



MACD - Ontario Reliability Compliance Program

2023 Reliability Standards Compliance Monitoring Plan

December 2022



Table of Contents

Introduction	2
Ontario’s Reliability Compliance Enforcement Framework	2
2023 Compliance Monitoring Priority Areas	3
Critical Infrastructure Protection	3
Inadequate Models Impacting Planning and Operations	4
Gaps in Program Execution	4
Automatic Underfrequency Load Shedding (UFLS)	4
Inverter-Based Resources	4
Cold Weather Response	4
Discovery Methods	5
Self-Certifications	5
Compliance Audits	6
Scheduled Audits	6
Unscheduled Audits	6
Data Submissions	7
Document Revision History	9

Introduction

The 2023 Market Assessment and Compliance Division (“MACD”) Reliability Standards Compliance Monitoring Plan (“MACD CMP”) provides market participants with the reliability standards that will be the focus of MACD’s 2023 compliance monitoring activities. For the purpose of this document, a reference to “reliability standards” includes the North American Electric Reliability Corporation (“NERC”) reliability standards, the Northeast Power Coordinating Council (“NPCC”) reliability standards, and the Ontario reliability market rules. 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.

Ontario’s Reliability Compliance Enforcement Framework

The *Electricity Act, 1998* (“*Electricity Act*”) grants the Independent Electricity System Operator (“IESO”) jurisdiction to maintain the reliability of the IESO-controlled grid¹ 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”². Through the *Electricity Act* 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”³.

NERC and NPCC are identified under the *Electricity Act* as standards authorities that approve standards and criteria “relating to the reliable operation of the integrated power system”⁴ for adoption in Ontario. The IESO created the Reliability Standards Standing Committee (“RSSC”) as a means to communicate changes to these standards and criteria 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.

In addition to reliability requirements identified specifically in the market rules and market manuals, the market rules incorporate NERC and NPCC reliability standards and criteria by reference. Subject to the IESO’s applicability determination, these standards and criteria form part of the law in Ontario⁵. The market rules assign to the IESO various functions, powers and authorities to supervise, administer and enforce the market rules⁶. The market rules also provide the IESO with the general power to “undertake such monitoring as it considers necessary to determine whether *market*

¹ *Electricity Act*, 1998, S.O. 1998, c. 15, Sched. A, s. 6.(1)(c).

² *Electricity Act*, s. 32.(1)(c).

³ *Electricity Act*, s. 6.(1)(d).

⁴ *Electricity Act*, s. 2.(1).

⁵ Market Rules, Chapter 5, ss. 1.2.6, 3.2.2, 3.2.5-3.2.7, 3.4.2, 3.5.3, 3.6.2, Chapter 4, s. 2.1.1.

⁶ Market Rules, Chapter 1, s. 5.3.1.

participants are complying with the *market rules*". This power necessarily extends to those provisions mandating reliability standards compliance in Ontario⁷. Within the IESO, this responsibility, as well as enforcement, has been delegated to the Vice President of MACD⁸. While the IESO through a Memorandum of Understanding with NERC and NPCC has agreed to "be subject to NERC's compliance monitoring and enforcement processes" in respect of its own reliability standards obligations⁹, MACD is responsible for the design and implementation of the Ontario Reliability Compliance Program ("ORCP")¹⁰ including the Compliance Monitoring Plan that applies to market participants in Ontario.

2023 Compliance Monitoring Priority Areas

Every year, 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.

While market participants are required to comply with and be able to demonstrate compliance with all applicable reliability standards at all times, MACD puts a more significant focus on a subset of these market rules and reliability standards that are more explicitly monitored for compliance in a given year.

For 2023, MACD has selected the following market rules and reliability standards as a minimum for this more explicit monitoring:

Critical Infrastructure Protection

NERC Standards			
CIP-002-5.1	CIP-003-8	CIP-005-6/CIP-005-7	CIP-007-6
CIP-008-6	CIP-010-3/CIP-010-4	CIP-013-1/CIP-013-2	CIP-014-3

⁷ Market Rules, Chapter 3, s. 6.1.2.

⁸ <https://www.ieso.ca/en/sector-participants/market-oversight/compliance-enforcement/compliance-overview#:~:text=The%20IESO%27s%20powers%20with%20respect%20to%20monitoring%2C%20investigation,delegation%20has%20been%20in%20place%20since%20market%20opening>

And

<http://www.ieso.ca/Corporate-IESO/Leadership/Executive-Team/Glenn-McDonald>

⁹ <https://www.ieso.ca/en/sector-participants/system-reliability/reliability-standards-framework>

¹⁰ The ORCP is described in Market Manual 11.2, "Ontario Reliability Compliance Program", issue 4.0

Market Rules and Manuals			
Market Manual 7.1, section 6			

Inadequate Models Impacting Planning and Operations

Relevant Standards					
MOD-025-2	MOD-026-1	MOD-027-1	MOD-032-1	PRC-019-2	TOP-003-4
Market Rules and Manuals					
Chapter 4, Appendix 4.2	Market Manual 11.5, section 3	Market Manual 1.6 and associated workbooks	Market Manuals 2.8 and 2.11	Market Manual 11.3	Chapter 4, sections 5.1 and 5.2

Gaps in Program Execution

NERC Standards			
FAC-003-4	FAC-008-5	PRC-005-6	
NPCC Directories			
Directory 4	Directory 11		

Automatic Underfrequency Load Shedding (UFLS)

Relevant Standards		
PRC-006-NPCC-2		
Market Rules and Manuals		
Chapter 5, section 10.4	Market Manual 7.4, section 4.4	Market Manual 7.1, section 11.3

Inverter-Based Resources

Relevant Standards		
PRC-024-3		
Market Rules and Manuals		
Market Rules Chapter 4, Appendix 4.2, Categories #1 and #3	Market Manual 1.6, sections 3.1, 3.3, and 5.2	

Cold Weather Response

Relevant Standards		
EOP-011-2		

To assess compliance with these requirements, MACD will use at least one of the discovery methods described in the following section.

Discovery Methods

The 2023 MACD CMP will employ a combination of discovery methods, which include self-reports, self-certifications and scheduled and unscheduled audits for monitoring market participants compliance with reliability standards, as described in the following sections.

Self Reports

Unlike other discovery methods that are typically initiated by MACD, self-reporting¹¹ relies on the monitoring mechanisms of the market participant's internal compliance program¹² to review their compliance with market rules including reliability standards, and to detect potential breaches.

If a market participant believes that they may have breached a market rule including a reliability standard, they are strongly encouraged to take all reasonable steps to mitigate the impact that the breach may have caused on reliability and self-report the possible breach to MACD in a timely manner. Such actions may help mitigate the severity of the penalties and other sanctions that could be applied in the event that MACD determines that the market participant was in breach of the market rules.

Self-Certifications

The self-certification process requires the market participant to self-determine its compliance status with monitored applicable reliability standards. Self-certifications have a limited scope and require market participants to demonstrate their compliance¹³ status with specific reliability standards at a particular point in time or over a period of time. Unlike self-reports, whose submission to MACD is initiated by market participants, self-certifications are submitted upon MACD's request.

MACD will notify the market participants required to self-certify 45 calendar days in advance of the due date for self-certification. This notice will include the list of market rules, reliability standards and requirements for which compliance status needs to be demonstrated, the reporting period, instructions about the format for the requested information, and instructions about submitting the requested information.

¹¹ For more information on what a self-report is and the benefits of it, see the Statement of Approach: Self-Reporting Potential Market Rule Breaches, issued in March 2021 and available on the Enabling Compliance web page on the IESO website.

¹² For more information on MACD's view on market participant's internal compliance programs, see the Internal Compliance Programs web page on the IESO website.

¹³ MACD requires market participants to provide documentation, supporting information or other evidence to verify or confirm the self-certifications of compliance.

Compliance Audits

A compliance audit is one of the main tools used by MACD to monitor a market participant's compliance with reliability standards requirements. Compliance audits are conducted to evaluate documentation and other evidence to assess if a market participant was in compliance with reliability standards requirements during the audit period. MACD utilizes two types of compliance audits, 1) scheduled audits, and 2) unscheduled audits.

Scheduled Audits

MACD conducts scheduled compliance audits in accordance with Market Manual 2: Market Administration, Part 2.17: Compliance Auditing of Reliability Standards for Ontario Market Participants (IESO_PRO_0803)¹⁴ ("MM: 2.17"). As outlined in MM:2.17, MACD identifies the market participants and reliability requirements to be audited using a risk-based approach. MACD considers factors which inform the impact on reliability if a specific market participant were to breach certain reliability standards. When selecting a market participant for a scheduled audit, among other things, MACD takes into account both market participant specific information and Ontario specific risks.

MACD will notify market participants selected for a scheduled audit in a given year at least 90 days in advance of the scheduled audit start date.

Any MACD compliance audits in 2023 will focus on one or more areas identified in the 2023 Compliance Monitoring Priority Areas section of this plan. The audits may also include additional market rules and/or reliability standards that will be communicated to the selected market participants in the audit notification letter.

Unscheduled Audits

Unscheduled audits are similar to scheduled audits in that they provide a comparable level of compliance assurance. However, they usually target a more limited number of requirements from the entire set of applicable reliability standards. MACD may conduct unscheduled audits at any time during the year, potentially with very little notice provided to market participants.

The 2023 MACD CMP may include unscheduled audits, which may or may not be related to the market rules and/or reliability standards identified for monitoring in 2023. MACD will notify the market participants selected for an unscheduled audit up to 30 business days in advance, indicating the reliability requirements in scope and the timetable and manner in which a response should be provided

¹⁴ <http://www.ieso.ca/-/media/files/ieso/document-library/market-rules-and-manuals-library/market-manuals/market-administration/ma-compauditing.pdf?la=en>.
<https://www.ieso.ca/-/media/Files/IESO/Document-Library/Market-Rules-and-Manuals-Library/market-manuals/market-administration/ma-CompAuditing.ashx>

Data Submissions

The IESO requires market participants to submit certain reliability data on a frequency set out in the following table. The schedule for the 2023 data submission is as shown below.

NERC Standard	Market Rules/ Manuals	Document Title	Frequency	Submission Date	Market Participant Class ¹⁵	Submission
PRC-006-NPCC-2	Chapter 4, Appendix 4.2, Market Manual 7.4, section 4.4	Generator Underfrequency Protection Requirements	Annually	15-Sept-23	G	IESO Form 1718
PRC-006-NPCC-2	Chapter 5, section 10.4, Market Manual 7.4, section 4.4, Market Manual 7.1, section 11.3	Automatic Underfrequency Load Shedding consistent with NPCC's UFLS program requirements	Annually	15-Sept-23	T, D, W	IESO Form 1719
	Chapter 5, section 14.1.4	Ontario Manual Load Shedding Data Collection	Annually	15-Sep-23	T, D	Form 113
	Market Manual 7.10	Emergency Preparedness Planning	Annually	24-Feb-23		IESO Form 1608
	Market Manual 7.8	Emergency Restoration Planning	Annually	24-Feb-23		IESO Form 1609
FAC-003-4		Transmission Vegetation Management Program	Quarterly	24-Feb-23 02-May-23 02-Aug-23 07-Nov-23	T, G	IESO Form 1527
PRC-004-6		Protection System Misoperation Identification and Correction	Quarterly	10-Nov-23*	T, G	TBD

¹⁵ G-Generator, T-Transmitter, D- Distributor, W-Wholesale Customer; as per market rules definitions

*Reporting period for this submission will be Jan-Sep 2023



Document Revision History

Date	Reason for Issue
December 20, 2022	2023 CMP document initial publication

**Independent Electricity
System Operator**

1600-120 Adelaide Street West
Toronto, Ontario M5H 1T1

Phone: 905.403.6900

Toll-free: 1.888.448.7777

E-mail: customer.relations@ieso.ca

ieso.ca

 [@IESO_Tweets](https://twitter.com/IESO_Tweets)

 facebook.com/OntarioIESO

 linkedin.com/company/IESO