



NPCC, Inc.

NORTHEAST POWER COORDINATING COUNCIL, INC.  
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Régie Identification Number:	<b>NIR020</b>		
Registered Entity Name:	<b>Société de transmission électrique de Cedars Rapids Limitée</b>		
Registered Entity Acronym:	<b>CRT</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>June 4, 2018</b>	Date of Closing Presentation:	<b>October 9, 2018</b>
Date of Report:	<b>March 22, 2019</b>	IP Year:	<b>2018</b>
Potential Non-compliance:	<b>One (1)</b>		
Jurisdiction:	<b>Québec, Canada</b>		

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## I. Executive Summary

Northeast Power Coordinating Council, Inc. (NPCC) conducted an Operations & Planning Standards Compliance Audit of Société de transmission électrique de Cedars Rapids Limitée (CRT), NIR020 from June 4, 2018 to October 9, 2018.

At the time of the Compliance Audit, CRT was registered for the functions of Transmission Owner (TO) and Transmission Service Provider (TSP).

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

The Compliance Audit team (the Audit team) evaluated CRT for compliance with eight (8) reliability standards and nineteen (19) 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.

**Table 1: Compliance Audit Scope and Applicable Period**

Registered Functions	Reliability Standards	Requirement(s)	Applicable Audit Period
TO/TSP	FAC-003-3	R3	July 1, 2017 to August 20, 2018
	FAC-003-3	R1, R2, R6, R7	January 1, 2018 to August 20, 2018
	FAC-008-3	R3, R6	July 1, 2017 to August 20, 2018
	MOD-025-2	R3	October 1, 2017 to August 20, 2018
	MOD-032-1	R2	January 1, 2018 to August 20, 2018
	PER-005-2	R2, R3, R4	July 1, 2018 to August 20, 2018
	PRC-004-5(i)	R1, R5	April 2, 2017 to August 20, 2018
	PRC-005-2	R1, R3, R4, R5	January 1, 2017 to August 20, 2018
	PRC-019-1	R1	January 1, 2017 to August 20, 2018

CRT submitted evidence for the Audit team's evaluation of CRT'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, the Audit team's findings are summarized in Table 2 below:

<b>Table 2: Summary of Compliance Audit Findings</b>				
<b>Reliability Standard Requirement(s)</b>	<b>Not Applicable</b>	<b>No Finding</b>	<b>Potential Non-compliance (PNC)</b>	<b>Open Enforcement Action (OEA)</b>
19	16	2	1	0

The team notified CRT of One (1) Area of Concern and Zero (0) recommendations.

PNCs will be processed as outlined in the QCMEP.

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 24, 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 Reliability Standards included in the audit scope;
- Assess compliance with Reliability Standards included in the audit scope;
- Review CRT's i 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 3** below:

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

The 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, CRT's compliance program was reviewed.

### Confidentiality and Conflict of Interest

Confidentiality and conflict of interest of the Audit team are governed under the QCMEP and the 2014 Agreement. CRT was informed of NPCC's obligations and responsibilities under the QCMEP and the 2014 Agreement. The work history for each Audit team member was provided to CRT, 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. CRT 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 CRT.

## 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 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 operations.

NPCC provided CRT with a Compliance Audit notification package to commence the Compliance Audit. CRT provided evidence at the time requested, or as agreed upon, by NPCC. The Audit team reviewed the evidence submitted by CRT 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 Compliance Audit Team Lead.

The Audit team reviewed supporting documents provided by CRT 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

Societe de transmission électrique de Cedars Rapids Limitée (CRT), a Hydro-Québec subsidiary under Hydro-Québec TransÉnergie, is a transmission owner and transmission service provider that owns a double-circuit 120-kV interconnection line. This 72-km, 325-MW line links the Hydro-Québec TransÉnergie grid at Des Cèdres substation with the Cornwall Electric system in Ontario and the National Grid system in New York.

### III. Compliance Audit Findings

Within the framework of this compliance audit, FAC-008-3, R3, R6 and MOD-032-1, R2 are applicable to CRT and they were reviewed to assess CRT's compliance with the two (2) Standards and three (3) Requirements. The following information details the Potential Non-compliance findings for the two (2) Reliability Standards and three (3) Requirements applicable to CRT. All other Reliability Standards and Requirements in-scope for this Compliance Audit were tested without exception.

Standard	Requirement	Registered Function	Category of Finding
MOD-032-1	R2	TO, TSP	Potential Non-compliance (PNC)

#### Reliability Standards Found Not Applicable

- FAC-003-3 R1, R2, R3, R6, R7:** CRT does not own any transmission facilities operated at or above 200kV. CRT does not own transmission facilities that are part of an IROL.
- MOD-025-2 R3:** CRT does not own any generators or synchronous condensers.
- PER-005-2 R2, R3, R4:** CRT has no personnel who can act independently to operate or direct the operation of its transmission facilities in real-time.
- PRC-004-5(i) R1, R5 and PRC-005-2 R1, R3, R4, R5:** CRT facilities are not considered part of the Bulk Power System.
- PRC-019 R1:** CRT owns no generating units, plants or facilities. There are no synchronous condensers associated with the CRT line.

#### Recommendations

There were no recommendations provided by the Audit team during the engagement.

#### Positive Observations

No positive observation was identified by the Audit team.

## IV. Compliance Culture

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**Comments on CRT's compliance culture:** The team performed an assessment of CRT's compliance culture in conjunction with the Compliance Audit process. The assessment was accomplished through a review of responses gathered during the audit process. of the Audit Team identified three factors that characterize a vigorous and effective compliance program:

- Active engagement and leadership by senior management;
- Effective, in-practice preventive measures appropriate to the circumstances of the company;
- Prompt detection of problems, cessation of misconduct, and reporting of a non-compliance.

### **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	November 12, 2018
<b>Management Representative</b>	<b>Date</b>
Salvatore Buffamante	November 12, 2018



## Appendix 1

### Compliance Audit Participants

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

<b>Table 5: 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/Auditor	NPCC
Team Member	Audit Coordinator	NPCC

<b>Table 6: CRT Participants</b>	
<b>Title</b>	<b>Entity</b>
General Manager	CRT
Foreman	CRT
Compliance Office Manager	HQT
Compliance Office Analyst	HQT
Consultant	Consulting services - marketing & energy regulation