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**Market Manual 11: Reliability  
Compliance**

**Part 11.0 Reliability  
Compliance Monitoring  
and Enforcement  
Overview**

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**Issue 1.0**

*This market manual is designed to provide market participants with an overview of the documents and processes applicable to monitoring and enforcing compliance with reliability standards in Ontario.*

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## Related Documents

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| IESO_GDE_0364 | Market Manual 11: Reliability Compliance, Part 11.1: Applicability Criteria for Compliance with NERC Reliability Standards and NPCC Criteria |
| IESO_PRO_0874 | Market Manual 11: Reliability Compliance, Part 11.2: Ontario Reliability Compliance Program  |
| IESO_CAT_0011 | Market Manual 11: Reliability Compliance, Part 11.3: Reliability Information Catalogue   |
| IESO_PRO_0875 | Market Manual 11: Reliability Compliance, Part 11.4: Ontario Bulk Electric System (BES) Exception  |
| IESO_PRO_0876 | Market Manual 11: Reliability Compliance, Part 11.5: Generation Verification   |
| MDP_PRO_0017  | Market Manual 2: Market Administration, Part 2.1: Dispute Resolution   |
| MDP_PRO_0022  | Market Manual 2: Market Administration, Part 2.6: Treatment of Compliance Issues   |
| IESO_PRO_0680 | Market Manual 2: Market Administration, Part 2.16: Ontario Technical Feasibility Exception   |
| IESO_PRO_0803 | Market Manual 2: Market Administration, Part 2.17: Compliance Auditing of Reliability Standards for Ontario Market Participants              |
| N/A           | Reliability Standards Compliance Monitoring Plan   |

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# 1. Market Manuals

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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.

– End of Section –

## 2. About This Manual

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This “Reliability Compliance Monitoring and Enforcement Overview” manual is Volume 11.0 of the *market manuals*, and provides an overview of the processes related to the Ontario reliability compliance framework for monitoring and enforcing compliance with *reliability standards*<sup>1</sup>.

This *market manual* summarizes the following set of documents:

- “Market Manual 11: Reliability Compliance, Part 11.1: Applicability Criteria for Compliance with NERC Reliability Standards and NPCC Criteria” (IESO\_GDE\_0364);
- “Market Manual 11: Reliability Compliance, Part 11.2: Ontario Reliability Compliance Program” (IESO\_PRO\_0874);
- “Market Manual 11: Reliability Compliance, Part 11.3: Reliability Information Catalogue” (IESO\_CAT\_0011);
- “Market Manual 11: Reliability Compliance, Part 11.4: Ontario Bulk Electric System (BES) Exception” (IESO\_PRO\_0875)
- “Market Manual 11: Reliability Compliance, Part 11.5: Generation Verification” (IESO\_PRO\_0876);
- “Market Manual 2: Market Administration, Part 2.1: Dispute Resolution” (MDP\_PRO\_0017)
- “Market Manual 2: Market Administration, Part 2.6: Treatment of Compliance Issues” (MDP\_PRO\_0022)
- “Market Manual 2: Market Administration, Part 2.16: Ontario Technical Feasibility Exception” (IESO\_PRO\_0680)
- “Market Manual 2: Market Administration, Part 2.17: Compliance Auditing of Reliability Standards for Ontario Market Participants” (IESO\_PRO\_0803)
- “Reliability Standards Compliance Monitoring Plan”

### 2.1 Purpose

This *market manual* is designed to provide *market participants* with an overview of the documents and processes applicable to monitoring and enforcing compliance with *reliability standards* in Ontario.

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<sup>1</sup> As defined by the *market rules*, *reliability standards* include criteria and standards established by *NERC* and *NPCC*, as well as criteria and standards set forth in the *market rules* or otherwise established by the *IESO* in accordance with the *market rules*. Where required, this *market manual* will distinguish among *market rules*, *NERC reliability standards*, and *NPCC* criteria and directories.

## 2.2 Scope

This *market manual* provides high-level process flowcharts and brief descriptions of the steps and interfaces between *market participants*, the *IESO*, and the Market Assessment and Compliance Division (MACD) of the *IESO*. It also outlines how *reliability standards* are adopted in Ontario and summarizes how these standards are monitored and enforced by MACD.

This *market manual* provides information to better understand how the *IESO's* *reliability* compliance and monitoring processes foster compliance with *reliability standards* in Ontario. *Market participants* are reminded that they remain responsible for complying with all their obligations and should consult the *market rules* and *market manuals* as required.

## 2.3 Roles and Responsibilities

### Market Participants

All *market participants* are required to comply with the *market rules*. *Market participants* that meet the applicability criteria established by the *IESO*<sup>2</sup> are also required to comply with all applicable *NERC* and *NPCC* *reliability standards*.

### Independent Electricity System Operator

The *Electricity Act, 1998* grants the *IESO* jurisdiction to maintain the *reliability* of the *IESO-controlled grid* and the statutory power to create *market rules* “establishing and enforcing standards and criteria relating to the reliability of the electricity service or the *IESO-controlled grid*”. Through the *Electricity Act, 1998* and supporting regulations, the Government of Ontario has also directed the *IESO* to be responsible for Ontario’s coordination of standards development activities with *NERC* and *NPCC*. The *IESO* has been assigned the statutory object “to participate in the development by any standards authority of criteria and standards relating to the reliability of the integrated power system”. For more information on the *IESO's* role in the *reliability standards* development process, see [the \*IESO's\* website](#).

The *IESO* created the [Reliability Standards Standing Committee](#) (RSSC) as a means to communicate changes to *reliability standards* and criteria to stakeholders and to aid in *market participants'* understanding of their *reliability* obligations. The RSSC provides a forum that engages *market participants* in the standards development process including notifications to *market participants* of new and developing *reliability standards*.

### Market Assessment and Compliance Division

The *market rules* assign to the *IESO* various functions, powers and authorities to supervise, administer and enforce the *market rules*. The *market rules* also provide the *IESO* with the general power to “undertake such monitoring as it considers necessary to determine whether *market participants* are complying with the *market rules*”. This power necessarily extends to those provisions

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<sup>2</sup> See “Market Manual 11: Reliability Compliance, Part 11.1: Applicability Criteria for Compliance with NERC Reliability Standards and NPCC Criteria”.

mandating *reliability standards* compliance in Ontario. Within the *IESO*, the responsibility of monitoring and enforcing compliance with the *market rules* and *reliability standards* has been delegated to the Vice President of MACD.

MACD is responsible for the design and implementation of the Ontario Reliability Compliance Program (ORCP), which includes publishing the annual MACD “Reliability Standards Compliance Monitoring Plan” (MACD CMP).

## Ontario Energy Board

The *Ontario Energy Board (OEB)* has statutory responsibility for regulating the electricity sector in Ontario in the manner and to the extent described in the *Electricity Act, 1998*, the *Ontario Energy Board Act, 1998*, and other applicable statutes. This includes certain legislative authorities in relation to new and amended *market rules and reliability standards*. The *OEB* also has appellate functions in relation to certain decisions made under the *market rules*. These decisions are, a) an order requiring to payment of a financial penalty greater than \$10,000, b) an order denying a person authorization to participate in the *IESO-administered markets* or to cause or permit electricity to be conveyed into, through or out of the *IESO-controlled grid*, and c) an order terminating, suspending or restricting the person’s rights to participate in the *IESO-administered markets* or to cause or permit electricity to be conveyed into, through or out of the *IESO-controlled grid*.

## North American Electric Reliability Corporation and the Northeast Power Coordinating Council

*NERC* and *NPCC* are identified under the *Electricity Act, 1998* as *standards authorities* that approve standards and criteria “relating to the reliable operation of the integrated power system”.

*NERC* and *NPCC* are signatories to a Memorandum of Understanding (MOU) with the *IESO* and an MOU with the *OEB*. These MOUs reflect the roles of each party in developing *reliability standards*, and monitoring and enforcing *reliability standards* in Ontario. For more information about these MOUs, see [the IESO website](#).

## 2.4 Who Should Use This Manual

This *market manual* is primarily intended for use by *market participants* required to comply with applicable *reliability standards*.

## 2.5 Conventions

The standard conventions followed in this *market manual* are as follows:

- Names of roles and systems are capitalized;
- The word ‘shall’ denotes a mandatory requirement;
- Terms and acronyms in this *market manual* including all parts thereto that are italicized have the meanings ascribed thereto in Chapter 11 of the *market rules*; and
- Double quotation marks are used to indicate titles of legislation, publications, forms and other documents.

**– End of Section –**

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## 3. Process Flowcharts and Descriptions

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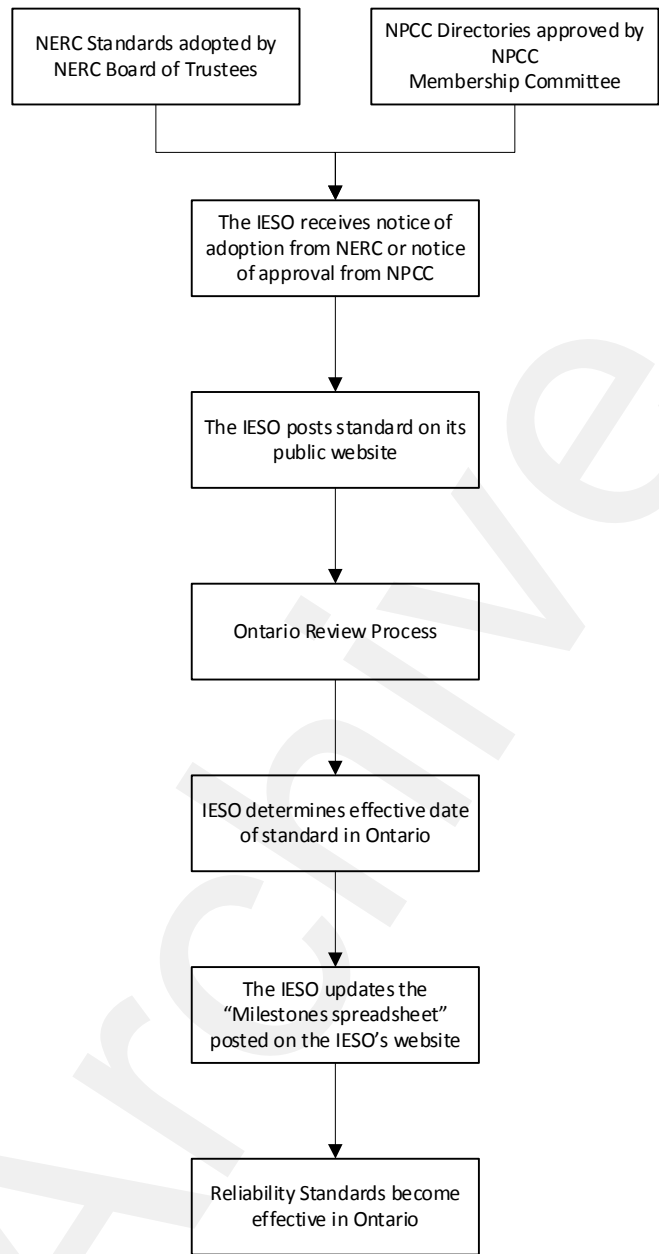
The section provides high-level flowcharts and brief descriptions of the processes that underpin the Ontario reliability compliance framework for monitoring and enforcing compliance with *reliability standards*, including references to the documents and web pages that describe these processes in more detail.

### 3.1 Market Manual 11: Reliability Compliance, Part 11.1: Applicability Criteria for Compliance with NERC Reliability Standards and NPCC Criteria

This *market manual* is limited to the applicability of *NERC reliability standards* and *NPCC* criteria and directories for those *market participants* and associated *facilities* that meet the criteria set out in the document.

Figure 3–1 depicts the high-level workflow of the process through which *NERC reliability standards* and *NPCC* criteria and directories become enforceable in Ontario. Table 3-1 provides a high level description of each process step and event, and references source documents and websites.

Figures 3–2 and 3-3 depict the high-level workflow of the processes used to identify *market participants* required to comply with *NERC reliability standards* and *NPCC* criteria and directories. Tables 3-2 and 3-3 provide a high level description of each process step and event, and references source documents and websites.

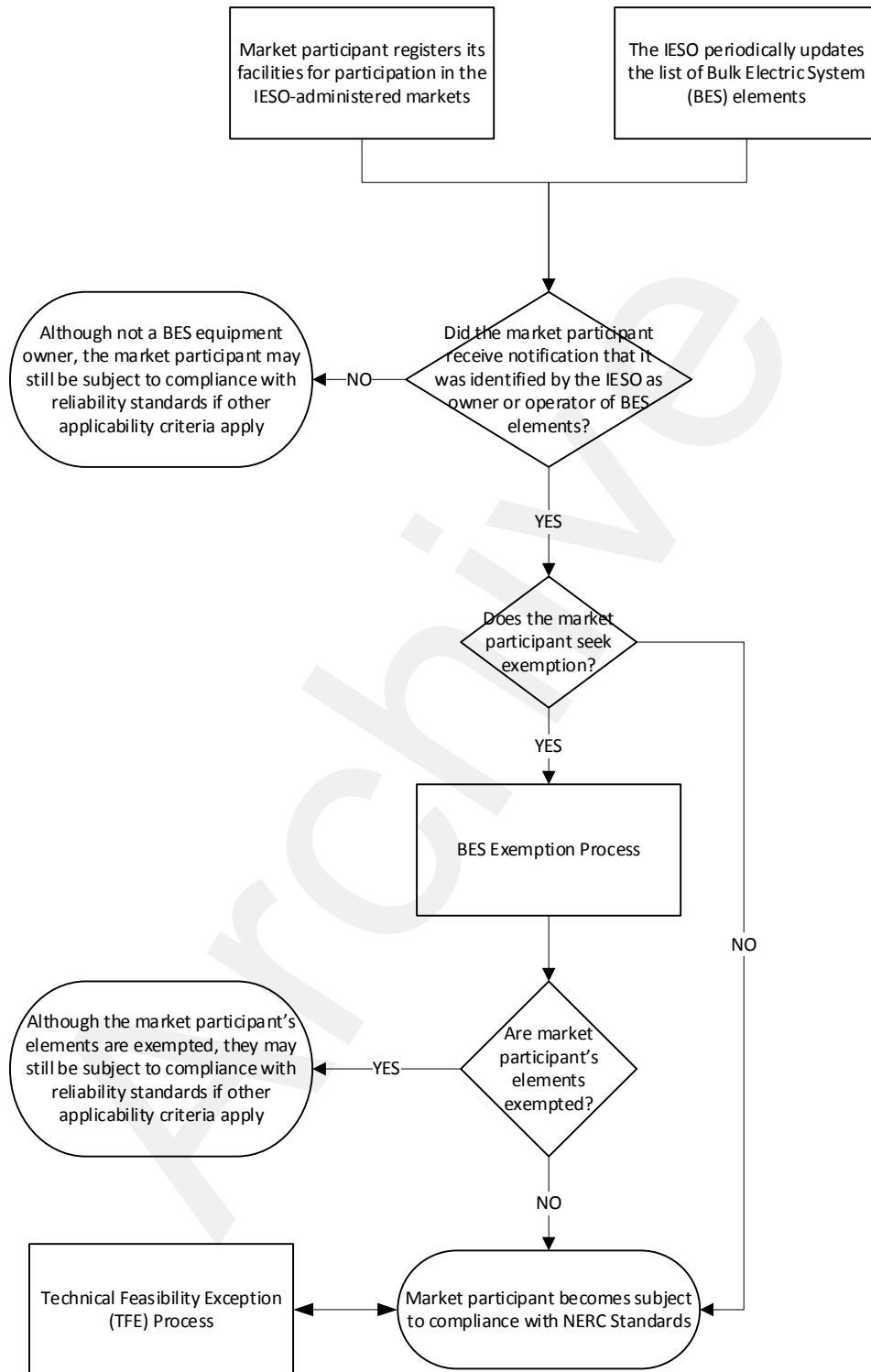


**Figure 3–1: Process for adopting reliability standards in Ontario**

Table 3–1: Process for adopting reliability standards in Ontario

| Process/Event   | Description   | Reference   |
|---|---|---|
| NERC Standards adopted by NERC BOT  | NERC Board of Trustees adopts new or amended <i>reliability standard</i> (or regional standard) in accordance with NERC’s Rules of Procedure.   | <ul style="list-style-type: none"> <li>• <a href="#">NERC website</a></li> </ul>  |
| NPCC Directories approved by NPCC Membership Committee                                | NPCC Members approve new or amended criteria or directory in accordance with NPCC’s “Directory Development and Revision Manual and Process for the Review and Approval of Criteria, Guidelines, and Procedures”.  | <ul style="list-style-type: none"> <li>• <a href="#">NPCC website</a></li> </ul>  |
| The IESO receives notice of adoption from NERC or notice of approval from NPCC        | The IESO receives notice of adopted and approved <i>reliability standard</i> from a <i>standards authority</i> (NERC or NPCC)   | <ul style="list-style-type: none"> <li>• <a href="#">IESO website</a></li> <li>• <a href="#">Electricity Act</a></li> </ul>   |
| The IESO posts standard on its public website   | The IESO publishes the new or amended <i>reliability standard</i> on its website within seven days of being notified by a <i>standards authority</i> (NERC or NPCC)   | <ul style="list-style-type: none"> <li>• <a href="#">IESO website</a></li> <li>• <a href="#">Electricity Act</a></li> </ul>   |
| Ontario Review Process  | This process allows the OEB or any person to make an application for review of a <i>reliability standard</i> as prescribed in section 36.2 of the <i>Electricity Act, 1998</i> .  | <ul style="list-style-type: none"> <li>• <a href="#">IESO website</a></li> <li>• <a href="#">Electricity Act</a></li> <li>• <a href="#">Market Rules (Chapter 5, sections 1.2.6 and 1.2.7)</a></li> </ul> |
| NERC notifies industry of approval in the US and effective date of standard in the US | FERC-approved <i>reliability standards</i> become mandatory and enforceable in the U.S. on a date established in the orders approving the standards. NERC publishes the list of approved <i>reliability standards</i> and their effective date on their website.  | <ul style="list-style-type: none"> <li>• <a href="#">NERC website</a></li> </ul>  |
| IESO determines effective date of standard in Ontario                                 | The IESO determines the effective date of <i>reliability standards</i> in Ontario in accordance with Chapter 5, sections 1.2.6 and 1.2.7 of the <i>market rules</i> .   | <ul style="list-style-type: none"> <li>• <a href="#">IESO website</a></li> <li>• <a href="#">Market Rules (Chapter 5, Sections 1.2.6 and 1.2.7)</a></li> </ul>  |
| The IESO updates the “Milestones spreadsheet” posted on the IESO’s website            | The IESO publishes in the “Milestones in Reliability Standard Development and Lifecycle” spreadsheet the dates when <i>reliability standards</i> become enforceable and the dates when they are retired in Ontario. For <i>reliability standards</i> that require longer implementation timeframes, the IESO also publishes standard-specific implementation plans that identify when each requirement of these standards becomes enforceable in Ontario. | <ul style="list-style-type: none"> <li>• <a href="#">IESO website</a></li> </ul>  |
| Reliability Standards become effective in Ontario                                     | <i>Reliability standards</i> are declared in force in Ontario pursuant to Chapter 5, sections 1.2.6 and 1.2.7 of the <i>market rules</i> .  | <ul style="list-style-type: none"> <li>• <a href="#">IESO website</a></li> <li>• <a href="#">Market Rules (Chapter 5, Sections 1.2.6 and 1.2.7)</a></li> </ul>  |





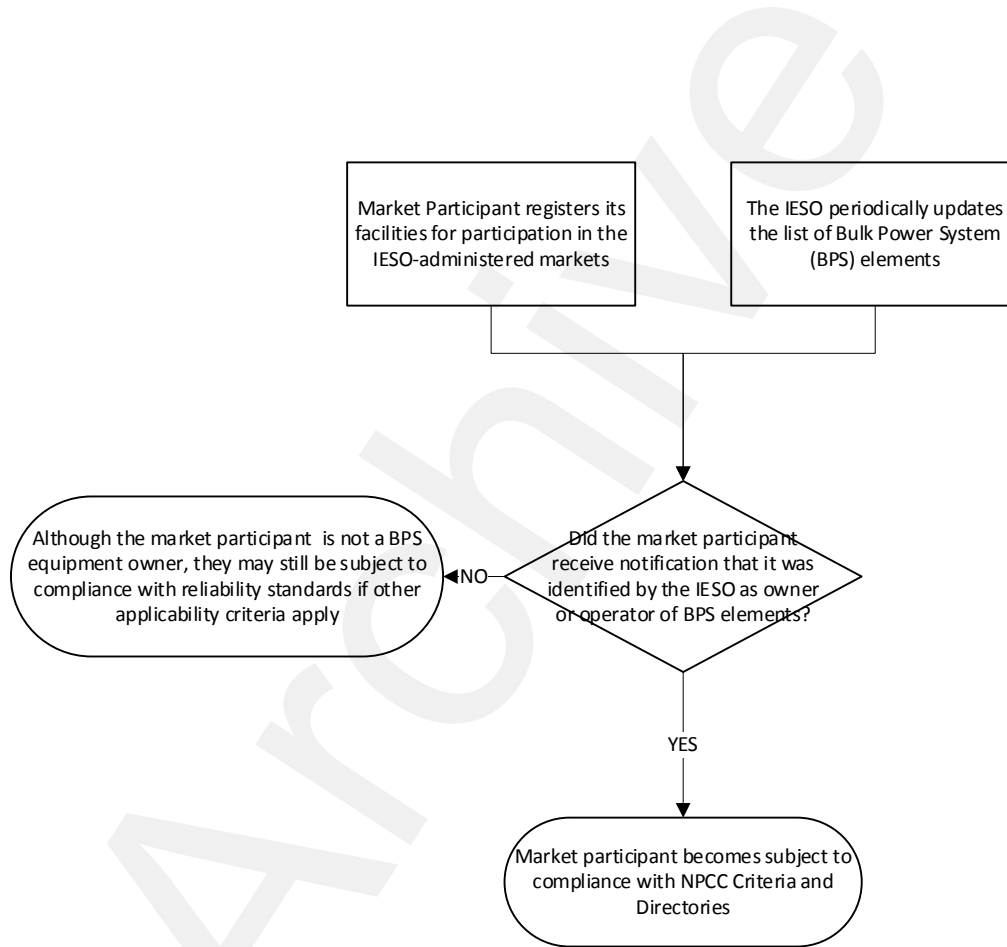
**Figure 3–2: Identification of market participants required to comply with NERC standards**

Table 3–2: Identification of market participants required to comply with NERC standards

| Process/Event   | Description   | Reference  |
|---|---|--|
| Market Participant registers its facilities for participation in the IESO-administered markets  | <i>IESO's</i> Connection Assessment and Facility Registration processes help to ensure that any new or modified <i>facility</i> connecting to the <i>IESO-controlled grid</i> meets all applicable requirements and standards, including <i>reliability standards</i> , such that the <i>facility</i> does not jeopardize the <i>reliability</i> and performance of the <i>IESO-controlled grid</i> .   | <ul style="list-style-type: none"> <li>• <a href="#">IESO Website</a></li> </ul>   |
| The IESO periodically updates the list of Bulk Electric System (BES) elements   | The <i>IESO</i> applies the Bulk Electric System (BES) definition applicable in Ontario to determine the list of <i>BES</i> elements connected to the <i>IESO-controlled grid</i> . This list is updated as new or modified <i>facilities</i> are being connected to the <i>IESO-controlled grid</i> .  | <ul style="list-style-type: none"> <li>• <a href="#">BES Definition (Presentation)</a></li> </ul>  |
| Did the market participant receive notification that it was identified by the IESO as owner or operator of BES elements?  | <i>Market participants</i> receive a first indication that the <i>IESO</i> has identified them as owners or operators of <i>BES</i> elements during the <i>Connection Assessment</i> process. A formal notification is sent during the Facility Registration process.   | <ul style="list-style-type: none"> <li>• <a href="#">IESO website</a></li> <li>• <a href="#">IESO website</a></li> </ul>   |
| Although not a BES equipment owner, the market participant may still be subject to compliance with reliability standards if other applicability criteria apply    | Although not a BES equipment owner, the <i>market participant</i> may still be subject to compliance with reliability standards if other applicability criteria apply as per “Market Manual 11: Reliability Compliance, Part 11.1: Applicability Criteria for Compliance with NERC Reliability Standards and NPCC Criteria”   | <ul style="list-style-type: none"> <li>• <a href="#">Market Manual 11: Reliability Compliance, Part 11.1: Applicability Criteria for Compliance with NERC Reliability Standards and NPCC Criteria</a></li> </ul>   |
| BES Exemption Process   | This process allows <i>market participants</i> preliminary identified by the <i>IESO</i> as owners or operators of elements of the <i>BES</i> , to request and receive an exception from the application of the definition of the <i>BES</i> in Ontario.  | <ul style="list-style-type: none"> <li>• <a href="#">Market Rules (Chapter 5, section 3.2B)</a></li> <li>• <a href="#">Market Manual 11: Reliability Compliance, Part 11.4: Ontario Bulk Electric System (BES) Exception</a></li> <li>• <a href="#">BES Definition (Presentation)</a></li> </ul> |
| Although the market participant's elements are exempted, they may still be subject to compliance with reliability standards if other applicability criteria apply | Although the <i>market participant's</i> elements are exempted, they may still be subject to compliance with reliability standards if other applicability criteria apply as per “Market Manual 11: Reliability Compliance, Part 11.1: Applicability Criteria for Compliance with NERC Reliability Standards and NPCC Criteria”  | <ul style="list-style-type: none"> <li>• <a href="#">Market Manual 11: Reliability Compliance, Part 11.1: Applicability Criteria for Compliance with NERC Reliability Standards and NPCC Criteria</a></li> </ul>   |
| MP becomes subject to compliance with NERC Standards  | The process that ultimately determines whether a <i>market participant</i> is required to comply with <i>NERC</i> standards is described in “Market Manual 11: Reliability Compliance, Part 11.1: Applicability Criteria for Compliance with NERC Reliability Standards and NPCC Criteria”. Regardless of the obligation to comply with <i>NERC</i> standards, all <i>market participants</i> who own or operate elements and <i>facilities</i> that form part of the <i>IESO-controlled grid</i> are required to comply with the <i>market rules</i> . | <ul style="list-style-type: none"> <li>• <a href="#">IESO Website</a></li> <li>• <a href="#">Market Manual 11: Reliability Compliance, Part 11.1: Applicability Criteria for Compliance with NERC Reliability Standards and NPCC Criteria</a></li> </ul>   |

**Table 3–2: Identification of market participants required to comply with NERC standards**

| Process/Event   | Description   | Reference  |
|---|---|--|
| <div style="border: 1px solid black; padding: 5px; width: fit-content;">                     Technical Feasibility Exception (TFE) Process                 </div> | This process allows <i>market participants</i> required to comply with <i>NERC</i> Critical Infrastructure Protection (CIP standards), to request and receive an exception from the application of a prescribed set of requirements of the CIP standards. | <ul style="list-style-type: none"> <li>• <a href="#">Market Manual 2: Market Administration, Part 2.16: Ontario Technical Feasibility Exception</a></li> <li>• <a href="#">IESO Website</a></li> </ul> |



**Figure 3–3: Identification of market participants required to comply with NPCC criteria and directories**

**Table 3–3: Identification of market participants required to comply with NPCC criteria and directories**

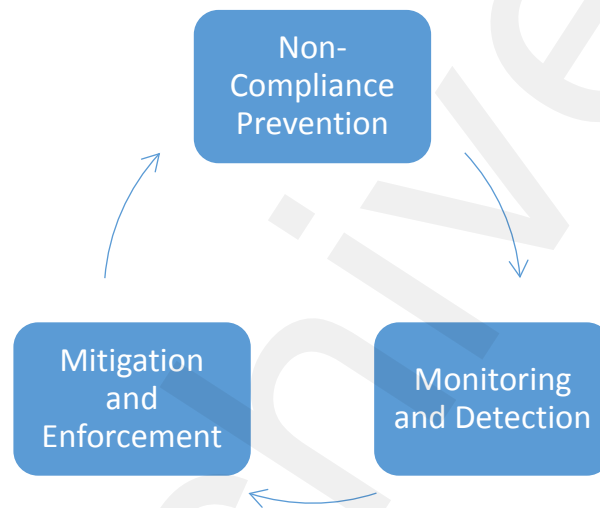
| Process/Event  | Description   | Reference  |
|--|---|--|
| Market Participant registers its facilities for participation in the IESO-administered markets   | <i>IESO's</i> Connection Assessment and Facility Registration Processes help to ensure that any new or modified <i>facility</i> connecting to the <i>IESO-controlled grid</i> meets all applicable requirements and standards, including <i>reliability standards</i> , such that the <i>facility</i> does not jeopardize the <i>reliability</i> and performance of the <i>IESO-controlled grid</i> .   | <ul style="list-style-type: none"> <li><a href="#">IESO Website</a></li> </ul>   |
| The IESO periodically updates the list of Bulk Power System (BPS) elements   | Following the process described in <i>NPCC Criteria A-10</i> , the <i>IESO</i> determines the list of Bulk Power System (BPS) elements connected to the <i>IESO-controlled grid</i> . This list is updated annually as new or modified <i>facilities</i> are being connected to the <i>IESO-controlled grid</i> .   | <ul style="list-style-type: none"> <li><a href="#">NPCC website</a></li> </ul>   |
| Did the market participant receive notification that it was identified by the IESO as owner or operator of BPS elements?   | <i>Market participants</i> with BPS elements receive a formal notification from the <i>IESO</i> .   |  |
| Although the market participant is not a BPS equipment owner, they may still be subject to compliance with reliability standards if other applicability criteria apply | Although not a BPS equipment owner, the <i>market participant</i> may still be subject to compliance with reliability standards if other applicability criteria apply as per “Market Manual 11: Reliability Compliance, Part 11.1: Applicability Criteria for Compliance with NERC Reliability Standards and NPCC Criteria”   | <ul style="list-style-type: none"> <li><a href="#">Market Manual 11: Reliability Compliance, Part 11.1: Applicability Criteria for Compliance with NERC Reliability Standards and NPCC Criteria</a></li> </ul>                                       |
| Market participant becomes subject to compliance with NPCC Criteria and Directories  | The process that ultimately determines whether a <i>market participant</i> is required to comply with <i>NPCC</i> criteria and directories is described in “Market Manual 11: Reliability Compliance, Part 11.1 Applicability Criteria for Compliance with NERC Reliability Standards and NPCC Criteria”.<br>Regardless of the obligation to comply with <i>NPCC</i> criteria and directories, all <i>market participants</i> who own or operate elements and <i>facilities</i> that form part of the <i>IESO-controlled grid</i> are required to comply with the <i>market rules</i> . | <ul style="list-style-type: none"> <li><a href="#">IESO Website</a></li> <li><a href="#">Market Manual 11: Reliability Compliance, Part 11.1: Applicability Criteria for Compliance with NERC Reliability Standards and NPCC Criteria</a></li> </ul> |

## 3.2 Market Manual 11: Reliability Compliance, Part 11.2: Ontario Reliability Compliance Program

This *market manual* describes the Ontario Reliability Compliance Program (ORCP), which encompasses all activities undertaken by MACD to monitor compliance with *reliability standards* in Ontario. The ORCP is part of MACD’s larger Compliance Monitoring and Enforcement Program

(CMEP) designed and executed in accordance with MACD’s delegated authority to monitor and enforce compliance with *market rules*, including *reliability standards*.<sup>3</sup>

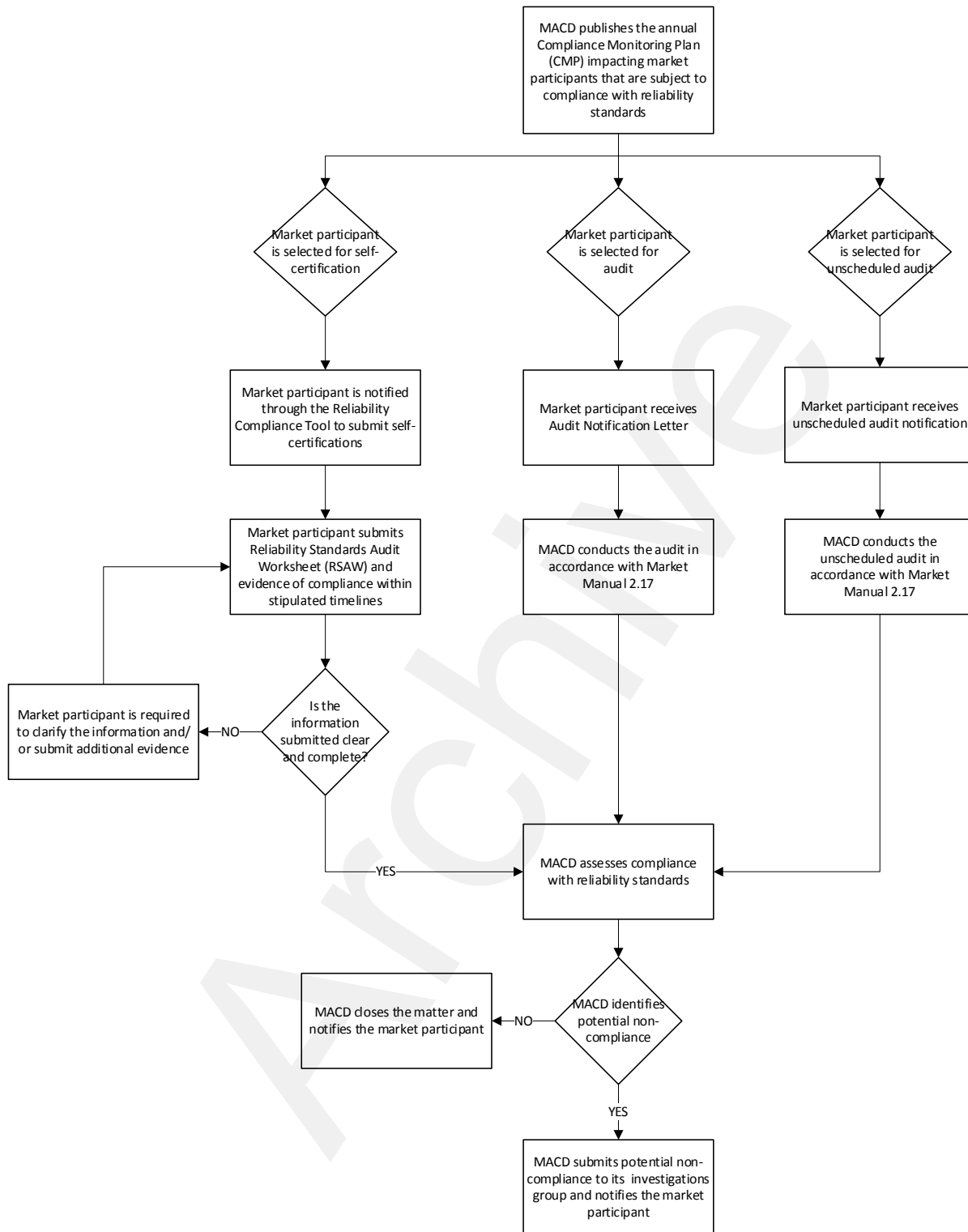
The document describes the procedures for identifying and prioritizing the risks to the *reliability* of the *integrated power system*, and using this information to design *market participant* specific compliance oversight plans to monitor their compliance with *reliability standards*. It also outlines some of the techniques used by MACD to monitor compliance with *reliability standards*. ORCP is the program used by MACD to monitor and assess compliance with *reliability standards* in Ontario. Along with non-compliance prevention, mitigation and enforcement, ORCP is one of the core components of MACD’s CMEP, which enables MACD to achieve its mandate of fostering sector conduct that enhances *reliability* through compliance with *reliability standards* (see Figure 3-4).



**Figure 3–4: MACD’s Compliance Monitoring and Enforcement Program**

Figure 3-5 depicts the high-level workflow of the activities that underpin the ORCP, while Table 3-4 provides a high level description of each process step and event in this workflow, and references source documents and websites.

<sup>3</sup> As defined by the *market rules*, *reliability standards* include criteria and standards set forth in the *market rules* or otherwise established by the *IESO* in accordance with the *market rules*.



**Figure 3–5: Monitoring compliance with reliability standards**

**Table 3–4: Monitoring compliance with reliability standards**

| Process/Event   | Description  | Reference  |
|---|--|--|
| <p>MACD publishes the annual Compliance Monitoring Plan (CMP) impacting MPs that are subject to compliance with reliability standards</p> | <p>Using a <i>reliability</i> risk-informed approach, MACD determines the <i>reliability standards</i> that will be the focus of MACD’s compliance monitoring activities in a given year. This information is <i>published</i> in the MACD CMP, an annual document posted on the <i>IESO</i> website.</p> <p>MACD’s compliance monitoring activities include self-certifications and audits (scheduled and unscheduled).</p>   | <p><a href="#">Reliability Standards Compliance Monitoring Plan</a></p>  |
| <p>Market participant is notified through the Reliability Compliance Tool to submit self-certifications</p>                               | <p>One of the compliance monitoring activities is <i>market participant</i> self-certification, which requires <i>market participants</i> to submit information to MACD to substantiate their compliance with <i>reliability standards</i>. Only a subset of <i>market participants</i> is required to self-certify in a given year.</p> <p>Requests for self-certification are issued through the Reliability Compliance Tool (RCT), which is also used by <i>market participants</i> to submit compliance documentation.</p> | <ul style="list-style-type: none"> <li>• <a href="#">RCT Training</a> (Presentation)</li> <li>• <a href="#">Market Manual 11: Reliability Compliance, Part 11. 2: “Ontario Reliability Compliance Program”</a></li> </ul>  |
| <p>Market participant receives Audit Notification Letter</p>  | <p>Another compliance monitoring activity is compliance auditing, which allows MACD to conduct a comprehensive review of <i>market participant’s</i> adherence to reliability standards.</p> <p><i>Market participants</i> selected for compliance audit receive an “Audit Notification Letter” from MACD, which specifies the scope, timing and duration of the audit.</p>  | <ul style="list-style-type: none"> <li>• <a href="#">Market Manual 2: Market Administration, Part 2.17 “Compliance Auditing of Reliability Standards for Ontario Market Participants”</a></li> <li>• <a href="#">Reliability Standards Auditing Webpage</a></li> </ul> |
| <p>Market participant receives unscheduled audit notification</p>   | <p>Unscheduled audits are similar to compliance audits, but usually have a more focused scope and shorter turnaround times. In concept, they relate to both <i>NERC’s</i> spot checks and <i>NERC’s</i> unscheduled audits.</p>  | <p><a href="#">Market Manual 2: Market Administration, Part 2.17 “Compliance Auditing of Reliability Standards for Ontario Market Participants”</a></p>  |
| <p>Market participant submits Reliability Standards Audit Worksheet (RSAW) and evidence of compliance within stipulated timelines</p>     | <p>When prompted by MACD to self-certify, the <i>market participant</i> submits a completed “Reliability Standards Audit Worksheet” and evidence of compliance within the timelines stipulated by MACD. MACD will also specify the manner in which the <i>market participant</i> shall submit the information (e.g. through the RCT or the</p>   | <ul style="list-style-type: none"> <li>• <a href="#">Reliability Standards Compliance Monitoring Plan</a></li> <li>• <a href="#">Market Manual 11: Reliability Compliance, Part 11. 2: “Ontario Reliability</a></li> </ul>   |

**Table 3–4: Monitoring compliance with reliability standards**

| Process/Event   | Description   | Reference   |
|---|---|---|
|   | <i>IESO</i> Portal).  | <a href="#">Compliance Program</a>  |
| MACD conducts the audit in accordance with Market Manual 2.17   | The process for conducting compliance audits is described in “Market Manual 2: Market Administration, Part 2.17 Compliance Auditing of Reliability Standards for Ontario Market Participants”.  | <ul style="list-style-type: none"> <li>• <a href="#">Market Manual 2: Market Administration, Part 2.17: “Compliance Auditing of Reliability Standards for Ontario Market Participants”</a></li> <li>• <a href="#">Reliability Standards Auditing Webpage</a></li> </ul> |
| MACD conducts the unscheduled audit in accordance with Market Manual 2.17                             | More details about unscheduled audits are provided in “Market Manual 2: Market Administration, Part 2.17 Compliance Auditing of Reliability Standards for Ontario Market Participants”.   | <a href="#">Market Manual 2: Market Administration, Part 2.17: “Compliance Auditing of Reliability Standards for Ontario Market Participants”</a>   |
| MACD assesses compliance with reliability standards   | This step refers to MACD’s assessment of the information received from <i>market participants</i> as part of the self-certification, compliance auditing or unscheduled auditing processes. Following this assessment, MACD determines if there is any evidence of potential non-compliance with <i>reliability standards</i> . | <a href="#">Market Manual 2: Market Administration, Part 2.17: “Compliance Auditing of Reliability Standards for Ontario Market Participants”</a>   |
| MACD submits potential non-compliance to its investigations group and notifies the market participant | If a potential non-compliance is identified, MACD notifies its investigations group, who will consider what further action is necessary.<br><br>The MACD process that follows this notification is briefly described in section 3.7 of this <i>market manual</i> .  | <a href="#">Market Manual 2: Market Administration, Part 2.6: Treatment of Compliance Issues</a>  |

### 3.3 Market Manual 11: Reliability Compliance, Part 11.3: Reliability Information Catalogue

The *IESO* is required by the *market rules* to produce a catalogue of the information that is to be shared between the *IESO* and *market participants* in relation to maintaining the *reliability* of the *IESO-controlled grid*.

This catalogue is designed to advise *market participants* on the *reliability-related information* requirements and needs, and to assist them in meeting their obligations for maintaining the *reliability* of the *IESO-controlled grid*.



### 3.4 Market Manual 11: Reliability Compliance, Part 11.4: Ontario Bulk Electric System (BES) Exception

This *market manual* provides the procedure by which a *BES exception applicant* in Ontario may request and receive an exception from the application of the *NERC* definition of the BES<sup>4</sup>. It establishes the steps and interfaces involved in the *BES Exception* procedure for the *BES exception applicant*, the *IESO*, the *IESO Board*, and other parties relating to the submission and processing of the *BES Exception* requests.

This procedure is equivalent to, but distinct from *NERC's* "Procedure for Requesting and Receiving an exception from the Application of the NERC Definition of Bulk Electric System".<sup>5</sup>

### 3.5 Market Manual 11: Reliability Compliance, Part 11.5: Generation Verification

This *market manual* describes the Generator Capability Verification process, which is intended to provide assurance that current and accurate information on *generator* active and reactive output capability is available to the *IESO* for steady-state models used in assessing the *reliability* of the *IESO-controlled grid*.

This procedure applies only to *generators* directly connected to the *IESO-controlled grid* and describes the steps and interfaces involved in periodically verifying and reporting on the *generation units* active and reactive output capabilities.

### 3.6 Market Manual 2: Market Administration, Part 2.1: Dispute Resolution

This *market manual* is intended to provide parties to a dispute with a summary of the steps and interfaces involved in the resolution of disputes under the dispute resolution process described in Chapter 3, section 2 of the *market rules*. The procedural work flows and steps described in "Market Manual 2: Market Administration, Part 2.1: Dispute Resolution" serve as a roadmap for parties to a dispute and reflect the requirements set out in the *market rules* and applicable *IESO* policies and standards.

Where a breach of the *market rules* or *reliability standards* is suspected or detected, the matter should be referred to the MACD. (See "Market Manual 2: Market Administration, Part 2.6: Treatment of Compliance Issues")

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<sup>4</sup> *NERC's* definition of the BES is a bright-line threshold that includes all *facilities* operated at or above 100 kV.

<sup>5</sup> See *NERC's* Rules of Procedure, Appendix 5C.

### **3.7 Market Manual 2: Market Administration, Part 2.6: Treatment of Compliance Issues**

This *market manual* describes the activities required for the treatment of compliance issues. It sets out the following processes by which MACD and the *IESO* assess and enforce compliance with the *market rules*:

- the treatment of alleged breaches of the *market rules* by a *market participant*;
- the suspension of a *market participant* following an *event of default*; and
- the termination of a *market participant* or de-registration of *facilities*.

The procedure is intended to provide a summary of the steps involved, particularly those affecting *market participants*, and to provide a summary of the interaction between *market participants*, the *IESO*, and other parties as related to this process.

### **3.8 Market Manual 2: Market Administration, Part 2.16: Ontario Technical Feasibility Exception (TFE)**

This *market manual* provides the procedure by which a *TFE applicant* may apply for and receive a *technical feasibility exception* or *TFE*. A *TFE* allows for temporary dispensation with *NERC* Critical Infrastructure Protection Standards (CIP Standards). *Market participants* that own critical assets identified by the *IESO* have the ability to apply for exceptions to CIP Standards for equipment that is unable to meet the mandatory requirements for reasons specified in *NERC's* "Procedure for Requesting and Receiving Technical Feasibility Exceptions to *NERC* Critical Infrastructure Protection Standards"<sup>6</sup> as approval criteria.

### **3.9 Market Manual 2: Market Administration, Part 2.17: Compliance Auditing of Reliability Standards for Ontario Market Participants**

This *market manual* provides *market participants* with a summary of the steps and interfaces involved in the compliance auditing of *reliability standards*. The steps described in this *market manual* serve as guidance for *market participants* and reflect the authority granted in section 6.1.2 of Chapter 3 of the *market rules*.

MACD conducts compliance audits in accordance with the process outlined in this *market manual*. MACD identifies the *market participants* and *reliability* requirements to be audited using a risk-based approach, which evaluates a *market participant's* compliance with *reliability standards* and the potential impact that continued non-compliance may have on *reliability*. MACD provides at least 90 days' notice in advance of the scheduled audit start date.

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<sup>6</sup> See *NERC* Rules of Procedure, Appendix 4D.

### 3.10 Annual Reliability Standards Compliance Monitoring Plan

Annually, MACD publishes on the [IESO website](#) the MACD CMP, which provides *market participants* with the *reliability standards* and *market rules* that will be the focus of MACD's compliance monitoring activities for that year. The MACD CMP also provides insights into some of the discovery methods that MACD may use to assess *market participants'* compliance with these *reliability standards* and *market rules*. These discovery methods include self-reports, self-certifications and scheduled and unscheduled audits for monitoring Ontario's compliance with *reliability standards* and *market rules*.

MACD prioritizes its compliance monitoring and enforcement activities in relation to the risks to the *reliability* of the *integrated power system*. In assessing these risks, MACD takes into account several factors, including:

- the applicability of *reliability standards* in Ontario;
- the assessed *reliability* risks of the standards at both the continent-wide and regional levels;
- the compliance history associated with each standard;
- power system infrastructure and *demand* changes; and
- emerging threats and vulnerabilities impacting the power system.

This approach allows MACD to concentrate its resources on higher-risk issues, while continuing to respond appropriately to other risks.

– End of Document –