

**Note de la firme Guidehouse concernant l'absence
d'audit externe dans le domaine des normes de
conduite dans l'industrie**



Memorandum

Date: 2022-09-26

Re: Audit Requirements to Monitor Compliance Regarding Applicable Standards of Conduct for the Transmission Provider

At the request of Hydro-Québec, Guidehouse has prepared this memo.

Guidehouse was asked to research if the Federal Energy Regulatory Commission (FERC) requires a third-party audit, to monitor compliance to the FERC Order 717 Standards of Conduct (SoC).

Guidehouse, based on a detailed review of FERC Order, per the Code of Federal Regulations (CFR) Title 18 Part 358,¹ has found no such requirement.

Further, Guidehouse conducted a review of a broad set of utilities, including those that are FERC-jurisdictional, to identify if any third-party audits were performed to verify compliance with the SoC. Guidehouse did not identify any third-party audits.

In addition, specific to Guidehouse's original expert report, Guidehouse evaluated the following peer group of utilities which have been referred to in the expert report:

1. New Brunswick Power
2. BC Hydro
3. Manitoba Hydro
4. SaskPower
5. Nova Scotia Power
6. Bonneville Power Administration
7. Tennessee Valley Authority

In Guidehouse's research results and evaluation, there were no third-party audits required or performed to monitor compliance to the applicable SoC for any of the peer utilities. The evaluation included Reliability Coordinator SoC, as in the case of BC Hydro.

Guidehouse used two primary (desktop web scraping & OASIS reviews) and one secondary (interview requests of each of the peers) research approaches to draw our conclusions.

Guidehouse's investigation has not identified any third-party audits relating to the SoC, across the FERC-jurisdictional utilities, or the seven non-FERC-jurisdictional utilities listed above. This finding is consistent with FERC Order 717 and CFR Title 18 Part 358, where no such requirement is found. Our finding includes any Reliability Coordinator SoC, such as BC Hydro.

Regards,

A handwritten signature in blue ink, appearing to read "RB", is placed above the typed name.

Robert Baker, Director at Guidehouse

¹ [FERC Order 717](#) as codified in Title 18 Part 358 of the U.S. Code of Federal Regulations (CFR).