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Québec Reliability Standards Compliance Monitoring and Enforcement Program Implementation Plan

2015 Annual Implementation Plan

Effective Date: April 1, 2015

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Introduction and Purpose

The Québec Reliability Standards Compliance Monitoring and Enforcement Program Implementation Plan (Québec Implementation Plan) is the annual operating plan carried out by the Northeast Power Coordinating Council, Inc., while performing its responsibilities and duties as described in the *Québec Reliability Standards Compliance Monitoring and Enforcement Program* (QCMEP). NPCC carries out QCMEP activities in accordance with the *Agreement on the Implementation of the Québec Reliability Standards Compliance Monitoring and Enforcement Program* (QCMEP Agreement).

The 2015 Québec Implementation Plan is the first annual implementation plan created under the QCMEP and QCMEP Agreement. The 2015 Québec Implementation Plan is transitional.

- First, it was created in 2015, after the beginning of the calendar year. In 2016 and beyond, the Québec Implementation Plan will normally be created and available on or about November 1 of the previous year (i.e. November 2015 for the 2016 Québec Implementation Plan).
- Second, Reliability Standards will become mandatory in Québec for the first time on April 1 2015. In 2016 and beyond, Reliability Standards will be in effect prior to the beginning of the calendar year.

NPCC developed the annual Québec Implementation plan using the same approach that is used during the development of the Electric Reliability Organization (ERO) Compliance Monitoring and Enforcement Implementation Plan and the NPCC Regional Compliance Monitoring Plan for U.S. entities. NERC and NPCC have migrated to a risk-based approach to determine the degree of compliance oversight.

During the implementation year, NPCC, with approval from the Régie, may update the Québec Implementation Plan. Updates could be needed to reflect changes to compliance monitoring processes, major events, Régie orders, or other development. Any updates to the Québec Implementation Plan will be communicated to Registered Entities.

Risk-based Compliance Oversight Framework

NPCC will implement the Risk-based Compliance Oversight Framework (Framework) developed by the ERO Enterprise, which consists of processes that involve reviewing system-wide risk elements, an assessment of a registered entity's inherent risk, and, on a voluntary basis, an evaluation of a registered entity's internal controls prior to establishing a monitoring plan that is tailored to a particular entity or group of entities.

Figure 1 below illustrates this dynamic approach. Reliability risk is not the same for all registered entities; therefore, this Framework examines electric power transmission risk as well as individual registered entity risk to determine the most appropriate QCMEP tool to use when monitoring a registered entity’s compliance with Reliability Standards. This Framework also promotes examination of how registered entities operate.

As illustrated by the blue arrows in Figure 1, the Framework tailors compliance monitoring focus to those areas that pose the greatest risk to electric power transmission reliability. The elements in Figure 1 are dynamic and are not independent; rather, they are complementary and interdependent on each another.

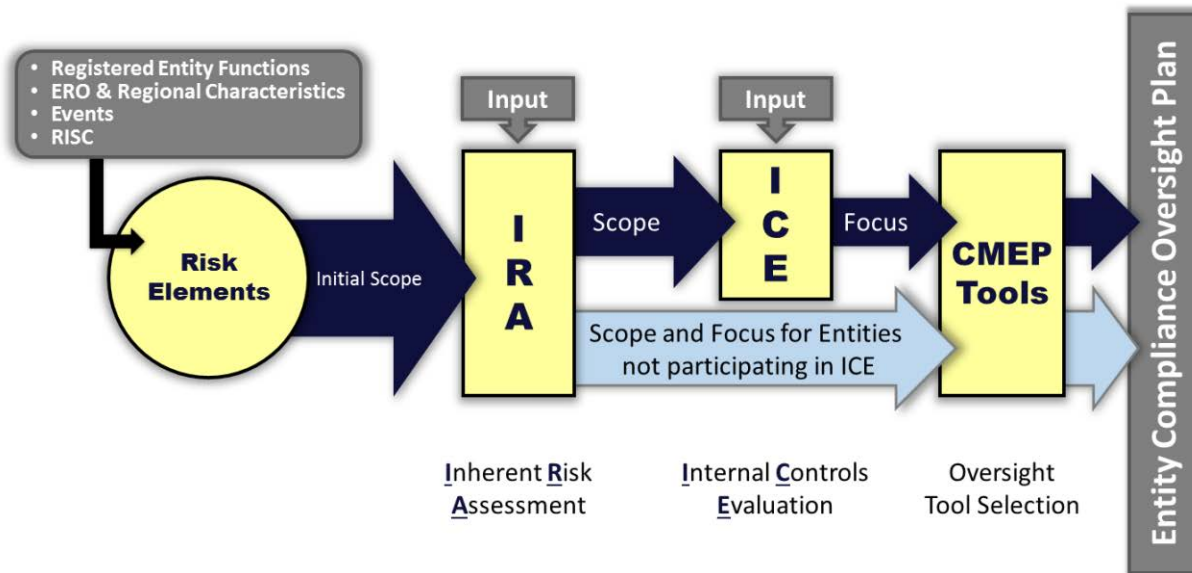


Figure 1: Risk-based Compliance Oversight Framework¹

Risk Elements

The first step of the Framework consists of identifying and prioritizing continent-wide risks. These risks are identified and prioritized based on, among other things, the work done by NERC staff, the Reliability Issues Steering Committee (RISC), initiatives such as the Standards Independent Experts Review Project, and risks identified in the ERO Enterprise Strategic Plan. Risks are identified and prioritized based on significance, likelihood, vulnerability, and potential impact to the reliability of the electric power transmission system. They may be categorized as operational and planning risks, as well as threats to cyber systems or physical security. While risk identification occurs on at least an annual basis, they are dynamic and continually evolve. Accordingly, periodic reviews and updates may be necessary and appropriate to address increased or emerging risks as well as reflect mitigated risks. However, the risks and associated Reliability Standards identified through this process do not constitute the entirety of risks that

¹ In Québec, the applicable CMEP in the NERC reference diagram is the QCMEP.

may affect the reliability of the electric power transmission system. NPCC also considers local risks and specific circumstances associated with individual registered entities within its footprint when developing compliance oversight plans for registered entities.

Inherent Risk Assessment

NPCC performs an Inherent Risk Assessment (IRA) of registered entities to identify areas of focus and the level of effort needed to monitor compliance with NERC Reliability Standards for a particular registered entity. The IRA is a review of potential risks posed by an individual registered entity to the reliability of the electric power transmission system. An IRA considers risk factors such as assets, systems, geography, interconnectivity, prior compliance history, and overall unique entity composition when determining the compliance oversight plan for a registered entity. The IRA will be performed on a periodic basis, with the frequency based on a variety of factors, including, but not limited to, changes to a registered entity and significant changes or emergence of new reliability risks.

Internal Controls Evaluation

To further tailor monitoring plans in accordance with risk for registered entities, NPCC also takes into account any information obtained through the processes outlined in the Internal Control Evaluation (ICE) Guide. For those registered entities who volunteer to undergo an ICE, NPCC will select those who will participate in the ICE process based on the risk posed by particular entities and compliance monitoring schedules.

ICE enables a further refinement of the registered entity's compliance oversight plan. Registered entities have an opportunity to : (i) provide, on a voluntary basis, information to NPCC about their internal controls that address the risks applicable to the entity and for identifying, assessing, and correcting noncompliance with Reliability Standards; and; (ii) demonstrate the effectiveness of such controls. As a result of the ICE, there may be additional focus of the compliance assurance activities for an entity. Registered entities may elect not to participate in an ICE. In that case, NPCC will use the results of the IRA to determine the appropriate compliance oversight strategy, including focus and tools within the determined scope.

CMEP Tools

Ultimately, NPCC will determine which of the compliance monitoring tools (i.e., off-site or on-site audits, spot checks, or Self-Certifications) are warranted. NPCC will tailor compliance monitoring activities for registered entities in their footprint based on reliability risks. Reliability Coordinators, Balancing Authorities, and Transmission Operators will remain on a three-year audit cycle. NPCC considers that the three-year cycle is appropriate at this time in Québec. The determination of the appropriate CMEP tools will be adjusted, as needed, within a given implementation year.

Annual Implementation Plan

Risk Elements

In 2015, the ERO Enterprise identified nine risk elements, each with specific areas of focus. The nine risk elements identified by the ERO Enterprise are: infrastructure maintenance, uncoordinated protection systems, protection system misoperations, workforce capability, monitoring and situational awareness, long term planning and system analysis, threats to cyber systems, human error, and extreme physical events. NERC and NPCC associated Reliability Standards and Requirements with each risk element to develop the specific areas of focus. The set of Reliability Standards subject to compliance monitoring activities will be informed by a given entity's IRA and ICE.

Standards Effective

The Régie has declared the following twelve standards to be effective on April 1, 2015.

- BAL-001-0.1a
- BAL-002-1
- BAL-006-2
- COM-001-1.1
- EOP-001-2.1b
- IRO-014-1
- IRO-015-1
- IRO-016-1
- PER-001-0.2
- TOP-004-2
- TOP-007-0
- TOP-008-1

Areas of Focus

NPCC compared the specific areas of focus that were developing the 2015 ERO Compliance Monitoring and Enforcement Implementation Plan, including Appendix A3 NPCC 2015 CMEP Implementation Plan with the twelve standards that will be effective on April 1, 2015 (effective standards) to develop the specific areas of focus for the 2015 Québec Implementation Plan.

In particular, of the effective standards, NERC identified requirements within four of those reliability standards as areas of focus (EOP-001, IRO-014, TOP-004 and TOP-008). The requirements identified as areas of focus within EOP-001 and TOP-004 relate to the Workforce Capability risk element. The requirements identified as areas of focus within IRO-014 and TOP-008 relate to the Monitoring and Situational Awareness risk element.

Of the effective standards, NPCC identified requirements within six of those reliability standards as areas of focus (EOP-001, BAL-001, BAL-002, COM-001, TOP-007 and TOP-008). The requirements identified as areas of focus within EOP-001 relate to the Extreme Physical Events risk element. The requirements identified as areas of focus within BAL-001, BAL-002, and COM-001 relate to the Monitoring and Situational Awareness risk element. The requirements identified as areas of focus within TOP-007 and TOP-008 relate to the Workforce Capability risk element.

Applying the areas of focus to Québec, the total list of requirements and standards that are specific areas of focus for 2015 in Québec and which will be actively monitored by NPCC are shown in Table 1.

Table 1		
Standard	Requirement	Entities for Attention
BAL-001-0.1a	R1, R2, R3, R4	BA
BAL-002-1	R1, R2, R3, R4, R5, R6	BA
COM-001-1.1	R1, R2	BA, RC, TOP
EOP-001-2.1b	R2, R3, R4, R6	BA, TOP
IRO-014-1	R1	RC
TOP-004-2	R6	TOP
TOP-007-0	R1, R2, R3, R4	RC, TOP
TOP-008-1	R1, R2, R3, R4	TOP

Registered Entities are required to maintain compliance with all Requirements within the effective standards and should self-report any non-compliances of any Requirements. For 2015, reports will be through the Régie’s Système de dépôt électronique (the SDE), its document filing system. The Régie is working to develop a document repository specifically for the monitoring of reliability standards. The timing of this new system is not yet determined : however, it is not expected to be available in 2015.

Compliance Monitoring

The list of Requirements and Standards that are specific areas of focus for 2015 in Québec form the basis of the Requirements and the Reliability Standards that NPCC will actively monitor in Québec during 2015. Additionally, as explained above, NPCC may use the IRA and ICE processes described above to add or subtract requirements and/or standards to the individual Compliance Oversight Plan for a Registered Entity.

Compliance Audits

Compliance Audits are carried out according to the schedule set out in the Québec Implementation Plan. There is no Annual Audit Plan for this 2015 Québec Implementation Plan.

Self-Certification

Registered Entities are subject to reporting self-certification according to the Self-Certification Schedule established in this 2015 Québec Implementation Plan and set forth in Appendix 1. Self-Certifications are made through the SDE. Unless a Registered Entity's IRA provides information that would provide a reason for a self-certification, the self-certification specified in the reliability standards listed in Table 2 is waived for 2015.

Waiver of Self-Certifications

Table 2	
Standard	Section
IRO-015-1	D1.4
IRO-016-1	D1.4
PER-001-0.2	D1.1

Spot Checks

NPCC, as authorized or requested by the Régie, may initiate a Spot Check at any time. NPCC will provide the Registered Entity at least 20 days advanced notice of a Spot Check.

Non-Compliance Self-Reporting

A Registered Entity should submit a Non-Compliance Self-Report at the time the Registered Entity becomes aware that it is not complying or it may not have complied, with Reliability Standard declared in effect by the Régie, or that a change in the severity of a previously reported Non-Compliance has occurred. A Registered Entity may self-report a non-compliance with a Reliability Standard through the SDE.

Periodic Data Submittals

NPCC requires Periodic Data Submittals (PDS) 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. PDS are made into the SDE.

The PDS schedule for 2015 is provided in Table 3 :

Table 3	
Standard	Timing
BAL-001-0.1a	Monthly on the 15 th of the following month
BAL-002-1	Quarterly on the 10 th of the month following the end of the quarter

The PDS for BAL-006-2 specified in section D1.1 and D1.3 is waived for 2015.

NPCC submission attestation

NPCC attests that this 2015 Quebec Implementation Plan is both necessary and sufficient at this time for the monitoring of the Reliability Standards in effect in Québec.

Appendix 1 – Self Certification Schedule

Standard	Start of Reporting Period	End of Reporting Period	Due Date	BA	RC	TOP
BAL-001-0.1a	4/1/2015	12/31/2015	2/1/2016	BA		
BAL-002-1	4/1/2015	12/31/2015	2/1/2016	BA		
COM-001-1.1	4/1/2015	12/31/2015	2/1/2016	BA	RC	TOP
EOP-001-2.1b	4/1/2015	12/31/2015	2/1/2016	BA		TOP
IRO-014-1	4/1/2015	12/31/2015	2/1/2016		RC	
TOP-004-2	4/1/2015	12/31/2015	2/1/2016			TOP
TOP-007-0	4/1/2015	12/31/2015	2/1/2016		RC	TOP
TOP-008-1	4/1/2015	12/31/2015	2/1/2016			TOP