



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

February 1, 2010

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

**Re: NERC Notice of Penalty regarding California Independent System Operator
FERC Docket No. NP10-_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty¹ regarding California Independent System Operator (CISO), NERC Registry ID NCR05048,² in accordance with the Federal Energy Regulatory Commission's (Commission or FERC) rules, regulations and orders, as well as NERC Rules of Procedure including Appendix 4C (NERC Uniform Compliance Monitoring and Enforcement Program (CMEP)).³

On November 30, 2007, CISO reported to Western Electricity Coordinating Council (WECC), in response to a WECC inquiry, a violation of IRO-STD-006-0 WR1 for its failure to provide the proper amount of required relief on a qualified path during a multi-hour unscheduled flow (USF) event that took place on October 2, 2007. This Notice of Penalty is being filed with the Commission because, based on information from WECC, CISO does not dispute the violation of IRO-STD-006-0 WR1 and the proposed zero dollar (\$0) financial penalty to be assessed to CISO. Accordingly, the violation identified as NERC Violation Tracking Identification Number WECC200700514 is a Confirmed Violation, as that term is defined in the NERC Rules of Procedure and the CMEP.

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 (2008). *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).

² Western Electricity Coordinating Council (WECC) confirmed that CISO was included on the NERC Compliance Registry as a Balancing Authority, Transmission Operator, Transmission Service Provider and Planning Authority on June 17, 2007. As a Balancing Authority and Transmission Operator, CISO is subject to the requirements of Regional Reliability Standard IRO-STD-006-0. CISO is also a member of a Joint Registration Organization (JRO) number JRO00008, with San Diego Gas & Electric, NCR05377, as of May 19, 2009, for the Transmission Operator function. Additionally, CISO is a member of a JRO number JRO00010 with Pacific Gas and Electric Company, NCR05299, as of May 19, 2009, for the Transmission Operator function.

³ See 18 C.F.R. § 39.7(c)(2).

Statement of Findings Underlying the Violation

This Notice of Penalty incorporates the findings and justifications set forth in the Notice of Confirmed Violation and Proposed Penalty or Sanction (NOCV) issued on May 6, 2009, by WECC. The details of the findings and basis for the penalty are set forth herein. This Notice of Penalty filing contains the basis for approval of this Notice of Penalty by the NERC Board of Trustees Compliance Committee (BOTCC). In accordance with Section 39.7 of the Commission's Regulations, 18 C.F.R. § 39.7 (2007), NERC provides the following summary table identifying the Reliability Standard at issue in this Notice of Penalty.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
WECC	California Independent System Operator	NOC-195	WECC200700514	IRO-STD-006-0	WR1	N/A	0

The purpose of Regional Reliability Standard IRO-STD-006-0 is to mitigate transmission overloads due to unscheduled line flow on Qualified Paths.

IRO-STD-006-0 WR1 (Curtailed of Contributing Schedules) requires Balancing Authorities and Transmission Operators, such as CISO, to comply with requests from (Qualified) Transfer Path Operators to take actions that will reduce unscheduled flow on the Qualified Path in accordance with the table entitled "WECC Unscheduled Flow Procedure Summary of Curtailment Actions," which is located in Attachment 1 of WECC's Unscheduled Flow Mitigation Plan. IRO-STD-006-0 WR1 does not have a Violation Risk Factor (VRF).

According to WECC, on November 30, 2007 in response to a WECC inquiry, CISO reported a violation of IRO-STD-006-0 WR1 because it failed to provide the required relief amount for the hour ending (HE) 2100 during a multi-hour USF event that occurred on October 2, 2007. CISO discovered the violation after it received a WECC inquiry related to the USF mitigation events on Path 66. Specifically, CISO's Scheduler missed an off path schedule of 25 MW that should have been cut by 10.5 MW to provide the required 2.6 MW of relief on the qualified path. WECC advised NERC that it did not have any information to suggest that the failure to provide the required relief was intentional.

On November 21, 2008, during its review of CISO's report and other evidence regarding the USF event, WECC discovered another instance in which CISO failed to provide the required USF relief. This instance occurred 3 hours prior to the reported event at HE 1800, and involved two transactions that required a total relief of 3.4 MW. CISO provided 1.7 MW of relief but failed to provide the remaining 1.7 MW. Because these two occurrences in which CISO failed to provide the required relief occurred during the same "multi-hour" USF event, WECC considered these two occurrences as a single violation of IRO-STD-006-0 WR1.

WECC Enforcement (Enforcement) reviewed CISO's report and confirmed that a violation occurred because CISO did not comply with requests from the path operator to take actions to

reduce USF on the qualified path. WECC also determined that CISO's non-compliance did not create a serious or substantial risk to the bulk power system. In this case, the amount of USF relief that CISO failed to provide was 2.6 MW (HE 2100 event) and 1.7 MW (HE 1800 event) for two occurrences on the same day. CISO's failure to provide the required relief did not cause the Operating Transfer Capability limit to be exceeded. The existence of the violation in this case had to be determined by performing a detailed study of circumstances after the fact. At the time of the events, the Transmission Operator continued to have the option of curtailing transactions that were scheduled directly on the Qualified Path in order to reduce load.

Violations of this Regional Reliability Standard generally have diminished, in part, due to better communication tools (primarily more entities utilizing better software (*e.g.*, WebSAS)). USF occurs in the Western Interconnection because of concentrated load centers (mainly on the West Coast), remote generation resources (many on the Eastern side of WECC) and long transmission lines in between. The WECC high voltage transmission lines form a circle ("O") in the Interconnection, which results in the electricity from the generation resources dividing, with some small percentage flowing around the opposite side of the "O" to reach the load centers (this is the USF). USF can occur at any time depending on the amount of power being generated and used in the load centers. Certain actions are taken to control and absorb the USF (*e.g.*, adjusting phase shifting transformers, accommodation, *etc.*) but ultimately an entity may have to reduce schedules, thereby reducing the amount of power flowing (thereby reducing the amount of unscheduled flow). While an entity may be taking action to address this, an entity may not take enough action to reduce schedules each time an unscheduled flow event occurs, which results in a violation.

Pursuant to IRO-STD-006-0 WR1, the level of non-compliance for the subject violation was Level 1, as the amount of required relief not provided was less than 5 MW for each incident and in total for the day. WECC determined the duration of the subject violation was from October 2, 2007, when CISO failed to provide the required relief amount, until April 23, 2008, when CISO completed its Mitigation Plan.

WECC's Determination of Penalty

For penalty determination purposes, IRO-STD-006-0 WR1 states that sanctions for non-compliance are to be addressed pursuant to the table contained within the Regional Reliability Standard. For each of the two occurrences of non-compliance (HE 1800 and HE 2100) the amount of required relief that CISO failed to provide was less than 5 MW. Thus, according to the Standard, each occurrence was a Level 1 non-compliance. According to the Sanction Table in the Standard, the sanction for two occurrences of Level 1 non-compliance is the issuance of a letter B,⁴ with no monetary penalty.

⁴ Letter B is sent to CISO's Chief Executive Officer informing CISO of non-compliance, with copies of the letter provided to NERC, the WECC Member Representative, the WECC Operating Committee Representative, CISO's Chairman of the Board (if different from the CEO), state or provincial regulatory agencies with jurisdiction over CISO, FERC and the Department of Energy, if such governing entities request such information.

In addition, WECC considered the following factors: (1) the violation was deemed by WECC not to be a violation that put bulk power system reliability at serious or substantial risk because CISO's failure to provide the required relief did not cause the Operating Transfer Capability limit to be exceeded and the Transmission Operator continued to have the option of curtailing transactions that were scheduled directly on the Qualified Path in order to reduce load; (2) the violation was CISO's first violation of this Regional Reliability Standard; (3) WECC determined there were no aggravating factors warranting a penalty higher than what the Standard's Sanction Table proposed; (4) CISO was cooperative throughout the compliance process; (5) there was no evidence of any attempt by CISO to conceal the violation; and (6) there was no evidence that CISO's violation was intentional.

Therefore, WECC determined that, in this instance, the penalty amount of zero dollars (\$0) is appropriate and bears a reasonable relation to the seriousness and duration of the IRO-STD-006-0 WR1 violation.

Status of Mitigation Plan⁵

CISO's Mitigation Plan to address the referenced violation was submitted to WECC on November 30, 2007, was accepted by WECC on February 22, 2008 and was approved by NERC on August 29, 2008. The Mitigation Plan for the violation of IRO-STD-006-0 WR1 is designated as MIT-07-0664 and was submitted as non-public information to FERC on August 29, 2008, in accordance with FERC orders.

CISO's Mitigation Plan had an approved completion date of February 1, 2008 and required CISO to conduct one-on-one training for all of its on shift schedulers to ensure proper understanding of the WebSAS tool to correct the referenced violation. On January 25, 2008, CISO requested an extension of time to complete the required action.⁶ Specifically, the two employees who had not received the training required by the Mitigation Plan were on leave mandated by statute. WECC extended the completion date to May 1, 2008. An additional employee also received training on February 7, 2008.

On April 28, 2008, CISO certified to WECC that its Mitigation Plan had been completed on April 23, 2008. As evidence of its completion of the Mitigation Plan, CISO submitted a copy of an internal memorandum showing the date on which each scheduler received the required training.

On November 21, 2008, after its review of CISO's submitted evidence, WECC verified that CISO had completed its Mitigation Plan and notified CISO in a letter dated December 1, 2008 that it was in compliance with IRO-STD-006-0 WR1.

⁵ See 18 C.F.R § 39.7(d)(7).

⁶ The Mitigation Plan Extension Request incorrectly states that the original Mitigation Plan was accepted on December 19, 2007.

Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed⁷

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 Guidance Order,⁸ the NERC BOTCC reviewed the NOCV and supporting documentation on December 9, 2009. The NERC BOTCC approved the assessment of a zero dollar (\$0) financial penalty against CISO based upon WECC's findings and determinations, the NERC BOTCC's review of the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the violation at issue.

In reaching this determination, the NERC BOTCC considered the following:

- The violation occurred in 2007;
- The penalty was determined as mandated by the Regional Reliability Standard;
- The violation is the first violation of IRO-STD-006-0 WR1 by CISO; and
- The violation was deemed not to be a violation that put bulk power system reliability at serious or substantial risk, as discussed above.

For the foregoing reasons, the NERC BOTCC believes that the proposed zero dollar (\$0) penalty amount is appropriate for the violation and circumstances in question, and is consistent with NERC's goal to promote and ensure reliability of the bulk power system Pursuant to Order No. 693, the penalty will be effective upon expiration of the thirty (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.

Attachments Included as Part of the Notice of Penalty

The attachments included as part of this Notice of Penalty are the following documents and material:

- a) CISO's self-report dated November 30, 2007, included as Attachment a;
- b) Mitigation Plan designated as MIT-07-0664 submitted November 30, 2007, included as Attachment b;
- c) CISO's Request for Extension dated January 25, 2008, included as Attachment c;
- d) CISO's Certification of Completion of the Mitigation Plan dated April 28, 2008, included as Attachment d; and
- e) WECC's Verification of Completion of the Mitigation Plan dated December 1, 2008, included as Attachment e.

⁷ See 18 C.F.R. § 39.7(d)(4).

⁸ *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008).

A Form of Notice Suitable for Publication⁹

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

⁹ See 18 C.F.R § 39.7(d)(6).

Notices and Communications

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

<p>Gerald W. Cauley* President and Chief Executive Officer David N. Cook* Vice President and General Counsel North American Electric Reliability Corporation 116-390 Village Boulevard Princeton, N.J. 08540-5721 (609) 452-8060 (609) 452-9550 – facsimile gerry.cauley@nerc.net david.cook@nerc.net</p> <p>Christopher Luras* Manager of Compliance Enforcement Western Electricity Coordinating Council 615 Arapeen Drive, Suite 210 Salt Lake City, UT 84108-1262 (801) 883-6887 (801) 883-6894 – facsimile CLuras@wecc.biz</p> <p>Nancy Saracino* VP, Gen Council, Chief Compliance Officer 151 Blue Ravine Road Folsom, CA 95630 (916) 351-2334 (916) 608-7296 – facsimile nsaracino@caiso.org</p> <p>Lourdes Estrada-Salinerio* Manager, Mandatory Standards Compliance 151 Blue Ravine Road Folsom, CA 95630 (916) 608-7334 (916) 608-7296 – facsimile LEstrada-Salinerio@caiso.org</p> <p>*Persons to be included on the Commission's service list are indicated with an asterisk. NERC requests waiver of the Commission's rules and regulations to permit the inclusion of more than two people on the service list.</p>	<p>Rebecca J. Michael* Assistant General Counsel Holly A. Hawkins* Attorney North American Electric Reliability Corporation 1120 G Street, N.W. Suite 990 Washington, D.C. 20005-3801 (202) 393-3998 (202) 393-3955 – facsimile rebecca.michael@nerc.net holly.hawkins@nerc.net</p> <p>Louise McCarren* Chief Executive Officer Western Electricity Coordinating Council 615 Arapeen Drive, Suite 210 Salt Lake City, UT 84108-1262 (801) 883-6868 (801) 582-3918 – facsimile Louise@wecc.biz</p> <p>Steven Goodwill* Associate General Counsel Western Electricity Coordinating Council 615 Arapeen Drive, Suite 210 Salt Lake City, UT 84108-1262 (801) 883-6857 (801) 883-6894 – facsimile SGoodwill@wecc.biz</p> <p>Constance White* Vice President of Compliance Western Electricity Coordinating Council 615 Arapeen Drive, Suite 210 Salt Lake City, UT 84108-1262 (801) 883-6885 (801) 883-6894 – facsimile CWhite@wecc.biz</p>
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Conclusion

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

Respectfully submitted,

Gerald W. Cauley
President and Chief Executive Officer
David N. Cook
Vice President and General Counsel
North American Electric Reliability Corporation
116-390 Village Boulevard
Princeton, N.J. 08540-5721
(609) 452-8060
(609) 452-9550 – facsimile
gerry.cauley@nerc.net
david.cook@nerc.net

/s/ Rebecca J. Michael
Rebecca J. Michael
Assistant General Counsel
Holly A. Hawkins
Attorney
North American Electric Reliability
Corporation
1120 G Street, N.W.
Suite 990
Washington, D.C. 20005-3801
(202) 393-3998
(202) 393-3955 – facsimile
rebecca.michael@nerc.net
holly.hawkins@nerc.net

cc: California Independent System Operator
Western Electric Coordinating Council

Attachments

Attachment a

CISO's self-report dated November 30, 2007



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Compliance Violation Self-Reporting Form

Please complete an individual Self-Reporting Form for each NERC Reliability Standard that indicates any level(s) of non-compliance and return to Compliance@WECC.biz

Registered Entity Name: California ISO

Contact Name: Brent Kingsford

Contact Phone: 916-608-1100

Contact email: bkingsford@CAISO.com

Date noncompliance was discovered: 11/30/2007

Date noncompliance was reported: 11/30/2007

Standard Title: Qualified Path Unscheduled Flow

Standard Number: WECC Standard IRO-STD-006-0

Requirement Number(s)¹: **WR1**

How was the noncompliance found? (e.g. Routine Readiness Evaluation, Self-evaluation, Internal Audit, etc.)

The CAISO received a WECC inquiry related to the USF Mitigation events of 10/2/2007. In reviewing the USF Mitigation events, it was determined that a possible non-compliance of WECC Standard IRO-STD-006-0 occurred.

***Submit a Mitigation Plan in conjunction with this form to show that corrective steps are being taken within ten (10) business days. If a mitigation plan is not being submitted with this form please complete the following:**

Describe the cause of non-compliance:

Describe the reliability impact of this non-compliance:

¹ Violations are on a per requirement basis.

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Expected date of Mitigation Plan submittal:

Attachment b

**Mitigation Plan designated as MIT-07-0664
submitted November 30, 2007**



Mitigation Plan Submittal Form

New or Revised

Date this Mitigation Plan is being submitted: 11/30/2007

If this Mitigation Plan has already been completed:

- Check this box and
- Provide the Date of Completion of the Mitigation Plan:

Section A: Compliance Notices & Mitigation Plan Requirements

- A.1 Notices and requirements applicable to Mitigation Plans and this Submittal Form are set forth in "Appendix A - Compliance Notices & Mitigation Plan Requirements" to this form. **Review the notices and check this box to indicate that you have reviewed and understand the information provided therein.** This Submittal Form and the Mitigation Plan submitted herein are incomplete and cannot be accepted unless the box is checked.

Section B: Registered Entity Information

- B.1 Identify your organization:

Company Name: California ISO

Company Address: 151 Blue Ravine, Folsom, CA 95630

NERC Compliance Registry ID: *[if known]*: NCR05048

- B.2 Identify the individual in your organization who will be the Entity Contact to WECC regarding this Mitigation Plan.

Name: Brent Kingsford

Title: Interim Manager, Mandatory Standards Compliance

Email: bkingsford@caiso.com

Phone: 916-608-1100



Section C: Identity of Reliability Standard Violations Associated with this Mitigation Plan

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

C.1 Standard: IRO-STD-006-0
[Identify by Standard Acronym (e.g. FAC-001-1)]

C.2 Requirement(s) violated and violation dates:
[Enter information in the following Table]

NERC Violation ID # [if known]	WECC Violation ID # [if known]	Requirement Violated (e.g. R3.2)	Violation Date(*) (MM/DD/YY)
		WR1	10/2/2007

(*) Note: The Violation Date shall be: (i) the violation occurred; (ii) the date that the violation was self-reported; or (iii) the date that the violation has been deemed to have occurred on by WECC. Questions regarding the date to use should be directed to the WECC.

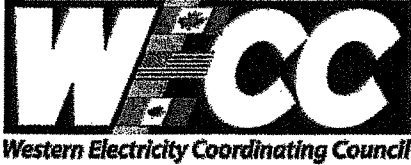
C.3 Identify the cause of the violation(s) identified above:

During a USF event, the California ISO Scheduler missed an off path schedule that should have been cut by 10.5 MW to provide 2.6 MW of relief.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

C.4 **[Optional]** Provide any relevant additional information regarding the violations associated with this Mitigation Plan:

[Provide your response here; additional detailed information may be provided as an attachment as necessary]



Section D: Details of Proposed Mitigation Plan

Mitigation Plan Contents

D.1 Identify and describe the action plan, including specific tasks and actions that your organization is proposing to undertake, or which it undertook if this Mitigation Plan has been completed, to correct the violations identified above in Part C.2 of this form:

1) The CAISO will perform one on one training of all the on shift schedulers to ensure proper understanding of the WEBSAS tool. [Provide your response here; additional detailed information may be provided as an attachment as necessary]

Check this box and proceed to Section E of this form if this Mitigation Plan, as set forth in Part D.1, has already been completed; otherwise respond to Part D.2, D.3 and, optionally, Part D.4, below.

Mitigation Plan Timeline and Milestones

D.2 Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the violations associated with this Mitigation Plan are corrected: All one on one training of the on shift schedulers will be completed no later than 2/1/2008.

D.3 Enter Milestone Activities, with completion dates, that your organization is proposing for this Mitigation Plan:

Milestone Activity	Proposed Completion Date* (shall not be more than 3 months apart)
Completion of Mitigation Plan	2/1/2008

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

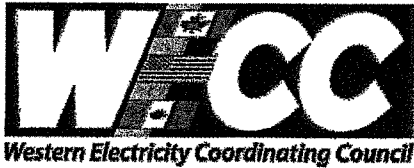
[Note: Provide your response here; additional detailed information may be provided as an attachment as necessary]



Additional Relevant Information (Optional)

D.4 If you have any relevant additional information that you wish to include regarding the mitigation plan, milestones, milestones dates and completion date proposed above you may include it here:

[Provide your response here; additional detailed information may be provided as an attachment as necessary]



Section E: Interim and Future Reliability Risk

Check this box and proceed and respond to Part E.2 and E.3, below, if this Mitigation Plan, as set forth in Part D.1, has already been completed.

Abatement of Interim BPS Reliability Risk

E.1 While your organization is implementing the Mitigation Plan proposed in Part D of this form, the reliability of the Bulk Power System may remain at higher risk or be otherwise negatively impacted until the plan is successfully completed. To the extent they are, or may be, known or anticipated: (i) identify any such risks or impacts; and (ii) discuss any actions that your organization is planning to take or is proposing as part of the Mitigation Plan to mitigate any increased risk to the reliability of the bulk power system while the Mitigation Plan is being implemented:

The Manager of Real Time Operations sent an email on 11/30/2007 to all schedulers requiring them to review the WECC Unscheduled Flow Mitigation Plan, WECC Standard IRO-STD-006-0 Qualified Path Unscheduled Flow Relief, and the CAISO procedure S-301 Unscheduled Flow.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

Prevention of Future BPS Reliability Risk

E.2 Describe how successful completion of the Mitigation Plan as laid out in Part D of this form will prevent or minimize the probability that your organization incurs further violations of the same or similar reliability standards requirements in the future:

Additional training of the Schedulers on the WEBSAS tool and the required review of the WECC Unscheduled Flow Mitigation Plan, WECC Standard IRO-STD-006-0 Qualified Path Unscheduled Flow Relief, and the CAISO procedure S-301 Unscheduled Flow will ensure that the schedulers are familiar with the requirements us the USF procedure and their obligations to perform those actions.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]



Western Electricity Coordinating Council



E.3 Your organization may be taking or planning other action, beyond that listed in the Mitigation Plan, as proposed in Part D.1, to prevent or minimize the probability of incurring further violations of the same or similar standards requirements listed in Part C.2, or of other reliability standards. If so, identify and describe any such action, including milestones and completion dates:

N/A

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

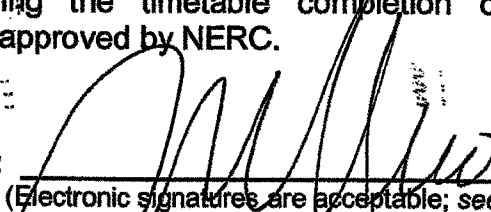


Section F: Authorization

An authorized individual must sign and date this Mitigation Plan Submittal Form. By doing so, this individual, on behalf of your organization:

- a) Submits the Mitigation Plan, as laid out in Section D of this form, to WECC for acceptance by WECC and approval by NERC, and
- b) If applicable, certifies that the Mitigation Plan, as laid out in Section D of this form, was completed (i) as laid out in Section D of this form and (ii) on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and
- c) Acknowledges:
 - 1. I am the Chief Compliance Officer of the California ISO.
 - 2. I am qualified to sign this Mitigation Plan on behalf of the California ISO.
 - 3. I have read and understand the California ISO's obligations to comply with Mitigation Plan requirements and ERO remedial action directives as well as ERO documents, including, but not limited to, the NERC Rules of Procedure, including Appendix 4(C) (Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation" (NERC CMEP)).
 - 4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
 - 5. California ISO agrees to be bound by, and comply with, the Mitigation Plan, including the timetable completion date, as approved by WECC and approved by NERC.

Authorized Entity Officer Signature:



(Electronic signatures are acceptable; see CMEP)

Name (Print): Nancy Saracino
Title: VP, Gen Counsel, Corp Secretary & Chief Compliance Officer
Date: 11/30/2007



Section G: Comments and Additional Information

You may use this area to provide comments or any additional relevant information not previously addressed in this form.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

Please direct any questions regarding completion of this form to:

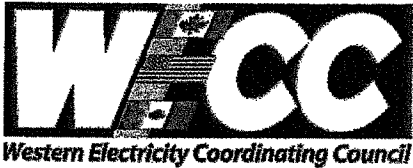
Jim Stuart, Sr. Compliance Engineer
Email: Jstuart@wecc.biz
Phone: (801) 883-6887



Attachment A – Compliance Notices & Mitigation Plan Requirements

- I. Section 6.2 of the CMEP1 sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:
- (1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan. This person may be the Registered Entity's point of contact described in Section 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 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.
 - (10) The Mitigation Plan shall be signed by an officer, employee, attorney or other authorized representative of the Registered Entity, which if applicable, shall be the person that signed the Self-Certification or Self Reporting submittals.
- II. This submittal form may be used to provide a required Mitigation Plan for review and approval by WECC and NERC.

¹ "Uniform Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation;" a copy of the current version approved by the Federal Energy Regulatory Commission is posted on NERC's website.



- III. The Mitigation Plan shall be submitted to the WECC and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.
- IV. This Mitigation Plan form may be used to address one or more related violations of one Reliability Standard. A separate mitigation plan is required to address violations with respect to each additional Reliability Standard, as applicable.
- V. If the Mitigation Plan is approved by WECC and NERC, a copy of this Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
- VI. WECC or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
- VII. Remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.

Attachment c

CISO's Request for Extension dated January 25, 2008



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Mitigation Plan Extension Request Form

Section A: Registered Entity Information

Company Name: California ISO

Standard: IRO-STD-006-0

[Identify by Standard Acronym (e.g. FAC-001-1)]

Requirement Number(s): WR1

[Identify by Sub-Requirements (e.g. R1.1, R1.2)]

Date original Mitigation Plan was accepted: 12/19/2007

Date original Mitigation Plan was scheduled to be complete: 2/1/2008

Date this request is being submitted: 1/25/2008

Section B: Extension Request Requirements

Check this box to indicate that you understand that this Extension Request is incomplete and cannot be reviewed for approval unless a Revised Mitigation Plan is attached.

Identify the reason an extension is being requested:

All but two schedulers will have completed training by February 2, 2008 as required by the original Mitigation Plan. Two have been on statutorily-entitled leave since prior to the commencement of the training and are not scheduled to return prior to February 2. Training for each of these two will be expeditiously given upon their returns to duty. We expect both to have returned by late April. Final training and reviews will be completed by May 1, 2008.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

Provide detailed information as to why the original completion date will not be met:

Two schedulers are not on employment status as noted above and will not be available complete training by 2/1/2008 as required by the original Mitigation Final training and reviews should be complete by May 1, 2008.



Mitigation Plan Submittal Form

New or Revised

Date this Mitigation Plan is being submitted: 1/25/2008

If this Mitigation Plan has already been completed:

- Check this box and
- Provide the Date of Completion of the Mitigation Plan:

Section A: Compliance Notices & Mitigation Plan Requirements

- A.1 Notices and requirements applicable to Mitigation Plans and this Submittal Form are set forth in "Appendix A - Compliance Notices & Mitigation Plan Requirements" to this form. **Review the notices and check this box to indicate that you have reviewed and understand the information provided therein.** This Submittal Form and the Mitigation Plan submitted herein are incomplete and cannot be accepted unless the box is checked.

Section B: Registered Entity Information

- B.1 Identify your organization:

Company Name: California ISO

Company Address: 151 Blue Ravine, Folsom, CA 95630

NERC Compliance Registry ID *[if known]*: NCR05048

- B.2 Identify the individual in your organization who will be the Entity Contact to WECC regarding this Mitigation Plan.

Name: Brent Kingsford

Title: Interim Manager, Mandatory Standards Compliance

Email: bkingsford@caiso.com

Phone: 916-608-1100



Section C: Identity of Reliability Standard Violations Associated with this Mitigation Plan

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

C.1 Standard: IRO-STD-006-0
[Identify by Standard Acronym (e.g. FAC-001-1)]

C.2 Requirement(s) violated and violation dates:
[Enter information in the following Table]

NERC Violation ID # [if known]	WECC Violation ID # [if known]	Requirement Violated (e.g. R3.2)	Violation Date ^(*) (MM/DD/YY)
		WR1	10/2/2007

(*) Note: The Violation Date shall be: (i) the violation occurred; (ii) the date that the violation was self-reported; or (iii) the date that the violation has been deemed to have occurred on by WECC. Questions regarding the date to use should be directed to the WECC.

C.3 Identify the cause of the violation(s) identified above:

During a USF event, the California ISO Scheduler missed an off path schedule that should have been cut by 10.5 MW to provide 2.6 MW of relief.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

C.4 **[Optional]** Provide any relevant additional information regarding the violations associated with this Mitigation Plan:

[Provide your response here; additional detailed information may be provided as an attachment as necessary]



Section D: Details of Proposed Mitigation Plan

Mitigation Plan Contents

D.1 Identify and describe the action plan, including specific tasks and actions that your organization is proposing to undertake, or which it undertook if this Mitigation Plan has been completed, to correct the violations identified above in Part C.2 of this form:

1) The CAISO will perform one on one training of all the on-shift schedulers to ensure proper understanding of the WEBSAS tool. [Provide your response here; additional detailed information may be provided as an attachment as necessary]

Check this box and proceed to Section E of this form if this Mitigation Plan, as set forth in Part D.1, has already been completed; otherwise respond to Part D.2, D.3 and, optionally, Part D.4, below.

Mitigation Plan Timeline and Milestones

D.2 Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the violations associated with this Mitigation Plan are corrected: All one on one training of the on-shift schedulers will be completed no later than 5/1/2008.

D.3 Enter Milestone Activities, with completion dates, that your organization is proposing for this Mitigation Plan:

Milestone Activity	Proposed Completion Date* (shall not be more than 3 months apart)
Completion of Mitigation Plan for all but two schedulers currently out on statutorily-entitled leave	2/1/2008
Completion of mitigation plan	5/1/2008

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

[Note: Provide your response here; additional detailed information may be provided as an attachment as necessary]



Additional Relevant Information (Optional)

- D.4 If you have any relevant additional information that you wish to include regarding the mitigation plan, milestones, milestones dates and completion date proposed above you may include it here:

All but two schedulers will have completed training by February 2, 2008 as required by the original Mitigation Plan. Two have been on statutorily-entitled leave since prior to the commencement of the training and are not scheduled to return prior to February 2. Training for each of these two will be expeditiously given upon their returns to duty. We expect both to have returned by late April. Final training and reviews will be completed by May1,2008.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]



Section E: Interim and Future Reliability Risk

Check this box and proceed and respond to Part E.2 and E.3, below, if this Mitigation Plan, as set forth in Part D.1, has already been completed.

Abatement of Interim BPS Reliability Risk

- E.1** While your organization is implementing the Mitigation Plan proposed in Part D of this form, the reliability of the Bulk Power System may remain at higher risk or be otherwise negatively impacted until the plan is successfully completed. To the extent they are, or may be, known or anticipated: (i) identify any such risks or impacts; and (ii) discuss any actions that your organization is planning to take or is proposing as part of the Mitigation Plan to mitigate any increased risk to the reliability of the bulk power system while the Mitigation Plan is being implemented:

The Manager of Real Time Operations sent an email on 11/30/2007 to all schedulers requiring them to review the WECC Unscheduled Flow Mitigation Plan, WECC Standard IRO-STD-006-0 Qualified Path Unscheduled Flow Relief, and the CAISO procedure S-301 Unscheduled Flow.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

Prevention of Future BPS Reliability Risk

- E.2** Describe how successful completion of the Mitigation Plan as laid out in Part D of this form will prevent or minimize the probability that your organization incurs further violations of the same or similar reliability standards requirements in the future:

Additional training of the Schedulers on the WEBSAS tool and the required review of the WECC Unscheduled Flow Mitigation Plan, WECC Standard IRO-STD-006-0 Qualified Path Unscheduled Flow Relief, and the CAISO procedure S-301 Unscheduled Flow will ensure that the schedulers are familiar with the requirements of the USF procedure and their obligations to perform those actions.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]



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E.3 Your organization may be taking or planning other action, beyond that listed in the Mitigation Plan, as proposed in Part D.1, to prevent or minimize the probability of incurring further violations of the same or similar standards requirements listed in Part C.2, or of other reliability standards. If so, identify and describe any such action, including milestones and completion dates:

N/A

[Provide your response here; additional detailed information may be provided as an attachment as necessary]



Section F: Authorization

An authorized individual must sign and date this Mitigation Plan Submittal Form. By doing so, this individual, on behalf of your organization:

- a) Submits the Mitigation Plan, as laid out in Section D of this form, to WECC for acceptance by WECC and approval by NERC, and
- b) If applicable, certifies that the Mitigation Plan, as laid out in Section D of this form, was completed (i) as laid out in Section D of this form and (ii) on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and
- c) Acknowledges:
 1. I am the Chief Compliance Officer of the California ISO.
 2. I am qualified to sign this Mitigation Plan on behalf of the California ISO.
 3. I have read and understand the California ISO's obligations to comply with Mitigation Plan requirements and ERO remedial action directives as well as ERO documents, including, but not limited to, the NERC Rules of Procedure, including Appendix 4(C) (Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation" (NERC CMEP)).
 4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
 5. California ISO agrees to be bound by, and comply with, the Mitigation Plan, including the timetable completion date, as approved by WECC and approved by NERC.

Authorized Entity Officer Signature:


(Electronic signatures are acceptable; see CMEP)

Name (Print): Nancy Saracino

Title: VP, Gen Counsel, Corp Secretary & Chief Compliance Officer

Date: 1/25/2008



Section G: Comments and Additional Information

You may use this area to provide comments or any additional relevant information not previously addressed in this form.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

Please direct any questions regarding completion of this form to:

Jim Stuart, Sr. Compliance Engineer
Email: Jstuart@wecc.biz
Phone: (801) 883-6887



Attachment A – Compliance Notices & Mitigation Plan Requirements

- I. Section 6.2 of the CMEP¹ sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:
- (1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan. This person may be the Registered Entity's point of contact described in Section 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 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.
 - (10) The Mitigation Plan shall be signed by an officer, employee, attorney or other authorized representative of the Registered Entity, which if applicable, shall be the person that signed the Self-Certification or Self Reporting submittals.
- II. This submittal form may be used to provide a required Mitigation Plan for review and approval by WECC and NERC.

¹ "Uniform Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation;" a copy of the current version approved by the Federal Energy Regulatory Commission is posted on NERC's website.



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- III. The Mitigation Plan shall be submitted to the WECC and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.
- IV. This Mitigation Plan form may be used to address one or more related violations of one Reliability Standard. A separate mitigation plan is required to address violations with respect to each additional Reliability Standard, as applicable.
- V. If the Mitigation Plan is approved by WECC and NERC, a copy of this Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
- VI. WECC or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
- VII. Remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.

Attachment d

CISO's Certification of Completion of the Mitigation Plan dated April 28, 2008



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Mitigation Plan Completion Form

Please complete a Mitigation Plan Completion form for each fully mitigated violation and return to Compliance@WECC.biz along with the supporting evidence that confirms full compliance and Authorized Officer's signature.

Registered Entity Name: California ISO

Standard Title: Qualified Path Unscheduled Flow

Standard Number: IRO-STD-006-0

Requirement Number(s): **WR1**

Actual completion date of Mitigation Plan: April 23, 2008

Check this box to indicate that you understand that the submittal of this Completion form is incomplete and cannot be reviewed for approval unless supporting documentation/evidence that confirms full compliance is attached.

Please provide the specific location (i.e. paragraph numbers, page numbers) in the documentation / evidence submitted to verify compliance.

California ISO memorandum dated April 24, 2008, to Brent Kingsford from Kyle Hoffman, page 1.

Additional Notes or Comments pertaining to this violation:

N/A

By endorsement of this document I attest that [insert company name] is now in full compliance with the standard / requirements addressed in this Mitigation Plan and documentation / evidence supporting full compliance is attached for review and audit by the WECC Compliance Staff.

Authorized Officer's Signature: 

Authorized Officer's Name: Nancy Saracino

Authorized Officer's Title: VP, General Counsel, Corporate Secretary & Chief Compliance Officer

Date: April 28, 2008

Attachment e

WECC's Verification of Completion of the Mitigation Plan dated December 1, 2008

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Western Electricity Coordinating Council

Bob Kiser
Manager of Audits and Investigations

360.980.2799
bkiser@wecc.biz

December 1, 2008

Lourdes Estrada-Salinerio
Manager, Mandatory Standards Compliance
California Independent System Operator
151 Blue Ravine Road
Folsom, California 95630

Subject: Mitigation Plan Completion Review(s)

Dear Lourdes Estrada-Salinerio,

The Western Electricity Coordinating Council (WECC) received Mitigation Plan Completion Form(s) and supporting evidence for each violation listed in Table 1 of Attachment A. The table indicates which plans have been completed and which remain incomplete. Attachment A also includes audit notes that detail the findings supporting this conclusion.

Each compliance violation associated with the incomplete Mitigation Plan(s) is now subject to sanctions and penalties under the Energy Policy Act of 2005. You will be receiving a letter from the WECC Compliance Department outlining the next steps in the penalty and sanction process regarding such violation(s).

Please submit a revised Mitigation Plan by December 15, 2008, to the [Compliance Web Portal](#) including new proposed completion dates, for each unmitigated violation identified in Attachment A. The Mitigation Plan template form can be found on the WECC Compliance Manuals webpage, as Manual 03.03:

<http://www.wecc.biz/wrap.php?file=/wrap/Compliance/manuals.html>

Upon review, the WECC Compliance Department will provide written notice of its acceptance or rejection of the newly submitted Mitigation Plan.

If you have any questions or concerns, please contact Mike Wells at (801) 883.6884 or mike@wecc.biz. Thanks for your assistance in this effort.

Sincerely,

CONFIDENTIAL

Bob Kiser

Bob Kiser
Manager of Audits and
Investigations

BK:gc

Attachment

Cc: Paul Dobson, CISO Sr Counsel

Lisa Milanes, WECC Manager of Compliance Administration



Western Electricity Coordinating Council

Registered Entity: California Independent System Operator

Date: December 1, 2008

	Standard Number	Requirement	Completion Received by WECC	Accepted	Rejected	Review Status
1	IRO-STD-006-0	WR1	4/28/2008	11/21/2008		Compliant

Attachment f

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

California Independent System Operator

Docket

No. NP10-___-000

NOTICE OF FILING
February 1, 2010

Take notice that on February 1, 2010, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding California Independent System Operator in the Western Electricity Coordinating Council region.

Any person desiring to intervene or to protest this filing must file in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211, 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a notice of intervention or motion to intervene, as appropriate. Such notices, motions, or protests must be filed on or before the comment date. On or before the comment date, it is not necessary to serve motions to intervene or protests on persons other than the Applicant.

The Commission encourages electronic submission of protests and interventions in lieu of paper using the "eFiling" link at <http://www.ferc.gov>. Persons unable to file electronically should submit an original and 14 copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426.

This filing is accessible on-line at <http://www.ferc.gov>, using the "eLibrary" link and is available for review in the Commission's Public Reference Room in Washington, D.C. There is an "eSubscription" link on the web site that enables subscribers to receive email notification when a document is added to a subscribed docket(s). For assistance with any FERC Online service, please email FERCOnlineSupport@ferc.gov, or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date: [BLANK]

Kimberly D. Bose,
Secretary