

NRG Texas Power, LLC

NERC ID # NCR10090

Audit Report

for Compliance with

NERC Reliability Standards

Public Version

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

Audit Date: September 1 - 3, 2009
Audit Location: NRG Offices, Houston, TX
Report Date: November 13, 2009
Prepared By: Bill Lewis, Audit Team Leader

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1.0 EXECUTIVE SUMMARY

The On-Site compliance audit of NRG Texas Power, LLC (NRG) was conducted on September 1 - 3, 2009. The NERC Reliability Standards that are being actively monitored for 2009 were reviewed based on NRG's registration as a Generator Operator (GOP). The audit team consisted of four 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 NRG and the interviews of NRG's personnel, NRG 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. 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 NRG's compliance with the requirements of the reliability standards that are applicable to NRG based on the NRG'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 NRG'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 a GOP. The audit was performed by four members of Texas RE with one NERC observer.

Note: For the 2009 compliance program, the monitoring period for the compliance audit will generally be the last three years, the time since NRG's last audit as a GOP, the effective date of NRG's registration or periods specified in individual reliability standards.

2.2.1 Confidentiality and Conflict of Interest

Confidentiality agreements and code of conduct documentation pertaining to the regional entity staff were provided to NRG prior to the audit. Work history and conflict of interest forms submitted for each audit team member were provided to NRG. NRG 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

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

that could interfere with the audit team member's impartial performance of duties. NRG accepted the audit team member participants with no objections.

2.3 Methodology

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

2.4 Company Profile

NRG Texas Power, LLC is a subsidiary of NRG Energy, Inc. which owns and operates a diverse portfolio of power-generating facilities, primarily in Texas and the Northeast, South Central region which consist of Louisiana Generating LLC and Western regions of the United States. The regions are each led by a Regional President that report to the CEO of NRG Energy, Inc. Within the ERCOT Region, NRG Texas Power, LLC has a portfolio of approximately 9,140 MW of merchant generation at seven facilities.

NRG Texas Power's portfolio is operated in the ERCOT Region as part of an affiliated Qualified Scheduling Entity. Most units in the portfolio are connected to the Centerpoint Energy grid.

2.5 Audit Specifics

Audit Date: September 1 - 3, 2009
Audit Location: NRG Offices, Houston, TX

Texas RE Audit Team:

Name	Company/Title
Bill Lewis	Texas RE/Audit Team Leader
Mark Henry	Texas RE/Auditor
David Bueche	Texas RE/Auditor
Brent Torgrimson	Texas RE/Auditor
Rosanna Jimenez	NERC/Observer

NRG Audit Participants:

Name	Company/Title
Robert Been	NRG Texas Power, Engineer
Charlie Graves	NRG Texas Power, Operations Supervisor
David Isgate	NRG Texas Power, O & M Manager
Chris Cromer	NRG Texas Power, Regional Engineering Manager
Roger Morgan	NRG Texas Power, SRB Operations Manager
David Hunt	NRG Texas Power, LBY Operations Manager
Steve Hawkins	NRG Texas Power, THW Operations Manager
John Palen	NRG Texas Power, Asset Desk Coordinator
Terry Cooper	NRG Texas Power, Limestone Operations Manager
Keith Comeaux	NRG Texas Power, Director Regulatory Compliance
Charlie DeLeon	NRG Texas Power, Compliance Coordinator
Keith Sanderson	NRG Texas Power, GBY Operations Manager
Martin Ryan	NRG Texas Power, Director Day Ahead Real time operations
Robert Bailey	NRG Texas Power, Manager Real Time operations
Rick Keetch	Reliant, Director Dispatch and Real time
Sydney Niemeyer	NRG Texas Power, Control Systems Specialist
Doug McCormick	NRG Texas Power, Regional Training Manager, TX
Raymond Guerrero	NRG Texas Power, Senior Network Engineer
Sanjay Agarwal	NRG Texas Power, EMS Manager
Eric Saenz	NRG Texas Power, Supervisor Generation Control
Don Poe	NRG Texas Power, VP Texas and South Central Operations
Roger McConnell	NRG Texas Power, Plant Manager THW/GBY

3.0 AUDIT RESULTS

3.1 Findings

The Compliance Audit Team found that NRG was compliant with all 2009 actively monitored NERC Standards applicable to a Generator Operator 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-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.	Compliant
EOP-009-0	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
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

Reliability Standard	Requirement	Finding
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
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.	Compliant
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

NRG was found to be in compliance with all the standards that were audited.

3.3. Compliance Culture

NRG was cooperative with the audit team's needs and information requests throughout the entire audit process. The organizational structure of NRG, the extensive participation during the audit by NRG's personnel, the responses provided to the compliance culture questionnaire, the detailed documentation of procedures and records, the internal self audits, the demonstrated level of compliance and the direct observations made by the audit team confirmed a strong commitment by NRG to promote a healthy compliance culture within organization. The Director of Regulatory Compliance and Compliance Coordinator's efforts for this audit were extremely helpful and were well supported by the other NRG managers who prepared and participated.