

**Québec Compliance Monitoring and Enforcement Program
(QCMEP)
for Implementation by
Northeast Power Coordinating Council, Inc.**

July 28, 2009

TABLE OF CONTENTS

1.0	INTRODUCTION	1
1.1	Definitions	1
2.0	IDENTIFICATION OF ORGANIZATIONS RESPONSIBLE FOR COMPLYING WITH RELIABILITY STANDARDS	3
3.0	COMPLIANCE MONITORING AND ENFORCEMENT PROCESSES	3
3.1	Compliance Audits	4
3.2	Self-Certification	6
3.3	Spot Checks	7
3.4	Investigations of Reliability Standard Violations	8
3.5	Self-Reporting	9
3.6	Periodic Data Submittals	10
3.7	Exception Reporting	11
3.8	Complaints	11
3.9	Meeting or Hearing Location	12
4.0	ANNUAL IMPLEMENTATION PLANS	12
4.1	NERC’s Québec Compliance Monitoring and Enforcement Program Implementation Plan	12
4.2	Québec’s NPCC Implementation Plan	12
5.0	ENFORCEMENT ACTIONS	13
5.1	Notification to Registered Entity of Alleged Violation	13
5.2	Registered Entity Response	14
5.3	NPCC Hearing Process for Compliance Hearings	14
5.4	Settlement Process	14
5.5	NERC Appeal Process	15
5.6	Sanction and Mitigation Plan	15
6.0	MITIGATION OF VIOLATIONS OF RELIABILITY STANDARDS	15
6.1	Requirement for Submission of Mitigation Plans	15
6.2	Contents of Mitigation Plans	15
6.3	Timetable for Completion of Mitigation Plans	16
6.4	Submission of Mitigation Plans	17
6.5	Review and Acceptance or Rejection of Proposed Mitigation Plans	17
6.6	Completion/Confirmation of Implementation of Mitigation Plans	17
6.7	Recordkeeping	18
7.0	REMEDIAL ACTION ORDERS	18
8.0	REPORTING AND DISCLOSURE	19
9.0	DATA RETENTION AND CONFIDENTIALITY	20
9.1	Records Management	20
9.2	Retention Requirements	20
9.3	Confidentiality and Critical Energy Infrastructure Information	20

ATTACHMENT 1 – PROCESS FOR NON-SUBMITTAL OF REQUESTED DATA

1 **QUÉBEC COMPLIANCE MONITORING AND ENFORCEMENT PROGRAM**
2 **(QCMEP)**

3
4 **1.0 INTRODUCTION**

5 This Québec Compliance Monitoring and Enforcement Program (“QCMEP”) is used by
6 the Northeast Power Coordinating Council, Inc. (“NPCC”) to monitor and assess
7 compliance with Reliability Standards within Québec, and make recommendations to the
8 Régie de l’énergie du Québec (“Régie”) regarding the enforcement of the Reliability
9 Standards, taking into account Québec’s legal and regulatory environment.

10
11 **1.1 Definitions**

12 **1.1.1 Alleged Violation:** A potential violation for which NPCC has completed its
13 accuracy and completeness review and has determined that evidence exists to indicate a
14 Registered Entity has violated a Reliability Standard.

15 **1.1.2 Annual Audit Plan:** A plan developed annually by NPCC for Québec that
16 includes the Reliability Standards and Registered Entities to be audited, the schedule of
17 Compliance Audits, and Compliance Audit Participant requirements for the calendar year.

18 **1.1.3 Complaint:** An allegation that a Registered Entity has violated a Reliability
19 Standard.

20 **1.1.4 Compliance Audit:** A systematic, objective review and examination of records
21 and activities to determine whether a Registered Entity meets the requirements of
22 applicable Reliability Standards.

23 **1.1.5 Compliance Audit Participants:** Registered Entities scheduled to be audited and
24 the audit team members.

25 **1.1.6 Compliance Violation Investigation:** A comprehensive investigation, which may
26 include an on-site visit with interviews of the appropriate personnel, to determine if a
27 violation of a Reliability Standard has occurred.

28 **1.1.7 Confirmed Violation:** An Alleged Violation for which an entity has: 1) accepted
29 the finding of the violation by a NPCC or NERC and will not seek a hearing with the
30 NPCC Hearing Body, 2) completed the appeal process within NERC, or 3) allowed the
31 time for submitting a hearing request to NPCC or an appeal request to NERC to expire.
32 Confirmed Violations as considered by NERC and NPCC are reported to the Régie under
33 Section 85.9 of *An Act respecting the Régie de l’énergie* (the Act) for the purposes of a
34 determination by the Régie under Section 85.10 of the Act.

35 **1.1.8 Exception Reporting:** Information provided to NPCC by a Registered Entity
36 indicating that exceptions to a Reliability Standard baseline norm have occurred (e.g., a
37 system operating limit has been exceeded). Some Reliability Standards require Exception
38 Reporting.

39 **1.1.9 Mitigation Plan (“Plan de redressement” in Section 85.12 of the Act):** An action
40 plan developed by a Registered Entity to (i) correct a violation of a Reliability Standard
41 and (ii) prevent re-occurrence of the violation. A Mitigation Plan is required whenever a
42 Registered Entity violates a Reliability Standard as determined by any means including
43 NPCC decision, settlement agreement, or otherwise. This Mitigation Plan becomes
44 effective once ordered by the Régie pursuant to Section 85.12 of the Act.

45 **1.1.10 NERC Compliance Registry:** A compilation of the Regional Compliance
46 Registries. (See 1.1.12)

- 1 **1.1.11** NERC's Québec Compliance Monitoring and Enforcement Program
2 Implementation Plan: The annual plan that specifies the Reliability Standards that are
3 subject to reporting by Registered Entities in Québec to NPCC in order to verify
4 compliance and identifies the appropriate monitoring procedures and reporting schedules
5 for each such Reliability Standard.
- 6 **1.1.12** NPCC Compliance Registry: A list, pursuant to Section 500 of the NERC Rules
7 of Procedure and the NERC *Statement of Compliance Registry* of the owners, operators or
8 users of the bulk power system or the entities registered as their designees for the purpose
9 of compliance within a Regional Entity's geographic footprint, except for Québec, that
10 perform one or more functions in support of reliability of the bulk power system. The
11 Registry is used to determine the Reliability Standards applicable to the Registered Entity.
12 This Registry also includes the list submitted by the Reliability Coordinator and approved
13 by the Régie of Registered Entities.
- 14 **1.1.13** NPCC Hearing Body: A body that is established by NPCC with authority to
15 render decisions in NPCC compliance hearings in which a Registered Entity may contest
16 a finding of Alleged Violation, proposed penalty or sanction or Remedial Action, or a
17 proposed Mitigation Plan.
- 18 **1.1.14** Periodic Data Submittals: Modeling, studies, analyses, documents, procedures,
19 methodologies, operating data, process information or other information to demonstrate
20 compliance with Reliability Standards and provided by Registered Entities to NPCC on a
21 time frame required by a Reliability Standard or an ad hoc basis.
- 22 **1.1.15** Québec's NPCC Implementation Plan: An annual plan, submitted with prior
23 review from NERC by April 1st of each year to the Régie for approval that identifies (1)
24 all Reliability Standards identified by the Régie to be actively monitored during the year,
25 (2) the methods to be used by the NPCC for reporting, monitoring, evaluation, and
26 assessment of performance criteria with each Reliability Standard, and (3) the NPCC's
27 Annual Audit Plan regarding Registered Entities.
- 28 **1.1.16** Registered Entity: An entity referred to in Section 85.3 of the Act, or the entities
29 registered as their designees for the purpose of compliance, identified in the register
30 approved by the Régie pursuant to Section 85.13 of the Act.
- 31 **1.1.17** Reliability Coordinator (*Coordonnateur de la fiabilité*): The Direction – *Contrôle*
32 *des mouvements d'énergie* (System Control unit) of the Transmission Provider in Québec,
33 TransÉnergie, as designated by the Régie in its Decision D-2007-95 issued on August 14,
34 2007.
- 35 **1.1.18** Reliability Standards: Set of requirements adopted by the Régie under Section
36 85.7 of the Act to provide for the reliable operation of the electric power transmission
37 system in Québec.
- 38 **1.1.19** Remedial Action: An action (other than a penalty or sanction) identified by
39 NPCC that (1) is to bring a Registered Entity into compliance with a Reliability Standard
40 or to avoid a Reliability Standard violation, and (2) is immediately necessary to protect
41 the reliability of the electric power transmission system from an imminent threat.
- 42 **1.1.20** Required Date: The date given a Registered Entity in a notice from NPCC by
43 which some action by the Registered Entity is required. Such date shall provide the
44 Registered Entity a reasonable period of time in which to take the required action, given
45 the circumstances and the action required.
- 46 **1.1.21** Sanction Guide: A guide describing criteria to be taken into account in
47 determining the sanction for non-compliance with a Reliability Standard in Québec.

1 **1.1.22 Self-Certification:** Attestation by a Registered Entity of compliance or non-
2 compliance with Reliability Standards for which Self-Certification is required by NPCC
3 and that are included for monitoring in Québec's NPCC Implementation Plan.

4 **1.1.23 Self-Reporting:** A report by a Registered Entity of a violation of a Reliability
5 Standard, based on its own assessment, in order to provide prompt reports of any
6 Reliability Standard violation and the actions taken or that are being taken to resolve the
7 violation.

8 **1.1.24 Spot Checks:** A process in which NPCC requests a Registered Entity to provide
9 information to support the Registered Entity's Self-Certification, Self-Reporting, or
10 Periodic Data Submittal and to assess whether the Registered Entity complies with
11 Reliability Standards. A Spot Check may also be random or initiated in response to
12 events, as described in the Reliability Standards, or by operating problems or system
13 events. A Spot Check may require an on-site review to complete.

14

15 **2.0 IDENTIFICATION OF ORGANIZATIONS RESPONSIBLE FOR**

16 **COMPLYING WITH RELIABILITY STANDARDS**

17 NPCC shall receive from the Régie a listing of Registered Entities in Québec. Each
18 Registered Entity will inform the Reliability Coordinator, which will inform the Régie
19 promptly of changes to its Registration information. The Régie will inform NPCC of
20 such changes. NPCC shall inform each Registered Entity of the Reliability Standards that
21 are applicable to the Registered Entity, as determined by the Régie when it adopts the
22 Reliability Standards. NPCC shall maintain on its Web site a current listing of Reliability
23 Standards that are applicable to each Registered Entity.

24 NPCC will designate a contact person(s) and require each Registered Entity to designate a
25 contact person(s) responsible for sending and receiving all necessary information and
26 communications concerning compliance matters. NPCC will designate where and how
27 Registered Entities are to send information, data, Mitigation Plans, or any other
28 compliance-related correspondence.

29 NPCC shall develop, maintain, and provide to NERC the NPCC Compliance Registry
30 with updates whenever changes occur to the registry. NERC shall maintain the NERC
31 Compliance Registry on its Web site.

32

33 **3.0 COMPLIANCE MONITORING AND ENFORCEMENT PROCESSES**

34 NPCC shall monitor and assess Quebec Registered Entities' compliance with Reliability
35 Standards and make compliance enforcement recommendations, including recommended
36 financial penalties, to the Régie. NPCC will use the following monitoring processes to
37 collect compliance information: (1) Compliance Audits, (2) Self-Certifications, (3) Spot
38 Checks, (4) Compliance Violation Investigations, (5) Self-Reporting, (6) Periodic Data
39 Submittals, (7) Exception Reporting, and (8) Complaints. These processes are described
40 in Sections 3.1 through 3.8 below.

41 Enforcement recommendations made by NPCC to the Régie may include the imposition
42 of Remedial Actions, sanctions, and penalties, where applicable, which shall be based on
43 the Sanction Guide. The Régie is responsible for determining and enforcing any penalty,
44 sanction or Remedial Action pursuant to Section 85.10 of the Act. The imposition and
45 acceptance of sanctions and penalties shall not be considered an acceptable alternative to
46 any Registered Entity's continuing obligation to comply with the Reliability Standards.

1 Registered Entities found in violation of a Reliability Standard will be required to
2 mitigate the violation regardless of any enforcement actions taken.

3 Prior to any recommendation to the Régie or hearing before NPCC or NERC, NPCC may
4 request a fact and circumstances review of an Alleged Violation.

5 NPCC requires timely data from Registered Entities to effectively monitor compliance
6 with Reliability Standards. If data, information or other reports to determine compliance
7 requested from a Registered Entity are not received by the Required Date, NPCC may
8 execute the steps described in **Attachment 1, Process for Non-submittal of Requested**
9 **Data**. The Régie will make the final decision regarding any objection by a Registered
10 Entity to provide any NERC or NPCC requested specific information.

11 Registered Entities, NERC and NPCC engaged in the process described in this section
12 should consult with each other on the data and information that would be appropriate for
13 effectively addressing this section's process requirements. If a party believes that a
14 request for data or information is unreasonable, the party may request a written
15 determination from the NERC compliance officer. A copy of this determination will be
16 sent to the Régie.

17 **3.1 Compliance Audits**

18 All Registered Entities are subject to either an on-site or off-site Compliance Audit, as per
19 an established schedule. Compliance Audits shall be conducted in accordance with
20 applicable established NERC Rules of Procedure for Québec. To assist the audited entity
21 a set of NERC-developed Reliability Standard Audit Worksheets or RSAWS are
22 distributed as part of the pre-audit package. The RSAWS describe the information that
23 the audit team would expect to be presented to them by the audited entity to demonstrate
24 compliance to a specific requirement. Upon request by the Régie, NERC will modify its
25 RSAWS.

26 **3.1.1 Compliance Audit Process Steps**

27 The process steps for a Compliance Audit are as follows:¹

- 28 • NPCC distributes the Annual Audit Plan (developed in coordination with NERC) to
29 the Régie, Compliance Audit Participants, and NERC. NPCC provides additional
30 information to the Compliance Audit Participants, including audit materials,
31 coordinating agendas and changes to the audit schedule as required. Prior to the audit,
32 NPCC informs the Registered Entity of the Reliability Standards to be evaluated.
33 NERC or the NPCC provides the audit schedules to the Régie for approval.
34
- 35 • At least two (2) months prior to commencement of a regularly scheduled audit, NPCC
36 notifies the Registered Entity of the audit, identifies the audit team members and their
37 recent employment history, and requests data, including a completed NERC pre-audit
38 questionnaire. If the audit team members change from the time of the original
39 notification, NPCC will promptly notify the Registered Entity of the change and will
40 allow time for the Registered Entity to object to the member (see 3.1.5).
- 41 • The Registered Entity provides to NPCC the required information in the format
42 specified in the request.
- 43 • The audit team reviews the submitted information for compliance with the
44 requirements of the Reliability Standards prior to performing the audit. The audit

¹This process normally completes within sixty (60) days of the completion of the Compliance Audit.

1 team conducts an exit briefing with the Registered Entity, provides for a review of the
2 audit report with the Registered Entity before it is finalized, and issues an audit report,
3 including an assessment of compliance with the Reliability Standards to NPCC.

- 4 • NPCC reviews the report developed by the audit team and completes an assessment of
5 any Alleged Violations with the Reliability Standards identified in the report.
- 6 • NPCC provides the final audit report to the Registered Entity, the Régie and NERC.
- 7 • If NPCC concludes that a reasonable basis exists for believing a violation has
8 occurred, it shall send the Registered Entity a notice containing the information set
9 forth in Section 5.1 and the process moves to the next step (Notice of Alleged
10 Violation).
- 11 • NPCC will notify the Régie and NERC of any Alleged Violations as required by
12 Section 8.0. At the same time, the Reliability Coordinator is notified of all level 3 and
13 4 Alleged Violations.

14 **3.1.2 NPCC Annual Audit Plan and Schedule**

15 NPCC shall develop an Annual Audit Plan and include it in the Québec's NPCC
16 Implementation Plan submitted to NERC for review. NPCC provides the Annual Audit
17 Plans to the Régie for approval.

18 Prior to January 1st of the year covered by the Annual Audit Plan, NPCC shall notify
19 Registered Entities subject to Compliance Audits during the upcoming year, of the audit
20 schedules, methods, and data requirements for the audit. NPCC will give due
21 consideration to any schedule changes requested by Registered Entities to avoid
22 unnecessary burdens.

23 Revisions and additions to a NPCC Annual Audit Plan shall be reviewed by NERC and
24 approved by the Régie and the Registered Entity shall be notified in a timely manner
25 (normally 60 days in advance) of changes or revisions to scheduled audit dates.

26 **3.1.3 Frequency of Compliance Audits**

27 NPCC will perform comprehensive Compliance Audits. Additionally, an unscheduled
28 Compliance Audit of any Registered Entity may be initiated by NPCC, with prior notice
29 to the Régie, if reasonably determined to be necessary to ensure the Registered Entities'
30 compliance with Reliability Standards.

31 **3.1.4 Scope of Compliance Audits**

32 A Compliance Audit will include all Reliability Standards applicable to the Registered
33 Entity monitored in the Québec's NPCC Implementation Plans in the current and three
34 previous years, and may include other Reliability Standards applicable to the Registered
35 Entity. If a Reliability Standard does not require retention of data for the full period of
36 the audit, the audit will be applicable to the data retention period specified in the
37 Reliability Standard.

38 **3.1.5 Conduct of Compliance Audits**

39 The audit team shall be comprised of staff personnel from NPCC and may include
40 contractors and industry volunteers as determined by NPCC to be appropriate to comprise
41 a sufficient audit team. The audit team leader shall be a staff member from NPCC and is
42 responsible for the conduct of the audit and preparation of the audit report. At their
43 discretion, NERC compliance staff may participate on the audit team either as an observer

1 or as an audit team member as determined by NPCC. Additionally, the Régie may
2 participate on the audit team for any audit of a Registered Entity.

3 Each audit team member must:

- 4 • Be free of conflicts of interests. For example, employees or contractors of the
5 Registered Entity being audited shall not be allowed to participate as auditors in the
6 Compliance Audit of the Registered Entity.
- 7 • Comply with the NERC Antitrust Compliance Guidelines and shall have either signed
8 appropriate confidentiality agreements or acknowledgments that the confidentiality
9 agreement signed by NPCC is applicable. Upon request by the Régie, NERC will
10 modify its Antitrust Compliance Guidelines.
- 11 • Successfully complete all NERC or NERC-approved auditor training applicable to the
12 Compliance Audit to be conducted by NPCC.

13 Prior to the audit, copies of executed confidentiality agreements or acknowledgements
14 will be provided to the Registered Entity.

15
16 A Registered Entity subject to an audit may object to any member of the audit team on
17 grounds of a conflict of interest or the existence of other circumstances that could
18 interfere with the team member's impartial performance of his or her duties. Such
19 objections must be provided in writing to NPCC no later than fifteen (15) days prior to the
20 start of on-site audit work. NPCC will make a final determination on whether the
21 member will participate in the audit of the Registered Entity. Nothing in this paragraph
22 shall be read to limit the participation of NERC or the Régie staff in the audit.

23 24 **3.1.6 Compliance Audit Reports**

25 The audit team shall develop a draft audit report that shall include a description of the
26 objective, scope, and methodology of the audit; identify any Alleged Violations of
27 Reliability Standards; identify any Mitigation Plan or Remedial Action orders, which
28 have been completed or pending in the year of the audit; identify the nature of any
29 confidential information redacted. A separate document may be prepared that contains
30 recommendations of the audit team. Any recommendations contained in that document
31 will be considered non-binding. The draft report will be provided to the Registered Entity
32 for comment.

33 The audit team will consider corrections based on comments of the Registered Entity and
34 provide the final audit report to NPCC who will review the report and assess compliance
35 with the Reliability Standards and provide the Registered Entity with a copy of the final
36 report. NPCC will provide the final report to NERC, which will in turn provide the report
37 to the Régie. The Registered Entity shall receive the final audit report at least five (5)
38 business days prior to the release of the report to the public by NPCC. Work papers and
39 other documentation associated with the audit shall be maintained by NPCC.

40 In the event the audit report identifies Alleged Violations, the final audit report, or
41 pertinent part thereof, shall not be released to the public until after such Alleged
42 Violations have been addressed and finally determined by the Régie pursuant to the
43 provisions of Section 5.0.

44 Information deemed by NPCC or the Registered Entity as critical energy infrastructure
45 information or confidential information shall be redacted from any public reports.

46 **3.2 Self-Certification**

1 NPCC may require Registered Entities to self-certify their compliance with Reliability
2 Standards.

3 If a Self-Certification accurately identifies a violation of a Reliability Standard, an
4 identification of the same violation in a subsequent Compliance Audit or Spot Check, will
5 not subject the Registered Entity to an escalated penalty as a result of the Compliance
6 Audit process unless the severity of the violation is found to be greater than reported by
7 the Registered Entity in the Self-Certification.

8 **3.2.1 Self-Certification Process Steps**

9 The process steps for the Self-Certification process are as follows:²

- 10 • NPCC posts and updates the reporting schedule and informs Registered Entities.
11 NPCC ensures that the appropriate Reliability Standards, compliance procedures, and
12 required submittal forms for the Reliability Standards being evaluated are maintained
13 and available electronically.
- 14 • NPCC requests the Registered Entity to make a Self-Certification within the advance
15 notice period specified by the Reliability Standard. If the Reliability Standard does
16 not specify the advance notice period, this request will be issued in a timely manner
17 (normally thirty (30) days advance notice).
- 18 • The Registered Entity provides the required information to NPCC.
- 19 • NPCC reviews information to determine compliance with the Reliability Standards
20 and may request additional data and/or information if necessary.
- 21 • NPCC completes the assessment of the Registered Entity for compliance with the
22 Reliability Standard (and with the Registered Entity's Mitigation Plan, if applicable).
23 If NPCC concludes that a reasonable basis exists for believing a violation has
24 occurred, it shall send the Registered Entity a notice containing the information set
25 forth in Section 5.1 and the process moves to the next step (Notice of Alleged
26 Violation).
- 27 • NPCC will notify the Régie and NERC of any Alleged Violations as required by
28 Section 8.0. At the same time, the Reliability Coordinator is notified of all level 3 and
29 4 Alleged Violations.

30 **3.3 Spot Checks**

31 Spot Checks will be conducted by NPCC. Spot Checks may be initiated by NPCC at any
32 time to verify or confirm Self-Certifications, Self-Reporting, and Periodic Data
33 Submittals. Spot Checks may also be random or may be initiated in response to events, as
34 described in the Reliability Standards, or by operating problems, or system events. NPCC
35 then reviews the information submitted to verify the Registered Entity's compliance with
36 the Reliability Standard. Compliance auditors may be assigned by NPCC as necessary.

37 **3.3.1 Spot Checks Process Steps**

38 The process steps for Spot Checks are as follows:³

- 39 • NPCC notifies the Registered Entity that Spot Checks will be performed and the
40 reason for the Spot Check within the advance notice period specified by the Reliability

²If no non-compliances are found, this process normally completes within sixty (60) days of NPCC's receipt of data.

³If no Alleged Violations are found, this process normally completes within ninety (90) days of NPCC's receipt of data.

- 1 Standard. If the Reliability Standard does not specify the advance notice period, any
2 information submittal request made by NPCC will allow at least twenty (20) days for
3 the information to be submitted or available for review.
- 4 • The Spot Check may require submission of data, documentation, or possibly an on-site
5 review.
 - 6 • The Registered Entity provides required information to NPCC in the format specified
7 in the request.
 - 8 • NPCC reviews information to determine compliance with the Reliability Standards
9 and may request the additional data and/or information if necessary for a complete
10 assessment of compliance.
 - 11 • NPCC completes and documents the assessment of the Registered Entity for
12 compliance with the Reliability Standard and provides a report to the Registered
13 Entity indicating the results of the Spot Check.
 - 14 • If NPCC concludes that a reasonable basis exists for believing a violation has
15 occurred, it shall send the Registered Entity a notice containing the information set
16 forth in Section 5.1 and the process moves to the next step (Notice of Alleged
17 Violation).
 - 18 • NPCC will notify the Régie and NERC of any Alleged Violations as required by
19 Section 8.0. At the same time, the Reliability Coordinator is notified of all level 3 and
20 4 Alleged Violations.

21 **3.4 Investigations of Reliability Standard Violations**

22 A Compliance Violation Investigation may be initiated at any time by NPCC in response
23 to a system disturbance, Complaint, or possible violation of a Reliability Standard
24 identified by any other means. Compliance Violation Investigations will generally be led
25 by the NPCC staff. For good cause, the Régie, or NERC, with the agreement of the
26 Régie, reserves the right to assume the leadership of a Compliance Violation
27 Investigation. Compliance Violation Investigations are confidential. Confirmed
28 Violations resulting from a Compliance Violation Investigation will be made public.

29 **3.4.1 Compliance Violation Investigation Process Steps**

30 The process steps for a Compliance Violation Investigation are as follows:⁴

- 31 • NPCC is notified or becomes aware of circumstances indicating a possible violation of
32 a Reliability Standard and determines whether a Compliance Violation Investigation is
33 warranted. NPCC notifies the Régie and then the Registered Entity, NERC and the
34 complainant within two (2) business days of the decision to initiate a Compliance
35 Violation Investigation and the reasons for the investigation.
- 36 • NPCC requests data or documentation and provides a list of individuals on the
37 investigation team and their recent employment history. The Registered Entity may
38 object to any individual on the investigation team in accordance with Section 3.1.5. If
39 the Reliability Standard does not specify the advance notice period, a request is
40 normally issued with no less than twenty (20) days advance notice.
- 41 • Within ten (10) business days of receiving the notification of a Compliance Violation
42 Investigation, a Registered Entity subject to an investigation may object to any

⁴If no Alleged Violation(s) are found, this process normally completes within sixty (60) days following the decision to initiate a Compliance Violation Investigation.

- 1 member of the investigation team on grounds of a conflict of interest or the existence
2 of other circumstances that could interfere with the team member's impartial
3 performance of his or her duties. Such objections must be provided in writing to
4 NPCC prior to the start of on-site audit work. NPCC will make a final determination
5 as to whether the individual will participate in the investigation of the Registered
6 Entity.
- 7 • If necessary, the Compliance Violation Investigation may include an on-site visit with
8 interviews of the appropriate personnel and review of data.
 - 9 • The Registered Entity provides the required information to NPCC in the format as
10 specified in the request.
 - 11 • NPCC reviews information to determine compliance with the Reliability Standards.
12 NPCC may request additional data and/or information if necessary for a complete
13 assessment or to demonstrate compliance.
 - 14 • NPCC completes the assessment of compliance with the Reliability Standard and/or
15 proposal for the applicable Mitigation Plan, writes and distributes the report, and
16 notifies the Registered Entity. The Mitigation Plan becomes effective once ordered by
17 the Régie pursuant to Section 85.12 of the Act.
 - 18 • If NPCC concludes that a reasonable basis exists for believing a violation has
19 occurred, it shall send the Registered Entity a notice containing the information set
20 forth in Section 5.1 and the process moves to the next step (Notice of Alleged
21 Violation).
 - 22 • NPCC will notify the Régie and NERC of any Alleged Violations as required by
23 Section 8.0. At the same time, the Reliability Coordinator is notified of all level 3 and
24 4 Alleged Violations.
 - 25 • If NPCC determines that no violation occurred, it shall send to the Régie and then to
26 the Registered Entity, NERC and the complainant a notice that the investigation has
27 been completed. In addition, NPCC will provide to the Régie a report on the actions
28 that NPCC has undertaken as part of its Compliance Violation Investigation, as well as
29 the facts leading to its conclusion.

30 **3.5 Self-Reporting**

31 Self-Reporting is encouraged at the time a Registered Entity becomes aware (i) of a
32 violation of a Reliability Standard, or (ii) a change in the violation severity level of a
33 previously reported violation. Self-Reporting of a violation of a Reliability Standard is
34 encouraged regardless of whether the Reliability Standard requires reporting on a pre-
35 defined schedule and the violation is determined outside the pre-defined reporting
36 schedule.

37 **3.5.1 Self-Reporting Process Steps**

38 The process steps for Self-Reporting are as follows:⁵

- 39 • NPCC posts the Self-Reporting submittal forms and ensures they are maintained and
40 available on its Web site.
- 41 • The Registered Entity provides the Self-Reporting information to NPCC whether or
42 not the submittal forms are available.

⁵This process normally completes within sixty (60) days following NPCC's receipt of data.

- 1 • NPCC reviews the information to determine compliance with the Reliability Standards
2 and may request the Registered Entity to provide clarification or additional data and/or
3 information.
- 4 • NPCC completes the assessment of the Registered Entity for compliance with the
5 Reliability Standards and any Mitigation Plan, if applicable, and notifies the
6 Registered Entity.
- 7 • If NPCC concludes that a reasonable basis exists for believing a violation has
8 occurred, it shall send the Registered Entity a notice containing the information set
9 forth in Section 5.1 and the process moves to the next step (Notice of Alleged
10 Violations).
- 11 • NPCC will notify the Régie and NERC of any Alleged Violations as required by
12 Section 8.0. At the same time, the Reliability Coordinator is notified of all level 3 and
13 4 Alleged Violations.

14 **3.6 Periodic Data Submittals**

15 NPCC requires Periodic Data Submittals in accordance with the schedule stated in the
16 applicable Reliability Standard, established by NPCC, or on an as-needed basis. Requests
17 for data submittals will be issued by NPCC to Registered Entities with at least the
18 minimum advance notice period specified by the applicable Reliability Standard. If the
19 Reliability Standard does not specify an advance notice period, the request will normally
20 be issued with no less than twenty (20) days advance notice.

21 **3.6.1 Periodic Data Submittals Process Steps**

22 The process steps for Periodic Data Submittal are as follows:⁶

- 23 • NPCC posts the current data reporting schedule on its Web site at the beginning of the
24 current year and keeps Registered Entities informed of changes and/or updates.
25 NPCC ensures that the appropriate Reliability Standard compliance procedures and
26 the required submittal forms for the Reliability Standards being evaluated are
27 maintained and available via its Web site.
- 28 • NPCC makes a request for a Periodic Data Submittal.
- 29 • The Registered Entity provides the required information to NPCC in the format as
30 specified in the request.
- 31 • NPCC reviews the data submittal to determine compliance with the Reliability
32 Standards and may request additional data and/or information for a complete
33 assessment or to demonstrate compliance.
- 34 • NPCC completes the assessment of the Registered Entity for compliance with the
35 Reliability Standard and notifies the Registered Entity.
- 36 • If NPCC concludes that a reasonable basis exists for believing a violation has
37 occurred, it shall send the Registered Entity a notice containing the information set
38 forth in Section 5.1 and the process moves to the next step (Notice of Alleged
39 Violation).

⁶If no violation(s) are found, this process generally completes within ten (10) business days of NPCC's receipt of data.

- 1 • NPCC notifies the Régie and NERC of any Alleged Violations as required by Section
2 8.0. At the same time, the Reliability Coordinator is notified of all level 3 and 4
3 Alleged Violations.

4 **3.7 Exception Reporting**

5 Some Reliability Standards require reporting of exceptions to compliance with the
6 Reliability Standard as a form of compliance monitoring. NPCC shall require Registered
7 Entities to provide reports identifying any exceptions to the extent required by any
8 Reliability Standard.

9 NPCC shall also require Registered Entities to confirm the number of exceptions that
10 have occurred in a given time period identified by NERC, even if the number of
11 exceptions is zero.

12 **3.8 Complaints**

13 The Régie, NERC or NPCC may receive Complaints alleging violations of a Reliability
14 Standard. NPCC will conduct a review of each Complaint it receives directly or from the
15 Régie or NERC to determine if the Complaint provides sufficient basis for a Compliance
16 Violation Investigation, except that NERC will review any Complaint (1) that is related to
17 NPCC, (2) where NPCC determines it cannot conduct the review, or (3) if the
18 complainant wishes to remain anonymous or specifically requests NERC to conduct the
19 review of the Complaint. In addition, the Régie may determine that it will review any
20 Complaint.

21 If the Complaint is submitted to the Régie, the Régie will forward the information to the
22 NPCC, as appropriate.

23 If the Complaint is submitted to NERC, NERC will forward the information to NPCC, as
24 appropriate.

25 All anonymous Complaints will be reviewed and any resulting Compliance Violation
26 Investigations conducted by NPCC will be conducted in accordance with Section 3.8.2 to
27 prevent disclosure of the identity of the complainant.

28 NPCC conducting the review will determine if the Complaint may be closed as a result of
29 the initial review and assessment of the Complaint to determine if it provides sufficient
30 basis for a Compliance Violation Investigation. NPCC will report the results of its review
31 of the Complaint to the Régie and NERC. If, as a result of the initial review of the
32 Complaint, NPCC determines that a Compliance Violation Investigation is warranted, a
33 Compliance Violation Investigation will be conducted in accordance with Section 3.4.

34 **3.8.1 Complaint Process Steps**

35 The detailed process steps for the Complaint process are as follows:⁷

- 36 • The complainant notifies the Régie, NERC or NPCC using the NERC compliance
37 hotline, submitting a NERC complaint reporting form, or by other means. A link to
38 the complaint reporting form will be posted on the Régie, NERC and NPCC sites.
39 The Complaint should include sufficient information to enable NERC or NPCC to
40 make an assessment of whether the initiation of a Compliance Violation Investigation
41 is warranted. NERC or NPCC may not act on a Complaint if the Complaint is
42 incomplete and does not include sufficient information.

⁷If no violations are found, this process normally completes within sixty (60) days following receipt of the Complaint.

- 1 • If NPCC determines that a Compliance Violation Investigation is warranted, it
2 initiates the Compliance Violation Investigation in accordance with Section 3.4;
3 otherwise it takes no further action. NPCC notifies the complainant, the Registered
4 Entity, NERC and the Régie of the Compliance Violation Investigation. If NPCC
5 determines that a Compliance Violation Investigation is not warranted, it will notify
6 the complainant, NERC, and the Registered Entity that no further action will be taken.
- 7 • NPCC fully documents the Complaint and the Complaint review, whether a
8 Compliance Violation Investigation is initiated or not.

9 **3.8.2 Anonymous Complainant Notification Procedure**

10 An anonymous complainant who believes, or has information indicating, there has been a
11 violation of a Reliability Standard, can report the Alleged Violation and request that the
12 complainant's identity not be disclosed.⁸ All Complaints lodged by a person or entity
13 requesting that the complainant's identity not be disclosed shall be investigated by NERC
14 following the procedural steps described in Section 3.8.1. Anonymous Complaints
15 received by NPCC will either be directed to NERC or NPCC will collect and forward the
16 information to NERC, at the NPCC's discretion. The Régie may decide to investigate any
17 Complaint. Neither NERC nor the NPCC shall disclose the identity of any person or
18 entity reporting Alleged Violations to NERC or to a NPCC that requests that his/her/its
19 identity not be revealed. The identity of the complainant will only be known by NERC
20 and the Régie and in the case where a NPCC collects the information, by NERC, NPCC
21 and the Régie. If NPCC determines that a Compliance Violation Investigation is not
22 warranted, it will notify the complainant, NERC, and the Registered Entity that no further
23 action will be taken.

24 **3.9 Meeting or Hearing Location**

25 A Registered Entity may request that meetings or hearings be held in the Province of
26 Québec.

27

28 **4.0 ANNUAL IMPLEMENTATION PLANS**

29 **4.1 NERC's Québec Compliance Monitoring and Enforcement Program** 30 **Implementation Plan**

31 NERC will maintain and update the NERC Implementation Plan, to be carried out by
32 NPCC in the performance of their responsibilities and duties in implementing the NERC
33 Compliance Monitoring and Enforcement Program. The NERC Implementation Plan will
34 be provided to NPCC by April 1st of each year and will specify the Reliability Standards
35 requiring reporting by Registered Entities to NPCC to provide verification of compliance
36 through one of the monitoring methods described in this Compliance Plan document. The
37 NERC Implementation Plan will be posted on the NERC Web site.

38

39 **4.2 Québec's NPCC Implementation Plan**

40 By April 1st of each year, NPCC will submit Québec's NPCC Implementation Plan for the
41 following calendar year to the Régie for approval. The NPCC Implementation Plan and
42 NPCC's other relevant compliance documents shall be posted on the NPCC Web site.

43

44

⁸NERC has established a compliance hotline that may be used for the submission of Complaints by persons or entities that do not want his/her/its identity disclosed (see www.nerc.com for additional information).

1 **5.0 ENFORCEMENT ACTIONS**

2 NPCC shall determine (i) whether there have been violations of Reliability Standards by
3 Registered Entities within Québec, and (ii) if so, the appropriate Remedial Actions, and
4 penalties and sanctions, as prescribed in the Sanction Guide. NPCC will then give its
5 recommendation to the Régie for enforcement. NPCC and NERC will work to achieve
6 consistency in the application of the Sanction Guide by NPCC. NERC will review
7 sanctions in light of the Sanction Guide prior to NPCC forwarding its recommendations
8 to the Régie. NPCC shall provide to NERC such information as is requested by NERC
9 concerning any penalty, sanction, or Remedial Actions recommended to the Régie by
10 NPCC.

11 Parties engaged in the process described in this section should consult with each other on
12 the data and information that would be appropriate for effectively addressing this
13 section's process requirements. If a party believes that a request for data or information is
14 unreasonable, the party may request a written determination from the NERC compliance
15 officer. A copy of this determination will be sent to the Régie.

16
17 **5.1 Notification to Registered Entity of Alleged Violation**

18 If NPCC alleges that a Registered Entity has violated a Reliability Standard, NPCC shall
19 provide written notice of the Alleged Violation and the recommended sanction to the
20 Régie. The Régie will review the notice and the recommendation and if it accepts that
21 both be sent to the Registered Entity, it will authorize NPCC to then notify the Registered
22 Entity (CEO or equivalent and compliance contact) and NERC of the Alleged Violation.
23 If the Régie does not accept the finding and recommendation it may remand it back to
24 NPCC for further clarification. NPCC may also provide a written notice, to the Régie, of
25 an Alleged Violation, without specifying the proposed penalty or sanction, to the
26 Registered Entity. In the event that the Alleged Violation is of level 3 or 4, NPCC will
27 also notify the Reliability Coordinator. The notice of Alleged Violation and sanction shall
28 contain, at a minimum:

29 (i) the Reliability Standard and requirement(s) thereof the Registered Entity has
30 allegedly violated,

31 (ii) the date and time the Alleged Violation occurred (or is occurring),

32 (iii) the facts NPCC believes demonstrate or constitute the Alleged Violation,

33 (iv) the proposed penalty or sanction, if any, determined by NPCC to be applicable to
34 the Alleged Violation in accordance with the Sanction Guide, including an explanation of
35 the basis on which the particular penalty or sanction was determined to be applicable,

36 (v) notice that the Registered Entity shall, within thirty (30) days, elect one of the
37 following options or NPCC will deem the Registered Entity to have accepted the
38 determination of violation and proposed penalty or sanction:

39 1. agree with the Alleged Violation and proposed penalty or sanction, and agree to
40 submit and implement a Mitigation Plan to correct the violation and its underlying
41 causes, and may provide a response in accordance with Section 5.2, or

42 2. agree with the Alleged Violation and agree to submit and implement a Mitigation
43 Plan to eliminate the violation and its underlying causes, but contest the proposed
44 penalty or sanction, and may provide a response in accordance with Section 5.2, or

45 3. contest both the Alleged Violation and proposed penalty or sanction, and

46 (vi) required procedures to submit the Registered Entity's Mitigation Plan.

1 NPCC shall forward a copy of the notice of Alleged Violation that NPCC has sent to the
2 Registered Entity to the Régie and to NERC within two (2) business days.

3 **5.2 Registered Entity Response**

4 If the Registered Entity does not contest or does not respond to the notice of violation
5 within thirty (30) days, it shall be deemed to have accepted NPCC's determination of
6 violation and sanction (if applicable), in which case NPCC shall issue to the Régie and
7 then to the Registered Entity and NERC a final report of Confirmed Violation. A
8 Registered Entity may provide a written explanatory statement to accompany the final
9 report.

10 If the Registered Entity contests the Alleged Violation or the proposed sanction, the
11 Registered Entity shall submit to NPCC a response explaining its position, signed by an
12 officer or equivalent, together with any supporting information and documents. NPCC
13 shall schedule a conference with the Registered Entity within ten (10) business days after
14 receipt of the response. If NPCC and the Registered Entity are unable to resolve all issues
15 within forty (40) days after the Registered Entity's response, the Registered Entity may
16 request a hearing before NPCC. Such hearings shall take place in the Province of Québec
17 at the request of the Registered Entity. If no hearing request is made the violation will
18 become a Confirmed Violation and the Régie and NERC will be notified.

19 If a hearing is requested, NPCC shall initiate the hearing process by convening the NPCC
20 Hearing Body and issuing a written notice of hearing to the Registered Entity and the
21 Hearing Body and identifying NPCC's designated hearing representative.⁹

22 **5.3 NPCC Hearing Process for Compliance Hearings**

23 NPCC shall establish and maintain a Hearing Body with authority to render decisions in
24 compliance hearings in which a Registered Entity may contest a finding of Alleged
25 Violation, proposed penalty or sanction or Remedial Action, or a proposed Mitigation
26 Plan, before a recommendation is made to the Régie. The NPCC Compliance Committee
27 (CC) shall serve in the role as the NPCC Hearing Body. When the NPCC CC is acting as
28 a NPCC Hearing Body, the Chairman will recuse himself and the NPCC Hearing Body
29 will be lead by the stakeholder elected Vice-Chair, as long as he/she does not represent
30 the Registered Entity involved in the hearing. The Chairman of the CC will not be part of
31 the NPCC Hearing Body.

32 NPCC compliance hearings will be conducted by a qualified, independent consultant
33 hearing officer, who will present the results of the hearing to the NPCC Hearing Body for
34 their final determination. The NPCC Hearing Body will not be present at the actual
35 hearing but will have access to the complete record of that hearing before it makes its
36 final decision.

37 The NPCC hearing will be conducted in accordance with the *NERC Hearing Procedures*.
38 Upon request by the Régie, NERC will adjust its hearing procedures.

39 **5.4 Settlement Process**

40 NPCC shall attempt to negotiate a settlement after the issuance of a notice of Alleged
41 Violation and sanction until a final recommendation is filed with the Régie. All
42 settlement negotiations will be confidential until such time as the settlement is reviewed
43 and determined satisfactory by NERC. For all settlement discussions, NPCC shall require
44 the Registered Entity to designate an individual(s) authorized to negotiate on its behalf.

⁹If the dispute involves a proposed Mitigation Plan, which has not been accepted by NPCC, the Registered Entity may file a request for hearing with NPCC.

1 All settlement agreements must conform to NERC requirements and, if satisfactory, must
2 provide for waiver of the Registered Entity's right to further hearings and appeal. Upon
3 request by the Régie, NERC will adjust its requirements.

4 The NPCC shall report the terms of all settlements of compliance matters to the Régie and
5 NERC. NERC will review the settlement for the purpose of evaluating its consistency
6 with other settlements entered into for similar violations or under other similar
7 circumstances. Based on this review, NERC will either determine satisfactory or non-
8 satisfactory the settlement and notify the NPCC and the Registered Entity of changes to
9 the settlement that result from the review. If NERC rejects the settlement, the NPCC will
10 attempt to negotiate a revised settlement agreement with the Registered Entity including
11 any changes to the settlement specified by NERC. If a settlement cannot be reached, the
12 NPCC compliance hearing process shall continue to conclusion.

13 NPCC will issue a letter to NERC setting forth the final settlement terms including all
14 penalties, sanctions and mitigation requirements provided for in the final settlement that
15 will be filed with the Régie for approval and an order of execution of the sanction and
16 Mitigation Plan.

17 **5.5 NERC Appeal Process**

18 The Registered Entity may appeal the NPCC Hearing Body's decision to NERC¹⁰. Upon
19 request by the Régie, NERC will adjust its appeal process.

20 **5.6 Sanction and Mitigation Plan**

21 In the event that a decision has been made by the Régie determining that a violation has
22 taken place, the Régie shall impose a sanction upon the Registered Entity, order the
23 implementation of its Mitigation Plan, if applicable, and notify NERC and NPCC of such
24 action. The Régie will include with the sanction any statement provided by the
25 Registered Entity as set forth in Section 8.0.

28 **6.0 MITIGATION OF VIOLATIONS OF RELIABILITY STANDARDS**

29 Parties engaged in the process described in this section should consult with each other on
30 the data and information that would be appropriate for effectively addressing this
31 section's process requirements. If a party believes that a request for data or information is
32 unreasonable, the party may request a written determination from the NERC compliance
33 officer. A copy of this determination will be sent to the Régie.

34 **6.1 Requirement for Submission of Mitigation Plans**

35 A Registered Entity found to be in violation of a Reliability Standard shall file with
36 NPCC (i) a proposed Mitigation Plan to correct the violation, or (ii) a description of how
37 the violation has been mitigated, and any requests for extensions of Mitigation Plans or a
38 report of completed mitigation. NPCC shall file with the Régie the Mitigation Plan it
39 recommends to correct the violation.

40 **6.2 Contents of Mitigation Plans**

41 A Mitigation Plan shall include the following information:

- 42 • The Registered Entity's point of contact for the Mitigation Plan, who shall be a person
43 (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding

¹⁰This process generally completes within ninety (90) days of NERC's receipt of request for appeal.

- 1 the Mitigation Plan, and (iii) authorized and competent to respond to questions
2 regarding the status of the Mitigation Plan. This person may be the Registered
3 Entity's point of contact described in Section 2.0.
- 4 • The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan
5 will correct.
 - 6 • The cause of the Alleged or Confirmed Violation(s).
 - 7 • The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).
 - 8 • The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed
9 Violation(s).
 - 10 • The anticipated impact of the Mitigation Plan on the electric power transmission
11 system reliability and an action plan to mitigate any increased risk to the reliability of
12 the electric power transmission system while the Mitigation Plan is being
13 implemented.
 - 14 • A timetable for completion of the Mitigation Plan including the completion date by
15 which the Mitigation Plan will be fully implemented and the Alleged or Confirmed
16 Violation(s) corrected.
 - 17 • Implementation milestones no more than three (3) months apart for Mitigation Plans
18 with expected completion dates more than three (3) months from the date of
19 submission. Additional violations could be determined for not completing work
20 associated with accepted milestones.
 - 21 • Any other information deemed necessary or appropriate.

22 The Mitigation Plan shall be signed by an officer or equivalent of the Registered Entity,
23 which if applicable, shall be the officer that signed the Self-Certification or Self-
24 Reporting submittals.

25 **6.3 Timetable for Completion of Mitigation Plans**

26 The Mitigation Plan shall be completed in time to have a reasonable potential to correct
27 all of the violation(s) prior to the next applicable compliance reporting/assessment period
28 after occurrence of the violation for which the Mitigation Plan is submitted. In all cases
29 the Mitigation Plan should be completed without delay as specified by the Régie in its
30 order. NPCC will expect full compliance with the Reliability Standard to which the
31 Mitigation Plan is applicable at the next report or assessment of the Registered Entity. At
32 the Régie's discretion, upon recommendation from NPCC, the completion deadline may
33 be extended for good cause including: (i) short assessment periods (i.e., event driven or
34 monthly assessments), and (ii) construction requirements in the Mitigation Plan that
35 extend beyond the next assessment period or other extenuating circumstances. If the
36 Mitigation Plan extends beyond the next applicable reporting/assessment period,
37 sanctions for any violation occurring during the implementation period will be held in
38 abeyance and will be waived if the Mitigation Plan is satisfactorily completed.

39 Any violations assessed during the period of time the Mitigation Plan is being
40 implemented will be recorded by NPCC with associated sanctions or penalties. NPCC
41 will report any findings of violations recorded during this time period to the Régie and
42 NERC with the notation that the Registered Entity is working under a Mitigation Plan
43 with an extended completion date with penalties and sanctions held in abeyance until
44 completion of the Mitigation Plan. Upon completion of the Mitigation Plan in accordance
45 with Section 6.6, NPCC will notify the Registered Entity that any findings of violations of
46 the applicable Reliability Standard during the period that the Mitigation Plan was being

1 implemented have been waived and no penalties or sanctions will apply. NPCC will also
2 notify the Régie and NERC of any such waivers of violations of Reliability Standards.

3 A request for an extension of any milestone or the completion date of the accepted
4 Mitigation Plan by a Registered Entity must be received by NPCC at least five (5)
5 business days before the original milestone or completion date. Upon NPCC's
6 recommendation, the Régie may accept a request for an extension or modification of a
7 Mitigation Plan if NPCC determines the request is justified, and NPCC shall notify NERC
8 of the extension or modification within five (5) business days.

9 **6.4 Submission of Mitigation Plans**

10 A Mitigation Plan may be submitted at any time but shall have been submitted by the
11 Registered Entity within thirty (30) days after being served the notice of Alleged
12 Violation and penalty or sanction, if the Registered Entity does not contest the violation
13 and penalty or sanction. If the Registered Entity disputes the notice of Alleged Violation
14 or penalty or sanction, the Registered Entity shall submit its Mitigation Plan within ten
15 (10) business days following issuance of the written decision of the NPCC Hearing Body,
16 unless the Registered Entity elects to appeal the NPCC Hearing Body's determination to
17 NERC. The Registered Entity may choose to submit a Mitigation Plan while it contests
18 an Alleged Violation or penalty or sanction; such submission shall not be deemed an
19 admission of a violation or the appropriateness of a penalty or sanction. If the Registered
20 Entity has not yet submitted a Mitigation Plan, any subsequent violations of the
21 Reliability Standard identified by NPCC before it or NERC renders its decision will not
22 be held in abeyance and will be considered as repeat violations of the Reliability
23 Standard.

24 **6.5 Review and Acceptance or Rejection of Proposed Mitigation Plans**

25 Unless otherwise extended by the Régie, NPCC will complete its review of the Mitigation
26 Plan, and will issue a written statement accepting or rejecting the Mitigation Plan, within
27 thirty (30) days of receipt; otherwise the Mitigation Plan will be deemed accepted and
28 will be submitted to the Régie including the required date for implementation. If the
29 Régie does not approve a Mitigation Plan, the Registered Entity will be required to submit
30 a revised Mitigation Plan to NPCC by the Required Date. NPCC will notify the
31 Registered Entity within ten (10) business days after receipt of a revised Mitigation Plan
32 whether NPCC will accept or reject the revised Mitigation Plan and provide a written
33 statement describing the reasons for rejection and the Required Date for the second
34 revised Mitigation Plan. If the second review results in rejection of the Mitigation Plan,
35 the Registered Entity may request a NPCC hearing in accordance with the NPCC hearing
36 process, by submitting to NPCC a written request for hearing including an explanation of
37 why the Mitigation Plan should be accepted. After the NPCC hearing is completed,
38 NPCC will recommend to the Régie the Mitigation Plan it deems appropriate.

39 Following the Régie's determination or order, NPCC will notify NERC within five (5)
40 business days of the acceptance of a Mitigation Plan.

41 **6.6 Completion/Confirmation of Implementation of Mitigation Plans**

42 The Registered Entity shall provide updates at least quarterly to NPCC on the progress of
43 the Mitigation Plan. NPCC shall track all Mitigation Plans to completion and may
44 conduct on-site visits and review status during audits to monitor Mitigation Plan
45 implementation.

46 Upon completion of the Mitigation Plan, the Registered Entity shall provide to NPCC
47 certification, signed by the Registered Entity's officer or authorized representative
48 responsible for the plan, that all required actions described in the Mitigation Plan have
49 been completed and shall include data or information sufficient for NPCC to verify

1 completion. NPCC shall request such data or information and conduct follow-up
2 assessments, on-site or other Spot Checks, or Compliance Audits as it deems necessary to
3 verify that all required actions in the Mitigation Plan have been completed and the
4 Registered Entity is in compliance with the subject Reliability Standard.

5 In the event all required actions in the plan are not completed within the applicable
6 deadline including any extensions of the original deadline granted under Section 6.3, any
7 violation(s) of a Reliability Standard subject to the Mitigation Plan that occurred during
8 the originally scheduled time period for completion will be enforced immediately and a
9 new Mitigation Plan must be submitted for acceptance by NPCC and to the Régie for an
10 order of implementation. In addition, NPCC may conduct a Compliance Audit of a
11 Registered Entity or recommend a Remedial Action, to the Régie, which needs to be
12 ordered to the Registered Entity.

13 NPCC will provide to the Régie and NERC the quarterly status reports and such other
14 information as the Régie and NERC requests, and will notify the Régie and NERC when
15 each Mitigation Plan is verified to have been completed.

16 **6.7 Recordkeeping**

17 NPCC will maintain a record containing the following information for each Mitigation
18 Plan:

- 19 • Name of Registered Entity.
- 20 • Date of the violation.
- 21 • Monitoring method by which the violation was detected, i.e., Self-Certification, Self-
22 Reporting, audit, investigation, Complaint, etc.
- 23
- 24 • Date of notification of violation and sanction.
- 25 • Expected and actual completion date of the Mitigation Plan and major milestones.
- 26 • Expected and actual completion date for each required action.
- 27 • Accepted changes to milestones, completion dates, or scope of Mitigation Plan.
- 28 • Registered Entity's completion notice and data submitted as evidence of completion.

29

30 **7.0 REMEDIAL ACTION ORDERS**

31 NPCC may recommend a Remedial Action to the Régie who is responsible for issuing the
32 Remedial Action order, when such action is immediately necessary to protect the
33 reliability of the electric power transmission system from an imminent threat. A
34 Remedial Action may include, but is not limited to, any of the following: specifying
35 operating or planning criteria, limits, or limitations; requiring specific system studies;
36 defining operating practices or guidelines; requiring confirmation of data, practices, or
37 procedures through inspection testing or other methods; requiring specific training for
38 personnel; requiring development of specific operating plans; directing a Registered
39 Entity to develop and comply with a plan to remediate a violation; imposing increased
40 auditing or additional training requirements; requiring a Registered Entity to apply the
41 Reliability Coordinator's practices, procedures and guidelines related to Reliability
42 Standards; and requiring a Registered Entity to cease an activity that may constitute a
43 violation of a Reliability Standard.

1 A Remedial Action order may be issued to a Registered Entity at any time, including
2 during any procedures relating to an Alleged Violation of a Reliability Standard. NPCC,
3 in its recommendation to the Régie, will specify if a Remedial Action obviates the need
4 for a Mitigation Plan.

5 Prior to recommending a Remedial Action to the Régie, NPCC shall consult the
6 Reliability Coordinator and the Registered Entity, if applicable, to ensure that the
7 Remedial Action is not in conflict with directives issued by the Reliability Coordinator.

8 The Registered Entity may contest the recommended Remedial Action by giving written
9 notice to the Régie with a copy to NPCC within two (2) business days following
10 transmission of the recommendation and may request an expedited hearing with NPCC.
11 The NPCC hearing shall be conducted under an expedited hearing process, and its
12 recommendations are to be filed with the Régie with prior consultation of the Reliability
13 Coordinator, if applicable, for the issuance of an order.

14 The Régie will notify NPCC and NERC within two (2) business days after issuing a
15 Remedial Action order.

16 Any Remedial Action order shall include a deadline for compliance and will advise the
17 Registered Entity that failure to comply with the order within the required deadline may
18 result in further Remedial Action orders or significantly increased sanctions. NPCC shall
19 monitor implementation of Remedial Action orders as necessary to verify compliance.

20 The Registered Entity shall proceed with implementing the Remedial Action order even if
21 it is contesting the Remedial Action order.

22

23 **8.0 REPORTING AND DISCLOSURE**

24 NPCC shall prepare and submit to the Régie and NERC all required reports containing
25 current information concerning (1) Registered Entity compliance with Reliability
26 Standards, (2) all Alleged and Confirmed Violations of Reliability Standards by
27 Registered Entities, (3) the status of Alleged Violations, (4) sanctions and penalties, (5)
28 Remedial Actions imposed, and (6) approved Mitigation Plan(s) including dates for all
29 required actions and for completion.

30 NPCC shall report to the Régie and NERC, on a confidential basis, any Alleged
31 Violations of Reliability Standards regardless of significance, whether verified or still
32 under investigation, within five (5) business days, unless the violation has resulted in or
33 has the potential to result in, a reduced level of reliability to the electric power
34 transmission system, in which cases NPCC shall notify the Régie, the Reliability
35 Coordinator for level 3 and 4 violations and NERC within forty-eight (48) hours. Such
36 reports shall include information regarding the nature of the Alleged Violation and its
37 potential impact on the reliability of the electric power transmission system, the name of
38 the Registered Entity involved, the status and timetable of any compliance violation
39 assessment, and the name of a NPCC staff person knowledgeable about the violation or
40 Alleged Violation to serve as a point of contact.

41 NPCC shall report to the Régie and NERC at least quarterly the status of violations of
42 Reliability Standards, regardless of significance, that have not yet resulted in a final
43 determination of violation or have not completed the NPCC hearing process, or for which
44 mitigation activities (including activities being carried out pursuant to a settlement) have
45 not been completed. NPCC will ensure the information is current when these reports are
46 provided.

1 NPCC shall report to NERC all Confirmed Violations of Reliability Standards by
2 Registered Entities including all penalties, sanctions, Mitigation Plans and schedules, and
3 settlements within ten (10) business days of each determination by the Régie. At the
4 same time, NPCC will provide the report to the affected Registered Entity, accompanied
5 by a notice that the Registered Entity may provide a statement to the Régie and NERC to
6 accompany the report when posted by NERC. The Registered Entity's statement must be
7 on company letterhead and include the name, title, and signature of an officer of the
8 Registered Entity.

9 NERC will publicly post each report of a Confirmed Violation, together with any
10 statement submitted by the Registered Entity, no sooner than five (5) business days after
11 the report is provided by NPCC to the Régie and NERC and the Registered Entity.

12 NPCC will provide reports quarterly to the Régie and NERC on the status of all Alleged
13 and Confirmed Violations for which mitigation activities have not been completed.
14 NERC will publish public reports quarterly on its Web site of all Confirmed Violations of
15 Reliability Standards and of the Régie's determinations regarding violations during the
16 quarter just completed, with the identity of the violator.

17

18 **9.0 DATA RETENTION AND CONFIDENTIALITY**

19 **9.1 Records Management**

20 NPCC records management policy shall provide for a routine and orderly process for the
21 retention and disposal of electronic and paper records related to the QCMEP, ensure
22 verification of compliance with appropriate business, regulatory, and legal requirements
23 and at a minimum conform to the Reliability Standards data retention requirements of the
24 Reliability Standards. The policy shall allow for the maintenance of records as required
25 to implement the QCMEP.

26 **9.2 Retention Requirements**

27 NPCC records management policy will require that information and data generated or
28 received pursuant to QCMEP activities, including a NPCC hearing process, will be
29 retained for a minimum of five (5) years unless a different retention period is specified in
30 a Reliability Standard or by the Régie. If the information or data is material to the
31 resolution of a controversy, the retention period for such data shall not commence until
32 after the controversy is resolved.

33 Upon request from NERC, NPCC will provide to the Régie and NERC copies of such
34 information and data. The Régie and NERC will retain the information and data in order
35 to maintain a record of activity under the QCMEP. In providing the information and data
36 to the Régie and NERC, NPCC shall preserve any mark of confidentiality.

37 **9.3 Confidentiality and Critical Energy Infrastructure Information**

38 **9.3.1 Definitions**

39 Confidential information or data generated or received pursuant to QCMEP activities,
40 including the NPCC hearing process, shall be treated in a confidential manner. The terms
41 "confidential information," "confidential business and market information," "Critical
42 Energy Infrastructure Information," and "Critical Infrastructure" shall have the meanings
43 stated in Section 1501 of the NERC Rules of Procedure, unless otherwise specified by the
44 Régie.

45 **9.3.2 Protection of Confidential Information**

1 NPCC personnel (including any contractors, consultants and industry volunteers) and
2 committee members, and participants in QCMEP activities shall be informed of, and
3 agree to comply with, Section 1500 of the NERC Rules of Procedure concerning
4 Confidential Information and any Régie determination to this effect.

5 **9.3.3 Critical Energy Infrastructure Information**

6 NPCC will keep confidential all Critical Energy Infrastructure Information in accordance
7 with Section 1500 of the NERC Rules of Procedures and with any Régie determinations
8 to this effect. Information deemed to be Critical Energy Infrastructure Information shall
9 be redacted and shall not be released publicly.

10
11
12
13
14
15
16
17
18

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

ATTACHMENT 1

PROCESS FOR NON-SUBMITTAL OF REQUESTED DATA

If data, information, or other reports (including Mitigation Plans) requested from a Registered Entity are not received by the Required Date, NPCC may sequentially execute the following steps for each Reliability Standard for which NPCC has requested data, information, or other reports. NPCC however will afford the Registered Entity reasonable opportunity to resolve a difficulty submitting data due to time or format issues.

Step 1: NPCC will issue a follow-up notification to the Registered Entity’s designated contact.

Step 2: NPCC will issue a follow-up notification to the Registered Entity’s Vice President or equivalent responsible for compliance (with a copy to NERC and the Registered Entity’s designated contact).

Step 3: NPCC will issue a follow-up notification to the Registered Entity’s Chief Executive Officer or equivalent (with a copy to NERC, the Registered Entity’s Vice President or equivalent responsible for compliance and the Registered Entity’s designated contact).

A full Compliance Audit may be scheduled at this step.

Step 4: Thirty (30) days after the Required Date, a Reliability Standard violation may be recommended to the Régie at the severe compliance severity level.

Step 4 does not apply to Compliance Audits and mitigation tracking requests.