

IPA Trading, LLC

NERC ID # NCR04085

Audit Report

for Compliance with

NERC Reliability Standards

Public Version

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

Audit Date:	May 5 - 7, 2009
Audit Location:	Marlborough, Mass
Report Date:	July 20, 2009
Prepared By:	Bill Lewis, Audit Team Leader

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1.0 EXECUTIVE SUMMARY

The On-Site compliance audit of IPA Trading, LLC (IPA) was conducted on May 5 - 7, 2009. The NERC Reliability Standards that are being actively monitored for 2009 were reviewed based on IPA's registration as a GOP. The audit team consisted of four representatives from Texas Regional Entity (Texas RE). Based on the review of documentation provided by IPA and the interviews of IPA's personnel, IPA met all of the NERC Standard requirements reviewed during this audit.

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 IPA's compliance with the requirements of the reliability standards that are applicable to IPA based on the IPA'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 IPA'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 Generator Operator. The audit was performed by four members of Texas RE.

Note: For the 2009 compliance program, the monitoring period for the compliance audit will generally be the last three years, the time since IPA's last audit as a 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 IPA prior to the audit. Work history and conflict of interest forms submitted for each audit team member were provided to IPA. IPA 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

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

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

2.3 Methodology

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

2.4 Company Profile

International Power plc, is one of the world's leading power generation companies with interests in 17 countries across the globe and more than 30,000 MW of generating capacity. In North America, International Power is a growing independent power company with 3 corporate offices in Massachusetts, New York and Texas and 7800 MW located in Texas, Massachusetts, Georgia, Illinois, Ohio, Pennsylvania, West Virginia and Puerto Rico. International Power is dedicated to bringing innovative and balanced solutions to the energy industry and is powered by a commitment to deliver the best possible energy solution to every region it serves.

2.5 Audit Specifics

Audit Date: May 5 - 7, 2009
Audit Location: Marlborough, Mass

Texas RE Audit Team:

Name	Company/Title
Bill Lewis	Texas RE/Audit Team Leader
David Bueche	Texas RE/Auditor
Dan Kueker	Texas RE/Auditor
Scott Jackson	Texas RE/Auditor

IPA Trading, LLC Audit Participants:

Name	Company/Title
Matt Fahey	IPA, Real Time Manager
Billy Shaw	IPA, Director Corporate Services
Jason Sullins	Coletto Creek, Plant Operator
Eric Palmer	IPA, Real Time Desk Operator

3.0 AUDIT RESULTS

3.1 Findings

The Compliance Audit Team found that IPA was compliant with all 2009 actively monitored NERC Standards 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
EOP-009-0	R1.	N/A
EOP-009-0	R2.	Compliant
IRO-001-1	R8.	Compliant
IRO-004-1	R4.	Compliant
IRO-005-1	R13.	Compliant
PRC-001-1	R1.	Compliant
PRC-001-1	R2.	Compliant
PRC-001-1	R3.	Compliant
PRC-001-1	R5.	Compliant
TOP-001-1	R3.	Compliant
TOP-001-1	R6.	Compliant
TOP-001-1	R7.	Compliant
TOP-002-2	R3.	Compliant
TOP-002-2	R13.	Compliant
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.	Compliant

3.2 Conclusion

IPA was found in compliance with all the applicable requirements in the NERC standards that were audited.

3.3. Compliance Culture

IPA was cooperative with the audit team's needs and information requests throughout the entire audit process. Based on the information provided in the Audit General Information Request and throughout the audit process, via documentation and interviews, IPA has a compliance program in place which promotes compliance within the company.