

Ingleside Cogeneration LP

NERC ID # NCR04082

Audit Report

for Compliance with

NERC Reliability Standards

Public Version

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

Audit Date: August 13, 2009
Audit Location: Texas RE office – Austin, TX
Report Date: October 26, 2009
Prepared By: David Bueche, Audit Team Leader

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1.0 EXECUTIVE SUMMARY

The Table Top compliance audit of Ingleside Cogeneration LP was conducted on August 13, 2009. The NERC Reliability Standards that are being actively monitored for 2009 were reviewed based on Ingleside Cogeneration LP's registration as a GO, GOP. The audit team consisted of four representatives from Texas Regional Entity (Texas RE). Based on the review of documentation provided by Ingleside Cogeneration LP and the interviews of Ingleside Cogeneration LP's personnel, Ingleside Cogeneration LP 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 Ingleside Cogeneration LP's compliance with the requirements of the reliability standards that are applicable to Ingleside Cogeneration LP based on the GO, GOP 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 Ingleside Cogeneration LP'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 and Generator Owner. 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 6 years; however, this audit period was 6/18/07 – 8/12/09, since this was Ingleside Cogeneration LP's first audit as a GO, GOP. 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 Ingleside Cogeneration LP prior to the audit. Work history and conflict of interest forms

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

submitted for each audit team member were provided to Ingleside Cogeneration LP. Ingleside Cogeneration LP 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. Ingleside Cogeneration LP accepted the audit team member participants with no objections.

2.3 Methodology

Once an audit date was set by Texas RE, Ingleside Cogeneration LP 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 Ingleside Cogeneration LP'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 conducted an exit briefing immediately following the audit with Ingleside Cogeneration LP. The audit team verbally shared its preliminary results with Ingleside Cogeneration LP's management.

2.4 Company Profile

Ingleside Cogeneration LP is a wholly owned subsidiary of Occidental Chemical Corporation (OCC). Occidental Energy Ventures Corporation (OEVC) is the Occidental entity responsible for Occidental's power generation/cogeneration facilities complying with the NERC reliability standards. OCC and OEVC are 100% indirectly owned subsidiaries of Occidental Petroleum Corporation.

2.5 Audit Specifics

Audit Date: August 13th, 2009
Audit Location: Texas RE Office – Austin, TX

Texas RE Audit Team:

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

Ingleside Cogeneration LP Audit Participants:

Name	Company/Title
Michelle D'Antuono	Occidental Energy Ventures Corp/Senior Energy Analyst

3.0 AUDIT RESULTS

3.1 Findings

The Compliance Audit Team found that Ingleside Cogeneration LP 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
COM-002-2	R2.	N/A
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.	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.	N/A
PRC-001-1	R3.	Compliant
PRC-001-1	R5.	Compliant
PRC-004-1	R2.	N/A
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	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

Reliability Standard	Requirement	Finding
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

*Spot Check (not part of 2009 CMEP)

3.2 Conclusion

Ingleside Cogeneration, LP was found in compliance with the standards that were audited.

3.3. Compliance Culture

Ingleside Cogeneration, LP appears to have a good culture of compliance. Ingleside Cogeneration, LP was very cooperative and quick to respond to any questions or additional information the Texas RE requested during the audit period.