



**Compliance Audit Report
Public Version**

**ACE Cogeneration Company (ACE)
NCR05001**

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

Date of Audit: April 08, 2010

TABLE OF CONTENTS

Executive Summary	3
Audit Process	3
Objectives.....	3
Scope	4
Confidentiality and Conflicts of Interest.....	4
Methodology.....	4
Company Profile	5
Audit Participants	5
Audit Results	6
Findings.....	6
Compliance Culture	9
Exit Briefing.....	9

Executive Summary

The Western Electricity Coordinating Council (WECC) performed an off-site compliance audit of ACE Cogeneration Company (ACE) NERC ID NCR05001 on April 08, 2010. At the time of the audit, ACE was registered on the North American Electric Reliability Corporation (NERC) Compliance Registry for the following functions:

Generator Owner
Generator Operator

The Audit Team evaluated ACE for compliance with ninety (90) requirements in the NERC Compliance Monitoring and Enforcement Program 2010 Implementation Plan (CMEP IP). Additionally, two 2 requirements in the WECC Regional Reliability Standards were audited. The Audit Team reviewed the NERC Reliability Standards for the period of June 18, 2007 – April 8, 2010. ACE submitted information and documentation for the Audit Team's evaluation of compliance with requirements. The Audit Team reviewed and evaluated all information provided by ACE to assess compliance with standards applicable to ACE at this time.

Based on the information and documentation provided by ACE, the Audit Team found ACE to be compliant with 37(thirty-seven) applicable requirements. The Audit Team determined that 53 (fifty-three) requirements were not applicable to ACE. The Audit Team also found ACE compliant with one (1) requirement in the WECC Regional Reliability Standards audited and determined that one Regional Requirement was not applicable. ACE had zero (0) outstanding violations. The Audit Team identified zero (0) New Possible 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 WECC CMEP. The audit process generally conforms to the United States Government Accountability Office Government Auditing Standards (GAGAS) and to other generally accepted audit practices.

Objectives

A Registered Entity is subject to audit for compliance with all Reliability Standards applicable to its registered functions.

The audit objectives are to:

- Review compliance with the requirements of Reliability Standards that are applicable to ACE, based on the functions that ACE is registered to perform;

- Validate compliance with applicable Reliability Standards from the NERC 2010 CMEP Implementation Plan list of actively-monitored Reliability Standards and any applicable NERC Reliability Standards selected by WECC;
- Validate compliance with applicable Regional Standards from the WECC 2010 CMEP Implementation Plan list of actively monitored standards;
- Validate evidence of self-reported violations and previous self-certifications;
- Review the status of mitigation plans.

Scope

The scope of the compliance audit included the NERC Reliability Standards from the WECC CMEP 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, ACE was registered for the functions Generator Owner and Generator Operator. The Audit Team evaluated ACE for compliance during the period of June 18, 2007 to April 08, 2010.

WECC notified ACE of the audit on February 02, 2010. WECC informed ACE that the Audit Team would perform the audit in accordance with the CMEP and the 2010 NERC Compliance Questionnaire and Reliability Standard Audit Worksheets (RSAW). In preparation for the audit, the Audit Team reviewed the RSAWs and other documents submitted by ACE to evaluate compliance with each applicable Reliability Standard.

Confidentiality and Conflicts of Interest

Confidentiality and Conflict of Interest of the Audit Team are governed under the WECC Delegation Agreement with NERC, and Section 1500 of the NERC Rules of Procedure. ACE was informed of WECC's obligations and responsibilities under the Delegation Agreement and Rules of Procedure. On February 02, 2010, WECC provided the work history for each Audit Team member to ACE. ACE had the opportunity to object to an Audit Team member's participation in the audit on the basis of a possible conflict of interest or because of other circumstances that could interfere with an Audit Team member's impartiality. Section 3.1.5 of the WECC CMEP requires the ACE to submit any objections no later than fifteen days prior to the start of the off-site audit. ACE did not submit any objections regarding any Audit Team members. There have been no denials of information or access limitations placed upon this Audit Team by ACE.

Methodology

The Audit Team reviewed the information, data, and evidence submitted by ACE and assessed compliance with requirements of the applicable Reliability Standards. Submittals of information and requests for data were sent to ACE at least thirty days

before the scheduled date of the audit. 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 findings 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 ACE. Data, information and evidence submitted in the form of policies, procedures, emails, logs, data sheets, etc., was validated, substantiated and cross checked for accuracy as appropriate. Where sampling is applicable to a requirement, the sample set is determined by a statistical methodology augmented with professional judgment to ensure that the sample set is representative of the Requirement's significance 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 team members' professional judgment. All findings were developed based on the consensus of the Audit Team.

Company Profile

Constellation Energy (CE) is the holding company for ACE Cogeneration Company and is located in Baltimore, Maryland. Constellation Power Generation (CPG) owns Constellation Operating Services (COS) which operates the ACE Trona power generation facility which has a branch office in Aliso Viejo, California.

Audit Participants

The following is a list of WECC Audit Team members and ACE personnel who participated in the audit.

Audit Team Members

Audit Team Role	Title	Company
Audit Team Lead	Senior Compliance Engineer	WECC
Member	Consultant	WECC

ACE Audit Participants

Title	Company
CPG NERC Compliance Mgr.	Constellation Power
Plant NERC Rep	ACE Cogeneration Co.
Production Mgr.	ACE Cogeneration Co.
Asset Mgr. Asst.	Consolidated Asset Management Services, LLC

Audit Results

The Audit Team evaluated ACE for compliance with ninety (90) requirements in the NERC Compliance Monitoring and Enforcement Program 2010 Implementation Plan (CMEP IP) covering all applicable registered functions. Additionally two (2) requirements in the WECC Regional Reliability Standards were audited. The Audit Team reviewed the NERC Reliability Standards for the period of June 18, 2007 – April 08, 2010. ACE submitted information and documentation for the Audit Team's evaluation of compliance with requirements. The Audit Team reviewed and evaluated all information provided by ACE to assess compliance with standards applicable to ACE at this time.

Based on the information and documentation provided by ACE, the Audit Team found ACE to be compliant with 37 (thirty-seven) applicable requirements. The Audit Team determined that fifty-three (53) requirements were not applicable to ACE. The Audit Team also found ACE compliant with one (1) Requirement in the WECC Regional Reliability Standards audited and determined that one Regional Requirement was not applicable. ACE had zero (0) outstanding violations.. The Audit Team identified zero (0) New Possible Violation(s).

Findings

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

The Finding column may contain any one of the following: Compliant, New Possible Violation, Not Applicable, Outstanding Violation, Retraction Requested, Self-Reported Violation, or other appropriate description.

Reliability Standard	Req.	Finding
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.	Not Applicable
FAC-002-0	R1.	Compliant
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	R3.	Not Applicable
IRO-001-1.1	R7.	Not Applicable
IRO-001-1.1	R8.	Compliant
IRO-001-1.1	R9.	Not Applicable
IRO-004-1	R1.	Not Applicable
IRO-004-1	R2.	Not Applicable
IRO-004-1	R3.	Not Applicable
IRO-004-1	R4.	Compliant
IRO-004-1	R5.	Not Applicable
IRO-004-1	R6.	Not Applicable
IRO-004-1	R7.	Not Applicable
IRO-005-2	R1.	Not Applicable
IRO-005-2	R2.	Not Applicable
IRO-005-2	R3.	Not Applicable
IRO-005-2	R4.	Not Applicable
IRO-005-2	R5.	Not Applicable
IRO-005-2	R7.	Not Applicable
IRO-005-2	R8.	Not Applicable
IRO-005-2	R9.	Not Applicable
IRO-005-2	R10.	Not Applicable
IRO-005-2	R11.	Not Applicable
IRO-005-2	R12.	Not Applicable
IRO-005-2	R13.	Compliant
IRO-005-2	R14.	Not Applicable
IRO-005-2	R15.	Not Applicable
IRO-005-2	R16.	Not Applicable
IRO-005-2	R17.	Not Applicable
NUC-001-2	R1	Not Applicable
NUC-001-2	R2	Not Applicable
NUC-001-2	R3.	Not Applicable
NUC-001-2	R4.	Not Applicable
NUC-001-2	R5.	Not Applicable
NUC-001-2	R6.	Not Applicable
NUC-001-2	R7.	Not Applicable
NUC-001-2	R8.	Not Applicable
NUC-001-2	R9.	Not Applicable
PRC-001-1	R1.	Compliant
PRC-001-1	R2.	Compliant
PRC-001-1	R3.	Compliant
PRC-001-1	R4.	Not Applicable

PRC-001-1	R5.	Compliant
PRC-001-1	R6.	Not Applicable
PRC-004-1	R1.	Not Applicable
PRC-004-1	R2.	Compliant
PRC-005-1	R1.	Compliant
PRC-005-1	R2.	Compliant
PRC-017-0	R1.	Not Applicable
TOP-001-1	R1.	Not Applicable
TOP-001-1	R2.	Not Applicable
TOP-001-1	R3.	Compliant
TOP-001-1	R4.	Not applicable
TOP-001-1	R5.	Not Applicable
TOP-001-1	R6.	Compliant
TOP-001-1	R7.	Compliant
TOP-001-1	R8.	Not Applicable
TOP-002-2	R1.	Not Applicable
TOP-002-2	R2.	Not Applicable
TOP-002-2	R3.	Compliant
TOP-002-2	R4.	Not Applicable
TOP-002-2	R5.	Not Applicable
TOP-002-2	R6.	Not Applicable
TOP-002-2	R11.	Not Applicable
TOP-002-2	R13.	Compliant
TOP-002-2	R14.	Compliant
TOP-002-2	R15.	Compliant
TOP-002-2	R16.	Not Applicable
TOP-002-2	R17.	Not Applicable
TOP-002-2	R18.	Compliant
TOP-002-2	R19.	Not Applicable
TOP-003-0	R1.	Compliant
TOP-003-0	R2.	Compliant
TOP-003-0	R3.	Compliant
TOP-003-0	R4.	Not Applicable
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
VAR-STD-002a-1	WR1.	Compliant
VAR-STD-002b-1	WR1.	Not Applicable

Compliance Culture

ACE's compliance culture was not reviewed by the Audit Team.

Exit Briefing

To conclude the audit, the Audit Team leader gave a PowerPoint presentation for ACE's personnel summarizing the Audit Team's preliminary findings. The Audit Team leader also explained the next steps in the audit process and how WECC handles possible violations under the CMEP.

In Accordance with WECC CMEP Section 3.1.6:

WECC provided the draft of this audit report and an Entity Comment Form to ACE on April 21, 2010 for review and comment. On April 29, 2010 ACE provided comments. The Entity Comment Form on file in the WECC Compliance Department provides a record of these comments and WECC's consideration of them for inclusion in this final report.

Management Approval

This report was reviewed and approved by John McGhee, WECC Director of Compliance Audits and Investigations on May 17, 2010.