



Compliance Audit Report Public Version

GEN~SYS Energy (GSE)
NERC ID# NCR00991

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

Date of Audit: February 8-10, 2010

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Executive Summary

A compliance audit of GEN~SYS (GSE), NERC ID # NCR00991 was conducted from February 8, 2010 through February 10, 2010. At the time of the audit, GSE was registered for the Purchasing and Selling Entity (PSE) function.

The audit team evaluated GSE for compliance with three (3) requirements in the 2010 NERC Compliance Monitoring and Enforcement Program (CMEP). The audit team reviewed the NERC Reliability Standards for the period of June 18, 2007 to February 10, 2010. GSE submitted information and documentation for the audit team's evaluation of compliance with requirements. The audit team reviewed and evaluated all information provided by GSE to assess compliance with standards applicable to GSE at this time.

Based on the information and documentation provided by GSE, the audit team found GSE to be compliant with 3 applicable requirements.

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. Any Possible Alleged Violations will be processed through the NERC and the Midwest Reliability Organization (MRO) CMEP.

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

Audit Process

The compliance audit process steps are detailed in the MRO CMEP. The MRO 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 an audit for compliance with all Reliability Standards applicable to the functions for which the Registered Entity is registered.* The audit objectives are to:

- Review compliance with the requirements of Reliability Standards that are applicable to GSE, based on the functions that GSE is registered to perform;
- Validate compliance with applicable Reliability Standards from the NERC 2010 Implementation Plan list of actively monitored standards, and additional NERC Reliability Standards selected by MRO;
- Validate compliance with applicable Regional Standards from the MRO 2010 Implementation Plan list of actively monitored standards;
- Validate evidence of self-reported violations and previous self-certifications;
- Observe and document GSE's compliance program and culture;
- Review the status of mitigation plans.

Scope

The scope of the compliance audit included the NERC Reliability Standards from the MRO 2010 Implementation Plan. In addition, this audit included any self-reports, self-certifications, outstanding mitigation plans or remedial action directives which have been completed or pending in the year of the compliance audit.

At the time of the audit, GSE was registered for the function of Purchasing and Selling Entity. The audit team evaluated GSE for compliance during the period of June 18, 2007 to February 10, 2010.

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

Confidentiality and Conflict of Interest

Confidentiality and Conflict of Interest of the audit team are governed under the MRO Delegation Agreement with NERC, and Section 1500 of the NERC Rules of Procedure. GSE was informed of the MRO's obligations and responsibilities under the agreement and procedures. The work history for each audit team member was provided to GSE. GSE was given an opportunity to object to an audit team member's participation on the basis of a possible conflict of interest or the existence of other circumstances that could interfere with an audit team member's impartial performance of duties. GSE had not submitted any objections by the stated fifteen day objection due date and accepted the audit team member participants without objection. There have been no denials of or access limitations placed upon this audit team by GSE.

Methodology

The audit team reviewed the information, data, and evidence submitted by GSE and assessed compliance with requirements of the applicable reliability standards. Submittal of information and data were sent to MRO fourteen days before the scheduled date of the entity review. Additional information relevant to the audit could be submitted until the last day of the review at the audit site. After that date, only data or information which was relevant to the content of the report or its finding can be submitted upon agreement by the audit team lead.

The audit team requested and received additional information and sought clarification from subject matter experts during the audit.

The audit team reviewed documentation provided by GSE. 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).

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

Company Profile

Members of GEN~SYS Energy (GSE) include Dairyland Power Cooperative (DPC) a generation and transmission cooperative; Corn Belt Power Cooperative (CBPC), a generation and transmission cooperative; and Distribu-Gen, a Wisconsin cooperative which focuses on the sale and installation of small customer owned generation equipment.

GSE provides wholesale marketing services to DPC for power and energy. GSE provides natural gas services and energy management services to DPC and CBPC. GSE provides technical support for Distribu-Gen.

As a PSE, the primary service territory is the DPC service area, MAPP and MISO.

GSE provides services at wholesale with the following customers under contract for services: DPC, CBPC, McGregor, IA municipal, St. Charles, MN municipal.

GSE does not own, operate or control any generation, transmission or distribution facilities. Currently GSE has a single power purchase power agreement with Minnesota Power for 50 MW which is scheduled to expire May 31, 2010.

Audit Participants

The following is a listing of all personnel from the Audit Team and GSE who were present during the meetings or interviews.

Audit Team Participants

Title	Entity
Compliance Audit Manager	MRO
Compliance Principal	MRO
Compliance Principal	MRO

GSE Audit Participants

Title	Entity
Compliance Manager	GEN~SYS

Audit Results

The audit team evaluated GSE for compliance with three (3) requirements in the 2010 NERC Compliance Monitoring and Enforcement Program (CMEP). The audit reviewed NERC Reliability Standards for the period of June 18, 2007 to February 10, 2010. GSE submitted information and documentation for the audit team's evaluation of compliance with requirements. The audit team reviewed and evaluated all information provided by GSE to assess compliance with standards applicable to GSE at this time.

Based on the information and documentation provided by GSE, the audit team found GSE to be compliant with 3 applicable requirements.

Findings

The following table details the findings for compliance for the scope identified for this audit.

Conducted On: **Feb 10, 2010**

Entity: **GEN~SYS Energy (GSE)**

Address: **3200 East Ave South, La Crosse, Wisconsin 54601, United States**

NERC Compliance Registry ID: **NCR00991**

Standard Requirement	Compliant
IRO-001-1.1 R8	Yes
IRO-005-2 R13	Yes
VAR-001-1 R5	Yes

Compliance Culture

GSE's compliance culture was not reviewed by the audit team.

Additional information pertaining to the compliance culture of GSE can found in the Internal Compliance Survey.