



NPCC, Inc.

NORTHEAST POWER COORDINATING COUNCIL, INC.  
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Régie Identification Number:	<b>NIR037</b>		
Registered Entity Name:	<b>Arcelor Mittal Montréal (Usine de Longueuil)</b>		
Registered Entity Acronym:	<b>AMM</b>		
Reliability Standards Scope:	<b>Operations &amp; Planning Standards</b>		
Compliance Monitoring Process:	<b>Compliance Audit</b>		
Distribution:	<b>Public Version. Non-Public Information has been removed, including Privileged Information.</b>		
Regional Entity:	<b>Northeast Power Coordinating Council, Inc. (NPCC)</b>		
Date of Opening Presentation:	<b>March 16, 2018</b>	Date of Closing Presentation:	<b>July 26, 2018</b>
Date of Report:	<b>July 27, 2018</b>	IP Year:	<b>2018</b>
Potential Noncompliance:	<b>None (zero)</b>		
Jurisdiction:	<b>Quebec, Canada</b>		

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## I. Executive Summary

Northeast Power Coordinating Council, Inc. (NPCC) conducted an Operations & Planning Standards Compliance Audit of Arcelor Mittal Montréal (Usine de Longueuil) (AMM), NIR037, from March 16, 2018 to July 26, 2018.

At the time of the Compliance Audit, AMM was registered for the function of Transmission Owner (TO).

The Reliability Coordinator (RC), Balancing Authority (BA) and Transmission Operator (TOP) for AMM is Hydro Québec - Contrôle des mouvements d'énergie (une direction de HQT) (HQCMÉ). The Planning Authority (PA), Transmission Planner (TP), and Resource Planner (RP) for AMM is Hydro-Québec TransÉnergie (HQT).

The Compliance Audit team (the Audit team) evaluated AMM for compliance with 7 reliability standards and 16 requirements in the 2018 Québec Reliability Standards Compliance Monitoring and Enforcement Program (QCMEP) Annual Implementation Plan (2018 Annual Implementation Plan). The Audit team assessed compliance with the NERC Reliability Standards for the periods indicated below.

Registered Function	Reliability Standards	Requirement(s)	Applicable Audit Period
TO	FAC-003-3	R3	July 1, 2017 to May 14, 2018
	FAC-003-3	R1, R2, R6, R7	January 1, 2018 to May 14, 2018
	FAC-008-3	R3, R6	July 1, 2017 to May 14, 2018
	MOD-025-2	R3	October 1, 2017 to May 14, 2018
	MOD-032-1	R2	January 1, 2018 to May 14, 2018
	PRC-004-5(i)	R1, R5	April 2, 2017 to May 14, 2018
	PRC-005-2	R1, R3, R4, R5	January 1, 2017 to May 14, 2018
	PRC-019-1	R1	January 1, 2017 to May 14, 2018

AMM submitted evidence for the Audit team's evaluation of AMM's compliance with all requirements. The Audit team reviewed and evaluated all evidence provided to assess compliance with Reliability Standards included in the audit scope.

Based on the evidence provided, No findings of non-compliance were noted for the 2 Reliability Standards and 3 Requirements applicable to AMM at this time (for the non-applicable standards refer to section III. Compliance Audit Findings). The team notified AMM of one (1) recommendation.

There were no open Mitigation Plans for the Audit team to review.

The Compliance Audit Team Lead certifies that the Audit team adhered to all applicable requirements of the NERC Rules of Procedure (ROP), the QCMEP and the September 2014 Agreement on the Implementation of the Québec Reliability Standards Compliance Monitoring and Enforcement Program (the 2014 Agreement).

## II. Compliance Audit Process

The Compliance Audit process steps are detailed in the QCMEP. NPCC's application for the QCMEP conforms to the United States Generally Accepted Government Auditing Standards (GAGAS) and other accepted audit practices.

### Objectives

All registered entities are subject to compliance assessments with all Reliability Standards applicable to the functions for which the registered entity is registered. The Compliance Audit objectives are to:

- Provide reasonable assurance of compliance with the requirements of the Reliability Standards included in the audit scope;
- Assess compliance with applicable Reliability Standards included in the audit scope;
- Review evidence of self-reported non-compliances and previous self-certifications;
- Review AMM's compliance program and culture.

### Scope

The scope of this Compliance Audit considered the NERC Reliability Standards in the 2018 Québec Annual Implementation Plan.

The Reliability Standards and Requirements in-scope for this Compliance Audit are illustrated in **Table 2** below:

Registered Function	Standards	Requirement(s)
TO	FAC-003-3	R1, R2, R3, R6, R7
	FAC-008-3	R3, R6
	MOD-025-2	R3
	MOD-032-1	R2
	PRC-004-5(i)	R1, R5
	PRC-005-2	R1, R3, R4, R5
	PRC-019-1	R1

The Audit team did not expand the scope of the Compliance Audit beyond what was stated in the audit notification.

### Internal Compliance Program

Within the scope of the Compliance Audit, AMM's compliance program was reviewed.

### Controls

The Audit team reviewed AMM's related internal controls associated with NERC Reliability Standards included in the audit scope.

## Confidentiality and Conflict of Interest

Confidentiality and conflict of interest of the Audit team are governed under the QCMEP and the 2014 Agreement. AMM was informed of Northeast Power Coordinating Council, Inc. (NPCC)'s obligations and responsibilities under the QCMEP and the 2014 Agreement. The work history for each Audit team member was provided to AMM, which was given an opportunity to object to a Team member's participation on the basis of a possible conflict of interest or the existence of other circumstances that could interfere with a Team member's impartial performance of duties. AMM had not submitted any objections by the stated objection due date based on the QCMEP and accepted the Audit team member participants without objection. There were no denials or access limitations placed upon this team by AMM.

## Methodology

The Electric Reliability Organization (ERO) Compliance Monitoring and Enforcement Manual documents the ERO Enterprise's current approaches used to assess a registered entity's compliance with the NERC Reliability Standards. While the ERO Enterprise does not necessarily perform compliance monitoring activities that must be in accordance with GAGAS and other generally accepted audit practices, NPCC uses these standards as framework to conduct compliance monitoring activities under the QCMEP, and recognizes that these standards provide information used in oversight, accountability, transparency, and improvements in operations.

Northeast Power Coordinating Council, Inc. (NPCC) NPCC provided AMM with a Compliance Audit notification package to commence the Compliance Audit. AMM provided evidence at the time requested, or as agreed upon, by Northeast Power Coordinating Council, Inc. (NPCC) NPCC. The Audit team reviewed the evidence submitted by AMM and assessed compliance with the requirements of the Reliability Standards included in the audit scope. Additional evidence could be submitted until the agreed-upon deadline prior to the exit briefing. After that date, only data or information deemed relevant to the content of the report or its finding could be submitted, with the agreement of the Audit team lead.

The Audit team reviewed supporting documents provided by AMM and requested additional evidence and sought clarification from subject matter experts during the Compliance Audit. The evidence submitted in the form of policies, procedures, emails, logs, studies, data sheets, etc. were validated, substantiated, and cross-checked for accuracy as appropriate. Where sampling is applicable to a requirement, the sample set was determined by a statistical methodology, along with the use of professional judgment.

The findings were based on the facts and documentation reviewed, the Audit team's knowledge of the Register of entities subject to reliability standards (the Register), the NERC Reliability Standards, and the use of professional judgment. All findings were developed based upon the consensus of the Audit team.

## Company Profile

AMM is registered as a Transmission Owner and operates a relatively small portion of transmission facilities. AMM does not own or maintain any facilities that are designated as BPS. Although they own and maintain a very short segment of 315KV transmission line (less than 1-mile long), this facility is not designated as a BPS facility. The extent of the AMM system is a short 315 KV tap from a 315 KV line 3057 from Du Tremblay to Notre-Dame, owned and operated by Hydro Quebec that then bifurcates into two parallel 315/13.8KV transformers. These transformers then supply its own industrial load.

According to the Register, AMM qualifies as the owner or operator of a facility connected to the Main Transmission System (RTP).

## III. Compliance Audit Findings

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Based on the results of this Compliance Audit, no findings of non-compliance were noted for the 2 Reliability Standards and 3 Requirements applicable to AMM.

### Requirements Found Not Applicable

1. **PRC-004-5(i), PRC-005-2 and FAC-003-3** - Not applicable because AMM does not own or operate transmission facilities designated as BPS.
2. **MOD-025-2 & PRC-019-1** – Not applicable because AMM does not own a synchronous condenser.

### Recommendations

There was one (1) recommendation provided by the Audit team:

1. MOD-032-1, R2 - AMM should confirm with their Transmission planner (TP) and Planning Coordinator (PC) what their process and/or requirements are for addressing the submission of information to the TP and PC as detailed in this requirement.

### Positive Observations

No positive observation was identified by the Audit team.

## IV. Compliance Culture

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**Comments on AMM’s compliance culture:** The team performed an assessment of AMM’s compliance culture in conjunction with the Compliance Audit process. The assessment was accomplished through a review of responses gathered during the audit process. This included an assessment of factors that characterize vigorous and effective compliance programs including:

- Active engagement and leadership by senior management.

### **Northeast Power Coordinating Council, Inc. (NPCC) Contact Information**

Any questions regarding this Compliance Audit report can be directed to:

Northeast Power Coordinating Council, Inc. (NPCC)  
1040 Avenue of the Americas  
10<sup>th</sup> Floor  
New York, NY 10018-3703

On behalf of NPCC, this report was prepared and reviewed by:

<b>Compliance Audit Team Lead</b>	<b>Date</b>
John Muir	August 9, 2018
<b>Management Representative</b>	<b>Date</b>
Salvatore Buffamante	August 28, 2018

## Appendix 1

### Compliance Audit Participants

Following is a list of all personnel from the team and AMM who were directly involved during the meetings and interviews.

<b>Table 3: Compliance Audit Team</b>		
<b>Role</b>	<b>Title</b>	<b>Entity</b>
Compliance Audit Team Lead	Director of Compliance Monitoring	NPCC
Team Member	Auditor	NPCC
Team Member	Auditor	NPCC
Team Member	Translator	NPCC
Team Member	Audit Coordinator	NPCC

<b>Table 4: AMM Participants</b>	
<b>Title</b>	<b>Entity</b>
Coordonnateur Électrique	AMM
Chef Services de Transport	AMM
Conseiller stratégique, Approvisionnement et fiabilité - Ingénierie	AMM
Réseaux d'énergie, Protection et automatisme	BBA, Inc.
Chargé de projet	BBA, Inc.