



# **Compliance Audit Report Public**

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

**NextEra Energy Resources (NextEra)  
formerly FPL Energy**  
NCR01096

**Audit  
March 3-4, 2009**

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## Executive Summary

This **confidential version** of the final compliance audit report is not for public distribution. The report will be submitted to NextEra Energy Resources Company (NextEra) and to NERC after any Possible Alleged Violations have been processed through the Southwest Power Pool Regional Entity's (SPP RE) 2009 Compliance Monitoring and Enforcement Program.

NextEra was scheduled for an on-site audit in 2009 as part of the NERC Compliance Monitoring and Enforcement Program (CMEP). The CMEP requires all Generator Owners (GOs) and Generation Operators (GOPs) to be audited once every six years. The audit team reviewed the material provided by NextEra and additional information that was requested during the audit. The SPP RE audit team reviewed the material and developed the audit findings on NextEra's compliance to the standards.

The SPP RE audit team reviewed 12 NERC Standards that included 29 requirements applicable to GO's and GOP's, with the NextEra staff. The audit team found one Standard with one requirement that did not apply to NextEra operations. The audit team reviewed the company evidence for each requirement in the standards with NextEra subject matter experts. NextEra provided evidence to support its compliance with the standards.

After reviewing all of the evidence presented, the audit team found NextEra to be compliant with all 28 of the NERC requirements reviewed and applicable to NextEra at this time.

NextEra had self reported one violation and has completed the mitigation to correct the problem. NextEra had provided 3 Corrective Actions to fully mitigate this violation. The first two corrective actions had been completed and verified prior to the on-site audit. The audit team was presented evidence to substantiate that the 3<sup>rd</sup> Corrective Action had been completed. The audit team reviewed the documentation provided and spoke with their subject matter experts to confirm the items in the mitigation plan had been completed.

## Audit Process

The compliance audit process steps are detailed in the NERC 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.<sup>1</sup> The audit objectives are:

- Independently review the company's compliance with the requirements of the NERC and regional reliability standards that are applicable to the company based on the company's registered functions.
- Validate compliance with applicable reliability standards from the NERC 2009 Implementation Plan list of actively monitored standards.
- Review self-reported violations and previous self-certifications, confirm compliance with other requirements of the reliability standard, and review the status of associated mitigation plans.
- Validate coordination with neighboring BAs, TOPs, and the Reliability Coordinator.
- Document the company's compliance culture.

## **Scope**

The compliance on-site audit includes all reliability standards applicable to the Registered Entity monitored in the NERC Implementation Plans in the current and two previous years, and may include other reliability standards applicable to the Registered Entity. Some periodically monitored standards were reviewed at the SPP RE office. The results of the off-site reviews are included in the audit report.

There are 49 NERC Standards in the Monitored Compliance Program for audit in 2009. Thirty-seven of the Standards are not applicable to the NextEra registered functions. The audit team reviewed 12 standards on site.

If a company has an outstanding mitigation plan or has just completed a mitigation plan, the progress or completion of the plan was validated on-site by the audit team. NextEra had one completed mitigation plan that was reviewed on-site.

This audit report includes the findings from the on-site and off-site review of the company's evidence.

## **Confidentiality and Conflict of Interest**

Confidentiality agreements executed by the independent contractor and code of conduct documentation for the Regional Entity staff were provided to the SPP RE and the audited entity in advance of the audit. The work history of each audit team member was provided to SPP RE and the company. The company was given an opportunity to object to an audit team member on

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

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. NextEra accepted the final audit team member participants with no objections. SPP RE found no conflict of interest for any of the audit team members.

### ***On-site Audit***

The on-site audit is part of the NERC Compliance Monitoring and Enforcement Program (CMEP). Every Generation Owner (GO) and Generation Operator (GOP) registered in the NERC Functional Registration Data Base is required to have an audit once every six years. The on-site audit covers the 2009 NERC monitored standards, any Regional standards identified and possible other NERC standards listed in the pre-audit information. Companies on the 2009 on-site audit list were notified in the fall of 2008 about its upcoming audit and scheduled for the audit. Sixty days in advance, a letter explaining the audit was sent to the company. SPP RE sent the company a request for data and documents to complete. The pre-audit material included the audit team members, audit agenda, standards to be reviewed on-site, a pre-audit survey, the standards questionnaires, and the option to reject any audit team member. The pre-audit material received from the company provided the audit team an explanation of how the company operates for the functions it is registered and supporting information for compliance to the NERC standards.

The standards and supporting evidence to show compliance with the standards were reviewed with the company. The audit team received evidence supporting compliance with each requirement of the audited standards. Evidence included summary reports, company procedures, processes, work schedules, training schedules, on-line tools, data bases, and other sources. The audit team reviewed the evidence for each standard and requirement with the company's subject matter experts. This process enabled the team to get immediate answers to questions that arose. This process also exposed other company staff to the audit process which helped solidify why a company follows certain procedures and processes. The open mitigation plan was reviewed by the audit team. The audit team used the evidence, the discussions with the company subject matter experts along with their professional judgment to decide on the recommended findings for the report.

On the final day, the lead auditor presented the findings of the audit to the company staff. The presentation covered the findings for the standards reviewed on on-site and off-site along with the mitigation review. The final report process was explained along with the security of the audit information. NextEra was informed that the public report will be posted on the NERC and SPP RE websites after all due processes are complete. NextEra was also notified that a post-audit questionnaire will be provided for them to make any comments about the audit or audit team. There was a question and answer session after the presentation. The lead auditor answered all the questions and thanked NextEra for its hospitality.

## ***Methodology***

The audit team reviewed the evidence supplied by the company for each requirement of all NERC standards that apply to the functions performed by the company to determine if the company complied with that requirement. The company would be found to be noncompliant with requirements where compliance cannot be confirmed.

NextEra provided a conference room for the audit. The audit team members completed individual assignments during the audit process. NextEra brought in its subject matter experts as the audit team reviewed the standards with them. The subject matter experts explained the evidence and answered all questions the team asked. NextEra presented most of its evidence on an overhead projection screen. The overhead presentation was very useful for all of the team to review the evidence at one time.

The audit team toured the Fleet Performance and Diagnostic Center control room (FPDC) and verified the information that was presented as evidence during the audit. The team was able to see live screens and ask several questions about its processes and procedures. The tour confirmed the information learned during the audit.

The audit team met privately after being presented the evidence from the company. The team reviewed each requirement and discussed the levels of compliance and addressed each team member's notes from the audit. The audit team decided on the findings to present to the company and the SPP RE. The audit team developed the closing presentation of audit findings. The lead auditor gave the presentation to the NextEra staff and answered all their questions.

## ***Audit Overview***

The audit team met with the NextEra representatives on the first morning of the audit. Facilities and the audit process were discussed to verify if any changes to the agenda were warranted. There were no changes identified by either party.

## ***Audit***

The NextEra audit was performed as planned. The agenda was followed with only minor staff adjustments.

## ***Exit Briefing***

The audit team gave an exit presentation for the NextEra staff. The team lead explained the findings from the audit. The presentation was attended by NextEra staff that participated in the audit. The presentation was open for comments and discussion about the findings. The exit presentation also covered the mitigation plan that was reviewed. NextEra was informed that it will receive an audit evaluation to complete and return to NERC.

The audit team uses the exit presentation to help verify that the information presented is correct.

## **Company Profile**

NextEra performs the following NERC functions and is registered with NERC/SPP RE for these functions:

- Generation Operator
- Generation Owner

FPL Group is the parent company to both Florida Power & Light (Florida-based Utility) and NextEra Energy Resources the unregulated energy subsidiary. NextEra Energy Resources is a leader in producing electricity from clean and renewable fuels, a world leader in the development and operation of wind power, and the largest generator of solar power in the nation at the time of the audit.

NextEra operates and maintains 3 wind power sites in the SPP RE footprint. It has connections to three Balancing Authorities; Sunflower Electric, Oklahoma Gas and Electric and American Electric Power Service Corp. The following table summarizes the connections and wind farm names.

Name	Substation name	MW Output	BA	TOP
Gray County Wind Farm	Gray County	112.2	Sunflower Electric	Sunflower Electric
Oklahoma Wind Farm (Sooner)	Woodward	102	OG&E	OG&E
Cowboy Wind Farm (Weatherford)	Washita	147	AEPW	AEPW

NextEra has a control room, the Fleet Performance and Diagnostic Center (FPDC), located in Juno Beach Florida where it monitors all NextEra generation resources including thermal, hydro, solar, and wind across the United States and Canada. The FPDC is staffed to operate twenty-four hours a day, seven days a week to monitor and control the NextEra wind assets. The SCADA system allows real time monitoring, alarming and resetting non-critical alarms and trips.

NextEra and Florida Power and Light share certain staff and facilities on the generation side of each company. The FPDC is part of the FPL organization but monitors the NextEra unregulated generation. Some of the generation maintenance staffs also work in both the regulated FPL generation and the unregulated NextEra generation groups.

SPP is the Reliability Coordinator for these three NextEra wind farms.

## **Audit Specifics**

The compliance audit was conducted on March 3-4, 2009 at the NextEra office in Juno Beach, Florida.

## **Audit Team**

<b>Title</b>	<b>Company</b>
SPP RE, Lead Engineer	SPP RE
SPP RE, Specialist II	SPP RE
SPP RE, Lead Compliance Specialist	SPP RE
SPP RE Contractor	SPP RE

## **NextEra Audit Participants**

<b>Title</b>	<b>Organization</b>
Director - Reliability and Compliance Group (RCG)	RCG, NextEra
Director – Power Generation Division (PGD) Production Assurance	PGD, FPL
Production Manager – (PGD)	PGD, FPL
RCG Compliance Manager	RCG, NextEra
RCG Compliance Manager	RCG, NextEra
RCG Compliance Analyst	RCG, NextEra
Wind Operations Engineer – (PGD)	PGD, NextEra
Senior Attorney	General Counsel, NextEra
Substation Protection & Control	Transmission, NextEra
Manager – Capability and Performance	PGD, FPL

## **Audit Results**

After reviewing the evidence presented to the audit team, NextEra is found to be compliant with all 11 applicable standards reviewed. NextEra had one mitigation plan open that was reviewed during this audit and found to be completed.

NextEra was prepared for the audit and presented its documentation in a concise manner. NextEra subject matter experts presented the material supporting its compliance to the standard requirements for their area. They showed that they are in compliance with the NERC standards and are working to improve processes and procedures to insure that they continue to remain compliant.

## Mitigation plan

The audit team reviewed the corrective actions listed in NextEra's mitigation plan for their self-reported violation. The team confirmed the corrective actions have been completed on time according to the mitigation plan. The team finds the mitigation complete for this violation.

## Findings

### NextEra On-site Audit Findings

\*N/A – Not Applicable

PAV – Possible Alleged Violation

<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
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
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
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

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<b>Reliability Standard</b>	<b>Requirement</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
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

## **Compliance Culture**

NextEra has a formal internal compliance program supported by the FPL Energy *Reliability & Compliance Group (RCG) Program Control Document ver. 2.2 last updated 1/28/08*. The responsibilities of compliance have been assigned to SVP Business Management and Director of Reliability and Compliance. The chain of command for compliance is SVP Business Management and Director of Reliability and Compliance report to the Chief Executive Officer (CEO) and President of NextEra Energy. The CEO in turn reports to FPL Group. The compliance program is independent from the departments responsible for performance to the reliability standards. The program covers the compliance effort for all the regions NextEra Energy assets are located.

NextEra has participated in the regional compliance program since 2007. NextEra has been attending compliance workshops to ensure it understands the audit process and requirements.

Overall, the staff is aware of the importance of continual compliance. NextEra is continually refining its process to track compliance and keep documentation up to date.