

Scurry County Wind LP

NERC ID # NCR10027

Audit Report

for Compliance with

NERC Reliability Standards

Public Version

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

Audit Date: April 15 - 16, 2009
Audit Location: Austin, Texas
Report Date: January 3, 2012
Prepared By: Kent Grammer, Audit Team Leader

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1.0 EXECUTIVE SUMMARY

A Table Top compliance audit of Scurry County Wind LP (SCW) was conducted on April 15-16, 2009. The NERC Reliability Standards that are being actively monitored for 2009 were reviewed based on SCW's registration as a Generator Owner (GO) and Generator Operator (GOP). The audit team consisted of four representatives from Texas Regional Entity (Texas RE). Based on the review of documentation provided by SCW and the interviews of SCW's personnel, SCW met all of the NERC Standard requirements.

This audit report includes information regarding the requirements that were missing for SCW's possible compliance violations. 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) for the CIP-001 violation is posted on the NERC website at the following URL: http://www.nerc.com/filez/enforcement/FinalFiled_ANOP_NOC-685.pdf.

The NERC Notice of Penalty (NOP) is posted for the IRO-001 and TOP-001 violations on the NERC website at the following URL: http://www.nerc.com/filez/enforcement/FinalFiled_ANOP_NOC-851.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. 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 SCW's compliance with the requirements of the reliability standards that are applicable to SCW based on the SCW'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 SCW'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

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

the time of the audit applicable to GO, GOP. The audit was performed by four members of Texas RE.

For the 2009 compliance program, the monitoring period for the compliance audit will generally be the last three years, the time since SCW 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 SCW prior to the audit. Work history and conflict of interest forms submitted for each audit team member were provided to SCW. SCW 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. SCW accepted the audit team member participants with no objections.

2.3 Methodology

Once an audit date was set by Texas RE, SCW 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 SCW'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 SCW. The audit team verbally shared its preliminary results with SCW's management.

2.4 Company Profile

Chicago based Invenergy LLC is a leading clean energy company focused on the development, ownership, operation and management of large-scale electricity generation assets in the North American and European markets. The Company serves a wide range of utilities, load serving entities, energy merchants and industrial customers. Invenergy's electric generation assets primarily include large scale wind energy and clean natural gas fueled electric generating facilities.

Founded in 2001, the Company has a superior track record in the energy industry and a highly experienced management team. The members of Invenergy's senior management team have an average experience of approximately 20 years in diverse areas of the energy market including development, engineering, construction, finance, operations, asset management, and energy trading and contracting.

Invenergy is headquartered in Chicago and has North American regional offices located in Denver, Washington D.C. and Toronto. International development is focused on the European wind energy market with activities centered in London, England and Warsaw, Poland.

Invenergy is in the process of building a portfolio of clean and renewable energy projects in North America and Europe by:

- Developing wind energy projects
- Developing thermal energy projects utilizing clean fuels such as natural gas
- Acquiring power generation projects in development, construction and operation
- Developing alternative energy sources such as solar power generation and ethanol

Invenergy currently has projects totaling nearly 4,000 Megawatts (MW) in construction or operation. Most of these projects have long term hedges or contracts for electricity sales. This portfolio includes projects generating electricity with wind turbines as well as conventional thermal electricity generating facilities utilizing clean-burning fuels such as natural gas.

2.5 Audit Specifics

Audit Date: April 15 - 16, 2009
 Audit Location: Texas RE's Office

Texas RE Audit Team:

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

SCW Audit Participants:

Company/Title
Invenergy – Operations Manager
Invenergy – Regulatory Manager
Business Manager - Operation
Invenergy – Plant Manager
Invenergy – Asset Manager
Fulcrum Power
Fulcrum Power
Fulcrum Power
Director, O & M Services

3.0 AUDIT RESULTS

3.1 Findings

The Compliance Audit Team found possible violations with the following standards and requirements:

Reliability Standard & Requirement
CIP-001, R4
IRO-001, R8
TOP-001, R3

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

Reliability Standard	Requirement	Finding
CIP-001-1	R1.	Compliant
CIP-001-1	R2.	Compliant
CIP-001-1	R3.	Compliant
CIP-001-1	R4.	Possible Violation
COM-002-2	R1.	Compliant
EOP-009-0	R1.	N/A
EOP-009-0	R2.	N/A
FAC-008-1	R1.	Compliant
FAC-008-1	R2.	N/A
FAC-008-1	R3.	N/A
FAC-009-1	R1.	Compliant
FAC-009-1	R2.	N/A
IRO-001-1	R8.	Possible Violation
IRO-004-1	R1.	Compliant
IRO-005-1	R9.	N/A
IRO-005-1	R13.	Compliant
IRO-005-1	R17.	N/A
PRC-001-1	R1.	Compliant
PRC-001-1	R2.	Compliant
PRC-001-1	R3.	Compliant
PRC-001-1	R5.	Compliant
PRC-004-1	R2.	N/A
PRC-004-1	R3.	N/A
PRC-005-1	R1.	Compliant
PRC-005-1	R2.	N/A
PRC-017-0	R1.	N/A
PRC-017-0	R2.	N/A
TOP-001-1	R3.	Possible Violation
TOP-001-1	R6.	N/A
TOP-001-1	R7.	N/A

Reliability Standard	Requirement	Finding
TOP-002-2	R3.	Compliant
TOP-002-2	R13.	N/A
TOP-002-2	R14.	Compliant
TOP-002-2	R15.	Compliant
TOP-002-2	R18.	Compliant
TOP-003-0	R1.	Compliant
TOP-003-0	R2.	Compliant
TOP-003-0	R3.	N/A

3.2 Conclusion

The Compliance Audit Team found that SCW had possible violations with the following standards and requirements:

Reliability Standard & Requirement
CIP-001, R4
IRO-001, R8
TOP-001, R3

The possible compliance violations along with this compliance report will be provided to the regional entity compliance staff for processing through the NERC CMEP. Any further actions related to possible compliance violations will be through that process.

3.3. Compliance Culture

SCW was cooperative and forthcoming with all questions and requests made by the audit team. Senior management is supportive of SCW's compliance program. Based on the interviews and documentation presented, SCW has a compliance program in place which promotes compliance with the NERC Standards.