



NORTHEAST POWER COORDINATING COUNCIL, INC.  
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# **Compliance Audit Report Public Version**

**ANP Blackstone Energy Company  
February 22- February 29, 2008**

**Confidential Information (including Privileged and  
Critical Energy Infrastructure Information)  
Has Been Removed**

**March 12, 2008**

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## Executive Summary

This final compliance audit report is the public version. Confidential information has been redacted from this report. The full final compliance audit report was submitted to the audited entity and NERC.

The offsite compliance audit of ANP Blackstone Energy Company was conducted between February 22 and February 29, 2008. Additional information was submitted by ANP Blackstone Energy Company on March 4, 2008. The audit was completed using data submitted by ANP and telephone and email data exchanges. The audit team evaluated ANP's compliance with nine reliability standards identified in the NERC 2008 Implementation Plan for the period of the last twelve months or monitoring timeframes specified in each reliability standard. Of the nine standards audited, all were judged to be compliant. ANP provided subject matter experts for each standard resulting in a more clear understanding of the ANP business model and accelerated the audit process. The evidence provided to demonstrate compliance was complete, thorough and well organized. The audit team would like to thank the ANP audit preparation team for the support offered through the audit.

This final compliance audit report is the public version. Confidential information (including privileged and critical energy infrastructure information) has been redacted from this report. The full final compliance audit report was submitted to the audited entity and NERC.

## Audit Process

The 2008 NPCC CBRE Compliance Program is designed to monitor, assess and enforce compliance in accordance with the 2008 monitored list of NERC Reliability Standards. As part of that program certain entities were selected to have a compliance audit for those Standards/Requirements that are applicable to the function that an entity has registered. The scope of a compliance audit will be limited to those Standards/Requirements that are included in the 2008 monitored list of NERC Reliability Standards.

As a registered Generator Owner, ANP Blackstone Energy was audited on the following NERC Reliability Standards/Requirements from the 2008 monitored list:

Standard Number	Requirement Number
EOP-009-0	R2.
FAC-008-1	R1, R2
FAC-009-1	R1, R2
IRO-004-1	R4.
PRC-004-1	R2.
PRC-005-1	R1, R2
PRC-016-0	R1, R2, R3.
PRC-017-0	R1, R2
VAR-002-1	R4 R5

The audit was completed using data submitted by ANP Blackstone Energy Company and telephone and e-mail exchanges. The audit team evaluated ANP Blackstone Energy Company's compliance with the above Standards identified in the 2008 NERC Implementation Plan for the period of the last 12 months or monitoring timeframes specified in each reliability standard. Of the nine standards all were judged to be compliant, based on the data submitted in response to the audit request and further data provided as a result of follow-up questions.

The compliance audit process steps are detailed in the NERC CMEP. The NERC CMEP generally conforms to the United States Government Accountability Office Government Auditing Standards and other generally accepted audit practices.

### **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.<sup>1</sup> The audit objectives are:

- Independently review ANP Blackstone Energy Company's compliance with the requirements of the reliability standards that are applicable to ANP Blackstone Energy Company based on the ANP Blackstone Energy Company's registered functions.
- Validate compliance with applicable reliability standards from the NERC 2008 Implementation Plan list of actively monitored standards.
- Validate evidence of self-reported violations and previous self-certifications, confirm compliance with other requirements of the reliability standard, and review the status of associated mitigation plans.

### **Scope**

The compliance audit included all reliability standards applicable to ANP Blackstone Energy Company monitored in the NERC 2008 Implementation Plan. The monitoring period for the compliance audit was the past 12 months or periods specified in individual reliability standards. The audit was a regularly scheduled audit and no self reported violations or compliance investigations were involved.

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<sup>1</sup> North American Electric Reliability Corporation CMEP, paragraph 3.1, Compliance Audits

## ***Confidentiality and Conflict of Interest***

Confidentiality agreements executed by the independent contractors and code of conduct documentation for the NPCC representative were provided to the audited entity in advance of the audit. Work history and conflict of interest forms submitted by each audit team member were provided to the audited entity. The audited entity 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. The audited entity accepted the audit team member participant with no objections.

### ***Off-site Audit***

The notice of the audit was sent on December 18, 2007 to Mr. Billy Shaw, Compliance Manager for ANP Blackstone Energy Company notifying him of the schedule for the Compliance Audit as a Generation Owner on February 18, 2008. Attached to the letter was the following information to assist Mr. Shaw in his preparation for the audit, a) request for information, b) Reliability Standards Audit Worksheets (RSAW), c) Pre-Audit Survey and d) Pre-Audit Questionnaire. The list of reliability standards are as follows:

Standard Number	Requirement Number
EOP-009-0	R2.
FAC-008-1	R1, R2
FAC-009-1	R1, R2
IRO-004-1	R4.
PRC-004-1	R2.
PRC-005-1	R1, R2
PRC-016-0	R1, R2, R3.
PRC-017-0	R1, R2
VAR-002-1	R4 R5

The audit team leader requested the organizational table of ANP Blackstone Energy Company listing the employees representing subject matter expertise regarding all of registered functions of the Company. This table in conjunction with evidence provide to the audit team with a basis for professional judgment when validating compliance with reliability standards.

## ***Methodology***

Auditing standards and best practices are followed by compliance auditors in carrying out their work as described in the Compliance Auditor Manual. The criteria are objective, measurable, complete and relevant to the audit objectives. The auditor will identify potential sources of audit evidence and consider the amount and type of evidence needed given the risk and significance of the standard.

## ***Audit Overview***

The notice of the audit was sent on December 18, 2007 to Mr. Billy Shaw, Compliance Manager for ANP Blackstone Energy Company notifying him of the schedule for the Compliance Audit as a Generation Owner on February 18, 2008. Attached to the letter was the following information to assist Mr. Shaw in his preparation for the audit, a) request for information, b) Reliability Standards Audit Worksheets (RSAW), c) Pre-Audit Survey and d) Pre-Audit Questionnaire.

## ***Audit***

The audit team reviewed each of the Reliability Standard Audit Worksheet (RSAWs) submitted for each listed standard as well as each of the policies and procedures used by ANP Blackstone Energy Company in meeting the requirements of each standard. Some of these procedures were at the Company level, the Reliability Coordinator level and at the regional level. Additionally, the audit team contacted ANP Blackstone Energy Company on February 29, 2008 for clarifications and additional documentation needed to complete the audit. The conference call made clear the organizational structure of ANP Blackstone Energy Company and its parent Company. Additional information was sent via e-mail on a timely basis to the auditor by the company in response to the outstanding questions.

## ***Exit Briefing***

The exit briefing was conducted by conference call on March 6, 2008. The meeting was attended by Michael Calimano of NPCC and Billy Shaw of ANP. NPCC staff reviewed the audit process and summarized the findings of the audit. The results of the audit were that all nine standards were judged to be compliant. ANP Blackstone Energy Company was given an opportunity to question the audit findings and provide comment on the audit.

## ***Company Profile***

ANP Blackstone Energy Company LLC is part of International Power plc, with corporate officers in Massachusetts, New York and Texas. The generating plant has one 345 kV

interconnection with NSTAR. ISO-NE is the Reliability Coordinator and Balancing Authority for ANP Blackstone.

### **Audit Specifics**

The compliance audit was conducted by Michael Calimano on February 18, 2008 at NPCC offices at 1515 Broadway, New York, New York 10036

#### **Audit Team**

<b>Audit Team Role</b>	<b>Title</b>	<b>Company</b>
Lead Michael Calimano	Contracted Consultant	NPCC
Sal Buffamante	Manager – Compliance Audit Program	NPCC
Rosanna Jimenez	Observer	NERC regional coordinator

#### **ANP Blackstone Energy Company Audit Participants**

<b>Title</b>	<b>ANP Blackstone</b>
Billy Shaw Manager – compliance	ANP Blackstone Energy Company

## **Audit Results**

### **Findings**

<b>Reliability Standard</b>	<b>Finding</b>
EOP-009-0	NA

<b>Reliability Standard</b>	<b>Finding</b>

FAC -008-1	Compliant
	Compliant

<b>Reliability Standard</b>	<b>Finding</b>
FAC-009-1	Compliant

<b>Reliability Standard</b>	<b>Finding</b>
IRO-004-1	Compliant

<b>Reliability Standard</b>	<b>Finding</b>
PRC-004-1	Compliant

<b>Reliability Standard</b>	<b>Finding</b>
PRC-005-1	Compliant
<b>Reliability Standard</b>	<b>Finding</b>
PRC-016-0	N/A

<b>Reliability Standard</b>	<b>Finding</b>
PRC-017-0	N/A

<b>Reliability Standard</b>	<b>Finding</b>
VAR-002-1	Compliant

## Compliance Culture

The audit team reviewed the ANP's compliance culture. The regional entity compliance staff may review additional aspects of ANP's compliance culture. During all contacts, ANP Blackstone's staff was professional in their approach to compliance and understood the importance of compliance and its role in maintaining reliability.