

# **Tenaska Gateway Partners Ltd.**

**NERC ID # NCR04137**

## **Audit Report**

for Compliance with

## **NERC Reliability Standards**

## **Public Version**

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

Audit Date: November 6 – 7, 2008  
Audit Location: Texas Regional Entity  
Report Date: January 6, 2009  
Prepared By: Bill Lewis, Audit Team Leader

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## 1.0 EXECUTIVE SUMMARY

The Table Top compliance audit of Tenaska Gateway Partners Ltd. (TGP) was conducted on November 6 – 7, 2008. The NERC Reliability Standards that are being actively monitored for 2008 were reviewed based on TGP's registration as a GO (Generator Owner) and GOP (Generator Operator). The audit team consisted of three 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 TGP and the interviews of TGP's personnel, TGP 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 TGP's compliance with the requirements of the reliability standards that are applicable to TGP based on the TGP'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 TGP'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 Operator and Generator Owner. The audit was performed by three 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 TGP prior to the audit. Work history and conflict of interest forms submitted by each audit

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

team member were provided to the TGP. TGP 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. TGP accepted the audit team member participants with no objections.

### 2.3 Methodology

Once an audit date was set by Texas RE, TGP was sent a pre-audit questionnaire and the Reliability Standard Audit Work Sheets (RSAWs) for the list of actively monitored NERC Standards. During the audit, Texas RE reviewed the responses to the RSAWs and pre-audit questions with TGP'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 TGP. The audit team verbally shared its preliminary results with TGP's management.

### 2.4 Company Profile

Tenaska Gateway Partners, Ltd. is a Texas limited partnership. It was developed and formed by Tenaska, Inc. to build and own the Tenaska Gateway Generating Station. Tenaska affiliates serve as the managing partner and the operator.

The Tenaska Gateway Generating Station is an 845-megawatt natural gas-fueled, combined-cycle electric generating station. It is located in Rusk County near Mt. Enterprise, Texas.

An affiliate of Shell Energy purchases the entire power output of the electric generating station. The affiliate incorporates the plant into its regional supply portfolio, selling the power on a merchant basis within ERCOT and to the Southwest Power Pool (SPP).

Generating equipment includes three General Electric Frame 7FA gas turbines, three heat recovery steam generators and one General Electric steam turbine. Natural gas to fuel the plant is provided by Shell Energy.

### 2.5 Audit Specifics

Audit Date: November 6 – 7, 2008  
Audit Location: Texas Regional Entity

Texas RE Audit Team:

Name	Company/Title
Bill Lewis	Texas RE/Audit Team Leader
Kent Grammer	Texas RE/Auditor
Chris Humphreys	Texas RE/Auditor
Jule Tate	NERC/Auditor

Tenaska Gateway Partners Ltd. Audit Participants:

<b>Name</b>	<b>Company/Title</b>
Todd Jonas	Tenaska Inc. / VP Operations
Dan Keiner	Tenaska Inc. / Operations Manager
Steve Pearson	Tenaska Gateway / Plant Manager
Steven Parkey	Tenaska Gateway / Plant Engineer

### 3.0 AUDIT RESULTS

#### 3.1 Findings

The Compliance Audit Team found that TGP 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:

<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
BAL-005-0	R1.	Compliant
BAL-005-0	R2.	N/A
BAL-005-0	R3.	N/A
BAL-005-0	R4.	N/A
BAL-005-0	R5.	N/A
BAL-005-0	R6.	N/A
BAL-005-0	R7.	N/A
BAL-005-0	R8.	N/A
BAL-005-0	R9.	N/A
BAL-005-0	R10.	N/A
BAL-005-0	R11.	N/A
BAL-005-0	R12.	N/A
BAL-005-0	R13.	N/A
BAL-005-0	R14.	N/A
BAL-005-0	R15.	N/A
BAL-005-0	R16.	N/A
BAL-005-0	R17.	N/A
CIP-001-1	R1.	Compliant
CIP-001-1	R2.	Compliant
CIP-001-1	R3.	Compliant
CIP-001-1	R4.	Compliant

<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
CIP-002-1 through CIP-009-1		Reviewed
COM-002-2	R1.	Compliant
COM-002-2	R2.	N/A
EOP-004-1	R1.	N/A
EOP-004-1	R2.	Compliant
EOP-004-1	R3.	Compliant
EOP-004-1	R4.	N/A
EOP-004-1	R5.	N/A
EOP-009-0	R1.	N/A
EOP-009-0	R2.	N/A
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-001-1	R1.	N/A
IRO-001-1	R2.	N/A
IRO-001-1	R3.	N/A
IRO-001-1	R4.	N/A
IRO-001-1	R5.	N/A
IRO-001-1	R6.	N/A
IRO-001-1	R7.	N/A
IRO-001-1	R8.	Compliant
IRO-001-1	R9.	N/A
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
IRO-005-1	R1.	N/A
IRO-005-1	R2.	N/A
IRO-005-1	R3.	N/A
IRO-005-1	R4.	N/A
IRO-005-1	R5.	N/A
IRO-005-1	R6.	N/A
IRO-005-1	R7.	N/A
IRO-005-1	R8.	N/A
IRO-005-1	R9.	N/A

<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
IRO-005-1	R10.	N/A
IRO-005-1	R11.	N/A
IRO-005-1	R12.	N/A
IRO-005-1	R13.	Compliant
IRO-005-1	R14.	N/A
IRO-005-1	R15.	N/A
IRO-005-1	R16.	N/A
IRO-005-1	R17.	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.	N/A
PRC-016-0	R2.	N/A
PRC-016-0	R3.	N/A
PRC-017-0	R1.	N/A
PRC-017-0	R2.	N/A
TOP-002-2	R1.	N/A
TOP-002-2	R2.	N/A
TOP-002-2	R3.	Compliant
TOP-002-2	R4.	N/A
TOP-002-2	R5.	N/A
TOP-002-2	R6.	N/A
TOP-002-2	R7.	N/A
TOP-002-2	R8.	N/A
TOP-002-2	R9.	N/A
TOP-002-2	R10.	N/A
TOP-002-2	R11.	N/A
TOP-002-2	R12.	N/A
TOP-002-2	R13.	Compliant
TOP-002-2	R14.	Compliant
TOP-002-2	R15.	Compliant
TOP-002-2	R16.	N/A
TOP-002-2	R17.	N/A
TOP-002-2	R18.	Compliant
TOP-002-2	R19.	N/A
TOP-003-0	R1.	Compliant
TOP-003-0	R2.	Compliant
TOP-003-0	R3.	Compliant
TOP-003-0	R4.	N/A

<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
VAR-002-1	R1.	Compliant
VAR-002-1	R2.	Compliant
VAR-002-1	R3.	Compliant
VAR-002-1	R4.	N/A
VAR-002-1	R5.	Compliant

### **3.2 Conclusion**

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