



NPCC, Inc.

NORTHEAST POWER COORDINATING COUNCIL, INC.
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Régie Identification Number:	NIR017		
Registered Entity Name:	Northland Power, Inc.		
Registered Entity Acronym:	NLP		
Reliability Standards Scope:	Operations & Planning Standards		
Compliance Monitoring Process:	Compliance Audit		
Distribution:	Public Version. Non-Public Information has been removed, including Privileged Information.		
Regional Entity:	Northeast Power Coordinating Council, Inc. (NPCC)		
Date of Opening Presentation:	July 9, 2018	Date of Closing Presentation:	December 4, 2018
Date of Report:	December 26, 2018	IP Year:	2018
Potential Noncompliance:	Two (2)		
Jurisdiction:	Quebec, Canada		

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I. Executive Summary

Northeast Power Coordinating Council, Inc. (NPCC) conducted an Operations & Planning Standards Compliance Audit of Northland Power, Inc. (NLP), NIR017 from July 9, 2018 to December 4, 2018.

At the time of the Compliance Audit, NLP was registered for the functions of Generator Operator (GOP), Generator Owner (GO).

The Reliability Coordinator (RC), Balancing Authority (BA), and Transmission Operator (TOP) for NLP 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 NLP is Hydro-Québec TransÉnergie.

The Compliance Audit team (the Audit team) evaluated NLP for compliance with sixteen (16) reliability standards and thirty (30) 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 Functions	Reliability Standards	Requirement(s)	Applicable Period
GO/GOP	COM-002-4	R3, R6	January 1, 2018 to October 3, 2018
	EOP-005-2	R13, R14	April 1, 2016 to October 3, 2018
	FAC-003-3	R3	July 1, 2017 to October 3, 2018
	FAC-003-3	R1, R2, R6, R7	January 1, 2018 to October 3, 2018
	FAC-008-3	R6	July 1, 2017 to October 3, 2018
	IRO-001-4	R2	July 1, 2017 to October 3, 2018
	MOD-025-2	R1, R2	October 1, 2017 to October 3, 2018
	MOD-026-1	R2	January 1, 2018 to October 3, 2018
	MOD-027-1	R2	January 1, 2018 to October 3, 2018
	MOD-032-1	R2	January 1, 2018 to October 3, 2018
	PRC-001-1	R3, R5	January 1, 2016 to October 3, 2018
	PRC-004-5(i)	R1, R5	April 2, 2017 to October 3, 2018
	PRC-005-2	R1, R3, R4, R5	January 1, 2017 to October 3, 2018
	PRC-019-1	R1	January 1, 2017 to October 3, 2018
	PRC-024-1	R1, R2	October 1, 2017 to October 3, 2018
	TOP-003-3	R5	July 1, 2017 to October 3, 2018
VAR-002-3	R2, R3	January 1, 2017 to October 3, 2018	

Note: The Reliability Standards EOP-005-2, MOD-026-1 and MOD-027-1 were added to the audit scope after the Opening Presentation.

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

Table 2: Summary of Compliance Audit Findings				
Reliability Standard Requirement(s)	Not Applicable	No Finding	Potential Non-compliance (PNC)	Open Enforcement Action (OEA)
30	13	13	2	2

PNCs will be processed as outlined in the QCMEP.

There were open Mitigation Plans; all were reviewed by the Audit team.

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;
- Review compliance with applicable Reliability Standards included in the audit scope;
- Review evidence of self-reported non-compliances and previous self-certifications;
- Review NLP's compliance program and culture;
- Review the status of open Mitigation Plans.

Scope

The scope of this Compliance Audit considered the NERC Reliability Standards in the 2018 Québec Annual Implementation Plan. In addition, the scope of the Compliance Audit included a review of Mitigation Plans or Remedial Action directives that were open during the Compliance Audit.

The Reliability Standards and Requirements in-scope for this Compliance Audit are illustrated in **Table 3** below:

Table 3: Compliance Audit Scope		
Registered Function	Standards	Requirement(s)
Go/GOP	COM-002-4	R3, R6
	EOP-005-2	R13, R14
	FAC-003-3	R1, R2, R3, R6, R7
	FAC-008-3	R6
	IRO-001-4	R2
	MOD-025-2	R1, R2
	MOD-026-1	R2
	MOD-027-1	R2
	MOD-032-1	R2
	PRC-001-1	R3, R5
	PRC-004-5(i)	R1, R5
	PRC-005-2	R1, R3, R4, R5
	PRC-019-1	R1
	PRC-024-1	R1, R2
	TOP-003-3	R5
VAR-002-3	R2, R3	

The Audit team did expand the scope of the Compliance Audit beyond what was stated in the audit notification. The Audit team included the following reliability standards: EOP-005-2 (R13, R14), MOD-026-1 (R2) and MOD-027-1 (R2) in the audit scope.

Internal Compliance Program

Within the scope of the Compliance Audit, NLP'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. NLP 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 NLP, 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. NLP 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 NLP.

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.

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

Northland is registered as a GO/GOP in the Province of Quebec, Canada. It operates two (2) wind farms in the province, Mount-Louis (100.5 MW) and St-Ulric/St-Léandre (133.3MW), with a combined gross nameplate rating

261 MVA. The generation facilities are classified Main Transmission System (RTP) and are not required for system restoration.

III. Compliance Audit Findings

The following information details the Open Enforcement Actions, Potential Non-compliance and Reliability Standards found Not Applicable for the sixteen (16) Reliability Standards and the thirty (30) Requirements included in the audit scope.

Open Enforcement Actions

Table 4: Findings			
Standard	Requirement	Registered Function	Category of Finding
MOD-025-2	R1	GO	Open Enforcement Action (OEA)
MOD-025-2	R2	GO	Open Enforcement Action (OEA)

Potential Non-Compliances

Standard	Req.	Registered Function	Category of Finding
MOD-032-1	R2	GO	Potential Non-compliance (PNC)
FAC-008-3	R6	GO	Potential Non-compliance (PNC)

Reliability Standards Found Not Applicable

- FAC-003-3 R1, R2, R3, R6, R7:** NLP wind farms ML and SUSL do not own or operate any overhead transmission lines.
- EOP-005-2 R13, R14:** NLP does not own or operate Blackstart Resources.
- PRC-004-5(i) R1, R2:** NLP does not own elements that are classified Bulk Power System based on the Register.
- PRC-005-2 R1, R3, R4, R5:** NLP does not own elements that are classified Bulk Power System based on the Register.

Recommendations

There were two (2) recommendations provided by the Audit team:

- COM-002, R3** - Continue the development of the New Employee Orientation document to capture the COM standard training for both NLP facilities.
- FAC-008-3, R6** - Evidence FAC-008-3_R6_Ev1_QC-FAC-008_September 2018.pdf titled Internal Reliability Compliance Policy – NERC FAC-008-3 Facility Ratings, the document history should include dates.

Positive Observations

No positive observation was identified by the Audit team.

IV. Compliance Culture

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

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

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
10th Floor
New York, NY 10018-3703

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

Compliance Audit Team Lead	Date
John Muir	December 26, 2018
Management Representative	Date
Salvatore Buffamante	December 26, 2018

Appendix 1

Compliance Audit Participants

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

Role	Title	Entity
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
Observer	Economic Regulation Specialist	Régie de l'énergie
Observer	Economic Regulation Specialist	Régie de l'énergie
Observer	Economic Regulation Specialist	Régie de l'énergie

Title	Entity
Chief Operation Officer	NLP
Director Market Compliance & Integration	NLP
Site Supervisor, O&M, Wind Farms	NLP
Electrical Engineer, Operations	NLP
Senior Technical Specialist	NLP