

Odessa-Ector Power Partners LP

NERC ID: NCR04107

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 28, 2008
Audit Location: Texas Regional Entity
Report Date: October 27, 2008
Prepared By: Brent J. Torgrimson

TABLE OF CONTENTS

1.0	Executive Summary	3
2.0	Audit Process.....	3
2.1	Objectives	3
2.2	Scope.....	3
2.4	Methodology	4
2.5	Company Profile	4
2.6	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 Odessa-Ector Power Partners LP (OEPP) was conducted on August 28, 2008. The NERC Reliability Standards actively monitored for 2008 were reviewed based on OEPP's registration as a Generator Owner (GO). The audit team consisted of four (4) representatives from Texas Regional Entity (Texas RE) and one (1) from the North American Electric Reliability Corporation (NERC). Based on the review of documentation provided by OEPP, OEPP met all of the NERC standards' 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. 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.¹ The audit objectives are:

- Independently review OEPP's compliance with the requirements of the reliability standards that are applicable to OEPP based on OEPP's registered functions
- Validate compliance with applicable reliability standards from the NERC 2008 CMEP Implementation Plan list of actively monitored standards
- Validate evidence of any self-reported violations and previous self-certifications, confirm compliance with other requirements of the reliability standards, and review the status of any associated mitigation plans
- Document OEPP'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 GOs. The audit was performed by four (4) members of Texas RE and one (1) from NERC.

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.

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

2.3 Confidentiality and Conflict of Interest

Confidentiality agreements and code of conduct documentation for the regional entity staff were provided to OEPP prior to the audit. Work history and conflict of interest forms submitted by each audit team member were also provided to OEPP. OEPP 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. OEPP accepted the audit team member participants with no objections.

2.4 Methodology

Once an audit date was set by Texas RE, OEPP was sent a pre-audit questionnaire and the Reliability Standard Auditors Work Sheets (RSAWS) for the list of actively monitored NERC Standards. Texas RE reviewed the responses to the RSAWS, pre-audit questions and supporting documentation.

The audit team conducted an exit briefing conference call with OEPP. The audit team verbally shared its preliminary results with OEPP's management.

2.5 Company Profile

The OEPP project is a 1000 MW gas-fired combined cycle project located in Odessa, Texas. The project consists of two 500 MW two-on-one trains. One train is augmented by duct burners and evaporative coolers. Construction began Spring of 2000, with commercial operations commencing June of 2001.

This information and more details can be found at the following web site <http://www.pseg.com/companies/global/plants/odessa.jsp>

2.6 Audit Specifics

Audit Date: August 28, 2008
Audit Location: Texas Regional Entity

Audit Team:

Name	Company/Title
Brent Torgrimson	Texas RE/Audit Team Leader
Jeff Whitmer	Texas RE/Auditor
David Bueche	Texas RE/Auditor
Bob Collins	Texas RE/Auditor
Jule Tate	NERC/Auditor

Odessa-Ector Power Partners LP Conference Call Participants:

Name	Title/Company
Jodi Moskowitz	General Regulatory Council – Operations & Compliance, PSEG Services Corp.
Isabel Goncalves-Rooney	Director Fossil Generation, PSEG Fossil, LLC
Jeff Mueller	Manager – ERO/RE Policy & Standards Interface, PSE&G
Ken Brown	Industry Analysis Manager of Federal Regulatory Policy, PSE&G
Bruce Wertz	NERC Compliance Coordinator, Texas Independent Energy Operating Company & PSEG Texas
Roy Sanchez	Plant General Manager, OEPP
Mike Lynch	Plant Manager of Maintenance, OEPP
Mike Gallaher	Manager of Standards, OEPP
Lloyd Hughes	Manager of Operations, OEPP
John Nixon	Instrument & Electrical Tech, OEPP

3.0 AUDIT RESULTS

3.1 Findings

The Compliance Audit Team found that OEPP 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 through CIP-009-1		Reviewed
EOP-009-0	R1.	NA
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.	NA
IRO-004-1	R2.	NA
IRO-004-1	R3.	NA
IRO-004-1	R4.	Compliant
IRO-004-1	R5.	NA

Reliability Standard	Requirement	Finding
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
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.	NA
VAR-002-1	R2.	NA
VAR-002-1	R3.	NA
VAR-002-1	R4.	Compliant
VAR-002-1	R5.	Compliant

3.2 Conclusion

OEPP 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, OEPP has a program in place which promotes compliance within the company. OEPP was cooperative with all of the audit team's initial and additional information requests.