



LETTER L-10-11

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VIA EMAIL

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March 4, 2011

Ms. Joanna Sofield
Chief Regulatory Officer
British Columbia Hydro and Power Authority
333 Dunsmuir Street
Vancouver, BC V6B 5R3

Registered Entities,
British Columbia MRS Program

Dear Sirs and Mesdames:

Re: British Columbia's Mandatory Reliability Standards (MRS)
Clarification on the relevance of North American Electric Reliability Corporation (NERC)
Rules of Procedure and Alerts

The Commission has received an enquiry regarding the relevance of NERC Alerts (Alerts) to the MRS program in British Columbia. The Commission therefore believes it is necessary to clarify the current state of the Alerts in relation to the British Columbia MRS program.

Alerts are provided for in Section 810 of the NERC Rules of Procedure (NERC RoP). NERC has a webpage on the NERC website "About NERC Alerts¹" which states, in part, as follows:

"As part of its normal course of business, NERC often either discovers, identifies, or is provided with information that is critical to ensuring the reliability of the bulk power system in North America. In order to effectively disseminate this information, NERC utilizes e-mail based "alerts" designed to provide concise, actionable information to the electricity industry. As defined in its Rules of Procedure, NERC alerts are divided into three distinct levels, as follows:

1. Industry Advisory - Purely informational, intended to alert registered entities to issues or potential problems. A response to NERC is not necessary.
2. Recommendation to Industry - Recommend specific action be taken by registered entities. Require a response from recipients as defined in the alert.
3. Essential Action - Identify actions deemed to be "essential" to bulk power system reliability. Require NERC Board of Trustees approval prior to issuance. Like recommendations, essential actions also require recipients to respond as defined in the alert."

¹ NERC webpage: <http://www.nerc.com/page.php?cid=5|63|253>

A NERC Press Release² dated June 17, 2009 states, in part: "Action on NERC alerts is not mandatory."

The full text of the NERC RoP can be found on the NERC website at: <http://www.nerc.com/index.php>.

In British Columbia, section 125.2 of the *Utilities Commission Act (Act)* provides for the adoption of reliability standards and their administration by the Commission. The Mandatory Reliability Standards Regulation made pursuant to section 125.2 of the *Act* (MRS Regulation) identifies those entities to whom a reliability standard adopted by the Commission under section 125.2(6) of the *Act* applies.

By Order G-67-09, dated June 4, 2009, and made pursuant to section 125.2(6) of the *Act*, the Commission, adopted the 103 reliability standards identified in Attachment A to that Order. The Order also provides, in part, for the registration of entities subject to the reliability standards. It does not adopt all the NERC standards.

By Order G-123-09, dated October 15, 2009, the Commission, in part, approved Rules of Procedure (BC RoP), a Registration Manual and a Compliance Monitoring Program specifically applicable to British Columbia entities to whom the *Act* and MRS Regulation apply as the administrative framework for registration, monitoring and enforcement of reliability standards adopted in British Columbia.

The BC RoP do not include a Rule similar to Section 810 of the NERC RoP. The Commission understands that when entities become members of NERC, they agree to be bound by, and follow, NERC's RoP and that such agreement applies to Canadian entities as well as U.S. entities. The Commission further understands that currently, among British Columbia registered entities, only British Columbia Hydro and Power Authority (BC Hydro) and Powerex are NERC members.

Therefore, unless a British Columbia entity to whom the *Act* and MRS Regulation apply is also a member of NERC, only the *Act*, the MRS Regulation and the Orders made pursuant to them (including the adopted reliability standards, the BC RoP, the Registration Manual, and the Compliance Monitoring Program) currently apply to the entity. The Alerts do not currently apply if the entity is not a NERC member.

Yours truly,

Erica M. Hamilton

DJF/dg

cc: Ric Cameron

Canadian Affairs Representative

North American Electric Reliability Corporation

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² NERC Website, Press Release: NERC and Electric Industry Continue Efforts to Address Cyber Risk, Secure Alerting Portal Enters Pre-Launch Testing Phase.
http://www.nerc.com/fileUploads/File/PressReleases/PR_061709_Cyber-Update.pdf