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Focus on Winter Preparedness

Texas RE held a *Talk with Texas RE* to discuss winter preparedness and share lessons learned from the February 2011 cold weather events on November 29. To listen to the recording from the meeting, [click here](#).

For more information on *Talk with Texas RE* meetings and how to participate, [click here](#).

Texas RE News

Letter from the CEO

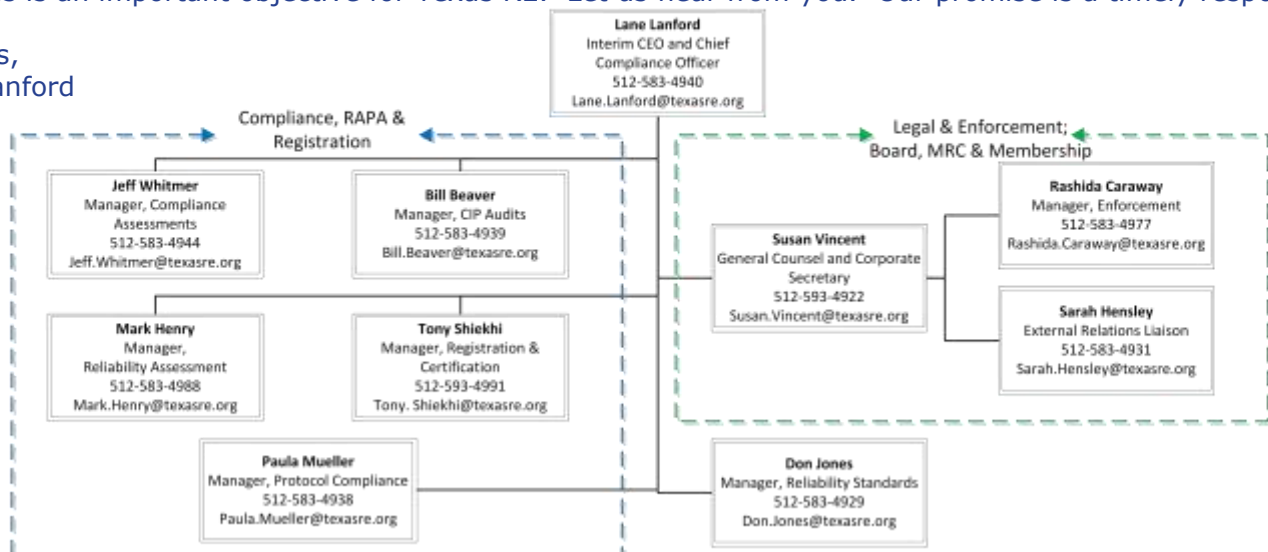
Dear Stakeholders,

We are bringing to a close another busy year at Texas RE. We had many new initiatives added to our programs and I am sure we will have new projects in the coming year. No matter what the situation, we value your input and opinions or comments on how we are doing.

Texas RE has recently initiated several efforts to get your feedback on a variety of subjects including interaction with different Texas RE departments, how Texas RE staff performed on an audit of your company and how we can continue to improve our workshops and educational opportunities, just to name a few. Let me assure you that any and all feedback is considered and appreciated.

While surveys and other feedback mechanisms are great tools, there is nothing like a direct conversation. In that regard, I would also like to offer you the option of talking to Texas RE management or myself if you feel that an issue you have raised has not been appropriately addressed, or you want to discuss an issue directly with a member of our management team. A management-level organization chart, including contact information, is below and has also been posted on our website. Please continue to go through the usual channels of communication first, but if you feel the issue needs further resolution, we encourage you to escalate it up through the appropriate manager, if necessary. Opening and maintaining communications channels is an important objective for Texas RE. Let us hear from you. Our promise is a timely response.

Regards,
Lane Lanford



Texas RE News

Texas RE Membership Activities

Independent Director Vote

Fred N. Day was unanimously approved by the Texas RE membership for a three-year term as Independent Director on the Texas RE Board of Directors beginning January 1, 2012. Mr. Day was elected Chair for the remainder of 2011 and all of 2012 at the November 1, 2011 Board meeting. Dr. Delores Etter was elected Vice Chair.

Member Representatives Committee and Reliability Standards Committee Elections

Elections for the Member Representatives Committee (MRC) and Reliability Standards Committee (RSC) concluded in November. The following individuals were elected by their sector to serve for 2012.

Member Representatives Committee

| Sector | Representative | Company |
|---|-----------------------|--|
| System Coordination & Planning | Chuck Manning | Electric Reliability Council of Texas, Inc. |
| <i>System Coordination & Planning (Alt)</i> | <i>Ken McIntyre</i> | <i>Electric Reliability Council of Texas, Inc.</i> |
| Transmission & Distribution | Michael Quinn | Oncor Electric Delivery Company, LLC |
| Transmission & Distribution | DeAnn Walker | CenterPoint Energy Houston Electric LLC |
| <i>Transmission & Distribution (Alt)</i> | <i>Scott Moore</i> | <i>American Electric Power Service Corp.</i> |
| Cooperative | Brian Bartos | Bandera Electric Cooperative, Inc. |
| Cooperative | Richard McLeon | South Texas Electric Cooperative, Inc. |
| <i>Cooperative (Alt)</i> | <i>Shari Heino</i> | <i>Brazos Electric Power Cooperative, Inc.</i> |
| Municipal | Richard Castrejana | CPS Energy |
| Municipal | Ray Schwertner | Garland Power & Light |
| <i>Municipal (Alt)</i> | <i>Phil Williams</i> | <i>Denton Municipal Electric</i> |
| Generation | Brad Jones | Luminant Energy Company LLC |
| Generation | Randy Jones | Calpine Corporation |
| Load Serving & Marketing | Michelle D'Antuono | Occidental Power Services, Inc. |
| Load Serving & Marketing | Scott Helyer | Tenaska Power Services |

Reliability Standards Committee

| Sector | Representative | Company |
|---|-----------------------|--|
| System Coordination & Planning | Steve Myers | Electric Reliability Council of Texas, Inc. |
| <i>System Coordination & Planning (Alt)</i> | <i>Ken McIntyre</i> | <i>Electric Reliability Council of Texas, Inc.</i> |
| Transmission & Distribution | John Brockhan | CenterPoint Energy Houston Electric LLC |
| Transmission & Distribution | Paul Johnson | American Electric Power Service Corp. |
| <i>Transmission & Distribution (Alt)</i> | <i>Alan Bern</i> | <i>Oncor Electric Delivery Company LLC</i> |
| Cooperative | Barry Kremling | Guadalupe Valley Electric Cooperative |
| Cooperative | Richard McLeon | South Texas Electric Cooperative, Inc. |
| <i>Cooperative (Alt)</i> | <i>Shari Heino</i> | <i>Brazos Electric Power Cooperative, Inc.</i> |
| Municipal | David Detelich | CPS Energy |
| Municipal | Frank Owens | Texas Municipal Power Agency |
| <i>Municipal (Alt)</i> | <i>Andrew Gallo</i> | <i>Austin Energy</i> |
| Generation | Brenda Hampton | Luminant Energy Company LLC |
| Generation | Billy Shaw | IPA Trading, LLC |
| <i>Generation (Alt)</i> | <i>Paul Gabba</i> | <i>The Dow Chemical Company</i> |
| Load Serving & Marketing | Rick Keetch | NRG Power Marketing LLC |
| Load Serving & Marketing | Tim Soles | Occidental Power Services, Inc. |
| <i>Load Serving & Marketing (Alt)</i> | <i>John Varnell</i> | <i>Tenaska Power Services</i> |

Each committee will elect a Chair and Vice Chair at their first meeting of 2012, both on January 4. Both committees will meet at the Texas RE office. The **RSC** will meet at 9:30 a.m. and the **MRC** will follow at 11:00 a.m. Central Time.

All meetings of the MRC and RSC are open to the public and interested persons are encouraged to attend, or contact their sector representatives with any issues or topics for discussion.

Standards Drafting Update

BAL-001-TRE-1 Primary Frequency Response Field Trial

Texas RE is initiating a Field Trial associated with its development of Regional Reliability Standard BAL-001-TRE-1. This standard includes calculation of generating unit Primary Frequency Response performance measures (Governor Response). In this Field Trial, ERCOT (working with Standard Drafting Team members and the PDCWG) will calculate the performance measures for selected generating units for past frequency disturbance events in 2011 and for additional frequency events going forward. Around 30 generating units have been selected to participate in this Field Trial, representing diverse ownership and generator types. The results will be posted during and following the Field Trial, with the unit identification concealed. All proprietary and confidential information will be protected during this process. This Field Trial is expected to run through mid-2012.

For more information, please visit the [SAR-003 Standard Drafting Team Page](#).

NERC Standards Review Subcommittee

The NERC Standards Review Subcommittee (NSRS) is pleased to announce that Andy Gallo of Austin Energy will serve as Chair of the NSRS for the 2012 calendar year. Mr. Gallo has been an active member of the subcommittee. He is currently the Director of Reliability Compliance for Austin Energy and an alternate on the Texas RE Reliability Standards Committee (RSC). Pam Zdenek will continue to serve as Vice-chair of the NSRS.

The subcommittee would like to thank Bruce Wertz for his dedication and commitment as Chair of the NSRS this past year.

For more information on the NSRS, please visit the [NSRS web page](#).

NERC News

Update on Work on Special Protection System Definition

The NERC System Protection and Control Subcommittee (SPCS) and Transmission Issues Subcommittee (TIS) met in Atlanta on September 27-29 to review current practices in applying Special Protection Systems (SPS) and Remedial Action Schemes (RAS) and SPS-related NERC Reliability Standards. The purpose of the review is to bring the process of drafting a new definition of SPS/RAS definition and review of the PRC-012 through PRC-016 Standards related to Special Protection Systems.

The outcome of the meeting resulted in the following proposed draft SPS Definition:

"A scheme designed to detect predetermined system conditions and automatically take corrective actions other than and/or in addition to the isolation of faulted components, to maintain system reliability and acceptable BES performance according to the applicable NERC TPL Reliability Standards. In summary, if the scheme is not needed to meet a TPL Standard, it is not an SPS."

The SPCS/TIS is currently proposing to divide the classification into 4 types of SPS – Planning (TPL Category C) vs. Extreme (TPL Category D) event and local vs. wide area impact. The intent is to write Standard requirements around these SPS types for levels of review, levels of redundancy, commissioning/testing/maintenance requirements, monitoring of status, impact of misoperation, etc.

Proposed Definition for Wide-Area Effect:

Scheme failure to operate could result in any of the following

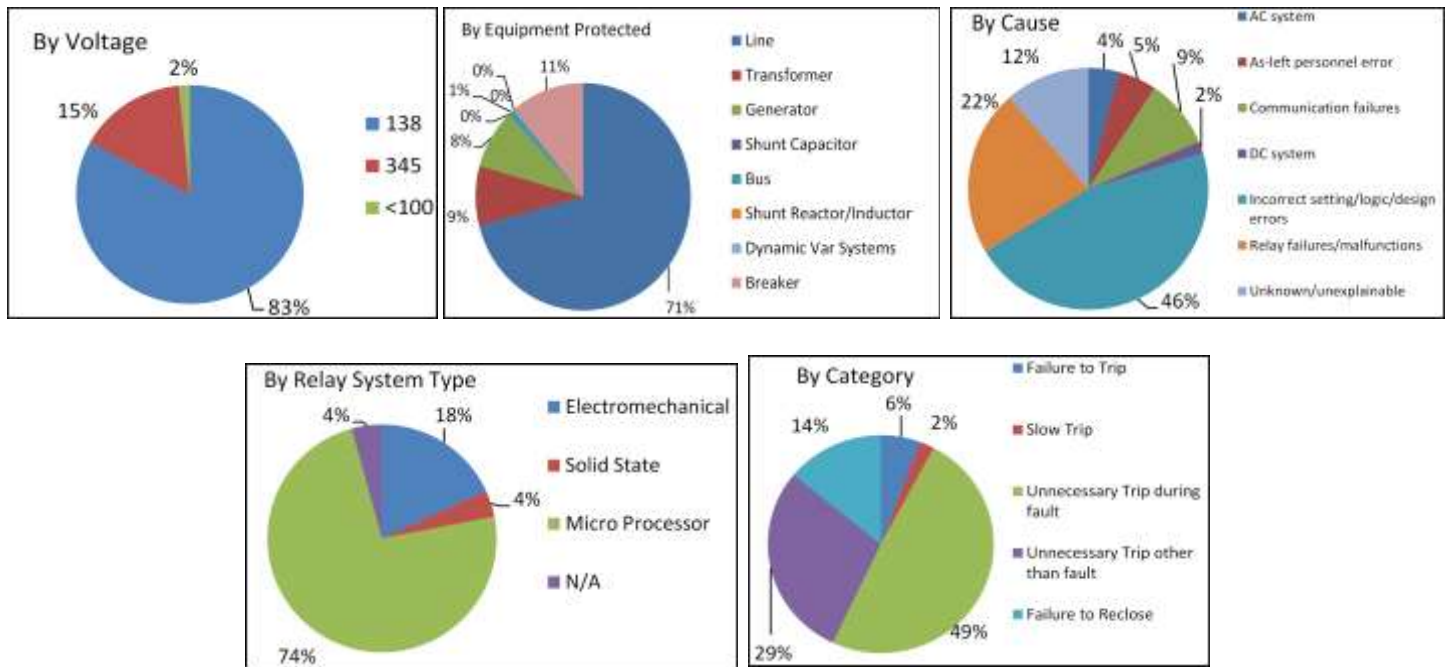
- System voltage performance criteria violation as determined by the Planning Coordinator
- Load loss \geq 300 MW
- Gen loss (other than loss of single unit) \geq 1000 MW

The next meetings of the [SCPS](#) and [TIS](#) will be in Phoenix in February.

Misoperations Trends

Texas RE began collection of Protection System misoperation data per the proposed PRC-004-3 process in May 2010. We are engaged in actively reviewing Protection System misoperations in order analyze root causes, identify trends and disseminate this information to Stakeholders so that they can improve their own protection system performance, and to gauge the performance of protections system for Bulk Electric System (BES) facilities operating at 100 kV and above. Examples of these categories include protection system misoperations by:

- voltage class,
- equipment or facility being protected (i.e. lines or transformers),
- the cause of the misoperation,
- relay system type,
- and category (i.e. failure to trip, slow trip, unnecessary trip, etc.).



Some general observations from Texas RE’s review of the January-September 2011 misoperation data include the following:

- The three top causes are Incorrect relay settings, Relay failures, and Communication failures, accounting in sum for 77% of the misoperations over the past nine months
 - Relay setting issues included logic design errors, setting calculation errors, and directional logic errors
 - Digital and microprocessor relay failures are slightly higher than electromechanical relay failures
 - The human error component accounts for approximately 54% of the misoperations
- Percent misoperation rate is approximately the same for 345 kV (8.52%) as for 138 kV (8.64%) for the past nine months
- 74% of the misoperations involved microprocessor-based protection system
- 78% of the misoperations involved unnecessary tripping during a fault or when no system fault was present

The vision of Texas Reliability Entity, Inc. is to preserve and enhance reliability across the ERCOT region by encouraging a culture of compliance among all users, owners, and operators of the bulk-power system.

Texas RE News

Frequently Asked Questions about the Settlement Process

By Jennifer Taylor, Sr. Paralegal

Texas RE has received many questions about the settlement process. One common question is, "what happens to my settlement agreement after I sign and send it back to Texas RE"?

Possible Violations can take four different resolution tracks:

1. Dismissal (Texas RE determines that no violation occurred);
2. Find, Fix, Track, and Report (FFT);
3. Spreadsheet Notice of Penalty (SNOP); or
4. Full Notice of Penalty (Full NOP).

FFTs and Dismissals

No signed settlement agreement is required for dismissals or FFT issues. Texas RE will notify you if Texas RE seeks to dismiss a Possible Violation (PV) or if Texas RE has determined that FFT is an appropriate resolution for a PV.

A signed settlement agreement is required for PVs that are settled and resolved through a SNOP or Full NOP, but the procedures are slightly different for an SNOP and a Full NOP.

Spreadsheet Notice of Penalty Settlements (SNOP)

The majority of the settlements are currently filed with FERC as SNOPs (shorter form, less formal approval process). If a settlement is a SNOP, Texas RE provides NERC with a copy of the signed settlement agreement prior to the time the SNOP is submitted to the NERC Board of Trustees Compliance Committee (BOTCC) for approval. Settlement agreements are not normally filed with FERC for SNOPs. NERC compiles all SNOP data for all regional entities onto a single Notice of Penalty spreadsheet, and NERC files only this spreadsheet with FERC for all SNOPs for the month.

For settlements filed as SNOPs, the following occurs:

- Registered Entity signs the settlement agreement and sends it back to Texas RE, along with a service list (identifying the individuals to be notified of the FERC filing).
- After Texas RE confirms the settlement agreement information, the Texas RE CEO executes the settlement agreement.
- Texas RE provides the Registered Entity with a signed copy by submitting it through CDMS.
- Texas RE sends the settlement agreement and service list to NERC, along with the spreadsheet information from this region.
- NERC legal confirms that the spreadsheet information and settlement agreement are consistent and submits the SNOP to the NERC BOTCC for approval.
- NERC files all approved SNOPs with FERC by filing just the spreadsheet and service lists (monthly).
- FERC assigns a docket number to each Notice of Penalty Spreadsheet when it is filed.

Full Notice of Penalty (Full NOP Settlements)

Full Notices of Penalty and settlement agreements are required for violations that pose a more serious risk to the Bulk Power System. Settlements are also reviewed by NERC and individually filed with FERC. For settlements that are Full NOP SNOP, Texas RE provides NERC with a copy of the settlement agreement prior to execution, for approval by the NERC BOTCC.

For settlements filed as Full NOPs, the following occurs:

- Registered Entity agrees to the settlement "in principal" with Texas RE (agrees to sign the settlement agreement once it is approved by the NERC BOTCC).

Frequently Asked Questions about the Settlement Process (Cont'd)

- Texas RE prepares the full NOP document and sends it, along with the settlement agreement to NERC.
- NERC legal reviews the Full NOP and settlement agreement documents and may send back questions to be addressed prior to submitting Full NOP to the BOTCC.
- NERC BOTCC considers the Full NOP and settlement agreement for approval.
- When NERC BOTCC approves the NOP, Texas RE requests the Registered Entity sign the settlement agreement (including any changes required by NERC).
- The Registered Entity signs the settlement agreement and returns it to Texas RE, and sends it back to Texas RE, along with a service list (identifying the individuals to be notified of the FERC filing).
- After Texas RE confirms the settlement agreement information, the Texas RE CEO executes the settlement agreement.
- Texas RE provides the Registered Entity with a signed copy by submitting it through CDMS.
- NERC files the full NOP, including the settlement agreement, with FERC.
- Each Full NOP is filed separately and receives a separate docket number.

Notice of Penalty letters and accompanying SNOP spreadsheets are publicly available on NERC's website, with CEII and certain sensitive information redacted.

Final Steps for SNOP and Full NOP and Settlements

For both SNOPs and NOP Settlements, the following occurs after the SNOP or Full NOP is filed with FERC:

- If FERC takes no action on a SNOP or full NOP within 30 days after filing, the settlement is deemed accepted.
- FERC may also issue an order, specifically approving a SNOP or NOP.
- Once FERC approves a full NOP or SNOP, the entity and Texas RE will receive notification.
- Texas RE prepares and sends an invoice Notice of Penalty Payment Due letter to the entity, if the settlement included a penalty. The penalty amount is due within net 30 days of issuance of the letter.
- The entity pays any penalty amount and completes any remaining mitigating activities.
- When all mitigating activities are complete and any penalty is paid, Texas RE issues a Notice of Completion of Enforcement Action.

If you have questions about the settlement process at any time, feel free to contact the Enforcement Department at Texas RE at enforcement@texasre.org.

A Sabotage Issue to Avoid

By Calvin Daniels

Guarding against the damage that sabotage could cause to the Bulk Electric System ("BES") is an ongoing concern in our industry. A part of what all Registered Entities can do to alleviate that concern is complying with, or exceeding, the Critical Infrastructure Protection ("CIP") reliability standards. The purpose of this article is to help Registered Entities enhance their sabotage procedures and increase their chance of being found in compliance with the CIP standards during audits. Of course, Texas RE cannot guarantee that following these generic suggestions will make a Registered Entity compliant with the standard. Compliance with specific reliability standards is determined at the time of the review from the evidence presented.

The subject being addressed here concerns the second part of CIP-001, Requirement 1. The salient portion of that Requirement states that the Registered Entity:

"shall have procedures" . . . "for making their operating personnel aware of sabotage events on its facilities and multi-site sabotage affecting larger portions of the Interconnection".

This Requirement states the obvious notion that operating personnel (i.e. those 'in the field') need to be aware of any events of sabotage. They need to be notified of events that occurred in their own utility as well

Texas RE News

A Sabotage Issue to Avoid (Cont'd)

as those that occurred in their interconnection (e.g. ERCOT). One reason to communicate to operating personnel about sabotage events is so that they will have a heightened awareness of the possibility of related events. There are abundant benefits that stem from that heightened awareness.

Unfortunately, Texas RE has been encountering sabotage procedures at Registered Entities that either do not make their operating personnel aware of sabotage events or only get the news to a subset of those personnel. For example, only making department managers aware of sabotage events, without the instruction to pass that information on to the operating personnel they manage, does not satisfy this Requirement. The notification of just security personnel or just control room personnel, for example, would not be compliant with the Standard either.

Texas RE cannot give a Registered Entity specific language changes needed to their procedures but we hope this 'heads up!' will encourage you to review, at least, this one portion of your sabotage procedures. If you find your procedures lacking we suggest that you make appropriate changes and disseminate them to your staff.

If you believe you might have not been in compliance with CIP-001-1 R1, or any other Reliability Standard, please self-report it through **webCDMS**. Self-reporting a possible violation usually nets you benefits in the calculation of any dollar penalties and also exhibits the quality of your internal compliance program.

If you have any general or generic questions about this possible violation issue, please contact **enforcement@texasre.org**.

Lessons Learned from 2011 Self-Certification Using webCDMS

Texas RE conducted its first self-certification using the **webCDMS** system in October of this year. Texas RE has identified three key areas which will make next year's self-certification period go even better.

1. **Ensure that the Primary Compliance Contact (PCC) information is updated and current.** If the PCC leaves the company or is reassigned a role and is no longer the PCC, the registered entity **MUST** make the updates in webCDMS. ALL notifications are sent to the PCC. PCC and Authorizing Officer (AO) must be maintained and kept up to date by the registered entity's webCDMS Admin User.
2. Make sure all users (PCCs, AOs, etc.) and contacts are updated in webCDMS **prior to the start** of the self-certification period.
3. Checking the "Corporate Signature Page Has Been Uploaded" box **does not submit** the self-certification to Texas RE. The "Save/Submit" button must be pushed in order to send it to Texas RE.

Talk with Texas RE – January 10

The next Talk with Texas RE meeting will be Tuesday, **January 10 at 1:30 p.m.** Central Time. To submit topics in advance, please send them to **information@texasre.org**, or anonymously, go to **http://www.texasre.org/StakeholderOutreach/TalkWithTexasRE/Pages/SubmitQuestions**.

For questions about self-certification, please contact **compliance@texasre.org**. For questions or issues with your webCDMS account, please contact **webcdms@texasre.org**.

Texas RE's New Employees

Texas RE would like to welcome the following new employees:

Abby Fellingner, Legal Assistant

Abby joined Texas RE in November 2011. For the past twelve years, Abby was employed at Temple-Inland. She spent four years in the Forest Product Division's IT department before moving to the Paperboard Group, where she provided procurement and scheduling support for box plants, paper mills, and external customers. She holds a BS in Marketing from Stephen F. Austin State University.

Texas RE News

Texas RE's New Employees (Cont'd)

Rhonda Jones, Enforcement Analyst III

Rhonda joined Texas RE in November 2011 as an Enforcement Analyst. Prior to joining Texas RE, Rhonda worked for Southwest Power Pool RE as a Law Clerk in the Enforcement Division. She has over a decade of relationship management, business development, negotiation, and commercial finance experience. Rhonda holds a Juris Doctorate from University of Arkansas at Little Rock School of Law, Masters of Business Administration from Strayer University, and a BBA in Accounting from Howard University.

Arann Sheperd, Legal Assistant

Arann joined Texas RE in December 2011. Prior to joining Texas RE, Arann worked for three years at the Texas State Library & Archives Commission providing records management compliance training and support. Before that, she worked for eight years in IT coordinating software implementation, training and support. She also has experience in economics, finance and education. Arann holds a BS degree in Mathematics from Texas Tech University and a MS degree in Economics from Texas A&M University.

NERC News

NERC Lessons Learned

By David Penney

NERC has posted several new useful lessons learned. Please review these on the [Lessons Learned](#) page of the NERC Web site.

Adequate Maintenance and Inspection of Generator Freeze Protection

Primary Interest Groups: GOP, GO

The Generator Owner (GO) and Generator Operator (GOP) of a large combined cycle gas turbine (CCGT) plant consisting of four units with a generation output of over 950 Mw did not prepare properly for extreme winter weather which resulted in the forced outages of the units at the plant and contributed to a Balancing Authority having to shed load.

Generating Unit Temperature Design Parameters and Extreme Winter Conditions

Primary Interest Groups: GOP, GO, BA, RC

Extreme low winter temperatures forced a plant offline which had been providing over 1000 Mw. The plant was not designed to operate under such conditions. The Balancing Authority (BA) and Reliability Coordinator (RC) were not informed that the plant was not designed to operate during the low temperature conditions.

Transmission Splice Failure

Primary Interest Groups: RC, TOP, TO, BA

A 138 kV transmission line splice failed causing the outage of the line, an overload of 111% on another line and the entity having to shed load to resolve the overload.

Plant Fuel Switching and Cold Weather

Primary Interest Groups: RC, BA, GO, GOP

During a cold weather event, both equipment freezing and infrequent use of alternative fuels caused a plant's generation to become unreliable, contributing to the balancing authority (BA) and reliability coordinator (RC) having to shed load.

Plant Instrument and Sensing Equipment Freezing Due to Heat Trace and Insulation Failures

Primary Interest Groups: GO, GOP

During an extreme winter weather event, a Combined Cycle Gas Turbine (CCGT) plant (5 units available/1200 MW) had units which failed to start or tripped numerous times due to frozen instrument transmitters and instrument sensing lines within the plant. The subsequent loss of generation and reliable operation contributed to the balancing authority and reliability coordinator having to shed load.

Texas RE Spring Standards and Compliance Workshop – May 15

Save the Date - Texas RE will be hosting its bi-annual Standards and Compliance Workshop on Tuesday May 15 in Austin at the Austin Energy – Town Lake Center Assembly Room.

Registration information and the agenda will be announced closer to May 15.

Please submit feedback, comments, and suggestions to information@texasre.org.

If you would like to subscribe to or be removed from the mailing list please go to <http://lists.texasre.org>.

All external links within this newsletter are provided for your convenience. URLs are subject to change.