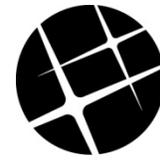


PROCEDURE



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**Market Manual 11: Reliability
Compliance**

**Part 11.2: Ontario
Reliability Compliance
Program**

Issue 1.0

This *market manual* describes the Ontario Reliability Compliance Program and the associated processes and procedures, along with the associated roles and responsibilities to assess, monitor and report *reliability* compliance to Electric Reliability Standards.

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This document may contain a summary of a particular *market rule*. Where provided, the summary has been used because of the length of the *market rule* itself. The reader should be aware, however, that where a *market rule* is applicable, the obligation that needs to be met is as stated in the “*Market Rules*”. To the extent of any discrepancy or inconsistency between the provisions of a particular *market rule* and the summary, the provision of the *market rule* shall govern.

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1.0	This document is new, superseding M.M. 7.9 Ontario Reliability Compliance Program (IMO_PRO_0033). Changed Table 2.1, Section 2.1	March 6, 2013

Related Documents

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Reference (Section and Paragraph)	Description of Change
Document	This document is new, superseding M.M. 7.9 Ontario Reliability Compliance Program (IMO_PRO_0033). No content changes made to this manual.
Section 2.1	Table 2.1 was changed to reflect the right NERC Functional Entity Mapping.

Market Manuals

The *market manuals* consolidate the market procedures and associated forms, standards, and policies that define certain elements relating to the operation of the *IESO-administered markets*. Market procedures provide more detailed descriptions of the requirements for various activities than is specified in the *market rules*. Where there is a discrepancy between the requirements in a document within a *market manual* and the *market rules*, the *market rules* shall prevail. Standards and policies appended to, or referenced in, these procedures provide a supporting framework.

Market Policies

The “Reliability Compliance Manual” is Volume 11 of the *market manuals*, where this document forms “Part 11.2: Ontario Reliability Compliance Program”.

A list of the other component parts of the “Reliability Compliance Manual” is provided in “Part 11.0: Reliability Compliance Overview” in Section 2, “About This Manual”.

Conventions

The *market manual* standard conventions are defined in the “Market Manual Overview” document.

Definitions and Acronyms

Reporting Entity – refers to the *market participants* and the *IESO* that have *reliability* compliance reporting obligations as part of the Ontario Reliability Compliance Program (ORCP).

A list of terms and acronyms used in this *market manual* is found in Chapter 11 of the *market rules*. Unless otherwise defined in this *market manual*, terms and acronyms used in this *market manual* have the meanings ascribed thereto in Chapter 11 of the *market rules*.

– End of Section –

1. Introduction

1.1 Purpose

The *Independent Electricity System Operator (IESO)* oversees the safe, sustainable and reliable operation of Ontario's power system. Its number one priority is maintaining *reliability*, which includes focusing on the most effective ways to establish compliance with *reliability standards*. Assisting Reporting Entities to meet *reliability* compliance related requirements, in turn helps to maintain Ontario's power system *reliability*.

The Ontario Reliability Compliance Program (ORCP) is an Ontario-wide compliance monitoring and enforcement program implemented in accordance with the *IESO's* license and its objects under the *Electricity Act, 1998* to promote and improve the *reliability* of the *IESO-controlled grid* by enforcing compliance with *reliability standards*.

This procedure focuses on the ORCP, describing the processes employed and the specific roles and responsibilities of Ontario's Reporting Entities participating in this program. The *IESO* compliance staff is responsible for administering the ORCP.

1.2 Scope

This document is intended to provide *market participants*, as Reporting Entities, with a summary of the processes involved in the ORCP. The workflows and associated procedural steps for carrying out *reliability* monitoring, evaluation and reporting of *reliability* compliance are covered.

Although most of the processes described in this document make use of the Reliability Compliance Tool (the Compliance Tool), this document does not provide detailed instructions on how to use the Compliance Tool which are included in the applicable user's guides.

1.3 Overview

The ORCP includes a series of processes designed to:

- Ensure that Reporting Entities understand their *reliability* obligations;
- Monitor, detect and self-report potential non-compliance with the *reliability standards* in a timely manner;
- Attest and demonstrate compliance with the *reliability standards* actively monitored by the ORCP;
- Submit *reliability* data in response to requests from the *IESO*; and
- Remediate non-compliances and prevent recurrence.

1.4 Roles and Responsibilities

IESO Compliance Administrators

Compliance Administrators are the *IESO*'s staff responsible for coordinating certain activities related to the implementation of the ORCP, such as:

- Mapping *reliability standards* to Reporting Entities;
- Developing and maintaining Self-Certification Forms and annual ORCP Schedules;
- Monitoring Reporting Entities' compliance with *reliability standards*; and
- Reporting to *NPCC* and *MACD*¹ the status of the Reporting Entities' compliance with *reliability standards*.

Reporting Entities

Market participants are responsible for complying with all applicable *reliability standards*. In addition, each *market participant* is obligated to provide to the *IESO* such data as may be required by the *IESO* to enable it to satisfy a request by a *standards authority* (chapter 5, section 14.1.4 of the *market rules*).

As defined by the ORCP, *market participants* are required to:

- Self-certify their compliance with the *reliability standards* actively monitored by the ORCP;
- Self-report potential non-compliance of *reliability standards*, indicating actions taken or that will be taken to resolve the non-compliance; and
- Respond to any other data submittal requests by the *IESO* under the ORCP.

These responsibilities are fulfilled by two types of *market participant* contacts, each with specific roles:

- (i) **Market Participant Compliance Contact (MPCC)** is an authorized representative of the *market participant* designated as the main point of contact for exchanging information with and acting as directed by the *IESO* in accordance with this procedure. For example, the MPCC is responsible for preparing and submitting Self-Certification Forms by the assigned due date, as well as exception reporting and periodic data submittals. In case of potential non-compliance, the MPCC is responsible for self-reporting and for providing the associated mitigation plans to the *IESO*.
- (ii) **Market Participant Escalation Contact (MPEC)** is an authorized representative of the *market participant*, preferably of higher authority than the MPCC, designated to ensure that the *market participant* acts upon notifications of submissions past due date, according to the Escalation Process described in Section 2.5.

The *IESO* is also responsible for complying with all *reliability standards* applicable to the functions that it performs, as listed in the functional types identified in *NERC*'s Functional Model. The *IESO* has voluntarily accepted that it should be treated as if it were a *market participant* for the purposes of the ORCP with the result that it may be subject to non-compliance letters and financial penalties. This means that the *IESO* is required to self-certify, self-report and respond to any data submittal requests by the *IESO* as required by the ORCP.

¹ *IESO*'s Market Assessment and Compliance Division

1.5 Contact Information

As part of the Market Entry process, *market participants* are required to identify a Market Participant Compliance Contact (MPCC) and a Market Participant Escalation Contact (MPEC) within their organization to conduct the activities associated with the ORCP, as described in this procedure.

For inquiries on the ORCP, *market participants* may send an e-mail to orcp@ieso.ca. For any other matters, including contact information, *market participants* may contact the IESO Customer Relations via e-mail to customer.relations@ieso.ca or via telephone, mail or courier to the numbers and addresses given on the IESO's Web site (www.ieso.ca - or click on 'Have a question?' to go to the 'Contacting the IESO' page). If IESO Customer Relations is closed, telephone messages or e-mails may be left in relevant voice or electronic IESO mail boxes, which will be answered as soon as possible by Customer Relations staff.

– End of Section –

2. Processes

2.1 Understanding Reliability Obligations

Reliability standards have effect in Ontario under the authority of the Ontario *market rules*, in accordance with chapter 4, section 2.1.1, and chapter 5, sections 3.2.5, 3.2.6, and 3.2.7.

Applicability of standards is determined by the *facilities* involved, the functions performed, and additional criteria as may be established by the *IESO*.

To assist *market participants* in understanding their *reliability* compliance obligations, the *IESO* consulted stakeholders as part of the Stakeholder Engagement Group, SE-44², and in 2008, completed the mapping of Ontario *market participants* to *NERC* Functional Entities³, and by extension, the mapping of *reliability standard* requirements to *market participant* classes. This mapping is illustrated in Table 2-1.

Table 2-1: Market Participant Class to NERC Functional Entity Mapping

<i>NERC</i> Functional Entity	<i>Market Participant</i> Class
- Generator Owner - Generator Operator	<i>Generator</i>
- Transmission Owner	<i>Transmitter</i>
- Distribution Provider - Load-Serving Entity	<i>Distributor</i>

To assist the *IESO* identify its *reliability* compliance obligations, the Compliance Administrators maintain an internal mapping of all applicable *reliability standard* requirements to *IESO*'s departments.

Reliability Standard Effective Date

The effective dates for *NERC* *reliability standards* and *NPCC* criteria are governed by chapter 5, sections 1.2.6 and 1.2.7 of the *market rules*.

NERC *reliability standards* are effective in Ontario on the later of the date when:

- i. The *reliability standards* are declared in force in the United States following Federal Energy Regulatory Commission (FERC) approval;

² The work conducted by SE-44 is posted on the *IESO* Web site at: http://www.ieso.ca/imoweb/consult/consult_se44.asp. The mapping of *market participants* to *reliability standards* obligations is available at: <http://www.ieso.ca/imoweb/ircp/orcp.asp>.

³ For details on *NERC*'s Functional Entities, see *NERC*'s document, Reliability Functional Model.

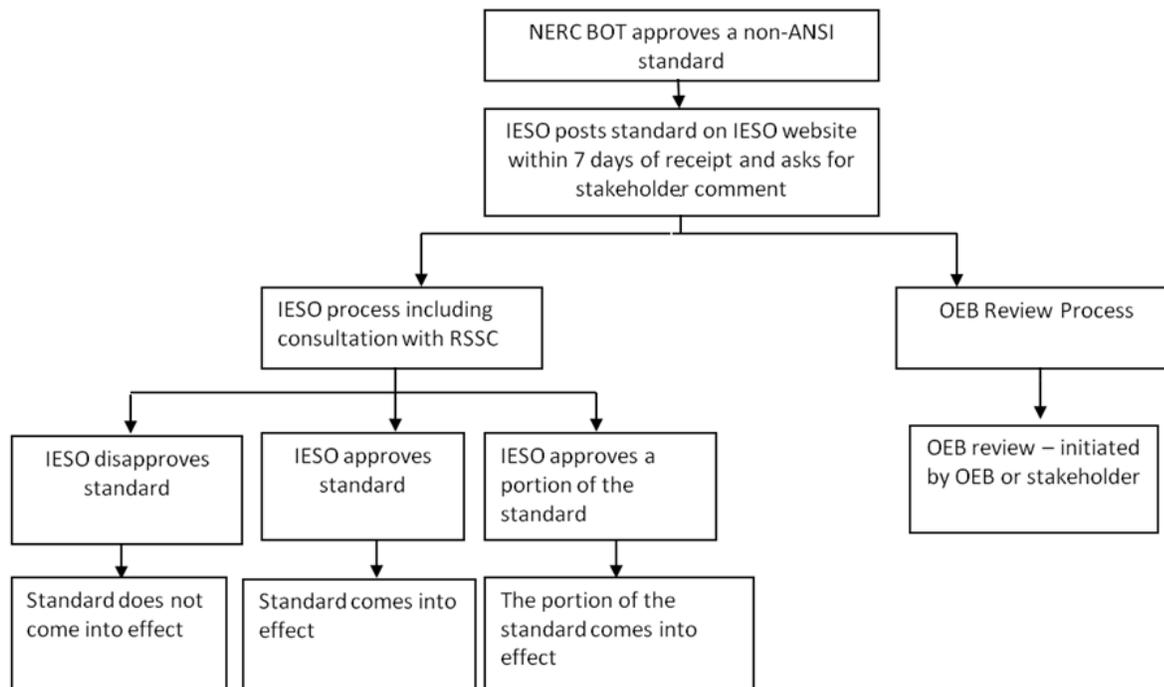
- ii. After the completion of any statutory review periods during which no reviews are requested or initiated by the *Ontario Energy Board (OEB)*; and
- iii. Following the expiry of the *OEB* review period, or completion of any *OEB* review, and after any implementation period as defined in the standard.

NPCC criteria, which do not require FERC approval, are effective in Ontario when declared in force by *NPCC*.

IESO Review of Non-ANSI Standards

For the purpose of this manual, a non-ANSI standard is a *reliability standard* that has been approved by *NERC* but failed to achieve approval by the *NERC* registered ballot body. Such a *reliability standard* will not be in force in Ontario unless and until the *IESO* determines, in consultation with affected *market participants* (e.g. Reliability Standards Standing Committee (RSSC) members), that all or part of the *reliability standard* is in force in Ontario. The *IESO* will *publish* a notice of its determination, and where the *IESO* accepts all or a portion of the standard, such *reliability standard* will come into effect in accordance with the above general principles for effective dates. This is in accordance with chapter 5, section 1.2.7 of the *market rules*. A summary of the process for the *IESO*'s review of non-ANSI standards is described in Figure 2-1.

Figure 2-1: IESO Review of Non-ANSI Standards



2.2 Annual ORCP Schedule

NERC, with input from regional entities, stakeholders and regulators, annually selects a subset of *NERC reliability standards* to be actively monitored in the annual *NERC Compliance Monitoring and Enforcement Program (CMEP)*. The *NERC*'s actively monitored standards list is typically published by October 1 of each year on the *NERC* Web site⁴.

Based on the *NERC* actively monitored standards list, *NPCC* develops an annual Compliance Reporting Schedule⁵ that identifies the *NERC reliability standards* to be actively monitored for the following calendar year within the *NPCC* footprint. This plan is typically published by November 1 of each year. *NPCC* also specifies a subset of *NPCC* criteria to be actively monitored by *NPCC* each year in the *NPCC* Criteria Compliance and Enforcement Program (CCEP)⁶.

With input from the *NERC* and *NPCC* schedules, Compliance Administrators develop an annual ORCP Schedule approved by MACD that identifies the *reliability standards* monitored for compliance in Ontario. This schedule includes additional information such as the reporting period and frequency (e.g. annual, quarterly), the target submission dates and the Word document versions of certification forms. In addition to the *reliability standards* required by *NPCC*, the ORCP Schedule may include additional *reliability standards* and requirements that MACD proposes to monitor. The ORCP Schedule is typically published by December 1 of each year on the ORCP web page⁷.

2.3 Notify Reporting Entities

The Compliance Administrators shall use the Initiate Notification Form in the Compliance Tool to notify Reporting Entities with updates such as:

- Approved, revised and/or retired *reliability standards*;
- New, revised or obsolete Self-Certification Forms; and
- Updates to the annual ORCP Schedule.

The notifications in the Compliance Tool are sent with one of the following options:

- (i) Acknowledgement required; or
- (ii) No acknowledgement required.

For option (i), recipients receive an e-mail and an assignment in the Compliance Tool to acknowledge the notification. For option (ii), recipients receive an e-mail but no action in the Compliance Tool is required.

2.4 Self-Report Non-Compliance

Self-reporting is the reporting of potential non-compliance with a *reliability standard*, identified as part of a self-assessment or an internal review process. Reporting Entities are encouraged to self-report potential non-compliance with a *reliability standard* at the time they become aware of the potential non-

⁴ <http://www.nerc.com/commondocs.php?cd=3>

⁵ <https://www.npcc.org/Compliance/Compliance%20Reporting%20Schedules/Forms/Public%20List.aspx>

⁶ <https://www.npcc.org/Compliance/Area%20Programs/Forms/Public%20List.aspx>

⁷ <http://www.ieso.ca/imoweb/ircp/orcp.aspxhttp://www.ieso.ca/imoweb/ircp/orcp.asp>

compliance, regardless of whether the standard is actively monitored by the ORCP, and regardless of whether the *reliability standard* requires reporting on a pre-defined schedule.

A potential non-compliance identified in a self-certification does not need to be reported again in a self-report. However, if a potential non-compliance was previously reported either as a self-report or as a self-certification and the non-compliance has not been remedied by the due date of the next self-certification, the outstanding non-compliance and any change in its severity needs to be identified in the self-certification. In this case, a reference to the initial identification of non-compliance and the associated mitigation plan shall be provided with the self-certification.

Self-reporting is encouraged and may help alleviate the severity of the penalties and sanctions applied by MACD in the event that the non-compliance is confirmed.

Upon discovery of a potential non-compliance with a *reliability standard*, Reporting Entities are required to self-report to the Compliance Administrators using the Initiate Self-Report Form (SRF) in the Compliance Tool as follows:

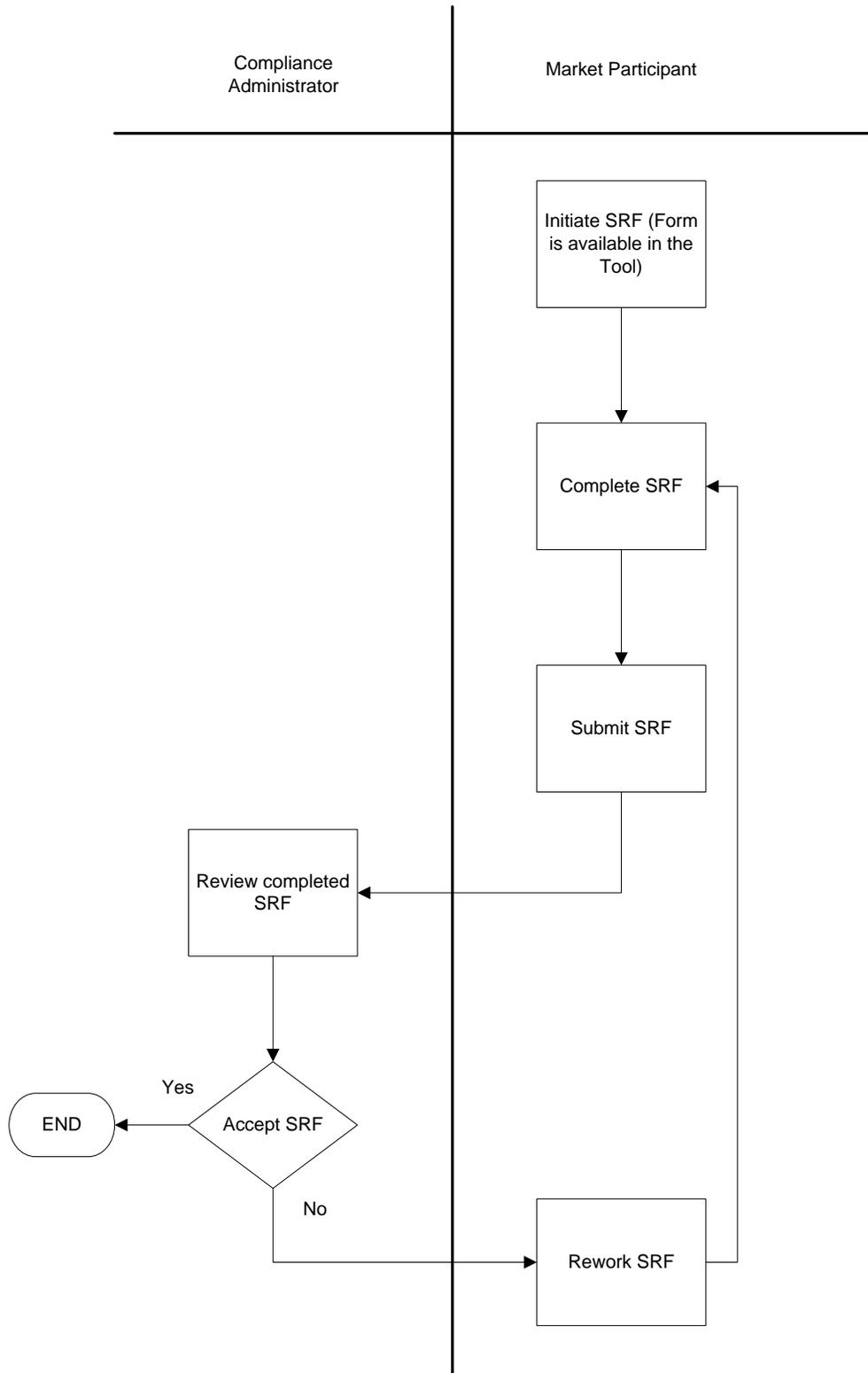
The Reporting Entities shall:

- Upon becoming aware of a potential non-compliance with a *reliability standard*, initiate a SRF in the Compliance Tool;
- Develop and attach an initial mitigation plan to the SRF, if available;
- Submit the SRF to the Compliance Administrators; and
- The Compliance Administrators may advise a Reporting Entity to re-work the SRF (e.g. provide additional information, revise the submission, etc.). Upon receiving a re-assignment from the Compliance Administrators to re-work the SRF, the Reporting Entities shall review and re-work the form and re-submit the completed version to the Compliance Administrators.

This process is described in the workflow in Figure 2-2.

Once the Compliance Administrators accept the SRF, the potential non-compliance with a *reliability standard* is referred to MACD.

Figure 2-2: Self-Reporting Process Flow



2.5 Certify Compliance

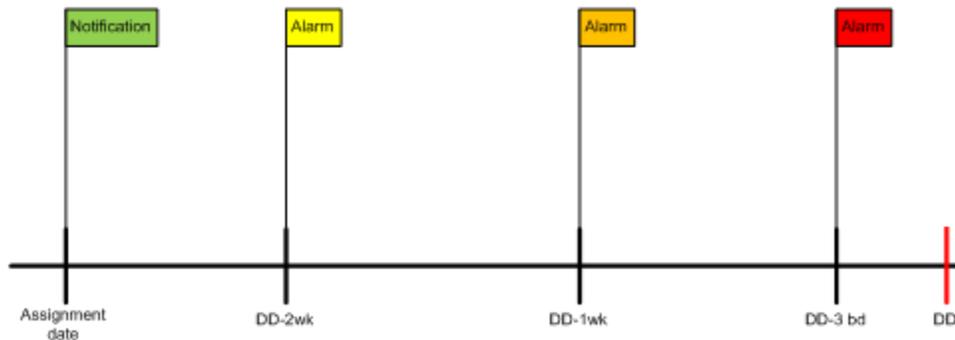
Self-certification is the reporting of compliance with a particular *reliability standard* actively monitored by the ORCP. This process is triggered on a pre-determined cycle (e.g. annually, quarterly) based on the ORCP schedule⁸.

Reminders

To ensure timely submissions of Self-Certification Forms (SCF), the Reporting Entity receives reminders initiated by the Compliance Tool, as illustrated in Figure 2-3, for the following events:

- Initial notification when a SCF assignment is scheduled and assigned by the Compliance Administrators thirty (30) calendar days before the Due Date (DD);
- An alert of pending SCF submission two (2) weeks before the DD;
- An alert of pending SCF submission one (1) week before the DD; and
- An alert of pending SCF submission three (3) *business days* before the DD.

Figure 2-3: Self-Certification Form Reminders



Submitting Self-Certification Forms

The Reporting Entity is responsible for maintaining awareness of the submission requirements and timelines of the ORCP. The Reporting Entity shall use the Compliance Tool to self-certify within the due dates established, as described in the following steps:

The Reporting Entity shall:

- Upon receiving an assignment from the Compliance Administrators, assess and report the Reporting Entity's compliance (e.g. compliant, non-compliant or not applicable) with the requirements of a *reliability standard* by completing the SCF;
- Indicate on the SCF which *reliability standard* requirements the Reporting Entity was non-compliant with if reporting non-compliance;
- Develop and attach an initial mitigation plan, if available, if the Reporting Entity is reporting non-compliance;
- Submit the completed SCF to the Compliance Administrators;

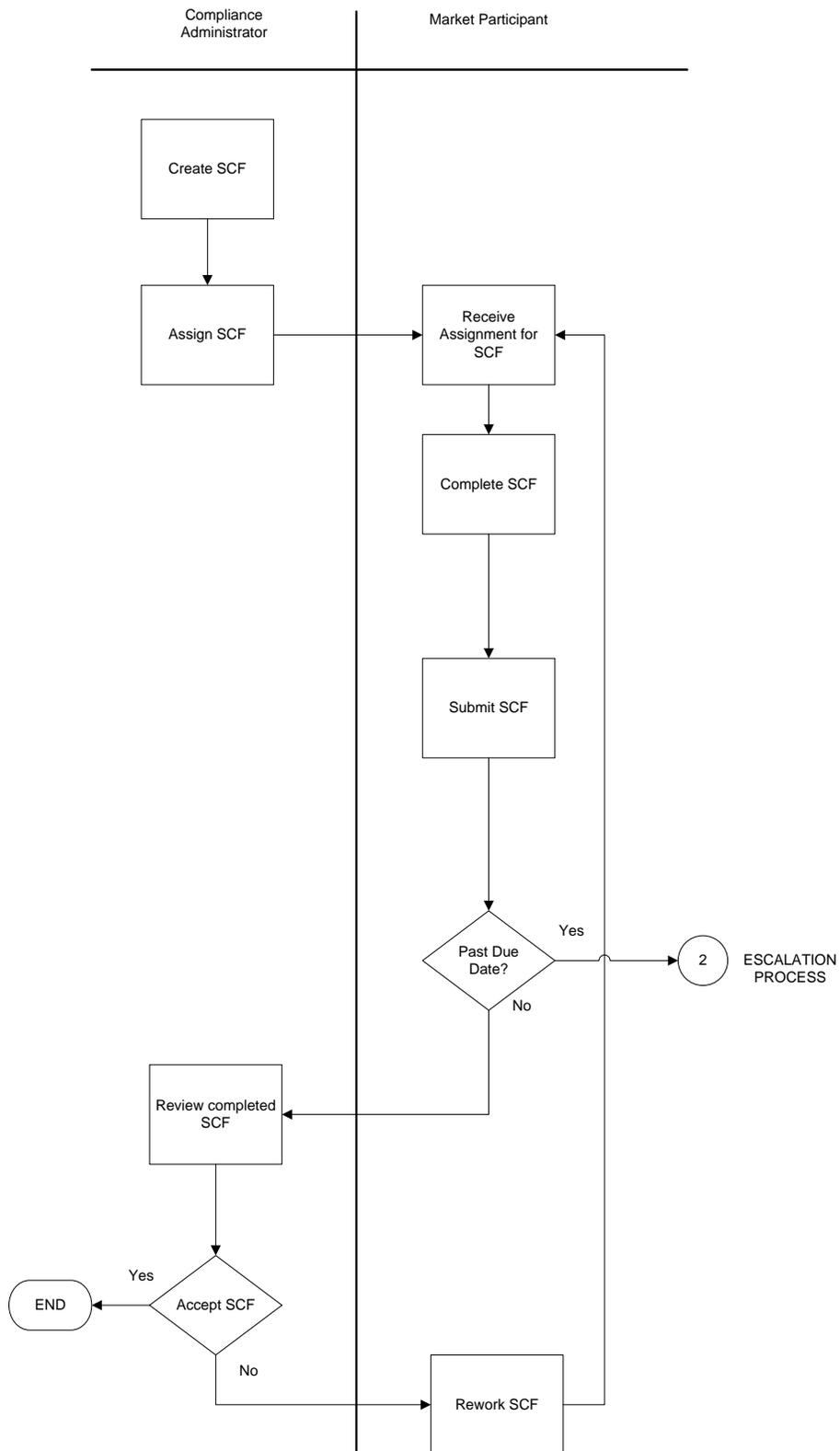
⁸ <http://www.ieso.ca/imoweb/ircp/orcp.asp>

- The Compliance Administrators may advise a Reporting Entity to re-work the SRF (e.g. provide additional information, revise the submission, etc.). Upon receiving a re-assignment from the Compliance Administrators to re-work the SRF, the Reporting Entities shall review and re-work the form and re-submit the completed version to the Compliance Administrators; and
- Complete and submit the SCF to the Compliance Administrators within the submission DD.

This process is described in the workflow in Figure 2-4. If the required information is not submitted by the DD, the Reporting Entity is subject to the Escalation Process, as described in Section 2.5.

Once the Compliance Administrators accept the SCF, any potential non-compliance with a *reliability standard* is referred to MACD.

Figure 2-4: Self-Certification Process Flow



Escalation Process

Reporting Entities that do not submit their SCF by midnight on the Due Date (DD) will be subject to the Escalation Process, as described in the workflow in Figure 2-5 and Figure 2-6. Assignments not received by the Lockout Date (LD) will automatically close and will no longer be available for completion and submission via the Compliance Tool.

For *market participants*, the Escalation Contacts include:

- ✓ MPEC; and/or
- ✓ MPCC

Figure 2-5: Escalation Process Flow

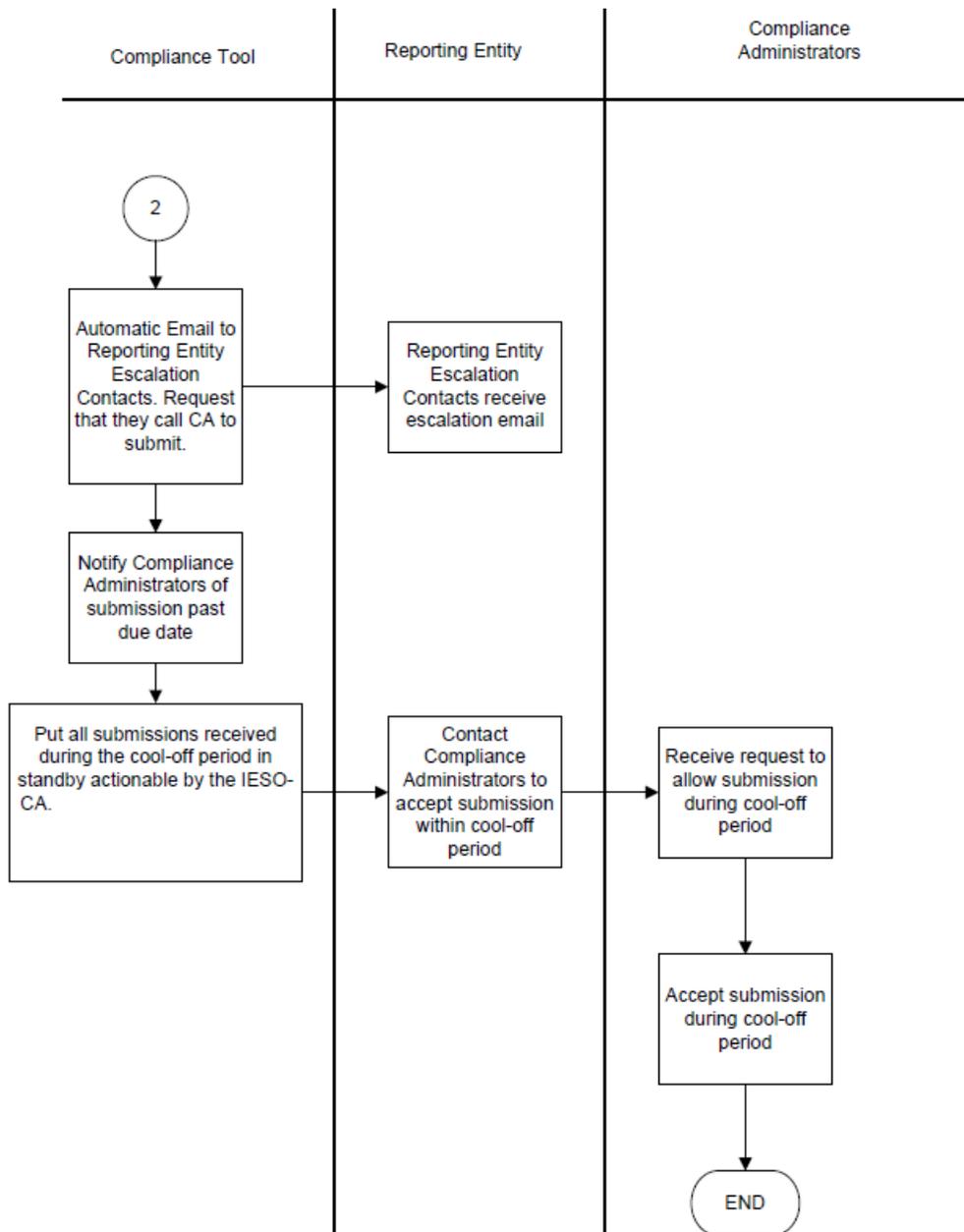
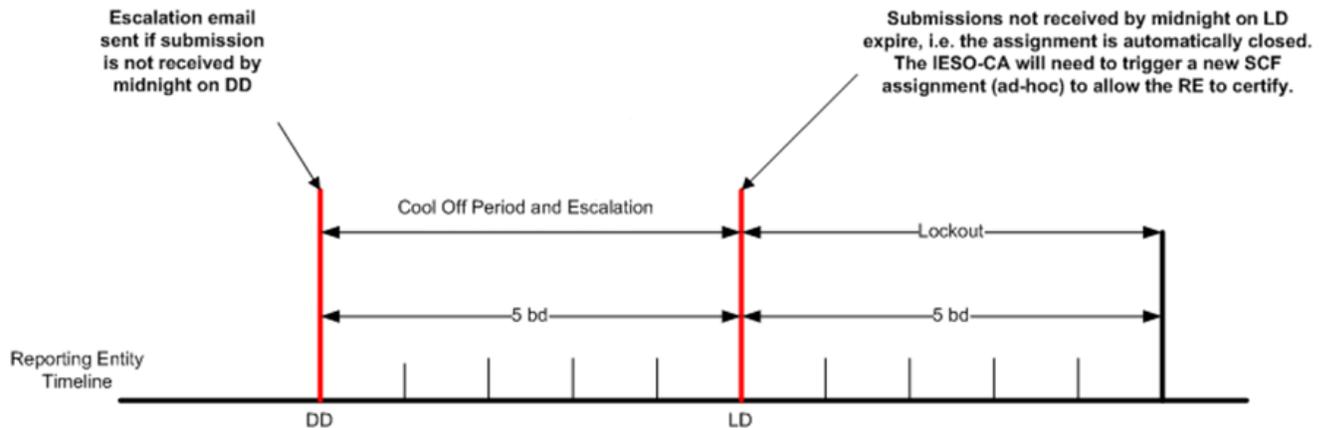


Figure 2-6: Escalation Process Timeline



2.6 Mitigation Plans

In the case of potential non-compliance with a *reliability standard*, Reporting Entities may develop and submit a mitigation plan to the Compliance Administrators. A mitigation plan is an action plan to outline the provisions for mitigating the impact of potential non-compliance with a *reliability standard* and for minimizing the risk of recurrence.

Compliance Administrators can provide Reporting Entities guidance with their mitigation plans. Once submitted, Compliance Administrators forward the mitigation plans to MACD. MACD may order a revised mitigation plan if MACD deems the plan to be insufficient in respect of its compliance enforcement mandate.

While submitting a mitigation plan is not mandatory, early submission of a mitigation plan to rectify the potential non-compliance is encouraged by the IESO. Reporting Entities can submit their mitigation plan by uploading the plan in their SRF and/or SCF.

The mitigation plan should include, but is not limited to, the following information:

- The potential non-compliant *reliability* requirement(s) that are addressed by the mitigation plan;
- An action plan to correct and prevent recurrence of potential non-compliance;
- A list of key milestones and a timetable for completing the mitigation plan and correcting all non-compliance identified in the mitigation plan;
- A quarterly timetable to report on the status of the key milestones and the mitigation plan; and
- An assessment of the impact of the mitigation plan on the *reliability* of the *IESO-controlled grid* and an action plan to mitigate any increased risk to *reliability* while the mitigation plan is being implemented.

Reporting Entities are expected to report on the status of the implementation of their mitigation plan according to their reporting timelines.

When Reporting Entities fail to submit a mitigation plan or submit an incomplete mitigation plan, Compliance Administrators may issue requests for the submission or re-submission of the mitigation plan via the Compliance Tool. Similarly, Compliance Administrators may initiate requests using the Initiate

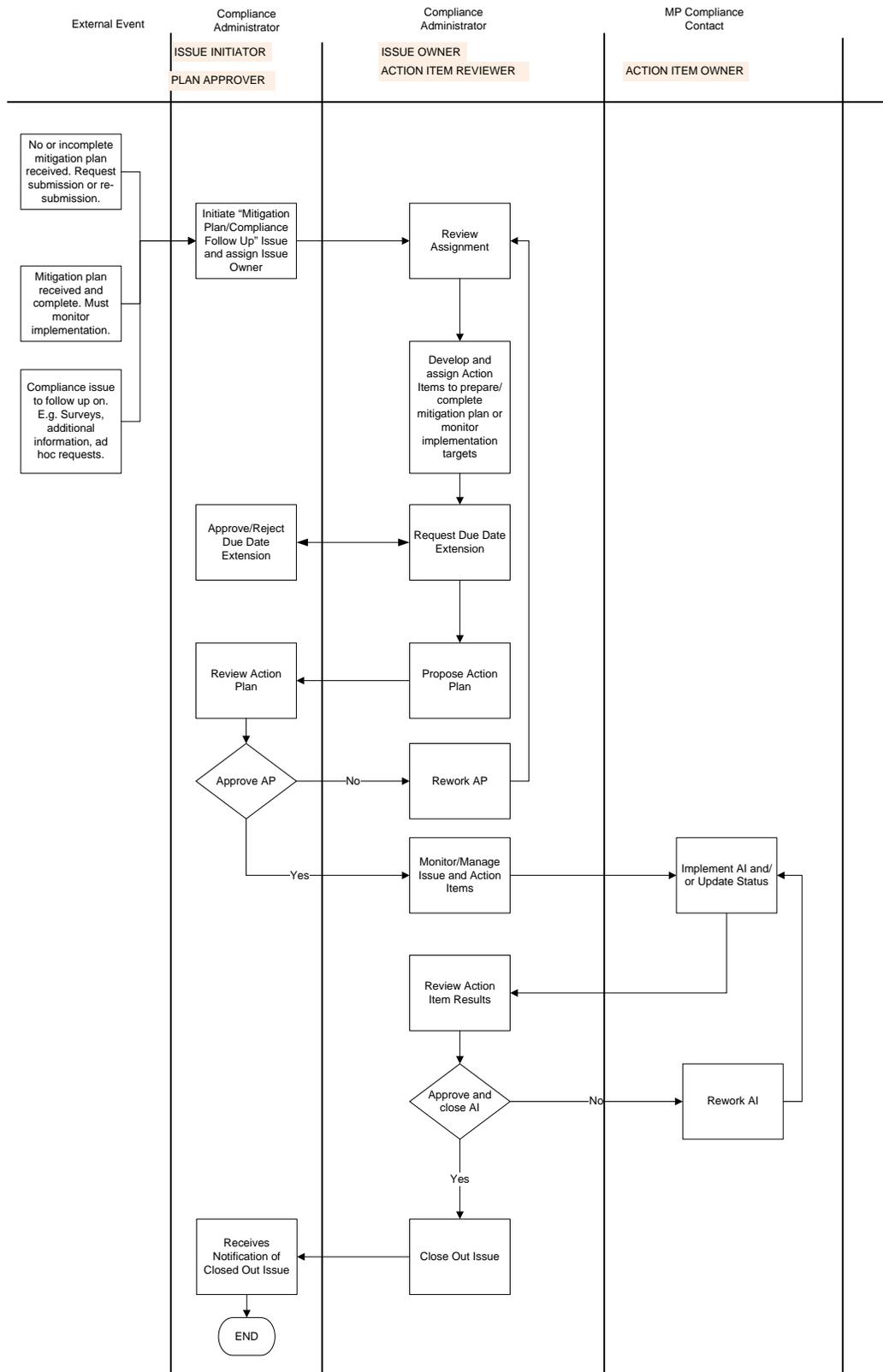
Issue Form in the Compliance Tool to monitor the actions and milestones provided in the mitigation plan. Reporting Entities shall respond to these Compliance Tool requests as follows:

The Reporting Entity shall:

- Upon receiving an assignment from the Compliance Administrator, implement the Action Items and provide an update to the status (i.e. % Complete) of the Action Items;
- Submit the completed Action Items to the Compliance Administrator; and
- The Compliance Administrators may advise a Reporting Entity to re-work the Action Items (e.g. provide additional information). Upon receiving a re-assignment from the Compliance Administrators to re-work the Action Items, the Reporting Entities shall address the requests and re-submit to the Compliance Administrators.

This process is described in the workflow in Figure 2-7.

Figure 2-7: Mitigation Plan Follow-up Process Flow



2.7 Exception Reporting

In addition to self-certifying on a pre-determined cycle, the ORCP may require Reporting Entities to report to the *IESO* exceptions to compliance with a particular set of *reliability standards* when an event reveals a potential non-compliance. Any identified exceptions to compliance with the standards shall be self-reported immediately to the *IESO* using the Compliance Tool.

2.8 Periodic Data Submittals

Periodic Data Submittals are scheduled (e.g. monthly, annually) or ad-hoc requests to provide *reliability* information as required by a particular standard. These requests will be initiated by the Compliance Administrators using the Compliance Tool.

– End of Document –