

# **Compliance Audit Report Public Version**

**Brazos Wind, LP  
NERC ID # NCR10210**

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

Audit Date: March 9-11, 2010  
Audit Location: Texas Reliability Entity Office, Austin, TX  
Report Date: July 12, 2011  
Prepared By: Scott Jackson, Audit Team Leader

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## 1.0 EXECUTIVE SUMMARY

The Table Top (Off-Site) compliance audit of Brazos Wind, LP (Brazos) was conducted on March 9-11, 2010. The NERC Reliability Standards that are being actively monitored for 2010 were reviewed based on Brazos registration as a Generator Owner and Generator Operator.

The audit team reviewed the NERC Reliability Standards for the period of time identified in the scope of the audit. The audit team consisted of two representatives from Texas Reliability Entity (Texas RE). The audit team reviewed the evidence and documentation provided by Brazos and conducted interviews with Brazos personnel to assess compliance with standards applicable to Brazos at this time.

There were a total of sixteen (16) reliability standards included in the scope of this audit consisting of ninety-five (95) requirements. Based on the information and documentation provided by Brazos, the audit team found Brazos to be compliant with thirty-five (35) applicable requirements. The audit team determined that fifty-eight (58) requirements were not applicable to Brazos.

The audit team identified two (2) possible alleged violations during the audit. These audit results are further explained in the Audit Results Findings section of this report which includes detailed information of the audit team's findings of applicability and compliance for the NERC Reliability Standards within the scope of the compliance audit. This audit report includes information regarding the possible alleged violations. This information will be used to help determine the severity level of sanctions and penalties. The possible alleged violations will be processed through the Texas RE's NERC Compliance Monitoring and Enforcement Program. Any further actions related to possible alleged violations will follow the same process. Any Possible Alleged Violations will be processed through the NERC and Texas RE CMEP.

There were no ongoing or recently completed mitigation plans for the NERC registered functions included in the scope of this audit and therefore, none were reviewed by the audit team.

The NERC Notice of Penalty (NOP) is posted on the NERC website at the following URL:  
[http://www.nerc.com/filez/enforcement/FinalFiled\\_ANOP\\_NOC-800.pdf](http://www.nerc.com/filez/enforcement/FinalFiled_ANOP_NOC-800.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](http://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.<sup>1</sup> The audit objectives are:

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

- Independently review Brazos compliance with the requirements of the reliability standards that are applicable to Brazos based on the Brazos registered functions included in the scope of this audit.
- Validate compliance with applicable reliability standards from the NERC 2010 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 standards, and review the status of associated mitigation plans.
- Document Brazos 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 2010 and any others that may be identified by the audit team at the time of the audit applicable to a Generator Owner and Generator Operator. The audit was performed by two members of Texas RE.

There were no ongoing or recently completed mitigation plans for the NERC registered functions included in the scope of this audit that had not been previously validated by Texas RE's compliance staff for Brazos Wind, LP, and therefore none were reviewed by the audit team.

Note: For the 2010 compliance program, the monitoring period for the compliance audit will generally be the last six years based on Brazos' registration as a Generator Owner and Generator Operator, or periods specified in individual reliability standards.

At the time of the audit, Brazos was registered as a Generator Owner and Generator Operator (GO GOP registration date of January 14, 2008). The audit team evaluated Brazos for compliance during the specific period of January 14, 2008 to March 9, 2010.

### 2.2.1 Confidentiality and Conflict of Interest

Confidentiality agreements and code of conduct documentation for the regional entity staff were provided to Brazos prior to the audit. Work history and conflict of interest forms submitted for each audit team member were provided to Brazos. Brazos 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. Brazos had not submitted any objections by the stated fifteen day objection due date and accepted the audit team member participants with no objections. There have been no denials of or access limitations placed upon this audit team by Brazos.

## 2.3 Methodology

Once an audit date was set by Texas RE, Brazos was sent a Reliability Standard Audit Work Sheets (RSAWs) for the list of actively monitored NERC Standards.

The audit team reviewed the completed RSAWs, information, data, and evidence submitted by Brazos and assessed compliance with requirements of the applicable reliability standards. Initial submittal of information and data were sent to Texas RE on or before the scheduled due date for the submittal. Additional information relevant to the audit could be requested by Texas RE and submitted by Brazos until the last day of the review at the audit site.

During the audit, Texas RE reviewed the responses to the RSAWs and auditor questions with Brazos management and supervisors. The audit team reviewed documentation provided by Brazos that included data, information and evidence submitted in the form of policies, procedures, emails, logs, studies, data sheets, etc. which were validated, substantiated and cross-checked for accuracy as appropriate. Requirements which required a sampling to be conducted were developed based upon the significance of the sampling to the reliability of the Bulk Electrical System (BES).

The Texas RE audit team interviewed operations, IT, communications, and planning personnel as necessary to clarify or stack the evidence provided by Brazos and verify documentation.

Findings were based on the audit team's knowledge of the BES, the NERC Reliability Standards and their professional judgment. All findings were developed based upon the consensus of the audit team.

There were no ongoing or recently completed mitigation plans for the NERC registered functions included in the scope of this audit that had not been previously validated by Texas RE's compliance staff for Brazos and therefore, none were reviewed by the audit team.

The audit team conducted an exit briefing immediately following the audit with Brazos. The audit team verbally shared its preliminary results with Brazos management.

## 2.4 Company Profile

Brazos Wind, Holdings, LLC, equally owned by Shell Wind Energy Incorporated and MIT Power, Inc. (a subsidiary of Mitsui USA, Incorporated) is registered as Generator Owner and Operators of Brazos LP (NCR10210 Brazos Wind, LP). Shell Wind Energy Services, Incorporated (SWESI), provides the operating staff under terms of a Management, Operations, Maintenance and Administration Agreement (MOMA).

The site consists of 160 MHI turbines (160 Megawatt total output) sited at Fluvanna, Texas in Borden and Scurry Counties. The farm consists of East and West wind parks. Brazos utilizes a collector system for the farm's output. Each turbine's rated output is 1 Megawatt @ 600 VAC 3 phase. The output is connected through pad mounted step-up transformers increasing the voltage to approximately 34,500 volts. This output is then supplied through a "collector" system to the substation's step-up transformers (34.5 kV/138 kV). The high side of the substation transformer's output is then supplied to the point of interconnection with services provided by Oncor Electric Delivery Company. Brazos has neither a service territory nor customers and does not own any transmission. The wind farm was placed in service in December 2003 and became a NERC registered entity on January 14, 2008.

Brazos sells all of its energy as and when it is produced at the point of interconnection to TXU Portfolio Management Company, LP through a Renewable Energy Power Purchase Agreement.

## 2.5 Audit Specifics

Audit Date: March 9-11, 2010  
Audit Location: Texas Reliability Entity Office, Austin, TX

Texas RE Audit Team:

<b>Company/Title</b>	<b>Audit Team Role</b>
Texas RE/Compliance Engineer III	Audit Team Leader
Texas RE/Compliance Engineer III	Auditor

Brazos Audit Participants:

<b>Company</b>	<b>Title</b>
Shell Wind Energy	US Joint Venture Manager
Shell Wind Energy	Brazos Wind Site Manager
Shell Wind Energy	Brazos Wind Site Supervisor
Shell Wind Energy	Senior VP, Brazos Wind, LP
Shell Wind Energy	Reliability Manager
Shell Wind Energy	Ethics & Compliance Manager
Certrec Corp.	Manager Electric Reliability Programs - NERC/FERC
Certrec Corp.	Regulatory Services

### 3.0 AUDIT RESULTS

#### 3.1 Audit Findings

The Compliance Audit Team found that Brazos was non-compliant with the following standards and requirements:

<b>Reliability Standard &amp; Requirement</b>
PRC-005-1, R1
PRC-005-1, R2

Brazos was found compliant with all other requirements and standards that were included in the scope of this audit.

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

<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
COM-002-2	R2.	N/A
FAC-002-0	R1.	Compliant
FAC-002-0	R2.	N/A

<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
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-001-1.1	R1.	N/A
IRO-001-1.1	R2.	N/A
IRO-001-1.1	R3.	N/A
IRO-001-1.1	R4.	N/A
IRO-001-1.1	R5.	N/A
IRO-001-1.1	R6.	N/A
IRO-001-1.1	R7.	N/A
IRO-001-1.1	R8.	Compliant
IRO-001-1.1	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-005-2	R1.	N/A
IRO-005-2	R2.	N/A
IRO-005-2	R3.	N/A
IRO-005-2	R4.	N/A
IRO-005-2	R5.	N/A
IRO-005-2	R6.	N/A
IRO-005-2	R7.	N/A
IRO-005-2	R8.	N/A
IRO-005-2	R9.	N/A
IRO-005-2	R10.	N/A
IRO-005-2	R11.	N/A
IRO-005-2	R12.	N/A
IRO-005-2	R13.	Compliant
IRO-005-2	R14.	N/A
IRO-005-2	R15.	N/A
IRO-005-2	R16.	N/A
IRO-005-2	R17.	N/A
PRC-001-1	R1.	Compliant
PRC-001-1	R2.	Compliant
PRC-001-1	R3.	Compliant

<b>Reliability Standard</b>	<b>Requirement</b>	<b>Finding</b>
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
PRC-004-1	R3.	N/A
PRC-005-1	R1.	Possible Violation
PRC-005-1	R2.	Possible Violation
PRC-017-0	R1.	N/A
PRC-017-0	R2.	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

Reliability Standard	Requirement	Finding
TOP-003-0	R2.	Compliant
TOP-003-0	R3.	Compliant
TOP-003-0	R4.	N/A
VAR-002-1.1a	R1.	Compliant
VAR-002-1.1a	R2.	Compliant
VAR-002-1.1a	R3.	Compliant
VAR-002-1.1a	R4.	Compliant
VAR-002-1.1a	R5.	Compliant

### 3.2 Mitigation Plan Findings

There were no ongoing or recently completed mitigation plans for the NERC registered functions included in the scope of this audit that had not been previously validated by Texas RE's compliance staff and therefore, none were reviewed by the audit team.

### 3.3 Conclusion

The compliance audit team found that Brazos was non-compliant with the following standard and requirements:

Reliability Standard & Requirement
PRC-005-1, R1
PRC-005-1, R2

The possible alleged violations along with this compliance report will be provided to Texas RE's compliance staff for processing through the NERC CMEP. Any further actions related to possible alleged violations will be through that process.

Brazos was found compliant with all other requirements and standards that were included in the scope of this audit.

There were no ongoing or recently completed mitigation plans and therefore, none were reviewed by the audit team.

### 3.4. Compliance Culture

Brazos' compliance culture survey was reviewed by the audit team.

Brazos was cooperative with the audit team's needs and information requests throughout the entire audit process. The organizational structure of Brazos, the extensive participation during the audit by Brazos' personnel, the responses provided to the compliance culture survey, the detailed documentation of procedures and records, the demonstrated level of compliance and the direct observations made by the audit team confirmed a strong commitment by Brazos to promote a healthy compliance culture within the organization. Brazos management's efforts for this audit were

extremely helpful and were well supported by SMEs who prepared and participated during the audit process.

Additional detailed information pertaining to the compliance culture of Brazos can be found in the Internal Compliance Survey.