European Network of
Transmission System Operators
for Electricity

ENTSO-E REGIONAL GROUP CONTINENTAL EUROPE COMPLIANCE MONITORING PROGRAM 2010

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1. INTRODUCTION

The purpose of the ENTSO-E is to promote the reliable and efficient operation of the interconnected power systems in Europe through the establishment of network codes, assessments, and enforcement of compliance with these codes. In the development of network codes ENTSO-E facilitates as far as possible the development of fair, effective and efficient competitive electricity markets.

This document addresses an internal compliance review program that will be used to ensure in a transparent and non-discriminatory way that ENTSO-E member TSOs grouped in the Regional Group Continental Europe (RGCE) are compliant with the standards outlined in the Policies of the RGCE Operation Handbook (OH). It defines accountability, compliance expectations, mitigation of non-compliance and deficiencies, improvement of sufficient compliance, process flows, audit procedure, an appeal process and a dispute resolution process. This document will be updated in the next years as the program matures and moves from today's transition period to an enforceable program. Although the present document is based on the previous UCTE Compliance Monitoring Programs, it also contains modifications as a result of experiences gained and remarks obtained from the UCTE/ENTSO-E RGCE member TSOs so far.

The Compliance Monitoring Advisor, in co-operation with the ENTSO-E Sub Group Compliance Monitoring & Enforcement (SG CME), will be responsible for the update, maintenance and overseeing of this process. The single point of contact for the ENTSO-E Compliance Process is the ENTSO-E Compliance Monitoring Advisor (+32 2 741 09 79; compliance@entsoe.eu).

This Compliance Process document, along with other documents, self-assessment and other questionnaires, reports, schedules, etc. associated with the compliance monitoring and assessment process will be posted on the ENTSO-E Website at http://extranet.entsoe.eu. Lessons learned from ENTSO-E Compliance Process will be included in Compliance Oversight Reports (COR) that will be also published on the ENTSO-E website.

The Compliance Monitoring Process in 2010 is oriented to check compliance with a selection amongst all standards as specified in the RGCE Operation Handbook. Additionally, the SG CME will continue to conduct on-site audits.

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2. DEFINITIONS

In the following the most important terms used in this document as well as in the written and verbal communication within the scope of the Compliance Monitoring Program are defined:

Audit Team	An investigating group set up among the WG CME members and, if necessary, other RGCE member TSOs' experts appointed with the task to conduct an **On-site Compliance Audit**. The members of the group must be free of interest conflicts and must not belong to the investigated TSO and its neighbours. Furthermore, they must comply with ENTSO-E confidentiality provisions.
Assessment	An evaluation that allows a conclusion to be reached or a decision to be made that may or may not involve an analysis or simulation.
On-site Compliance Audit	An audit performed on the premises of every RGCE member TSO to verify compliance with the RGCE Operation Handbook standards. It is conducted either as a regular process (on a five years basis) or as an exceptional process (if deemed necessary by the RGCE Plenary).
Complementary regular process documents	Accompanying documents in form of a **mitigation plan with deadline** and **progress reports on a regular basis** to be sent to the **SG CME** by a RGCE member TSO that declared **non-compliance** with an **RGCE Operation Handbook standard**.
Compliance	Conformity with the **RGCE Operation Handbook standards**.
Compliance database	The database maintained by the ENTSO-E Secretariat containing current and historical results of the **Compliance Monitoring Process**. It allows automatic processing of self-assessment submittals of the RGCE member TSOs.
Compliance level	The degree to which a RGCE member TSO complies with a specific **RGCE Operation Handbook standard**. Three levels (categories) are defined: **fully compliant**, **sufficiently compliant** and **non-compliant**.
Compliance Monitoring Process	The process of assessing whether the RGCE member TSOs are compliant with the **RGCE Operation Handbook standards**. It consists of the regular processes of **self-assessment** and **on-site compliance audits** and the exceptional process of **on-site compliance audits**.
Compliance Monitoring Program (CMP)	The document that delineates the **Compliance Monitoring Process** and points out the **RGCE Operation Handbook standards** to be checked and the TSOs to be audited during a period of one calendar year as well as describes the procedures to be followed and the demands to be responded by each RGCE member TSO.
Compliance Oversight Report (COR)	The annual document in which the current Compliance status of the RGCE member TSOs is presented based on **self-assessment** and **On-site Compliance Audits** conducted by **Audit Teams** according to the annual **Compliance Monitoring Program**. For **non-compliant** TSOs it details the findings, the **mitigation plans** and **progress reports**. It may also contain proposals on how to improve the RGCE Operation Handbook and recommendations concerning the development of the **Compliance Monitoring Process**.

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Self-assessment questionnaire	A list of questions maintained by the ENTSO-E Secretariat concerning the compliance of the RGCE member TSOs with the **RGCE Operation Handbook standards**. The questions include a description of how the compliance with each **RGCE Operation Handbook standard** is to be assessed. The compliance questionnaire is a mean to perform the **self-assessment**.
Control Area Manager	The person that is officially responsible for the **Compliance Monitoring Process** on behalf of an RGCE member TSO – single point of contact of TSO with respect to **Compliance Monitoring Process**.
Compliance Monitoring Advisor (CMA)	An employee of the ENTSO-E Secretariat whose task is to accompany the Compliance Monitoring Process from the technical and administrational point of view as well as to support the **SG CME** at its work.
Deficiency	Irregularity that may occur within the scope of declarations submitted by a TSO. Its manifestations are: • TSO declared full or sufficient compliance with a specific OH standard, but the WG CME assessed the TSO as non-compliant, • TSO declared non compliance, but it didn't submit a mitigation plan or the WG CME assessed its mitigation plan as inappropriate (e.g. from the technical point of view) or as incomplete (e.g. without deadline). • A TSO declared non compliance, submitted a correct mitigation plan, but that plan is not on schedule (i.e. the TSO has not realized the mitigation actions on time or at all).
Fully compliant – full compliance	This category applies when the RGCE member TSO fulfils an **RGCE Operation Handbook standard** in all details.
Improvement plan	A set of measures submitted by a **"sufficiently compliant"** RGCE member TSO that will lead it to full compliance with an **RGCE Operation Handbook standard**. It contains a description of actions and a deadline (schedule) for the accomplishment of these actions.
Mitigation plan	A list of measures submitted by an RGCE member TSO concerning a **non-compliance declaration** that will lead to compliance with an **RGCE Operation Handbook standard**. It contains a description of **temporary remedial measures** (if anything of that kind is feasible), a description of actions that will allow removing the **non-compliance** and a deadline (schedule) for the accomplishment of these actions.
Deficiency removal process	A process of determining and removing of **deficiencies** within the scope of the **Compliance Monitoring Process**.
Non-compliance declaration	The formal communication within the scope of the **self-assessment** of an RGCE member TSO to the **SG CME** that it is **non-compliant** with an **RGCE Operation Handbook standard**. The **non-compliance declaration** must be accompanied with a correct **mitigation plan**.
Non-compliant - Non-compliance	This category applies when the examined **RGCE Operation Handbook standard** is not fulfilled at all or in any of its essential parts. The non-compliant RGCE member TSO must submit a **non-compliance**

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	declaration.
Progress reports on a regular basis	A formal communication by a **non-compliant** RGCE member TSO concerning the implementation of the actions that will lead to the success of a **mitigation plan** and eventually to **compliance** with an **RGCE Operation Handbook standard**.
Self-assessment	The practice of a TSO to review its compliance with a chosen set of RGCE Operation Handbook standards on regular basis and to notify the ENTSO-E **Compliance Monitoring Advisor** and the **SG CME** of its level of compliance for each Operation Handbook standard.
Sufficiently compliant – sufficient compliance	This category applies when all essential parts of an examined **RGCE Operation Handbook standard** are fulfilled, but the standard is not fulfilled in all details. The sufficiently compliant RGCE member TSO must submit a correct **improvement plan**. In case of any disagreement on what parts of an Operation Handbook standard are essential, relevant RGCE subgroups will be consulted. The final decision on the matter will be taken by the RGCE Plenary.
Temporary remedial measures	A list of actions stated in a **mitigation plan** in order to decrease the risk during the period of **non-compliance** in which the corresponding mitigation actions will be realized. Temporary measures are not equal to the mitigation actions and do not replace them.
TSO	A member of ENTSO-E, regardless of its internal legal structure (e.g. ISO, ITO, TSO)
ENTSO-E assistance	Any action undertaken by ENTSO-E bodies in order to help the RGCE member TSOs to evaluate their compliance with the **RGCE Operation Handbook standards**. The ENTSO-E bodies provide technical and administrative assistance to the TSOs in a suitable dialog form.
ENTSO-E Extranet tool	Tool in ENTSO-E Extranet that contains the **self-assessment questionnaires**.
RGCE Operation Handbook standards	Conformity standards resulting from the RGCE Operation Handbook.
SG Compliance Monitoring & Enforcement – SG CME	A RGCE Working Group acting as the Compliance Monitoring Body of the RGCE. Its main task is to define and establish the processes and procedures for monitoring the **compliance** of the RGCE member TSOs with the **Operation Handbook standards**, and to propose enforcement and/or remedial measures to the RGCE Plenary, if necessary.

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3. COMPLIANCE MONITORING PROCESS OVERVIEW

The Compliance Monitoring Process is the process of assessing whether the ENTSO-E Regional Group Continental Europe member TSOs are compliant with the RGCE Operation Handbook standards. The RGCE, on behalf of its members, continues to co-ordinate the development of the RGCE Operation Handbook Standards as well as to promote and support the application of the Operation Handbook standards as approved by the RGCE Plenary.

All compliance assessment information, questionnaires, schedules, documents, reviews and reports will be maintained and posted on the ENTSO-E Extranet by the ENTSO-E Compliance Monitoring Advisor in accordance with the ENTSO-E Internal Regulations regarding the confidentiality of data submitted by RGCE member TSOs. Forms, questionnaires and schedules will be adapted on a yearly basis, according to the annual Compliance Monitoring Program.

To facilitate the Compliance Monitoring Process the ENTSO-E maintains a compliance database which allows automatic processing of submittals. The submittals by RGCE member TSOs are required via a password protected domain in the ENTSO-E Extranet and are stored in electronic form. Exceptions will be handled from case to case.

The Compliance Monitoring Process is performed via regular and exceptional processes.

- The **regular Compliance Monitoring Process** is based on self-assessment and on-site compliance audits:
    - **The annual compliance self-assessment** is performed via reviews of member self-assessments and subsequent sets of data provided by the RGCE member TSOs on a regular basis.
    - **Periodic on-site compliance audits** are performed on a 5 years basis on every RGCE member TSO to verify compliance with a chosen set of RGCE Operation Handbook standards.
- The **exceptional Compliance Monitoring process** is based on-site compliance audits launched under control of the RGCE plenary following a triggering event that jeopardized the security and reliability of system operation of the interconnected system, after analysis by expert bodies. Such an on-site compliance audit can be also performed if a RGCE member TSO doesn't fulfill its obligations regarding the self-assessment process. The decision of conducting the exceptional on-site compliance audits is taken by RGCE Plenary.

In the end of the yearly activities related to the Compliance Monitoring Program, an annual Compliance Oversight Report (COR) is prepared and submitted to the RGCE Plenary for acknowledgement.

The overall annual review process is described in chapter 4 and shown on a flowchart in chapter 4.5. It contains the basic program concepts, delineates actions required and assigns responsibilities for each step of the process. ENTSO-E will request the necessary information from reporting TSOs via self-assessment reporting questionnaires, etc. Reporting TSOs are expected to fulfill these data requests.

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Self-assessment questionnaires will be modified over time as revisions are made to RGCE Operation Handbook standards. Lessons learned from past years will be taken into account to improve the current year's program. The ENTSO-E Secretariat will continue to develop and revise the plans and schedules and keep the TSOs informed of compliance requirements. The timetables, plans and a link to the self-assessment questionnaires will be communicated to the TSOs by e-mail, and this information will be maintained and posted on the ENTSO-E website.

On site Compliance audits will be conducted periodically to ensure each TSO is audited at least once within the specified interval of 5 years. Audit Teams will consist of members of the SG CME, and of other experienced personnel from RGCE member TSOs and the ENTSO-E Secretariat.

All compliance assessment data, information, reports and records will be maintained by the ENTSO-E Secretariat on a confidential basis in accordance with the ENTSO-E Internal Regulations regarding the confidentiality of data submitted by ENTSO-E Member TSOs. The on-line database will be located and run by the ENTSO-E Secretariat. Access to this information will be restricted to members of the RGCE Plenary, SG CME and other relevant ENTSO-E Working Groups, Control Area Managers, Audit Teams and the ENTSO-E Secretariat. Release of confidential information will be in accordance with the ENTSO-E Internal Regulations regarding the confidentiality of data submitted by ENTSO-E Member TSOs.

To facilitate the Compliance Process ENTSO-E will create a secure Compliance Database. The database will allow for automatic processing of submittals without placing an undue burden on the submitting TSOs. Submittals by ENTSO-E member TSOs will be required via web-based means. As far as feasible and reasonable, the submittals will be stored in electronic form. Exceptions will be established on a case by case basis. The requirements for filing submittals are outlined in chapter 6.

Mitigation of non-compliances in general and of deficiencies within the scope of the Compliance Monitoring Process in particular will be closely monitored by the SG CME and the ENTSO-E Compliance Monitoring Advisor to ensure achieving compliance. The Deficiency Removal Process is described in chapter 7.

RGCE member TSOs which have questions regarding the Compliance Process or specific compliance activities can contact the Compliance Monitoring Advisor. He will be responsible for preparing answers to the questions (which may involve consultation with the SG CME and other ENTSO-E Working Groups).

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4. ANNUAL COMPLIANCE MONITORING PROCESS

4.1 RGCE AND OBLIGATIONS OF RGCE MEMBER TSOS

RGCE

It is the responsibility of the Regional Group Continental Europe (RGCE) to oversee the reliability of the interconnected network in its area. The RGCE will therefore ensure that there is a consistent program to monitor each TSO's compliance with RGCE Operation Handbook Standards.

RGCE will carry out activities to assess and enforce the compliance of its member TSOs with Operation Handbook standards. ENTSO-E will provide administrative and overhead support to perform the compliance monitoring process.

TSOs

Each TSO, member of the RGCE, has the responsibility to adhere to the standards outlined in the RGCE Operation Handbook. Each TSO will be subject to, participate in, and co-operate in the conduct of evaluations and other activities of the RGCE to assess the compliance with Operation Handbook standards.

4.2 PROCESS ROLES

RGCE Plenary

The ENTSO-E RGCE Plenary is the executive directing body of the RGCE responsible for:

- Approval of Compliance Monitoring Process,
- Acknowledgment of Compliance Oversight Report,
- Decisions on measures in case of non-compliance and/or deficiency,
- Approval of an appeal procedure,
- Decisions on conducting exceptional on-site compliance audits.

Sub Group Compliance Monitoring & Enforcement (SG CME)

The SG CME runs the compliance process consisting of the following activities:

- Self-assessment: RGCE member TSO compliance submittals related to the RGCE Operation Handbook standards
- On site Audits: Audit Team Compliance reports on compliance of RGCE member TSOs with the OH standards

The SG CME is responsible for:

- Developing a detailed and comprehensive compliance process,
- Administering the compliance process,
- Selecting the OH standards to be included into the annual self-assessment process,
- Selecting the OH standards to be checked at on-site compliance audits,
- Selecting the TSOs to be audited during the year within the regular process,
- Proposing to the RGCE Plenary the TSOs to be audited within the exceptional process (in cooperation with other expert bodies, if necessary),

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- Creating Audit Teams,
- Preparing the Compliance Oversight Report,
- Recommending measures to the RGCE Plenary in case of unsuccessful mitigation processes,
- Reviewing new RGCE Operation Handbook Standards or ENTSO-E Network Codes to ensure new standards are measurable and can be monitored,
- Recommending RGCE Operation Handbook Policies/ ENTSO-E Network Codes changes to the drafting teams and ENTSO-E RGCE Plenary based on reviews,
- Co-ordinating efforts with Compliance Monitoring Advisor and ENTSO-E RGCE Plenary on further development of the compliance monitoring process.
- Addressing independence of auditors and non-disclosure of proprietary information, where appropriate.

Audit Team

An Audit Team is in charge of tasks as follows:

- Developing of Audit Schedule,
- Performing an on-site audit of a TSO,
- Checking of the TSO's compliance with OH standards and identifying non-compliances and sufficient compliances, if any,
- Preparing and submitting of audit report,
- Recommending any necessary follow-up actions to the SG CME,
- Notifying the audited TSO of the conclusion of its Audit.

Compliance Monitoring Advisor

The Compliance Monitoring Advisor, in conjunction with the SG CME and under the oversight of the ENTSO-E RGCE Plenary, is responsible for all aspects of implementation, update, maintenance and amendment of the Compliance Monitoring Program. His responsibilities include:

- Supporting the efforts of the SG CME and the ENTSO-E RGCE Plenary in the Compliance Monitoring Process development,
- Supporting the preparation of the self-assessment questionnaires etc. needed in the Compliance Monitoring Process,
- Supporting the SG CME in the evaluation of every single requirement specified in the ENTSO-E RGCE Operation Handbook Standards in order to make it measurable or evaluable,
- Supporting the SG CME in the determination of the compliance filing requirements and scheduling the annual Compliance Monitoring Process,
- Informing RGCE member TSOs on compliance requirements,
- Posting reports on the ENTSO-E Web Site,
- Managing and maintaining the compliance database.

4.3 SELF-ASSESSMENT

The SG CME uses self-assessment as the main part (along with regular audits) of the regular annual Compliance Monitoring Process.

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Self-assessment means that each RGCE member TSO assesses by itself its compliance with each Operation Handbook standard to be monitored within the frame of the annual Compliance Monitoring Program. This task includes filling in questionnaires prepared by the SG CME and posted in the Extranet by the ENTSO-E Secretariat. The questionnaires require that the TSO for each standard declares one of the three possible compliance levels (**fully compliant, sufficiently compliant, non-compliant**) or **not applicable** (in this case an explanation is needed).

The TSO must declare non-compliance if it doesn't fulfil all essential requirements (without exceptions) specified in the monitored OH standard.

The TSO may declare sufficient compliance only if it fulfils the monitored RG CE Operation Handbook standards in its essential parts, but not in all details.

The TSO may declare full compliance only if it fulfils the monitored RG CE Operation Handbook standard in all details.

In case of any disagreement on what parts of an RGCE Operation Handbook standard are essential, the relevant expert bodies of ENTSO-E will be consulted. The final decision on the matter will be taken by the RGCE Plenary.

Additionally, the SG CME may require that the TSO answers some questions related to the standard and to explain by qualitative comments why the declared compliance level has been chosen.

If the TSO declares non-compliance with the monitored RG CE Operation Handbook standard, it must fill in a formal **non-compliance declaration containing a correct mitigation plan followed by progress reports on a regular basis**.

The **mitigation plan** is in fact an action plan of the TSO, which will allow lifting the non-compliance. It contains:

(i) A description of temporary remedial measures (if anything of that kind is feasible),

(ii) A timetable and a description of actions for removing the non-compliance, and

(iii) The deadline for the accomplishment of these actions.

The mitigation plan is only correct if it contains at least the second and the third piece of information mentioned above and can be rejected in case of incompleteness by the SG CME within two months. Alternatively, the SG CME can demand a rectification of the mitigation plan from the TSO, which has to be submitted one month after having been requested at the latest.

The SG CME will evaluate every mitigation plan from the point of view of its adequacy and technical appropriateness to undoubtedly reach compliance in due time. For this, it will consult relevant RGCE subgroups. If necessary, as mentioned above, the affected TSO will be demanded to rectify its mitigation plan.

If the TSO declares that it is sufficiently compliant with the monitored OH standard, it must submit **a correct improvement plan**.

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The **improvement plan** is in fact an action plan of the TSO to reach full compliance with an RGCE Operation Handbook standard. It contains:

(i). a description of actions which will lead to full compliance, and

(ii). the deadline for the accomplishment of these actions.

The improvement plan is only correct if it contains both pieces of information mentioned above.

4.4 DESCRIPTION OF THE REGULAR COMPLIANCE MONITORING PROCESS

The following steps summarise the activities performed by the different bodies.

STEP 1

It is the responsibility of RGCE to develop Operation Handbook standards. In order to obtain sound results from the Compliance Monitoring Process the standards need to be specific, measurable or evaluable, adequate, appropriate, written in understandable manner, clearly and precisely defining what constitutes compliance. In case of any doubt related to these prerequisites, SG CME will consult the relevant ENTSO-E bodies.

The SG CME and the Compliance Monitoring Advisor prepare the annual Compliance Monitoring Program (CMP). It contains:

- Specifications on the measurability of the ENTSO-E RGCE Operation Handbook Standards to be monitored,
- Compliance Filing Requirements,
- Compliance assessment procedures,
- Compliance Monitoring schedule including timeframes, milestones and deadlines,
- List of RGCE Operation Handbook standards to be checked within the scope of the annual self-assessment process,
- Methodology for selection of TSOs to be on site audited within the regular process.

STEP 2

The ENTSO-E RGCE Plenary approves the annual Compliance Monitoring Program.

STEP 3

SG CME prepares the list of RGCE Operation Handbook standards to be checked within the scope of the annual self-assessment process, and self-assessment Questionnaires etc. to be used.
The Compliance Monitoring Advisor has the responsibility to notify RGCE member TSOs of the applicable standards for which self-assessment is required. The expectations, in form of compliance templates, and the requirements to demonstrate full compliance will be forwarded to the RGCE member TSOs.

STEP 4

ENTSO-E RGCE member TSOs are required to provide data, conduct requisite analysis, and report the results of self-assessments to the ENTSO-E in accordance with the provided time schedule. If a TSO concludes that a measure is not applicable to it, a submittal is still required with the appropriate check box marked and justification provided. Member TSOs will make their submittals in electronic form.

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STEP 5

The Compliance Monitoring Advisor transmits the data in the database and reviews it. A notification of the transmittal is sent to the SG CME.

STEP 6

As an input to the RGCE Compliance Monitoring Process, each Audit Team has the responsibility to provide a report on its compliance findings (see chapter 5).

STEP 7

The SG CME prepares the Compliance Oversight Report including the detected non compliances and deficiencies (problems with compliance and mitigation plans, see chapter 7), and the results/reports of compliance on-site audits.

STEP 8

The RGCE Plenary reviews and acknowledges, the Compliance Oversight Report. RGCE Plenary may send the Compliance Oversight Report back to the SG CME for formal reasons only with a clear statement on what to adapt.

If needed, the RGCE Plenary will make determinations regarding appeals in accordance with the Dispute Resolution Process described in chapter 8. The Compliance Monitoring Advisor sends notification of resolution to the appealing TSO and the SG CME.

If the RGCE Plenary agrees with the findings of the SG CME resulting from an unsuccessful Deficiency Removal Process (chapter 7), STEP 9 will follow. If not, STEP 7 has to be reinitiated for further considerations.

STEP 9

On the basis of the unsuccessful Deficiency Removal Process the Chairman of the ENTSO-E RGCE Plenary starts the enforcement process by sending a formal letter prepared by the Compliance Monitoring Advisor to the affected TSO. The letter will specify each standard for which a deficiency has been found, and the measures including deadlines to be implemented by the TSO. The ENTSO-E RGCE Plenary has the final responsibility and authority for issuing such measures. If existing, the measures and deadlines will be determined on the basis of the mitigation plan delivered by the TSO, and upon consultation with the relevant RGCE Sub Groups.

STEP 10

The Compliance Monitoring Advisor archives the database entries and the TSOs' submittals.

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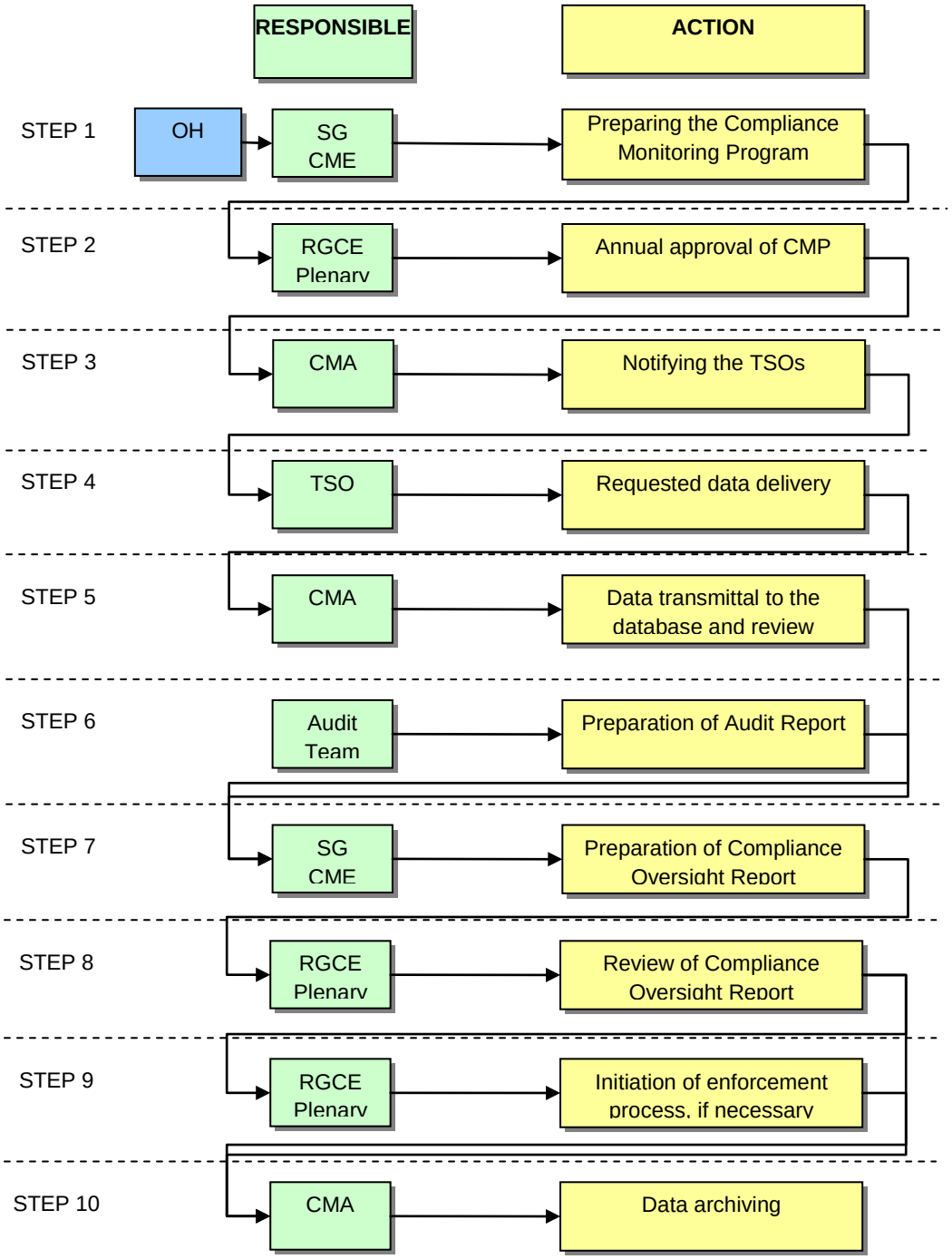
4.5 PROCESS FLOWCHART



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5. PRACTICES AND PROCEDURES FOR CONDUCTING COMPLIANCE AUDITS

5.1 OVERVIEW

The purpose of this chapter is to describe the practice of reliability on-site audits the RGCE will use to review TSOs' declarations of compliance with Operation Handbook standards.

The RGCE will perform compliance audits of each TSO at least once every five years.

5.2 AUDIT PRACTICES AND PROCEDURES

Compliance audits are co-ordinated by the Compliance Monitoring Advisor and the SG CME.

The Compliance Monitoring Advisor is responsible for maintaining the history of audited TSOs and scheduling compliance audits with TSOs in order to meet the minimum audit cycle consistent with RGCE requirements (at least once every five years).

Compliance Audits

1. Audit Team Leader and Members:

   Each RGCE member TSO will annually nominate for the Audit Team an employee who meets the qualifications listed below. If the TSO is represented in the SG CME, it may nominate its own member. Using the list of persons thus nominated, the SG CME will create an Audit Team of minimum 4 and maximum 7 people for each audit. The Audit Team is responsible for assessing TSO's compliance with RGCE Operation Handbook standards. If required by the TSOs being audited, the Audit Team members must subject themselves to confidentiality agreements for any data that is made available to them through the audit process.

   Qualifications of Audit Team Members:

   - Membership in the SG CME or at least three years experience in the areas of system operations and scheduling practices,
   - Thorough familiarity with the RG CE Operation Handbook standards,
   - No affiliation with the TSOs being audited and its neighbouring TSOs,
   - No two or more members from the same TSO are allowed.

   SG CME will appoint one member as the Audit Team Leader responsible for overall co-ordination of the audit. One member of the Audit Team will be the Compliance Monitoring Advisor to ensure consistent adherence to ENTSO-E practices and procedures. The Compliance Monitoring Advisor will assist the Audit Team Leader and be responsible for distributing and collecting the pre-audit questionnaires, arranging the on-site visits, and preparing and distributing the audit report. See step 2 below about pre-audit questionnaires.

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Audit Team Practices:

- The Audit Team may ask the TSO to demonstrate that the system operators and the responsible personnel are familiar with the Operation Handbook standards and actually know how to implement them.
- The Audit Team may ask the TSO to explain the process of collecting and reporting compliance data. The methods used should be verified as well.
- The audit includes the verification of data and information, not just a check to see if the end results are available.
- On-site audits should be conducted in a manner that minimises the impact on personnel of the TSOs being audited as well as on the TSOs that provide the Audit Team Members.
- A free exchange of information is encouraged. Lengthy, detailed discussions are discouraged. A balanced approach is expected.
- The Audit Team Members will refrain from making premature comments until the entire Audit Team has the opportunity to reach consensus on its findings. Should there be a disagreement of opinion between the Audit Team Members about whether an issue is compliant/non-compliant, the Team Leader will either resolve the disagreement or present both sides of the issue to the SG CME for further determination.
- The Audit Team will make every effort to provide an oral summary to the management of the audited TSO of the issues identified during the audit fieldwork, which may be significant enough to be included in the audit report as audit findings.

2. The SG CME selects the TSOs according to the following procedure: CME will make approximately seven audits annually and audited TSOs are chosen by two principles. TSOs which have returned improper or insufficiently filled self-questionnaire in CME's opinion can be chosen for audit. Remaining auditable TSOs are chosen in random to attain seven audits annually.

   However, each TSO has to be audited once every five years at least. Once a TSO has been audited, that TSO is exempt from the audit process for at least two years unless circumstances require a more frequent audit as determined by RGCE Plenary (exceptional process).

The Compliance Monitoring Advisor and the SG CME prepare the pre-audit and other questionnaires utilised in the audit. These questionnaires address the capabilities and actions of the audited TSO in relation to compliance levels previously declared. The questionnaires are not considered confidential.

3. OH standards will be chosen according to the following principles:

Year	Self-assessment	On-site audit
2009	Policy 8	Still voluntary audits
2010	Policies 1-3	Policy 8
2011	Policies 4-7	Chosen set of policies 1-3
2012	...	Chosen set of policies 4-7

This means that the on-site regular audits will check the quality of the self assessment of the previous year.

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4. The Compliance Monitoring Advisor notifies the audited TSO and forwards the pre-audit questionnaires to it.
5. The audited TSO fills in the pre-audit questionnaires and returns them to the Compliance Monitoring Advisor.
6. The Audit Team conducts an on-site visit to the audited TSO's facilities. During a visit, the Audit Team members will:
    - Inspect the TSO's facilities and equipment,
    - Review with the TSO the data collected in the questionnaires,
    - Review TSO's data submittals (may be conducted off-site),
    - Interview the TSO's operational, engineering and management personnel,
    - Review all other necessary documents and data as considered necessary.
7. The Audit Team's assessment of the TSO's compliance with RGCE Operation Handbook standards will be based on the results of the audit steps performed as described above. The Audit Team's findings will be documented in a formal report that will include at least the following elements:
    - The purpose of the audit (routine inspection of the credibility of the TSO's declarations of full compliance, sufficient compliance or non compliance with RGCE Operation Handbook standards, or some more concrete event-driven goal).
    - The scope of the audit (listing of RGCE Operation Handbook standards being reviewed).
    - Findings (the findings will be based on the TSO's compliance with the audited RGCE Operation Handbook standards – all findings of sufficient compliance and non-compliance will be clearly described).
    - The audited TSO's response to the audit report findings (includes a clear statement as to whether the TSO agrees or disagrees with the findings). If it agrees, the audit report should also include the date the TSO will provide to the Compliance Monitoring Advisor a detailed mitigation plan with deadline, which corrects the areas of non-compliance. If the TSO disagrees, the audit report should include a detailed clear description of the reason for the disagreement.
8. The Audit Team is responsible for developing a draft audit report and presenting it to the TSO being audited for review and written response. If appropriate, any difference of opinion on the audit results should be discussed to ensure that both the TSO being audited and the Audit Team clearly understand each other's position. On this basis, the audit report will be updated and forwarded to the SG CME.
9. The report with the TSO's responses will be reviewed by the SG CME and sent to the RGCE Plenary.
10. The RGCE Plenary is responsible for acknowledgement of the report and, if necessary, it may send the audit report back to the Audit Team for further clarification, review or verification of the audited TSO's compliance. The Audit Team will repeat any audit steps as required to ensure the findings are solely based on clear and accurate audit results. Once the RGCE Plenary has acknowledged the audit report, it will notify thereof the concerned TSO and the SG CME..

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General remarks:

- Pre-audit questionnaires will be sent to the TSO involved in an audit at least 6 weeks prior to the on-site visit.
- The TSOs involved in an audit has to return the completed pre-audit questionnaires to the ENTSO-E Secretariat at least 2 weeks prior to the on-site visit.
- The Audit Team will prepare and review an initial draft of the audit report within 2 weeks following the on-site visit at the audited TSO, and send it to the audited TSO for review and a written response.
- The audited TSO has to respond in writing to the draft audit report findings within 2 weeks after having received it. The Audit Team will review the TSO's response, make any necessary revisions to the audit report, and forward the report to the SG CME.
- The SG CME will review the audit report, formulate its comments in a separate document, if necessary, and forward both the report and the comments to the RGCE Plenary within 8 weeks following the on-site visit.

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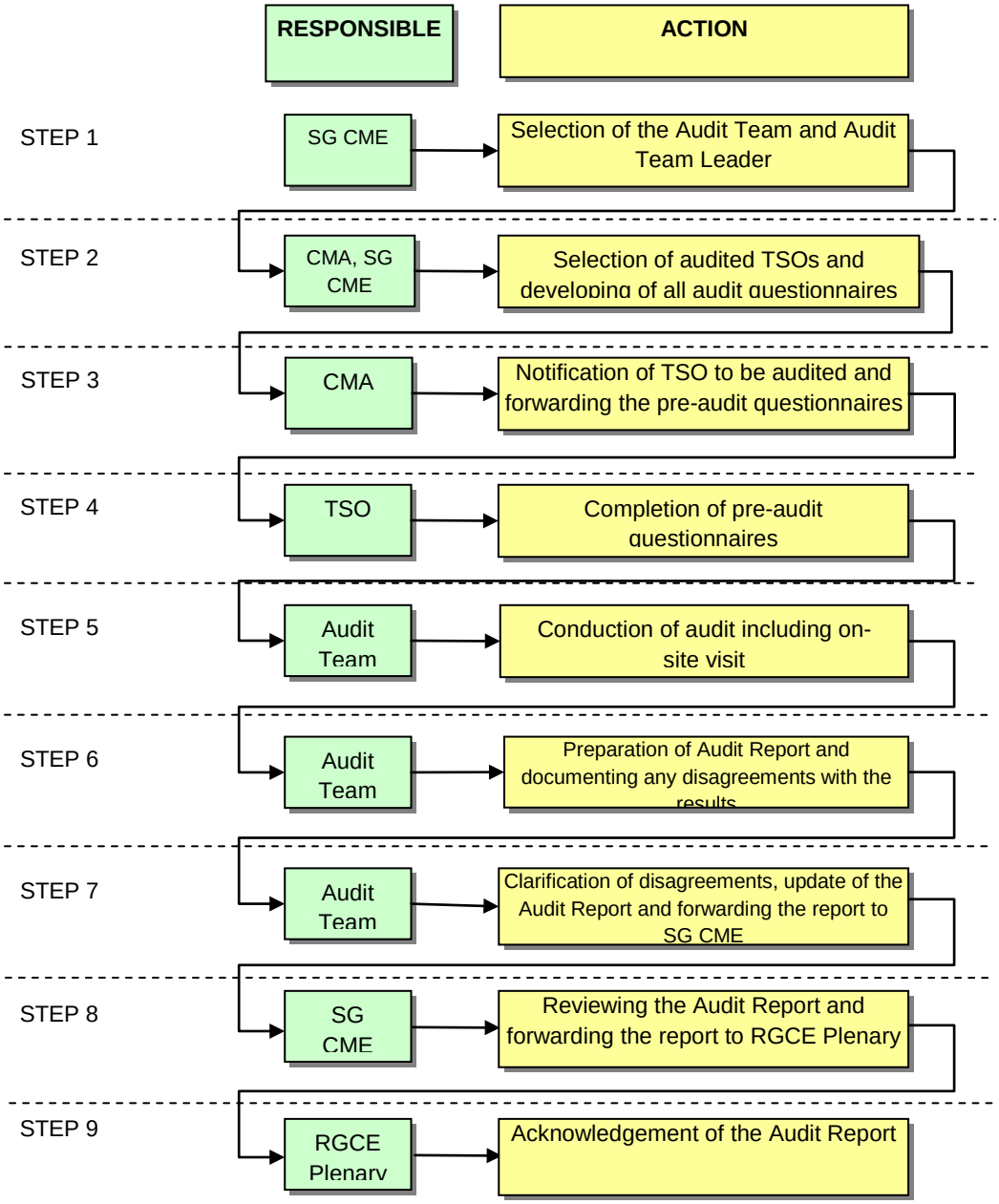
5.3 AUDIT PROCESS FLOWCHART



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6. COMPLIANCE PROCESS FILING REQUIREMENTS

For self-assessment purposes, the Compliance Monitoring Process filings will be inserted and submitted electronically via the password protected domain in the ENTSO-E extranet.

The initial page of the domain is the “Compliance Summary Page.” This page lists the compliance questionnaires to be filled-in, summarises the status of the compliance questionnaires, including due date, lockout date, readiness for approval, and certification statement.

The due date indicates the last date for submitting without incurring timeliness measures. The lockout date is the last date the user will be able to access the questionnaire to make a filing. A “ready for approval” column indicates whether the questionnaire is finalised and ready to be submitted. The certification statement column contains checkboxes for questionnaires that have been marked “ready for approval.”

7. DEFICIENCY REMOVAL PROCESS

7.1 PROCESS DESCRIPTION

It is expected that the TSOs declare their non-compliances correctly, report regularly on achieved progress at removing them and eventually remove them in accordance with the initial schedule without a need to interfere on behalf of the SG CME. The Compliance Monitoring Advisor keeps an account of such regular progress reports and informs the SG CME.

However, in case of irregularities a special Deficiency Removal Process has to be started, which is described in the following.

The Deficiency Removal Process is a process of determining and removing of deficiencies within the scope of the Compliance Monitoring Process. It begins when:

- A TSO declared full or sufficient compliance, whereas the filing is assessed as non-compliant by the SG CME (in cooperation with relevant RGCE subgroups, if necessary). This is understood as a case of deficiency and as a case of non-compliance at the same time.
- A TSO declared non compliance, but it didn’t submit a mitigation plan or the mitigation plan is assessed as inappropriate (e.g. from the technical point of view) or incomplete (e.g. without deadline) by the SG CME (in cooperation with relevant RGCE subgroups, if necessary). This is understood as a case of deficiency.
- A TSO declared non compliance, submitted a correct mitigation plan, but that plan is not on schedule (i.e. the TSO has not realized the mitigation actions on time or at all). This too is understood as a case of deficiency.

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Step 1

Under supervision of the SG CME, the Compliance Monitoring Advisor sends a letter notifying the TSO that it has been assessed non-compliant, or that its mitigation plan is inappropriate or incomplete or that its mitigation plan is not on schedule. The letter specifies the standard in question, the reason for non-compliance or deficiency, and the action to be taken to become compliant. The letter also describes the appeal process the TSO may use in case of disagreement.

Step 2

The TSO reviews the letter and either accepts the non-compliance and/or deficiency, or rejects it. If accepted the TSO submits a correct mitigation plan or explains the delay at realizing the mitigation actions. The mitigation plan has to contain a description of the actions to be realized to become compliant and a schedule (deadlines) for completion of those actions. In an explanation the problems which led to the delay has to be described. Only problems matter for which the TSO cannot be made directly responsible. Financial problems don't belong to that category, because once a mitigation plan is submitted, the RGCE Plenary and the SG CME assume that the financing of the proposed actions has been considered. In special circumstances the Compliance Monitoring Advisor may ask for additional information to be included in the mitigation plan or explanation. In the event the TSO rejects the non-compliance or deficiency, it notifies the Compliance Monitoring Advisor of its request for appeal to the ENTSO-E RGCE Plenary.

Step 3

The Compliance Monitoring Advisor maintains a log of the status of all mitigation plans received and actions realized. The Compliance Monitoring Advisor reviews the record with the TSO to establish that the record is correct.

Step 4

Refer to chapter 8 – Appeals and Dispute Resolution Process for a description of the appeal process.

Step 5

The SG CME resumes the process upon receipt of the mitigation plan or explanation. The plan or explanation may either be accepted or rejected by the SG CME (in cooperation with relevant RGCE subgroups, if necessary).

Step 6

The Compliance Monitoring Advisor notifies the TSO of the decisions of the SG CME, updates the Mitigation Status Log, and sends the status report to the SG CME.

In case of an accepted explanation a new correct mitigation plan is required. In case of a rejected mitigation plan, a revised mitigation plan is required from the affected TSO.

However if the Deficiency Removal Process is unsuccessful (i.e. the explanation is not accepted, or the TSO fails to meet its mitigation plan schedule and does not provide a revised plan, or a mitigation plan is rejected for the second time, or it has revised its

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mitigation plan schedule and failed to meet that revised schedule), enforcement or remedial measures may be administered by the RGCE Plenary.

Step 7

The TSO completes or revises the mitigation plan. New or revised filings are submitted in the same way as initial filings (to the compliance@entsoe.eu email address), with a notification by email directly to the Compliance Monitoring Advisor.

Step 8

The log of the filings will be updated and the information transmitted to the SG CME by the Compliance Monitoring Advisor.

Step 9

The TSO communicates to the Compliance Monitoring Advisor the realization of mitigation actions.

Step 10

The SG CME upgrades the compliance level to sufficiently or fully compliant after all mitigation actions are realized. In this case, a notification will be sent to the TSO. In case the mitigation plan schedule exceeds the next self-assessment filing or audit date, the TSO will be considered non-compliant but will not be subject to measures described in the previous steps. For such mitigation plans a status update may be requested from the TSO in order to assess whether the mitigation plan is on schedule.

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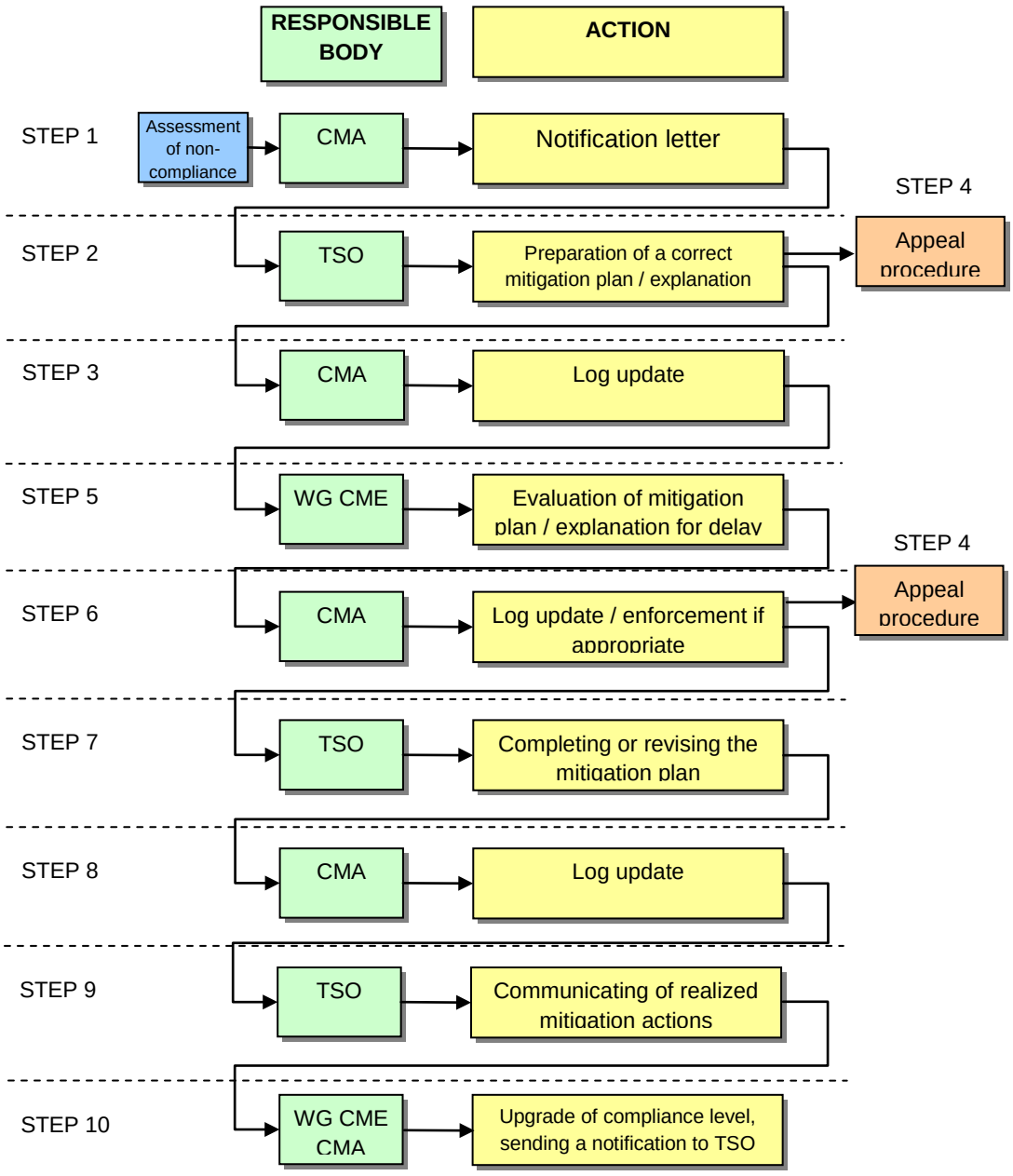
7.2 DEFICIENCY REMOVAL PROCESS FLOWCHART



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8. APPEAL AND DISPUTE RESOLUTION PROCESS

The Appeal and Dispute Resolution Process is a two-step sequential process. The steps are:

1. The SG CME finding of non-compliance, or of deficiency such as an inappropriate or incomplete mitigation plan or a mitigation plan which is not on schedule,
2. Appeal to the ENTSO-E RGCE Plenary.

Appeals are initiated by notifying the Compliance Monitoring Advisor that the affected TSO is appealing the non-compliance or deficiency determination.

8.1 THE SG CME FINDINGS

In accordance with the Deficiency Removal Process the Compliance Monitoring Advisor will provide a finding of non-compliance or of inappropriate or incomplete mitigation plan or of mitigation plan which is not on schedule to a TSO (steps 1 and 6 of the mitigation process). This notification will be made after review by the SG CME. If upon receipt of that notification, the affected TSO disagrees and wishes to present its position on the matter it may do so, in writing with any supporting documentation, within 14 days of issuance of the notification. This information will form a part of the record upon which the SG CME will base its decision. While the TSO may raise any issues it wishes respecting the preliminary finding, it may not challenge the validity of the Operation Handbook standards or operating practices.

The SG CME shall strive to take its decisions by consensus of the members. In the event a consensus cannot be achieved, issues shall be dealt with in the manner recommended by the convener who shall determine consensus. Consensus shall be defined as no substantial disagreement on an issue. In the event that consensus cannot be achieved on a matter, the issue should be presented to the RGCE Plenary. Any member of the SG CME that has an interest in the outcome of the proceeding, specifically including any member that is an employee of an affected TSO, will not participate in the decision taking.

If no submittal is made by the affected TSO within the prescribed 14 day period the preliminary finding of non-compliance or deficiency made by the SG CME becomes final. The Compliance Monitoring Process proceeds to the submittal and realization of a correct mitigation plan by the affected TSO or the proposal to the RGCE Plenary to impose enforcement of remedial actions.

8.2 APPEAL

An affected TSO may appeal a SG CME decision to the RGCE Plenary. A registered mail of the affected TSO intending to appeal must be sent to the Convenor of the RGCE Plenary no later than 14 calendar days after the affected TSO received the final decision on the subject. Both the affected TSO and the SG CME will prepare written statements of their positions on the issues and present them, with any supporting documentation they believe is appropriate, to the RGCE Plenary within 4 weeks following the date of the written notification of the appeal. The affected TSO and the SG CME shall have the right to make oral presentations to

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the RGCE Plenary, in which case questions may be asked only by members of the RGCE Plenary. The affected TSO or the SG CME may raise any issues they wish respecting the SG CME decision, such as the factual basis for the decision or the procedural steps involved, but neither may challenge the validity of the RGCE Operation Handbook standards.

When the Compliance Monitoring Advisor prepares a report on the disputed matter for the use of the RGCE Plenary in its deliberations, a copy of that report shall be made available to the parties, and the parties shall be afforded a reasonable opportunity to respond to the report.

The RGCE Plenary will deliver its decision at the next scheduled meeting. The decision will be based on ENTSO-E Internal Regulations (it should exclude from voting members of the RGCE Plenary that are directly involved in the outcome of the proceeding (especially any RGCE Plenary representative of the affected TSO(s)). The decision of the RGCE Plenary is the final decision on the matter.

9. TIME SCHEDULE OF IMPLEMENTATION

The due date indicates the last date for performing actions or for submitting the filled questionnaires.

1	**Approval of Compliance Monitoring Program 2010**	**January/March 2010**
2	**Publishing of the Compliance Monitoring Program 2010 and Questionnaire (in Extranet) for member TSOs**	**March**
3	**Results of self-assessment by member TSOs**	**May**
4	**Request for additional explanations**	**June**
5	**Additional information submittal by member TSOs**	**July**
6	**On-site Compliance Audits**	**April - October**
7	**Draft Compliance Oversight Report 2010**	**December**
8	**Presentation of the final Compliance Oversight Report 2010 to the RGCE Plenary**	**January 2011**

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