



NPCC, Inc.

NORTHEAST POWER COORDINATING COUNCIL, INC.
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NB ID :	NBCR005		
Registered Entity Name:	Saint John Energy		
Registered Entity Acronym:	SJE		
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:	November 22, 2017
Date of Report:	11/27/2017	IP Year:	2017
Potential Noncompliance:	None (zero)		
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.

NPCC conducted a Operations & Planning Standards Compliance Audit of SJE, NCR ID NBCR005 from September 7, 2017 to November 22, 2017.

At the time of the Compliance Audit, SJE was registered for the function of Distribution Provider (DP). The Reliability Coordinator (RC), Balancing Authority (BA), Transmission Operator (TOP), Planning Authority (PA), Transmission Planner (TP), and Resource Planner (RP) for SJE is New Brunswick Power Corporation – NBCR001 (NCR07155).

The Compliance Audit team “team” evaluated SJE for compliance with eight (8) requirements for the New Brunswick Compliance Monitoring and Enforcement Program (NB CMEP) 2017 Annual Implementation Plan (AIP). The team assessed compliance with the NBEUB Reliability Standards for the period of **July 1, 2016 to October 17, 2017**.

SJE 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 SJE at this time.

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

There were no open Mitigation Plans; therefore, none were reviewed by the team.

Based on the evidence provided by SJE, the auditors identified no findings of non-compliance.

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 for 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 SJE's internal compliance program and controls;

Scope

The scope of this Compliance Audit considered the NBEUB Approved Reliability Standards from the 2017 NB Annual Implementation Plan.

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

Table 2: Compliance Audit Scope		
Registered Function	Standards	Requirement(s)
DP	COM-001-2.1	R7, R11
DP	EOP-004-2	R1, R2, R3
DP	EOP-005-2	R11
DP	FAC-002-2	R3
DP	TOP-001-1a	R4

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, SJE's compliance program was reviewed.

Controls

The team reviewed SJE's related internal controls associated with NERC Reliability Standards in scope.

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. SJE 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 SJE, 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. SJE 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 SJE.

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 SJE with a Compliance Audit notification package to commence the Compliance Audit. SJE provided evidence at the time requested, or as agreed upon, by Northeast Power Coordinating Council, Inc. (NPCC). The team reviewed the evidence submitted by SJE 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 SJE 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

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

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.

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

The Power Commission of the City of Saint John (Saint John Energy) is a rate regulated electricity distribution company governed by the Municipalities Act of the Province of New Brunswick. Saint John Energy operates a 12kv distribution system fed from 13 substations: 5-138 kV and 8-69 kV substations. Saint John Energy does not have any facilities that are considered BES facilities. Saint John Energy's peak load is 233 MW on December 2016. The peak occurs during the winter.

III. Compliance Audit Findings

Based on the results of this Compliance Audit, no findings of non-compliance were noted for the Reliability Standards and applicable Requirements in scope for this engagement.

IV. Recommendations

Recommendations

The team identified and informed SJE of one (1) recommendations. The specific details of each recommendation are described below.

1. EOP-004 R1: Where practical, the Event Reporting Operating Plan should assign responsibilities and actions to specific positions rather than to the SJE organization.

V. Compliance Culture

The team performed an assessment of SJE'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	1/19/2018
Management Representative	Date
Scott Nied	1/19/2018

Appendix 1

Compliance Audit Participants

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

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

SJE Participants	
Title	Entity
VP Engineering and Operations	Saint John Energy
Manager Grid Modernization	Saint John Energy
HSE and Reliability	Saint John Energy
Senior Engineer	AESI