



NPCC, Inc.

NORTHEAST POWER COORDINATING COUNCIL, INC.
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NCR ID :	NBCR003		
Registered Entity Name:	Emera Energy		
Registered Entity Acronym:	Emera		
Reliability Standards Scope:	Operations & Planning Standards		
Compliance Monitoring Process:	Compliance Audit		
Distribution:	Public Version. Confidential Information Has Been Removed, Including Privileged and Critical Energy Infrastructure Information.		
Regional Entity:	Northeast Power Coordinating Council, Inc. (NPCC)		
Date of Opening Presentation:	September 7, 2017	Date of Closing Presentation:	December 4, 2017
Date of Report:	1/16/2018	IP Year:	2017
Potential Noncompliance:	None		
Jurisdiction:	New Brunswick, Canada		

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I. Executive Summary

Northeast Power Coordinating Council (NPCC) is a recognized compliance body in New Brunswick and assists the New Brunswick Energy and Utilities Board (NBEUB) with compliance monitoring functions in the Province.

Northeast Power Coordinating Council, Inc. (NPCC) conducted a Operations & Planning Standards Compliance Audit of 2017 (Emera), NCR ID NBCR003 from September 7, 2017 to December 4, 2017.

At the time of the Compliance Audit, Emera was registered for the functions of Generator Operator (GOP) and Generator Owner (GO). The Reliability Coordinator (RC), Balancing Authority (BA), Transmission Operator (TOP), Planning Authority (PA), Transmission Planner (TP), and Resource Planner (RP) for Emera is NB Power NBCR001 (NCR07155).

The Compliance Audit team “team” evaluated Emera for compliance with twenty one (21) requirements for the New Brunswick Compliance Monitoring and Enforcement Program (NB CMEP) 2017 Annual Implementation Plan (AIP). The team assessed compliance with the NBEUB Approved NERC Reliability Standards for the period of **October 1, 2013 to December 4, 2017**.

Emera submitted evidence for the team’s evaluation of compliance with requirements. The team reviewed and evaluated all evidence provided to assess compliance with Reliability Standards applicable to Emera at this time.

Based on the evidence provided, the team’s findings are summarized in Table 1 below:

Table 1: Summary of Compliance Audit Findings				
Reliability Standard Requirement(s)	Registered Function	No Finding	Potential Noncompliance (PNC)	Open Enforcement Action (OEA)
22	GO, GOP	20	0	2

The team notified Emera of zero (0) Areas of Concern and one (1) recommendation.

There were open Mitigation Plans and they were reviewed by the team.

Based on the evidence provided by Emera Energy, the auditors confirmed two (2) requirements that were self-reported as Possible Non-Compliance on September 21, 2017, that Enforcement advised to handle as Open Enforcement Action (OEA). The remaining twenty (20) requirements had No Findings.

The Compliance Audit Team Lead certifies that the team adhered to all applicable requirements of the New Brunswick Reliability Standards Regulation, the NERC Rules of Procedure (ROP) and Compliance Monitoring and Enforcement Program (CMEP).

II. Compliance Audit Process

The Compliance Audit process steps are detailed in the Reliability Standards Regulation which is based on the NERC ROP and CMEP and generally conforms to the United States Government Auditing Standards and other generally accepted audit practices.

Objectives

All registered entities are subject to compliance assessments with all Reliability Standards applicable to the functions for which the registered entity is registered in New Brunswick. The Compliance Audit objectives are to:

- Provide reasonable assurance of compliance to the identified applicable Reliability Standards;
- Review compliance with applicable NBEUB approved NERC Reliability Standards identified in the 2017 NB Annual Implementation Plan list of actively monitored standards and additional NBEUB approved NERC Reliability Standards selected by NPCC and the NBEUB;
- Review evidence of self-reported violations and previous self-certifications;
- Review Emera's internal compliance program and controls;
- Review the status of open Mitigation Plans.

Scope

The scope of this Compliance Audit considered the NBEUB Approved NERC Reliability Standards 2017 NB Annual Implementation Plan. In addition, the scope of the Compliance Audit included a review of Mitigation Plans or Remedial Action directives that were open during the Compliance Audit.

The Reliability Standards and Requirements in-scope for this Compliance Audit are illustrated in **Table 2** below:

Registered Function	Standards	Requirement(s)
GOP	COM-001-2.1	R8, R11
GOP	COM-002-4	R3
GO, GOP	EOP-004-2	R1, R2, R3
GO	FAC-008-3	R1, R2
GO	MOD-025-2	R1
GOP	PRC-001-1.1 (ii)	R3, R5
GO	PRC-004-4 (i)	R1, R2
GO	PRC-005-6	R1, R3
GO	PRC-006-NPCC-01	R13
GO	PRC-019-2	R1
GO	PRC-024-2	R1
GOP	TOP-001-1a	R3
GOP	TOP-002-2.1b	R3
GOP	VAR-002-4	R1, R3

The team did not expand the scope of the Compliance Audit beyond what was stated in the notification package.

Internal Compliance Program

Within the scope of the Compliance Audit, Emera's compliance program was reviewed.

Confidentiality and Conflict of Interest

Confidentiality and conflict of interest of the team are governed under the Reliability Standards Regulation, the NBEUB-NPCC Service Contract, the NPCC Delegation Agreement with NERC, and Section 1500 of the NERC Rules of Procedure. Emera was informed of Northeast Power Coordinating Council, Inc. (NPCC)'s obligations and responsibilities under the agreement and procedures. The work history for each team member was provided to Emera, which was given an opportunity to object to a team member's participation on the basis of a possible conflict of interest or the existence of other circumstances that could interfere with a team member's impartial performance of duties. Emera had not submitted any objections by the stated objection due date based on the Reliability Standards Regulation and accepted the team member participants without objection. There were no denials or access limitations placed upon this team by Emera.

Methodology

The ERO Compliance Monitoring and Enforcement Manual (Manual)¹ documents the ERO Enterprise's current approaches used to assess a registered entity's compliance with the NERC Reliability Standards. The ERO Enterprise uses, "to the extent possible, the Generally Accepted Auditing Standards (GAAS), the Generally Accepted Government Auditing Standards (GAGAS), and standards sanctioned by the Institute of Internal Auditors, as guidance for performing activities under the Compliance Monitoring and Enforcement Program (CMEP)."² While the ERO Enterprise does not necessarily perform compliance monitoring activities that must be in accordance with these standards recognized in the United States, the ERO Enterprise uses these standards as framework to conduct compliance monitoring activities under the CMEP, and recognizes that these standards provide information used in oversight, accountability, transparency, and improvements in ERO Enterprise operations.

The Northeast Power Coordinating Council, Inc. (NPCC) coordinated with the New Brunswick Energy and Utilities Board (EUB) to develop and provide Emera with a Compliance Audit notification package to commence the Compliance Audit. Emera provided evidence at the time requested, or as agreed upon, by Northeast Power Coordinating Council, Inc. (NPCC). The team reviewed the evidence submitted by Emera and assessed compliance with the requirements of the applicable Reliability Standards. Additional evidence could be submitted until the agreed-upon deadline prior to the exit briefing. After that date, only data or information that was relevant to the content of the report or its finding could be submitted with the agreement of the team lead.

The team reviewed documentation provided by Emera and requested additional evidence and sought clarification from subject matter experts during the Compliance Audit. The evidence submitted in the form of policies, procedures, emails, logs, studies, data sheets, etc. were validated, substantiated, and cross-checked for accuracy as appropriate. Where sampling is applicable to a requirement, the sample set was determined by a statistical methodology, along with professional judgment as mentioned in the Manual.

¹http://www.nerc.com/pa/comp/ERO%20Enterprise%20Compliance%20Auditor%20Manual%20DL/NERC_Compliance_Monitoring_and_Enforcement_Manual_v3_0.pdf

²NERC Rules of Procedure, Section 1207 and 126 FERC 61,038, Paragraph 3

The findings were based on the facts and documentation reviewed, the team's knowledge of the Bulk Electric System (BES), the NBEUB Approved NERC Reliability Standards, and professional judgment. All findings were developed based upon the consensus of the team.

Company Profile

Emera Inc. is a publicly-traded utility holding company headquartered in Halifax, Nova Scotia, Canada. Bayside Power Limiting Partnership, a wholly owned subsidiary of Emera Inc., is the owner of the Bayside generating station. Emera Inc. also owns Emera Energy Inc., which has organizational responsibility for the plant. Emera Energy Services, Inc., which is also a wholly owned subsidiary of Emera Inc., was formerly a purchasing-selling entity (PSE) in NPCC and is now the named generator owner/generator operator (GO/GOP) under the New Brunswick Energy & Utilities Board (NBEUB).

Emera (Bayside Power) owns and operates a 290MW gas-fired combined cycle generator in St. John, New Brunswick, with a step up voltage of 138kV, the interconnection point is at the high side bushing of the step-up transformer. Bayside Power does not own any transmission. The plant manager is chiefly responsible for ensuring the plant remains in compliance with the NBEUB standards.

III. Compliance Audit Findings

The following information details the Open Enforcement Action findings for the Reliability Standards and Requirements identified in the scope of this Compliance Audit. All other Reliability Standards and Requirements in-scope for this Compliance Audit were tested without exception.

Table 3: Findings and Supporting Evidence			
Standard	Req.	Registered Function	Category of Finding
MOD-025-2	R1	GO	Self-Reported Possible Non-Compliance Open Enforcement Action (OEA) NBEUB Tracking Number: 2017008 MOD-025-2 R1
PRC-019-2	R1	GO	Self-Reported Possible Non-Compliance Open Enforcement Action (OEA) NBEUB Tracking Number: 2017007 PRC-019-2 R1

IV. Recommendations and Positive Observations

Recommendations

The team identified and informed Emera of one (1) recommendation. The specific details the recommendation is described below.

1. EOP-004-2 R3; *validate all contact information contained in the Operating Plan each year.*

The audit team recommends when reviewing contact information, retain a copy of N-110 “Event Reporting Operating Plan”, Appendix C. This is a comprehensive form that clearly documents the validation of contact information.

Positive Observations

The team identified and informed Emera of one (1) positive observation. The specific details of the positive observation is described below.

1. When a formatting/clerical oversight was identified in a procedure, during the audit, Emera updated the procedure N-150 to correct the oversight.

V. Compliance Culture

The team performed an assessment of Emera's compliance culture in conjunction with the Compliance Audit process. The assessment was accomplished through a review of responses to the Internal Compliance Survey questionnaire and additional information that was gathered during interviews and observations. This included an assessment of factors that characterize vigorous and effective compliance programs including:

- Active engagement and leadership by senior management;
- Effective, in-practice preventive measures appropriate to the circumstances of the company;
- Prompt detection of problems, cessation of misconduct, and reporting of a violation; and
- Remediation of the misconduct.

Northeast Power Coordinating Council, Inc. (NPCC) Contact Information

Any questions regarding this Compliance Audit report can be directed to:

Northeast Power Coordinating Council, Inc. (NPCC)
1040 Avenue of the Americas
10th Floor
New York, NY 10018-3703

On behalf of Northeast Power Coordinating Council, Inc. (NPCC), this report was prepared and reviewed by:

Compliance Audit Team Lead	Date
John Muir	1/17/2018
Management Representative	Date
Scott Nied	1/19/2018

Appendix 1

Compliance Audit Participants

Following is a list of all personnel from the team and Emera who were directly involved during the meetings and interviews.

Audit Team Members		
Role	Title	Entity
Compliance Audit Team Lead	Manager Compliance Monitoring	NPCC
Team Member	Auditor	NPCC
Team Member	Auditor	NPCC
Team Member	Auditor	NPCC
Observer	Compliance & Enforcement Coordinator	NBEUB

Emera Participants	
Title	Entity
VP Operations	Emera Energy
Operations Manager Bayside	Emera Energy
Plant Manager Bayside	Emera Energy
Director of Operations Canada	Emera Energy
Electrical Engineer	Emera Energy
Senior U.S. Legal Council	Emera Energy
Senior Electrical Engineer	Emera Energy
Director of Engineering	Emera Energy
Bayside Operator	Emera Energy