



Compliance Audit Report Public Version

Forked River Power LLC
NERC ID# NCR00376

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

Date of Audit: May 02 - May 13, 2011

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Executive Summary

A compliance audit of Forked River Power LLC (FRP), NERC ID # - NCR00376 was conducted from May 02 - May 13, 2011. At the time of the audit, FRP was registered for the Generator Owner (GO) function.

The audit team evaluated FRP for compliance with twelve (12) requirements in the 2011 NERC Compliance Monitoring and Enforcement Program (CMEP). The audit team assessed compliance with the NERC Reliability Standards for the period of July 08, 2008 to May 13, 2011 or per data retention requirements specified in the reliability standards. FRP submitted information and documentation for the audit team's evaluation of compliance with requirements. The audit team reviewed and evaluated all information provided by FRP to assess compliance with standards applicable to FRP at this time.

Based on the information and documentation provided by FRP, the audit team found FRP to have no findings for eight (8) applicable requirements. The audit team determined that four (4) requirements were not applicable to FRP. The audit team found zero (0) requirements were involved in Open Enforcement Actions. The Audit Team identified zero (0) Possible Violations as a result of this review. There were no ongoing or recently completed mitigation plans and therefore none were reviewed by the audit team.

The ReliabilityFirst 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).*

Audit Process

The compliance audit process steps are detailed in the ReliabilityFirst CMEP. The ReliabilityFirst 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:

* This statement replaces the Regional Entity Self-Certification process.

[†] North American Electric Reliability Corporation CMEP, paragraph 3.1, Compliance Audits

- Review compliance with the requirements of reliability standards that are applicable to FRP, based on the functions that FRP is registered to perform;
- Validate compliance with applicable reliability standards from the NERC 2011 Implementation Plan list of actively monitored standards, and additional NERC Reliability Standards selected by ReliabilityFirst;
- Validate evidence of self-reported violations and previous self-certifications;
- Observe and document FRP's compliance program and culture;
- Review the status of mitigation plans.

Scope

The scope of the compliance audit included the NERC Reliability Standards from the ReliabilityFirst 2011 Implementation Plan. In addition, this audit included 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, FRP was registered for the Generator Owner (GO) function. The audit team evaluated FRP for compliance during the period of July 08, 2008 to May 13, 2011.

Confidentiality and Conflict of Interest

Confidentiality and conflict of interest of the audit team are governed under the ReliabilityFirst Delegation Agreement with NERC, and Section 1500 of the NERC Rules of Procedure. FRP was informed of ReliabilityFirst's obligations and responsibilities under the agreement and procedures. The work history for each audit team member was provided to FRP. FRP 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. FRP 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 FRP.

Methodology

The audit team reviewed the information, data, and evidence submitted by FRP and assessed compliance with requirements of the applicable reliability standards. Submittal of information and data was due forty (40) days 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 evaluated all evidence of compliance for sufficiency and appropriateness, according to the Generally Accepted Government Auditing Standards.

The audit team reviewed documentation provided by FRP. 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

Forked River Power LLC is a Delaware limited liability corporation that is a 100% owned subsidiary of Maxim Power (USA) Holding Company II LLC. Forked River Power facility is located in Forked River, Orange County, New Jersey. Forked River is comprised of two (2) simple-cycle turbine-generators with name plate ratings for Unit 1 and Unit 2 at 45 MVA each. Both generators generate at a low side voltage of 13.8 kV and are then stepped up to 230 kV on the high side of the generator station transformers. The Forked River generating facility has two interconnection points with Jersey Central Power & Light Company (JCP&L) at the Oyster Creek substation. JCP&L is the Transmission Owner (TO) of Oyster Creek substation. The two connections with Oyster Creek substation are at a voltage level of 230 kV. The distance between the Forked River’s generator station and the interconnections at the Oyster Creek substation is approximately 190 feet. The Forked River generating facility does not participate in PJM ancillary services markets such as black start service, regulation, or synchronized reserve. PJM serves FRP as their Balancing Authority (BA), Reliability Coordinator (RC), and Transmission Operator (TOP).

Audit Participants

The following is a listing of all personnel from the audit team and FRP who were present during the meetings or interviews.

Audit Team Participants

Audit Team Role	Title	Entity
Audit Team Lead	Engineer	ReliabilityFirst
Audit Team Member	Engineer	ReliabilityFirst

FRP Audit Participants

Title	Entity
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Compliance Manager	Maxim
Plant Manager	PurEnergy
Compliance & Regulatory Specialist	3C

Audit Results

The audit team evaluated FRP for compliance with twelve (12) requirements in the 2011 NERC Compliance Monitoring and Enforcement Program (CMEP). The audit reviewed NERC Reliability Standards for the period of July 08, 2008 to May 13, 2011 or per data retention requirements specified in the reliability standards. FRP submitted information and documentation for the audit team's evaluation of compliance with requirements. The audit team reviewed and evaluated all information provided by FRP to assess compliance with standards applicable to FRP at this time.

Based on the information and documentation provided by FRP, the audit team found FRP to have no findings for eight (8) applicable requirements. The audit team determined that four (4) requirements were not applicable to FRP. The audit team found zero (0) requirements were involved in Open Enforcement Actions. The audit team identified zero (0) Possible Violations.

Findings

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

Reliability Std	Req.	Finding
FAC-008-1	R1.	No Finding
FAC-008-1	R2.	No Finding
FAC-009-1	R1.	No Finding
FAC-009-1	R2.	No Finding
IRO-004-1	R4.	No Finding
PRC-004-1	R2.	No Finding
PRC-005-1	R1.	No Finding
PRC-005-1	R2.	No Finding
PRC-017-0	R1.	Not Applicable
PRC-017-0	R2.	Not Applicable
PRC-023-1	R1.	Not Applicable
PRC-023-1	R2.	Not Applicable

Compliance Culture

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

FRP and its parent company MAXIM are committed to compliance with NERC Reliability Standards. The companies are relatively small and their internal compliance programs are sized appropriately to fit their organizations. Senior Management is openly committed to compliance through both the prevention of violations and promptly responding to a violation should one occur.

FRP has an Internal Compliance Committee made up of the Plant Manager, the Director of Regulatory Affairs, the Operations Supervisor, and appropriate operating staff to ensure that all compliance obligations are attained. The Plant Manager reviews reliability standards and communicates the requirements of those standards within the organization. The Plant Manager ultimately ensures that the facility and its operating personnel are aware of their compliance obligations. The Plant Manager does not have independent access to the CEO, Executive Committee and/or Board of Directors but the relatively small size of the organization allows him close access to those individuals if needed. FRP has indicated that it is not possible to maintain an independent Compliance Manager position due to its small level of staff.

FRP's Compliance program is well funded for the Internal Compliance Committee to participate in at NERC/RFC seminars and workshops. The program is also budgeted for NERC line-item third-party expert consultancy to ensure adequate knowledge and understanding of reliability standards and the requirements of those standards.

FRP personnel provided evidence that was well organized. All audit participants were available to provide clarification and answer questions during the entire off-site audit. It is the audit teams impression that FRP has taken steps to ensure that compliance is a priority throughout the organisation.

Additional information pertaining to the compliance culture of FRP can found in the Compliance Pre-Audit Survey.