

# NERC Compliance Process Bulletin #2011-007

## Zero-Dollar Penalties

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### Background

On September 30, 2011, NERC filed its Compliance Enforcement Initiative at FERC. As part of that initiative, NERC announced the use of a new Find, Fix, Track and Report (FFT) approach for dealing with lesser risk Possible Violations. With the announcement of the FFT approach, some registered entities have asked if a Regional Entity may still assess a zero-dollar penalty to violations that are not processed through the FFT approach.

### Explanation of Issue

A Regional Entity may still assess a zero-dollar Notice of Penalty. While there is no bright line to describe when the assessment of a zero-dollar penalty is appropriate, a Regional Entity will make the determination on a case-by-case basis considering the facts and circumstances of the non-compliance. A zero-dollar penalty is considered a penalty, and a Possible Violation penalized with a zero-dollar penalty would not be processed as an FFT. The assessment of a penalty, even if it is a zero-dollar penalty, will continue to be processed as a Notice of Penalty.

Possible Violations treated as FFTs must be fixed, after which they will be treated as Remediated Issues and become part of the registered entity's compliance history. In the case of an FFT, no penalty or sanction is assessed. This is different from the assessment of a zero-dollar penalty, which still may be assessed against an entity with respect to Possible Violations.

For more information please contact:

Michael Moon  
Director of Compliance Operations  
[michael.moon@nerc.net](mailto:michael.moon@nerc.net)  
404-446-2567

Valerie Agnew  
Manager of Interface and Outreach  
[valerie.agnew@nerc.net](mailto:valerie.agnew@nerc.net)  
404-446-2566

Caroline Clouse  
Compliance Specialist  
[caroline.clouse@nerc.net](mailto:caroline.clouse@nerc.net)  
404-446-2588

*This document is designed to convey compliance guidance from NERC's various activities. It is not intended to establish new requirements under NERC's Reliability Standards or to modify the requirements in any existing NERC Reliability Standards. Compliance will continue to be determined based on language in the NERC Reliability Standards as they may be amended from time to time.*