



NPCC, Inc.

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

Régie Identification Number:	NIR033		
Registered Entity Name:	Énergie éolienne Vents du Kempt S.E.C.		
Registered Entity Acronym:	VDK		
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:	April 23, 2019	Date of Closing Presentation:	November 1, 2019
Date of Report:	November 28, 2019	Implementation Plan Year:	2019
Potential Non-compliance:	None (zero)		
Jurisdiction:	Québec, Canada		

Table of Contents

- I. Executive Summary 1
- II. Compliance Audit Process 3
 - Objectives 3
 - Scope 3
 - Internal Compliance Program 3
 - Controls 4
 - Confidentiality and Conflict of Interest 4
 - Methodology 4
 - Company Profile 4
- III. Compliance Audit Findings 6
 - Recommendations 6
 - Positive Observations 6
- IV. Compliance Culture 7
 - Northeast Power Coordinating Council, Inc. (NPCC) Contact Information 7
- Appendix 1 8
 - Compliance Audit Participants 8

I. Executive Summary

Northeast Power Coordinating Council, Inc. (NPCC) conducted an Operations & Planning Standards Compliance Audit of Énergie éolienne Vents du Kempt S.E.C. (VDK), NIR033 from April 23, 2019 to November 1, 2019.

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

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

The Compliance Audit team (the Audit team) evaluated VDK for compliance with eleven (11) reliability standards and eighteen (18) requirements in the 2019 Québec Reliability Standards Compliance Monitoring and Enforcement Program (QCMEP) Annual Implementation Plan (2019 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
GO/GOP	FAC-008-3	R6	July 1, 2017 to April 4, 2019
	IRO-001-4	R2	July 1, 2017 to April 4, 2019
	MOD-025-2	R1, R2	October 1, 2017 to April 4, 2019
	MOD-032-1	R2	January 1, 2018 to April 4, 2019
	PER-005-2	R6	July 1, 2018 to April 4, 2019
	PRC-004-5(i)	R1, R3, R5	April 2, 2017 to April 4, 2019
	PRC-005-2	R1, R3, R4, R5	January 1, 2017 to April 4, 2019
	PRC-019-1	R1	January 1, 2017 to April 4, 2019
	PRC-025-1	R1	October 1, 2017 to April 4, 2019
	TOP-003-3	R5	July 1, 2017 to April 4, 2019
	VAR-002-3	R2, R3	January 1, 2017 to April 4, 2019

Requirements Found Not Applicable

Based on the information and documentation provided by VDK, the following eight (8) requirements were found to be not applicable.

1. **PER-005-2, R6:** This requirement is not applicable because VDK does not meet the applicability requirements of section 4.1.5.1 of the standard and does not possess a centrally located control center with personnel who can modify operating instructions.
2. **PRC-004-5(i), R1, R3, R5:** VDK does not own/operate Facilities of the Quebec Bulk Power System (BPS), which is primarily the 735 kV system, therefore this requirement is not applicable to VDK.
3. **PRC-005-2, R1, R3, R4, R5:** VDK does not own/operate Facilities of the Quebec Bulk Power System (BPS), which is primarily the 735 kV system, therefore this requirement is not applicable to VDK.

VDK submitted evidence for the Audit team’s evaluation of VDK’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 eight (8) Reliability Standards and seven (7) of the ten (10) Requirements applicable to VDK. Based on the evidence provided, the Audit 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 Noncompliance (PNC)	Open Enforcement Action (OEA)
18	8	7	0	3

Audit team notified VDK of four (4) recommendations.

There were three (3) open Mitigation Plans. Therefore, the Audit team reviewed them.

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 evidence of self-reported non-compliances and previous self-certifications;
- Review VDK'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 2019 Québec Annual Implementation Plan of VDK. In addition, during the Compliance Audit the Audit Team reviewed the Mitigation Plans or Remedial Action directives that were open during the audit period.

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

Registered Function	Standards	Requirement(s)
GO/GOP	FAC-008-3	R6
	IRO-001-4	R2
	MOD-025-2	R1, R2
	MOD-032-1	R2
	PER-005-2	R6
	PRC-004-5(i)	R1, R3, R5
	PRC-005-2	R1, R3, R4, R5
	PRC-019-1	R1
	PRC-025-1	R1
	TOP-003-3	R5
	VAR-002-3	R2, R3

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

Internal Compliance Program

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

Controls

The Audit team reviewed VDK'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. VDK 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 VDK, 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. VDK 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 VDK.

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

Energie Éolienne Vents du Kempt S.E.C (VDK) is owned by Club Eolelectric L.P. (51%) and Axium Infrastructure Canada L.P. (49%). There has been no changes in ownership since 2012. VDK has a management and service agreement ("MSA") with Eolelectric Management Inc. ("EoMan") maturing in 2034. EoMan designated M. Larbi Ourari, P.Eng, PhD, Vice-President of Operations, as the person responsible for everything related to compliance with Reliability Standards and the necessary actions to meet them.

VDK has a wind turbine O&M agreement maturing in 2030 with the wind turbine manufacturer ENERCON ("EPK Agreement") where Enercon is responsible for operating and maintaining the wind turbines. VDK also has an agreement in place for electrical maintenance including the substation and collector network.

The VDK wind plant is located in Quebec, Canada. The facility consists of 43 Enercon E-92/2350 kW turbines with 92-meter rotors, a hub-height of 98 meters and a rated capacity of 101.05 MWs. The plant achieved commercial operation (COD) on 3 December 2014.

III. Compliance Audit Findings

Based on the results of this Compliance Audit, no findings of non-compliance were noted for the eight (8) Reliability Standards and the seven (7) of the ten (10) Requirements applicable to VDK.

The following information details the three (3) Open Enforcement Actions (OEA) applicable to VDK.

Standard	Requirement	Registered Function	Category of Finding
MOD-025-2	R1	GO, GOP	Open Enforcement Action (OEA)
MOD-025-2	R2	GO, GOP	Open Enforcement Action (OEA)
MOD-032-1	R2	GO, GOP	Open Enforcement Action (OEA)

Recommendations

There were four (4) recommendations provided by the Audit team.

Positive Observations

No positive observation was identified by the Audit team.

IV. Compliance Culture

Comments on VDK’s compliance culture: The Audit team performed an assessment of VDK’s compliance culture in conjunction with the Compliance Audit process. The assessment was accomplished through a review of responses to the Internal Compliance Survey questionnaire and additional information that was gathered during interviews and observations. The Audit team identified one factor demonstrated by VDK, which characterize a vigorous and effective compliance program:

- 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
10th Floor
New York, NY 10018-3703

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

Compliance Audit Team Lead	Date
Jacqueline Jimenez	November 28, 2019
Management Representative	Date
Jenifer Farrell	April 6, 2020

Appendix 1

Compliance Audit Participants

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

Table 5: Compliance Audit Team		
Role	Title	Entity
Compliance Audit Team Lead	Manager, Compliance	NPCC
Team Member	Auditor	NPCC
Team Member	Auditor	NPCC
Team Member	Auditor	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

Table 6: VDK Participants	
Title	Entity
Vice-President, Operations	VDK