

# **Compliance Audit Report Public Version**

**Sand Bluff Wind Farm, LLC**

**NERC ID # NCR04004**

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

Audit Date: June 22-July 1, 2009  
Audit Location: Texas RE Office  
Report Date: April 20, 2011  
Prepared By: Frank Vick, Audit Team Leader

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## 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 .....	8
3.3.	Compliance Culture .....	8

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## 1.0 EXECUTIVE SUMMARY

The Table Top compliance audit of Sand Bluff Wind Farm, LLC (SBWF) was conducted on June 22-July 1, 2009. The NERC Reliability Standards that are being actively monitored for 2009 were reviewed based on SBWF's registration as a GO, GOP. The audit team consisted of eight representatives from Texas Reliability Entity (Texas RE) and one representative from North American Electric Reliability Corporation (NERC). Based on the review of documentation provided by SBWF and the interviews of SBWF's personnel, SBWF met all of the NERC Standard requirements with the exception of one possible violation.

This audit report includes the reasons for SBWF's possible compliance violation. This information will be used to help determine the severity level of sanctions and penalties. The possible compliance violations will be processed through the Texas RE's NERC Compliance Monitoring and Enforcement Program. Any further actions related to possible compliance violations will follow the same process.

The NERC Notice of Penalty (NOP) is posted on the NERC website at the following URL:  
[http://www.nerc.com/filez/enforcement/FinalFiled\\_ACP\\_20110131.pdf](http://www.nerc.com/filez/enforcement/FinalFiled_ACP_20110131.pdf).

## 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 SBWF's compliance with the requirements of the reliability standards that are applicable to SBWF based on the SBWF's registered functions.
- Validate compliance with applicable reliability standards from the NERC 2009 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 SBWF'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 2009 and any others that may be identified by the audit team at the time of the audit applicable to: Generator Operator (GOP), Generator Owner (GO). The audit was performed by eight members of Texas RE and a NERC representative.

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

Note: For the 2009 compliance program, the monitoring period for the compliance audit will generally be the last six years, the time since SBWF’s last audit as a GO, GOP, 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 SBWF prior to the audit. Work history and conflict of interest forms submitted for each audit team member were provided to SBWF. SBWF 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. SBWF accepted the audit team member participants with no objections.

**2.3 Methodology**

Once an audit date was set, Texas RE sent SBWF Reliability Standard Audit Work Sheets (RSAWs) for the list of actively monitored NERC Standards. Each RSAW contained a pre-audit questionnaire regarding its NERC Standard. During the audit, Texas RE reviewed the responses to the RSAWs and pre-audit questions with SBWF’s management and supervisors. Texas RE audit team also interviewed subject matter experts and operations personnel and reviewed documents to substantiate that operations personnel were trained and capable of following the procedures to ensure reliable operations by the entity. The audit team interviewed IT, Communications, and Planning personnel as needed to get answers to questions and verify documentation.

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

**2.4 Company Profile**

E.ON Climate and Renewables North American Inc. is a wholesale renewable energy company with wind farms that are each registered as a GO & GOP. Sand Bluff Wind farms, LLC is one of the wind farms owned and operated by E.ON.

**2.5 Audit Specifics**

Audit Date: June 22-July 1, 2009  
 Audit Location: Texas RE Office

Texas RE Audit Team:

Company/Title
Texas RE/Auditor
Texas RE/Auditor
Texas RE/Auditor
Texas RE/Auditor
Texas RE/Auditor
Texas RE/Audit Team Leader

Company/Title
Texas RE/Auditor
Texas RE/Auditor
NERC/Auditor

SBWF Audit Participants:

Company/Title
E.ON Climate & Renewables/VP Operations
E.ON Climate & Renewables/Operations Coordinator
E.ON Climate & Renewables/Operations Center Supervisor
E.ON Climate & Renewables/Operations Regional Manager – West Texas
E.ON Climate & Renewables/Site Supervisor

### 3.0 AUDIT RESULTS

#### 3.1 Findings

The Compliance Audit Team found that SBWF was non-compliant the following standards and requirements:

Reliability Standard & Requirement
FAC-008-1, R1

The following table is a summary of the auditor’s notes for those NERC standards reviewed during the audit:

Reliability Standard	Req.	Finding
CIP-001-1	R1.	Compliant
CIP-001-1	R2.	Compliant
CIP-001-1	R3.	Compliant
CIP-001-1	R4.	Compliant
COM-002-2	R1.	Compliant
COM-002-2	R2.	N/A
EOP-009-0	R1.	N/A
EOP-009-0	R2.	N/A
FAC-008-1	R1.	Possible Violation
FAC-008-1	R2.	Compliant
FAC-008-1	R3.	Compliant
FAC-009-1	R1.	Compliant
FAC-009-1	R2.	Compliant

<b>Reliability Standard</b>	<b>Req.</b>	<b>Finding</b>
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
IRO-005-1	R10.	N/A
IRO-005-1	R11.	N/A
IRO-005-1	R12.	N/A
IRO-005-1	R13.	N/A
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-001-1	R1.	Compliant
PRC-001-1	R2.	Compliant
PRC-001-1	R3.	Compliant
PRC-001-1	R4.	N/A
PRC-001-1	R5.	Compliant
PRC-001-1	R6.	N/A
PRC-004-1	R1.	N/A
PRC-004-1	R2.	Compliant

<b>Reliability Standard</b>	<b>Req.</b>	<b>Finding</b>
PRC-004-1	R3.	Compliant
PRC-005-1	R1.	Compliant
PRC-005-1	R2.	Compliant
PRC-017-0	R1.	N/A
PRC-017-0	R2.	N/A
TOP-001-1	R1.	N/A
TOP-001-1	R2.	N/A
TOP-001-1	R3.	Compliant
TOP-001-1	R4.	N/A
TOP-001-1	R5.	N/A
TOP-001-1	R6.	N/A
TOP-001-1	R7.	Compliant
TOP-001-1	R8.	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

### 3.2 Conclusion

The Compliance Audit Team found that SBWF had a possible violation of the following standard and requirement:

<b>Reliability Standard &amp; Requirement</b>
FAC-008-1, R1

The possible compliance violation along with this compliance report will be provided to the Texas Reliability Entity enforcement staff for processing through the NERC Compliance Monitoring Enforcement Program. Any further actions related to possible compliance violations will be handled through that process.

### 3.3. Compliance Culture

Based on the information provided in the Audit General Information Request, the evidence submitted, responses to questions during the audit, and the audit results, SBWF has a compliance program in place which promotes compliance to NERC Standards. SBWF presented evidence related to 2009 CMEP actively monitored standards only. The audit team did not ascertain whether SBWF compliance procedures existed for the other approved NERC Standards. SBWF cooperated fully and responded to all of the audit team's information requests.