



**Compliance Audit Report
Public Version**

**Cabrillo Power I LLC (the "Encina Generating Station") (CPI)
NERC ID #: NCR05040**

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

Date of Audit: February 09, 2010

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Executive Summary

The Western Electricity Coordinating Council (WECC) performed an Off-site compliance audit of Cabrillo Power I LLC (the "Encina Generating Station") (CPI) NERC ID NCR05040 on February 09, 2010. At the time of the audit, CPI was registered on the North American Electric Reliability Corporation (NERC) Compliance Registry for the following functions:

Generator Owner (GO)
Generator Operator (GOP)

The Audit Team evaluated CPI for compliance with 81 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 to February 09, 2010. CPI submitted information and documentation for the Audit Team's evaluation of compliance with requirements. The Audit Team reviewed and evaluated all information provided by CPI to assess compliance with standards applicable to CPI at this time.

Based on the information and documentation provided by CPI, the Audit Team found CPI to be compliant with 37 applicable requirements. The Audit Team determined that 44 Requirements were not applicable to CPI. The audit team also found CPI compliant with two (2) requirements in the WECC Regional Reliability Standards audited. CPI had zero (0) Outstanding Violations. The Audit Team identified zero (0) New Possible Violations.

These audit results are further explained in the Audit Results Findings section of this report which includes detailed information regarding the Audit Team's findings of applicability and compliance for the NERC Reliability Standards reviewed during the compliance audit. Any New Possible Violations will be processed through the NERC and WECC CMEP.

There were zero (0) 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 CPI, based on the functions that CPI is registered to perform;
- Validate compliance with applicable Reliability Standards from the NERC 2010 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 Implementation Plan list of actively monitored standards;
- Validate evidence of self-reported violations and previous self-certifications;
- Review the status of mitigation plans.

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

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, CPI was registered for the functions GO and GOP. The Audit Team evaluated CPI for compliance during the period of June 18, 2007 to February 09, 2010.

WECC notified CPI of the audit on December 04, 2009. WECC informed CPI 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 off-site audit, the Audit Team reviewed the RSAWs and other documents submitted by CPI 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. CPI was informed of WECC's obligations and responsibilities under the Delegation Agreement and Rules of Procedure. On December 4, 2009, WECC provided the work history for each Audit Team member to CPI. CPI 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 CPI to submit any objections no later than fifteen days prior to the start of the on-site audit. CPI 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 CPI.

Methodology

The Audit Team reviewed the information, data, and evidence submitted by CPI and assessed compliance with requirements of the applicable reliability standards. Submittals of information and requests for data were sent to CPI 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 CPI. 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. 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 team members' professional judgment. All findings were developed based on the consensus of the Audit Team.

Company Profile

Cabrillo Power I LLC (the "Encina Generating Station") (CPI) is a generating facility registered as a Generator Owner and Generator Operator. CPI's Generating Facility consists of the 965 Megawatt Encina Generating Station located in Carlsbad, California. CPI's parent company is NRG Energy, Inc. which owns and operates a diverse portfolio of power-generating facilities, primarily in Texas, the Northeast, South Central and Western regions of the United States.

Audit Participants

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

Audit Team Members

Audit Team Role	Title	Company
Audit Team Lead	Sr. Compliance Engineer	WECC
Member	Consultant	WECC
Member	Consultant	WECC

CPI Audit Participants

Title	Company
Director of Regulatory Compliance	NRG Energy
Manager of Real Time Operations	NRG Energy
Director of Regulatory Compliance	NRG Energy
Encina Plant Manager	CPI
Operations Specialist	CPI

Audit Results

The Audit Team evaluated CPI for compliance with 81 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 to February 09, 2010. CPI submitted information and documentation for the Audit Team's evaluation of compliance with requirements. The Audit Team reviewed and evaluated all information provided by CPI to assess compliance with standards applicable to CPI at this time.

Based on the information and documentation provided by CPI, the Audit Team found CPI to be compliant with 37 of applicable requirements. The Audit Team determined that 44 were not applicable to CPI. The audit team also found CPI compliant with two (2) requirements in the WECC Regional Reliability Standards audited. CPI had zero (0) Outstanding Violations. The Audit Team identified zero (0) New Possible Violations.

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 (C), New Possible Violation (NPV), Not Applicable (N/A), Outstanding Violation (OV), Retraction requested, Self-reported Violation, or other appropriate description.

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
PRC-001-1	R1.	Compliant
PRC-001-1	R2.	Compliant
PRC-001-1	R3.	Compliant
PRC-001-1	R4.	Not Applicable

Standard	Req.	Finding
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.	Compliant

Compliance Culture

CPI'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 CPI'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.

Management Approval

This report was reviewed and approved by the Director of Compliance Audits and Investigations on April 2, 2010.

In Accordance with WECC CMEP Section 3.1.6:

WECC provided the draft of this audit report and an Entity Comment Form to CPI on March 15, 2010 for review and comment. On March 23, 2010, CPI 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.