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# **Compliance Audit Report Public Version**

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

**Connecticut Resources Recovery  
Authority (CRRRA)  
NCR07045**

**September 23 to October 30, 2008**

November 5, 2008

## Table of Contents

Executive Summary .....	3
Audit Process .....	4
<i>Objectives</i> .....	4
<i>Scope</i> .....	4
<i>Confidentiality and Conflict of Interest</i> .....	5
<i>Off-site Audit</i> .....	5
<i>Methodology</i> .....	6
<i>Audit Overview</i> .....	6
<i>Audit</i> .....	6
<i>Exit Briefing</i> .....	7
<i>Company Profile</i> .....	7
<i>Audit Specifics</i> .....	7
Audit Results.....	8
<i>Findings</i> .....	8
<i>Compliance Culture</i> .....	9

## Executive Summary

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.

The offsite compliance audit of the Connecticut Resources Recovery Authority (CRRA) was conducted between September 23, and October 30, 2008. The audit was completed using data submitted by CRRA and telephone and email data exchanges. The audit team evaluated CRRA compliance with nine reliability standards applicable to registered Generator Owner Entity (GO) as 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 and seventeen requirements audited, eight requirements were judged to be compliant and nine requirements were judged to be not applicable. CRRA provided subject matter experts for the standards resulting in a more clear understanding of the CRRA business model and accelerated the audit process. The evidence provided to demonstrate compliance was incomplete at submission but follow-up emails and conference calls provided the additional information required to determine compliance. The audit team would like to thank the CRRA audit preparation team for the support offered throughout the audit process.

For the CRRA audit period of June 18, 2007 to the present, two items need to be mentioned:

- NERC Facility Registration: CRRA provided audit documentation for their South Meadow Units 5 & 6 and the Jet Units 11, 12, 13 & 14. CRRA did not provide audit documentation for their Wallingford and Preston generating units (Refer to “Company Profile” Section below). When questioned during the audit, CRRA responded with a “Request for Facility Status Change” letter submitted to NPCC dated March 17, 2008 for the Wallingford generating unit. With respect to the Preston generating unit, CRRA responded that the unit was never registered. This was discussed with NPCC Compliance, and NPCC will review the NERC registration requirement for both units.
- Notifications of Self-Reports: On March 27, 2008, CRRA submitted NPCC CDAA forms indicating possible non-compliance with NERC Standards FAC-008-1, FAC-009-1 and PRC-005-1 primarily due to the lack of related documentation. NPCC Compliance Enforcement undertook an immediate spot check. On May 8, 2008 NPCC Compliance Enforcement issued the following email statement: *“This email is to notify you that the Connecticut Resource Recovery Authority has been found compliant with standards PRC-005, FAC-008 and FAC-009. NPCC has reached this decision based upon the conference calls that we had with you regarding your data submission showing compliance with standard PRC-005. Additionally discussions with Northeast Utilities on your facility ratings for your assets show that you are in compliance with standards FAC-008 and FAC-009 as you have provided them with that data.”* Based upon this spot check, NPCC has directed that the above standards and associated requirements are deemed compliant for this 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.<sup>1</sup> The audit objectives are:

- Independently review CRRA compliance with the requirements of the reliability standards that are applicable to CRRA based on the CRRA registered functions.
- Validate compliance with applicable reliability standards from the NERC 2008 Implementation Plan list of actively monitored standards.

The audit was completed using data submitted by CRRA and telephone and email data exchanges. The audit team evaluated CRRA compliance with nine reliability standards and seventeen requirements 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 and seventeen requirements audited, eight requirements were judged to be compliant and nine requirements were judged to be not applicable, 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>2</sup> The audit objectives are:

- Independently review CRRA compliance with the requirements of the reliability standards that are applicable to CRRA based on the CRRA registered function.
- 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 CRRA compliance culture.

### **Scope**

The audit included all standards identified in the July 8, 2008 audit letter for the previous year. The audit was a regularly scheduled audit.

For the CRRA audit period of June 18, 2007 to the present, two items need to be mentioned:

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

<sup>2</sup> North American Electric Reliability Corporation CMEP, paragraph 3.1, Compliance Audits

- **NERC Facility Registration:** CRRA provided audit documentation for their South Meadow Units 5 & 6 and the Jet Units 11, 12, 13 & 14. CRRA did not provide audit documentation for their Wallingford and Preston generating units (Refer to “Company Profile” Section below). When questioned during the audit, CRRA responded with a “Request for Facility Status Change” letter to NPCC dated March 17, 2008 for the Wallingford generating. With respect to the Preston generating unit, CRRA responded that the unit was never registered. This was discussed with NPCC Compliance, and NPCC will review the NERC registration requirement for both units.
- **Notification of Self-Reports:** On March 27, 2008, CRRA submitted CDAA forms indicating possible non-compliance with NERC Standards FAC-008-1, FAC-009-1 and PRC-005-1 primarily due to the lack of related documentation. NPCC Compliance Enforcement undertook an immediate spot check. On May 8, 2008 NPCC Compliance Enforcement issued the following email statement: *“This email is to notify you that the Connecticut Resource Recovery Authority has been found compliant with standards PRC-005, FAC-008 and FAC-009. NPCC has reached this decision based upon the conference calls that we had with you regarding your data submission showing compliance with standard PRC-005. Additionally discussions with Northeast Utilities on your facility ratings for your assets show that you are in compliance with standards FAC-008 and FAC-009 as you have provided them with that data.”* Based upon this spot check, NPCC has directed that the above standards and associated requirements are deemed compliant for this audit.

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

Confidentiality agreements executed by the independent contractors and non-disclosure forms for the NERC representative and regional entity staffs were made available to the audited entity in advance of the audit. Work history submitted by each audit team member and a notice of objection letter was also submitted 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 participants with no objections.

### **Off-site Audit**

CRRA was provided with a pre-audit request letter identifying the standards and requirements subject to audit. The audit letter was sent to CRRA 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.

The audit team leader requested conference calls with the CRRA, Senior Engineer, and CRRA subject matter experts regarding the registered function of CRRA. These conference calls in

conjunction with documentation and email correspondence provided the audit team with a basis for professional judgment when validating compliance with reliability standards.

On October 30, 2008, a conference call was held with NPCC, NERC, CRRA, Northeast Generation Services, and R.W. Beck representatives. The focus of the conference call was to discuss an issue related to DC circuit testing for PRC-005-1. Also discussed on this call was the prior NPCC spot check performed on FAC-008-1, FAC-009-1 and PRC-005-1, which found CRRA compliant. Based on this spot check, NPCC deemed CRRA compliant for these standards on this audit.

Generally accepted government auditing standard 3.39 places responsibility on each auditor and audit organization to exercise professional judgment in planning and performing an audit or attestation engagement, it does not imply unlimited responsibility, nor does it imply infallibility on the part of either the individual auditor or the audit organization. Absolute assurance is not attainable because of the nature of evidence and the characteristics of fraud. Professional judgment does not mean eliminating all possible limitations or weaknesses associated with a specific audit, but rather identifying, considering, minimizing, mitigating, and explaining them.

## ***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 on September 23, 2008 via conference call. The auditor reviewed his career and noted that he had signed a confidentiality agreement. A brief explanation of the audit process was given and the timelines were discussed. CRRA was given the opportunity to reject the auditor should they feel that there was a possible conflict of interest or they thought the auditor would not be impartial. CRRA accepted the auditor.

## ***Audit***

The auditor performed the audit off site. Prior to calls to CRRA, the auditor developed and provided a list of questions for CRRA and then asked the questions. CRRA then took the time necessary to develop the answer and submitted them by email to the auditor. Additional audit time was required due to the unit registrations, self-reports and spot check items, and to receive evidence items, as well as, corroborating evidence.

## ***Exit Briefing***

The exit briefing was conducted by conference call on November 5, 2008. On the call were representatives of NPCC, CRRA, R.W. Beck, and NERC. NPCC staff reviewed the audit process and summarized the findings of the audit. Of the nine standards and seventeen requirements audited, eight requirements were judged to be compliant and nine requirements were judged to be not applicable. CRRA was given an opportunity to question the audit findings and provide comment on the audit. CRRA indicated that they had no comments at this time.

## ***Company Profile***

The Connecticut Resources Recovery Authority is a quasi-public agency established by the state in 1973 to modernize Connecticut's solid waste disposal. CRRA enabled the state to replace a patchwork of "town dumps" by making a major commitment to trash-to-energy and backing it with recycling and safe, modern, engineered lined landfills.

CRRA's trash-to-energy facilities are all operated under contracts with a wide variety of companies to operate its facilities and provide environmental, engineering and other services.

South Meadows (Units 5 & 6) have a nominal rating of approximately 80 MW burning municipal solid waste. The Jets (Units 11, 12, 13 & 14) have a nominal rating of approximately 186 MW burning "Jet-A" type fuel. Wallingford has a nominal rating of approximately 12 MW burning municipal solid waste. Preston has a nominal rating of approximately 20 MW burning municipal solid waste.

## ***Audit Specifics***

The compliance audit was conducted from September 23 to November 5, 2008 off-site and at the NPCC offices in New York, New York.

<b>Audit Team Role</b>	<b>Title</b>	<b>Company</b>
Lead	Contracted Consultant	NPCC-Compliance Audit Program
Member	Manager, Compliance	NPCC-Compliance Audit Program
NERC Coordinator	Regional Compliance Program Coordinator	NERC

## **CRRA Audit Participants**

[Please use proper names if known.]

Title	Company
Senior Engineer	CRRA
Senior Engineer	Northeast Generation Services
Project Manager	R.W. Beck

## Audit Results

CRRA provided a CD containing data used to demonstrate their compliance with the standards identified in the audit letter from NPCC. When the auditor had additional questions conference calls and emails were used to request additional documentation.

After reviewing all the data, of the nine standards and seventeen requirements audited, eight requirements were judged to be compliant and nine requirements were judged to be not applicable.

### **Findings**

The following table details the summarized auditor notes relating to evidence reviewed for compliance with the reliability standards listed in the NERC 2008 Implementation Plan. This table can also include details summarizing auditor notes relating to evidence reviewed for reliability standard requirements for self-reported violations, ongoing mitigation plans, and other discussions.

The Reliability Standards and Requirements identified in the table below are applicable to the GO – Generator Owner Entity function.

Reliability Standard	Requirement	Finding
EOP-009-0	R2	Compliant
FAC-008-1	R1	Compliant
	R2	Compliant
FAC-009-1	R1	Compliant
	R2	Compliant
IRO-004-1	R4	Compliant
PRC-004-1	R2	Not Applicable
	R3	Not Applicable
PRC-005-1	R1	Compliant
	R2	Compliant

PRC-016-0	R1	Not Applicable
	R2	Not Applicable
	R3	Not Applicable
PRC-017-0	R1	Not Applicable
	R2	Not Applicable
VAR-002-1	R4	Not Applicable
	R5	Not Applicable

### ***Compliance Culture***

The audit team reviewed the CRRA compliance culture. The regional entity compliance staff may review additional aspects of the CRRA compliance culture. During all contacts, the CRRA representatives were very professional and positive in their approach to compliance and understood the importance of the compliance and its role in maintaining reliability.