Régie de l'énergie Québec

Québec Reliability Standards Compliance Monitoring and Enforcement Program (QCMEP)

Effective date: To be determined

TABLE OF CONTENTS

1. INTRODUCTION 1

1.1 UPDATE OF THE QCMEP 1
1.2 DEFINITIONS 1

2. REGISTER OF ENTITIES SUBJECT TO RELIABILITY STANDARDS 5

3. COMPLIANCE MONITORING PROCESS 5

3.1 COMPLIANCE AUDITS 6
3.2 SELF-CERTIFICATION 9
3.3 SPOT CHECKS 10
3.4 COMPLIANCE INVESTIGATION 10
3.5 NON-COMPLIANCE SELF-REPORT 12
3.6 PERIODIC DATA SUBMITTALS 13
3.7 INVESTIGATION FOLLOWING A COMPLAINT 13
3.8 PRELIMINARY SCREEN 14

4. IMPLEMENTATION PLAN 14

5. PROCEDURES TO ENSURE THE ENFORCEMENT OF RELIABILITY STANDARDS 15

5.1 NOTICE OF POSSIBLE NON-COMPLIANCE 16
5.2 NOTIFICATION OF NON-COMPLIANCE TO A REGISTERED ENTITY 16
5.3 REGISTERED ENTITY RESPONSE 17
5.4 PROPOSED SETTLEMENT 18
5.5 SANCTION AND MITIGATION PLAN 18
5.6 PROCEDURE FOR REQUESTING AND OBTAINING AN EXCEPTION UNDER A CYBER SECURITY STANDARD FOR A TECHNICAL REASON 19

6. MITIGATION PLANS FOR VIOLATIONS OR NON-COMPLIANCES 19

6.1 REQUIREMENTS FOR SUBMISSION OF A MITIGATION PLAN 19
6.2 CONTENTS OF MITIGATION PLAN 19
6.3 TIMETABLE FOR COMPLETION OF MITIGATION PLANS 20
6.4 SUBMISSION OF MITIGATION PLAN 21
6.5 REVIEW AND APPROVAL OR REJECTION OF MITIGATION PLAN 21
6.6 CONFIRMATION OF IMPLEMENTATION OF MITIGATION PLAN 22
6.7 RECORDKEEPING 22

7. REMEDIAL ACTIONS 23

8. REPORTS AND PUBLICATIONS 24

9. HANDLING OF INFORMATION 25

1. INTRODUCTION

In accordance with section 85.4 of the *Act respecting the Régie de l'énergie* (the "Act"), the Régie de l'énergie (the "Régie") has entered into agreements with the Northeast Power Coordinating Council, Inc. ("NPCC") and the North American Electric Reliability Corporation ("NERC") as experts in the development of electric power transmission Reliability Standards, in the compliance monitoring and enforcement of these standards.

The Québec Reliability Standards Compliance Monitoring and Enforcement Program (the "QCMEP") sets out the process by which, subject to NERC oversight, NPCC monitors and assesses compliance with Reliability Standards within Québec. It also sets out the procedures for ensuring enforcement of these standards.

The QCMEP defines the framework used by NPCC to provide opinions, observations and recommendations to the Régie regarding the enforcement of the Reliability Standards within Québec, Mitigation Plans and Remedial Actions, where applicable. The recommendations made by NPCC to the Régie assist the Régie in its determination of whether a failure to comply (violation) with a Reliability Standard has occurred and whether a sanction or other action is appropriate.

As part of the annual Implementation Plan for monitoring compliance and the enforcement of the Reliability Standards for electric power transmission in Québec approved by the Régie, NPCC conducts, under the supervision of NERC, the investigations and inspections provided for in Division II of Chapter III of the Act. Under the same framework, NPCC provides opinions and recommendations pursuant to the QCMEP.

The QCMEP activities include, but are not limited to, collecting data, reporting data, conducting Compliance Investigations, conducting Compliance Audits, assessing compliance or non-compliance, recommending financial penalties or sanctions, and recommending and monitoring Remedial Actions and Mitigation Plans.

1.1 UPDATE OF THE QCMEP

Updates to the QCMEP may be proposed by the Régie, NERC, NPCC or Registered Entities. Any such updates are subject to revision by the Régie, NERC and NPCC. Once the three parties involved in the Restated and Amended Agreement on the Implementation of the Reliability Standards Compliance Monitoring and Enforcement Program convene upon the changes, the latter are approved through a letter of understanding.

1.2 DEFINITIONS

1.2.1 **Québec** Appendix: Document adopted by the Régie and similar to a Reliability Standard that contains specific provisions with respect to the electric power transmission system in Québec.

1.2.2 **Compliance Audit:** A systematic, objective review and examination of records and activities to determine whether a Registered Entity meets the requirements of applicable Reliability Standards.

1.2.3 Computation of deadlines: When a deed or formality must be accomplished in a delay set by the QCMEP, allowed by the Régie or agreed upon by the parties, time runs from the deed, the event, the decision or the notice which is the source. For the purposes of the QCMEP, the delay is counted per whole day. The day that marks the starting point is not counted, but the day of deadline is counted. The delay expires the last day at 24 p.m. The delay that expires on a Saturday or a statutory holiday is extended to the first business Day that follows.

1.2.4 **Spot Check:** A process in which NPCC requests that a Registered Entity provide information to support the Registered Entity's Self-Certification, Non-Compliance Self-Report, or Periodic Data Submittal, and to assess whether the Registered Entity complies with Reliability Standards. A Spot Check may also be random or initiated in response to events, as described in the Reliability Standards, or by operating problems or system events. A Spot Check may require an on-site review to complete.

1.2.5 **Reliability Coordinator:** The entity designated by the Régie pursuant to section 85.5 of the Act.

1.2.6 **Required Date:** The date given to a Registered Entity in a notice from the Régie or NPCC by which some action is required. When a Statutory Holiday falls within the period of time between the Day after the notice and the Required Date, the Régie or NPCC postpones the Required Date to the number of Statutory Holidays included in the period of time.

1.2.7 **Non-Compliance Self-Report:** A report filed promptly by a Registered Entity which considers, based on its own assessment, that it does not comply with a Reliability Standard, and which wants to submit as soon as possible the actions it has implemented or is planning to implement to resolve the Non-Compliance.

1.2.8 **Self-Certification:** Attestation by a Registered Entity of compliance or Non-Compliance with, or non-applicability of, a Reliability Standard requirement for which Self-Certification is required under the monitoring provisions of the Implementation Plan. The Registered Entity provides the attestation by the means of worksheets, in case of a guided Self-Certification, or check the box forms, in case of traditional Self-Certification.

1.2.9 **Compliance Investigation:** A comprehensive investigation, which may include an on-site inspection with interviews of the Registered Entity's personnel, to determine if a Non-Compliance with a Reliability Standard has occurred.

1.2.10 **Registered Entity:** Any owner or operator of transmission systems or facilities, owner or operator of production facilities, distributor, or user of the electric power transmission system registered in the Register of entities subject to Reliability Standards.

1.2.11 **Data Repository:** A computerized, secure electronic data and information storage repository system controlled and maintained by the Régie and located within the Province of Québec. Information, data and documents related to activities of the QCMEP whether filed by a Registered Entity, or created or obtained by the Régie, NPCC, or NERC are stored on the Data Repository.

1.2.12 Electric Reliability Organisation Enterprise or ERO Enterprise: Organization comprised of North American Electric Reliability Corporation and six regional entities[1].

[1] The six regional entities are: Midwest Reliability Organization, Northeast Power Coordinating Council, ReliabilityFirst, SERC Reliability Corporation, Texas Reliability Entity, and Western Electricity Coordinating Council.

1.2.13 **Sanction Guide for the Enforcement of the Reliability Standards in effect in Québec:** A document specifying the guidelines for imposing a financial penalty or sanction when the Régie determines, pursuant to section 85.10 of the Act, that a failure to comply (violation) with a Reliability Standard has occurred.

1.2.14 **Restricted Information:** Highly sensitive data of a i) security nature or ii) commercial or proprietary nature whose circulation or consultation are restricted by the Régie, and which cannot be taken or transmitted outside Québec in any format.

1.2.15 **Non-Public Information:** Except where the Régie rules otherwise, and unless designated by the Régie with a more restrictive designation such as Privileged, Restricted or Personal, all information, data and documents created or obtained in activities related to the QCMEP by the Régie, NPCC, NERC, or a Registered Entity are Non-Public Information. Information that is already public or that becomes public is excluded.

1.2.16 **Privileged Information:** Information that neither the Régie nor NPCC are required by law to disclose, for example, advice or opinions furnished by NPCC, NERC or Régie staff to the Régie in an adjudicative context.

1.2.17 **Inspection:** Pursuant to paragraph 2 of section 85.4 and section 44 of the Act, entry by a representative of NPCC, NERC or the Régie upon the property of a Registered Entity to examine and make copies of books, records, accounts, files and other documents or require any information pertaining to the application of the Act, and the production of any related document.

1.2.18 **Day:** A calendar day, unless otherwise specified.

1.2.19 Statutory Holiday: Day of civil or religious holiday fixed by law, and during which work is generally suspended. The following are the statutory holidays under Québec law:

- January 1st (New Year's Day);
- Good Friday or Easter Monday (at the employer's choice);
- The Monday preceding May 25th (National Patriots' Day);
- June 24th (Québec National Holiday);
- July 1st (Canada Day);
- The first Monday in September (Labour Day);
- The second Monday of October (Canadian Thanksgiving);
- December 25th (Christmas Day).

1.2.20 **Act:** The Act respecting the Régie de l'énergie (CQLR, c. R-6.01).

1.2.21 **Remedial Action ("measures […] to correct" pursuant to section 85.12.1 of the Act):** An action ordered by the Régie pursuant to section 85.12.1 of the Act when an inspection or inquiry reveals that an entity is in Non-Compliance with a Reliability Standard and is thus seriously compromising the reliability of electric power transmission.

1.2.22 **Non-Compliance:** Identification of a possible failure by a Registered Entity to comply with the Reliability Standard that is applicable to the Registered Entity that has occurred or is occurring and for which the NPCC may send a notice of Non-Compliance and which may result in a decision by the Régie, including but not limited to decisions regarding failure to comply (violation), Remedial Action, financial penalty or sanction and Mitigation Plan.

1.2.23 **Reliability Standards:** Set of standards and their related Québec Appendices adopted by the Régie under section 85.7 of the Act to provide for the reliability of electric power transmission in Québec.

1.2.24 **NERC:** North American Electric Reliability Corporation. It has delegated certain authority to six (6) regional entities within the United States portion of North America subject to its oversight.

1.2.25 **NPCC:** Northeast Power Coordinating Council, Inc., the NERC regional entity for Northeastern North America.

1.2.26 **Participant:** Representative of the Régie, a Registered Entity, NERC or NPCC, designated for the purposes of a Compliance Audit or any other purpose under the QCMEP.

1.2.27 **Designated Contact:** A contact designated by the Registered Entity, responsible for sending and receiving all information and communications required under the QCMEP, and a contact designated by NERC and NPCC to receive all documents relating to compliance.

1.2.28 **Complaint:** An allegation that a Registered Entity might have failed to comply with a Reliability Standard.

1.2.29 **Implementation Plan:** An annual plan prepared by NPCC and submitted to the Régie for approval, including (1) those Reliability Standards identified by the Régie for active monitoring in Québec during the year, (2) the QCMEP methods to be used by NPCC for compliance monitoring, assessment and reporting of each Reliability Standard, (3) NPCC's Annual Audit Plan regarding Registered Entities, (4) the tool by means of which Self-Certification is implemented and (5) a schedule for Periodic Data Submittals.

1.2.30 **Mitigation Plan ("compliance plan" pursuant to section 85.12 of the Act):** The set of actions identified by a Registered Entity to (i) correct a violation or Non-Compliance and (ii) prevent their re-occurrence. It becomes effective once ordered by the Régie pursuant to section 85.12 of the Act.

1.2.31 **Annual Audit Plan:** A plan included in the Implementation Plan that specifies the Reliability Standards and Registered Entities to be audited and the schedule of Compliance Audits for the calendar year.

1.2.32 **Québec Reliability Standards Compliance Monitoring and Enforcement Program (QCMEP):** Program describing the processes used to monitor and assess compliance with the Reliability Standards adopted by the Régie and the procedures in place to ensure their enforcement.

1.2.33 **Régie:** Régie de l'énergie.

1.2.34 **Register of entities subject to Reliability Standards (the "Register"):** List, approved by the Régie pursuant to section 85.13 of the Act, of Registered Entities subject to Reliability Standards and their functions, and of the facilities, systems and equipment subject to these standards. Use of the Register is limited to QCMEP administration.

1.2.35 **Personal Information:** Confidential information which, in a document, concerns a natural person and allows that person to be identified. Such information must be dealt with in accordance with the Act respecting access to documents held by public bodies and the protection of personal information (CQLR, c. A-2.1).

1.2.36 **Periodic Data Submittals:** Submittals of data by Registered Entities within a timeframe required by a Reliability Standard, on a schedule stipulated in the Implementation Plan, or upon additional request by NPCC with the Régie's approval.

2. REGISTER OF ENTITIES SUBJECT TO RELIABILITY STANDARDS

In accordance with section 85.13 of the Act, the Reliability Coordinator must submit to the Régie a Register identifying the entities that are subject to the Reliability Standards adopted by the Régie.

The Régie maintains on its website the Register it has approved and a current list of the Reliability Standards and their related Québec Appendix applicable in Québec.

Each Registered Entity must send the Régie the names of one or more Designated Contacts for the purposes of QCMEP administration and the Régie makes the information available to NPCC.

NPCC also designates one or more Designated Contacts and informs the Registered Entities.

Any changes to the designation of a Designated Contact must be promptly filed with the Régie, NPCC and the Registered Entities, as applicable.

Each Registered Entity must inform the Reliability Coordinator of changes to its Registration information, and the Reliability Coordinator must promptly file the information with the Régie. The Régie informs NPCC of such changes.

3. COMPLIANCE MONITORING PROCESS

Under the Implementation Plan, NPCC monitors and assesses Registered Entities' compliance with the Reliability Standards and makes recommendations for the actions needed to ensure enforcement, including financial penalties and sanctions, to the Régie. NPCC may use the following monitoring processes to monitor and assess compliance:

(1) Compliance Audits,
(2) Self-Certification,
(3) Spot Checks,
(4) Compliance Investigations,
(5) Non-Compliance Self-Report,
(6) Periodic Data Submittals, and
(7) Investigations following a Complaint.

These processes are described in sections 3.1 through 3.7 below.

For the purpose of effective monitoring of compliance with the Reliability Standards, Registered Entities must promptly make available the information and reports required by NPCC under the QCMEP, in the required format and no later than the Required Date.

When possible and practicable, all data submittals must be in electronic format. However, a Registered Entity may request that information be examined on its premises if the submittal of data in the required format is considered to be an unnecessary burden.

If a Registered Entity considers that a request for information is unreasonable, and if an agreement cannot be reached with NPCC, the Registered Entity may ask the Régie to rule on the matter.

If the data, information or documents required of a Registered Entity are not made available to NPCC by the Required Date, NPCC so advises the Régie. It informs the Registered Entity that filing of the required information is imperative and, in addition to the applicable sanctions for breaches of sections 46 and 47 of the Act, the Registered Entity may, depending on the circumstances, be subject to an unscheduled Compliance Audit, a notice of Non-Compliance at the severe compliance severity level, or a specific order by the Régie to produce the information.

When engaged in the processes described in this Section, Registered Entities and NPCC should consult with each other to determine the data and information that would be appropriate for effectively addressing this section's process requirements.

3.1 COMPLIANCE AUDITS

All Registered Entities are subject to scheduled on-site or off-site Compliance Audits by NPCC, in accordance with the Annual Audit Plan included in the Implementation Plan approved by the Régie. These audits are conducted using Québec Reliability Standards Audit Worksheets (the "QRSAWs") as developed by NERC and modified by NPCC for Québec to facilitate participation by the audited entity. The QRSAWs describe the information that the audit team would expect to be presented to them to demonstrate compliance with various requirements. These documents are available on the Régie's website and, if applicable, in the Data Repository.

3.1.1 **Annual Audit Plan and Schedule**

NPCC prepares an Annual Audit Plan and incorporates it into the Implementation Plan it submits to the Régie for approval by November 1 of each year, or on another date as agreed by the Régie, NERC and NPCC.

Prior to the first day of the period covered by an Implementation Plan, NPCC finalizes the audit schedule and submits it to the Régie for approval. The Régie consults each of the Registered Entities subject to a Compliance Audit during the calendar year and seeks its comments related to the audit schedule specific to the Registered Entity. The Régie and NPCC give due consideration to any schedule changes requested by Registered Entities to avoid unnecessary burdens.

For those electric power transmission system owners and operators with primary reliability responsibility (reliability coordinator, balancing authority and transmission operator), the Compliance Audits are performed at least once every three (3) years unless otherwise specified in the Implementation Plan. For other Registered Entities on the Register, Compliance Audits are performed on a schedule established by NPCC and approved by the Régie.

The Compliance Audits may be either performed as an on-site or off-site audit, as determined to be appropriate by NPCC.

At the request or with the prior approval of the Régie, NPCC may also conduct a Compliance Audit of any Registered Entity not scheduled for auditing under the Annual Audit Plan if such an audit is deemed necessary for the purpose of compliance with the Reliability Standards. The Registered Entity must be given at least ten (10) Days advance notice of the unplanned audit. The notice must also include the list of audit team members and their recent employment history, and the observers, if any, and a request for data, including completion of a NPCC pre-audit survey.

Revisions and additions to a NPCC Annual Audit Plan are reviewed by NERC and approved by the Régie, and each affected Registered Entity is notified in a timely manner (normally ninety (90) Days in advance) of changes or revisions to its scheduled audit dates.

3.1.2 **Scope of Compliance Audits**

A Compliance Audit covers, at a minimum, those Reliability Standards applicable to the functional registration of the Registered Entity included in the current Implementation Plan. It may also include additional Reliability Standards applicable to the Registered Entity. If a Reliability Standard does not require retention of data for the full period covered by the audit, the Registered Entity will not be found in Non-Compliance solely on the basis of the lack of specific information that has rightfully not been retained based on the retention period specified in the Reliability Standard. However, in such cases, NPCC will require the Registered Entity to demonstrate compliance through other means.

3.1.3 **Compliance Audit Process Steps**

3.1.3.1 Audit Team Composition

The Compliance Audit team is made up of members considered by NPCC to possess the knowledge, training and skills required to conduct the Compliance Audit. The team may include:

(i) compliance staff members from NPCC or of another regional entity,
(ii) contractual workers and technical subject matter experts,
(iii) staff from the Régie, and/or
(iv) staff from NERC.

The Compliance Audit team leader must be an NPCC staff member assigned to compliance monitoring, and is responsible for conducting the audit and drafting the audit report.

Before taking part in a Compliance Audit, the members making up the audit team must have successfully completed the auditor training provided by NERC or NPCC relevant to the Compliance Audit.

3.1.3.2 Observers

In addition to the members of the audit team, observers may attend an audit. Observers may be:

(i) members of NPCC’s compliance staff;
(ii) members of the compliance staff of another regional entity and/or
(iii) staff from NERC.

The Régie can also designate members of its staff as observers.

Observers are not members of the audit team, and do not take part in the conduct of the audit or contribute to the conclusions or determinations resulting from the audit.

3.1.4 **Compliance Audit Process Steps**

The steps in the Compliance Audit process are as follows:

a. At least ninety (90) Days prior to commencement of an audit called for by the Annual Audit Plan, NPCC notifies the Registered Entity of the audit, and identifies the audit team members and their recent employment history, and the observers, if any. The NPCC requests data from the Registered Entity, including a completed NPCC pre-audit survey. If the audit team members or observers change from the time of the original notification, NPCC promptly notifies the Registered Entity of the change and allows time for the Registered Entity to object to the team member or observer if need be.

b. A Registered Entity subject to an audit may object to any member or observer of the audit team on grounds of a conflict of interest or the existence of other circumstances that could interfere with their impartial performance of his or her duties. Such objections must be provided in writing to NPCC no later than fifteen (15) Days prior to the start of an on-site audit. If an agreement cannot be reached, NPCC or the Registered Entity may request that the Régie rule on the matter.

c. The Registered Entity provides the required information in the format and by the Required Date specified in the request.

d. The audit team reviews, prior to performing the audit, the submitted information to ensure that it meets the requirements of the Reliability Standards.

e. The audit team conducts an exit briefing with the Registered Entity to present a summary of the contents of the audit report before it is drafted.

f. The audit team develops a draft audit report that includes a description of the objective, scope, and methodology of the audit; identifies any Non-Compliances, Mitigation Plans or Remedial Actions completed or in progress in the year of the audit; and identifies the nature of any confidential information redacted.

g. The draft report is forwarded to the Registered Entity for comment. Upon receipt of the draft report, including recommendations, the Registered Entity has at least twenty (20) business days to forward its comments to the audit team.

h. The audit team prepares a final report, taking into account the Registered Entity's comments, and submits it to NPCC.

i. NPCC reviews the audit team's report and conducts a preliminary screen of any Non-Compliances identified in the report.

j. NPCC forwards the final report, on a confidential basis, to the Régie and to the Registered Entity.

k. If the final report does not identify any Non-Compliances, the Régie publishes a summary of the report on its website, with the exception of audit reports on critical infrastructure protection Reliability Standards.

l. If the final report does identify Non-Compliances, NPCC proceeds in accordance with section 5.

3.2 SELF-CERTIFICATION

NPCC prepares either the Self-Certification worksheets, for guided Self-Certification, or a Self-Certification program and forms, when the Registered Entity attests its compliance with Reliability Standard by the means of check box Self-Certification forms.

NPCC recommends the tool by the means of which Self-Certifications are produced when submits its Implementation Plan to the Régie for approval. All Registered Entities must produce their Self-Certification by the means of one of these tools, as approved by the Régie.

If an analysis of the Self-Certification specifically shows Non-Compliances, an observation of the same Non-Compliances during a subsequent Compliance Audit or Spot Check does not subject the Registered Entity to an escalated financial penalty unless the severity of the Non-Compliances is found to be greater than reported by the Registered Entity in the Self-Certification.

3.2.1 **Self-Certification Process Steps**

The steps in the Self-Certification process are as follows:

a. NPCC develops a Self-Certification program, including the reporting schedule, or implements guided Self-Certifications and submits its recommendation to the Régie.

b. The Régie approves the Self-Certification implementation method.

c. Once the program has been approved by the Régie, NPCC ensures that the required blank submittal forms for the Reliability Standards being evaluated are available on the Régie's website or in the Data Repository, if applicable, at least forty-five (45) Days prior to the Required Date.

d. NPCC requests that the Registered Entity file a Self-Certification within the advance notice period specified by the Reliability Standard. If the Reliability Standard does not specify the advance notice period, this request is issued in a timely manner (normally thirty (30) Days advance notice).

e. The Registered Entity provides the required information no later than the Required Date.

f. NPCC reviews the information to determine compliance with the Reliability Standards and may request additional data and/or information if necessary.

g. NPCC completes the analysis of information provided by the Registered Entity (as well as the Registered Entity's Mitigation Plan, if applicable).

h. In the case of guided Self-Certifications, NPCC completes and documents the assessment of the Registered Entity's compliance with the Reliability Standards. At the end of the process NPCC provides a summary letter detailing the findings of the guided Self-Certification process to the Registered Entity and the Régie.

i. If the NPCC's review indicates that a Non-Compliance has occurred, NPCC proceeds in accordance with the provisions of section 5.

3.3 SPOT CHECKS

NPCC can carry out Spot Checks, as authorized or requested by the Régie, to verify or confirm Self-Certification, Non-Compliance Self-Report, Mitigation Plan execution, and Periodic Data Submittal. With the Régie's agreement, Spot Checks may also be random or may be initiated in response to events, as described in the Reliability Standards, or to operating problems or system events. NPCC then reviews the information submitted to verify the Registered Entity's compliance with the Reliability Standard. Compliance auditors may be assigned by NPCC to conduct Spot Checks as necessary.

3.3.1 Spot Check Process Steps

The steps in the Spot Checks process are as follows:

a. NPCC notifies the Registered Entity that a Spot Check will be performed and the reason for the Spot Check within the advance notice period specified by the Reliability Standard. NPCC informs the Régie of the notice's transmittal. If the Reliability Standard does not specify the advance notice period, any information submittal request made by NPCC allows at least twenty (20) Days for the information to be submitted or made available for review.

b. The Spot Check may require submission of data, documentation, or possibly an on-site review.

c. The Registered Entity provides the required information in the format and by the Required Date specified in the request.

d. NPCC reviews the information to determine compliance with the Reliability Standards and may request additional data and/or information if necessary for a complete assessment of compliance.

e. NPCC prepares a draft Spot Check report and gives an opportunity for the Registered Entity to comment on the draft report within ten (10) business days.

f. NPCC completes and documents the assessment of the Registered Entity's compliance with the Reliability Standard and finalizes the Spot Check report and provides it to the Registered Entity and the Régie.

g. If the NPCC's review indicates that a Non-Compliance has occurred, NPCC proceeds in accordance with the provisions of section 5.

3.4 COMPLIANCE INVESTIGATION

NPCC can lead a Compliance Investigation, including an Inspection when necessary, as authorized or requested by the Régie, in response to a system disturbance, when Non-Compliances have been identified by any other means, or when required by the Régie following a Complaint. Compliance Investigations are generally led by NPCC personnel. For good cause, the Régie reserves the right to assume the leadership of a Compliance Investigation or to delegate the leadership of a Compliance Investigation to NERC. Compliance Investigations are confidential. When the Régie determines that a violation has occurred, the decision is made public. At the Régie's discretion certain paragraphs of the decision may be made confidential.

The Compliance Investigation team is made up of members considered by the Compliance Investigation team leader to possess the knowledge, training and skills required to conduct the Compliance Investigation. The team may include

(i) compliance staff members from NPCC or of another regional entity,
(ii) contractual workers and technical subject matter experts,
(iii) staff from the Régie, and/or
(iv) staff from NERC.

The Régie can also designate a staff member as an observer.

The team leader of the investigation is responsible for conducting the investigation and drafting the investigation report. Unless the Régie has assumed leadership of the investigation or delegated leadership of the investigation to NERC, the team leader of the investigation must be an NPCC staff member assigned to compliance monitoring.

Before taking part in a Compliance Investigation, the members making up the investigation team must have successfully completed the auditor training provided by NERC or NPCC. The team leader must also have completed the Compliance Investigation training provided by NERC or NPCC.

3.4.1 **Compliance Investigation Process Steps**

The steps in a Compliance Investigation are as follows:

a. The Régie or NPCC receives information or observes facts indicating that a Non-Compliance may have occurred.

b. NPCC assesses the need for an investigation and makes a recommendation to the Régie. When the Régie decides to conduct an investigation, it authorizes NPCC to notify the Registered Entity, within three (3) business days, that a Compliance Investigation has been launched and of the initial scope of the investigation.

c. Upon notification of an investigation, the Registered Entity must ensure retention of all relevant information.

d. NPCC requests data or documentation from the Registered Entity and provides it with a list of the members of the investigation team with their recent employment history.

e. Within ten (10) business days of receiving the notification of a Compliance Investigation, the Registered Entity concerned may object to any member of the investigation team on grounds of a conflict of interest or the existence of other circumstances that could interfere with the team member's impartial performance of his or her duties. Such objections must be provided in writing to NPCC within such ten (10) business day period. If an agreement cannot be reached, NPCC or the Registered Entity may request that the Régie rule on the matter.

f. If necessary, the Compliance Investigation may include an on-site visit with interviews of the appropriate personnel, Inspection and review of data.

g. The Registered Entity provides the required information in the format and by the Required Date specified in the request.

h. NPCC reviews the information to determine compliance with the Reliability Standards and may request additional data and/or information if necessary for a complete assessment of compliance.

i. NPCC completes the assessment of the Registered Entity's compliance with the Reliability Standard and the proposed Mitigation Plan if any. NPCC provides a report to the Régie, with a copy to the Registered Entity, that describes the actions that NPCC has undertaken as part of its Compliance Investigation, its findings and the facts on which its findings are based.

j. If the NPCC's review indicates that a Non-Compliance has occurred, NPCC proceeds in accordance with the provisions of section 5.

3.5 NON-COMPLIANCE SELF-REPORT

The submittal of a Non-Compliance Self-Report is encouraged at the time a Registered Entity becomes aware:

(i) that it is not complying, or it may not have complied, with a Reliability Standard, or

(ii) that a change in the severity level of a previously reported Non-Compliance has occurred.

The submittal of a Non-Compliance Self-Report is encouraged even if a Reliability Standard requires Self Certification on a pre-defined schedule stipulated in the Implementation Plan and the Non-Compliance was discovered outside that schedule.

3.5.1 **Non-Compliance Self-Report Process Steps**

The steps in the Non-Compliance Self-Report process are as follows:

a. NPCC ensures that the Non-Compliance Self-Report submittal forms are available on the Régie's website or, if applicable, in the Data Repository.

b. The Registered Entity provides a detailed description of the Non-Compliance to the Régie using the submittal forms. NPCC specifies to the Registered Entity whether NPCC or the Régie requests the submittal of a Mitigation Plan, as well as a timetable for completion of the Mitigation Plan, if applicable.

c. NPCC reviews the information to determine compliance with the Reliability Standards and may request that the Registered Entity provide clarification or additional data and/or information.

d. NPCC completes the assessment of the Registered Entity's compliance with the Reliability Standards and any Mitigation Plan, if applicable.

e. If NPCC concludes that no Non-Compliance has occurred, it sends the Régie and the Registered Entity a notice to that effect. It also provides a report to the Régie on the facts justifying its conclusion.

f. If the NPCC's review indicates that a Non-Compliance has occurred, NPCC proceeds in accordance with the provisions of section 5.

3.6 PERIODIC DATA SUBMITTALS

NPCC requires Periodic Data Submittals at the dates stated in the applicable Reliability Standard, according to the schedule specified in the Implementation Plan or, with the Régie's approval, on an as-needed basis. Requests for data submittals are issued by NPCC to Registered Entities with at least the minimum advance notice specified by the applicable Reliability Standard. If the Reliability Standard does not specify an advance notice period, the requests are normally issued with no less than thirty (30) Days advance notice.

The data may include models, studies, analyses, documents, procedures, methods, operating data, information on processes, and/or any other information showing compliance with the Reliability Standards.

3.6.1 Periodic Data Submittals Process Steps

The steps in the Periodic Data Submittal process are as follows:

a. NPCC establishes the current data reporting schedule in the annual Implementation Plan approved by the Régie and keeps the Registered Entities informed of changes and/or updates.

b. NPCC makes a request for a Periodic Data Submittal.

c. The Registered Entity provides the required information in the form and by the Required Date specified in the request.

d. NPCC reviews the information to determine compliance with the Reliability Standards and may request additional data and/or information if necessary for a complete assessment of compliance or to demonstrate compliance.

e. If the NPCC's review indicates that a Non-Compliance has occurred, NPCC proceeds in accordance with the provisions of section 5.

3.7 INVESTIGATION FOLLOWING A COMPLAINT

All Complaints alleging a Non-Compliance must be filed with the Régie. The Régie reviews each Complaint it receives, determines its merit based on the review and a preliminary assessment, and decides whether an investigation is warranted. The Régie may seek assistance from NPCC, NERC or both for this review.

3.7.1 Investigation Following a Complaint Process Steps

The steps in the Complaint examination process are as follows:

a. The complainant submits a Complaint to the Régie. The Complaint should include sufficient information to enable the Régie to determine whether a Compliance Investigation is warranted. The Régie may not act on a Complaint if the Complaint is incomplete and does not include sufficient information.

b. Based on the information in the Complaint and any other information it may possess, the Régie decides whether an investigation should be conducted pursuant to section 3.4.

c. If the Régie determines that an investigation is required, it shall request or lead a Compliance Investigation pursuant to section 3.4.

d. The Régie informs the complainant of its decision to proceed or not with an investigation.

All Complaints are handled on a confidential basis.

3.8 PRELIMINARY SCREEN

If NPCC discovers, through one of the compliance monitoring processes described in Section 3 or by any other means, a potential Non-Compliance with a Reliability Standard requirement, NPCC conducts a preliminary screen of the potential Non-Compliance. The preliminary screen shall be conducted within five (5) business days after NPCC identifies the potential Non-Compliance, except that (i) if NPCC identifies the potential Non-Compliance during a Compliance Audit, the preliminary screen shall be conducted immediately following the exit briefing of the Registered Entity, (ii) if NPCC identifies the potential Non-Compliance during a Compliance Investigation, the preliminary screen shall be conducted immediately after the Registered Entity is first notified of the potential Non-Compliance identified by the Compliance Investigation, and (iii) if the Non-Compliance has resulted in, or has the potential to result in, a reduction in the reliability of electric power transmission, NPCC must notify the Régie within forty-eight (48) hours.

To that effect, NPCC sends a notice of preliminary screen to the Registered Entity, and informs the Régie of the notice's transmittal.

The notice of preliminary screen must contain, at a minimum:

a. The Non-Compliance identification number;

b. The Reliability Standard and requirement(s) thereof with which the Registered Entity may not have complied;

c. The name of the NPCC Designated Contact assigned to investigate the facts and circumstances of the Non-Compliance and able to provide information about the content of the notice;

d. Instructions to the Registered Entity to retain and preserve all data, information and records related to the Non-Compliance, until the Non-Compliance is processed or dismissed.

4. IMPLEMENTATION PLAN

By November 1 of each year, or on another date as agreed by NERC, NPCC and the Régie, NPCC submits its Implementation Plan for the following calendar year, or the remainder of the current year as appropriate, to the Régie for approval, after review by NERC. The Implementation Plan is available on the Régie's website.

The plan must:

a. Indicate the Reliability Standards and requirements that must be actively monitored by means of the monitoring processes described in section 3, with a schedule;

b. Specify the procedures for reporting, monitoring, assessment, and the criteria for performance assessment;

c. Include an Annual Audit Plan;

d. Include a schedule for Self-Certifications, if applicable; and

e. Include a schedule for Periodic Data Submittals.

5. PROCEDURES TO ENSURE THE ENFORCEMENT OF RELIABILITY STANDARDS

In the performance of its responsibilities, NPCC monitors and assesses compliance with the Reliability Standards by Registered Entities.

When NPCC identifies a Non-Compliance, it sends a notice of Non-Compliance to the Registered Entity concerned, informs the Régie of the notice's transmittal, and gives the Registered Entity the opportunity to submit its observations within thirty (30) Days.

NPCC then sends its findings to the Régie and submits its recommendations to allow the Régie to determine:

(i) if a violation with the Reliability Standards by the Registered Entity concerned has occurred, and

(ii) if so, and in accordance with the Sanction Guide for the Enforcement of the Reliability Standards in effect in Québec, what financial penalties and sanctions should be imposed.

NPCC's recommendations to the Régie may be related to financial penalties or sanctions, the Mitigation Plans submitted by the Registered Entities and the Remedial Actions required to avoid a serious reduction in the reliability of electric power transmission.

The Régie is responsible for choosing and imposing financial penalties or sanctions, Mitigation Plans or Remedial Actions in accordance with sections 85.10, 85.12 and 85.12.1 of the Act.

The imposition of financial penalties or sanctions on a Registered Entity does not relieve it of the obligation to comply with the Reliability Standards. A Registered Entity that fails to comply with a Reliability Standard must correct the situation, regardless of whatever other measures may have been taken or imposed on it.

Parties engaged in the process described in this section should consult with each other on the data and information that would be appropriate for effectively addressing this section's process requirements.

5.1 NOTICE OF POSSIBLE NON-COMPLIANCE

Following the transmittal of the notice of preliminary screen to the Registered Entity, NPCC conducts its assessment to determine the facts and circumstances of the Non-Compliance as well as the risk assessment. Unless the simplified identification, correction and monitoring procedure in section 5.1.1 is used to address the possible Non-Compliance, NPCC sends a notice of possible Non-Compliance to the Registered Entity, and informs the Régie of the transmittal.
The notice of possible Non-Compliance shall, at a minimum:

a. State that, although the Non-Compliance may involve a low-level risk for the reliability of electric power transmission, following the NPCC's risk assessment the Non-Compliance does not qualify for treatment using the simplified identification, correction and monitoring procedure;

b. State that a possible Non-Compliance has been identified;

c. Instruct the Registered Entity to retain and preserve all data, information and records related to the Non-Compliance, until the Non-Compliance is processed.

5.1.1 Simplified identification, correction and monitoring procedure following discovery of a Non-Compliance

When a Non-Compliance involves only a low-level risk for the reliability of electric power transmission, the Régie may, after receiving recommendation from NPCC including its justification, use a simplified identification, correction and monitoring procedure.

For this purpose, the Régie takes into account the Reliability Standards and its requirements, the level of seriousness of the Non-Compliance and the risk factor for the reliability of electric power transmission, the actual and potential risk that the Non-Compliance poses or may have posed for the reliability of electric power transmission, and the compliance program established by the Registered Entity and its compliance record.

If the Régie approves NPCC's recommendation, NPCC sends the Registered Entity a notice to that effect.

If the Régie rejects NPCC's recommendation, NPCC sends the Registered Entity a notice of Non-Compliance in accordance with the provisions of section 5.2.

Under the simplified procedure, if the situation is corrected to the Régie's satisfaction, no financial penalty or sanction is imposed on the Registered Entity. A Non-Compliance dealt with using this procedure is noted and recorded in the Registered Entity's compliance file.

5.2 NOTIFICATION OF NON-COMPLIANCE TO A REGISTERED ENTITY

NPCC sends a notice of Non-Compliance to the Registered Entity, and informs the Régie of the notice's transmittal.

The notice of Non-Compliance must contain, at a minimum:

a) The Reliability Standard and requirement(s) thereof with which the Registered Entity might be in Non-Compliance;

b) The date and time the Non-Compliance occurred (or is occurring), the duration of the Non-Compliance and its current status, if applicable;

c) The facts related to the Non-Compliance;

d) The proposed financial penalty or sanction, if any, applicable according to the Sanction Guide for the Enforcement of the Reliability Standards in effect in Québec, including an outline of the grounds justifying the financial penalty or sanction;

e) Notice that the Registered Entity can, within thirty (30) Days after receiving the notice of Non-Compliance, choose one of the following options:

(i) Admit the facts related to the Non-Compliance and accept the proposed financial penalty or sanction, agree to submit a Mitigation Plan, if necessary, to correct the Non-Compliance and its underlying causes and, if applicable, provide explanations in accordance with section 5.3; or

(ii) Admit the facts related to the Non-Compliance and agree to submit a Mitigation Plan, if necessary, to correct the Non-Compliance and its underlying causes, but contest the proposed financial penalty or sanction or its grounds, and, if applicable, provide explanations in accordance with section 5.3; or

(iii) Contest both the Non-Compliance and the proposed financial penalty or sanction and, if applicable, provide explanations in accordance with section 5.3,

f) Notice that the Registered Entity may submit a Mitigation Plan even if it contests the Non-Compliance, the proposed financial penalty or sanction, the grounds for the Non-Compliance, or all three, and that submission of a plan does not obviate its right to contest;

g) Notice that if the Registered Entity decides to contest the Non-Compliance, the proposed financial penalty or sanction or the grounds for the Non-Compliance, or all three, it may ask that the Régie hold a hearing at which it may make representations; and

h) The required procedures for submission of the Registered Entity's Mitigation Plan.

After the Régie determines that a violation has occurred, a summary of the violation, including, at a minimum, the Registered Entity name and the standards and requirements violated, is available in the Data Repository.

5.3 REGISTERED ENTITY RESPONSE

If the Registered Entity does not contest the notice of Non-Compliance or does not respond to it within thirty (30) Days after it was received, NPCC reports its findings and final recommendations, to the Régie, which may then rule on the Non-Compliance.

If a Registered Entity wishes to contest the notice of Non-Compliance, the proposed sanction, the grounds for the notice of Non-Compliance, or all three, it can send to NPCC, within thirty (30) Days following receipt of the notice of Non-Compliance, a response, signed by an officer or equivalent, with its comments and documents supporting its comments.

NPCC schedules a conference with the Registered Entity within ten (10) business days after receipt of the response. If NPCC and the Registered Entity reach an agreement, NPCC reports its findings and final recommendations, consistent with the agreement, to the Régie.

If NPCC and the Registered Entity are unable to reach an agreement within forty (40) Days after receipt of the Registered Entity's response, or within any extension of that time agreed to in writing by both parties, NPCC reports its findings and final recommendations to the Régie.

When the Régie receives NPCC's report, it informs the Registered Entity concerned that it has ten (10) Days to file its comments or request a hearing.

Once this delay expires and, if there is no request for a hearing, the Régie undertakes its consideration of the NPCC report and makes its ruling.

At its own initiative or in response to a request by a Registered Entity, the Régie calls a hearing in order to hear the Registered Entity on the Non-Compliance in the notice of Non-Compliance. The Régie ensures that all information related to a hearing is available to NPCC and NERC in the Data Repository.

In all such cases, all information relevant to the Non-Compliance that was prepared or obtained as part of the process leading to the notice of Non-Compliance, except any document or part of a document containing Privileged Information must be made available at the Régie's offices for consultation and reproduction by the Registered Entity.

The Régie makes a reasonable effort to ensure that all persons whose presence is required by the Registered Entity attend the hearing to which it is summoned.

5.4 PROPOSED SETTLEMENT

The Registered Entity may ask NPCC to start discussions in order to reach a proposed settlement at any time after the issuance of a notice of Non-Compliance and prior to the submission of the final recommendation to the Régie. Either party may end the discussions at any time. These discussions are confidential until such time as the proposed settlement is evaluated and judged satisfactory by the Régie. NPCC shall require the Registered Entity to designate one or more individuals authorized to undertake discussions on its behalf. All proposed settlements must be recorded in writing.

The time limits indicated in section 5.3 within which the Registered Entity must respond to a notice of Non-Compliance are suspended until a proposed settlement is considered satisfactory by the Régie or until discussions cease.

NPCC submits the proposed settlement to the Régie, including the proposed financial penalties, sanctions and Mitigation Plan.

When the Régie receives the proposed settlement, it informs the Registered Entity concerned that it has ten (10) Days to file its comments.

When this delay expires, unless the Régie calls a hearing for the parties in the proposed settlement, the Régie undertakes its consideration of the proposed settlement and makes its ruling.

5.5 SANCTION AND MITIGATION PLAN

After having allowed for a Registered Entity to provide comments, the Régie rules if there has been a violation of a Reliability Standard, and imposes a sanction, where applicable. The Régie can, on its own terms and within time limits that it determines, order a Registered

Entity that has violated a Reliability Standard to implement a Mitigation Plan. It informs NPCC of its rulings with regard to the Registered Entity.

5.6 PROCEDURE FOR REQUESTING AND OBTAINING AN EXCEPTION UNDER A CYBER SECURITY STANDARD FOR A TECHNICAL REASON

Notwithstanding the foregoing, the Régie may, after receiving the NPCC's recommendations, grant an exemption from strict compliance with certain requirements of some cyber security Reliability Standards, specifically the critical infrastructure protection Reliability Standards ("CIP Standards"). This type of exemption takes technical feasibility and technical constraints into account and it will be designated as a *Technical Feasibility Exception* ("TFE").

TFEs apply only to the requirements of CIP Standards specifically designated by the Régie. The Régie posts a current list of the requirements targeted by this procedure on its website and in the Data Repository.

A Registered Entity, subject to the requirements of CIP Standards permitting reliance on a TFE, may request a TFE from NPCC by following an appropriate procedure and using the prescribed forms. NPCC analyzes the request and makes recommendations to the Régie, which rules on the matter.

NPCC ensures that the procedure and forms needed to submit a request for a TFE are available in the Data Repository.

6. MITIGATION PLANS FOR VIOLATIONS OR NON-COMPLIANCES

Parties engaged in the process described in this section should consult with each other on the data and information that would be appropriate for effectively addressing this section's process requirements.

6.1 REQUIREMENTS FOR SUBMISSION OF A MITIGATION PLAN

Pursuant to section 6.4, the Registered Entity must submit to the Régie:

(i) a proposed Mitigation Plan to correct a violation or a Non-Compliance, or

(ii) a description of how it has been mitigated.

NPCC submits its recommendations concerning the Mitigation Plan proposed by the Registered Entity to the Régie, which rules on the Mitigation Plan and, if applicable, orders its implementation within the time the Régie determines.

The Registered Entity must also file with the Régie any request for an extension of the Mitigation Plan or a completion report on the mitigation measures taken. NPCC submits its recommendations on the request or report so that the Régie can rule on them.

6.2 CONTENTS OF MITIGATION PLAN

A Mitigation Plan must include the following information:

a. The Registered Entity's contact person for the Mitigation Plan, who must be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding

the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan. This person may be the Registered Entity's Designated Contact described in section 2.

b. The violation(s) or Non-Compliance(s) that the Mitigation Plan will correct.

c. The cause of the violation(s) or Non-Compliance(s).

d. The Registered Entity's actions to correct the violation(s) or Non-Compliance(s).

e. The Registered Entity's actions to correct the underlying cause of the violation(s) or Non-Compliance(s).

f. The Registered Entity's actions to prevent recurrence of the violation(s) or Non-Compliance(s).

g. The anticipated impact of the Mitigation Plan on the reliability of electric power transmission and the actions taken to mitigate any increased risk to the reliability of electric power transmission while the Mitigation Plan is being implemented.

h. A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the violation(s) or Non-Compliance(s) corrected.

i. Implementation milestones no more than three (3) months apart for a Mitigation Plan with an expected completion date more than three (3) months from the date of submission. Additional violation(s) could be determined for not completing work associated with approved milestones.

j. Any other information deemed necessary or appropriate.

The Mitigation Plan must be signed by an officer or equivalent of the Registered Entity or any other authorized representative of the Registered Entity.

6.3 TIMETABLE FOR COMPLETION OF MITIGATION PLANS

The Mitigation Plan must be completed in a timely manner in order to correct all violations or Non-Compliances prior to the beginning of the next compliance reporting/assessment period after the period in which the violations occurred or the Non-Compliances were discovered. The Registered Entity must be in full compliance with the Reliability Standard to which the Mitigation Plan is applicable at the next report or assessment of the Registered Entity. In all cases the Mitigation Plan must be completed within the timeframe specified by the Régie in its order unless the Régie has granted an extension. The Régie may extend the completion deadline, at the request of the Registered Entity, for good cause, including, but not limited to:

(i) short assessment periods (e.g., event driven or monthly assessments), and

(ii) construction requirements in the Mitigation Plan that extend beyond the next assessment period or other extenuating circumstances.

If the Mitigation Plan extends beyond the next applicable reporting/assessment period, all sanctions for any violations with the applicable Reliability Standard, occurring during the

plan implementation period, are held in abeyance and are waived if the Mitigation Plan is satisfactorily completed.

Any violations or Non-Compliances with respect to the applicable Reliability Standard assessed during the period of time the Mitigation Plan is being implemented and the associated financial penalties or sanctions are recorded by NPCC and reported by NPCC to the Régie, with the notation that the Registered Entity is working under a Mitigation Plan with an extended completion date, with financial penalties and sanctions held in abeyance until completion of the Mitigation Plan. Upon completion of the Mitigation Plan in accordance with section 6.6, NPCC notifies the Registered Entity, with authorization from the Régie, that any violation or Non-Compliance with respect to the applicable Reliability Standard during the period that the Mitigation Plan was being implemented has been waived and no financial penalties or sanctions will apply.

A request for an extension of any milestone or the completion date of the Mitigation Plan by a Registered Entity must be received by the Régie at least ten (10) business days before the date in question. The Régie may accept a request for an extension or modification of a Mitigation Plan after taking NPCC's recommendations into consideration if the Régie determines the request to be justified. The Régie rules on any request for an extension or modification of a Mitigation Plan and informs the Registered Entity and NPCC of its decision within ten (10) business days of the request.

6.4 SUBMISSION OF MITIGATION PLAN

A Registered Entity must submit a Mitigation Plan at the request of the Régie or NPCC. Mitigation Plans are required for any mitigation that is scheduled to occur at least more than six months from the date the Non-Compliance is filed with the Régie. The Registered Entity must submit a Mitigation Plan within thirty (30) Days after being served the notice of Non-Compliance if it does not contest it or, if it contests it, within ten (10) business days after the Régie determines that a violation has occurred following the procedure described in section 5.

A Mitigation Plan submitted by a Registered Entity while it contests a notice of Non-Compliance, its financial penalty or sanction, the grounds for the Non-Compliance, or all three is not deemed to be an admission that it has failed to comply or that the financial penalty or sanction is appropriate.

However, if the Registered Entity has not yet submitted a Mitigation Plan, any subsequent Non-Compliance with the applicable Reliability Standard identified by NPCC before the Régie renders its decision on the initial Non-Compliance is not held in abeyance and is considered a repeat Non-Compliance with the Reliability Standard.

6.5 REVIEW AND APPROVAL OR REJECTION OF MITIGATION PLAN

The Registered Entity must submit its proposed Mitigation Plan to the Régie.

Unless the Régie has approved an extension, NPCC completes its analysis of the Mitigation Plan and, within thirty (30) Days of receipt, reports its findings to the Régie and recommends a date for completion of the Mitigation Plan, if applicable.

If the Régie does not accept the Mitigation Plan, the Registered Entity must submit a revised Mitigation Plan to the Régie no later than the new Required Date.

Within ten (10) business days after receipt of the revised Mitigation Plan, NPCC reports its findings to the Régie.

If the Régie does not accept the revised Mitigation Plan, the Registered Entity must submit a second revised Mitigation Plan to the Régie no later than the new Required Date.

Within ten (10) business days after receipt of the second revised Mitigation Plan, NPCC reports its findings to the Régie.

If the Régie does not accept the second revised Mitigation Plan, the Registered Entity may, within five (5) business days from the date of the decision, request that the Régie hold a hearing, determine a Mitigation Plan and order implementation of the plan. In this case, NPCC submits its recommendations concerning an appropriate Mitigation Plan and a required implementation date to the Régie.

Once the Mitigation Plan is accepted, the Régie orders its implementation on the conditions it determines, including the deadline for completion.

6.6 CONFIRMATION OF IMPLEMENTATION OF MITIGATION PLAN

The Registered Entity provides updates to the Régie and NPCC on the progress of the Mitigation Plan on at least a quarterly basis. NPCC tracks the implementation of all Mitigation Plans to completion and may conduct on-site visits to monitor Mitigation Plan progress. It may also verify the state of progress during a Compliance Audit scheduled in the Annual Audit Plan.

Upon completion of the Mitigation Plan, the Registered Entity must provide to the Régie and NPCC a certification, signed by the Registered Entity's officer responsible for the plan or that officer's representative, that all required actions described in the Mitigation Plan have been completed, including data or information sufficient for NPCC to verify completion. NPCC may, with the Régie's authorization or at the Régie's request, require additional data or information and conduct follow-up assessments, on-site or by Spot Checks, or Compliance Audits as it deems necessary to verify that all required actions in the Mitigation Plan have been completed and the Registered Entity is in compliance with the applicable Reliability Standard.

In the event that all required actions in the plan are not completed within the applicable deadline, including any extensions of the original deadline granted under section 6.3, any Non-Compliance(s) with a Reliability Standard subject to the Mitigation Plan that occurred during the originally scheduled time period for completion may be subject to immediate determination by the Régie including the imposition of financial penalties or sanctions; a new Mitigation Plan must then be submitted to the Régie and is reviewed pursuant to section 6.5. NPCC may, with the Régie's authorization, conduct a Compliance Audit of a Registered Entity or recommend that the Régie order Remedial Actions, as necessary.

6.7 RECORDKEEPING

NPCC maintains a record on the Data Repository containing the following information for each Mitigation Plan:

a. Name of Registered Entity;

b. Date of the identification of the Non-Compliance and of the determination of the violation;

c. Monitoring method by which the violation or Non-Compliance was detected (Self-Certification, Non-Compliance Self-Report, Compliance Audit, Compliance Investigation, Investigation following a Complaint, etc.);

d. Date of the notice of Non-Compliance;

e. Expected and actual completion date of the Mitigation Plan and major milestones;

f. Expected and actual completion date for each required action;

g. Accepted changes to milestones, completion dates, or scope of Mitigation Plan; and

h. Registered Entity's completion notice and documents submitted as evidence of completion.

Any information that meets the definition of Non-Public Information, Personal Information, Privileged Information or Restricted Information must be handled in accordance with section 9.

7. REMEDIAL ACTIONS

The Régie may order a Registered Entity to perform Remedial Actions when an inspection or an inquiry reveals that the Registered Entity is in Non-Compliance with a Reliability Standard and is thus seriously compromising the reliability of electric power transmission.

A Remedial Action may include, but is not limited to, any of the following: specifying operating or planning criteria, limits, or limitations; requiring specific system studies; defining operating practices or guidelines; requiring confirmation of data, practices, or procedures through inspection, testing or other methods; requiring specific training for personnel; requiring development of specific operating plans; directing a Registered Entity to develop and comply with a plan to remediate a violation or a Non-Compliance; imposing increased auditing or additional training requirements; requiring a Registered Entity to apply the Reliability Coordinator's practices, procedures and guidelines; and requiring a Registered Entity to cease an activity that is liable to result in a violation of a Reliability Standard.

An order imposing Remedial Actions may be issued to a Registered Entity at any time, including during any procedures relating to a notice of Non-Compliance. NPCC, in its recommendation to the Régie, must specify if the Remedial Actions obviate the need for a Mitigation Plan.

Prior to recommending that the Régie order Remedial Actions, NPCC must consult the Reliability Coordinator to ensure that the Remedial Actions are not in conflict with directives issued by the Reliability Coordinator.

When recommending Remedial Action, NPCC must:

a. Describe the Non-Compliance;

b. Explain its assessment of the need for Remedial Action, including the reliability impact both if the Remedial Action is undertaken and if it is not undertaken;

c. Explain the urgency of the Remedial Action and the reasons why the other means provided for in the QCMEP are insufficient to address to the Non-Compliances described;

d. Confirm that the Reliability Coordinator was consulted to ensure that the Remedial Action is not in conflict with directives issued by the Reliability Coordinator;

e. Recommend a deadline for compliance with the Reliability Standards;

f. Specify if the Remedial Action obviates the need for a Mitigation Plan; and

g. Provide a draft order for Remedial Action.

The order of the Régie imposing Remedial Actions must list the facts justifying the order, define the measures to be implemented to cause the risks for the reliability of electric power transmission to cease, set a deadline for compliance, and inform the Registered Entity that if it fails to comply with the Remedial Actions within the deadline, other Remedial Actions or graver sanctions may be imposed.

NPCC monitors the implementation of the Remedial Actions ordered by the Régie to ensure that the Registered Entity carries them out and complies with the Reliability Standards. NPCC assembles and maintains the same information on the Régie Data Repository as for a Mitigation Plan listed in section 6.7.

If a Registered Entity fails to carry out the Remedial Actions, NPCC advises the Régie by means of a notice containing the following information:

i. A description of the breaches of the Remedial Actions or of one or more Reliability Standards; and

ii. Assessment of the reliability impact of the breaches of the Remedial Actions or of one or more Reliability Standards.

The Régie notifies NPCC within two (2) business days after ordering Remedial Actions.

The Registered Entity may contest the order imposing Remedial Actions ordered by giving written notice to the Régie, with a copy to NPCC, within two (2) business days after reception of the order, and may request that the Régie hold an expedited hearing for decision. The hearing is conducted expeditiously, with the participation of the Reliability Coordinator, if applicable.

The Registered Entity must proceed with implementing the Remedial Actions even if it is contesting them.

8. REPORTS AND PUBLICATIONS

NPCC prepares and submits to the Régie status reports with current information concerning:

a. All notices of Non-Compliance and violations with Reliability Standards by Registered Entities;

b. Status of notices of Non-Compliance and violations with Reliability Standards and their potential impact on the reliability of electric power transmission;

c. Financial penalties and sanctions;

d. Any Remedial Actions imposed;

e. Any Technical Feasibility Exception granted;

f. Any Mitigation Plans approved, with the deadlines for all the measures imposed and for completion of the plan; and

g. The name of NPCC Designated Contact knowledgeable about the information filed.

NPCC submits to the Régie and NERC, in the Data Repository, at least quarterly, an updated non-public summary status report. The summary status report includes:

i. A summary listing the Régie's rulings determining violations have occurred, imposing financial penalties and sanctions, approving proposed settlements and approving Mitigation Plans.

ii. A summary listing of Remedial Actions and Mitigation Plans that either ended in the quarter or are still ongoing, identifying the Registered Entity, the standards and requirements involved, and the schedule of the activities.

iii. A non-public summary listing, which may only be shared in non-public meetings of the NERC Board and Board committees, of aggregate outstanding Non-Compliances, specifying the standards and requirements involved and the possible impact on reliability of electric power transmission.

iv. A non-public summary listing, which may only be shared in non-public meetings of the NERC Board and Board committees, of aggregate Self-Certifications and Non-Compliance Self-Report with possible impact on reliability of electric power transmission that did not result in a finding of Non-Compliance.

The Régie publishes an annual report on its website listing all violations with Reliability Standards, identifying, at a minimum, the Registered Entities, the Reliability Standards and requirements violated, resulting Mitigation Plans, and financial penalties and sanctions. The Régie sends a copy of the report to NERC and NPCC.

9. HANDLING OF INFORMATION

The Régie controls and maintains the Data Repository where Registered Entities electronically file their documents and completed forms. It administers the access to the Data Repository, maintains a register of authorized personnel and logs the accesses. The content of the logs are Non-Public Information, except where the Régie rules that it is Privileged Information. The Régie rules on any requests to review the register or logs.

NPCC, NERC and the Registered Entity authorized personnel receive access codes in order to access the portions of the Data Repository necessary for the performance of their respective duties under the QCMEP. These access codes are issued and modified at the discretion of the Régie, and may not be shared between personnel, nor disclosed to any other party without the written consent of the Régie.

All information, data and documents related to activities of the QCMEP whether filed by a Registered Entity, or created or obtained by the Régie, NPCC, or NERC are stored on the

Data Repository. All such information, data and documents are classified in the Data Repository with one of the following designations: public information, Restricted Information, Privileged Information, Personal Information or Non-Public Information.

Non-Public Information

By default, all information related to the QCMEP is designated by the Régie as Non-Public Information.

Restricted Information

A Registered Entity can request, using a form the Régie makes available on the Data Repository, that some of its information be treated as Restricted Information. For Restricted Information of a security nature, the request must identify that the information is of a security nature and need not include the information itself. Usually, such Restricted Information is only consulted at the Registered Entity's site. However, at its discretion, the Régie can order that such information be filed at the Régie for consultation at its offices. For example, the Régie could order a filing of such Restricted Information if it is relevant to a hearing held at the Régie.

In rare cases, a Registered Entity can request that some of its extremely sensitive commercial or proprietary information be treated as Restricted Information. In such cases, the request must include the information itself as well as a justification for the Restricted Information designation. Such information is available for consultation at the offices of the Registered Entity and the Régie.

The Régie may order a Registered Entity requesting that a document be designated Restricted Information to file with the Régie a redacted version that can be designated Non-Public Information.

Restricted Information filed at the Régie cannot be remotely accessed by NPCC or NERC.

Privileged Information

Privileged Information may only be disclosed to personnel explicitly designated by the Régie and cannot be disclosed to third parties.

Personal Information

When a Registered Entity files information with Personal Information in it, it must request that the Régie designate it as Personal Information. Personal Information cannot be consulted outside the Régie, thereby complying with Québec's laws. The Régie rules on the request. The Régie may order a Registered Entity requesting that a document be designated Personal Information to file with the Régie a redacted version that can be designated Non-Public Information.

Public information

The notion of "public information" is only used to specify the handling of the information by the Régie, NPCC and NERC.

Public information in the Data Repository can only be accessed by the Régie, NPCC and NERC in the performance of their respective duties in the QCMEP and, when relevant, by the Registered Entity that submitted or created it. That is, public information, despite its classification, is not available to the public on the Data Repository. Contrary to the other

designations, public information can be shared between the Régie, NPCC, NERC, other Registered Entities and other entities without the written permission of the Régie and the Registered Entity that submitted or created the information. Copies of such information can be kept by NPCC and NERC in their offices.

Handling of information and designation modification

Only the Régie can modify the designation of information in the Data Repository, at its own discretion or upon request by a Registered Entity, NPCC, or NERC. The Régie seeks comment on such a modification from relevant parties, including, at minimum, the submitter or creator of the information.

By default, the Régie grants NPCC and NERC access to public information, Non-Public Information, Restricted Information, Privileged Information, and Personal Information in the Data Repository as needed for the performance of their respective duties under the QCMEP and in a manner consistent with the handling that each designation of information must receive. For example, the Régie ensures that Personal Information cannot be accessed outside of Québec.

If it is necessary to share a Registered Entity's information with another Registered Entity, for example the Reliability Coordinator, the Régie seeks comment on the proposed disclosure from the Registered Entity whose data would be disclosed, unless the delays in obtaining such a comment could have a negative impact on reliability of electric power transmission, such as delaying the preparation of a Remedial Action. In such a case, the Régie grants permission for the disclosure and, after the fact, the Registered Entity is informed of the disclosure and afforded the opportunity to comment.

If the Régie, NERC or NPCC is required to disclose information in its possession, for example by a judicial process, it must inform the relevant parties, including, at minimum, the submitter or creator of the information, prior to the release of the information in order to allow the relevant parties the opportunity to protect their interest.

A Registered Entity, NPCC, or NERC, that wishes to comment on a designation modification or a possible disclosure, has ten (10) Days to file comments with the Régie. A Registered Entity can file comments on an impending or existing designation of its information at any time. When relevant, NPCC and NERC can file comments on an impending or existing designation of information.

The Régie may disclose information as necessary for its public reporting. For example, any information filed with the Régie for the purposes of a hearing on a Non-Compliance under the QCMEP is dealt with confidentially by the Régie, until the Régie determines there has been a violation. Then the Régie publishes on its website a summary of the violation and relevant supporting information. However, only the Régie can make information that has been submitted under the QCMEP public.