



NORTHEAST POWER COORDINATING COUNCIL, INC.
1040 AVE OF THE AMERICAS, NEW YORK, NY 10018 TELEPHONE (212) 840-1070 FAX (212) 302-2782

Compliance Audit Report Public Version

**DTE Energy Trading Inc.
NCR07067**

June 5 to June 15, 2009

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

June 15, 2009

TABLE OF CONTENTS

Executive Summary	3
Audit Process	3
Objectives	4
Scope.....	4
Confidentiality and Conflict of Interest	4
Off-site Audit	5
Methodology	5
Audit Overview.....	5
Audit	5
Exit Briefing.....	5
Company Profile	6
Audit Specifics.....	6
Audit Results.....	6
Findings.....	7
Compliance Culture	7

Executive Summary

The off-site compliance audit of DTE Energy Trading Inc. (DTE), NERC ID #NCR07067 was conducted between June 5 and June 15, 2009. At the time of the audit, DTE was registered for the PSE function. The audit was completed using data submitted by DTE prior to the start of the off-site audit and data provided as a result of questions that arose during the audit. The audit was performed by NPCC to demonstrate compliance not only within the NPCC footprint but also to show compliance in SERC, SPP and RFC. By auditing for all regions at the same time, it will allow PSEs registered in multiple regions to undergo only one regularly scheduled audit each six years.

The auditor evaluated DTE's compliance with 6 reliability standards and 11 requirements/sub-requirements in the 2009 NERC Compliance Monitoring and Enforcement Program (CMEP). The audit reviewed reliability standards identified in the NERC 2009 Implementation Plan for the period of the last twelve months or monitoring timeframes specified in each reliability standard.

Of the 6 standards and 11 requirements and sub-requirements audited for the functions DTE is registered, all standards, requirements and sub-requirements were judged to be compliant.

DTE staff provided overviews of each standard which resulted in a more clear understanding of their business model and accelerated the audit process. The evidence provided to demonstrate compliance was well presented and well organized. The audit team would like to thank the DTE staff for their support offered throughout the audit.

This audit report depicts all activities performed by the audit team during the audit. Some information discussed during the course of the audit is non-public. Any non-public information included in this report is listed in the Findings section, specifically in the Auditors Notes Summary in the table. This portion of the table will be redacted from the public posting version of this report.

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

Audit Process

The compliance audit process steps are detailed in the NERC CMEP. The NERC 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 audit for compliance with all reliability standards applicable to the functions for which the registered entity is registered.¹ The audit objectives are to:

- Independently review DTE Energy Trading Inc.'s compliance with the requirements of the reliability standards that are applicable to DTE based on DTE's registered functions.
- Validate compliance with applicable reliability standards from the NERC 2009 Implementation Plan list of actively monitored standards and additional NERC reliability standards selected by NERC.
- Validate compliance with applicable Regional Standards from the NPCC 2009 Implementation Plan list of actively monitored standards.
- Validate evidence of self-reported violations and previous self-certifications and confirm compliance with other requirements of the reliability standard.
- Review the status of associated mitigation plans.
- Observe and document the DTE Energy Trading Inc. compliance program and culture.

Scope

The audit included all standards identified in the March 4, 2009 audit letter. The audit was a regularly scheduled audit and no self-reported violations or compliance investigations were involved in the audit. The audit was performed by NPCC to demonstrate compliance not only within the NPCC footprint but also to show compliance in SERC, SPP and RFC.

At the time of the audit, DTE was registered for the function of PSE. The audit team evaluated DTE for compliance during the period of June 18, 2007 to June 15, 2009.

Confidentiality and Conflict of Interest

Confidentiality and Conflict of Interest of the audit team are governed under the Delegation Agreement with NERC and Section 1500 of the NERC Rules of Procedure.

The audited entity was informed in advance of the audit that the independent contractors executed confidentiality agreements and code of conduct documentation was in place for the NERC representative and regional entity staff. Work history and conflict of interest forms submitted by each audit team member are on file in the NPCC corporate offices. The audited entity 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. The audited entity accepted the audit team members with no objections.

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

Off-site Audit

DTE was provided with a pre-audit request letter identifying the standards and requirements subject to audit. The audit letter was sent to DTE more than 60 days in advance of the scheduled audit. This was an off-site audit conducted every six years or as determined to be necessary by the region. DTE had no self-reported any violations. DTE was registered as a PSE in NPCC, SERC, SPP and RFC.

In all cases, the auditors requested interviews with DTE employees representing subject matter expertise regarding all of the registered functions of DTE. These interviews resulted in data requests that in conjunction with the submitted evidence would provide the auditor with a basis for professional judgment when validating compliance with reliability standards.

Methodology

The auditors prepared reliability standards audit worksheets (RSAWs) to evaluate each standard. The RSAWs are used to ensure consistency and to document evidence of compliance or non-compliance with the standards. All relevant documents are considered and to the extent they form a portion of the audit trail are referenced in the RSAWs.

Audit Overview

The audit overview was provided to DTE via conference call on May 28, 2009. The audit leader member reviewed his career and noted that all auditors had signed confidentiality agreements. A brief explanation of the audit process was given and the timelines were discussed. DTE was given an opportunity to reject the auditors but accepted the auditors and their credentials for this audit.

Audit

The audit leader performed the audit off-site. Prior to calls to DTE, the auditor developed a list of questions for DTE and provided the questions via email. DTE then took the time necessary to develop the answers and submitted them by email to the auditor.

Exit Briefing

The exit briefing was conducted by conference call on June 15, 2009 between the audit leader of NPCC and the Director of Asset Operations of DTE; NPCC staff reviewed the audit process and summarized the findings of the audit. The results of the audit were that of the 6 standards and 11 requirements and sub-requirements audited for the functions DTE is registered, all standards, requirements and sub-requirements were judged to be compliant. DTE was given an opportunity to question the audit findings and provide comment on the audit. DTE said they thought the process was very professional and thought it had been a beneficial process.

Company Profile

The DTE Energy Company is a public utility holding company as defined by FERC. DTE Energy is the holding company for the following regulated utilities: The Detroit Edison Company and Michigan Consolidated Gas Company. DTE Energy also wholly owns several affiliates and subsidiaries, which includes DTE Energy Trading Inc.

DTE Energy Trading (DTE) is a market-regulated power affiliate and wholly owned subsidiary of DTE Energy Company.

Audit Specifics

The compliance audit was conducted between June 5 and June 15, 2009 at the NPCC offices in New York City, New York.

NPCC Audit Team Role		Title	Company
Regional staff		Manager Compliance	NPCC-Compliance Audit Program
Overall Lead Auditor		Contracted Consultant	NPCC-Compliance Audit Program

DTE Energy Trading Inc.

Title	Organization
Director - Asset Operations	DTE

Audit Results

DTE provided electronic files and emails containing data used to demonstrate their compliance with the standards identified in the audit letter from NPCC. When the auditor had additional questions, conference calls were used to request additional documentation until the auditors were convinced that the standards and requirements had been met and DTE had demonstrated compliance.

After reviewing all the data, DTE was judged to be compliant with six standards and eleven requirements and sub-requirements.

Findings

The following table details findings for compliance with the reliability standards listed in the NERC 2009 Implementation Plan. This audit report depicts all activities performed by the audit team during the audit. Some information discussed during the course of the audit is non-public. Any non-public information included in this report is listed in the Findings section, specifically in the Auditors Notes Summary in the table. This portion of the table will be redacted from the public posting version of this report.

Reliability Standard	Requirement	Finding
INT-001-3	R1	Compliant
INT-001-3	R1.1	Compliant
INT-004-2	R1	Compliant
INT-004-2	R2	Compliant
INT-004-2	R2.1	Compliant
INT-004-2	R2.2	Compliant
INT-004-2	R2.3	Compliant
IRO-001-1	R8	Compliant
IRO-005-1	R13	Compliant
TOP-005-1	R4	Compliant
VAR-001-1	R5.	Compliant

Compliance Culture

The audit team reviewed DTE Energy Trading Inc.'s compliance culture. During all contacts, DTE staff was professional in their approach to compliance and understood the importance of the compliance and its role in maintaining reliability.