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# **NPCC Criteria Compliance and Enforcement Program (CCEP) Process Document (CCEP-1)**

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Internal Use Only

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**Note:** Items that appear in the *NPCC Glossary of Terms* shall appear in **bold** throughout this document.

## 1.0 Introduction

As per Article IV (4.2) (2) of the NPCC Bylaws, NPCC’s regionally-specific more stringent **reliability** Criteria apply to Full Members of NPCC that own or operate **generation** or transmission facilities for which **faults** or **disturbances** can have a **significant adverse impact** outside of the **local area** and which are identified utilizing a **reliability** impact-based methodology. The Criteria are documented in the NPCC Directories and, in some cases, the legacy “A” documents. The NPCC Document A-10, “Classification of Bulk Power System Elements”, describes the process used to determine which **generation** and transmission facilities must meet the Criteria.

As part of NPCC’s Reliability Compliance and Enforcement Program to assess and enforce mandatory compliance with regionally-specific more stringent reliability criteria by Full Members, NPCC administers the Criteria Compliance and Enforcement Program (CCEP). This CCEP Process Document (CCEP-1) establishes the process for Full Members to self-certify compliance with an identified subset of Criteria that are actively monitored. The reporting schedule for the required Certification Forms is detailed in an annual CCEP Implementation Plan.

Full Members of NPCC identified as per Article IV (4.2) (2) of the NPCC Bylaws, regardless of the context of CCEP-1, have the obligation to comply with all monitored and non-monitored Criteria. Full Members are obligated to report instances of non-compliance with non-monitored Criteria as per Article IX (9.1) (2) (d) (v) of the NPCC Bylaws.

Actions taken by NPCC under this CCEP-1 shall in no way be construed as an acceptable alternative to the Full Member’s continued obligation to comply with the Criteria being monitored. As such, a Full Member that is non-compliant with monitored or non-monitored Criteria remains responsible for providing its plan and schedule to achieve compliance with the Criteria being monitored.

The NPCC Compliance Committee (CC), the Reliability Coordinating Committee (RCC), and Enforcement Panel (EP) are responsible for assessing and enforcing compliance with the Criteria being monitored.

## 2.0 Regionally-Specific More Stringent NPCC Criteria

### 2.1 Development of Criteria

The process for establishing/revising Criteria and for retiring/consolidating existing Criteria is set forth in the NPCC Directory Development and Revision Manual which can be found on the NPCC website.

<https://www.npcc.org/program-areas/standards-and-criteria/regional-criteria>

## 2.2 Annual CCEP Implementation Plan

The NPCC CC Criteria Compliance and Enforcement Program Working Group (“CCEPWG”) will develop a draft annual CCEP Implementation Plan for approval at the September CC meeting prior to each CCEP compliance year. This Implementation Plan shall identify the Criteria that will be actively monitored in the upcoming CCEP compliance year and specify the associated due dates for the submittal of the Certification Forms. The Criteria that are actively monitored in a given compliance year may include one or more specific aspects from any Criteria document(s).

Once approved by the CC, the annual CCEP Implementation Plan for a CCEP compliance year will be presented for RCC approval at the RCC meeting that is in the fourth quarter of the year immediately prior to the designated CCEP compliance year. Shortly after gaining RCC approval, the annual CCEP Implementation Plan and Certification Forms will be posted on the NPCC website.

<https://www.npcc.org/program-areas/compliance/ccep-documents>

## 3.0 Full Member Obligations

The obligations of Full Members of NPCC are to self-certify compliance with the Criteria identified to be monitored in the annual CCEP Implementation Plan by the due dates specified in the CCEP Implementation Plan and in accordance with the instructions on the Certification Forms.

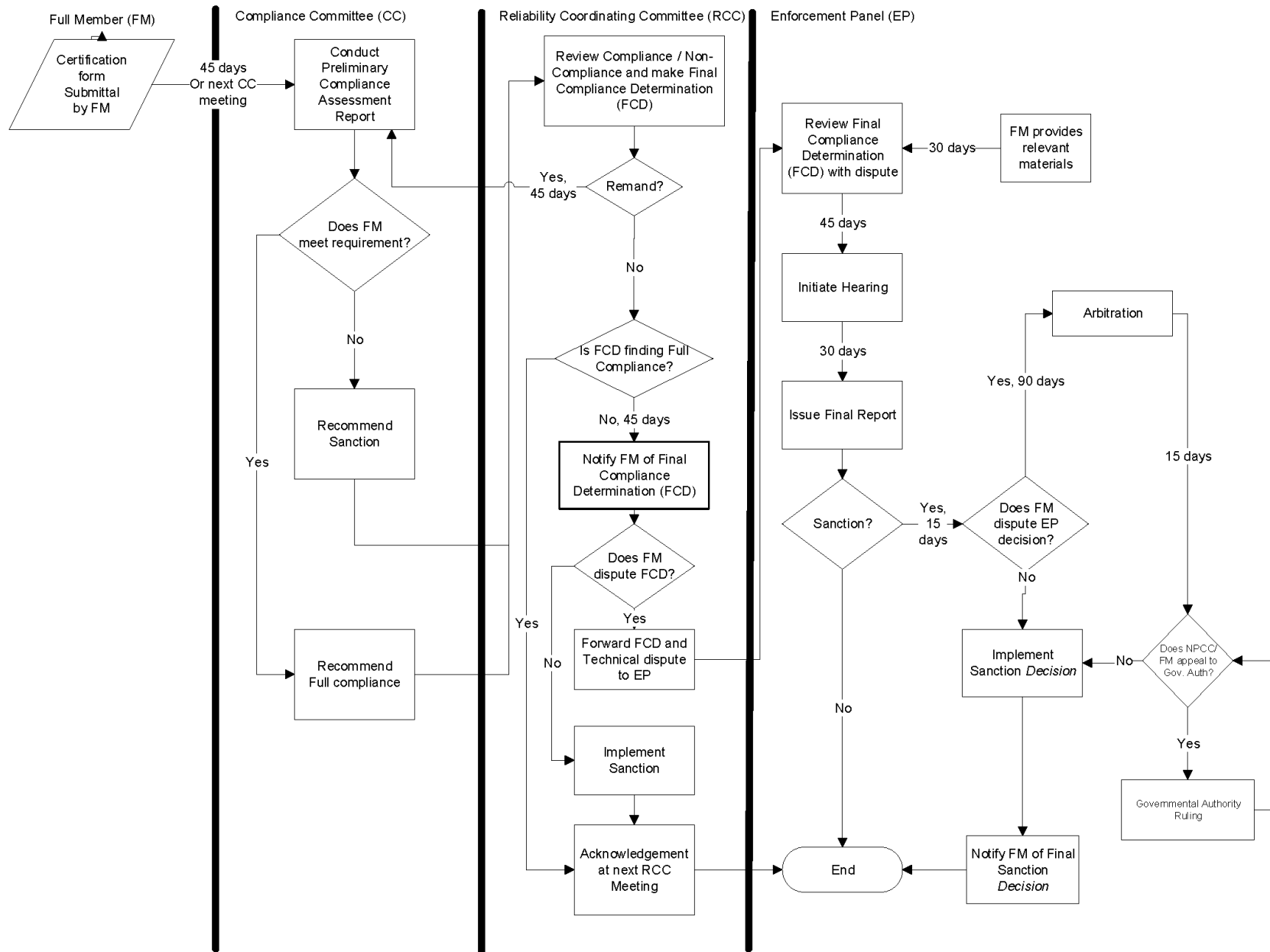
Sanctions may apply to Full Members for late compliance submittals as per Section 5.2 of this CCEP-1.

## 4.0 Criteria Compliance and Enforcement Program Process

### 4.1 CCEP Process Diagram

The CCEP Process Diagram on the next page shows the compliance assessment and enforcement processes. An instance of non-compliance is confirmed when the Full Member accepts the assessments of non-compliance made by the RCC, the EP, or the arbitrator. In cases where the

arbitrator's decision is appealed, the non-compliance is confirmed after the final decision of the applicable court, agency, or other governmental authority.





#### 4.2 NPCC Staff

The NPCC Staff shall provide Full Members with instructions to submit their Certification forms and other compliance related information within the requirements and timelines of this CCEP-1 and the annual CCEP Implementation Plan.

NPCC Staff has the responsibility to compile the Full Member Certification forms, verify the completeness and accuracy of the Certification forms, and make notice of the compilation to the CC for review and summarization by the CC in the compliance assessment report. NPCC Staff may interact with the Full Members with respect to the Certification forms submitted, as necessary.

During the first quarter of each compliance year, based on the approved CCEP Implementation Plan and associated Certification Forms for that compliance year, NPCC will notify applicable NPCC Full Members that they will be required to self-certify with the applicable Criteria that are to be actively monitored for that compliance year.

NPCC Staff will provide reminder notifications to applicable Full Members at least 60 days prior to each of the due dates stipulated in the approved CCEP Implementation Plan.

#### 4.3 Compliance Committee (CC)

The CC will consult with the appropriate NPCC Task Forces before adding Criteria into the monitored program. The addition of Criteria to be monitored as per this CCEP-1 is subject to final RCC approval as part of its normal annual approval of the CCEP Implementation Plan during the fourth quarter RCC meeting prior to the designated CCEP compliance year.

Prior to the end of the second quarter of the year following each CCEP compliance year, the CC has the responsibility to develop a compliance assessment report which summarizes the Full Member self-certifications for that CCEP compliance year. The report will include a summary of instances of non-compliance with monitored Criteria for the previous CCEP compliance year, including a description of:

- Extent of non-compliance
- Description of risk of impact to the Bulk Power System resulting from non-compliance
- Corrective steps that have been taken or will be taken and the timeframe in which the NPCC Full Member will meet full compliance



- Instances of Full Member failure(s) to submit a Certification Form within 30 days of the due date established by the annual CCEP Implementation Plan.
- Sanction recommendations

The compliance assessment report is considered preliminary until approved by the RCC.

In advance of the third Quarter RCC meeting each year, the CC will present the compliance assessment report for the previous compliance year to the RCC for approval.

#### 4.4 CCEP Working Group (CCEPWG)

The CCEPWG is comprised of at least two representatives from the CC and one NPCC Staff member. The CCEPWG meets regularly to prepare/develop the annual Certification forms and to maintain the CCEP program documents which include this CCEP-1 and the annual CCEP Implementation Plan. The CCEPWG may be chaired by a member of the CC or NPCC staff, and is always supported by a member of NPCC Staff.

#### 4.5 Reliability Coordinating Committee (RCC)

The role of the RCC in this CCEP-1 process is to review and approve the annual CC compliance assessment report. The RCC may accept the assessment report at its meeting or it may choose to remand the report to CC for clarification. In the event that the RCC remands the report, the CC will resolve the RCC concerns and re-submit its report within 45 calendar days. The review of the re-submittal need not wait for the next RCC meeting and can be conducted via e-mail or conference call as decided by the RCC.

The RCC acknowledges assessment reports with full and non-compliance recommendations at the next RCC Meeting.

The RCC reviews assessment reports with non-compliant recommendations and notifies the non-compliant Full Member(s) Primary Compliance Contact of its Final Compliance Determination.

The Full Member(s) has 45 calendar days to review and respond to the RCC's Final Compliance Determination.

- If the Full Member notifies the RCC of its agreement with the compliance assessment or does not provide a response, the RCC determination is considered accepted, and the sanction implemented per Section 5.1 of this document.

- If the Full Member disputes the RCC’s conclusions, the RCC forwards its Final Compliance Determination and a copy of the Full Member’s documentation to the EP for resolution.

#### 4.6 Enforcement Panel (EP)

The EP operates independently from the NPCC Board of Directors (BOD) and consists of five members selected from the NPCC’s seven voting sectors. In addition, one alternate member will be elected. The alternate member shall act as a substitute for a sitting member when there is potential conflict of interest. The EP members will elect a Chair.

The BOD will solicit nominations for participation on the EP from the NPCC Membership. Members of the EP will be elected by the NPCC membership from a list of candidates proposed by the BOD. An EP member shall not be a member of the CC.

The NPCC EP members shall adhere to the *Enforcement Panel Code of Conduct* and the *NPCC Administrative Procedures for Conducting an Enforcement Panel Hearing* that is posted on the NPCC website.

<https://www.npcc.org/Compliance/Compliance%20General>

The EP role in this CCEP-1 is to review appeals of the RCC’s Compliance Determinations and exercise its full discretion to implement the compliance sanction.

In the instance of a disputed Final Compliance Determination, the EP will conduct a hearing to resolve the dispute. The EP will conduct the hearing and issue its Final Report within 30 calendar days of the close of the hearing.

Should the Full Member seek to dispute the finding in the EP Final Report, it may do so by notifying in writing the EP within 15 calendar days after receipt of the EP Final Report that it wishes to invoke the CCEP arbitration provision described in Section 4.9.

EP hearings will be held in accordance with the approved hearing procedures. Non-voting regulatory observers, who are members of NPCC, are permitted at EP hearings and may offer comments as appropriate but may not participate in any deliberations. A regulatory observer is not permitted to participate in an EP hearing involving an entity subject to that regulator's jurisdiction.

#### 4.7 NPCC Board of Directors (BOD)

The BOD provides oversight and direction in the implementation of this CCEP-1 and monitors performance through periodic assessments of the RCC compliance-related activities.

#### 4.8 Arbitration Process

A Full Member seeking to dispute an EP Final Report (“Disputing Member”) may only do so by invoking the arbitration provision described below:

- a. Within 15 calendar days of submission for arbitration of any dispute related to a determination of non-compliance with NPCC Criteria and the assessment of a sanction, the Chairman of the EP and the Disputing Member shall select a single arbitrator. If the Chairman of the EP and the Disputing Member are unable to agree on an arbitrator, they shall select an arbitrator from a list of qualified arbitrators developed by NPCC. Each NPCC Full Member may submit one name of an arbitrator to be included on such list. All arbitrators included on such list shall be knowledgeable with respect to electric utility industry matters.

The EP and the Disputing Member shall select the arbitrator from such list by (a) agreement, or in the absence of agreement, (b) striking names from the list in turn (beginning with the party requesting arbitration) until only the selected arbitrator remains. The arbitrator selected will not be an employee, director or officer of either NPCC or the Disputing Member or any Affiliate thereof. Potential arbitrators who are employees, directors or officers of Members of NPCC, but who are not themselves officers of NPCC or members of the EP, will not be considered to be employees, directors or officers of NPCC. The arbitrator must agree in writing to be bound by the confidentiality obligations applicable to NPCC Staff.

- b. All arbitration proceedings shall be held in New York City, unless an alternate location is agreed to by the parties. NPCC Staff will facilitate any such arbitration proceedings.
- c. The arbitrator shall provide the EP and the Disputing Member the opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. NPCC shall submit to the arbitrator evidences including reports provided by the CC to the RCC, the RCC Final Compliance Determination and the EP Final Report, and the data and information provided by the Disputing Member and by other Full Members to the CC. The EP and the Disputing Member shall be afforded a reasonable opportunity to rebut any such evidence. The arbitrator shall create and maintain an evidentiary record of sufficient detail to render an informed decision.

During the arbitration process, NPCC and the Disputing Member shall make funds available to the arbitrator as required by the arbitrator to pursue the arbitration. Such funds shall be shared equally by NPCC and the Disputing Member, and at the conclusion of the arbitration shall be reimbursed as specified in (g) below.

- d. In any arbitration, either the EP or the Disputing Member may raise any issue regarding the compliance assessment and or sanction determination, including the factual basis for the compliance assessment and or sanction, or whether the procedures specified in this document were properly followed. Neither the EP nor the Disputing Member, however, may dispute the validity of NPCC Criteria used in the CCEP.
- e. If an arbitrator hearing a dispute between NPCC and the Disputing Member determines that data from another Full Member are relevant to the consideration of such dispute, the arbitrator shall so notify such other Full Member, and such other Full Member shall have 15 calendar days, or a mutually agreeable extension thereof, to provide the requested data.
- f. As soon as practicable, but no later than 90 calendar days after initial selection of the arbitrator, the arbitrator shall issue to the EP and the Disputing Member a written decision resolving the dispute and explaining the basis for the conclusion. Such decision shall include findings of fact to support the arbitrator's conclusion. Such decision shall be final and binding on the parties if neither party initiates an appeal.
- g. Any and all costs associated with the arbitration (not including attorney and expert witness fees which shall be borne by the respective parties) shall be borne by the party whose arbitration position was not selected by the arbitrator, unless NPCC and the Disputing Member agree to an alternative method of allocating costs. If the arbitration decision differs from the positions of both the EP and the Disputing Member, the arbitrator shall specify how the costs are to be allocated. Such cost allocation shall include reimbursement of any funds provided to the arbitrator by NPCC and the Disputing Member pursuant to the description contained in (c) above.

#### 4.9 Appeal of Arbitrator Decision

NPCC or the Disputing Member may apply to any applicable court, agency, or other governmental authority with jurisdiction to hear an appeal of an arbitrator decision resulting from implementation of this CCEP-1 Arbitration provision. Such an appeal shall be filed with the applicable court, agency, or other governmental authority within fifteen (15) calendar

days of the disputed Final Compliance Determination. Any initiation of an appeal by the NPCC pursuant to this section must be authorized by the BOD.

## **5.0 Sanctions and Timeliness of Reports**

### **5.1 Non-Compliance with Monitored Criteria**

For non-compliance with monitored criteria, the RCC will send a sanction letter to the Chief Executive of the Full Member with copies to the NPCC Board of Directors, the Full Member’s Representatives, and the RCC members. This letter will specify the requirement(s) with which the Full Member is non-compliant and a brief summary of the extent of the non-compliance and mitigating action(s).

### **5.2 Timeliness of Reports**

The annual CC compliance assessment report to the RCC will identify if a Full Member fails to submit the Certification Forms by the due date established by the annual CCEP Implementation Plan.

If a Full Member fails to submit a Certification Form within 30 days of the due date established by the annual CCEP Implementation Plan, the Director, Mitigation may send a notification letter to the Chief Executive of the Full Member, with copies to the RCC.

## **6.0 CCEP Data Retention Requirements**

Full Members shall retain a minimum of three years of historical data that fully support the Certification forms. This requirement may be superseded by data retention requirements that are specified in other Criteria documents, Directories, or compliance templates.

## Revision History

<b>Revision</b>	<b>Revision Date</b>	<b>Changes Made</b>
Rev 1	April 5, 2011	<ul style="list-style-type: none"> <li>• Original</li> </ul>
Rev 2	July 31, 2012	<ul style="list-style-type: none"> <li>• Clarification on “Full Members” and “Reporting Full Members”, NPCC Website references corrected, Annual Reporting (Section 7.0) was clarified the role of the Compliance Committee in reporting to Reliability Coordinating Committee on annual basis.</li> </ul>
Rev 2.1	September 13, 2013	<ul style="list-style-type: none"> <li>• Section references corrected, Version History table added, Flowchart in section 4.1, Governmental Appeal box corrected, “RFM” included</li> </ul>
Rev 3	March 18, 2014	<ul style="list-style-type: none"> <li>• Document reformatted and multiple sections edited</li> </ul>
Rev 4	December 9, 2016	<ul style="list-style-type: none"> <li>• General Edits</li> </ul>
Rev 5	October 2, 2017	<ul style="list-style-type: none"> <li>• Defined the CCEP acronym within Section 1 of the document, Changing “Reporting Full Member” to Full Member” throughout the document, Clarified CC process for developing compliance assessment report in Section 4.3, Deleted Sanction Levels and Levels of Non-Compliance in Section 5, Deleted disclosure provisions in Section 5.3</li> </ul>
Rev 6	June 13, 2018	<ul style="list-style-type: none"> <li>• General edits</li> </ul>
Rev 7	Endorsed 4/22/20 by CC	<ul style="list-style-type: none"> <li>• Revised flow diagram</li> <li>• General edits</li> </ul>

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References: Amended and Restated Bylaws of NPCC

NPCC Glossary of Terms

Classification of Bulk Power System Elements (Document A-10)

NPCC Directory Development and Revision Manual