



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

**Astoria Gas Turbine Gas Turbine
Power LLC
March 12 to March 25, 2008**

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

March – 25 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 Astoria Gas Turbine Power, LLC was conducted between March 13 and March 25, 2008. The audit was completed using data submitted by Astoria Gas Turbine and telephone and email data exchanges. The audit team evaluated Astoria Gas Turbine's compliance with sixteen 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 sixteen standards audited, fourteen were deemed to be applicable; the remaining standards were judged to be compliant.

Astoria Gas Turbine provided subject matter experts for each standard resulting in a more clear understanding of the Astoria Gas Turbine business model and accelerated the audit process. The evidence provided to demonstrate compliance was complete, thorough and very well organized. The audit team would like to thank the Astoria Gas Turbine audit team for the excellent preparation, compilation and support offered throughout the audit.

Audit Process

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 Astoria Gas Turbine's compliance with the requirements of the reliability standards that are applicable to Astoria Gas Turbine based on the Astoria Gas Turbine registered functions.
- Validate compliance with applicable reliability standards from the NERC 2008 Implementation Plan list of actively monitored standards.

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

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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.² The audit objectives are:

- Independently review Astoria Gas Turbine's compliance with the requirements of the reliability standards that are applicable to Astoria Gas Turbine based on the Astoria Gas Turbine'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.
- Document the Astoria Gas Turbine's compliance culture.

Scope

The audit included all standards identified in the December 14, 2007 audit letter for the previous year. The audit was a regularly scheduled audit and no self reported violations or compliance investigations were involved.

Confidentiality and Conflict of Interest

Confidentiality agreements executed by the independent contractors and code of conduct documentation for the NERC representative and regional entity staffs 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

² North American Electric Reliability Corporation CMEP, paragraph 3.1, Compliance Audits

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with the audit team member's impartial performance of duties. The audited entity accepted the audit team member participants with no objections.

Off-site Audit

Astoria Gas Turbine was provided with a pre-audit request letter identifying the standards and requirements subject to audit. The audit letter was sent to Astoria Gas Turbine more than 60 days in advance of the scheduled audit. This is an off site audit conducted every six years or as determined to be necessary by the region. Astoria Gas Turbine had not self reported any violations

The audit team leader requested interviews with Astoria Gas Turbine employees representing subject matter expertise regarding all of registered functions of Astoria Gas Turbine. These interviews in conjunction with evidence provide the audit team with a basis for professional judgment when validating compliance with reliability standards.

Methodology

The audit team prepared reliability standards auditor worksheets (RSAWs) to evaluate each standard. The RSAW's are used to ensure consistency and to document evidence of compliance or non-compliance with the standards. All relevant documents are considered and to the extent they form portion of the audit trail are included in the RSAW's.

Audit Overview

The audit overview was conducted at 10:00 AM March 13, 2008 via conference call. The auditor reviewed his career and noted that he had signed a confidentially agreement. A brief explanation of the audit process was given and the timelines were discussed. Astoria Gas Turbine was given the opportunity to reject either auditor should they feel that there was a possible conflict of interest or they thought the auditors would not be impartial. Astoria Gas Turbine accepted the audit team.

Audit

The audit was performed off site by John Brannan as the auditor. Prior to calls to Astoria Gas Turbine the auditor developed a list of questions for Astoria Gas to answer. Astoria Gas Turbine then took the time necessary to develop the answer and submitted them by email to the auditors.

Exit Briefing

The exit briefing was conducted via conference call on 3/25/08. The teleconference was between John Brannan of NPCC and Patricia Lynch and Michael Schatz of Astoria Gas

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Turbine. NPCC staff reviewed the audit process and summarized the findings of the audit. After reviewing all the data, Astoria Gas Turbine was judged to be compliant with fourteen of the sixteen standards, however two of the standards were deemed to be not applicable to Astoria Gas Turbine.

Astoria Gas Turbine was presented an opportunity to question the audit findings and provide comment on the audit. Astoria Gas Turbine asked several questions regarding standard requirements and they were satisfied with the responses that they received; they also reported that the audit process was informative.

Company Profile

NRG Energy Inc. owns and operates a diverse portfolio of power generating facilities, primarily in Texas, Louisiana, California and the Northeastern section of the United States. Its operations include baseload, intermediate, peaking, and cogeneration facilities and thermal energy production. NRG also has ownership interests in generating facilities in Australia, Germany and Brazil. Each region is led by a Regional President that reports to the CEO of NRG Energy Inc. Astoria Gas Turbine Power LLC is located in the NRG's Northeast region.

Astoria Gas Turbine Power LLC is registered as the generator owner and operator located in the NRG Energy Inc.'s Northeast Portfolio under the Regional President of the Northeast region of NRG Energy Inc. Astoria Gas Turbine Power LLC owns and operates the facility located within the balancing authority area of the New York Independent System Operator and locally within the Queens section of New York City under the jurisdiction of the Consolidated Edison Co. of the New York Energy Dispatcher (Zone J). NRG Power Marketing Inc. is registered as the associated Purchasing/Selling Entity and provides scheduling of capacity and ancillary services, bidding and dispatch for this facility.

Audit Specifics

The compliance audit was conducted from February 13 to February 25, 2008 at the office of John Brannan Consulting LLC in Hicksville, New York.

Audit Team Role	Name	Title	Company
Lead	John Brannan	Contracted Consultant	NPCC-Compliance Audit Program
Member	Sal Buffamante	Manager Compliance Audit Program	NPCC-Compliance Audit Program

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Astoria Gas Turbine Power, LLC

Name	Title	[Audited Entity] Organization
Patricia Lynch	Director of Regulatory Compliance	Astoria Gas Turbine
Thomas Bishop	Plant Manager	Astoria Gas Turbine
Michael Schatz	Site Manager	Astoria Gas Turbine

Audit Results

Astoria Gas Turbine provided a CD containing data used to demonstrate their compliance with the standards identified in the audit letter from NPCC. When the auditors had additional questions conference calls were used to request additional documentation until the auditor was convinced that the standards and requirements had been met and Astoria Gas Turbine had demonstrated compliance.

The Maintenance and testing program currently consists of several parts: OCC-010, COP 8-1-0, NRG Protective Relay Procedure, Battery Procedure Inspection & Testing and the Battery Charger Manual. These documents should be incorporated into one procedure that would encompass all the aspects of their protective relay systems; viable information from the COP 8-1-0 should also be used and its reference should then be deleted. After reviewing all the data, Astoria Gas Turbine was judged to be compliant with fourteen of the sixteen standards, however two of the standards were deemed to be not applicable to Astoria Gas Turbine.

Findings

Reliability Standard	Requirement	Finding
BAL-005-0	R1.	Compliant
CIP-001-1	R1	Compliant
	R2	Compliant
	R3	Compliant
	R4	Compliant
COM-002-2	R1	Compliant
EOP-004-1	R2	Compliant
	R3	Compliant
	R1	Compliant
EOP-009-0	R2	Compliant
	R1	Compliant
FAC-008-1	R1	Compliant
	R2	Compliant

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Reliability Standard	Requirement	Finding
	R3	Compliant
IRO-001-1	R8	Compliant
IRO-004-1	R4	Compliant
FAC-009-1	R1	Compliant
	R2	Compliant
PRC-004-1	R2	Compliant
	R3	Compliant
PRC-005-1	R1	Compliant
	R2	Compliant
PRC-016	R1	N/A
	R2	N/A
	R3	N/A
PRC-017	R1	N/A
	R2	N/A
	R3	N/A
TOP-002-2	R3	Compliant
	R13	Compliant
	R14	Compliant
	R18	Compliant
TOP-003-0	R1	Compliant
	R2	Compliant
	R3	Compliant
VAR-002-1	R1	Compliant
	R2	Compliant
	R3	Compliant
	R4	Compliant
	R5	Compliant

Compliance Culture

The audit team reviewed the Astoria Gas Turbine compliance culture. During all contacts with the Astoria Gas Turbine staff they acted professionally in their approach to compliance and understood the importance of the compliance and its role in maintaining reliability.