



Alberta Reliability Standards Compliance Monitoring Program

Version 1.1

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Reliability Compliance Monitoring Program

1. Introduction

Under Section 23 of the Transmission Regulation, the Independent System Operator (**ISO**) operating as the Alberta Electric System Operator (**AESO**) has the mandate to monitor the compliance of **market participants** with Alberta **reliability standards**.

Pursuant to its mandate under the Alberta Utilities Commission Act and other enactments, the **Market Surveillance Administrator** is the compliance enforcement authority with respect to Alberta **reliability standards**. Given the **AESO's** mandate, compliance monitoring of **market participants** will be carried out by the **AESO** as described herein. Compliance monitoring of the **AESO** will be carried out by the **WECC** under the auspices of the **Market Surveillance Administrator**, in accordance with the *WECC/MSA Services Agreement*. The overall compliance monitoring approach as applied to the **AESO** will be similar to that applied by the **AESO** with regard to **market participants**; however, the **WECC** may deviate from this Compliance Monitoring Program as the **WECC** and the **Market Surveillance Administrator** deem appropriate.

The **AESO** has established a Compliance Monitoring Program (CMP) to set forth the program it will follow as applicable to entities subject to any Alberta **reliability standard(s)**. The program identifies the tools to be used for monitoring, and provides an overview of the processes and rules for each tool. Further details on the processes and requirements are provided in guideline documents for each tool.

The CMP is developed to align with **ISO rule 12**¹. If there is a discrepancy between **ISO rule 12** and the CMP, the authoritative document will prevail over the CMP.

2. Purpose

This document sets out the framework for carrying out the compliance monitoring function for adopted **reliability standards**. This document does not define specific compliance requirements for individual Alberta **reliability standards**. Those requirements are established within each individual Alberta **reliability standards**.

3. Applicability

This document applies to registered **market participants**², the **AESO** as the **compliance monitor** for non-**ISO** registered **market participants**, and to the **AESO** as the **ISO** registered entity as applicable.

4. Definitions

Bold terms used in this document have the meanings as set out in the *ISO Consolidated Authoritative Document Glossary*.

¹ **ISO rule 12** describes the overall process and guiding principles for the **AESO** to monitor registered **market participants** for both **ISO rules** and Alberta **reliability standards**.

² See the Registration Guideline for additional information on registered **market participants**.

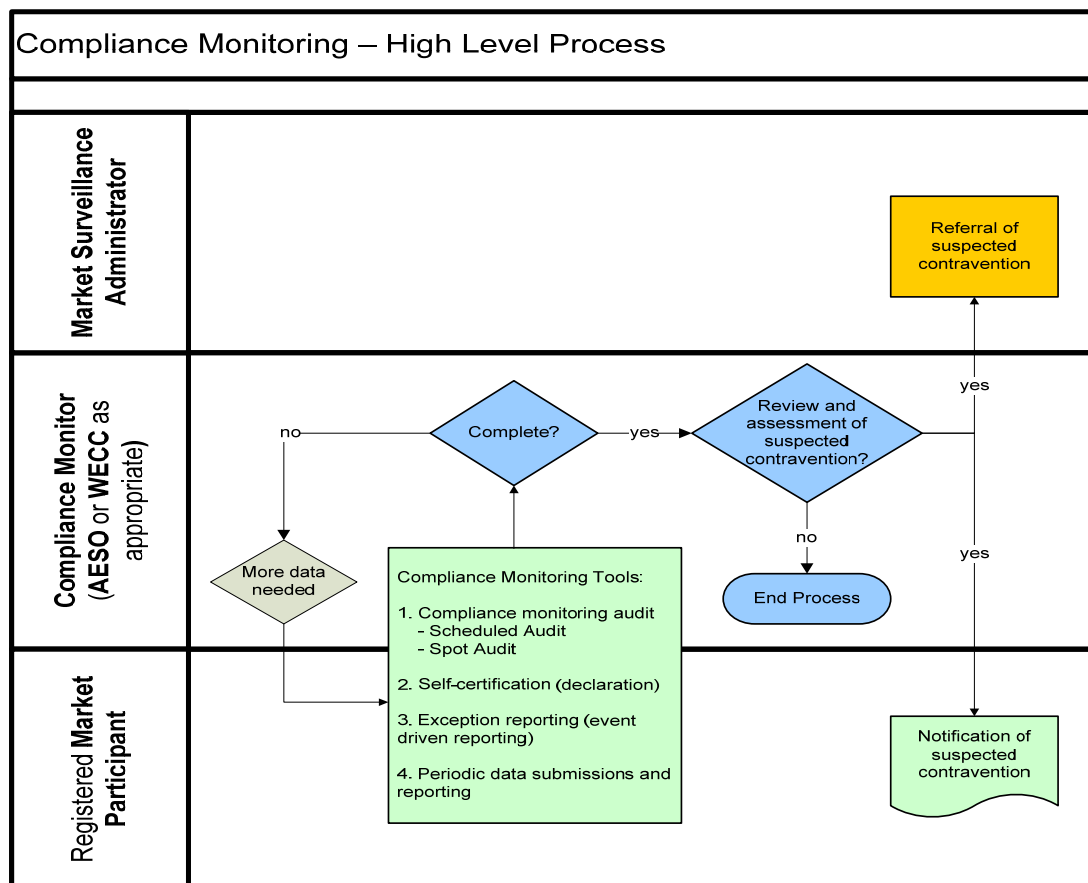
5. Compliance Monitoring Overview

The intent of the compliance monitoring function is to determine whether registered **market participants** demonstrate compliance with **reliability standards** that apply in Alberta, and to identify instances of suspected contraventions of Alberta **reliability standards**. The regular periodic application of compliance monitoring processes in combination with the enforcement agencies' actions promotes and motivates registered **market participants** to change behaviors or practices that are contrary to Alberta **reliability standards**.

The CMP is an integral part of a broader compliance and enforcement structure set out in legislation and rules including the Electric Utilities Act, Transmission Regulation Section 23, and **ISO rule 12**. As **compliance monitors**, the **AESO** and the **WECC** as applicable, have the role of verifying if a party is in compliance with applicable Alberta **reliability standards**, and making a referral to the enforcement authority if there is a party suspected of contravening an applicable Alberta **reliability standard**. The **Market Surveillance Administrator** is the enforcement authority in this structure.

The following process map provides a high level overview of the functional roles of parties involved in this process:

Figure 5.1 - Compliance Monitoring Overview



6. Monitoring Tools

This section of the CMP describes the scope, application, and process of the monitoring tools that will be used to monitor compliance with **reliability standards**. The monitoring tools are consistent with **ISO rule 12**.

Compliance monitoring, with respect to **reliability standards**, is typically carried out through the range of tools listed as follows:

- Scheduled Audit (**compliance monitoring audit**)
- Spot Audit (**compliance monitoring audit**)
- Self-Certification (declaration)
- Exception Reporting (event driven reporting)
- Periodic Data Submissions and Reporting

6.1 Compliance Monitoring Audit

6.1.1 Audit types

Through the **compliance monitoring audit**, the **compliance monitor** will systematically examine registered **market participant** compliance with applicable **reliability standards** and requirements pertaining to the registered function(s).

There are two types of **compliance monitoring audits** as follows:

a) Scheduled Audit (**compliance monitoring audit**)

Scheduled audits are carried out by review and assessment of evidence submitted by an entity being audited at the **compliance monitor's** office but not done at the operating premises/offices of that audited entity except under some circumstances as described in the *Audit Guideline*.

Scheduled audits will be carried out on a scheduled basis and will follow a regular three year cycle.

b) Spot Audit (**compliance monitoring audit**)

Spot audits are carried out by review and assessment of evidence submitted by an entity being audited at the **compliance monitor's** office or the audited entity's operating premises/offices at the **compliance monitor's** discretion.

Spot audits are not scheduled and are generally limited in scope. Spot audits are generally driven by events and may be initiated by the **compliance monitor** to:

- Verify Self-Certification, Exception Reporting, Periodic Data Submittal and applicability assessment(s);
- Perform ad-hoc assessments of compliance with **reliability standards** or requirements such as newly implemented **reliability standards**;
- Perform assessment in response to events as described in the **reliability standard(s)**;

- Perform assessment in response to a request of the **Market Surveillance Administrator**, the **Commission** or other referral (ie. **Crown**) made to the **compliance monitor**; or
- Perform assessment in response to a disturbance event on the **interconnected electric system** or an operating problem.

The scope of the **compliance monitoring audits** will not extend beyond the bounds of compliance monitoring relative to **reliability standards**.

Compliance Monitoring Audits either Scheduled or Spot will be used to monitor all registered **market participants**.

The **AESO**, as the **compliance monitor**, may conduct or appoint an auditor to conduct this audit (e.g. other audit firms), and/or may engage external subject matter experts to assist in the audit process. Through the **WECC/Market Surveillance Administrator Services Agreement**, the **Market Surveillance Administrator** has appointed the **WECC** as the auditor of the **AESO**.

6.1.2 Compliance Monitoring Audit Process

Notification of the pending audit will be provided to the registered **market participant**. Scheduled audits will have a 30 day notification issued to the registered **market participant**. Spot audits will have a 20 day notification issued to the registered **market participant**.

The registered **market participant** will gather their evidence in support of the Alberta **reliability standard(s)** listed in the audit notification and provide the evidence to the **compliance monitor**.

During the either the scheduled or spot audit, the **compliance monitor** will assess the evidence provided by the registered **market participant** to verify compliance with the applicable Alberta **reliability standard(s)**.

The **compliance monitor** will produce a draft report in accordance with **ISO rule 12** and provide the draft to the registered **market participant** for their comment(s). The **compliance monitor** will finalize the audit report. Where a suspected contravention to an Alberta **reliability standard** has been identified, the **compliance monitor** will refer the suspected contravention along with the audit report to the **Market Surveillance Administrator** in accordance with **ISO rule 12.5.2**. Notification of the referral will be made to the registered **market participant**.

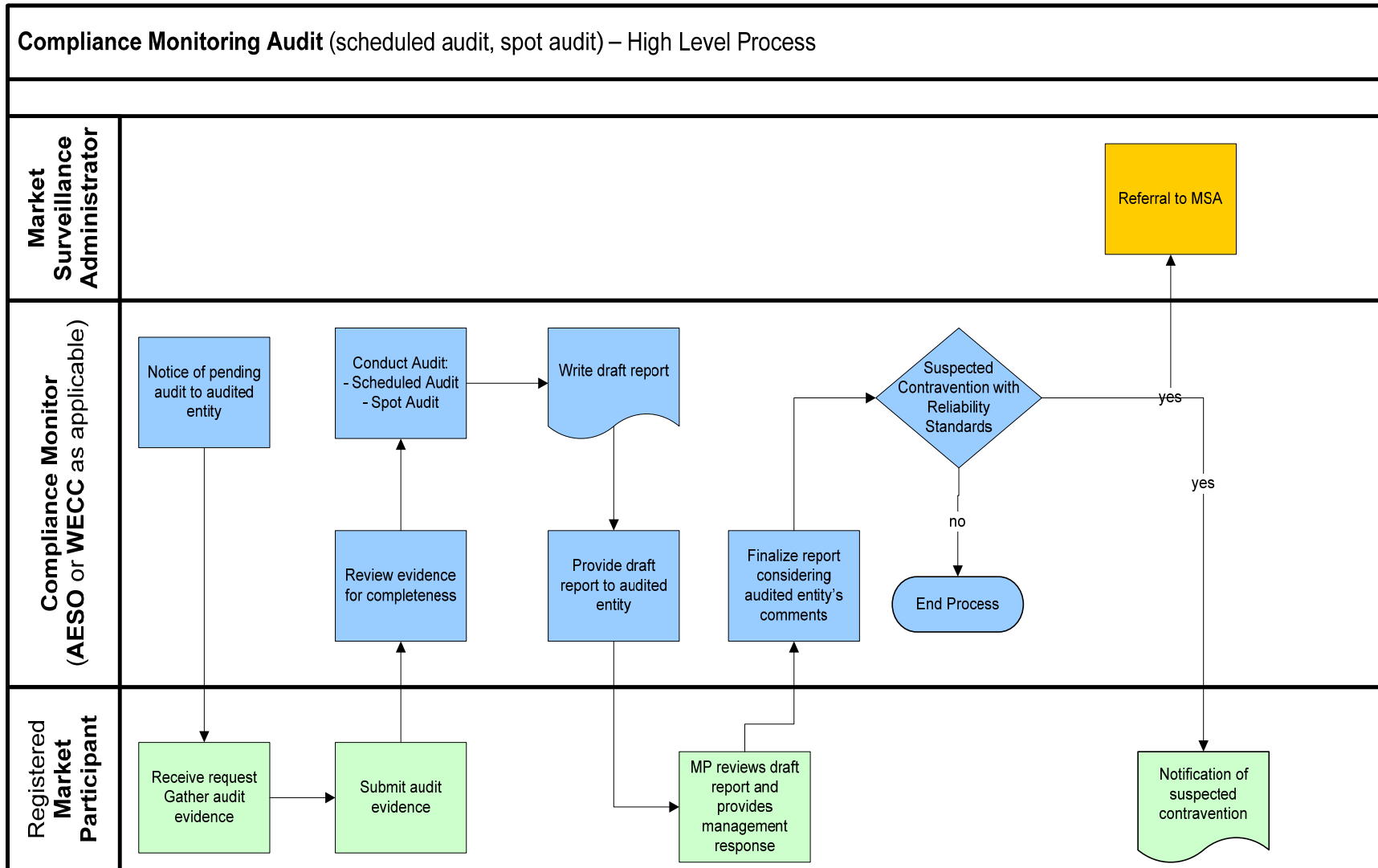
6.1.3 Process Map

A high level process map identifying the functional roles of parties involved in this process is shown in Figure 6.1.1:

6.1.4 References

For additional information, please see the *Audit Guideline*.

Figure 6.1.1: Compliance Monitoring Audit Process



6.2 Self-Certification

6.2.1 Purpose

Self-Certification – a declaration provided by a registered **market participant** to the **compliance monitor** to certify compliance with applicable Alberta **reliability standard(s)** requirements pertaining to their functional entities for that period and, if not compliant, to provide disclosure of instances of non-compliance.

A registered **market participant** accepts ownership and accountability to comply with the **reliability standards** and identifies where the entity has not been compliant.

Self-certification is required for each legal entity, including the functional entities that apply to them as a registered **market participant**. In some instances, an *Acknowledgement & Consent* may exist to formalize a single legal entity to be monitored under Alberta **reliability standards**. Where an *Acknowledgement & Consent* exists, in the event a suspected contravention to **reliability standard** has been identified, a copy of the *Acknowledgement & Consent* will be provided to the **Market Surveillance Administrator**.

6.2.2 Self-Certification Process

The **compliance monitor** will provide notification of the requirement to provide a self-certification including the self-certification period and the submittal period.

The registered **market participant** will complete their internal self-certification process and forward the executed self-certification to the **compliance monitor**. The **compliance monitor** will conduct an administrative review of the self-certification. Where the self-certification is incomplete or does not meet the prescribed format, the **compliance monitor** will provide written notification to the registered **market participant** requesting the correction and resubmission of the self-certification. The registered **market participant** will forward the revised self-certification. The **compliance monitor** will conduct a second administrative review of the self-certification. In the event a suspected contravention is identified, the **compliance monitor** will refer the suspected contravention to the **Market Surveillance Administrator** in accordance with **ISO rule 12.5.2**. Notification of the referral to the **Market Surveillance Administrator** will also be issued to the registered **market participant**.

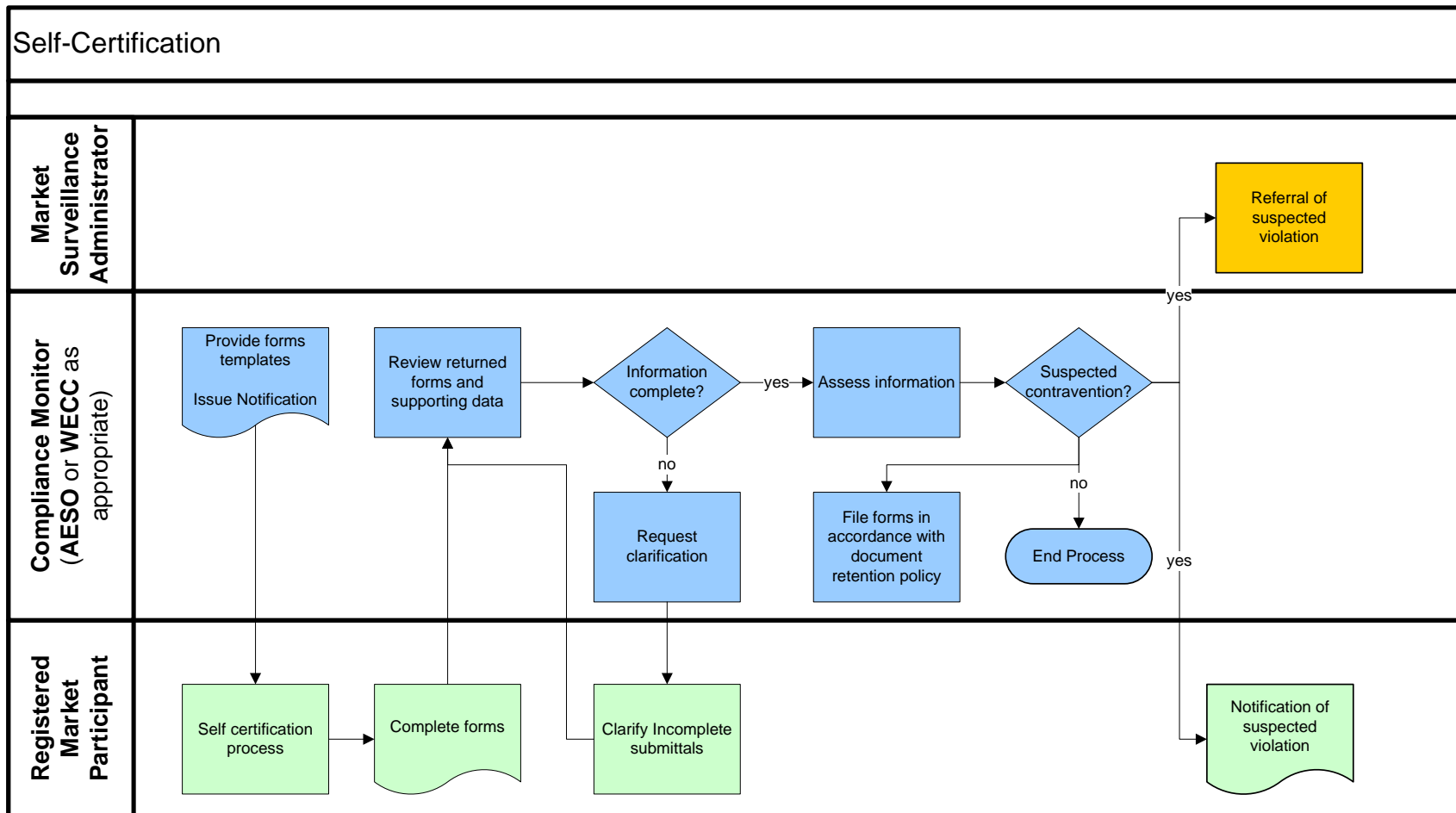
6.2.3 Process Map

A high level process map identifying the functional roles of parties involved in this process is shown in Figure 6.2.1.

6.2.4 References

For additional information on Self-Certification, please see the *Self-Certification Guideline*.

Figure 6.2.1: Self-Certification Process



6.3 Exception Reporting

6.3.1 Purpose

Exception Reporting is a monitoring process in which registered **market participants** are required to report any exceptions to the extent required by any **reliability standard** requirements relative to their registered functional entities. (e.g. – a deviation from baseline norms of the prescribed parameters indicate the potential violation of a **reliability standard** has occurred).

6.3.2 Exception Report Process

The **compliance monitor** will make reporting forms available to registered **market participants**. As exception reporting is identified as required by the registered **market participant**, the registered **market participant** will complete the exception reporting form and submit the exception report to the **compliance monitor**. The **compliance monitor** will review the exception report, and consult with subject matter experts where appropriate to verify the exception reported is acceptable. The **compliance monitor** will refer suspected contravention(s) to the **Market Surveillance Administrator** in accordance with **ISO rule 12.5.2**. Notification of the referral to the **Market Surveillance Administrator** will also be issued to the registered **market participant**.

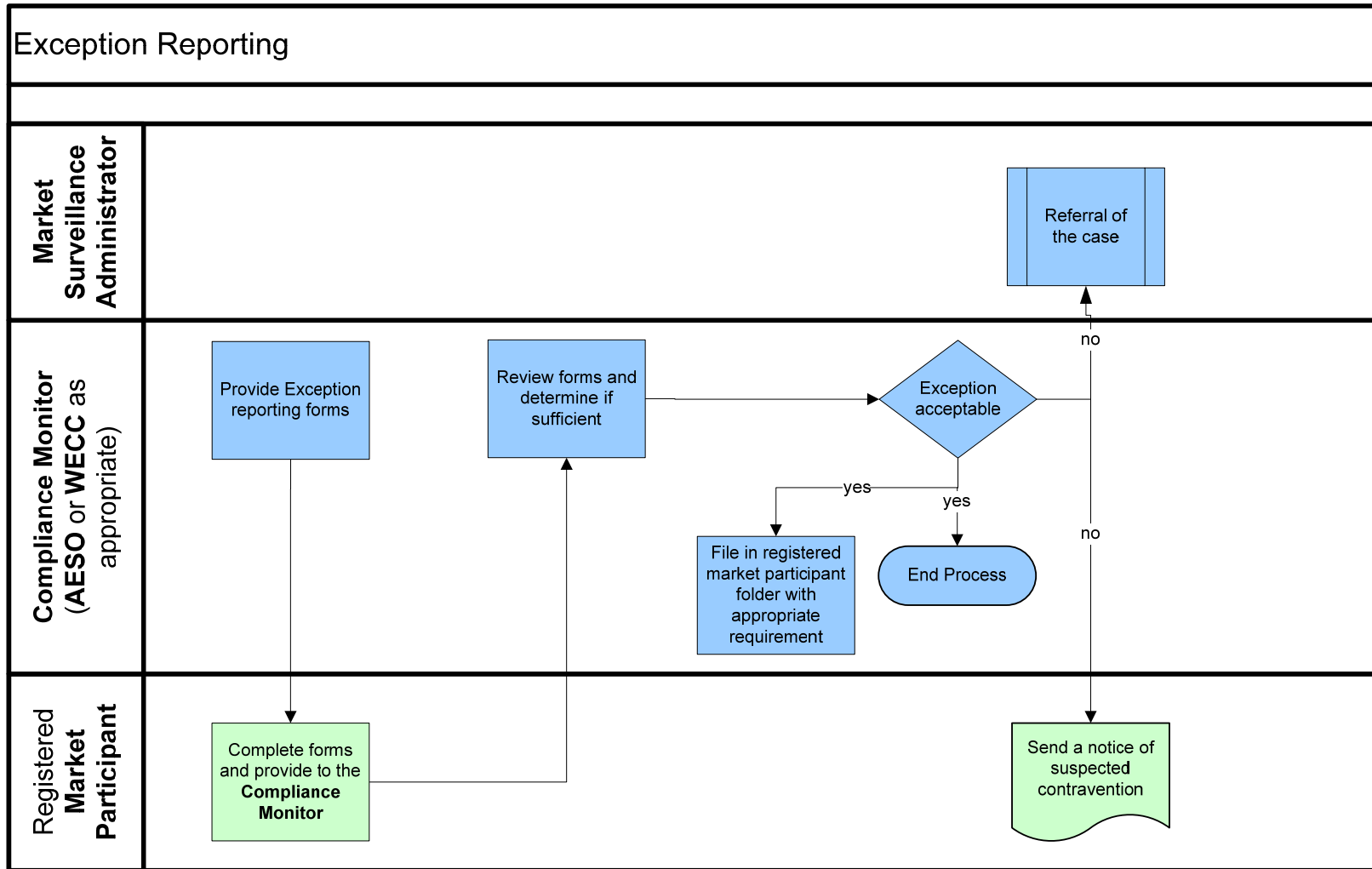
6.3.3 Process Map

A high level process map identifying the functional roles of parties involved in this process is shown in Figure 6.3.1.

6.3.4 References

For additional information on exception reporting, please see the *Exception Reporting Guideline* (to be developed).

Figure 6.3.1: Exception Reporting Process



6.4 Periodic Reporting

6.4.1 Purpose

Submission of Periodic Reporting of technical data or information as defined in an applicable **reliability standard(s)** requirements (not an additional or duplicate submission) will be submitted by a registered **market participant** for review by the **compliance monitor**. Reporting intervals and timing are defined through the applicable **reliability standard(s)** requirements.

Registered **market participants** will submit the Periodic Reporting and any required evidence to the **compliance monitor** for its verification of whether a registered **market participant** is in compliance with the requirement.

6.4.2 Periodic Reporting Process

Where an Alberta **reliability standard** has the requirement for periodic reporting, the registered **market participant** must submit their period reporting in accordance with the stated requirement. The **compliance monitor** will review the periodic reporting, and consult with subject matter experts where appropriate, to verify the periodic reporting is acceptable. The **compliance monitor** will refer suspected contravention(s) to the **Market Surveillance Administrator** in accordance with **ISO rule 12.5.2**. Notification of the referral to the **Market Surveillance Administrator** will also be issued to the registered **market participant**.

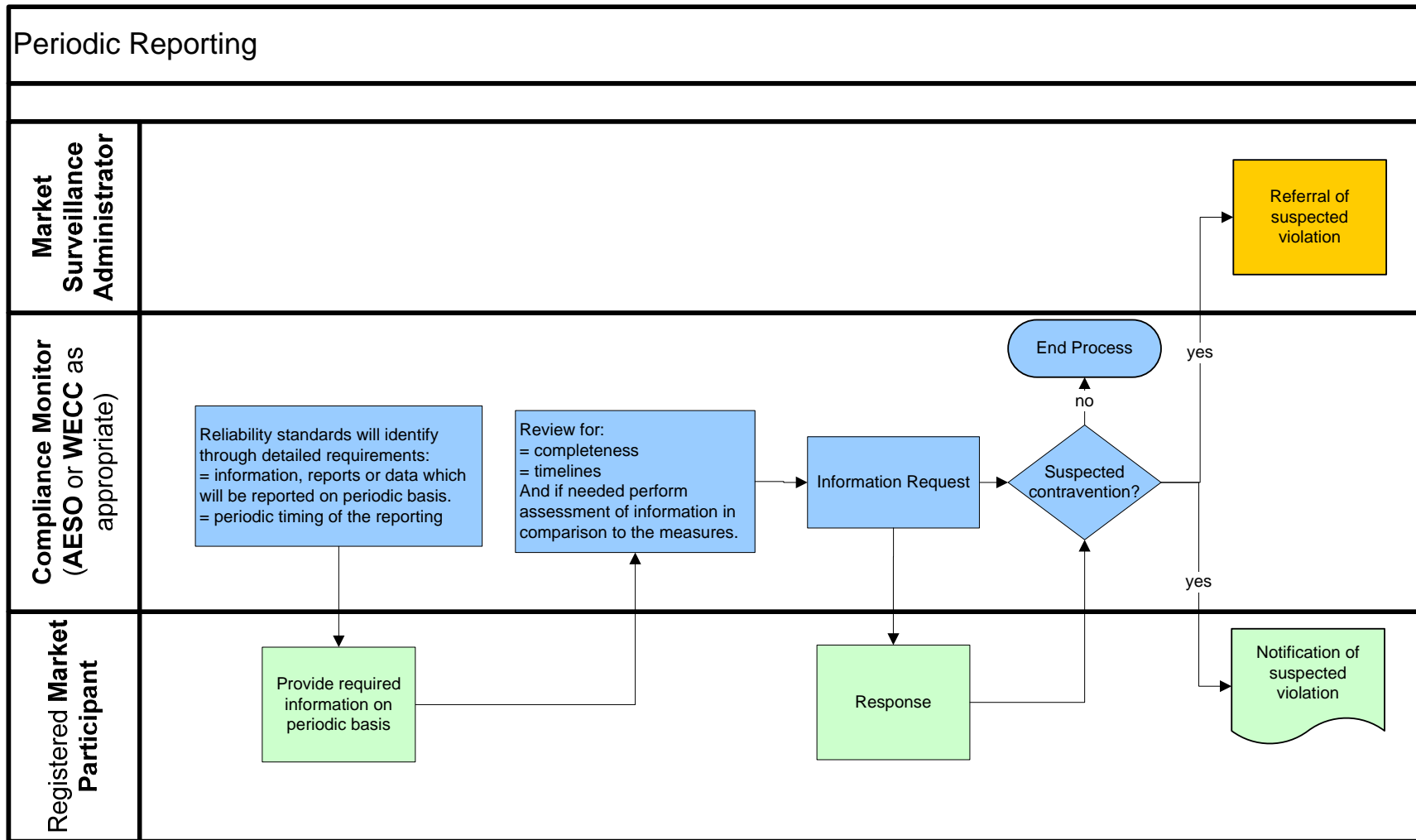
6.4.3 Process Map

A high level process map identifying the functional roles of parties involved in this process is shown in Figure 6.4.1.

6.4.4 References

For additional information on period reporting, please review the requirement under the applicable Alberta **reliability standard**, and where appropriate consult the associated Information Document for details on where to submit the periodic reporting.

Figure 6.4.1: Periodic Reporting Process



7. Revision History

This document is an **AESO** information document and not an **AESO** authoritative document. Revisions to this document may be made from time to time by the **AESO's** Compliance Department. Registered **market participants** will be notified of revisions through the stakeholder update process.

Revision	Effective Date	Description/Details
Version 1.0	March 1, 2009	Published on AESO website
Version 1.1	January 14, 2011	Update of document for the following: <ul style="list-style-type: none"> • Transition of Authoritative Documents (TOAD) formatting (i.e. <i>italics</i> to bold presentation of defined terms) • Inclusion of new ISO Consolidated Authoritative Document Glossary terms used in reliability standards under development • Detail steps within high level compliance monitoring tools have been moved to the associated Guideline document • Inclusion of the WECC as a compliance monitor and the authority it operates under.