

**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER R-32-14**

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**IN THE MATTER OF  
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473**

**and**

**Mandatory Reliability Standards Assessment Report No. 7  
by British Columbia Hydro and Power Authority  
Addressing Reliability Standards for Adoption in British Columbia**

**BEFORE:** L.F. Kelsey, Commissioner  
H.G. Harowitz, Commissioner  
K.A. Keilty, Commissioner  
N.E. MacMurchy, Commissioner July 17, 2014  
I.F. MacPhail, Commissioner  
B.A. Magnan, Commissioner  
D.M. Morton, Commissioner  
R.D. Revel, Commissioner

**ORDER**

**WHEREAS:**

- A. Pursuant to section 125.2(2) of the *Utilities Commission Act* (UCA) the British Columbia Utilities Commission (Commission) has exclusive jurisdiction to determine whether a “reliability standard” as defined in the UCA, is in the public interest and should be adopted in British Columbia (BC);
- B. Ministerial Order No. MO39 dated February 22, 2009, established a *Mandatory Reliability Standards (MRS) Regulation*, which prescribes the parties that are subject to reliability standards adopted under section 125.2(6) of the UCA;
- C. In order to facilitate the Commission’s consideration of reliability standards, the British Columbia Hydro and Power Authority (BC Hydro) is required under section 125.2(3) of the UCA to review each reliability standard and provide the Commission with a report assessing:
  - (a) any adverse impact of the reliability standard on the reliability of electricity transmission in British Columbia if the reliability standard were adopted;
  - (b) the suitability of the reliability standard for British Columbia;
  - (c) the potential cost of the reliability standard if it were adopted; and
  - (d) any other matter prescribed by regulation or identified by order of the Commission;

- D. The Rules of Procedure for Reliability Standards in British Columbia (ROP), adopted by Commission Order G-123-09, dated October 15, 2009, includes a definition of 'Reliability Standard' that states that a reliability standard does not include Compliance Provisions and the ROP defines Compliance Provisions as "the compliance-related provisions that accompany, but do not constitute part of, a Reliability Standard and that have been adopted by the Commission;"
- E. The approach taken to evaluate reliability standards has not changed from that used in previous MRS Assessment Reports. Consistent with the definitions of Reliability Standard and Compliance Provisions in the ROP, the North American Electric Reliability Corporation (NERC) and Western Electricity Coordinating Council (WECC) standards were viewed as having two components. The first component determines applicability and mandates the types of activities that are required to maintain system reliability, and is the only component of the reliability standard assessed by BC Hydro. The second component includes the compliance provisions, which are not assessed by BC Hydro;
- F. In previous Assessment Reports, BC Hydro evaluated the reliability standards adopted in the United States (US) by the Federal Energy Regulatory Commission (FERC) and enforceable in the US between December 1 and November 30 of the previous year (Assessment Period). Commission Order R-41-13 provides that the term 'enforceable' is not relevant to the interpretation of the term 'adopted' as it pertains to the MRS Regulation and requires BC Hydro to provide a report on reliability standards, in accordance with the UCA, within one year of the date the reliability standards are adopted by FERC;
- G. In its December 20, 2013 letter to the Commission, BC Hydro requested an extension to allow certain reliability standards to be included in MRS Assessment Report No. 7 and to be assessed over a period of greater than a year pursuant to section 3(2) of the MRS Regulation to accommodate the current assessment process and to ensure compliance with the MRS Regulation. This extension request was approved by Commission Order R-1-14;
- H. On May 1, 2014, BC Hydro filed MRS Assessment Report No. 7, pursuant to section 125.2(3) of the UCA, addressing 25 new and revised/replacement reliability standards developed by NERC. On May 16, 2014, BC Hydro filed Assessment Report No. 7 Errata No. 1 to correct one recommended effective date and minor typographical errors. In MRS Assessment Report No. 7 and Errata, BC Hydro used the date the reliability standard is 'adopted' in the US by FERC as the date of regulatory approval to determine the reliability standards assessed during the Assessment Period. BC Hydro assessed the reliability standards excluding the accompanying compliance provisions. If adopted, the 25 revised reliability standards would supersede existing reliability standards adopted in BC by Commission Orders G-67-09, G-167-10, G-162-11 and R-1-13, and R-41-13;
- I. BC Hydro also assessed one reliability standard (BAL-002-WECC-2) which impacts reserve sharing considerations and which was adopted by FERC after the 2013 Assessment Period because BC Hydro deems this standard sufficiently critical to reliability that it warrants early adoption in BC;

- J. The reliability standards assessed by BC Hydro in MRS Assessment Report No. 7 are based on defined terms contained in the NERC Glossary of Terms Used in Reliability Standards dated January 2, 2014 (NERC Glossary). MRS Assessment Report No. 7 includes an assessment of four new and five revised defined glossary terms included in the NERC Glossary;
- K. In MRS Assessment Report No. 7, BC Hydro concludes that 22 reliability standards and six glossary terms (one new and five revised glossary terms) are suitable for adoption in BC;
- L. BC Hydro also recommends the retirement of 27 requirements within 17 reliability standards in response to FERC Order No. 788 (paragraph 81) approving NERC's proposed retirement of these requirements. In addition, BC Hydro recommends the retirement of the glossary terms 'Black Start Capability Plan' and 'Area Control Error' (from the WECC Regional Definitions section of the NERC Glossary);
- M. BC Hydro was unable to assess reliability standards EOP-003-2, FAC-013-2 and PRC-006-1 due to their reference to the Planning Authority (PA)/Planning Coordinator (PC) function and does not recommend these reliability standards for adoption in BC at this time. Commission Order R-41-13 states that the PA/PC question is beyond the scope of the MRS Assessment Report review process and the Commission considers it appropriate to establish a separate process to consider the PA/PC matter as it pertains to BC;
- N. BC Hydro recommends postponing adoption of the glossary term 'Bulk Power System' and its definition. It is anticipated that the terms 'Bulk Power System' and 'Bulk Electric System' and their definitions will be resolved in BC under a separate process underway (Commission Letter to Government, April 10, 2014). BC Hydro also recommends postponing the adoption of the 'Reliability Standard' and 'Reliable Operation' terms due to the reference to 'Bulk Power System' within these new definitions.;
- O. Pursuant to subsection 125.2(5) of the UCA, the Commission posted the MRS Assessment Report No. 7 and Errata on its website and, by Order No. R-17-14 dated May 22, 2014, directed BC Hydro to publish a Notice of Mandatory Reliability Standards Assessment Report No. 7 and Process for Public Comments, and established the Regulatory Timetable for comments;
- P. On June 13, 2014, the Commission received comments from FortisBC Inc. stating that its feedback is reflected in the Assessment Report and that they have no additional comments (Exhibit C1-1);
- Q. On June 13, 2014, the Commission received comments from Catalyst Paper Corporation (Catalyst) stating, among general comments on the BC MRS Program, their concern regarding the requirement of reliability standard EOP-004-2 for entities to report to NERC (Exhibit C2-1).
- R. On June 26, 2014, BC Hydro provided comments in response;
- S. The Commission did not issue Information Requests;
- T. Pursuant to section 125.2(6) of the UCA, the Commission must adopt the reliability standards assessed in the report if the Commission considers that the reliability standards are required to maintain or achieve consistency in BC with other jurisdictions that have adopted the reliability standards;

- U. The Commission has reviewed and considered MRS Assessment Report No. 7 and Errata, the reliability standards and glossary terms assessed therein, as well as the comments received; and
- V. The Commission considers the compliance provisions of the reliability standards inform the compliance monitoring process in BC and finds it appropriate to provide effective dates for entities to come into compliance with the reliability standards and glossary terms adopted in this Order.

**NOW THEREFORE** pursuant to subsections 125.2(3) and 125.2(6) of the *Utilities Commission Act*:

1. The British Columbia Utilities Commission (Commission) adopts 22 reliability standards with effective dates found in Table 1 of Attachment A to this Order (the Effective Date). Each standard to be superseded by a standard adopted in this Order shall remain in effect until the Effective Date of the standard superseding it.
2. The Commission retires 27 requirements within 17 reliability standards with effective retirement dates found in Table 2 of Attachment A to this Order (the Effective Date). Alleged or Confirmed Violations for retired requirements reported after the effective retirement date will be removed from an entity's compliance file and any mitigation plans currently in progress for retired requirements will be considered completed.
3. As a result of this Order and Commission Order Nos. G-67-09, G-167-10, G-162-11, G-175-11, R-1-13, R-11-13 and R-41-13, the standards listed in the table found in Attachment B to this Order are all of the reliability standards in effect in BC as of the Effective Dates listed in Attachment B to this Order. The Effective Dates for the reliability standards that are listed in the table found in Attachment B supersede the effective dates that were included in any similar list appended to any previous order.
4. Individual requirements within reliability standards that incorporate, by reference, reliability standards that have not been adopted by the Commission are of no force and effect in BC.
5. Individual requirements or sub-requirements within reliability standards, which the Commission has adopted but for which the Commission has not determined an effective date, are of no force and effect in BC.
6. The Commission adopts the North American Electric Reliability Corporation Glossary of Terms Used in Reliability Standards, dated January 2, 2014, which defines terms employed in the reliability standards. The effective date of each of the new or revised glossary terms adopted in this Order and the effective retirement date of each of the retired glossary terms is the date appearing in Table 3 of Attachment A to this Order. Each glossary term to be superseded by a revised glossary term adopted in this Order shall remain in effect until the effective date of the glossary term superseding it.

7. As a result of this Order and Commission Order Nos. G-67-09, G-167-10, G-162-11, G-175-11, R-1-13, R-11-13 and R-41-13, the glossary terms listed in the tables found in Attachment C to this Order are all of the glossary terms in effect in BC as of the effective dates listed in the tables of Attachment C to this Order. The effective dates for the glossary terms that are listed in the tables found in Attachment C supersede the effective dates that were included in any similar list appended to any previous order.
8. The Commission directs that glossary terms within the North American Electric Reliability Corporation Glossary of Terms used in Reliability Standards, dated January 2, 2014, that do not include a US Federal Energy Regulatory Commission approval date on or before November 30, 2013 are of no force or effect in BC.
9. The Commission directs that the Electric Reliability Council of Texas, Northeast Power Coordinating Council and Reliability First regional definitions listed at the end of the North American Electric Reliability Corporation Glossary of Terms used in Reliability Standards, dated January 2, 2014 are of no force or effect in BC.
10. The Commission adopts the Compliance Provisions, as defined in the Rules of Procedure for Reliability Standards in British Columbia, that accompany each of the adopted reliability standards, in the form directed by the Commission and as amended from time to time.
11. The reliability standards adopted in BC by the Commission will be posted on the Western Electricity Coordinating Council website with a link from the Commission website.
12. The Commission confirms that entities subject to Mandatory Reliability Standards are required to report to the British Columbia Utilities Commission and may, on a voluntary basis, report to the North American Electric Reliability Corporation or the Federal Energy Regulatory Commission.
13. Attachment D to this Order contains the text of the standards adopted by this Order.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 17<sup>th</sup> day of July 2014.

BY ORDER

*Original signed by:*

D.M. Morton  
Commissioner

Attachments