



ORDER NUMBER

R-40-17

IN THE MATTER OF

the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

British Columbia Mandatory Reliability Standards Program
Updates to the Rules of Procedure for Reliability Standards in British Columbia

BEFORE:

W. M. Everett, QC, Commissioner

on September 1, 2017

ORDER

WHEREAS:

- A. The Rules of Procedure for Reliability Standards in British Columbia (BC Rules of Procedure) including Appendix 1: Registration Manual for BC Mandatory Reliability Standards (Registration Manual), Appendix 2: Compliance Monitoring Program for BC Mandatory Reliability Standards (CMP), and Appendix 3: Penalty Guidelines for BC Mandatory Reliability Standards (Penalty Guidelines) may be revised from time to time to align with the evolving British Columbia Mandatory Reliability Standards Program;
- B. Pursuant to section 125.2(10) of the *Utilities Commission Act* (UCA), which provides for the administration of adopted reliability standards, the British Columbia Utilities Commission (Commission), by Order G-123-09, adopted the BC Rules of Procedure, including as Appendices 1 and 2, respectively, a Registration Manual and a Compliance Monitoring Program for the BC MRS Program.
- C. The Commission engaged the Western Electricity Coordinating Council as the Commission's Administrator to assist the Commission in matters of registration and compliance monitoring pursuant to the Administration Agreement dated October 15, 2009 and renewed August 21, 2014;
- D. Commission Order R-34-15, issued June 3, 2015, approved revisions to the BC Rules of Procedure including revisions to Appendix 1: Registration Manual and Appendix 2: Compliance Monitoring Program and also approved a new Appendix 3: Penalty Guidelines;
- E. Commission Order R-28-16, dated June 23, 2016, approved revisions to Appendix 3: Penalty Guidelines, and Commission Order R-12-17 approved revisions to the Rules of Procedure and to Appendix 1: Registration Manual to reflect changes in registration criteria; and
- F. The Commission considers that minor housekeeping and formatting amendments to the BC Rules of Procedure including the Registration Manual, Compliance Monitoring Program and Penalty Guidelines are warranted to ensure accuracy and match the Commission's new visual identity.

NOW THEREFORE pursuant to section 125.2(10) of the *Utilities Commission Act* the Commission orders as follows:

1. Revisions to the BC Rules of Procedure including Appendix 1: Registration Manual, Appendix 2: Compliance Monitoring Program and Appendix 3: Penalty Guidelines are approved in the form set out in Attachment A to this order.
2. The BC Rules of Procedure may be revised from time to time to align with the evolving British Columbia Mandatory Reliability Standards Program.

DATED at the City of Vancouver, in the Province of British Columbia, this 1st day of September 2017.

BY ORDER

Original signed by:

W. M. Everett, QC
Commissioner

Attachments



bcuc
British Columbia
Utilities Commission

ATTACHMENT A
to Order R-40-17

RULES OF PROCEDURE

for Reliability Standards in British Columbia

Revised September 1, 2017
by Order R-40-17

British Columbia Utilities Commission
Suite 410, 900 Howe Street, Vancouver, BC V6Z 2N3
Phone: 604.660.4700 BC Toll Free 1.800.663.1385
www.bcuc.com

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1.0 APPLICABILITY OF RULES OF PROCEDURE

Section 125.2(10) of the *Utilities Commission Act* (UCA) provides that the British Columbia Utilities Commission (Commission) may make orders providing for the administration of Reliability Standards. The Commission has developed the Rules of Procedure to facilitate the administration of Reliability Standards. The Rules of Procedure include the provisions of the Registration Manual, the Compliance Monitoring Program and the Penalty Guidelines as set forth in the Appendices attached to the Rules of Procedure, here collectively referred to as the Rules of Procedure.

Each Entity must comply with the Rules of Procedure. The Commission may amend the Rules of Procedure, from time to time in its discretion. The version of the Rules of Procedure currently in force will be posted on the Commission website.

The Commission may engage a knowledgeable person to act as the Administrator to assist the Commission in carrying out the assessment of registration criteria and administration of Reliability Standards. Any such Administrator will assist the Commission in the manner described in the Rules of Procedure, subject to the Commission's direction. The Commission, however, remains solely responsible for the administration of Reliability Standards and may not delegate any decision-making powers. Any such Administrator may develop further policies, procedures, guides, checklists, or other documents for the efficient administration of Reliability Standards, in a form consistent with the Rules of Procedure and accepted by the Commission. Any such Administrator will make materials relating to its role in the administration of Reliability Standards available electronically on the Administrator's website, with appropriate links from the Commission's website.

2.0 DEFINITIONS

2.1 General

The terms defined here, also incorporated by reference and applicable in the appendices are for the purpose of interpreting the Rules of Procedure for Reliability Standards and implementing the Mandatory Reliability Standards Program in British Columbia (BC) only. The glossary prepared by the North American Electric Reliability Corporation (NERC) is the guiding document with respect to the definitions used in the drafting and interpretation of the Reliability Standards adopted in BC. Terms used in the Rules of Procedure that are not specifically defined herein have the meanings provided in the NERC Glossary of Terms Used in Reliability Standards, as adopted by the Commission from time to time, or otherwise have their commonly understood meanings in the electric power industry.

2.2 Definitions

Administrator: A knowledgeable party that the Commission has appointed to act as Administrator for the purposes identified in the Rules of Procedure and the attached Registration Manual and Compliance Monitoring Program.

Alleged Violation: A Possible Violation identified by an Entity, or by the Administrator in the course of compliance monitoring activities undertaken at the direction of the Commission, for which notice has been given to the Commission, but which has not yet been confirmed by the Commission (see Confirmed Violation).

Appeal: An appeal from a Commission order under the UCA and includes an application for reconsideration under section 99 of the UCA.

Application: A document generally completed by an Entity and submitted to the Administrator to initiate Entity Registration or to notify the Administrator of a change in circumstances that may affect the Entity's registration. The form of Application is developed by the Administrator in accordance with the requirements of the Rules of Procedure and the Registration Manual, and approved by the Commission.

Attestation: A sworn declaration by an authorized representative of an Entity. The Administrator will make the required form of Attestation available electronically.

Audit Guidelines: Guidelines used by the Administrator to guide the conduct of a Compliance Audit, which are in a form accepted by the Commission.

Audit Report: A report for the Commission pursuant to section 2.1 of the CMP, prepared by the Administrator's Compliance Audit Team, which conveys Information regarding an Entity's possible compliance or non-compliance with Reliability Standards.

BC Find, Fix, Track (FFT) Process: A process described in the Rules of Procedure for assessing and reporting Possible Violations that appear to the Administrator to pose a lesser risk to the bulk power system and/or Bulk Electric System.

Bulk Power System: The bulk power system as that term is defined by the NERC definition of BPS.

Compliance Monitoring Program (CMP): Appendix 2 to these Rules of Procedure for Reliability Standards in British Columbia.

Commission: The British Columbia Utilities Commission.

Complaint: An allegation that an Entity has violated a Reliability Standard.

Compliance Audit: A systematic and objective review and examination of an Entity's Information and activities to evaluate compliance with Reliability Standards.

Compliance Audit Team: Individuals charged by the Administrator with undertaking a Compliance Audit pursuant to section 2.1 of the CMP. Members of the Compliance Audit Team must: (i) be free of conflicts of interest; (ii) have signed Confidentiality Agreements; and (iii) have successfully completed auditor training.

Compliance Audit Participants: Entities scheduled to be audited and the Compliance Audit Team members.

Compliance Contact: A representative of an Entity designated by the Entity as the appropriate individual to receive notices from the Commission or the Administrator in regard to Reliability Standard matters.

Compliance Date: The date, from which day forward, an Entity must demonstrate compliance with Reliability Standards, which may be determined by registration, start-up of operations, connection to the grid, or any other factors as considered by the Commission.

Compliance Investigation Report: A report for the Commission pursuant to section 2.4 of the CMP, prepared by the Administrator's Compliance Investigation Team, which conveys Information regarding an Entity's possible compliance or non-compliance with Reliability Standards.

Compliance Investigation Team: The Administrator's staff members charged with undertaking a Compliance Violation Investigation, pursuant to section 2.4 of the CMP. Members of the Compliance Investigation Team must: (i) be free of conflicts of interest; (ii) have signed Confidentiality Agreements; and (iii) have successfully completed training applicable to the Compliance Violation Investigation.

Compliance Provisions: The compliance-related provisions that accompany, but do not constitute part of, a Commission-adopted Reliability Standard. Compliance Provisions adopted by the Commission may differ from the compliance or enforcement provisions developed by the North American Electric Reliability Corporation (NERC) or any other standard-making body recognized by the Commission, to accompanying Reliability Standards in the United States.

Compliance Violation Investigation: A comprehensive investigation, which may include an on-site visit with interviews of the Compliance Contact and/or the appropriate Entity representatives, to determine if a Possible Violation or an Alleged Violation of a Reliability Standard has occurred.

Confidential Information: (i) Information produced for or created in the course of the registration process or any compliance monitoring process by an Entity, the Commission, or the Administrator; (ii) Information that is sensitive from a commercial or security perspective; or (iii) Restricted Information. Public information developed or acquired by an Entity is excluded from this definition.

Confidentiality Agreement: A form of Confidentiality Agreement approved by the Commission that contains obligations of confidentiality at least as restrictive as those contained in section 6. The Administrator will make a form of Confidentiality Agreement available on the Administrator's Electronic System(s).

Confirmed Violation: An Alleged Violation that has been confirmed by a Commission order. For the purpose of section 109.1 of the UCA, a Confirmed Violation is a contravention of a Reliability Standard adopted by the Commission.

Days (days): Calendar days unless otherwise specified.

Disclosing Party: Any person in possession of Confidential Information that is required to be disclosed in the course of carrying out responsibilities under the Rules of Procedure.

Electronic Signature: Information in electronic form that a person has created or adopted in order to sign a document.

Electronic System(s): Collectively refers to the Administrator's electronic data transfer system, data retention system and the Administrator's website.

Entity: Any Entity that is required by the UCA and the Registration Manual to comply with Reliability Standards (replaces Applicable Entity and Registered Entity for ease of reading).

FFT: see BC FFT.

Hearing: A hearing conducted by the Commission under the UCA.

Implementation Plan: An annual plan describing compliance monitoring activities and schedules for the upcoming calendar year, approved by the Commission under section 3.1 of the CMP.

Information: Any information and data, regardless of medium, including modeling, studies, analyses, documents, procedures, methodologies, operating information and process information.

Mitigation Plan: An action plan developed by an Entity in accordance with the Rules of Procedure to correct a Possible Violation, Alleged Violation or Confirmed Violation of a Reliability Standard and to prevent re-occurrence.

NERC: The North American Electric Reliability Corporation.

NERC Glossary: The NERC Glossary of Terms Used in Reliability Standards, as adopted by the Commission from time to time.

Notice of Alleged Violation: Written notice from the Administrator to an Entity of an Alleged Violation, which complies with the requirements of section 4.3 of the CMP.

Periodic Data Submittal: Data submitted by an Entity pursuant to section 2.6 of the CMP to demonstrate compliance with Reliability Standards.

Person: Includes a corporation, partnership or other party and any legal representative of a person to whom the context can apply according to law.

Personal Information: Personal information subject to protection under the *Freedom of Information and Protection of Privacy Act*, RSBC 1996, chapter 165 including any regulations or directions promulgated thereunder.

Possible Violation: A possible failure by an Entity to comply with a Reliability Standard that it is required to comply with and which may be under investigation by the Administrator. Refer to Alleged Violation for process details.

Registration: The process employed by the Commission to confirm the function(s) that apply to an Entity's operations as identified in section 2.1 of the Registration Manual.

Reliability Standard: A Reliability Standard as defined in section 125.2(1) of the UCA that has been adopted by the Commission under section 125.2(6) of the UCA for application in British Columbia. A Reliability Standard normally consists of the following components: (i) Introduction; (ii) Requirements; and (iii) Measures. A Reliability Standard does not include Compliance Provisions.

Remedial Action Directive: A Commission order requiring an Entity to address a Possible Violation, Alleged Violation or Confirmed Violation of Reliability Standards or any other situation, issued by the Commission when it determines, after reviewing the recommendation by the Administrator, that immediate remedial action is necessary to protect the reliability of the Bulk Power System.

Remediated FFT Issue: A Possible Violation that has been resolved under the BC FFT Process.

Required Date: The date given to an Entity in a notice by which action by the Entity is required. Such date may be identified by the Commission, or the Administrator, given the circumstances and the action required of the Entity. The Commission retains discretion to specify or change a Required Date.

Restricted Information: Information designated by the Commission as being subject to the additional protection measures identified in section 6.3 of the Rules of Procedure.

Rules of Procedure: These Rules of Procedure, including all Appendices unless context requires otherwise.

Self-Certification: Attestation by an Entity as to its compliance or non-compliance with Reliability Standards that require Self-Certification as identified for active monitoring in an annual Implementation Plan.

Self-Report: Information prepared by an Entity pursuant to section 2.5 of the CMP identifying a Possible Violation of a Reliability Standard, based on the Entity's own assessment, and any actions that were taken or will be taken to resolve the Possible Violation.

Spot Check: A request made to an Entity pursuant to section 2.3 of the CMP to provide Information to support the Entity's Self-Certification, Self-Reporting or Periodic Data Submittal and to assist in the assessment of whether the Entity complies with Reliability Standards. Spot Checks may be random or initiated in response to events, as described in the Reliability Standards, or by operating problems or system events. Spot Checks may require an on-site review to complete.

Unscheduled Compliance Audit: A Compliance Audit that is not identified in an annual Audit Schedule.

UCA: The *Utilities Commission Act*, RSBC 1996, chapter 473 as amended from time to time, including any regulations or directions promulgated thereunder.

3.0 REGISTRATION

3.1 Adoption of the Registration Manual

Registration is the process employed by the Commission to confirm the function(s) that apply to an Entity's operations, identified in section 2.1 of the Registration Manual.

The registration process will, subject to Commission direction, be governed by the requirements and procedures set forth in the Registration Manual, attached as Appendix 1 to the Rules of Procedure.

3.2 Who must comply

All Entities identified in the Registration Manual must, unless otherwise ordered by the Commission, register in accordance with the Registration Manual.

4.0 COMPLIANCE MONITORING

4.1 Adoption of the Compliance Monitoring Program

The terms of the Compliance Monitoring Program are set out in Appendix 2.

4.2 Who must comply

All Entities must comply with the Compliance Monitoring Program, unless otherwise ordered by the Commission.

5.0 INFORMATION SUBMITTAL AND RETENTION

5.1 Electronic data preferred

Whenever possible and practical, information shall be supplied in electronic format.

5.2 Obligation to provide requested Information

5.2.1 Unless otherwise ordered by the Commission, Entities must:

1. Comply with requests for Information made by the Commission or the Administrator, in the course of the Commission carrying out its functions under the Rules of Procedure, by the Required Date.
2. Submit Information requested by the Commission or the Administrator, in the format requested by the Commission or the Administrator, subject to section 5.1 of the Rules of Procedure.

5.2.2 Any report or other submission of Information by an Entity required by the Rules of Procedure must be signed by an authorized representative of the Entity. Electronic Signatures are permitted.

5.3 Process for non-submittal of requested Information

5.3.1 If an Entity does not provide Information requested under the Rules of Procedure by the Required Date, the Administrator, will, subject to section 5.3.2, sequentially execute the following steps for each instance for which requested Information has not been provided:

- Step 1: The Administrator will issue a follow-up notification to the Entity's Compliance Contact.
- Step 2: The Administrator will issue a second follow-up notification to the Entity's Compliance Contact.
- Step 3: The Administrator will issue a follow-up notification to the Entity's chief executive officer or equivalent, with copies to the Entity's Compliance Contact.
- Step 4: If after thirty (30) days following the original Required Date, the Administrator has not received the requested information, the Commission may issue a formal directive regarding the submittal of the information and initiate a full Compliance Audit (as that term is defined in the Rules of Procedure).

5.3.2 In carrying out the above steps, the Administrator will afford the Entity a reasonable opportunity to resolve a difficulty in submitting Information.

5.3.3 The Administrator need not complete Steps 2 or 3 if the Information requested was in preparation for a Compliance Audit (as that term is defined in the Rules of Procedure), due to the potential impact to an audit schedule.

5.4 Retention and disposal of Information

5.4.1 The Administrator must have a records management policy that:

1. Provides for a routine and orderly process for the retention and disposal of Information obtained from Entities;
2. At a minimum, conforms to the Information retention requirements specified in the Compliance Provisions accompanying applicable Reliability Standards; and
3. Requires that Information generated or received in the course of carrying out responsibilities under the Rules of Procedure be retained for the longer of: (i) six (6) years; (ii) any retention period specified in the Compliance Provisions accompanying applicable Reliability Standards; or (iii) if the Information is material to the resolution of a dispute before the Commission, until the expiry of sixty (60) days following all appeals from the Commission order for which the material may be relevant.

5.4.2 Personal Information is exempt from the above retention requirements and should be treated as provided in sections 6.3 of the Rules of Procedure, respectively.

6.0 CONFIDENTIAL AND PERSONAL INFORMATION

6.1 Disclosure of Information

Ownership of Information: Any Information disclosed by a Disclosing Party to the Commission, or the Administrator, other than public information, remains the sole property of the Entity, but subject to the jurisdiction of the Commission.

6.2 Protection of Confidential Information

Filings in a Hearing: All Information submitted to the Commission for the purposes of a Hearing (as that term is defined in the Rules of Procedure), will be held in confidence pursuant to the Commission's Rules of Practice and Procedure, Part IV (Order G-1-16), as amended from time to time, governing the handling of Confidential Information filed with the Commission.

6.3 Additional Protection for Restricted Information

6.3.1 *Designation of Restricted Information:* The Commission may, in its discretion, designate information as Restricted Information. An Entity, or other persons affected by the Information, may seek such a determination from the Commission.

6.3.2 *Remains within Canada:* In the event of a designation of Information as Restricted Information, the Disclosing Party and the Commission, or the Administrator, must ensure that the Restricted Information remains within Canada. No such information, in any format, is permitted to be removed from/transmitted outside Canada without prior approval in writing from the Commission.

6.3.3 *Entity possession:* The Disclosing Party may request that Restricted Information remain in the possession of a Disclosing Party, and be reviewed by the Commission, or the Administrator, on site, as authorized by the Commission.

6.3.4 *Non-disclosure:* Restricted Information must not be released publicly. If such information must be filed with the Commission for any purpose, it must be filed on a confidential basis pursuant to the Commission's Rules of Practice and Procedure, Part IV, or redacted.

6.4 Protection of Personal Information

6.4.1 Personal Information must be treated in accordance with the *Freedom of Information and Protection of Privacy Act*, RSBC 1996, chapter 165 including any regulations or directions promulgated thereunder.

6.4.2 The Administrator must not remove Personal Information from British Columbia, and Entities are not required to provide Personal Information to the Administrator if doing so would require the Entity to send Personal Information outside of British Columbia.

7.0 DESIGNATION OF COMPLIANCE CONTACT

7.1 Requirement

- 7.1.1 *Designation*: All Entities must designate a Compliance Contact and provide the name of the Compliance Contact to the Commission and the Administrator via the Administrator's data retention platform (webCDMS), within thirty (30) days of Registration (as that term is defined in the Rules of Procedure).
- 7.1.2 *Change in designation*: An Entity may change its Compliance Contact upon providing notice of the change to the Commission and the Administrator via webCDMS.
- 7.1.3 *Updated information*: The Entity must ensure the contact information for the Compliance Contact in webCDMS is accurate and up to date.

8.0 GENERAL

8.1 Commission jurisdiction

- 8.1.1 *Non-fettering of Commission*: Nothing in the Rules of Procedure, including the appendices, limits the Commission's powers under the UCA. The Commission may, at its discretion, depart from or revise the Rules of Procedure, including the appendices.
- 8.1.2 *Commission decisions and orders*: The Commission is empowered to reconsider, vary or rescind its decisions, orders, rules and regulations pursuant to section 99 of the UCA. In addition, there is a right of appeal to the Court of Appeal of British Columbia, with leave of a justice of that Court on matters of law or jurisdiction.
- 8.1.3 *Deviations and waivers of the Rules of Procedure*: The Commission may, in its discretion, depart from or direct the Administrator to depart from the Rules of Procedure or perform additional steps not specified in the Rules of Procedure relating to the administration of Reliability Standards.
- 8.1.4 *Alteration of time limits*: The Commission may, at its discretion, extend or abridge any time limits including Required Dates.

8.2 Interpretation Bulletins and disputes

- 8.2.1 *Interpretation Bulletins*: The Commission may issue Interpretation Bulletins, providing additional guidance to Entities and the Administrator, on the proper interpretation of Reliability Standards, or the Rules of Procedure, including the Appendices. Interpretation Bulletins issued by the Commission on the proper interpretation of Reliability Standards will constitute part of the Compliance Provisions accompanying Reliability Standards.

- 8.2.2 *Commission determines all disputes*: All disputes regarding the provisions of the Rules of Procedure, including the appendices, not resolved by the disputing parties will be determined by the Commission.

8.3 Reasonableness and diligence

- 8.3.1 *Reasonableness of Requests for Information*: If an Entity believes that a request for Information is unreasonable, it should advise the Commission, or the Administrator, and may request a determination from the Commission.
- 8.3.2 *Diligence*: Entities must perform their respective obligations under the Rules of Procedure with reasonable diligence.

8.4 Administrator not an agent

Nothing in the Rules of Procedure should be construed as creating any agency or partnership between the Commission and the Administrator, and the Administrator shall not be deemed to be the legal representative of the Commission for the purpose of the Rules of Procedure.

9.0 PENALTIES

The Penalty Guidelines contained in Appendix 3, provide Entities with information on the penalty ranges related to the Violation Risk Factors (VRF) and Violation Severity Levels (VSL) as well as other factors the Commission will consider in determining a penalty amount for a Confirmed Violation of the Reliability Standards.



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Registration Manual

for British Columbia Mandatory Reliability Standards

**Appendix 1 to
Rules of Procedure
for Reliability Standards in British Columbia**

**Revised September 1, 2017
by Order R-40-17**

British Columbia Utilities Commission
Suite 410, 900 Howe Street, Vancouver, BC V6Z 2N3
Phone: 604.660.4700 BC Toll Free 1.800.663.1385
www.bcuc.com

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1.0 INTRODUCTION

This Registration Manual forms part of the Commission's Rules of Procedure for Reliability Standards in British Columbia.

The purpose of Registration is to confirm the function(s) that apply to an Entity. Registration by function enables each Entity to identify the Reliability Standards it must be compliant with and be prepared to demonstrate that compliance. This Registration Manual sets forth the requirements and process for Registration.

The requirement to register began upon the Commission adopting, by order, the Rules of Procedure and the appended Registration Manual in 2009. Registration for new Entities is ongoing and is required within thirty (30) days of the time an Entity begins carrying out one or more of the functions listed in section 2.1. Each Entity will have an associated Compliance Date, as defined in section 2 of the Rules of Procedure.

Commission: The Commission determines what function(s), if any, an Entity is responsible for. The Commission or the Administrator may develop further policies, procedures, guides, checklists or other documents necessary to carry out Registration in an efficient manner, consistent with the Registration Manual and accepted by the Commission.

Administrator: The Administrator will make materials relating to Registration, including Registration forms, publicly available on its website.

Applicable Entities: Entities identified in section 2.1 must comply with the Registration Manual.

2.0 REGISTRATION

Section 2.1 describes which Entities are candidates for Registration and assignment to the Compliance Registry.

The Commission-adopted Reliability Standards apply to every owner, operator and user of an element of the Bulk Electric System (BES), as that term is defined in the NERC Glossary of Terms, as adopted by the Commission from time to time.

2.1 Requirement to Register

Entities are required to be registered and comply with Commission-adopted Reliability Standards in BC if they meet the terms above, perform a function listed in the functional types identified in Section 2.1.2 of this document and are material to the Reliable Operation of the interconnected BES as outlined by the criteria and notes set forth in the rest of Section 2.1.

2.1.1 Principles

The Commission will apply the following principles to the Compliance Registry:

1. In order to carry out its responsibilities related to enforcement of Reliability Standards, the Commission will make its best effort to identify all owners, users and operators who have a material impact on the BES in order to develop a complete and current Compliance Registry list. The Compliance Registry will be updated as required and maintained on an on-going basis.
2. Entities listed in the Compliance Registry are responsible, and will be monitored, for compliance with applicable mandatory Reliability Standards in BC and will be subject to the Commission's Rules of Procedure for Reliability Standards in BC, as well as the Compliance Monitoring Program and Penalty Guidelines (Appendices 2 and 3 of the Rules of Procedure, respectively).
3. An Entity that is not on the Compliance Registry, but is identified subsequently as having a material impact, will be added to the Compliance Registry. Similarly, an Entity that is on the Compliance Registry, but is identified subsequently as having no material impact, will be removed from the Compliance Registry as noted in Section 2.1.3.

2.1.2 Criteria

The potential costs and effort of registering every Entity within the scope of "owner, operator and user of the BES," while ignoring their material impact upon reliability, would be disproportionate to the reasonably anticipated improvement in reliability.

The Commission recognizes two principles as key to the Entity selection process. These are:

1. There needs to be consistency within North America with respect to which Entities are registered; and
2. Any Entity reasonably deemed material to the reliability of the BES will be registered, irrespective of other considerations.

To address the second principle, the Commission will, with the assistance of the Administrator, identify and register any Entity the Commission deems material to the reliability of the BES.

In order to promote consistency, the Commission will monitor NERC's registration criteria and will update the following criteria which the Commission will use as the basis for determining whether particular Entities should be identified as candidates for Registration. All Entities meeting or exceeding the criteria will be identified as candidates.

The following subsections discuss the criteria that will provide guidance regarding an Entity's Registration status:

- *Application*: determines if the Entity is an owner, operator or user of the BES and, hence, a candidate for Entity Registration.
- *Functional Types*: uses NERC's Glossary of Terms functional type definitions (as adopted by the Commission from time to time) to provide an initial determination of the functional types for which the Entities identified in the Application subsection should be considered for Registration.
- *Registration of Distribution Providers*: lists the criteria regarding smaller Entities; these criteria can be used to forego the Registration of Entities that were selected to be considered for Registration pursuant to the Application and functional types subsections and, if circumstances change, for later removing Entities from the Compliance Registry that no longer meet the relevant criteria.

Application

Entities that own, operate or use Elements of the BES, as the term is defined in the NERC Glossary of Terms adopted by the Commission from time to time, are (i) owners, operators and users of the BES and (ii) candidates for Registration.

Note: Elements may be included or excluded from the BES definition on a case-by-case basis as determined by the Commission.

Functional Types

Entities identified in the Application subsection above will be categorized as Registration candidates who may be subject to Registration under one or more appropriate functional Entity types based on a comparison of the functions the Entity normally performs against the following function types as defined in the NERC Glossary of Terms adopted by the Commission from time to time. The responsibilities associated with particular functions are specified by the individual mandatory Reliability Standards in BC.

Function Type	Acronym
Balancing Authority	BA
Distribution Provider	DP
Generator Operator	GOP

Function Type	Acronym
Generator Owner	GO
Planning Authority/Planning Coordinator	PA/PC
Reliability Coordinator	RC
Resource Planner	RP
Transmission Owner	TO
Transmission Operator	TOP
Transmission Planner	TP
Transmission Service Provider	TSP

Registration of Distribution Providers

Except as provided in the Notes to the Criteria (Section 2.1.3) below, Entities identified in the functional types subsection above as being subject to Registration as a Distribution Provider should be included in the Compliance Registry for these functions only if they meet any of the criteria listed below:

- a. Distribution Provider:
 - a.1 Distribution Provider system serving >75 MW of peak Load that is directly connected to the BES;¹ or
 - a.2 Distribution Provider is the responsible Entity that owns, controls or operates Facilities that are part of any of the following Protection Systems or programs designed, installed, and operated for the protection of the BES:²
 - a required Undervoltage Load Shedding (UVLS) program and/or
 - a required Special Protection System or Remedial Action Scheme and/or
 - a required transmission Protection System; or
 - a.3 Distribution Provider with field switching personnel identified as performing unique tasks associated with the Transmission Operator's restoration plan that are outside of their normal tasks.
- b. Distribution Provider with Underfrequency Load Shedding (UFLS)-Only assets (referred to as "UFLS-Only Distribution Provider").

¹ Ownership, control or operation of UFLS Protection System(s) needed to implement a required UFLS Program designed for the protection of the BES does not affect an entity's eligibility for registration pursuant to subsection Registration of Distribution Providers point a.1.

² As used in subsection Registration of Distribution Providers point a.2, "protection of the Bulk Electric System" means protection to prevent instability, Cascading, or uncontrolled separation of the BES and not for local voltage issues (UVLS) or local line loading management (Special Protection System) that are demonstrated to be contained within a local area.

- b.1 UFLS-Only Distribution Provider does not meet any of the other registration criteria in a.1 to a.3 above for a Distribution Provider; and
- b.2 UFLS-Only Distribution Provider is the responsible Entity that owns, controls or operates UFLS Protection System(s) needed to implement a required UFLS Program designed for the protection of the BES.

Reliability Standards in BC that apply to Distribution Providers will not apply to UFLS-Only Distribution Providers, unless explicitly stated in the applicability section of these Reliability Standards and in future revisions and/or versions.

2.1.3 Notes to the Registry Criteria

1. The above are general criteria only. The Commission considering Registration of an Entity not meeting the criteria (e.g., smaller in size) may propose Registration of that Entity if the Commission believes and can reasonably demonstrate³ that the Entity is a BES owner, or operates or uses BES assets, and is material to the reliability of the BES. Similarly, the Commission may exclude an Entity that meets the criteria described above as a candidate for Registration if it believes that the BES owner, operator or user does not have a material impact on the reliability of the BES. In order to ensure a consistent approach to assessing materiality, a non-exclusive set of factors (materiality test) for consideration is identified below; however, only a sub-set of these factors may be applicable to particular functional registration categories:
 - a. Is the Entity specifically identified in the emergency operation plans and/or restoration plans of an associated Reliability Coordinator, Balancing Authority, Generator Operator or Transmission Operator?
 - b. Will intentional or inadvertent removal of an Element owned or operated by the Entity, or a common mode failure of two Elements as identified in the Reliability Standards in BC (for example, loss of two Elements as a result of a breaker failure) lead to a reliability issue on another Entity's system (such as a neighboring Entity's Element exceeding an applicable rating, or loss of non-consequential load due to a single contingency)? Conversely, will such contingencies on a neighboring Entity's system result in Reliability Standards issues on the system of the Entity in question?
 - c. Can the normal operation, misoperation or malicious use of the Entity's cyber assets cause a detrimental impact (e.g., by limiting the operational alternatives) on the operational reliability of an associated Balancing Authority, Generator Operator or Transmission Operator?
 - d. Can the normal operation, misoperation or malicious use of the Entity's Protection Systems (including UFLS, UVLS, Special Protection System, Remedial Action Schemes and other Protection Systems protecting BES Facilities) cause an adverse impact on the operational reliability of any associated Balancing Authority, Generator Operator or Transmission Operator, or the automatic load shedding programs of a PC or TP (UFLS, UVLS)?

³ The reasonableness of any such demonstration will be subject to review and remand by the Commission itself, as applicable.

2. An Entity not identified using the criteria, but wishing to be registered, may request that it be registered.
3. If an Entity is part of a class of Entities excluded based on any of the criteria above as individually being unlikely to have a material impact on the reliability of the BES, but that in aggregate have demonstrated to have such an impact it may be registered for applicable Reliability Standards in BC irrespective of other considerations, in accordance with laws, regulations and orders of the Commission.

2.2 Registration process

The Registration process is as follows:

1. An Entity submits a completed Application to the Administrator within thirty (30) days of the time the Entity begins carrying out one or more of the functions listed above.
 - a. Application forms and materials pertinent to Registration are available on the Administrator's website with appropriate links from the Commission's website.
 - b. If the Commission, or the Administrator, becomes aware of an Entity's failure to apply for Registration, the Commission, or the Administrator, will contact the Entity and provide the Entity with a specific time period to submit a completed Application.
 - c. If an Entity fails to meet the deadline, the Administrator may complete the Application on the Entity's behalf and provide a copy of the Application to the Entity.
2. The Administrator will review the Application. The Administrator will inform the Entity if it believes any of the Information contained in, or supporting, the Application is inaccurate or incomplete, and may request corrected or additional Information or a new Application. The Administrator will then make a recommendation as to whether the Entity should be registered for particular function(s). A copy of the recommendation will be sent to the Entity and the Commission.
3. The Entity may file with the Commission a response to the recommendation within twenty-one (21) days of the date of the recommendation.
4. The Commission may consider whether additional process or information is required and will then determine whether an Entity should be registered for particular function(s).

2.3 Change in circumstances

An Entity must notify the Administrator in writing of any change in circumstances that affects the Entity's Registration. Such notification must detail the particular changes, provide the date of those changes and describe how those changes affect the Entity's Registration, and be provided to the Administrator within sixty (60) days of the change in circumstances. The Administrator will review the change in circumstance and make a recommendation to the Commission with a copy to the Entity as to whether the Entity's Registration should be revised. Such revisions to Registration could include among other things, changes to the functions for which an Entity is registered, Entity deregistration, or Entity name change. The Entity may file with the Commission a response to the recommendation within twenty-one (21) days of the date of the recommendation. The Commission may consider whether additional process or information is required and will then determine the proper Registration for the Entity.

2.4 Maintenance and publication

The Administrator will maintain a list of registered Entities and their respective registered functions. The list will be available electronically on the Administrator's website, updated monthly, with appropriate links from the Commission's website.

3.0 ASSIGNMENT OF COMPLIANCE RESPONSIBILITY

3.1 Assignment in writing

An Entity identified as a Distribution Provider, Generator Owner, Generator Operator, Transmission Owner or Transmission Operator will be considered to be in compliance with a requirement of a Reliability Standard if the Entity has, by valid written notice, transferred responsibility for compliance for that requirement, including reporting, to another Entity that is registered for the same function. Compliance responsibility means that the organization assuming responsibility is responsible for ensuring compliance with a Reliability Standard and that the organization is liable for any failure to comply. In order for compliance responsibility to be effectively transferred, the Entity assuming any responsibility must affirmatively state, in writing, that it accepts such responsibility from the delegating entity.

3.2 Notice of assignment

Any assignment of responsibility for compliance with a Reliability Standard requires a valid written notice of assignment be sent to the Commission and the Administrator.

The Administrator will review the notice of assignment and submit a recommendation to the Commission for Registration changes due to the assignment.

3.3 Notice of assignment requirements

The notice of assignment must transfer full responsibility for compliance with the requirement(s) or the function, including reporting, to another Entity that is registered for the same function to which the requirement(s) applies. Assignments must specifically list the responsibility or responsibilities that are being transferred, must affirmatively state which Entity is assuming responsibility for which requirement or function, and must include the date compliance responsibilities are transferred. An Entity that has transferred total compliance responsibility for a function(s) to another Entity will remain recognized as fulfilling the function(s) but will be identified as having assigned compliance responsibility for the function(s) to the other Entity.

3.4 Delegation without assignment

If an Entity delegates a task within a function or functions to another Entity without satisfying the requirements for assignment in writing in sections 3.1, the Entity will be considered to have simply delegated a task, and will continue to be responsible for compliance with the applicable standards.



Compliance Monitoring Program

for British Columbia Mandatory Reliability Standards

Appendix 2 to
Rules of Procedure
for Reliability Standards in British Columbia

Revised September 1, 2017
by Order R-40-17

British Columbia Utilities Commission
Suite 410, 900 Howe Street, Vancouver, BC V6Z 2N3
Phone: 604.660.4700 BC Toll Free 1.800.663.1385
www.bcuc.com

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1.0 INTRODUCTION

The purpose of the Compliance Monitoring Program is to monitor and assess compliance with Reliability Standards. This is accomplished through the nine (9) compliance monitoring processes outlined in section 2.0. Any Possible or Alleged Violation reported by an Entity or identified by the Administrator following a compliance monitoring process will be subject to the violation review process as outlined in section 4.0.

Compliance monitoring will focus on Entities and their respective registered function(s). However, the Commission retains discretion to extend monitoring activities to Entities that have not registered. For example, the Commission may request information from an Entity if it appears the Entity should be registered for a function it is not registered for.

2.0 COMPLIANCE MONITORING

2.1 Compliance Audits

The Administrator will perform Compliance Audit activities in a manner consistent with the audit schedule as approved in the Implementation Plan. The Administrator may employ Audit Guidelines to facilitate the Compliance Audit process.

- 2.1.1 *Applicability:* All Entities are subject to Compliance Audits for all applicable Reliability Standards.
- 2.1.2 *Audit cycle:* The Administrator will schedule a Compliance Audit of every Entity registered as a Balancing Authority and/or Transmission Operator every three (3) years, unless otherwise ordered by the Commission. All other Entities will be subject to on-site or off-site Compliance Audits as approved by the Commission.
- 2.1.3 *Notice to Entities:* Prior to January 1 of each year, the Administrator will notify Entities subject to Compliance Audits during the upcoming year of: (i) the audit schedules; (ii) audit methods; and (iii) Information requirements for the Compliance Audit. The Administrator will give due consideration to any schedule changes requested by Entities to avoid unnecessary burdens. The Administrator will provide additional Information to the Compliance Audit Participants, including audit materials, coordinating agendas and changes to the audit schedule as required. Entities will be notified in a timely manner (normally ninety [90] days in advance) of changes or revisions to their scheduled Compliance Audit dates. The Administrator will issue a detailed audit notice ninety (90) days prior to the scheduled Compliance Audit, to inform the Entity of Information required for the audit in the form of a pre-audit questionnaire and will specify the dates by which the Entity must provide the requested Information, and any specific format required.

- 2.1.4 *Unscheduled Compliance Audit*: The Commission may, in its discretion, authorize an Unscheduled Compliance Audit of any Entity at any time. The Commission may, in its discretion, direct the scope and content of an Unscheduled Compliance Audit. The Administrator will provide the Entity with at least ten (10) business days advance notice of an Unscheduled Compliance Audit. The notice must identify the Compliance Audit Team members and their recent employment history, and specify the Information required for the audit, including a completed pre-audit questionnaire and the dates by which the Entity must provide the requested Information, and any specific format.
- 2.1.5 *Compliance Audit scope*: A Compliance Audit generally encompasses the period of three years preceding the start of the Compliance Audit and may not go back beyond the completion date of the Entity's last Compliance Audit. The Compliance Audit includes an audit of compliance with all Reliability Standards applicable to the Entity and listed as actively monitored in the current Implementation Plan. The Commission may request the Administrator to alter the scope of the Compliance Audit to include specific Reliability Standards applicable to the Entity. The Administrator may also expand the scope of the audit in the course of the Compliance Audit where the Compliance Audit Team considers it to be appropriate. If the Compliance Provisions accompanying a Reliability Standard do not require retention of Information for the full period of the Compliance Audit, the Compliance Audit is applicable to the Information retention period specified in the Compliance Provisions accompanying a Reliability Standard.
- 2.1.6 *Process*: The process steps for a Compliance Audit are as follows:
1. At least ninety (90) days prior to commencement of a scheduled Compliance Audit, the Administrator will notify the Entity of the Compliance Audit, identify the Compliance Audit Team members and their recent employment history and request Information, including a completed pre-audit questionnaire.
 2. The Entity may object to the composition of the Compliance Audit Team. Such objections must be provided in writing to the Administrator, no later than fifteen (15) days prior to the start of off-site or on-site audit work. This fifteen (15) day requirement does not apply: (i) where a Compliance Audit Team member has been appointed less than twenty (20) days prior to the start of on-site audit work, in which case the Entity must provide any objections to the Administrator within five (5) business days after receiving notice of the appointment of the Compliance Audit Team member; or (ii) in the case of an Unscheduled Compliance Audit, in which case the Entity must provide any objections to the Administrator, at least five (5) business days prior to the start of on-site audit work for the Unscheduled Compliance Audit. The Administrator will attempt to resolve any dispute over the composition of the Compliance Audit Team informally with the Entity. If the Administrator does not agree with the objection and cannot resolve the issue informally, the Entity may request a determination by the Commission by filing a written request with the

- Commission no later than two (2) days after receiving notification from the Administrator that the Administrator does not agree with the objection.
3. At the time of the Compliance Audit, the Entity will provide to the Compliance Audit Team the required Information in the format specified in the request.
 4. The Compliance Audit Team will prepare a draft Compliance Audit Report and provide a copy to the Entity within thirty (30) days of completion of the Compliance Audit.
 5. After the Entity receives a copy of the draft Compliance Audit Report, the Entity has thirty (30) days to provide comments on the draft Compliance Audit Report to the Compliance Audit Team.
 6. The Compliance Audit Team will consider the Entity's comments and, if necessary, make revisions to the draft Compliance Audit Report. Within thirty (30) days of receiving comments from the Entity, the Compliance Audit Team will provide the final Audit Report to the Administrator. The Commission may consider an extension to the timeline upon request.
 7. The Administrator will finalize a confidential Compliance Audit Report for the Commission and the Entity, which should generally take no more than ninety (90) days from the end of the Compliance Audit.
 8. Unless the Commission orders otherwise, the Compliance Audit Report will remain confidential.
 9. If the Compliance Audit Report identifies a Possible Violation, the Possible Violation will be reviewed according to the violation review process in section 4.0. If the Administrator identifies an Alleged Violation, it may, and if directed by the Commission will, provide the Commission and the Entity with a Notice of Alleged Violation and the process proceeds as set out in section 4.3.

2.1.7 *Duration of process:* The Compliance Audit process normally concludes with the issuance of the Compliance Audit Report, within ninety (90) days of the completion of the on-site or off-site audit work by the Compliance Audit Team, but may take longer if a Possible Violation is identified.

2.2 Self-Certification

The Administrator will develop a Self-Certification program within the annual Implementation Plan for approval by the Commission. The Self-Certification program will include a Self-Certification reporting schedule and Self-Certification documentation.

2.2.1 *Applicability:* All Entities are required to self-certify their compliance with applicable Reliability Standards at the times specified in a Commission-approved Self-Certification reporting schedule. The Administrator will implement and maintain a Self-Certification

program, including a Self-Certification reporting schedule and required documentation, to be included in the annual Implementation Plan.

2.2.2 *Process*: The process steps for Self-Certification process are as follows:

1. The Commission will approve a Self-Certification reporting schedule, which is part of the annual Implementation Plan and identifies a submittal period for Self-Certifications each year.
2. Upon approval by the Commission, the Administrator will post the Self-Certification reporting schedule on its website and provide notice of the Self-Certification reporting schedule (normally within thirty (30) days) to the Entities.
3. Each Entity will provide Attestation to the Administrator within the timeline set forth and approved in the Self-Certification submittal period.
4. The Administrator will review the Information and may request additional Information or clarification from each Entity as necessary.
5. If the Self-Certification Process identifies a Possible Violation, the Possible Violation will be reviewed according to the violation review process in section 4.0. If the Administrator identifies an Alleged Violation, it will provide the Commission and the Entity with a Notice of Alleged Violation and the process proceeds as set out in section 4.3.

2.2.3 *Duration of process*: The Self-Certification process normally concludes within ninety (90) days from the time the Entity provides an Attestation, but may take longer if a Possible Violation is identified.

2.2.4 *Self-Certification implications for future Violations*: If a Self-Certification accurately identifies a violation of a Reliability Standard, an identification of the same violation in a subsequent Compliance Audit or Spot Check will not give rise to an additional Confirmed Violation unless the severity of the subsequent violation is found to be greater than reported by the Entity in the Self-Certification.

2.3 Spot Checks

The Administrator may, and at the direction of the Commission will, conduct Spot Checks.

2.3.1 *Applicability*: All Entities are subject to Spot Checks for applicable Reliability Standards.

2.3.2 *Scope and purpose of Spot Checks*: Spot Checks may be initiated at any time to verify compliance. An Unscheduled Compliance Audit may be initiated as necessary, pursuant to section 2.1.4.

2.3.3 *Process*: The process steps for Spot Checks are as follows:

1. The Administrator will provide twenty (20) days advance notice to the Entity, with a copy to the Commission, that a Spot Check will be performed. The notice will provide the reason for the Spot Check, along with the date the Entity is to submit or otherwise make any required Information available to the Administrator. The Entity may object to the composition of the Spot Check Team. Such objections must be provided in writing to the Administrator as soon as possible in consideration of the short notice period generally provided in a Spot Check situation.
2. The Spot Check may require an on-site review.
3. The Entity will provide required Information to the Administrator in the format specified in the request.
4. The Administrator will review the Information and may request the Entity to provide clarification or additional Information.
5. The Administrator will review, with the Entity, its draft assessment of the Entity's compliance, and provide an opportunity for the Entity to comment on the draft assessment.
6. The Administrator will complete the assessment of the Entity and provide a report to the Commission and the Entity indicating the results of the Spot Check.
7. If the Spot Check process identifies a Possible Violation, the Possible Violation will be reviewed according to the violation review process in section 4.0. If the Administrator identifies an Alleged Violation it will provide the Commission and the Entity with a Notice of Alleged Violation and the process proceeds as set out in section 4.3.
8. Unless the Commission orders otherwise, the Spot Check Report will remain confidential.

2.3.4 *Duration of process:* The Spot Check process normally concludes with the issuance of the Spot Check Report within ninety (90) days from the time the Entity first provides Information to the Administrator, but may take longer if a Possible Violation is identified.

2.4 Compliance Violation Investigations

The Administrator will, with the approval of the Commission, conduct Compliance Violation Investigations. A Compliance Violation Investigation may alternatively be in the form of a Spot Check or an Unscheduled Compliance Audit.

2.4.1 *Applicability:* All Entities are subject to Compliance Violation Investigations for applicable Reliability Standards.

2.4.2 *Scope and purpose of Compliance Violation Investigation:* The Commission, or the Administrator, may initiate a Compliance Violation Investigation at any time in response to a system disturbance, Complaint or Possible Violation of a Reliability Standard identified by any other means. Compliance Violation Investigations are a separate process from Compliance Audits.

2.4.3 *Process:* The process steps for a Compliance Violation Investigation are as follows:

1. If the Commission, or the Administrator, is notified or becomes aware of circumstances indicating a Possible Violation of a Reliability Standard and considers that a Compliance Violation Investigation is warranted, the Administrator will notify the Entity of a decision to initiate a Compliance Violation Investigation.
2. Once advised of a Compliance Violation Investigation, the Entity will preserve all Information relevant to the Compliance Violation Investigation.
3. The Administrator will request Information from the Entity and provide to the Entity a list of individuals on the Compliance Investigation Team and their recent employment history. If the Compliance Provisions accompanying a Reliability Standard do not specify the advance notice period, the request and notification will be issued with no less than twenty (20) days advance notice.
4. Within ten (10) business days of receiving the notification of a Compliance Violation Investigation, an Entity subject to a Compliance Violation Investigation may object to any member of the Compliance Investigation Team on the grounds of a conflict of interest or the existence of other circumstances that could interfere with the Compliance Investigation Team member's impartial performance of his or her duties. Such objections must be provided in writing to the Administrator. The Administrator will attempt to resolve any dispute over the composition of the Compliance Investigation Team informally with the Entity. If the Administrator does not agree with the objection and cannot resolve the issue informally, the Entity may request a determination by the Commission by filing a written request with the Commission no later than two (2) days after receiving notification from the Administrator that the Administrator does not agree with the objection.
5. If necessary, the Compliance Violation Investigation may include an on-site visit with interviews of the appropriate personnel and review of Information.
6. The Entity will provide the required Information to the Compliance Investigation Team in the format as specified in the request.
7. The Compliance Investigation Team will review Information from the Entity, and may request additional Information if necessary for a complete assessment.

8. The Compliance Investigation Team will prepare a draft Compliance Investigation Report and provide a copy to the Entity within thirty (30) days of completion of the Compliance Investigation.
9. After the Entity receives a copy of the draft Compliance Investigation Report, the Entity has thirty (30) days to provide comments on the draft Compliance Investigation Report to the Compliance Investigation Team.
10. The Compliance Investigation Team will consider the Entity's comments and, if necessary, make revisions to the draft Compliance Investigation Report. Within thirty (30) days of receiving comments from the Entity, the Compliance Investigation Team will provide the final Compliance Investigation Report to the Administrator. The Commission may consider an extension to the timeline upon request.
11. The Administrator will finalize a confidential Compliance Investigation Report for the Commission and the Entity, which should generally take no more than one hundred and twenty (120) days from the end of the Compliance Investigation.
12. Unless the Commission orders otherwise, the Compliance Investigation Report will remain confidential.
13. If the Compliance Violation Investigation identifies a Possible Violation, the Possible Violation will be reviewed according to the violation review process in section 4.0. If the Administrator identifies an Alleged Violation, it may, and if directed by the Commission will, provide the Commission and the Entity with a Notice of Alleged Violation and the process proceeds as set out in section 4.3.

2.4.4 *Duration of process:* The Compliance Violation Investigation process normally concludes with the issuance of the Compliance Investigation Report within one hundred and twenty (120) days from the time notice of the Compliance Violation Investigation, but may take longer if a Possible Violation is identified.

2.5 Self-Reports

The Administrator will receive and process Self-Reports by Entities.

- 2.5.1 *Applicability:* All Entities are encouraged to Self-Report, but are not obligated to do so.
- 2.5.2 *Scope and purpose of a Self-Report:* An Entity is encouraged to Self-Report a Possible Violation as soon as it becomes aware of: (i) a Possible Violation of a Reliability Standard, or (ii) a change in the nature or severity of a previous Confirmed Violation.
- 2.5.3 *Process:* The process steps for submitting a Self-Report are as follows:

1. The Administrator will make the Self-Report submittal forms available on the Administrator's Electronic System(s).
2. The Entity will provide the Self-Report Information to the Administrator electronically.
3. The Administrator will review the Information and may request the Entity to provide clarification or additional Information.
4. The Administrator will complete the review of the Self-Report, including a review of any Mitigation Plan, and will notify the Entity of the results.
5. If a Self-Report identifies a Possible Violation, the Possible Violation will be reviewed according to the violation review process in section 4.0. If the Administrator identifies an Alleged Violation it will provide the Commission and the Entity with a Notice of Alleged Violation and the process proceeds as set out in section 4.3.

2.5.4 *Duration of process:* The Self-Report process normally concludes within ninety (90) days from the time the Entity first provides Self-Reporting Information, but may take longer if a Possible Violation is identified.

2.6 Periodic Data Submittals

The Administrator will implement and maintain the Periodic Data Submittal process as part of the annual Implementation Plan approved by the Commission.

- 2.6.1 *Applicability:* Periodic Data Submittals are required for all Entities with respect to applicable Reliability Standards.
- 2.6.2 *Scope and frequency of Periodic Data Submittals:* The timing of Periodic Data Submittals is determined in accordance with the schedule: (i) stated in the Compliance Provisions accompanying the applicable Reliability Standard; (ii) in the Implementation Plan; or (iii) as otherwise directed by the Commission.
- 2.6.3 *Process:* The process steps for Periodic Data Submittals are as follows:
 1. The Commission will approve specific requirements for Periodic Data Submittals unless a schedule is already specified in the Compliance Provisions accompanying the applicable Reliability Standard.
 2. The Administrator will post the current Periodic Data Submittal schedule on its web site. The Administrator will keep Entities informed of changes and/or updates by delivering notice to Entities.
 3. The Administrator will issue a request to the Entity for a Periodic Data Submittal in accordance with the Commission-approved schedule for Periodic Data Submittals, as contained in the annual Implementation Plan. Requests for

Periodic Data Submittals will be issued by the Administrator to Entities with at least the minimum advance notice period specified by the applicable Reliability Standard. If the Compliance Provisions accompanying the applicable Reliability Standard do not specify an advance notice period, the request will be issued with no less than twenty (20) days advance notice.

4. The Entity will provide the requested Information to the Administrator in the format as specified in the request.
5. The Administrator will review with the Entity the Information and may request the Entity to provide clarification or additional Information.
6. The Administrator will complete its assessment of the Entity for compliance with the Reliability Standard and will notify the Entity of its assessment.
7. If the Periodic Data Submittal process identifies a Possible Violation, it will be reviewed according to the violation review process in section 4.0. If the Administrator identifies an Alleged Violation, it will, provide the Commission and the Entity with a Notice of Alleged Violation and the process proceeds as set out in section 4.3.

2.6.4 *Duration of process:* The Periodic Data Submittal process normally concludes within ten (10) days from the time the Entity first provides the Information, but may take longer if a Possible Violation is identified.

2.7 Remedial Action Directive

2.7.1 The Commission may, in its sole discretion, issue a Remedial Action Directive pursuant to section 72 and section 73 of the UCA to protect the reliability of the Bulk Power System.

2.7.2 A Remedial Action Directive may include, but is not limited to, any of the following: specifying operating or planning criteria, limits or limitations; requiring specific system studies; defining operating practices or guidelines; requiring confirmation of Information, practices or procedures through inspection testing or other methods; requiring specific training for personnel; requiring development of specific operating plans; directing an Entity to develop and comply with a Mitigation Plan; imposing increased auditing or additional training requirements; and/or requiring an Entity to cease an activity that may constitute a violation of a Reliability Standard.

2.7.3 The Administrator may recommend the Commission issue a Remedial Action Directive to protect the reliability of the Bulk Power System from an imminent threat. As part of the recommendation, the Administrator will:

1. Identify Possible, Alleged or Confirmed Violations of Reliability Standard(s) where appropriate;

2. Include an analysis of the need for a Remedial Action Directive and the implications of not issuing a Remedial Action Directive;
3. Include an analysis of the urgency, and in particular why the normal compliance monitoring processes and a Mitigation Plan are insufficient to address the Possible Violation, Alleged Violation or Confirmed Violation;
4. Confirm that, prior to recommending a Remedial Action Directive, they have consulted the Reliability Coordinator on behalf of the Entity, to ensure that a Remedial Action Directive, if directed, would not be in conflict with directives issued by the Reliability Coordinator;
5. Recommend a deadline for compliance with Reliability Standard(s);
6. Include an analysis of whether a Remedial Action Directive obviates the need for a Mitigation Plan; and
7. Provide a draft of the Remedial Action Directive to the Commission with a copy to the Entity.

If the Entity opposes the RAD, the Commission will hold an expedited hearing.

- 2.7.4 Following the issuance of a Remedial Action Directive by the Commission, the Administrator shall complete the assessment of the Entity's compliance with the Remedial Action Directive. The Administrator shall maintain a record for each Remedial Action Directive as per the record keeping requirements for a Mitigation Plan.

If, based on facts and circumstances, the Administrator observes that an Entity is not complying with a Remedial Action Directive or is not in compliance with the applicable Reliability Standard(s) following completion of the Remedial Action Directive, the Administrator shall notify the Commission.

Such notice shall:

- i. Identify the possible deviation from the Remedial Action Directive or Reliability Standard(s); and
- ii. Include an analysis of the implications of non-compliance with the Remedial Action Directive or Reliability Standard(s).

2.8 Complaints

All complaints are to be filed with the Commission. The Commission, or the Administrator, will conduct any further investigative activities following receipt of a Complaint.

- 2.8.1 *Applicability:* All Entities are subject to the Complaints process for applicable Reliability Standards.

2.8.2 *Scope and purpose of Complaints process:* The Commission will review Complaints alleging violations of a Reliability Standard.

2.8.3 *Process:* The process steps for the Complaints process are as follows:

1. Complainants will submit Complaints to the Commission. The Complaint should include sufficient Information to enable the Commission to make an assessment of whether the initiation of a Compliance Violation Investigation is warranted. The Commission may determine not to act on a Complaint if the Complaint is incomplete and does not include sufficient Information.
2. The Commission will determine based on a review of the Complaint, and any other Information within the Commission's possession, whether a Compliance Violation Investigation under section 2.4 is warranted.
3. If the Commission determines that a Compliance Violation Investigation is warranted, then it will direct the Administrator to initiate the Compliance Violation Investigation in accordance with section 2.4.
4. If the Commission determines that a Compliance Violation Investigation is not warranted, then it will notify the complainant and the Entity that no further action will be taken.

2.8.4 *Duration of process:* The Complaints process normally concludes within sixty (60) days from the time a Complaint is submitted to the Commission, but may take longer if Compliance Violation Investigation appears warranted.

2.8.5 *Confidentiality:* Complaints are treated as confidential.

2.9 Reserve Sharing

Proof of Compliance: An Entity will be considered to be in compliance with a requirement of a Reliability Standard to hold reserves if the Entity has arranged for provision of reserves as a member of a reserve sharing group that has registered with the Regional Entity. The Commission may require an Entity to file details of the reserve sharing arrangement electronically. The Commission may also require confirmation from the Administrator, by means of information obtained by the Regional Entity through its United States compliance monitoring activities related to the reserve sharing group, that the Entity has complied with its reserve sharing obligations under such reserve sharing arrangement.

3.0 ANNUAL IMPLEMENTATION PLAN AND AUDIT SCHEDULE

3.1 Implementation Plan

3.1.1 *Submittal Date:* By November 1 of each year, the Administrator will propose an Implementation Plan for the following calendar year for Commission approval.

3.1.2 *Scope and purpose of Implementation Plan*: The Implementation Plan will:

1. Identify all Reliability Standards to be actively monitored in accordance with the monitoring processes outlined in section 2.0 during the upcoming calendar year, together with a schedule;
2. Identify other Reliability Standards proposed for active monitoring by the Administrator;
3. Identify the methods to be used by the Administrator for reporting, monitoring, evaluating and assessing the performance criteria, including the measures, for each Reliability Standard;
4. Include an annual audit schedule;
5. Include a Self-Certification Schedule; and
6. Identify Periodic Data Submittal requirements.

3.1.3 *Publication*: Once approved by the Commission, the Implementation Plan will be available electronically and posted on the Administrator's website, with appropriate links from the Commission's website. Entities will be notified electronically that the Implementation Plan has been posted.

4.0 VIOLATION REVIEW PROCESS

4.1 Initial review

The Administrator will consider all evidence provided in conjunction with a possible noncompliance with a Reliability Standard and will proceed as follows, unless ordered otherwise by the Commission.

- 4.1.1 If the Administrator considers that there is no evidence to substantiate a Possible Violation, no further process applies and the Administrator will notify the Entity and the Commission that the Possible Violation is dismissed and no further action is required.
- 4.1.2 If the Administrator identifies a Possible Violation as one that may be processed under the BC Find, Fix, Track (FFT) Process, the Administrator will follow the BC FFT Process described in section 4.2.
- 4.1.3 If the Administrator identifies a Possible Violation as one that may not be processed under the BC FFT Process, the Administrator will follow the Alleged Violation Process in section 4.3.
- 4.1.4 If a Possible Violation has been identified and considered under one monitoring process, the Administrator will not review the same occurrence if it is subsequently identified as a Possible Violation under another monitoring process unless it appears that significant

additional information is available. If significant additional information is available, the scope of a Possible Violation may be expanded.

4.2 BC Find, Fix, Track Process (FFT or FFT Process)

The Commission may approve alterations to the BC FFT Process if such alterations appear to present material benefits for furthering reliability objectives and promoting administrative efficiencies in the BC MRS Program. Alterations to the BC FFT Process may be included in the annual Implementation Plan or otherwise approved by the Commission.

- 4.2.1 The Administrator will perform an FFT review on a Possible Violation before considering following the Alleged Violation process.
- 4.2.2 Unless the Commission orders that other factors are to be considered, the Administrator will consider the following in performing an FFT review:
 - 1. The underlying facts and circumstances (i.e., what happened, how, why, where and when);
 - 2. The specific Reliability Standard(s) possibly violated;
 - 3. Whether the Entity has mitigated or begun mitigation of the Possible Violation;
 - 4. The Administrator's assessment of potential and actual level of risk to reliability, including mitigating factors during the period of noncompliance;
 - 5. Information that the Administrator may have about the perceived strength of the Entity's compliance program, including preventive and corrective processes and procedures, internal controls and culture of compliance;
 - 6. Information that the Administrator may have about the Entity's compliance record; and
 - 7. Whether aggravating factors are present.
- 4.2.3 The Administrator will notify the Commission and the Entity in writing that it will follow the BC FFT Process. If, within thirty (30) days after that notice is sent, either: (a) the Commission directs the Administrator to proceed under any other process, or (b) the Entity provides a written request to the Administrator, with a copy to the Commission, requesting that the Alleged Violation process be followed instead, then the Administrator will instead follow the Alleged Violation process or such other process the Commission may direct.
- 4.2.4 Unless the Commission orders otherwise, Possible Violations that are processed under the BC FFT Process will not be processed as Alleged Violations and will not become Confirmed Violations. A Possible Violation resolved through the BC FFT Process will not be classified as a contravention under the UCA and will not attract administrative penalties. However, the existence of earlier Possible Violations that have been resolved

through the BC FFT Process will be part of the Entity's compliance history that may be considered by the Commission in determining penalties for other contraventions for the Entity.

- 4.2.5 Mitigation information is an important consideration of whether a Possible Violation is considered for the BC FFT process. Nonetheless, if a Possible Violation included in the BC FFT Process has not yet been mitigated, the Entity must submit a Mitigation Plan to the Administrator, or a description of how the Possible Violation has been mitigated, within thirty (30) days after the Administrator notifies the Entity that it will follow the BC FFT Process. The provisions of section 5.3 dealing with Mitigation Plans are applicable.
- 4.2.6 In order for a Possible Violation to be considered as resolved through the BC FFT Process, an Entity must provide an Attestation acceptable to the Administrator describing the remediation work completed.
- 4.2.7 The Commission will consider a Possible Violation matter closed when the Administrator reports it to the Commission as a Remediated FFT Issue, unless the Commission provides notice to the Administrator and the Entity at any time that further review will be required.
- 4.2.8 The Administrator will report items processed as FFTs to the Commission within thirty (30) days of notifying an Entity of an FFT.
- 4.2.9 If at any point it appears to the Commission that Remediated FFT Issue status was achieved on the basis of a material misrepresentation of facts, the Commission may direct the Administrator to reprocess the matter as an Alleged Violation. The duration of the Alleged Violation may be considered to begin with the original start date of what had been considered to be a Remediated FFT Issue. Particulars of misrepresentation may be considered by the Commission in determining any sanctions that the Commission may determine to be applicable.
- 4.2.10 The Commission may publish status reports including the name of Entities with Possible Violations in the BC FFT Process or Remediated FFT Issues and details of the nature of the Possible Violations and Remediated FFT Issues, unless disclosure relates to a cyber-security incident or would jeopardize the security of the bulk power system.
- 4.2.11 If the Administrator identifies a Possible Violation as not one that the Administrator would approach as an FFT under the BC FFT process, the Alleged Violation process described in section 4.3 would proceed.

4.3 Alleged Violation Process

- 4.3.1 *Recipients of Notice:* A Notice of Alleged Violation required by a compliance monitoring process outlined in section 2.0 will be provided electronically to the Entity's Compliance Contact, with a copy to the Commission. A Notice of Alleged Violation will be treated as

confidential unless and until the Commission confirms the Alleged Violation and the Commission considers that disclosure would not relate to a cyber-security incident or otherwise jeopardize the security of the bulk power system. One Notice of Alleged Violation may be issued listing one or more Alleged Violation(s).

4.3.2 *Scope and Purpose of Notice*: A Notice of Alleged Violation (NOAV) must contain, at a minimum:

1. The Reliability Standard(s) and the specific requirement(s) of the Reliability Standard(s) that are the subject matter of the Alleged Violation(s);
2. The date or dates the Alleged Violation(s) occurred (or is occurring);
3. The facts and evidence that allegedly demonstrate or constitute the Alleged Violation(s). The Administrator may provide the description of the facts and evidence of the Alleged Violation to the Entity for review before the NOAV is issued;
4. Reference VRF and VSL factors relevant to the circumstances of the Alleged Violation;
5. The Administrator's risk assessment based on the facts and evidence;
6. A proposed penalty amount, if any, which references the base penalty range for the potential contravention under the BC penalty matrix; and
7. A detailed reminder of: (i) the Entity's rights and obligations pursuant to section 4.4, and (ii) the right under section 5.1.2 to file a Mitigation Plan while contesting an Alleged Violation.

4.4 Entity Response

4.4.1 *Time for response*: The Entity has thirty (30) days to respond to a Notice of Alleged Violation. Responses are to be submitted to the Administrator. If the Entity fails to respond within thirty (30) days, the Commission may consider the Alleged Violation(s) in the absence of a submission from the Entity.

4.4.2 *Entity options for response*: The Entity has three options in responding to a Notice of Alleged Violation:

1. The Entity may agree with the Alleged Violation(s) and make no submission on the proposed penalty amount, and agree to submit and implement a Mitigation Plan to correct the Alleged Violation(s) and related underlying cause(s), in accordance with section 5.0 (Option 1); or
2. The Entity may agree with the Alleged Violation(s) and make a submission on points relevant to the proposed penalty amount, provide an explanation of its position, and include any supporting information (Option 2); or

3. The Entity may contest the Alleged Violation(s) and make a submission on points relevant to the dispute, provide an explanation of its position and include any supporting information (Option 3).
- 4.4.3 If the Entity elects Option 1, the Commission will issue an order confirming the Alleged Violation(s) and follow the penalty process approved by the Commission for determination regarding the proposed penalty amount.
 - 4.4.4 If the Entity elects Option 2, the Commission will review the explanation of the Entity's position regarding the proposed penalty amount and issue an order confirming the Alleged Violations(s) and make a determination regarding the proposed penalty amount.
 - 4.4.5 If the Entity elects Option 3, the Administrator will review the explanation of the Entity's position, and
 1. If the Administrator agrees with or does not object to the Entity's position on some or all of the contested violation(s), within sixty (60) days of receiving the response to the Notice of Alleged Violation, the Administrator will withdraw the original Notice of Alleged Violation and may issue a Revised Notice of Alleged Violation, or
 2. If the Administrator disagrees with or objects to the Entity's position on all of the contested violation(s), the Administrator will, within sixty (60) days, issue a letter to the Commission and the Entity affirming the Notice of Alleged Violation.
 - 4.4.6 The Entity has thirty (30) days to respond to the Revised Notice of Alleged Violation. Responses are to be submitted to the Commission and the Administrator. If the Entity fails to respond within thirty (30) days, the Commission may consider the Alleged Violation(s) in the absence of a submission from the Entity.
 1. If the Entity agrees with the Revised Notice of Alleged Violation and agrees to submit and implement a Mitigation Plan to correct the Alleged Violation(s) and related underlying cause(s) in accordance with section 5.0, the Commission will issue an Order confirming the Alleged Violation(s).
 2. Where the Entity contests the Revised Notice of Alleged Violation, it may provide the Administrator with an explanation of its position and any supporting documentation.
 3. If the Entity contests the Revised Notice of Alleged Violation, or the Administrator affirms the Notice of Alleged Violation, the Commission will hold a Hearing.

5.0 MITIGATION PLANS

5.1 Requirement for submittal of Mitigation Plans

The Commission strongly encourages Entities to thoroughly and swiftly mitigate any possible noncompliance with a Reliability Standard as soon as such has been identified and reminds Entities that Mitigation information is an important consideration of whether a Possible Violation is considered for the BC FFT process or not.

- 5.1.1 *Confirmed Violation*: An Entity found to be in Confirmed Violation of a Reliability Standard must prepare: (i) a Mitigation Plan to correct the Confirmed Violation, or (ii) a description of how the Confirmed Violation has been mitigated.
- 5.1.2 *Possible or Alleged Violation*: An Entity may elect to prepare a Mitigation Plan for a Possible Violation or while contesting an Alleged Violation. Mitigation Information is an important consideration of whether a Possible Violation is considered for the BC FFT process or not and the preparation, submission or implementation of a Mitigation Plan is not an admission of the Alleged Violation.
- 5.1.3 Upon recommendation by the Administrator, the Commission may accept a Mitigation Plan for a Possible, Alleged or Confirmed Violation.

5.2 Contents of Mitigation Plans

- 5.2.1 A Mitigation Plan must include the following Information:
 - 1. The Entity's point of contact for the Mitigation Plan, who must be a person: (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan.
 - 2. The Possible, Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.
 - 3. The cause of the Possible, Alleged or Confirmed Violation(s).
 - 4. The Entity's action plan to correct the Possible, Alleged or Confirmed Violation(s).
 - 5. The Entity's action plan to prevent recurrence of the Possible, Alleged or Confirmed Violation(s).
 - 6. The anticipated impact of the Mitigation Plan on the Bulk Power System reliability and an action plan to mitigate any increased risk to the reliability of the Bulk Power System while the Mitigation Plan is being implemented.
 - 7. A timetable for completion of the Mitigation Plan including the proposed completion date by which the Mitigation Plan will be fully implemented and the Possible, Alleged or Confirmed Violation(s) corrected.

8. Implementation milestones no more than ninety (90) days apart for Mitigation Plans with expected completion dates more than ninety (90) days from the date of submittal.
9. Any other Information as directed by the Commission.

5.2.2 The Mitigation Plan must be signed by an authorized representative of the Entity.

5.3 Time for filing of Mitigation Plans

5.3.1 *Possible or Alleged Violation*: A Mitigation Plan with respect to a Possible or Alleged Violation may be submitted at any time and must be submitted within thirty (30) days after the Administrator notifies the Entity that it will follow the BC FFT Process. A Mitigation Plan for a Possible Violation in the FFT process generally requires the expected completion be within three months of submittal. Specific Reliability Standards that the Commission approves to warrant a longer mitigation period in the FFT process will be listed in the annual Implementation Plan.

5.3.2 *Confirmed Violation*: A Mitigation Plan in respect to a Confirmed Violation must be submitted by the Entity within ten (10) days following confirmation by the Commission.

5.4 Time for completion of Mitigation Plans

In all cases, the Mitigation Plan should be completed without delay. In any event, the Mitigation Plan must be completed in time to have a reasonable possibility to correct all of the Possible, Alleged or Confirmed Violation(s) prior to the next Compliance Audit, Self-Certification, Self-Report or Periodic Review, whichever comes first. At the request of the Entity, the Commission may extend the Mitigation Plan completion deadline. In reaching its decision regarding whether to grant the extension, the Commission may consider factors such as: (i) the length of time before the next assessment period (i.e., event driven or monthly assessments), (ii) construction requirements in the Mitigation Plan that extend beyond the next assessment period, or (iii) other extenuating circumstances.

5.5 Revised Mitigation Plans

The Commission or the Administrator may, at any time, request the Entity to submit a revised Mitigation Plan to replace a Mitigation Plan already accepted by the Commission for any of the following reasons:

1. An Extension to the Mitigation Plan requires the inclusion of additional milestones.
2. Evidence suggests the scope of an accepted Mitigation Plan must be expanded to include greater scope of mitigation to fully mitigate the Possible, Alleged or Confirmed Violation(s).
3. Any other reason as deemed appropriate by the Administrator or the Commission.

5.6 Subsequent Alleged Violations of similar nature

5.6.1 Subsequent Alleged Violations of a similar nature to the subject matter of an accepted Mitigation Plan arising during the period of time the accepted Mitigation Plan is being

implemented will be recorded and reported to the Commission by the Administrator as Alleged Violations. However, the Commission may, in its discretion, decide not to confirm the Alleged Violations as Confirmed Violations.

- 5.6.2 Subsequent Alleged Violations of a similar nature to the initial Alleged Violation may not be held in abeyance if: (i) the Entity has not yet submitted a Mitigation Plan, or (ii) the Entity has submitted a Mitigation Plan but it is rejected by the Commission.

5.7 Process for receiving Mitigation Plans

- 5.7.1 Mitigation Plans are submitted by the Entity to the Administrator.
- 5.7.2 The Administrator will complete its review of the Mitigation Plan, and will advise the Entity whether it agrees or disagrees with the Mitigation Plan, within thirty (30) days of receipt. If the Administrator disagrees with the Mitigation Plan, detailed reasons for its disagreement will be provided to the Entity.
- 5.7.3 If the Administrator agrees with the Mitigation Plan, it will promptly forward the Mitigation Plan to the Commission, accompanied by a recommendation of acceptance.
- 5.7.4 If the Administrator disagrees with the Mitigation Plan, the Entity can, at its option, either: (i) apply to the Commission for acceptance of its Mitigation Plan, or (ii) submit a new version of the Mitigation Plan to the Administrator. The Administrator will notify the Entity within thirty (30) days after receipt of the subsequent version of Mitigation Plan whether the Administrator agrees or disagrees with the revisions.
- 5.7.5 If the Administrator disagrees with the Entity's new version of the Mitigation Plan, the Entity can, at its option, either: (i) apply to the Commission for acceptance of its Mitigation Plan, or (ii) submit further changes to its Mitigation Plan within thirty (30) days. The Administrator will notify the Entity within thirty (30) days after receipt of a further version of Mitigation Plan whether the Administrator agrees or disagrees with the latest version.
- 5.7.6 If the Administrator still disagrees with the Mitigation Plan, the Entity must promptly apply to the Commission for acceptance of its Mitigation Plan. The Administrator will advise the Commission of its reasons for disagreeing with the Mitigation Plan.
- 5.7.7 Following receipt of the application for acceptance of the Mitigation Plan and the Administrator's reasons for disagreeing with the Mitigation Plan, the Commission will hold a Hearing.

5.8 Completion/Confirmation of Implementation of Mitigation Plans

- 5.8.1 The Entity must provide updates at least every ninety (90) days to the Administrator on the progress of the Mitigation Plan. The Administrator will track the Mitigation Plan to

completion and may conduct on-site visits and review status during audits to monitor Mitigation Plan implementation.

- 5.8.2 Upon completing implementation of the Mitigation Plan, the Entity must provide Attestation to the Administrator that all required actions described in the Mitigation Plan have been completed and must include Information sufficient to verify completion. The Administrator will complete its review of the Attestation within 180 days of receipt of the Attestation, and will at that time advise the Entity whether it agrees or disagrees with the Attestation. If the Administrator disagrees with the Attestation, detailed reasons for its disagreement will be provided to the Entity.
- 5.8.3 The Commission or the Administrator may conduct Spot Checks or Compliance Audits in accordance with section 2.0 to verify that all required actions in the Mitigation Plan have been completed.
- 5.8.4 If the Administrator agrees with the Attestation, it will promptly forward a recommendation of acceptance of Attestation of Mitigation Plan Completion to the Commission.
- 5.8.5 In the event all required actions in the Mitigation Plan are not completed within the applicable deadline, the Administrator will report to the Commission any additional Alleged Violation(s) of the Reliability Standard that was the subject of the Mitigation Plan that occurred since the Commission approved the Mitigation Plan.
- 5.8.6 If, at any point, the Administrator observes that a Mitigation Plan accepted by the Commission is no longer sufficient to bring the Entity into compliance with the Possible, Alleged or Confirmed Violation in question within the time period indicated by the proposed completion date, the Administrator may request the entity to prepare and submit a Revised Mitigation Plan.
- 5.8.7 The Entity and the Administrator have 180 days from the Entity's submission of Attestation described in section 5.8.2 to the recommendation of acceptance of the Attestation of Mitigation Plan completion. The Commission may consider an extension to the timeline upon request.

5.9 Recordkeeping

Information meeting the definitions of Confidential Information or Personal Information in the Rules of Procedure must be handled in accordance with section 6 of the Rules of Procedure.

6.0 DOCUMENT PRODUCTION BY THE ADMINISTRATOR

6.1 Documents to be produced

If the Commission conducts a Hearing with respect to an Alleged Violation of a Reliability Standard, the Administrator will make available for inspection and copying by the Entity, all Information relevant to the Alleged Violations and prepared or obtained in connection with the process that led to the initiation of a Hearing, with the exception of the Information described in section 6.2.

6.2 Documents that may be withheld

The Commission, and the Administrator, are not required to disclose to an Entity any portion of a document that contains privileged legal advice.



Penalty Guidelines

for British Columbia Mandatory Reliability Standards

**Appendix 3 to
Rules of Procedure
for Reliability Standards in British Columbia**

**Revised September 1, 2017
by Order R-40-17**

British Columbia Utilities Commission
Suite 410, 900 Howe Street, Vancouver, BC V6Z 2N3
Phone: 604.660.4700 BC Toll Free 1.800.663.1385
www.bcuc.com

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1.0 INTRODUCTION

The Penalty Guidelines for BC Mandatory Reliability Standards (Penalty Guidelines) provide Entities information on the criteria and process the Commission will use to determine a penalty amount for a Confirmed Violation of a Reliability Standard under the authority of part 8.1 of the *Utilities Commission Act* (UCA). The Commission will issue a Notice of Penalty once it has made its determination with respect to a Confirmed Violation and the penalty process has been concluded.

Definitions incorporated by reference

The definitions in section 2 of the Rules of Procedure are incorporated into the Penalty Guidelines by reference. Other terms used, but not specifically defined in the Rules of Procedure, are defined in the NERC Glossary of Terms Used in Reliability Standards, as adopted by the Commission from time to time, or otherwise have their commonly understood meanings in the electric power industry.

2.0 BASIC PRINCIPLES

The following basic principles will be adhered to when determining a penalty amount.

2.1 Application of the *Utilities Commission Act*

Pursuant to section 109.1(4) of the UCA, the Commission may not find that a person has contravened a provision of the UCA, regulations, Commission order, standard or rule, or a Reliability Standard if the person exercised due diligence to prevent the contravention, or the person's actions or omissions relevant to the provision were the result of an officially induced error, or if an act or omission was reasonably necessary to comply with the *Workers Compensation Act* or its regulations.

Pursuant to section 109.2 of the UCA, if the Commission finds that a person has contravened a provision of a Reliability Standard, the Commission may impose an administrative penalty in an amount up to the prescribed limit set in the Administrative Penalties Regulation. The Administrative Penalties Regulation establishes limits for administrative penalties for contravention of a Reliability Standard – up to \$1,000,000 per day for a corporation and \$100,000 per day for a director, officer or agent of a corporation that contravenes a Reliability Standard.

Pursuant to section 109.8(1) of the UCA, the time limit for giving notice under section 109.3 imposing an administrative penalty is 2 years after the date on which the act or omission alleged to constitute the contravention first came to the attention of the chair of the Commission. The date that a NOAV is issued to an Entity with copy to the Commission is considered the date the act or omission alleged to constitute the contravention first came to the attention of the chair of the Commission.

2.2 Penalties for Confirmed Violations

A Confirmed Violation, defined in the BC Rules of Procedure as an Alleged Violation that has been confirmed by a Commission Order, constitutes a contravention of a Reliability Standard. The processes set out in section 4.4 of

the CMP provide opportunity for a person to be heard before the Commission determines a Confirmed Violation. The Commission would not consider a possible administrative penalty until after a contravention has been determined by Commission Order to be a Confirmed Violation.

2.3 Violation Risk Factors and Violation Severity Levels

The NERC Violation Risk Factors (VRF) and Violation Severity Levels (VSL) that accompany the Reliability Standards adopted in BC will be used as Compliance Provisions in the BCMRS Program to consider the base penalty range. However, VRF and VSL are not the only factors that the Commission may consider in assessing a proposed penalty amount.

The VRF and VSL matrices associated with the Reliability Standards approved in BC will be available electronically.

2.4 BC penalty matrices

The BC penalty matrices provided below list base penalty ranges for combinations of NERC VRF and VSL. There are two BC penalty matrices, one for corporations (Table 1) and one for a director, officer or agent of a corporation (Table 2). The amounts in both tables were approved by Commission Order R-34-15 and the maximum limit of \$1,000,000 is as specified in the UCA section 106(4).

Table 1: BC Penalty Matrix for a Corporation⁴

Violation Risk Factor	Violation Severity Level							
	Lower		Moderate		High		Severe	
	Range Limits		Range Limits		Range Limits		Range Limits	
	Low	High	Low	High	Low	High	Low	High
Lower	\$0	\$3,000	\$0	\$7,500	\$0	\$15,000	\$0	\$25,000
Medium	\$0	\$30,000	\$0	\$100,000	\$0	\$200,000	\$0	\$335,000
High	\$0	\$125,000	\$0	\$300,000	\$0	\$625,000	\$0	\$1,000,000

⁴ Amounts may be imposed for each day the contravention continues, per *Utilities Commission Act*, RSBC 1996, Chapter 473, section 109.2(2).

Table 2: BC Penalty Matrix for a Director, Officer or Agent of a Corporation⁵

Violation Risk Factor	Violation Severity Level							
	Lower		Moderate		High		Severe	
	Range Limits		Range Limits		Range Limits		Range Limits	
	Low	High	Low	High	Low	High	Low	High
Lower	\$0	\$300	\$0	\$750	\$0	\$1,500	\$0	\$2,500
Medium	\$0	\$3,000	\$0	\$10,000	\$0	\$20,000	\$0	\$33,500
High	\$0	\$12,500	\$0	\$30,000	\$0	\$62,500	\$0	\$100,000

2.5 Administrator's identification of base penalty range and assessment of proposed penalty amount

2.5.1 Base penalty range

Upon applying the NERC Sanction Guidelines to the facts and circumstances of the Alleged Violation under consideration, and in consideration of the BC penalty matrices noted in Table 1 and Table 2 above, the Administrator will identify in the NOAV, the base penalty range that represents the seriousness of the violation.

2.5.2 Proposed penalty amount

The Administrator will consider various factors in its review of a Possible or Alleged Violation. These factors include but are not limited to:

1. Violation Risk Factor;
2. Violation Severity Level;
3. risk to the reliability of the Bulk Electric System, including the seriousness of the violation;
4. Violation Time Horizon;
5. the violation's duration;
6. the Registered Entity's compliance history;
7. the Registered Entity's self-reports and voluntary corrective action;
8. the degree and quality of cooperation by the Registered Entity in an audit or investigation process, and in any remedial action;
9. the quality of the Registered Entity's compliance program;
10. any attempt by the Registered Entity to conceal the violation or any related information;
11. whether the violation was intentional; and
12. any other relevant information or extenuating circumstances.

⁵ Amounts may be imposed for each day the contravention continues, per *Utilities Commission Act*, RSBC 1996, Chapter 473, section 109.2(2).

After consideration of all relevant factors listed above, the Administrator will recommend a proposed penalty amount within the base penalty range ensuring that the proposed penalty amount is commensurate with a similar situation in other regions of the Western Interconnection. The Administrator will identify in the NOAV, the proposed penalty amount that represents the seriousness of the violation.

3.0 DETERMINATION OF PENALTY AMOUNT

3.1 General considerations

In considering appropriate penalties, the Commission will be guided by the general considerations below:

1. The assessment of penalties shall bear a reasonable relation to the seriousness of the violation while also reflecting consideration of the other factors specified in these Penalty Guidelines.
2. Where an Entity is registered for several functions, a penalty will be assessed against the Entity, not against each function performed by the Entity.
3. Multiple violations for a single act or common incident would generally result in a single aggregate penalty, at least as large as what would be appropriate for the most serious of the individual violations.
4. In unique extenuating circumstances, such as significant natural disasters, penalties may be significantly reduced or eliminated.
5. Entities responsible for complying with Reliability Standards should not find it attractive to make economic choices that cause or risk violations to Reliability Standards, or cause or risk incidents resulting from violations.
6. Penalties may be assessed on a “per day, per violation” basis unless alternative frequency or duration is determined to be more appropriate.
7. Some standards may not support the assessment of penalties on a “per day, per violation” basis, and instead penalties may be appropriately considered based on an alternative time period or time span as appropriate for the standard violated.
8. Multiple penalties may be assessed where there are a number of acts or incidents that result in multiple violations in one time period.
9. Where a violation is found by assessment at the end of a period but may have occurred earlier in the period, an appropriate penalty may be larger, particularly if the Entity did not take appropriate steps to self-monitor for potential breaches that could be severe.
10. Periodically monitored discrete violation – if a discrete event occurs and is not remedied on the date of occurrence, a contravention may be considered to have occurred on the day of first instance and each day thereafter until the contravention is corrected and brought into compliance; penalties may be assessed for each day and in different amounts for each day.

11. Anything else the Commission considers to be relevant, including:
 - a. Long-term horizon allowing for time to address the risk before harm results (a potential mitigating factor). A penalty for a violation that could be mitigated over a longer period of time may be lower than if there was no time to mitigate because the violation took place in real-time;
 - b. Whether the violation was concealed;
 - c. Apparent strength of an Entity's internal compliance program; or
 - d. Specific technical factors relevant to BC (if any).

The discussion of possible factors for consideration cannot be exhaustive. Other aspects of factors or situations, and other considerations not described here, may be considered in determining an appropriate administrative penalty based on the Commission's assessment of the circumstances of individual situations.

Based on the circumstances, it is also possible for the Commission to determine that an administrative penalty is not appropriate, despite the finding of a contravention.

3.2 Specific considerations including Aggravating and Mitigating Factors

In accordance with section 109.2 of the UCA, and before determining whether an administrative penalty for contravention of a provision of a Reliability Standard is warranted and the penalty amount is determined, the Commission must consider:

1. Previous contraventions, administrative penalties and orders;
2. Gravity and magnitude of contravention;
3. Extent of harm to others and/or immediacy of potential harm (a potential aggravating factor to the extent there may be limited time to address a risk before harm results);
4. Whether contravention was repeated or continuous;
5. Whether contravention was deliberate;
6. Any actual or potential economic benefit derived from the contravention;
7. Voluntary efforts and corrective action to prevent and correct the contravention;
8. Cost of compliance with the provisions contravened;
9. Whether the contravention was self-reported;
10. Degree and quality of cooperation during investigation and mitigation; and
11. Any undue hardship an administrative penalty may present for an Entity (to the extent this may be established by an Entity).

The Commission may also consider the factors above as potentially aggravating or mitigating factors when determining the magnitude of the penalty within the base penalty range. The presence or absence of these

factors may suggest that a higher or lower penalty could be appropriate in particular situations. Individual factors may be aggravating in one circumstance and mitigating in another.

3.3 Determination of non-monetary penalties

The imposition of penalties is not limited to monetary penalties. Non-monetary sanctions may be applied with the objective of promoting reliability and compliance with the Mandatory Reliability Standards. Non-monetary sanctions may include issuing Remedial Action Directives, limiting activities, functions or operations or requiring an Entity to increase its frequency of compliance reporting.

The Commission may impose non-monetary penalties either in lieu of or in addition to a monetary penalty for the same violation, as long as the aggregate penalty bears a reasonable relation to the seriousness of the violation and other relevant factors.

4.0 PENALTY PROCESS

1. A proposed penalty amount for an Alleged Violation will be included in the Notice of Alleged Violation.
2. The Administrator will provide the Commission and the Entity with an assessment of the applicable VRF and VSL for the Alleged Violation and identify the base penalty range associated with the VRF and VSL in the applicable BC Penalty Matrix.
3. The Administrator will provide a risk assessment in written notes articulating the Administrator's description of the specific situation, including consideration of all relevant information as noted in section 3.2.
4. The Administrator will recommend a proposed penalty amount within the base penalty range and ensure that the proposed penalty amount is commensurate with a similar situation in other regions of the Western Interconnection.
5. The Administrator must provide the information contained in section 4(1), 4(2), 4(3) and 4(4) above to the Entity with the Notice of Alleged Violation.
6. The Entity has the opportunity to respond to the proposed penalty amount as outlined in section 4.4 of the CMP, within thirty (30) days.
7. No penalty will be considered unless or until an Alleged Violation becomes a Confirmed Violation by Commission order.
8. If an Alleged Violation is confirmed following a hearing as per section 4.4.6.3 of the CMP, the Entity has the opportunity to respond to the Administrator's proposed penalty amount within thirty (30) days of confirmation.
9. After considering the available information, including recommendations from the Administrator and feedback from the Entity, the Commission may, but would not be required to, request additional information from the Entity, Administrator or others. Any additional information provided to the Commission must be made available to the Entity for their review and comment before the Notice of Penalty is made.

10. The Commission retains full discretion to deviate from the matrix ranges at any time, up to the maximum limits provided in the Administrative Penalty Regulation. Where the Commission finds it appropriate to deviate from the base penalty range it shall advise the Entity of the proposed penalty amount with reasons why this is appropriate and allow the Entity 30 days to respond.
11. Different penalties may apply in what may appear to be similar circumstances, as no situations are completely identical and the Commission has full discretion at all times in its determination of appropriate administrative penalties in each case.
12. When the Commission is satisfied that it has appropriate information to make its determination, it would order a Notice of Penalty, which may or may not include non-monetary sanctions, or issue a notice to the Entity advising that no penalty will be assessed. Pursuant to section 109.3 of the UCA, the Notice of Penalty will specify:
 - a. the Commission's decision to impose a penalty with reasons;
 - b. the name or corporation that is the recipient of the penalty;
 - c. the contravention;
 - d. the amount of the penalty, if any;
 - e. the date by which the penalty, if any, must be paid (within thirty (30) days of issuance of Notice of Penalty) and the consequences of not paying;
 - f. the person's right to apply for reconsideration under section 99 of the UCA or to appeal under section 101 of the UCA;
 - g. an address to which a request for a reconsideration under section 99 may be sent; and
 - h. the Commission may make public the recipient of a penalty, the contravention and the reasons for and amount of penalty.
13. The Commission may treat as confidential any Notice of Penalty or disclosures relating to cyber-security incidents or other incidents which could otherwise jeopardize the security of the bulk power system.
14. The Notice of Penalty is generally issued within sixty (60) days following the Entity's response to the proposed penalty amount. If the entity does make a submission on the proposed penalty amount, the Commission may issue a Notice of Penalty within ninety (90) days of the date of the Notice of Alleged Violation. The Notice of Penalty is to be served by registered mail.
15. The Entity must pay the penalty as directed in the Notice of Penalty within thirty (30) days. If the Entity applies for reconsideration, the penalty, if confirmed, is payable thirty (30) days after the appeal has been waived or an appeal decision has been rendered.