



ORDER NUMBER

R-18-20

IN THE MATTER OF

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

and

British Columbia Hydro and Power Authority

Notice of Penalty

for the Contravention of Mandatory Reliability Standards

Identified as:

Violation 1	CIP-004-3a
Violation 2	CIP-004-3a
Violation 3	CIP-004-3a
Violation 4	CIP-004-3a
Violation 5	CIP-006-3c
Violation 6	CIP-006-3c
Violation 7	CIP-006-3c
Violation 8	CIP-006-3c
Violation 9	CIP-005-1

BEFORE:

A. K. Fung, QC, Panel Chair

W. M. Everett, QC, Commissioner

R. I. Mason, Commissioner

on September 3, 2020

ORDER

WHEREAS:

- A. On August 12, 2020, the British Columbia Utilities Commission (BCUC) issued a confidential order (Confidential Order) and Confidential Notice of Penalty to British Columbia Hydro and Power Authority (BC Hydro) for contravention of the nine Critical Infrastructure Protection (CIP) Mandatory Reliability Standards noted above;
- B. On August 12, 2020, the BCUC directed BC Hydro to file written submissions with supporting reasons to the BCUC with respect to redactions, if any, that BC Hydro seeks in respect of the Confidential Notice of Penalty and the Executive Summary of this proceeding prior to their publication as may be ordered by the BCUC;
- C. On August 21, 2020, BC Hydro submitted a proposed redacted version of each of the Confidential Notice of Penalty and Executive Summary for public disclosure; and

- D. Following review of BC Hydro's submissions, the Panel considers the release of the Confidential Notice of Penalty and Executive Summary, both in the redacted form as proposed by BC Hydro to the general public is warranted and in the public interest.

NOW THEREFORE pursuant to section 125.2(10) and Part 8.1 of the UCA, the BCUC orders the following:

1. The redacted Notice of Penalty and the redacted Executive Summary are to be released to the general public, as attached in Appendix A.
2. All related material filed in this proceeding shall be held confidential, unless otherwise ordered by the BCUC.

DATED at the City of Vancouver, in the Province of British Columbia, this 3rd day of September 2020.

BY ORDER

Original signed by:

A. K. Fung, QC
Commissioner

Attachment

[REDACTED]
NOTICE OF PENALTY

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

British Columbia Hydro and Power Authority
Notice of Penalty
for the Contravention of Mandatory Reliability Standards
Identified as:

Violation 1	CIP-004-3a [REDACTED]	Violation ID [REDACTED]
Violation 2	CIP-004-3a [REDACTED]	Violation ID [REDACTED]
Violation 3	CIP-004-3a [REDACTED]	Violation ID [REDACTED]
Violation 4	CIP-004-3a [REDACTED]	Violation ID [REDACTED]
Violation 5	CIP-006-3c [REDACTED]	Violation ID [REDACTED]
Violation 6	CIP-006-3c [REDACTED]	Violation ID [REDACTED]
Violation 7	CIP-006-3c [REDACTED]	Violation ID [REDACTED]
Violation 8	CIP-006-3c [REDACTED]	Violation ID [REDACTED]
Violation 9	CIP-005-1 [REDACTED]	Violation ID [REDACTED]

Pursuant to section 125.2(10) and Part 8.1 of the *Utilities Commission Act* (UCA) and in accordance with the Compliance Monitoring Program and the Reasons for Decision attached, the British Columbia Utilities Commission (BCUC) hereby notifies British Columbia Hydro and Power Authority (BC Hydro) that:

1. The following administrative penalties have been levied against BC Hydro for the contraventions of adopted reliability standards identified as:

- Violation 1 - [REDACTED] - \$25,000
- Violation 2 - [REDACTED] - \$15,000
- Violation 3 - [REDACTED] - \$50,000
- Violation 4 - [REDACTED] - \$10,000
- Violation 5 - [REDACTED] - \$335,000
- Violation 6 - [REDACTED] - \$50,000

- Violation 7 – [REDACTED] - \$50,000
 - Violation 8 – [REDACTED] - \$10,000
 - Violation 9 - [REDACTED] - \$170,000
2. BC Hydro is ordered to make full payment of the penalty amounts stipulated in this Notice of Penalty within 30 days of receipt and the BCUC directs BC Hydro, in a compliance filing, to provide confirmation of payment of these penalty amounts within 15 days of making such payment.
 3. BC Hydro may appeal this Notice of Penalty under section 101 of the UCA or apply for a reconsideration in writing under section 99 of the UCA addressed to:

British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver BC V6Z 2N3

Executive Summary

This proceeding arises from nine violations (Violations) pertaining to reliability standards, as defined in the *Utilities Commission Act* (UCA) and adopted by the British Columbia Utilities Commission (BCUC) and applicable to British Columbia Hydro and Power Authority (BC Hydro). The Violations, all self-reported by BC Hydro, followed the BCUC's Notice of Alleged Violation Process and were subsequently confirmed by order of the BCUC (Confirmed Violations). Accordingly, as these Confirmed Violations constitute contraventions of adopted reliability standards pursuant to section 109.1(1)(b) of the UCA, they are subject to administrative penalties, if warranted. This proceeding is the second instance of a BCUC penalty assessment arising from confirmed violations of adopted mandatory standards by BC Hydro in British Columbia.

All of the Confirmed Violations are in respect of Critical Infrastructure Protection reliability standards and are summarized below. As the disclosure of information pertaining to Critical Infrastructure Protection violations and cyber-security incidents could jeopardize the security of the Bulk Electric System, the Confidential Order with Reasons for Decision and all related materials filed in this proceeding are to be kept confidential until the BCUC determines otherwise.

Violation 1:

CIP-004-3a sets out the requirements that an Entity must meet regarding personnel having authorized cyber or authorized unescorted physical access to Critical Cyber Assets, including contractors and service vendors, have an appropriate level of personnel risk assessment, training, and security awareness.

Violation 2:

CIP-004-3a sets out the requirements that an Entity must meet regarding personnel having authorized cyber or authorized unescorted physical access to Critical Cyber Assets, including contractors and service vendors, have an appropriate level of personnel risk assessment, training, and security awareness.

Violation 3 and 4:

CIP-004-3a sets out the requirements that an Entity must meet regarding personnel having authorized cyber or authorized unescorted physical access to Critical Cyber Assets, including contractors and service vendors, have an appropriate level of personnel risk assessment, training, and security awareness.

Violation 5 to 8:

CIP-006-3c sets out the requirements an Entity must meet with regards to the implementation of a physical security program for the protection of Critical Cyber Assets.

Violation 9:

CIP-005-1 sets out the requirements an Entity must meet with regards to identification and protection of Electronic Security Perimeters inside which all its Critical Cyber Assets reside, as well as all access points on the perimeter.

Panel Considerations

The Administrative Penalties Regulation, brought into effect by Order in Council 731/2012, provides the BCUC with authority to impose administrative penalties and set financial limits for a contravention of a Reliability Standard in an amount that does not exceed the prescribed limit of \$1,000,000 for corporations, assessable for each day a contravention continues.

The Panel's review of each of the nine Violations considered each of the factors listed in section 109.2 (3) of the UCA, along with other factors the Panel considered relevant, in determining whether an administrative penalty for each of the Violations is warranted and, if so, the appropriate level of penalty.

Panel Determination

Violations of the Critical Infrastructure Protection reliability standards are of paramount importance given the potential to impact on overall Bulk Electric System reliability. The BCUC cannot and should not treat violations of these standards lightly, even if no actual harm occurs. After weighing the risks and severity of potential consequences resulting from each Violation and considering the risk each Violation posed to the Bulk Electric System, the Panel determines that for each of the Violations, an administrative penalty is warranted.

The Panel notes that the Violations were not intentional, not deliberate and BC Hydro fully cooperated in all aspects of the Violation process and that it was open and transparent about its possible violations within its self-reports. Therefore, the Panel declines to exercise its discretion to levy a daily penalty for each of the days that the contraventions continued.

After considering the factors enumerated in section 109.2 of the UCA along with other relevant factors, the Panel determines that the following administrative penalties for the nine Violations are warranted:

Violation 1: CIP-004-3a	\$25,000
Violation 2: CIP-004-3a	\$15,000
Violation 3: CIP-004-3a	\$50,000
Violation 4: CIP-004-3a	\$10,000
Violation 5: CIP-006-3c	\$335,000
Violation 6: CIP-006-3c	\$50,000

Violation 7: CIP-006-3c	\$50,000
Violation 8: CIP-006-3c	\$10,000
Violation 9: CIP-005-1	\$170,000

In all cases except Violation 5 and Violation 9, the penalty is at the lower end of the penalty range as established by the Penalty Guidelines for BC Mandatory Reliability Standards. In the case of Violation 5, the penalty is in the higher end of the range and in the case of Violation 9, the penalty is in the middle of the range.