

Agenda

Board of Trustees

May 12, 2022 | 8:30 a.m.-12:00 p.m. Eastern

In-Person Meeting

Ritz-Carlton Pentagon City

1250 Hayes St.
Arlington, VA 22202

Call to Order

NERC Antitrust Compliance Guidelines*

Introduction and Chair's Remarks

Consent Agenda – Approve

1. Minutes*
 - a. February 10, 2022 Meeting
2. Committee Membership and Charter Amendments*
 - a. Reliability and Security Technical Committee Membership

Regular Agenda

3. Remarks and Reports
 - a. Remarks by David Turk, Deputy Secretary, DOE
 - b. Remarks by Richard Glick, Chairman, FERC
 - c. Remarks by Willie Phillips, Commissioner, FERC
 - d. Remarks by Patricia Hoffman, Acting Assistant Secretary, Office of Electricity, DOE
 - e. Remarks by David Morton, CAMPUT Representative to NERC
 - f. President's Report
 - g. Report on the April 14, May 9, and May 12, 2022 Closed Meetings
4. Board Committee Reports
 - a. Corporate Governance and Human Resources
 - i. Proposed Amendment to Nominating Committee Mandate* – **Approve**
 - b. Compliance
 - c. Finance and Audit
 - i. 2021 Financial Statement Audit Results * – **Accept**

ii. First Quarter Statement of Activities* – **Accept**

- d. Enterprise-wide Risk
- e. Technology and Security
- f. Nominating
- g. Report by Roy Thilly on RSTC Quarterly Activities
- h. Report by Sue Kelly on Standards Quarterly Activities

5. Standards Quarterly Report and Actions*

- a. Project 2020-05 Modifications to FAC-001 and FAC-002 – **Adopt**
- b. Cold Weather Standard Development Update – **Information**
- c. Standards Process Improvement Opportunities – **Information**
- d. Critical Infrastructure Protection Board Resolution Update – **Information**

BREAK – 15 MINS

6. Other Matters and Reports

- a. Policy Input and Member Representatives Committee Meeting – **Discussion**
- b. Amended and Restated Agreement between the Régie de l'énergie, the North American Electric Reliability Corporation and the Northeast Power Coordinating Council, Inc.* – **Approve**
- c. 2022 Summer Reliability Assessment Preview* – **Review**
- d. 2022 State of Reliability Report Preview* – **Review**
- e. 2022 ERO Enterprise Reliability Indicators* – **Update**

7. Committee Reports

- a. Member Representatives Committee
- b. Personnel Certification Governance Committee
- c. Standards Committee
- d. Compliance and Certification Committee
- e. Reliability and Security Technical Committee
- f. Reliability Issues Steering Committee
- g. Electricity Subsector Coordinating Council

8. Forum and Group Reports

- a. North American Energy Standards Board
- b. North American Transmission Forum*
- c. North American Generator Forum*

9. Other Matters and Adjournment

*Background materials included.

Antitrust Compliance Guidelines

I. General

It is NERC's policy and practice to obey the antitrust laws and to avoid all conduct that unreasonably restrains competition. This policy requires the avoidance of any conduct that violates, or that might appear to violate, the antitrust laws. Among other things, the antitrust laws forbid any agreement between or among competitors regarding prices, availability of service, product design, terms of sale, division of markets, allocation of customers or any other activity that unreasonably restrains competition.

It is the responsibility of every NERC participant and employee who may in any way affect NERC's compliance with the antitrust laws to carry out this commitment.

Antitrust laws are complex and subject to court interpretation that can vary over time and from one court to another. The purpose of these guidelines is to alert NERC participants and employees to potential antitrust problems and to set forth policies to be followed with respect to activities that may involve antitrust considerations. In some instances, the NERC policy contained in these guidelines is stricter than the applicable antitrust laws. Any NERC participant or employee who is uncertain about the legal ramifications of a particular course of conduct or who has doubts or concerns about whether NERC's antitrust compliance policy is implicated in any situation should consult NERC's General Counsel immediately.

II. Prohibited Activities

Participants in NERC activities (including those of its committees and subgroups) should refrain from the following when acting in their capacity as participants in NERC activities (e.g., at NERC meetings, conference calls and in informal discussions):

- Discussions involving pricing information, especially margin (profit) and internal cost information and participants' expectations as to their future prices or internal costs.
- Discussions of a participant's marketing strategies.
- Discussions regarding how customers and geographical areas are to be divided among competitors.
- Discussions concerning the exclusion of competitors from markets.
- Discussions concerning boycotting or group refusals to deal with competitors, vendors or suppliers.

- Any other matters that do not clearly fall within these guidelines should be reviewed with NERC's General Counsel before being discussed.

III. Activities That Are Permitted

From time to time decisions or actions of NERC (including those of its committees and subgroups) may have a negative impact on particular entities and thus in that sense adversely impact competition. Decisions and actions by NERC (including its committees and subgroups) should only be undertaken for the purpose of promoting and maintaining the reliability and adequacy of the bulk power system. If you do not have a legitimate purpose consistent with this objective for discussing a matter, please refrain from discussing the matter during NERC meetings and in other NERC-related communications.

You should also ensure that NERC procedures, including those set forth in NERC's Certificate of Incorporation, Bylaws, and Rules of Procedure are followed in conducting NERC business.

In addition, all discussions in NERC meetings and other NERC-related communications should be within the scope of the mandate for or assignment to the particular NERC committee or subgroup, as well as within the scope of the published agenda for the meeting.

No decisions should be made nor any actions taken in NERC activities for the purpose of giving an industry participant or group of participants a competitive advantage over other participants. In particular, decisions with respect to setting, revising, or assessing compliance with NERC reliability standards should not be influenced by anti-competitive motivations.

Subject to the foregoing restrictions, participants in NERC activities may discuss:

- Reliability matters relating to the bulk power system, including operation and planning matters such as establishing or revising reliability standards, special operating procedures, operating transfer capabilities, and plans for new facilities.
- Matters relating to the impact of reliability standards for the bulk power system on electricity markets, and the impact of electricity market operations on the reliability of the bulk power system.
- Proposed filings or other communications with state or federal regulatory authorities or other governmental entities.
- Matters relating to the internal governance, management and operation of NERC, such as nominations for vacant committee positions, budgeting and assessments, and employment matters; and procedural matters such as planning and scheduling meetings.

Draft Minutes Board of Trustees

February 10, 2022 | 2:00–5:00 p.m. Eastern
WebEx

Call to Order

Mr. Kenneth W. DeFontes, Jr., Chair, called to order the duly noticed open meeting of the Board of Trustees (the Board) of the North American Electric Reliability Corporation (NERC or the Corporation) on February 10, 2022, at 2:00 p.m. Eastern, and a quorum was declared present. The agenda is attached as **Exhibit A**.

Present at the meeting were:

Board Members

Kenneth W. DeFontes, Jr., Chair
Robert G. Clarke, Vice Chair
Jane Allen
George S. Hawkins
Susan Kelly
Robin E. Manning
Jim Piro
James B. Robb, NERC President and Chief Executive Officer
Colleen Sidford
Roy Thilly

NERC Staff

Tina Buzzard, Assistant Corporate Secretary
Manny Cancel, Senior Vice President and Chief Executive Officer of the E-ISAC
Erika Chanzas, Manager of Business Planning
Howard Gugel, Vice President, Engineering and Standards
Kelly Hanson, Senior Vice President, Chief Administrative Officer
Stan Hoptroff, Vice President, Business Technology
Soo Jin Kim, Director, Power Risk Issues and Strategic Management
Mark Lauby, Senior Vice President and Chief Engineer
Sonia Mendonça, Senior Vice President, General Counsel, and Corporate Secretary
Steven Noess, Director, Regulatory Programs
Lauren Perotti, Senior Counsel
Bryan Preston, Vice President, People and Culture
Janet Sena, Senior Vice President, External Affairs
Andy Sharp, Vice President and Chief Financial Officer
Mechelle Thomas, Vice President, Compliance

NERC Antitrust Compliance Guidelines

Ms. Buzzard noted the public nature of the meeting and directed the participants' attention to the NERC Antitrust Compliance Guidelines included in the advance meeting materials. She stated that any additional questions regarding these guidelines should be directed to Ms. Mendonça.

Introduction and Chair's Remarks

Mr. DeFontes welcomed all of the attendees to the meeting, including Ms. Patricia Hoffman, Acting Assistant Secretary, Office of Electricity, Department of Energy; and Mr. David Morton, Chair, CAMPUT. He remarked on the engaged discussion at the Member Representatives Committee (MRC) meeting earlier in the day, and he thanked the MRC for their confidence in the Trustees upon the re-election of Ms. Allen, Mr. Clarke, Ms. Sidford, as well as himself. Mr. DeFontes noted that the May 2022 meetings are presently scheduled to be held in person in Arlington, Virginia.

Consent Agenda

Upon motion duly made and seconded, the Board approved the consent agenda as follows:

Minutes

The draft minutes for the December 16, 2021 and November 4, 2021 meetings were approved as presented to the Board at this meeting.

Committee Membership and Charter Amendments

Compliance and Certification Committee Membership

RESOLVED, that the Board hereby appoints to the Compliance and Certification Committee Davon Tremont of Taunton Municipal Lighting Plant, representing the State Municipal Sector, to complete a three-year term ending December 31, 2022.

Reliability and Security Technical Committee Membership

RESOLVED, that the Board hereby appoints the following individuals to the Reliability and Security Technical Committee ("RSTC") as follows:

Sector Elected Members	
1. Investor-owned utility	Kayla Messamore (Eversource) – 2022-2024
3. Cooperative utility	Paul McCurley (NRECA) – 2022-2024
4. Federal or provincial utility/Federal Power Marketing Administration	Robert Reinmuller* (Hydro One) – 2022-2024
5. Transmission dependent utility	Carter Manucy (Florida Municipal Power) – 2022-2024
6. Merchant generator	Truong Le (CMS Energy) – 2022-2024
7. Electricity Marketer	Jodirah Green** (ACES Power) – 2022-2024
8. Large end-use electricity customer	Venona Greaff (Occidental Chemical) – 2022-2024
12. State Government	Cezar Panait (Minnesota Public Utilities Commission) – 2022-2024
At-Large Members	
David Grubs	City of Garland, Texas – 2022-2024 (converted Sector 2)
Wayne Guttormson	SaskPower – 2022-2024 (converted Sector 9)
Dede Subakti	California ISO – 2022-2024 (converted Sector 10)

Biju Naduvathuparambil	AESO – 2022-2024
David Mulcahy	Illuminate Power Analytics, LLC – 2022-2024
Peter Brandien	ISONE – 2022-2024
Jeff Harrison	AECI – 2022-2024
Monica Jain	SCE – 2022-2024
Ian Grant	Tennessee Valley Authority – 2022-2023 (converted sector 7)
William Allen	Exelon – 2022-2023 (vacant due to Vice Chair election)
Non-voting Members	
United States Federal Government (2)	David Ortiz – FERC – 2022-2024 Mike Toecker, DOE – 2022-2024
Canadian Federal Government (1)	Naveen Goswamy, Natural Resources Canada 2022-2024
Provincial Government (1)	Catherine Ethier, Ontario Energy Board – 2022-2024

Reliability Issues Steering Committee Membership

RESOLVED, that the Board hereby appoints the following individuals to the Reliability Issues Steering Committee (“RISC”) as follows:

Member Type/Term	Name/Organization
Proposed Chair Term expiring January 31, 2024	Brian Allen Slocum ITC Holdings
At-Large Member Term expiring January 31, 2024	Woody Rickerson ERCOT
At-Large Member Term expiring January 31, 2024	Mark Ahlstrom, NextEra Energy Resources, LLC
At-Large Member Term expiring January 31, 2024	Jennifer Sterling Exelon
At-Large Member Term expiring January 31, 2024	Kamyar Ghaderi IESO
At-Large Member Term expiring January 31, 2024	Chris Shepherd Gannett Fleming
At-Large Member Term expiring January 31, 2024	LeRoy Patterson Public Utility District No. 2 of Grant County (GCPD)
At-Large Member Term expiring January 31, 2024	Matt Carter GP&L
At-Large Member Term expiring January 31, 2024	Srinivas Kappagantula Arevon Energy
At-Large Member Term expiring January 31, 2024	Tom Dagenais American Transmission Co.

MRC Member Term expiring January 31, 2023 <i>(filling the term of an MRC member who resigned from the Committee due to retirement)</i>	Sean Cavote PSEG
MRC Member Term expiring January 31, 2024	Travis Fisher ELCON
MRC Member Term expiring January 31, 2024	Matt Schuerger Minnesota Public Utilities Commission
MRC Member Term expiring January 31, 2024	John Twitty Missouri Public Utility Alliance
Compliance & Certification Committee Term expiring January 31, 2023	Silvia Parada-Mitchell NextEra Energy
Reliability and Security Technical Committee Term expiring January 31, 2023	Rich Hydzyk Avista
Standards Committee Term expiring January 31, 2023	Amy Casuscelli Xcel Energy

Committee Membership and Charter Amendments

NPCC Proposed Bylaws Amendments

RESOLVED, that the Board hereby approves the amended Bylaws of the Northeast Power Coordinating Council (NPCC), substantially in the form presented to the Board at this meeting.

FURTHER RESOLVED, that NERC management is hereby authorized to make the appropriate filings with ERO governmental authorities and take such further actions and make such further filings as are necessary and appropriate to effectuate the intent of the foregoing resolution.

ReliabilityFirst Proposed Bylaws Amendments

RESOLVED, that the Board hereby approves the amended Bylaws of ReliabilityFirst Corporation, substantially in the form presented to the Board at this meeting.

FURTHER RESOLVED, that NERC management is hereby authorized to make the appropriate filings with ERO governmental authorities and take such further actions and make such further filings as are necessary and appropriate to effectuate the intent of the foregoing resolution.

Regular Agenda

Remarks by Patricia Hoffman, Acting Assistant Secretary, Office of Electricity, DOE

Mr. DeFontes introduced Ms. Hoffman of the Department of Energy (DOE) and expressed his appreciation for the opportunities NERC has had to collaborate with DOE. Ms. Hoffman reported that DOE is undergoing a realignment under which it will move deployment-related activities to a new grid infrastructure organization. She highlighted the agency's efforts in the areas of transmission capacity and seams issues and strengthening infrastructure. Ms. Hoffman remarked on opportunities to collaborate with industry in the development and promotion of new technologies and the deployment of electric vehicle infrastructure, and with the states on resiliency matters. She also reported on DOE

efforts in the areas of enhancing cyber and physical security information sharing, enhancing supply chain controls, and advancing analysis capabilities to manage future events.

Remarks by David Morton, CAMPUT Representative to NERC

Mr. DeFontes introduced Mr. Morton of CAMPUT. Mr. Morton remarked on the need to understand and plan for extreme weather conditions, citing the November 2021 flooding affecting natural gas and transportation infrastructure in the Vancouver, British Columbia area. He expressed his appreciation for NERC's continued collaboration and noted the upcoming CAMPUT conference, to be held in May in Vancouver.

President's Report

Mr. Robb provided the president's report. He noted that the last few years have brought great clarity to a number of issues, including the cyber threat environment, the integrated impact of the changing resource mix and weather events driven by climate change, and the clear need for NERC and the Regional Entities to have strong cyber security postures and more agile processes to respond to the increasing pace of change.

Mr. Robb recalled that the Board set three main priorities for NERC for 2021: obtain approval of the Cold Weather Reliability Standards, identify the energy issues driven by the changing resource mix, and continue to advance capabilities in the E-ISAC. He recalled NERC's significant accomplishments in those areas, as well as the continued advancement of NERC's internal initiatives.

Mr. Robb then highlighted four main priorities for the coming years, noting that a new body of work will need to be developed and supported on top of NERC's more routine work to meet its regulatory mandate: first, developing needed insights and tools to support industry with the changing resource mix and changing climate conditions; second, continuing to advance cyber security efforts; third, improving the agility of NERC's processes and programs to meet the changing risk environment, while maintaining collaboration and deliberation which are hallmarks to NERC's work; and fourth, investing in the sustainability of the ERO Enterprise and building depth in key capabilities.

Mr. Robb noted that NERC's focus on efficiency and effectiveness and its experience working with its stakeholders have provided a strong foundation for NERC to achieve these priorities, but there is substantial and important work to be done that will require additional capabilities to be added to NERC. He stated that NERC management has been engaging in fulsome discussions with the Board around a three-year strategy and resource plan.

Mr. Robb then introduced Mr. Jason Blake, CEO of SERC Reliability Corporation and co-chair of the ERO Enterprise Executive Committee, to provide additional comments. Ms. Blake remarked on efforts at the Regional Entity level in the areas of cyber security, understanding the challenges and opportunities presented by the changing resource mix, and improving internal sustainability.

Mr. DeFontes remarked on the need for NERC to stay at the forefront of what is needed to meet the challenges of the changing grid and to fulfill its statutory mission as the Electric Reliability Organization. He reported that the Board and NERC management have been in discussion with management regarding the creation of a three-year plan. Mr. DeFontes thanked NERC's stakeholders and emphasized the need for their continued engagement and support.

Report on the January 20 and February 8, 2022 Closed Meetings

Mr. DeFontes reported that on January 20, 2022 and February 8, 2022 (as is its custom), the Board met in closed session with NERC management to review NERC management activities. On January 20, the Board met to discuss matters of strategic importance, including strategic priorities and long-term implications for NERC resources. On February 8, the Board discussed the Board's resolutions for this meeting, feedback for policy input, and follow up discussions from the January 20 meeting. The Board also met in executive session with the General Counsel to discuss confidential issues and in a Trustees-only session to discuss and approve CEO compensation.

Election and Appointment of Board Chair and Vice Chair, Board of Trustees Committee Assignments and NERC Officers

Mr. DeFontes presented the recommendations for Board officers, NERC officers, and committee assignments. After discussion, and upon motion duly made and seconded, the Board approved the following resolutions:

RESOLVED, that the Board hereby elects the following officers of the Corporation for 2022:

- Kenneth W. DeFontes, Jr., Chair
- George S. Hawkins, Vice Chair
- James B. Robb, President and Chief Executive Officer

FURTHER RESOLVED, that the Board, upon recommendation of the President, hereby appoints the following individuals as officers of the Corporation for 2022:

- Manny Cancel, Senior Vice President and Chief Executive Officer of the E-ISAC
- Kelly Hanson, Senior Vice President and Chief Administrative Officer
- Mark G. Lauby, Senior Vice President and Chief Engineer
- Sonia Mendonca, Senior Vice President, General Counsel, and Corporate Secretary
- Janet Sena, Senior Vice President, External Affairs
- Howard Gugel, Vice President, Engineering and Standards
- Stanley Hoptroff, Vice President, Business Technology
- Kimberly Mielcarek, Vice President, Communications
- Bryan Preston, Vice President, People and Culture
- Andy Sharp, Vice President and Chief Financial Officer
- Mechelle Thomas, Vice President, Compliance

FURTHER RESOLVED, that the Board, upon recommendation of the Chair in consultation with the CGHRC, hereby approves the following 2022 Board Committee Assignments, as presented to the Board at this meeting.

Corporate Governance and Human Resources

Chair: Suzanne Keenan

Robert G. Clarke
George S. Hawkins
Larry Irving
Robin E. Manning
Roy Thilly

Finance and Audit

Chair: Jim Piro

Robert G. Clarke
George S. Hawkins
Susan Kelly
Colleen Sidford
Roy Thilly

Technology and Security

Chair: Jane Allen

Larry Irving
Suzanne Keenan
Robin E. Manning
Jim Piro
Colleen Sidford

Compliance Committee

Chair: Robin E. Manning

Jane Allen
George S. Hawkins
Susan Kelly
Roy Thilly

Enterprise-wide Risk

Chair: Colleen Sidford

Robert G. Clarke
Suzanne Keenan
Susan Kelly
Larry Irving
Jim Piro

Nominating Committee

Chair: Robert G. Clarke

Jane Allen
George S. Hawkins
Larry Irving
Susan Kelly
Robin E. Manning
Colleen Sidford
Roy Thilly

MRC Members

Roy Jones, MRC Chair
Jennifer Flandermeyer, MRC Vice Chair
Additional MRC Members to be determined

Related Assignments

- **ESCC Observer:** Kenneth W. DeFontes, Jr.
- **MEC Liaison:** Suzanne Keenan
- **Liaison to the Standards Committee:** Susan Kelly
- **Liaison to the Reliability and Security Technical Committee:** Roy Thilly
- **International Liaison:** Colleen Sidford
- **Ex Officio all committees:** Kenneth W. DeFontes
- **Immediate Past Chair:** Roy Thilly

Board Self-Assessment and MRC Assessment of Board of Trustees Effectiveness Survey

Mr. DeFontes reported on the results of the recent Board of Trustees Self-Assessment and MRC Assessment of the Board of Trustees Effectiveness Survey and thanked the participants for their feedback. Ms. Kelly expressed her appreciation for the feedback provided by the MRC, and Mr. Thilly noted the generally positive tone of the feedback received.

Board Committee Reports

Corporate Governance and Human Resources

Mr. Hawkins, Committee Chair, reported on recent Committee meetings. At the closed meeting on January 19, 2022, the Committee reviewed the 2021 corporate performance results, proposed Board committee assignments and officer appointments, proposed changes to the Governance Guidelines, and performed the annual review of significant benefit plans. The Committee met in executive sessions to discuss confidential human resource and compensation matters, including to approve the annual company performance award.

At the closed meeting on February 7, 2022, the Committee reviewed items in advance of the February 9, 2022 open meeting. The Committee also met in executive session to discuss confidential compensation matters. At the Committee's open meeting on February 9, 2022, the Committee reviewed the results of the Board self-assessment and MRC assessment of Board effectiveness survey, reviewed the annual conflict of interest and independence report, and received an update on human resources and staffing. The Committee also took action on three items for the Board's consideration at this meeting.

First, the Committee approved and recommended for Board approval revisions to its mandate, as well as revisions to the mandates of the Finance and Audit and Enterprise-wide Risk Committees. Upon motion duly made and seconded, the Board approved the following resolutions:

RESOLVED, that the Board, upon recommendation of the CGHRC, hereby approves the Corporate Governance and Human Resources Committee ("CGHRC") Mandate, substantially in the form presented to the Board at this meeting, to replace the CGHRC Mandate approved by the Board on February 4, 2021.

FURTHER RESOLVED, that the Board, upon recommendation of the CGHRC, hereby approves the Finance and Audit Committee ("FAC") Mandate, substantially in the form presented to the Board at this meeting, to replace the FAC Mandate approved by the Board on February 4, 2021.

FURTHER RESOLVED, that the Board, upon recommendation of the CGHRC, hereby approves the Enterprise-wide Risk Committee ("EWRC") Mandate, substantially in the form presented to the Board at this meeting, to replace the EWRC Mandate approved by the Board on February 4, 2021.

Second, the Committee approved and recommended Board approval of revisions to the NERC Governance Guidelines. Upon motion duly made and seconded, the Board approved the following resolution:

RESOLVED, that the Board hereby approves the revised Governance Guidelines, substantially in the form presented to the Board at the meeting, to replace the Governance Guidelines approved by the Board on May 13, 2021.

Lastly, the Committee approved and recommended Board approval of an increase to the Board Vice Chair Stipend. Mr. DeFontes explained the need for the proposed increase in light of the workload for the position. Upon motion duly made and seconded, the Board approved the following resolution:

WHEREAS, in November 2021 the Board, upon recommendation of the CGHRC, approved certain modifications to the Trustee compensation program to be implemented during a three year period, from 2022 to 2024;

WHEREAS, the Board maintained the retainer for the Board chair and Committee chairs at current levels with the understanding that it would perform an annual review to consider whether an adjustment to the retainers for Committee chairs would be warranted in 2023 and 2024;

WHEREAS, in reviewing the 2022 assignments, the Board has determined that there are substantial additional responsibilities and time commitment associated with the role of Vice Chair, with the Board Vice Chair's workload in 2022 expected to match the Committee chair workload;

WHEREAS, the Board recognizes the importance for NERC to be able to recruit and retain qualified and quality individuals to Board service, in light of competition from other organizations and significant limitations to outside activities for NERC Trustees due to a strict conflict of interest policy;

NOW, THEREFORE, BE IT RESOLVED, that the Board, upon recommendation of the CGHRC, hereby approves an increase in the Vice Chair retainer to \$10,000, beginning in 2022.

Compliance

Mr. Manning, Committee Chair, reported on recent meetings of the Committee. At the Committee's closed meeting on February 8, 2022, the Committee received an update on Compliance Monitoring and Enforcement Program (CMEP) trends, received an update on CMEP significant matters, previewed open meeting items, and reviewed the wrap-up of the 2021 work plan. At the Committee's open meeting on February 9, 2022, the Committee received updates on facility ratings, compliance guidance, the Compliance Monitoring and Enforcement Program annual report, and performed the annual review of its Committee mandate.

Finance and Audit

Mr. Clarke, Committee Chair, reported on recent meetings of the Committee. At the February 8, 2022 closed meeting, the Committee reviewed items in advance of its open meeting and received updates on the working capital and operating reserve policy, investment performance, and internal audit matters. The Committee also met in executive session with the Director of Internal Audit.

Mr. Clarke reported that, at its February 9, 2022 open meeting, the Committee took action on several items. First, the Committee approved and recommended CGHRC approval of proposed revisions to the Committee mandate. Second, the Committee reviewed and recommended for Board acceptance the 2021 Year-End Unaudited Statement of Activities. Upon motion duly made and seconded, the Board approved the following resolution:

RESOLVED, that the Board, upon recommendation of the FAC, hereby accepts the 2021 NERC, Combined ERO Enterprise, and Regional Entity Unaudited Statement of Activities, as presented to the Board at this meeting.

Third, the Committee reviewed and recommended for Board approval the renewal of the capital financing program. After discussion, and upon motion duly made and seconded, the Board approved the following resolutions:

WHEREAS, NERC, with stakeholder support and Board approval, established a capital financing facility in 2013 to fund the development and acquisition of significant Electric Reliability Organization (ERO) software applications and information technology hardware, and spread the acquisition costs and related funding for debt service required from assessments over a multi-year in order to mitigate the impact on single year assessments;

WHEREAS, in May 2020, the Board approved the extension of the capital financing program credit facility;

WHEREAS, NERC management recommends the continuation of the capital financing program to address anticipated needs, with a reduced credit facility of \$5 million with up to a 60-month term;

NOW, THEREFORE, BE IT RESOLVED that the Board, upon the recommendation of the FAC, hereby approves the renewal of the capital financing program, and authorizes management to proceed to take such actions

as are necessary to finalize and execute the credit facility documentation, consistent with the parameters of a term sheet provided by the lender.

BE IT FURTHER RESOLVED that the Board, upon the recommendation of the FAC, hereby authorizes NERC management to take such actions as are necessary to finalize and execute the capital financing facility documentation on an annual basis so long as the material terms of the renewal remain substantially the same.

Mr. Clarke congratulated Mr. Sylvain Clermont of Hydro Quebec upon his retirement and thanked him for his contributions to the business plan and budget input group over the years.

Enterprise-wide Risk

Ms. Sidford, Committee Chair, reported on the Committee's closed meeting on February 8, 2022. At its meeting, the Committee received updates on the activities of the Compliance and Certification Committee, Regional Entity activities, the 2022 internal audit work plan, NERC corporate risk management activities, and the Enterprise risk management plan. The Committee also approved and recommended to the CGHRC revisions to the Committee mandate.

Technology and Security

Ms. Allen reported on the Committee's open meeting on February 9, 2022 on behalf of Ms. Keenan, Committee Chair. At the meeting, the Committee received updates on E-ISAC operations, the ERO Enterprise Align project, and ERO Enterprise business technology. The Committee also performed its annual review of its mandate.

Nominating

Mr. Thilly, Committee Chair, reported that the MRC approved the Committee's recommended nominations at its meeting and congratulated the Trustees on their reelection.

Report by Jim Piro on Standards and RSTC Quarterly Activities

Mr. Piro, Liaison to the Standards Committee and Reliability and Security Technical Committee (RSTC), reported on recent meetings of the RSTC. Mr. Piro reported that the participation and engagement on the RSTC continues to remain high and highlighted its recent work. He also reported on the activities of the Energy Reliability Assessment Task Force.

Turning to recent Standards Committee activities, Mr. Piro reported on actions taken at recent meetings, including action on the cold weather standards project and action to revise the Committee Charter consistent with the Board's direction at the November 2021 meeting. Other actions taken at the meetings include authorizing postings, accepting Standard Authorization Requests, and appointing drafting teams.

Standards Quarterly Report and Actions

Standards Committee Proposed Charter Amendments

Mr. Gugel presented the proposed Standards Committee Charter amendments, noting they were developed in response to the Board's November 2021 directive to the Standards Committee to review its Charter to determine: (1) which further revisions to the Charter would be needed to clarify the role of the Committee as a procedural oversight body; and (2) which further revisions would enhance the ability of the Committee to address urgent reliability needs with appropriate agility.

Mr. DeFontes added that the Board is also directing NERC Staff to perform a further review of NERC's processes to ensure that they remain agile to address new and emerging risks. Mr. Thilly remarked on the need to have processes that are not only agile, but also deliberate, careful, and maintain stakeholder representation.

After discussion, and upon motion duly made and seconded, the Board approved the following resolutions:

WHEREAS, in November 2021, the Board directed the Standards Committee to review its Charter to determine: (1) which further revisions to the Charter would be needed to clarify the role of the Committee as a procedural oversight body; and (2) which further revisions would enhance the ability of the Committee to address urgent reliability needs with appropriate agility;

WHEREAS, the Standards Committee has proposed a series of revisions to its Charter to clarify the role of the Committee as a procedural oversight body and reiterate the Committee's ability under existing rules to take steps to expedite standards development in certain cases;

WHEREAS, the Board finds that, while such Charter changes are sufficient to address the Board's November 2021 directive, the rapid evolution of the Bulk Power System demands that NERC undertake a comprehensive review of its rules and processes to identify revisions that would enhance NERC's ability to address urgent reliability needs with appropriate agility;

NOW, THEREFORE, BE IT RESOLVED, that the Board approves the proposed amendments to the Standards Committee Charter, substantially in the form presented to the Board at the meeting, to replace the Charter approved by the Board on November 4, 2021.

BE IT FURTHER RESOLVED, that the Board hereby directs NERC staff to examine the body of rules regarding Reliability Standards development and, considering the feedback of stakeholders, recommend such changes that would improve NERC's ability to address urgent reliability needs with appropriate agility, while also maintaining reasonable notice and opportunity for public comment, due process, openness, and balance of interests.

BE IT FURTHER RESOLVED, that NERC staff is directed to provide an update on this effort in May and August, and present its recommendations to the Board at the December 2022 meeting.

Critical Infrastructure Protection Board Resolution Updates

Mr. Gugel provided an update on activities in support of resolutions approved by the Board regarding the Critical Infrastructure Protection (CIP) Reliability Standards, referencing the material provided in the advance agenda package. He highlighted activities underway to address low impact BES Cyber Assets, including: (1) a standards project that is underway to address the inclusion of low impact assets in the Supply Chain Standards; (2) a broader review and analysis of the low impact criteria.

Cold Weather Standard Development Update

Mr. Gugel provided an update on standard development activities to address the recommendations of the FERC/ERO Enterprise joint inquiry into February 2021 cold weather outages in Texas and the south central United States.

Other Matters and Reports

Policy Input and Member Representatives Committee Meeting

Mr. DeFontes referred to the discussion of policy input items and technical updates at the February 10, 2022 Member Representatives Committee meeting. Mr. DeFontes expressed his appreciation for the policy input and feedback.

CIP-014 Compliance Evidence

Mr. Noess presented proposed Reliability Standard CIP-014-3 for the Board's adoption, noting that the only change to the standard is to remove a unique compliance monitoring provision that is no longer needed for security following the adoption of Align and the Secure Evidence Locker and the alternative measures available. No changes are proposed to the mandatory and enforceable elements of the standard.

After discussion, and upon motion duly made and seconded, the Board approved the following resolutions:

WHEREAS, through the Secure Evidence Locker, the ERO Enterprise has a highly secure means to collect and analyze sensitive information collected during Compliance Monitoring and Enforcement Program activities;

WHEREAS, Reliability Standard CIP-014-2 contains a compliance provision, unique to the standard and predating the Secure Evidence Locker, that requires all evidence of compliance to be retained at registered entity facilities;

WHEREAS, removing this compliance provision would facilitate secure, effective, and efficient oversight of entity compliance with the CIP-014 Reliability Standard, consistent with ERO Enterprise Compliance Monitoring and Enforcement Program practices for other Reliability Standards;

WHEREAS, beyond the removal of this compliance provision, no other changes are proposed to Reliability Standard CIP-014-2 or the associated elements;

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby adopts the proposed Reliability Standard CIP-014-3, as presented to the Board at this meeting.

BE IT FURTHER RESOLVED, that the Board hereby approves the Violation Risk Factors and Violation Severity Levels for the proposed Reliability Standard, as presented to the Board at this meeting.

BE IT FURTHER RESOLVED, that the Board hereby approves the proposed retirement of Reliability Standard CIP-014-2, as presented to the Board at this meeting.

BE IT FURTHER RESOLVED, that NERC management is hereby authorized to make any appropriate filings with ERO governmental authorities and take such further actions and make such further filings as are necessary and appropriate to effectuate the intent of the foregoing resolutions.

Supply Chain Risk Management

Mr. Gugel and Mr. Thomas Gallagher, President and CEO of the North American Transmission Forum, provided an update on supply chain risk management activities in support of the Board's 2017 resolution requesting the North American Transmission Forum and others in industry to develop and share best and leading practices in supply chain management. Mr. Gallagher highlighted activities of the NATF, including the development of a supply chain assessment model, ongoing collaboration with NERC and the E-ISAC, and the formation of an industry organizations team to collaborate with others and disseminate educational materials. He also highlighted proposed CIP-013 implementation guidance developed by the NATF. Mr. DeFontes expressed his appreciation for the contributions of the NATF in advancing efforts to mitigate this reliability risk.

Year-End Review of the Achievements of the 2021 ERO Enterprise Work Plan Priorities

Mr. Chanzas provided a summary of the end-of-year status of the 2021 ERO Enterprise Work Plan Priorities, referencing the materials included in the advance agenda package. She recalled NERC's core priorities for 2021: energy sufficiency, cold weather, and cyber and physical security threats. She highlighted key accomplishments in

the areas of reliability risk mitigation, E-ISAC, the NERC employee experience, ERO Enterprise transformation, and the reliability ecosystem, and noted that 53 of 57 tactical items had been completed in 2021. Mr. DeFontes congratulated NERC staff on a great year.

Risk Registry Update

Ms. Kim provided an update on the risk registry, referencing the materials in the advance agenda package. She highlighted progress made in 2021 and ongoing progress on developing work plans to address key areas.

Committee Reports

Chair DeFontes called on representatives of several of the Standing Committees to provide reports to the Board highlighting items from their written reports, which had been included with the advance meeting materials. He referred the attendees to the advance agenda package for the remaining Committee reports.

Member Representatives Committee

Mr. Roy Jones, Committee Chair, provided a summary of the Committee meeting held earlier in the day, highlighting the re-election of four Trustees and discussion of policy input.

Personnel Certification Governance Committee

Mr. Cory Danson, Committee Chair, provided an update on the activities of the Committee, referencing the materials in the advance agenda package. He reviewed the proposed revised System Operator Certification Manual. After discussion, and upon motion duly made and seconded, the Board approved the following resolution:

RESOLVED, that the Board hereby approves the revised System Operator Certification Manual, substantially in the form presented to the Board at the meeting, to replace the System Operator Certification Program Manual approved by the Board in May 2016 and updated in April 2020.

Mr. Danson then presented the proposed 2022 Committee work plan for the Board's approval. Upon motion duly made and seconded, the Board approved the following resolution:

RESOLVED, that the Board hereby approves the Personnel Certification Governance Committee 2022 Work Plan, substantially in the form presented to the Board at this meeting.

Standards Committee

Ms. Amy Casuscelli, Committee Chair, provided an update on the activities of the Committee, referencing the materials provided in the advance agenda package. She then presented the proposed 2022-2024 Strategic Work Plan for the Board's approval. Upon motion duly made and seconded, the Board approved the following resolution:

RESOLVED, that the Board hereby approves the Standards Committee 2022-2024 Strategic Work Plan, substantially in the form presented to the Board at this meeting.

Compliance and Certification Committee

Mr. Scott Tomashefsky, Committee Chair, provided an update on the activities of the Committee, referencing the materials provided in the advance agenda package. He then presented the proposed 2022 Committee work plan for the Board's approval. Upon motion duly made and seconded, the Board approved the following resolution:

RESOLVED, that the Board hereby approves the CCC 2022 Work Plan, substantially in the form presented to the Board at this meeting.

Reliability and Security Technical Committee

Mr. Greg Ford, Committee Chair, provided an update on the activities of the Committee, referencing the materials provided in the advance agenda package. He highlighted the upcoming RSTC information session and intention to hold such sessions before all open meetings in the future.

Reliability Issues Steering Committee

Mr. Brian Slocum, Committee Chair, provided an update on the activities of the Committee, highlighting work with the RSTC to address the recommendations of the 2021 ERO Reliability Risk Priorities Report.

Electricity Subsector Coordinating Council

Mr. Robb reported on recent Electricity Subsector Coordinating Council activities.

Forum and Group Reports

North American Energy Standards Board

Mr. Michael Desselle, Chair of the NAESB Board of Directors, provided an update on NAESB activities in areas of mutual interest, including battery storage and natural gas-electric coordination.

North American Transmission Forum

Mr. Tom Galloway, Forum President and Chief Executive Officer, provided an update on Forum activities, including work pertaining to Facility Ratings.

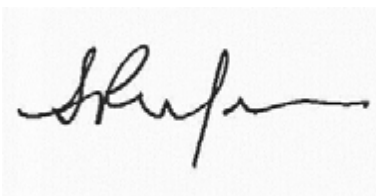
North American Generator Forum

Mr. Allen D. Schriver, Forum Chief Operating Officer, referenced the written report included in the advance agenda package.

Other Matters and Adjournment

There being no further business, and upon motion duly made and seconded, the meeting was adjourned.

Submitted by,



Sônia Mendonça
Corporate Secretary

Reliability and Security Technical Committee Membership

Action

Approve

Reliability and Security Technical Committee's (RSTC) Highlights

The RSTC held two special elections due to member resignations. The RSTC recommends that the Board of Trustees approve the appointment of the following representatives for the terms listed.

- Sector 3: Gregory McAuley, Seminole Electric – 2022-2024
- Sector 10: C J Brown, Southwest Power Pool – 2022-2023

In addition, the RSTC Nominating Subcommittee (RSTC NS) met April 1, 2022 to discuss the upcoming election of the RSTC Chair and Vice Chair. During the April 1 meeting, the RSTC NS discussed extending the current Chair and Vice Chair's terms by one more year, through June 30, 2023. After discussion, the motion was made, seconded and passed unanimously. The RSTC NS then proposed to the full RSTC the slate of Greg Ford for Chair, Rich Hydzik for Vice Chair and an electronic ballot was conducted April 8 through April 22, 2022, and the ballot passed with a quorum of 84%. The RSTC NC recommends that the Board of Trustees approve these leadership appointments with a term ending June 30, 2023.

Project 2020-05 Modifications to FAC-001 and FAC-002

Action

Adopt the following standards documents and authorize staff to file with applicable regulatory authorities:

- Reliability Standard - FAC-001-4 – Facility Interconnection Requirements
[\[FAC-001-4 Standard\]](#) [\[Redline to last approved\]](#)
- Reliability Standard – FAC-002-4 – Facility Interconnection Studies
[\[FAC-002-4 Standard\]](#) [\[Redline to last approved\]](#)
- Implementation Plan
[\[Implementation Plan\]](#)
- Violation Risk Factors (VRFs) and Violation Severity Levels (VSLs)
[\[VRF/VSL Justification\]](#)
- Retirements
[FAC-001-3 Facility Interconnection Requirements](#)
[FAC-002-3 Facility Interconnection Studies](#)

Background

The purpose of Project 2020-05 was to address an ambiguity in the FAC-001 and FAC-002 standards regarding the term “materially modified”.

The purpose of currently effective FAC-002-3 is to ensure studies are performed to analyze the impact of interconnecting new or “materially modified” facilities on the Bulk Electric System (BES). The purpose of currently effective FAC-001-3 is avoid adverse impacts on reliability by Transmission Owners and applicable Generator Owners document and make Facility interconnection requirements available to entities seeking to interconnect to the BES.

FAC-001-3 and FAC-002-3 imply that the term “materially modified” should be used to distinguish between the types of Facility changes that are required to be studied and those that need not be studied. While the existing standards do require coordination and cooperation between a Facility owner and the Transmission Planner or Planning Coordinator when a new or materially modified interconnection Facility is connected to their system, neither standard specifies what entity is responsible for determining what is considered to be a “material modification”. Further, the existing language is unclear about whether these requirements only apply when a different entity is proposing to interconnect to a Facility owner's Facility or if they also apply to the Facility owner's new or modified Facility.

Additionally, in FERC-jurisdictional areas, the term “Material Modification” refers to a new generation project's impact on other generators in the interconnection queue. This has led to widespread confusion across the industry regarding the correct application of these terms

related to the FERC Open Access Transmission Tariff (OATT) implementation and the NERC Reliability Standards requirements.

Summary

To provide needed clarity as to which Facility changes are required to be studied under the standards, the Project 2020-05 standard drafting team made two sets of changes. First, the standard drafting team added a new Requirement R6 in FAC-002-4 to require the Planning Coordinator to define what constitutes a “qualified change” for purposes of FAC-001 and FAC-002 studies, and to make the definition publicly available. Second, the standard drafting team replaced the phrase “materially modified” throughout the two standards with the new phrase “qualified change”, which refers to the Planning Coordinator’s definition.

Standards Development Process

The proposed FAC-001-4 and FAC-002-4 standards were posted for a 45-day formal comment period and initial ballot from December 7, 2021 – January 31, 2022. The initial ballot for both standards received 85.19 percent approval with 94.07 percent quorum. FAC-001-4 non-binding poll received 82.63 percent approval and 90.34 percent quorum. FAC-002-4 non-binding poll received 80.72 percent approval and 90.30 percent quorum.

Based on comments received, the standard drafting team made several non-substantive changes, including minor clarifying changes to the two standards and extending the implementation plan in certain cases. The standards and implementation plan were posted for final ballot from April 13 – April 22, 2022. The standards received 85.64 percent approval with 94.86 percent quorum, and the implementation plan received 88.29 percent approval with 94.84 percent quorum.

Minority Issues

None

Pertinent FERC Directives

None

Cost Effectiveness

The standard drafting team sought stakeholder input on the cost effectiveness of the proposed standards during the formal comment periods. The majority of comments stated the changes would be of minimal cost impact; however, the standard drafting team did receive multiple comments stating that, without knowing the exact definition of qualified change that the Planning Coordinator would adopt under the revised standards, it would not be possible to determine cost effectiveness at this time.

Additional Information

A link to the project history and files is included here for reference:

[\[Project 2020-05 Modifications to FAC-001 and FAC-002\]](#)

Cold Weather Standard Development Update

Action

Information

Background

Since 2011, the ERO Enterprise has heightened its scrutiny over events during extreme winter weather conditions. Most recently, FERC and the ERO Enterprise initiated a joint inquiry to review the circumstances surrounding the February 2021 event that affected Texas and parts of the southern central United States. On September 23, 2021, FERC and NERC staff presented [preliminary findings and recommendations](#) during the FERC Open Meeting. The Board of Trustees (Board), at its November 4, 2021 meeting, adopted a resolution approving the 2022-2024 Reliability Standards Development Plan, substantially in the form presented to the Board at the meeting, subject to the addition of the Extreme Cold Weather Grid Operations, Preparedness, and Coordination standards development project as a high priority item. They further directed completion of the development of new or revised Reliability Standards to address the recommendations of the joint inquiry team for cold weather operations, preparedness, and coordination in accordance with the timelines recommended by the joint inquiry team, as follows:

- New and revised Reliability Standards to be submitted for regulatory approval before Winter 2022/2023: development completed by September 30, 2022, for the Board's consideration in October 2022;
- New and revised Reliability Standards to be submitted for regulatory approval before Winter 2023/2024: development completed by September 30, 2023, for the Board's consideration in October 2023.

On November 16, 2021, FERC and the ERO Enterprise published their final [report](#). NERC staff submitted a Standard Authorization Request (SAR) to initiate the standards recommendations in the report. The Standards Committee (SC) approved the SAR for posting at its November 17, 2021 meeting. Based on comments received during the posting, the SAR drafting team made modifications and presented a final SAR to the SC, who accepted it at its February 25, 2022 meeting and authorized drafting of Reliability Standards based on the SAR. The Standard Drafting Team is meeting to draft language for comment and ballot, to meet the Board's timelines.

Standards Process Improvement Opportunities

Action

Information

Background

The bulk power system is now undergoing major transformation, presenting new and emerging challenges to reliability. Additionally, the cyber landscape continues to change, presenting new opportunities for efficient administration of the grid, but also new and evolving challenges and threats that grow more complex each year. Since 2007, mandatory Reliability Standards have played an important role in advancing the reliability and security of the North American bulk power system, and mandatory Reliability Standards will continue to play a vital role in addressing the new and emerging challenges of the transforming grid. Given the pace of change, however, NERC must evaluate its standard development processes to ensure that they can keep pace with the speed at which these risks are emerging.

With the importance of addressing the challenges of the transforming grid in mind, the Board of Trustees (Board) directed NERC staff at its February 10, 2022 meeting as follows:

BE IT FURTHER RESOLVED, that the Board hereby directs NERC staff to examine the body of rules regarding Reliability Standards development and, considering the feedback of stakeholders, recommend such changes that would improve NERC's ability to address urgent reliability needs with appropriate agility, while also maintaining reasonable notice and opportunity for public comment, due process, openness, and balance of interests.

BE IT FURTHER RESOLVED, that NERC staff is directed to provide an update on this effort in May and August, and present its recommendations to the Board at the December 2022 meeting.

Summary

NERC staff will present its review of the body of rules regarding Reliability Standards development and its preliminary recommendations for standard processes improvements.

Several of the recommendations call for revisions to the NERC rules governing standards (Section 300 of the Rules of Procedure or the Standard Processes Manual, Appendix 3B to the Rules of Procedure). Other recommendations call for changes or clarifications in the ways NERC or the Standards Committee administers the existing rules or processes.

If implemented, these recommendations would result in changes that would enhance NERC's ability to respond to urgent reliability needs through Reliability Standards development, promote efficiency in the standard development process, and streamline process administration. Importantly, and consistent with NERC's statutory obligations as the Electric Reliability Organization, these changes would preserve the hallmarks of an open and inclusive

process that balances the various industry, consumer, and governmental interests in reliability and is transparent in its decision-making.

The preliminary recommendations include the following:

- Streamlining processes for Standard Authorization Requests;
- Reconsidering the requirement for a final ballot for all standards actions;
- Clarifying the circumstances under which existing and lesser-known standard process waiver authorities may be used; and
- Allowing NERC staff to draft Interpretations for ballot body approval.

Additionally, NERC staff recommends the development of a special rule by which the Board may direct standards development to address an urgent reliability issue, following due consideration of stakeholder feedback. This special rule for the Board directives would be in addition to the special rule in NERC Rules of Procedure Section 321 for directives issued by an applicable governmental authority.

In accordance with the Board's February 2022 directive, NERC staff recommends convening a stakeholder panel to provide feedback on the preliminary recommendations. This feedback would inform the final recommendations to be presented to the Board at the December 2022 meeting.

Critical Infrastructure Protection Board Resolution Updates

Action

Information

Background

The below information provides updates on activities in support of resolutions approved by the NERC Board of Trustees (Board) regarding Critical Infrastructure Protection (CIP) Reliability Standards.

Supply Chain Low Impact Resolutions

In 2017, NERC developed new and revised CIP Reliability Standards to help mitigate cyber security risks associated with the supply chain for high and medium impact Bulk Electric System (BES) Cyber Systems. These standards collectively referred to as the Supply Chain Standards, consist of Reliability Standard CIP-013-1 and revised Reliability Standards CIP-010-3 and CIP-005-6. Consistent with the risk-based framework of the NERC CIP Reliability Standards, the Supply Chain Standards are applicable to the highest-risk systems that have the greatest impact to the grid. When adopting the Supply Chain Standards in August 2017, the Board directed NERC to undertake further action on supply chain issues. Among other things, the Board directed NERC to study the nature and complexity of cyber security supply chain risks, including those associated with low impact assets not currently subject to the Supply Chain Standards and develop recommendations for follow-up actions that will best address identified risks. To understand these risks better, NERC collected data from registered entities pursuant to a request for data or information under Section 1600 of the NERC Rules of Procedure.

NERC staff's analysis of the data collected showed that, while an individual compromise to any one low impact BES Cyber Asset location would generally be a localized event, a coordinated cyberattack with control of multiple locations could result in an event that has an interconnection wide BES reliability impact. The vast majority of transmission station and substation low impact BES Cyber Assets are at locations that have at most only one line greater than 300 kV or two lines greater than 200 kV (but less than 300 kV). Similarly, the vast majority of generation resource low impact BES Cyber Assets are at locations that have less than 500 MW. As such, an individual compromise to any one of these locations (transmission substations or generation resources) would generally be a localized event. However, a coordinated cyberattack with control of multiple locations could result in an event that has an interconnection wide BES reliability impact.

Based on the analysis of the data request, NERC staff recommended to the Board at its February 6, 2020 meeting that Reliability Standard CIP-003-8 be modified to include policies for low impact BES Cyber Systems to: (1) detect known or suspected malicious communications for both inbound and outbound communications; (2) determine when active vendor remote access sessions are initiated; and (3) disable active vendor remote access when necessary. The NERC Board approved a [resolution](#) at this meeting endorsing this action. The Project 2020-03 (Supply Chain Low Impact Revisions) standard drafting team developed standards modifications to

address this resolution, and NERC is presenting the modifications to CIP-003-8 to the Board for adoption as part of its May 2022 meeting.

CIP-002 Resolutions

On May 14, 2020, the Board adopted proposed Reliability Standard CIP-002-6. The proposed Reliability Standard CIP-002-6 addressed the recommendation from the Version 5 Transition Advisory Group² to clarify the phrase “used to perform the functional obligations of the Transmission Operator (TOP)” in CIP-002-5.1a, Attachment 1, Criterion 2.12.

Specifically, the CIP-002-6 addressed the applicability of requirements to a Control Center owned by a Transmission Owner (TO) that performs the functional obligations of a TOP. The proposed criterion established an average MVA line loading based on voltage class for BES Transmission Lines operated between 100 and 499 kV. The aggregate weighted value of the BES Transmission Lines must exceed 6,000 to meet the minimum threshold established in Criterion 2.12. In meeting that threshold, associated BES Cyber Systems would be categorized as medium; those Control Centers that did not meet the threshold would have low impact BES Cyber Systems (if not already identified as high).

In light of recent cybersecurity events and the evolving threat landscape, the Board took action at its February 4, 2021 to withdraw CIP-006-6. In doing so, they approved the following resolution:

***WHEREAS**, the Board adopted proposed Reliability Standard CIP-002-6 on May 14, 2020, in which a new criterion was proposed to address the applicability of the CIP Reliability Standards to Control Centers owned by Transmission Owners performing the functional obligations of a Transmission Operator;*

***WHEREAS**, recent cybersecurity events and the evolving threat landscape warrant additional caution regarding any criteria that may permit more entities to categorize BES Cyber System as low impact and therefore subject to fewer requirements in the CIP Reliability Standards;*

***NOW, THEREFORE, BE IT RESOLVED**, that the Board hereby withdraws the proposed Reliability Standard CIP-002-6, as presented to the Board at this meeting.*

***FURTHER RESOLVED**, that NERC management is hereby authorized to make the appropriate filings with ERO governmental authorities and take such further actions and make such further filings as are necessary and appropriate to effectuate the intent of the foregoing resolution.*

***FURTHER RESOLVED**, that NERC Staff, working with stakeholders, is directed to promptly conduct further study of the need to readdress the applicability of the CIP Reliability Standards to such Control Centers to safeguard reliability, for the purpose of recommending further action to the Board.*

***FURTHER RESOLVED**, that NERC Staff, working with stakeholders, recognizing the complexity of the undertaking, is directed to expeditiously complete its broader review and analysis of degrees of risk presented by various facilities that meet the criteria that define low impact cyber facilities and report on whether those criteria should be modified.*

***FURTHER RESOLVED**, that NERC Staff is directed to report to the Board on the status of this work on a quarterly basis until complete.*

NERC staff is currently addressing the above resolutions. First, NERC filed notice of withdrawal of its CIP-002-6 petition with FERC on February 5, 2021. Second, NERC and industry o initiated a field test under the NERC Rules of Procedure, Appendix 3A Section 6, as part of standards development Project 2021-03 CIP-002 Transmission Owner Control Centers to address the resolution regarding the applicability of CIP Reliability Standards to certain Control Centers. Finally, NERC assembled a team to review the risk posed by low impact BES Cyber Systems to address the resolution regarding a broader review and analysis of low impact cyber facilities. This team is currently working on a whitepaper. NERC staff will provide an update on these activities addressing low impact BES Cyber Systems. In addition, the chair of the Supply Chain Working Group and NERC staff will present an analysis of the effectiveness of the Supply Chain Standards.

Amended and Restated Agreement between the Régie de l'énergie, the North American Electric Reliability Corporation and the Northeast Power Coordinating Council, Inc.

Action

Approve the execution of the Amended and Restated Agreement on the Implementation of the Québec Reliability Standards Compliance Monitoring and Enforcement Program (the 3rd Agreement) between the Régie de l'énergie (Régie), the North American Electric Reliability Corporation (NERC), and the Northeast Power Coordinating Council, Inc. (NPCC). The 3rd Agreement is a governing document for conducting Compliance Monitoring and Enforcement Program (CMEP) activities in Québec.

Background

The proposed revisions are intended to ensure the revised 3rd Agreement reflects current practices in regards to CMEP activities in North America. The revisions do not substantially change the current approach to CMEP activities in Québec but do provide increased flexibility for the parties in certain respects, as discussed below. The governing documents in Québec include:

- Statutory Law (an Act respecting the Régie de l'énergie), which provides the Régie with authority in Québec
- May 8, 2009 Agreement between NPCC, Régie, and NERC (the 2009 Agreement)
- September 24, 2014 Agreement between NPCC, Régie, and NERC (the 2014 Agreement)

The 2014 Agreement is the main governing document setting forth NERC's responsibilities for CMEP activities in Québec, including the oversight of NPCC's CMEP activities in Québec. There is also a Québec-specific CMEP (QCMEP).

In 2019, at the request of the Régie, the Régie, NPCC, and NERC began discussions on updating the 2014 Agreement. The amendments were drafted and agreed to in principle in early 2020. The Régie noted that it would take them time to work with the Québec government to move the agreement forward.

In mid-December 2021, the Régie submitted the 3rd Agreement to the Québec government for approval for the Régie to sign. The Régie estimates it will obtain approval in May. Once approved, the president of the Régie would execute. NPCC has already obtained approval to sign the 3rd Agreement from its Board.

The 3rd Agreement replaces the 2014 Agreement, and includes the following changes:

1. Allows NPCC, NERC, and the Régie to update the QCMEP without approval of the Québec government;
2. Removes duplicative terms and specific processes that are addressed in the QCMEP;
3. If NPCC cannot perform or dissolves, permits another Regional Entity to take over NPCC's responsibilities pursuant to the mutual agreement of NERC and the Régie;

4. Allows for billing of simultaneous interpretation that is sometimes needed for audits;
5. Adds a mediation and arbitration clause; and
6. Makes other administrative changes.

The mediation and arbitration clause applies to the parties of the 3rd Agreement: NPCC, the Régie, and NERC. It would only be used if there was a disagreement regarding the implementation of the 3rd Agreement and would not be available for use by registered entities in Québec.

Under the 3rd Agreement, NERC retains the same level of access to non-public information it had under the 2014 Agreement, primarily through a data repository maintained by the Régie, and the 3rd Agreement continues to recognize that officers, directives, employees, representatives, and agents of NERC are subject to codes of conduct that provide for the duty to maintain the confidentiality of information they receive while performing QCMEP activities.

Next Steps

Following the Board of Trustees' approval to enter into the 3rd Agreement, NERC will execute the 3rd Agreement with NPCC and Régie representatives.

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**AMENDED AND RESTATED AGREEMENT
ON THE IMPLEMENTATION OF THE QUÉBEC
RELIABILITY STANDARDS COMPLIANCE MONITORING AND
ENFORCEMENT PROGRAM**

BETWEEN

Régie de l'énergie, a public body established under the *Act respecting the Régie de l'énergie* (CQLR, c. R-6.01) (the "Act") with headquarters at Tour de la Bourse, P.O. Box 001, 800 rue du Square Victoria, 2nd Floor, Suite 2.55, Montréal, Québec H4Z 1A2, acting through **Jocelin Dumas**, Chair, duly authorized pursuant to section 85.4 of the Act,

hereinafter referred to as "the Régie"

AND

North American Electric Reliability Corporation, a corporate body established under the *New Jersey Nonprofit Corporation Act*, New Jersey Statutes Title 15A, with headquarters at Atlanta Financial Center, 3353 Peachtree Road, N.E., Suite 600, Atlanta, Georgia, United States, 30326, acting through **James B. Robb**, President and Chief Executive Officer, duly authorized pursuant to Article VI, Section 1, of the *Bylaws of the North American Electric Reliability Corporation*,

hereinafter referred to as "NERC"

AND

Northeast Power Coordinating Council, Inc., a corporate body established under Section 402 of the *New York State Not-for-Profit Corporation Law*, with headquarters at 1040 Avenue of the Americas, 10th floor, New York, New York, United States, 10018, acting through **Charles Dickerson**, President and Chief Executive Officer, duly authorized pursuant to the *Amended and Restated Bylaws of Northeast Power Coordinating Council, Inc.*,

hereinafter referred to as "NPCC."

WHEREAS the Government of Québec pursuant to section 85.4 of the Act, has, through decree number 443-2009 of April 8, 2009, authorized the Régie to enter into an agreement with NERC and NPCC, which agreement was signed on May 8, 2009;

WHEREAS the agreement of May 8, 2009, provided for the entering into a second agreement that set out all the understandings reached by the Régie, NERC and NPCC with respect to the implementation of the "Québec Reliability Standards Compliance Monitoring and Enforcement Program" (the "QCMEP"), and that the second agreement was executed on September 24, 2014 (the "2014 Agreement");

WHEREAS in accordance with the 2014 Agreement, the Régie, NERC and NPCC carried out their undertakings with respect to the implementation of the QCMEP;

WHEREAS certain processes described in the QCMEP do not correspond anymore to the current practices in regard to reliability standards compliance monitoring and enforcement in North America;

WHEREAS the Régie, NERC and NPCC mutually agreed to amend the QCMEP in order to reflect these practices;

1
2 **WHEREAS** in accordance with the 2014 Agreement, any amendment to the QCMEP is
3 subject to prior agreement between the parties;
4

5 **WHEREAS** this amended and restated agreement (the “Agreement”) and the amended and
6 updated QCMEP take into account the comments received by the Régie in the course of the
7 consultation process of the Registered Entities;
8

9 **WHEREAS**, pursuant to section 85.4 of the Act, NPCC and NERC will carry out inspections
10 or investigations provided for under Division II of Chapter III of the Act, in accordance with
11 the QCMEP;
12

13 **WHEREAS** the Régie holds the documents relating to the activities of the QCMEP and
14 preserves and archives such documents, and that NPCC and NERC, for the performance of
15 their responsibilities, must have secure access to the computer system established by the
16 Régie for the purposes of the QCMEP;
17

18 **NOW THEREFORE**, the Régie, NERC and NPCC agree as follows:
19
20

21 **1. INTERPRETATION**

22

23 **1.1 Exclusivity and Scope of Agreement**

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25 This Agreement sets out all the understandings reached by the parties with respect to
26 implementation of the QCMEP, which describes the means by which NPCC and NERC will
27 make inspections and investigations.
28

29 The Agreement supplements the agreement signed on May 8, 2009, and succeeds to the 2014
30 Agreement insofar as it defines the mandates that the Régie continues to grant to NERC and
31 NPCC for the implementation of the QCMEP. All documents relating to monitoring of
32 compliance and the enforcement of electric power transmission standards, including the
33 QCMEP, are available on the Régie’s website.
34

35 The Agreement should not be construed as delegating the Régie’s powers to NERC and
36 NPCC, whose services have been retained in view of their expertise in the assessment and
37 monitoring of electric power transmission Reliability Standards.
38

39 The parties acknowledge that they have received a copy of the QCMEP, have read it and
40 consent to all the terms and conditions stipulated in it. The QCMEP may be amended from
41 time to time by the parties to the Agreement and rendered effective on the date agreed upon.
42

43 **1.2 Governing Law and Competent Jurisdiction**

44

45 The Agreement is governed by the laws of Québec, and the courts of Québec shall have
46 exclusive jurisdiction to settle any disputes arising therefrom.
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48 **1.3 Headings**

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50 The headings of the Agreement are for convenience of reference only and shall not define,
51 limit, or otherwise affect any of the terms or provisions thereof.
52
53

54 **2. REPRESENTATIVES**

55

56 For the purposes of the application of the Agreement, the Régie designates Lyne Mercier,
57 Executive Director, Planning and Regulation, as its representative. NERC and NPCC
58 designate **Sônia C. Mendonça, Senior Vice President, General Counsel, and Corporate**
59 **Secretary** and **Charles Dickerson**, President and Chief Executive Officer, as their respective

1 representative. Each of the parties undertakes to expeditiously give notice to the other parties
2 of any change in its representative.
3
4

5 **3. PURPOSE OF THE AGREEMENT**

6

7 Further to the changes to the QCMEP, the Régie continues to retain the services of NERC
8 and NPCC to monitor and assess the compliance of Registered Entities in Québec with the
9 Reliability Standards adopted by the Régie with respect to electric power transmission in
10 Québec in accordance with the Implementation Plan prepared by NPCC and submitted each
11 year to the Régie for approval after prior review by NERC.
12
13

14 **4. UNDERTAKING OF THE RÉGIE**

15

16 The Régie maintains the Data Repository for the implementation of activities relating to
17 monitoring and the enforcement of electric power transmission Reliability Standards and the
18 filing of documents relating to the QCMEP.
19

20 The Régie grants NERC and NPCC secure access to information in the Data Repository for
21 the performance of their respective duties under the Agreement and the QCMEP.
22

23 The Régie provides NPCC and NERC remote access to Non-Public Information on the Data
24 Repository for the performance of their respective duties.
25

26 With respect to audits of NPCC, the Régie undertakes to ensure the scope, schedule and
27 frequency of audits are reasonable.
28
29

30 **5. UNDERTAKINGS OF NERC AND NPCC**

31

32 **5.1** NPCC implements the QCMEP and makes relevant recommendations to the Régie.
33

34 **5.2** NPCC reports to the Régie its assessment as to whether a Registered Entity may have
35 failed to comply with the Reliability Standards adopted by the Régie. It also submits to the
36 Régie its recommendations with respect to the actions to be taken to ensure compliance with
37 the Reliability Standards, including recommendations on financial penalties or sanctions.
38

39 **5.3** NPCC recommends financial penalties or sanctions to the Régie on the basis of the
40 Sanction Guide for the Enforcement of the Reliability Standards in effect in Québec.
41

42 **5.4** NPCC examines the Mitigation Plan submitted by the entity concerned and makes a
43 recommendation to the Régie, upon which the Régie makes a decision in accordance with
44 section 85.12 of the Act.
45

46 **5.5** NPCC makes a recommendation, after consulting the Reliability Coordinator, to the
47 Régie concerning the need to order Remedial Actions, upon which the Régie will make a
48 decision in accordance with section 85.12.1 of the Act.
49

50 **5.6** In the performance of the responsibilities assigned to it by the Régie, NPCC is
51 authorized to issue notices, require documents, conduct investigations and inspections, and,
52 upon reasonable notice, enter the premises of a Registered Entity at any reasonable hour in
53 connection with QCMEP-related activities.
54

55 **5.7** NERC ensures continuity of the QCMEP in the event that NPCC withdraws from the
56 Agreement or the Régie determines, after consultation with NERC, that NPCC does not
57 conform to the essential obligations set forth in the Agreement or the essential obligations
58 set forth in the applicable provisions of the QCMEP. In this event, all the provisions of the
59 Agreement that apply to NPCC apply to NERC, or to another regional entity with delegated

1 authority from NERC to which the Régie and NERC mutually agree to assign NPCC's
2 responsibilities.

3
4 **5.8** NERC oversees the services provided by NPCC in connection with the QCMEP.

5
6 **5.9** Upon request by the Régie and at a schedule agreed upon by NERC and the Régie,
7 NERC conducts an audit to assess the performance of NPCC's work with respect to the
8 QCMEP requirements.

9
10 **5.10** After a request by the Régie for an audit of NPCC by NERC, NPCC agrees with the
11 Régie on a reasonable schedule for the audit given its scope.

12
13 **5.11** When processing information, NPCC and NERC implement data management
14 methods that address data integrity, data retention, data security and data confidentiality.
15 NPCC and NERC file management policies must include systematic and orderly procedures
16 for the retention and destruction of electronic and hard-copy data relating to the QCMEP
17 consistent with the legal and regulatory provisions applicable in Québec.

18
19 **5.12** At the completion of a monitoring or investigation process, NPCC and NERC shall
20 destroy all information and data they hold in connection with the process after filing on the
21 Data Repository any such information or data necessary to ensure that the Data Repository
22 contains all useful information pertinent to the process. Such information shall be retained
23 by the Régie for consultation as required. NPCC and NERC shall preserve all confidentiality
24 markings in the information and data they handle.

25
26 **5.13** With the exception of the Reliability Standards and unless the Régie instructs
27 otherwise, NERC and NPCC shall provide English and French versions of the information
28 collection forms and documentation connected with the implementation of the QCMEP to
29 allow them to be posted on the Régie's website and integrated into the Data Repository, if
30 applicable.

31
32 **5.14** NERC and NPCC shall ensure that, with respect to the implementation of the
33 QCMEP, all communications in writing with Registered Entities and all documents
34 submitted to them and to the Régie are in French.

35
36 **5.15** Any meeting between NPCC or NERC and a Registered Entity, during a Compliance
37 Audit, Compliance Investigation or any other activity provided for in the QCMEP, must be
38 held in Montréal or elsewhere in Québec with simultaneous translation into French, unless
39 the participants agree otherwise.

40
41 **5.16** Hearings held by the Régie as part of the QCMEP shall take place in the Régie's
42 offices in Montréal. Hearings relating to a Non-Compliance shall be held behind closed
43 doors. NPCC may attend such hearings, even if NPCC is not requested to attend such
44 hearings by the Régie pursuant to Section 9b. NERC may attend such hearings on Non-
45 Compliances found during a Compliance Investigation it led, even if it not requested to attend
46 such hearings by the Régie pursuant to Section 9b.

47
48 **5.17** If the Régie holds a hearing relating to a Non-Compliance with a Reliability Standard,
49 NPCC makes available in the Régie's offices, for consultation and reproduction by the entity
50 concerned, all the information relevant to the Non-Compliance that was prepared or obtained
51 during the process leading to the hearing, with the exception of any document or part of a
52 document that contains Privileged Information.

1 **6. SERVICES PROVIDED**

2
3 **NERC**

4
5 **6.1** NERC provides guidance to NPCC with respect to the ERO Enterprise
6 implementation plan; this plan specifies the Reliability Standards associated to the ERO
7 Enterprise risk elements.

8
9 **6.2** Each year, NERC reviews NPCC's annual Implementation Plan to ensure that it is
10 consistent with ERO Enterprise's annual implementation plan and applies fairly and
11 impartially.

12
13 **6.3** NERC assesses NPCC's non-public *QCMEP Annual Implementation Report*
14 annually and submit its assessment to the Régie by April 1.

15
16 **6.4** NERC shall develop and provide training in auditing skills to all people who
17 participate in NPCC's Compliance Audits. Training for NPCC personnel or others who serve
18 as Compliance Audit team leaders shall be more extensive than training for technical subject
19 matter experts. Training for technical subject matter experts and NPCC personnel may be
20 delegated to NPCC.

21
22 **6.5** Upon request by the Régie, NERC shall lead a Compliance Investigation.

23
24
25 **NPCC**

26
27 **6.6** NPCC monitors and assesses compliance with the Reliability Standards in accordance
28 with the QCMEP.

29
30 **6.7** NPCC ensures that it has sufficient and competent resources to meet its assigned
31 QCMEP-related responsibilities, including the necessary personnel to manage and
32 implement the program.

33
34 **6.8** NPCC may, with agreement from the Régie, call upon technical subject matter experts
35 or NPCC personnel to benefit from their expertise during compliance-related activities. Such
36 persons must not have any conflict of interest or any financial interest connected with the
37 outcome of their involvement in such activities, and will be considered representatives of
38 NPCC when carrying out such activities.

39
40 **6.9** The technical subject matter experts or NPCC personnel must have successfully
41 completed the auditor training provided by NERC or NPCC before taking part in a
42 Compliance Audit or Compliance Investigation as a member of an audit or investigation
43 team.

44
45 **6.10** In addition, NPCC may consult technical subject matter experts and NPCC members
46 or NPCC committee members with expertise in compliance-related activities. Such persons
47 must not have any conflict of interest or any financial interest connected with the outcome of
48 their involvement in such activities, and must comply with appropriate confidentiality rules.
49 Such persons may not, however, rule on the existence of a Non-Compliance or the relevance
50 of financial penalties or sanctions, or Remedial Actions, or provide opinions on Mitigation
51 Plans or proposed settlements submitted by the entities concerned.

52
53 **6.11** NPCC provides NERC with its annual Implementation Plan by October 1 of each
54 year, or on another date as agreed by the parties.

55
56 **6.12** By November 1 of each year, or on another date as agreed by the parties, NPCC
57 submits its Implementation Plan for the following calendar year, or the remainder of the
58 current year as appropriate, to the Régie for approval, after prior review by NERC. Once
59 approved by the Régie, this Implementation Plan and NPCC's other relevant compliance
60 documents shall be made available on the Régie's website.

1
2 **6.13** NPCC provides the non-public *QCMEP Annual Implementation Report* to the Régie,
3 with a copy to NERC, by March 1 regarding how it carried out its responsibilities in the
4 previous calendar year, the effectiveness of the QCMEP, and changes suggested to correct
5 any deficiencies identified.

6
7 **6.14** NPCC provides the Régie and NERC with reports and non-public summary status
8 reports, as specified in QCMEP Section 8. All reports are available in the Data Repository.
9

10 **6.15** In the provision of its services, NPCC uses the following processes, in accordance
11 with the QCMEP and the Régie's orders: (1) Compliance Audits, (2) Self-Certifications,
12 (3) Spot Checks, (4) Compliance Investigations, (5) Non-Compliance Self-Report,
13 (6) Periodic Data Submittals, and (7) investigations following a Complaint. These processes
14 are described in the QCMEP; the latter also includes definitions of certain terms used in this
15 Agreement.
16

17 18 **7. MITIGATION PLANS FOR VIOLATIONS AND NON-COMPLIANCES**

19
20 NPCC assesses the Mitigation Plan submitted by the Registered Entity and makes its
21 recommendations to the Régie, which disposes of the matter in accordance with section 85.12
22 of the Act. The process, with respect to the submission and the implementation of a
23 Mitigation Plan, is detailed in the QCMEP.
24

25 26 **8. REMEDIAL ACTIONS**

27
28 The Régie may order a Registered Entity to perform Remedial Actions when an inspection
29 or inquiry reveals that the Registered Entity is in Non-Compliance with a Reliability Standard
30 and is thus seriously compromising the reliability of electric power transmission. The process
31 with respect to the Remedial Actions is described in the QCMEP.
32

33 34 **9. RESOURCES**

35
36 NERC and NPCC undertake to:

- 37
- 38 a. Have competent resources that are qualified to ensure implementation of the
39 QCMEP;
 - 40
 - 41 b. Make available to the Régie staff members or other individuals whose services were
42 retained in connection with the QCMEP when hearings or meetings with Registered
43 Entities are held;
 - 44
 - 45 c. Designate a staff member qualified to respond within five (5) business days to
46 requests from the Régie relating to activities under this Agreement.
47

48 NPCC also undertakes to have competent resources that are qualified to monitor the Régie's
49 orders related to the QCMEP.
50

51
52 The Régie undertakes to:

- 53
- 54 i. Designate a staff member who is thoroughly familiar with the QCMEP and the
55 Reliability Standards to serve as the contact for NERC and NPCC; and
56
 - 57 ii. Inform NERC and NPCC in a timely fashion of any applicable amendments to the
58 law applicable in Québec affecting the terms of this Agreement and make available
59 legal counsel for any discussion of the scope of such amendments.
60

1
2 **10. REMUNERATION**
3

4 NERC and NPCC are remunerated at the beginning of each quarter for services under the
5 May 8, 2009 agreement and this Agreement. Hydro-Québec TransÉnergie and the Régie split
6 the payment as per the provisions of section 5 of the agreement of May 8, 2009.
7

8 In addition to this remuneration, the parties agree that reasonable fees incurred by NERC and
9 NPCC for any simultaneous translation or translation of documents related to the delivery of
10 services by NERC and NPCC shall be reimbursed by the Régie. These translation services
11 are billed at cost to the Régie at the end of each quarter by NERC and NPCC, separately.
12 Certain translation services, such as, but not limited to, the fees incurred by NERC and NPCC
13 for the services of interpreters in the event of an upcoming monitoring process, may be billed
14 prior to the commencement of the process. Terms of payment are net 30 days after receipt of
15 the invoice.
16

17
18 **11. DECLARATIONS**
19

20 NERC and NPCC do hereby declare that no applicable law, contract or other legal obligation
21 prevents them from executing the Agreement and fulfilling their obligations hereunder.
22

23 The Régie declares that it has been duly authorized by the Government of Québec to enter
24 into the Agreement, pursuant to section 85.4 of the Act.
25

26
27 **12. TERM, TERMINATION, AND AMENDMENT**
28

29 The Agreement is effective as of the date of the last signing by the parties.
30

31 Any party may terminate the Agreement upon one (1) year's notice to the other parties
32 concerned.
33

34 This Agreement may only be amended upon an agreement reduced to writing, executed by
35 the parties, and authorized by the government of Québec.
36

37
38 **13. DEFAULT AND CURE**
39

40 Upon the failure of a party to perform or observe any obligation of the Agreement, the
41 non-breaching party shall give written notice of such breach to the breaching party (the
42 "Default Notice"). Subject to a suspension of the following deadlines as specified below, the
43 breaching party shall have thirty (30) days from receipt of the Default Notice within which
44 to cure such breach.
45

46 If such breach is not capable of cure within thirty (30) days, the breaching party shall
47 commence such cure within thirty (30) days after notice and continuously and diligently
48 complete such cure within ninety (90) days from receipt of the Default Notice.
49

50 If cured within such time, the breach specified in such notice shall cease to exist.
51

52 Subject to the limitation specified in the following sentence, if a breach is not cured within
53 the period provided for, the non-breaching party shall have the right to declare a default and
54 terminate the Agreement by written notice at any time until cure occurs, and be relieved of
55 any further obligation hereunder. The deadlines for cure and the right to declare a default and
56 terminate the Agreement shall be suspended during the pendency of any efforts or
57 proceedings in accordance with Section 14 of the Agreement to resolve a dispute.
58

59 Termination of the Agreement does not extinguish any obligation existing at the time of the
60 termination.

1
2 **14. DISPUTE RESOLUTION**
3

4 If a dispute arises under the Agreement, representatives of the parties with authority to settle
5 the dispute shall meet and confer in good faith in an effort to resolve the dispute in a timely
6 manner. In the event the designated representatives are unable to resolve the dispute within
7 thirty (30) days or such other period as the parties may agree upon, each party shall have all
8 rights to pursue all remedies, except as expressly limited by the terms of the Agreement. No
9 party shall have the right to pursue other remedies until the dispute resolution procedure of
10 this Section 14 has been exhausted.
11

12
13 **15. MEDIATION AND ARBITRATION**
14

15 Any claim, controversy, or dispute arising between the parties with respect to the Agreement,
16 shall be referred to non-binding mediation for resolution administered by the International
17 Centre for Dispute Resolution (ICDR - Canada) under its Canadian Mediation Rules, before
18 resorting to arbitration, litigation or some other dispute resolution procedure. If such
19 mediation effort is not successful in resolving the dispute, the dispute shall be settled by and
20 through an arbitration proceeding to be administered by ICDR – Canada, under its Canadian
21 Arbitration rules, in Montreal, Quebec, Canada. Each of the parties to this Agreement hereby
22 agrees and consents to such venue and waives any objection thereto. The arbitrability of any
23 such dispute, claim or controversy shall likewise be determined in such arbitration. Such
24 arbitration proceeding shall be conducted in as expedited a manner as is then permitted by
25 the Canadian Arbitration rules (formal or informal) of the ICDR. Both the foregoing
26 agreement of the parties to this Agreement to arbitrate any and all such disputes, claims and
27 controversies and the results, determinations, findings, judgments and/or awards rendered
28 through any such arbitration shall be final and binding on the parties hereto and may be
29 specifically enforced by legal proceedings.
30

31
32 **16. LIMITATION OF LIABILITY**
33

34 None of the parties to the Agreement nor any officer, director, board trustee, employee, or
35 any volunteer or member on any committee, working group, or task force of any party
36 (collectively, the “Protected Parties”), shall be held liable for any loss or damage to one or
37 more of the other parties caused by reason of any act or omission in the good faith
38 performance of their respective duties pursuant to the Agreement or in conducting activities
39 under the authority of the Act, except for liabilities arising from intentional or gross fault or
40 liabilities that are not permitted to be excluded or limited pursuant to applicable law in
41 Québec. This Section 16 shall survive termination of the Agreement and no amendment or
42 repeal of this Section 16 shall eliminate or reduce the protection offered hereby to the
43 Protected Parties.
44

45
46 **17. ASSIGNMENT**
47

48 Subject to Section 5.7, NERC and NPCC may not assign their respective rights and
49 obligations under the Agreement without the consent of the Régie.
50

51
52 **18. CONFIDENTIALITY**
53

54 **18.1** All data related to the QCMEP that is not public information is designated as
55 Restricted Information, Privileged Information, Personal Information or Non-Public
56 Information.
57

58 **18.2** Privileged Information may only be disclosed to personnel explicitly designated by
59 the Régie and cannot be disclosed to third parties.
60

1 **18.3** Restricted Information can only be consulted by designated personnel, in the
2 performance of their duties under the QCMEP, at the offices of the Registered Entity, or, if
3 available, at the offices of the Régie.
4

5 **18.4** Personal Information cannot be accessed from outside Québec, nor sent or brought
6 out of Québec, in accordance with the *Act respecting access to documents held by public*
7 *bodies and the protection of personal information* (CQLR, c. A-2.1).
8

9 **18.5** NPCC and NERC cannot remotely access Restricted Information or Personal
10 Information.
11

12 **18.6** NPCC and NERC can remotely access Non-Public Information on the Data
13 Repository for the performance of their respective duties under the Agreement and the
14 QCMEP. Non-Public Information may not be disclosed or shared with any third party
15 without the written permission of the Régie.
16

17 **18.7** By default, data submitted by entities under provisions of the QCMEP is Non-Public
18 Information, unless the Régie rules otherwise.
19

20 **18.8** All data other than entity data that is generated or obtained in the implementation of
21 the QCMEP is Non-Public Information by default, unless it is Privileged Information or
22 unless the Régie rules otherwise.
23

24 **18.9** Once designated, only a Régie ruling can modify the designation of information.
25

26 **18.10** Except when an entity makes public its own information, only the Régie may make
27 information related to the QCMEP public.
28

29 **18.11** A Registered Entity may request that the Régie designate some information related to
30 the QCMEP as Restricted Information. The Régie rules on such requests.
31

32 **18.12** Any entity or party submitting information that could contain Personal Information
33 must request that the Régie designate that information as Personal Information. The Régie
34 rules on such requests.
35

36 **18.13** The parties recognize that the officers, directors, employees, representatives and
37 agents of both NERC and NPCC are already subject to codes of conduct which provide,
38 among other things, for the maintenance of confidentiality of information disclosed during
39 the course of duties performed and that such obligation includes, among other things, the
40 duty to maintain the confidentiality of information received while performing QCMEP
41 activities.
42

43 **18.14** NERC and NPCC agree to ensure that as they collect information in their work under
44 the QCMEP, they will promptly transfer this information into the Data Repository and
45 destroy the information in their possession so as to effectively transfer possession to the
46 Régie. NERC and NPCC recognize that the information to support the implementation of the
47 QCMEP is stored within Québec and is possessed by the Régie only.
48

49 **18.15** The Régie administers the access to the Data Repository. It maintains a register of
50 authorized personnel and accesses are logged. The content of the logs are Non-Public
51 Information, except where the Régie rules that it is Privileged Information. The Régie rules
52 on any requests to review the register.
53

54 **18.16** The access codes the Régie provides NERC and NPCC personnel to access specific
55 information within the Data Repository belong to the Régie, are issued and modified at the
56 discretion of the Régie, and may not be shared between personnel, nor disclosed to any other
57 party, without the written consent of the Régie.
58

1 **18.17** If NPCC or NERC need to work offline with some information, written consent must
2 be obtained from the Régie and any conditions the Régie imposes for its consent must be
3 respected.
4

5 **18.18** In relation to Sections 18.14 and 18.17, little information will be within NERC or
6 NPCC's possession at any given time. If a party could be required to disclose information in
7 its possession, it will inform the relevant other parties prior to the release of the information
8 in order to allow the relevant party the opportunity to protect its interest. In the event that the
9 party cannot obtain relief from the requirement to disclose information, it agrees to,
10 notwithstanding Section 18.6, furnish only that portion of the information that is consistent
11 with the scope of the request and to exercise reasonable efforts to obtain assurance that
12 confidential treatment will be accorded such information. NPCC and NERC will provide
13 reasonable cooperation to the Régie and its legal counsel with respect to performance of the
14 covenants undertaken pursuant to this paragraph.
15

16 **18.19** The Régie records in a register requests or requirements to disclose information as
17 described in Section 18.18. The Régie may make this register public on its website.
18

19 **18.20** Information that NPCC and NERC deems useful for their own future reference will
20 be stored on the Data Repository. The Régie takes possession of this information and will
21 ensure its integrity. The Régie may delete this information, consistent with its own
22 information retention policies, after obtaining comments on the proposed deletion from the
23 relevant entity, NPCC or NERC.
24

25

26 **19. THIRD PARTY BENEFICIARIES**

27

28 Nothing in the Agreement shall be construed as creating an obligation or liability to any third
29 party.
30

31

32 **20. NOTICE**

33

34 All notices, requests, formal demands and other communications required or provided for in
35 the Agreement shall be given in writing to a party at the address set forth below, or at such
36 other address as a party shall designate for itself in writing in accordance with this Section,
37 and shall be delivered by hand or reputable overnight courier.
38

39 La Régie: Ms. **Lyne Mercier**, Executive Director, Planning and Regulation
40 Tour de la Bourse, case postale 001
41 800, rue du Square Victoria
42 2^e étage, bureau 2.55
43 Montréal (Québec) H4Z 1A2
44 Fax: 514 873-3037
45 E-mail: lyne.mercier@regie-energie.qc.ca
46

47 NERC: Ms. **Sônia C. Mendonça**, Senior Vice President, General Counsel, and
48 **Corporate Secretary**
49 1325 G Street, N.W., Suite 600
50 Washington, D.C.
51 United States, 20005
52 Fax: 202 644-8099
53 E-mail: sonia.mendonca@nerc.net
54

55 NPCC: Mr. **Damase Hebert**, Compliance Attorney and Director of Enforcement
56 1040 Avenue of the Americas, 10th floor
57 New York, NY
58 United States, 10018
59 Fax: 212 302-2782
60 E-mail: dhebert@npcc.org

1 **21. EXECUTION OF COUNTERPARTS**

2
3 The Agreement is executed in four (4) counterparts in French and four (4) counterparts in
4 English and each has the same force and effect as the original.
5
6
7

8
9 **IN WITNESS WHEREOF**, the parties have caused the Agreement, in French and in
10 English, both versions being regarded as equally authentic and valid, to be executed by their
11 duly authorized representative and to be in effect on the last date signed below.
12

13 Signed for and on behalf of the Régie

Signed for and on behalf of NERC

14
15
16
17
18 _____
19 **Jocelin Dumas**
20 Chairman
21 Régie de l'énergie
22 (514) 873-2452, extension 281
23

James B. Robb
President and Chief Executive Officer
North American Electric Reliability
Corporation
(404) 446-2560

24
25 on _____ **2022**

on _____ **2022**

26
27 at _____

at _____

28
29
30
31
32
33 Signed for and on behalf of NPCC

34
35
36
37
38 _____
39 **Charles Dickerson**
40 President and Chief Executive Officer
41 Northeast Power Coordinating Council, Inc.
42 (212) 840-1070
43

44
45 on _____ **2022**

46
47 at _____
48
49

1
2 **AMENDED AND RESTATED AGREEMENT**
3 **ON THE IMPLEMENTATION OF THE QUÉBEC**
4 **RELIABILITY STANDARDS COMPLIANCE MONITORING AND**
5 **ENFORCEMENT PROGRAM**
6
7
8

9 **BETWEEN**

10
11 **Régie de l'énergie**, a public body established under the *Act respecting the Régie de l'énergie*
12 (CQLR, c. R-6.01) (the "Act") with headquarters at Tour de la Bourse, P.O. Box 001,
13 800 rue du Square Victoria, 2nd Floor, Suite 2.55, Montréal, Québec H4Z 1A2, acting
14 through ~~Diane Jean~~ **Jocelin Dumas**, Chair, duly authorized pursuant to section 85.4 of the Act,
15

16 hereinafter referred to as "the Régie"
17

18
19 **AND**

20
21 **North American Electric Reliability Corporation**, a corporate body established under the
22 *New Jersey Nonprofit Corporation Act*, New Jersey Statutes Title 15A, with headquarters at
23 Atlanta Financial Center, 3353 Peachtree Road, N.E., Suite 600, Atlanta, Georgia, United
24 States, 30326, acting through ~~Gerald W. Cauley~~ **James B. Robb**, President and Chief
25 Executive Officer, duly authorized pursuant to Article VI, Section 1, of the *Bylaws of the*
26 *North American Electric Reliability Corporation*,
27

28 hereinafter referred to as "NERC"
29

30
31 **AND**

32
33 **Northeast Power Coordinating Council, Inc.**, a corporate body established under
34 Section 402 of the *New York State Not-for-Profit Corporation Law*, with headquarters at
35 1040 Avenue of the Americas, 10th floor, New York, New York, United States, 10018, acting
36 through ~~Edward A. Schwerdt~~ **Charles Dickerson**, President and Chief Executive Officer, duly
37 authorized pursuant to the *Amended and Restated Bylaws of Northeast Power Coordinating*
38 *Council, Inc.*,
39

40 hereinafter referred to as "NPCC."
41

42
43 **WHEREAS** the Government of Québec pursuant to section 85.4 of the Act, has, through
44 decree number 443-2009 of April 8, 2009, authorized the Régie to enter into an agreement
45 with NERC and NPCC, which agreement was signed on May 8, 2009;

46
47 **WHEREAS** the agreement of May 8, 2009, provided for the entering into a second
48 agreement that set out all the understandings reached by the Régie, NERC and NPCC with
49 respect to the implementation of the "Québec Reliability Standards Compliance Monitoring
50 and Enforcement Program" (the "QCMEP"), and that the second agreement was executed on
51 September 24, 2014 (the "2014 Agreement");

52
53 **WHEREAS** in accordance with the 2014 Agreement, the Régie, NERC and NPCC carried
54 out their undertakings with respect to the implementation of the QCMEP;

55
56 **WHEREAS** certain processes described in the QCMEP do not correspond anymore to the
57 current practices in regard to reliability standards compliance monitoring and enforcement in
58 North America;

1 WHEREAS the Régie, NERC and NPCC mutually agreed to amend the QCMEP in order to
2 reflect these practices;

3
4 WHEREAS in accordance with the 2014 Agreement, any amendment to the QCMEP is
5 subject to prior agreement between the parties;

6
7 ~~WHEREAS in accordance with the terms of the said agreement, specific procedures and a~~
8 ~~specific program for the monitoring of the application of electric power transmission~~
9 ~~Reliability Standards in Québec, respectively the “Québec Rules of Procedure for~~
10 ~~Compliance Services (QROP) by the North American Electric Reliability Corporation” and~~
11 ~~the “Québec Compliance Monitoring and Enforcement Program (QCMEP) for~~
12 ~~Implementation by Northeast Power Coordinating Council, Inc.,” were submitted by the~~
13 ~~Régie to a consultation with the entities subject to the Reliability Standards;~~

14
15 ~~WHEREAS the Régie has received comments from various entities that may be subject to~~
16 ~~the Reliability Standards;~~

17
18 ~~WHEREAS the agreement of May 8, 2009, provides that, subsequent to the said~~
19 ~~consultation and upon authorization from the Government of Québec, a second agreement~~
20 ~~shall detail the mandates granted by the Régie to NERC and to NPCC with respect to the~~
21 ~~implementation of the said procedures and program for the monitoring of the application of~~
22 ~~electric power transmission Reliability Standards in Québec and the provision of opinions~~
23 ~~and recommendations to the Régie in this regard;~~

24
25 ~~WHEREAS the “Québec Reliability Standards Compliance Monitoring and Enforcement~~
26 ~~Program (QCMEP)” (the “QCMEP”) replaces the “Québec Compliance Monitoring and~~
27 ~~Enforcement Program (QCMEP) for Implementation by Northeast Power Coordinating~~
28 ~~Council, Inc.”;~~

29
30 **WHEREAS** this amended and restated agreement (the “Agreement”) and the amended and
31 updated QCMEP take into account the comments received by the Régie in the course of ~~its~~
32 the consultation process of the Registered Entities~~and the QROP have now been integrated~~
33 ~~into the Agreement and the QCMEP;~~

34
35 **WHEREAS**, pursuant to section 85.4 of the Act, NPCC and NERC will carry out inspections
36 or investigations provided for under Division II of Chapter III of the Act, in accordance with
37 the QCMEP;

38
39 **WHEREAS** the Régie holds the documents relating to the activities of the QCMEP and must
40 preserves and archives such documents, and that NPCC and NERC ~~will~~, for the performance
41 of their responsibilities, must have secure access to the computer system established by the
42 Régie for the purposes of the QCMEP;

43
44 **NOW THEREFORE**, the Régie, NERC and NPCC agree as follows:

45
46
47 **1. INTERPRETATION**

48
49 **1.1 Exclusivity and Scope of Agreement**

50
51 This Agreement sets out all the understandings reached by the parties with respect to
52 implementation of the QCMEP, which describes the means by which NPCC and NERC will
53 make inspections and investigations.

54
55 The Agreement supplements the agreement signed on May 8, 2009, and succeeds to the 2014
56 Agreement insofar as it defines the mandates that the Régie continues to granted to NERC
57 and NPCC for the implementation of the QCMEP. All documents relating to monitoring of
58 compliance and the enforcement of electric power transmission standards, including the
59 QCMEP, are available on the Régie’s website.

1 The Agreement should not be construed as delegating the Régie’s powers to NERC and
2 NPCC, whose services have been retained in view of their expertise in the assessment and
3 monitoring of electric power transmission Reliability Standards.
4

5 The parties acknowledge that they have received a copy of the QCMEP, have read it and
6 consent to all the terms and conditions stipulated in it. ~~Any amendment to the QCMEP is~~
7 ~~subject to prior agreement between the parties.~~ The QCMEP may be amended from time to
8 time by the parties to the Agreement and rendered effective on the date agreed upon.
9

10 **1.2 Governing Law and Competent Jurisdiction**

11
12 The Agreement ~~shall be~~ governed by the laws of Québec, and the courts of Québec shall
13 have exclusive jurisdiction to settle any disputes arising therefrom.
14

15 **1.3 Headings**

16
17 The headings of the Agreement are for convenience of reference only and shall not define,
18 limit, or otherwise affect any of the terms or provisions thereof.
19

20 ~~1.4 Definitions~~

21
22 ~~1.4.1 — Compliance Audit: A systematic, objective review and examination of records~~
23 ~~and activities to determine whether a Registered Entity meets the requirements of applicable~~
24 ~~Reliability Standards.~~

25
26 ~~1.4.2 — Spot Check: A process in which NPCC requests that a Registered Entity provide~~
27 ~~information to support the Registered Entity’s Self-Certification, Non-Compliance Self-~~
28 ~~Reporting, or Periodic Data Submittal, and to assess whether the Registered Entity complies~~
29 ~~with Reliability Standards. A Spot Check may also be random or initiated in response to~~
30 ~~events, as described in the Reliability Standards, or by operating problems or system events.~~
31 ~~A Spot Check may require an on-site review to complete.~~

32
33 ~~1.4.3 — Reliability Coordinator: The entity designated by the Régie pursuant to section~~
34 ~~85.5 of the Act.~~

35
36 ~~1.4.4 — Required Date: The date given to a Registered Entity in a notice from the Régie~~
37 ~~or NPCC by which some action is required. The Required Date will allow the Registered~~
38 ~~Entity a reasonable period of time in which to take the required action, given the~~
39 ~~circumstances and the action required.~~

40
41 ~~1.4.5 — Non-Compliance Self-Reporting: A report filed promptly by a Registered Entity~~
42 ~~which considers, based on its own assessment, that it does not comply with a Reliability~~
43 ~~Standard, and which wants to submit as soon as possible the actions it has implemented or is~~
44 ~~planning to implement to resolve the Non-Compliance.~~

45
46 ~~1.4.6 — Self-Certification: Attestation by a Registered Entity of compliance or Non-~~
47 ~~Compliance with, or non-applicability of, a Reliability Standard requirement for which Self-~~
48 ~~Certification is required under the monitoring provisions of the Implementation Plan.~~

49
50 ~~1.4.7 — Compliance Investigation: A comprehensive investigation, which may include~~
51 ~~an on-site inspection with interviews of the Registered Entity’s personnel, to determine if~~
52 ~~a Non-Compliance with a Reliability Standard has occurred.~~
53

1 ~~1.4.8 — Registered Entity: Any owner or operator of transmission systems or facilities;~~
2 ~~owner or operator of production facilities, distributor, or user of the electric power~~
3 ~~transmission system registered in the Register of entities subject to Reliability Standards.~~

4
5 ~~1.4.9 — Data Repository: A computerized, secure electronic data and information storage~~
6 ~~repository system controlled and maintained by the Régie and located within the Province of~~
7 ~~Québec. Information, data and documents related to activities of the QCMEP whether filed~~
8 ~~by a Registered Entity, or created or obtained by the Régie, NPCC, or NERC are stored on~~
9 ~~the Data Repository.~~

10
11 ~~1.4.10 — Sanction Guide for the Enforcement of the Reliability Standards in effect in~~
12 ~~Québec: A document specifying the guidelines for imposing a financial penalty or sanction~~
13 ~~when the Régie determines, pursuant to section 85.10 of the Act, that a failure to comply~~
14 ~~(violation) with a Reliability Standard has occurred.~~

15
16 ~~1.4.11 — Restricted Information: Highly sensitive data of a i) security nature or ii)~~
17 ~~commercial or proprietary nature whose circulation or consultation are restricted by the~~
18 ~~Régie, and which cannot be taken or transmitted outside Québec in any format.~~

19
20 ~~1.4.12 — Non-Public Information: Except where the Régie rules otherwise, and unless~~
21 ~~designated by the Régie with a more restrictive designation such as Privileged, Restricted or~~
22 ~~Personal, all information, data and documents created or obtained in activities related to the~~
23 ~~QCMEP by the Régie, NPCC, NERC, or a Registered Entity are Non-Public Information.~~
24 ~~Information that is already public or that becomes public is excluded.~~

25
26 ~~1.4.13 — Privileged Information: Information that neither the Régie nor NPCC are~~
27 ~~required by law to disclose, for example, advice or opinions furnished by NPCC, NERC or~~
28 ~~Régie staff to the Régie in an adjudicative context.~~

29
30 ~~1.4.14 — Inspection: Pursuant to paragraph 2 of section 85.4 and section 44 of the Act,~~
31 ~~entry by a representative of NPCC, NERC or the Régie upon the property of a Registered~~
32 ~~Entity to examine and make copies of books, records, accounts, files and other documents or~~
33 ~~require any information pertaining to the application of the Act, and the production of any~~
34 ~~related document.~~

35
36 ~~1.4.15 — Day: A calendar day, unless otherwise specified.~~

37
38 ~~1.4.16 — Act: The Act respecting the Régie de l'énergie (CQLR, c. R-6.01).~~

39
40 ~~1.4.17 — Remedial Action (“measures...to correct” pursuant to section 85.12.1 of the~~
41 ~~Act): An action ordered by the Régie pursuant to section 85.12.1 of the Act when an~~
42 ~~inspection or inquiry reveals that an entity is in Non-Compliance with a Reliability Standard~~
43 ~~and is thus seriously compromising the reliability of electric power transmission.~~

44
45 ~~1.4.18 — Non-Compliance: Identification of a possible failure by a Registered Entity to~~
46 ~~comply with the Reliability Standard that is applicable to the Registered Entity that has~~
47 ~~occurred or is occurring and for which the NPCC may send a notice of Non-Compliance and~~
48 ~~which may result in a decision by the Régie, including but not limited to decisions regarding~~
49 ~~failure to comply (violation), Remedial Action, financial penalty or sanction and Mitigation~~
50 ~~Plan.~~

51
52 ~~1.4.19 — Reliability Standards: Set of standards and their appendices adopted by the Régie~~
53 ~~under section 85.7 of the Act to provide for the reliability of electric power transmission in~~
54 ~~Québec.~~

1 ~~1.4.20 — NERC: North American Electric Reliability Corporation. It has delegated certain~~
2 ~~authority to eight (8) regional entities within the United States portion of North America~~
3 ~~subject to its oversight.~~

4
5 ~~1.4.21 — NPCC: Northeast Power Coordinating Council, Inc., the NERC regional entity for~~
6 ~~Northeastern North America.~~

7
8 ~~1.4.22 — Participant: Representative of the Régie, a Registered Entity, NERC or NPCC,~~
9 ~~designated for the purposes of a Compliance Audit or any other purpose under the QCMEP.~~

10
11 ~~1.4.23 — Complaint: An allegation that a Registered Entity might have failed to comply~~
12 ~~with a Reliability Standard.~~

13
14 ~~1.4.24 — Implementation Plan: An annual plan prepared by NPCC and submitted to the~~
15 ~~Régie for approval, including (1) all Reliability Standards identified by the Régie for active~~
16 ~~monitoring in Québec during the year, (2) the QCMEP methods to be used by NPCC for~~
17 ~~compliance monitoring, assessment and reporting of each Reliability Standard, (3) NPCC's~~
18 ~~Annual Audit Plan regarding Registered Entities, (4) a schedule for Self-Certification and (5)~~
19 ~~a schedule for Periodic Data Submittals.~~

20
21 ~~1.4.25 — Mitigation Plan (“compliance plan” pursuant to section 85.12 of the Act): The~~
22 ~~set of actions identified by a Registered Entity to (i) correct a violation or Non-Compliance~~
23 ~~and (ii) prevent their re-occurrence. It becomes effective once ordered by the Régie pursuant~~
24 ~~to section 85.12 of the Act.~~

25
26 ~~1.4.26 — Annual Audit Plan: A plan included in the Implementation Plan that specifies the~~
27 ~~Reliability Standards and Registered Entities to be audited and the schedule of Compliance~~
28 ~~Audits for the calendar year.~~

29
30 ~~1.4.27 — Québec Reliability Standards Compliance Monitoring and Enforcement~~
31 ~~Program (QCMEP): Program describing the processes used to monitor and assess~~
32 ~~compliance with the Reliability Standards adopted by the Régie and the procedures in place~~
33 ~~to ensure their enforcement.~~

34
35 ~~1.4.28 — Exception Reporting: Information provided by a Registered Entity indicating that~~
36 ~~it might not be complying with a requirement of a Reliability Standard (e.g., a system~~
37 ~~operating limit is exceeded). Only a subset of the Reliability Standards requires Exception~~
38 ~~Reporting.~~

39
40 ~~1.4.29 — Régie: Régie de l'énergie du Québec.~~

41
42 ~~1.4.30 — Register of entities subject to Reliability Standards (the “Register”): List,~~
43 ~~approved by the Régie pursuant to section 85.13 of the Act, of Registered Entities subject to~~
44 ~~Reliability Standards and their functions, and of the facilities, systems and equipment subject~~
45 ~~to these Standards. Use of the Register is limited to QCMEP administration.~~

46
47 ~~1.4.31 — Personal Information: Confidential information which, in a document, concerns a~~
48 ~~natural person and allows that person to be identified. Such information must be dealt with~~
49 ~~in accordance with the Act respecting access to documents held by public bodies and the~~
50 ~~protection of personal information (CQLR, c. A-2.1).~~

51
52 ~~1.4.32 — Periodic Data Submittals: Submittals of data by Registered Entities within a~~
53 ~~timeframe required by a Reliability Standard, on a schedule stipulated in the Implementation~~
54 ~~Plan, or upon additional request by NPCC with the Régie's approval.~~

1 **2. REPRESENTATIVES**

2
3 For the purposes of the application of the Agreement, the Régie designates ~~J. E. Alain~~
4 ~~Daneau~~ Lyne Mercier, Executive Director, Planning and Regulation, as its representative.
5 NERC and NPCC designate ~~Charles A. Berardeseo~~ Sônia C. Mendonça, Senior
6 Vice President, ~~—~~ & General Counsel, and Corporate Secretary and
7 ~~Edward A. Schwerdt~~ Charles Dickerson, President and Chief Executive Officer, as their
8 respective representative. Each of the parties undertakes to expeditiously give notice to the
9 other parties of any change in its representative.

10
11
12 **3. PURPOSE OF THE AGREEMENT**

13
14 Further to the changes to the QCMEP, ~~the~~ Régie hereby continues to retains the services of
15 NERC and NPCC to monitor and assess the compliance of Registered Entities in Québec
16 with the Reliability Standards adopted by the Régie with respect to electric power
17 transmission in Québec in accordance with the Implementation Plan prepared by NPCC and
18 submitted each year to the Régie for approval after prior review by NERC.

19
20
21 **4. UNDERTAKING OF THE RÉGIE**

22
23 The Régie ~~undertakes to set up~~ maintains the Data Repository for the implementation of
24 activities relating to monitoring and the enforcement of electric power transmission
25 Reliability Standards and the filing of documents relating to the QCMEP.

26
27 The Régie ~~shall~~ grants NERC and NPCC secure access to information in the Data Repository
28 for the performance of their respective duties under the Agreement and the QCMEP.

29
30 The Régie ~~undertakes to~~ provides NPCC and NERC remote access to Non-Public
31 Information on the Data Repository for the performance of their respective duties.

32
33 With respect to audits of NPCC, the Régie undertakes to ensure the scope, schedule and
34 frequency of audits are reasonable.

35
36
37 **5. UNDERTAKINGS OF NERC AND NPCC**

38
39 **5.1** NPCC ~~undertakes to~~ implements the QCMEP and ~~to~~ makes relevant
40 recommendations to the Régie.

41
42 **5.2** NPCC ~~undertakes to~~ reports to the Régie its assessment as to whether an Registered
43 eEntity may have failed to comply with the Reliability Standards adopted by the Régie. It
44 ~~shall~~ also submits to the Régie its recommendations with respect to the actions to be taken to
45 ensure compliance with the Reliability Standards, including recommendations on financial
46 penalties or sanctions.

47
48 **5.3** NPCC ~~undertakes to~~ recommends financial penalties or sanctions to the Régie on the
49 basis of the Sanction Guide for the Enforcement of the Reliability Standards in effect in
50 Québec.

51
52 **5.4** NPCC ~~undertakes to~~ examines the Mitigation Plan submitted by the entity concerned
53 and makes a recommendation to the Régie, upon which the Régie makes a decision in
54 accordance with section 85.12 of the Act.

55
56 **5.5** NPCC ~~undertakes to~~ makes a recommendation, after ~~consultation with~~ consulting the
57 Reliability Coordinator, to the Régie concerning the need to order Remedial Actions, upon
58 which the Régie will make a decision in accordance with section 85.12.1 of the Act.

1 5.6 In the performance of the responsibilities assigned to it by the Régie, NPCC is
2 authorized to issue notices, require documents, conduct investigations and inspections, and,
3 upon reasonable notice, enter the premises of a Registered Entity at any reasonable hour in
4 connection with QCMEP-related activities.
5

6 5.7 NERC ~~undertakes to~~ ensures continuity of the QCMEP in the event that NPCC
7 withdraws from the Agreement or the Régie determines, after consultation with NERC, that
8 NPCC does not conform to the essential obligations set forth in the Agreement or the essential
9 obligations set forth in the other applicable provisions ~~in the carrying out~~ of the QCMEP. In
10 this event, all the provisions of the Agreement that apply to NPCC ~~shall~~ apply to NERC, or
11 to another Regional Entity with delegated authority from NERC to which the Régie and
12 NERC mutually agree to assign NPCC's responsibilities.
13

14 5.8 NERC ~~undertakes to~~ oversees the services provided by NPCC in connection with the
15 QCMEP.
16

17 5.9 Upon request by the Régie and at a schedule agreed upon by NERC and the Régie,
18 NERC ~~undertakes to~~ conducts an audit to assess the performance of NPCC's work with
19 respect to the QCMEP requirements.
20

21 5.10 After a request by the Régie for an audit of NPCC by NERC, NPCC ~~undertakes to~~
22 agrees with the Régie on a reasonable schedule for the audit given its scope.
23

24 5.11 When processing information, NPCC and NERC ~~undertake to~~ implement data
25 management methods that address data integrity, data retention, data security and data
26 confidentiality. NPCC and NERC file management policies must include systematic and
27 orderly procedures for the retention and destruction of electronic and hard-copy data relating
28 to the QCMEP consistent with the legal and regulatory provisions applicable in Québec, ~~as~~
29 ~~specified in this Agreement.~~
30

31 5.12 At the completion of a monitoring or investigation process, NPCC and NERC shall
32 destroy all information and data they hold in connection with the process after filing on the
33 Data Repository any such information or data necessary to ensure that the Data Repository
34 contains all useful information pertinent to the process. Such information shall be retained
35 by the Régie for consultation as required. NPCC and NERC shall preserve all confidentiality
36 markings in the information and data they handle.
37

38 5.13 With the exception of the Reliability Standards and unless the Régie instructs
39 otherwise, NERC and NPCC shall provide English and French versions of the information
40 collection forms and documentation connected with the implementation of the QCMEP to
41 allow them to be posted on the Régie's website and integrated into the Data Repository, if
42 applicable.
43

44 5.14 NERC and NPCC shall ensure that, with respect to the implementation of the
45 QCMEP, all communications in writing with Registered Entities and all documents
46 submitted to them and to the Régie are in French.
47

48 5.15 Any meeting between NPCC or NERC and a Registered Entity, during a Compliance
49 Audit, Compliance Investigation or any other activity provided for in the QCMEP, must be
50 held in Montréal or elsewhere in Québec with simultaneous translation into French, unless
51 the participants agree otherwise.
52

53 5.16 Hearings held by the Régie as part of the QCMEP shall take place in the Régie's
54 offices in Montréal. Hearings relating to a Non-Compliance shall be held behind closed
55 doors. NPCC may attend such hearings, even if NPCC is not requested to attend such
56 hearings by the Régie pursuant to Section 9b. NERC may attend such hearings on Non-
57 Compliances found during a Compliance Investigation it led, even if it not requested to attend
58 such hearings by the Régie pursuant to Section 9b.
59

1 5.17 If the Régie holds a hearing relating to a Non-Compliance with a Reliability Standard,
2 NPCC ~~must~~ makes available in the Régie's offices, for consultation and reproduction by the
3 entity concerned, all the information relevant to the Non-Compliance that was prepared or
4 obtained during the process leading to the hearing, with the exception of any document or
5 part of a document that contains Privileged Information.

6. SERVICES PROVIDED

NERC

12 6.1 NERC ~~will~~ provides guidance to NPCC with respect to ~~its the ERO Enterprise~~
13 ~~implementation plan to NPCC by September 1 of each year, or on another date as agreed by~~
14 ~~the parties; this plan will specify~~ the Reliability Standards associated to the ERO
15 Enterprise risk elements and will provide guidance to NPCC in preparation of its annual
16 Implementation Plan requiring reporting by Registered Entities so that NPCC can verify
17 compliance with Reliability Standards through one of the monitoring methods described in
18 NERC's implementation plan.

20 6.2 Each year, NERC ~~will~~ reviews NPCC's annual Implementation Plan to ensure that it
21 is consistent with NERC's ERO Enterprise's annual implementation plan and applies fairly
22 and impartially.

24 6.3 NERC ~~will~~ assesses NPCC's non-public *QCMEP Annual Implementation Report*
25 annually and submit its assessment to the Régie by April 1.

27 6.4 NERC shall develop and provide training in auditing skills to all people who
28 participate in NPCC's Compliance Audits. Training for NPCC personnel or others who serve
29 as Compliance Audit team leaders shall be more extensive than training for technical subject
30 matter experts. Training for technical subject matter experts and NPCC personnel may be
31 delegated to NPCC.

33 6.5 Upon request by the Régie, NERC shall lead a Compliance Investigation.

NPCC

38 6.6 NPCC ~~will~~ monitors and assesses compliance with the Reliability Standards in
39 accordance with the QCMEP.

41 6.7 NPCC ~~will~~ ensures that it has sufficient and competent resources to meet its assigned
42 QCMEP-related responsibilities, including the necessary personnel to manage and
43 implement the program.

45 6.8 NPCC may, with agreement from the Régie, call upon technical subject matter experts
46 or NPCC personnel to benefit from their expertise during compliance-related activities. Such
47 persons must not have any conflict of interest or any financial interest connected with the
48 outcome of their involvement in such activities, and will be considered representatives of
49 NPCC when carrying out such activities.

51 6.9 The technical subject matter experts or NPCC personnel must have successfully
52 completed the auditor training provided by NERC or NPCC before taking part in a
53 Compliance Audit or Compliance Investigation as a member of an audit or investigation
54 team.

56 6.10 In addition, NPCC may consult technical subject matter experts and NPCC members
57 or NPCC committee members with expertise in compliance-related activities. Such persons
58 must not have any conflict of interest or any financial interest connected with the outcome of
59 their involvement in such activities, and must comply with appropriate confidentiality rules.
60 Such persons may not, however, rule on the existence of a Non-Compliance or the relevance

1 of financial penalties or sanctions, or Remedial Actions, or provide opinions on Mitigation
2 Plans or proposed settlements submitted by the entities concerned.

3
4 **6.11** NPCC ~~will~~ provides NERC with its annual Implementation Plan by October 1 of each
5 year, or on another date as agreed by the parties.

6
7 **6.12** By November 1 of each year, or on another date as agreed by the parties, NPCC ~~will~~
8 submits its Implementation Plan for the following calendar year, or the remainder of the
9 current year as appropriate, to the Régie for approval, after prior review by NERC. Once
10 approved by the Régie, this Implementation Plan and NPCC's other relevant compliance
11 documents shall be made available on the Régie's website.

12
13 **6.13** NPCC ~~must~~ provides the non-public *QCMEP Annual Implementation Report* to the
14 Régie, with a copy to NERC, by March 1 regarding how it carried out its responsibilities in
15 the previous calendar year, the effectiveness of the QCMEP, and changes suggested to correct
16 any deficiencies identified.

17
18 **6.14** NPCC ~~undertakes to~~ provides the Régie and NERC with reports and non-public
19 summary status reports, as specified in QCMEP Section 8 ~~and to provide NERC with copies~~
20 ~~of the non-public summary status reports as specified in the QCMEP Section 8.~~ All reports
21 are available in the Data Repository.

22
23 **6.15** In the provision of its services, NPCC ~~will~~ uses the following ~~methods~~processes, in
24 accordance with the QCMEP and the Régie's orders: (1) Compliance Audits,
25 (2) Self-Certifications, (3) Spot Checks, (4) Compliance Investigations, (5) Non-
26 Compliance Self-Reporting, (6) Periodic Data Submittals, ~~(7) Exception Reporting~~, and
27 ~~(87)~~ investigations following a Complaint. These ~~methods~~processes are described below in
28 the QCMEP; the latter also includes definitions of certain terms used in this Agreement.

29 30 31 **6.15.1 — Compliance Audits**

32
33 ~~NPCC will conduct scheduled on-site and off-site Compliance Audits, according to the~~
34 ~~schedule set forth in the Implementation Plan approved by the Régie.~~

35
36 ~~NPCC may conduct a Compliance Audit not scheduled under the Annual Audit Plan as~~
37 ~~necessary, with the Régie's approval.~~

38
39 ~~NPCC will give the Registered Entity advance notice of the audit, in accordance with the~~
40 ~~QCMEP, and will provide it with the list of audit team members and observers, if any.~~

41
42 ~~For those electric power transmission system owners and operators with primary reliability~~
43 ~~responsibility (reliability coordinator, balancing authority and transmission operator), the~~
44 ~~Compliance Audit will be performed at least once every three (3) years unless otherwise~~
45 ~~specified in the Implementation Plan. For other Registered Entities on the Register,~~
46 ~~Compliance Audits will be performed on a schedule established by NPCC and approved by~~
47 ~~the Régie.~~

48 ~~Audits of electric power transmission system owners and operators with primary reliability~~
49 ~~responsibility will be performed on the audited entity's site. For other Registered Entities,~~
50 ~~the audit may be on-site or off-site.~~

51 52 53 **6.15.2 — Self-Certification**

54
55 ~~NPCC will prepare a Self-Certification program for approval by the Régie. This program will~~
56 ~~include a schedule and the required documentation to enable the Registered Entity to produce~~
57 ~~a Self-Certification of compliance with the Reliability Standards. The Self-Certification~~
58 ~~program, including the schedule and the documentation, will be included in the NPCC~~
59 ~~Implementation Plan to be approved by the Régie.~~

1
2 NPCC will make the blank Self-Certification forms available in electronic format for posting
3 on the Régie's website.

4 5 **6.15.3 — Spot Checks**

6
7 NPCC can carry out Spot Checks, as authorized or requested by the Régie, to verify or
8 confirm Self-Certifications, Non-Compliance Self-Reporting, Mitigation Plan execution, and
9 Periodic Data Submittals, or with respect to other reliability concerns.

10 11 **6.15.4 — Compliance Investigation**

12
13 The Régie may request or authorize NPCC to lead a Compliance Investigation in response to
14 a system disturbance or possible Non-Compliance identified by any other means, or when
15 required by the Régie following a Complaint.

16 17 **6.15.5 — Non-Compliance Self-Reporting**

18
19 NPCC will assess the Non-Compliance self-reports submitted by the Registered Entities.
20 NPCC will ensure that the blank self-reporting submittal forms are available in electronic
21 format for posting on the Régie's website.

22 23 **6.15.6 — Periodic Data Submittals**

24
25 NPCC will establish and maintain a Periodic Data Submittal process and include a schedule
26 in the Implementation Plan submitted annually to the Régie for approval. NPCC will make
27 the blank data submittal forms available in electronic format for posting on the Régie's
28 website.

29 30 **6.15.7 — Exception Reporting**

31
32 ~~Some Reliability Standards require Exception Reporting as a form of compliance monitoring.~~

33
34 ~~Where Exception Reporting is required, such submission by Registered Entities shall be~~
35 ~~reviewed by NPCC.~~

36 37 **6.15.8 — Investigations following a Complaint**

38
39 NPCC will conduct the necessary investigations following any Complaint alleging Non-
40 Compliance which the Régie has found, on the basis of a preliminary assessment, to have
41 merit and to require investigation.

42 43 44 **7. MITIGATION PLANS FOR VIOLATIONS AND NON-COMPLIANCES**

45
46 NPCC ~~will assesses~~ the Mitigation Plan submitted by the Registered Entity and ~~makes~~ its
47 recommendations to the Régie, which ~~will disposes~~ of the matter in accordance with section
48 85.12 of the Act. The process, with respect to the submission and the implementation of a
49 Mitigation Plan, is detailed in the QCMEP. ~~NPCC will monitor implementation of the~~
50 ~~Mitigation Plan and assemble and maintain the following information on the Régie Data~~
51 ~~Repository:~~

52
53 a. ~~Name of the Registered Entity;~~

54 b. ~~Date on which the Non-Compliance is identified and the violation is determined;~~

55 c. ~~Monitoring method by which violation or Non-Compliance was detected~~
56 ~~(Self-Certification, Non-Compliance Self-Reporting, Spot Check, Compliance Audit,~~
57 ~~Compliance Investigation, investigation following a Complaint, etc.);~~

58 d. ~~Date of notification 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 in support.~~

~~Any information that meets the definitions of Non-Public Information, Personal Information, Restricted Information or Privileged Information must be handled in accordance with Section 18 of the Agreement.~~

~~NPCC will provide to the Régie information regarding the progress of Mitigation Plans and such information as the Régie requests.~~

~~If, in the opinion of NPCC, the Mitigation Plan has been duly completed, NPCC will so advise the Régie and assemble and maintain the information listed above on the Régie Data Repository.~~

~~If, in the opinion of NPCC, the Mitigation Plan has not been duly completed, NPCC will so advise the Régie by means of a notice containing the following information:~~

- ~~i.—Description of the breaches of the Mitigation Plan or of one or more Reliability Standards;~~
- ~~ii.—Assessment of the reliability impact of the breaches of the Mitigation Plan or of one or more Reliability Standards; and~~
- ~~iii.i. Assessment of whether Remedial Action is required in order to safeguard the reliability of the system.~~

8. REMEDIAL ACTIONS

The Régie may order a Registered Entity to perform Remedial Actions when an inspection or 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. The process with respect to the Remedial Actions is described in the QCMEP.

~~In its recommendation for 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 reason why the other means provided for in the QCMEP are insufficient to address 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 Remedial Action order.~~

~~NPCC shall monitor the implementation of the Remedial Actions ordered by the Régie to ensure that the Registered Entity carries them out and complies with the Reliability~~

1 ~~Standards. NPCC shall assemble and maintain the same information on the Régie Data~~
2 ~~Repository as for the Mitigation Plan listed in Section 7 of this Agreement.~~

3
4 ~~In the event of a Registered Entity's failure to carry out the Remedial Actions, NPCC will so~~
5 ~~advise the Régie by means of a notice containing the following information:~~

6
7 ~~i. A description of the breaches of the Remedial Actions or of one or more Reliability~~
8 ~~Standards; and~~

9
10 ~~ii.i. Assessment of the reliability impact of the breaches of the Remedial Actions or of~~
11 ~~one or more Reliability Standards.~~

12 13 14 **9. RESOURCES**

15
16 NERC and NPCC undertake to:

- 17
18 a. Have competent resources that are qualified to ensure implementation of the
19 QCMEP;
20
21 b. Make available to the Régie staff members or other individuals whose services were
22 retained in connection with the QCMEP when hearings or meetings with Registered
23 Entities are held;
24
25 c. Designate a staff member qualified to respond within five (5) business days to
26 requests from the Régie relating to activities under this Agreement.

27
28 NPCC also undertakes to have competent resources that are qualified to monitor the Régie's
29 orders related to the QCMEP.

30
31
32 The Régie undertakes to:

- 33
34 i. Designate a staff member who is thoroughly familiar with the QCMEP and the
35 Reliability Standards to serve as the contact for NERC and NPCC; and
36
37 ii. Inform NERC and NPCC in a timely fashion of any applicable amendments to the
38 law applicable in Québec affecting the terms of this Agreement and make available
39 legal counsel for any discussion of the scope of such amendments.
40
41

42 **10. REMUNERATION**

43
44 NERC and NPCC are remunerated at the beginning of each quarter for services under the
45 May 8, 2009 agreement and this Agreement. Hydro-Québec TransÉnergie and the Régie split
46 the payment as per the provisions of section 5 of the agreement of May 8, 2009.
47

48 In addition to this remuneration, the parties agree that reasonable fees incurred by NERC and
49 NPCC for any simultaneous translation or translation of documents related to the delivery of
50 services by NERC and NPCC shall be reimbursed by the Régie. These translation services
51 ~~will be~~ are billed at cost to the Régie at the end of each quarter by NERC and NPCC,
52 separately. Certain translation services, such as, but not limited to, the fees incurred by NERC
53 and NPCC for the services of interpreters in the event of an upcoming monitoring process,
54 may be billed prior to the commencement of the process. Terms of payment are net 30 days
55 after receipt of the invoice.
56

57 58 ~~11. QCMEP IMPLEMENTATION DATE~~

59
60 ~~Implementation of the QCMEP will begin on the date set by the Régie.~~

1
2
3 **12.11. DECLARATIONS**

4
5 NERC and NPCC do hereby declare that no applicable law, contract or other legal obligation
6 prevents them from executing the Agreement and fulfilling their obligations hereunder.

7
8 The Régie declares that it has been duly authorized by the Government of Québec to enter
9 into the Agreement, pursuant to section 85.4 of the Act.

10
11
12 **13.12. TERM, TERMINATION, AND AMENDMENT**

13
14 The Agreement is effective as of the date of the last signing by the parties.

15
16 Any party may terminate the Agreement upon one (1) year’s notice to the other parties
17 concerned.

18
19 This Agreement may only be amended upon an agreement reduced to writing, executed by
20 the parties, and authorized by the government of Québec.

21
22
23 **14.13. DEFAULT AND CURE**

24
25 Upon the failure of a party to perform or observe any obligation of the Agreement, the
26 non-breaching party shall give written notice of such breach to the breaching party (the
27 “Default Notice”). Subject to a suspension of the following deadlines as specified below, the
28 breaching party shall have thirty (30) days from receipt of the Default Notice within which
29 to cure such breach.

30
31 If such breach is not capable of cure within thirty (30) days, the breaching party shall
32 commence such cure within thirty (30) days after notice and continuously and diligently
33 complete such cure within ninety (90) days from receipt of the Default Notice.

34
35 If cured within such time, the breach specified in such notice shall cease to exist.

36
37 Subject to the limitation specified in the following sentence, if a breach is not cured within
38 the period provided for, the non-breaching party shall have the right to declare a default and
39 terminate the Agreement by written notice at any time until cure occurs, and be relieved of
40 any further obligation hereunder. The deadlines for cure and the right to declare a default and
41 terminate the Agreement shall be suspended during the pendency of any efforts or
42 proceedings in accordance with Section 154 of the Agreement to resolve a dispute.

43
44 Termination of the Agreement does not extinguish any obligation existing at the time of the
45 termination.

46
47
48 **15.14. DISPUTE RESOLUTION**

49
50 ~~In the event~~ If a dispute arises under the Agreement ~~between the Régie, NERC and/or NPCC,~~
51 representatives of the parties with authority to settle the dispute shall meet and confer in good
52 faith in an effort to resolve the dispute in a timely manner. In the event the designated
53 representatives are unable to resolve the dispute within thirty (30) days or such other period
54 as the parties may agree upon, each party shall have all rights to pursue all remedies, except
55 as expressly limited by the terms of the Agreement. No party shall have the right to pursue
56 other remedies until the dispute resolution procedures of this Section 154 ~~have~~ has been
57 exhausted.

58
59
60 **15. MEDIATION AND ARBITRATON**

1
2 Any claim, controversy, or dispute arising between the parties with respect to the Agreement,
3 shall be referred to non-binding mediation for resolution administered by the International
4 Centre for Dispute Resolution (ICDR - Canada) under its Canadian Mediation Rules, before
5 resorting to arbitration, litigation or some other dispute resolution procedure. If such
6 mediation effort is not successful in resolving the dispute, the dispute shall be settled by and
7 through an arbitration proceeding to be administered by ICDR – Canada, under its Canadian
8 Arbitration rules, in Montreal, Quebec, Canada. Each of the parties to this Agreement hereby
9 agrees and consents to such venue and waives any objection thereto. The arbitrability of any
10 such dispute, claim or controversy shall likewise be determined in such arbitration. Such
11 arbitration proceeding shall be conducted in as expedited a manner as is then permitted by
12 the Canadian Arbitration rules (formal or informal) of the ICDR. Both the foregoing
13 agreement of the parties to this Agreement to arbitrate any and all such disputes, claims and
14 controversies and the results, determinations, findings, judgments and/or awards rendered
15 through any such arbitration shall be final and binding on the parties hereto and may be
16 specifically enforced by legal proceedings.
17
18

19 **16. LIMITATION OF LIABILITY**

20
21 None of the parties to the Agreement nor any officer, director, board trustee, employee, or
22 any volunteer or member on any committee, working group, or task force of any party
23 (collectively, the “Protected Parties”), shall be held liable for any loss or damage to one or
24 more of the other parties caused by reason of any act or omission in the good faith
25 performance of their respective duties pursuant to the Agreement or in conducting activities
26 under the authority of the Act, except for liabilities arising from intentional or gross fault or
27 liabilities that are not permitted to be excluded or limited pursuant to applicable law in
28 Québec. -This Section 16 shall survive termination of the Agreement and no amendment or
29 repeal of this Section 16 shall eliminate or reduce the protection offered hereby to the
30 Protected Parties.
31
32

33 **17. ASSIGNMENT**

34
35 Subject to Section 5.7, NERC and NPCC may not assign their respective rights and
36 obligations under the Agreement without the consent of the Régie.
37
38

39 **18. CONFIDENTIALITY**

40
41 **18.1** All data related to the QCMEP that is not public information is designated as
42 Restricted Information, Privileged Information, Personal Information or Non-Public
43 Information.
44

45 **18.2** Privileged Information may only be disclosed to personnel explicitly designated by
46 the Régie and cannot be disclosed to third parties.
47

48 **18.3** Restricted Information can only be consulted by designated personnel, in the
49 performance of their duties under the QCMEP, at the offices of the Registered Entity, or, if
50 available, at the offices of the Régie.
51

52 **18.4** Personal Information cannot be accessed from outside Québec, nor sent or brought
53 out of Québec, in accordance with the *Act respecting access to documents held by public*
54 *bodies and the protection of personal information* (CQLR, c. A-2.1).
55

56 **18.5** NPCC and NERC cannot remotely access Restricted Information or Personal
57 Information.
58

59 **18.6** NPCC and NERC can remotely access Non-Public Information on the Data
60 Repository for the performance of their respective duties under the Agreement and the

1 QCMEP. Non-Public Information may not be disclosed or shared with any third party
2 without the written permission of the Régie.

3
4 **18.7** By default, data submitted by entities under provisions of the QCMEP is Non-Public
5 Information, unless the Régie rules otherwise.

6
7 **18.8** All data other than entity data that is generated or obtained in the implementation of
8 the QCMEP is Non-Public Information by default, unless it is Privileged Information or
9 unless the Régie rules otherwise.

10
11 **18.9** Once designated, only a Régie ruling can modify the designation of information.

12
13 **18.10** Except when an entity makes public its own information, only the Régie may make
14 information related to the QCMEP public.

15
16 **18.11** A Registered Entity may request that the Régie designate some information related to
17 the QCMEP as Restricted Information. The Régie rules on such requests.

18
19 **18.12** Any entity or party submitting information that could contain Personal Information
20 must request that the Régie designate that information as Personal Information. The Régie
21 rules on such requests.

22
23 **18.13** The parties recognize that the officers, directors, employees, representatives and
24 agents of both NERC and NPCC are already subject to codes of conduct which provide,
25 among other things, for the maintenance of confidentiality of information disclosed during
26 the course of duties performed and that such obligation includes, among other things, the
27 duty to maintain the confidentiality of information received while performing QCMEP
28 activities.

29
30 **18.14** NERC and NPCC agree to ensure that as they collect information in their work under
31 the QCMEP, they will promptly transfer this information into the Data Repository and
32 destroy the information in their possession so as to effectively transfer possession to the
33 Régie. NERC and NPCC recognize that the information to support the implementation of the
34 QCMEP is stored within Québec and is possessed by the Régie only.

35
36 **18.15** The Régie administers the access to the Data Repository. It ~~will~~ maintains a register
37 of authorized personnel and accesses ~~will be~~ logged. The content of the logs are Non-
38 Public Information, except where the Régie rules that it is Privileged Information. The Régie
39 rules on any requests to review the register.

40
41 **18.16** The access codes the Régie provides NERC and NPCC personnel to access specific
42 information within the Data Repository belong to the Régie, are issued and modified at the
43 discretion of the Régie, and may not be shared between personnel, nor disclosed to any other
44 party, without the written consent of the Régie.

45
46 **18.17** If NPCC or NERC need to work offline with some information, written consent must
47 be obtained from the Régie and any conditions the Régie imposes for its consent must be
48 respected.

49
50 **18.18** In ~~view of relation to~~ Sections 18.14 and 18.17, little information will be within
51 NERC or NPCC's possession at any given time. If a party could be required to disclose
52 information in its possession, it will inform the relevant other parties prior to the release of
53 the information in order to allow the relevant party the opportunity to protect its interest. In
54 the event that the party cannot obtain relief from the requirement to disclose information, it
55 agrees to, notwithstanding Section 18.6, furnish only that portion of the information that is
56 consistent with the scope of the request and to exercise reasonable efforts to obtain assurance
57 that confidential treatment will be accorded such information. ~~NPCC and NERC will provide~~
58 reasonable cooperation to the Régie and its legal counsel with respect to performance of the
59 covenants undertaken pursuant to this paragraph.

1 **18.19** The Régie ~~will~~records in a register requests or requirements to disclose information
2 as described in Section 18.18. The Régie may make this register public on its website.
3

4 **18.20** Information that NPCC and NERC deems useful for their own future reference will
5 be stored on the Data Repository. The Régie takes possession of this information and will
6 ensure its integrity. The Régie may delete this information, consistent with its own
7 information retention policies, after obtaining comments on the proposed deletion from the
8 relevant entity, NPCC or NERC.
9

10 **19. THIRD PARTY BENEFICIARIES**

11
12
13 Nothing in the Agreement shall be construed as creating an obligation or liability to any third
14 party.
15

16 **20. NOTICE**

17
18
19 All notices, requests, formal demands and other communications required or provided for in
20 the Agreement shall be given in writing to a party at the address set forth below, or at such
21 other address as a party shall designate for itself in writing in accordance with this Section,
22 and shall be delivered by hand or reputable overnight courier.
23

24 La Régie: ~~Mrs. J.-E. Alain Daneau~~Lyne Mercier, Executive Director, Planning and
25 Regulation

26 Tour de la Bourse, case postale 001
27 800, rue du Square Victoria
28 2^e étage, bureau 2.55
29 Montréal (Québec) H4Z 1A2
30 Fax: 514 873-3037

31 E-mail: ~~alain.daneau@regie-energie.qc.ca~~lyne.mercier@regie-energie.qc.ca
32

33 NERC: ~~Mrs. Charles A. Berardesco~~Sônia C. Mendonça, Senior Vice President, ~~&~~
34 General Counsel, and Corporate Secretary

35 1325 G Street, N.W., Suite 600
36 Washington, D.C.
37 United States, 20005
38 Fax: 202 644-8099

39 E-mail: ~~charlie.berardesco@nerc.net~~sonia.mendonca@nerc.net
40

41 NPCC: Mr. Damase Hebert, Compliance Attorney and Director of Enforcement

42 1040 Avenue of the Americas, 10th floor
43 New York, NY
44 United States, 10018
45 Fax: 212 302-2782
46 E-mail: dhebert@npcc.org
47

48 **21. EXECUTION OF COUNTERPARTS**

49
50
51 The Agreement is executed in four (4) counterparts in French and four (4) counterparts in
52 English and each has the same force and effect as the original.
53
54
55

56
57 **IN WITNESS WHEREOF**, the parties have caused the Agreement, in French and in
58 English, both versions being regarded as equally authentic and valid, to be executed by their
59 duly authorized representative and to be in effect on the last date signed below.
60

1 Signed for and on behalf of the Régie

Signed for and on behalf of NERC

2
3
4
5
6

7 ~~Diane Jean~~ Jocelin Dumas
8 Chairman
9 Régie de l'énergie
10 (514) 873-2452, extension 281

~~Gerald W. Cauley~~ James B. Robb
President and Chief Executive Officer
North American Electric Reliability
Corporation
(404) 446-2560

13 on _____ 201422

on _____ 201422

15 at _____

at _____

16
17
18
19
20

21 Signed for and on behalf of NPCC

22
23
24
25
26

27 ~~Edward A. Schwerdt~~ Charles Dickerson
28 President and Chief Executive Officer
29 Northeast Power Coordinating Council, Inc.
30 (212) 840-1070

33 on _____ 201422

35 at _____

36
37

**Québec Reliability Standards Compliance Monitoring and
Enforcement Program
(QCMEP)**

Effective date: To be determined

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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 that contains specific provisions with respect to the electric power transmission system in Québec being an integral part of a Reliability Standard.

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

1 counted, but the day of deadline is counted. The delay expires the last day at 24 p.m. The
2 delay that expires on a Saturday, a Sunday or a statutory holiday is extended to the first
3 business Day that follows.

4
5 **1.2.4 Spot Check:** A process in which NPCC requests that a Registered Entity provide
6 information to support the Registered Entity's Self-Certification, Non-Compliance Self-
7 Report, or Periodic Data Submittal, and to assess whether the Registered Entity complies
8 with Reliability Standards. A Spot Check may also be random or initiated in response to
9 events, as described in the Reliability Standards, or by operating problems or system events.
10 A Spot Check may require an on-site review to complete.

11
12 **1.2.5 Reliability Coordinator:** The entity designated by the Régie pursuant to section
13 85.5 of the Act.

14
15 **1.2.6 Required Date:** The date given to a Registered Entity in a notice from the Régie
16 or NPCC by which some action is required. When a Statutory Holiday falls within the period
17 of time between the Day after the notice and the Required Date, the Régie or NPCC postpones
18 the Required Date to the number of Statutory Holidays included in the period of time.

19
20 **1.2.7 Non-Compliance Self-Report:** A report filed promptly by a Registered Entity
21 which considers, based on its own assessment, that it does not comply with a Reliability
22 Standard, and which wants to submit as soon as possible the actions it has implemented or is
23 planning to implement to resolve the Non-Compliance.

24
25 **1.2.8 Self-Certification:** Attestation by a Registered Entity of compliance or Non-
26 Compliance with, or non-applicability of, a Reliability Standard requirement for which Self-
27 Certification is required under the monitoring provisions of the Implementation Plan. The
28 Registered Entity provides the attestation by the means of worksheets, in case of a guided
29 Self-Certification, or check the box forms, in case of traditional Self-Certification.

30
31 **1.2.9 Compliance Investigation:** A comprehensive investigation, which may include
32 an on-site inspection with interviews of the Registered Entity's personnel, to determine if
33 a Non-Compliance with a Reliability Standard has occurred.

34
35 **1.2.10 Registered Entity:** Any owner or operator of transmission systems or facilities,
36 owner or operator of production facilities, distributor, or user of the electric power
37 transmission system registered in the Register of entities subject to Reliability Standards.

38
39 **1.2.11 Data Repository:** A computerized, secure electronic data and information storage
40 repository system controlled and maintained by the Régie and located within the Province of
41 Québec. Information, data and documents related to activities of the QCMEP whether filed
42 by a Registered Entity, or created or obtained by the Régie, NPCC, or NERC are stored on
43 the Data Repository.

44
45 **1.2.12 Electric Reliability Organisation Enterprise or ERO Enterprise:** Organization
46 comprised of North American Electric Reliability Corporation and six regional entities¹.

47
48 **1.2.13 Sanction Guide for the Enforcement of the Reliability Standards in effect in**
49 **Québec:** A document specifying the guidelines for imposing a financial penalty or sanction

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 when the Régie determines, pursuant to section 85.10 of the Act, that a failure to comply
2 (violation) with a Reliability Standard has occurred.

3
4 **1.2.14 Restricted Information:** Highly sensitive data of a i) security nature or ii)
5 commercial or proprietary nature whose circulation or consultation are restricted by the
6 Régie, and which cannot be taken or transmitted outside Québec in any format.

7
8 **1.2.15 Non-Public Information:** Except where the Régie rules otherwise, and unless
9 designated by the Régie with a more restrictive designation such as Privileged, Restricted or
10 Personal, all information, data and documents created or obtained in activities related to the
11 QCMEP by the Régie, NPCC, NERC, or a Registered Entity are Non-Public Information.
12 Information that is already public or that becomes public is excluded.

13
14 **1.2.16 Privileged Information:** Information that neither the Régie nor NPCC are
15 required by law to disclose, for example, advice or opinions furnished by NPCC, NERC or
16 Régie staff to the Régie in an adjudicative context.

17
18 **1.2.17 Inspection:** Pursuant to paragraph 2 of section 85.4 and section 44 of the Act, entry
19 by a representative of NPCC, NERC or the Régie upon the property of a Registered Entity to
20 examine and make copies of books, records, accounts, files and other documents or require
21 any information pertaining to the application of the Act, and the production of any related
22 document.

23
24 **1.2.18 Day:** A calendar day, unless otherwise specified.

25
26 **1.2.19 Statutory Holiday:** Day of civil or religious holiday fixed by law, and during
27 which work is generally suspended. The following are the statutory holidays under Québec
28 law:

- 29 - January 1st (New Year's Day);
- 30 - Good Friday or Easter Monday (at the employer's choice);
- 31 - The Monday preceding May 25th (National Patriots' Day);
- 32 - June 24th (Québec National Holiday);
- 33 - July 1st (Canada Day), or July 2nd when July 1st is a Sunday;
- 34 - The first Monday in September (Labour Day);
- 35 - The second Monday of October (Canadian Thanksgiving);
- 36 - December 25th (Christmas Day).

37
38 **1.2.20 Act:** The Act respecting the Régie de l'énergie (CQLR, c. R-6.01).

39
40 **1.2.21 Remedial Action ("measures [...] to correct" pursuant to section 85.12.1 of**
41 **the Act):** An action ordered by the Régie pursuant to section 85.12.1 of the Act when an
42 inspection or inquiry reveals that an entity is in Non-Compliance with a Reliability Standard
43 and is thus seriously compromising the reliability of electric power transmission.

44
45 **1.2.22 Non-Compliance:** Identification of a possible failure by a Registered Entity to
46 comply with the Reliability Standard that is applicable to the Registered Entity that has
47 occurred or is occurring and for which the NPCC may send a notice of Non-Compliance and
48 which may result in a decision by the Régie, including but not limited to decisions regarding
49 failure to comply (violation), Remedial Action, financial penalty or sanction and Mitigation
50 Plan.

51
52 **1.2.23 Reliability Standards:** Set of standards and their related Québec Appendices
53 adopted by the Régie under section 85.7 of the Act to provide for the reliability of electric
54 power transmission in Québec.

55

1 **1.2.24 NERC:** North American Electric Reliability Corporation. It has delegated certain
2 authority to regional entities within the United States portion of North America subject to its
3 oversight.

4
5 **1.2.25 NPCC:** Northeast Power Coordinating Council, Inc., the NERC regional entity for
6 Northeastern North America.

7
8 **1.2.26 Participant:** Representative of the Régie, a Registered Entity, NERC or NPCC,
9 designated for the purposes of a Compliance Audit or any other purpose under the QCMEP.

10
11 **1.2.27 Designated Contact:** A contact designated by the Registered Entity, responsible
12 for sending and receiving all information and communications required under the QCMEP,
13 and a contact designated by NERC and NPCC to receive all documents relating to
14 compliance.

15
16 **1.2.28 Complaint:** An allegation that a Registered Entity might have failed to comply
17 with a Reliability Standard.

18
19 **1.2.29 Implementation Plan:** An annual plan prepared by NPCC and submitted to the
20 Régie for approval, including (1) those Reliability Standards identified by the Régie for
21 active monitoring in Québec during the year, (2) the QCMEP methods to be used by NPCC
22 for compliance monitoring, assessment and reporting of each Reliability Standard,
23 (3) NPCC's Annual Audit Plan regarding Registered Entities, (4) the tool by means of which
24 Self-Certification is implemented and (5) a schedule for Periodic Data Submittals.

25
26 **1.2.30 Mitigation Plan (“compliance plan” pursuant to section 85.12 of the Act):** The
27 set of actions identified by a Registered Entity to (i) correct a violation or Non-Compliance
28 and (ii) prevent their recurrence. It becomes effective once ordered by the Régie pursuant to
29 section 85.12 of the Act.

30
31 **1.2.31 Annual Audit Plan:** A plan included in the Implementation Plan that specifies the
32 Reliability Standards and Registered Entities to be audited and the schedule of Compliance
33 Audits for the calendar year.

34
35 **1.2.32 Québec Reliability Standards Compliance Monitoring and Enforcement**
36 **Program (QCMEP):** Program describing the processes used to monitor and assess
37 compliance with the Reliability Standards adopted by the Régie and the procedures in place
38 to ensure their enforcement.

39 **1.2.33**

40
41 **1.2.34 Régie:** Régie de l'énergie.

42
43 **1.2.35 Register of entities subject to Reliability Standards (the “Register”):** List,
44 approved by the Régie pursuant to section 85.13 of the Act, of Registered Entities subject to
45 Reliability Standards and their functions, and of the facilities, systems and equipment subject
46 to these standards. Use of the Register is limited to QCMEP administration.

47
48 **1.2.36 Personal Information:** Confidential information which, in a document, concerns a
49 natural person and allows that person to be identified. Such information must be dealt with
50 in accordance with the Act respecting access to documents held by public bodies and the
51 protection of personal information (CQLR, c. A-2.1).

52

1 **1.2.37 Periodic Data Submittals:** Submittals of data by Registered Entities within a
2 timeframe required by a Reliability Standard, on a schedule stipulated in the Implementation
3 Plan, or upon additional request by NPCC with the Régie's approval.
4
5

6 **2. REGISTER OF ENTITIES SUBJECT TO RELIABILITY STANDARDS**

7

8 In accordance with section 85.13 of the Act, the Reliability Coordinator must submit to the
9 Régie a Register identifying the entities that are subject to the Reliability Standards adopted
10 by the Régie.
11

12 The Régie maintains on its website the Register it has approved and a current list of the
13 Reliability Standards and their related Québec Appendix applicable in Québec.
14

15 Each Registered Entity must send the Régie the names of one or more Designated Contacts
16 for the purposes of QCMEP administration and the Régie makes the information available to
17 NPCC.
18

19 NPCC also designates one or more Designated Contacts and informs the Registered Entities.
20

21 Any changes to the designation of a Designated Contact must be promptly filed with the
22 Régie, NPCC and the Registered Entities, as applicable.
23

24 Each Registered Entity must inform the Reliability Coordinator of changes to its Registration
25 information, and the Reliability Coordinator must promptly file the information with the
26 Régie. The Régie informs NPCC of such changes.
27
28

29 **3. COMPLIANCE MONITORING PROCESS**

30

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

- 35 (1) Compliance Audits,
- 36 (2) Self-Certification,
- 37 (3) Spot Checks,
- 38 (4) Compliance Investigations,
- 39 (5) Non-Compliance Self-Report,
- 40 (6) Periodic Data Submittals, and
- 41 (7) Investigations following a Complaint.
42

43 These processes are described in sections 3.1 through 3.7 below.
44

45 For the purpose of effective monitoring of compliance with the Reliability Standards,
46 Registered Entities must promptly make available the information and reports required by
47 NPCC under the QCMEP, in the required format and no later than the Required Date.
48

49 When possible and practicable, all data submittals must be in electronic format. However, a
50 Registered Entity may request that information be examined on its premises if the submittal
51 of data in the required format is considered to be an unnecessary burden.
52

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

4
5 If the data, information or documents required of a Registered Entity are not made available
6 to NPCC by the Required Date, NPCC so advises the Régie. It informs the Registered Entity
7 that filing of the required information is imperative and, in addition to the applicable
8 sanctions for breaches of sections 46 and 47 of the Act, the Registered Entity may, depending
9 on the circumstances, be subject to an unscheduled Compliance Audit, a notice of Non-
10 Compliance at the severe compliance severity level, or a specific order by the Régie to
11 produce the information.

12
13 When engaged in the processes described in this Section, Registered Entities and NPCC
14 should consult with each other to determine the data and information that would be
15 appropriate for effectively addressing this section's process requirements.

17 **3.1 COMPLIANCE AUDITS**

18
19 All Registered Entities are subject to scheduled on-site or off-site Compliance Audits by
20 NPCC, in accordance with the Annual Audit Plan included in the Implementation Plan
21 approved by the Régie. These audits are conducted using Québec Reliability Standards Audit
22 Worksheets (the "QRSAs") as developed by NERC and modified by NPCC for Québec to
23 facilitate participation by the audited entity. The QRSAs describe the information that the
24 audit team would expect to be presented to them to demonstrate compliance with various
25 requirements. These documents are available on the Régie's website and, if applicable, in the
26 Data Repository.

28 **3.1.1 Annual Audit Plan and Schedule**

29
30 NPCC prepares an Annual Audit Plan and incorporates it into the Implementation Plan it
31 submits to the Régie for approval by November 1 of each year, or on another date as agreed
32 by the Régie, NERC and NPCC.

33
34 Prior to the first day of the period covered by an Implementation Plan, NPCC finalizes the
35 audit schedule and submits it to the Régie for approval. The Régie consults each of the
36 Registered Entities subject to a Compliance Audit during the calendar year and seeks its
37 comments related to the audit schedule specific to the Registered Entity. The Régie and
38 NPCC give due consideration to any schedule changes requested by Registered Entities to
39 avoid unnecessary burdens.

40
41 For those electric power transmission system owners and operators with primary reliability
42 responsibility (reliability coordinator, balancing authority and transmission operator), the
43 Compliance Audits are performed at least once every three (3) years unless otherwise
44 specified in the Implementation Plan. For other Registered Entities on the Register,
45 Compliance Audits are performed on a schedule established by NPCC and approved by the
46 Régie.

47
48 The Compliance Audits may be either performed as an on-site or off-site audit, as
49 determined to be appropriate by NPCC.

50
51 At the request or with the prior approval of the Régie, NPCC may also conduct a Compliance
52 Audit of any Registered Entity not scheduled for auditing under the Annual Audit Plan if
53 such an audit is deemed necessary for the purpose of compliance with the Reliability
54 Standards. The Registered Entity must be given at least ten (10) Days advance notice of the

1 unplanned audit. The notice must also include the list of audit team members and their recent
2 employment history, and the observers, if any, and a request for data, including completion
3 of a NPCC pre-audit survey.

4
5 Revisions and additions to a NPCC Annual Audit Plan are reviewed by NERC and approved
6 by the Régie, and each affected Registered Entity is notified in a timely manner (normally
7 ninety (90) Days in advance) of changes or revisions to its scheduled audit dates.

8 9 **3.1.2 Scope of Compliance Audits**

10
11 A Compliance Audit covers, at a minimum, those Reliability Standards included in the
12 current Implementation Plan and applicable to the functional registration of the Registered
13 Entity. It may also include additional Reliability Standards applicable to the Registered
14 Entity. If a Reliability Standard does not require retention of data for the full period covered
15 by the audit, the Registered Entity will not be found in Non-Compliance solely on the basis
16 of the lack of specific information that has rightfully not been retained based on the retention
17 period specified in the Reliability Standard. However, in such cases, NPCC will require the
18 Registered Entity to demonstrate compliance through other means.

19 20 **3.1.3 Compliance Audit Process Steps**

21 22 **3.1.3.1 Audit Team Composition**

23
24 The Compliance Audit team is made up of members considered by NPCC to possess the
25 knowledge, training and skills required to conduct the Compliance Audit. The team may
26 include:

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

31
32 The Compliance Audit team leader must be an NPCC staff member assigned to compliance
33 monitoring, and is responsible for conducting the audit and drafting the audit report.

34
35 Before taking part in a Compliance Audit, the members making up the audit team must have
36 successfully completed the auditor training provided by NERC or NPCC relevant to the
37 Compliance Audit.

38 39 **3.1.3.2 Observers**

40
41 In addition to the members of the audit team, observers may attend an audit. Observers may
42 be:

- 43 (i) members of NPCC's compliance staff;
- 44 (ii) members of the compliance staff of another regional entity and/or
- 45 (iii) staff from NERC.

46
47 The Régie can also designate members of its staff as observers.

48
49 Observers are not members of the audit team, and do not take part in the conduct of the audit
50 or contribute to the conclusions or determinations resulting from the audit.

51 52 **3.1.4 Compliance Audit Process Steps**

53
54 The steps in the Compliance Audit process are as follows:
55

- 1 a. At least one hundred five (105) Days prior to commencement of an audit called for by
2 the Annual Audit Plan, NPCC notifies the Registered Entity of the audit, and identifies
3 the audit team members and their recent employment history, and the observers, if any.
4 The NPCC requests data from the Registered Entity, including a completed NPCC pre-
5 audit survey. If the audit team members or observers change from the time of the
6 original notification, NPCC promptly notifies the Registered Entity of the change and
7 allows time for the Registered Entity to object to the team member or observer if need
8 be.
9
- 10 b. A Registered Entity subject to an audit may object to any member or observer of the
11 audit team on grounds of a conflict of interest or the existence of other circumstances
12 that could interfere with their impartial performance of his or her duties. Such
13 objections must be provided in writing to NPCC no later than fifteen (15) Days prior
14 to the start of an on-site audit. If an agreement cannot be reached, NPCC or the
15 Registered Entity may request that the Régie rule on the matter.
16
- 17 c. The Registered Entity provides the required information in the format and by the
18 Required Date specified in the request.
19
- 20 d. The audit team reviews, prior to performing the audit, the submitted information to
21 ensure that it meets the requirements of the Reliability Standards.
22
- 23 e. The audit team conducts an exit briefing with the Registered Entity to present a
24 summary of the contents of the audit report before it is drafted.
25
- 26 f. The audit team develops a draft audit report that includes a description of the objective,
27 scope, and methodology of the audit; identifies any Non-Compliances, Mitigation
28 Plans or Remedial Actions completed or in progress in the year of the audit; and
29 identifies the nature of any confidential information redacted.
30
- 31 g. The draft report is forwarded to the Registered Entity for comment. Upon receipt of the
32 draft report, including recommendations, the Registered Entity has at least twenty (20)
33 business days to forward its comments to the audit team.
34
- 35 h. The audit team prepares a final report, taking into account the Registered Entity's
36 comments, and submits it to NPCC.
37
- 38 i. NPCC reviews the audit team's report and conducts a preliminary screen of any Non-
39 Compliances identified in the report.
40
- 41 j. NPCC forwards the final report, on a confidential basis, to the Régie and to the
42 Registered Entity.
43
- 44 k. If the final report does not identify any Non-Compliances, the Régie publishes a
45 summary of the report on its website, with the exception of audit reports on critical
46 infrastructure protection Reliability Standards.
47
- 48 l. If the final report does identify Non-Compliances, NPCC proceeds in accordance with
49 section 5.
50

1 **3.2 SELF-CERTIFICATION**

2
3 NPCC prepares either the Self-Certification worksheets, for guided Self-Certification, or a
4 Self-Certification program and forms, when the Registered Entity attests its compliance with
5 Reliability Standard by the means of check box Self-Certification forms.

6
7 NPCC recommends the tool by the means of which Self-Certifications are produced when
8 submits its Implementation Plan to the Régie for approval. All Registered Entities must
9 produce their Self-Certification by the means of one of these tools, as approved by the Régie.

10
11 If an analysis of the Self-Certification specifically shows Non-Compliances, an observation
12 of the same Non-Compliances during a subsequent Compliance Audit or Spot Check does
13 not subject the Registered Entity to an escalated financial penalty unless the severity of the
14 Non-Compliances is found to be greater than reported by the Registered Entity in the Self-
15 Certification.

16
17 **3.2.1 Self-Certification Process Steps**

18
19 The steps in the Self-Certification process are as follows:

- 20
21 a. NPCC develops a Self-Certification program, including the reporting schedule, or
22 implements guided Self-Certifications and submits its recommendation to the Régie.
23
24 b. The Régie approves the Self-Certification implementation method.
25
26 c. Once the program has been approved by the Régie, NPCC ensures that the required
27 blank submittal forms for the Reliability Standards being evaluated are available on the
28 Régie’s website or in the Data Repository, if applicable, at least forty-five (45) Days
29 prior to the Required Date.
30
31 d. NPCC requests that the Registered Entity file a Self-Certification within the advance
32 notice period specified by the Reliability Standard. If the Reliability Standard does not
33 specify the advance notice period, this request is issued in a timely manner (normally
34 thirty (30) Days advance notice).
35
36 e. The Registered Entity provides the required information no later than the Required
37 Date.
38
39 f. NPCC reviews the information to determine compliance with the Reliability Standards
40 and may request additional data and/or information if necessary.
41
42 g. NPCC completes the analysis of information provided by the Registered Entity (as well
43 as the Registered Entity’s Mitigation Plan, if applicable).
44
45 h. In the case of guided Self-Certifications, NPCC completes and documents the
46 assessment of the Registered Entity’s compliance with the Reliability Standards. At the
47 end of the process NPCC provides a summary letter detailing the findings of the guided
48 Self-Certification process to the Registered Entity and the Régie.
49
50 i. If the NPCC’s review indicates that a Non-Compliance has occurred, NPCC proceeds
51 in accordance with the provisions of section 5.
52

1 **3.3 SPOT CHECKS**

2
3 NPCC can carry out Spot Checks, as authorized or requested by the Régie, to verify or
4 confirm Self-Certification, Non-Compliance Self-Report, Mitigation Plan execution, and
5 Periodic Data Submittal. With the Régie’s agreement, Spot Checks may also be random or
6 may be initiated in response to events, as described in the Reliability Standards, or to
7 operating problems or system events. NPCC then reviews the information submitted to verify
8 the Registered Entity’s compliance with the Reliability Standard. Compliance auditors may
9 be assigned by NPCC to conduct Spot Checks as necessary.

10
11 **3.3.1 Spot Check Process Steps**

12
13 The steps in the Spot Checks process are as follows:

- 14
15 a. NPCC notifies the Registered Entity that a Spot Check will be performed and the reason
16 for the Spot Check within the advance notice period specified by the Reliability
17 Standard. NPCC informs the Régie of the notice’s transmittal. If the Reliability
18 Standard does not specify the advance notice period, any information submittal request
19 made by NPCC allows at least twenty (20) Days for the information to be submitted or
20 made available for review.
21
22 b. The Spot Check may require submission of data, documentation, or possibly an on-site
23 review.
24
25 c. The Registered Entity provides the required information in the format and by the
26 Required Date specified in the request.
27
28 d. NPCC reviews the information to determine compliance with the Reliability Standards
29 and may request additional data and/or information if necessary for a complete
30 assessment of compliance.
31
32 e. NPCC prepares a draft Spot Check report and gives an opportunity for the Registered
33 Entity to comment on the draft report within ten (10) business days.
34
35 f. NPCC completes and documents the assessment of the Registered Entity’s compliance
36 with the Reliability Standard and finalizes the Spot Check report and provides it to the
37 Registered Entity and the Régie.
38
39 g. If the NPCC’s review indicates that a Non-Compliance has occurred, NPCC proceeds
40 in accordance with the provisions of section 5.
41

42 **3.4 COMPLIANCE INVESTIGATION**

43
44 NPCC can lead a Compliance Investigation, including an Inspection when necessary, as
45 authorized or requested by the Régie, in response to a system disturbance, when Non-
46 Compliances have been identified by any other means, or when required by the Régie
47 following a Complaint. Compliance Investigations are generally led by NPCC personnel. For
48 good cause, the Régie reserves the right to assume the leadership of a Compliance
49 Investigation or to delegate the leadership of a Compliance Investigation to NERC.
50 Compliance Investigations are confidential. When the Régie determines that a violation has
51 occurred, the decision is made public, except where such a decision relates to critical
52 infrastructure protection standards. In the latter case, at the request of the registered entity,
53 the Régie may rule, at its discretion, that certain paragraphs of the decision be confidential.
54

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

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

8
9 The Régie can also designate a staff member as an observer.

10
11 The team leader of the investigation is responsible for conducting the investigation and
12 drafting the investigation report. Unless the Régie has assumed leadership of the investigation
13 or delegated leadership of the investigation to NERC, the team leader of the investigation
14 must be an NPCC staff member assigned to compliance monitoring.

15
16 Before taking part in a Compliance Investigation, the members making up the investigation
17 team must have successfully completed the auditor training provided by NERC or NPCC.
18 The team leader must also have completed the Compliance Investigation training provided
19 by NERC or NPCC.

20 21 **3.4.1 Compliance Investigation Process Steps**

22
23 The steps in a Compliance Investigation are as follows:

- 24
25 a. The Régie or NPCC receives information or observes facts indicating that a Non-
26 Compliance may have occurred.
- 27
28 b. NPCC assesses the need for an investigation and makes a recommendation to the Régie.
29 When the Régie decides to conduct an investigation, it authorizes NPCC to notify the
30 Registered Entity, within three (3) business days, that a Compliance Investigation has
31 been launched and of the initial scope of the investigation.
- 32
33 c. Upon notification of an investigation, the Registered Entity must ensure retention of all
34 relevant information.
- 35
36 d. NPCC requests data or documentation from the Registered Entity and provides it with
37 a list of the members of the investigation team with their recent employment history.
- 38
39 e. Within ten (10) business days of receiving the notification of a Compliance
40 Investigation, the Registered Entity concerned may object to any member of the
41 investigation team on grounds of a conflict of interest or the existence of other
42 circumstances that could interfere with the team member's impartial performance of
43 his or her duties. Such objections must be provided in writing to NPCC within such ten
44 (10) business day period. If an agreement cannot be reached, NPCC or the Registered
45 Entity may request that the Régie rule on the matter.
- 46
47 f. If necessary, the Compliance Investigation may include an on-site visit with interviews
48 of the appropriate personnel, Inspection and review of data.
- 49
50 g. The Registered Entity provides the required information in the format and by the
51 Required Date specified in the request.
- 52
53 h. NPCC reviews the information to determine compliance with the Reliability Standards
54 and may request additional data and/or information if necessary for a complete
55 assessment of compliance.

- 1
2 i. NPCC completes the assessment of the Registered Entity's compliance with the
3 Reliability Standard and the proposed Mitigation Plan if any. NPCC provides a report
4 to the Régie, with a copy to the Registered Entity, that describes the actions that NPCC
5 has undertaken as part of its Compliance Investigation, its findings and the facts on
6 which its findings are based.
7
8 j. If the NPCC's review indicates that a Non-Compliance has occurred, NPCC proceeds
9 in accordance with the provisions of section 5.
10

11 **3.5 NON-COMPLIANCE SELF-REPORT**

12
13 The submittal of a Non-Compliance Self-Report is encouraged at the time a Registered Entity
14 becomes aware:

- 15
16 (i) that it is not complying, or it may not have complied, with a Reliability Standard, or
17
18 (ii) that a change in the severity level of a previously reported Non-Compliance has
19 occurred.
20

21 The submittal of a Non-Compliance Self-Report is encouraged even if a Reliability Standard
22 requires Self Certification on a pre-defined schedule stipulated in the Implementation Plan
23 and the Non-Compliance was discovered outside that schedule.
24

25 **3.5.1 Non-Compliance Self-Report Process Steps**

26
27 The steps in the Non-Compliance Self-Report process are as follows:

- 28
29 a. NPCC ensures that the Non-Compliance Self-Report submittal forms are available on
30 the Régie's website or, if applicable, in the Data Repository.
31
32 b. The Registered Entity provides a detailed description of the Non-Compliance to the
33 Régie using the submittal forms. NPCC specifies to the Registered Entity whether
34 NPCC or the Régie requests the submittal of a Mitigation Plan, as well as a timetable
35 for completion of the Mitigation Plan, if applicable.
36
37 c. NPCC reviews the information to determine compliance with the Reliability Standards
38 and may request that the Registered Entity provide clarification or additional data
39 and/or information.
40
41 d. NPCC completes the assessment of the Registered Entity's compliance with the
42 Reliability Standards and any Mitigation Plan, if applicable.
43
44 e. If NPCC concludes that no Non-Compliance has occurred, it sends the Régie and the
45 Registered Entity a notice to that effect. It also provides a report to the Régie on the
46 facts justifying its conclusion.
47
48 f. If the NPCC's review indicates that a Non-Compliance has occurred, NPCC proceeds
49 in accordance with the provisions of section 5.
50

51 **3.6 PERIODIC DATA SUBMITTALS**

52
53 NPCC requires Periodic Data Submittals at the dates stated in the applicable Reliability
54 Standard, according to the schedule specified in the Implementation Plan or, with the Régie's

1 approval, on an as-needed basis. Requests for data submittals are issued by NPCC to
2 Registered Entities with at least the minimum advance notice specified by the applicable
3 Reliability Standard. If the Reliability Standard does not specify an advance notice period,
4 the requests are normally issued with no less than thirty (30) Days advance notice.

5
6 The data may include models, studies, analyses, documents, procedures, methods, operating
7 data, information on processes, and/or any other information showing compliance with the
8 Reliability Standards.

9 10 **3.6.1 Periodic Data Submittals Process Steps**

11
12 The steps in the Periodic Data Submittal process are as follows:

- 13
14 a. NPCC establishes the current data reporting schedule in the annual Implementation
15 Plan approved by the Régie and keeps the Registered Entities informed of changes
16 and/or updates.
17
18 b. NPCC makes a request for a Periodic Data Submittal.
19
20 c. The Registered Entity provides the required information in the form and by the
21 Required Date specified in the request.
22
23 d. NPCC reviews the information to determine compliance with the Reliability Standards
24 and may request additional data and/or information if necessary for a complete
25 assessment of compliance or to demonstrate compliance.
26
27 e. If the NPCC's review indicates that a Non-Compliance has occurred, NPCC proceeds
28 in accordance with the provisions of section 5.
29

30 **3.7 INVESTIGATION FOLLOWING A COMPLAINT**

31
32 All Complaints alleging a Non-Compliance must be filed with the Régie. The Régie reviews
33 each Complaint it receives, determines its merit based on the review and a preliminary
34 assessment, and decides whether an investigation is warranted. The Régie may seek
35 assistance from NPCC, NERC or both for this review.
36

37 **3.7.1 Investigation Following a Complaint Process Steps**

38
39 The steps in the Complaint examination process are as follows:

- 40
41 a. The complainant submits a Complaint to the Régie. The Complaint should include
42 sufficient information to enable the Régie to determine whether a Compliance
43 Investigation is warranted. The Régie may not act on a Complaint if the Complaint is
44 incomplete and does not include sufficient information.
45
46 b. Based on the information in the Complaint and any other information it may possess,
47 the Régie decides whether an investigation should be conducted pursuant to section
48 3.4.
49
50 c. If the Régie determines that an investigation is required, it shall request or lead a
51 Compliance Investigation pursuant to section 3.4.
52
53 d. The Régie informs the complainant of its decision to proceed or not with an
54 investigation.

1 All Complaints are handled on a confidential basis.

3 3.8 PRELIMINARY SCREEN

4
5 If NPCC discovers, through one of the compliance monitoring processes described in
6 Section 3 or by any other means, a potential Non-Compliance with a Reliability Standard
7 requirement, NPCC conducts a preliminary screen of the potential Non-Compliance. The
8 preliminary screen shall be conducted within five (5) business days after NPCC identifies the
9 potential Non-Compliance, except that (i) if NPCC identifies the potential Non-Compliance
10 during a Compliance Audit, the preliminary screen shall be conducted immediately following
11 the exit briefing of the Registered Entity, (ii) if NPCC identifies the potential Non-
12 Compliance during a Compliance Investigation, the preliminary screen shall be conducted
13 immediately after the Registered Entity is first notified of the potential Non-Compliance
14 identified by the Compliance Investigation, and (iii) if the Non-Compliance has resulted in,
15 or has the potential to result in, a reduction in the reliability of electric power transmission,
16 NPCC must notify the Régie within forty-eight (48) hours.

17
18 To that effect, NPCC sends a notice of preliminary screen to the Registered Entity, and
19 informs the Régie of the notice's transmittal.

20
21 The notice of preliminary screen must contain, at a minimum:

- 22
- 23 a. The Non-Compliance identification number;
 - 24
 - 25 b. The Reliability Standard and requirement(s) thereof with which the Registered Entity
26 may not have complied;
 - 27
 - 28 c. The name of the NPCC Designated Contact assigned to investigate the facts and
29 circumstances of the Non-Compliance and able to provide information about the content
30 of the notice;
 - 31
 - 32 d. Instructions to the Registered Entity to retain and preserve all data, information and
33 records related to the Non-Compliance, until the Non-Compliance is processed or
34 dismissed.
- 35
36

37 4. IMPLEMENTATION PLAN

38
39 By November 1 of each year, or on another date as agreed by NERC, NPCC and the Régie,
40 NPCC submits its Implementation Plan for the following calendar year, or the remainder of
41 the current year as appropriate, to the Régie for approval, after review by NERC. The
42 Implementation Plan is available on the Régie's website.

43
44 The plan must:

- 45
- 46 a. Indicate the Reliability Standards and requirements that must be actively monitored by
47 means of the monitoring processes described in section 3, with a schedule;
 - 48
 - 49 b. Specify the procedures for reporting, monitoring, assessment, and the criteria for
50 performance assessment;
 - 51
 - 52 c. Include an Annual Audit Plan;
 - 53
 - 54 d. Include a schedule for Self-Certifications, if applicable; and

- 1
2 e. Include a schedule for Periodic Data Submittals.
3
4

5 **5. PROCEDURES TO ENSURE THE ENFORCEMENT OF RELIABILITY**
6 **STANDARDS**

7
8 In the performance of its responsibilities, NPCC monitors and assesses compliance with the
9 Reliability Standards by Registered Entities.

10
11 When NPCC identifies a Non-Compliance, it sends a notice of Non-Compliance to the
12 Registered Entity concerned, informs the Régie of the notice's transmittal, and gives the
13 Registered Entity the opportunity to submit its observations within thirty (30) Days.

14
15 NPCC then sends its findings to the Régie and submits its recommendations to allow the
16 Régie to determine:

- 17
18 (i) if a violation with the Reliability Standards by the Registered Entity concerned has
19 occurred, and
20
21 (ii) if so, and in accordance with the Sanction Guide for the Enforcement of the
22 Reliability Standards in effect in Québec, what financial penalties and sanctions
23 should be imposed.
24

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

28
29 The Régie is responsible for choosing and imposing financial penalties or sanctions,
30 Mitigation Plans or Remedial Actions in accordance with sections 85.10, 85.12 and 85.12.1
31 of the Act.
32

33 The imposition of financial penalties or sanctions on a Registered Entity does not relieve it
34 of the obligation to comply with the Reliability Standards. A Registered Entity that fails to
35 comply with a Reliability Standard must correct the situation, regardless of whatever other
36 measures may have been taken or imposed on it.
37

38 Parties engaged in the process described in this section should consult with each other on the
39 data and information that would be appropriate for effectively addressing this section's
40 process requirements.
41

42 **5.1 NOTICE OF POSSIBLE NON-COMPLIANCE**
43

44 Following the transmittal of the notice of preliminary screen to the Registered Entity, NPCC
45 conducts its assessment to determine the facts and circumstances of the Non-Compliance as
46 well as the risk assessment. Unless the simplified identification, correction and monitoring
47 procedure in section 5.1.1 is used to address the possible Non-Compliance, NPCC sends a
48 notice of possible Non-Compliance to the Registered Entity, and informs the Régie of the
49 transmittal.

50 The notice of possible Non-Compliance shall, at a minimum:

- 51
52 a. State that, although the Non-Compliance may involve a low-level risk for the reliability
53 of electric power transmission, following the NPCC's risk assessment the Non-

1 Compliance does not qualify for treatment using the simplified identification, correction
2 and monitoring procedure;

3
4 b. State that a possible Non-Compliance has been identified;

5
6 c. Instruct the Registered Entity to retain and preserve all data, information and records
7 related to the Non-Compliance, until the Non-Compliance is processed.

8
9 **5.1.1 Simplified identification, correction and monitoring procedure following**
10 **discovery of a Non-Compliance**

11
12 When a Non-Compliance involves only a low-level risk for the reliability of electric power
13 transmission, the Régie may, after receiving recommendation from NPCC including its
14 justification, use a simplified identification, correction and monitoring procedure.

15
16 For this purpose, the Régie takes into account the Reliability Standards and its requirements,
17 the level of seriousness of the Non-Compliance and the risk factor for the reliability of
18 electric power transmission, the actual and potential risk that the Non-Compliance poses or
19 may have posed for the reliability of electric power transmission, and the compliance
20 program established by the Registered Entity and its compliance record.

21
22 If the Régie approves NPCC's recommendation, NPCC sends the Registered Entity a notice
23 to that effect.

24
25 If the Régie rejects NPCC's recommendation, NPCC sends the Registered Entity a notice of
26 Non-Compliance in accordance with the provisions of section 5.2.

27
28 Under the simplified procedure, if the situation is corrected to the Régie's satisfaction, no
29 financial penalty or sanction is imposed on the Registered Entity. A Non-Compliance dealt
30 with using this procedure is noted and recorded in the Registered Entity's compliance file.

31
32 **5.2 NOTIFICATION OF NON-COMPLIANCE TO A REGISTERED ENTITY**

33
34 NPCC sends a notice of Non-Compliance to the Registered Entity, and informs the Régie of
35 the notice's transmittal.

36
37 The notice of Non-Compliance must contain, at a minimum:

38
39 a) The Reliability Standard and requirement(s) thereof with which the Registered Entity
40 might be in Non-Compliance;

41
42 b) The date and time the Non-Compliance occurred (or is occurring), the duration of the
43 Non-Compliance and its current status, if applicable;

44
45 c) The facts related to the Non-Compliance;

46
47 d) The proposed financial penalty or sanction, if any, applicable according to the Sanction
48 Guide for the Enforcement of the Reliability Standards in effect in Québec, including
49 an outline of the grounds justifying the financial penalty or sanction;

50
51 e) Notice that the Registered Entity can, within thirty (30) Days after receiving the notice
52 of Non-Compliance, choose one of the following options:

53
54 (i) Admit the facts related to the Non-Compliance and accept the proposed financial
55 penalty or sanction, agree to submit a Mitigation Plan, if necessary, to correct the

1 Non-Compliance and its underlying causes and, if applicable, provide
2 explanations in accordance with section 5.3; or

3
4 (ii) Admit the facts related to the Non-Compliance and agree to submit a Mitigation
5 Plan, if necessary, to correct the Non-Compliance and its underlying causes, but
6 contest the proposed financial penalty or sanction or its grounds, and, if
7 applicable, provide explanations in accordance with section 5.3; or

8
9 (iii) Contest both the Non-Compliance and the proposed financial penalty or sanction
10 and, if applicable, provide explanations in accordance with section 5.3,

11
12 f) Notice that the Registered Entity may submit a Mitigation Plan even if it contests the
13 Non-Compliance, the proposed financial penalty or sanction, the grounds for the Non-
14 Compliance, or all three, and that submission of a plan does not obviate its right to
15 contest;

16
17 g) Notice that if the Registered Entity decides to contest the Non-Compliance, the
18 proposed financial penalty or sanction or the grounds for the Non-Compliance, or all
19 three, it may ask that the Régie hold a hearing at which it may make representations;
20 and

21
22 h) The required procedures for submission of the Registered Entity's Mitigation Plan.

23
24 After the Régie determines that a violation has occurred, a summary of the violation,
25 including, at a minimum, the Registered Entity name and the standards and requirements
26 violated, is available in the Data Repository.

27 28 **5.3 REGISTERED ENTITY RESPONSE**

29
30 If the Registered Entity does not contest the notice of Non-Compliance or does not respond
31 to it within thirty (30) Days after it was received, NPCC reports its findings and final
32 recommendations to the Régie, which may then rule on the Non-Compliance. A copy of the
33 Régie's decision is sent to the registered entity.

34
35 If a Registered Entity wishes to contest the notice of Non-Compliance, the proposed sanction,
36 the grounds for the notice of Non-Compliance, or all three, it can send to NPCC, within thirty
37 (30) Days following receipt of the notice of Non-Compliance, a response, signed by an
38 officer or equivalent, with its comments and documents supporting its comments.

39
40 NPCC schedules a conference with the Registered Entity within ten (10) business days after
41 receipt of the response. If NPCC and the Registered Entity reach an agreement, NPCC reports
42 its findings and final recommendations, consistent with the agreement, to the Régie.

43
44 If NPCC and the Registered Entity are unable to reach an agreement within forty (40) Days
45 after receipt of the Registered Entity's response, or within any extension of that time agreed
46 to in writing by both parties, NPCC reports its findings and final recommendations to the
47 Régie.

48
49 When the Régie receives NPCC's report, it informs the Registered Entity concerned that it
50 has ten (10) Days to file its comments or request a hearing.

51
52 Once this delay expires and, if there is no request for a hearing, the Régie undertakes its
53 consideration of the NPCC report and makes its ruling.

54

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

5
6 In all such cases, all information relevant to the Non-Compliance that was prepared or
7 obtained as part of the process leading to the notice of Non-Compliance, except any
8 document or part of a document containing Privileged Information must be made available
9 at the Régie's offices for consultation and reproduction by the Registered Entity.

10
11 The Régie makes a reasonable effort to ensure that all persons whose presence is required by
12 the Registered Entity attend the hearing to which it is summoned.

13 14 **5.4 PROPOSED SETTLEMENT**

15
16 The Registered Entity may ask NPCC to start discussions in order to reach a proposed
17 settlement at any time after the issuance of a notice of Non-Compliance and prior to the
18 submission of the final recommendation to the Régie. Either party may end the discussions
19 at any time. These discussions are confidential until such time as the proposed settlement is
20 evaluated and judged satisfactory by the Régie. NPCC shall require the Registered Entity to
21 designate one or more individuals authorized to undertake discussions on its behalf. All
22 proposed settlements must be recorded in writing.

23
24 The time limits indicated in section 5.3 within which the Registered Entity must respond to
25 a notice of Non-Compliance are suspended until a proposed settlement is considered
26 satisfactory by the Régie or until discussions cease.

27
28 NPCC submits the proposed settlement to the Régie, including the proposed financial
29 penalties, sanctions and Mitigation Plan.

30
31 When the Régie receives the proposed settlement, it informs the Registered Entity concerned
32 that it has ten (10) Days to file its comments.

33
34 When this delay expires, unless the Régie calls a hearing for the parties in the proposed
35 settlement, the Régie undertakes its consideration of the proposed settlement and makes its
36 ruling.

37 38 **5.5 SANCTION AND MITIGATION PLAN**

39
40 After having allowed for a Registered Entity to provide comments, the Régie rules if there
41 has been a violation of a Reliability Standard, and imposes a sanction, where applicable. The
42 Régie can, on its own terms and within time limits that it determines, order a Registered
43 Entity that has violated a Reliability Standard to implement a Mitigation Plan. It informs
44 NPCC of its rulings with regard to the Registered Entity.

45 46 47 **5.6 PROCEDURE FOR REQUESTING AND OBTAINING AN EXCEPTION** 48 **UNDER A CYBER SECURITY STANDARD FOR A TECHNICAL REASON**

49
50 Notwithstanding the foregoing, the Régie may, after receiving the NPCC's
51 recommendations, grant an exemption from strict compliance with certain requirements of
52 some cyber security Reliability Standards, specifically the critical infrastructure protection
53 Reliability Standards ("CIP Standards"). This type of exemption takes technical feasibility

1 and technical constraints into account and it will be designated as a *Technical Feasibility*
2 *Exception* (“TFE”).

3
4 TFEs apply only to the requirements of CIP Standards specifically designated by the Régie.
5 The Régie posts a current list of the requirements targeted by this procedure on its website
6 and in the Data Repository.

7
8 A Registered Entity, subject to the requirements of CIP Standards permitting reliance on a
9 TFE, may request a TFE from NPCC by following an appropriate procedure and using the
10 prescribed forms. NPCC analyzes the request and makes recommendations to the Régie,
11 which rules on the matter.

12
13 NPCC ensures that the procedure and forms needed to submit a request for a TFE are
14 available in the Data Repository.

17 **6. MITIGATION PLANS FOR VIOLATIONS OR NON-COMPLIANCES**

18
19 Parties engaged in the process described in this section should consult with each other on the
20 data and information that would be appropriate for effectively addressing this section’s
21 process requirements.

23 **6.1 REQUIREMENTS FOR SUBMISSION OF A MITIGATION PLAN**

24
25 Pursuant to section 6.4, the Registered Entity must submit to the Régie:

- 26
27 (i) a proposed Mitigation Plan to correct a violation or a Non-Compliance, or
28
29 (ii) a description of how it has been mitigated.

30
31 NPCC submits its recommendations concerning the Mitigation Plan proposed by the
32 Registered Entity to the Régie, which rules on the Mitigation Plan and, if applicable, orders
33 its implementation within the time the Régie determines.

34
35 The Registered Entity must also file with the Régie any request for an extension of the
36 Mitigation Plan or a completion report on the mitigation measures taken. NPCC submits its
37 recommendations on the request or report so that the Régie can rule on them.

39 **6.2 CONTENTS OF MITIGATION PLAN**

40
41 A Mitigation Plan must include the following information:

- 42
43 a. The Registered Entity’s contact person for the Mitigation Plan, who must be a person
44 (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding
45 the Mitigation Plan, and (iii) authorized and competent to respond to questions
46 regarding the status of the Mitigation Plan. This person may be the Registered Entity’s
47 Designated Contact described in section 2.
48
49 b. The violation(s) or Non-Compliance(s) that the Mitigation Plan will correct.
50
51 c. The cause of the violation(s) or Non-Compliance(s).
52
53 d. The Registered Entity’s actions to correct the violation(s) or Non-Compliance(s).
54

- 1 e. The Registered Entity's actions to correct the underlying cause of the violation(s) or
2 Non-Compliance(s).
3
- 4 f. The Registered Entity's actions to prevent recurrence of the violation(s) or Non-
5 Compliance(s).
6
- 7 g. The anticipated impact of the Mitigation Plan on the reliability of electric power
8 transmission and the actions taken to mitigate any increased risk to the reliability of
9 electric power transmission while the Mitigation Plan is being implemented.
10
- 11 h. A timetable for completion of the Mitigation Plan including the completion date by
12 which the Mitigation Plan will be fully implemented and the violation(s) or Non-
13 Compliance(s) corrected.
14
- 15 i. Implementation milestones no more than three (3) months apart for a Mitigation Plan
16 with an expected completion date more than three (3) months from the date of
17 submission. Additional violation(s) could be determined for not completing work
18 associated with approved milestones.
19
- 20 j. Any other information deemed necessary or appropriate.
21

22 The Mitigation Plan must be signed by an officer or equivalent of the Registered Entity or
23 any other authorized representative of the Registered Entity.
24

25 **6.3 TIMETABLE FOR COMPLETION OF MITIGATION PLANS**

26
27 The Mitigation Plan must be completed in a timely manner in order to correct all violations
28 or Non-Compliances prior to the beginning of the next compliance reporting/assessment
29 period after the period in which the violations occurred or the Non-Compliances were
30 discovered. The Registered Entity must be in full compliance with the Reliability Standard
31 to which the Mitigation Plan is applicable at the next report or assessment of the Registered
32 Entity. In all cases the Mitigation Plan must be completed within the timeframe specified by
33 the Régie in its order unless the Régie has granted an extension. The Régie may extend the
34 completion deadline, at the request of the Registered Entity, for good cause, including, but
35 not limited to:

- 36
37 (i) short assessment periods (e.g., event driven or monthly assessments), and
38
39 (ii) construction requirements in the Mitigation Plan that extend beyond the next
40 assessment period or other extenuating circumstances.
41

42 If the Mitigation Plan extends beyond the next applicable reporting/assessment period, all
43 sanctions for any violations with the applicable Reliability Standard, occurring during the
44 plan implementation period, are held in abeyance and are waived if the Mitigation Plan is
45 satisfactorily completed.
46

47 Any violations or Non-Compliances with respect to the applicable Reliability Standard
48 assessed during the period of time the Mitigation Plan is being implemented and the
49 associated financial penalties or sanctions are recorded by NPCC and reported by NPCC to
50 the Régie, with the notation that the Registered Entity is working under a Mitigation Plan
51 with an extended completion date, with financial penalties and sanctions held in abeyance
52 until completion of the Mitigation Plan. Upon completion of the Mitigation Plan in
53 accordance with section 6.6, NPCC notifies the Registered Entity, with authorization from
54 the Régie, that any violation or Non-Compliance with respect to the applicable Reliability

1 Standard during the period that the Mitigation Plan was being implemented has been waived
2 and no financial penalties or sanctions will apply.

3
4 A request for an extension of any milestone or the completion date of the Mitigation Plan by
5 a Registered Entity must be received by the Régie at least ten (10) business days before the
6 date in question. The Régie may accept a request for an extension or modification of a
7 Mitigation Plan after taking NPCC's recommendations into consideration if the Régie
8 determines the request to be justified. The Régie rules on any request for an extension or
9 modification of a Mitigation Plan and informs the Registered Entity and NPCC of its decision
10 within ten (10) business days of the request.

11 12 **6.4 SUBMISSION OF MITIGATION PLAN**

13
14 A Registered Entity must submit a Mitigation Plan at the request of the Régie or NPCC.
15 Mitigation Plans are required for any mitigation that is scheduled to occur at least more than
16 six months from the date the Non-Compliance is filed with the Régie. The Registered Entity
17 must submit a Mitigation Plan within thirty (30) Days after being served the notice of Non-
18 Compliance if it does not contest it or, if it contests it, within ten (10) business days after the
19 Régie determines that a violation has occurred following the procedure described in section
20 5.

21
22 A Mitigation Plan submitted by a Registered Entity while it contests a notice of Non-
23 Compliance, its financial penalty or sanction, the grounds for the Non-Compliance, or all
24 three is not deemed to be an admission that it has failed to comply or that the financial penalty
25 or sanction is appropriate.

26
27 However, if the Registered Entity has not yet submitted a Mitigation Plan, any subsequent
28 Non-Compliance with the applicable Reliability Standard identified by NPCC before the
29 Régie renders its decision on the initial Non-Compliance is not held in abeyance and is
30 considered a repeat Non-Compliance with the Reliability Standard.

31 32 **6.5 REVIEW AND APPROVAL OR REJECTION OF MITIGATION PLAN**

33
34 The Registered Entity must submit its proposed Mitigation Plan to the Régie.

35
36 Unless the Régie has approved an extension, NPCC completes its analysis of the Mitigation
37 Plan and, within thirty (30) Days of receipt, reports its findings to the Régie and recommends
38 a date for completion of the Mitigation Plan, if applicable.

39
40 If the Régie does not accept the Mitigation Plan, the Registered Entity must submit a revised
41 Mitigation Plan to the Régie no later than the new Required Date.

42
43 Within ten (10) business days after receipt of the revised Mitigation Plan, NPCC reports its
44 findings to the Régie.

45
46 If the Régie does not accept the revised Mitigation Plan, the Registered Entity must submit a
47 second revised Mitigation Plan to the Régie no later than the new Required Date.

48
49 Within ten (10) business days after receipt of the second revised Mitigation Plan, NPCC
50 reports its findings to the Régie.

51
52 If the Régie does not accept the second revised Mitigation Plan, the Registered Entity may,
53 within five (5) business days from the date of the decision, request that the Régie hold a
54 hearing, determine a Mitigation Plan and order implementation of the plan. In this case,

1 NPCC submits its recommendations concerning an appropriate Mitigation Plan and a
2 required implementation date to the Régie.

3
4 Once the Mitigation Plan is accepted, the Régie orders its implementation on the conditions
5 it determines, including the deadline for completion.

6 7 **6.6 CONFIRMATION OF IMPLEMENTATION OF MITIGATION PLAN**

8
9 The Registered Entity provides updates to the Régie and NPCC on the progress of the
10 Mitigation Plan on at least a quarterly basis. NPCC tracks the implementation of all
11 Mitigation Plans to completion and may conduct on-site visits to monitor Mitigation Plan
12 progress. It may also verify the state of progress during a Compliance Audit scheduled in the
13 Annual Audit Plan.

14
15 Upon completion of the Mitigation Plan, the Registered Entity must provide to the Régie and
16 NPCC a certification, signed by the Registered Entity's officer responsible for the plan or
17 that officer's representative, that all required actions described in the Mitigation Plan have
18 been completed, including data or information sufficient for NPCC to verify completion.
19 NPCC may, with the Régie's authorization or at the Régie's request, require additional data
20 or information and conduct follow-up assessments, on-site or by Spot Checks, or Compliance
21 Audits as it deems necessary to verify that all required actions in the Mitigation Plan have
22 been completed and the Registered Entity is in compliance with the applicable Reliability
23 Standard.

24
25 In the event that all required actions in the plan are not completed within the applicable
26 deadline, including any extensions of the original deadline granted under section 6.3, any
27 Non-Compliance(s) with a Reliability Standard subject to the Mitigation Plan that occurred
28 during the originally scheduled time period for completion may be subject to immediate
29 determination by the Régie including the imposition of financial penalties or sanctions; a new
30 Mitigation Plan must then be submitted to the Régie and is reviewed pursuant to section 6.5.
31 NPCC may, with the Régie's authorization, conduct a Compliance Audit of a Registered
32 Entity or recommend that the Régie order Remedial Actions, as necessary.

33 34 **6.7 RECORDKEEPING**

35
36 NPCC maintains a record on the Data Repository containing the following information for
37 each Mitigation Plan:

- 38
39 a. Name of Registered Entity;
- 40
41 b. Date of the identification of the Non-Compliance and of the determination of the
42 violation;
- 43
44 c. Monitoring method by which the violation or Non-Compliance was detected (Self-
45 Certification, Non-Compliance Self-Report, Compliance Audit, Compliance
46 Investigation, Investigation following a Complaint, etc.);
- 47
48 d. Date of the notice of Non-Compliance;
- 49
50 e. Expected and actual completion date of the Mitigation Plan and major milestones;
- 51
52 f. Expected and actual completion date for each required action;
- 53
54 g. Accepted changes to milestones, completion dates, or scope of Mitigation Plan; and

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

3
4 Any information that meets the definition of Non-Public Information, Personal Information,
5 Privileged Information or Restricted Information must be handled in accordance with
6 section 9.

7. REMEDIAL ACTIONS

10
11 The Régie may order a Registered Entity to perform Remedial Actions when an inspection
12 or an inquiry reveals that the Registered Entity is in Non-Compliance with a Reliability
13 Standard and is thus seriously compromising the reliability of electric power transmission.

14
15 A Remedial Action may include, but is not limited to, any of the following: specifying
16 operating or planning criteria, limits, or limitations; requiring specific system studies;
17 defining operating practices or guidelines; requiring confirmation of data, practices, or
18 procedures through inspection, testing or other methods; requiring specific training for
19 personnel; requiring development of specific operating plans; directing a Registered Entity
20 to develop and comply with a plan to remediate a violation or a Non-Compliance; imposing
21 increased auditing or additional training requirements; requiring a Registered Entity to apply
22 the Reliability Coordinator's practices, procedures and guidelines; and requiring a Registered
23 Entity to cease an activity that is liable to result in a violation of a Reliability Standard.

24
25 An order imposing Remedial Actions may be issued to a Registered Entity at any time,
26 including during any procedures relating to a notice of Non-Compliance. NPCC, in its
27 recommendation to the Régie, must specify if the Remedial Actions obviate the need for a
28 Mitigation Plan.

29
30 Prior to recommending that the Régie order Remedial Actions, NPCC must consult the
31 Reliability Coordinator to ensure that the Remedial Actions are not in conflict with directives
32 issued by the Reliability Coordinator.

33
34 When recommending Remedial Action, NPCC must:

- 35
- 36 a. Describe the Non-Compliance;
 - 37
 - 38 b. Explain its assessment of the need for Remedial Action, including the reliability impact
39 both if the Remedial Action is undertaken and if it is not undertaken;
 - 40
 - 41 c. Explain the urgency of the Remedial Action and the reasons why the other means
42 provided for in the QCMEP are insufficient to address to the Non-Compliances
43 described;
 - 44
 - 45 d. Confirm that the Reliability Coordinator was consulted to ensure that the Remedial
46 Action is not in conflict with directives issued by the Reliability Coordinator;
 - 47
 - 48 e. Recommend a deadline for compliance with the Reliability Standards;
 - 49
 - 50 f. Specify if the Remedial Action obviates the need for a Mitigation Plan; and
 - 51
 - 52 g. Provide a draft order for Remedial Action.
 - 53

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

6
7 NPCC monitors the implementation of the Remedial Actions ordered by the Régie to ensure
8 that the Registered Entity carries them out and complies with the Reliability Standards.
9 NPCC assembles and maintains the same information on the Régie Data Repository as for a
10 Mitigation Plan listed in section 6.7.

11
12 If a Registered Entity fails to carry out the Remedial Actions, NPCC advises the Régie by
13 means of a notice containing the following information:

- 14
15 i. A description of the breaches of the Remedial Actions or of one or more Reliability
16 Standards; and
17
18 ii. Assessment of the reliability impact of the breaches of the Remedial Actions or of
19 one or more Reliability Standards.
20

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

22
23 The Registered Entity may contest the order imposing Remedial Actions ordered by giving
24 written notice to the Régie, with a copy to NPCC, within two (2) business days after reception
25 of the order, and may request that the Régie hold an expedited hearing for decision. The
26 hearing is conducted expeditiously, with the participation of the Reliability Coordinator, if
27 applicable.

28
29 The Registered Entity must proceed with implementing the Remedial Actions even if it is
30 contesting them.
31
32

33 **8. REPORTS AND PUBLICATIONS**

34
35 NPCC prepares and submits to the Régie status reports with current information concerning:

- 36
37 a. All notices of Non-Compliance and violations with Reliability Standards by Registered
38 Entities;
39
40 b. Status of notices of Non-Compliance and violations with Reliability Standards and
41 their potential impact on the reliability of electric power transmission;
42
43 c. Financial penalties and sanctions;
44
45 d. Any Remedial Actions imposed;
46
47 e. Any Technical Feasibility Exception granted;
48
49 f. Any Mitigation Plans approved, with the deadlines for all the measures imposed and
50 for completion of the plan; and
51
52 g. The name of NPCC Designated Contact knowledgeable about the information filed.
53

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

- 1
- 2 i. A summary listing the Régie's rulings determining violations have occurred,
- 3 imposing financial penalties and sanctions, approving proposed settlements and
- 4 approving Mitigation Plans.
- 5
- 6 ii. A summary listing of Remedial Actions and Mitigation Plans that either ended in the
- 7 quarter or are still ongoing, identifying the Registered Entity, the standards and
- 8 requirements involved, and the schedule of the activities.
- 9
- 10 iii. A non-public summary listing, which may only be shared in non-public meetings of
- 11 the NERC Board and Board committees, of aggregate outstanding Non-Compliances,
- 12 specifying the standards and requirements involved and the possible impact on
- 13 reliability of electric power transmission.
- 14
- 15 iv. A non-public summary listing, which may only be shared in non-public meetings of
- 16 the NERC Board and Board committees, of aggregate Self-Certifications and Non-
- 17 Compliance Self-Report with possible impact on reliability of electric power
- 18 transmission that did not result in a finding of Non-Compliance.
- 19

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

24

25

26 **9. HANDLING OF INFORMATION**

27

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

33

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

39

40 All information, data and documents related to activities of the QCMEP whether filed by a
41 Registered Entity, or created or obtained by the Régie, NPCC, or NERC are stored on the
42 Data Repository. All such information, data and documents are classified in the Data
43 Repository with one of the following designations: public information, Restricted
44 Information, Privileged Information, Personal Information or Non-Public Information.

45

46 **Non-Public Information**

47

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

50

51 **Restricted Information**

52

53 A Registered Entity can request, using a form the Régie makes available on the Data
54 Repository, that some of its information be treated as Restricted Information. For Restricted

1 Information of a security nature, the request must identify that the information is of a security
2 nature and need not include the information itself. Usually, such Restricted Information is
3 only consulted at the Registered Entity's site. However, at its discretion, the Régie can order
4 that such information be filed at the Régie for consultation at its offices. For example, the
5 Régie could order a filing of such Restricted Information if it is relevant to a hearing held at
6 the Régie.

7
8 In rare cases, a Registered Entity can request that some of its extremely sensitive commercial
9 or proprietary information be treated as Restricted Information. In such cases, the request
10 must include the information itself as well as a justification for the Restricted Information
11 designation. Such information is available for consultation at the offices of the Registered
12 Entity and the Régie.

13
14 The Régie may order a Registered Entity requesting that a document be designated Restricted
15 Information to file with the Régie a redacted version that can be designated Non-Public
16 Information.

17
18 Restricted Information filed at the Régie cannot be remotely accessed by NPCC or NERC.

19 20 **Privileged Information**

21
22 Privileged Information may only be disclosed to personnel explicitly designated by the Régie
23 and cannot be disclosed to third parties.

24 25 **Personal Information**

26
27 When a Registered Entity files information with Personal Information in it, it must request
28 that the Régie designate it as Personal Information. Personal Information cannot be consulted
29 outside the Régie, thereby complying with Québec's laws. The Régie rules on the request.
30 The Régie may order a Registered Entity requesting that a document be designated Personal
31 Information to file with the Régie a redacted version that can be designated Non-Public
32 Information.

33 34 **Public information**

35
36 The notion of "public information" is only used to specify the handling of the information by
37 the Régie, NPCC and NERC.

38
39 Public information in the Data Repository can only be accessed by the Régie, NPCC and
40 NERC in the performance of their respective duties in the QCMEP and, when relevant, by
41 the Registered Entity that submitted or created it. That is, public information, despite its
42 classification, is not available to the public on the Data Repository. Contrary to the other
43 designations, public information can be shared between the Régie, NPCC, NERC, other
44 Registered Entities and other entities without the written permission of the Régie and the
45 Registered Entity that submitted or created the information. Copies of such information can
46 be kept by NPCC and NERC in their offices.

47 48 **Handling of information and designation modification**

49
50 Only the Régie can modify the designation of information in the Data Repository, at its own
51 discretion or upon request by a Registered Entity, NPCC, or NERC. The Régie seeks
52 comment on such a modification from relevant parties, including, at minimum, the submitter
53 or creator of the information.

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

7
8 If it is necessary to share a Registered Entity's information with another Registered Entity,
9 for example the Reliability Coordinator, the Régie seeks comment on the proposed disclosure
10 from the Registered Entity whose data would be disclosed, unless the delays in obtaining
11 such a comment could have a negative impact on reliability of electric power transmission,
12 such as delaying the preparation of a Remedial Action. In such a case, the Régie grants
13 permission for the disclosure and, after the fact, the Registered Entity is informed of the
14 disclosure and afforded the opportunity to comment.

15
16 If the Régie, NERC or NPCC is required to disclose information in its possession, for
17 example by a judicial process, it must inform the relevant parties, including, at minimum, the
18 submitter or creator of the information, prior to the release of the information in order to
19 allow the relevant parties the opportunity to protect their interest.

20
21 A Registered Entity, NPCC, or NERC, that wishes to comment on a designation modification
22 or a possible disclosure, has ten (10) Days to file comments with the Régie. A Registered
23 Entity can file comments on an impending or existing designation of its information at any
24 time. When relevant, NPCC and NERC can file comments on an impending or existing
25 designation of information.

26
27 The Régie may disclose information as necessary for its public reporting. For example, any
28 information filed with the Régie for the purposes of a hearing on a Non-Compliance under
29 the QCMEP is dealt with confidentially by the Régie, until the Régie determines there has
30 been a violation. Then the Régie publishes on its website a summary of the violation and
31 relevant supporting information. However, only the Régie can make information that has
32 been submitted under the QCMEP public.

33

**Québec Reliability Standards Compliance Monitoring and
Enforcement Program
(QCMEP)**

~~October 10, 2014~~

Effective date: ~~To be set by the Régie~~ To be determined

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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, ~~and~~ in the compliance monitoring of the application 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.

1.1.2 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 being an integral part of a Reliability Standard.

1.1.1.2.2 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

1 QCMEP, the delay is counted per whole day. The day that marks the starting point is not
2 counted, but the day of deadline is counted. The delay expires the last day at 24 p.m. The
3 delay that expires on a Saturday, a Sunday or a statutory holiday is extended to the first
4 business Day that follows.

5
6 **1.1.21.2.4 Spot Check:** A process in which NPCC requests that a Registered Entity provide
7 information to support the Registered Entity's Self-Certification, Non-Compliance Self-
8 Reporting, or Periodic Data Submittal, and to assess whether the Registered Entity complies
9 with Reliability Standards. A Spot Check may also be random or initiated in response to
10 events, as described in the Reliability Standards, or by operating problems or system events.
11 A Spot Check may require an on-site review to complete.

12
13 **1.1.31.2.5 Reliability Coordinator:** The entity designated by the Régie pursuant to section
14 85.5 of the Act.

15
16 **1.1.41.2.6 Required Date:** The date given to a Registered Entity in a notice from the Régie
17 or NPCC by which some action is required. ~~The Required Date will allow the Registered~~
18 ~~Entity a reasonable period of time in which to take the required action, given the~~
19 ~~circumstances and the action required. When a Statutory Holiday falls within the period of~~
20 ~~time between the Day after the notice and the Required Date, the Régie or NPCC postpones~~
21 ~~the Required Date to the number of Statutory Holidays included in the period of time.~~

22
23 **1.1.51.2.7 Non-Compliance Self-Reporting:** A report filed promptly by a Registered Entity
24 which considers, based on its own assessment, that it does not comply with a Reliability
25 Standard, and which wants to submit as soon as possible the actions it has implemented or is
26 planning to implement to resolve the Non-Compliance.

27
28 **1.1.61.2.8 Self-Certification:** Attestation by a Registered Entity of compliance or Non-
29 Compliance with, or non-applicability of, a Reliability Standard requirement for which Self-
30 Certification is required under the monitoring provisions of the Implementation Plan. The
31 Registered Entity provides the attestation by the means of worksheets, in case of a guided
32 Self-Certification, or check the box forms, in case of traditional Self-Certification.

33
34 **1.1.71.2.9 Compliance Investigation:** A comprehensive investigation, which may include
35 an on-site inspection with interviews of the Registered Entity's personnel, to determine if
36 a Non-Compliance with a Reliability Standard has occurred.

37
38 **1.1.81.2.10 Registered Entity:** Any owner or operator of
39 transmission systems or facilities, owner or operator of production facilities, distributor, or
40 user of the electric power transmission system registered in the Register of entities subject to
41 Reliability Standards.

42
43 **1.1.91.2.11 Data Repository:** A computerized, secure electronic
44 data and information storage repository system controlled and maintained by the Régie and
45 located within the Province of Québec. Information, data and documents related to activities
46 of the QCMEP whether filed by a Registered Entity, or created or obtained by the Régie,
47 NPCC, or NERC are stored on the Data Repository.

48
49 **1.2.12 Electric Reliability Organisation Enterprise or ERO Enterprise: Organization**
50 **comprised of North American Electric Reliability Corporation and six regional entities¹.**

51

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 ~~1.1.101.2.13~~ 1.1.101.2.13 **Sanction Guide for the Enforcement of the Reliability**
2 **Standards in effect in Québec:** A document specifying the guidelines for imposing a
3 financial penalty or sanction when the Régie determines, pursuant to section 85.10 of the
4 Act, that a failure to comply (violation) with a Reliability Standard has occurred.

5
6 ~~1.1.111.2.14~~ 1.1.111.2.14 **Restricted Information:** Highly sensitive data of a i)
7 security nature or ii) commercial or proprietary nature whose circulation or consultation are
8 restricted by the Régie, and which cannot be taken or transmitted outside Québec in any
9 format.

10
11 ~~1.1.121.2.15~~ 1.1.121.2.15 **Non-Public Information:** Except where the Régie rules
12 otherwise, and unless designated by the Régie with a more restrictive designation such as
13 Privileged, Restricted or Personal, all information, data and documents created or obtained
14 in activities related to the QCMEP by the Régie, NPCC, NERC, or a Registered Entity are
15 Non-Public Information. Information that is already public or that becomes public is
16 excluded.

17
18 ~~1.1.131.2.16~~ 1.1.131.2.16 **Privileged Information:** Information that neither the
19 Régie nor NPCC are required by law to disclose, for example, advice or opinions furnished
20 by NPCC, NERC or Régie staff to the Régie in an adjudicative context.

21
22 ~~1.1.141.2.17~~ 1.1.141.2.17 **Inspection:** Pursuant to paragraph 2 of section 85.4 and
23 section 44 of the Act, entry by a representative of NPCC, NERC or the Régie upon the
24 property of a Registered Entity to examine and make copies of books, records, accounts, files
25 and other documents or require any information pertaining to the application of the Act, and
26 the production of any related document.

27
28 ~~1.1.151.2.18~~ 1.1.151.2.18 **Day:** A calendar day, unless otherwise specified.

29
30 1.2.19 **Statutory Holiday:** Day of civil or religious holiday fixed by law, and during
31 which work is generally suspended. The following are the statutory holidays under Québec
32 law:

- 33 - January 1st (New Year's Day);
- 34 - Good Friday or Easter Monday (at the employer's choice);
- 35 - The Monday preceding May 25th (National Patriots' Day);
- 36 - June 24th (Québec National Holiday);
- 37 - July 1st (Canada Day), or July 2nd when July 1st is a Sunday;
- 38 - The first Monday in September (Labour Day);
- 39 - The second Monday of October (Canadian Thanksgiving);
- 40 - December 25th (Christmas Day).

41
42 ~~1.1.161.2.20~~ 1.1.161.2.20 **Act:** The Act respecting the Régie de l'énergie
43 (CQLR, c. R-6.01).

44
45 ~~1.1.171.2.21~~ 1.1.171.2.21 **Remedial Action ("measures [...] to correct"**
46 **pursuant to section 85.12.1 of the Act):** An action ordered by the Régie pursuant to section
47 85.12.1 of the Act when an inspection or inquiry reveals that an entity is in Non-Compliance
48 with a Reliability Standard and is thus seriously compromising the reliability of electric
49 power transmission.

50
51 ~~1.1.181.2.22~~ 1.1.181.2.22 **Non-Compliance:** Identification of a possible failure by a Registered Entity
52 to comply with the Reliability Standard that is applicable to the Registered Entity that has
53 occurred or is occurring and for which the NPCC may send a notice of Non-Compliance and
54 which may result in a decision by the Régie, including but not limited to decisions regarding

1 failure to comply (violation), Remedial Action, financial penalty or sanction and Mitigation
2 Plan.

3
4 1.1.191.2.23 **Reliability Standards:** Set of standards and their related
5 Québec ~~Appendices~~ adopted by the Régie under section 85.7 of the Act to provide for the
6 reliability of electric power transmission in Québec.

7
8 1.1.201.2.24 **NERC:** North American Electric Reliability
9 Corporation. It has delegated certain authority to eight six (86) regional entities within the
10 United States portion of North America subject to its oversight.

11
12 1.1.211.2.25 **NPCC:** Northeast Power Coordinating Council, Inc., the
13 NERC regional entity for Northeastern North America.

14
15 1.1.221.2.26 **Participant:** Representative of the Régie, a Registered
16 Entity, NERC or NPCC, designated for the purposes of a Compliance Audit or any other
17 purpose under the QCMEP.

18
19 1.1.231.2.27 **Designated Contact:** A contact designated by the
20 Registered Entity, responsible for sending and receiving all information and communications
21 required under the QCMEP, and a contact designated by NERC and NPCC to receive all
22 documents relating to compliance.

23
24 1.1.241.2.28 **Complaint:** An allegation that a Registered Entity might
25 have failed to comply with a Reliability Standard.

26
27 1.1.251.2.29 **Implementation Plan:** An annual plan prepared by
28 NPCC and submitted to the Régie for approval, including (1) allthose Reliability Standards
29 identified by the Régie for active monitoring in Québec during the year, (2) the QCMEP
30 methods to be used by NPCC for compliance monitoring, assessment and reporting of each
31 Reliability Standard, (3) NPCC's Annual Audit Plan regarding Registered Entities, (4) a
32 schedule for the tool by means of which Self-Certification is implemented and (5) a schedule
33 for Periodic Data Submittals.

34
35 1.1.261.2.30 **Mitigation Plan (“compliance plan” pursuant to**
36 **section 85.12 of the Act):** The set of actions identified by a Registered Entity to (i) correct a
37 violation or Non-Compliance and (ii) prevent their re-occurrence. It becomes effective once
38 ordered by the Régie pursuant to section 85.12 of the Act.

39
40 1.1.271.2.31 **Annual Audit Plan:** A plan included in the
41 Implementation Plan that specifies the Reliability Standards and Registered Entities to be
42 audited and the schedule of Compliance Audits for the calendar year.

43
44 1.1.281.2.32 **Québec Reliability Standards Compliance**
45 **Monitoring and Enforcement Program (QCMEP):** Program describing the processes
46 used to monitor and assess compliance with the Reliability Standards adopted by the Régie
47 and the procedures in place to ensure their enforcement.

48
49 1.1.291.2.33 ~~**Exception Reporting:** Information provided by a~~
50 ~~Registered Entity indicating that it might not be complying with a requirement of a Reliability~~
51 ~~Standard (e.g., a system operating limit is exceeded). Only a subset of the Reliability~~
52 ~~Standards requires Exception Reporting.~~

53
54 1.1.301.2.34 **Régie:** Régie de l'énergie ~~du Québec~~.

55

1 ~~1.1.31~~1.2.35 **Register of entities subject to Reliability Standards**
2 **(the “Register”)**: List, approved by the Régie pursuant to section 85.13 of the Act, of
3 Registered Entities subject to Reliability Standards and their functions, and of the facilities,
4 systems and equipment subject to these ~~S~~standards. Use of the Register is limited to QCMEP
5 administration.

6
7 ~~1.1.32~~1.2.36 **Personal Information**: Confidential information which, in a document,
8 concerns a natural person and allows that person to be identified. Such information must be
9 dealt with in accordance with the Act respecting access to documents held by public bodies
10 and the protection of personal information (CQLR, c. A-2.1).

11
12 ~~1.1.33~~1.2.37 **Periodic Data Submittals**: Submittals of data by Registered Entities within a
13 timeframe required by a Reliability Standard, on a schedule stipulated in the Implementation
14 Plan, or upon additional request by NPCC with the Régie’s approval.

15 16 17 **2. REGISTER OF ENTITIES SUBJECT TO RELIABILITY STANDARDS**

18
19 In accordance with section 85.13 of the Act, the Reliability Coordinator must submit to the
20 Régie a Register identifying the entities that are subject to the Reliability Standards adopted
21 by the Régie.

22
23 The Régie maintains on its website the Register it has approved and a current list of the
24 Reliability Standards ~~and their related Québec Appendix~~ applicable in Québec.

25
26 Each Registered Entity must send the Régie the names of one or more Designated Contacts
27 for the purposes of QCMEP administration and the Régie makes the information available to
28 NPCC.

29
30 NPCC also designates one or more Designated Contacts and ~~informs~~ the Registered Entities.

31
32 Any changes to the designation of a Designated Contact must be promptly filed with the
33 Régie, NPCC and the Registered Entities, as applicable.

34
35 Each Registered Entity must inform the Reliability Coordinator of changes to its Registration
36 information, and the Reliability Coordinator must promptly file the information with the
37 Régie. The Régie informs NPCC of such changes. ~~NPCC informs each Registered Entity of~~
38 ~~the Reliability Standards that are applicable to that Registered Entity.~~

39 40 41 **3. COMPLIANCE MONITORING PROCESS**

42
43 Under the Implementation Plan, NPCC monitors and assesses Registered Entities’
44 compliance with the Reliability Standards and ~~makes~~ recommendations for the actions
45 needed to ensure enforcement, including financial penalties and sanctions, to the Régie.
46 NPCC may use the following monitoring processes to monitor and assess compliance:

- 47 (1) Compliance Audits,
- 48 (2) Self-Certification,
- 49 (3) Spot Checks,
- 50 (4) Compliance Investigations,
- 51 (5) Non-Compliance Self-Reporting, ~~ing,~~
- 52 (6) Periodic Data Submittals, ~~and~~
- 53 ~~(7) Exception Reporting, and~~
- 54 ~~(8) Investigations following a Complaint.~~

1
2 These processes are described in ~~S~~sections 3.1 through 3.87 below.

3
4 For the purpose of effective monitoring of compliance with the Reliability Standards,
5 Registered Entities must promptly make available the information and reports required by
6 NPCC under the QCMEP, in the required format and no later than the Required Date.

7
8 When possible and practicable, all data submittals must be in electronic format. However, a
9 Registered Entity may request that information be examined on its premises if the submittal
10 of data in the required format is considered to be an unnecessary burden.

11
12 If a Registered Entity considers that a request for information is unreasonable, and if an
13 agreement cannot be reached with NPCC, the Registered Entity may ask the Régie to rule on
14 the matter.

15
16 If the data, information or documents required of a Registered Entity are not made available
17 to NPCC by the Required Date, NPCC so advises the Régie. It informs the Registered Entity
18 that filing of the required information is imperative and, in addition to the applicable
19 sanctions for breaches of sections 46 and 47 of the Act, the Registered Entity may, depending
20 on the circumstances, be subject to an unscheduled Compliance Audit, a notice of Non-
21 Compliance at the severe compliance severity level, or a specific order by the Régie to
22 produce the information.

23
24 When engaged in the processes described in this Section, Registered Entities and NPCC
25 should consult with each other to determine the data and information that would be
26 appropriate for effectively addressing this ~~S~~section's process requirements.

27 28 **3.1 COMPLIANCE AUDITS**

29
30 All Registered Entities are subject to scheduled on-site or off-site Compliance Audits by
31 NPCC, in accordance with the Annual Audit Plan included in the Implementation Plan
32 approved by the Régie. These audits are conducted using **Québec Reliability Standards Audit**
33 **Worksheets** (the "QRSAs") as developed by NERC and modified by NPCC for Québec to
34 facilitate participation by the audited entity. The QRSAs describe the information that the
35 audit team would expect to be presented to them to demonstrate compliance with various
36 requirements. These documents are available on the Régie's website and, if applicable, in the
37 Data Repository.

38 39 **3.1.1 Annual Audit Plan and Schedule**

40
41 NPCC prepares an Annual Audit Plan and incorporates it into the Implementation Plan it
42 submits to the Régie for approval by November 1 of each year, or on another date as agreed
43 by the Régie, NERC and NPCC.

44
45 ~~NPCC maintains in the Data Repository the audit schedule, including methods, which the~~
46 ~~Régie subsequently posts on its website.~~ Prior to the first day of the period covered by an
47 Implementation Plan, NPCC ~~updates~~ finalizes the audit schedule and submits it to the Régie
48 for approval. The Régie consults each of the Registered Entities subject to a Compliance
49 Audit during the calendar year and seeks its comments related to the audit schedule specific
50 to the Registered Entity. The Régie and NPCC gives due consideration to any schedule
51 changes requested by Registered Entities to avoid unnecessary burdens.

52
53 For those electric power transmission system owners and operators with primary reliability
54 responsibility (reliability coordinator, balancing authority and transmission operator), the

1 Compliance Audits are performed at least once every three (3) years unless otherwise
2 specified in the Implementation Plan. For other Registered Entities on the Register,
3 Compliance Audits are performed on a schedule established by NPCC and approved by the
4 Régie.

5
6 ~~Audits of electric power transmission system owners and operators with primary reliability~~
7 ~~responsibility are performed on the audited entity's site. For other Registered Entities, the~~
8 ~~audit may be an on-site or off-site. The Compliance Audits may be either performed as an~~
9 ~~on-site or off-site audit, as determined to be appropriate by NPCC.~~

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

18
19 Revisions and additions to a NPCC Annual Audit Plan are reviewed by NERC and approved
20 by the Régie, and each affected Registered Entity is notified in a timely manner (normally
21 ninety (90) Days in advance) of changes or revisions to its scheduled audit dates.

22 23 **3.1.2 Scope of Compliance Audits**

24
25 A Compliance Audit covers, at a minimum, all those Reliability Standards included in the
26 current Implementation Plan and applicable to the functional registration of the Registered
27 Entity included in the current Implementation Plan. It may also include additional Reliability
28 Standards applicable to the Registered Entity. If a Reliability Standard does not require
29 retention of data for the full period covered by the audit, the Registered Entity will not be
30 found in Non-Compliance solely on the basis of the lack of specific information that has
31 rightfully not been retained based on the retention period specified in the Reliability
32 Standard. However, in such cases, NPCC will require the Registered Entity to demonstrate
33 compliance through other means.

34 35 **3.1.3 Compliance Audit Process Steps**

36 37 **3.1.3.1 Audit Team Composition**

38
39 The Compliance Audit team is made up of members considered by NPCC to possess the
40 knowledge, training and skills required to conduct the Compliance Audit. The team may
41 include:

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

46
47 The Compliance Audit team leader must be an NPCC staff member assigned to compliance
48 monitoring, and is responsible for conducting the audit and drafting the audit report.

49
50 Before taking part in a Compliance Audit, the members making up the audit team must have
51 successfully completed the auditor training provided by NERC or NPCC relevant to the
52 Compliance Audit.

53 54 **3.1.3.2 Observers**

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

- 3 (i) members of NPCC's compliance staff;
- 4 (ii) members of the compliance staff of another regional entity and/or
- 5 (iii) staff from NERC.

6
7 The Régie can also designate members of its staff as observers.

8
9 Observers are not members of the audit team, and do not take part in the conduct of the audit
10 or contribute to the conclusions or determinations resulting from the audit.

11 12 **3.1.4 Compliance Audit Process Steps**

13
14 The steps in the Compliance Audit process are as follows:²

- 15
16 a. At least ~~ninety one hundred five (90105)~~ Days prior to commencement of an audit
17 called for by the Annual Audit Plan, NPCC notifies the Registered Entity of the audit,
18 and identifies the audit team members and their recent employment history, and the
19 observers, if any. The NPCC requests data from the Registered Entity, including a
20 completed ~~NERC/NPCC~~ pre-audit ~~questionnaire survey~~. If the audit team members or
21 observers change from the time of the original notification, NPCC promptly notifies
22 the Registered Entity of the change and allows time for the Registered Entity to object
23 to the team member or observer if need be. ~~NPCC submits to the Régie a copy of the~~
24 ~~information transmitted to the Registered Entity audited.~~
- 25
26 b. A Registered Entity subject to an audit may object to any member or observer of the
27 audit team on grounds of a conflict of interest or the existence of other circumstances
28 that could interfere with their impartial performance of his or her duties. Such
29 objections must be provided in writing to NPCC no later than fifteen (15) Days prior
30 to the start of an on-site audit. If an agreement cannot be reached, NPCC or the
31 Registered Entity may request that the Régie rule on the matter.
- 32
33 c. The Registered Entity provides the required information in the format and by the
34 Required Date specified in the request.
- 35
36 d. The audit team reviews, prior to performing the audit, the submitted information to
37 ensure that it meets the requirements of the Reliability Standards.
- 38
39 e. The audit team conducts an exit briefing with the Registered Entity to present a
40 summary of the contents of the audit report before it is drafted.
- 41
42 f. The audit team develops a draft audit report that includes a description of the objective,
43 scope, and methodology of the audit; identifies any Non-Compliances, Mitigation
44 Plans or Remedial Actions completed or in progress in the year of the audit; and
45 identifies the nature of any confidential information redacted.
- 46
47 g. The draft report is forwarded to the Registered Entity for comment. Upon receipt of the
48 draft report, including recommendations, the Registered Entity has at least twenty (20)
49 business days to forward its comments to the audit team.
- 50
51 h. The audit team prepares a final report, taking into account the Registered Entity's
52 comments, and submits it to NPCC.

53

² ~~This process is normally completed within sixty (60) Days after the Compliance Audit.~~

- 1 i. NPCC reviews the audit team’s report and conducts ~~an assessment~~ a preliminary screen
2 of any Non-Compliances identified in the report.
3
- 4 j. NPCC forwards the final report, on a confidential basis, to the Régie, ~~with a copy and~~
5 to the Registered Entity.
6
- 7 k. If the final report does not identify any Non-Compliances, the Régie publishes a
8 summary of the report on its website, with the exception of audit reports on critical
9 infrastructure protection Reliability Standards.
10
- 11 l. ~~If NPCC concludes that reasonable grounds exist for believing that a Non-Compliance~~
12 ~~has occurred, it sends the Registered Entity a notice of Non-Compliance in accordance~~
13 ~~with the provisions of Section 5.1.~~
14
- 15 m. If the final report does identify Non-Compliances, NPCC proceeds in accordance with
16 section 5 ~~the Régie publishes a summary of the report on its website after it rules on the~~
17 ~~Non-Compliances.~~
18

19 3.2 SELF-CERTIFICATION

20
21 ~~NPCC prepares either the Self-Certification worksheets, for guided Self-Certification, or a~~
22 ~~Self-Certification program and forms, when the Registered Entity attests its compliance with~~
23 ~~Reliability Standard by the means of check box Self-Certification forms, including the~~
24 ~~schedule for submittal, for the Régie’s approval. This program includes the documentation~~
25 ~~required to enable the Registered Entity to certify its compliance with the Reliability~~
26 ~~Standards. The Self-Certification program, including the schedule and documentation, is~~
27 ~~included in the Implementation Plan.~~
28

29 NPCC recommends the tool by the means of which Self-Certifications are produced when
30 submits its Implementation Plan to the Régie for approval. All Registered Entities must
31 produce their Self-Certification according to the schedule by the means of one of these tools,
32 as approved by the Régie.
33

34 If an analysis of the Self-Certification specifically shows Non-Compliances, an observation
35 of the same Non-Compliances during a subsequent Compliance Audit or Spot Check does
36 not subject the Registered Entity to an escalated financial penalty unless the severity of the
37 Non-Compliances is found to be greater than reported by the Registered Entity in the Self-
38 Certification.
39

40 3.2.1 Self-Certification Process Steps

41
42 The steps in the Self-Certification process are as follows:³
43

- 44 a. NPCC develops ~~the a~~ Self-Certification program, including the reporting schedule, or
45 implements guided Self-Certifications and submits its recommendation to the Régie.
46
- 47 b. The Régie approves the Self-Certification ~~program~~ implementation method.
48
- 49 c. Once the program has been approved by the Régie, ~~NPCC posts the Self-Certification~~
50 ~~schedule in the Data Repository.~~ NPCC ensures that the ~~compliance procedures and~~
51 required blank submittal forms for the Reliability Standards being evaluated are

³ ~~If no Non-Compliance is found, this process is generally completed within sixty (60) Days after~~
~~verification of the data by NPCC.~~

1 available on the Régie’s website or in the Data Repository, if applicable, at least forty-
 2 five (45) Days prior to the Required Date.

3
 4 d. NPCC requests that the Registered Entity file a Self-Certification within the advance
 5 notice period specified by the Reliability Standard. If the Reliability Standard does not
 6 specify the advance notice period, this request is issued in a timely manner (normally
 7 thirty (30) Days advance notice).

8
 9 e. The Registered Entity provides the required information no later than the Required
 10 Date.

11
 12 f. NPCC reviews the information to determine compliance with the Reliability Standards
 13 and may request additional data and/or information if necessary.

14
 15 g. NPCC completes the analysis of information provided by the Registered Entity (as well
 16 as the Registered Entity’s Mitigation Plan, if applicable).

17
 18 h. In the case of guided Self-Certifications, NPCC completes and documents the
 19 assessment of the Registered Entity’s compliance with the Reliability Standards. At the
 20 end of the process NPCC provides a summary letter detailing the findings of the guided
 21 Self-Certification process to the Registered Entity and the Régie.

22
 23 ~~h.i. If the Registered Entity has self-certified that it could be non-compliant with a standard~~
 24 ~~and NPCC concludes that no Non-Compliance has occurred, it sends the Registered~~
 25 ~~Entity and the Régie a notice to that effect. It also provides a report to the Régie on the~~
 26 ~~facts justifying its conclusion.~~

27
 28 ~~i.j. If the NPCC’s review indicates concludes that reasonable grounds exist for believing~~
 29 ~~that a Non-Compliance has occurred, it NPCC proceeds sends the Registered Entity a~~
 30 ~~notice of Non-Compliance~~ in accordance with the provisions of ~~S~~section 5-1.

31
 32 **3.3 SPOT CHECKS**

33
 34 NPCC can carry out Spot Checks, as authorized or requested by the Régie, to verify or
 35 confirm Self-Certification, Non-Compliance Self-Reporting, Mitigation Plan execution, and
 36 Periodic Data Submittal. With the Régie’s agreement, Spot Checks may also be random or
 37 may be initiated in response to events, as described in the Reliability Standards, or to
 38 operating problems or system events. NPCC then reviews the information submitted to verify
 39 the Registered Entity’s compliance with the Reliability Standard. Compliance auditors may
 40 be assigned by NPCC to conduct Spot Checks as necessary.

41
 42 **3.3.1 Spot Check Process Steps**

43
 44 The steps in the Spot Checks process are as follows:⁴

45
 46 a. NPCC notifies the Registered Entity, ~~with copy to the Régie~~, that a Spot Check will be
 47 performed and the reason for the Spot Check within the advance notice period specified
 48 by the Reliability Standard. NPCC informs the Régie of the notice’s transmittal. If the
 49 Reliability Standard does not specify the advance notice period, any information
 50 submittal request made by NPCC allows at least twenty (20) Days for the information
 51 to be submitted or made available for review.

52

⁴ ~~If the Spot Check does not identify a Non-Compliance, this process is normally completed within ninety (90) Days after verification of the data by NPCC.~~

- 1 b. The Spot Check may require submission of data, documentation, or possibly an on-site
2 review.
3
- 4 c. The Registered Entity provides the required information in the format and by the
5 Required Date specified in the request.
6
- 7 d. NPCC reviews the information to determine compliance with the Reliability Standards
8 and may request additional data and/or information if necessary for a complete
9 assessment of compliance.
10
- 11 e. NPCC prepares a draft Spot Check report and gives an opportunity for the Registered
12 Entity to comment on the draft report within ten (10) business days.
13
- 14 f. NPCC completes and documents the assessment of the Registered Entity's compliance
15 with the Reliability Standard and finalizes the Spot Check report and provides it to the
16 Registered Entity and the Régie.
17
- 18 g. If ~~the NPCC's review indicates~~ concludes that reasonable grounds exist for believing
19 that a Non-Compliance has occurred, it NPCC proceeds sends the Registered Entity a
20 notice of Non-Compliance in accordance with the provisions of ~~S~~section 5-1.
21

22 3.4 COMPLIANCE INVESTIGATION

23

24 NPCC can lead a Compliance Investigation, including an Inspection when necessary, as
25 authorized or requested by the Régie, in response to a system disturbance, when Non-
26 Compliances have been identified by any other means, or when required by the Régie
27 following a Complaint. Compliance Investigations are generally led by NPCC personnel. For
28 good cause, the Régie reserves the right to assume the leadership of a Compliance
29 Investigation or to delegate the leadership of a Compliance Investigation to NERC.
30 Compliance Investigations are confidential. When the Régie determines that a violation has
31 occurred, the decision is made public, except where such a decision relates to critical
32 infrastructure protection standards. In the latter case, ~~to~~at the request of the registered entity,
33 At the Régie's may rule, at its discretion, that certain paragraphs of the decision may be made
34 confidential.
35

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

- 39 (i) compliance staff members from NPCC or of another regional entity,
40 (ii) contractual workers and technical subject matter experts,
41 (iii) staff from the Régie, and/or
42 (iv) staff from NERC.
43

44 The Régie can also designate a staff member as an observer.
45

46 The team leader of the investigation is responsible for conducting the investigation and
47 drafting the investigation report. Unless the Régie has assumed leadership of the investigation
48 or delegated leadership of the investigation to NERC, the team leader of the investigation
49 must be an NPCC staff member assigned to compliance monitoring.
50

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

3.4.1 Compliance Investigation Process Steps

The steps in a Compliance Investigation are as follows:⁵

- 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~~ ~~concludes that reasonable grounds exist for believing~~ that a Non-Compliance has occurred, ~~it~~ ~~NPCC proceeds~~ ~~sends the Registered Entity a~~ ~~notice of Non-Compliance~~ in accordance with the provisions of ~~S~~ section 5-1.

3.5 NON-COMPLIANCE SELF-REPORTING

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

⁵ ~~If the Compliance Investigation does not find a Non-Compliance, this process is normally completed within sixty (60) Days after the decision to open the investigation.~~

- 1
2 (i) that it is not complying, or it may not have complied, with a Reliability Standard, or
3
4 (ii) that a change in the severity level of a previously reported Non-Compliance has
5 occurred.
6

7 The submittal of a Non-Compliance Self-Reporting is encouraged even if a Reliability
8 Standard requires Self Certification on a pre-defined schedule stipulated in the
9 Implementation Plan and the Non-Compliance was discovered outside that schedule.
10

11 **3.5.1 Non-Compliance Self-Reporting Process Steps**

12

13 The steps in the Non-Compliance Self-Reporting process are as follows:⁶
14

- 15 a. NPCC ensures that the Non-Compliance Self-Reporting submittal forms are available
16 on the Régie's website electronically or, if applicable, in the Data Repository.
17
18 b. The Registered Entity provides a detailed description of the Non-Compliance ~~Self-~~
19 ~~Reporting information~~ to the Régie using the submittal forms. NPCC specifies to the
20 Registered Entity whether NPCC or the Régie requests the submittal of a Mitigation
21 Plan, as well as a timetable for completion of the Mitigation Plan, if applicable.
22
23 c. NPCC reviews the information to determine compliance with the Reliability Standards
24 and may request that the Registered Entity provide clarification or additional data
25 and/or information.
26
27 d. NPCC completes the assessment of the Registered Entity's compliance with the
28 Reliability Standards and any Mitigation Plan, if applicable.
29
30 e. If NPCC concludes that no Non-Compliance has occurred, it sends the Régie and the
31 Registered Entity a notice to that effect. It also provides a report to the Régie on the
32 facts justifying its conclusion.
33
34 f. If ~~the NPCC's review indicates~~ concludes that reasonable grounds exist for believing
35 that a Non-Compliance has occurred, ~~NPCC proceeds~~ sends the Registered Entity a
36 notice of Non-Compliance in accordance with the provisions of ~~Section 5-1.~~
37

38 **3.6 PERIODIC DATA SUBMITTALS**

39

40 NPCC requires Periodic Data Submittals at the dates stated in the applicable Reliability
41 Standard, according to the schedule specified in the Implementation Plan or, with the Régie's
42 approval, on an as-needed basis. Requests for data submittals are issued by NPCC to
43 Registered Entities with at least the minimum advance notice specified by the applicable
44 Reliability Standard. If the Reliability Standard does not specify an advance notice period,
45 the requests are normally issued with no less than thirty (30) Days advance notice.
46

47 The data may include models, studies, analyses, documents, procedures, methods, operating
48 data, information on processes, and/or any other information showing compliance with the
49 Reliability Standards.
50

51 **3.6.1 Periodic Data Submittals Process Steps**

52

⁶ ~~This process is normally completed within sixty (60) Days after verification of the data by NPCC.~~

1 The steps in the Periodic Data Submittal process are as follows:⁷

- 2
- 3 a. NPCC establishes the current data reporting schedule in the annual Implementation
- 4 Plan approved by the Régie and keeps the Registered Entities informed of changes
- 5 and/or updates. ~~NPCC makes the required submittal forms for the Reliability Standards~~
- 6 ~~being evaluated available electronically in the Data Repository.~~
- 7
- 8 b. NPCC makes a request for a Periodic Data Submittal.
- 9
- 10 c. The Registered Entity provides the required information in the form and by the
- 11 Required Date specified in the request.
- 12
- 13 d. NPCC reviews the information to determine compliance with the Reliability Standards
- 14 and may request additional data and/or information if necessary for a complete
- 15 assessment of compliance or to demonstrate compliance.
- 16
- 17 e. ~~If the NPCC's review indicates~~ ~~concludes that reasonable grounds exist for believing~~
- 18 ~~that a Non-Compliance has occurred,~~ ~~it NPCC proceeds~~ ~~sends the Registered Entity a~~
- 19 ~~notice of Non-Compliance~~ in accordance with the provisions of ~~S~~section 5-1.
- 20

21 ~~3.7~~ **EXCEPTION REPORTING**

22

23 ~~Some Reliability Standards require Exception Reporting as a form of compliance monitoring.~~

24 ~~Reports must be submitted with an explanation for each exception.~~

25

26 ~~Registered Entities must also confirm the number of exceptions that have occurred in a given~~

27 ~~time period identified by the Régie, even if the number of exceptions is zero.~~

28

29 ~~3.8~~ 3.7 **INVESTIGATION FOLLOWING A COMPLAINT**

30

31 All Complaints alleging a Non-Compliance must be filed with the Régie. The Régie reviews

32 each Complaint it receives, determines its merit based on the review and a preliminary

33 assessment, and decides whether an investigation is warranted. The Régie may seek

34 assistance from NPCC, NERC or both for this review.

35

36 ~~3.8~~ 3.7.1 **Investigation Following a Complaint Process Steps**

37

38 The steps in the Complaint examination process are as follows:

39

- 40 a. The complainant submits a Complaint to the Régie. The Complaint should include
- 41 sufficient information to enable the Régie to determine whether a Compliance
- 42 Investigation is warranted. The Régie may not act on a Complaint if the Complaint is
- 43 incomplete and does not include sufficient information.
- 44
- 45 b. Based on the information in the Complaint and any other information it may possess,
- 46 the Régie decides whether an investigation should be conducted pursuant to ~~S~~section
- 47 3.4.
- 48
- 49 c. If the Régie determines that an investigation is required, it shall request or lead a
- 50 Compliance Investigation pursuant to ~~S~~section 3.4.
- 51

⁷ ~~If no Non-Compliance is found, this process is generally completed within ten (10) business days after~~
~~verification of the data by NPCC.~~

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

3
4 All Complaints are handled on a confidential basis.
5

6 **3.8 PRELIMINARY SCREEN**

7
8 If NPCC discovers, through one of the compliance monitoring processes described in
9 Section 3 or by any other means, a potential Non-Compliance with a Reliability Standard
10 requirement, NPCC conducts a preliminary screen of the potential Non-Compliance. The
11 preliminary screen shall be conducted within five (5) business days after NPCC identifies the
12 potential Non-Compliance, except that (i) if NPCC identifies the potential Non-Compliance
13 during a Compliance Audit, the preliminary screen shall be conducted immediately following
14 the exit briefing of the Registered Entity, (ii) if NPCC identifies the potential Non-
15 Compliance during a Compliance Investigation, the preliminary screen shall be conducted
16 immediately after the Registered Entity is first notified of the potential Non-Compliance
17 identified by the Compliance Investigation, and (iii) if the Non-Compliance has resulted in,
18 or has the potential to result in, a reduction in the reliability of electric power transmission,
19 NPCC must notify the Régie within forty-eight (48) hours.

20
21 To that effect, NPCC sends a notice of preliminary screen to the Registered Entity, and
22 informs the Régie of the notice's transmittal.

23
24 The notice of preliminary screen must contain, at a minimum:

25
26 a. The Non-Compliance identification number;

27
28 b. The Reliability Standard and requirement(s) thereof with which the Registered Entity
29 may not have complied;

30
31 c. The name of the NPCC Designated Contact assigned to investigate the facts and
32 circumstances of the Non-Compliance and able to provide information about the content
33 of the notice;

34
35 d. Instructions to the Registered Entity to retain and preserve all data, information and
36 records related to the Non-Compliance, until the Non-Compliance is processed or
37 dismissed.

38 39 40 **4. IMPLEMENTATION PLAN**

41
42 By November 1 of each year, or on another date as agreed by NERC, NPCC and the Régie,
43 NPCC submits its Implementation Plan for the following calendar year, or the remainder of
44 the current year as appropriate, to the Régie for approval, after review by NERC. The
45 Implementation Plan is available on the Régie's website.

46
47 The plan must:

48
49 a. Indicate the Reliability Standards and requirements that must be actively monitored by
50 means of the monitoring processes described in ~~S~~section 3, with a schedule;

51
52 b. Specify, ~~for each Reliability Standard,~~ the procedures for reporting, monitoring,
53 assessment, and the criteria for performance assessment;
54

- 1 c. Include an Annual Audit Plan;
- 2
- 3 d. Include a schedule for Self-Certifications, if applicable; and
- 4
- 5 e. Include a schedule for Periodic Data Submittals.
- 6

7 ~~NPCC must provide for transitional mechanisms for the monitoring of Registered Entities~~
8 ~~that are already taking part in NPCC's monitoring program on a voluntary basis.~~

11 5. PROCEDURES TO ENSURE THE ENFORCEMENT OF RELIABILITY 12 STANDARDS

13
14 In the performance of its responsibilities, NPCC monitors and assesses compliance with the
15 Reliability Standards by Registered Entities.

16
17 When NPCC identifies a Non-Compliance, it sends a notice of Non-Compliance to the
18 Registered Entity concerned, ~~with a copy informs to~~ the Régie of the notice's transmittal, and
19 gives the Registered Entity the opportunity to submit its observations within thirty (30) Days.

20
21 NPCC then sends its findings to the Régie and submits its recommendations to allow the
22 Régie to determine:

- 23
- 24 (i) if a violation with the Reliability Standards by the Registered Entity concerned has
25 occurred, and
- 26
- 27 (ii) if so, and in accordance with the Sanction Guide for the Enforcement of the
28 Reliability Standards in effect in Québec, what financial penalties and sanctions
29 should be imposed.
- 30

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

34
35 The Régie is responsible for choosing and imposing financial penalties or sanctions,
36 Mitigation Plans or Remedial Actions in accordance with sections 85.10, 85.12 and 85.12.1
37 of the Act.

38
39 The imposition of financial penalties or sanctions on a Registered Entity does not relieve it
40 of the obligation to comply with the Reliability Standards. A Registered Entity that fails to
41 comply with a Reliability Standard must correct the situation, regardless of whatever other
42 measures may have been taken or imposed on it.

43
44 Parties engaged in the process described in this section should consult with each other on the
45 data and information that would be appropriate for effectively addressing this section's
46 process requirements.

48 5.1 NOTICE OF POSSIBLE NON-COMPLIANCE

49
50 Following the transmittal of the notice of preliminary screen to the Registered Entity, NPCC
51 conducts its assessment to determine the facts and circumstances of the Non-Compliance as
52 well as the risk assessment. Unless the simplified identification, correction and monitoring
53 procedure in section 5.1.1 is used to address the possible Non-Compliance, NPCC sends a

1 notice of possible Non-Compliance to the Registered Entity, and informs the Régie of the
2 transmittal.

3
4 The notice of possible Non-Compliance shall, at a minimum:

5
6 a. State that, although the Non-Compliance may involve a low-level risk for the reliability
7 of electric power transmission, following the NPCC's risk assessment the Non-
8 Compliance does not qualify for treatment using the simplified identification, correction
9 and monitoring procedure;

10
11 b. State that a possible Non-Compliance has been identified;

12
13 c. Instruct the Registered Entity to retain and preserve all data, information and records
14 related to the Non-Compliance, until the Non-Compliance is processed.

15
16
17 **5.1.1 Simplified identification, correction and monitoring procedure following**
18 **discovery of a Non-Compliance**

19
20 When a Non-Compliance involves only a low-level risk for the reliability of electric power
21 transmission, the Régie may, after receiving recommendation from NPCC including its
22 justification, use a simplified identification, correction and monitoring procedure.

23
24 For this purpose, the Régie takes into account the Reliability Standards and its requirements,
25 the level of seriousness of the Non-Compliance and the risk factor for the reliability of
26 electric power transmission, the actual and potential risk that the Non-Compliance poses or
27 may have posed for the reliability of electric power transmission, and the compliance
28 program established by the Registered Entity and its compliance record.

29
30 If the Régie approves NPCC's recommendation, NPCC sends the Registered Entity a notice
31 to that effect.

32
33 If the Régie rejects NPCC's recommendation, NPCC sends the Registered Entity a notice of
34 Non-Compliance in accordance with the provisions of §section 5.42.

35
36 Under the simplified procedure, if the situation is corrected to the Régie's satisfaction, no
37 financial penalty or sanction is imposed on the Registered Entity. A Non-Compliance dealt
38 with using this procedure is noted and recorded in the Registered Entity's compliance file.

39
40 **5.15.2** **NOTIFICATION OF NON-COMPLIANCE TO A REGISTERED**
41 **ENTITY**

42
43 NPCC sends a notice of Non-Compliance to the Registered Entity ~~by e-mail, with a copy and~~
44 informs ~~to~~ the Régie of the notice's transmittal.

45
46 The notice of Non-Compliance must contain, at a minimum:

47
48 a) The Reliability Standard and requirement(s) thereof with which the Registered Entity
49 might be in Non-Compliance;

50
51 b) The date and time the Non-Compliance occurred (or is occurring), the duration of the
52 Non-Compliance and its current status, if applicable;

53
54 c) The facts related to the Non-Compliance;

- 1
2 d) The proposed financial penalty or sanction, if any, applicable according to the Sanction
3 Guide for the Enforcement of the Reliability Standards in effect in Québec, including
4 an outline of the grounds justifying the financial penalty or sanction;
5
6 e) Notice that the Registered Entity can, within thirty (30) Days after receiving the notice
7 of Non-Compliance, choose one of the following options:
8
9 (i) Admit the facts related to the Non-Compliance and accept the proposed financial
10 penalty or sanction, agree to submit a Mitigation Plan, if necessary, to correct the
11 Non-Compliance and its underlying causes and, if applicable, provide
12 explanations in accordance with section 5.23; or
13
14 (ii) Admit the facts related to the Non-Compliance and agree to submit a Mitigation
15 Plan, if necessary, to correct the Non-Compliance and its underlying causes, but
16 contest the proposed financial penalty or sanction or its grounds, and, if
17 applicable, provide explanations in accordance with section 5.23; or
18
19 (iii) Contest both the Non-Compliance and the proposed financial penalty or sanction
20 and, if applicable, provide explanations in accordance with section 5.23,
21
22 f) Notice that the Registered Entity may submit a Mitigation Plan even if it contests the
23 Non-Compliance, the proposed financial penalty or sanction, the grounds for the Non-
24 Compliance, or all three, and that submission of a plan does not obviate its right to
25 contest;
26
27 g) Notice that if the Registered Entity decides to contest the Non-Compliance, the
28 proposed financial penalty or sanction or the grounds for the Non-Compliance, or all
29 three, it may ask that the Régie hold a hearing at which it may make representations;
30 and
31
32 h) The required procedures for submission of the Registered Entity's Mitigation Plan.
33

34 After the Régie determines that a violation has occurred, a summary of the violation,
35 including, at a minimum, the Registered Entity name and the standards and requirements
36 violated, is ~~posted on the Régie website~~ available in the Data Repository.
37

38 5.25.3 REGISTERED ENTITY RESPONSE

39
40 If the Registered Entity does not contest the notice of Non-Compliance or does not respond
41 to it within thirty (30) Days after it was received, NPCC reports its findings and final
42 recommendations, to the Régie, which may then rule on the Non-Compliance. A copy of the
43 Régie's decision will be sent to the registered entity.
44

45 If a Registered Entity wishes to contest the notice of Non-Compliance, the proposed sanction,
46 the grounds for the notice of Non-Compliance, or all three, it can send to NPCC, within thirty
47 (30) Days following receipt of the notice of Non-Compliance, a response, signed by an
48 officer or equivalent, with its comments and documents supporting its comments.
49

50 NPCC schedules a conference with the Registered Entity within ten (10) business days after
51 receipt of the response. If NPCC and the Registered Entity reach an agreement, NPCC reports
52 its findings and final recommendations, consistent with the agreement, to the Régie.
53

54 If NPCC and the Registered Entity are unable to reach an agreement within forty (40) Days
55 after receipt of the Registered Entity's response, or within any extension of that time agreed

1 to in writing by both parties, NPCC reports its findings and final recommendations to the
2 Régie.

3
4 When the Régie receives NPCC's report, it informs the Registered Entity concerned that it
5 has ten (10) Days to file its comments or request a hearing.

6
7 Once this delay expires and, if there is no request for a hearing, the Régie undertakes its
8 consideration of the NPCC report and makes its ruling.

9
10 At its own initiative or in response to a request by a Registered Entity, the Régie calls a
11 hearing in order to hear the Registered Entity on the Non-Compliance in the notice of Non-
12 Compliance. The Régie ensures that all information related to a hearing is available to NPCC
13 and NERC in the Data Repository.

14
15 In all such cases, all information relevant to the Non-Compliance that was prepared or
16 obtained as part of the process leading to the notice of Non-Compliance, except any
17 document or part of a document containing Privileged Information must be made available
18 at the Régie's offices for consultation and reproduction by the Registered Entity.

19
20 The Régie makes a reasonable effort to ensure that all persons whose presence is required by
21 the Registered Entity attend the hearing to which it is summoned.

22 23 5.35.4 PROPOSED SETTLEMENT

24
25 The Registered Entity may ask NPCC to start discussions in order to reach a proposed
26 settlement at any time after the issuance of a notice of Non-Compliance and prior to the
27 submission of the final recommendation to the Régie. Either party may end the discussions
28 at any time. These discussions are confidential until such time as the proposed settlement is
29 evaluated and judged satisfactory by the Régie. NPCC shall require the Registered Entity to
30 designate one or more individuals authorized to undertake discussions on its behalf. All
31 proposed settlements must be recorded in writing.

32
33 The time limits indicated in ~~S~~section 5.23 within which the Registered Entity must respond
34 to a notice of Non-Compliance are suspended until a proposed settlement is considered
35 satisfactory by the Régie or until discussions cease.

36
37 NPCC submits the proposed settlement to the Régie, including the proposed financial
38 penalties, sanctions and Mitigation Plan.

39
40 When the Régie receives the proposed settlement, it informs the Registered Entity concerned
41 that it has ten (10) Days to file its comments.

42
43 When this delay expires, unless the Régie calls a hearing for the parties in the proposed
44 settlement, the Régie undertakes its consideration of the proposed settlement and makes its
45 ruling.

46 47 5.45.5 SANCTION AND MITIGATION PLAN

48
49 After having allowed for a Registered Entity to provide comments, the Régie rules if there
50 has been a violation of a Reliability Standard, and imposes a sanction, where applicable. The
51 Régie can, on its own terms and within time limits that it determines, order a Registered
52 Entity that has violated a Reliability Standard to implement a Mitigation Plan. It informs
53 NPCC of its rulings with regard to the Registered Entity.

1 ~~5.5 SIMPLIFIED IDENTIFICATION, CORRECTION AND MONITORING~~
2 ~~PROCEDURE FOLLOWING DISCOVERY OF A NON-COMPLIANCE~~

3
4 ~~Notwithstanding the foregoing, when a Non-Compliance involves only a low level risk for~~
5 ~~the reliability of electric power transmission, the Régie may, after receiving recommendation~~
6 ~~from NPCC including its justification, use a simplified identification, correction and~~
7 ~~monitoring procedure.~~

8
9 ~~For this purpose, the Régie takes into account the Reliability Standards and its requirements,~~
10 ~~the level of seriousness of the Non-Compliance and the risk factor for the reliability of~~
11 ~~electric power transmission, the actual and potential risk that the Non-Compliance poses or~~
12 ~~may have posed for the reliability of electric power transmission, and the compliance~~
13 ~~program established by the Registered Entity and its compliance record.~~

14
15 ~~If the Régie approves NPCC's recommendation, NPCC sends the Registered Entity a notice~~
16 ~~to that effect.~~

17
18 ~~If the Régie rejects NPCC's recommendation, NPCC sends the Registered Entity a notice of~~
19 ~~Non-Compliance in accordance with the provisions of Section 5.1.~~

20
21 ~~Under the simplified procedure, if the situation is corrected to the Régie's satisfaction, no~~
22 ~~financial penalty or sanction is imposed on the Registered Entity. A Non-Compliance dealt~~
23 ~~with using this procedure is noted and recorded in the Registered Entity's compliance file.~~

24
25 **5.6 PROCEDURE FOR REQUESTING AND OBTAINING AN EXCEPTION**
26 **UNDER A CYBER SECURITY STANDARD FOR A TECHNICAL REASON**

27
28 Notwithstanding the foregoing, the Régie may, after receiving the NPCC's
29 recommendations, grant an exemption from strict compliance with certain requirements of
30 some cyber security Reliability Standards, specifically the critical infrastructure protection
31 Reliability Standards ("CIP Standards"). This type of exemption takes technical feasibility
32 and technical constraints into account; and it is will be designated as a *Technical Feasibility*
33 *Exception* ("TFE").

34
35 TFEs apply only to the requirements of CIP Standards specifically designated by the Régie.
36 The Régie posts a current list of the requirements targeted by this procedure on its website
37 and in the Data Repository.

38
39 A Registered Entity, subject to the requirements of CIP Standards permitting reliance on a
40 TFE, may request a TFE from NPCC by following an appropriate procedure and using the
41 prescribed forms. NPCC analyzes the request and makes recommendations to the Régie,
42 which rules on the matter.

43
44 NPCC ensures that the procedure and forms needed to submit a request for a TFE are
45 available in the Data Repository.

46
47
48 **6. MITIGATION PLANS FOR VIOLATIONS OR NON-COMPLIANCES**

49
50 Parties engaged in the process described in this section should consult with each other on the
51 data and information that would be appropriate for effectively addressing this section's
52 process requirements.

53
54 **6.1 REQUIREMENTS FOR SUBMISSION OF A MITIGATION PLAN**

Pursuant to ~~S~~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 ~~S~~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.

1
2 **6.3 TIMETABLE FOR COMPLETION OF MITIGATION PLANS**

3
4 The Mitigation Plan must be completed in a timely manner in order to correct all violations
5 or Non-Compliances prior to the beginning of the next compliance reporting/assessment
6 period after the period in which the violations occurred or the Non-Compliances were
7 discovered. The Registered Entity must be in full compliance with the Reliability Standard
8 to which the Mitigation Plan is applicable at the next report or assessment of the Registered
9 Entity. In all cases the Mitigation Plan must be completed within the timeframe specified by
10 the Régie in its order unless the Régie has granted an extension. The Régie may extend the
11 completion deadline, at the request of the Registered Entity, for good cause, including, but
12 not limited to:

- 13
14 (i) short assessment periods (e.g., event driven or monthly assessments), and
15
16 (ii) construction requirements in the Mitigation Plan that extend beyond the next
17 assessment period or other extenuating circumstances.
18

19 If the Mitigation Plan extends beyond the next applicable reporting/assessment period, all
20 sanctions for any violations with the applicable Reliability Standard, occurring during the
21 plan implementation period, are held in abeyance and are waived if the Mitigation Plan is
22 satisfactorily completed.
23

24 Any violations or Non-Compliances with respect to the applicable Reliability Standard
25 assessed during the period of time the Mitigation Plan is being implemented and the
26 associated financial penalties or sanctions are recorded by NPCC and reported by NPCC to
27 the Régie, with the notation that the Registered Entity is working under a Mitigation Plan
28 with an extended completion date, with financial penalties and sanctions held in abeyance
29 until completion of the Mitigation Plan. Upon completion of the Mitigation Plan in
30 accordance with ~~S~~section 6.6, NPCC notifies the Registered Entity, with authorization from
31 the Régie, that any violation or Non-Compliance with respect to the applicable Reliability
32 Standard during the period that the Mitigation Plan was being implemented has been waived
33 and no financial penalties or sanctions will apply.
34

35 A request for an extension of any milestone or the completion date of the Mitigation Plan by
36 a Registered Entity must be received by the Régie at least ten (10) business days before the
37 date in question. The Régie may accept a request for an extension or modification of a
38 Mitigation Plan after taking NPCC's recommendations into consideration if the Régie
39 determines the request to be justified. The Régie rules on any request for an extension or
40 modification of a Mitigation Plan and informs the Registered Entity and NPCC of its decision
41 within ten (10) business days of the request.
42
43

44 **6.4 SUBMISSION OF MITIGATION PLAN**

45
46 A Registered Entity ~~may~~ must submit a Mitigation Plan at ~~any time the request of the Régie~~
47 or NPCC. Mitigation Plans are required for any mitigation that is scheduled to occur at least
48 more than six months from the date the Non-Compliance is filed with the Régie. but The
49 Registered Entity must ~~do submit a Mitigation Plan~~ so within thirty (30) Days after being
50 served the notice of Non-Compliance if it does not contest it or, if it contests it, within ten
51 (10) business days after the Régie determines that a violation has occurred following the
52 procedure described in ~~S~~section 5.
53

~~Whether or not a Registered Entity contests the notice of Non-Compliance, its financial penalty or sanction, the grounds for the Non-Compliance, or all three, it may choose to submit a Mitigation Plan at any time.~~

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

1 been completed, including data or information sufficient for NPCC to verify completion.
2 NPCC may, with the Régie's authorization or at the Régie's request, require additional data
3 or information and conduct follow-up assessments, on-site or by Spot Checks, or Compliance
4 Audits as it deems necessary to verify that all required actions in the Mitigation Plan have
5 been completed and the Registered Entity is in compliance with the applicable Reliability
6 Standard.

7
8 In the event that all required actions in the plan are not completed within the applicable
9 deadline, including any extensions of the original deadline granted under ~~S~~section 6.3, any
10 Non-Compliance(s) with a Reliability Standard subject to the Mitigation Plan that occurred
11 during the originally scheduled time period for completion may be subject to immediate
12 determination by the Régie including the imposition of financial penalties or sanctions; a new
13 Mitigation Plan must then be submitted to the Régie and is reviewed pursuant to ~~S~~section
14 6.5. NPCC may, with the Régie's authorization, conduct a Compliance Audit of a Registered
15 Entity or recommend that the Régie order Remedial Actions, as necessary.

17 **6.7 RECORDKEEPING**

18
19 NPCC maintains a record on the Data Repository containing the following information for
20 each Mitigation Plan:

- 21 a. Name of Registered Entity;
- 22
23 b. Date of the identification of the Non-Compliance and of the determination of the
24 violation;
- 25
26 c. Monitoring method by which the violation or Non-Compliance was detected (Self-
27 Certification, Non-Compliance Self-Reporting, Compliance Audit, Compliance
28 Investigation, Investigation following a Complaint, etc.);
- 29
30 d. Date of the notice of Non-Compliance;
- 31
32 e. Expected and actual completion date of the Mitigation Plan and major milestones;
- 33
34 f. Expected and actual completion date for each required action;
- 35
36 g. Accepted changes to milestones, completion dates, or scope of Mitigation Plan; and
- 37
38 h. Registered Entity's completion notice and documents submitted as evidence of
39 completion.
- 40

41
42 Any information that meets the definition of Non-Public Information, Personal Information,
43 Privileged Information or Restricted Information must be handled in accordance with
44 ~~S~~section 9.

47 **7. REMEDIAL ACTIONS**

48
49 The Régie may order a Registered Entity to perform Remedial Actions when an inspection
50 or an inquiry reveals that the Registered Entity is in Non-Compliance with a Reliability
51 Standard and is thus seriously compromising the reliability of electric power transmission.

52
53 A Remedial Action may include, but is not limited to, any of the following: specifying
54 operating or planning criteria, limits, or limitations; requiring specific system studies;

1 defining operating practices or guidelines; requiring confirmation of data, practices, or
2 procedures through inspection, testing or other methods; requiring specific training for
3 personnel; requiring development of specific operating plans; directing a Registered Entity
4 to develop and comply with a plan to remediate a violation or a Non-Compliance; imposing
5 increased auditing or additional training requirements; requiring a Registered Entity to apply
6 the Reliability Coordinator's practices, procedures and guidelines; and requiring a Registered
7 Entity to cease an activity that is liable to result in a violation of a Reliability Standard.

8
9 An order imposing Remedial Actions may be issued to a Registered Entity at any time,
10 including during any procedures relating to a notice of Non-Compliance. NPCC, in its
11 recommendation to the Régie, must specify if the Remedial Actions obviate the need for a
12 Mitigation Plan.

13
14 Prior to recommending that the Régie order Remedial Actions, NPCC must consult the
15 Reliability Coordinator to ensure that the Remedial Actions are not in conflict with directives
16 issued by the Reliability Coordinator.

17
18 When recommending Remedial Action, NPCC must:

- 19
20 a. Describe the Non-Compliance;
21
22 b. Explain its assessment of the need for Remedial Action, including the reliability impact
23 both if the Remedial Action is undertaken and if it is not undertaken;
24
25 c. Explain the urgency of the Remedial Action and the reasons why the other means
26 provided for in the QCMEP are insufficient to address to the Non-Compliances
27 described;
28
29 d. Confirm that the Reliability Coordinator was consulted to ensure that the Remedial
30 Action is not in conflict with directives issued by the Reliability Coordinator;
31
32 e. Recommend a deadline for compliance with the Reliability Standards;
33
34 f. Specify if the Remedial Action obviates the need for a Mitigation Plan; and
35
36 g. Provide a draft order for Remedial Action.

37
38 The order of the Régie imposing Remedial Actions must list the facts justifying the order,
39 define the measures to be implemented to cause the risks for the reliability of electric power
40 transmission to cease, set a deadline for compliance, and inform the Registered Entity that if
41 it fails to comply with the Remedial Actions within the deadline, other Remedial Actions or
42 graver sanctions may be imposed.

43
44 NPCC monitors the implementation of the Remedial Actions ordered by the Régie to ensure
45 that the Registered Entity carries them out and complies with the Reliability Standards.
46 NPCC assembles and maintains the same information on the Régie Data Repository as for a
47 Mitigation Plan listed in ~~S~~section 6.7.

48
49 If a Registered Entity fails to carry out the Remedial Actions, NPCC advises the Régie by
50 means of a notice containing the following information:

- 51
52 i. A description of the breaches of the Remedial Actions or of one or more Reliability
53 Standards; and
54

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

3
4 The Régie notifies NPCC within two (2) business days after ordering Remedial Actions.

5
6 The Registered Entity may contest the order imposing Remedial Actions ordered by giving
7 written notice to the Régie, with a copy to NPCC, within two (2) business days after reception
8 of the order, and may request that the Régie hold an expedited hearing for decision. The
9 hearing is conducted expeditiously, with the participation of the Reliability Coordinator, if
10 applicable.

11
12 The Registered Entity must proceed with implementing the Remedial Actions even if it is
13 contesting them.

14 15 16 **8. REPORTS AND PUBLICATIONS**

17
18 NPCC prepares and submits to the Régie status reports with current information concerning:

19
20 ~~a. Registered Entity compliance with Reliability Standards;~~

21
22 ~~b.a.~~ All notices of Non-Compliance and violations with Reliability Standards by Registered
23 Entities;

24
25 ~~e.b. The s~~Status of notices of Non-Compliance and violations with Reliability Standards
26 and their potential impact on the reliability of electric power transmission;

27
28 ~~d.c.~~ Financial penalties and sanctions;

29
30 ~~d.~~ The Any Remedial Actions imposed;

31
32 e. The Any Technical Feasibility Exception granted;

33
34 f. The Any Mitigation Plans approved, with the deadlines for all the measures imposed
35 and for completion of the plan; and

36
37 g. The name of NPCC Designated Contact knowledgeable about the information filed.

38
39 ~~NPCC submits to the Régie, on a confidential basis and within five (5) business days of their~~
40 ~~discovery by any means, a report on any Non-Compliance with Reliability Standards~~
41 ~~regardless of significance, whether verified or still under investigation; however if the Non-~~
42 ~~Compliance has resulted in, or has the potential to result in, a reduction in the reliability of~~
43 ~~electric power transmission, NPCC must notify the Régie within forty eight (48) hours. Such~~
44 ~~a report includes information regarding the nature of the Non-Compliance and its potential~~
45 ~~impact on the reliability of electric power transmission, the name of the Registered Entity~~
46 ~~involved, the status and timetable of any Non-Compliance assessment, and the name of a~~
47 ~~NPCC Designated Contact able to provide information about the content of the report.~~

48
49 NPCC submits to the Régie and NERC, in the Data Repository ~~with a copy to NERC~~, at least
50 quarterly, an updated non-public summary status report. The summary status report includes:

- 51
52 i. A summary listing the Régie's rulings determining violations have occurred,
53 imposing financial penalties and sanctions, approving proposed settlements and
54 approving Mitigation Plans.

1 ii. A summary listing of Remedial Actions and Mitigation Plans that either ended in the
2 quarter or are still ongoing, identifying the Registered Entity, the standards and
3 requirements involved, and the schedule of the activities.
4

5 iii. A non-public summary listing, which may only be shared in non-public meetings of
6 the NERC Board and Board committees, of aggregate outstanding Non-Compliances,
7 specifying the standards and requirements involved and the possible impact on
8 reliability of electric power transmission.
9

10 iv. A non-public summary listing, which may only be shared in non-public meetings of
11 the NERC Board and Board committees, of aggregate Self-Certifications and Non-
12 Compliance Self-Reporting with possible impact on reliability of electric power
13 transmission that did not result in a finding of Non-Compliance.
14

15 The Régie publishes an annual report on its website listing all violations with Reliability
16 Standards, identifying, at a minimum, the Registered Entities, the Reliability Standards and
17 requirements violated, resulting Mitigation Plans, and financial penalties and sanctions. The
18 Régie sends a copy of the report to NERC and NPCC.
19
20

21 9. HANDLING OF INFORMATION

22

23 The Régie controls and maintains the Data Repository where Registered Entities
24 electronically file their documents and completed forms. It administers the access to the Data
25 Repository, maintains a register of authorized personnel and logs the accesses. The content
26 of the logs are Non-Public Information, except where the Régie rules that it is Privileged
27 Information. The Régie rules on any requests to review the register or logs.
28

29 NPCC, NERC and the Registered Entity authorized personnel receive access codes in order
30 to access the portions of the Data Repository necessary for the performance of their respective
31 duties under the QCMEP. These access codes are issued and modified at the discretion of the
32 Régie, and may not be shared between personnel, nor disclosed to any other party without
33 the written consent of the Régie.
34

35 All information, data and documents related to activities of the QCMEP whether filed by a
36 Registered Entity, or created or obtained by the Régie, NPCC, or NERC are stored on the
37 Data Repository. All such information, data and documents are classified in the Data
38 Repository with one of the following designations: public information, Restricted
39 Information, Privileged Information, Personal Information or Non-Public Information.
40
41

42 Non-Public Information

43

44 By default, all information related to the QCMEP is designated by the Régie as Non-Public
45 Information.
46

47 Restricted Information

48

49 A Registered Entity can request, using a form the Régie makes available on the Data
50 Repository, that some of its information be treated as Restricted Information. For Restricted
51 Information of a security nature, the request must identify that the information is of a security
52 nature and need not include the information itself. Usually, such Restricted Information is
53 only consulted at the Registered Entity's site. However, at its discretion, the Régie can order
54 that such information be filed at the Régie for consultation at its offices. For example, the

1 Régie could order a filing of such Restricted Information if it is relevant to a hearing held at
2 the Régie.

3
4 In rare cases, a Registered Entity can request that some of its extremely sensitive commercial
5 or proprietary information be treated as Restricted Information. In such cases, the request
6 must include the information itself as well as a justification for the Restricted Information
7 designation. Such information is available for consultation at the offices of the Registered
8 Entity and the Régie.

9
10 The Régie may order a Registered Entity requesting that a document be designated Restricted
11 Information to file with the Régie a redacted version that can be designated Non-Public
12 Information.

13
14 Restricted Information filed at the Régie cannot be remotely accessed by NPCC or NERC.

15 16 **Privileged Information**

17
18 Privileged Information may only be disclosed to personnel explicitly designated by the Régie
19 and cannot be disclosed to third parties.

20 21 **Personal Information**

22
23 When a Registered Entity files information with Personal Information in it, it must request
24 that the Régie designate it as Personal Information. Personal Information cannot be consulted
25 outside the Régie, thereby complying with Québec's laws. The Régie rules on the request.
26 The Régie may order a Registered Entity requesting that a document be designated Personal
27 Information to file with the Régie a redacted version that can be designated Non-Public
28 Information.

29 30 **Public information**

31
32 The notion of "public information" is only used to specify the handling of the information by
33 the Régie, NPCC and NERC.

34
35 Public information in the Data Repository can only be accessed by the Régie, NPCC and
36 NERC in the performance of their respective duties in the QCMEP and, when relevant, by
37 the Registered Entity that submitted or created it. That is, public information, despite its
38 classification, is not available to the public on the Data Repository. Contrary to the other
39 designations, public information can be shared between the Régie, NPCC, NERC, other
40 Registered Entities and other entities without the written permission of the Régie and the
41 Registered Entity that submitted or created the information. Copies of such information can
42 be kept by NPCC and NERC in their offices.

43 44 **Handling of information and designation modification**

45
46 Only the Régie can modify the designation of information in the Data Repository, at its own
47 discretion or upon request by a Registered Entity, NPCC, or NERC. The Régie seeks
48 comment on such a modification from relevant parties, including, at minimum, the submitter
49 or creator of the information.

50
51 By default, the Régie grants NPCC and NERC access to public information, Non-Public
52 Information, Restricted Information, Privileged Information, and Personal Information in the
53 Data Repository as needed for the performance of their respective duties under the QCMEP
54 and in a manner consistent with the handling that each designation of information must

1 receive. For example, the Régie ensures that Personal Information cannot be accessed outside
2 of Québec.

3
4 If it is necessary to share a Registered Entity's information with another Registered Entity,
5 for example the Reliability Coordinator, the Régie seeks comment on the proposed disclosure
6 from the Registered Entity whose data would be disclosed, unless the delays in obtaining
7 such a comment could have a negative impact on reliability of electric power transmission,
8 such as delaying the preparation of a Remedial Action. In such a case, the Régie grants
9 permission for the disclosure and, after the fact, the Registered Entity is informed of the
10 disclosure and afforded the opportunity to comment.

11
12 If the Régie, NERC or NPCC is required to disclose information in its possession, for
13 example by a judicial process, it must inform the relevant parties, including, at minimum, the
14 submitter or creator of the information, prior to the release of the information in order to
15 allow the relevant parties the opportunity to protect their interest.

16
17 A Registered Entity, NPCC, or NERC, that wishes to comment on a designation modification
18 or a possible disclosure, has ten (10) Days to file comments with the Régie. A Registered
19 Entity can file comments on an impending or existing designation of its information at any
20 time. When relevant, NPCC and NERC can file comments on an impending or existing
21 designation of information.

22
23 The Régie may disclose information as necessary for its public reporting. For example, any
24 information filed with the Régie for the purposes of a hearing on a Non-Compliance under
25 the QCMEP is dealt with confidentially by the Régie, until the Régie determines there has
26 been a violation. Then the Régie publishes on its website a summary of the violation and
27 relevant supporting information. However, only the Régie can make information that has
28 been submitted under the QCMEP public.
29

2022 Summer Reliability Assessment Preview

Action

Review

Background

The NERC 2022 Summer Reliability Assessment (SRA) identifies, assesses, and reports on areas of concern regarding the reliability of the North American bulk power system (BPS) for the upcoming summer season. In addition, the SRA will present peak electricity supply and demand changes, as well as highlight any unique regional challenges or expected conditions that might impact the BPS. The reliability assessment process is a coordinated reliability evaluation between the Reliability Assessment Subcommittee (RAS), the Regional Entities, and NERC staff.

The final report reflects NERC's independent assessment and is aimed at informing industry leaders, planners and operators, as well as regulatory bodies so that they can be better prepared to take necessary actions to ensure BPS reliability. The report also provides an opportunity for the industry to discuss their plans and preparations for ensuring reliability throughout the upcoming summer period.

Pursuant to delegated authority from the Board of Trustees, NERC management expects to issue the 2022 SRA on or about May 18, 2022. The review schedule below identifies key milestones for the report.

Summer Reliability Assessment Review Schedule	
Date	Description
May 4	Draft sent to NERC Reliability and Security Technical Committee (RSTC)
May 10	Draft sent to NERC Executive Management
May 12	Final Report sent to NERC Board
May 17	Pre-publication Report sent to ERO Executive Committee and MRC
May 18	Report release

2022 State of Reliability Report Preview

Action

Review

Background

The State of Reliability Report (SOR) is prepared annually to provide objective, credible, and concise information to policy makers, industry leaders, and the NERC Board of Trustees (Board) on issues affecting the reliability and resilience of the North America BPS. Specifically, the report:

- Identifies system performance trends and emerging reliability risks;
- Determines the relative health of the interconnected system; and
- Measures the success of mitigation activities deployed.

The key findings and recommendations of the report serve as the technical foundation for NERC's range of risk-informed efforts addressing reliability performance and serve as key inputs to the ERO Reliability Risk Priorities Report prepared by the Reliability Issues Steering Committee. The metrics measured in the report address the characteristics of an adequate level of reliability.

In developing the 2022 SOR, NERC staff and the Performance Analysis Subcommittee continue to tailor content for the policy maker and industry leader audience. NERC management expects to issue the 2022 SOR in July. The review schedule below identifies key milestones for the report.

2022 State of Reliability Report Schedule	
Date	Description
June 7	Presentation to RSTC, Beginning of Review Period
Mid-June	RSTC Endorsement
Early July	Board and MRC Review; Board Acceptance
Mid-July	Report release (Target)

2022 ERO Enterprise Reliability Indicators

Action

Update

Background

The 2022 ERO Enterprise Reliability Indicators identify key reliability indicators that provide insight into the performance of the bulk power system (BPS) as well as emerging trends that may indicate potential opportunities or challenges prospectively. The Reliability Issues Steering Committee (RISC) committee reviewed the 2020 ERO Enterprise Reliability Indicators as part of their 2020 Work Plan and recommended several modifications to the indicators for 2021. The current Reliability Indicators more accurately identify potential trends that may pose challenges to the BPS and include several more forward-looking indicators that can illuminate areas that may require further analysis. The RISC committee will review the Reliability Indicators again for further enhancements as part of their 2022 Work Plan.

Summary

NERC staff will provide an update on the status of the reliability indicators.

Personnel Certification Governance Committee Report

Action

Information

Background

The Personnel Certification Governance Committee's (PCGC's) first quarter meeting was held virtually on February 15-17, 2022, via WebEx. In the first quarter meeting the Committee discussed the Job Task Analysis (JTA) and the Credential Maintenance Research Project (CMRP).

The purpose of the JTA is to provide the PCGC and the Exam Working Group (EWG) with current job analysis information received from NERC Certified System Operators (NCSO). The JTA is performed every three years and is used by the PCGC and the EWG to develop appropriate questions for the four NCSO exams.

The purpose of the CMRP is to examine credential maintenance practices in order to identify possible evidence-based changes and/or enhancements. The CMRP is made up of PCGC and Credential Maintenance Working Group (CMWG) members.

Summary

- The JTA for the NCSO program was completed in April. The PCGC and EWG will discuss the JTA results at the May meeting.
- The CMRP used multiple outreach venues to seek participants. CMRP is partnering with a vendor to request credential holders, employers of credential holders, and training content providers to participate in several surveys.
- This project will conclude in August 2022. The results will be presented to the PCGC for review and analysis.

Standards Committee Report

Action

Information

Summary

Attached is the Standards Committee Quarterly Report highlighting activities over the last quarter.

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Agenda Item 8c
Board of Trustees Meeting
May 12, 2022

Reliability Standards

Quarterly Report

May 12, 2022

RELIABILITY | RESILIENCE | SECURITY



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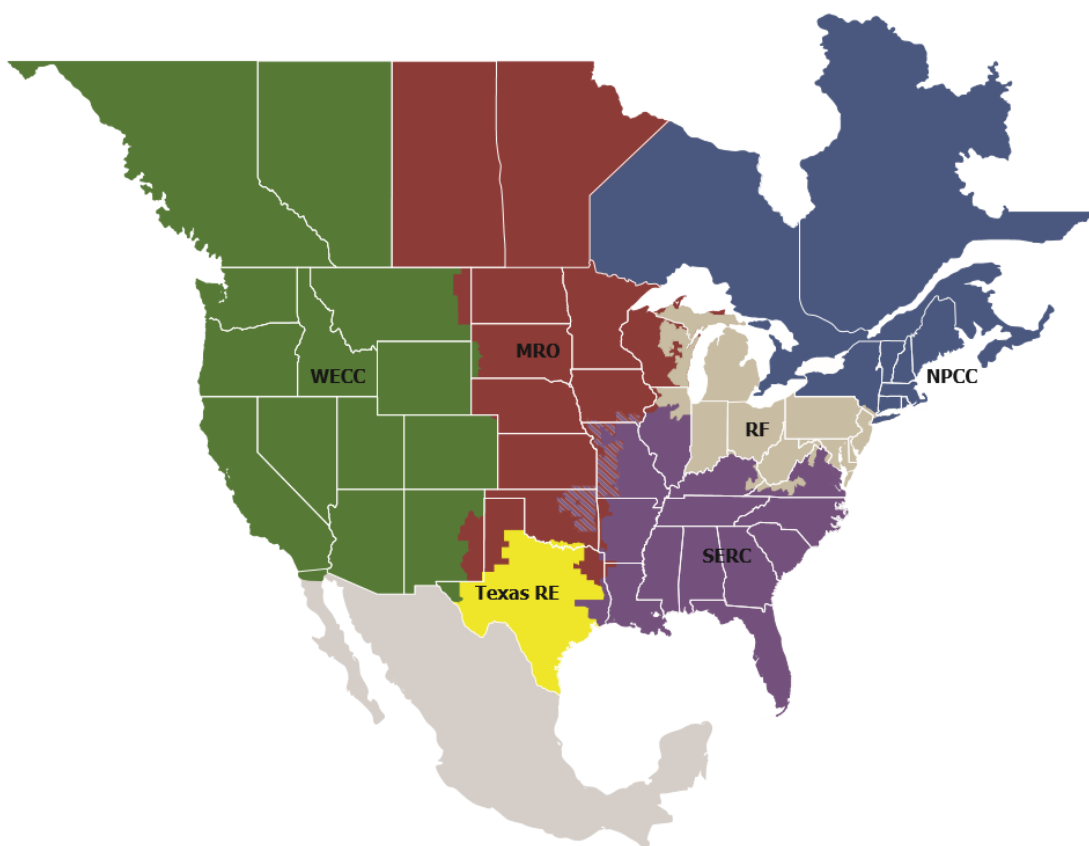
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Preface

Electricity is a key component of the fabric of modern society and the Electric Reliability Organization (ERO) Enterprise serves to strengthen that fabric. The vision for the ERO Enterprise, which is comprised of the North American Electric Reliability Corporation (NERC) and the six Regional Entities (REs), is a highly reliable and secure North American bulk power system (BPS). Our mission is to assure the effective and efficient reduction of risks to the reliability and security of the grid.

Reliability | Resilience | Security
Because nearly 400 million citizens in North America are counting on us

The North American BPS is divided into six RE boundaries as shown in the map and corresponding table below. The multicolored area denotes overlap as some load-serving entities participate in one Region while associated Transmission Owners/Operators participate in another.



MRO	Midwest Reliability Organization
NPCC	Northeast Power Coordinating Council
RF	ReliabilityFirst
SERC	SERC Reliability Corporation
Texas RE	Texas Reliability Entity
WECC	Western Electricity Coordinating Council

Chapter 1: Standards Development Forecast

Board Forecast for Standard Projects in Active Development

The following projections reflect anticipated Board of Trustees (Board) adoption dates for continent-wide Reliability Standards.

August 2022 or after

- Project 2016- 02: Modifications to CIP Standards (virtualization)
- Project 2017-01: Modifications to BAL-003-1.1 (phase 2)
- Project 2019-04: Modifications to PRC-005-6
- Project 2020-02: Transmission-connected Resources
- Project 2020-04: Modifications to CIP-012-1
- Project 2020-06 Verifications of Models and Data for Generators
- Project 2021-01 Modifications to MOD-025 and PRC-019
- Project 2021-02 Modifications to VAR-002
- Project 2021-03 CIP-002 Transmission Owner Control Centers
- Project 2021-04 Modifications to PRC-002-2
- Project 2021-05 Modifications to PRC-023
- Project 2021-06 Modifications to IRO-010 and TOP-003
- Project 2021-07 Extreme Cold Weather Grid Operations, Preparedness, and Coordination
- Project 2021-08 Modifications to FAC-008
- Project 2022-01 Reporting ACE Definition and Associated Terms
- Project 2022-02 Modifications to TPL-001-5.1 and MOD-032-1

ANSI Reaccreditation

NERC filed for reaccreditation as a Standards Developer in accordance with the accreditation processes of the American National Standards Institute (ANSI) on July 1, 2019. While NERC's request remains pending, NERC is still considered an accredited developer.

Projects with Regulatory Directives

Table 1 below lists the current projects with regulatory directives. As of December 31, 2021, there is one standards-related directive to be resolved through standards development activities (not including non-standards related directives).¹

¹ A second directive requires NERC to file quarterly updates in the project schedules for Project 2016-02 Modifications to CIP Standards and Project 2019-02 BES Cyber System Information Access Management.

Table 1: Projects with Regulatory Directives

Project	Regulatory Directives	Regulatory Deadline
Project 2020-04: Modifications to CIP-012-1	1	N/A

Trend in Number of Reliability Requirements

As NERC Reliability Standards continue to mature, NERC analyzes the trend in the total number of requirements in the United States since 2007 when Reliability Standards became enforceable.

The *US Effective Date Status/Functional Applicability*² spreadsheet was used to analyze the number of requirements based on the U.S. Effective Date for each requirement shown in the charts below. Figure 1 displays the Trend in Number of Requirements for Continent-Wide standards, while Figure 2 displays Regional Reliability Standards.³ Standards with variances were not included in the requirement count. Projections from projects that include standards currently under development, board adopted standards and board approved retirements are also included in the total number of requirements based on their projected effective or inactive date.⁴

The trend for total number of requirements indicates a constant flat trend line for the last four years, with a significant decline from 2017 to 2021 for Continent-wide standards, and a significant decline in total number of requirements from 2019 to 2021 for Regional Reliability Standards. Figure 1 indicates 445 continent-wide requirements; Figure 2 indicates 69 Regional Reliability standards forecast for 2027.

² Available from the Standards section of the NERC website: <http://www.nerc.com/pa/Stand/Pages/default.aspx>

³ Charts were developed using end of Q4 2021 data.

⁴ These projects include the following: Project 2015-09 (FAC-010-4, FAC-011-4, FAC-014-3), Project 2016-02 (CIP-003-7(i)), Project 2018-03 SER Retirements.

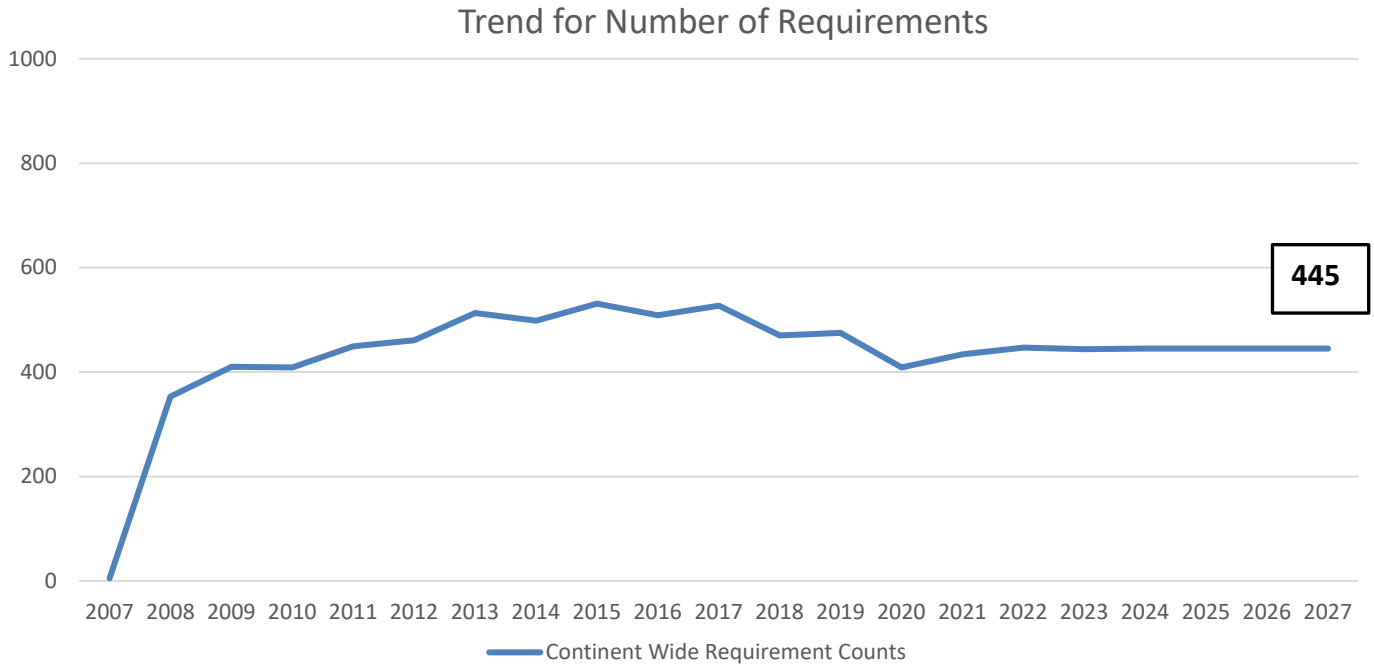
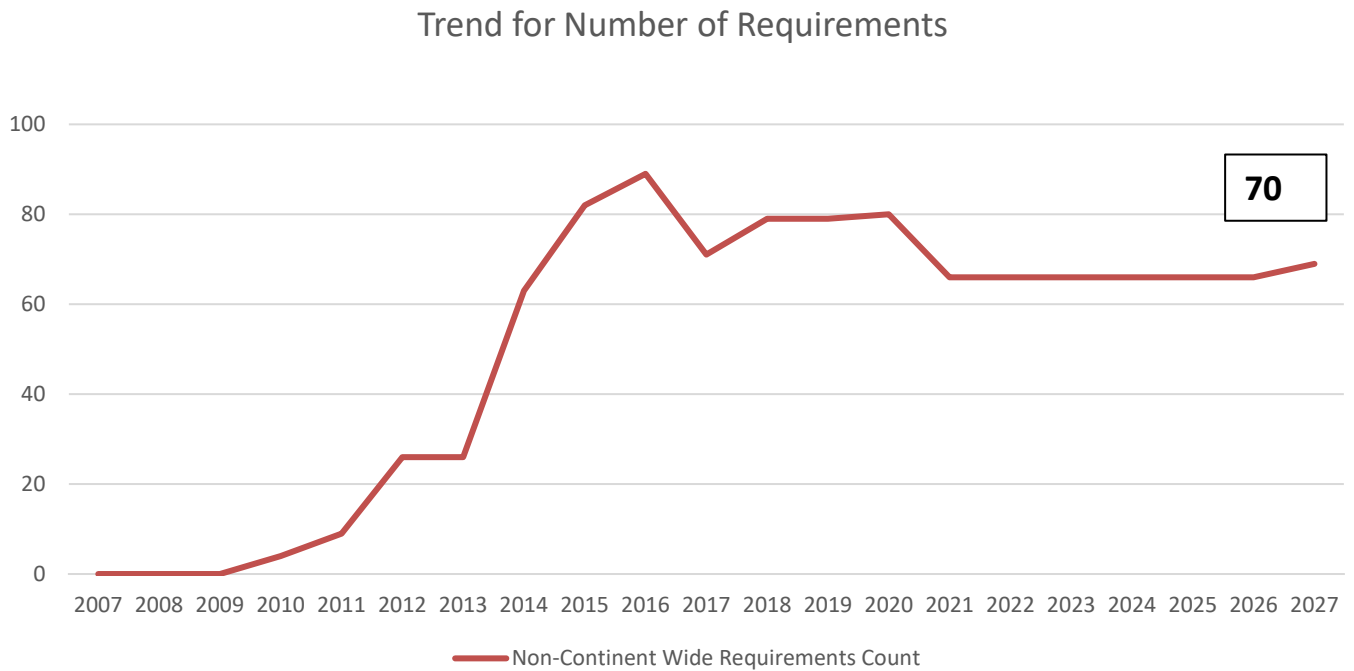


Figure 2: Trend for Number of Requirements for Regional Reliability Standards



Chapter 2: Regulatory Update

NERC FILINGS January 1, 2022 – March 31, 2022

FERC Docket No.	Filing Description	FERC Submittal Date
RD22-3-000	Petition for Modification to Compliance Section of CIP-014 NERC submitted a petition for approval, to the extent necessary, of modifications to the Compliance section of Reliability Standard CIP-014 and request for expedited action.	2/16/2022
AD21-10-000	Reply Comments Re: Electricity Market Design NERC and the Regional Entities submitted reply comments to the technical conference proceeding regarding Modernizing Electricity Market Design.	3/7/2022
RD20-2-000	CIP SDT Schedule March Update Informational Filing NERC submitted an informational filing as directed by FERC in its February 20, 2020 Order. This filing contains a status update on one standard development projecting to the CIP Reliability Standards.	3/15/2022
RR21-8-000	Amended Petition Re: ROP Revisions (Standards) NERC submitted to FERC an amended petition for approval of revisions to its Rules of Procedure regarding Reliability Standards (Section 300, App. 3B, and 3D).	3/18/2022
RD22-3-000	Reply Comments Re: CIP-014 Evidence Provision NERC submitted to FERC reply comments regarding NERC's proposal to modify the compliance section of Reliability Standard CIP-014.	3/21/2022
RM18-2-000	NERC Annual Report on Cyber Security Incidents NERC submitted to FERC the Annual Report on Cyber Security Incidents as directed by FERC in its July 19, 2018 Order.	3/21/2022
RR09-6-003	2022 NERC Standards Report, Status and Timetable for Addressing Regulatory Directives NERC submitted its 2022 NERC Standards Report, Status and Timetable for Addressing Regulatory Directives. The annual report is filed in accordance with Section 321.6 of the NERC Rules of Procedure.	3/24/2022

RM22-3-000	<p>Comments in Response to NOPR</p> <p>NERC and the Regional Entities submitted comments in response to Notice of Proposed Rulemaking regarding Internal Network Security Monitoring for High and Medium Impact Bulk Electric System Cyber Systems.</p>	3/28/2022
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FERC ISSUANCES
January 1, 2022 – March 31, 2022

FERC Docket No.	Issuance Description	FERC Issuance Date
RM22-3-000	<p>NOPR re Internal Network Security Monitoring</p> <p>FERC issued a Notice of Proposed Rulemaking (NOPR) proposing to direct NERC to develop Reliability Standards that require internal network security monitoring within a trusted CIP networked environment for high and medium impact Bulk Electric System Cyber Systems. Comments are due March 28, 2022.</p>	1/20/2022
RD22-1-000	<p>Letter Order Approving PRC-006-SERC-03</p> <p>FERC issued a delegated letter order approving regional Reliability Standard PRC-006-SERC-03.</p>	2/18/2022
RR21-8-000	<p>Letter Re: Proposed Standards Rules Of Procedure Revisions</p> <p>FERC issued a letter seeking additional information regarding NERC's August 18, 2021 proposal to revise Section 305.3.3 of the NERC Rules of Procedure.</p>	2/24/2022
RD22-2-000	<p>Letter Order Approving SOL Standards</p> <p>FERC issued a letter order approving Reliability Standards related to establishing and communicating System Operating Limits (“SOL”).</p>	3/4/2022

Chapter 3: Standards Committee Report

Summary

This report highlights some of the key activities of the Standards Committee (SC) during the fourth quarter of 2021.

At its January meeting, the SC:

- Accepted the Project 2021-04 Modifications to PRC-002 Standard Authorization Requests (SARs); authorized drafting revisions to the Reliability Standards identified in the SARs; and appointed the Project 2021-04 SAR Drafting Team (DT) as the Project 2021-04 Standard Drafting Team (SDT).
- Appointed members, chair, and vice chair to the SAR DT for Project 2021-07 Cold Weather Grid Operations, Preparedness, and Coordination, as recommended by NERC staff.
- Accepted the Burns & McDonnell CIP-002-5.1a request for interpretation (RFI) regarding serial communication devices, on the recommendation of NERC staff; and authorized solicitation of the RFI DT members.
- Accepted the SAR submitted by the Resources Subcommittee proposing to revise the NERC defined term, “Reporting ACE,” which was endorsed by the Reliability and Security Technical Committee (“RSTC”) and was recommended by NERC staff; authorized posting of the SAR for a 30-day informal comment period; and authorized solicitation of the SAR DT members.
- Accepted the three SARs that were endorsed by the Reliability, Security, and Technology Committee and are recommended by NERC staff: SAR to revise TPL-001-5.1a, submitted by the Resources Performance Working Group (IRPWG), SAR to revise TPL-001-5.1a, submitted by the System Planning Impacts of Distributive Energy Resources Working Group (SPIDERWG), and a SAR to revise MOD-032-1, submitted by the SPIDERWG. Authorized posting of all three SARs for a 30-day informal comment period; and authorized solicitation of the SAR DT members.

At its February meeting the SC:

- Assigned one CIP-002 SAR and one CIP-002 RFI to Project 2021-03 – CIP-002 Transmission Owner Control Centers; and authorized for solicitation of supplemental SDT members.
- Appointed the additional candidates for Project 2019-04 Modifications to PRC-005-6 to the Project 2019-04 SDT, as recommended by NERC staff.
- Appointed supplemental members to the Project 2020-02 Transmission-connected Dynamic Reactive Resources SAR DT, as recommended by NERC staff.
- Delegated to the Standards Committee Executive Committee (SCEC) authority to take action on the Project 2021-07 Extreme Cold Weather Grid Operations, Preparedness, and Coordination SAR including action to: accept the revised Project 2021-07 Extreme Cold Weather Grid Operations, Preparedness, and Coordination SAR; authorize drafting revisions to the Reliability Standard(s) identified in the SAR; and appoint the Project 2021-07 Extreme Cold Weather Grid Operations, Preparedness, and Coordination SAR DT as the Project 2021-07 Standard SDT.

At its February 25 meeting the SCEC:

- Accepted the revised Project 2021-07 Extreme Cold Weather Grid Operations, Preparedness, and Coordination SAR; authorized drafting revisions to the Reliability Standard(s) identified in the SAR; and appointed the Project 2021-07 Extreme Cold Weather Grid Operations, Preparedness, and Coordination SAR DT as the Project 2021-07 SDT.

The March SC meeting was cancelled due to lack of actionable items.

Compliance and Certification Committee Report

Action

Information

Highlights from the First Quarter 2022 Meeting

The CCC convened its first quarter meeting via WebEx on January 25-27, 2022. The following are the key highlights of the discussion:

- Two important training sessions were provided to CCC members at the first quarter meeting: 1) CCC Orientation – offered for new Committee members as well as those that wanted a refresher course reviewing CCC roles and responsibilities, governance, and subcommittee activities; 2) Hearing training – required for CCC members who wish to participate in hearings that involve the CCC, consistent with the Rules of Procedure. In general, this training is offered approximately once every three years.
- The Committee voted to disband the Facility Ratings Task Force (FRTF). The work of the FRTF focused on addressing potential concerns associated with currently enforceable Facility Ratings Standard, and performing industry outreach with the ERO Enterprise. Soon after expanding the scope of the Task Force to bring in the technical expertise of the Reliability Standards Technical Committee (RSTC), it was clear to the CCC that the work of the FRTF needed to be repurposed to focus specifically on the technical aspects of facility ratings. In conjunction with action taken by the RSTC, ownership of this work was transferred to the RSTC at its December 2021 meeting.

Independent of the FRTF, as a subgroup of the RSTC, the CCC will continue to: 1) communicate issues and recommendations regarding concerns about consistency or interpretation, and 2) work with the ERO Enterprise on the risk-based compliance approach related to Facility Ratings for consideration of: risk of BES elements, data changes, and a registered entity's approach to self-identify and report impactful changes and controls. The Committee would like to thank Tim Self for his leadership in this effort on behalf of the CCC.

- The Committee received regular quarterly updates from each of the subcommittees, working groups, and task forces operating on behalf of the full committee, in execution of the Committee mandate and ongoing activities. Through the CCC Executive Committee, the CCC continues to support ERO Program Alignment topics, including review of Implementation Guidance, CMEP Practice Guides, and participation in the Align Users Group.
- The Committee also received updates on several initiatives from NERC management and conducted associated discussions. The status update included the following topics:
 - Align Tool Developments
 - Internal Controls

CCC Activities since the Completion of the First Quarter 2022 Meeting

Since the completion of the first quarter meeting, the CCC has placed particular attention toward completing the 2021 Stakeholder Perceptions Report. Consistent with the CCC Charter, the Committee is responsible for providing comments and recommendations to the NERC Board and NERC management regarding stakeholder perceptions of the policies, programs, practices, and effectiveness of the Compliance Monitoring and Enforcement Program and the Organization Registration and Certification Programs, as well as elements of the Reliability Standards Development Process. That report is scheduled for CCC approval at the committee's second quarter meeting, scheduled for April 26-28.

Regarding the second quarter meeting, the CCC is pleased to return to an in-person meeting structure for the first time since November 2019. Recognizing the challenges of doing so, a full hybrid option is being offered for any committee members that are unable to attend in person and for other industry participants that wish to observe the meeting in a manner they have been doing since the start of the pandemic. The CCC would like to thank and specifically acknowledge Yvette Landin and Tiffany Washington for working with the Committee on the many details that will be needed to make this effort a success.

Reliability and Security Technical Committee Report

Action

Approve

Summary

Per the Reliability and Security Technical Committee (RSTC) Charter, the RSTC conducted a “sunset” review of each working group and task force. The sunset review team recommended that the Inverter-based Resources Performance Working Group (IRPWG) be promoted to a subcommittee and all other working groups and task forces remain in their current state. The IRPWG is experiencing a rapidly increasing demand to deliver industry wide guidance and perspective. The next several years will be critical in the adoption and integration of inverter-based resources.

The RSTC Charter requires Board of Trustees (Board) approval of a new subcommittee due to the permanency of the subcommittee. The RSTC approved at its March 2022 meeting the IRPWG’s promotion to a subcommittee and is recommending Board approval.

RSTC Highlights

The RSTC held meetings on March 7-8, 2022 via WebEx. The following are highlights from the meeting.

- The RSTC approved the following Reliability Guidelines:
 - Reliability Guideline: Inadvertent Interchange (RS)
 - Reliability Guideline: DER Forecasting Practices and Relationship to DER Modeling for BPS Planning Studies
- The RSTC approved the membership of Alan Wahlstrom (SPP) as the WECC Regional Industry Representative on the Event Analysis Subcommittee.
- RSTC reviewers were solicited to review the following documents:
 - Design Basis for a Natural Gas Study (EGWG)
 - White Paper: BPS Reliability Perspectives for Distributed Energy Resource Aggregators (SPIDERWG)
 - White Paper: NERC Reliability Standards Review (SPIDERWG)
- The Nominating Subcommittee (RSTC NS) consists of seven (7) members (the RSTC Vice-Chair and six (6) members drawing from different sectors and At-Large representatives). The RSTC elected a diverse slate of Nominating Subcommittee (NS) members for a one-year term:
 - Truong Le – Sector 6, RF
 - William Allen – At-Large, RF
 - Patrick Doyle – At-Large, Canadian, Quebec Interconnection, NPCC
 - Wayne Guttormson – At-Large, Canadian, MRO

- Monica Jain – At-Large, WECC
- John Stephens – Sector 5, MRO

The RSTC Vice Chair is Rich Hydzik, At-Large, WECC.

Future Actions

- 2022 Meeting Dates
 - June 8-9, 2022 (Hybrid)
 - September 13-14, 2022 (In-person)
 - December 6-7, 2022 (Virtual)

Reliability Issues Steering Committee Report

Action

Information

RISC Committee Highlights

- The Committee met on March 22, 2022 and welcomed its new members to the Committee. RISC Leadership and NERC staff took the opportunity during the March 22 meeting to familiarize the new members, and re-familiarize current members with the charter, mission, objectives and activities of the RISC. The Committee's next meeting will be focused on reviewing its 2022 Work Plan and beginning the work for planning for the 2023 Reliability Leadership Summit and the production of the 2023 ERO Reliability Risk Priorities Report.
- In the Fall of 2021, a Tiger Team was formed consisting of RISC and RSTC members, as well as NERC staff to review the RISC Report Recommendations and the Joint FERC/NERC Cold Weather Report recommendations to create or modify RSTC work plan items to address the recommendations, as well as determine any new or modified risks that will inform the work of the RISC. The Tiger Team provided a status at the March 2022 RSTC meeting noting that it will be working with the RSTC subgroups to review risks and develop mitigation activities and work plan items. The RISC will be updated on the outcomes of the RSTC subgroups work during the quarterly RISC/RSTC coordination meetings.
- The Committee looks forward to returning to in-person meetings in the 3rd quarter 2022.