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**AGREEMENT
ON THE IMPLEMENTATION OF THE QUÉBEC
RELIABILITY STANDARDS COMPLIANCE MONITORING AND
ENFORCEMENT PROGRAM**

BETWEEN

Régie de l'énergie, a public body established under the *Act respecting the Régie de l'énergie* (CQLR, c. R-6.01) (the "Act") with headquarters at Tour de la Bourse, P.O. Box 001, 800 rue du Square Victoria, 2nd Floor, Suite 2.55, Montréal, Québec H4Z 1A2, acting through Diane Jean, Chair, duly authorized pursuant to section 85.4 of the Act,

hereinafter referred to as "the Régie"

AND

North American Electric Reliability Corporation, a corporate body established under the *New Jersey Nonprofit Corporation Act*, New Jersey Statutes Title 15A, with headquarters at Atlanta Financial Center, 3353 Peachtree Road, N.E., Suite 600, Atlanta, Georgia, United States, 30326, acting through Gerald W. Cauley, President and Chief Executive Officer, duly authorized pursuant to Article VI, Section 1, of the *Bylaws of the North American Electric Reliability Corporation*,

hereinafter referred to as "NERC"

AND

Northeast Power Coordinating Council, Inc., a corporate body established under Section 402 of the *New York State Not-for-Profit Corporation Law*, with headquarters at 1040 Avenue of the Americas, 10th floor, New York, New York, United States, 10018, acting through Edward A. Schwerdt, President and Chief Executive Officer, duly authorized pursuant to the *Amended and Restated Bylaws of Northeast Power Coordinating Council, Inc.*,

hereinafter referred to as "NPCC."

WHEREAS the Government of Québec pursuant to section 85.4 of the Act, has, through decree number 443-2009 of April 8, 2009, authorized the Régie to enter into an agreement with NERC and NPCC, which agreement was signed on May 8, 2009;

WHEREAS in accordance with the terms of the said agreement, specific procedures and a specific program for the monitoring of the application of electric power transmission Reliability Standards in Québec, respectively the "Québec Rules of Procedure for Compliance Services (QROP) by the North American Electric Reliability Corporation" and the "Québec Compliance Monitoring and Enforcement Program (QCMEP) for Implementation by Northeast Power Coordinating Council, Inc.," were submitted by the Régie to a consultation with the entities subject to the Reliability Standards;

WHEREAS the Régie has received comments from various entities that may be subject to the Reliability Standards;

WHEREAS the agreement of May 8, 2009, provides that, subsequent to the said consultation and upon authorization from the Government of Québec, a second agreement

1 shall detail the mandates granted by the Régie to NERC and to NPCC with respect to the
2 implementation of the said procedures and program for the monitoring of the application of
3 electric power transmission Reliability Standards in Québec and the provision of opinions
4 and recommendations to the Régie in this regard;

5
6 **WHEREAS** the “Québec Reliability Standards Compliance Monitoring and Enforcement
7 Program (QCMEP)” (the “QCMEP”) replaces the “Québec Compliance Monitoring and
8 Enforcement Program (QCMEP) for Implementation by Northeast Power Coordinating
9 Council, Inc.”;

10
11 **WHEREAS** this agreement (the “Agreement”) and the QCMEP take into account the
12 comments received by the Régie in the course of its consultation process and the QROP
13 have now been integrated into the Agreement and the QCMEP;

14
15 **WHEREAS**, pursuant to section 85.4 of the Act, NPCC and NERC will carry out
16 inspections or investigations provided for under Division II of Chapter III of the Act, in
17 accordance with the QCMEP;

18
19 **WHEREAS** the Régie holds the documents relating to the activities of the QCMEP and
20 must preserve and archive such documents, and that NPCC and NERC will, for the
21 performance of their responsibilities, have secure access to the computer system established
22 by the Régie for the purposes of the QCMEP;

23
24 **NOW THEREFORE**, the Régie, NERC and NPCC agree as follows:

25
26
27 **1. INTERPRETATION**

28
29 **1.1 Exclusivity and Scope of Agreement**

30
31 This Agreement sets out all the understandings reached by the parties with respect to
32 implementation of the QCMEP, which describes the means by which NPCC and NERC
33 will make inspections and investigations.

34
35 The Agreement supplements the agreement signed on May 8, 2009, insofar as it defines the
36 mandates that the Régie has granted to NERC and NPCC for the implementation of the
37 QCMEP. All documents relating to monitoring of compliance and the enforcement of
38 electric power transmission standards, including the QCMEP, are available on the Régie’s
39 website.

40
41 The Agreement should not be construed as delegating the Régie’s powers to NERC and
42 NPCC, whose services have been retained in view of their expertise in the assessment and
43 monitoring of electric power transmission Reliability Standards.

44
45 The parties acknowledge that they have received a copy of the QCMEP, have read it and
46 consent to all the terms and conditions stipulated in it. Any amendment to the QCMEP is
47 subject to prior agreement between the parties.

48
49 **1.2 Governing Law and Competent Jurisdiction**

50
51 The Agreement shall be governed by the laws of Québec, and the courts of Québec shall
52 have exclusive jurisdiction to settle any disputes arising therefrom.

53
54 **1.3 Headings**

55
56 The headings of the Agreement are for convenience of reference only and shall not define,
57 limit, or otherwise affect any of the terms or provisions thereof.

1 **1.4 Definitions**

2
3 **1.4.1 Compliance Audit:** A systematic, objective review and examination of records
4 and activities to determine whether a Registered Entity meets the requirements of
5 applicable Reliability Standards.

6
7 **1.4.2 Spot Check:** A process in which NPCC requests that a Registered Entity provide
8 information to support the Registered Entity’s Self-Certification, Non-Compliance Self-
9 Reporting, or Periodic Data Submittal, and to assess whether the Registered Entity
10 complies with Reliability Standards. A Spot Check may also be random or initiated in
11 response to events, as described in the Reliability Standards, or by operating problems or
12 system events. A Spot Check may require an on-site review to complete.

13
14 **1.4.3 Reliability Coordinator:** The entity designated by the Régie pursuant to section
15 85.5 of the Act.

16
17 **1.4.4 Required Date:** The date given to a Registered Entity in a notice from the Régie
18 or NPCC by which some action is required. The Required Date will allow the Registered
19 Entity a reasonable period of time in which to take the required action, given the
20 circumstances and the action required.

21
22 **1.4.5 Non-Compliance Self-Reporting:** A report filed promptly by a Registered
23 Entity which considers, based on its own assessment, that it does not comply with a
24 Reliability Standard, and which wants to submit as soon as possible the actions it has
25 implemented or is planning to implement to resolve the Non-Compliance.

26
27 **1.4.6 Self-Certification:** Attestation by a Registered Entity of compliance or Non-
28 Compliance with, or non-applicability of, a Reliability Standard requirement for which
29 Self-Certification is required under the monitoring provisions of the Implementation Plan.

30
31 **1.4.7 Compliance Investigation:** A comprehensive investigation, which may include
32 an on-site inspection with interviews of the Registered Entity’s personnel, to determine if
33 a Non-Compliance with a Reliability Standard has occurred.

34
35 **1.4.8 Registered Entity:** Any owner or operator of transmission systems or facilities,
36 owner or operator of production facilities, distributor, or user of the electric power
37 transmission system registered in the Register of entities subject to Reliability Standards.

38
39 **1.4.9 Data Repository:** A computerized, secure electronic data and information
40 storage repository system controlled and maintained by the Régie and located within the
41 Province of Québec. Information, data and documents related to activities of the QCMEP
42 whether filed by a Registered Entity, or created or obtained by the Régie, NPCC, or NERC
43 are stored on the Data Repository.

44
45 **1.4.10 Sanction Guide for the Enforcement of the Reliability Standards in effect in**
46 **Québec:** A document specifying the guidelines for imposing a financial penalty or sanction
47 when the Régie determines, pursuant to section 85.10 of the Act, that a failure to comply
48 (violation) with a Reliability Standard has occurred.

49
50 **1.4.11 Restricted Information:** Highly sensitive data of a i) security nature or ii)
51 commercial or proprietary nature whose circulation or consultation are restricted by the
52 Régie, and which cannot be taken or transmitted outside Québec in any format.

53
54 **1.4.12 Non-Public Information:** Except where the Régie rules otherwise, and unless
55 designated by the Régie with a more restrictive designation such as Privileged, Restricted
56 or Personal, all information, data and documents created or obtained in activities related to

the QCMEP by the Régie, NPCC, NERC, or a Registered Entity are Non-Public Information. Information that is already public or that becomes public is excluded.

1.4.13 Privileged Information: Information that neither the Régie nor NPCC are required by law to disclose, for example, advice or opinions furnished by NPCC, NERC or Régie staff to the Régie in an adjudicative context.

1.4.14 Inspection: Pursuant to paragraph 2 of section 85.4 and section 44 of the Act, entry by a representative of NPCC, NERC or the Régie upon the property of a Registered Entity to examine and make copies of books, records, accounts, files and other documents or require any information pertaining to the application of the Act, and the production of any related document.

1.4.15 Day: A calendar day, unless otherwise specified.

1.4.16 Act: The *Act respecting the Régie de l'énergie* (CQLR, c. R-6.01).

1.4.17 Remedial Action (“measures...to correct” pursuant to section 85.12.1 of the Act): An action ordered by the Régie pursuant to section 85.12.1 of the Act when an inspection or inquiry reveals that an entity is in Non-Compliance with a Reliability Standard and is thus seriously compromising the reliability of electric power transmission.

1.4.18 Non-Compliance: Identification of a possible failure by a Registered Entity to comply with the Reliability Standard that is applicable to the Registered Entity that has occurred or is occurring and for which the NPCC may send a notice of Non-Compliance and which may result in a decision by the Régie, including but not limited to decisions regarding failure to comply (violation), Remedial Action, financial penalty or sanction and Mitigation Plan.

1.4.19 Reliability Standards: Set of standards and their appendices adopted by the Régie under section 85.7 of the Act to provide for the reliability of electric power transmission in Québec.

1.4.20 NERC: North American Electric Reliability Corporation. It has delegated certain authority to eight (8) regional entities within the United States portion of North America subject to its oversight.

1.4.21 NPCC: Northeast Power Coordinating Council, Inc., the NERC regional entity for Northeastern North America.

1.4.22 Participant: Representative of the Régie, a Registered Entity, NERC or NPCC, designated for the purposes of a Compliance Audit or any other purpose under the QCMEP.

1.4.23 Complaint: An allegation that a Registered Entity might have failed to comply with a Reliability Standard.

1.4.24 Implementation Plan: An annual plan prepared by NPCC and submitted to the Régie for approval, including (1) all Reliability Standards identified by the Régie for active monitoring in Québec during the year, (2) the QCMEP methods to be used by NPCC for compliance monitoring, assessment and reporting of each Reliability Standard, (3) NPCC’s Annual Audit Plan regarding Registered Entities, (4) a schedule for Self-Certification and (5) a schedule for Periodic Data Submittals.

1.4.25 Mitigation Plan (“compliance plan” pursuant to section 85.12 of the Act): The set of actions identified by a Registered Entity to (i) correct a violation or Non-

Compliance and (ii) prevent their re-occurrence. It becomes effective once ordered by the Régie pursuant to section 85.12 of the Act.

1.4.26 Annual Audit Plan: A plan included in the Implementation Plan that specifies the Reliability Standards and Registered Entities to be audited and the schedule of Compliance Audits for the calendar year.

1.4.27 Québec Reliability Standards Compliance Monitoring and Enforcement Program (QCMEP): Program describing the processes used to monitor and assess compliance with the Reliability Standards adopted by the Régie and the procedures in place to ensure their enforcement.

1.4.28 Exception Reporting: Information provided by a Registered Entity indicating that it might not be complying with a requirement of a Reliability Standard (e.g., a system operating limit is exceeded). Only a subset of the Reliability Standards requires Exception Reporting.

1.4.29 Régie: Régie de l'énergie du Québec.

1.4.30 Register of entities subject to Reliability Standards (the "Register"): List, approved by the Régie pursuant to section 85.13 of the Act, of Registered Entities subject to Reliability Standards and their functions, and of the facilities, systems and equipment subject to these Standards. Use of the Register is limited to QCMEP administration.

1.4.31 Personal Information: Confidential information which, in a document, concerns a natural person and allows that person to be identified. Such information must be dealt with in accordance with the *Act respecting access to documents held by public bodies and the protection of personal information* (CQLR, c. A-2.1).

1.4.32 Periodic Data Submittals: Submittals of data by Registered Entities within a timeframe required by a Reliability Standard, on a schedule stipulated in the Implementation Plan, or upon additional request by NPCC with the Régie's approval.

2. REPRESENTATIVES

For the purposes of the application of the Agreement, the Régie designates J. E. Alain Daneau, Executive Director, Planning and Regulation, as its representative. NERC and NPCC designate Charles A. Berardesco, Senior Vice President & General Counsel, and Edward A. Schwerdt, President and Chief Executive Officer, as their respective representative. Each of the parties undertakes to expeditiously give notice to the other parties of any change in its representative.

3. PURPOSE OF THE AGREEMENT

The Régie hereby retains the services of NERC and NPCC to monitor and assess the compliance of Registered Entities in Québec with the Reliability Standards adopted by the Régie with respect to electric power transmission in Québec in accordance with the Implementation Plan prepared by NPCC and submitted each year to the Régie for approval after prior review by NERC.

4. UNDERTAKING OF THE RÉGIE

The Régie undertakes to set up a Data Repository for the implementation of activities relating to monitoring and the enforcement of electric power transmission Reliability Standards and the filing of documents relating to the QCMEP.

1
2 The Régie shall grant NERC and NPCC secure access to information in the Data
3 Repository for the performance of their respective duties under the Agreement and the
4 QCMEP.

5
6 The Régie undertakes to provide NPCC and NERC remote access to Non-Public
7 Information on the Data Repository for the performance of their respective duties.

8
9 With respect to audits of NPCC, the Régie undertakes to ensure the scope, schedule and
10 frequency of audits are reasonable.

11
12
13 **5. UNDERTAKINGS OF NERC AND NPCC**

14
15 **5.1** NPCC undertakes to implement the QCMEP and to make relevant
16 recommendations to the Régie.

17
18 **5.2** NPCC undertakes to report to the Régie its assessment as to whether an entity may
19 have failed to comply with the Reliability Standards adopted by the Régie. It shall also
20 submit to the Régie its recommendations with respect to the actions to be taken to ensure
21 compliance with the Reliability Standards, including recommendations on financial
22 penalties or sanctions.

23
24 **5.3** NPCC undertakes to recommend financial penalties or sanctions to the Régie on the
25 basis of the Sanction Guide for the Enforcement of the Reliability Standards in effect in
26 Québec.

27
28 **5.4** NPCC undertakes to examine the Mitigation Plan submitted by the entity concerned
29 and make a recommendation to the Régie, upon which the Régie makes a decision in
30 accordance with section 85.12 of the Act.

31
32 **5.5** NPCC undertakes to make a recommendation, after consultation with the Reliability
33 Coordinator, to the Régie concerning the need to order Remedial Actions, upon which the
34 Régie will make a decision in accordance with section 85.12.1 of the Act.

35
36 **5.6** In the performance of the responsibilities assigned to it by the Régie, NPCC is
37 authorized to issue notices, require documents, conduct investigations and inspections, and,
38 upon reasonable notice, enter the premises of a Registered Entity at any reasonable hour in
39 connection with QCMEP-related activities.

40
41 **5.7** NERC undertakes to ensure continuity of the QCMEP in the event that NPCC
42 withdraws from the Agreement or does not conform to the Agreement or other applicable
43 provisions in the carrying out of the QCMEP. In this event, all the provisions of the
44 Agreement that apply to NPCC shall apply to NERC.

45
46 **5.8** NERC undertakes to oversee the services provided by NPCC in connection with the
47 QCMEP.

48
49 **5.9** Upon request by the Régie and at a schedule agreed upon by NERC and the Régie,
50 NERC undertakes to conduct an audit to assess the performance of NPCC's work with
51 respect to the QCMEP requirements.

52
53 **5.10** After a request by the Régie for an audit of NPCC by NERC, NPCC undertakes to
54 agree with the Régie on a reasonable schedule for the audit given its scope.

55
56 **5.11** When processing information, NPCC and NERC undertake to implement data
57 management methods that address data integrity, data retention, data security and data
58 confidentiality. NPCC and NERC file management policies must include systematic and
59 orderly procedures for the retention and destruction of electronic and hard-copy data

1 relating to the QCMEP consistent with the legal and regulatory provisions applicable in
2 Québec, as specified in this Agreement.

3
4 **5.12** At the completion of a monitoring or investigation process, NPCC and NERC shall
5 destroy all information and data they hold in connection with the process after filing on the
6 Data Repository any such information or data necessary to ensure that the Data Repository
7 contains all useful information pertinent to the process. Such information shall be retained
8 by the Régie for consultation as required. NPCC and NERC shall preserve all
9 confidentiality markings in the information and data they handle.

10
11 **5.13** With the exception of the Reliability Standards and unless the Régie instructs
12 otherwise, NERC and NPCC shall provide English and French versions of the information
13 collection forms and documentation connected with the implementation of the QCMEP to
14 allow them to be posted on the Régie's website and integrated into the Data Repository.

15
16 **5.14** NERC and NPCC shall ensure that, with respect to the implementation of the
17 QCMEP, all communications in writing with Registered Entities and all documents
18 submitted to them and to the Régie are in French.

19
20 **5.15** Any meeting between NPCC or NERC and a Registered Entity, during a
21 Compliance Audit, Compliance Investigation or any other activity provided for in the
22 QCMEP, must be held in Montréal or elsewhere in Québec with simultaneous translation
23 into French, unless the participants agree otherwise.

24
25 **5.16** Hearings held by the Régie as part of the QCMEP shall take place in the Régie's
26 offices in Montréal. Hearings relating to a Non-Compliance shall be held behind closed
27 doors. NPCC may attend such hearings, even if NPCC is not requested to attend such
28 hearings by the Régie pursuant to Section 9b. NERC may attend such hearings on Non-
29 Compliances found during a Compliance Investigation it led, even if it not requested to
30 attend such hearings by the Régie pursuant to Section 9b.

31
32 **5.17** If the Régie holds a hearing relating to a Non-Compliance with a Reliability
33 Standard, NPCC must make available in the Régie's offices, for consultation and
34 reproduction by the entity concerned, all the information relevant to the Non-Compliance
35 that was prepared or obtained during the process leading to the hearing, with the exception
36 of any document or part of a document that contains Privileged Information.

37 38 39 **6. SERVICES PROVIDED**

40 41 42 **NERC**

43
44 **6.1** NERC will provide its implementation plan to NPCC by September 1 of each year,
45 or on another date as agreed by the parties; this plan will specify the Reliability Standards
46 requiring reporting by Registered Entities so that NPCC can verify compliance with
47 Reliability Standards through one of the monitoring methods described in NERC's
48 implementation plan.

49
50 **6.2** Each year, NERC will review NPCC's annual Implementation Plan to ensure that it
51 is consistent with NERC's annual implementation plan and applies fairly and impartially.

52
53 **6.3** NERC will assess NPCC's non-public *QCMEP Annual Implementation Report*
54 annually and submit its assessment to the Régie by April 1.

55
56 **6.4** NERC shall develop and provide training in auditing skills to all people who
57 participate in NPCC's Compliance Audits. Training for NPCC personnel or others who
58 serve as Compliance Audit team leaders shall be more extensive than training for technical
59 subject matter experts. Training for technical subject matter experts and NPCC personnel
60 may be delegated to NPCC.

1
2 **6.5** Upon request by the Régie, NERC shall lead a Compliance Investigation.
3
4

5 **NPCC**
6

7 **6.6** NPCC will monitor and assess compliance with the Reliability Standards in
8 accordance with the QCMEP.
9

10 **6.7** NPCC will ensure that it has sufficient and competent resources to meet its assigned
11 QCMEP-related responsibilities, including the necessary personnel to manage and
12 implement the program.
13

14 **6.8** NPCC may, with agreement from the Régie, call upon technical subject matter
15 experts or NPCC personnel to benefit from their expertise during compliance-related
16 activities. Such persons must not have any conflict of interest or any financial interest
17 connected with the outcome of their involvement in such activities, and will be considered
18 representatives of NPCC when carrying out such activities.
19

20 **6.9** The technical subject matter experts or NPCC personnel must have successfully
21 completed the auditor training provided by NERC or NPCC before taking part in a
22 Compliance Audit or Compliance Investigation as a member of an audit or investigation
23 team.
24

25 **6.10** In addition, NPCC may consult technical subject matter experts and NPCC
26 members or NPCC committee members with expertise in compliance-related activities.
27 Such persons must not have any conflict of interest or any financial interest connected with
28 the outcome of their involvement in such activities, and must comply with appropriate
29 confidentiality rules. Such persons may not, however, rule on the existence of a Non-
30 Compliance or the relevance of financial penalties or sanctions, or Remedial Actions, or
31 provide opinions on Mitigation Plans or proposed settlements submitted by the entities
32 concerned.
33

34 **6.11** NPCC will provide NERC its annual Implementation Plan by October 1 of each
35 year, or on another date as agreed by the parties.
36

37 **6.12** By November 1 of each year, or on another date as agreed by the parties, NPCC will
38 submit its Implementation Plan for the following calendar year, or the remainder of the
39 current year as appropriate, to the Régie for approval, after prior review by NERC. Once
40 approved by the Régie, this Implementation Plan and NPCC's other relevant compliance
41 documents shall be made available on the Régie's website.
42

43 **6.13** NPCC must provide the non-public *QCMEP Annual Implementation Report* to the
44 Régie, with a copy to NERC, by March 1 regarding how it carried out its responsibilities in
45 the previous calendar year, the effectiveness of the QCMEP, and changes suggested to
46 correct any deficiencies identified.
47

48 **6.14** NPCC undertakes to provide the Régie with reports and non-public summary status
49 reports, as specified in QCMEP Section 8 and to provide NERC with copies of the non-
50 public summary status reports as specified in the QCMEP Section 8.
51

52 **6.15** In the provision of its services, NPCC will use the following methods, in accordance
53 with the QCMEP and the Régie's orders: (1) Compliance Audits, (2) Self-Certifications,
54 (3) Spot Checks, (4) Compliance Investigations, (5) Non-Compliance Self-Reporting,
55 (6) Periodic Data Submittals, (7) Exception Reporting, and (8) investigations following a
56 Complaint. These methods are described below.
57

1 **6.15.1 Compliance Audits**

2
3 NPCC will conduct scheduled on-site and off-site Compliance Audits, according to the
4 schedule set forth in the Implementation Plan approved by the Régie.

5
6 NPCC may conduct a Compliance Audit not scheduled under the Annual Audit Plan as
7 necessary, with the Régie’s approval.

8
9 NPCC will give the Registered Entity advance notice of the audit, in accordance with the
10 QCMEP, and will provide it with the list of audit team members and observers, if any.

11
12 For those electric power transmission system owners and operators with primary reliability
13 responsibility (reliability coordinator, balancing authority and transmission operator), the
14 Compliance Audit will be performed at least once every three (3) years unless otherwise
15 specified in the Implementation Plan. For other Registered Entities on the Register,
16 Compliance Audits will be performed on a schedule established by NPCC and approved by
17 the Régie.

18 Audits of electric power transmission system owners and operators with primary reliability
19 responsibility will be performed on the audited entity’s site. For other Registered Entities,
20 the audit may be on-site or off-site.

21
22 **6.15.2 Self-Certification**

23
24 NPCC will prepare a Self-Certification program for approval by the Régie. This program
25 will include a schedule and the required documentation to enable the Registered Entity to
26 produce a Self-Certification of compliance with the Reliability Standards. The
27 Self-Certification program, including the schedule and the documentation, will be included
28 in the NPCC Implementation Plan to be approved by the Régie.

29
30 NPCC will make the blank Self-Certification forms available in electronic format for
31 posting on the Régie’s website.

32
33 **6.15.3 Spot Checks**

34
35 NPCC can carry out Spot Checks, as authorized or requested by the Régie, to verify or
36 confirm Self-Certifications, Non-Compliance Self-Reporting, Mitigation Plan execution,
37 and Periodic Data Submittals, or with respect to other reliability concerns.

38
39 **6.15.4 Compliance Investigation**

40
41 The Régie may request or authorize NPCC to lead a Compliance Investigation in response
42 to a system disturbance or possible Non-Compliance identified by any other means, or
43 when required by the Régie following a Complaint.

44
45 **6.15.5 Non-Compliance Self-Reporting**

46
47 NPCC will assess the Non-Compliance self-reports submitted by the Registered Entities.
48 NPCC will ensure that the blank self-reporting submittal forms are available in electronic
49 format for posting on the Régie’s website.

50
51 **6.15.6 Periodic Data Submittals**

52
53 NPCC will establish and maintain a Periodic Data Submittal process and include a schedule
54 in the Implementation Plan submitted annually to the Régie for approval. NPCC will make
55 the blank data submittal forms available in electronic format for posting on the Régie’s
56 website.

1 **6.15.7 Exception Reporting**

2
3 Some Reliability Standards require Exception Reporting as a form of compliance
4 monitoring.

5
6 Where Exception Reporting is required, such submission by Registered Entities shall be
7 reviewed by NPCC.

8
9 **6.15.8 Investigations following a Complaint**

10
11 NPCC will conduct the necessary investigations following any Complaint alleging Non-
12 Compliance which the Régie has found, on the basis of a preliminary assessment, to have
13 merit and to require investigation.

14
15
16 **7. MITIGATION PLANS FOR VIOLATIONS AND NON-COMPLIANCES**

17
18 NPCC will assess the Mitigation Plan submitted by the Registered Entity and make its
19 recommendations to the Régie, which will dispose of the matter in accordance with section
20 85.12 of the Act. NPCC will monitor implementation of the Mitigation Plan and assemble
21 and maintain the following information on the Régie Data Repository:

- 22
23 a. Name of the Registered Entity;
- 24 b. Date on which the Non-Compliance is identified and the violation is determined;
- 25 c. Monitoring method by which violation or Non-Compliance was detected
26 (Self-Certification, Non-Compliance Self-Reporting, Spot Check, Compliance
27 Audit, Compliance Investigation, investigation following a Complaint, etc.);
- 28 d. Date of notification of Non-Compliance;
- 29 e. Expected and actual completion date of the Mitigation Plan and major milestones;
- 30 f. Expected and actual completion date for each required action;
- 31 g. Accepted changes to milestones, completion dates, or scope of Mitigation Plan; and
- 32 h. Registered Entity's completion notice and documents submitted in support.

33
34 Any information that meets the definitions of Non-Public Information, Personal
35 Information, Restricted Information or Privileged Information must be handled in
36 accordance with Section 18 of the Agreement.

37
38 NPCC will provide to the Régie information regarding the progress of Mitigation Plans and
39 such information as the Régie requests.

40
41 If, in the opinion of NPCC, the Mitigation Plan has been duly completed, NPCC will so
42 advise the Régie and assemble and maintain the information listed above on the Régie Data
43 Repository.

44
45 If, in the opinion of NPCC, the Mitigation Plan has not been duly completed, NPCC will so
46 advise the Régie by means of a notice containing the following information:

- 47 i. Description of the breaches of the Mitigation Plan or of one or more Reliability
48 Standards;
- 49
50 ii. Assessment of the reliability impact of the breaches of the Mitigation Plan or of one
51 or more Reliability Standards; and
- 52
53 iii. Assessment of whether Remedial Action is required in order to safeguard the
54 reliability of the system.

8. REMEDIAL ACTIONS

The Régie may order a Registered Entity to perform Remedial Actions when an inspection or inquiry reveals that the Registered Entity is in Non-Compliance with a Reliability Standard and is thus seriously compromising the reliability of electric power transmission.

In its recommendation for Remedial Action, NPCC must:

- a. Describe the Non-Compliance;
- b. Explain its assessment of the need for Remedial Action, including the reliability impact both if the Remedial Action is undertaken and if it is not undertaken;
- c. Explain the urgency of the Remedial Action and the reason why the other means provided for in the QCMEP are insufficient to address the Non-Compliances described;
- d. Confirm that the Reliability Coordinator was consulted to ensure that the Remedial Action is not in conflict with directives issued by the Reliability Coordinator;
- e. Recommend a deadline for compliance with the Reliability Standards;
- f. Specify if the Remedial Action obviates the need for a Mitigation Plan; and
- g. Provide a draft Remedial Action order.

NPCC shall monitor the implementation of the Remedial Actions ordered by the Régie to ensure that the Registered Entity carries them out and complies with the Reliability Standards. NPCC shall assemble and maintain the same information on the Régie Data Repository as for the Mitigation Plan listed in Section 7 of this Agreement.

In the event of a Registered Entity's failure to carry out the Remedial Actions, NPCC will so advise the Régie by means of a notice containing the following information:

- i. A description of the breaches of the Remedial Actions or of one or more Reliability Standards; and
- ii. Assessment of the reliability impact of the breaches of the Remedial Actions or of one or more Reliability Standards.

9. RESOURCES

NERC and NPCC undertake to:

- a. Have competent resources that are qualified to ensure implementation of the QCMEP;
- b. Make available to the Régie staff members or other individuals whose services were retained in connection with the QCMEP when hearings or meetings with Registered Entities are held;
- c. Designate a staff member qualified to respond within five (5) business days to requests from the Régie relating to activities under this Agreement.

NPCC also undertakes to have competent resources that are qualified to monitor the Régie's orders related to the QCMEP.

1
2 The Régie undertakes to:

- 3
4 i. Designate a staff member who is thoroughly familiar with the QCMEP and the
5 Reliability Standards to serve as the contact for NERC and NPCC; and
6
7 ii. Inform NERC and NPCC in a timely fashion of any applicable amendments to the
8 law applicable in Québec affecting the terms of this Agreement and make available
9 legal counsel for any discussion of the scope of such amendments.
10

11
12 **10. REMUNERATION**
13

14 NERC and NPCC are remunerated at the beginning of each quarter for services under the
15 May 8, 2009 agreement and this Agreement. Hydro-Québec TransÉnergie and the Régie
16 split the payment as per the provisions of section 5 of the agreement of May 8, 2009.
17

18 In addition to this remuneration, the parties agree that reasonable fees incurred by NERC
19 and NPCC for any simultaneous translation or translation of documents related to the
20 delivery of services by NERC and NPCC shall be reimbursed by the Régie. These
21 translation services will be billed at cost to the Régie at the end of each quarter by NERC
22 and NPCC, separately. Terms of payment are net 30 days after receipt of the invoice.
23
24

25 **11. QCMEP IMPLEMENTATION DATE**
26

27 Implementation of the QCMEP will begin on the date set by the Régie.
28
29

30 **12. DECLARATIONS**
31

32 NERC and NPCC do hereby declare that no applicable law, contract or other legal
33 obligation prevents them from executing the Agreement and fulfilling their obligations
34 hereunder.
35

36 The Régie declares that it has been duly authorized by the Government of Québec to enter
37 into the Agreement, pursuant to section 85.4 of the Act.
38
39

40 **13. TERM, TERMINATION, AND AMENDMENT**
41

42 The Agreement is effective as of the date of the last signing by the parties.
43

44 Any party may terminate the Agreement upon one (1) year's notice to the other parties
45 concerned.
46

47 This Agreement may only be amended upon an agreement reduced to writing, executed by
48 the parties, and authorized by the government of Québec.
49
50

51 **14. DEFAULT AND CURE**
52

53 Upon the failure of a party to perform or observe any obligation of the Agreement, the
54 non-breaching party shall give written notice of such breach to the breaching party (the
55 "Default Notice"). Subject to a suspension of the following deadlines as specified below,
56 the breaching party shall have thirty (30) days from receipt of the Default Notice within
57 which to cure such breach.
58

1 If such breach is not capable of cure within thirty (30) days, the breaching party shall
2 commence such cure within thirty (30) days after notice and continuously and diligently
3 complete such cure within ninety (90) days from receipt of the Default Notice.

4
5 If cured within such time, the breach specified in such notice shall cease to exist.

6
7 Subject to the limitation specified in the following sentence, if a breach is not cured within
8 the period provided for, the non-breaching party shall have the right to declare a default and
9 terminate the Agreement by written notice at any time until cure occurs, and be relieved of
10 any further obligation hereunder. The deadlines for cure and the right to declare a default
11 and terminate the Agreement shall be suspended during the pendency of any efforts or
12 proceedings in accordance with Section 15 of the Agreement to resolve a dispute.

13
14 Termination of the Agreement does not extinguish any obligation existing at the time of the
15 termination.

16
17
18 **15. DISPUTE RESOLUTION**

19
20 In the event a dispute arises under the Agreement between the Régie, NERC and/or NPCC,
21 representatives of the parties with authority to settle the dispute shall meet and confer in
22 good faith in an effort to resolve the dispute in a timely manner. In the event the designated
23 representatives are unable to resolve the dispute within thirty (30) days or such other period
24 as the parties may agree upon, each party shall have all rights to pursue all remedies, except
25 as expressly limited by the terms of the Agreement. No party shall have the right to pursue
26 other remedies until the dispute resolution procedures of this Section 15 have been
27 exhausted.

28
29
30 **16. LIMITATION OF LIABILITY**

31
32 None of the parties to the Agreement nor any officer, director, board trustee, employee, or
33 any volunteer or member on any committee, working group, or task force of any party
34 (collectively, the “Protected Parties”), shall be held liable for any loss or damage to one or
35 more of the other parties caused by reason of any act or omission in the good faith
36 performance of their respective duties pursuant to the Agreement or in conducting activities
37 under the authority of the Act, except for liabilities arising from intentional or gross fault or
38 liabilities that are not permitted to be excluded or limited pursuant to applicable law in
39 Québec. This Section 16 shall survive termination of the Agreement and no amendment or
40 repeal of this Section 16 shall eliminate or reduce the protection offered hereby to the
41 Protected Parties.

42
43
44 **17. ASSIGNMENT**

45
46 Subject to Section 5.7, NERC and NPCC may not assign their respective rights and
47 obligations under the Agreement without the consent of the Régie.

48
49
50 **18. CONFIDENTIALITY**

51
52 **18.1** All data related to the QCMEP that is not public information is designated as
53 Restricted Information, Privileged Information, Personal Information or Non-Public
54 Information.

55
56 **18.2** Privileged Information may only be disclosed to personnel explicitly designated by
57 the Régie and cannot be disclosed to third parties.

1 **18.3** Restricted Information can only be consulted by designated personnel in the
2 performance of their duties under the QCMEP at the offices of the Registered Entity, or, if
3 available, at the offices of the Régie.

4
5 **18.4** Personal Information cannot be accessed from outside Québec, nor sent or brought
6 out of Québec, in accordance with the Act respecting access to documents held by public
7 bodies and the protection of personal information (CQLR, c. A-2.1).

8
9 **18.5** NPCC and NERC cannot remotely access Restricted Information or Personal
10 Information.

11
12 **18.6** NPCC and NERC can remotely access Non-Public Information on the Data
13 Repository for the performance of their respective duties under the Agreement and the
14 QCMEP. Non-Public Information may not be disclosed or shared with any third party
15 without the written permission of the Régie.

16
17 **18.7** By default, data submitted by entities under provisions of the QCMEP is Non-
18 Public Information, unless the Régie rules otherwise.

19
20 **18.8** All data other than entity data that is generated or obtained in the implementation of
21 the QCMEP is Non-Public Information by default, unless it is Privileged Information or
22 unless the Régie rules otherwise.

23
24 **18.9** Once designated, only a Régie ruling can modify the designation of information.

25
26 **18.10** Except when an entity makes public its own information, only the Régie may make
27 information related to the QCMEP public.

28
29 **18.11** A Registered Entity may request that the Régie designate some information related
30 to the QCMEP as Restricted Information. The Régie rules on such requests.

31
32 **18.12** Any entity or party submitting information that could contain Personal Information
33 must request that the Régie designate that information as Personal Information. The Régie
34 rules on such requests.

35
36 **18.13** The parties recognize that the officers, directors, employees, representatives and
37 agents of both NERC and NPCC are already subject to codes of conduct which provide,
38 among other things, for the maintenance of confidentiality of information disclosed during
39 the course of duties performed and that such obligation includes, among other things, the
40 duty to maintain the confidentiality of information received while performing QCMEP
41 activities.

42
43 **18.14** NERC and NPCC agree to ensure that as they collect information in their work
44 under the QCMEP, they will promptly transfer this information into the Data Repository
45 and destroy the information in their possession so as to effectively transfer possession to
46 the Régie. NERC and NPCC recognize that the information to support the implementation
47 of the QCMEP is stored within Québec and is possessed by the Régie only.

48
49 **18.15** The Régie administers the access to the Data Repository. It will maintain a register
50 of authorized personnel and accesses will be logged. The content of the logs are Non-Public
51 Information, except where the Régie rules that it is Privileged Information. The Régie rules
52 on any requests to review the register.

53
54 **18.16** The access codes the Régie provides NERC and NPCC personnel to access specific
55 information within the Data Repository belong to the Régie, are issued and modified at the
56 discretion of the Régie, and may not be shared between personnel, nor disclosed to any
57 other party, without the written consent of the Régie.

1 **18.17** If NPCC or NERC need to work offline with some information, written consent
2 must be obtained from the Régie and any conditions the Régie imposes for its consent must
3 be respected.
4

5 **18.18** In view of Sections 18.14 and 18.17, little information will be within NERC or
6 NPCC's possession at any given time. If a party could be required to disclose information
7 in its possession, it will inform the relevant other parties prior to the release of the
8 information in order to allow the relevant party the opportunity to protect its interest. In the
9 event that the party cannot obtain relief from the requirement to disclose information, it
10 agrees to, notwithstanding Section 18.6, furnish only that portion of the information that is
11 consistent with the scope of the request and to exercise reasonable efforts to obtain
12 assurance that confidential treatment will be accorded such information. NPCC and NERC
13 will provide reasonable cooperation to the Régie and its legal counsel with respect to
14 performance of the covenants undertaken pursuant to this paragraph.
15

16 **18.19** The Régie will record in a register requests or requirements to disclose information
17 as described in Section 18.18. The Régie may make this register public on its website.
18

19 **18.20** Information that NPCC and NERC deems useful for their own future reference will
20 be stored on the Data Repository. The Régie takes possession of this information and will
21 ensure its integrity. The Régie may delete this information, consistent with its own
22 information retention policies, after obtaining comments on the proposed deletion from the
23 relevant entity, NPCC or NERC.
24

25
26 **19. THIRD PARTY BENEFICIARIES**
27

28 Nothing in the Agreement shall be construed as creating an obligation or liability to any
29 third party.
30

31
32 **20. NOTICE**
33

34 All notices, requests, formal demands and other communications required or provided for
35 in the Agreement shall be given in writing to a party at the address set forth below, or at
36 such other address as a party shall designate for itself in writing in accordance with this
37 Section, and shall be delivered by hand or reputable overnight courier.
38

39 La Régie: Mr. J. E. Alain Daneau, Executive Director, Planning and Regulation
40 Tour de la Bourse, case postale 001
41 800, rue du Square Victoria
42 2^e étage, bureau 2.55
43 Montréal (Québec) H4Z 1A2
44 Fax: 514 873-3037
45 E-mail: alain.daneau@regie-energie.qc.ca
46

47 NERC: Mr. Charles A. Berardesco, Senior Vice President & General Counsel
48 1325 G Street, N.W., Suite 600
49 Washington, D.C.
50 United States, 20005
51 Fax: 202 644-8099
52 E-mail: charlie.berardesco@nerc.net
53

54 NPCC: Mr. Damase Hebert, Compliance Attorney
55 1040 Avenue of the Americas, 10th floor
56 New York, NY
57 United States, 10018
58 Fax: 212 302-2782
59 E-mail: dhebert@npcc.org
60

1 **21. EXECUTION OF COUNTERPARTS**

2
3 The Agreement is executed in four (4) counterparts in French and four (4) counterparts in
4 English and each has the same force and effect as the original.
5
6
7
8

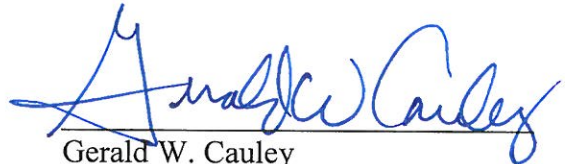
9 **IN WITNESS WHEREOF**, the parties have caused the Agreement, in French and in
10 English, both versions being regarded as equally authentic and valid, to be executed by
11 their duly authorized representative and to be in effect on the last date signed below.
12

13 Signed for and on behalf of the Régie

Signed for and on behalf of NERC

14
15
16
17 

18
19 Diane Jean
20 Chairman
21 Régie de l'énergie
22 (514) 873-2452, extension 281
23

16
17
18 

19 Gerald W. Cauley
20 President and Chief Executive Officer
21 North American Electric Reliability
22 Corporation
23 (404) 446-2560
24

25 on Sept 24 2014

on 22 September 2014

26
27 at Montreal QC

at Washington, D.C.
28
29
30
31
32

33 Signed for and on behalf of NPCC

34
35
36
37 

38
39 Edward A. Schwerdt
40 President and Chief Executive Officer
41 Northeast Power Coordinating Council, Inc.
42 (212) 840-1070
43

44
45 on 23 September 2014

46
47 at New York, NY