



Compliance Audit Report Public Version

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**Northern Iowa Wind Power 1, LLC
NCR01019**

Audit Date: October 28, 2009

October 30, 2009

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Executive Summary

The Midwest Reliability Organization (MRO) conducted a compliance audit of Northern Iowa Wind Power 1, LLC (NIWP) as a part of its normal six year cycle. Review of documentation submitted by NIWP took place at the MRO offices on October 16, 2009. The team conducted audit conference calls on October 22, 2009 and October 28, 2009 at the MRO office. The audit team consisted of two MRO staff members.

The North American Electric Reliability Corporation (NERC) has designated a subset of Reliability Standards for active compliance monitoring and reporting by the Regional Entities in their 2009 implementation plan. NERC has identified 49 standards as “actively monitored” which contain 418 requirements.

NIWP is registered with the MRO as responsible for two functions. As a result of this registration and for this audit, NIWP is responsible for meeting compliance with 13 Reliability Standards and 30 requirements. The MRO did not identify any possible violations.

As a part of the audit process, NIWP completed the NERC Questionnaire RSAWs and provided the MRO with supporting documentation for their audit. Upon completion of the initial review of evidence, the audit team requested additional documentation and identified the subject matter experts to be interviewed.

During the conference call, the NIWP staff was found to be cordial, willing to clarify any questions and, when needed, directed the audit team to the correct supporting documentation. The subject matter experts were open with their responses and were cooperative throughout the process.

Audit Process

The NIWP Compliance Audit was conducted as a part of its normal six year cycle. The 2009 Compliance Program consists of 49 actively monitored Standards. Thirty-six of these Standards were deemed not applicable, which are related to functions other than GO and GOP. Documentation was viewed from June 18, 2007 to the date of the audit.

The compliance audit process steps are detailed in the NERC Compliance Monitoring and Enforcement Plan (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.¹ The audit objectives are:

- Independently review NIWP's compliance with the requirements of the reliability standards that are applicable to NIWP based on NIWP's registered function.
- Validate compliance with applicable reliability standards from the NERC 2009 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 standards, and review the status of associated mitigation plans.

Scope

The NIWP Compliance Audit was conducted as a part of its normal six year cycle. The audit was conducted under the guidelines of the 2009 CMEP. All applicable NERC standards were reviewed during this audit.

Confidentiality and Conflict of Interest

Confidentiality agreements and code of conduct documentation for the NERC representative and regional entity staff were available to the audited entity in advance of the audit. Work history and conflict of interest forms submitted by each audit team member were available to the audited entity if requested. 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.

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

Audit Proceedings

The MRO presented a high level overview of the compliance audit process.

The auditor code of conduct was reviewed. MRO staff must adhere to confidentiality as required through the NERC Delegation Agreement.

Methodology

Audit criteria included standards, measures, and expectations based on best practices. The criteria were objective, measurable, complete and relevant to the objectives. The audit team accepted and was not limited to policies, procedures, screen-prints of EMS, copies of operator logs, audio clips, and correspondence. If needed, additional supporting documentation or clarification was requested.

The Audit team used the NERC Questionnaire Reliability Standards Auditor Worksheets (QRSAW) to review each reliability standard during the compliance audit. This is done to ensure consistency and fairness during each compliance audit.

Audit Overview

In March 2008 the MRO scheduled NIWP to receive a compliance audit the week of October 19, 2009 as a part of their normal six year cycle. On August 18, 2009 the MRO sent NIWP the audit package which included *the On-Site Notification, Pre-Audit Survey, Procedures for Conducting an Audit, Subject Matter Experts Spreadsheet, Preparing for Compliance and Compliance Audit* and the *2009 NERC Questionnaire RSAWs*.

Audit

Two weeks prior to the audit, NIWP supplied MRO with 90% of supporting documentation needed to demonstrate compliance. MRO staff reviewed this documentation. The compliance staff utilized the NERC Standards and the RSAW while reviewing the supporting documents and the Audit Questionnaire response provided by NIWP.

After evaluation of the supporting documentation, a set of questions was developed to be posed to subject matter experts for NIWP and missing supporting evidence was identified. During the conference call, the team of auditors was able to review the necessary documents and conduct interviews of the subject matter experts. These interviews, in conjunction with supporting evidence, provided the audit team with a basis for professional judgment when validating compliance with reliability standards. Subject matter experts for the following standard were requested to be available: CIP-001, FAC-008, IRO-004, PRC-001, PRC-004, PRC-005, TOP-001 and TOP-002.

All documentation is stored at the MRO office in a fire proof locked cabinet.

Exit Briefing

Upon completion of the subject matter expert interviews, the MRO audit team was satisfied with the results of the interviews and documentation provided and did not identify any possible violations of the requirements being audited.

Company Profile

The official name of the entity registered with the MRO is Northern Iowa Windpower LLC, (NIWP). To distinguish it from Northern Iowa Wind Power 2 and 3 which have different owners, the MRO registration (NCR01019) is listed as Northern Iowa Windpower (1), LLC (NIWP).

NIWP is wholly owned by Top Deer Wind Ventures LLC (TDWV), a 50/50 venture of Shell Wind Energy Inc. and Entergy Corporation subsidiaries (Entergy Power Gas Operations Corporation—1% and EWO Wind II, LLC —49%) formed in July 2004. Top Deer Wind Ventures LLC has no employees, but is managed by a Management Committee composed of representatives from Shell Wind Energy and Entergy. Alan Forster (Shell) serves as the VP - Operations and James Striedel (Entergy) serves as the VP-Finance.

NIWP has neither a service territory nor customers.

NIWP owns and operates eighty-nine 0.9MW 600V wind turbines connected through eighty-nine 900 KVA, 3 phase 600 V to 33.6 KV step-up pad mount transformers. The eighty-nine pad mount transformers are tied together using 21.8 miles of underground and 10.4 miles of overhead 33.6 KV distribution collector system. The distribution collector system is tied through an 80 MVA (33.6 to 161 KV) substation transformer to the point of interconnection with ITC Midwest at 161 KV Bus Tie Switch 0631 in Worth Substation. The Wind farm was placed in service December 2001. NIWP is operated under a service agreement with Horizon Wind.

NIWP sells all of its energy as and when it is produced at the point of interconnection to Interstate Power Company through a Renewable Energy Power Purchase Agreement between Interstate Power Company and Northern Iowa Wind Power, LLC dated February 23, 2001.

Audit Specifics

The compliance audit was conducted on October 22-28, 2009.

Audit Team

Audit Team Role	Title	Company
Lead	Compliance Audit Manager	MRO
Member	Compliance Principal	MRO

NIWP Audit Participants

Title	Organization
VP-Finance	Entergy
Consultant	Entergy
Site Manager	Horizon Wind

Audit Results

- NIWP provided the audit team with supporting documentation for review prior to the conference call. The team received approximately 90% of the supporting documentation needed for evidence. The audit team reviewed the supplied documentation. As a result of reviewing this evidence, the audit team developed questions for the subject matter experts.
- NIWP personnel were allowed to speak freely without interruption from management during the subject matter expert interviews.
- The audit team utilized the NERC Questionnaire Reliability Standard Auditor Worksheets (QRSAW) in order to assess compliance of the reliability standards. The primary questions of the subject matters were documented in addition to the requests for additional evidence.

Findings

Compliance Audit

Conducted On: **Oct 20, 2009**

Entity: **Northern Iowa Wind Power 1, LLC (NWP)**

Address: **20 East Greenway Plaza, Suite 500, Houston, Texas 77046, United States**

NERC Compliance Registry ID: **NCR01019**

Standard Requirement	Compliant
CIP-001-1 R1	Yes
CIP-001-1 R2	Yes
CIP-001-1 R3	Yes
CIP-001-1 R4	Yes
COM-002-2 R1	Yes
FAC-008-1 R1	Yes
FAC-008-1 R2	Yes
FAC-008-1 R3	Yes
FAC-009-1 R1	Yes
FAC-009-1 R2	Yes
IRO-001-1 R8	Yes
IRO-004-1 R4	Yes
IRO-005-2 R13	Yes
PRC-001-1 R1	Yes
PRC-001-1 R2	Yes
PRC-001-1 R3	Yes
PRC-001-1 R5	Yes
PRC-004-1 R2	Yes
PRC-004-1 R3	Yes
PRC-005-1 R1	Yes
PRC-005-1 R2	Yes
PRC-017-0 R1	Yes
TOP-001-1 R3	Yes
TOP-001-1 R6	Yes
TOP-001-1 R7	Yes
TOP-002-2 R13	Yes
TOP-002-2 R14	Yes
TOP-002-2 R15	Yes
TOP-002-2 R18	Yes
TOP-002-2 R3	Yes

Compliance Culture

Northern Iowa Wind Power 1, LLC completed the Internal Compliance Program Survey prior to the compliance audit.