



NORTHEAST POWER COORDINATING COUNCIL, INC.  
1040 AVE. OF THE AMERICAS, NEW YORK, NY 10018 (212) 840-1070 FAX (212) 302-2782

# **NPCC Implementation of the NERC Compliance Monitoring And Enforcement Program (CMEP)**

CP-01

Rev.6

**Owner**  
Assistant Vice President, Compliance

**Effective Date**  
6/17/20

# Table of Contents

1.	Introduction .....	3
2.	Miscellaneous.....	3
3.	Registration and Identification of Entities .....	4
4.	Reliability Standards Subject For Compliance Review.....	4
5.	Compliance Discovery Processes.....	4
6.	Enforcement Actions .....	5
7.	Reporting and Disclosure .....	7
8.	Data Retention and Confidentiality .....	7
9.	References.....	7
10.	Summary of Changes.....	7

## Review and Re-Approval Requirements

This document will be reviewed every two years from effective date, or as appropriate for possible revision. The existing or revised document will be re-approved by the NPCC Compliance Committee, distributed to staff and committees/working groups, as applicable, and will be posted to the NPCC website for member reference.

## 1. Introduction

- 1.1. Northeast Power Coordinating Council, Inc. ("NPCC") is a not-for-profit corporation responsible for promoting and improving the reliability of the international, interconnected bulk power systems in Northeastern North America. NPCC, among other activities, assesses compliance and conducts enforcement of continent-wide and Regional Reliability Standards. Such compliance monitoring and enforcement activities are carried out in five jurisdictions.
- 1.2. In the United States, NPCC has been delegated the authority to conduct compliance and enforcement activities by NERC through a Regional Delegation Agreement ("RDA"). NERC's authority, including its authority to delegate such activity to NPCC, stems from Section 215 of the Federal Power Act.
- 1.3. In New Brunswick, NPCC conducts compliance monitoring and enforcement activities based on the New Brunswick Electricity Act, the Electricity Act's Implementing Regulations, including a New Brunswick specific CMEP ("NBCMEP"), and a contract for service with the New Brunswick Energy and Utilities Board.
- 1.4. In Nova Scotia, NPCC conducts compliance monitoring and enforcement activities based on the May 11, 2010 *Memorandum of Understanding between Nova Scotia Power Incorporated ("NPSI"), NPCC, and NERC*.
- 1.5. In Ontario, NPCC conducts compliance monitoring and enforcement activities based on the February 5, 2010 *Amended and Restated Memorandum of Understanding between the Independent Electricity System Operator ("IESO"), NERC, and NPCC*.
- 1.6. In Québec, NPCC conducts compliance monitoring and enforcement activities based on a September 24, 2014 *Agreement on the Implementation of the Québec Reliability Standards Compliance Monitoring and Enforcement Program* and the Québec Reliability Standards Compliance Monitoring and Enforcement Program ("QCMEP").
- 1.7. NPCC monitors, assesses, and enforces compliance with NERC Reliability Standards and NPCC Regional Standards in accordance with NERC's Rules of Procedure ("RoP"), including the Compliance Monitoring and Enforcement Program ("CMEP") set forth in Appendix 4C to the RoP. In New Brunswick, NPCC monitors, assesses, and enforces compliance with NERC Reliability Standards and NPCC Regional Standards in accordance with the NBCMEP. In Québec, NPCC monitors, assesses, and enforces compliance with NERC Reliability Standards and NPCC Regional Standards in accordance with the QCMEP.
- 1.8. The compliance monitoring and enforcement activities carried out by NPCC are designed to be executed in a fair and non-discriminatory manner utilizing due process. NPCC is charged with making decisions regarding all compliance assessments. NPCC has adopted the Consolidated Hearing Process consistent with Rules of Procedure 403.15.B. to conduct hearings and issue decisions concerning disputed compliance matters in accordance with Attachment 2, Hearing Procedures, of Appendix 4C.

## 2. Miscellaneous

- 2.1. Applicability: This document applies to NPCC.
- 2.2. Authority: NPCC exercises its authority in carrying out CMEP activities in a fair, non-discriminatory manner with reasonable due process for the entity. NPCC has the authority and responsibility for determining whether an entity violated a NERC Reliability Standard, determining any sanctions and/or penalties and issuing Remedial Action Directives.

- 2.3. Code of Conduct: NPCC and its independent contractors shall follow the policies prohibiting activities that would cast doubt on and/or compromise the ability of the staff and any contractor of the NPCC to act with total objectivity with regard to the overall interests of its delegated function, the compliance program, and the applicability to those Registered Entities subject to the Reliability Standards.

### **3. Registration and Identification of Entities**

- 3.1. Based on the authority provided in the RoP, RDA, and other relevant Provincial governing documents, NPCC will register all known owners, operators and users of the bulk-electric system responsible for compliance with the NERC Reliability Standards and NPCC Regional Reliability Standards. Such registration shall be in accordance with Section 500 of the RoP, Appendix 5A to the RoP, Appendix 5B to the RoP, and Compliance Procedure 04, Procedure for NPCC Registration & Certification Processes (“CP-04”).
- 3.2. During the Registration process, NPCC will inform each NPCC Registered Entity of its compliance obligations related to the applicable NERC Reliability Standards and NPCC Regional Reliability Standards. NPCC will require each NPCC Registered Entity to designate a Primary Compliance Contact (“PCC”) and Alternate Compliance Contact (“ACC”) that will be responsible for sending and receiving all necessary information and communications concerning compliance matters.
- 3.3. NPCC will develop and maintain an NPCC Compliance Registry that is shared with NERC on a regular basis. The NPCC Compliance Registry will list all of the NPCC Registered Entities subject to monitoring, assessment, and enforcement of NERC Reliability Standards and NPCC Regional Reliability Standards. The NPCC Compliance Registry does not include registered entities registered with the New Brunswick Electric and Utilities Board in New Brunswick or registered entities registered with the Régie de l’énergie in Québec. New Brunswick registered entities and Québec registered entities are also subject to monitoring, assessment, and enforcement of NERC Reliability Standards and NPCC Regional Reliability Standards.

### **4. Reliability Standards Subject For Compliance Review**

- 4.1. NERC, NPCC and the other Regional Entities (the “ERO Enterprise”) have adopted a risk-based approach to determine the type, scope, and intensity of monitoring on a Registered Entity. On an annual basis, the ERO Enterprise develops an ERO Compliance Monitoring and Enforcement Program Implementation Plan (“ERO CMEP Implementation Plan”) using ERO Enterprise Risk Elements. This plan describes the responsibilities and duties of NPCC while implementing CMEP activities.
- 4.2. Regardless of the content of the Implementation Plan, a Registered Entity may be monitored for compliance with any applicable and regulatory approved NERC Reliability Standard at any time via any of the NERC compliance monitoring methods.
- 4.3. The type, frequency, and scope of compliance monitoring for each registered entity is determined through an Inherent Risk Assessment (“IRA”) and Compliance Oversight Plan (“COP”)

### **5. Compliance Discovery Processes**

- 5.1. NPCC may obtain information on the noncompliance of a registered entity using any of the identified discovery methods:
- 5.1.1. Compliance Audits (including On-Site and Off- Site Audits)
  - 5.1.2. Self-Certifications (including Guided Self-Certifications)

- 5.1.3. Spot Checks
- 5.1.4. Compliance Investigations
- 5.1.5. Self-Reports
- 5.1.6. Periodic Data Submittals
- 5.1.7. Complaints
- 5.1.8. Self-Logs.

5.2. To address NPCC-specific implementation of aspects of the CMEP, NPCC has developed additional Compliance Procedures. In addition to this CP-01 document, the following CP documents have been developed:

- 5.2.1. CP-02 Procedure for Conducting On-Site Compliance Audits
- 5.2.2. CP-03 Procedure for Conducting Off-Site Compliance Audits
- 5.2.3. CP-04 Procedure for NPCC Registration & Certification Processes
- 5.2.4. CP-05 Procedure for Conducting Spot Check Program
- 5.2.5. CP-06 Procedure for Self- Certification and Self- Reporting
- 5.2.6. CP-07 Procedure for Technical Feasibility Exceptions
- 5.2.7. CP-08 Procedure for Compliance Guidance Statements

## 6. **Enforcement Actions**

- 6.1. **Settlement** - At any time during the enforcement process, a registered entity may request settlement with NPCC. It is NPCC's policy to only begin settlement negotiations upon the receipt of a schedule of mitigating activities. A fundamental principal of any settlement discussion is the understanding that the Settlement Agreement must contain provisions for not only mitigating the identified violation and minimizing the risk of reoccurrence, but also specific descriptions of proposed enhancements that clearly demonstrate a commitment to improved overall reliability.
- 6.2. **Settlement Approval** - Settlements will be negotiated between the registered entity and NPCC before being forwarded to the appropriate authorities for approval. In New Brunswick, an executed terms and conditions document will be forwarded to the EUB, which will enter into a final settlement agreement with the registered entity. In Nova Scotia and Ontario, settlement agreements are forwarded to NERC. In Québec, settlement agreements are forwarded to the Régie for approval. In the United States, settlement agreements are forwarded to NERC and FERC for approval.
- 6.3. **Preliminary Screen** - Upon discovery of a potential noncompliance with a Reliability Standard requirement through any discovery method, NPCC performs a preliminary screen to confirm the entity is registered, the requirement is in effect for that entity; and the potential noncompliance is not a duplicate.
- 6.4. **Notice of Preliminary Screen** - For each potential noncompliance that passes the preliminary screen and which is discovered through any means other than through a self-log, NPCC will issue a Notice of Preliminary Screen. The Notice of Preliminary Screen will contain a directive to the registered entity to retain any and all data related to the potential noncompliance.
- 6.5. **Risk Determination** - After the preliminary screen and associated notice, NPCC will perform a risk determination of the potential noncompliance. During the risk determination, NPCC may request additional information regarding the potential noncompliance from the registered entity. The risk determination will determine whether the noncompliance is minimal risk, moderate risk, or serious or substantial risk. The risk determination is the main factor, although not the only factor, in determining the enforcement processing method.
- 6.6. **Enforcement Processing Method** - Most minimal risk issues will be processed as compliance exceptions, most moderate risk issues will be processed through the Find, Fix, and Track

- (“FFT”) process or as a Spreadsheet Notice of Penalty (“SNOP”), and serious or substantial risk issues will be processed as a Full Notice of Penalty (“NOP”).
- 6.6.1. Multiple violations, even if minimal, may be processed as a Spreadsheet Notice of Penalty (“SNOP”) or an NOP.
  - 6.6.2. One or more minimal risk issues that are related to a moderate risk issue may be processed as an FFT along with the moderate risk issue.
  - 6.7. Notice of Dismissal - NPCC will dismiss any potential noncompliance that is determined not to be a violation of a Reliability Standard by issuing a Notice of Dismissal.
  - 6.8. Notice of Compliance Exception - A potential noncompliance that is processed as a compliance exception will received a Notice of Compliance Exception, which will provide the registered entity with an option to opt out of compliance exception treatment within seven days.
  - 6.9. Notice of Possible Violation - A potential noncompliance that is not processed as a compliance exception will receive a Notice of Possible Violation (“NOPV”). This means the violation will be processed through the FFT process, as an SNOP, or as an NOP.
  - 6.10. Notice of FFT Treatment - Violations that are processed through the FFT process will receive a Notice of FFT Treatment, which will provide the registered entity with an option to opt out of FFT treatment within ten days.
  - 6.11. Notice of Alleged Violation and Penalty or Sanction - NPCC will notify the registered entity of an Alleged Violation through the issuance of a Notice of Alleged Violation and Penalty or Sanction (“NAVAP”). NAVAPs may be issued for any violation which is not processed through the compliance exception or FFT method and for which settlement negotiations have not begun. The NAVAP will have all of the information described in 5.3 of Appendix 4C to the NERC Rules of Procedure.
  - 6.12. Notice of Confirmed Violation - NPCC will notify the registered entity of a Confirmed Violation through the issuance of a Notice of Confirmed Violation (“NOCV”). NOCVs are not issued for potential noncompliance processed as a compliance exception or violations processed through the FFT method.
  - 6.13. Notice of Confirmation of Payment and Notice of Completion of Enforcement Action - If a monetary Penalty has been assessed and paid by the registered entity, NPCC shall issue a Notice of Confirmation of Payment. Following the completion by the registered entity of all requirements set forth in the NOP and any settlement agreement, NPCC shall issue a Notice of Completion of Enforcement Action.
  - 6.14. Additional Notices - NPCC may issue additional notices as it deems appropriate.
  - 6.15. Remedial Action Directive - NPCC may issue a Remedial Action Directive (RAD) when such action is deemed immediately necessary to protect the reliability of the bulk electric system from an imminent threat. The RAD will identify the immediate steps necessary to address the situation that led to the issuance of the RAD. In addition, longer term corrective actions will be outlined and completion of the specified actions will be monitored by NPCC. Issuance of a RAD does not obviate the issuance of applicable violation notices and does not preclude a Registered Entity from entering into settlement discussions.
  - 6.16. Compliance Hearings and NERC Appeals - In the event that a registered entity disputes a compliance finding and/or penalty or sanction, the registered entity may request a Compliance Hearing be conducted. The Compliance Hearing will be conducted in accordance with the

NERC Rules of Procedure, Appendix 4C - Attachment 2. In the event that the registered entity or NPCC disagrees with the outcome of the Compliance Hearing, either entity may appeal to NERC and invoke the NERC Appeals Process.

6.17. Mitigation of Alleged Violations of NERC Reliability Standards - A Registered Entity that agrees an Alleged Violation has occurred shall file with NPCC either (i) a proposed Mitigation Plan to correct the Alleged Violation; or (ii) a description of how the Alleged Violation has been mitigated. The Mitigation Plan will be submitted in accordance with the NERC Rules of Procedure, Appendix 4C - Section 6.0.

6.18. Compliance Responsibility - The imposition or recognition of sanctions, Mitigation Plans or other remedial actions shall not be construed as an acceptable alternative to any Registered Entity's continued obligation to comply with the NERC Reliability Standards and Regional Standards.

## 7. Reporting and Disclosure

7.1. NPCC will prepare and submit to NERC all required reports as detailed in the NERC Rules of Procedure, Appendix 4C - Section 8.0.

## 8. Data Retention and Confidentiality

8.1. NPCC will abide by all applicable data retention and confidentiality agreements including those that are detailed in the NERC Rules of Procedure, Appendix 4C - Section 9.0.

## 9. References

9.1. NERC Rules of Procedure, including Appendix 4C - Uniform Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation.

## 10. Summary of Changes

Revision 1 – This was a major revision to Revision 0. This document was written as a program description document and the implementation of the NPCC CMEP is included in the compliance procedures. Document reformatted to conform to the revised NPCC procedure template formatting requirements.

Revision 2 – Addition to section 3; addition to section 4; update of section 5.1.

Revision 3 – General update/reformatting. General corrections due to maturity of CMEP program since 2011.

Revision 4 – General update/reformatting.

Version	Date	Changes Made/Comments	Reviewed By	Date of Compliance Committee Approval
0		Original Procedure for NPCC's handling of CMEP.	S. Buffamante	
1	8/12/2009	Major revision	S. Buffamante	8/12/09
2	10/25/2011	Revisions to sections 3; addition to Sect.4 and update of Sect. 5	S. Buffamante	12/12/11
3	May 2014	General changes. See above.	S. Nied	5/14/14

---

4	March 2016	General update and reformatting.	S.Nied/D. Hebert	3/15/16
5	June 2018	General update and reformatting.	S.Nied/D. Hebert	6/13/18
6	June 2020	General update and reformatting.	S. Nied/D. Hebert	6/17/20