



FERC Issues Notice of Alleged Violations In Connection with 2011 Blackout

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NERC, which operates under FERC oversight, has the primary responsibility for enforcement of the reliability standards. However, FERC also has the authority to enforce the reliability standards, either on its own or in collaboration with NERC. Such investigations are conducted in accordance with FERC's regulations under 18 C.F.R. pt. 1b, which are the same procedures used for regulatory and tariff violations. FERC directly participates in relatively few reliability investigations; it usually gets involved only when a reliability event results in actual harm, such as a major outage.

IID has already announced that it expects to reach an approximately \$12 million settlement agreement with FERC this week. It is currently unknown if other entities named in the Preliminary Notice will settle. However, the pattern has been for entities to settle in reliability investigations in which FERC has been directly involved.¹ If one of the entities chooses not to settle, then this case will be the first example of a formal FERC enforcement action for a reliability violation, and potentially the first opportunity to see how FERC applies its Penalty Guidelines in the reliability context.

¹ See *Southwest Power Pool, Inc.*, 144 FERC ¶ 61,019 (2013); *Entergy Services, Inc.*, 142 FERC ¶ 61,241 (2013); *California Independent System Operator Corp.*, 141 FERC ¶ 61,209 (2012); *PacifiCorp*, 137 FERC ¶ 61,176 (2011); *Grand River Dam Authority*, 136 FERC ¶ 61,132 (2011); *Western Electricity Coordinating Council*, 136 FERC ¶ 61,020 (2011); *Florida Blackout*, 130 FERC ¶ 61,163 (2010); *Florida Blackout*, 129 FERC ¶ 61,016 (2009).

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