

Compliance Audit Report Public Version

Hackberry Wind, LLC

NERC ID # NCR00210

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Critical Energy Infrastructure Information)
Has Been Removed**

Audit Date: March 8-10, 2011
Audit Location: Texas Reliability Entity Offices, Austin, TX
Report Date: May 10, 2011
Prepared By: Bill Lewis, Audit Team Leader

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1.0 EXECUTIVE SUMMARY

The Table Top (Off-Site) compliance audit of Hackberry Wind, LLC (HWF) was conducted on March 8-10, 2011. The NERC Reliability Standards that are being actively monitored for 2011 were reviewed based on HWF's registration as a Generator Owner and Generator Operator.

The audit team reviewed the NERC Reliability Standards for the period of time identified in the scope of the audit. The audit team consisted of three (3) representatives from Texas Reliability Entity (Texas RE). The audit team reviewed the evidence and documentation provided by HWF and conducted interviews with HWF's personnel to assess compliance with standards applicable to HWF at this time.

There were a total of fourteen (14) reliability standards included in the scope of this audit consisting of eighty-four (84) requirements. Based on the information and documentation provided by HWF, the audit team found HWF to have had no findings of non-compliance with thirty-two (32) applicable requirements. The audit team determined that fifty-two (52) requirements were not applicable to HWF.

HWF met all of the NERC Standard requirements that were within the scope of this audit. These audit results are further explained in the Audit Results Findings section of this report which includes detailed information of the audit team's findings of applicability and compliance for the NERC Reliability Standards within the scope of the compliance audit.

There were no ongoing or recently completed mitigation plans for the NERC registered functions included in the scope of this audit and therefore none were reviewed by the audit team.

The Texas RE audit team lead certifies that the audit team adhered to all applicable requirements of the NERC Rules of Procedure (ROP) and Compliance Monitoring and Enforcement Program (CMEP).

2.0 AUDIT PROCESS

The compliance audit process is detailed in the NERC Compliance Monitoring and Enforcement Program (CMEP), available at www.nerc.com. The NERC CMEP generally conforms to the United States Government Accountability Office Government Auditing Standards and other generally accepted audit practices.

2.1 Objectives

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

- Independently review HWF's compliance with the requirements of the reliability standards that are applicable to HWF based on HWF's registered functions included in the scope of this audit.
- Validate compliance with applicable reliability standards from the NERC 2011 CMEP Implementation Plan list of actively monitored standards.

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

- Validate evidence of self-reported violations and previous self-certifications, confirm compliance with other requirements of the reliability standards, and review the status of associated mitigation plans.
- Document HWF's compliance culture.

2.2 Scope

The scope of this compliance audit is inclusive of all requirements of the NERC Reliability Standards that are being actively monitored in 2011 and any others that may be identified by the audit team at the time of the audit applicable to a Generator Owner and Generator Operator. The audit was performed by three (3) members of Texas RE.

There were no ongoing or recently completed mitigation plans for the NERC registered functions included in the scope of this audit.

Note: For the 2011 compliance program, the monitoring period for the compliance audit will generally be the last six years based the HWF's registration as a Generator Owner and Generator Operator, or periods specified in individual reliability standards.

At the time of the audit, HWF was registered as a Generator Owner and Generator Operator. The audit team evaluated HWF for compliance during the specific period of July 14, 2008 (HWF's registration date) through March 10, 2011.

2.2.1 Confidentiality and Conflict of Interest

Confidentiality agreements and code of conduct documentation for the regional entity staff were provided to HWF prior to the audit. Work history and conflict of interest forms submitted for each audit team member were provided to HWF. HWF was given an opportunity to object to an audit team member on the basis of a possible conflict of interest or the existence of other circumstances that could interfere with the audit team member's impartial performance of duties. HWF had not submitted any objections by the stated fifteen day objection due date and accepted the audit team member participants with no objections. There have been no denials of or access limitations placed upon this audit team by HWF.

2.3 Methodology

Once an audit date was set by Texas RE, HWF was sent a Reliability Standard Audit Work Sheets (RSAWs) for the list of actively monitored NERC Standards.

The audit team reviewed the completed RSAWs, information, data, and evidence submitted by HWF and assessed compliance with requirements of the applicable reliability standards. Initial submittal of information and data were sent to Texas RE on or before the scheduled due date for the submittal. Additional information relevant to the audit could be requested by Texas RE and submitted by HWF until the last day of the review at the audit site.

The audit team requested and received additional information and sought clarification from subject matter experts during the audit.

During the audit, Texas RE reviewed the responses to the RSAWs and auditor questions with HWF's management. The audit team reviewed documentation provided by HWF that included data,

information and evidence submitted in the form of policies, procedures, emails, 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).

The Texas RE audit team interviewed operations personnel as necessary to clarify or stack the evidence provided by HWF and verify documentation.

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.

The audit team conducted an exit briefing immediately following the audit with HWF. The audit team verbally shared its preliminary results with HWF’s management.

2.4 Company Profile

HWF is a 166MW wind generator located about one hour north of Abilene TX in Shackelford County. HWF is connected to the ERCOT system at 345KV at Oncor’s Cook Field station. HWF achieved commercial operations in the ERCOT system in December 2008. HWF sells its power under a fixed price PPA to Austin Energy, Austin Energy under the terms of the PPA act as the project’s QSE.

HWF is a subsidiary of RES Americas.

2.5 Audit Specifics

Audit Date: March 8-10, 2011
 Audit Location: Texas RE Office, Austin, TX

Texas RE Audit Team:

Company/Title	Audit Team Role
Texas RE / Compliance Analyst III	Audit Team Leader
Texas RE / Compliance Analyst III	Auditor
Texas RE / Compliance Engineer III	Auditor

HWF’s Audit Participants:

Company	Title
Hackberry Wind LLC and RES	Vice President Operations
The Anfield Group Inc.	Director; Consultant to HWF
Relay Application Innovation, Inc.	President; Consultant to HWF

3.0 AUDIT RESULTS

3.1 Audit Findings

The audit team evaluated HWF for compliance with all the requirements of the 2011 actively monitored NERC Standards identified in the NERC Compliance Monitoring and Enforcement Program (CMEP) appropriate to HWF's registration as a Generator Owner and Generator Operator. HWF submitted information and documentation for the audit team's evaluation of compliance with requirements. The audit team reviewed and evaluated all information provided by HWF to assess compliance with standards applicable to HWF at this time.

The audit team found that HWF had no findings of non-compliance with all 2011 actively monitored NERC Standards reviewed at the time of the audit

The following table is a summary of the auditor's findings for those NERC standards reviewed during the audit:

Reliability Standard	Requirement	Finding
CIP-001-1	R1.	No Finding of Non-Compliance
CIP-001-1	R2.	No Finding of Non-Compliance
CIP-001-1	R3.	No Finding of Non-Compliance
CIP-001-1	R4.	No Finding of Non-Compliance
COM-002-2	R1.	No Finding of Non-Compliance
COM-002-2	R2.	N/A
FAC-008-1	R1.	No Finding of Non-Compliance
FAC-008-1	R2.	No Finding of Non-Compliance
FAC-008-1	R3.	No Finding of Non-Compliance
FAC-009-1	R1.	No Finding of Non-Compliance
FAC-009-1	R2.	No Finding of Non-Compliance
IRO-001-1.1	R1.	N/A
IRO-001-1.1	R2.	N/A
IRO-001-1.1	R3.	N/A
IRO-001-1.1	R4.	N/A
IRO-001-1.1	R5.	N/A
IRO-001-1.1	R6.	N/A
IRO-001-1.1	R7.	N/A

Reliability Standard	Requirement	Finding
IRO-001-1.1	R8.	No Finding of Non-Compliance
IRO-001-1.1	R9.	N/A
IRO-004-1	R1.	N/A
IRO-004-1	R2.	N/A
IRO-004-1	R3.	N/A
IRO-004-1	R4.	No Finding of Non-Compliance
IRO-004-1	R5.	N/A
IRO-004-1	R6.	N/A
IRO-004-1	R7.	N/A
IRO-005-2	R1.	N/A
IRO-005-2	R2.	N/A
IRO-005-2	R3.	N/A
IRO-005-2	R4.	N/A
IRO-005-2	R5.	N/A
IRO-005-2	R6.	N/A
IRO-005-2	R7.	N/A
IRO-005-2	R8.	N/A
IRO-005-2	R9.	N/A
IRO-005-2	R10.	N/A
IRO-005-2	R11.	N/A
IRO-005-2	R12.	N/A
IRO-005-2	R13.	No Finding of Non-Compliance
IRO-005-2	R14.	N/A
IRO-005-2	R15.	N/A
IRO-005-2	R16.	N/A
IRO-005-2	R17.	N/A
PRC-001-1	R1.	No Finding of Non-Compliance
PRC-001-1	R2.	No Finding of Non-Compliance
PRC-001-1	R3.	No Finding of Non-Compliance
PRC-001-1	R4.	N/A
PRC-001-1	R5.	No Finding of Non-Compliance
PRC-001-1	R6.	N/A
PRC-004-1	R1.	N/A
PRC-004-1	R2.	No Finding of Non-Compliance

Reliability Standard	Requirement	Finding
PRC-004-1	R3.	No Finding of Non-Compliance
PRC-005-1	R1.	No Finding of Non-Compliance
PRC-005-1	R2.	No Finding of Non-Compliance
PRC-017-0	R1.	N/A
PRC-017-0	R2.	N/A
PRC-023-1	R1.	No Finding of Non-Compliance
PRC-023-1	R2.	N/A
PRC-023-1	R3.	N/A
TOP-002-2	R1.	N/A
TOP-002-2	R2.	N/A
TOP-002-2	R3.	No Finding of Non-Compliance
TOP-002-2	R4.	N/A
TOP-002-2	R5.	N/A
TOP-002-2	R6.	N/A
TOP-002-2	R7.	N/A
TOP-002-2	R8.	N/A
TOP-002-2	R9.	N/A
TOP-002-2	R10.	N/A
TOP-002-2	R11.	N/A
TOP-002-2	R12.	N/A
TOP-002-2	R13.	No Finding of Non-Compliance
TOP-002-2	R14.	No Finding of Non-Compliance
TOP-002-2	R15.	No Finding of Non-Compliance
TOP-002-2	R16.	N/A
TOP-002-2	R17.	N/A
TOP-002-2	R18.	No Finding of Non-Compliance
TOP-002-2	R19.	N/A
VAR-002-1.1a	R1.	No Finding of Non-Compliance
VAR-002-1.1a	R2.	No Finding of Non-Compliance
VAR-002-1.1a	R3.	No Finding of Non-Compliance
VAR-002-1.1a	R4.	No Finding of Non-Compliance

Reliability Standard	Requirement	Finding
VAR-002-1.1a	R5.	No Finding of Non-Compliance

3.2 Mitigation Plan Findings

There were no ongoing or recently completed mitigation plans for the NERC registered functions included in the scope of this audit that had not been previously validated by Texas RE's compliance staff and therefore none were reviewed by the audit team.

3.3 Conclusion

HWF was found to have had no findings of non-compliance with the all the standards that were included in the scope of this audit.

There were no ongoing or recently completed mitigation plans and therefore none were reviewed by the audit team.

3.4. Compliance Culture

HWF's compliance culture survey was reviewed by the audit team.

HWF was cooperative with the audit team's needs and information requests throughout the entire audit process. The Vice President of Operations' efforts for this audit were extremely helpful and were well supported by the other HWF SME's who prepared and participated during the audit process.

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