

Confidential Information (including Privileged and Critical Energy Infrastructure Information)
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Compliance Audit Report Public Version

**Castleton Power, LLC
(CP)
NERC ID# 10382**

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Critical Energy Infrastructure Information)
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Date of Audit: March 3 to March 12, 2010

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Executive Summary

A compliance audit of Castleton Power, LLC (CP), NERC ID # 10382 was conducted from March 3, 2010 to March 12, 2010. At the time of the audit, CP was registered for the GO/GOP functions.

The audit team evaluated CP for compliance with seventeen standards and their eighty-nine requirements and sub-requirements in the 2010 NERC Compliance Monitoring and Enforcement Program (CMEP). The audit team reviewed the NERC Reliability Standards for the period from their effective registration date of August 28, 2009 to March 3, 2010. CP submitted information and documentation for the audit team's evaluation of compliance with the requirements. The audit team reviewed and evaluated all information provided by CP to assess compliance with standards applicable to CP at this time.

Based on the information and documentation provided by CP, the audit team found CP to be compliant with fourteen standards and their sixty three applicable requirements and sub-requirements. The audit team determined that three standards and their twenty six requirements and sub-requirements were not applicable to CP. The audit team identified zero Possible Alleged Violation(s). The three standards judged to be not applicable were: NUC-001-1 as CP is a non-nuclear plant, PRC-005-1 as the standard is part of an ongoing compliance enforcement action and PRC-017-0 as CP had no SPS's.

There are two ongoing enforcement actions involving PRC-001 R1 and PRC-005 R1, as a result of the enforcement action these requirements were not audited. In addition to PRC-005 R1, R2 was also not included in the audit due to enforcement work that involved test results.

Audit Process

The compliance audit process steps are detailed in the NPCC CMEP. The NPCC 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 CP, based on the functions that CP 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 NPCC;

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

- Validate compliance with applicable regional standards from the NPCC 2010 Implementation Plan list of actively monitored standards;
- Validate evidence of self-reported violations and previous self-certifications;
- Observe and document CP's compliance program and culture;
- Review the status of mitigation plans.

Scope

The scope of this off-site compliance audit included the NERC Reliability Standards from the NPCC 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, CP was registered for the functions GO/GOP. The audit team evaluated CP for compliance during the period from August 28, 2009 to March 3, 2010.

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. CP was informed of NPCC's obligations and responsibilities under the agreement and procedures. The work history for each audit team member was provided to CP. CP 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. CP 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 CP.

Methodology

The audit team reviewed the information, data, and evidence submitted by CP 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 CP. 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 Electrical 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

Castleton Power, LLC (owner of the power plant) is a wholly-owned subsidiary of Castleton Energy Center, LLC. Castleton Energy Center, LLC also wholly-owns a subsidiary named Castleton Energy Services, LLC whose primary function is to facilitate, oversee and otherwise provide for the operations and maintenance of the plant and to also act as agent on behalf of Castleton Power, LLC for bidding and scheduling with the NYISO. Castleton Energy Center, LLC owns no other generation assets other than the facility and has no other subsidiaries. Castleton Power, LLC is a cogeneration facility operates and maintained by the PIC Group, Inc. The Castleton Power, LLC cogeneration facility (the "Facility" aka "Fort Orange"), PTID #23900 is located at 1902 River Road, Castleton-on-Hudson, NY 12033. The Facility consists Of; one 25.020 MW steam turbine generator and one 44.840 MW combustion turbine generator The Facility's point of interconnection is with the Greenbush-Hudson #15, 115 KV transmission line with a 336.4 ACSR tap of approximately 1.2 miles in length.

Audit Participants

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

Audit Team Participants

Title	Entity
Lead Compliance Auditor	NPCC
Manager - Compliance Audits	NPCC

CP Audit Participants

Title	Entity
Facility Manager	Castleton Power
Consultant	Ascendant Energy Solutions

Audit Results

The audit team evaluated CP for compliance with seventeen standards and their eighty-nine requirements and sub-requirements in the 2010 NERC Compliance Monitoring and Enforcement Program (CMEP). The audit reviewed NERC Reliability Standards for the period from August 28, 2009 to March 3, 2010. CP submitted information and documentation for the audit team's evaluation of compliance with requirements. The audit team reviewed and evaluated all information provided by CP to assess compliance with standards applicable to CP at this time.

Based on the information and documentation provided by CP, the audit team found CP to be compliant with fourteen standards and their sixty three applicable requirements and sub-requirements. The audit team determined that three requirements and twenty six requirements and sub-requirements were not applicable to CP. The audit team identified zero Possible Alleged Violation(s).

Findings

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

Reliability Std	Req.	Finding
<u>COM-002-2</u>	R1.	Compliant
<u>CIP-001-1</u>	R1.	Compliant
<u>CIP-001-1</u>	R2.	Compliant
<u>CIP-001-1</u>	R3.	Compliant
<u>CIP-001-1</u>	R4.	Compliant
<u>FAC-002-0</u>	R1.	Compliant
<u>FAC-002-0</u>	R1.4.	Compliant
<u>FAC-002-0</u>	R1.5.	Compliant
<u>FAC-008-1</u>	R1.	Compliant
<u>FAC-008-1</u>	R1.1.	Compliant
<u>FAC-008-1</u>	R1.2.	Compliant
<u>FAC-008-1</u>	R1.2.1.	Compliant
<u>FAC-008-1</u>	R1.2.2.	Compliant
<u>FAC-008-1</u>	R1.3.	Compliant
<u>FAC-008-1</u>	R1.3.1.	Compliant
<u>FAC-008-1</u>	R1.3.2.	Compliant
<u>FAC-008-1</u>	R1.3.3.	Compliant
<u>FAC-008-1</u>	R1.3.4.	Compliant
<u>FAC-008-1</u>	R1.3.5.	Compliant
<u>FAC-008-1</u>	R2.	Compliant
<u>FAC-008-1</u>	R3.	Compliant
<u>FAC-009-1</u>	R1.	Compliant
<u>FAC-009-1</u>	R2.	Compliant
<u>IRO-001-1</u>	R8.	Compliant
<u>IRO-004-1</u>	R4.	Compliant
<u>IRO-005-1</u>	R13.	Compliant
<u>NUC-001-1</u> <i>Effective April 1, 2009</i>	R3.	N/A
<u>NUC-001-1</u> <i>Effective April 1, 2009</i>	R4.	N/A
<u>NUC-001-1</u> <i>Effective April 1, 2009</i>	R4.1.	N/A
<u>NUC-001-1</u> <i>Effective April 1, 2009</i>	R4.2.	N/A

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<u>NUC-001-1</u> <i>Effective April 1, 2009</i>	R4.3.	N/A
<u>NUC-001-1</u> <i>Effective April 1, 2009</i>	R5.	N/A
<u>NUC-001-1</u> <i>Effective April 1, 2009</i>	R6.	N/A
<u>NUC-001-1</u> <i>Effective April 1, 2009</i>	R7.	N/A
<u>NUC-001-1</u> <i>Effective April 1, 2009</i>	R8.	N/A
<u>PRC-001-1</u>	R1.	N/A
<u>PRC-001-1</u>	R2.	Compliant
<u>PRC-001-1</u>	R2.1.	Compliant
<u>PRC-001-1</u>	R3.1.	Compliant
<u>PRC-001-1</u>	R5.	Compliant
<u>PRC-001-1</u>	R5.1.	Compliant
<u>PRC-004-1</u>	R2.	Compliant
<u>PRC-005-1</u>	R1.	N/A
<u>PRC-005-1</u>	R1.1.	N/A
<u>PRC-005-1</u>	R1.2.	N/A
<u>PRC-005-1</u>	R2.	N/A
<u>PRC-005-1</u>	R2.1.	N/A
<u>PRC-005-1</u>	R2.2.	N/A
<u>PRC-017-0</u>	R1.	N/A
<u>PRC-017-0</u>	R1.1.	N/A
<u>PRC-017-0</u>	R1.1.1.	N/A
<u>PRC-017-0</u>	R1.1.2.	N/A
<u>PRC-017-0</u>	R1.1.3.	N/A
<u>PRC-017-0</u>	R1.1.4.	N/A
<u>PRC-017-0</u>	R1.2.	N/A
<u>PRC-017-0</u>	R1.3.	N/A
<u>PRC-017-0</u>	R1.4.	N/A
<u>PRC-017-0</u>	R1.5.	N/A
<u>TOP-001-1</u>	R3.	Compliant
<u>TOP-001-1</u>	R6.	Compliant
<u>TOP-001-1</u>	R7.	Compliant
<u>TOP-001-1</u>	R7.1.	Compliant
<u>TOP-001-1</u>	R7.3.	Compliant
<u>TOP-002-2</u>	R3.	Compliant
<u>TOP-002-2</u>	R13.	Compliant
<u>TOP-002-2</u>	R14.	Compliant
<u>TOP-002-2</u>	R14.1.	Compliant
<u>TOP-002-2</u>	R14.2.	Compliant
<u>TOP-002-2</u>	R15.	Compliant

<u>TOP-002-2</u>	R18.	Compliant
<u>TOP-003-0</u>	R1.	Compliant
<u>TOP-003-0</u>	R1.1.	Compliant
<u>TOP-003-0</u>	R2.	Compliant
<u>TOP-003-0</u>	R3.	Compliant
<u>VAR-002-1a</u>	R1.	Compliant
<u>VAR-002-1a</u>	R2.	Compliant
<u>VAR-002-1a</u>	R2.1.	Compliant
<u>VAR-002-1a</u>	R2.2.	Compliant
<u>VAR-002-1a</u>	R3.	Compliant
<u>VAR-002-1a</u>	R3.1.	Compliant
<u>VAR-002-1a</u>	R3.2.	Compliant
<u>VAR-002-1a</u>	R4.	Compliant
<u>VAR-002-1a</u>	R4.1.	Compliant
<u>VAR-002-1a</u>	R4.1.1.	Compliant
<u>VAR-002-1a</u>	R4.1.2.	Compliant
<u>VAR-002-1a</u>	R4.1.3.	Compliant
<u>VAR-002-1a</u>	R4.1.4.	Compliant
<u>VAR-002-1a</u>	R5.	Compliant
<u>VAR-002-1a</u>	R5.1.	Compliant

Compliance Culture

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

During all contact, CP staff was professional in their approach to compliance and understood the importance of the compliance and its role in maintaining reliability.

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