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I. INTRODUCTION

The North American Electric Reliability Corporation (“NERC”) and the Western Electricity Coordinating Council (“WECC”) respectfully submit this Response to the Federal Energy Regulatory Commission’s (“FERC” or the “Commission”) January 29, 2010 Request for Data and Documents (“January 29 Data and Document Request”) in the above captioned proceeding,¹ regarding NERC's December 30, 2009 Notice of Penalty filing regarding El Paso Electric Company (“EPE”) in the WECC Region. The Notice of Penalty pertains to a fifteen-thousand dollar (\$15,000) settlement agreed to by and between WECC and EPE for violations of Reliability Standards BAL-005-0² Requirement (R) 17, VAR-001-1 R3, BAL-005-0 R8, BAL-005-0 R8 and EOP-008-0 R1. The January 29 Data and Document Request seeks additional data from NERC and WECC to assist FERC Staff with its analysis of the December 30, 2009 Notice of Penalty filing. This filing responds to the January 29 Data and Document Request seeking supplemental documentation to ensure that sufficient facts and evidence are provided in support of the Notice of Penalty regarding EPE filed with the Commission on December 30, 2009. Where available, EPE provided additional information to WECC in support of this response.

¹ *North American Electric Reliability Corporation*, 130 FERC ¶ 62,113 (2010) (“January 29 Data and Document Request”).

² This violation is subject to compliance with BAL-005-0b as it was the enforceable standard at the time of discovery. BAL-005-0 was approved by the Commission and became enforceable on June 18, 2007. BAL-005-0b was approved by the Commission and became enforceable on August 28, 2008. The interpretation provides clarity regarding the responsibilities of a registered entity and does not change the meaning or language of the NERC Reliability Standard and its requirements.

II. NOTICES AND COMMUNICATIONS

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

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

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. 2005-3801
(202) 393-3998
(202) 393-3995 – facsimile
rebecca.michael@nerc.net
holly.hawkins@nerc.net

Constance B. White*
Vice President of Compliance
Western Electricity Coordinating Council
615 Arapeen Drive, Suite 210
Salt Lake City, Utah 84108
Phone: 801-883-6855
Email: cwhite@wecc.biz

Steve Goodwill*
Associate General Counsel for Compliance
Western Electricity Coordinating Council
615 Arapeen Drive, Suite 210
Salt Lake City, Utah 84108
Phone: (801) 883-6857
Email: sgoodwill@wecc.biz

*Persons to be included on the Commission's official service list. NERC requests waiver of the Commission's rules and regulations to permit the inclusion of more than two people on the service list.

III. RESPONSES TO THE JANUARY 29 ORDER

Request #1: The Notice of Penalty does not appear to indicate WECC's or NERC's assessment of the risk to the Bulk-Power System resulting from EPE's confirmed violations. Please provide WECC's and NERC's assessments of this risk and the reasons for these assessments.

Response:

The violation of BAL-005-0 R17 has a Violation Risk Factor ("VRF") of Medium and WECC assigned the only Violation Severity Level ("VSL") available for R17, which is Severe, because EPE failed to annually check and calibrate its time error and frequency devices against a

common reference using minimal accuracy values as defined in the Standard. WECC determined that this violation posed only a minimal risk to the reliability of the bulk power system (“BPS”) because the devices used by EPE were Arbiter Systems Global Positioning Satellites (“GPS”) Clock time error devices that have a greater level of accuracy than similar devices that allow calibration. This is due to the fact that the devices are synchronized to a GPS satellite timing signal traceable to the National Institute of Standards and Technology. Furthermore, in the event these devices fail, an EPE backup device automatically takes over.

The violation of VAR-001-1 R3 has a VRF of Lower and WECC assigned the only VSL available for R3, which is Severe,³ because EPE did not specify any criteria to exempt generators from the automatic voltage regulator (“AVR”) requirements of R4 as mandated by R3 in the Standard. Although EPE did not specify criteria to exempt generators from having the AVR requirements, WECC determined that this violation posed only a minimal risk to the reliability of the BPS because EPE is subject to a WECC Regional Standard that limits the amount of time that an entity can operate with AVR out of service and EPE did not violate the WECC Regional Standard. This was determined by WECC’s evaluation of EPE’s compliance with the WECC Regional Standard VAR-STD-002a-1 at the Audit. This WECC Regional Standard contains specific limits on duration of operation with AVR out of service and is not dependent on and is without regard to criteria established by the entity. The Audit Team found that EPE’s total duration of operation with AVR out of service did not violate the limits set forth in the WECC Regional Standard VAR-STD-002a-1.

Both violations of BAL-005-0 R8.1 have a VRF of Medium. In addition, WECC assigned both violations the only VSL available for R8, which is Severe, because EPE failed to: (1) identify and make adjustments needed in the energy management system to account for

³ R3 has a Severe VSL, but the sub-requirements have all four VSLs.

changes in the Time Standard Interface (“TSI”) that would allow the TSI to restart automatically, and thereby keep the primary and backup frequency sources from failing; and (2) provide redundant and independent frequency metering equipment that automatically activated upon detection of failure. As a result, WECC determined that both violations posed a moderate risk to the BPS. Specifically, the system frequency is a fundamental part of the Area Control Error equation that drives the Automatic Generation Control (“AGC”) used to balance resources and load within the Balancing Authority Area while supporting and responding to the interconnection frequency. These violations resulted in a static frequency value, which means that the EPE AGC was not responsive to supporting interconnection frequency or responding to any deviations in the interconnection frequency. While WECC determined that both violations posed a moderate risk, WECC determined that these violations did not pose a serious or substantial risk to the bulk power system because EPE’s static frequency value would have caused its AGC not to make any adjustments to generation to maintain net scheduled interchange; thus, EPE’s adjacent Balancing Authorities would only have been impacted to the extent they needed to make adjustments to meet load requirements.

The violation of EOP-008-0 R1 has a VRF of High and WECC assessed the only VSL available for R1.5 and R1.6, which is Severe, because EPE’s plan failed to address each of these sub-requirements and did not include procedures and responsibilities for: (1) conducting periodic tests, at least annually, to ensure viability of the plan; and (2) providing annual training to ensure that operating personnel are able to implement the contingency plans. WECC determined that this violation posed only a minimal risk to the reliability of the BPS because EPE had a plan for loss of its primary control center and it maintained a fully redundant backup control center.

Based upon its consideration of the foregoing risk assessments, NERC also concluded that, while the violations posed minimal and moderate risks, the violations did not pose serious or substantial risks to the bulk power system as discussed above.

IV. CONCLUSION

The North American Electric Reliability Corporation and the Western Electricity Coordinating Council respectfully request that the Commission accept this filing as compliant with the January 29, 2010 Data and Document Request.

Respectfully submitted,

/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. 2005-3801

(202) 393-3998

(202) 393-3995 – facsimile

rebecca.michael@nerc.net

holly.hawkins@nerc.net

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

CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the foregoing document upon all parties listed on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C. this 16th day of February, 2010.

/s/ Rebecca J. Michael

Rebecca J. Michael

*Attorney for North American Electric
Reliability Corporation*