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Date: August 13th, 2014
To: Ching Jou, Principal Transmission Reliability and Compliance Specialist – Transmission Reliability Compliance
Yee Chou, Reliability Standards Compliance Manager – Regulatory Services
From: Brandon McElfresh, Senior IT Auditor – Audit Services
Subject: Review of ERCOT TDSP Audit Preparation

BACKGROUND

On August 26th-28th 2014, the Texas Reliability Entity (TRE), acting on behalf of the North American Reliability Corporation (NERC) as the Regional Entity for the ERCOT region, will perform an audit of American Electric Power's (AEP) Transmission and Distribution Service Provider (TDSP) registration for AEP Texas Central and AEP Texas North. The audit scope will be from December 1st, 2010 to the date of the audit. It is a table top audit that will be conducted remotely from the TRE offices with conference calls and web-based meeting software.

OBJECTIVES

The objective of Audit Services' involvement in the audit preparation was (1) to prepare AEP's Transmission Operations Subject-Matter-Experts (SMEs) with communication skills for the audit, (2) to ensure AEP's responses to the audit package covered the requirements of the ERCOT Protocols, and (3) to recommend supplemental evidence needed for any gaps identified in pre-audit reviews. Audit Services involvement was performed at the request of Yee Chou in Regulatory Services.

SCOPE

As requested by Mr. Chou, the scope of Audit Service's involvement was limited to the ERCOT protocol requirements that apply to AEP as a TDSP. Specific focus was applied to the questions submitted by TRE and the corresponding responses in the audit package submittal by AEP.

OBSERVATIONS

Based on the review performed, ASD and the Transmission Reliability and Compliance team noted the following:

1. **SME Preparation** – Transmission SMEs have been adequately trained with the appropriate skills to interact with external auditors. The Transmission Reliability & Compliance team has also made sufficient preparation with telecommunications and scheduling to ensure that SMEs will be available for the table top audit.
2. **Reactive Capability (T12)ⁱ** – AEP should re-organize evidence (based on TRE's follow-up questions) to provide the substation name (along with bus numbers) to match up with the Annual Load Data Request Data from 2011 through 2013.
3. **Out of Service Special Protection Systems (T14)** – AEP should provide supplemental evidence to show that the Generation Owner was notified of AEP's disablement of the Matador/Whirlwind Special Protection System.
4. **Under Frequency Load Shed (T15)** – AEP should prepare an additional response which references ERCOT Protocol 4.5.3.4 (where ERCOT refers to "AEP Texas") as a supporting rationale for organizing AEP's SCADA Maintenance Check Display based on AEP Service Corporation instead of AEP's individual Distribution Service Providers (AEPTCC and AEPTNC).

CONCLUSION

With the implementation of the recommendations above and the pre-audit coordination from Transmission Reliability and Compliance team, AEP Transmission SMEs appear to be adequately prepared and appear to have the appropriate evidence to prove compliance for the August 2014 – Texas Reliability Entity – ERCOT Protocols – AEP TDSP Audit.

ⁱ The T## labels are references to specific questions in TRE's Protocol Audit Questionnaire.