

SRSG Operating Procedure No. 8

Submitted Data and Operations Audit

Issue Date 3/25/1998

Revision Date: 9/21/2000

1. Purpose

The purpose of Operating Procedure No. 8 is to establish a process for auditing a Party's consistency of SRSG data reporting and operation.

2. General

Per Section 14.2 of the SRSG Participation Agreement, the Operating Committee "may audit a Party's records and supporting documentation of any information submitted to the Administrator Site System, and Disturbance data when applicable."

3. Data and Processes to be Audited

3.1 The following Forecasted data will be audited:

- Firm Commitment
- Firm Commitment Served by Hydro
- Megawatts Associated with Most Severe Single Contingency

3.2 The following Actual data will be audited:

- Spinning Reserve
- Non-Spinning Reserve
- Firm Commitment
- Firm Commitment Served by Hydro
- Megawatts Associated with Most Severe Single Contingency

3.3 The following Disturbance data and procedural information may be audited:

- Data and procedures relating to the reporting of a disturbance including generator or transmission line type and capability.
- Data and procedures relating to delivery/receipt of Emergency Assistance

3.4 The following Operational and Procedural information will be reviewed:

- The Dispatcher's knowledge of SRSG Agreement and Operating Procedures.
- The Dispatcher's ability to use the Manual and Automated Systems.
- The Dispatcher's access to the SRSG Participation Agreement, Operating Procedures, and Emergency Assistance Matrices.
- The Party's implementation method for calculating and integrating hourly data pertaining to spinning and non-spinning reserves.
- The Party's energy transactions (contractual agreements when applicable) affecting the member's amount of reportable reserves.
- For audit trail purposes, the Party's method used in archiving reportable information.

3.5 The Audit Team will review a minimum of four (4) hours and a maximum of eight (8) hours of the Party's data. These hours will be randomly selected from the previous month.

3.6 The Audit Team at its discretion, where a data discrepancy is perceived, may choose to audit up to 8 additional hours in an effort to gain confidence in the data or process being reported to the SRSG.

4. Frequency of Audits

- 4.1 An initial audit will be performed for all Parties prior to the end of June 1999
- 4.2 After the initial audit, each Party will be audited a minimum of one time every three (3) years.
- 4.3 A follow up review may be conducted at the discretion of the audit team to ensure all pending items were corrected
- 4.4 The Operating Committee will determine the order in which the Parties are audited and the audit schedule.

- 4.5 The SRSG Administrator will notify each Party four (4) weeks prior to the date of their scheduled audit.

5. Audit Team

- 5.1 The Audit Team will include the SRSG Administrator and one member designated by the Operating Committee. If the SRSG Administrator is an employee of the company being audited, the Operating Committee will designate a second Operating Committee member to participate in the audit. The SRSG Administrator will serve as the team leader.
- 5.2 Audit Team members, with the exception of the SRSG Administrator, can not be employees of the Party being audited.
- 5.3 Audit Team members, other than the SRSG Administrator, may only participate in a maximum of two (2) audits per calendar year.

6. Audit Process

- 6.1 The Audit Team will visit the site where the Party's Site System terminal is located.
- 6.2 Prior to the site visit:
 - 6.2.1 The Audit Team will provide the Party a list of the hours that will be audited a minimum of fifteen (15) working days prior to the site visit.
 - 6.2.2 The Party will complete a "Standard Audit Form" for each hour that will be audited. This form will list all data required to calculate a party's forecasted and actual data.
 - 6.2.3 The "Standard Audit Forms" will be returned to the SRSG Administrator a minimum of five (5) working days prior to the site visit.
 - 6.2.4 The SRSG Administrator will review the Party's submitted "Standard Audit Forms" and enter the data into an audit spreadsheet which will calculate all values listed in Sections 3.1 and 3.2 of this Operating Procedure. This information will be shared with the other members of the Audit Team.
- 6.3 Site Visit:

- 6.3.1 The Audit Team's visit to a Party's site will be limited to one (1) working day.
 - 6.3.2 During the site visit, the Party will be represented by a minimum of the Party's Operating Committee Representative, or his designee, and a Dispatcher. In addition, the Party will provide all necessary support in securing the data necessary to perform the audit.
 - 6.3.3 An "Audit Checklist" will be used as a guide to ensure all pertinent data is collected and that the audits are administered consistently for all Parties.
 - 6.3.4 All resources listed on the Party's "Standard Audit Form" will be compared against the criteria listed in Operating Procedure No. 1 "Resource Reserve Qualification" to ensure compliance.
 - 6.3.5 Prior to leaving the site, the Audit Team will meet with the Party's Representatives to discuss preliminary findings of the audit including Action Items.
- 6.4 After the Site Visit
- 6.4.1 A copy of the preliminary audit report will be sent to the Party within ten (10) working days after the completion of the site visit. The audit report shall include in the Action Items Section of the Audit a summary of discrepancies.
 - 6.4.2 The Party may provide written comments to the SRSG Administrator within ten (10) working days of receiving the report. The Party's response will be incorporated in the Audit Report and may include rebuttal to the Audit Team's comments and proposed or implemented solutions to any discrepancies described in the report.
 - 6.4.3 All Action Items shall be placed in an Action Items Log created by the SRSG Administrator for the purpose of monitoring and clearing Action Items.

7. Audit Report Review and Approval

- 7.1 The Audit Team will complete the final audit report within 30 working days of the site visit and forward the report to all Operating Committee members.

- 7.2 The Operating Committee will review the Audit Report, the Party's discrepancies (if any) listed on the Action Items Section of the Audit Report and the Party's intended actions to solve the discrepancies. If the Party's solutions are deemed inadequate, the Operating Committee may request additional actions by the Party.
- 7.3 If the Operating Committee is satisfied with the audit report and deems the audit finished, then the Operating Committee will:
 - 7.3.1 Vote to accept the audit report as part of the record and proof of audit.
 - 7.3.2 Require all Action Items discovered during an audit be resolved within 90 days from the day of the audit.
- 7.4 Unresolved issues will be reviewed by the Operating Committee and recommend appropriate action with emphasis on clearing the Action items.

8. Confidentiality

All data obtained from the Party during the audit process shall be deemed confidential. The Audit Team will abide by Section 28 of the SRSG Participation Agreement.

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