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Docket Nos. IN14-7-000

FERC Approves Second Settlement in 2011 Southwest Blackout Case

The Federal Energy Regulatory Commission (FERC) today approved a stipulation and consent agreement between FERC's Office of Enforcement and the North American Electric Reliability Corporation (NERC) and Imperial Irrigation District (IID) that includes a \$12 million civil penalty and a number of compliance requirements. The agreement resolves FERC Enforcement staff's and NERC's investigation into IID's involvement in the Sept. 8, 2011, Southwest blackout.

The agreement is the second settlement related to the FERC-NERC joint investigation into the outage that left more than 5 million people in Southern California, Arizona and Baja California, Mexico, without power for up to 12 hours.

Enforcement staff and NERC found IID violated 10 requirements of four Reliability Standards on transmission operations and transmission planning, including a failure to coordinate its operations planning with neighboring systems. The violations were serious deficiencies that undermined reliable operation of the Bulk Power System. IID stipulated to the facts in the agreement and will pay a civil penalty of \$12 million; \$3 million will be evenly split between the U.S. Treasury and NERC and \$9 million will be invested in reliability enhancement measures that go beyond mitigation of the violations and exceed the requirements of the mandatory Reliability Standards.

The reliability enhancements include construction of one or more utility-scale battery energy storage facilities within IID's transmission operations area. By December 31, 2016, IID must provide evidence to Enforcement staff and NERC that it has spent a minimum of \$9 million to complete the systems. Any remaining amount of the \$9 million will be paid in equal shares to the U.S. Treasury and NERC. IID also committed to mitigate the Reliability Standard violations. It has made significant efforts to address those reliability concerns and affirms that it has completed most of the required mitigation measures. It must complete the remaining measures within one year, unless otherwise stated in the agreement.

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