



Northeast Power Coordinating Council, Inc.
Compliance Monitoring and Enforcement Program

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

CP-01

Rev.1

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

Process
Owner:

Assistant Vice President
of Compliance

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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**

Within the State of New York and the six states comprising New England, NERC as the Electric Reliability Organization (“ERO”) has delegated its compliance and enforcement authority pursuant with the Energy Policy Act of 2005 (“EPAAct”) to the Northeast Power Coordinating Council, Inc. (“NPCC”) in accordance with the approved Regional Delegation Agreement (“RDA”). The NPCC Compliance Staff monitors, assesses and enforces compliance with NERC Reliability Standards and NPCC Regional Standards utilizing the NERC established Compliance Monitoring and Enforcement Program (“CMEP”). The NERC Rules of Procedure, including its appendices and the RDA are the overriding documents that describe the implementation of the CMEP. This document, along with other Compliance Procedure documents, supplements those documents and describes the NPCC-specific implementation of the CMEP and its various components. CMEP implementation functions may include, but are not limited to, performing compliance audits, data gathering, data reporting, monitoring, investigations, evaluating and determining compliance and non-compliance, imposing penalties and sanctions, approving and tracking Mitigation Plans and issuing Remedial Action Directives. The terminology used herein is as defined by the NERC Rules of Procedure and the NERC Glossary of Terms.

In addition, NPCC has or will have separate agreements with the Canadian Provinces of Ontario, Quebec, New Brunswick and Nova Scotia, or their designated representatives to define the implementation of mandatory NERC Reliability Standards and NPCC Regional Standards within their respective compliance monitoring and enforcement programs.

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.

The NPCC compliance monitoring and enforcement functions are designed to be executed in a fair and non-discriminatory manner utilizing due process. NPCC Compliance Staff is charged with making the final decision regarding all compliance assessments. The NPCC Compliance Committee (“CC”) is charged with conducting a compliance hearing if requested by a Registered Entity in accordance with the NERC Rules of Procedure and the Scope of Work for the NPCC Compliance Committee. A Registered Entity may appeal the Compliance Committee's decision to NERC, as provided for in the NERC Rules of Procedure.

1.1. **Applicability**

This document applies to the NPCC Compliance Staff, the NPCC CC and the processes used to implement the NERC CMEP.

1.2. **Organization**

NPCC meets the governance requirements of the EPAAct and its staff is independent of any owner, operator, or user of the bulk electric system.

1.3. Authority

The NPCC Board of Directors (“Board”) and NPCC CC provide policy and procedure oversight of the CMEP. The CC will administer policies and procedures related to the CMEP as delegated by the Board. The NPCC Compliance Staff exercises its authority in carrying out the functions of the RDA in a fair, non-discriminatory manner with reasonable due process for the Registered Entity.

NPCC Compliance Staff has the authority and responsibility for determining the compliance status of a Registered Entity, determining the initial sanctions and penalties due to non-compliance with a Reliability Standard, and issuing Remedial Action Directives, subject to NERC Rules of Procedure requirements.

1.4. Staff Code of Conduct

NPCC Compliance Staff 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.

1.5. Antitrust

NPCC follows the anti-trust guidelines referenced in its Bylaws. In addition, NPCC Compliance Staff, NPCC Board of Directors, and NPCC CC members shall comply with all applicable state, provincial, and federal antitrust laws.

2. Registration and Identification of Entities

The NPCC Compliance Staff shall register all known owners, operators and users of the bulk-electric system responsible for complying with the NERC Reliability Standards and Regional Standards, in accordance with Section 500 of the NERC Rules of Procedure, the Compliance Procedure Document CP-04, *Procedure for NPCC Registration Process* and Provincial Agreements. To be registered, an owner, operator or user of the bulk electric system must have at least one functional responsibility as defined in a Reliability Standard.

The NPCC Compliance Staff develops and maintains a Regional Compliance Registry that is shared with NERC on a regular basis. The Registry lists all Registered Entities subject to monitoring, assessment and enforcement of Reliability Standards.

At the time of registration, NERC will inform each Registered Entity of its compliance obligations related to the applicable Reliability Standards. The NPCC Compliance Staff will designate a contact person(s) and require each Registered Entity to designate a Primary Compliance Contact (“PCC”) responsible for sending and receiving all necessary information and communications concerning compliance matters.

3. Reliability Standards Subject For Compliance Review

The annual NPCC CMEP includes monitoring an entity's compliance to a subset of the NERC Reliability Standards and applicable Regional Reliability Standards. This subset of actively monitored reliability standards is determined by NPCC Compliance Staff in conjunction with the other Regional Entities and NERC to ensure uniform compliance monitoring. The NPCC CC shall review the annual NPCC CMEP and provide input on any compliance schedule component as appropriate. Regardless of the subset of actively monitored NERC Reliability Standards a Registered Entity can be monitored for compliance with any and all applicable and regulatory approved standards at any time via any of the compliance monitoring processes discussed in this document.

4. Compliance Discovery Processes

NPCC will use any or all of the following eight (8) discovery processes, to collect information to determine compliance status: (1) Compliance Audits (including On-Site and Off-Site Audits), (2) Self-Certifications, (3) Spot Checking, (4) Compliance Violation Investigations, (5) Self-Reporting, (6) Periodic Data Submittals, (7) Exception Reporting, and (8) Complaints. These discovery processes are described in detail in the NERC Rules of Procedure, Appendix 4C.

To address NPCC-specific implementation of aspects of the CMEP, additional documentation, in the form of Compliance Procedures, have been developed. To date the following CP documents have been developed: CP-02 Procedure for Conducting On-Site Compliance Audits; CP-03 Procedure for Conducting Off-Site Compliance Audits; CP-04, Procedure for NPCC Registration Process, CP-05 Procedure for Conducting Spot Check Program; and CP-06 Procedure for Self-Certification and Self-Reporting.

The NPCC Compliance Staff has also developed internal Compliance Instructions (CI) to complement the existing CP documents where applicable or to address other aspects of NPCC-specific implementation of the CMEP not covered in a CP document such as: developing and tracking of mitigation plans; issuance of violation notices; Compliance Violation Investigations; utilizing the NERC Workbook; penalties and sanctions; and periodic data submittals. Other aspects of the CMEP not specifically covered by a CP or CI are implemented according to the description in the NERC Rules of Procedure and its applicable appendices.

5. Enforcement Actions

5.1. Issuance of Notices

For instances where an alleged violation has occurred, NPCC Compliance Staff will issue a series of notices as it conducts its investigation. NPCC may issue an Initial Notice of Alleged violation (INOAV), a Notice of Alleged Violation (NOAV), and a Notice of Confirmed Violation (NOCV). Once the NOCV has been issued and forwarded to NERC, NPCC will await the issuance of a Notice of Penalty (NOP) and FERC approval before a penalty or sanction can be imposed.

5.2. Settlement

Registered Entities may enter into settlement discussions at any time during the implementation of the CMEP. Settlement Agreements will be negotiated between the Registered Entity and NPCC before being forwarded to NERC and FERC for approval. 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.

5.3. Remedial Action Directives

In accordance with the NERC Rules of Procedure, Appendix 4C - Section 7.0, 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 the NPCC Compliance Staff. 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.

5.4. 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 that a Compliance Hearing be conducted. As indicated earlier, the Compliance Hearing will be administered under the NPCC CC and done in accordance to the NERC Rules of Procedure, Appendix 4C - Attachment 2. The Scope of Work for the NPCC Compliance Committee describes the formation of the Hearing Body. As indicated in the scope document the Hearing will be conducted by an independent Hearing Officer.

In the event that the Registered Entity or NPCC disagrees with the outcome of the Hearing, either entity may appeal to NERC and invoke the NERC Appeals Process.

5.5. Mitigation of Alleged Violations of NERC Reliability Standards

A Registered Entity who agrees that an Alleged Violation has occurred shall file with the NPCC Compliance Staff 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. Reporting and Disclosure

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

7. Data Retention and Confidentiality

The NPCC Compliance Staff shall 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 and any other direction from a NERC Bulletin.

8. References

- Uniform Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation

9. 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 and instruction document.

Document reformatted to conform to the revised NPCC procedure template formatting requirements.

This document was approved by the NPCC Compliance Committee on August 12, 2009.