

UCTE COMPLIANCE MONITORING PROGRAM 2009

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ANNEX 1 – QUESTIONNAIRE FOR THE OPERATION HANDBOOK RULES TO BE MONITORED IN 2009

ANNEX 2 – UCTE VOLUNTARY COMPLIANCE AUDITS 2009

1. Introduction

The main purpose of the UCTE is to promote the reliable and efficient operation of the UCTE interconnected power system in Europe through the establishment of commonly agreed rules for system operation. Besides the definition and regular review of these rules within the scope of the Operation Handbook (OH) this implies a procedure to monitor the TSOs' compliance with them in order to ensure that the TSO community continuously remains credible in its commitment to reliable operation of the interconnected system. By the development of reliability rules, the UCTE considers the need for a development of fair, effective and efficient competitive electricity markets.

This document addresses the Compliance Monitoring Program in 2009 that is a basic element of the Security Package for demonstrating that the UCTE is a self-regulating organization. It provides a framework and a process flow for compliance assessment, mitigation and improvement plans (in cases of non-compliance and sufficient compliance, respectively). Although the present document is based on the previous Compliance Monitoring Programs, it also contains some modifications as a result of experiences gained and remarks obtained from the UCTE members so far.

The compliance monitoring process in 2009 is oriented to check compliance with all rules and standards as specified in the OH Policy 8 "Operational Training".

Additionally, the WG CME will continue to conduct voluntary on-site audits which will once again consist of checking the compliance with the same 16 OH standards and requirements as it was done in 2008.

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:

Ad-hoc compliance inquiry team	An investigating group set up among the WG CME members and, if necessary, other UCTE member TSO's experts appointed with the task to conduct an ad-hoc (on-site) compliance inquiry . The members of the group must be free of interest conflicts and must not belong to the investigated TSO. Furthermore, they must comply with UCTE confidentiality provisions.
Ad-hoc (on-site) compliance inquiry	The exceptional process that can be introduced by the WG CME in case of triggering events and upon an estimation that the Compliance Monitoring Process can't be fully performed without additional information. An ad-hoc (on-site) compliance inquiry is conducted by an ad-hoc compliance inquiry team .
Complementary regular process documents	Accompanying documents in form of a mitigation plan and progress reports on a regular basis to be sent to the WG CME by an UCTE member TSO that declares non-compliance with an Operation Handbook rule or submits a non-compliance self-report .
Compliance	Conformity with the UCTE Operation Handbook rules .
Compliance database	The database maintained by the UCTE secretariat containing current and historical results of the Compliance Monitoring Process . It allows for automatic processing of self-assessment submittals of the UCTE member



	TSOs.
Compliance inquiry report	The document written by an ad-hoc compliance inquiry team containing the results of an ad-hoc (on site) compliance inquiry .
Compliance level	The degree to which a UCTE member TSO complies with a specific UCTE Operation Handbook rule . Three levels (categories) are defined: fully compliant, sufficiently compliant and non-compliant .
Compliance Monitoring Process	The process of assessing whether the UCTE member TSOs are compliant with the UCTE Operation Handbook rules . It consists of the regular processes of self-assessment and non-compliance self-reports as well as of the exceptional processes of ad-hoc (on-site) compliance inquiries and remedial actions enforcement .
Compliance Monitoring Program (CMP)	The document that delineates the Compliance Monitoring Process . It points out the UCTE Operation Handbook rules to be checked during a period of one calendar year as well as lists and describes the procedures to be followed and the demands to be responded by each TSO as scheduled in the compliance questionnaires and self-assessment timetables .
Compliance Oversight Report (COR)	The document in which the current compliance status of the UCTE member TSOs is presented based on declarations provided according to the annual Compliance Monitoring Program . For non-compliant TSOs it details the deficiency findings, the mitigation plans, progress reports and, if applicable, the follow-up process . It may also contain proposals on how to improve the UCTE Operation Handbook and recommendations concerning the development of the Compliance Monitoring Process .
Compliance questionnaire	A list of questions concerning the conformity of the UCTE member TSOs with the UCTE Operation Handbook rules . The list includes a description of how the compliance with each UCTE Operation Handbook rule is to be assessed. The compliance questionnaire is a mean to perform the self-assessment process .
Compliance status of UCTE member TSO	Formal assessment by the WG CME of the general situation concerning the compliance of an UCTE member TSO with the Operation Handbook rules .
Control Area Manager	The person that is officially responsible for the Compliance Monitoring Process on the site of an UCTE member TSO – single point of contact of TSO with respect to Compliance Monitoring Process .
Follow up process	The exceptional processes of the ad-hoc (on-site) compliance inquiry and of the remedial actions enforcement .
Fully compliant – full compliance	This category applies when the TSO fulfils the examined UCTE Operation Handbook rule in all details. This implies that the security and quality of system operation of the UCTE interconnected system is <ul style="list-style-type: none"> • neither <u>adversely</u> influenced • nor <u>jeopardized</u>.
Improvement plan	A set of measures (including a timetable and deadline) submitted by a “sufficiently compliant” TSO that will lead it to full compliance.
Mitigation plan	A list of measures submitted by an UCTE member TSO concerning non-compliance declaration that will lead to the compliance with an UCTE Operation Handbook rule . It contains a description of temporary remedial measures (if anything of that kind is feasible), a timetable and a description of actions that will allow removing the non-compliance and a deadline for the accomplishment of these actions.



Non-compliance declaration	The formal communication within the scope of the self-assessment process of an UCTE member TSO to the WG CME that it is non-compliant with an UCTE Operation Handbook rule . The non-compliance declaration must be accompanied with a valid mitigation plan .
Non-compliance self-report	The regular process, in which an UCTE member TSO formally notifies the WG CME that it is non-compliant with an Operation Handbook rule due to unforeseen situations (and therefore not declared within the scope of self-assessment), which have already occurred, are in the process of occurring or will probably occur.
Non-compliant - non-compliance	This category applies when the examined UCTE Operation Handbook rule is not fulfilled at all or in any of its essential parts. This implies that the security and quality of system operation of the interconnected UCTE system <ul style="list-style-type: none"> • may be <u>adversely</u> influenced • or even <u>jeopardized</u>. The non-compliant TSO must submit a non-compliance declaration (if the non-compliance is detected within the scope of the self-assessment process) or a non-compliance self-report (in all other cases).
Progress reports on a regular basis	A formal communication by a non-compliant UCTE member TSO concerning the implementation of the actions that will lead to the success of a mitigation plan and eventually to the compliance with an UCTE Operation Handbook rule .
Remedial actions enforcement	The exceptional process conducted by the WG CME and the WG O&S as well as approved by the UCTE Steering Committee comprising a Directive to the affected TSO to apply actions (operational limitations, operating practices, development of operating plans, operating plans, specific studies, data submittal, specific training) in order to protect the system reliability from an imminent threat. Each remedial action includes a deadline for its completion.
Self-assessment forms	Forms maintained by the UCTE secretariat that contain the compliance questionnaire , facilitate the self-assessment process and tabulate the self-assessment data.
Self-assessment process	The regular process of submitting and communicating to the WG CME a full amount of information and data resulting from the UCTE member TSO's self-evaluation of the conformity (compliance) of its equipment, guidelines, processes and practices with the UCTE Operation Handbook rules . This information contains a declaration of one of the three possible compliance levels (fully compliant, sufficiently compliant, non-compliant, not applicable) , an explanation by qualitative comments why the declared compliance level has been chosen, and, if applicable, a reference list of all relevant documents (legislation, internal process description etc.) It also includes a permanent reviewing of the compliance level and, if applicable, notifying the WG CME of the mitigation plan .
Self-assessment timetables	Timetables issued by the UCTE secretariat for the submittal of the self-assessment data.
Self-regulation	The process aspired and realized by an association or other legal subject, which defines and enforces the compliance with all the rules necessary for a secure, stable and sustainable functioning of technical systems and markets.
Sufficiently compliant – sufficient compliance	This category applies when the TSO fulfils only a part of the examined UCTE Operation Handbook rule . This implies that the security and quality of system operation of the interconnected UCTE system



	<ul style="list-style-type: none"> • may be <u>adversely</u> influenced • but is not <u>jeopardized</u>. <p>The sufficiently compliant TSO must submit an improvement plan within the scope of the self-assessment process.</p>
Temporary remedial measures	A list of actions stated in a non-compliance declaration or a non-compliance self-report that will decrease the risk during the period of non-compliance , in which the corresponding mitigation plan should be realized. Temporary measures are not equal the mitigation plan and do not replace it.
Triggering events	Events and situations that can bring the WG CME to the decision that an ad-hoc (on-site) compliance inquiry has to be started.
UCTE assistance	Any action undertaken by UCTE bodies in order to help the UCTE member TSOs to evaluate its compliance with the UCTE Operation Handbook rules . The UCTE bodies provide the technical and administrative assistance to the TSOs in a suitable dialog form.
UCTE Extranet tool	Tool in UCTE Extranet that contains the self-assessment forms .
UCTE Operation Handbook rules	Conformity requirements and standards resulting from the UCTE Operation Handbook.
WG Compliance Monitoring and Enforcement – WG CME	An UCTE competence centre acting as the Compliance Monitoring Body of the UCTE. Its main task is to define and establish the processes and procedures for monitoring the compliance of the UCTE member TSOs with the Operation Handbook rules .
WG Operation and Security – WG O&S	An UCTE competence centre. The main task thereof is to ensure and maintain a high standard of operability, reliability and security of the interconnected UCTE synchronous network within the frame of the liberalized energy market.



3. Compliance Monitoring Process – an overview

The Compliance Monitoring Process is the process of assessing whether the UCTE member TSOs are compliant with the UCTE Operation Handbook rules. The UCTE, on behalf of its members, continues to co-ordinate the development of the Operation Handbook Policies as well as to promote and support the application of the UCTE Operation Handbook rules as approved by the UCTE Steering Committee (SC).

All compliance assessment information, forms, questionnaires, schedules, documents, reviews and reports will be maintained and posted on the UCTE Extranet by the UCTE Secretariat in accordance with the UCTE Internal Regulations regarding the confidentiality of data submitted by UCTE 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 UCTE maintains a compliance database which allows automatic processing of submittals. The submittals by UCTE member TSOs are required via a password protected domain in the UCTE Extranet and are stored in electronic form. Exceptions will be handled from case to case.

UCTE members that have questions regarding the Compliance Monitoring Process as a whole or in relation to any specific compliance assessment processes should contact the UCTE Secretariat or the members of the WG CME.

The Compliance Monitoring Process will be performed via regular and exceptional processes as described in the subchapters 3.1 and 3.2.

The WG CME develops an annual Compliance Monitoring Program. In this program the Operation Handbook rules to be checked during the year will be pointed out.

The UCTE focuses mainly on self-assessment and self-reporting of its member TSOs and monitoring of the results. These are the regular processes that must be realized in a rigorous and precise manner providing a full amount of necessary information, without which a successful monitoring and analysis/comparison of data is impossible. Therefore, the exceptional processes of ad-hoc compliance inquiry (on-site, if necessary) and remedial actions enforcement can and will be used as a matter of last resort in cases the regular compliance monitoring processes do not bring expected results.

In the end of the yearly activities related to the Compliance Monitoring Program, the WG CME publishes an annual Compliance Oversight Report (COR) and submits it to the UCTE Steering Committee for acknowledgement.

3.1. Regular compliance monitoring processes

As regular tools the WG CME uses the following two processes:

- **self-assessment**
- **non-compliance self-report**

In case of a negative outcome of the self-assessment process for an Operation Handbook rule (i.e. non-compliance) and in case a non-compliance self report is submitted, **complementary regular process documents** are required (see subchapter 3.1.3).



3.1.1. Self-assessment

Self assessment means that each UCTE member TSO itself assesses its compliance level with each Operation Handbook rule to be checked within the frame of the annual Compliance Monitoring Program. This task consists of filling in the questionnaires prepared by the WG CME and posted in the Extranet by the UCTE Secretariat. The questionnaires require that the TSO for each rule

- (i) answer the questions related to this rule,
- (ii) declare one of the three possible compliance levels (fully compliant, sufficiently compliant, non-compliant) or not applicable,
- (iii) explain by qualitative comments why the declared compliance level has been chosen.

Additionally, within the scope of the Compliance Monitoring Program 2009, the TSOs will have to provide explanations (an overview of their training system – separately for each chapter of the Policy 8, not more than 2 pages per chapter) which will be included into the Compliance Oversight Report as an Annex.

At this stage it is not foreseen to enter into details concerning the methodology normally applied by UCTE member TSOs related to launching and following up of the risk analysis for each Operation Handbook rule. However, this will be the case, should the exceptional process of ad-hoc (on-site) compliance inquiry be started (see subchapter 3.2.1).

If under (ii) a TSO declares:

- that it is non-compliant with an OH rule, it must fill in a formal **non-compliance declaration**,
- that it is sufficiently compliant with an OH rule, it must fill in a formal **improvement plan** to reach fully compliance

3.1.2. Non-compliance self-report

On the other side, a **non-compliance self-report** is also a formal declaration issued by an UCTE member TSO and submitted to the WG CME, but referring to unforeseen (and therefore not declared within the scope of the self-assessment process) exceptions to the Operation Handbook rules, which have already occurred, are in the process of occurring or will probably occur. A non-compliance self-report can be issued even in the case, when the same non-compliance has already occurred, been declared and removed by the TSO.



3.1.3. Complementary regular process documents

In both non-compliance cases (non-compliance declaration and non-compliance self-report) the affected TSO must provide a **valid mitigation plan followed by progress reports on a regular basis**. On the other hand, if the TSO is sufficiently compliant, it is only obliged to deliver an improvement plan.

The **mitigation plan** and the **improvement plan** are in fact action plans of the TSO, which will allow lifting the non-compliance or sufficient compliance, respectively. They contain:

- (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 or sufficient compliance, and
- (iii) a deadline for the accomplishment of this actions.

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

The WG CME will evaluate mitigation/improvement plans from the point of view of their adequacy and technical appropriateness to undoubtedly reach full compliance in due time. For this, it will consult the UCTE WG Operation & Security. If necessary, as mentioned above, the affected TSO will be demanded to rectify its mitigation/improvement plan.

3.2. Exceptional compliance monitoring processes

In some cases of non-compliance the WG CME will conclude that a **mitigation plan is inappropriate** and revert to the **exceptional tools** within the frame of the Compliance Monitoring Process, i.e. to the processes of ad-hoc (on-site) compliance inquiries and remedial actions enforcement.

3.2.1. Ad-hoc (on-site) compliance inquiry

In order to assess the risks to which the reliable operation of the UCTE transmission system is exposed, the WG CME will first start the **ad hoc (on-site) compliance** inquiry and inform the UCTE SC. This decision will be taken by $\frac{3}{4}$ majority of the present members of WG CME.

This will be the case, when the WG CME estimates that the Compliance Monitoring Process needs additional information in order to be fully performed.

The accomplishment of this task may require additional expert effort that possibly exceeds the professional qualifications of the WG CME members. Therefore, if necessary, the WG CME will nominate additional experts. The members of an ad-hoc compliance inquiry team must be free of interest conflicts and must not belong to the investigated TSO and, if possible, its neighbours. Furthermore, they must comply with UCTE confidentiality provisions.

The conditions and the extent of an ad-hoc (on-site) compliance inquiry will be agreed between the ad-hoc compliance inquiry team and the affected TSOs (control area manager). As a general rule, this will comprise:

- a briefing with the affected TSO's control area manager,

- 
- if necessary, a request for and an analyses of further material to be prepared and delivered by the affected TSO (here, a more detailed approach can be chosen, especially concerning the methodology normally applied by the affected UCTE member TSO related to launching and following up of the risk analysis for the violated Operation Handbook rule),
 - if necessary, an on-site visit and inspection by the investigation team,
 - a debriefing with the presence of the affected TSO's control area manager (on-site, if applicable),
 - a writing of a compliance inquiry report,
 - approval of the compliance inquiry report by the WG CME,
 - issuing of the final compliance inquiry report,
 - informing the UCTE Steering Committee.

Inquiry teams merely support the work of the WG CME and enable it to reach more profound insights in relation to the Compliance Monitoring Process and to fully perform it. However, their significance should not be underestimated. Full co-operation of the inspected TSO is expected. If the inspected TSO refuses the co-operation, the WG CME will immediately start the process of remedial actions enforcement (see subchapter 3.2.2).

The triggering events for the use of the ad-hoc (on-site) compliance inquiry can be:

- insufficient information provided by TSO concerning its compliance with a monitored Operation Handbook rule (incomplete answers to the questionnaires)
- TSO's non-compliance declaration or non-compliance self-report without a valid mitigation plan
- inappropriate mitigation plan
- missing or inappropriate progress report concerning a mitigation plan
- unsuccessful mitigation plan
- officially submitted complaints by other TSOs
- SC UCTE request

Complaints by other TSOs have to be submitted only to the WG CME and therefore they are not the same as defined in the MLA. They do not automatically trigger compliance inquiries either. Nevertheless, they will be treated in a serious manner, the risks for the reliable operation of the transmission system will be analysed and the defendant TSO will be asked by the WG CME to disprove the complaints.

As on-site compliance inquiry results in additional organisational burden and costs for inspected TSO as well as for inquiry team, the compliance inquiry should be applied reasonably, in exceptional situations affecting the reliability of interconnected operation.

3.2.2. Remedial actions enforcement (Directive)

In case the compliance inquiry related to any of the above triggering events reveals considerable risks for the reliable operation of the UCTE system, the WG CME will initiate remedial **actions enforcement**. This decision will be taken by $\frac{3}{4}$ majority of the present members of WG CME.

This means issuing of a Directive to the affected TSO to apply actions (operational limitations, operating practices, development of operating plans, operating plans, specific studies, data submittal, specific training) in order to protect the system reliability from an imminent threat. Each remedial action includes a deadline for its completion.

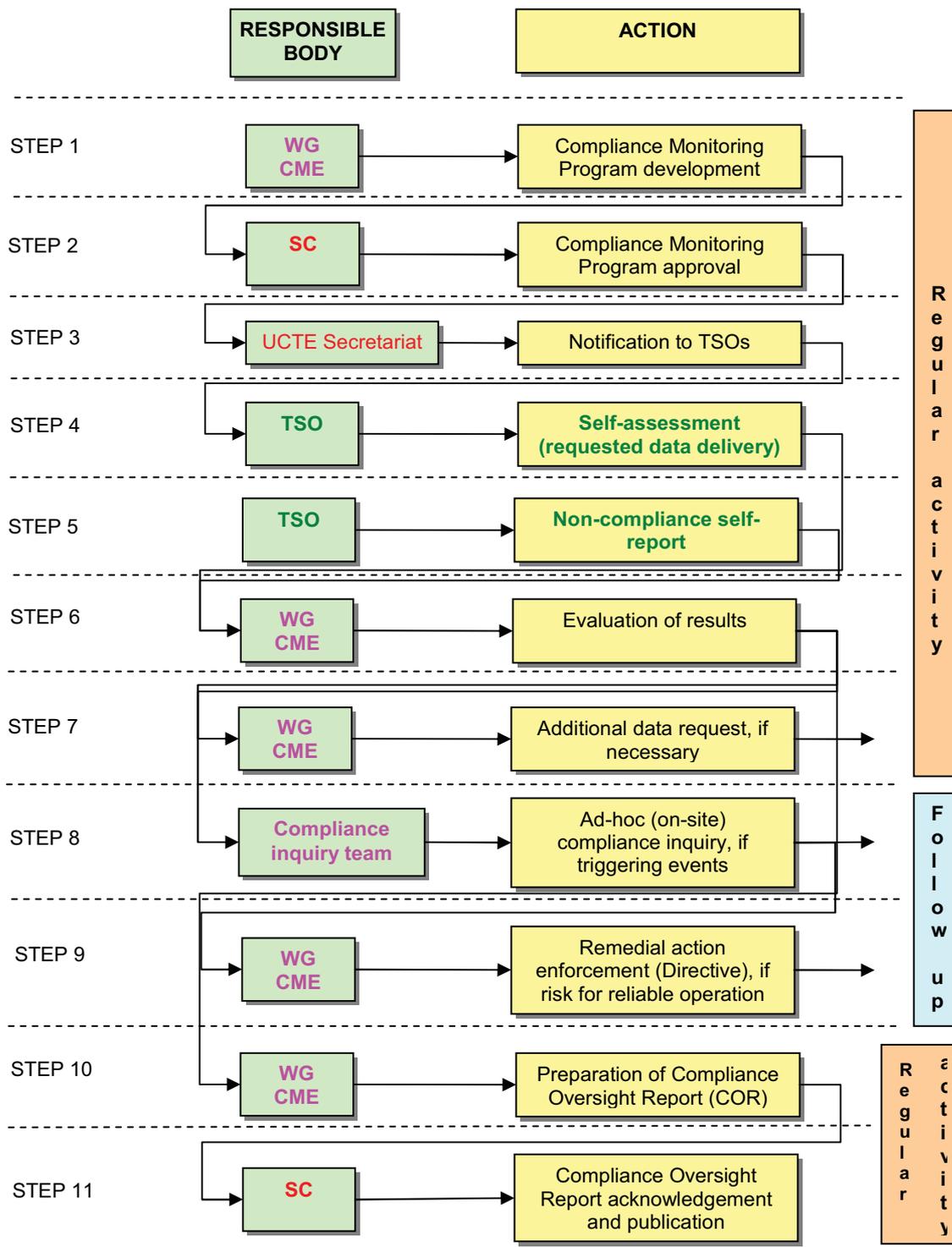


The Directive is prepared by the WG CME in co-operation with the UCTE WG Operation & Security, thus ensuring the full relevance with discussions or works already in progress. The UCTE Steering Committee will be informed.

As such Directives are not defined as a part of the MLA their observance is not obligatory for the affected TSO though. However, a Directive is a clear sign for everyone that something is wrong. Therefore, it is obvious that the other UCTE member TSOs will analyze the risks and that anyone of them might possibly start the MLA process. This may lead to the appointment of the Technical Committee and to all the financial and professional consequences that may result from its work.

4. Compliance Monitoring Process – roles and steps

The overall process review as described in the previous chapter is shown in the flowchart on the next page. It presents the basic program concepts, delineates actions required and assigns the prerequisite of the process and the roles (and responsibilities) for each activity (step) within.



Flowchart of the Compliance Monitoring Process



In the following the roles, prerequisites and the regular and the exceptional activities within the Compliance Monitoring Process are described.

4.1. Prerequisite

The prerequisite for the Compliance Monitoring Process are the Operation Handbook rules. They should:

- be written in a clear and understandable manner,
- be transposable into questions,
- define who is responsible for the compliance with each Operation Handbook rule,
- contain a clear description of how the compliance levels can be measured and verified,
- name all relevant information, studies, analyses, designs, documents, procedures, methodologies, process and operating data that must be submitted to the WG CME as well as
- contain clear instructions on how to use this material for analysis, comparison and assigning of compliance levels within the scope of the Compliance Monitoring Process.

WG CME has an interest to see the Operation Handbook rules on the above very high level of accomplishment, which at present is not yet achieved. Therefore, the WG CME will continue to play an important role in the further development of the Operation Handbook by producing comments and proposals for the attention of the Operation Handbook drafting teams of the WG O&S.

4.2. Roles and responsibilities

UCTE member TSOs

Each UCTE member TSO has the responsibility to adhere to UCTE Operation Handbook Policies. In case of non-compliance the affected TSO may be a subject to relevant measures stemming from the MLA.

The participation in the Compliance Monitoring Process is not only an obligation, but also a matter of professional pride and high quality rules the UCTE member TSOs stick to. This is also a matter of the credibility of the specific TSO and UCTE as a reliability organization. Therefore, objective self-assessment and self-reporting, submittal of all necessary information and, if applicable, valid mitigation plans with progress reports afterwards or improvement plans as well as full co-operation in case of compliance inquiry and remedial actions enforcement are expected.

UCTE Steering Committee

The UCTE Steering Committee is the executive directing body of the UCTE specifically responsible for the

- appointment of the WG CME members and of its chairman,
- approval of the Compliance Monitoring Process,
- approval of the Compliance Monitoring Program,
- acknowledgement of the Compliance Oversight Report.



UCTE Working Group Compliance Monitoring and Enforcement (WG CME)

The working group Compliance Monitoring and Enforcement (WG CME) is the Compliance Monitoring Body of the UCTE. Its representatives are selected from the UCTE member TSOs according to their professional knowledge and current work assignments. The WG CME consist today of 16 persons.

Each two years the chairman reports to the Steering Committee of his evaluation about the suitability of each current member for the further work in the group by taking into consideration:

- his/her professional knowledge,
- the importance of his/her participation in the work of the group and
- the quality and impact of his/her performance by carrying out the working group tasks.

UCTE Secretariat

The UCTE Secretariat is responsible for all administrative aspects of implementation, update, maintenance and amendment of the Compliance Monitoring Process. Its responsibilities include:

- Co-ordination between the WG CME, WG O&S and the UCTE Steering Committee concerning all the efforts to develop, perform and maintain a successful Compliance Monitoring Process
- Administration of the Compliance Monitoring Process and scheduling of reviews
- Communicating of compliance requirements to the UCTE member TSOs
- Support at organization of ad-hoc compliance inquiry teams in cases of ad-hoc (on-site) compliance inquiries
- Posting reports on the UCTE Extranet and website
- Managing and maintaining the compliance database

Ad-hoc compliance inquiry team

The employment of ad-hoc compliance inquiry teams will be on irregular basis with the only task to perform the ad-hoc (on-site) compliance inquiries as prescribed by the WG CME.

4.3. Regular activities

The following steps summarize the regular activities performed by the bodies participating in the Compliance Monitoring Process:

STEP 1 (Compliance Monitoring Program development)

The WG CME prepares the annual Compliance Monitoring Program which includes:

- the compliance monitoring process description taking into account the experiences from the past years,
- a list of Operation Handbook rules, which will be investigated,
- the compliance questionnaires to be filled in by the UCTE member TSOs,
- the compliance monitoring schedule (self-assessment timetables)

STEP 2 (Compliance Monitoring Program approval)

The UCTE Steering Committee approves the Compliance Monitoring Program.



STEP 3 (notification to TSOs)

The UCTE Secretariat notifies the UCTE member TSOs of the Operation Handbook rules that will be investigated and sends them the official document, which lists and describes the procedures to be followed and the questions to be responded by each TSO. The latter takes place in form of filling in the compliance questionnaires. The entire material will be posted on the UCTE Extranet.

STEP 4 (self assessment)

UCTE member TSOs conduct the self-assessment within defined time limits and submit the information and responses required in electronic form. If they claim that a rule is not applicable to them, submittal is still required with justification provided.

Each TSO will have the access to the self-assessment reports and non-compliance self-reports of other TSOs in order to improve its own self-assessment and self-reporting. The TSOs can ask for help and advices from all UCTE working groups (UCTE assistance).

If a UCTE member TSO declares non-compliance or sufficient compliance with any of the rules, it must submit a valid mitigation plan with regular progress reports afterwards or a valid improvement plan respectively.

STEP 5 (non-compliance self-report)

In case of an unforeseen (i.e. not declared within the scope of the self-assessment process) non-compliance with an Operation Handbook rule the affected UCTE member TSO must submit a non-compliance self-report. This is to be issued in a standard written form (see Appendix) and sent to the WG CME accompanied with a valid mitigation plan. Progress reports must follow.

STEP 6 (evaluation of results)

The Secretariat reviews the reported data in the database and sends a notification of the data delivery to the WG CME.

The WG CME discusses each deficiency (including those stemming from non-compliance self-reports) from a formal (i.e. completeness of data) and technical point of view, assesses the level of its gravity and evaluates the validity, adequacy and technical appropriateness of mitigation/improvement plans and progress reports. If necessary, this can be realized in co-operation with the UCTE WG Operations & Security.

STEP 7 (additional data request)

The WG CME can demand additional data concerning the self-assessment and non-compliance self-report processes as well as rectifications of mitigation/improvement plans and progress reports from the UCTE member TSOs.

STEP 10 (preparation of Compliance Oversight Report)

The WG CME prepares the Compliance Oversight Report and sends it to the UCTE Steering Committee.

STEP 11 (Compliance Oversight Report acknowledgement and publication)

The UCTE Steering Committee acknowledges the Compliance Oversight Report. After that the report will be published on the UCTE website.



4.4. Exceptional activities – follow up

The following steps summarize the exceptional activities performed by the bodies participating in the Compliance Monitoring Process:

STEP 8 (ad-hoc (on-site) compliance inquiry)

The WG CME starts an ad-hoc (on-site) compliance inquiry in case of triggering events (see subchapter 3.2.1) and upon estimation that the Compliance Monitoring Process can't be fully performed without additional information.

An ad-hoc compliance inquiry team is set up among the WG CME members and, if necessary, other UCTE member TSOs' experts excluding those from the affected TSO.

The results of ad-hock compliance inquiries will be presented in the Compliance Oversight Report.

STEP 9 (remedial actions enforcement)

The WG CME starts the process of remedial actions enforcement if the ad-hoc (on-site) compliance inquiry realized in the previous step reveals considerable risks for the reliable operation of the UCTE transmission system. In this case, the WG CME issues (in co-operation with the UCTE WG Operation & Security) a Directive to the affected UCTE member TSO. The Directive provides for the enforcement of specific remedial actions at the TSO (operational limitations, operating practices, development of operating plans, operating plans, specific studies, data submittal, specific training) and for deadlines for their completion.

The Directives are reproduced and the reasons for their issuance are described in the Compliance Oversight Report.

5. Reporting and disclosure

In 2009, the relevant information within the scope of the regular compliance monitoring process of TSOs' self-assessment will comprise:

- declaration of Compliance Level for all OH rules from **Policy 8**
- a non-compliance declaration with a valid mitigation plan in case of non-compliance or a valid improvement plan for reaching full compliance level in case of sufficient compliance
- an explanation by qualitative comments why the declared compliance level has been chosen or why it is assessed as non applicable
- if applicable, a reference list of all relevant documents (legislation, internal process description etc.) – the documents themselves will not be required

As a prerequisite for obtaining the best possible insight in overall conformity with the OH rules, the WG CME will prepare adequate Extranet tools and different kinds of supporting documents (questionnaires, pertaining instructions for the use of Extranet tools...). Afterwards, the WG CME will address all Control Area Managers with a proper letter and supporting documents providing basic explanations on the purpose and format of requested information and the deadline of compliance data collection.

On behalf of a TSO, its Control Area Manager has to submit to the WG CME all required information in due time and predefined format. In case of delay or inadequate replay, the WG CME will send a warning letter addressed to the Control Area Manager. If the answer to this



letter is not satisfactory the WG CME will initiate exceptional compliance monitoring processes.

In case the reasons for non-compliance are outside the responsibility (or influence) of an UCTE member TSO, it should still declare non-compliance by providing an explanation of the situation and a possible solution (even if the latter is feasible only on a regional basis).

In 2009 the WG CME will continue to use specially designed UCTE Extranet tools (comprising self-assessment forms) in order to provide all needed data for the compliance database. Control Area Managers will still be able to access the compliance database via UCTE Extranet in order to get proper insight in temporary and final data collection results of their own and of all the others TSOs.

After completing the data collection, the WG CME will prepare the Compliance Oversight Report 2009. This report will incorporate, at least, the following issues:

- 2009 Compliance Monitoring Program Results
- Recommendations for the UCTE Operation Handbook
- Recommendations for the Compliance Monitoring Program 2010
- Results of the on-site audits

WG CME will request detailed information for the standards requiring bilateral/multilateral agreements. In this way the symmetry for given information can be verified by the WG CME.

Since marking the compliance level is mandatory, a missing declaration will be treated as "non-compliant" (default value).

A TSO must declare non-compliance even if it has a corresponding Addendum. The Compliance Questionnaires will have a field to indicate the existence of the corresponding Addendum, which will be checked by the WG CME.

The answers in the Questionnaire should reflect the current status of compliance in structural sense till May 4th 2009.

6. Appeal and dispute resolution process

The compliance decision process in terms of evaluation of a mitigation plan is a two-step sequential process that provides affected entities with the opportunity to participate in and to appeal adverse decisions. The steps are:

1. The WG CME finding a mitigation/improvement plan or progress report is not adequate
2. Appeal to the UCTE Steering Committee

Appeals at each level are initiated by notifying that the affected TSO is appealing the results of the evaluation of the WG CME.

6.1. The WG CME rejection of the mitigation/improvement plan or progress report

In accordance with the Compliance Monitoring Program the WG CME will evaluate the adequacy of mitigation/improvement plans and progress reports. If upon receipt of the notification of rejection of any of these documents the affected TSO wishes to present its position on the matter, it may do so in writing subjoining any supporting documentation within 14 days of issuance of the notification. This information will form a part of the record upon

which the WG CME will base its final decision on adequacy or non-adequacy of the mitigation/improvement plan or progress report.

The WG CME decision will be based on ¾ majority of the present members.

6.2. Appeal to the UCTE Steering Committee

The affected TSO may appeal a WG CME decision to the UCTE Steering Committee. A notification of the affected TSO intending to appeal must be sent to the Chairman of the Steering Committee no later than 14 calendar days after it has received the WG's CME final decision. Both the affected TSO and the WG CME will prepare written statements of their positions on the issues and present them, with any supporting documentation they believe is appropriate, to the UCTE Steering Committee. The affected TSO and the WG CME shall have the right to make oral presentations to the UCTE Steering Committee, in which case questions may be asked only by members of the UCTE Steering Committee. The affected TSO and the WG CME may raise any issues they wish related to the WG CME decision, such as the factual basis for the decision or the procedural steps involved, but none of them may challenge the validity of the Operation Handbook rules.

The UCTE Steering Committee's decision will be based on UCTE Internal Regulations (it should exclude from voting members of the UCTE Steering Committee that are directly involved in the outcome of the proceeding (especially any Steering Committee representative of the affected TSO(s)). The UCTE Steering Committee decision is the final decision on the matter.

7. Time schedule of implementation

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

1	Approval of Compliance Monitoring Program 2009	March 19
2	Publishing of the Compliance Monitoring Program 2009 and Questionnaire (in Extranet) to member TSOs	March 24
3	Results of self assessment by member TSOs	May 4
4	Request for additional explanations	June 19
5	Additional information submittal by member TSOs	July 17
6	Preparation of the draft Compliance Oversight Report 2009	September
7	Presentation of the final Compliance Oversight Report 2009 to the Steering Committee	November



Annex 1 – Questionnaire for the Operation Handbook rules to be monitored in 2009

Introduction

All requirements and standards of OH Policy 8 “Operational Training” together with the set of additional definite questions asking for detailed explanations of TSO actions related to the given requirement/standard will be checked within the scope of the 2009 regular self-assessment process.

The level of compliance with a specific OH rule will be assessed by the individual TSO. The TSO is obliged to base its decision only on criteria which indeed exist in the OH. Besides, as a matter of harmonization of self assessment criteria, the WG CME will also deliver to each TSO a set of additional definite questions asking for detailed explanations of TSO’s actions related to the given requirement/standard,.

If needed answers to those definite questions and complementary information will be discussed with the affected TSOs and the result of the discussion will be reflected in the Compliance Oversight Review 2009. Reaching of a consensus is not the goal of this process.

As defined in chapter 3.1.2 of the Compliance Monitoring Program 2009 there is another regular compliance monitoring process named “non-compliance self report”. The UCTE member TSOs are encouraged to use this process not only for the OH Policy 8, but related to all OH rules.

As to the exceptional process of ad-hoc (on-site) compliance inquiry and the associated process of remedial actions enforcements (chapter 3.2.1 and 3.2.2), they will be used only for the OH Policy 8 rules. The fact that in Annex 2 Voluntary Compliance Audits 2009 are foreseen doesn’t prevent the WG CME to start exceptional processes in case triggering events occur as specified in chapter 3.2.1.

Requirements and standards of OH Policy 8 Operational Training

CHAPTER A. TRAINING PROGRAMS

Requirements

A-R1. TRAINING PROGRAM. Each TSO provides its dispatchers with a structured training program that is designed to develop and improve their skills. This program includes initial and continuous parts. The training has to be permanently adapted to the operational evolutions. All the issues of the training have to be regularly checked and updated.

	Questions
1	Do you have a training program including both initial and continuous part?
2	Do you adapt permanently the training program?
3	Do you have criteria to check whether the training program is in accordance with the current operational challenges ?.

A-R2. INITIAL PROGRAM. The initial program consists of a theoretical part and on-the-job part complemented by simulator sessions.

Questions	
1	Does your initial program consist of both theoretical and on-the-job part?
2	Does your initial program include simulator sessions as well?
3	How long does the initial program on-the-job part (education) last before the new candidate is certified to take the respective dispatcher position? (in months) (3 / 6 months – as defined in A-G1)

A-R3. CONTINUOUS PROGRAM. The continuous program is applied to all dispatchers as soon as they are certified and nominated to a dispatcher position. The main aim of the continuous program is to keep and extend the dispatchers' **knowledge and** competences. The continuous program is established to complement the initial program with:

- advanced theoretical parts;
- learning of new rules and procedures;
- additional simulator sessions.

Questions	
1	Do you provide advanced theoretical parts?
2	Do you provide teaching of new rules and procedures?
3	How often do you provide simulator sessions?
4	Do you train dispatchers to work under new conditions affecting network operations (new network elements or power units)?

A-R4. ENGLISH TRAINING. Dispatchers in contact with neighbouring control areas shall have sufficient knowledge of English and operational terms to carry out their tasks, ensuring the safe and smooth flow of information in an international environment using clear expressions in order to ease an immediate understanding.

Questions	
1	Do you verify English speaking skills of your dispatchers?
2	Does the learning of English technical terms relevant to system operation make a part of the dispatcher training?
3	Does each shift team have at least one dispatcher who speaks English?

Standards

A-S1. TRAINING PROGRAMS. The initial and continuous program has to consider the relevant parts of the UCTE Operation Handbook and mutual agreements between TSOs. Each TSO defines its specific requirements for the initial program and the continuous program and their duration.

A-S1.1. INITIAL PROGRAM. The initial program has to include at least the knowledge of components of the power system, the operation of the power system, the tools for operation and respective on-the-job-practice.



A-S1.2. CONTINUOUS PROGRAM. The continuous program has to focus on theoretical and practical aspects of operation as well as on respective boundary conditions. The inter-TSO training as defined in chapter B is part of the continuous training.

Questions	
1	Is the inter-TSO training part of your continuous training program?
2	Does your training program cover agreements between TSOs?
3	Does your training program consider the relevant parts of the UCTE OH?

A-S2. TSO REFERENCE LIST OF ENGLISH TECHNICAL TERMS. Each TSO makes available a reference list of technical terms in English with translation to the mother language of dispatchers for operation and for training based on the existing UCTE reference list (see Appendix 8).

Question	
1	Do you have and make available to dispatchers a list of English technical terms relevant to system operation, with translation into their native language?

CHAPTER B. INTER-TSO TRAINING

Requirements

B-R1. EXPERIENCE EXCHANGE. TSOs have to exchange the operational experience with their neighbours in order to cope with normal and abnormal situations in a coordinated way.

Questions	
1	Do you organize the exchange of the operational experience with your neighbors? (cross verification)
2	Do your dispatchers take part in that exchange?

Standards

B-S1. COMMON TRAINING. Each TSO implements at least one of the four actions defined in guidelines P8-B-G3 to improve communication and coordinated measures between neighbouring TSO dispatchers. The actions taken have to be chosen depending on the mutual level of risks for secure system operation with the first (or further) neighbouring TSO.

Question	
1	Which actions defined in guidelines P8-B-G3 do you implement? (border by border).

CHAPTER C. TRAINING ORGANIZATION AND DISPATCHERS ACCREDITATION

Standards

C-S1. COORDINATION OF THE TRAINING. TSO appoints a training coordination manager responsible for training organization: designing, following-up and updating the full training process.

Question	
1	Have you appointed a training coordination manager?

C-S2. ORGANIZATION. The training coordination manager determines appropriate procedures for the training organization. These procedures shall cover:

- a description of the dispatchers required qualifications (knowledge and skills);
- a reference list of topics for training programs linked to the dispatchers required qualification;
- the processes for the initial and continuous programs including scripts/documents; of the theoretical sessions, time-schedules, supervision, tools, support for trainees, evaluation/validation and continuous improvement of the programs
- the process of dispatchers accreditation;
- trainers selection and training of trainers.

Questions	
1	Do your procedures for training include a description of the dispatchers required qualifications?
2	Do your procedures for training include a reference list of topics for training programs linked to the dispatchers required qualification?
3	Do your procedures for training include the processes for the initial and continuous programs including scripts/documents; of the theoretical sessions, time-schedules, supervision, tools, support for trainees, evaluation/validation and continuous improvement of the programs?
4	Do your procedures for training include the process of dispatchers accreditation?
5	Do your procedures for training include trainers selection and training of trainers?

C-S3. EVALUATION. The initial program has to be completed by an evaluation in which the knowledge and capabilities of a candidate to perform a dispatcher job are tested. This evaluation is performed by the trainers; a relevant document is forwarded to the manager of the candidate.

Questions	
1	Do you complete the initial program with a test of the knowledge of dispatches candidates?
2	Does the trainer issue a document containing the results of the evaluation to the candidate's manager?

C-S4. FIRST ACCREDITATION. The TSO has to deliver a first accreditation to the dispatcher candidate that authorizes him to perform his job in the control room. The



first accreditation is attributed according to defined criteria for a duration decided by the TSO as in below-mentioned guidelines.

Questions	
1	Do you deliver a first accreditation to your dispatcher?
2	Do you have criteria for accreditation of dispatcher candidate?

C-S5. TRAINERS' SELECTION. TSOs have to determine the profile of trainers with regards to their respective tasks and responsibilities in the training programs. Trainers are selected internally (experienced dispatchers) or from external bodies.

Questions	
1	Did you determine profile of trainers?
2	Do you appoint external bodies for carrying out the training programs?

C-S6. TRAINING OF TRAINERS. Depending on education and previous experience, an individual training program is defined for each trainer; it can be provided by internal sessions or by outsourced training sessions.

Questions	
1	Do you have individual training program for trainers?
2	Do you have pedagogical program for trainers?



Annex 2 - UCTE Voluntary Compliance Audits 2009



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1. INTRODUCTION

The UCTE mission is to improve the reliability and security of the interconnected power system in Europe through developing and enforcing Operation Handbook rules, monitoring the interconnected power system and assessing its future adequacy.

The UCTE member TSOs are subject to compliance with all approved Operation Handbook (OH) rules. The Compliance Monitoring Program (CMP) is the UCTE program that monitors and assesses compliance with these rules via:

- the regular processes of self-assessment and non-compliance self-reports as well as
- the exceptional processes of ad-hoc (on-site) compliance inquiry and remedial actions enforcements (these processes are applied only if necessary).

Ad-hoc (on-site) compliance inquiries are in fact compliance audits. In 2008 Voluntary Compliance Audits (also named “pilot audit processes”) were successfully conducted as a part of the Compliance Monitoring Program with the aim to gain first experiences with this kind of activities.

In 2009 Voluntary Compliance Audits will be a part of the Compliance Monitoring Program once again.

The same 16 OH rules investigated within the scope of the Compliance Monitoring Program 2008 will be used for Voluntary Compliance Audits in 2009.

The other part of the Compliance Monitoring Program 2009 will be as usual devoted to the regular process of self-assessment and its scope is described in the Annex 1 to the Program.

The audit process should increase the credibility of compliance monitoring of the UCTE and test the practical solutions of the audits. The goal is rather to support the volunteer TSO by contrasting its self assessment with the expertise of the CME Audit Team than to find non-compliances at the audited TSO. The identified non-compliances will be discussed with the affected TSO, recommendations to improve the compliance and the accompanying documentation will be made, but the whole will be mentioned in the final report only with express approval of the TSO.

This document is a manual describing the principles used to perform Voluntary Compliance Audits. It addresses the associated activities and provides guidelines to the auditors. Furthermore, the purpose of the manual is to:

- define the objectives and the scope of the compliance audits,
- describe the compliance audit process,
- describe the Audit Team,
- describe the preparation of the compliance audit,
- describe the on-site activities of the Audit Team,
- define the contents of the audit report.



2. OBJECTIVES AND SCOPE OF COMPLIANCE AUDITS

In 2009 the objective of the voluntary compliance audits is to offer the volunteer TSO a verification of its self assessed current compliance status conclusions by contrasting the self assessment process and conclusions with the expertise of the Audit Team Members, who are selected, prepared and coordinated by the WG CME. The compliance audit will review the progress or status of completing of any associated mitigation or improvement plans as well.

Furthermore, the Audit Team performing the compliance audit will make recommendations so as to enhance the TSO's evidence or documentation on compliance with OH standards.

The scope of compliance audits encompasses as orientation the following issues at the audited TSO:

- Existence of TSO's addenda and/or non-compliance declarations/non-compliance self-reports
- Follow-up of the TSO's mitigation plans to remove the declared non-compliances
- Reference system of rules existing at the audited TSO: TSO's general policies, related set of rules and procedures for the control centers
- Available reports or questionnaires stored at the UCTE related to the audited TSO (reports by the TSO Forum or by other groups, etc.) concerning the audited OH rules
- Procedures to control and improve the application of the audited OH rules and their follow-up
- Implementation of the knowledge of the audited OH rules in the training of dispatchers and operators
- Existence of TSO's internal audits, bodies (forums, panels) and/or documentation concerning implementation of OH rules

For the OH rules that require documented programs, plans or procedures the Audit Team will generally review the current versions of these documents at the time of the audit. The Audit Team may however ask to see previous versions so as to confirm that the program, plan or procedure has been in effect during the entire timeframe and to check its continuous updating or reviewing if so prescribed in the standard.

For the OH rules that require ongoing activities such as training, maintenance of equipment, conducting of studies and assessments etc., the auditors will check the historical records back to the date of the previous on-site audit (if applicable) or to another, from the technical point of view reasonably chosen date in the past.

3. COMPLIANCE AUDIT PROCESS

The UCTE WG CME has the overall responsibility for the coordination and execution of Voluntary Compliance Audit steps in accordance with the present document as approved by the UCTE SC. The steps can be summarized as follows:

- 1) Nomination of Audit Team
- 2) Audit preparation
- 3) On-site audit
- 4) Writing of audit report



4. AUDIT TEAM

The Audit Team has the task to prepare and perform the compliance audit and to write the corresponding audit report. The Audit Team is nominated by WG CME and consists of the following members:

- Audit Team Leader – a member of the WG CME
- Up to two Control Area Managers (CAMs) or members of WG OS excluding the CAMs and representatives of the audited TSO as well as those of the neighboring TSOs
- Two members of the WG CME not belonging to the audited TSO and its neighboring TSOs
- One observer/supporter from the UCTE Secretariat.

The members of the Audit Team should have at least 5 years of TSO experience and a high knowledge and expertise of the audited OH rules. On a personal level each auditor should possess the necessary skills to interview, resolve conflicts and to organize and communicate effectively. As a group the Audit Team has to be characterized by:

- Technical skills
- Clear, concise and effective written and oral communication skills
- Knowledge of the OH rules applicable to TSO being audited
- Familiarity with the audit process
- General knowledge of the environment in which the audited TSO operates.

Within the Audit Team conflicts must be avoided. Therefore, each Audit Team member must:

- be free of conflicts of interests. For example, employees of the TSO being audited and of the TSOs neighboring to it will not be allowed to participate as auditors in the compliance audit.
- sign an appropriate confidentiality agreement.

A TSO subject to an audit may object to any member of the Audit Team on grounds of a conflict of interests or the existence of other circumstances that could interfere with the impartial performance of his or her duties. The audited TSO is obligated to express its concerns with the proposed team member prior to the team's arrival on-site. Such objections must be provided in written to the WG CME which will make a final decision on whether the member will participate in the audit of the TSO in question.

All Audit Team members have to sign appropriate confidentiality agreements prior to reviewing any audit materials. The UCTE Secretariat observer/supporter and the other Audit Team members will maintain the confidentiality of information obtained during compliance audits and drafting of reports. Prior to the audit, copies of signed confidentiality agreements will be sent to the audited TSO.

5. AUDIT PREPARATION

All audit documentation will be drafted and requested in English. The WG CME prepares in cooperation with the volunteer TSOs an audit schedule defining the chronological order of the compliance audits.

The Audit Team reviews the material on the audited TSO and its neighboring TSOs already collected through the self-assessment process and prepares an audit plan, a list of issues to



be checked, an audit questionnaire for the audited TSO, questionnaires for the neighboring TSOs and audit worksheets (AWs).

- The audit plan provides the road map for the compliance audit process. It includes the following topics: audit objectives and scope, methodology, evaluation principles and reporting principles.
- The methodology includes audit criteria and expectations based on best practices. The criteria should be objective, measurable, complete and relevant to the objectives. At defining the audit methodology the auditors should identify potential sources of audit evidence and estimate the amount and type of evidence needed.
- The Audit Team uses AWs for reviewing each specific OH rule. The purpose of the AWs is to help to ensure consistency and fairness. Through the AWs the Audit Team documents the material reviewed and the observations made regardless of the determined compliance levels of the audited OH rules.

WG CME will harmonize audit plans and methodologies of the audits.

The Audit Team will send an initial letter to the TSO which will be audited at least 60 (sixty) calendar days prior to the on-site audit. This letter will include the audit questionnaire and, if necessary, a request for additional information. The TSO will be asked to submit the completed questionnaire and to provide the requested information no later than 30 (thirty) calendar days prior to the on-site audit.

After sending the initial letter and 45 (forty-five) calendar days prior to the on-site audit specially designed questionnaires will be sent to the neighboring TSOs of the audited TSO asking the former to evaluate their own compliance with those OH rules which require any kind of bilateral agreement with the audited TSO. These questionnaires are to be completed and returned within 15 (fifteen) calendar days of receipt. All concerned TSOs will have the possibility to require explanations related to the questionnaires and other material received from the Audit Team.

A reminder letter will be sent to the audited TSO and to the Audit Team members 7 (seven) calendar days prior to the on-site audit. Travel and accommodation arrangements will be to the responsibility of each individual Audit Team member.

6. ON-SITE AUDIT PROCESS

The Audit Team will meet before the beginning of the on-site audit in order to (i) review the material collected through the questionnaires and the request for additional information, (ii) identify areas requiring further investigation, (iii) discuss topics of particular concern, and (iv) assign responsibilities during the on-site visit. This meeting will take place a day before the on-site audit at the premises of the audited TSO or at a location agreed upon by the Audit Team.

The Control Area Manager of the audited TSO will be responsible for support and coordination the on-site audit.

The Audit Team judgments and conclusions will be based on the self-assessment results of the audited TSO, other documentation provided by the audited TSO, the self-assessments results of the neighboring TSOs and on observations and information collected during the on-site visit.

If the Audit Team finds evidence of possible non-compliance with a UCTE standard it will refer the matter to the CAM of the audited TSO.



One of the main reasons for an on-site visit is to review the existent documentation and to interview the staff. Thus, the auditors will obtain “objective evidence” which support the self-assessed claims of the audited TSO. The auditors will determine whether the evidence presented by the TSO is sufficient and appropriate to provide a reasonable basis for the findings and conclusions within the context of the audit objectives. They will do this by assessing the relevance, validity and reliability of the documentation presented.

It is the responsibility of the TSO to provide evidence of compliance with all audited OH rules. In *most* cases the evidence will be in written form like documents, plans, programs or records. In *some* cases the evidence will be a review of computerized records or additional supporting material provided by interviews with the staff of the audited TSO.

The audit documentation provides the principal support at preparing of the audit report, aids auditors at conducting and supervising the audit and allows to determine the quality of the audit. In case of written evidence the TSO should be prepared to provide both hardcopy and electronic versions wherever feasible.

An on-site audit lasts between 2 and 3 days. It begins with an opening and ends with a closing meeting. In the meantime the auditors conduct the audit in form of interviews and reviewing relevant materials. English will be used as the language for interviews and any relevant documentation.

The opening meeting lasting not more than two hours in the morning of the first day includes:

- (1) introduction of Audit Team members,
- (2) description of how the on-site audit will be conducted,
- (3) discussion on how confidential information will be handled,
- (4) discussion on data access required by the Audit Team,
- (5) announcement that the audited TSO will be asked to provide feedback on the audit process and results.

The closing meeting lasting not more than two hours on the last day includes:

- (1) presentation of preliminary audit findings and recommendations aimed to be included in the draft audit report, with a strong emphasis on the factual basis for each compliance level or non compliance identified by the Audit Team,
- (2) discussion and feedback by the audited TSO with a possibility to object the findings.
- (3) in case of any non-compliance, or lack of evidence of compliance first general proposal of the TSO on an adequate mitigation plan including a deadline. Should such an immediate proposal not be possible, the TSO must submit it afterwards in written within 7 (seven) days.

7. AUDIT REPORT CONTENTS

The Audit Team writes a draft audit report that includes a description of the objectives, scope, methodology and principles of the audit, as well as identifies any violations of OH rules, the completion of any formerly submitted mitigation plan and the nature of any confidential information used.

The draft audit report will be completed by the Audit Team Leader no later then 15 (fifteen) days after the on-site audit and will be sent to the Audit Team for review. If a team member does not respond within 7 (seven) days, the acceptance of the content of the report will be presumed.



No later than 30 (thirty) days after the on-site audit the draft audit report will be sent to the audited TSO for review so as to it can ensure that there are no mistakes or misinterpretations.

The TSO has the right to include divergent observation concerning its compliance with the OH rules and to remove from the report critical or sensitive information on electrical infrastructure.

Solely within the scope of the pilot audit process the volunteering TSOs will also have a special right to demand exclusion of some information or any specific finding as well as of related recommendations from the final audit report. In this case the recommendations will be summarized in a separate document and will be considered non-binding.

If the audited TSO does not respond within 7 (seven) days, the acceptance of the content of the draft audit report will be presumed.

The Audit Team will consider the corrections and demands based on comments of the audited TSO, produce the final audit report and, if applicable, a separate document with recommendations and send it/them to the WG CME no later than 45 (forty-five) days after the on-site audit.

The WG CME will take notice of the material received, discuss its contents, add its own comments (however only in form of annexes) and then send:

- the final audit report to the UCTE SC
- the final audit report and the document with recommendations to the audited TSO.

The UCTE SC acknowledges the final audit report and decides on its possible internal or external publishing.

The final audit report will include especially the following sections/information:

Executive Summary

- Results of the audit procedures performed and description of the evidence detected
- How the audit evidence supports the audit findings and conclusions (strong emphasis on factual basis)
- Conclusions reached on significant matters

Audit Plan

- Objectives
- Scope
- Methodology
- Evaluation principles
- Reporting principles

Audit Results

For each audited OH rule the Audit Team will provide:

- Work performed to support significant findings and conclusions including a description of materials and records examined
- Summary of the related Audit Worksheets (AW)
- Summary and analysis of information and material reviewed and knowledge gained
- Status of mitigation plans in progress concerning previously reported non-compliances



- Conclusions with detailed explanations.

8. MONITORING THE IMPLEMENTATION OF RECOMMENDATIONS

The UCTE WG CME will monitor the implementation of the recommendations and the improvement and mitigation plans specified in the final audit report and regularly inform the UCTE SC on the progress achieved.



CONFIDENTIALITY AGREEMENT FOR AUDIT TEAM MEMBER

This Confidentiality Agreement ("Agreement"), dated as of _____, 2009, is among the Union for the Co-ordination of Transmission of Electricity ("UCTE"), the Transmission System Operator ("TSO") being audited, and _____, ("UCTE Compliance Audit Team Member") hereinafter collectively referred to as the "Parties".

WHEREAS, UCTE has formed a Compliance Audit Team ("CAT") to conduct a compliance audit ("Audit") of Transmission System Operator; and

WHEREAS, in order for the CAT to fulfill its objectives, it is necessary for the CAT to be able to conduct open and unconstrained discussions and to review confidential information and/or market sensitive data:

1. The term "AUDIT INFORMATION", as used herein, shall mean all information that the TSO or its representative have furnished or are furnishing to the undersigned Parties in connection with meetings discussions, on-site visits or other activities of the CAT, for the purpose of conducting the Audit, whether furnished before or after the date of this Agreement, whether tangible or intangible, and in whatever form or medium provided (including, without limitation, oral communications), as well as all information generated by either Party or its representatives that contains, reflects or is derived from the furnished AUDIT INFORMATION; provided, however, the term "AUDIT INFORMATION" shall not include information which
 - (i) is or becomes generally available to the public other than as a result of acts by the undersigned Parties or anyone to whom the undersigned Parties supply the Information, or
 - (ii) was in the possession of either Party prior to the date it was disclosed.
2. The Compliance Audit Team Member understands and agrees that the AUDIT INFORMATION is being made available solely for purposes of the Audit and that the AUDIT INFORMATION shall not be used in any manner to further the commercial interests of any party.
3. This Agreement shall be for sole benefit of the parties hereto. This Agreement may be modified or waived only by a separate writing signed by the Parties. If any clause or provision of this Agreement is illegal, or unenforceable, then it is the intention of the Parties hereto that the remainder of this Agreement shall not be affected thereby, and it is also the intention of the parties that in lieu of each clause or provision that is illegal, invalid or unenforceable, there be added as part of this Agreement a clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible and be legal, valid and enforceable.
4. This Agreement shall have a term of one (1) year from the date hereof.

Union for the Coordination of Transmission of Electricity **By:** _____

Audited TSO _____ **By:** _____

UCTE Compliance Audit Team Member **By:** _____

Name:.....