



NORTHEAST POWER COORDINATING COUNCIL, INC.
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Procedure for Conducting Spot Checks

CP-05

Rev. 6

*The NERC Rules of Procedure and the
Regional Delegation Agreement are the
overriding documents that govern the
implementation of the CMEP.*

Process A.V.P. Compliance
Owner:

Effective Date: 7/1/18

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Review and Re-Approval Requirements

This document will be reviewed every two years from the 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**

All Registered Entities within the NPCC Region are subject to Audits, Spot Checks, and Guided Self-Certifications for compliance with all reliability standards applicable to the identified functions performed by the Registered Entity. NPCC has developed and implemented this procedure for conducting Spot Checks of its Registered Entities. The goal of this procedure, including the use of the NERC Compliance Process Directives and Bulletins, is to ensure consistency and objectivity in assessing all Spot Checks. The NPCC Compliance staff may direct initiation of a Spot Check at any time to verify or confirm compliance to reliability standards in accordance with the NPCC Compliance Monitoring and Enforcement Program (CMEP).

The terminology used herein is as defined by the NERC Rules of Procedure, NERC Glossary of Terms, and NPCC Glossary.

2. **NPCC Spot Check Schedule**

Spot checks shall be conducted by NPCC Compliance Staff at any time to verify or confirm Self-Certifications and Periodic Data Submittals from the Registered Entity. Spot Checking may be random or may be initiated in response to events as described in the reliability standards, or by operating problems, system events, selection as part of the annual Compliance Monitoring efforts, or complaints from within or outside the NPCC footprint.

NOTE: *The NPCC Spot Check process will not be scheduled or distributed to NPCC Registered Entities.*

3. **Spot Check Scope**

The Manager of the Compliance Audit Program identifies candidates for Spot Checks based on the NERC Annual Implementation Plan, audit results, input from Compliance Enforcement Staff in response to events or operating problems, or as directed by the NPCC Assistant Vice President of Compliance.

NPCC Compliance Staff is responsible for monitoring the performance of the Spot Check process. Spot Checks can be used to verify data from a Self-Certification submittal where the status of full compliance was declared or to ensure compliance to specific standards that NPCC Compliance staff deems appropriate. Spot checks can take the form of an On-Site Review, or an Off-Site Data Submittal Review. NPCC Compliance Staff reviews the Spot Check information submitted to verify the Registered Entity's compliance with the reliability standard(s).

4. **Spot Check Process**

- 4.1. NPCC Compliance Staff defines the preliminary Spot-Check scope including:
- Registered Entity(s) involved;
 - Reason for the Spot-Check;
 - Topics and / or Applicable Reliability Standards; and,
 - Desired Completion Schedule.
 - Scope may be expanded based on findings during the initial Spot Check.
- 4.2. The NPCC Compliance Staff notifies the Registered Entity within the Advance Notice Period specified by the reliability standard that a Spot Check will be performed. If the reliability standard does not specify the Advance Notice Period, any Information Submittal Request made by NPCC Compliance Staff will allow at least twenty (20) calendar days for the information to be submitted or available for review.

NOTE: *The Spot Check may require submission of data, documentation, or an On-Site Review.*

- 4.3. If, after receiving notice of a Spot Check, the subject entity discovers a possible non-compliance (PNC) when gathering evidence, NPCC Compliance Staff will recommend that the entity utilize the normal Compliance Portal Self-Report template for the PNC, and immediately notify the NPCC Spot Check Team Lead identified in the Spot Check notification letter of the PNC and supply any/all evidence related to the possible violation in the initial submission. The self-discovery and reporting of the possible violation during the preparation for a scheduled Spot Check will be reviewed by the Compliance Enforcement staff. NPCC Compliance Staff will recommend the entity begin performing and documenting any mitigating actions for the possible violation.

4.3.1. For a registered entity that has qualified for self-logging, the registered entity should Self-Report through CDAA and provide notification to the NPCC Spot Check Team Lead for any PNC discovered after receiving a notice of Spot Check.

- 4.4. NPCC Compliance Staff will request that the Registered Entity provide to NPCC required Spot Check information in the format specified by the defined due date.

NPCC will obtain Spot Check documentation related to the entity's performance, which is typically in the form of the Reliability Standard Audit Worksheet (RSAW).

Documentation may include:

- a) Testimonial evidence (oral or written);
- b) Observations / inspections by the audit team;
- c) Systems generated reports;
- d) Written reports; and,
- e) Other forms of evidence.

- 4.5. If requested Spot Check information is not received by the due date, the NPCC Compliance Staff shall execute the steps described in the Process for Non-submittal of Requested Data.
- 4.6. The NPCC Compliance Staff will review Spot Check information obtained to determine the level of compliance with the reliability standards and may request additional data and/or information if necessary in order to complete the Spot Check assessment of compliance. NPCC Compliance Staff will document and date each step of the Spot Check process.
- 4.7. If the requested Spot Check data is not received in the required format or by the due date, NPCC Compliance Staff will notify the Manager of the Compliance Audit Program. The Manager of the Compliance Audit Program reviews the circumstances and reasonableness of the request and contacts the Registered Entity's management.
NOTE: *The Manager of the Compliance Audit Program also notifies the NPCC Assistance Vice President of Compliance and initiates the escalation process for the submittal of data in instances where the Registered Entity does not supply the Spot Check data requested.*
- 4.8. NPCC Compliance Staff documents the assessment of the Registered Entity for compliance with the applicable reliability standard(s) that were Spot Checked.
- 4.9. NPCC completes the assessment of the Registered Entity based on compliance with the reliability standard(s).
- 4.10. NPCC Compliance Staff provides the Registered Entity a copy of the Draft Spot-Check Report and solicits comments back typically within ten business days.
- 4.11. NPCC Compliance Staff promptly notifies the Manager of the Compliance Audit Program, if during the assessment of the Spot Check, a reasonable basis exists for believing a Possible Violation has occurred.
- 4.12. In the event that a Possible Violation is discovered, NPCC Enforcement will begin processing as per the NERC CMEP.
- 4.13. A final Spot Check Audit Report with associated details is sent to the Entity and stored at NPCC in conformity with NERC and NPCC (six (6) year) record retention requirements. The final non-public Spot Check report shall be transmitted to NERC utilizing the following naming conventions:

Non-Public Spot Check Reports:

[Year]_non-public_[Regional Entity Acronym]_[Audited Entity Acronym].pdf

e.g. 2010_non-public_XYZ_ABC Spot Check.pdf

5. References

- 5.1. Delegation Agreement between NERC and NPCC
- 5.2. North American Electric Reliability Corporation Compliance Monitoring and Enforcement Program - Appendix 4C to the Rules of Procedure
- 5.3. NPCC CP-01, Implementation of the NPCC Compliance Monitoring and Enforcement Program (CMEP)
- 5.4. NERC Rules of Procedure Section 403.11-12
- 5.5. NERC Rules of Procedure Section 1501 and 1502
- 5.6. NERC Questionnaire/Reliability Standard Audit Worksheets (Q/RSAs)
- 5.7. NPCC CMEP Implementation Plan (latest version)
- 5.8. Nova Scotia May 9, 2010 MOU between NPCC, Nova Scotia Power and NERC
- 5.9. Ontario February 5, 2010 MOU between NPCC, Ontario IESO, and NERC
- 5.10. Quebec September 24, 2014 MOU between NPCC, the Regie, and NERC
- 5.11. Quebec QCMEP
- 5.12. New Brunswick August 10, 2016 MOU between NPCC, New Brunswick Energy Utility Board and NERC
- 5.13. New Brunswick CMEP

Revision History

Version	Date	Changes Made	Reviewed By	Date Approved By NPCC Compliance Committee
0	7/22/08	Original Document	S. Buffamante	7/22/2008
1	8/12/2009	Removed section 4 NERC Auditor Guides Added References to NERC Bulletins Formatting and Editing	S. Buffamante	8/12/2009
2	10/14/2011	Created Revision History Table Placed changes into revision history , Deleted section 6-Summary of changes Changed comment period from one week to ten days Edited section 4.12 Spot Check Audit Report to include naming conventions and reflecting new requirement for spot check report in lieu of spot check letter Added NERC 2012 Implementation Plan to references Added NERC Compliance Process Directive #2010-CAG-001 to references	P. Scalici	12/12/2011
3	4/9/2013	Added Section 4.3 regarding Possible violations discovered by an entity after initial notification of a spot check. Deleted reference to Public Spot Check Reports. Removed Section 4.11	P. Scalici	4/17/13
4	3/3/2015	Minor edits in Section 4	P Scalici	3/17/15
5	11/15/2015	Reference to forms of Compliance Monitoring.	J. Muir	12/3/2015
6	6/1/2018	Minor updates to personnel titles, the process for self-identified possible non-compliance after receipt of a Spot Check notification, and updated the References.	J.Muir	6/13/2018