

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



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Compliance Audit Report Public Version

**First Wind O & M, LLC
(FW)
NERC ID# NCR10331**

**Confidential Information (including Privileged and
Critical Energy Infrastructure Information)
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Date of Audit: April 5, 2010

First Wind O & M, LLC. Compliance Audit Report
April 15, 2010

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Executive Summary

A compliance audit of First Wind O & M, LLC (FW), NERC ID #NCR10331 was conducted on April 5, 2010. At the time of the audit, FW was registered for the GOP function.

The audit team evaluated FW for compliance with eleven standards and their associated forty-five 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 May 15, 2009 to April 5, 2010. FW 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 FW to assess compliance with standards applicable to FW at this time.

Based on the information and documentation provided by FW, the audit team found FW to be compliant with ten standards and their thirty-eight applicable requirements and sub-requirements. The audit team determined that one standard and its seven requirements and sub-requirements were not applicable to FW. The audit team identified no Possible Alleged Violation(s).

Any Possible Alleged Violations will be processed through the NERC and NPCC 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 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 FW, based on the functions that FW is registered to perform;

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

- 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;
- 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 FW'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, FW was registered for the function of GOP. The audit team evaluated FW for compliance during the period from May 15, 2009 to April 5, 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. FW was informed of NPCC's obligations and responsibilities under the agreement and procedures. The work history for each audit team member was provided to FW. FW 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. FW 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 FW.

Methodology

The audit team reviewed the information, data, and evidence submitted by FW and assessed compliance with requirements of the applicable reliability standards. Submittal of information and data were sent to NPCC by 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 FW. 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

Relevant Company Names

- First Wind Holdings, LLC – Parent Company
- First Wind Energy, LLC – Employs all Personnel
- First Wind O&M, LLC – Operations and Maintenance Company
- Canandaigua Power Partners, LLC – Generation Owning Company
- Canandaigua Power Partners II, LLC – Generation Owning Company

Note: the above companies together are sometimes referred to collectively as (“First Wind”).

Description of Parent Company

First Wind Holdings, LLC is the parent company of all the above Companies. First Wind Holdings, LLC is in the business of developing, constructing, owning, and operating wind energy generation facilities. First Wind Holdings directly or indirectly owns and controls the operations of all companies in the First Wind family of companies.

We currently focus on developing wind farms in the northeastern and western regions of the U.S. and in Hawaii and are already producing 503 megawatts (MW) of energy through seven operating wind farms. First Wind is currently developing wind energy projects in several markets through various subsidiary companies.

Operation & Maintenance Philosophy: First Wind places a high value on hands-on operational control, helping assure that our wind farms are well-run and safe, consistent with utility operating practices, providing excellent clean energy availability for our customers.

Currently, First Wind assigns a full-time Operations Manager for each project supported by additional individuals dedicated to site management. Working together, First Wind's on-site staff manages all third party contracted turbine operations and maintenance services, maintains the balance of the plant, oversees local community involvement activities, and ensures permit compliance. (See www.FirstWind.com)

Regulatory and contract compliance, project reporting and procurement functions for all operating projects is supported by a team of regulatory, operating and finance managers.

Organization and Structure

First Wind O&M, LLC is responsible for operations and maintenance of generation facilities. It is owned by First Wind Energy, LLC.

Canandaigua Power Partners, LLC and Canandaigua Power Partners II, LLC own generation and interconnection assets. They are 100% owned indirectly by First Wind Holdings, LLC.

First Wind Energy, LLC employs all personnel. All functions for the Relevant Companies are performed by First Wind Energy, LLC personnel. It is owned by First Wind Holdings, LLC.

Audit Participants

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

Audit Team Participants

Title	Entity
Lead Compliance Auditor	NPCC
Manager - Compliance Audits	NPCC
Compliance Auditor	NPCC
Compliance Auditor	NPCC

FW Audit Participants

Title	Entity
Reliability Compliance Manager	First Wind O&M, LLC
Regulatory Compliance Officer	First Wind O&M, LLC
DACC Manager	First Wind O&M, LLC
Regional Services Manager	First Wind O&M, LLC
Commercial Asset Manager	First Wind O&M, LLC
Vice President Engineering	First Wind O&M, LLC
Vice President Transmission	First Wind O&M, LLC
Vice President Wind Resources	First Wind O&M, LLC
Nexant Consultant	Nexant
Nexant Consultant	Nexant

Audit Results

The audit team evaluated FW for compliance with eleven standards and their associated forty-five 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 May 15, 2009 to April 5, 2010. FW 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 FW to assess compliance with standards applicable to FW at this time.

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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>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>	R3-R8	Not Applicable
<u>PRC-001-1</u>	R1	Compliant
<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>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

TOP-002-2	R14	Compliant
TOP-002-2	R14.1	Compliant
TOP-002-2	R14.2	Compliant
TOP-002-2	R15	Compliant
TOP-002-2	R18	Compliant
TOP-003-0	R1	Compliant
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	R5.1	Compliant

Compliance Culture

FW's compliance culture was not formally reviewed by the audit team. FW has created a formal compliance program in a short period of time; it should be noted that FW is a relatively new registrant-May 15, 2009. In the Lead Auditor's opinion, FW has created an excellent set of procedures to specifically address the reliability standards as they pertain to its registered functions. In addition, all contact with FW was very timely and professional in manner and their commitment to compliance was evident to the audit team.