

# **Air Liquide Large Industries US LP**

**NERC ID # NCR10001**

## **Audit Report**

**for Compliance with**

## **NERC Reliability Standards**

**Public Version**

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

Audit Date: September 24 & 25, 2008  
Audit Location: Texas Regional Entity  
Report Date: November 7, 2008  
Prepared By: J. Frank Vick, Audit Team Leader

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## **1.0 EXECUTIVE SUMMARY**

The Off-Site compliance audit of Air Liquide Large Industries US LP (ALLI) was conducted on September 24 & 25, 2008. The NERC Reliability Standards that are being actively monitored for 2008 were reviewed based on ALLI's registration as a Generator Owner (GO). The audit team consisted of three (3) representatives from Texas Regional Entity (Texas RE) and one (1) representative from the North American Electric Reliability Corporation (NERC). Based on the review of documentation provided by ALLI and the interviews of ALLI's personnel, ALLI met all of the NERC Standard requirements with no violations.

## **2.0 AUDIT PROCESS**

The compliance audit process is detailed in the NERC Compliance Monitoring and Enforcement Program (CMEP), available at [www.nerc.com](http://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.<sup>1</sup> The audit objectives are:

- Independently review ALLI's compliance with the requirements of the reliability standards that are applicable to ALLI based on the ALLI's registered functions.
- Validate compliance with applicable reliability standards from the NERC 2008 CMEP 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 ALLI'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 Owners (GO). The audit was performed by three (3) members of Texas RE and one (1) NERC representative.

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**

Confidentiality agreements and code of conduct documentation for the regional entity staff were provided to ALLI prior to the audit. Work history and conflict of interest forms submitted by each audit team member were provided to the ALLI. ALLI was given an opportunity to object to an audit team

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

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. ALLI accepted the audit team member participants with no objections.

## 2.3 Methodology

Once an audit date was set by Texas RE, ALLI was sent a pre-audit questionnaire and the Reliability Standard Audit Work Sheet (RSAW) for the list of actively monitored NERC Standards. During the audit, Texas RE reviewed the responses to the RSAW and pre-audit questions with ALLI's management and supervisors. The Texas RE audit team interviewed operations personnel and reviewed documents to substantiate those operations personnel were trained and capable of following the procedures to ensure reliable operations from that entity. The audit team also interviewed IT, Communications, and Planning personnel as necessary to get answers to questions and verify documentation.

The audit verified the completion of the ALLI's mitigation plans for self reported violations on PRC-018-1 and VAR-002-1.

The audit team conducted an exit briefing immediately following the audit with ALLI. The audit team verbally shared its preliminary results with ALLI's management.

## 2.4 Company Profile

Founded in 1902, Air Liquide is a world leader in industrial and medical gases and related services. Air Liquide supplies oxygen, nitrogen, hydrogen and many other gases, molecules and services to most industries. Air Liquide has worldwide revenues of \$18 billion and 40,000 employees in 72 countries.

Air Liquide Large Industries U.S. LP (ALLI) is a wholly owned subsidiary that produces industrial gases sold to the other Air Liquide subsidiaries and to customers via pipeline operations. ALLI's primary customers include refineries, major chemical, energy, and metal manufacturers.

## 2.5 Audit Specifics

Audit Date: September 24 & 25, 2008  
Audit Location: Texas Regional Entity

### Texas RE Audit Team:

Name	Company/Title
J. Frank Vick	Texas RE/Audit Team Leader
Rashida Caraway	Texas RE/Auditor
Bill Lewis	Texas RE/Auditor
Jule Tate	NERC/Auditor

### ALLI Audit Participants:

Name	Company/Title
Bill Smith	Energy Manager
Mariyam Pybus	Business Manager Cogen Activities
Jack Davis	Cogen Maintenance Manager
Gary Estopinal	Reliability Engineer
Don Holcomb	I & E Coordinator
Scott Rock	Cogen Production Manager
Charles Clemmer	Cogen Technology Manager
Chris Stinson	Electrical Engineering Manager
Phil Starr	Bayport Complex Manager
Cliff Odom	Sr. Auditor
David DeTullio	Energy Manager
David Bryant	Cogen Performance Manager
Ken Clarke	VP Gulf Coast Pipeline

### 3.0 AUDIT RESULTS

#### 3.1 Findings

The Compliance Audit Team found that ALLI 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	Requirement	Finding
CIP-002-1 thru CIP-009-1		
EOP-009-0	R1.	Compliant
EOP-009-0	R2.	Compliant
FAC-008-1	R1.	Compliant
FAC-008-1	R2.	Compliant
FAC-008-1	R3.	Compliant
FAC-009-1	R1.	Compliant
FAC-009-1	R2.	Compliant
IRO-004-1	R1.	N/A
IRO-004-1	R2.	N/A
IRO-004-1	R3.	N/A
IRO-004-1	R4.	Compliant
IRO-004-1	R5.	N/A
IRO-004-1	R6.	N/A
IRO-004-1	R7.	N/A
PRC-004-1	R1.	N/A
PRC-004-1	R2.	Compliant
PRC-004-1	R3.	Compliant

PRC-005-1	R1.	Compliant
PRC-005-1	R2.	Compliant
PRC-016-0	R1.	Compliant
PRC-016-0	R2.	Compliant
PRC-016-0	R3.	Compliant
PRC-017-0	R1.	Compliant
PRC-017-0	R2.	Compliant
VAR-002-1	R1.	N/A
VAR-002-1	R2.	N/A
VAR-002-1	R3.	N/A
VAR-002-1	R4.	Compliant
VAR-002-1	R5.	Compliant

The Compliance Audit Team verified that ALLI’s mitigation plans for self reported violations of the following NERC Standards were complete at the time that the mitigation plan certification was submitted by the entity.

PRC-018-1	R1.	Verified	Mitigation plan was verified as complete.
PRC-018-1	R2.	Verified	Mitigation plan was verified as complete.
PRC-018-1	R3.	Verified	Mitigation plan was verified as complete.
PRC-018-1	R4.	Verified	Mitigation plan was verified as complete.
PRC-018-1	R5.	Verified	Mitigation plan was verified as complete.
PRC-018-1	R6.	Verified	Mitigation plan was verified as complete.
VAR-002-1	R4.	Verified	Mitigation plan was verified as complete.
VAR-002-1	R5.	Verified	Mitigation plan was verified as complete.

### 3.2 Conclusion

ALLI was found in compliance with the standards that were audited.

### 3.3. Compliance Culture

Based on the information provided in the Audit General Information Request and the audit results, ALLI has a program in place which promotes compliance within the company. ALLI was cooperative with all of the audit team’s initial and additional information requests.