

# Altura Cogen, LLC

NERC ID: NCR10072

## Audit Report

for Compliance with

## NERC Reliability Standards

Public Version

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

Audit Date: August 13 – 14, 2008  
Audit Location: Austin, Texas  
Report Date: October 27, 2008  
Prepared By: Jeff Whitmer, Audit Team Leader

## TABLE OF CONTENTS

1.0	Executive Summary .....	3
2.0	Audit Process.....	3
2.1	Objectives .....	3
2.2	Scope.....	3
2.3	Methodology .....	4
2.4	Company Profile .....	4
2.5	Audit Specifics .....	4
3.0	Audit Results.....	5
3.1	Findings .....	5
3.2	Conclusion .....	6
3.3	Compliance Culture .....	6

## 1.0 EXECUTIVE SUMMARY

The Table Top compliance audit of Altura Cogen, LLC was conducted on August 13 and 14, 2008. The NERC Reliability Standards that are being actively monitored for 2008 were reviewed based on Altura Cogen's registration as a Generator Owner (GO). The audit team consisted of four (4) representatives from Texas Regional Entity (Texas RE) and one representative from North American Electric Reliability Corporation (NERC). Based on the review of documentation provided by Altura Cogen and the interviews of Altura Cogen's personnel, Altura Cogen met all of the 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](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 Altura Cogen's compliance with the requirements of the reliability standards that are applicable to Altura Cogen based on the Altura Cogen'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 Altura Cogen'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. The audit was performed by four (4) members of Texas RE and a 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 Altura Cogen prior to the audit. Work history and conflict of interest forms submitted by

---

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

each audit team member were provided to the Altura Cogen. Altura Cogen 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. Altura Cogen accepted the audit team member participants with no objections.

### 2.3 Methodology

Once an audit date was set by Texas RE, Altura Cogen 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 Altura Cogen's management and supervisors. 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 team conducted an exit briefing immediately following the audit with Altura Cogen. The audit team verbally shared its preliminary results with Altura Cogen's management.

### 2.4 Company Profile

EnergyCo, LLC (EnergyCo) acquired the Altura Cogen plant on August 1, 2007. Altura Cogen is a gas-fueled combined-cycle co-generation plant that sells steam and electricity to the Lyondell Chemical Complex and sells electricity to the open wholesale market in ERCOT. EnergyCo owns 100% of Altura Energy, LLC, which owns 100% of Altura Cogen, LLC, the owner of the Altura Cogen plant.

EnergyCo's business lines consist of development, operation, and ownership of generation assets in ERCOT, and wholesale marketing and trading to optimize its assets. EnergyCo, through certain subsidiaries, owns two power plants in ERCOT, the Altura Cogen plant (the subject of this audit) and the Twin Oaks plant. EnergyCo, through a subsidiary, is also constructing a third plant with a third party.

### 2.5 Audit Specifics

Audit Date: August 13 – 14, 2008  
Audit Location: Austin, TX

Texas RE Audit Team:

Name	Company/Title
Jeff Whitmer	Texas RE/Audit Team Leader
Rashida Caraway	Texas RE/Auditor
David Bueche	Texas RE/Auditor
Robert Collins	Texas RE/Auditor
Jule Tate	NERC/Auditor

Altura Cogen Audit Participants:

Name	Company/Title
Diana Leese	EnergyCo LLC/NERC Reliability Compliance Manager
Ross Lucas	Sungard
Darren Hughes	First Choice Power
Rick Gillean	EnergyCo LLC
Ron Wheeler	EnergyCo LLC
Stephanie Tassos	Sungard
Steven Moss	First Choice Power
Steve Carpenter	EnergyCo LLC
Francisco Jaje	Sungard
Richard Jones	Sungard

### 3.0 AUDIT RESULTS

#### 3.1 Findings

The Compliance Audit Team found that Altura Cogen 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 thru 9		
EOP-009-0	R1.	NA
EOP-009-0	R2.	NA
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.	NA
IRO-004-1	R2.	NA
IRO-004-1	R3.	NA
IRO-004-1	R4.	Compliant
IRO-004-1	R5.	NA
IRO-004-1	R6.	NA
IRO-004-1	R7.	NA
PRC-004-1	R1.	NA
PRC-004-1	R2.	Compliant
PRC-004-1	R3.	Compliant
PRC-005-1	R1.	Compliant

<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
PRC-005-1	R2.	Compliant
PRC-016-0	R1.	NA
PRC-016-0	R2.	NA
PRC-016-0	R3.	NA
PRC-017-0	R1.	NA
PRC-017-0	R2.	NA
VAR-002-1	R1.	NA
VAR-002-1	R2.	NA
VAR-002-1	R3.	NA
VAR-002-1	R4.	Compliant
VAR-002-1	R5.	Compliant

### 3.2 Conclusion

Altura Cogen 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, Altura Cogen has a compliance program in place which promotes compliance within the company. Altura Cogen was cooperative with the audit team's additional information requests.