



**Compliance Audit Report
Public Version
FERC Order 693**

**EIF-Mojave
NERC ID# NCR11055**

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

Date of Audit: July 27, 2011

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Executive Summary

A compliance audit of EIF-Mojave (“EIFM”), NERC ID # - NCR11055 was conducted on July 27, 2011. At the time of the audit, EIFM was registered for the Generator Owner (“GO”) function.

The audit team evaluated EIFM for compliance with nineteen (19) Reliability Standard requirements, which included nineteen (19) requirements as directed by the 2011 NERC Compliance Monitoring and Enforcement Program Implementation Plan (“CMEP IP”). The evaluation was for the period of July 1, 2010, the date the EIFM registration became effective, through July 27, 2011.

EIFM submitted information and documentation for the audit team’s evaluation of compliance with requirements. The audit team reviewed and evaluated all information provided by EIFM to assess compliance with standards applicable to EIFM at this time. Based on the information and documentation provided by EIFM, the audit team determined the following findings for EIFM, summarized in the table below:

	No Finding	Not Applicable	OEA*	Possible Violation	Total
Reliability Standard Requirements	8	11	0	0	19
Total	8	11	0	0	19

* Open Enforcement Action (see Findings section below for detailed explanation).

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, and applicable WECC Regional Reliability Standards, within the scope of the compliance audit. Any Possible Violations will be processed through the NERC and WECC CMEP. There were no ongoing or recently completed mitigation plans and therefore one were reviewed by the Audit Team.

The WECC audit team lead certifies that the audit team adhered to all applicable requirements of the NERC Rules of Procedure (“ROP”) and CMEP.¹

¹ This statement replaces the Regional Entity Self-Certification process.

Audit Process

The compliance audit process steps are detailed in the WECC CMEP. The WECC 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.² The audit objectives are to:

- Review compliance with the requirements of reliability standards that are applicable to EIFM, based on the functions that EIFM 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 WECC;
- Validate compliance with applicable regional standards from the WECC 2011 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 2011 Implementation Plan. In addition, this audit included a review of 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, EIFM was registered for the functions of GO. The audit team evaluated EIFM for compliance during the period of July 1, 2010, the date the EIFM registration became effective, through July 27, 2011.

Confidentiality and Conflict 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 ROP. EIFM was informed of WECC's obligations and responsibilities under the agreement and procedures. The work history for each audit team member was provided to EIFM. EIFM

² North American Electric Reliability Corporation CMEP, paragraph 3.1, Compliance Audits

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. EIFM 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 EIFM.

Methodology

The audit team reviewed the information, data, and evidence submitted by EIFM and assessed compliance with requirements of the applicable reliability standards. Submittal of information and data were sent to WECC 20 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 reviewed documentation provided by EIFM. 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. 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 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

EIF-Mojave (EIFM) is a 55 megawatt natural gas-fired cogeneration facility located in Boron, California. The Plant entered commercial operation on July 27, 1990 and is operated by Delta Power Services (subsidiary of Babcock & Wilcox). EIFM generates at 13.8 kV and steps up to 115 kV on the high side of the transformer before the single point of interconnection with SCE. Mojave sells electricity and capacity to Southern California Edison under a long-term PPA. Mojave also sells steam to U.S. Borax, Inc. pursuant to an energy services agreement that is co-terminus with the PPA. The US Power Fund II acquired EIFM in March of 2006 and took control of the asset on July 1, 2010.

Audit Participants

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

Audit Team Participants

Role	Title	Entity
Audit Team Lead	Senior Compliance Engineer	WECC
Team Member	Senior Compliance Engineer	WECC
Documentation	Compliance Program Coordinator	WECC

EIFM Audit Participants

Title	Entity
Plant Manager	EIFM
NERC/FERC Manager	EIFM
President, Delta Power Services	EIFM
Director of Operations and Western Region Manager for Delta Power Services (DPS)	EIFM
Projects General Manager for Power Plant Management Services (PPMS)	EIFM

Audit Results

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EIFM submitted information and documentation for the audit team’s evaluation of compliance with requirements. The audit team reviewed and evaluated all information provided by EIFM to assess compliance with standards applicable to EIFM at this time. Based on the information and documentation provided by EIFM, the audit team determined the following findings for EIFM, summarized in the table below:

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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, and applicable WECC Regional Reliability Standards, within the scope of the compliance audit. Any Possible Violations will be processed through the NERC and WECC CMEP. There were no ongoing or recently completed mitigation plans and therefore one were reviewed by the Audit Team.

Findings

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

No Finding (“NF”): The audit team did not discover areas of non-compliance based on the evidence presented by the Registered Entity and reviewed by the audit team.

Possible Violation (“PV”): The audit team discovered areas of possible non-compliance based on the evidence presented by the Registered Entity and reviewed by the audit team.

Not Applicable (“N/A”):

- The Requirement does not apply to the Registered Entity based on the entity’s registered functions.
- The Requirement applies to the Registered Entity based on their functional registration but the entity does not possess the system(s) referenced in the Requirement.

Open Enforcement Action (“OEA”): At the time of the audit the Registered Entity had an open action item regarding the Requirement. Such items may include, but not limited to, open mitigation plans, self-reports, or settlement agreements.

Reliability Standard	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	R1.	Not Applicable
IRO-004-1	R2.	Not Applicable
IRO-004-1	R3.	Not Applicable
IRO-004-1	R4.	No Finding
IRO-004-1	R5.	Not Applicable
IRO-004-1	R6.	Not Applicable
IRO-004-1	R7.	Not Applicable
PRC-004-1	R1.	Not Applicable
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

The EIFM compliance culture was not reviewed in detail by the audit team.

Exit Briefing

To conclude the audit, the Audit Team leader gave a PowerPoint presentation for EIFM'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 EIFM on August 2, 2011 for review and comment. However, EIFM provided no comments.

Management Approval

This report was reviewed and approved by John McGhee, WECC Director of Compliance Audits and Investigations on October 14th, 2011.