



NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

May 1, 2009

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

**Re: NERC Notice of Penalty regarding Northern States Power Company, 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 Northern States Power Company, a Minnesota corporation (Northern States Power or NSP), NERC Registry ID NCR01020,<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>

Northern States Power conducted an internal review and initially discovered that its documentation did not include exemption criteria for voltage or reactive power schedules for two wind generators. Northern States Power subsequently identified twenty-nine wind generators and one refuse derived fuel generator for which exemption criteria should have been established and the owners notified of the exemption. Upon completion of its internal review, Northern States Power also identified five Generator Owners for which it could not provide evidence that voltage schedules had been provided prior to August 18, 2007. As a result of the internal review, Northern States Power self-reported violation of VAR-001-1 Requirements (R) 3 and R4. After

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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> Midwest Reliability Organization confirmed that Northern States Power and its operating company affiliate Northern States Power Company, a Wisconsin corporation (jointly the NSP Companies), were included on the NERC Compliance Registry as a Transmission Owner, Transmission Operator, Distribution Provider, Generator Owner, Generator Operator, Resource Planner, Transmission Planner, Transmission Service Provider, Balancing Authority, Purchasing-Selling Entity and Load-Serving Entity on May 30, 2007 and as a Transmission Operator was subject to the requirements of NERC Reliability Standard VAR-001-1. The NSP Companies operate an integrated generation and transmission system and balancing authority pursuant to an Interchange Agreement on file with the Commission.

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

reviewing the self-report, Midwest Reliability Organization (MRO) found Northern States Power in violation of VAR-001-1 R3 and R4. This Notice of Penalty is being filed with the Commission because, based on information from MRO, Northern States Power does not dispute the violations of VAR-001-1 R3 and R4 and the proposed penalty of \$0 to be assessed to Northern States Power. Accordingly, the violations identified as NERC Violation Tracking Identification Numbers MRO200700045 and MRO200700046 are Confirmed Violations, as that term is defined in the NERC Rules of Procedure and the CMEP.

### 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 June 11, 2008, by MRO, and the Supplemental Record Information letters issued by MRO to Northern States Power on October 16, 2008, November 12, 2008, and March 31, 2009. 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 each Reliability Standard at issue in this Notice of Penalty.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
MRO	Northern States Power	NOC-72	MRO200700045	VAR-001-1	3	Lower	0
MRO	Northern States Power	NOC-72	MRO200700046	VAR-001-1	4	Medium	0

In summary, VAR-001-1 R3 requires Northern States Power, as a Transmission Operator, to specify criteria that exempts generators from compliance with the requirements defined in Requirement R4 and Requirement R6.1. Northern States Power shall maintain a list of generators in its area that are exempt from following a voltage or Reactive Power schedule. For each generator on the exemption list, Northern States Power (the Transmission Operator) shall notify the associated Generator Owner. VAR-001-1 R3 has a "Lower" Violation Risk Factor (VRF).

On December 21, 2007, Northern States Power self-reported non-compliance with VAR-001-1 R3 and also indicated that the exemption criteria would be updated and the review and verification of any exemptions to the voltage or reactive power schedules would be completed by March 15, 2008. Northern States Power further stated that the associated Generator Owners would be notified by March 31, 2008.

During an internal review, Northern States Power discovered that it lacked exemption criteria for wind generators and therefore any wind generators qualifying for the exemption had not been added to the list of exempt generators and the associated Generator Owners had not been notified of the exemptions. Two wind generators were initially identified during the internal review that

would qualify for the exemption because they were induction machines that cannot follow a voltage or Reactive Power schedule. Upon completing its internal review, Northern States Power identified twenty-nine wind generators and one refuse derived fuel generator that should have been identified on its exemption list and notified of the exemption.

VAR-001-1 R4 requires Northern States Power, as the Transmission Operator, to specify a voltage or Reactive Power schedule<sup>4</sup> at the interconnection between the generator facility and the Transmission Owner's facilities to be maintained by each generator. Northern States Power, as the Transmission Operator, shall provide the voltage or Reactive Power schedule to the associated Generator Operator and direct the Generator Operator to comply with the schedule in automatic voltage control mode (AVR in service and controlling voltage). VAR-001-1 R4 has a "Medium" VRF.

As noted above, during an internal review, Northern States Power initially identified two wind generators for which an exemption to a voltage or Reactive Power schedule should have been established. On December 21, 2007, Northern States Power self-reported non-compliance with VAR-001-1 R4. Until it had completed the review of its processes and documentation, Northern States Power could not ensure that it had provided notice and specified voltage or Reactive Power schedule to each Generator Operator in compliance with VAR-001-1 R4. Northern States Power stated that that it would review all generators within its control to verify and document whether they are exempt from or are subject to a voltage or reactive power schedule. NSP indicated that this review and verification would be complete by March 15, 2008. NSP further stated that it would document that each Generator Owner had been notified of any exemption or had been provided with an applicable voltage or reactive power schedule by March 31, 2008.

Upon completing this review, Northern States Power identified twenty-nine wind generators and one refuse derived fuel generator for which an exemption to a voltage or Reactive Power schedule should have been established. Additionally, Northern States Power determined that all required voltage schedules had been provided to its Generator Owners prior to the December 21, 2007 date of the self reported violation. However, Northern States Power was not able to provide evidence that voltage schedules had been provided to five Generator Owners prior to August 18, 2007.

Section 4.2.2 of the NERC Sanction Guidelines states that:

If the actual or foreseen impact of the violation is judged to be inconsequential by NERC or the regional entity and the violation is the first incidence of violation of the requirement in question by the violator, NERC or the regional entity may at its discretion: (i) set the Base Penalty Amount to a value it deems appropriate within the initial value range set above pursuant to Section 4.1, or (ii) *excuse the penalty for the violation (i.e. set the Base Penalty Amount to 0\$).*<sup>5</sup>

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<sup>4</sup> The voltage schedule is a target voltage to be maintained within a tolerance band during a specified period.

<sup>5</sup> See NERC Sanction Guidelines (emphasis added).

MRO exercised its discretion to assess no penalty for the VAR-001-1 R3 violation based on a number of factors. MRO Staff considered the following mitigating factors with respect to the facts and circumstances of the referenced violation: (1) Northern States Power self-reported the violation; (2) this was the first violation by Northern States Power of VAR-001-1 R3; (3) the identified wind generators that qualified for an exemption were induction machines exempt from the VAR-001-1 R3 to follow a voltage or Reactive Power schedule; and (4) MRO determined that the lack of documented exemption criteria for wind generators was deemed not to be a violation that put bulk power system reliability at serious or substantial risk because Northern States Power self-supplied reactive power,

MRO exercised its discretion to assess no penalty for the VAR-001-1 R4 violation based on a number of factors. MRO Staff considered the following mitigating factors with respect to the facts and circumstances of the referenced violation: (1) Northern States Power self-reported the violation; (2) this was the first violation by Northern States Power of VAR-001-1 R4; (3) Northern States Power provides the voltage support from transmission system reactive devices because it operates the transmission system in the area; (4) the violation was deemed not to be a violation that put bulk power system reliability at serious or substantial risk because Northern States Power self provided the reactive supply; and (5) the induction wind generators without reactive supply capability feed into a collector system in which Northern States Power manages the reactive component with reactive devices. MRO determined the duration of the violation of VAR-001-1 R3 began on June 18, 2007, when the Reliability Standards became mandatory and effective, and continued until March 24, 2008, when Northern States Power completed its Mitigation Plan. MRO determined the duration of the violation of VAR-001-1 R4 began on June 18, 2007, when the Reliability Standards became mandatory and effective, and continued until August 18, 2007, when the evidence was produced to demonstrate that voltage schedules had been provided to the required Generator Owners.

Furthermore, MRO Staff determined that these violations were deemed not to be violations that put bulk power system reliability at serious or substantial risk for the reasons noted above. MRO found that Northern States Power fosters a good compliance culture throughout its operations because the violations were identified during an internal review and Northern States Power self-reported its non-compliance with VAR-001-1 R3 and R4.<sup>6</sup> There was no repetitive violation and no negative relevant compliance history. Moreover, Northern States Power cooperated with MRO and worked diligently to identify and mitigate the violations. Finally, according to MRO, there was no evidence of any attempt by Northern States Power to conceal the violations, no evidence that the violations were intentional, and no aggravating extenuating circumstances that would have led MRO Staff to recommend any penalty beyond zero dollars.

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<sup>6</sup> NERC previously filed a Notice of Penalty for Northern States Power on June 4, 2008 (*Docket No. NP08-16-000*) for a violation of CIP-001-1 R2. Northern States Power provided a self-report to MRO stating that its existing emergency plan lacked documentation for one procedure in violation of CIP-001-1 R2. Specifically, a procedure that required notifications of appropriate parties in the Interconnection in the case of sabotage being detected was not documented. Upon its detection of the violation, Northern States Power immediately updated the relevant section of its plan thereby mitigating the subject violation. NERC also is concurrently filing a Notice of Penalty for Northern States Power for the violation of EOP-001-0 R5. Northern States Power provided a self-report to Midwest Reliability Organization stating its emergency plan did not include seven of the applicable elements in Attachment 1 of EOP-001-0.

## Status of Mitigation Plan

Northern States Power's Mitigation Plan to address the referenced violations was submitted to MRO on December 21, 2007, accepted by MRO on January 18, 2008 and approved by NERC on February 27, 2008. The Mitigation Plan for the violations listed is designated as MIT-07-0285 and was submitted as non-public information to FERC on February 28, 2008 in accordance with FERC orders.

Northern States Power identified in its Mitigation Plan that exemption criteria for wind generators was lacking. Northern States Power's Transmission Operator initially identified at least two wind generators for which an exemption or voltage or Reactive Power schedule should have been established. In addition, the wind generators that are exempt from a voltage or Reactive Power schedule would need to be added to the list of exempt generators and notification to the owner provided.

To correct the violations, Northern States Power stated in its Mitigation Plan that it would: (1) update the voltage or Reactive Power schedule exemption criteria for generators, particularly wind generators in Southwestern Minnesota by March 15, 2008; (2) review all generators (especially wind generators in Southwestern Minnesota) to verify and document whether they are exempt or are subject to a voltage or Reactive Power schedule by March 15, 2008; and (3) document that the Generator Owner was notified as to whether it is exempt or is subject to a voltage or Reactive Power schedule by March 31, 2008.

Northern States Power certified on March 25, 2008 that MIT-07-0285 was completed as of March 24, 2008. On April 2, 2008, Northern States Power provided MRO with its internal documented procedure describing the exemption criteria for generators, a list of exempt generators, a list of generator voltage or reactive power set points, as well as copies of the notices dated March 13, 2008 and March 24, 2008, that were provided to the associated Generator Owners. On May 1, 2008, MRO reviewed the submitted documents to determine compliance with Reliability Standard VAR-001-1 R3 and verified completion of the submitted Mitigation Plan as of March 24, 2008. On May 1, 2008, MRO verified the completion of the Mitigation Plan and found Northern States Power to be compliant with Reliability Standard VAR-001-1, R3.

On April 2, 2008, Northern States Power provided MRO with its internal documented procedure regarding transmission voltage operation, as well as a sample notice dated March 21, 2008, notifying a Generator Owner of its associated voltage or reactive power schedule or exemption. Northern States Power stated that all Generator Owners had now been notified of any exemptions or applicable voltage or reactive power schedules.<sup>7</sup> On May 1, 2008, MRO

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<sup>7</sup> On December 22, 2008, Northern States Power provided MRO with additional information via a spreadsheet of all Generator Owners that included the date each was provided a voltage schedule or a notice of exemption. The spreadsheet included both the most recent date and the previous date that a schedule or exemption was provided. As a result of its internal review, Northern States Power identified 29 wind generators and 1 refuse derived fuel generator that were added to the exemption list in March 2008. Notice of exemption was provided to 26 of the identified 30 generators on March 13, 2008. The remaining 4 generators were provided notice of exemption on

reviewed the submitted documents to determine compliance with Reliability Standard VAR-001-1 R4 and verified completion of the submitted Mitigation Plan as of March 24, 2008. On May 1, 2008, MRO verified the completion of the Mitigation Plan and found Northern States Power to be compliant with Reliability Standard VAR-001-1 R4.

## **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 NOCV and supporting documentation on November 7, 2008. The NERC BOTCC affirmed MRO's findings and determination to impose a zero dollar (\$0) financial penalty against Northern States Power, based upon 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, NERC BOTCC considered the following factors: (1) Northern States Power self-reported the violation; (2) this was the first violation by Northern States Power of VAR-001-1 R3 and R4; (3) Northern States Power provides the voltage support from transmission system reactive devices because it operates the transmission system in the area; (4) the violation was deemed not to be a violation that put bulk power system reliability at serious or substantial risk because Northern States Power self provided the reactive supply; (5) the induction wind generators without reactive supply capability feed into a collector system in which Northern States Power manages the reactive component with reactive devices; (6) going forward all wind generators will be provided a voltage or Reactive Power schedule or notice of an exemption from Northern States Power; (7) there was no repetitive violation and no negative relevant compliance history; (8) Northern States Power cooperated with MRO to address the violations; and (9) there was no evidence of any attempt by Northern States Power to conceal the violations, no evidence that the violations were intentional, and no aggravating extenuating circumstances.

Therefore, NERC believes that the proposed zero dollar (\$0) financial 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 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.

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March 24, 2008. Due to the intermittent nature of the generation, these Generator Owners would not have been expected to maintain a voltage schedule and therefore there was no substantial or serious risk to the bulk power system. MRO verified that voltage schedules or notices of exemption had been provided to all other Generator Owners prior to the date of the self-reported violation.

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

**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) Northern States Power's Response to the Notice of Alleged Violation and Proposed Penalty or Sanction, included as Attachment a;
- b) Mitigation Plan dated December 21, 2007 and designated as MIT-07-0285, which contained the self-report, included as Attachment b;
- c) Northern States Power's Certification of Completion of the Mitigation Plan via e-mail, dated March 25, 2008, included as Attachment c; and
- d) Verification statement of MRO Regarding Completion of Mitigation Plan as of May 1, 2008, dated June 10, 2008, included as Attachment d.

**A Form of Notice Suitable for Publication**

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

## 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

For NSP:

Greg Pieper\*  
Director, Systems Operations  
Northern States Power Co.  
414 Nicollet Mall  
Minneapolis, MN 55401  
Phone: 612-330-2922  
Email: gregory.l.pieper@xcelenergy.com

Robert Thompson\*  
Northern States Power Co.  
414 Nicollet Mall - MP 8  
Minneapolis, MN 55401  
Phone: 612-330-7968  
Email: robert.f.thompson@xcelenergy.com

Terri Eaton\*  
Director, Regulatory Administration &  
Compliance  
Xcel Energy Services Inc.  
P.O. Box 1078  
Golden, CO 80402  
Phone: 303-273-4878  
Email: terri.k.eaton@xcelenergy.com

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

For MRO:  
Daniel P. Skaar\*  
President  
Midwest Reliability Organization  
2774 Cleveland Avenue North  
Roseville, MN 55113  
Phone: 651-855-1731  
Email: dp.skaar@midwestreliability.org

Sara E. Patrick\*  
Director of Regulatory Affairs and  
Enforcement  
Midwest Reliability Organization  
2774 Cleveland Avenue North  
Roseville, MN 55113  
Phone: 651-855-1708  
Email: se.patrick@midwestreliability.org

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

**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  
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holly.hawkins@nerc.net

cc: Northern States Power Company  
Midwest Reliability Organization

Attachments

## **Attachment a**

# **Northern States Power's Response to the NAVAPS**



414 Nicollet Mall  
Minneapolis, Minnesota 55401-1993

February 4, 2008

Mr. Dan Schoenecker, Enforcement and Mitigation Manager  
Midwest Reliability Organization  
2774 Cleveland Avenue N  
Roseville, MN 55113

Re: NERC Violation Tracking Identification Numbers MRO200700045 and  
MRO200700046

Dear Mr. Shoenecker:

The Northern States Power Companies (NSP Companies)<sup>1</sup> are in receipt of a Notice of Alleged Violation and Proposed Penalty or Sanction (Notice) dated January 14, 2008 relating to the referenced matters. The Notice involves alleged violations of VAR-001-1, Requirements 3 and 4. The Notice recommends no penalty or sanction provided the NSP Companies successfully complete their proposed plans to mitigate the alleged violations. The Notice also provides the NSP Companies several options for responding to each of the Notices.

One of the options available to the NSP Companies is to agree or not contest the Alleged Violations and proposed penalty or sanction. Consistent with the Notices, the NSP Companies hereby notify the Midwest Reliability Organization (MRO) of their decision not to contest the alleged violations.

Please contact Ms. Terri Eaton at (303) 273-4878 if you have any questions regarding this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'G.P. Chamberlain', written over a horizontal line.

Greg P. Chamberlain  
Title: Director, Transmission Portfolio Delivery,  
Xcel Energy Services Inc., acting on behalf of the  
NSP Companies

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<sup>1</sup> Northern States Power Company, a Minnesota corporation, and Northern States Power Company, a Wisconsin corporation. The NSP Companies are subsidiaries of Xcel Energy Inc. Xcel Energy Services Inc., is the service company for the NSP Companies.

## **Attachment b**

**Mitigation Plan designated as MIT-07-0285,  
which contained the self-report**



# Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: Friday, December 21, 2007

If the mitigation described in this 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 NERC 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.
- This submittal form may be used to provide a required Mitigation Plan for review and approval by MRO and NERC.
- The Mitigation Plan shall be submitted to the regional entity(ies) and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.

<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 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 MRO 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.
- MRO 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: Northern States Power  
Company Address: 414 Nicollet Ave., Minneapolis, MN 55401  
NERC Compliance Registry ID *[if known]*: NCR01020

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

Name: Terri Eaton  
Title: Project Director, Mandatory Reliability Standard Compliance  
Email: terri.k.eaton@xcelenergy.com  
Phone: 303-273-4878

## **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-001-1  
*[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]	MRO Violation ID # [if known ]	Requirement Violated (e.g. R3.2)	Violation Date <sup>(*)</sup>
		R3	12/21/2007
		R3.1	12/21/2007
		R3.2	12/21/2007
		R4	12/21/2007

(\*) 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 MRO. Questions regarding the date to use should be directed to the MRO.

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

Through internal review, NSP's Transmission Operator (TOP) has initially determined that exemption criteria (R3) for wind generators is lacking. NSP's TOP has initially identified at least two wind generators for which an exemption or voltage or Reactive Power schedule 1 should have been established (R4). Wind generators that are exempt from a voltage or Reactive Power schedule (R3.1), will need to be added to the list of exempt generators and notification to the owner provided (R3.1 and R3.2) .

[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) Update the voltage or Reactive Power schedule exemption criteria for generators, particularly wind generators in SW Minnesota.
- (2) Review all generators (especially wind generation in SW MN) to verify and document whether they are exempt or are subject to a voltage or Reactive Power schedule.
- (3) Document that the Generator Owner (GO) is notified as to whether it is exempt or is subject to a voltage or Reactive Power schedule.  
 [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 the mitigation as described in this 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: March 31, 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)
Item (1) Update exemption criteria	March 15, 2008
Item (2) Review, verify exemptions, voltage or reactive power schedules	March 15, 2008
Item (3) Document & notify GO	March 31, 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 the mitigation as described in this 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:

Minimal impact to the Bulk Electric System. The wind generators initially installed in SW MN were induction machines which cannot follow a voltage or reactive power schedule and are therefore exempt from the requirement to follow a schedule. However, documentation of the exemption is not available. These wind generators are part of a substation collector system where NSP monitors and manages the voltage or reactive power with reactive devices (e.g. capacitors banks). [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:

The criteria for generators that are exempt from voltage or reactive power schedule requirements will be documented. All existing generators, particularly wind generation in SW MN will have documented (1) exemptions or (2) voltage or reactive power schedules. New generators are given the exemption or the voltage or reactive power schedule at or before installation.  
[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]



**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 [mco@midwestreliability.org](mailto:mco@midwestreliability.org) for acceptance by MRO 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, Transmission Portfolio Delivery for Xcel Energy Services, Inc.
  - 2. I am qualified to sign this Mitigation Plan on behalf of Northern States Power.
  - 3. I have read and understand Northern States Power'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. Northern States Power agrees to be bound by, and comply with, the Mitigation Plan, including the timetable completion date, as approved by MRO and approved by NERC.

**Authorized Individual Signature**

Name (Print): Greg P. Chamberlain  
Title: Director, Transmission Portfolio Delivery  
Date: December 21, 2008

*This signature page must be submitted to the MRO.  
It can be scanned and sent electronically to [mco@midwestreliability.org](mailto:mco@midwestreliability.org),  
or printed and faxed to: MRO Compliance Office at 651.855.1712.*



**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:

Riaz Islam  
Midwest Reliability Organization  
Tel: 651-855-1734  
e-mail: [r.islam@midwestreliability.org](mailto:r.islam@midwestreliability.org)

**Attachment c**

**Northern States Power's Certification of  
Completion of the Mitigation Plan via e-mail,  
dated March 25, 2008**

**From:** Thompson, Bob (in Transmission) F [mailto:robert.f.thompson@xcelenergy.com]  
**Sent:** Tuesday, March 25, 2008 7:14 AM  
**To:** mco@midwestreliability.org  
**Cc:** James D. Burley; Russ W. Mountjoy; Eaton, Terri K; Riaz Islam  
**Subject:** RE:[mco] Mitigation Plan Completion Status

Xcel Energy has completed the mitigation plan for VAR-001-1 R3 and R4 (NERC ID – MRO 200700045, MRO 200700046) and is fully compliant with the requirements of the standard.

**Robert Thompson**

-----Original Message-----

**From:** Riaz Islam [mailto:r.islam@midwestreliability.org]  
**Sent:** Friday, March 14, 2008 5:31 PM  
**To:** Thompson, Bob (in Transmission) F  
**Cc:** James D. Burley; Russ W. Mountjoy; Eaton, Terri K  
**Subject:** Mitigation Plan Completion Status  
**Importance:** High

Dear Compliance Contact,

This is a friendly reminder that your mitigation plan completion date is approaching in two (2) weeks. As you complete the mitigation plan for VAR-001-1 (NERC ID – MRO 200700045, MRO 200700046) the MRO Compliance Office requires an email confirmation stating that you have completed the mitigation plan and fully compliant to the abovementioned NERC Standard/Requirement(s).

Please contact the MRO Compliance Office (mco@midwestreliability.org) if you have any questions regarding this letter and/or the mitigation plan(s).

**Riaz Islam**  
Engineer  
Midwest Reliability Organization (MRO)  
Roseville, MN 55113-1127  
(651)-855-1734

Central Facsimile (651) 855-1712

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## **Attachment d**

### **Verification statement of MRO Regarding Completion of Mitigation Plan as of May 1, 2008, dated June 10, 2008**



June 10, 2008

**MRO Review Process:**

Northern States Power d/b/a/ Xcel Energy self reported this violation on 12/21/2007 and submitted a mitigation plan the same day. MRO compliance staff reviewed the mitigation plan and accepted the plan on 01/18/2008 with the completion of 3/31/2008. MRO compliance office was notified on 03/25/2007 via email notification of the completion of this mitigation plan. MRO Compliance office requested evidence to support completion of this mitigation plan on 04/01/2008. MRO Compliance Staff reviewed the supporting documentation and validated the completion of the mitigation on 05/01/2008.

**Mitigation Verification Completed:** 05/01/2008.

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Riaz Islam  
Engineer III  
The Midwest Reliability Organization  
2774 Cleveland Ave. North Roseville, MN 55113



**Attachment e**

**Notice of Filing**

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Northern States Power

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

NOTICE OF FILING  
(May 1, 2009)

Take notice that on May 1, 2009, the North American Electric Reliability Corporation (NERC), filed a Notice of Penalty regarding Northern States Power in the Midwest Reliability Organization 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