

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



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Compliance Audit Report

Public Version

Berkshire Power Company, LLC

NERC ID# NCR10351

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and Critical Energy Infrastructure Information)
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Date of Audit: January 20 to February 18, 2010

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Executive Summary

An off-site compliance audit of Berkshire Power Company, LLC (Berkshire), NERC ID # NCR10351 was conducted from January 20 to February 18, 2010. At the time of the audit, Berkshire Power Company was registered for the Generator Owner (GO) and Generator Operator (GOP) functions.

The audit team evaluated Berkshire Power Company for compliance with eighty-nine (89) requirements and sub-requirements in seventeen (17) Reliability Standards in the 2010 NERC Compliance Monitoring and Enforcement Program (CMEP). The audit team reviewed the NERC Reliability Standards for the period of August 2009 to February 18, 2010. Since Berkshire Power Company recently registered with NERC in August 2009, NPCC directed that the audit period extend back only to August 2009. Berkshire Power Company submitted information and documentation for the audit team's evaluation of compliance with requirements. When the evidence provided to demonstrate compliance or non-applicability required additional data requests for information and evidence, the Berkshire Power Company team responded to these requests in a timely manner. The audit was conducted using the data submitted by Berkshire Power Company to the NPCC FTP site, as well as telephone calls. The audit team reviewed and evaluated all information provided by Berkshire Power Company to assess compliance with standards applicable to Berkshire (GO and GOP functions) at this time.

Based on the information and documentation provided by Berkshire Power Company, the audit team found Berkshire to be compliant with 67 of 89 applicable requirements and sub-requirements and 15 of the 17 applicable NERC Reliability Standards. The audit team determined that 22 requirements and sub-requirements and 2 NERC Reliability Standards were not applicable to Berkshire. The audit team did not identify any Possible Alleged Violations.

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 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 an audit for compliance with all reliability standards applicable to the functions for which the registered entity is registered.¹ The audit objectives are to:

- Review compliance with the requirements of reliability standards that are applicable to Berkshire, based on the functions that Berkshire 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 NERC;
- Validate compliance with applicable regional standards from the NERC 2010 Implementation Plan list of actively monitored standards;
- Validate evidence of self-reported violations and previous self-certifications;
- Observe and document Berkshire'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 NERC 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, Berkshire was registered for the functions GO and GOP. The audit team evaluated Berkshire for compliance during the period of August 2009 to February 18, 2010. Berkshire registered with NERC in August 2009; therefore, NPCC directed that the audit period extend back only to August 2009.

Confidentiality and Conflict of Interest

Confidentiality and Conflict of Interest of the audit team are governed under the NPCC Delegation Agreement with NERC and Section 1500 of the NERC Rules of Procedure. Berkshire was informed of the NPCC obligations and responsibilities under the agreement and procedures. The work history for each audit team member was provided

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

to Berkshire. Berkshire 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. Berkshire 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 Berkshire.

Methodology

The audit team reviewed the information, data, and evidence submitted by Berkshire and assessed compliance with requirements of the applicable reliability standards. Submittal of information and data were sent to NPCC before the scheduled date of the entity review. Additional information relevant to the audit could be submitted until the conclusion of the exit briefing. 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 Berkshire. Data, information and evidence submitted in the form of policies, procedures, e-mails, 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 Electric System (BES).

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.

Company Profile

Berkshire Power Company, LLC is a Wholesale Merchant Generator operating in the ISO-NE Region. The facility is a 245 megawatt natural gas fired combined cycle employing an ALSTOM Power GT-24B Gas Turbine in a single-shaft arrangement with a 280 MVA Generator and a triple-pressure Steam Turbine. The facility was designed to meet the needs of a demanding merchant electricity market with very competitive

performance, including efficiency, environmental, turndown, and cycling capabilities. The facility commenced commercial operations on June 16, 2000.

Located in Agawam, Massachusetts on a 37 site, the facility is interconnected to the abutting South Agawam Substation and the 115,000volt transmission system. Natural gas is compressed and supplied by the Tennessee Gas Pipeline (TGP) via a dedicated compressor and lateral connection at the TGP Compressor Station 261. Multi-year agreements for O&M, Fuel Management, and Parts, with Wood Group, Shell Energy and ALSTOM Power, respectively, provide vital support services to the project. The facility is owned by Energy Investors Funds (EIF), a private equity institutional investment fund management company with focus in the United States energy sector.

Audit Participants

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

Audit Team Participants

Audit Team Role	Title	Company
Lead	Contracted Consultant	NPCC-Compliance Audit Program
Observer	Contracted Consultant	NPCC-Compliance Audit Program
Member	Manager Compliance Audit Program	NPCC-Compliance Audit Program

Berkshire Power Company Audit Team and SMEs (*).

Title	Organization
VP and General Manager	Berkshire Power Company, LLC

Audit Results

The audit team evaluated Berkshire Power Company for compliance with eighty-nine (89) requirements and sub-requirements in seventeen (17) Reliability Standards in the 2010 NERC Compliance Monitoring and Enforcement Program (CMEP). The audit team reviewed the NERC Reliability Standards for the period of August 2009 to February 18, 2010. Since Berkshire Power Company recently registered with NERC in August 2009, NPCC directed that the audit period extend back only to August 2009. Berkshire Power Company submitted information and documentation for the audit team's evaluation of compliance with requirements. When the evidence provided to demonstrate compliance or non-applicability required additional data requests for information and evidence, the Berkshire Power Company team responded to these requests in a timely manner. The audit was conducted using the data submitted by Berkshire Power Company to the NPCC FTP site, as well as telephone calls. The audit team reviewed and evaluated all information provided by Berkshire Power Company to assess compliance with standards applicable to Berkshire (GO and GOP functions) at this time.

Based on the information and documentation provided by Berkshire Power Company, the audit team found Berkshire to be compliant with 67 of 89 applicable requirements and sub-requirements and 15 of the 17 applicable NERC Reliability Standards. The audit team determined that 22 requirements and sub-requirements and 2 NERC Reliability Standards were not applicable to Berkshire. The audit team did not identify any Possible Alleged Violations.

Findings

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

Reliability Standard	Requirement	Finding
COM-002-2	R1	Compliant
CIP-001-1	R1	Compliant
CIP-001-1	R2	Compliant
CIP-001-1	R3	Compliant
CIP-001-1	R4	Compliant
FAC-002-0	R1	Compliant
FAC-002-0	R1.4	Compliant
FAC-002-0	R1.5	Compliant
FAC-008-1	R1	Compliant

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FAC-008-1	R1.1	Compliant
FAC-008-1	R1.2	Compliant
FAC-008-1	R1.2.1	Compliant
FAC-008-1	R1.2.2	Compliant
FAC-008-1	R1.3	Lead In
FAC-008-1	R1.3.1	Compliant
FAC-008-1	R1.3.2	Compliant
FAC-008-1	R1.3.3	Compliant
FAC-008-1	R1.3.4	Compliant
FAC-008-1	R1.3.5	Compliant
FAC-008-1	R2	Compliant
FAC-008-1	R3	Compliant
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
NUC-001-1	R3	Not Applicable
NUC-001-1	R4	Not Applicable
NUC-001-1	R4.1	Not Applicable
NUC-001-1	R4.2	Not Applicable
NUC-001-1	R4.3	Not Applicable
NUC-001-1	R5	Not Applicable
NUC-001-1	R6	Not Applicable
NUC-001-1	R7	Not Applicable
NUC-001-1	R8	Not Applicable
PRC-001-1	R1	Compliant
PRC-001-1	R2	Compliant
PRC-001-1	R2.1	Compliant
PRC-001-1	R3	Compliant
PRC-001-1	R3.1	Compliant
PRC-001-1	R5	Compliant
PRC-001-1	R5.1	Not Applicable
PRC-004-1	R2	Compliant
PRC-005-1	R1	Compliant
PRC-005-1	R1.1	Compliant
PRC-005-1	R1.2	Compliant
PRC-005-1	R2	Compliant
PRC-005-1	R2.1	Compliant
PRC-005-1	R2.2	Compliant
PRC-017-0	R1	Not Applicable
PRC-017-0	R1.1	Not Applicable
PRC-017-0	R1.1.1	Not Applicable
PRC-017-0	R1.1.2	Not Applicable
PRC-017-0	R1.1.3	Not Applicable
PRC-017-0	R1.1.4	Not Applicable

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PRC-017-0	R1.2	Not Applicable
PRC-017-0	R1.3	Not Applicable
PRC-017-0	R1.4	Not Applicable
PRC-017-0	R1.5	Not Applicable
TOP-001-1	R3	Compliant
TOP-001-1	R6	Compliant
TOP-001-1	R7	Compliant
TOP-001-1	R7.1	Compliant
TOP-001-1	R7.3	Compliant
TOP-002-2	R3	Compliant
TOP-002-2	R13	Compliant
TOP-002-2	R14	Compliant
TOP-002-2	R14.1	Compliant
TOP-002-2	R14.2	Not Applicable
TOP-002-2	R15	Compliant
TOP-002-2	R18	Compliant
TOP-003-0	R1	Not Applicable
TOP-003-0	R1.1	Compliant
TOP-003-0	R2	Compliant
TOP-003-0	R3	Compliant
VAR-002-1a	R1	Compliant
VAR-002-1a	R2	Compliant
VAR-002-1a	R2.1	Compliant
VAR-002-1a	R2.2	Compliant
VAR-002-1a	R3	Compliant
VAR-002-1a	R3.1	Compliant
VAR-002-1a	R3.2	Compliant
VAR-002-1a	R4	Compliant
VAR-002-1a	R4.1	Compliant
VAR-002-1a	R4.1.1	Compliant
VAR-002-1a	R4.1.2	Compliant
VAR-002-1a	R4.1.3	Compliant
VAR-002-1a	R4.1.4	Compliant
VAR-002-1a	R5	Compliant
VAR-002-1a	R5.1	Compliant

Compliance Culture

Berkshire's compliance culture was reviewed by the audit team.

During all contacts, the Berkshire Power Company representative was very professional and positive in his approach to compliance. All additional information and data requested was provided timely, comprehensively and well organized.

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The Reliability Compliance Manager/Officer manages the Berkshire Power NERC Compliance program and has independent access to the Board of Directors of EIF.. This position provides final approval of the procedures, ensures that the appropriate training is conducted in a timely fashion, directs and monitors performance of all compliance tasks and coordinates the filing submissions. Berkshire Power has developed procedures to enable compliance to each of the applicable NERC Reliability Standards. Additionally, the audit indicates that internal training information has been prepared and executed. Annual training is administered and training for new hires is initiated within six months of hire.