

Formosa Utility Venture LTD

NERC ID # - NCR04059

Audit Report

for Compliance with

NERC Reliability Standards

Public Version

Audit Date: May 14-15, 2008
Audit Location: Austin, Texas
Report Date: July 14, 2008
Prepared By: S.A."TONY" Shiekhi, Lead Auditor

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1.0 EXECUTIVE SUMMARY

The Table Top compliance audit of Formosa Utility Venture LTD was conducted on May 14-15, 2008. The NERC Reliability Standards that are being actively monitored for 2008 were reviewed based on Formosa Utility Venture LTD's registration as a Generator Owner (GO). The audit team consisted of three representatives from Texas Regional Entity (Texas RE). Based on the review of documentation provided by Formosa Utility Venture LTD, Formosa Utility Venture LTD met all of the North American Electric Reliability Corporation (NERC) Standard requirements.

2.0 AUDIT PROCESS

The compliance audit process is detailed in the NERC Compliance Monitoring and Enforcement Program (CMEP), available at www.nerc.com. The NERC CMEP generally conforms to the United States Government Accountability Office Government Auditing Standards and other generally accepted audit practices.

2.1 Objectives

All registered entities are subject to audit for compliance with all reliability standards applicable to the functions for which the registered entity is registered.¹ The audit objectives are:

- Independently review Formosa Utility Venture LTD's compliance with the requirements of the reliability standards that are applicable to Formosa Utility Venture LTD based on the Formosa Utility Venture LTD's registered functions
- Validate compliance with applicable reliability standards from the NERC 2008 CMEP Implementation Plan list of actively monitored standards
- Validate evidence of any self-reported violations and previous self-certifications, confirm compliance with other requirements of the reliability standard, and review the status of any associated mitigation plans
- Document Formosa Utility Venture LTD's compliance culture

2.2 Scope

The scope of this compliance audit is inclusive of all requirements of the NERC Reliability Standards that are being actively monitored in 2008 and any others that may be identified by the audit team at the time of the audit applicable to: Generator Owner (GO). The audit was performed by three members of Texas RE.

For the 2008 CMEP, the monitoring period for the compliance audit will be the past 12 months or periods specified in individual reliability standards. The monitoring period is not limited to the time period for which penalties and sanctions are assessed.

2.2.1 Confidentiality and Conflict of Interest

¹ North American Electric Reliability Corporation CMEP, paragraph 3.1, Compliance Audits

Confidentiality agreements and code of conduct documentation for the regional entity staff were provided to Formosa Utility Venture LTD prior to the audit. Work history and conflict of interest forms submitted by each audit team member were provided to the Formosa Utility Venture LTD. Formosa Utility Venture LTD was given an opportunity to object to an audit team member on the basis of a possible conflict of interest or the existence of other circumstances that could interfere with the audit team member's impartial performance of duties Formosa Utility Venture LTD accepted the audit team member participants with no objections.

2.3 Methodology

Once an audit date was set by Texas RE, Formosa Utility Venture LTD was sent a pre-audit questionnaire and the Reliability Standard Audit Work Sheet (RSAW) for the list of actively monitored NERC Standards. Texas RE reviewed the responses to the RSAW, pre-audit questions and supporting documentation.

The audit team conducted an exit briefing conference call with Formosa Utility Venture LTD. The audit team verbally shared its preliminary results with Formosa Utility Venture LTD's management.

2.4 Company Profile

Formosa Utility Venture Limited (FUVL) is a limited partnership company that was formed in 1992 in order to provide electricity, steam and water services to the new processing plants located at the Formosa Plastics Point Comfort complex in Point Comfort. Formosa is interconnected to the BES at an AEP, 138 KV substation located at the Point Comfort plant site.

FUVL owns and operates 6 Frame 7 Gas Turbines, 1 Frame 6 Gas Turbine and 3 Steam Turbines, for a total of 10 generation units. FUVL has 60 employees with 24/7 staffing and a total on peak generating capacity of ~602 MW. The total peak season electrical load for 14 plants plus FUVL's own load is ~540 MW. The single largest power consumption plant is the Chlor-alkali unit, which uses 260 MW.

Generally FUVL shuts down one generating unit at a time during the off peak season to perform maintenance and to conserve of energy. This method of operation provides sufficient power generation to satisfy our own private network needs without wasted energy. On peak FUVL will operate all the generators to avoid the purchasing of more expensive power from Bulk Electric System (BES). Because of our 69 KV internal transmission line size limitations, and obligations to provide transmission capacity for LaaRs, FUVL is limited on its capacity and ability to export power to the BES.

Physical Company Address:

P.O. Box 700
201 Formosa Dr.
Point Comfort, TX 77978

2.5 Audit Specifics

Audit Date: May 14-15, 2008
Audit Location: Austin, Texas

Texas RE Audit Team:

Name	Company/Title
S.A."TONY" Shiekhi	Texas RE/Audit Team Leader
Jeff Whitmer	Texas RE/Auditor
Kent Grammer	Texas RE/Auditor

Formosa Utility Venture LTD Conference Call Participants:

Name	Company/Title
John Hsu	Engineering Staff
Richard Schmidt	Operations Manager

3.0 AUDIT RESULTS

3.1 Findings

The Compliance Audit Team found that Formosa Utility Venture LTD was compliant with all 2008 actively monitored NERC Standards at the time of the audit.

The following table is a summary of the auditor's notes for those NERC standards reviewed during the audit:

Reliability Standard	Finding
CIP-002-1 through CIP-009-1	Reviewed
EOP-009-0	Compliant
	Compliant
FAC-008-1	Compliant
	Compliant
	Compliant

Reliability Standard	Finding
FAC-009-1	Compliant
	Compliant
IRO-004-1	Compliant
	Compliant
	Compliant
	Compliant
	Compliant
	Compliant
PRC-004-1	Compliant
	Compliant
	Compliant
PRC-005-1	Compliant
	Compliant
PRC-016-0	Compliant
	Compliant
	Compliant
PRC-017-0	Compliant
	Compliant
VAR-002-1	Compliant
	Compliant
	Compliant
	Compliant

3.2 Conclusion

Formosa Utility Venture LTD was found in compliance with the standards that were audited.

3.3. Compliance Culture

This topic was not discussed during the audit.