



NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

July 10, 2009

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

**Re: NERC Notice of Penalty regarding Louisiana Generating LLC, FERC Docket No. NP09-\_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty<sup>1</sup> regarding Louisiana Generating LLC (LaGen), NERC Registry ID NCR01265,<sup>2</sup> 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 Compliance Monitoring and Enforcement Program (CMEP)).<sup>3</sup>

This Notice of Penalty is being filed with the Commission because, based on information from SERC Reliability Corporation (SERC), SERC and LaGen have entered into a Settlement Agreement to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in SERC's determination and findings of enforceable alleged violations of Reliability Standard VAR-002-1 Requirement (R) 1 and R3 (specifically, R3.1). Pursuant to the Settlement Agreement LaGen neither admits nor denies the alleged violations, but has agreed to the proposed penalty of \$10,000 to be assessed to LaGen, in addition to other remedies which include mitigation actions and actions to prevent recurrence and to promote prospective compliance required under the terms and conditions of the Settlement Agreement. Accordingly, the alleged violations identified as NERC Violation Tracking Identification Numbers SERC200800103 and SERC200800104 are being filed in accordance with the NERC Rules of Procedure and the CMEP.

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<sup>1</sup> *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).

<sup>2</sup> SERC Reliability Corporation confirmed that Louisiana Generating, LLC was included on the NERC Compliance Registry on May 31, 2007 as a Balancing Authority, Distribution Provider, Generator Operator, Generator Owner, Load Serving Entity, Purchasing-Selling Entity, Resource Planner and Transmission Owner, and on March 20, 2008 as an Interchange Authority, and was subject to the requirements of NERC Reliability Standard VAR-002-1.

<sup>3</sup> See 18 C.F.R. § 39.7(c)(2).

### Statement of Findings Underlying the Alleged Violations

This Notice of Penalty incorporates the findings and justifications set forth in the Settlement Agreement executed as of October 7, 2008, by and between SERC and LaGen, which is included as Attachment b.<sup>4</sup> The details and findings and basis for the penalty are set forth in the Settlement Agreement 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 (2007), NERC provides the following summary table identifying each alleged violation of a Reliability Standard resolved by the Settlement Agreement, as discussed in greater detail below.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
SERC	Louisiana Generating, LLC	NOC-80	SERC200800103	VAR-002-1	1	Medium	\$10,000
		NOC-80	SERC200800104	VAR-002-1	3/3.1	Medium	

The purpose of Reliability Standard VAR-002-1 is to ensure generators provide reactive and voltage control necessary to ensure voltage levels, reactive flows, and reactive resources are maintained within applicable Facility Ratings to protect equipment and the reliable operation of the Interconnection.

In summary, VAR-002-1 R1 requires an entity such as the LaGen to operate each generator connected to the interconnected transmission system in the automatic voltage control mode (automatic voltage regulator in service and controlling voltage) unless the Generator Operator has notified the Transmission Operator. VAR-002-1 R1 has a “Medium” Violation Risk Factor (VRF).

VAR-002-1 R3 requires an entity such as LaGen to notify its associated Transmission Operator as soon as practical, but within 30 minutes of any of the following: (R3.1) a status or capability change on any generator Reactive Power resource, including the status of each automatic voltage regulator and power system stabilizer and the expected duration of the change in status or capability; or (R3.2) a status or capability change on any other Reactive Power resource under the Generator Operator’s control and the expected duration of the change in status or capability. VAR-002-1 R3 and R3.1 have “Medium” VRFs.

According to the Settlement Agreement, on April 2, 2008, at 9:30 a.m. CST, LaGen personnel at its Cajun 2 Unit 2 generating facility took the automatic voltage regulator (AVR) out of service in order to clean the rheostat. At 9:41 a.m. CST, the Cajun 2 AVR was returned to service. However, the LaGen plant operators made no immediate notifications to the Transmission

<sup>4</sup> The original Settlement Agreement was signed on September 12, 2008. However, NERC requested modifications be made to the Settlement Agreement prior to its approval. The modified Settlement Agreement was signed by SERC Reliability Corporation and by Louisiana Generating, LLC as of October 7, 2008.

Operator, Reliability Coordinator or to LaGen management regarding its off-line status. On the same day, the LaGen System Operator contacted the Transmission Operator (Entergy) and the Reliability Coordinator (SPP) at 1:06 p.m. CST and notified them of the equipment outage that occurred earlier that day. As a result, neither the initial notification of the change in AVR status nor the thirty minute notification to the Transmission Operator was made in accordance with the requirements of VAR-002-1.

According to the Settlement Agreement, on April 3, 2008, LaGen's management verified the occurrence of the AVR outage and the oversight of notification. Once an internal investigation verified the possible alleged violations to VAR-002-1 R1 and R3.1, LaGen self-reported the event to SERC. LaGen submitted to SERC a self-report on April 3, 2008 of possible alleged violations by Louisiana Generating LLC of VAR-002-1, Requirements R1 and R3.1. LaGen submitted its Mitigation Plan, described in greater detail below, to SERC on April 9, 2008, and revised it per SERC Staff's recommendations on April 29, 2008.<sup>5</sup> SERC accepted the Mitigation Plan on May 15, 2008. On July 1, 2008, LaGen certified that the Mitigation Plan and the actions to prevent recurrence of the alleged violations, as described in greater detail below, were completed on June 26, 2008. On July 6, 2008, SERC Staff reviewed the evidence in support of LaGen's certificate of completion, as described in greater detail below, in a manner similar to a compliance audit, and verified that all required actions in the Mitigation Plan have been completed and LaGen was in compliance with the Requirements of Reliability Standard VAR-002-1. SERC alleged that LaGen was in violation of VAR-002-1 R1 and R3 on August 2, 2008, a period less than one day.

According to the Settlement Agreement, SERC's Compliance Enforcement Staff considered 1) that LaGen had no prior violations of VAR-002-1; 2) that the actual and foreseen impact of LaGen's isolated, individual failure at one of its generating units to maintain AVR, for eleven minutes, was minimal; 3) the related subsequent failure to notify the Transmission Operator, within thirty minutes, of the change in status of the Reactive Power resource and resulting alleged violation were deemed not to have put bulk power system reliability at substantial risk because it was an isolated incident and the duration of the AVR outage was limited to approximately eleven minutes. In reaching this conclusion, SERC Staff considered the limited scope of the alleged violations to one AVR taken out of service in order to clean the rheostat, the eleven minute duration of the AVR outage; 4) LaGen's timely self-report of the alleged violations; 5) the prompt action by LaGen to establish mechanisms to prevent recurrence as discussed in the Mitigation Plan section below; and 6) LaGen's conduct, cooperation and commitment to a positive compliance culture. Thus, SERC Staff determined that in this instance, the single, aggregate penalty amount of \$10,000 bears a reasonable relation to the seriousness and duration of the alleged violations and takes into consideration LaGen's self-reporting of the violation and prompt, voluntary efforts to remedy the alleged violations and complete actions to prevent recurrence of the alleged violations.

According to the Settlement Agreement, SERC's Compliance Enforcement Staff considered the following mitigating factors and found no aggravating factors in its investigation of these alleged violations: 1) LaGen had no prior violations of VAR-002-1; 2) LaGen self-reported the possible

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<sup>5</sup> The revised Mitigation Plan's submission date is incorrectly dated as April 9, 2008 instead of April 29, 2008.

alleged violations; 3) the alleged violation of Requirement 1 was mitigated as soon as the AVR was returned to service (after only 11 minutes); 4) the alleged violation of Requirement 3 was mitigated upon LaGen's notification to the Transmission Operator of the change in status (after 3 hours and 36 minutes)<sup>6</sup>; and 5) LaGen promptly submitted and completed a Mitigation Plan, as discussed in the next section, to prevent recurrence of the alleged violations. Accordingly, SERC determined it was appropriate to resolve the issues through settlement, based on these factors, the absence of any aggravating factors, LaGen's commitment to compliance, its cooperation and conduct throughout SERC's investigation of the alleged violations, and its agreement to expeditiously reconcile this issue via settlement.

### **Status of Mitigation Plan**

LaGen's Mitigation Plan to address the referenced alleged violations was submitted to SERC on April 9, 2008, revised and re-submitted on April 29, 2008, and was accepted by SERC on May 15, 2008. On June 3, 2008, NERC approved the Mitigation Plan, designated as MIT-08-0559, for the alleged violations of VAR-002-1 R1 and R3.1 and submitted it to FERC as non-public information in accordance with FERC orders. Because the violations of VAR-002-1 R1 and R3.1 were corrected by returning the AVR to service and by notifying the Transmission Operator of the outage, the Mitigation Plan focused on preventing recurrence of the violations. Specifically, LaGen's Mitigation Plan required: 1) re-training of appropriate personnel (as identified in NRG procedures) on the voltage control procedure by June 25, 2008; 2) modifying AVR mode change reporting forms to add columns to record time of notifications of events by April 31, 2008; 3) placing labeling on control points of all AVR's as a reminder to make required notifications by April 31, 2008; and 4) reviewing procedures that require notifications and strengthen notification emphasis as needed by May 30, 2008. On July 1, 2008, LaGen certified that the Mitigation Plan and the actions to prevent recurrence of the alleged violations were completed on June 26, 2008,<sup>7</sup> one day late. However, SERC determined the Mitigation Plan was substantially completed prior to the end date and the one-day tardiness in fully completing the Mitigation Plan was due to an unforeseen event, and was considered when determining the final penalty amount. On July 6, 2008, SERC Staff reviewed the evidence, described in greater detail below, that was submitted by LaGen in support of its Certification of Completion of the subject Mitigation Plan detailed below, in a manner similar to a compliance audit, and verified that all required actions in the Mitigation Plan have been completed and LaGen was in compliance with the Reliability Standard Requirements.

On July 6, 2008 SERC reviewed the following in support of LaGen's certification of completion of its Mitigation Plan: 1) a Voltage Control Procedure Training Roster listing individuals receiving internal training on the revised Voltage Control Procedure; 2) the Excitation System AVR Summary Report Form to be used for logging times that the Excitation System is not in Automatic Voltage Control mode; 3) Photos of labeling on a Voltage Regulator indicating the

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<sup>6</sup> The failure to notify the Transmission Operator for 3 hours and 36 minutes created a violation duration of VAR-002-1, R3 of 3 hours and 6 minutes because the standard requires notice within 30 minutes.

<sup>7</sup> LaGen stated that it would complete the Mitigation Plan by June 25, 2008. The Mitigation Plan was actually completed on June 26, 2008. LaGen explained in an e-mail to SERC that one of the control room operators at the Cajun 2 Unit 2 generating facility was unable to take the course until June 26, 2008. The operator reported to work on June 26, 2008 and completed the course prior to assuming his job duties.

requirement to notify the Transmission Operator of any status change; and 4) the procedures for ensuring compliance with VAR-002 showing April 16, 2008 modifications to incorporate detail on reporting requirements and strengthen emphasis on proper notifications.

## **Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed**

### **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,<sup>8</sup> the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on October 27, 2008. The NERC BOTCC approved the Settlement Agreement, including SERC's imposition of a \$10,000 penalty against the LaGen, in addition to other actions to promote prospective compliance required under the terms and conditions of the Settlement Agreement. In approving the Settlement Agreement, the NERC BOTCC reviewed the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the alleged violations at issue.

In reaching this determination, NERC BOTCC considered the following factors as described in the Settlement Agreement: 1) LaGen self-reported the original possible alleged violations; 2) NRG Energy, Inc.<sup>9</sup> has a Regulatory Compliance Group (within NRG, Inc.'s Legal Department) consisting of a Deputy General Counsel & Chief Compliance Officer, two Regulatory Compliance Directors focused on plant operations, a Regulatory Compliance Director focused on Commercial Operations & Commodities, and an analyst. LaGen also has a Compliance Coordinator. NRG, Inc. and LaGen have a procedure for internal notifications in the event of a possible violation of a NERC or regulatory requirement. That procedure was utilized with respect to the alleged violations. All of this demonstrates a corporate culture of compliance; 3) SERC reports that LaGen was cooperative in the violation investigation; and 4) SERC reports that the violations were deemed not to be violations that put bulk power system reliability at serious or substantial risk, because the incident was isolated, and the duration of the AVR outage was limited to approximately eleven minutes.

Therefore, NERC approves the Settlement Agreement and believes that the proposed \$10,000 dollar penalty is appropriate and consistent with NERC's goal to ensure reliability of the bulk power system.

Pursuant to Order No. 693, 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.

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<sup>8</sup> *Guidance on Filing Reliability Notices of Penalty*, 124 FERC ¶ 61,015 (2008).

<sup>9</sup> According to the Settlement Agreement, LaGen is a wholly-owned subsidiary of NRG Energy, Inc.

**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 and material:

- a) LaGen's Self-Report dated April 3, 2008, included as Attachment a;
- b) Settlement Agreement by and between SERC and LaGen executed October 7, 2008, which is included in Attachment b;
- c) Mitigation Plan designated as MIT-08-0559 authorized April, 29, 2008, included as Attachment c;
- d) LaGen's Certification of Completion of the Mitigation Plan dated July 1, 2008, included as Attachment d; and
- e) SERC's Verification of Completion of the Mitigation Plan dated July 6, 2008, included as Attachment e.

**A Form of Notice Suitable for Publication**

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

## Notices and Communications

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

Rick Sergel  
President and Chief Executive Officer  
David N. Cook\*  
Vice President and General Counsel  
North American Electric Reliability Corporation  
116-390 Village Boulevard  
Princeton, NJ 08540-5721  
(609) 452-8060  
(609) 452-9550 – facsimile  
david.cook@nerc.net

Marisa A. Sifontes\*  
Compliance Legal Counsel  
SERC Reliability Corporation  
2815 Coliseum Centre Drive, Suite 500  
Charlotte, NC 28217  
(704) 494-7775  
msifontes@serc1.org

Jeff Baudier\*  
SVP & President SC Region  
Louisiana Generating LLC  
112 Telly Street  
New Roads, LA 70760  
(225) 618-4407  
Jeff.Baudier@nrgenergy.com

Mark Croft\*  
General Counsel  
Louisiana Generating LLC  
112 Telly Street  
New Roads, LA 70760  
(225) 618-4427  
Mark.Croft@nrgenergy.com

\*Persons to be included on the Commission's service list are indicated with an asterisk. NERC respectfully requests waiver of the Commission's rules and regulations to permit more than two persons to be included on the service list.

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

Gerry Cauley  
President and Chief Executive Officer  
SERC Reliability Corporation  
2815 Coliseum Centre Drive  
Charlotte, NC 28217  
(704) 940-8202  
(704) 357-7914 – facsimile  
gcauley@serc1.org

Thomas J. Galloway\*  
Vice President and Director of Compliance  
SERC Reliability Corporation  
2815 Coliseum Centre Drive  
Charlotte, NC 28217  
(704) 940-8205  
(704) 357-7914 – facsimile  
tgalloway@serc1.org

Kenneth B. Keels, Jr.\*  
Manager of Compliance Enforcement  
SERC Reliability Corporation  
2815 Coliseum Centre Drive  
Charlotte, NC 28217  
(704) 940-8214  
(704) 357-7914 – facsimile  
kkeels@serc1.org

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Louisiana Generating, LLC  
July 10, 2009  
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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,

Rick Sergel  
President and Chief Executive Officer  
David N. Cook  
Vice President and General Counsel  
North American Electric Reliability Corporation  
116-390 Village Boulevard  
Princeton, NJ 08540-5721  
(609) 452-8060  
(609) 452-9550 – facsimile  
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: Louisiana Generating LLC  
SERC Reliability Corporation

Attachment(s)



## **Attachment a**

**LaGen's Self-Report, dated April 3, 2008**



**SERC Reliability Corporation  
Self-Reporting / Complaint Form Template  
Revision 1 (10-25-07)**

Report Type (please check):  Self-Report     Complaint

Date of Report: April 3, 2008

NAME OF PERSON REPORTING POSSIBLE STANDARD VIOLATION(S)		
CONTACT NAME Keith Comeaux	CONTACT TELEPHONE NUMBER 1-225-663-0043	
CONTACT E-MAIL keith.comeaux@nrgenergy.com	CONTACT FAX	
REPORTING COMPANY NAME Louisiana Generating, LLC	ANONYMOUS? (Y/N) No	
NERC OR REGIONAL STANDARD(S) AND SPECIFIC REQUIREMENT(S) POSSIBLY VIOLATED		
NAME OF COMPANY POSSIBLY VIOLATING STANDARD(S) Louisiana Generating, LLC		ENTITY FUNCTION TYPE(S) BA/TO/GO/GOP/RP/DP/ PSE/LSE/IA
STANDARD # AND VERSION VAR-002-1	MEASURE / REQUIREMENT R1 and R3, R3.1	DATE OF POSSIBLE VIOLATION(S) April 2, 2008
POSSIBLE VIOLATION DESCRIPTION, REASON FOR COMPLAINT, OR QUESTION		
Cajun 2 unit 2 took their automatic voltage regulator out of service in order to clean the rheostat on April 2, 2008 at 9:30 and it was returned to service at 9:41. No notifications were made at that time by the plant. Once realized the LaGen transmission operators contacted Entergy (TOP) and SPP (RC) at 13:06. As a result it did not meet the requirements R1, R3 and R3.1 of VAR-002-1,		
RELIABILITY IMPACT (IF KNOWN)		
None known.		

**SERC Staff will contact the person providing the report as soon as possible.  
If you do not receive a response from SERC Staff within 2 business days please contact the SERC office (704-357-7372).**

**Please complete the form as completely as possible and email to [serccomply@serc1.org](mailto:serccomply@serc1.org).**

## **Attachment b**

# **Settlement Agreement by and between SERC and LaGen, executed October 7, 2008**

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**SETTLEMENT AGREEMENT  
OF  
SERC RELIABILITY CORPORATION  
AND  
LOUISIANA GENERATING LLC**

**I. INTRODUCTION**

1. SERC Reliability Corporation (“SERC”) and Louisiana Generating LLC (“LaGen”) enter into this Settlement Agreement (“Agreement”) to resolve all outstanding issues arising from a preliminary and non-public assessment conducted by SERC pursuant to the North American Electric Reliability Corporation (“NERC”) Rules of Procedure, initiated in response to an April 3, 2008 Self-Report of a possible violation by LaGen of the NERC Reliability Standard VAR-002-1, Requirements R1 and R3 (SERC Issue Tracking No. 08-017; NERC Violation ID Nos. SERC200800103 and SERC200800104).

**II. STIPULATION**

2. The facts herein are stipulated solely for the purpose of resolving, between LaGen and SERC, the matters discussed herein and do not constitute stipulations or admissions for any other purpose. LaGen and SERC hereby stipulate and agree to the following:

**Background**

3. LaGen is a wholly owned subsidiary of NRG Energy, Inc. (“NRG”), and is located in the SERC Region of NERC. LaGen is a transmission-dependent control area and utilizes the transmission systems of its transmission providers to transmit energy from its generating units to its customers. At the time, LaGen served eleven (11) cooperatives in Louisiana in its Balancing Authority footprint with a peak load of approximately 2100 MW. LaGen owns a single 24-mile, 138 kV radial transmission line that is located between two substations in its system. LaGen also owns transformers and high side equipment in its substations. The Southwest Power Pool Reliability Coordinator provides reliability coordinator services to the LaGen Balancing Authority.
4. LaGen resources consist of a total capacity of approximately 2400 MW. This consists of approximately 1489 MW of coal generation (Cajun 2), 686 Mws of

gas generation, and approximately 220 MW of gas/oil generation. The units can run a mixture or stand alone on either fuel.

### **Alleged Violations**

5. The relevant subset of the requirements of VAR-002-1, and the text thereof, are as follows:
  - R1. The Generator Operator shall operate each generator connected to the interconnected transmission system in the automatic voltage control mode (automatic voltage regulator in service and controlling voltage) unless the Generator Operator has notified the Transmission Operator.
  - R3. Each Generator Operator shall notify its associated Transmission Operator as soon as practical, but within 30 minutes of any of the following:
    - R3.1. A status or capability change on any generator Reactive Power resource, including the status of each automatic voltage regulator and power system stabilizer and the expected duration of the change in status or capability.
6. On April 2, 2008, at 9:30 am CST, LaGen personnel at its Cajun 2 Unit 2 generating facility ("Cajun 2") took the automatic voltage regulator ("AVR") out of service in order to clean the rheostat. The Cajun 2 AVR was returned to service at 9:41 am CST. The LaGen plant operators made no immediate notifications to the Transmission Operator, Reliability Coordinator or to LaGen management. The LaGen System Operator contacted the Transmission Operator and the Reliability Coordinator at 1:06 pm CST that same day. As a result, neither the initial notification of the change in AVR status nor the 30 minute notification to LaGen's Transmission Operator was made consistent with the requirements of VAR-002-1.
7. On April 3, 2008, LaGen's management verified the occurrence of the AVR outage and the oversight of notification. As soon as it was confirmed, LaGen Self-Reported this event to SERC on April 3, 2008, via email at 5:51 pm CST. On April 3, 2008, LaGen sent an explanatory letter and filed a Self-Report with SERC to provide background information leading up to this event. A Mitigation Plan was submitted by LaGen to SERC on April 9, 2008 and SERC accepted the mitigation plan on May 15, 2008.
8. SERC Compliance Staff confirmed LaGen's NERC Registration Status as a Generator Operator and that LaGen, therefore, was subject to the requirements of NERC Reliability Standard VAR-002-1.
9. SERC Compliance Staff reviewed LaGen's Self-Report, conducted telephone interviews with LaGen representatives, and concluded there was sufficient basis to allege a violation by LaGen of NERC Reliability Standard VAR-002-

1, Requirements R1 and R3.1 on April 2, 2008, continuing for a period of less than one day.

10. On June 12, 2008, LaGen requested the commencement of settlement discussions to resolve the allegations of the subject violations.

### **III. PARTIES' SEPARATE REPRESENTATIONS**

#### **Statement of SERC and Summary of Findings**

11. NERC Standard VAR-002-1, Requirement R1 requires Generator Operators to operate each generator connected to the interconnected transmission system in the automatic voltage control mode unless the Generator Operator has notified the Transmission Operator. On April 2, 2008, at 9:30 am CST, LaGen personnel at its Cajun 2 generating facility took the unit's AVR out of service for maintenance without notifying its Transmission Operator. LaGen continued to operate the Cajun 2 generating facility without its AVR controlling voltage for a period of approximately 11 minutes. Therefore, SERC finds that LaGen was in violation of NERC Reliability Standard VAR-002-1, Requirement R1 on April 2, 2008 for a period of less than one day.

12. Reliability Standard VAR-002-1 Requirement 1 has a Violation Risk Factor ("VRF") of "Medium".

13. NERC Standard VAR-002-1, Requirement R3.1 requires a Generator Operator to notify its associated Transmission Operator as soon as practical, but within 30 minutes, of any status or capability change on any generator Reactive Power resource, including the status of each automatic voltage regulator and power system stabilizer and the expected duration of the change in status or capability. On April 2, 2008, LaGen failed to notify its Transmission Operator of the change in status of its AVR for approximately 3 hours and 36 minutes. Therefore, SERC finds that on April 3, 2008, LaGen was in violation of NERC Reliability Standard VAR-002-1, Requirement R3.1. for a period of 3 hours and 6 minutes<sup>1</sup>.

14. Reliability Standard VAR-002-1, Requirement 3 has a VRF of "Medium".

15. While compliance with VAR-002-1 by all registered Generator Operators is collectively important to ensure adequate voltage control to support stability of the Bulk Power System ("BPS"), and to ensure operational visibility of the BPS by Transmission Operators, and the individual contribution of each discrete generating unit is required to achieve the purpose of the standard,

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<sup>1</sup> Since Requirement 3.1 states that such notice is required "as soon as practical, but within 30 minutes, of any status or capability change" (emphasis added), the violation did not begin until 10:00 am, 30 minutes after the AVR was taken out of service.

SERC considered in this case that the actual and foreseen impact of LaGen's isolated, individual failure at one of its generating units to maintain AVR and the related subsequent failure to notify the Transmission Operator of the change in status of the Reactive Power resource did not pose a serious or substantial risk to the reliability of the BPS. In reaching this conclusion, SERC considered the limited scope of the violation, the duration of the AVR outage, and the prompt action by LaGen to establish mechanisms to prevent recurrence as discussed below.

16. SERC considered several mitigating factors and found no aggravating factors in its investigation of these violations: LaGen had no prior violations of VAR-002-1; LaGen promptly and completely Self-Reported the possible violations; the violation of Requirement 1 was mitigated as soon as the AVR was returned to service (after only 11 minutes); the violation of Requirement 3 was mitigated upon LaGen's notification to the Transmission Operator of the change in status (after 3 hours and 36 minutes); and LaGen promptly submitted and completed a Mitigation Plan to prevent recurrence of the violations as discussed in Section IV of the Agreement. Based on these mitigating factors, the absence of any aggravating factors, LaGen's commitment to compliance, its cooperation and conduct throughout SERC's investigation of the violation, and its agreement to expeditiously reconcile this issue via settlement, SERC determined that, in this instance, the aggregate penalty amount of \$10,000 bears a reasonable relation to the seriousness and duration of the violations and takes into consideration LaGen's prompt, voluntary efforts to remedy the violations and complete actions to prevent recurrence of the violations.
17. SERC agrees that this Agreement is in the best interest of the parties and in the best interest of bulk power system reliability.

## Statement of LaGen

18. SERC acknowledged it received the Self-Report and informed LaGen it would contact LaGen in the event more information was needed. Additional requested information was provided in various teleconferences held with SERC Staff. LaGen submitted the proposed mitigation plan to SERC and was requested by SERC Staff managing the mitigation plan to change the wording to better align the actions to be taken to eliminate the possible violation from reoccurring and the milestones, discussed in greater detail below. The Mitigation Plan was revised and returned to SERC on April 29, 2008. Several contacts were made to check on the progress of the Self-Report. On June 5, 2008 an NRG Director-Regulatory Compliance and LaGen's Compliance Coordinator hosted a call with a SERC Compliance engineer to explore the possibility of pursuing the settlement process. NRG has a Regulatory Compliance Group (within NRG's Legal Department) consisting of a Deputy General Counsel & Chief Compliance Officer, two Regulatory Compliance Directors focused on plant operations, a Regulatory Compliance Director focused on Commercial Operations & Commodities, and an analyst. LaGen also has a Compliance Coordinator. NRG and LaGen have a procedure for internal notifications in the event of a possible violation of a NERC or regulatory requirement. That procedure was utilized with respect to the possible violation. The LaGen internal investigation began on the morning of April 3, 2008, when the Director-Regulatory Compliance, Plant Operations, was notified of a possible violation and commenced the investigation. The investigation consisted of interviews and listening to recorded telephone conversations. By mid-morning it was determined a possible violation may have occurred and LaGen and NRG senior management along with the Deputy General Counsel & Chief Compliance Officer were notified. This team decided to submit a Self-Report to SERC which took place in the late afternoon on April 3, 2008.
19. LaGen, as a subsidiary of NRG, is subject to a corporate standard operating system ("SOS") to address NERC standards VAR-001-1 and VAR-002-1. Training had been conducted on this particular SOS from July 2007 to August 2007 via a computer-based program to all applicable LaGen employees. LaGen conducted retraining during the months of May and June 2008. A copy of the relevant SOS was provided to SERC.
20. LaGen neither admits nor denies that the facts set forth herein, and agreed to by the parties for purposes of this Agreement, constitute violations of VAR-002. The parties have agreed to enter into this 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. LaGen agrees that this Agreement is in the best interest of the parties and in the best interest of bulk power system reliability.



#### **IV. MITIGATING ACTIONS, REMEDIES AND SANCTIONS**

21. For purposes of settling any and all disputes arising from LaGen's Self-Report, SERC and LaGen herein agree that LaGen took the following actions, as set forth in LaGen's Mitigation Plan submitted to SERC on April 9, 2008:
- i. Modified internal reporting forms to add columns to record time of notifications of events.
  - ii. Placed labels on control points of all AVR's as a reminder to make required notifications.
  - iii. Reviewed internal procedures for notifications and strengthened notification emphasis as needed.
  - iv. Re-trained appropriate personnel on the internal Voltage Control Procedure.
22. SERC accepted LaGen's Mitigation Plan on May 15, 2008 and NERC approved the Mitigation Plan on June 3, 2008. The Mitigation Plan is identified as MIT-08-0559 and was submitted as non-public information to the Commission on June 3, 2008 in accordance with Commission orders. LaGen certified on July 1, 2008 that the Mitigation Plan and the actions to prevent recurrence were completed on June 26, 2008. LaGen's Mitigation Plan, its Certification of Mitigation Plan Completion, and the Statement of SERC Reliability Corporation Compliance Staff Regarding Completion of Mitigation Plan are attached hereto as Appendix A.
23. The parties agree that the actions taken referenced in paragraph 21 have been completed as of June 26, 2008.
24. LaGen will pay a monetary penalty of \$10,000 to SERC, via electronic funds transfer to a SERC account that will be outlined in an invoice sent to LaGen within 20 days after this Agreement is either approved by the Commission or rendered effective by operation of law. Payment shall be remitted to SERC within 20 days of the date of the invoice and SERC will notify NERC if the payment is not received.
25. It is understood that SERC will have the right to audit the progress of mitigation plans and any other remedies of this Agreement, including, but not limited to, site inspection, review of financial records, interviews, and request other documentation to validate progress and/or completion of the mitigation plans and any other remedies of this Agreement. SERC will coordinate any such audits and information requests with LaGen related to this Agreement.
26. Failure to timely make the above-referenced penalty payment or to comply with any of the terms and conditions of this Agreement will be deemed to be either the same alleged violations that initiated this Agreement and/or additional violation(s) and may subject LaGen to new or additional enforcement, penalty or sanction actions in accordance with the NERC Rules of Procedure.

27. If LaGen does not timely make the above-referenced penalty payment, LaGen will pay interest on the unpaid balance to SERC in accordance with 18 C.F.R. §35.19(a)(2)(iii) from the date such payment is due until paid in full.

## **V. ADDITIONAL TERMS**

28. The parties agree that they enter into this Agreement voluntarily and that, other than the recitations set forth herein, no tender, offer or promise of any kind by any member, employee, officer, director, agent or representative of SERC or LaGen has been made to induce the signatories or any other party to enter into this Agreement.

29. SERC must report the terms of all settlements of compliance matters to NERC. NERC will review this Agreement for the purpose of evaluating its consistency with other settlements entered into for similar violations or under other, similar circumstances. Based on this review, NERC will either approve the settlement or reject the settlement and notify SERC and LaGen of changes to the settlement that would result in approval. If NERC rejects the settlement, NERC will provide specific written reasons for such rejection and SERC will attempt to negotiate a revised settlement agreement with LaGen, including any changes to the settlement specified by NERC. If a settlement cannot be reached, the enforcement process will continue to conclusion. If NERC approves the settlement, NERC will (i) report the approved settlement to the Commission for the Commission's review and approval by order or operation of law and (ii) publicly post the alleged violation and the terms provided for in the settlement.

30. This Agreement will become effective upon NERC approval and the Commission's approval by order or operation of applicable law as submitted to it or as modified in a manner acceptable to the parties.

31. LaGen agrees that this Agreement, when approved by NERC and the Commission, will represent a final settlement of all matters set forth herein and LaGen waives its right to further hearings and appeal, unless and only to the extent that LaGen contends that any NERC or Commission action on this Agreement contains one or more material modifications to this Agreement. SERC reserves all rights to initiate enforcement, penalty or sanction actions against LaGen in accordance with the NERC Rules of Procedure in the event that LaGen fails to comply with the mitigation plan and compliance program agreed to in this Agreement. If LaGen fails to comply with any of the stipulations, remedies, sanctions or additional terms, as set forth in this Agreement, SERC will initiate enforcement, penalty, or sanction actions against LaGen to the maximum extent allowed by the NERC Rules of Procedure, up to the maximum statutorily allowed penalty. LaGen will retain all rights to defend against such enforcement actions in accordance with the NERC Rules of Procedure and applicable law.

32. Each of the undersigned warrants that he or she is an authorized representative of the entity designated, is authorized to bind such entity and accepts this Agreement on the entity's behalf.
33. The undersigned representative of each party affirms that he or she has read this Agreement, that all of the matters set forth in this Agreement are true and correct to the best of his or her knowledge, information and belief, and that he or she understands that this Agreement is entered into by such party in express reliance on those representations, provided, however, that such affirmation by each party's representative will not apply to the other party's statements of position set forth in Section III of this Agreement.
34. This Agreement may be signed in counterparts.
35. This Agreement is executed in duplicate, each of which so executed will be deemed to be an original.

***Remainder of page intentionally blank.  
Signatures to be affixed to the following page.***

Agreed to and accepted:

**SERC RELIABILITY CORPORATION**

  
Gerry W. Cauley  
President and CEO

10/7/2008  
Date

**LOUISIANA GENERATING, LLC**

  
Jeff Baudier  
SVP & President NRG South Central Region

10/2/08  
Date

## **Attachment c**

**Mitigation Plan designated as MIT-08-0559,  
authorized April 29, 2008**



# Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: 04/09/08

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

- Section 6.2 of the CMEP<sup>1</sup> 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.

<sup>1</sup> "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.



- This submittal form shall be used to provide a required Mitigation Plan for review and approval by SERC and NERC.
- The Mitigation Plan shall be submitted to SERC and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.
- 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.
- If the Mitigation Plan is approved by SERC 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.
- SERC or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
- Remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.

**Section B: Registered Entity Information**

B.1 Identify your organization:

Company Name: Louisiana Generating, LLC  
Company Address: 112 Telly Street New Roads LA, 70760  
NERC Compliance Registry ID *[if known]*: NCR01265

B.2 Identify the individual in your organization who will serve as the Contact to SERC regarding this Mitigation Plan. This person shall be technically knowledgeable regarding this Mitigation Plan and authorized to respond to SERC regarding this Mitigation Plan.

Name: Keith Comeaux  
Title: Director Regulatory Compliance  
Email: keith.comeaux@nrgenergy.com  
Phone: 225-663-0043



**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: VAR-002-1  
*[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]	SERC Violation ID # [if known]	Requirement Violated (e.g. R3.2)	Violation Date <sup>(*)</sup>
SERCYYYYnnnnn	YYYY-nnn	Rn.n.n R1,R3,R3.1	MM/DD/YYYY April 2, 2008

(\*) Note: The Violation Date shall be: (i) the date that 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 SERC. Questions regarding the date to use should be directed to SERC.

C.3 Identify the cause of the violation(s) identified above:  
 Removed an AVR from automatic voltage control mode without notifying the Transmission Operator in a timely manner.  
*[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) Re-train appropriate personnel (as identified in NRG procedures) on the Voltage Control Procedure.
  - i) Due Date: 6/25/08
  - ii) Status: Not begun
  
- 2) Modify AVR mode change reporting forms to add columns to record time of notifications of events.
  - i) Due Date 4/31/08
  - ii) Status: In Progress
  
- 3) Place labeling on control points of all AVR's as a reminder to make required notifications.
  - i) Due Date 4/31/08
  - ii) Status: In Progress
  
- 4) Review procedures that require notifications and strengthen notification emphasis as needed.
  - i) Due Date: 5/30/08
  - ii) Status Not begun

[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: As detailed in Section D.1, this mitigation plan will be completed by 6/25/08.

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)
Re-train appropriate personnel (as identified in NRG procedures) on the Voltage Control Procedure.	6/25/08
Modify AVR mode change reporting forms to add columns to record time of notifications of events.	4/31/08
Place labeling on control points of all AVR's as a reminder to make required notifications.	4/31/08
Review procedures that require notifications and strengthen notification emphasis as needed.	5/30/08

(\* ) 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:

(i) The risk, although low, of a similar failure to report incident, although highly unlikely, exists until the required training is completed. (ii) Upon discovery of the failure to timely report as required by VAR-002-1, an email was immediately sent to appropriate personnel emphasizing communication requirements of Voltage Regulator Status, Power Stabilizer Status and disturbance reporting. Additionally, immediate refresher training on VAR-002-1 was initiated in the form of one-on-one verbal reviews.

[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:

LaGen believes the existing internal procedures and policies pertaining to this required reporting are adequate. Training was completed on these procedures and policies last year. LaGen expects that the re-fresher training combined with the additional tools included in the form of additional labeling and written reminders as described in our plan will insure knowledge retention and that future reporting requirements will be met.

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

- 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:

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

Continued on Next Page



## 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 SERC for acceptance by SERC 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 Director Regulatory Compliance of NRG Energy, Inc..
  2. I am qualified to sign this Mitigation Plan on behalf of Louisiana Generating, LLC.
  3. I have read and understand Louisiana Generating, LLC 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. Louisiana Generating, LLC agrees to be bound by, and comply with, the Mitigation Plan, including the timetable completion date, as approved by SERC and approved by NERC.

Authorized Individual Signature

A handwritten signature in black ink that reads 'Keith Comeaux'.

(Electronic signatures are acceptable; see CMEP)

Name (Print): *Keith Comeaux*

Title: Director Regulatory Compliance

Date: April 29, 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]

**Submittal Instructions:**

Please convert the completed and signed document to an Adobe .pdf document using the following naming convention:

[(MP Entity Name (STD-XXX) MM-DD-YY.pdf)]

Email the pdf file to [serccomply@serc1.org](mailto:serccomply@serc1.org).

Please direct any questions regarding completion of this form to:

Ken Keels  
Manager, Compliance Enforcement  
SERC Reliability Corporation  
704-357-7372  
[kkeels@serc1.org](mailto:kkeels@serc1.org)

## **Attachment d**

# **LaGen's Certification of Completion of the Mitigation Plan, dated July 1, 2008**

Louisiana Generating LLC  
112 Telly Street  
New Roads, LA 70760  
an NRG Energy company



To Close Out a Completed Mitigation Plan, fill out this form, save it as a pdf file, and email it to [serccomply@serc1.org](mailto:serccomply@serc1.org). Note that electronic signatures are acceptable.

*All Mitigation Plan Completion Certification submittals shall include data or information sufficient for SERC to verify completion of the Mitigation Plan. SERC may request such additional data or information and conduct follow-up assessments, on-site or other Spot Checking, or Compliance Audits as it deems necessary to verify that all required actions in the Mitigation Plan have been completed and the Registered Entity is in compliance with the subject Reliability Standard. (CMEP Section 6.6) Data or information submitted may become part of a public record upon final disposition of the possible violation, therefore any confidential information contained therein should be marked as such in accordance with the provisions of Section 1500 of the NERC Rules of Procedure.*

---

## Certification of a Completed Mitigation Plan

### SERC Reliability Corporation Violation Mitigation Plan Closure Form

Name of Registered Entity submitting certification: Louisiana Generating, LLC

Date of Certification: July 1, 2008

Name of Standard and the Requirement(s) of mitigated violation(s): VAR-002 R1 and R3.

SERC Tracking Number (contact SERC if not known): 08-017

NERC Violation ID Number (if assigned): MIT 08-0559

**Date of completion of the Mitigation Plan:** June 26, 2008

Summary of actions described in Part D of the relevant mitigation plan: Actions taken to satisfy the steps in our mitigation plan;

- 1) Re-train appropriate personnel (as identified in NRG procedures) on the Voltage Control Procedure with a due date of June 25, 2008. Completed on June 26, 2008.

➤ Supporting evidence for number 1:



Attachment "A", LaGen personnel enrolled in the Voltage Control Procedure course and completion dates.

One control room operator, as high-lighted in the training records, at Cajun 2 completed the training June 26, 2008. An email is provided to explain why he was unable to take the course until June 26, 2008. The operator reported to work on June 26, 2008 and completed the course prior to assuming his job duties.

2) Modify AVR mode change reporting forms to add columns to record time of notifications of events with a due date of April 31, 2008. Completed on April 4, 2008.

➤ Supporting evidence for number 2:

Attachments "B", two columns were added to the AVR summary report, Time of event start notification and Time of event end notification.

3) Place labeling on control points of all AVR's as a reminder to make required notifications with a due date of April 31, 2008. Completed on April 4, 2008.

➤ Supporting evidence for number 3:

Attachment "C", Pictures of the labels added for AVR notifications at the plants.

4) Review procedures that require notifications and strengthen notification emphasis as needed with a due date of May 30, 2008. Completed on April 16, 2008.

➤ Supporting evidence for number 4:

Attachment "D", revised NRG Voltage Control Procedure with the supporting revision history.

Description of the information provided to SERC for their evaluation: Attached above per action item.

I certify that the mitigation plan for the above-named violation has been completed on the date shown above. In doing so, I certify that all required mitigation plan actions described in Part D of the relevant mitigation plan have been completed, compliance has been restored, the above-named entity is currently compliant with all of the requirements of the referenced standard, and that all information submitted information is complete and correct to the best of my knowledge.

Name:

Title: Director Regulatory Compliance

Entity: NRG Energy, Inc.

Email: keith.comeaux@nrgenergy.com

Phone: 225-663-0043

Designated Signature

*Keith Comeaux*

Date

*July 1, 2008*

*[NOTE - Closure Form should be signed by same individual that signed Mitigation Plan]*  
(Form Revised June 11, 2008)

## **Attachment e**

# **SERC's Verification of Completion of the Mitigation Plan**



SERC Reliability Corporation  
2815 Coliseum Centre Drive | Suite 500  
Charlotte, NC 28217  
704.357.7372 | Fax 704.357.7914 | [www.serc1.org](http://www.serc1.org)

**Statement of SERC Reliability Corporation Compliance Staff Regarding  
Completion of Mitigation Plan**

Registered Entity: Louisiana Generating LLC  
SERC Tracking ID: 08-017  
NERC Violation No: SERC200800103; SERC200800104  
NERC Mitigation Plan ID: MIT-08-0559  
Standard: VAR-002-1  
Requirements: R1,R3

**Violation Summary:**

The generator operator removed the automatic voltage regulator (AVR) from service without notifying the Transmission Operator of the outage or the change in the AVR status. Louisiana Generating LLC is in violation of VAR-002-1 Requirement 1 because it failed to operate in automatic voltage control mode without proper notification to the TOP. Louisiana Generating LLC is in violation of VAR-002-1 Requirement 3 for failing to notify its Transmission Operator within 30 minutes of a change in the status of its AVR and the expected duration of the change in status.

**Mitigation Plan Summary:**

Louisiana Generating LLC's Mitigation Plan to address the referenced violations was accepted by SERC on May 15, 2008 and approved by NERC on June 3, 2008 and was submitted as non-public information to FERC on June 3, 2008 in accordance with FERC orders.

The nature of the requirements in VAR-002 is such that an entity restores compliance by returning the unit to the voltage schedule provided by the Transmission Operator. The Mitigation Plan submitted by Louisiana Generating LLC focused on preventing recurrence of the violation.

Pursuant to its Mitigation Plan, Louisiana Generating LLC has completed the following actions to prevent recurrence: (1) modified its procedure documents to incorporate detail on reporting requirements and strengthen emphasis on proper notifications; (2) added labeling to its Voltage Regulator control panels to include the requirement to notify the Transmission Operator; (3) developed a revised reporting process to include logging of times the Voltage Regulator is not in Voltage Control Mode; and (4) trained its operators on the reporting requirements.

**SERC's Monitoring of Registered Entity's Mitigation Plan Progress:**

SERC Reliability Corporation Compliance Staff ("SERC Staff") monitors the Registered Entity's progress towards completion of its Mitigation Plans in accordance with Section 6.0 of the uniform Compliance Monitoring and Enforcement Program, ("CMEP"). Pursuant to the CMEP, Registered Entities are required to establish implementation milestones no more than three (3) months apart. SERC Staff solicits quarterly reports from all Registered Entities with open mitigation plans to monitor the progress on completion of milestones. SERC Staff also produces and reviews daily Mitigation Plan status reports highlighting Mitigation Plans that are nearing the scheduled completion date. If the Registered Entity fails to complete its Mitigation Plan according to schedule, appropriate additional enforcement action is initiated to assure compliance is attained.

In this case, Louisiana Generating LLC certified completion of its Mitigation Plan within sixty (60) days of its submittal and no additional monitoring of progress was necessary.

**Mitigation Plan Completion Review Process:**

Louisiana Generating LLC certified on July 1, 2008 that the subject Mitigation Plan was completed on June 26, 2008. A SERC compliance staff member reviewed the evidence submitted in a manner similar to a compliance audit.

**Evidence Reviewed:**

Louisiana Generating LLC submitted and SERC Staff reviewed the following evidence in support of its certification that its Mitigation Plan was completed in accordance with its terms:

- NRG LaGen SERC Mitigation Plan Completion Form attachment A.pdf  
*(Voltage Control Procedure Training Roster showing list of individuals receiving internal training on the revised Voltage Control Procedure)*
- NRG LaGen SERC Mitigation Plan Completion Form attachment B.pdf  
*(Excitation System AVR Summary Report Form to be used for logging times that Excitation System is not in Automatic Voltage Control mode)*
- NRG LaGen SERC Mitigation Plan Completion Form attachment C.pdf  
*(Photos of labeling on Voltage Regulator indicating requirement to notify the TOP of status change)*
- NRG OCC-004 Voltage Control Mark.doc  
*(Copy of NRG/LaGen Standard Operating System- Voltage Control- OCC-004, Dated April 16, 2008 - Procedures for VAR-001 and VAR-002 showing April 16, 2008 modifications to incorporate detail on reporting requirements and strengthen emphasis on proper notifications)*

**Conclusion:**

On July 6, 2008 SERC Staff completed its review of the evidence submitted by Louisiana Generating LLC in support of its Certification of Completion of the subject Mitigation Plan. Based on its review of the evidence submitted, SERC Staff hereby verifies that, in its professional judgment, all required actions in the Mitigation Plan have been completed and Louisiana Generating LLC is in compliance with the subject Reliability Standard Requirements.

This Statement, along with the subject Mitigation Plan, may become part of a public record upon final disposition of the possible violation.

**Respectfully Submitted,**

Mark Ladrow  
Compliance Engineer

**Attachment f**

**Notice of Filing**

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Louisiana Generating LLC

Docket No. NP09-\_\_\_\_-000

NOTICE OF FILING  
July 10, 2009

Take notice that on July 10, 2009, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Louisiana Generating LLC in the SERC Reliability Corporation 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](mailto:FERCOnlineSupport@ferc.gov), or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date: [BLANK]

Kimberly D. Bose,  
Secretary