7(c)(2) and 18 C.F.R § 39.7(d).

According to the Settlement Agreement, PEAK admitted to the violations and agreed to the assessed penalty of two million and three hundred thousand dollars ($2,300,000), in addition to other remedies and actions to mitigate the instant violations and facilitate future compliance under the terms and conditions of the Settlement Agreement.

Statement of Findings Underlying the Violations

This Notice of Penalty incorporates the findings and justifications set forth in the Settlement Agreement, by and between WECC and PEAK. The details of the findings and basis for the penalty are set forth in the Settlement Agreement and herein. This Notice of Penalty filing contains the basis for approval of the Settlement Agreement by the NERC Board of Trustees Compliance Committee (NERC BOTCC).

In accordance with Section 39.7 of the Commission's regulations, 18 C.F.R. § 39.7 (2019), NERC provides the following summary table identifying each violation of a Reliability Standard resolved by the Settlement Agreement. Further information on the subject violations is set forth in the Settlement Agreement and herein.

Violation(s) Determined and Discovery Method

*SR = Self-Report / SC = Self-Certification / CA = Compliance Audit / SPC = Spot Check / CI = Compliance Investigation

NERC Violation ID	Standard	Req.	VRF/VSL	Applicable Function(s)	Discovery Method* Date	Violation Start-End Date	Risk	Penalty Amount
WECC2017018677	COM-002-4	R5	High/ Moderate	RC	SR 11/14/2017	10/16/2017	Moderate	$2.3M
WECC2017018678	IRO-001-4	R1	High/ Severe	RC	SR 11/14/2017	10/16/2017	Moderate	
WECC2017018679	EOP-006-2	R7	High/ Severe	RC	SR 11/14/2017	10/16/2017	Moderate	
WECC2017018680	EOP-006-2	R8	High/ Severe	RC	SR 11/14/2017	10/16/2017	Moderate	
WECC2017018486	IRO-005-3.1a	R3	High/ Severe	RC	SR 10/12/2017	6/22/2015-9/27/2017	Minimal	

FACTS COMMON TO VIOLATIONS

PEAK has two Reliability Coordination offices that provide situational awareness and real-time monitoring of the Reliability Coordinator (RC) Area within the Western Interconnection. PEAK's RC area includes all or parts of 14 western states, British Columbia, and the northern portion of Baja California, Mexico. PEAK's RC area is over 1.6 million square miles that includes over 110,000 miles of transmission and serves over 74 million users.

PEAK and WECC entered into a Settlement Agreement to resolve four violations related to an event on October 16, 2017. PEAK was responsible for coordinating the resynchronization and restoration of two islanded transmission systems after a large Transmission Operator, for which PEAK is the RC, took one of two 500 kV tie lines between two transmission areas out of service to perform planned maintenance. When the transmission areas were out of service, PEAK's RC system operator gave operating instructions to the US and Canadian Transmission Operators (TOPs) that operate the transmission systems; however, the communication and execution of the operating instructions were inconsistent with PEAK's communication protocol procedure used for system restoration and the requirements of four Reliability Standards.

As the RC system operator attempted to restore the islanded transmission systems, he did not follow PEAK's Interconnection Restoration Plan and Checklist as trained during RC restoration drills. Additionally, before issuing the operating instructions, the RC system operator did not determine if it was appropriate to resynchronize the transmission systems by ensuring that the Bulk Electric System (BES) frequency was stable in both areas, the tie schedules had been curtailed, and the resynchronization had been done in accordance with PEAK's Interconnection Restoration Plan and Checklist. This ineffective coordination, as well as uncoordinated schedule cuts, accompanied by associated generation increases in the remaining Interconnection, led to BES frequency remaining below 60 Hz for an additional 11 minutes after resynchronization.

The fifth violation resolved in the Settlement Agreement was independent of the event on October 16, 2017, and was due to PEAK's failure to disseminate space weather alerts to its entities.

COM-002-4 R5

During the event, PEAK was responsible for coordinating the resynchronization and restoration of the two islanded transmission systems, and gave Operating Instructions to the TOPs that operate the transmission systems. WECC determined that PEAK did not confirm to the TOPs that their responses to its Operating Instructions were correct after receiving them. This could have resulted in unclear instructions to the TOPS for the resynchronization of the islanded transmissions systems. Attachment 2 includes additional facts regarding the violation.

The cause of this violation was the insufficient training of PEAK's RC System Operator.

WECC determined that, individually, this violation posed a moderate risk to the reliability of the bulk power system (BPS). In aggregate, the violations from the event posed a serious and substantial risk to the reliability of the BPS. Attachment 1 includes the facts regarding the violation that WECC considered in its risk assessment.

PEAK submitted its mitigation activities to address the referenced violation. Attachment 1 includes a description of the mitigation activities PEAK took to address this violation.

PEAK certified that it had completed all mitigation activities. WECC verified that PEAK had completed all mitigation activities on August 30, 2018. Attachment 1 provides specific information on WECC's verification of PEAK's completion of the activities.

IRO-001-4 R1

WECC determined that PEAK did not effectively coordinate to bring BES frequency into alignment before the System Operator issued the Operating Instructions to resynchronize the transmission areas. Attachment 3 includes additional facts regarding the violation.

The cause of this violation was the insufficient training of PEAK's RC System Operator.

WECC determined that, individually, this violation posed a moderate risk to the reliability of the BPS. In aggregate, the violations from the event posed a serious and substantial risk to the reliability of the BPS. Attachment 1 includes the facts regarding the violation that WECC considered in its risk assessment.

PEAK submitted its mitigation activities to address the referenced violation. Attachment 1 includes a description of the mitigation activities PEAK took to address this violation.

PEAK certified that it had completed all mitigation activities. WECC verified that PEAK had completed all mitigation activities on August 30, 2018. Attachment 1 provides specific information on WECC's verification of PEAK's completion of the activities.

EOP-006-2 R7

WECC determined that PEAK did not work with the affected TOPs to monitor the restoration progress, coordinate restoration, take actions to restore the BES frequency within the acceptable operating limits,

and utilize its restoration plan strategies to facilitate System restoration. Attachment 4 includes additional facts regarding the violation.

The cause of this violation was the insufficient training of PEAK's RC System Operator.

WECC determined that, individually, this violation posed a moderate risk to the reliability of the BPS. In aggregate, the violations from the event posed a serious and substantial risk to the reliability of the BPS. Attachment 1 includes the facts regarding the violation that WECC considered in its risk assessment.

PEAK submitted its mitigation activities to address the referenced violation. Attachment 1 includes a description of the mitigation activities PEAK took to address this violation.

PEAK certified that it had completed all mitigation activities. WECC verified that PEAK had completed all mitigation activities on August 30, 2018. Attachment 1 provides specific information on WECC's verification of PEAK's completion of the activities.

EOP-006-2 R8

WECC determined that PEAK did not coordinate or take actions to the extent possible to restore the BES frequencies before it authorized the TOPs to resynchronize the islanded transmission systems. Attachment 5 includes additional facts regarding the violation.

The cause of this violation was the insufficient training of PEAK's RC System Operator.

WECC determined that, individually, this violation posed a moderate risk to the reliability of the BPS. In aggregate, the violations from the event posed a serious and substantial risk to the reliability of the BPS. Attachment 1 includes the facts regarding the violation that WECC considered in its risk assessment.

PEAK submitted its mitigation activities to address the referenced violation. Attachment 1 includes a description of the mitigation activities PEAK took to address this violation.

PEAK certified that it had completed all mitigation activities. WECC verified that PEAK had completed all mitigation activities on August 30, 2018. Attachment 1 provides specific information on WECC's verification of PEAK's completion of the activities.

IRO-005-3.1a

WECC determined that PEAK did not ensure that its TOPs and BAs were aware of Geo-Magnetic Disturbance alerts after it received several Space Weather Prediction Center (SWPC) alerts. Attachment 6 includes additional facts regarding the violation.

The cause of this violation was PEAK's lack of sufficient procedures to process and disseminate frequent SWPC forecasted and current space weather alerts to the entities in PEAK's GMD Operating Plan.

WECC determined that this violation posed a minimal and not serious or substantial risk to the reliability of the bulk power system (BPS). Attachment 1 includes the facts regarding the violation that WECC considered in its risk assessment.

PEAK submitted its mitigation activities to address the referenced violation. Attachment 1 includes a description of the mitigation activities PEAK took to address this violation.

PEAK certified that it had completed all mitigation activities. WECC verified that PEAK had completed all mitigation activities on May 24, 2018. Attachment 1 provides specific information on WECC's verification of PEAK's completion of the activities.

Regional Entity's Basis for Penalty

According to the Settlement Agreement, WECC has assessed a penalty of two million and three hundred thousand dollars ($2,300,000) for the referenced violations. In reaching this determination, WECC considered the following factors:

1. WECC considered the instant violations as repeat noncompliance with the subject NERC Reliability Standards. WECC considered PEAK's compliance history with COM-002-4 R5, IRO-005-3.1a R3, and EOP-006-2 R7 as an aggravating factor in the penalty determination;[5]
2. PEAK self-reported four of the five violations in a timely manner from the date of discovery;
3. PEAK was cooperative throughout the compliance enforcement process;
4. PEAK accepted responsibility and admitted to these violations;
5. PEAK agreed to settle these violations and penalty;

[5] PEAK's relevant prior noncompliance with COM-002-4 R5 includes: NERC Violation ID WECC2014013852, NPCC2013012286, NPCC2012010678, NPCC2013012464, NPCC2013012895, and NCEA2010000098.PEAK's relevant prior noncompliance with IRO-005-3.1a R3 includes: NERC Violation ID NPCC2013012820. PEAK's relevant prior noncompliance with EOP-006-2 R7 includes: NERC Violation ID NCEA200700059.

6. The violations of IRO-001-4 R1, EOP-006-2 R7 and R8, and COM-002-4 R5 posed a moderate risk to the reliability of the BPS, but in aggregate posed a serious and substantial risk to the reliability of the BPS, as discussed in Attachment A;
7. The violation of IRO-005-3.1a R3 posed a minimal risk to the reliability of the BPS, as discussed in Attachment A;
8. There were no other mitigating or aggravating factors or extenuating circumstances that would affect the assessed penalty.

After consideration of the above factors, WECC determined that, in this instance, the penalty amount of two million and three hundred thousand dollars ($2,300,000) is appropriate and bears a reasonable relation to the seriousness and duration of the violations.

Statement Describing the Assessed Penalty, Sanction, or Enforcement Action Imposed[6]

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,[7] the NERC BOTCC reviewed the violations on August 14, 2019 and approved the resolution between WECC and PEAK. In approving the resolution, the NERC BOTCC reviewed the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the violations at issue.

For the foregoing reasons, the NERC BOTCC approved the resolution of the violations and believes that the assessed penalty of two million and three hundred thousand dollars ($2,300,000) is appropriate for the violations and circumstances at issue, and is consistent with NERC's goal to promote and ensure reliability of the BPS.

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.

[6] *See* 18 C.F.R. § 39.7(d)(4).

[7] *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).

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:

1. Settlement Agreement by and between WECC and PEAK executed July 16, 2019, included as Attachment 1;
2. PEAK's Self-Report of violation COM-002-4 R5 submitted November 14, 2017, included as Attachment 2;
3. PEAK's Self-Report of violation IRO-001-4 R1 submitted November 14, 2017, included as Attachment 3;
4. PEAK's Self-Report of violation EOP-006-2 R7 submitted November 14, 2017, included as Attachment 4;
5. PEAK's Self-Report of violation EOP-006-2 R8 submitted November 14, 2017, included as Attachment 5;
6. PEAK's Self-Report of violation IRO-005-3.1a R3 submitted October 12, 2017, included as Attachment 6.

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

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. Melanie Frye President and Chief Executive Officer Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-6882 (801) 883-6894 – facsimile mfrye@wecc.biz Ruben Arredondo* Senior Legal Counsel Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 819-7674 (801) 883-6894 – facsimile rarredondo@wecc.biz Heather Laws* Director of Enforcement Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 819-7642 (801) 883-6894 – facsimile hlaws@wecc.biz	Edwin G. Kichline* Senior Counsel and Director of Enforcement Oversight North American Electric Reliability Corporation 1325 G Street NW Suite 600 Washington, DC 20005 (202) 400-3000 (202) 644-8099 – facsimile edwin.kichline@nerc.net Alexander Kaplen* Associate Counsel North American Electric Reliability Corporation 1325 G Street NW Suite 600 Washington, DC 20005 (202) 400-3000 (202) 644-8099 – facsimile alexander.kaplen@nerc.net

Marie Jordan* President and Chief Executive Peak Reliability 7600 NE 41st Street, Suite 150 Vancouver, WA 98662 (360) 213-2327 rsherrard@peakrc.com Michael Granath* Compliance Specialist Peak Reliability 7600 NE 41st Street, Suite 150 Vancouver, WA 98662 (360) 567-4058 mgranath@peakrc.com	

Conclusion

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

Respectfully submitted,

/s/ Alexander Kaplen

Edwin G. Kichline
Senior Counsel and Director of Enforcement Oversight
Alexander Kaplen
Associate Counsel
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cc: PEAK
WECC

Attachments

NERC
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

Attachment 1

Settlement Agreement by and between

WECC and PEAK executed July 16, 2019

WECC
Electric Reliability and Security for the West

CONFIDENTIAL
Heather M. Laws
Director, Enforcement
801-819-7642
hlaws@wecc.org

June 27, 2019

Marie Jordan
President and Chief Executive Officer
Peak Reliability
7600 NE 41st Street, Suite 150
Vancouver, WA 98662

Subject: Notice of Expedited Settlement Agreement

Marie Jordan,

I. Introduction

The Western Electricity Coordinating Council (WECC) hereby notifies Peak Reliability (PEAK) NCR10289 that WECC identified Possible Violations of North American Electric Reliability Corporation (NERC) Reliability Standards (Reliability Standards) in the Preliminary Screen process and that based on an assessment of the facts and circumstances of the Possible Violations addressed herein, evidence exists that PEAK has Alleged Violations of the Reliability Standards.

WECC reviewed the Alleged Violations referenced below and determined that these violations are appropriate violations for disposition through the Expedited Settlement process. In determining whether to exercise its discretion to use the Expedited Settlement process, WECC considered all facts and circumstances related to the violations.

This Notice of Expedited Settlement Agreement (Notice) notifies PEAK of the proposed penalty and/or sanctions for such violations. By this Notice, WECC reminds PEAK to retain and preserve all data and records relating to the Alleged Violations.

II. Alleged Violations

Standard Requirement	NERC Violation ID	WECC Violation ID
COM-002-4 R5	WECC2017018677	WECC2017-614698
IRO-001-4 R1	WECC2017018678	WECC2017-614699

EOP-006-2 R7	WECC2017018679	WECC2017-614700
EOP-006-2 R8	WECC2017018680	WECC2017-614701
IRO-005-3.1a R3	WECC2017018486	WECC2017-614671

The attached Expedited Settlement Agreement includes a summary of the facts and evidence supporting each Alleged Violation, as well as the basis on which the penalty and/or sanctions were determined.

III. 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, WECC proposes to assess a penalty for the violations of the Reliability Standards referenced in the Attachment in the amount of $2,300,0000.

In determining a penalty and/or sanction, WECC considers various factors that may include, but are not limited to: (1) Violation Risk Factor; (2) Violation Severity Level; (3) risk to the reliability of the Bulk Electric System (BES)[1], including the seriousness of the violation; (4) Violation Time Horizon and timeliness of remediation; (5) the violation's duration; (6) the Registered Entity's compliance history; (7) the timeliness of the Registered Entity's self-report; (8) the degree and quality of cooperation by the Registered Entity in the audit or investigation process, and in any remedial action; (9) the quality of the Registered Entity's Internal Compliance Program; (10) any attempt by the Registered Entity to conceal the violation or any related information; (11) whether the violation was intentional; (12) any other relevant information or extenuating circumstances; (13) whether the Registered Entity admits to and takes responsibility for the violation; (14) "above and beyond" actions and investments made by the Registered Entity in an effort to prevent recurrence of this issue and/or proactively address and reduce reliability risk due to similar issues; and (15) the Registered Entity's ability to pay a penalty, as applicable.

WECC's determination of penalties is guided by the statutory requirement codified at 16 U.S.C. § 824o(e)(6) that any penalty imposed "shall bear a reasonable relation to the seriousness of the violation and shall take into consideration the efforts of [the Registered Entity] to remedy the violation in a timely manner." In addition, WECC considers all other applicable guidance from NERC and FERC.

[1] "The Commission, the ERO, and the Regional Entities will continue to enforce Reliability Standards for facilities that are included in the Bulk Electric System." (*Revision to Electric Reliability Organization Definition of Bulk Electric System*, 113 FERC ¶ 61,150 at P 100 (Nov. 18, 2010))

IV. Procedures for Registered Entity's Response

If PEAK accepts WECC's proposal that the violations listed in the Settlement Agreement be processed through the Expedited Settlement process, PEAK must sign the attached Settlement Agreement and submit it through the WECC Enhanced File Transfer (EFT) Server Enforcement folder **within 15 calendar days from the date of this Notice**.

If PEAK does not accept WECC's proposal, PEAK must submit a written rejection, through the EFT Server, **within 15 calendar days from the date of this Notice**, informing WECC of the decision not to accept WECC's proposal.

If PEAK rejects this proposal or does not respond **within 15 calendar days,** WECC will issue a Notice of Alleged Violation and Proposed Penalty or Sanction.

V. Conclusion

In all correspondence, please provide the name and contact information of a representative from PEAK who is authorized to address the above-listed Alleged Violations and who is responsible for providing the required Mitigation Plans. Please also list the relevant NERC Violation Identification Numbers in any correspondence.

Responses or questions regarding the Settlement Agreement should be directed to Katherine Bennett, Enforcement Analyst, at 801-883-6850 or kbennett@wecc.org.

Sincerely,

Heather M. Laws
Director, Enforcement

cc: NERC Enforcement

Attachment

EXPEDITED SETTLEMENT AGREEMENT

OF

WESTERN ELECTRICITY COORDINATING COUNCIL

AND

PEAK RELIABILITY

Western Electricity Coordinating Council (WECC) and Peak Reliability (PEAK) (individually a "Party" or collectively the "Parties") agree to the following:

1. PEAK admits to and takes responsibility for the violations of the NERC Reliability Standards listed addressed herein.

2. The violations addressed herein will be considered Confirmed Violations as set forth in the NERC Rules of Procedure.

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

4. The Parties have agreed to enter into this Settlement Agreement to avoid extended litigation with respect to the matters described or referred to herein, to avoid uncertainty, and to effectuate a complete and final resolution of the issues set forth herein. The Parties agree that this Settlement Agreement is in the best interest of each Party and in the best interest of Bulk Power System (BPS) reliability.

5. This Settlement Agreement represents a full and final disposition of the violations listed below, subject to approval or modification by NERC and FERC. PEAK waives its right to further hearings and appeal; unless and only to the extent that PEAK contends that any NERC or FERC action on this Settlement Agreement contains one or more material modifications to this Settlement Agreement.

6. In the event PEAK fails to comply with any of the terms set forth in this Settlement Agreement, WECC will initiate enforcement, penalty, and/or sanction actions against PEAK to the maximum extent allowed by the NERC Rules of Procedure, up to the maximum statutorily allowed penalty. Except as otherwise specified in this Settlement Agreement, PEAK shall retain all rights to defend against such enforcement actions, in accordance with the NERC Rules of Procedure.

7. This Settlement Agreement shall be governed by and construed under federal law.

8. This Settlement Agreement contains the full and complete understanding of the Parties regarding all matters set forth herein. The Parties agree that this Settlement Agreement reflects all terms and conditions regarding all matters described herein and no other promises, oral or written, have been made that are not reflected in this Settlement Agreement.

9. Each of the undersigned warrants that he or she is an authorized representative of the Party identified, is authorized to bind such Party and accepts the Settlement Agreement on that Party's behalf.

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

11. To settle these matters, PEAK hereby agrees to pay $2,300,000 to WECC via wire transfer or cashier's check. PEAK shall make the funds payable to a WECC account identified in a Notice of Payment Due that WECC will send to PEAK upon approval of this Settlement Agreement by NERC and FERC. PEAK shall issue the payment to WECC no later than thirty days after receipt of the Notice of Payment Due. If this payment is not timely received, WECC shall assess, and PEAK agrees to pay, an interest charge calculated according to the method set forth at 18 CFR §35.19(a)(2)(iii) beginning on the 31st day following issuance of the Notice of Payment Due.

12. In addition, PEAK must submit Mitigation Plans within 30 calendar days from the date of this Settlement Agreement, if it has not already done so previously.

13. NOW, THEREFORE, in consideration of the terms set forth herein the Parties hereby agree and stipulate to the following:

A. NERC RELIABILITY STANDARD COM-002-4 REQUIREMENT 5
NERC VIOLATION ID: WECC2017018677
WECC VIOLATION ID: WECC2017-614698

1. NERC Reliability Standard COM-002-4 Requirement 5 states:

R5. *Each Balancing Authority, Reliability Coordinator, and Transmission Operator that issues an oral two-party, person-to-person Operating Instruction during an Emergency, excluding written or oral single-party to multiple-party burst Operating Instructions, shall either:*

- *Confirm the receiver's response if the repeated information is correct (in accordance with Requirement R6).*
- *Reissue the Operating Instruction if the repeated information is incorrect or if requested by the receiver, or*
- *Take an alternative action if a response is not received or if the Operating Instruction was not understood by the receiver.*

B. NERC RELIABILITY STANDARD IRO-001-4 REQUIREMENT 1
NERC VIOLATION ID: WECC2017018678
WECC VIOLATION ID: WECC2017-614699

2. NERC Reliability Standard IRO-001-4 Requirement 1 states:

R1. *Each Reliability Coordinator shall act to address the reliability of its Reliability Coordinator Area via direct actions or by issuing Operating Instructions.*

C. NERC RELIABILITY STANDARD EOP-006-2 REQUIREMENT 7 AND 8
NERC VIOLATION ID: WECC2017018679, WECC2017018680
WECC VIOLATION ID: WECC2017-614700, WECC2017-614701

3. NERC Reliability Standard EOP-006-2 Requirement 7 and 8 states:

R7. *Each Reliability Coordinator shall work with its affected Generator Operators, and Transmission Operators as well as neighboring Reliability Coordinators to monitor restoration progress, coordinate restoration, and take actions to restore the BES frequency within acceptable operating limits. If the restoration plan cannot be completed as expected the Reliability Coordinator shall utilize its restoration plan strategies to facilitate System restoration.*

R8. *The Reliability Coordinator shall coordinate or authorize resynchronizing islanded areas that bridge boundaries between Transmission Operators or Reliability Coordinators. If the resynchronization cannot*

be completed as expected the Reliability Coordinator shall utilize its restoration plan strategies to facilitate resynchronization.

STIPULATED VIOLATION FACTS

14. On November 14, 2017, PEAK submitted Self-Reports stating that, as a Reliability Coordinator (RC), it was in violation of COM-002-4 R5, IRO-001-4 R1, EOP-006-2 R7 and R8.

15. On October 16, 2017, a large Transmission Operator (TOP), for which PEAK is the RC, took one of two 500 kV tie lines between two transmission areas out of service to perform a planned maintenance. During the maintenance outage, a fault occurred at 3:45 PM on the parallel 500 kV tie line, causing the operation of the TOP's Remedial Action Scheme (RAS) designed to separate and island transmission systems of the Western Interconnection of the United States---the British Columbia and Alberta systems from the transmission system of the western United States.

16. During the event, PEAK was responsible for coordinating the resynchronization and restoration of the two islanded transmission systems. To fulfill this obligation, PEAK's RC System Operator gave Operating Instructions to the U.S. and Canadian TOPs that operate the transmission systems, but the execution of the Operating Instructions was inconsistent with PEAK's Communication Protocol procedure used for System restoration and the requirements of several Reliability Standards.

17. Specifically, as the RC System Operator attempted to restore the islanded transmission systems, he did not follow PEAK's Interconnection Restoration Plan and Checklist, which is also part of its Communication Protocol procedure, as he had been trained to do in RC restoration drills. When he issued the Operating Instructions, the TOPs accurately repeated back his instructions, but the RC System Operator did not confirm to the TOPs that their responses were correct, failing to perform three-part communication. This oversight could have resulted in unclear instructions to the TOPs for the resynchronization of the islanded transmissions systems. This could have caused possible delays in the System restoration or could have caused one system to be a burden to the other system, with a probable loss of Bulk Electric System (BES) elements up to and including a blackout in one or both transmission areas. The RC System Operator consistently missed the third part of the three-part communication during every call related to the operating instructions of the event. Though the oversight did not directly cause confusion among the TOPs, it reflected a larger, systemic problem that is demonstrated in PEAK's COM-002 compliance history.

18. In addition, prior to issuing the Operating Instructions, the RC System Operator did not determine if it was appropriate to resynchronize the transmission systems by ensuring that the BES frequency was stable in both areas, the tie schedules had been curtailed, and the resynchronization had been done in accordance with PEAK's Interconnection Restoration Plan and Checklist. Further, the RC System Operator should have coordinated and controlled the resynchronization with the TOPs that were operating the Facilities used for the System restoration, using PEAK's Interconnection Restoration Plan and Checklist to ensure acceptable parameters were met for synchronization. Instead, the RC System Operator authorized the TOPs to work together and failed to effectively coordinate and monitor restoration progress. He also failed to take direct action to bring the BES frequency into alignment within acceptable limits or utilize PEAK's restoration plan strategies to facilitate the System restoration. This ineffective coordination, as well as uncoordinated schedule cuts, accompanied by associated generation increases in the remaining Interconnection, led to the BES frequency remaining below 60 Hz for an additional 11 minutes after resynchronization. The emergency event ended at 4:16 PM, the same day, when the transmission systems were resynchronized.

19. After reviewing all relevant information, WECC determined PEAK failed to;
    a. confirm the receiving TOPs responses, when the System Operator issued the Operating Instructions, as required by COM-002-4 R5;
    b. effectively coordinate to bring BES frequency into alignment prior to issuing the Operating Instructions to resynchronize the transmission areas; as required by IRO-001-4 R1;
    c. work with the affected TOPs to monitor restoration progress, coordinate restoration, take actions to restore the BES frequency within acceptable operating limits, or utilize its restoration plan strategies to facilitate System restoration, as required by EOP-006-2 R7; and
    d. coordinate or take actions to the extent possible to restore the BES frequencies prior to authorizing the TOPs to resynchronize the islanded transmission systems, as required by EOP-006-2 R8.

20. The root cause of these violations was the insufficient training of PEAK's RC System Operator. Specifically, the RC System Operator based his actions on how certain facts and circumstances were addressed in the simulated training he had received rather than internal PEAK procedures, actual facts and circumstances of the emergency event, and Standards and Requirements.

21. This violation began on October 16, 2017 at 3:45 PM, when the transmission systems were islanded, and ended on October 16, 2017 at 4:16 PM, when the transmission systems were resynchronized and the BES frequency was stabilized, for a total of 31 minutes of noncompliance.

RELIABILITY RISK ASSESSMENT

22. WECC determined each of these four violations individually posed a moderate risk to the reliability of the BPS. However, given the potential harm related to the entire event, WECC Enforcement determined that the aggregate risk posed a serious and substantial risk to the reliability of the BPS. In these instances, PEAK failed to;
    a. confirm the receiving TOP's responses, when the System Operator issued the Operating Instructions, as required by COM-002-4 R5;
    b. effectively coordinate to bring BES frequency into alignment prior to issuing the Operating Instructions to resynchronize the transmission areas; as required by IRO-001-4 R1;
    c. work with the affected TOPs to monitor restoration progress, coordinate restoration, take actions to restore the BES frequency within acceptable operating limits, or utilize its restoration plan strategies to facilitate System restoration, as required by EOP-006-2 R7; and
    d. coordinate or take actions to the extent possible to restore the BES frequencies prior to authorizing the TOPs to resynchronize the islanded transmission systems, as required by EOP-006-2 R8.

23. PEAK did not implement effective preventative or detective controls. However, as a compensating measure, PEAK would have continued to follow its Interconnection Restoration Plan and Checklist to issue additional Operating Instructions to correct an unsuccessful synchronization of the transmission systems.

DESCRIPTION OF REMEDIATION AND MITIGATION

24. On April 26, 2018, PEAK completed mitigating activities to address its violations and on August 30, 2018, WECC verified PEAK's mitigating activities.

25. To remediate and mitigate this violation, the entity:
    a. ended coordination efforts when the transmission islands were resynchronized and the BES frequency was stabilized;
    b. implemented a Reliability Stand-Down to intensify PEAK's focus on improving operational performance through direct conversations with the System Operators;

c. provided reinforcement to each System Operator that permission to synchronize transmission islands is an Operating Instruction and communications are to be conducted in accordance with the entity's Communication Protocol Procedure;
d. incorporated Operating Instructions into annual restoration training module prior to the beginning of next restoration training cycle;
e. provided a link to PEAK's Synchronization Checklist from all EMS BA Restoration Overviews;
f. created a Lessons Learned document, and solicited feedback for the document from the entities directly involved in the October 16, 2017 separation event; and
g. developed and delivered Island Synchronization training (not part of annual restoration training) using data from the October 16, 2017 separation event and the Lessons Learned document. All entities directly involved in the event were invited to participate.

D. NERC RELIABILITY STANDARD IRO-005-3.1 a REQUIREMENT 3

NERC VIOLATION ID: WECC2017018486
WECC VIOLATION ID: WECC2017-614671

STANDARD

4. NERC Reliability Standard IRO-005-3.1a Requirement 3 states:

R3. *Each Reliability Coordinator shall ensure its Transmission Operators and Balancing Authorities are aware of Geo-Magnetic Disturbance (GMD) forecast information and assist as needed in the development of any required response plans.*

5. On October 12, 2017, PEAK submitted a Self-Report stating, as a RC, it was in violation of IRO-005-3.1a R3.

6. Specifically, during an internal review PEAK discovered it did not fully disseminate forecasted and current space weather alerts to the entities in its Geo-Magnetic Disturbance (GMD) Operating Plan after several Space Weather Prediction Center (SWPC) notifications had been received, due to a high number of alerts received. The alerts disseminated to PEAKs TOPs and BAs are as follows:

- June 22, 2015: SWPC notification for GMD Alert, K-7
- September 11, 2015: SWPC notification for GMD Alert, K-7
- May 7, 2016: SWPC notification for GMD Warning, K-7
- September 8, 2017: SWPC notification for GMD Alert, K-7
- September 27, 2017: SWPC notification for GMD Alert, K-7

7. After reviewing all relevant information, WECC determined PEAK failed to appropriately ensure its TOPs and BAs were aware of GMD forecast information, as required by IRO-005-3.1a R3.

8. The root cause of the violation was the lack of sufficient procedures to process and disseminate frequent SWPC forecasted and current space weather alerts to the entities in PEAK's GMD Operating Plan.

9. This violation occurred on June 22, 2015, September 11, 2015, May 7, 2016, September 8, 2017 and September 27, 2017 when each notification occurred that required PEAK to disseminate GMD forecast information for a total of 5 separate days of noncompliance.

RELIABILITY RISK ASSESSMENT

10. WECC determined this violation posed a minimal risk and did not pose a serious and substantial risk to the reliability of the BPS. In this instance, PEAK failed to ensure its TOPs and BAs were aware of GMD forecast information, as required by IRO-005-3.1a R3.

11. PEAK had compensating measures for each of the events:

a. For the June 22, 2015 event, PEAK issued a SWPC notification Warning via RMT prior to the K-7 alert that was not disseminated, and a SWPC notification of the upgrade to a K-8 alert was disseminated shortly after the K-7 alert.

b. For the September 11, 2015 event, PEAK issued a Warning following a SWPC notification, shortly before receiving the K-7 Alert that was not disseminated. The TOPs were aware of the GMD event and no delay in implementation of TOP GMD Operating Plans occurred as a result of the K-7 Alert not being disseminated.

c. For the May 7, 2016 event, even though PEAK did not did not disseminate the Warning, the Alert was disseminated within one hour of the Warning notification.

d. For the September 8, 2017 event, there was an awareness of the event because several SWPC severe notifications were disseminated from September 5-8, 2017. SWPC issued and extension to the K-7 warning and PEAK issued a Warning extension, but did not disseminate the K-7 alert following the extension. This GMD event occurred over multiple days and consisted of several GMD notifications. The TOPs were aware of the GMD event despite the K-7 Alert information not being disseminated with the dissemination of the K-7 Warning extension. No delay in implementation of TOP

GMD Operating Procedures or Processes occurred because of the K-7 Alert not being disseminated.

e. For the September 27, 2017 event, a termination was disseminated in the original RMT message notifying TOPs of the Warning. The separate termination RMT message required by Peak's GMD Operating Plan is a best practice as the termination time is identified in the original Warning email.

DESCRIPTION OF REMEDIATION AND MITIGATION

12. On December 14, 2017, PEAK completed mitigating activities to address its violation and on May 24, 2018, WECC verified PEAK's mitigating activities.

13. To remediate and mitigate this violation, PEAK has:
    a. issued the GMD event termination notice for the last instance via its RMT;
    b. established a process for the operations management team to receive SWPC email notifications; and
    c. established a process to automate the dissemination of current or forecasted SWPC GMD notifications upon receipt via the entity's RMT.

PENALTY OR SANCTION

26. WECC determined the proposed penalty of $2,300,000 is appropriate for the following reasons:
    a. Base penalty factors:
        i. For the IRO-001-4 R1, IRO-005-3.1a R3, EOP-006-2 R7 and R8 violations, the Violation Risk Factor (VRF) is High and the Violation Severity Level (VSL) is Severe for this violation.
        ii. For the COM-002-4 R5 violation, the VRF is High and the VSL is Moderate.
        iii. The IRO-001-4 R1, COM-002-4 R5, EOP-006-2 R7 and R8 violations posed a moderate risk, but weighted in aggregate as serious and substantial risk to the reliability of the BPS.
        iv. The IRO-005-3.1a violation posed a minimal risk to the reliability of the BPS.
        v. The IRO-001-4 R1, COM-002-4 R5 and EOP-006-2 R7 and R8 violation durations are 31 minutes as described above. These Requirements have a Real-Time Operations violation time horizon expectation for remediation is within 60 minutes or less to preserve the reliability of the BPS.
        vi. The IRO-005-3.1a violation duration is 5 days as described above. However, this Requirement has a Same Day Operations violation time horizon expectation for

remediation of the Requirement within one day to preserve the reliability of the BPS.

a. WECC applied a mitigating credit for the following reasons:
    i. PEAK self-reported four of the five violations in a timely manner from the date of discovery.
    ii. PEAK was cooperative throughout the process.
    iii. The entity accepted responsibility and admitted to these violations.
    iv. The entity agreed to settle these violations and penalty.

b. WECC considered the following as aggravating factors:
    i. NERC Violation IDs: WECC2014013852, NPCC2013012286, NPCC2012010678, NPCC2013012464, NPCC2013012895, NCEA201000098 are relevant violation history for COM-002-4 R5.
    ii. NERC Violation ID: NPCC2013012820 is relevant violation history for IRO-005-3.1a R3.
    iii. NERC Violation IDs: NCEA200700059 is relevant violation history for EOP-006-2 R7.

c. Other Considerations:
    i. WECC considered the entity's compliance history with IRO-001-4 R1 and EOP-006-2 R8 and determined it did not have any relevant compliance history.
    ii. WECC did not apply mitigating credit for the entity's Internal Compliance Program (ICP). Although the entity does have a documented ICP, WECC determined the entity's internal controls were not effective in detecting or preventing these violations.
    iii. 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 violation was intentional.
    iv. WECC determined there were no other aggravating factors warranting a penalty higher than the proposed penalty.

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Agreed to and Accepted by:

WESTERN ELECTRICITY COORDINATING COUNCIL

7-16-19

Heather M. Laws
Director of Enforcement

Date

PEAK RELIABILITY

Name: Marie Jordan
Title: President & CEO

Date 07/15/2019

NERC
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

Attachment 2

PEAK's Self-Report of violation COM-002-4

R5 submitted November 14, 2017

Self Report

Entity Name: Peak Reliability (PEAK)

NERC ID: NCR10289

Standard: COM-002-4

Requirement: COM-002-4 R5.

Date Submitted: November 14, 2017

Has this violation previously been reported or discovered?: No

Entity Information:

Joint Registration Organization (JRO) ID:

Coordinated Functional Registration (CFR) ID:

Contact Name: Scott Downey

Contact Phone: 3602132314

Contact Email: sdowney@peakrc.com

Violation:

Violation Start Date: October 16, 2017

End/Expected End Date:

Reliability Functions: Reliability Coordinator (RC)

Is Possible Violation still occurring?: No

Number of Instances: 1

Has this Possible Violation been reported to other Regions?: No

Which Regions:

Date Reported to Regions:

Detailed Description and Cause of Possible Violation: Peak Reliability (Peak) is registered as a Reliability Coordinator. When issuing an Operating Instruction during an Emergency, Peak is required, as defined in NERC Reliability Standard COM-002-4, Requirement 5, to either:
1. Confirm the receivers response if the repeated information is correct
2. Reissue the Operating Instruction if the repeated information is incorrect or if requested by the receiver, or
3. Take an alternative action if a response is not received or if the Operating Instruction was not understood by the receiver.
On October 16, 2017, the Custer-Ingledow #1 500 kV line was out of service for planned maintenance. At 1545 that same day a fault occurred on the Custer-Ingledow #2 500 kV line causing the operation of a remedial action scheme designed to "island" the transmission systems of the British Columbia Hydro Authority (BCHA) and the Alberta System Operator (AESO) from the Western Interconnection.
Peak, based on previous WECC guidance, considers authorizations to resynchronize systems within the Western Interconnection and BCHA/AESO to be Operating Instructions. On October 16, 2017 Peak gave Operating Instructions to both BPA and BCHA by authorizing each to resynchronize. However, Peak failed to follow its internal Communication Protocol Procedure when issuing the Operating Instructions.
Consistent with Peak's Internal Compliance Program (ICP), Peak's Compliance Department investigated the facts and circumstances giving rise to the events set forth in this self-report. Peak's Operations group and Subject Matter Experts fully cooperated in the investigation, as well as the mitigation plan which accompanies this self-report. Peak's Compliance Committee

reviewed the event to determine whether there was an actual or potential violation of the mandatory NERC Reliability Standards. The Committee determined that the failure to issue Operating Instructions in a manner consistent with its internal Communication Protocol Procedure during circumstances that could be construed as an Emergency as defined in the Glossary of Terms Used in NERC Reliability Standards is a potential violation of NERC Reliability Standard COM-002-4, Requirement 5.
Consistent with the ICP, Peak assessed adherence to, and the effectiveness of, its documented Communications Protocol Procedure by its operating personnel that issue Operating Instructions. Peak's Reliability Coordinator System Operators (RCSO) that issued the Operating Instructions received coaching and corrective action is being taken as noted in the mitigation plan that accompanies this self-report. Peak did not find reason to modify its documented Communications Protocol Procedure as a result of its assessment. (Requirement 4)

Mitigating Activities:

Description of Mitigating Activities and Preventative Measure:

On November 3, 2017, Peak implemented a Reliability Stand-Down. The purpose of the Stand-Down is to intensify Peak's focus on improving our operational performance through direct conversations with each of Peak's RCSOs. Participation in the Stand-Down is mandatory. Peak's Operations Management team must have a direct conversation with each RCSO before the RCSO can return to their first shift following implementation of the Stand-Down. Acknowledgement of each RCSO is required by signature. This acknowledgement documents participation and understanding of the information provided.
In addition to the Reliability Stand-Down, Peak will perform the following mitigation actions:
1. Provide reinforcement to each Peak RCSO that permission to synchronize islands is considered to be an Operating Instruction and communications are to be conducted in accordance with Peak's Communication Protocol Procedure. Mitigation completed on November 7, 2017.
2. Incorporate Operating Instructions into annual restoration training module prior to the beginning of next restoration training cycle on January 9, 2018.
3. Provide link to Peak's Synchronization Checklist on all EMS Balancing Authority Restoration Overviews by March 2, 2018.
4. Create a Lessons Learned document by March 2, 2018. Peak will solicit feedback for incorporation into the Lessons Learned document from the entities directly involved in the October 16, 2017, separation event. Those entities are as follows:
a. Alberta Electric System Operator (AESO)
b. Bonneville Power Administration (BPA)
c. British Columbia Hydro Authority (BCHA)
d. California Independent System Operator (CAISO)
e. Northwestern Energy (NWE)
5. Develop and deliver Island Synchronization training (stand-alone module not part of annual restoration training) based on, and using data from, the October 16, 2017 separation event. In addition, the training will incorporate the Lessons Learned and entities directly involved in the event will be invited to participate. (AESO/BPA/BCHA/CAISO/NWE)
Peak will deliver this training via its Dispatch Training Simulator throughout 2018 and will complete delivery by December 31, 2018. Note: This timeframe is necessary to ensure feasibility of completion due to other mandatory RCSO training.

Have Mitigating Activities been Completed? No

Date Mitigating Activities Completed:

Self Report

Impact and Risk Assessment:

Potential Impact to BPS: Minimal

Actual Impact to BPS: Minimal

Description of Potential and Actual Impact to BPS: Minimal because:
Permissions were given to BPA and BCHA and they understood the required actions necessary to synchronize.
Actual Impact:
None because synchronization was successful

Risk Assessment of Impact to BPS: Risk of Impact to BPS was minimal because authorization to synchronize was given to both BPA and BCHA.

Additional Entity Comments:

Additional Comments		
From	Comment	User Name
No Comments		

Additional Documents			
From	Document Name	Description	Size in Bytes
No Documents			

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NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

Attachment 3

PEAK's Self-Report of violation IRO-001-4

R1 submitted November 14, 2017

Self Report

Entity Name: Peak Reliability (PEAK)

NERC ID: NCR10289

Standard: IRO-001-4

Requirement: IRO-001-4 R1.

Date Submitted: November 14, 2017

Has this violation previously been reported or discovered?: No

Entity Information:

Joint Registration Organization (JRO) ID:

Coordinated Functional Registration (CFR) ID:

Contact Name: Scott Downey

Contact Phone: 3602132314

Contact Email: sdowney@peakrc.com

Violation:

Violation Start Date: October 16, 2017

End/Expected End Date:

Reliability Functions: Reliability Coordinator (RC)

Is Possible Violation still occurring?: No

Number of Instances: 1

Has this Possible Violation been reported to other Regions?: No

Which Regions:

Date Reported to Regions:

Detailed Description and Cause of Possible Violation: Peak Reliability (Peak) is registered as a Reliability Coordinator. Peak is required, as defined in NERC Reliability Standard IRO-001-4, Requirement 1, to act to address the reliability of its Reliability Coordinator Area via direct actions or by issuing Operating Instructions.

On October 16, 2017, the Custer-Ingledow #1 500 kV line was out of service for planned maintenance. At 1545 that same day a fault occurred on the Custer-Ingledow #2 500 kV line causing the operation of a remedial action scheme designed to "island" the transmission systems of the British Columbia Hydro Authority (BCHA) and the Alberta System Operator (AESO) from the Western Interconnection.

Peak, based on previous WECC guidance, Peak considers authorizations to resynchronize systems within the Western Interconnection and BCHA/AESO to be Operating Instructions. On October 16, 2017 Peak gave Operating Instructions to both BPA and BCHA by authorizing each to resynchronize. However, Peak's execution of the Operating Instructions was inconsistent with its Communication Protocol Procedure.

Consistent with Peak's Internal Compliance Program (ICP), Peak's Compliance Department investigated the facts and circumstances giving rise to the events set forth in this self-report. Peak's Operations group and Subject Matter Experts fully cooperated in the investigation as well as the mitigation plan which accompanies this self-report. Peak's Compliance Committee reviewed the event to determine whether there was an actual or potential violation of the mandatory NERC Reliability Standards. The Committee determined that a potential violation of IRO-001-4, Requirement 1, exists because Peak's Reliability Coordinator System Operators (RCSO) did not

effectively coordinate to bring frequency into alignment prior to issuing the Operating Instructions to synchronize the BCHA/AESO Island with the Western Interconnection.

Mitigating Activities:

Description of Mitigating Activities and Preventative Measure:

On November 3, 2017, Peak implemented a Reliability Stand-Down. The purpose of the Stand-Down is to intensify Peak's focus on improving our operational performance through direct conversations with each of Peak's RCSOs. Participation in the Stand-Down is mandatory. Peak's Operations Management team must have a direct conversation with each RCSO before the RCSO can return to their first shift following implementation of the Stand-Down. Acknowledgement of each RCSO is required by signature. This acknowledgement documents participation and understanding of the information provided.
In addition to the Reliability Stand-Down, Peak will perform the following mitigation actions:
1. Provide reinforcement to each Peak RCSO that permission to synchronize islands is considered to be an Operating Instruction and communications are to be conducted in accordance with Peak's Communication Protocol Procedure. Mitigation completed on November 7, 2017.
2. Incorporate Operating Instructions into annual restoration training module prior to the beginning of next restoration training cycle on January 9, 2018.
3. Provide link to Peak's Synchronization Checklist on all EMS Balancing Authority Restoration Overviews by March 2, 2018.
4. Create a Lessons Learned document by March 2, 2018. Peak will solicit feedback for incorporation into the Lessons Learned document from the entities directly involved in the October 16, 2017, separation event. Those entities are as follows:
a. Alberta Electric System Operator (AESO)
b. Bonneville Power Administration (BPA)
c. British Columbia Hydro Authority (BCHA)
d. California Independent System Operator (CAISO)
e. Northwestern Energy (NWE)
5. Develop and deliver Island Synchronization training (stand-alone module not part of annual restoration training) based on, and using data from, the October 16, 2017 separation event. In addition, the training will incorporate the Lessons Learned and entities directly involved in the event will be invited to participate. (AESO/BPA/BCHA/CAISO/NWE)
Peak will deliver this training via its Dispatch Training Simulator throughout 2018 and will complete delivery by December 31, 2018. Note: This timeframe is necessary to ensure feasibility of completion due to other mandatory RCSO training.

Have Mitigating Activities been Completed? No

Date Mitigating Activities Completed:

Impact and Risk Assessment:

Potential Impact to BPS: Minimal

Actual Impact to BPS: Minimal

Description of Potential and Actual Impact to BPS:

Minimal because:
Permissions were given to BPA and BCHA and they understood the required actions necessary to synchronize.
Actual Impact:
Minimal because although more direct actions could have been taken through communications or Operating Instructions, frequency wasn't beyond tolerable thresholds during the event and synchronization was successful.

Self Report

Risk Assessment of Impact to BPS: Risk of Impact to BPS was minimal because frequency wasn't beyond tolerable thresholds during the event and synchronization was successful.

Additional Entity Comments:

Additional Comments		
From	Comment	User Name
No Comments		

Additional Documents			
From	Document Name	Description	Size in Bytes
No Documents			

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Attachment 4

PEAK's Self-Report of violation EOP-006-2

R7 submitted November 14, 2017

Self Report

Entity Name: Peak Reliability (PEAK)

NERC ID: NCR10289

Standard: EOP-006-2

Requirement: EOP-006-2 R7.

Date Submitted: November 14, 2017

Has this violation previously been reported or discovered?: No

Entity Information:

Joint Registration Organization (JRO) ID:

Coordinated Functional Registration (CFR) ID:

Contact Name: Scott Downey

Contact Phone: 3602132314

Contact Email: sdowney@peakrc.com

Violation:

Violation Start Date: October 16, 2017

End/Expected End Date:

Reliability Functions: Reliability Coordinator (RC)

Is Possible Violation still occurring?: No

Number of Instances: 1

Has this Possible Violation been reported to other Regions?: No

Which Regions:

Date Reported to Regions:

Detailed Description and Cause of Possible Violation: Peak Reliability (Peak) is registered as a Reliability Coordinator. Peak is required, as defined in NERC Reliability Standard EOP-006-2, Requirement 7, to work with its affected Generator Operators and Transmission Operators as well as neighboring Reliability Coordinators to monitor restoration progress, coordinate restoration and take actions to restore the BES frequency within acceptable operating limits. If the restoration plan cannot be completed as expected Peak shall utilize its restoration plan strategies to facilitate System restoration. Further, Peak is required, as defined in NERC Reliability Standard EOP-006-2, Requirement 8, to coordinate or authorize resynchronizing islanded areas that bridge boundaries between Transmission Operators or Reliability Coordinators. If the resynchronization cannot be completed as expected Peak is required to utilize its restoration plan strategies to facilitate resynchronization.

On October 16, 2017, the Custer-Ingledow #1 500 kV line was out of service for planned maintenance. At 1545 that same day a fault occurred on the Custer-Ingledow #2 500 kV line causing the operation of a remedial action scheme designed to "island" the transmission systems of the British Columbia Hydro Authority (BCHA) and the Alberta System Operator (AESO) from the Western Interconnection.

Consistent with Peak's Internal Compliance Program, Peak's Compliance Department investigated the facts and circumstances giving rise to the events set forth in this self-report. Peak's Operations group and Subject Matter Experts fully cooperated in the investigation as well as the mitigation described in this self-report. Peak's Compliance Committee reviewed the event to determine whether there was an actual or potential violation of the mandatory

NERC Reliability Standards.
The Compliance Committee determined Peak did not coordinate to the extent possible to stabilize island frequencies prior to authorizing BPA and BCHA to synchronize the islands. This resulted in a potential violation of NERC Reliability Standard EOP 006-2, Requirement 7.

Mitigating Activities:

Description of Mitigating Activities and Preventative Measure:

On November 3, 2017, Peak implemented a Reliability Stand-Down. The purpose of the Stand-Down is to intensify Peak's focus on improving our operational performance through direct conversations with each of Peak's RCSOs. Participation in the Stand-Down is mandatory. Peak's Operations Management team must have a direct conversation with each RCSO before the RCSO can return to their first shift following implementation of the Stand-Down. Acknowledgement of each RCSO is required by signature. This acknowledgement documents participation and understanding of the information provided.
In addition to the Reliability Stand-Down, Peak will perform the following mitigation actions:
1. Provide reinforcement to each Peak RCSO that permission to synchronize islands is considered to be an Operating Instruction and communications are to be conducted in accordance with Peak's Communication Protocol Procedure. Mitigation completed on November 7, 2017.
2. Incorporate Operating Instructions into annual restoration training module prior to the beginning of next restoration training cycle on January 9, 2018.
3. Provide link to Peak's Synchronization Checklist on all EMS Balancing Authority Restoration Overviews by March 2, 2018.
4. Create a Lessons Learned document by March 2, 2018. Peak will solicit feedback for incorporation into the Lessons Learned document from the entities directly involved in the October 16, 2017, separation event. Those entities are as follows:
a. Alberta Electric System Operator (AESO)
b. Bonneville Power Administration (BPA)
c. British Columbia Hydro Authority (BCHA)
d. California Independent System Operator (CAISO)
e. Northwestern Energy (NWE)
5. Develop and deliver Island Synchronization training (stand-alone module not part of annual restoration training) based on, and using data from, the October 16, 2017 separation event. In addition, the training will incorporate the Lessons Learned and entities directly involved in the event will be invited to participate. (AESO/BPA/BCHA/CAISO/NWE)
Peak will deliver this training via its Dispatch Training Simulator throughout 2018 and will complete delivery by December 31, 2018. Note: This timeframe is necessary to ensure feasibility of completion due to other mandatory RCSO training.

Have Mitigating Activities been Completed? No

Date Mitigating Activities Completed:

Impact and Risk Assessment:

Potential Impact to BPS: Minimal

Actual Impact to BPS: Minimal

Description of Potential and Actual Impact to BPS:

Minimal because:
Peak was working with its affected Transmission Operators although not to the level Peak believes demonstrates proper operational performance. Authorizations were given to BPA and BCHA and they understood the required actions necessary to synchronize.

Self Report

Actual Impact:
Minimal because although more direct actions could have been taken through communications or Operating Instructions, frequency wasn't beyond tolerable thresholds during the event and synchronization was successful

Risk Assessment of Impact to BPS: Risk of Impact to BPS was minimal because BPA and BCHA understood the required actions necessary to synchronize and although more direct actions could have been taken, frequency wasn't beyond tolerable threshold during the event and synchronization was successful.

Additional Entity Comments:

Additional Comments		
From	Comment	User Name
No Comments		

Additional Documents			
From	Document Name	Description	Size in Bytes
No Documents			

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Attachment 5

PEAK's Self-Report of violation EOP-006-2 R8

submitted November 14, 2017

Self Report

Entity Name: Peak Reliability (PEAK)

NERC ID: NCR10289

Standard: EOP-006-2

Requirement: EOP-006-2 R8.

Date Submitted: November 14, 2017

Has this violation previously been reported or discovered?: No

Entity Information:

Joint Registration Organization (JRO) ID:

Coordinated Functional Registration (CFR) ID:

Contact Name: Scott Downey

Contact Phone: 3602132314

Contact Email: sdowney@peakrc.com

Violation:

Violation Start Date: October 16, 2017

End/Expected End Date:

Reliability Functions: Reliability Coordinator (RC)

Is Possible Violation still occurring?: No

Number of Instances: 1

Has this Possible Violation been reported to other Regions?: No

Which Regions:

Date Reported to Regions:

Detailed Description and Cause of Possible Violation: Peak Reliability (Peak) is registered as a Reliability Coordinator. Peak is required, as defined in NERC Reliability Standard EOP-006-2, Requirement 7, to work with its affected Generator Operators and Transmission Operators as well as neighboring Reliability Coordinators to monitor restoration progress, coordinate restoration and take actions to restore the BES frequency within acceptable operating limits. If the restoration plan cannot be completed as expected Peak shall utilize its restoration plan strategies to facilitate System restoration. Further, Peak is required, as defined in NERC Reliability Standard EOP-006-2, Requirement 8, to coordinate or authorize resynchronizing islanded areas that bridge boundaries between Transmission Operators or Reliability Coordinators. If the resynchronization cannot be completed as expected Peak is required to utilize its restoration plan strategies to facilitate resynchronization.

On October 16, 2017, the Custer-Ingledow #1 500 kV line was out of service for planned maintenance. At 1545 that same day a fault occurred on the Custer-Ingledow #2 500 kV line causing the operation of a remedial action scheme designed to "island" the transmission systems of the British Columbia Hydro Authority (BCHA) and the Alberta System Operator (AESO) from the Western Interconnection.

Consistent with Peak's Internal Compliance Program, Peak's Compliance Department investigated the facts and circumstances giving rise to the events set forth in this self-report. Peak's Operations group and Subject Matter Experts fully cooperated in the investigation as well as the mitigation described in this self-report. Peak's Compliance Committee reviewed the event to determine whether there was an actual or potential violation of the mandatory

NERC Reliability Standards.
The Compliance Committee determined Peak did not coordinate to the extent possible to stabilize island frequencies prior to authorizing BPA and BCHA to synchronize the islands. This resulted in a potential violation of NERC Reliability Standard EOP 006-2, Requirement 8.

Mitigating Activities:

Description of Mitigating Activities and Preventative Measure:

On November 3, 2017, Peak implemented a Reliability Stand-Down. The purpose of the Stand-Down is to intensify Peak's focus on improving our operational performance through direct conversations with each of Peak's RCSOs. Participation in the Stand-Down is mandatory. Peak's Operations Management team must have a direct conversation with each RCSO before the RCSO can return to their first shift following implementation of the Stand-Down. Acknowledgement of each RCSO is required by signature. This acknowledgement documents participation and understanding of the information provided.
In addition to the Reliability Stand-Down, Peak will perform the following mitigation actions:
1. Provide reinforcement to each Peak RCSO that permission to synchronize islands is considered to be an Operating Instruction and communications are to be conducted in accordance with Peak's Communication Protocol Procedure. Mitigation completed on November 7, 2017.
2. Incorporate Operating Instructions into annual restoration training module prior to the beginning of next restoration training cycle on January 9, 2018.
3. Provide link to Peak's Synchronization Checklist on all EMS Balancing Authority Restoration Overviews by March 2, 2018.
4. Create a Lessons Learned document by March 2, 2018. Peak will solicit feedback for incorporation into the Lessons Learned document from the entities directly involved in the October 16, 2017, separation event. Those entities are as follows:
a. Alberta Electric System Operator (AESO)
b. Bonneville Power Administration (BPA)
c. British Columbia Hydro Authority (BCHA)
d. California Independent System Operator (CAISO)
e. Northwestern Energy (NWE)
5. Develop and deliver Island Synchronization training (stand-alone module not part of annual restoration training) based on, and using data from, the October 16, 2017 separation event. In addition, the training will incorporate the Lessons Learned and entities directly involved in the event will be invited to participate. (AESO/BPA/BCHA/CAISO/NWE)
Peak will deliver this training via its Dispatch Training Simulator throughout 2018 and will complete delivery by December 31, 2018. Note: This timeframe is necessary to ensure feasibility of completion due to other mandatory RCSO training.

Have Mitigating Activities been Completed? No

Date Mitigating Activities Completed:

Impact and Risk Assessment:

Potential Impact to BPS: Minimal

Actual Impact to BPS: Minimal

Description of Potential and Actual Impact to BPS: Minimal because:
Peak was working with its affected Transmission Operators although not to the level Peak believes demonstrates proper operational performance. Authorizations were given to BPA and BCHA and they understood the required actions necessary to synchronize.

Self Report

Actual Impact:
Minimal because although more direct actions could have been taken through communications or Operating Instructions, frequency wasn't beyond tolerable thresholds during the event and synchronization was successful.

Risk Assessment of Impact to BPS: Risk of Impact to BPS was minimal because Peak was working with its affected Transmission Operators and authorizations to synchronize were given to BPA and BCHA. In addition, frequency wasn't beyond tolerable thresholds and synchronization was successful.

Additional Entity Comments:

Additional Comments		
From	Comment	User Name
No Comments		

Additional Documents			
From	Document Name	Description	Size in Bytes
No Documents			

NERC
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

Attachment 6

PEAK's Self-Report of violation

IRO-005-3.1a R3 submitted October 12 , 2017

Self Report

Entity Name: Peak Reliability (PEAK)

NERC ID: NCR10289

Standard: IRO-005-3.1a

Requirement: IRO-005-3.1a R3.

Date Submitted: October 12, 2017

Has this violation previously been reported or discovered?: No

Entity Information:

Joint Registration Organization (JRO) ID:

Coordinated Functional Registration (CFR) ID:

Contact Name: Scott Downey

Contact Phone: 3602132314

Contact Email: sdowney@peakrc.com

Violation:

Violation Start Date: June 22, 2015

End/Expected End Date: September 27, 2017

Reliability Functions: Reliability Coordinator (RC)

Is Possible Violation still occurring?: No

Number of Instances: 5

Has this Possible Violation been reported to other Regions?: No

Which Regions:

Date Reported to Regions:

Detailed Description and Cause of Possible Violation:

IRO-005-3.1a R3 and R4/EOP-011-1 R2 - Introduction:
Peak Reliability (Peak) is registered as a Reliability Coordinator. This self-report involves potential violations arising from two different versions of the NERC Reliability Standards. These standards are IRO-005-3.1a, requirements 3 and 4 that were in effect until March 31, 2017 and EOP-011-1, requirement 2 that become effective April 1, 2017. All potential violations relate to a failure to fully disseminate GMD information as required by the applicable IRO and EOP standards. A discussion of each requirement, potential violation, and mitigation is set forth below.

IRO-005-3.1a R3 and R4/EOP-011-1 R2 - Applicable Requirements and Discovery of Potential Violations:
As part of an ongoing continuous improvement effort, Peak developed and implemented a Reliability Standard Audit Worksheet Procedure ("RSAW Procedure"). The RSAW Procedure is intended identify and test the quality of compliance evidence through preventative, detective and corrective controls.

In October of 2017, Peak applied the RSAW Procedure to NERC Reliability Standards IRO-005-3.1a and EOP-010-1 and discovered GMD information wasn't fully disseminated during points of the follow events:
1. June 22, 2015 - Space Weather Prediction Center (SWPC) notification for GMD Alert, K-7
2. September 11, 2015 - SWPC notification for GMD Alert, K-7
3. May 7, 2016 - SWPC notification for GMD Warning, K-7
4. September 8, 2017 - SWPC notification for GMD Alert, K-7

5. September 27, 2017 - SWPC notification for second GMD Alert, K-7 and termination of GMD alert, K-7.

Mitigating Activities:

Description of Mitigating Activities and Preventative Measure: Immediate mitigation has taken place in the form of Peak's Operations Management team receiving SWPC email notifications. Operations Managers now follow up with the Reliability Coordinator System Operators if they do not see GMD information being disseminated via Peak's Reliability Messaging Tool (RMT, formerly WECCNet) following receipt of current or forecasted SWPC GMD notifications.
A mitigation project is underway to automate dissemination of current or forecasted SWPC GMD notifications upon receipt via Peak's RMT. This automation effort will be completed by January 2018. Peak will revise internal documentation upon completion of the automation effort to reflect revised roles and responsibilities.

Have Mitigating Activities been Completed? No

Date Mitigating Activities Completed:

Impact and Risk Assessment:

Potential Impact to BPS: Minimal

Actual Impact to BPS: Minimal

Description of Potential and Actual Impact to BPS: Potential Impact:
Awareness of the June 22, 2015 event was well known as there were several SWPC notifications disseminated during the period from June 21 to June 23. Further, a SWPC notification Warning was issued via RMT prior to the K-7 Alert which was not disseminated. The SWPC notification of the upgrade to a K-8 Alert was disseminated shortly after the K-7 Alert.
For the September 11, 2015 event, Peak did issue a Warning following SWPC notification shortly before receiving the K-7 Alert that wasn't disseminated. TOPs were aware of the GMD event and no delay in implementation of TOP GMD Operating Plans occurred as a result of the Warning not being disseminated.
For the May 7, 2016 event, although the Warning wasn't disseminated by Peak, the Alert was disseminated upon receipt which was within one hour of the Warning notification.
Awareness of the September 8, 2017 events was well known as there were several SWPC notifications disseminated during the period from September 5 to September 8. On September 8, 2017 event, SWPC issued an extension to the K-7 Warning, Peak did issue a Warning extension following SWPC notification but did not disseminate the K-7 alert that followed the K-7 Warning extension. The GMD event covered multiple days, consisted of several GMD notifications and with the dissemination of the K-7 Warning extension the TOPs were aware of the GMD event despite the K-7 Alert information not being disseminated. No delay in implementation of TOP GMD Operating Procedures and/or Processes occurred as a result of the Alert not being disseminated.
The September 27, 2017 event termination was disseminated in the original RMT message notifying TOPs of the Warning. The separate termination RMT message required by Peak's GMD Operating Plan is a best practice as the termination time is identified in the original Warning email.
Actual Impact:
None. Identified dissemination issues did not impact RC GMD Operating Plan and TOP GMD Procedures and/or Processes implementation.

Minimal risk as awareness of the events was well known and implementation

Self Report

Risk Assessment of Impact to BPS: of Plans, Procedures and/or Processes were not hampered.

Additional Entity Comments:

Additional Comments		
From	Comment	User Name
No Comments		

Additional Documents			
From	Document Name	Description	Size in Bytes
No Documents			