



ORDER NUMBER

R-1-26

IN THE MATTER OF

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

and

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

BEFORE:

E. B. Lockhart, Panel Chair
E. A. Brown, Commissioner

on January 9, 2026

ORDER

WHEREAS:

- A. On October 15, 2009, by Order G-123-09, the British Columbia Utilities Commission (BCUC) adopted the Rules of Procedure for Reliability Standards in British Columbia;
- B. On September 1, 2017, by Order R-40-17, the BCUC approved the latest revisions to the Rules of Procedure for Reliability Standards in British Columbia, including its three appendices: Registration Manual for BC Mandatory Reliability Standards, Compliance Monitoring Program for BC Mandatory Reliability Standards, and Penalty Guidelines for BC Mandatory Reliability Standards, collectively referred to as the MRS Rules of Procedure;
- C. Section 125.2 of the *Utilities Commission Act* (UCA) outlines the responsibilities of the BCUC for the British Columbia Mandatory Reliability Standards Program (MRS Program). The BCUC's jurisdiction to make orders related to the administration of reliability standards is set out in section 125.2(10) of the UCA;
- D. The BCUC may appoint or engage persons having special or technical knowledge necessary to assist the commission in carrying out its functions, pursuant to section 8 of the UCA. The BCUC engaged the Western Electricity Coordinating Council (WECC) as the MRS Program Administrator to assist the BCUC in matters of registration and compliance monitoring pursuant to the Administration Agreement signed in 2009 and renewed in 2014 and 2024;
- E. In consultation with WECC, the BCUC has drafted revisions to the MRS Rules of Procedure (Proposed MRS Rules of Procedure) attached to this order in clean (Appendix C) and redlined (Appendix D) versions; and
- F. The BCUC considers that revisions to the MRS Rules of Procedure are warranted.

NOW THEREFORE the BCUC orders as follows:

1. A proceeding is established to review and revise the MRS Rules of Procedure in accordance with the regulatory timetable attached as Appendix A to this order.
2. Entities registered in the MRS Program are invited to submit letters of comment on the Proposed MRS Rules of Procedure, as per the instructions provided in Appendix B to this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 9th day of January 2026.

BY ORDER

Electronically signed by Blair Lockhart

E. B. Lockhart
Commissioner

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

REGULATORY TIMETABLE

Action	Date (2026)
Letters of Comment deadline	Monday, February 23
Further process	To be determined

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

INSTRUCTIONS FOR SUBMITTING COMMENTS

The British Columbia Utilities Commission (BCUC) is seeking comments and feedback from the entities (Entities) registered in the British Columbia Mandatory Reliability Standards program (MRS Program) on proposed revisions to its Rules of Procedure for Reliability Standards (MRS Rules of Procedure).

The review of the MRS Rules of Procedure aims to better align them with common BCUC practice, the evolving MRS Program and procedures applicable to MRS programs in other jurisdictions that oversee the administration of reliability standards.

The BCUC is considering the revisions marked in Appendix D to Order R-1-26 (Proposed MRS Rules of Procedure). The majority of the proposed revisions are housekeeping changes, such as reorganizing sections, clarifying language and updating the format to current BCUC standards. With efficiency in mind, the BCUC asks Entities to refrain from submitting comments on these adjustments.

The BCUC requests Entities focus their comments on the impact to their processes, if any, due to the proposed changes in the MRS Rules of Procedure. The BCUC highlights the following sections, numbered as per the 2017 MRS Rules of Procedure, in which substantive changes are proposed:

- **MRS Rules of Procedure, section 2.0:** New and revised definitions.
- **MRS Rules of Procedure, Appendix 1: Registration Manual, section 2.3:** Registration of generator owners and operators.
- **MRS Rules of Procedure, Appendix 1: Registration Manual, section 3.0:** Assignment of compliance responsibility.
- **MRS Rules of Procedure, Appendix 2: Compliance Monitoring Program, section 5.0:** Mitigation in relation to mitigating activities.
- **MRS Rules of Procedure, Appendix 3: Penalty Guidelines, section 3.1:** Administrator's assessment of a penalty amount.

Entities are invited to provide comments on the Proposed MRS Rules of Procedure by **Monday, February 23, 2026**. Comments must be submitted online through the BCUC's [letter of comment form](#). Any comments received will be posted on the [proceeding webpage](#). Please note that participant cost awards are not available for this proceeding.



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APPENDIX C
to ORDER R-1-26 **ATTACHMENT A**
to Order xxx

RULES OF PROCEDURE

for Reliability Standards in British Columbia

Revised xxxx
by Order xxx

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1.0 APPLICABILITY OF THE RULES OF PROCEDURE FOR RELIABILITY STANDARDS IN BRITISH COLUMBIA

Section 125.2(10) of the *Utilities Commission Act* (UCA) provides that the British Columbia Utilities Commission (BCUC) may make orders providing for the administration of mandatory Reliability Standards (MRS) in British Columbia (BC). The BCUC has developed the Rules of Procedure for Reliability Standards in BC (MRS Rules of Procedure) to facilitate the administration of Reliability Standards (MRS Program). This Rules of Procedure document in combination with the provisions of the Registration Manual, the Compliance Monitoring Program and the Penalty Guidelines as set forth in the attached appendices, are collectively referred to as the MRS Rules of Procedure.

The BCUC may amend the MRS Rules of Procedure, from time to time in its discretion. The version of the MRS Rules of Procedure currently in force is posted on the BCUC website.

Pursuant to section 8 of the UCA, the BCUC may engage a knowledgeable party having the necessary special or technical knowledge to assist the BCUC in carrying out its functions. The BCUC engages an administrator to assist in assessing registration criteria and monitoring compliance of Reliability Standards (the Administrator). The Administrator will assist the BCUC in the manner described in the MRS Rules of Procedure, subject to the BCUC's direction. The BCUC, however, remains solely responsible for the administration of Reliability Standards and may not delegate any decision-making powers to another person. The Administrator may develop policies, procedures, guides, checklists, or other documents in assisting the BCUC with the efficient administration of Reliability Standards, in a form consistent with the MRS Rules of Procedure, subject to review and acceptance by the BCUC. The Administrator will make available any public materials relating to its role in the administration of Reliability Standards on the Administrator's website, with appropriate links from the BCUC'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 MRS Rules of Procedure and implementing the MRS Program only in BC. The glossary of terms prepared by the North American Electric Reliability Corporation (NERC), the *Glossary of Terms Used in NERC Reliability Standards* (NERC Glossary), is the guiding document with respect to the definitions used in drafting and interpreting the Reliability Standards adopted in BC. Terms used in the MRS Rules of Procedure that are not specifically defined herein have the meaning provided in the UCA, or NERC Glossary, as adopted by the BCUC 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 BCUC has appointed to act as Administrator for the purposes identified in the MRS Rules of Procedure.

Alleged Violation: A Potential Noncompliance for which the Administrator has determined and issued a notice to an Entity and the BCUC, based on an assessment of the facts and circumstances surrounding the Potential Noncompliance, that evidence exists to indicate an Entity has violated a Reliability Standard and such violation will be resolved outside the Find, Fix, Track Process.

Application: A document completed by an Entity and submitted to the Administrator to initiate 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 MRS Rules of Procedure and approved by the BCUC.

Attestation: A sworn declaration by an authorized representative of an Entity.

Audit Guidelines: The guidelines that the Administrator uses to conduct a Compliance Audit, in a form accepted by the BCUC.

BCUC: The British Columbia Utilities Commission.

Bulk Electric System (BES): As defined in the NERC Glossary.

Bulk Power System (BPS): As defined in the NERC Glossary.

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

Compliance Audit: A systematic and objective review and examination of records and activities to determine whether an Entity meets the Requirements of applicable Reliability Standards.

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

Compliance Audit Report: A report for the BCUC pursuant to section 3.1 of the Compliance Monitoring Program, prepared by the audit team, that conveys information regarding an Entity's compliance or Potential Noncompliance with Reliability Standards.

Compliance Contact: A representative of an Entity designated as the appropriate individual to receive notices from the BCUC or the Administrator on Reliability Standard matters.

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

Compliance Investigation: A comprehensive investigation, which may include an on-site visit with interviews of the appropriate personnel, to determine if a violation of a Reliability Standard has occurred.

Compliance Monitoring Program (CMP): Appendix 2 to the MRS Rules of Procedure.

Compliance Provisions: The provisions that accompany a Reliability Standard. Compliance Provisions adopted by the BCUC may differ from the compliance provisions in other jurisdictions.

Compliance Registry: A list that the Administrator maintains, of the owners, operators and users of the Bulk Power System and the Entities registered as their designees, who perform functions in support of reliability of the Bulk Power System and must comply with Reliability Standards.

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

Confidentiality Agreement: A form of confidentiality agreement approved by the BCUC that contains obligations of confidentiality at least as restrictive as those contained in section 7 of the MRS Rules of Procedure.

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

Coordinated Functional Registration (CFR): Where two or more Entities agree in writing on a division of compliance responsibility among the parties for one or more Reliability Standard(s) applicable to a particular function, and/or for one or more Requirement(s)/sub-Requirement(s) within particular Reliability Standard(s).

Days (days): Calendar days unless otherwise specified.

Deactivation: Removal of an Entity from the Compliance Registry for a specific Functional Entity type. As a result of Deactivation, the Entity is no longer subject to any prospective compliance obligations with respect to Reliability Standards applicable to that Functional Entity.

Delegation: An assignment of compliance responsibility in which an Entity delegates a task for a Functional Entity to another Entity without entering into a Joint Registration Organization or Coordinated Functional Registration agreement. The Entity continues to be responsible for compliance with the applicable Reliability Standards.

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

Element: As defined in the NERC Glossary.

Entity: An owner, operator or user of the Bulk Power System, or the party registered as its designee, for the purpose of compliance with the Reliability Standards, that is approved for Registration by BCUC order and included in the Compliance Registry.

Find, Fix, Track (FFT) Process: A streamlined process to resolve a minimal or moderate risk, remediated noncompliance that is not assessed a penalty.

Footprint: The geographical or electric area served by an Entity.

Functional Entity: An Entity responsible for a reliability function that is required to ensure the reliable operation of the electric grid as identified in the Reliability Standards.

Hearing: A hearing conducted by the BCUC pursuant to the UCA.

Implementation Plan: An annual plan, proposed by the Administrator and approved by the BCUC, describing compliance monitoring activities and schedules required of an Entity for the calendar year.

Joint Registration Organization (JRO): Two or more Entities agree in writing on a division of compliance responsibility where an Entity registers in the Compliance Registry for one or more Functional Entity type(s) for itself and on behalf of one or more other Entities for Functional Entity type(s) for which the Entities would otherwise be required to register.

Lead Entity: The Entity identified in a Joint Registration Organization or Coordinated Functional Registration agreement as the primary point of contact that administers that agreement with the BCUC and the Administrator.

Mitigating Activities: Actions taken by an Entity to correct and prevent recurrence of a noncompliance, regardless of whether the actions are part of a Mitigation Plan.

Mitigation Plan: An action plan developed by an Entity to correct a noncompliance with a Reliability Standard and prevent reoccurrence of the violation.

MRS Rules of Procedure: These MRS Rules of Procedure, including all appendices.

NERC: The North American Electric Reliability Corporation.

NERC Glossary: The Glossary of Terms used in NERC Reliability Standards.

Notice of Alleged Violation (NOAV): A written notice of an Alleged Violation issued by the Administrator to an Entity and the BCUC, prepared in accordance with the Compliance Monitoring Program.

Notice of Penalty: A written notice issued by the BCUC to an Entity stating the administrative penalty for a Confirmed Violation pursuant to section 109.3 of the UCA.

Penalty Guidelines: Appendix 3 of the MRS Rules of Procedure.

Periodic Data Submittal: Modelling, studies, analyses, documents, procedures, methodologies, operating data, process information, or other information to demonstrate compliance with Reliability Standards and provided by an Entity to the Administrator on a time frame required by a Reliability Standard or on an ad hoc basis.

Person: Any individual, partnership, corporation, limited liability company, governmental body, association, joint stock company, public trust, organized group of persons, whether incorporated or not, or any other legal entity.

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.

Potential Noncompliance: The identification, by the Administrator, of a possible failure by an Entity to comply with a Reliability Standard that is applicable to the Entity.

Registration: The processes undertaken by the BCUC and the Administrator to identify and confirm which Entities are responsible for reliability functions in BC.

Registration Manual: Appendix 1 of the MRS Rules of Procedure.

Reliability Standard: A Reliability Standard, as defined in section 125.2(1) of the UCA, that has been adopted by the BCUC under section 125.2(6) of the UCA for application in BC. 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: An action directed by BCUC order to bring an Entity into compliance with a Reliability Standard or to avoid a Reliability Standard violation, and is immediately necessary to protect the reliability of the Bulk Power System from an imminent or actual threat.

Requirement: An explicit statement in a Reliability Standard that identifies the Functional Entity responsible, the action or outcome that must be achieved, any conditions to achieving the action or outcome and the reliability-related benefit of the action or outcome. Each Requirement is a statement with which compliance is mandatory.

Required Date: The date given to an Entity in a notice by the Administrator or the BCUC by which some action by the Entity is required.

Requirement Part: A component of a Requirement that is designated by a decimal number (e.g. Requirement R1 could have Requirement Parts 1.1, 1.2 and 1.3).

Restricted Information: Information designated by the BCUC as being subject to additional protection measures identified in section 7.3 of the MRS Rules of Procedure.

Self-Certification: An Attestation by an Entity that it is compliant or noncompliant with a Reliability Standard Requirement that is the subject of the Self-Certification, or that it does not own facilities that are subject to the Reliability Standard Requirement, or that the Reliability Standard Requirement is not applicable to the Entity.

Self-Report: A report by an Entity stating that the Entity believes it has, or may have, violated a Reliability Standard.

Spot Check: A process in which the Administrator requests an Entity to provide information (i) to support the Entity's Self-Certification, Self-Report or Periodic Data Submittal, to assess whether the Entity complies with Reliability Standards, or (ii) as a random check, or (iii) in response to operating problems or system events.

Violation Risk Factor (VRF): A factor (lower, medium or high) assigned to each Requirement of a Reliability Standard to identify the potential reliability significance of noncompliance with the Requirement.

Violation Severity Level (VSL): A measure (lower, moderate, high or severe) of the degree to which compliance with a Requirement was not achieved.

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

The Registration process is, subject to BCUC direction, governed by the requirements and procedures set forth in the Registration Manual. Any party that meets the criteria outlined in the Registration Manual is required to apply for Registration for one or more Functional Entity type(s) that identify the Reliability Standards it must comply with.

4.0 COMPLIANCE MONITORING

All Entities must comply with the terms of the CMP as set out in Appendix 2, unless otherwise ordered by the BCUC.

5.0 PENALTIES

The Penalty Guidelines in Appendix 3 provide Entities with information on the administrative penalty ranges related to the VRFs and VSLs as well as other factors the BCUC will consider in determining a penalty amount for a Confirmed Violation of the Reliability Standards.

6.0 INFORMATION SUBMITTAL AND RETENTION

6.1 Obligation for Entities to provide requested information

Unless otherwise ordered by the BCUC, an Entity must:

1. Comply with requests for information made by the BCUC or the Administrator, in the course of the BCUC carrying out its functions under the MRS Rules of Procedure, by the Required Date.
2. Submit information in the format requested by the BCUC or the Administrator.

6.2 Process for non-submittal of requested information

6.2.1 If an Entity does not provide information requested under the MRS Rules of Procedure by the Required Date, the Administrator will, subject to section 6.2.2 below, take the following steps for each instance for which requested information has not been provided:

- Step 1: Issue a follow-up notification to the Entity's Compliance Contact.
- Step 2: Issue a second follow-up notification to the Entity's Compliance Contact.
- Step 3: Issue a follow-up notification to the Entity's chief executive officer or equivalent, with a copy to the Entity's Compliance Contact.
- Step 4: If after thirty (30) days following the Required Date, the Administrator has not received the requested information, the BCUC may direct the Entity to submit the information and initiate a Compliance Audit.

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

6.2.3 If the information is requested in preparation for a Compliance Audit, the Administrator does not need to complete steps 2 or 3, due to the potential impact to an audit schedule.

6.3 Administrator retention and disposal of information

6.3.1 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; and
- 2. requires that information generated or received in the course of carrying out responsibilities under the MRS Rules of Procedure be retained for the longer of:
 - (i) six (6) years; or
 - (ii) if the information is material to the resolution of a dispute before the BCUC, until the expiry of sixty (60) days following the completion of all appeals or reconsiderations from the BCUC order.

6.3.2 Personal Information is exempt from the above retention requirements and will be treated as provided in section 7.4 below.

7.0 CONFIDENTIAL AND PERSONAL INFORMATION

7.1 Disclosure of information

Ownership of information: Any information disclosed by an Entity to the BCUC or the Administrator, other than public information, remains the property of the Entity.

7.2 Protection of information

The BCUC will hold in confidence any information submitted to the BCUC for the purposes of administration of Reliability Standards.

In the event of a Hearing, the BCUC will hold any information submitted to it in confidence, unless determined otherwise, pursuant to the BCUC Rules of Practice and Procedure, Part IV (Order G-192-25), as amended from time to time.

7.3 Additional protection for Restricted Information

7.3.1 *Designation of Restricted Information:* The BCUC may, in its discretion, designate information as Restricted Information. An Entity, or other persons affected by the information, may seek such a designation from the BCUC. If an Entity intends to request that the BCUC designate information as Restricted Information, it must file the information on a confidential basis pursuant to the BCUC Rules of Practice and Procedure, Part IV, or a redacted copy of the information.

7.3.2 *Non-disclosure:* Restricted Information must not be released publicly.

7.3.3 *Remains within Canada:* The Entity, BCUC, and the Administrator must ensure that Restricted Information remains in Canada. Restricted Information must not be removed from or transmitted outside Canada without prior written BCUC approval.

7.3.4 *Entity possession:* The BCUC may, in its discretion, authorize the Entity to retain Restricted Information in its possession, for review onsite by the BCUC or the Administrator.

7.4 Protection of Personal Information

7.4.1 The BCUC and the Administrator will treat Personal Information in accordance with the *Freedom of Information and Protection of Privacy Act*, RSBC 1996, chapter 165 including any regulations or directions promulgated thereunder.

7.4.2 The Administrator must not remove Personal Information from BC, 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 BC.

8.0 DESIGNATION OF COMPLIANCE CONTACT

8.1 *Designation:* An Entity must designate a Compliance Contact and provide the name of the Compliance Contact to the BCUC and the Administrator via the Administrator's data retention platform, within thirty (30) days of Registration.

- 8.2** *Change in designation:* An Entity may change its Compliance Contact upon providing notice of the change to the BCUC and the Administrator's data retention platform.
- 8.3** *Updated information:* An Entity must ensure the contact information for the Compliance Contact in the Administrator's data retention platform is accurate and up to date.

9.0 GENERAL

9.1 BCUC jurisdiction

- 9.1.1 *Non-fettering of BCUC:* Nothing in the MRS Rules of Procedure limits the BCUC's powers under the UCA. The BCUC may, at its discretion, depart from or revise the MRS Rules of Procedure.
- 9.1.2 *BCUC decisions and orders:* The BCUC is empowered to reconsider, vary or rescind its decisions, orders, rules and regulations pursuant to section 99 of the UCA. In addition, pursuant to section 101 of the UCA, there is a right of appeal to (i) the BC Supreme court for matters addressed under section 109.1 and 109.2 of the UCA, and (ii) the BC Court of Appeal on any other decision or order of the BCUC with leave of a justice of that Court.
- 9.1.3 *Alteration of time limits:* The BCUC may, at its discretion, extend or abridge any time limits including Required Dates.

9.2 Interpretation bulletins and disputes

- 9.2.1 *Interpretation bulletins:* The BCUC may issue interpretation bulletins, providing additional guidance to Entities and the Administrator, on the interpretation of Reliability Standards, or the MRS Rules of Procedure. Interpretation bulletins constitute part of the Compliance Provisions accompanying Reliability Standards.
- 9.2.2 *BCUC determines all disputes:* The BCUC will determine all disputes regarding the provisions of the MRS Rules of Procedures.

9.3 Reasonableness and diligence

- 9.3.1 *Reasonableness of requests for information:* If an Entity believes that a request for information is unreasonable, it should advise the BCUC, or the Administrator, and may request a determination from the BCUC.
- 9.3.2 *Diligence:* Entities must perform their obligations under the MRS Rules of Procedure with reasonable diligence.

9.4 Administrator not an agent

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



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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 xxxxx
by Order xxxx

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1.0 INTRODUCTION

This Registration Manual forms part of the MRS Rules of Procedure.

The purpose of Registration in the Compliance Registry is to identify and confirm which Entities are responsible for reliability Functional Entity types in British Columbia (BC). With an Entity's Registration for Functional Entity types, it can identify the Reliability Standards with which it must comply, and must be prepared to demonstrate its compliance. This Registration Manual sets forth the requirements and process for Registration.

The requirement to register began in 2009 when the BCUC adopted, by Order G-123-09, the MRS Rules of Procedure with the Registration Manual.

2.0 REQUIREMENT TO REGISTER

Any party who performs reliability functions or whose performance is material to the Reliable Operation of the interconnected Bulk Power System (BPS) must apply for Registration to be included in the Compliance Registry. All Entities must comply with every Requirement of a Reliability Standard applicable to the Functional Entity type(s) for which they are registered.

The BCUC maintains a Compliance Registry of all Entities along with their registered Functional Entity types. The relevant principles and criteria, including registration applicability criteria, definition of Functional Entity types, registration of Generator Owners, Generation Operators, and Distribution Providers, and considerations of material impact are discussed below.

2.1 Principles

The BCUC will apply the following principles to the Registration process:

1. The BCUC will employ rationale consistent across North America in its decision to register a party.
2. In order to carry out its responsibilities related to enforcement of Reliability Standards, the BCUC will make its best effort to identify all owners, operators and users who have a material impact on the BPS in order to maintain a complete Compliance Registry. The Administrator will update and maintain the Compliance Registry on an on-going basis.
3. The BCUC will monitor Entities listed in the Compliance Registry for compliance with the reliability Standards in BC as outlined in the MRS Rules of Procedure.
4. Any party reasonably deemed material to the reliability of the BPS will be registered, irrespective of other considerations.
5. Any party that is not on the Compliance Registry, but is identified 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 3.6.

2.2 Criteria

In deciding whether to register a party within the scope of “owner, operator and user of the BPS”, the BCUC weighs the potential cost and effort against the anticipated impact on reliability.

In order to maintain and achieve consistency with other jurisdictions that have adopted reliability standards, the BCUC adopts NERC’s registry criteria with appropriate revisions, as the basis for determining whether a party should be listed in the Compliance Registry. All parties meeting or exceeding the criteria will be identified as candidates for Registration. A party not identified using the criteria, but wishing to be registered, may request to be registered.

The following subsections provide the criteria for Registration:

- *Applicability*: determines if an owner, operator or user of the BES or other designated BPS resource is a candidate for Registration.
- *Functional Entity types*: uses the NERC Glossary definitions to provide for an initial determination of the Functional Entity type(s) for which the entities identified in the Applicability subsection should be considered for Registration.
- *Registration of Generator Owners and Generator Operators*: defines the two (2) categories of Generator Owners and Generator Operators.
- *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 Applicability and Functional Entity types subsections and, if circumstances change, for removing Entities from the Compliance Registry that no longer meet the relevant criteria.

2.2.1 Applicability

A party that is an owner, operator or user of BPS resources is a candidate for Registration. The NERC Glossary definition for the Bulk Electric System (BES) and its inclusions and exclusions will be used to determine applicability.

The BCUC may, on a case by case basis, exclude or include Elements of the BES from the BES definition for registration purposes:

- Certain Elements classified as BES Elements that are not necessary for the Reliable Operation of the BPS may be candidates for exclusion.
- Certain Elements that were not classified as Elements of the BES may be candidates for inclusion if they are necessary for the Reliable Operation of the BPS.

2.2.2 Functional Entity types

A party identified in the Applicability subsection above as a candidate for Registration will be registered under one or more appropriate Functional Entity types listed below and as defined in the NERC Glossary. The

compliance obligations of Functional Entity types are specified in the applicable Reliability Standard and Requirement.

Functional Entity type	Abbreviation
Balancing Authority	BA
Distribution Provider	DP
Distribution Provider – Underfrequency Load Shedding Only	DP-UFLS
Generator Operator	GOP
Generator Owner	GO
Planning Authority / Planning Coordinator	PA/PC
Reliability Coordinator	RC
Resource Planner	RP
Transmission Operator	TOP
Transmission Owner	TO
Transmission Planner	TP
Transmission Service Provider	TSP

2.2.3 Registration of Generator Owners and Generator Operators

An Entity subject to Registration as a Generator Owner and/or Generator Operator must identify the category(ies) applicable to its facility(ies). The categories are defined in the NERC Glossary and described below:

1. Generator Owner (GO)
 - i. **Category 1 GO:** owns and maintains generating facility(ies); or
 - ii. **Category 2 GO:** owns and maintains non-BES inverter based generating resources that either have or contribute to an aggregate nameplate capacity of greater than or equal to 20 MVA, connected through a system designed primarily for delivering such capacity to a common point of connection at a voltage greater than or equal to 60 kV.

2. Generator Operator (GOP)
 - i. **Category 1 GOP:** operates generating facility(ies) and performs functions of supplying energy and interconnected operations services; or
 - ii. **Category 2 GOP:** operates non-BES inverter based generating resources that either have or contribute to an aggregate nameplate capacity of greater than or equal to 20 MVA, connected through a system designed primarily for delivering such capacity to a common point of connection at a voltage greater than or equal to 60 kV.

2.2.4 Registration of Distribution Providers

An Entity that meets any of the following Criteria is subject to registration as a Distribution Provider and will be included in the Compliance Registry:

- a. Distribution Provider:
 - a.1 System serving >75 MW of peak Load that is directly connected to the BES;¹ or
 - a.2 Is the 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 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”):
 - 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 that apply to Distribution Providers will not apply to UFLS-Only Distribution Providers, unless explicitly stated in the applicability section of the relevant Reliability Standards.

2.3 Material Impact

The BCUC may propose Registration of a party not meeting the criteria (e.g., smaller in size) if the BCUC can reasonably demonstrate that the party is an owner, operates or user of BES assets or other designated BPS resources, and is material to the reliability of the BES. Similarly, the BCUC may exclude a party 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-exhaustive set of factors (materiality test) for consideration is identified below; however, only a sub-set of these factors may be applicable to a particular Functional Entity type:

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 BES” 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.

1. Is the party specifically identified in the emergency operation plans and/or restoration plans of an Reliability Coordinator, Balancing Authority, Generator Operator or Transmission Operator?
2. Will intentional or inadvertent removal of an Element owned or operated by the party, or a common mode failure of two Elements as identified in the Reliability Standards (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 party in question?
3. Can the normal operation, misoperation or malicious use of the party'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?
4. Can the normal operation, misoperation or malicious use of the party'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 (UFLS, UVLS) programs of a Planning Coordinator or Transmission Planner)?

3.0 REGISTRATION PROCESS

The Registration process is as follows:

- 3.1** A party must submit a completed Application for Registration to the Administrator forty-five (45) days prior to the requested effective registration date, which is the date the party begins carrying out one or more of the responsibilities of its Functional Entity types listed above.
 - a. Application forms and materials pertinent to Registration are available on the Administrator's website with appropriate links from the BCUC's website.
 - b. If the BCUC, or the Administrator, becomes aware of a party's failure to apply for Registration, the BCUC, or the Administrator, will contact the party and provide the party with a specific time period to submit a completed Application.
 - c. If a party fails to meet the deadline, the Administrator may complete the Application on the party's behalf and provide a copy of the Application to the party.
- 3.2** Two or more Entities may enter into agreements and apply to register as Joint Registration Organizations (JRO) or use Coordinated Functional Registration (CFR). Please refer to section 6 Assignment of Compliance Responsibility.
- 3.3** The Administrator will review the Application. The Administrator will inform the party 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 to the BCUC, with a copy to the party, as to whether the party should be registered as particular Functional Entity types.

3.4 The party may file with the BCUC a response to the recommendation within twenty-one (21) days of the date of the recommendation.

3.5 The BCUC may consider whether additional process or information is required after which the BCUC will determine the appropriate Functional Entity type(s) for which a party should be registered.

3.6 Deactivation or Deregistration

3.6.1 Deactivation refers to removal of an Entity from the Compliance Registry for a specific Functional Entity type.

3.6.2 As a result of Deactivation, the Entity is no longer subject to any prospective compliance obligations with respect to Reliability Standards applicable to that Functional Entity type.

3.6.3 If an Entity ceases to be registered from all Functional Entity types, such Entity would be deregistered, and the Administrator removes the Entity from the Compliance Registry. However, the Entity's compliance history will be retained.

3.6.4 An Entity may submit a request for Deactivation and supporting information to the Administrator at any time. Such information shall include:

1. Entity name;
2. Function Entity type(s) for which Deactivation is requested; and
3. The basis on which Deactivation is requested, including supporting documentation, which may be limited to an Attestation, if appropriate.

3.6.5 The Administrator will issue a recommendation to the BCUC, with a copy to the Entity, within fifty (50) days of the date of receipt of all required information from the Entity.

3.6.6 The Entity may file with the BCUC a response to the recommendation within twenty-one (21) days of the date of the recommendation.

3.6.7 The BCUC may consider whether additional process or information is required and will then determine whether Deactivation should be approved for particular Functional Entity types or whether the Entity should be deregistered.

4.0 CHANGE IN CIRCUMSTANCES

In the event of a change in circumstances that may affect an Entity's Registration, an Entity must, within sixty (60) days of such change, notify the Administrator in writing, providing the date and details of the change, and a

description of how the change(s) affect the Registration. The Administrator will review the change in circumstances and make a recommendation to the BCUC, with a copy to the Entity, as to whether the Entity's Registration should be revised. Such revisions to Registration may include:

1. Changes to the Functional Entity types for which an Entity is registered;
2. Entity deregistration; or
3. Entity name change; or
4. Footprint changes.

The Entity may file with the BCUC a response to the recommendation within twenty-one (21) days of the date of the recommendation. The BCUC may consider whether additional process or information is required and will then determine the proper Registration for the Entity.

5.0 MAINTENANCE AND PUBLICATION

The Administrator will ensure the Compliance Registry is current, complete and available on the Administrator's website, with links to the BCUC's website. The Administrator will update the Compliance Registry monthly.

6.0 ASSIGNMENT OF COMPLIANCE RESPONSIBILITY

Two or more Entities may agree in writing on a division of compliance responsibilities through one of the following methods.

6.1 Joint Registration Organization

In addition to registering as the party responsible for all Functional Entity type(s) that it performs itself, an Entity may execute an agreement to register as a Lead Entity of a JRO on behalf of one or more of the parties to the JRO agreement for one or more function type(s) for which the parties would have otherwise been required to register. The Lead Entity thereby accepts on the parties' behalf compliance responsibility for the Functional Entity type(s) covered by the JRO registration, including all reporting requirements for all Requirements/sub-Requirements of Reliability Standards applicable to that Functional Entity type. The agreement outlining the JRO must provide:

1. Governs the relationship between the parties;
2. Addresses the Functional Entity type(s) described in section 2.2.2 for which the Lead Entity is registering and taking responsibility, and which would otherwise be the responsibility of one or more of the other parties to the JRO;
3. Identifies which party is the Lead Entity and a point of contact within the Lead Entity; and
4. Identifies a point of contact for each of the parties to the JRO.

The Lead Entity must submit the JRO agreement to the Administrator, who will verify that the agreement addresses the Functional Entity type(s) consistent with the Lead Entity's Registration. The Administrator and the BCUC are not parties to the agreement and are not responsible for reviewing or approving the agreement.

All Entities that are parties to the agreement must be registered with the BCUC for Functional Entity types that are the subject of the agreement. The Lead Entity must inform the BCUC and the Administrator of any changes to the JRO along with an effective date for the changes.

6.2 Coordinated Functional Registration

Entities using a CFR must register for the Functional Entity type associated with the CFR. The CFR submission to the Administrator must include a written agreement that:

1. Governs itself;
2. Specifies the parties' respective compliance responsibilities;
3. Identifies the Lead Entity, a point of contact within the Lead Entity, and a point of contact for each of the parties to the CFR; and
4. Lists one or more Reliability Standard(s) and/or for one or more Requirements/sub-Requirements within particular Reliability Standard(s) applicable to a specific Functional Entity type.

The Lead Entity must submit the CFR agreement to the Administrator, who will verify that the agreement provides for an allocation or assignment of responsibilities consistent with the Functional Entity type for which the parties are registered and the responsibility(ies) that are addressed through the CFR. The Administrator may request clarification of any list submitted to it that identifies the parties to the CFR and can request such additional information as the Administrator deems appropriate. The Administrator and the BCUC are not parties to the agreement and are not responsible for reviewing or approving the agreement.

Each party to a CFR shall have compliance responsibility for those Reliability Standards and/or Requirements/sub-Requirements for which it has registered pursuant to the CFR.

In the event of a change to the CFR, the Lead Entity must inform the BCUC and the Administrator of such change including the effective date.

6.3 Delegation

If an Entity delegates a task for a Functional Entity type to another Entity without entering into a JRO or CFR agreement, the Entity will continue to be responsible for compliance with the applicable Reliability Standards.

7.0 ORGANIZATION CERTIFICATION

Reliability Coordinators, Transmission Operators, and Balancing Authorities take actions in Real-time that impact the Reliable Operation of the BPS. An entity performing or intending to perform these Functional Entity types may undergo organization certification to demonstrate it is capable of responsibilities for tasks associated with a particular Functional Entity type such as a Balancing Authority, Transmission Operator, and/or Reliability Coordinator. In addition, the BCUC may direct the Administrator to initiate an organization certification review to assess the processes, procedures, tools, and training the Entity uses in performing these Functional Entity

types and provide a prospective level of assurance that the Entity has the capacity to meet the reliability obligations of its Registration.



bcuc
British Columbia
Utilities Commission

Compliance Monitoring Program for British Columbia Mandatory Reliability Standards

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

**Revised xxx
by Order xxx**

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1.0 INTRODUCTION

The purpose of the Compliance Monitoring Program is to monitor, assess and enforce compliance with Reliability Standards as approved by the British Columbia Utilities Commission (BCUC) in BC.

This Appendix provides key processes and requirements of the Compliance Monitoring Program as follows: Section 2 describes the annual Implementation Plan, which outlines the Reliability Standards to be monitored during the year, and the methods by which the Administrator conducts such monitoring. There are seven (7) types of compliance monitoring described below in section 3. If, as a result of the compliance monitoring, the Administrator identifies noncompliance, the Administrator will assess the noncompliance in accordance with the Violation Review Process outlined in section 4, and the Entity must file with the BCUC a description of how the noncompliance has been or will be mitigated, as outlined in section 5. The BCUC has the authority to act quickly to protect the reliability of the Bulk Power System as described in section 6. Finally, document production and disclosure are addressed in section 7.

2.0 ANNUAL IMPLEMENTATION PLAN

Each year, the BCUC and the Administrator will develop an Implementation Plan to identify the Reliability Standards that the BCUC, with the assistance of the Administrator, will monitor for compliance and the methods by which the Administrator will conduct such monitoring.

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

2.2 Scope:

1. Identify all Reliability Standards that the Administrator will monitor in accordance with the compliance monitoring processes outlined in section 3 together with a schedule;
2. Identify the methods that the Administrator will use for reporting, monitoring, evaluating and assessing the performance criteria, including the measures, for each Reliability Standard;
3. Include a Compliance Audit Schedule;
4. Include a Self-Certification Schedule as applicable; and
5. Identify Periodic Data Submittal requirements.

2.3 Publication: Once approved by the BCUC, the Administrator and the BCUC will post the Implementation Plan on their websites. The BCUC will notify the Entities that the Implementation Plan has been approved.

3.0 COMPLIANCE MONITORING

Compliance monitoring reviews and evaluates Entities' compliance with Reliability Standards using the compliance monitoring processes outlined below. Compliance monitoring focuses on the functions for which an Entity is registered. The BCUC retains discretion, however, to extend compliance monitoring activities to

functions for which an Entity is not registered if it appears that the Entity should be registered for those other functions. If a compliance monitoring process reveals a Potential Noncompliance with a Reliability Standard, the Administrator will review the applicable procedures outlined in section 4 of this Appendix.

3.1 Compliance Audits

The Administrator performs Compliance Audits, in accordance with the Compliance Audit schedule in the Implementation Plan, and in accordance with Audit Guidelines.

- 3.1.1 *Frequency of Compliance Audits:* The Administrator will schedule a Compliance Audit of every Entity registered as a Reliability Coordinator, Balancing Authority or Transmission Operator every three (3) years, unless otherwise ordered by the BCUC. All other Entities may be subject to Compliance Audits every six (6) years or as ordered by the BCUC. Any portion of a Compliance Audit may be conducted on- or off-site, as determined to be appropriate by the Administrator, as approved by the BCUC. The audit schedule is subject to adjustments.
- 3.1.2 *Unscheduled Compliance Audit:* The BCUC may authorize an unscheduled Compliance Audit of any Entity at any time. The BCUC may 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.
- 3.1.3 *Compliance Audit scope:* A Compliance Audit generally encompasses the period of three (3) 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 Implementation Plan. The BCUC 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.
- 3.1.4 *Process:*
 - 1. At least ninety (90) days prior to commencement of a scheduled Compliance Audit or at least ten (10) business days prior to the commencement of an unscheduled Compliance Audit, the Administrator will notify the Entity of the Compliance Audit and issue the Compliance Audit scope, identify the Compliance Audit team members and their recent employment history and request information, in the form of a pre-audit questionnaire.
 - 2. The Entity may object to the composition of the Compliance Audit team on grounds of a conflict of interest or other circumstances that could interfere with the team member's impartial performance of their duties. Such objections must be provided in writing to the Administrator, no later than thirty (30) days prior to the start of the Compliance Audit, except: (i) where a Compliance Audit team

member has been appointed less than thirty-five (35) days prior to the start of the Compliance Audit, 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. The Administrator will attempt to resolve any dispute over the composition of the Compliance Audit team with the Entity. If the Administrator does not agree with the objection and cannot resolve the issue, the Entity may request a determination by the BCUC by filing a written request with the BCUC no later than two (2) business days after receiving notification from the Administrator that the Administrator does not agree with the objection.

3. The Entity will provide to the Compliance Audit team the required information in the format and by the dates specified in the notice. The Compliance Audit team reviews the information for compliance with the Requirements of the Reliability Standards.
4. The Compliance Audit team will prepare a draft Compliance Audit Report that includes a description of the objective, scope, and methodology of the Compliance Audit; identify any evidence found by the Compliance Audit team of the Entity's Potential Noncompliance with Reliability Standards; and identify any Remedial Action Directives, Mitigation Plans, or Mitigating Activities reviewed during the Compliance Audit. The Compliance Audit team provides the draft Compliance Audit Report to the Entity, and a copy to the BCUC, 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 may consider corrections to the draft Compliance Audit report based on the Entity's comments. Within thirty (30) days of receiving comments from the Entity, the Compliance Audit team will provide the final Compliance Audit Report to the Administrator.
7. The Administrator will issue a final Compliance Audit report for the BCUC and the Entity, which should take no more than ninety (90) days from the end date of the Compliance Audit.

3.2 Self-Certifications

The Administrator may develop a Self-Certification program within the annual Implementation Plan, for approval by the BCUC. Upon BCUC review of the Administrator's proposed Self-Certification reporting schedule, the BCUC may direct inclusion of specific Reliability Standards applicable to an Entity. During a Self-Certification,

if the Administrator considers it appropriate, the Administrator may request the BCUC to approve an expanded scope.

The Self-Certification process is as follows:

1. The Administrator will notify an Entity of the Self-Certification (within thirty (30) days).
2. Each Entity will provide an Attestation of compliance to the Administrator within the submittal period for the Self-Certification.
3. The Administrator may request additional Information or clarification from each Entity as necessary.

3.3 Spot Checks

The Administrator may, with approval of the BCUC, perform Spot Checks at any time. Spot Checks may be initiated at the discretion of the Administrator or as directed by the BCUC.

The Spot Check process is as follows:

1. The Administrator will provide notice to the Entity, with a copy to the BCUC, at least twenty (20) days in advance of its start date, that a Spot Check will be performed. The notice will provide the reason for the Spot Check, the scope of the Spot Check including the Reliability Standards that will be covered, the names and recent employment histories of the persons in the Spot Check team who will be conducting the Spot Check and state the date by which the Entity must provide any required information to the Administrator.
2. The Entity may object to the composition of the Spot Check team on grounds of a conflict of interest or other circumstances that could interfere with a team member's impartial performance of their duties. Any objections must be provided in writing to the Administrator by the later of five (5) business days before the information being requested by the Administrator is submitted and five (5) business days after the Entity is notified of the persons on the Spot Check team.
3. The Spot Check may include an on-site visit with interviews of the appropriate personnel and review of information.
4. The Entity provide the required Information to the Administrator in the format and by the dates specified in the request.
5. The Spot Check team may request the Entity to provide clarification or additional information.
6. Upon completion of the Spot Check, the Spot Check team prepares a draft Spot Check report, which is then sent to the Entity with a copy to the BCUC, and provides the Entity ten (10) business days to comment on the draft Spot Check report.
7. The Spot Check team may consider corrections to the draft Spot Check report based on the Entity's comments and provides the final Spot Check report to the Entity with a copy to the BCUC.

3.4 Compliance Investigations

The Administrator may, with the approval of the BCUC, initiate a Compliance Investigation in response to a system disturbance or Complaint, or any violation of a Reliability Standard.

The Compliance Investigation process is as follows:

1. The BCUC will issue an order to the Entity to initiate a Compliance Investigation once the BCUC, or the Administrator, becomes aware of circumstances indicating a Potential Noncompliance and considers that a Compliance Investigation is warranted.
2. The Administrator notifies the Entity, with a copy to the BCUC, within three (3) business days from the date of the order, that it will initiate a Compliance Investigation of the initiation and initial scope of the Compliance Investigation and instructs the Entity to preserve all relevant records and information.
3. The Administrator requests information from the Entity and provides a list of individuals on the Compliance Investigation team and their recent employment histories.
4. Within ten (10) business days of an Entity receiving the Administrator's request for information and the list of the Compliance Investigation team, an Entity may object, in writing, to any member of the Compliance Investigation team on the grounds of a conflict of interest or other circumstances that could interfere with the Compliance Investigation team member's impartial performance of their duties. The Administrator will attempt to resolve any dispute over the composition of the Compliance Investigation team with the Entity. If the Administrator does not agree with the objection and cannot resolve the issue, the Entity may request a determination by the BCUC by filing a written request with the BCUC no later than two (2) business days after receiving notification from the Administrator that the Administrator does not agree with the objection.
5. The Compliance Investigation may include an on-site visit with interviews of the appropriate personnel and review of information.
6. The Administrator, with the approval of the BCUC, may expand the Compliance Investigation beyond the initial scope based on information obtained during the Compliance Investigation.
7. The Entity will provide the required information to the Compliance Investigation team in the format specified in the request and by the Required Date. The Compliance Investigation team may request additional information if necessary.
8. The Compliance Investigation team prepares a draft Compliance Investigation report and provides a draft to the Entity, with a copy to the BCUC, within thirty (30) days of completion of the Compliance Investigation.
9. The Entity has thirty (30) days from the receipt of the draft Compliance Investigation report to provide comments to the Compliance Investigation team.
10. The Compliance Investigation team considers the Entity's comments and, if necessary, makes revisions to the draft Compliance Investigation report. The Compliance Investigation team will

provide the final Compliance Investigation report to the Entity with a copy to the BCUC within thirty (30) days of receiving comments from the Entity.

3.5 Self-Reports

An Entity is encouraged to Self-Report a Possible Violation if it becomes aware of a Potential Noncompliance or a change in the nature or severity of a Confirmed Violation.

3.5.1 *Scope:* A Self-Report includes a risk assessment of the Potential Noncompliance, a description of the extent of the Potential Noncompliance, the cause(s) of the Potential Noncompliance, and the actions that have been taken or will be taken to mitigate the Potential Noncompliance, including preventing recurrence.

3.5.2 *Process:*

1. The Entity will submit a Self-Report to the Administrator, using the prescribed Self-Report submittal tool.
2. The Administrator reviews the Self-Report and may request the Entity to provide clarification or additional information.
3. The Administrator will complete the review of the Self-Report, as well as a review of any Mitigating Activities or a Mitigation Plan that the Entity proposes.

3.6 Periodic Data Submittals

The Administrator implements and maintains the Periodic Data Submittal process as part of the annual Implementation Plan.

The Periodic Data Submittal process is as follows:

1. The timing of a Periodic Data Submittal is determined in accordance with the schedule: (i) in the Compliance Provisions accompanying the Reliability Standard; (ii) in the Implementation Plan; or (iii) as otherwise directed by the BCUC.
2. The BCUC will approve specific requirements for a Periodic Data Submittal unless a schedule is already specified in the Compliance Provisions accompanying the Reliability Standard.
3. The Administrator posts the Periodic Data Submittal schedule on its website and keeps Entities informed of changes and/or updates.
4. The Administrator issues a request to the Entity for a Periodic Data Submittal: (i) with at least the minimum advance notice period specified by the Compliance Provisions of the Reliability Standard; or (ii) in accordance with the schedule for Periodic Data Submittals, as contained in the Implementation Plan; or (iii) with no less than twenty (20) days advance notice, if the Compliance Provisions accompanying the Reliability Standard do not specify an advance notice period.
5. The Entity provides the requested information to the Administrator in the format specified in the request and by the Required Date.

6. The Administrator may request the Entity to provide clarification or additional information.

3.7 Complaints

The BCUC or the Administrator will investigate a Complaint to determine if there is sufficient basis to initiate further process. As with all information submitted to the BCUC for the purposes of administration of Reliability Standards, Complaints are treated as confidential, unless the BCUC orders otherwise.

The Complaints process is as follows:

1. The Complaint should include sufficient information to enable the BCUC to assess whether an investigation is warranted.
2. If the BCUC determines that an investigation is warranted, then it will direct the Administrator to initiate the appropriate compliance monitoring or other process.
3. If the BCUC determines that an investigation is not warranted, then it will notify the complainant and the Entity that no further action will be taken.

4.0 VIOLATION REVIEW PROCESS

Instances of Potential Noncompliance may be resolved in one of two ways, because not all instances of Potential Noncompliance require the same type of processing and documentation. First, where the Potential Noncompliance poses a minimal or moderate risk to the reliability of the Bulk Power System, it may be resolved through the Find, Fix Track (FFT) Process. Where the Potential Noncompliance poses a serious or substantial risk to the reliability of the Bulk Power System, it will undergo the Alleged Violation process.

4.1 Preliminary Screen

The Administrator will conduct a Preliminary Screen of a Potential Noncompliance, within ten (10) business days of receiving information that indicates a Potential Noncompliance.

A Preliminary Screen will be limited to determining whether:

1. Anyone allegedly involved in the Potential Noncompliance is an Entity;
2. The Requirement to which the evidence of Potential Noncompliance relates is applicable to the Entity, has been approved by the BCUC, and is in effect at the time of the Potential Noncompliance; or
3. If known, the Potential Noncompliance is not a duplicate of one currently being processed.

4.2 Initial review of Potential Noncompliance

- 4.2.1 As soon as practicable after a Potential Noncompliance passes the Preliminary Screen, the Administrator will conduct an assessment of the facts and circumstances surrounding the Potential Noncompliance. Unless the BCUC orders that other factors

are to be considered, the Administrator will consider the following in performing an initial review:

- i. The underlying facts and circumstances (i.e., what happened, how, why, where and when) including how the Potential Noncompliance was discovered (e.g., internal control, Compliance Audit);
- ii. The specific Reliability Standard(s) involved;
- iii. Whether the Entity has mitigated or commenced mitigation of the Potential Noncompliance;
- iv. The level of risk to reliability, including mitigating factors during the period of Potential Noncompliance that reduced the risk;
- v. The Entity's relevant compliance history of the same or similar Reliability Standard and Requirement; and
- vi. The presence or absence of aggravating factors.

4.2.2 If upon completion of the initial review the Administrator considers that there is insufficient evidence to substantiate a Potential Noncompliance, no further process applies, and the Administrator will notify the Entity and the BCUC that the Potential Noncompliance is dismissed and no further action is required.

4.2.3 If the Administrator considers there is sufficient evidence of a Potential Noncompliance as one that may be processed under the FFT Process, the Administrator will follow the FFT Process described in section 4.3.

4.2.4 If the Administrator considers there is sufficient evidence of a Potential Noncompliance as one that may not be processed under the FFT Process, the Administrator will follow the Alleged Violation process in section 4.4.

4.3 Find, Fix, Track Process

The FFT Process is suitable to address a Potential Noncompliance that poses a minimal or moderate risk to the reliability of the Bulk Power System. For a Potential Noncompliance to be considered for FFT treatment, the Entity must have submitted Mitigating Activities to the Administrator. The Mitigating Activities must indicate that the Entity has or will have mitigated the Potential Noncompliance within twelve (12) months of the Administrator issuing the FFT notice.

Unless the BCUC orders otherwise, a Potential Noncompliance that is processed under the FFT Process will not be processed as an Alleged Violation and will not become a Confirmed Violation. A Potential Noncompliance resolved through the FFT Process will not be classified as a contravention under the UCA and will not attract administrative penalties. However, the existence of an earlier remediated Potential Noncompliance that has been resolved through the FFT Process will be part of the Entity's compliance history that may be considered by the BCUC in determining penalties for other contraventions for the Entity.

The FFT Process is as follows:

- 4.3.1 The Administrator will review the Entity's submission and if approved will issue a notice to the BCUC and the Entity that a Potential Noncompliance will be disposed of through the FFT Process. If, within thirty (30) Days after that notice is sent, either: (a) the BCUC 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 BCUC, requesting that the Alleged Violation process be followed instead, then the Administrator will follow the Alleged Violation process or such other process as the BCUC may direct.
- 4.3.2 The Entity must provide an Attestation to the Administrator certifying that the Potential Noncompliance has been mitigated.
- 4.3.3 The Administrator may, upon receipt of the Attestation certifying mitigation completion, request evidence of mitigation completion to verify that all mitigating actions have been completed. Once all information is provided to the satisfaction of the Administrator, the Administrator must recommend that the BCUC accept the Entity's Attestation.
- 4.3.4 Once the BCUC accepts the Administrator's recommendation to accept the Entity's Attestation, the Potential Noncompliance processed as an FFT becomes a remediated Potential Noncompliance. If the BCUC considers further review necessary, it will provide notice to the Administrator and the Entity.
- 4.3.5 If at any point it appears to the BCUC that remediated Potential Noncompliance status was achieved based on a material misrepresentation of facts, the BCUC may direct the Administrator to reprocess the matter as an Alleged Violation.

4.4 Alleged Violation Process

If the facts of the Potential Noncompliance are such that it cannot be processed as an FFT, then the following Alleged Violation process steps will be taken:

- 4.4.1 Administrator notification: The Administrator will notify the Entity and the BCUC by issuing a Notice of Alleged Violation (NOAV). A NOAV must contain, at minimum:
 - 1. The Reliability Standard and the specific Requirement of the Reliability Standard that is the subject matter of the Alleged Violation;
 - 2. The date or dates the Alleged Violation occurred (or is occurring);
 - 3. The facts and evidence that demonstrate or constitute the Alleged Violation;
 - 4. Reference VRF and VSL factors relevant to the Alleged Violation;
 - 5. The Administrator's risk assessment based on the facts and evidence;
 - 6. The penalty amount that would be issued in the United States under comparable circumstances as the Alleged Violation, if any, and

7. A notice of the Entity's rights and obligations pursuant to section 4.4.2 below, and the right under section 5.1.2 to file a Mitigation Plan while contesting an Alleged Violation.

4.4.2 Entity response: The Entity has thirty (30) days to respond to a NOAV. Responses are to be submitted to the Administrator with a copy to the BCUC. If the Entity fails to respond within thirty (30) days, it will be deemed to have accepted the NOAV and the BCUC will issue an order confirming the Alleged Violation.

The Entity has three (3) options in responding to a NOAV:

Option 1: The Entity may agree with the Alleged Violation and make no submission on the evidence provided by the Administrator in the NOAV, and agree to submit and implement a Mitigation Plan to correct the Alleged Violation and related underlying cause(s); or

Option 2: The Entity may agree with the Alleged Violation and make submissions on the evidence provided by the Administrator in the NOAV, provide an explanation of its position, and include any supporting information; or

Option 3: The Entity may contest the Alleged Violation and make submissions on points relevant to the dispute, provide an explanation of its position and include any supporting information.

If the Entity elects Option 1, the BCUC will issue an order confirming the Alleged Violation and follow the penalty process to determine the penalty amount subject to the Penalty Guidelines in Appendix 3 to the MRS Rules of Procedure.

If the Entity elects Option 2, the Administrator will review the Entity's submissions and issue a written reply within sixty (60) days of receiving the Entity's submission. The Administrator's response will be either of the following:

- (i) That the Administrator agrees with or is not objecting to the Entity's submission on facts of the uncontested violation and will withdraw the original NOAV and may issue a revised NOAV within the same sixty (60) day timeframe; or
- (ii) That the Administrator disagrees with or objects to the Entity's submission on facts of the uncontested violation and affirms the NOAV. In this instance, the BCUC will initiate a Hearing to make determinations on the Entity's submissions.

If the Entity elects Option 3, the Administrator will review the explanation of the Entity's position and issue a written reply within sixty (60) days of receiving the Entity's response. The Administrator's reply will either state that the Administrator (i) agrees with or is not objecting to the Entity's position on the contested violation, or (ii) disagrees with or objects to the Entity's position on the contested violation and affirms the NOAV. If the Administrator's reply states that it agrees with or is not objecting to the

Entity's position on the contested violation, the Administrator will withdraw the original NOAV and may issue a revised NOAV within the same sixty (60) day timeframe.

The Entity has thirty (30) days to respond to a revised NOAV. Responses are to be submitted to the BCUC and the Administrator. If the Entity fails to respond within thirty (30) days, it will be deemed to have accepted the Alleged Violation and the BCUC will issue an order confirming the Alleged Violation, and the Alleged Violation is then deemed to be a Confirmed Violation.

If the Entity agrees with the revised NOAV 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, the BCUC will issue an order confirming the Alleged Violation.

If the Entity contests the revised NOAV, it may provide the Administrator with an explanation of its position and any supporting documentation.

If the Entity contests the revised NOAV, or the Administrator affirms the NOAV, the BCUC will hold a Hearing to determine whether the Alleged Violation should be a Confirmed Violation.

5.0 MITIGATION

An Entity found to be in noncompliance with a Reliability Standard must file with the BCUC a description of how the noncompliance has been or will be mitigated. Mitigation may be documented through Mitigation Activities or a Mitigation Plan as outlined below. The BCUC or the Administrator may request that the Entity submit a proposed Mitigation Plan.

5.1 Requirement to Submit Mitigation

An Entity's submission of Mitigating Activities or a Mitigation Plan does not constitute an admission of a violation.

- 5.1.1 *Potential Noncompliance*: The Entity must submit to the Administrator Mitigating Activities to correct the Potential Noncompliance, to correct the cause of the Potential Noncompliance, and to prevent recurrence of the Potential Noncompliance. Where the Potential Noncompliance is deemed not appropriate for the FFT Process, the Entity will follow the Alleged Violation process in section 4.4.
- 5.1.2 *Alleged Violation*: The Entity must submit Mitigating Activities or may submit a Mitigation Plan for an Alleged Violation. The Administrator may request the Entity submit a Mitigation Plan. The Entity may choose to submit a Mitigation Plan while contesting an Alleged Violation.

- 5.1.3 *Confirmed Violation*: If the BCUC issues an order confirming an Alleged Violation i.e. Confirmed Violation, the Entity is required to submit a Mitigation Plan within ten (10) days of the BCUC order.

5.2 Mitigation Activities

Mitigation Activities are those activities related to correction and prevention of reoccurrence of noncompliance. Mitigation Activities are generally less complex, and a Mitigation Plan may not be needed. Mitigation Activities must be specifically articulated to the Administrator. The Administrator will complete its review of Mitigating Activities as promptly as possible. The Mitigation Activities addressing noncompliance may or may not be complete at the time the Entity provides the information to the Administrator.

Mitigation Activities in the FFT Process generally require mitigation to complete within three (3) months of submission to the Administrator.

If the Administrator agrees with the Mitigation Activities, the Administrator will recommend acceptance of the activities to the BCUC. If the Administrator rejects the Mitigation Activities, the Administrator will provide the Entity the reasons for rejection and may require the Entity to resubmit the Mitigation Activities or to submit a Mitigation Plan, addressing the reasons for rejection.

The BCUC will either accept or reject Mitigation Activities by issuing an order.

An Entity should implement Mitigating Activities in accordance with its terms.

5.3 Mitigation Plans

5.3.1 Contents of Mitigation Plans

A Mitigation Plan must be signed by an authorized representative of the Entity and must include the following:

1. The Entity's point of contact, 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 Potential Noncompliance, Alleged Violation, or Confirmed Violation that the Mitigation Plan will correct;
3. The cause of the Potential Noncompliance, Alleged Violation, or Confirmed Violation;
4. The Entity's proposed Mitigation Plan to correct and prevent recurrence of the Potential Noncompliance, Alleged Violation, or Confirmed Violation;
5. The anticipated impact, if any, 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;

6. A timetable for completion of the Mitigation Plan including the proposed completion date by which time the Mitigation Plan will be fully implemented and the Potential Noncompliance, Alleged Violation, or Confirmed Violation corrected;
7. A timeline for completion of mitigation implementation milestones. The Administrator may agree to a mutually acceptable timeline for completion of milestones, typically no more than ninety (90) days apart for each milestone. The Administrator maintains the discretion to adjust the timeline based on factors such as complexity of the Mitigation Plan or the risk posed to the Bulk Power System; and
8. Any other information deemed necessary or appropriate.

5.3.2 Review and acceptance or rejection of proposed Mitigation Plans

A Mitigation Plan is a more formal action plan than the Mitigation Activities to address noncompliance and to prevent reoccurrence of a violation. The Administrator will complete its review of the Mitigation Plan and advise the Entity whether it agrees with the Mitigation Plan, within thirty (30) days of receipt, unless the time period is extended by the Administrator as approved by the BCUC. The Administrator will notify the Entity that the review period is being extended and identify the date by which the Administrator will complete its review of the Mitigation Plan.

If the Administrator agrees with the Mitigation Plan, it will recommend acceptance of the Mitigation Plan to the BCUC.

If the Administrator rejects the Mitigation Plan, the Administrator will provide the Entity with a written statement describing the reasons for the rejection and will require the Entity to submit a revised Mitigation Plan.

The Administrator will notify the Entity within thirty (30) days of receipt of the revised Mitigation Plan whether the Administrator agrees with the revised Mitigation Plan including the proposed completion date of the revised Mitigation Plan. If the Administrator rejects the Entity's revised Mitigation Plan, the Administrator will provide a written statement describing the reasons for the rejection.

The Entity may, at its option and within thirty (30) days of the Administrator rejecting the revised Mitigation Plan, either: (i) request a Hearing by submitting to the Administrator and the BCUC a written request for the Hearing including an explanation of why the Mitigation Plan should be accepted or, (ii) submit a second revised Mitigation Plan. The Administrator will notify the Entity within thirty (30) days after receipt of the second revised Mitigation Plan whether the Administrator agrees with the second revised version.

If the Administrator rejects the second revised Mitigation Plan, the Entity may request a Hearing.

5.3.3 Implementation of Mitigation Plans

An Entity should implement a Mitigation Plan in accordance with its terms.

The Administrator will track the progress of the Mitigation Plan and may conduct on-site reviews during a Compliance Audit or other compliance monitoring activity. The Entity must provide updates as requested by the Administrator on the progress of the Mitigation Plan.

5.3.4 Revised Mitigation Plans

An Entity may request an extension of a milestone or the completion date of a Mitigation Plan. An Entity must submit such request to the Administrator before the original milestone or completion date. An Entity's request for an extension should identify relevant factors such as (i) operational issues, for example, the inability to schedule an outage to complete mitigation; (ii) construction requirements in the mitigation that require longer to complete than originally anticipated; or (iii) other extenuating circumstances. The Administrator may recommend acceptance of a request for an extension or modification of a Mitigation Plan, including milestone completion dates, if the Administrator determines that the request is justified, and will notify the BCUC of its recommendation within five (5) business days of the request.

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

1. An extension to the Mitigation Plan requires additional milestones;
2. Evidence suggests the scope of the accepted Mitigation Plan must be expanded to include greater scope of mitigation to fully mitigate the Potential Noncompliance, Alleged Violation, or Confirmed Violation; or
3. Any other reason as deemed appropriate by the Administrator or the BCUC.

5.3.5 Noncompliance found during implementation of a Mitigation Plan

During implementation of the Mitigation Plan, the Administrator will record and report to the BCUC any noncompliance that it identifies.

Upon completion of the accepted Mitigation Plan in accordance with section 5.3, the Administrator will notify the BCUC that any findings of noncompliance or Alleged Violations of the applicable Reliability Standards during the period the accepted Mitigation Plan was being implemented have been waived.

If the Mitigation Plan extends beyond the next applicable reporting or assessment period, provided the Entity implements the Mitigation Plan to the satisfaction of the Administrator, any noncompliance of the applicable Reliability Standard occurring during the implementation period will be held in abeyance and will be waived.

5.4 Mitigation Completion

Upon completing the Mitigating Activities or a Mitigation Plan, the Entity must provide a certificate of completion to the Administrator, confirming that the Entity has completed all required actions described in the Mitigating Activities or the Mitigation Plan. The Entity must retain information sufficient for the Administrator to verify completion. The Administrator may request such information and conduct follow-up assessments, Spot-Checks, or Compliance Audits to verify that all required actions in the Mitigating Activities or Mitigation Plan have been completed.

For Mitigating Activities, the Administrator will complete its review of the certificate of completion within twelve (12) months of receipt and notify the Entity whether it agrees that the Mitigating Activities have been completed.

For Mitigation Plans, the Administrator will complete its review of the certificate of completion within one hundred and eighty (180) days of receipt and notify the Entity whether it agrees that the mitigation has been completed.

If the Administrator agrees that the mitigation has been completed, it will forward a recommendation of acceptance of the certificate of completion to the BCUC.

5.5 Recordkeeping

The Administrator will maintain a record of the following information for all Mitigating Activities and Mitigation Plans:

1. Name of the Entity;
2. The date of the noncompliance;
3. Monitoring method by which the Potential Noncompliance was identified;
4. Date of notice of Potential Noncompliance or Alleged Violation;
5. Expected and actual completion date of mitigation;
6. Expected and actual completion date for each required action;
7. Accepted changes to milestones, completion dates, or scope of mitigation, if any; and
8. Entity's certificate of completion, and information submitted as evidence of completion, if applicable.

6.0 REMEDIAL ACTION DIRECTIVES

The BCUC may, in its sole discretion and/or in consideration of a recommendation from the Administrator, issue a Remedial Action Directive pursuant to section 72 and section 73 of the UCA to protect the reliability of the Bulk Power System.

A Remedial Action Directive may include, but is not limited to, any of the following:

1. Specifying operating or planning criteria, limits or limitations;
2. Requiring specific system studies;
3. Defining operating practices or guidelines;
4. Requiring confirmation of information, practices or procedures through inspection, testing, or other methods;
5. Requiring specific training for personnel;
6. Requiring development of specific operating plans;
7. Directing an Entity to develop and comply with a plan to remediate noncompliance;
8. Imposing increased auditing or additional training requirements; and
9. Requiring an Entity to cease an activity that may constitute a noncompliance with a Reliability Standard.

6.1 The Administrator’s Remedial Action Directive recommendation to the BCUC will include:

1. An analysis of whether the Remedial Action Directive obviates the need for a Mitigation Plan;
2. Confirmation that prior to the Administrator recommending a Remedial Action Directive, the Entity consulted the Reliability Coordinator for the Entity to ensure that a Remedial Action Directive, if issued, would not conflict with directives issued by the Reliability Coordinator;
3. A list of Potential Noncompliance with Reliability Standards that is the basis for issuance of the Remedial Action Directive;
4. An analysis of the need for a Remedial Action Directive and the implications of not issuing a Remedial Action Directive;
5. An analysis of the urgency, and in particular why the normal compliance monitoring processes and a Mitigation Plan are insufficient to address the noncompliance;
6. The requirements the Administrator is imposing to remove the imminent or actual threat to the reliability of the Bulk Power System; and
7. A deadline recommendation for mitigation, remedial action, and compliance with the Reliability Standard(s) at issue.

- 6.2** The Administrator issues a letter to the BCUC, with a copy to the Entity, of the pending Remedial Action Directive recommendation.
- 6.3** The Entity may contest the Remedial Action Directive within two (2) business days following the Administrator’s Remedial Action Directive recommendation to the BCUC. The BCUC will hold a Hearing to determine whether the Remedial Action Directive should be issued to the Entity.
- 6.4** Following the issuance of a Remedial Action Directive by the BCUC, the Administrator will complete the assessment of the Entity’s compliance with the Remedial Action Directive. The Administrator will maintain a record for each Remedial Action Directive as per the record keeping requirements for a Mitigation Plan set out in section 5.5.
- 6.5** If the Administrator observes that an Entity is not complying with a Remedial Action Directive or is not in compliance with the Reliability Standard(s) following completion of the Remedial Action Directive, the Administrator will notify the BCUC.

Such notice will:

- i. Identify the possible deviation from the Remedial Action Directive or Reliability Standard(s); and
 - ii. Include an analysis of the implications of noncompliance with the Remedial Action Directive or Reliability Standard(s).
- 6.6** Once the Administrator has verified that compliance with all requirements of the Remedial Action Directive have been met and steps have been taken to protect the Bulk Power System against imminent risk, the Administrator will submit an Attestation of completion to the BCUC.

7.0 DOCUMENT PRODUCTION AND DISCLOSURE

7.1 Documents to be produced

If the BCUC 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 7.2.

7.2 Documents that may be withheld

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



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Penalty Guidelines

for British Columbia Mandatory Reliability Standards

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

**Revised xxx
by Order xxx**

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1.0 INTRODUCTION

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

2.0 BASIC PRINCIPLES

The BCUC adheres to the following basic principles when determining a penalty amount.

2.1 Application of the *Utilities Commission Act*

Pursuant to section 109.1(4) of the UCA, the BCUC may not find that a Person has contravened a provision of the UCA, regulations, BCUC 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 BCUC finds that a Person has contravened a provision of a Reliability Standard, the BCUC may impose an administrative penalty in an amount up to the prescribed limit set in the Administrative Penalties Regulation (APR). The APR 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.

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

2.2 Penalties for Confirmed Violations

The BCUC will not consider an administrative penalty until it has issued a Confirmed Violation. The processes set out in section 4.4 of the Compliance and Monitoring Program (CMP) provide opportunity for a Person to be heard before the BCUC determines a Confirmed Violation.

2.3 Violation Risk Factors and Violation Severity Levels

The BCUC will consider the Violation Risk Factors (VRF) and Violation Severity Levels (VSL) that accompany the Reliability Standards adopted in BC to determine the base penalty range. However, VRF and VSL are not the only factors that the BCUC may consider in assessing a penalty amount.

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

2.4 BC penalty matrices

The BC penalty matrices provided below, as approved by BCUC Order R-34-15, list base penalty ranges for combinations of 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). Section 109.2(1) of the UCA and sections 3(4) and (6) of the APR set out the maximum penalty of \$1,000,000.

Table 1: BC Penalty Matrix for a Corporation¹

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

Table 2: BC Penalty Matrix for a Director, Officer or Agent of a Corporation²

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

¹ Amounts may be imposed for each day the contravention continues, per the UCA, RSBC 1996, Chapter 473, section 109.2(2).

² Amounts may be imposed for each day the contravention continues, per the UCA, RSBC 1996, Chapter 473, section 109.2(2).

2.5 Factors for consideration

The BCUC has the sole authority to determine the amount of a penalty. 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 BCUC must consider the following, in addition to anything else it considers relevant:

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. 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 an Entity establishes this).

The BCUC may also consider the factors above as aggravating or mitigating factors when determining the amount of the penalty. 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.

3.0 ADMINISTRATOR'S ASSESSMENT OF PENALTIES

3.1 Overview of assessment of penalties

The NOAV will set out the Administrator's assessment of the penalty amount that would be issued in the United States under equal circumstances. The BCUC may consider this assessment as a basis of comparison for an appropriate penalty amount to issue to an Entity in BC. The Administrator performs its assessment as follows:

1. Establish a base penalty amount.
2. Adjust the base penalty amount after accounting for any relevant aggravating or mitigating factors.
3. Make final adjustments to the penalty amount to account for other circumstances, such as extenuating circumstances.

3.1.1 Base penalty amount

The Administrator will use the following factors in assessing the base penalty amount:

1. VRF and VSL tables
2. Entity size
3. Assessed risk
4. Violation duration
5. Violation time horizon

3.1.2 Aggravating and mitigating factors to the base penalty amount

Aggravating and mitigating factors allow for the adjustment of the base monetary penalty amount to reflect the specific facts and circumstances material to each violation and the Entity. These Penalty Guidelines identify aggravating and mitigating factors that, if present in connection with the violation, will be considered in assessing the penalty amount. Additional factors not identified in these Penalty Guidelines may also be considered in the penalty assessment.

At minimum, the Administrator may consider the following aggravating and mitigating factors:

1. Repetitive violations and the Entity's compliance history;
2. Failure of the Entity to comply with a Remedial Action Directive;
3. The presence of intentional conduct (i.e. intentional violations);
4. Any attempt by the Entity to conceal the violation, or resist, impede, be nonresponsive, or otherwise exhibit a lack of cooperation;
5. Management involvement in any intentional violation or attempt to conceal the violation;
6. Disclosure of the violation by the Entity through self-reporting and voluntary corrective actions by the Entity;
7. The degree and quality of cooperation by the Entity during a compliance monitoring activity or investigation process, and in any remedial action;
8. The presence and quality of the Entity's compliance program.

4.0 PENALTY PROCESS

1. After the BCUC has determined a Confirmed Violation, the BCUC may initiate a Hearing, to determine if a penalty is warranted.
2. If a Hearing to determine a penalty is warranted, the Entity has the opportunity to make submissions on the factors under section 109.2 of the UCA. Any information regarding the Confirmed Violation that is provided to the BCUC must be provided to the Entity as soon as practicable for its review and comment.
3. When the BCUC is satisfied that it has appropriate information to make its determination, it will order a Notice of Penalty 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 BCUC’s decision to impose a penalty, with reasons for the decision;
 - 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 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; and
 - g. An address to which a request for a reconsideration under section 99 of the UCA may be sent.
4. The BCUC may make public the Notice of Penalty, including the recipient of a penalty, the contravention and the reasons for and the amount of the penalty. The BCUC may consider confidentiality submissions in respect to cyber-security or other incidents that could jeopardize the security of the Bulk Power System.
5. The Entity must pay the penalty as directed in the Notice of Penalty within thirty (30) days. If the Entity applies for a reconsideration, an appeal or both, the penalty, if confirmed, is payable thirty (30) days after the decision has been rendered, or the appeal or reconsideration has been waived or abandoned.



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APPENDIX D
to Order R-1-26 **ATTACHMENT A**
to Order ~~R-40-17xxx~~

RULES OF PROCEDURE

for Reliability Standards in British Columbia

Revised ~~September 1, 2017-xxxx~~
by Order ~~R-40-17xxx~~

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1.0 APPLICABILITY OF THE RULES OF PROCEDURE FOR RELIABILITY STANDARDS IN BRITISH COLUMBIA

Section 125.2(10) of the *Utilities Commission Act* (UCA) provides that the British Columbia Utilities Commission (~~Commission~~BCUC) may make orders providing for the administration of mandatory Reliability Standards- (MRS) in British Columbia (BC). The ~~Commission~~BCUC has developed the Rules of Procedure for Reliability Standards in BC (MRS Rules of Procedure) to facilitate the administration of Reliability Standards.~~The (MRS Program)~~. This Rules of Procedure includedocument in combination with 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~~appendices, are collectively referred to as the MRS Rules of Procedure.

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

~~The Commission~~Pursuant to section 8 of the UCA, the BCUC may engage a knowledgeable ~~person to act as the Administrator~~party having the necessary special or technical knowledge to assist the ~~Commission~~BCUC in carrying out ~~the assessment of its functions~~. The BCUC engages an administrator to assist in assessing registration criteria and administrationmonitoring compliance of Reliability Standards.~~Any such (the Administrator)~~. The Administrator will assist the ~~Commission~~BCUC in the manner described in the MRS Rules of Procedure, subject to the ~~Commission's~~BCUC's direction. The ~~Commission~~BCUC, however, remains solely responsible for the administration of Reliability Standards and may not delegate any decision-making powers.~~Any such to another person.~~ The Administrator may develop ~~further~~ policies, procedures, guides, checklists, or other documents ~~for~~in assisting the BCUC with the efficient administration of Reliability Standards, in a form consistent with the MRS Rules of Procedure, subject to review and ~~accepted~~acceptance by the ~~Commission~~.~~Any such~~BCUC. The Administrator will make available any public 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~~BCUC'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 MRS Rules of Procedure ~~for Reliability Standards~~ and implementing the Mandatory Reliability Standards-MRS Program only in British Columbia (BC) only. The glossary of terms prepared by the North American Electric Reliability Corporation (NERC), the Glossary of Terms Used in NERC Reliability Standards (NERC Glossary), is the guiding document with respect to the definitions used in ~~the~~ drafting and interpretation of interpreting the Reliability Standards adopted in BC. Terms used in the MRS Rules of Procedure that are not specifically defined herein have the ~~meanings~~meaning provided in the UCA, or NERC Glossary ~~of Terms Used in Reliability Standards~~, as adopted by the ~~Commission~~BCUC 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~~BCUC has appointed to act as Administrator for the purposes identified in the MRS Rules of Procedure ~~and the attached Registration Manual and Compliance Monitoring Program.~~

Alleged Violation: A ~~Possible Violation identified by an Entity, or by~~ Potential Noncompliance for which the Administrator in has determined and issued a notice to an Entity and the ~~course~~BCUC, based on an assessment of compliance monitoring activities undertaken at the direction of ~~facts and circumstances surrounding the Commission, for which notice has been given to the Commission, but which~~ Potential Noncompliance, that evidence exists to indicate an Entity has not yet been confirmed by the Commission (see Confirmed Violation) ~~violated a Reliability Standard and such violation will be resolved outside the Find, Fix, Track Process.~~

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 MRS Rules of Procedure and ~~the Registration Manual, and~~ approved by the ~~Commission~~BCUC.

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 guidelines that the Administrator uses to ~~guide the~~ conduct of a Compliance Audit, ~~which are~~ in a form accepted by the ~~Commission~~BCUC.

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~~BCUC.

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.

Bulk Electric System (BES): As defined in the NERC Glossary.

Bulk Power System (BPS): As defined in the NERC Glossary.

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 records and activities to evaluate compliance with determine whether an Entity meets the Requirements of applicable 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 audit team members.

Compliance Audit Report: A report for the BCUC pursuant to section 3.1 of the Compliance Monitoring Program, prepared by the audit team, that conveys information regarding an Entity's compliance or Potential Noncompliance with Reliability Standards.

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

Compliance Date: The date, from by which day forward, an Entity must demonstrate be in compliance with applicable 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 BCUC.

~~**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~~ personnel, to determine if a ~~Possible Violation or an Alleged Violation~~ violation of a Reliability Standard has occurred.

Compliance Monitoring Program (CMP): Appendix 2 to the MRS Rules of Procedure.

Compliance Provisions: The provisions that accompany a Reliability Standard. Compliance Provisions adopted by the BCUC may differ from the compliance provisions in other jurisdictions.

Compliance Registry: A list that the Administrator maintains, of the owners, operators and users of the Bulk Power System and the Entities registered as their designees, who perform functions in support of reliability of the Bulk Power System and must comply with Reliability Standards.

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~~ BCUC, or the Administrator; (ii) ~~Information~~ 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~~ confidentiality agreement approved by the ~~Commission~~ BCUC that contains obligations of confidentiality at least as restrictive as those contained in section 6. ~~The Administrator will make a form 7 of Confidentiality Agreement available on the Administrator's Electronic System(s).~~ MRS Rules of Procedure.

Confirmed Violation: An Alleged Violation that has been confirmed by a ~~Commission~~ BCUC 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.~~

Coordinated Functional Registration (CFR): Where two or more Entities agree in writing on a division of compliance responsibility among the parties for one or more Reliability Standard(s) applicable to a particular function, and/or for one or more Requirement(s)/sub-Requirement(s) within particular Reliability Standard(s).

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.~~

Deactivation: Removal of an Entity from the Compliance Registry for a specific Functional Entity type. As a result of Deactivation, the Entity is no longer subject to any prospective compliance obligations with respect to Reliability Standards applicable to that Functional Entity.

Delegation: An assignment of compliance responsibility in which an Entity delegates a task for a Functional Entity to another Entity without entering into a Joint Registration Organization or Coordinated Functional Registration agreement. The Entity continues to be responsible for compliance with the applicable Reliability Standards.

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

Element: As defined in the NERC Glossary.

Entity: Any Entity that is required by the UCA and An owner, operator or user of the Registration Manual to comply Bulk Power System, or the party registered as its designee, for the purpose of compliance with the Reliability Standards ~~(replaces Applicable,~~ that is approved for Registration by BCUC order and included in the Compliance Registry.

Find, Fix, Track (FFT) Process: A streamlined process to resolve a minimal or moderate risk, remediated noncompliance that is not assessed a penalty.

Footprint: The geographical or electric area served by an Entity.

Functional Entity and Registered: An Entity ~~for ease of reading),~~ responsible for a reliability function that is required to ensure the reliable operation of the electric grid as identified in the Reliability Standards.

FFT: ~~see BC FFT.~~

Hearing: A hearing conducted by the ~~Commission under~~ BCUC pursuant to the UCA.

Implementation Plan: An annual plan, proposed by the Administrator and approved by the BCUC, describing compliance monitoring activities and schedules required of an Entity 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.~~

Joint Registration Organization (JRO): Two or more Entities agree in writing on a division of compliance responsibility where an Entity registers in the Compliance Registry for one or more Functional Entity type(s) for itself and on behalf of one or more other Entities for Functional Entity type(s) for which the Entities would otherwise be required to register.

Lead Entity: The Entity identified in a Joint Registration Organization or Coordinated Functional Registration agreement as the primary point of contact that administers that agreement with the BCUC and the Administrator.

Mitigating Activities: Actions taken by an Entity to correct and prevent recurrence of a noncompliance, regardless of whether the actions are part of a Mitigation Plan.

~~**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~~ to correct a noncompliance with a Reliability Standard and ~~to prevent re-occurrence~~ reoccurrence of the violation.

MRS Rules of Procedure: These MRS Rules of Procedure, including all appendices.

NERC: The North American Electric Reliability Corporation.

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

~~**Notice of Alleged Violation:** Written~~ **(NOAV):** A written notice ~~from~~ of an Alleged Violation issued by the Administrator to an Entity ~~of an Alleged Violation, which complies~~ and the BCUC, prepared in accordance with the ~~requirements~~ Compliance Monitoring Program.

Notice of Penalty: A written notice issued by the BCUC to an Entity stating the administrative penalty for a Confirmed Violation pursuant to section 4.109.3 of the UCA.

Penalty Guidelines: Appendix 3 of the CMPMRS Rules of Procedure.

~~**Periodic Data Submittal:** Data submitted by an Entity pursuant to section 2.6 of the CMP Modelling, studies, analyses, documents, procedures, methodologies, operating data, process information, or other information to demonstrate compliance with Reliability Standards and provided by an Entity to the Administrator on a time frame required by a Reliability Standard or on an ad hoc basis.~~

~~**Person:** Includes a~~ Any individual, partnership, corporation, partnership limited liability company, governmental body, association, joint stock company, public trust, organized group of persons, whether incorporated or not, or any other party and any legal representative of a person to whom the context can apply according to law ~~entity.~~

Personal Information: Personal ~~information~~ 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~~ **Potential Noncompliance:** The identification, by the Administrator, of a possible failure by an Entity to comply with a Reliability Standard that it is required applicable to comply with and which may be under investigation by the Administrator. Refer to Alleged Violation for process details ~~the Entity.~~

Registration: The ~~process employed~~ processes undertaken by the ~~Commission to~~ BCUC and the Administrator to identify and confirm the function(s) that apply to an Entity's operations as identified which Entities are responsible for reliability functions in section 2.1 of the BC.

Registration Manual: Appendix 1 of the MRS Rules of Procedure.

Reliability Standard: A Reliability Standard, as defined in section 125.2(1) of the UCA, that has been adopted by the ~~Commission~~ BCUC under section 125.2(6) of the UCA for application in ~~British Columbia~~ BC. 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~~ An action directed by BCUC order ~~requiring to bring~~ an Entity to address a Possible Violation, Alleged Violation into compliance with a Reliability Standard 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 to avoid a Reliability Standard violation, and is immediately necessary to protect the reliability of the Bulk Power System ~~from an imminent or actual threat~~.

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

Requirement: An explicit statement in a Reliability Standard that identifies the Functional Entity responsible, the action or outcome that must be achieved, any conditions to achieving the action or outcome and the reliability-related benefit of the action or outcome. Each Requirement is a statement with which compliance is mandatory.

Required Date: The date given to an Entity in a notice by the Administrator or the BCUC by which some action by the Entity is required. ~~Such date may be identified by the Commission, or the Administrator, given the circumstances and the action required~~

Requirement Part: A component of the Entity. The Commission retains discretion to specify or change a ~~Required Date.~~ a Requirement that is designated by a decimal number (e.g. Requirement R1 could have Requirement Parts 1.1, 1.2 and 1.3).

Restricted Information: Information designated by the ~~Commission~~ BCUC as being subject to ~~the~~ additional protection measures identified in section ~~67~~ 7.3 of the MRS Rules of Procedure.

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

Self-Certification: An Attestation by an Entity ~~as to its compliance that it is compliant or non-compliance~~ noncompliant with a Reliability Standards that require Standard Requirement that is the subject of the Self-Certification ~~as identified for active monitoring in an annual Implementation Plan, or that it does not own facilities that are subject to the Reliability Standard Requirement, or that the Reliability Standard Requirement is not applicable to the Entity.~~

Self-Report: ~~Information prepared~~A report by an Entity ~~pursuant to section 2.5 of stating that~~ the CMP ~~identifying a Possible Violation of~~Entity believes it has, or may have, violated 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 process in which the Administrator requests~~ an Entity ~~pursuant to section 2.3 of the CMP to to~~ provide ~~Information~~information (i) to support the Entity's Self-Certification, ~~Self-Reporting Report~~ or Periodic Data Submittal ~~and to assist in the assessment of, to assess~~ whether the Entity complies with Reliability Standards. ~~Spot Checks may be, or (ii) as a~~ random check, or ~~initiated (iii)~~ 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~~

Violation Risk Factor (VRF): A factor (lower, medium or high) assigned to each Requirement of a Reliability Standard to identify the potential reliability significance of noncompliance with the Requirement.

Violation Severity Level (VSL): A measure (lower, moderate, high or severe) of the degree to complete, which compliance with a Requirement was not achieved.

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

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

3.0 REGISTRATION

~~3.1~~ Adoption of the 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~~is, subject to ~~Commission~~BCUC 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. Any party that meets the criteria outlined in the Registration Manual is required to apply for Registration for one or more Functional Entity type(s) that identify the Reliability Standards it 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 All Entities must comply with the terms of the Compliance Monitoring Program are CMP as 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 BCUC.~~

5.0 PENALTIES

~~The Penalty Guidelines in Appendix 3 provide Entities with information on the administrative penalty ranges related to the VRFs and VSLs as well as other factors the BCUC will consider in determining a penalty amount for a Confirmed Violation of the Reliability Standards.~~

5.06.0 INFORMATION SUBMITTAL AND RETENTION

~~5.1 Electronic data preferred~~

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

5.26.1 Obligation for Entities to provide requested Information information

~~5.2.1~~ Unless otherwise ordered by the ~~Commission, Entities BCUC, an Entity~~ must:

- ~~1.~~ Comply with requests for ~~Information information~~ made by the ~~Commission BCUC~~ or the Administrator, in the course of the ~~Commission BCUC~~ carrying out its functions under the ~~MRS~~ Rules of Procedure, by the Required Date.
- ~~2.~~ Submit ~~Information information in the format~~ requested by the ~~Commission BCUC~~ 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.

5.36.2 Process for non-submittal of requested Information information

~~5.3.16.2.1~~ If an Entity does not provide ~~Information information~~ requested under the ~~MRS~~ Rules of Procedure by the Required Date, the Administrator, will, subject to section

~~5.36.2, sequentially execute 2 below, take~~ the following steps for each instance for which requested ~~Information~~information has not been provided:

- Step 1: ~~The Administrator will issue~~Issue a follow-up notification to the Entity's Compliance Contact.
- Step 2: ~~The Administrator will issue~~Issue a second follow-up notification to the Entity's Compliance Contact.
- Step 3: ~~The Administrator will issue~~Issue a follow-up notification to the Entity's chief executive officer or equivalent, with ~~copies~~a copy 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~~BCUC may ~~issue a formal directive regarding~~direct the ~~submittal of~~Entity to submit the information and initiate a ~~full~~ Compliance Audit ~~(as that term is defined in the Rules of Procedure).~~

~~5.3.26.2.2~~ In carrying out the above steps, the Administrator will afford the Entity a reasonable opportunity to resolve a difficulty in submitting ~~Information~~information.

~~5.3.36.2.3~~ ~~The Administrator need not complete Steps 2 or 3 if~~ the ~~Information~~information is requested ~~was~~ in preparation for a Compliance Audit ~~(as that term is defined in, the Rules of Procedure), Administrator does not need to complete steps 2 or 3,~~ due to the potential impact to an audit schedule.

5.46.3 RetentionAdministrator retention and disposal of ~~Information~~information

~~5.4.16.3.1~~ The Administrator must have a records management policy that:

- ~~1.~~ ~~Provides~~provides for a routine and orderly process for the retention and disposal of ~~Information~~information obtained from Entities;
- ~~2.1.~~ ~~At a minimum, conforms to the Information retention requirements specified in the Compliance Provisions accompanying applicable Reliability Standards;~~ and
- ~~3.2.~~ ~~Requires~~requires that ~~Information~~information generated or received in the course of carrying out responsibilities under the MRS 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) or (ii)~~ if the ~~Information~~information is material to the resolution of a dispute before the ~~Commission~~BCUC, until the expiry of sixty (60) days following the completion of all appeals or reconsiderations from the ~~Commission~~BCUC order ~~for which the material may be relevant.~~

~~5.4.26.3.2~~ Personal Information is exempt from the above retention requirements and ~~should~~will be treated as provided in ~~sections 6.3 of the Rules of Procedure,~~ respectively section 7.4 below.

6.07.0 CONFIDENTIAL AND PERSONAL INFORMATION

6.17.1 Disclosure of ~~Information~~information

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

6.27.2 Protection of ~~Confidential Information~~information

~~Filings in a Hearing:~~ All ~~Information~~The BCUC will hold in confidence any information submitted to the ~~Commission,~~BCUC for the purposes of a ~~Hearing (as that term is defined~~administration of Reliability Standards.

In the event of a Hearing, the BCUC will hold any information submitted to it in ~~the Rules of Procedure~~, ~~will be held in~~ confidence, ~~unless determined otherwise,~~ pursuant to the ~~Commission's~~BCUC Rules of Practice and Procedure, Part IV (Order G-1-16192-25), as amended from time to time, ~~governing the handling of Confidential Information filed with the Commission.~~

6.37.3 Additional ~~Protection~~protection for Restricted Information

~~6.3.17.3.1~~ *Designation of Restricted Information:* The ~~Commission,~~BCUC 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.~~ information, may seek such a designation from the BCUC. If an Entity intends to request that the BCUC designate information as Restricted Information, it must file the information on a confidential basis pursuant to the BCUC Rules of Practice and Procedure, Part IV, or a redacted copy of the information.

~~7.3.2~~ *Non-disclosure:* Restricted Information must not be released publicly.

~~6.3.27.3.3~~ *Remains within Canada:* ~~In the event of a designation of Information as Restricted Information, the Disclosing Party,~~The Entity, BCUC, and the ~~Commission,~~or the Administrator, must ensure that ~~the~~ Restricted Information remains ~~within~~in Canada. ~~No such information, in any format, is permitted to~~ Restricted Information must not be removed from ~~or~~ transmitted outside Canada without prior written BCUC approval ~~in writing from the Commission.~~

~~6.3.3~~ *Entity possession:* The ~~Disclosing Party,~~BCUC may ~~request that,~~ in its discretion, authorize the Entity to retain Restricted Information ~~remain in their~~ possession of a Disclosing

~~Party, and be reviewed, for review onsite~~ by the ~~Commission, BCUC~~ or the Administrator, ~~on-site, as authorized by the Commission.~~

~~6.3.47.3.4 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.~~

6.47.4 Protection of Personal Information

~~6.4.17.4.1~~ The BCUC and the Administrator will treat 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.

~~6.4.27.4.2~~ The Administrator must not remove Personal Information from ~~British Columbia~~BC, 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~~BC.

7.08.0 DESIGNATION OF COMPLIANCE CONTACT

7.1 Requirement

~~7.1.18.1~~ Designation: ~~All Entities~~An Entity must designate a Compliance Contact and provide the name of the Compliance Contact to the ~~Commission~~BCUC 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).~~

~~7.1.28.2~~ Change in designation: An Entity may change its Compliance Contact upon providing notice of the change to the ~~Commission~~BCUC and the ~~Administrator via~~ webCDMSAdministrator's data retention platform.

~~7.1.38.3~~ Updated information: ~~The~~An Entity must ensure the contact information for the Compliance Contact in ~~webCDMS~~the Administrator's data retention platform is accurate and up to date.

8.09.0 GENERAL

8.19.1 CommissionBCUC jurisdiction

~~8.1.19.1.1~~ Non-fettering of ~~Commission~~BCUC: Nothing in the MRS Rules of Procedure, including the appendices, limits the ~~Commission's~~BCUC's powers under the UCA. The ~~Commission~~BCUC may, at its discretion, depart from or revise the MRS Rules of Procedure, ~~including the appendices.~~

~~8.1.29.1.2~~ Commission BCUC decisions and orders: The ~~Commission BCUC~~ is empowered to reconsider, vary or rescind its decisions, orders, rules and regulations pursuant to section 99 of the UCA. In addition, pursuant to section 101 of the UCA, there is a right of appeal to ~~the~~ (i) the BC Supreme court for matters addressed under section 109.1 and 109.2 of the UCA, and (ii) the BC Court of Appeal of British Columbia, on any other decision or order of the BCUC 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.

~~8.1.49.1.3~~ Alteration of time limits: The ~~Commission BCUC~~ may, at its discretion, extend or abridge any time limits including Required Dates.

8.29.2 Interpretation ~~Bulletins~~bulletins and disputes

~~8.2.19.2.1~~ Interpretation ~~Bulletins~~bulletins: The ~~Commission BCUC~~ may issue Interpretation ~~Bulletins~~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, or the MRS Rules of Procedure. Interpretation bulletins constitute part of the Compliance Provisions accompanying Reliability Standards.

~~8.2.29.2.2~~ Commission BCUC determines all disputes: ~~All~~ The BCUC will determine 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 MRS Rules of Procedures.

8.39.3 Reasonableness and diligence

~~8.3.19.3.1~~ Reasonableness of ~~Requests~~requests for ~~Information~~information: If an Entity believes that a request for Information information is unreasonable, it should advise the ~~Commission BCUC~~, or the Administrator, and may request a determination from the ~~Commission BCUC~~.

~~8.3.29.3.2~~ Diligence: Entities must perform their ~~respective~~ obligations under the MRS Rules of Procedure with reasonable diligence.

8.49.4 Administrator not an agent

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

~~9.01.0 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.~~



bcuc
British Columbia
Utilities Commission

Registration Manual

for British Columbia Mandatory Reliability Standards

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

Revised ~~September 1, 2017~~xxxxx
by Order ~~R-40-17~~xxxx

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1.0 INTRODUCTION

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

The purpose of Registration in the Compliance Registry is to identify and confirm the function(s) that apply to an which Entities are responsible for reliability Functional Entity types in British Columbia (BC). With an Entity's Registration by function enables each for Functional Entity types, it can identify the Reliability Standards with which it must comply, and must be ~~compliant with and be~~ prepared to demonstrate that its compliance. This Registration Manual sets forth the requirements and process for Registration.

The requirement to register began ~~upon in 2009 when~~ the ~~Commission adopting~~ BCUC adopted, by ~~order~~ Order G-123-09, the MRS 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.~~

~~2.12.0~~ **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~~ Any party who performs reliability functions or whose performance is 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~~ Bulk Power System (BPS) must apply the following principles for Registration to be included in the Compliance Registry. All Entities must comply with every Requirement of a Reliability Standard applicable to the Functional Entity type(s) for which they are registered.

~~The BCUC maintains a Compliance Registry of all Entities along with their registered Functional Entity types. The relevant principles and criteria, including registration applicability criteria, definition of Functional Entity types, registration of Generator Owners, Generation Operators, and Distribution Providers, and considerations of material impact are discussed below.~~

2.1 Principles

~~The BCUC will apply the following principles to the Registration process:~~

- ~~1.~~ The BCUC will employ rationale consistent across North America in its decision to register a party.
- ~~1-2.~~ In order to carry out its responsibilities related to enforcement of Reliability Standards, the Commission BCUC will make its best effort to identify all owners, ~~users and operators~~ and users who have a material impact on the ~~BES~~ BPS in order to ~~develop~~ maintain a complete and current Compliance Registry list. ~~The Compliance Registry. The Administrator will be updated as required~~ update and maintained maintain the Compliance Registry on an on-going basis.
- ~~3.~~ The BCUC will monitor Entities listed in the Compliance Registry ~~are responsible, and will be monitored,~~ for compliance with ~~applicable mandatory Reliability~~ the reliability Standards in BC and will be subject ~~to as outlined in the Commission's MRS Rules of Procedure for Reliability Standards in BC, as well as the Compliance Monitoring Program and Penalty Guidelines (Appendices 2 and 3).~~
- ~~2-4.~~ Any party reasonably deemed material to the reliability of the Rules BPS will be registered, irrespective of ~~Procedure, respectively).~~ other considerations.

~~3.5.~~ An Entity~~Any party~~ 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.~~section 3.6.

2.1.22.2 Criteria

~~The potential costs and effort of registering every Entity. In deciding whether to register a party within the scope of “owner, operator and user of the BES,” while ignoring their material BPS”, the BCUC weighs the potential cost and effort against the anticipated 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 In order to maintain and achieve consistency within North America with respect to which Entities are registered; and~~
- ~~2. Any Entity reasonably deemed material to the other jurisdictions that have adopted reliability of standards, 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 BCUC adopts NERC’s registration registry criteria and will update the following criteria which the Commission will use with appropriate revisions, as the basis for determining whether particular Entities a party should be identified as candidates for Registration. listed in the Compliance Registry. All Entities parties meeting or exceeding the criteria will be identified as candidates for Registration. A party not identified using the criteria, but wishing to be registered, may request to be registered.~~

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

- ~~Application~~Applicability: determines if ~~the Entity is~~ an owner, operator or user of the BES ~~and, hence, or other designated BPS resource is~~ a candidate for ~~Entity~~ Registration.
- ~~Functional Types~~Entity types: uses ~~NERC’s the NERC Glossary of Terms functional type definitions (as adopted by the Commission from time to time)~~ to provide ~~for~~ an initial determination of the ~~functional types~~Functional Entity type(s) for which the ~~Entities~~entities identified in the ~~Application~~Applicability subsection should be considered for Registration.
- ~~Registration of Generator Owners and Generator Operators~~: defines the two (2) categories of Generator Owners and Generator Operators.
- ~~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~~Applicability and ~~functional~~Functional Entity types subsections and, if circumstances

change, for ~~later~~ removing Entities from the Compliance Registry that no longer meet the relevant criteria.

Application

2.2.1 Entities Applicability

~~A party that own, operate~~ is an owner, operator or user of BPS resources is a candidate for Registration. The NERC Glossary definition for the Bulk Electric System (BES) and its inclusions and exclusions will be used to determine applicability.

The BCUC may, on a case by case basis, exclude or include Elements of the BES, from the BES definition for registration purposes:

- Certain Elements classified as the term is defined in the NERC Glossary of Terms adopted by the Commission from time to time, BES Elements that are (i) owners, operators and users not necessary for the Reliable Operation of the BES and (ii) BPS may be candidates for Registration. ~~exclusion.~~
- Note: Certain Elements may be included or excluded from that were not classified as Elements of the BES definition on a case-by-case basis as determined by may be candidates for inclusion if they are necessary for the Commission Reliable Operation of the BPS.

2.2.2 Functional Types Entity types

~~Entities~~ A party identified in the Application Applicability subsection above will be categorized as a candidate for Registration candidates who may be subject to Registration will be registered under one or more appropriate functional Entity types based on a comparison of the functions the Functional Entity normally performs against the following function types listed below and as defined in the NERC Glossary ~~of Terms adopted by the Commission from time to time. The responsibilities associated with particular functions. The compliance obligations of Functional Entity types~~ are specified by ~~in~~ the individual mandatory applicable Reliability Standards ~~in BC~~ Standard and Requirement.

<u>Function Type Functional Entity type</u>	<u>Acronym Abbreviation</u>
Balancing Authority	BA
Distribution Provider	DP
<u>Distribution Provider – Underfrequency Load Shedding Only</u>	<u>DP-UFLS</u>
Generator Operator	GOP
Generator Owner	GO
Planning Authority / Planning Coordinator	PA/PC
Reliability Coordinator	RC
Resource Planner	RP

<u>Function Type</u> <u>Functional Entity type</u>	<u>Acronym</u> <u>Abbreviation</u>
Transmission Owner	TO
Transmission Operator	TOP
<u>Transmission Owner</u>	<u>TO</u>
Transmission Planner	TP
Transmission Service Provider	TSP

2.2.3 Registration of Generator Owners and Generator Operators

An Entity subject to Registration as a Generator Owner and/or Generator Operator must identify the category(ies) applicable to its facility(ies). The categories are defined in the NERC Glossary and described below:

1. Generator Owner (GO)

- i. **Category 1 GO:** owns and maintains generating facility(ies); or
- ii. **Category 2 GO:** owns and maintains non-BES inverter based generating resources that either have or contribute to an aggregate nameplate capacity of greater than or equal to 20 MVA, connected through a system designed primarily for delivering such capacity to a common point of connection at a voltage greater than or equal to 60 kV.

2. Generator Operator (GOP)

- i. **Category 1 GOP:** operates generating facility(ies) and performs functions of supplying energy and interconnected operations services; or
- ii. **Category 2 GOP:** operates non-BES inverter based generating resources that either have or contribute to an aggregate nameplate capacity of greater than or equal to 20 MVA, connected through a system designed primarily for delivering such capacity to a common point of connection at a voltage greater than or equal to 60 kV.

2.2.4 Registration of Distribution Providers

~~Except as provided in the Notes to the~~ An Entity that meets any of the following Criteria (Section 2.1.3) below, Entities identified in the functional types subsection above as being is subject to Registration registration as a Distribution Provider ~~should~~ and will 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~~ System serving >75 MW of peak Load that is directly connected to the BES;¹ or
- a.2 ~~Distribution Provider is~~ 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~~ 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"~~"):"):):~~
- 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~~ the relevant Reliability Standards ~~and in future revisions and/or versions.~~

~~2.1.3~~ — Notes to the Registry Criteria

2.3 Material Impact

~~1. The above are general criteria only. The Commission considering BCUC may propose~~ Registration of ~~an~~ Entity party not meeting the criteria (e.g., smaller in size) ~~may propose Registration of that Entity~~ if the ~~Commission believes and BCUC~~ can reasonably demonstrate³ that the ~~Entity party~~ Entity party is ~~a BES~~ an owner, ~~or~~ operates or ~~uses~~ user of BES assets or other designated BPS resources, and is material to the reliability of the BES. Similarly, the ~~Commission~~ BCUC may exclude ~~an Entity party~~ Entity party 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-

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~~ BES" 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.

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

~~exclusive~~exhaustive set of factors (materiality test) for consideration is identified below; however, only a subset of these factors may be applicable to a particular ~~functional registration categories~~Functional Entity type:

- ~~a.1.~~ Is the Entity party specifically identified in the emergency operation plans and/or restoration plans of an ~~associated~~ Reliability Coordinator, Balancing Authority, Generator Operator or Transmission Operator?
- ~~b.2.~~ Will intentional or inadvertent removal of an Element owned or operated by the Entity party, 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 party in question?
- ~~c.3.~~ Can the normal operation, misoperation or malicious use of the Entity's party'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.4.~~ Can the normal operation, misoperation or malicious use of the Entity's party'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 (UFLS, UVLS) programs of a PC~~Planning Coordinator~~ or TP~~(UFLS, UVLS)?~~Transmission Planner)?

- ~~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.~~

2.23.0 REGISTRATION PROCESS

The Registration process is as follows:

- 1.3.1** ~~An Entity submits~~A party must submit a completed Application for Registration to the Administrator ~~within thirty (30)~~forty-five (45) days ~~of prior to~~ the ~~time~~requested effective registration date, which is the Entity date the party begins carrying out one or more of the ~~functions~~responsibilities of its Functional Entity types listed above.
 - a. Application forms and materials pertinent to Registration are available on the Administrator's website with appropriate links from the Commission's BCUC's website.
 - b. If the Commission BCUC, or the Administrator, becomes aware of an Entity's a party's failure to apply for Registration, the Commission BCUC, or the Administrator, will contact the

Entityparty and provide the Entityparty with a specific time period to submit a completed Application.

- c. If an Entitya party fails to meet the deadline, the Administrator may complete the Application on the Entity'sparty's behalf and provide a copy of the Application to the Entityparty.

3.2 Two or more Entities may enter into agreements and apply to register as Joint Registration Organizations (JRO) or use Coordinated Functional Registration (CFR). Please refer to section 6 Assignment of Compliance Responsibility.

2.3.3 The Administrator will review the Application. The Administrator will inform the Entityparty if it believes any of the Informationinformation contained in, or supporting, the Application is inaccurate or incomplete, and may request corrected or additional Informationinformation or a new Application. The Administrator will then make a recommendation to the BCUC, with a copy to the party, as to whether the Entityparty should be registered foras particular function(s). A copy of the recommendation will be sent to the Entity and the Commission. Functional Entity types.

3.4 The Entityparty may file with the CommissionBCUC a response to the recommendation within twenty-one (21) days of the date of the recommendation.

3.5 The BCUC may consider whether additional process or information is required after which the BCUC will determine the appropriate Functional Entity type(s) for which a party should be registered.

3.6 Deactivation or Deregistration

3.6.1 Deactivation refers to removal of an Entity from the Compliance Registry for a specific Functional Entity type.

3.6.2 As a result of Deactivation, the Entity is no longer subject to any prospective compliance obligations with respect to Reliability Standards applicable to that Functional Entity type.

3.6.3 If an Entity ceases to be registered from all Functional Entity types, such Entity would be deregistered, and the Administrator removes the Entity from the Compliance Registry. However, the Entity's compliance history will be retained.

3.6.4 An Entity may submit a request for Deactivation and supporting information to the Administrator at any time. Such information shall include:

1. Entity name;
2. Function Entity type(s) for which Deactivation is requested; and
3. The basis on which Deactivation is requested, including supporting documentation, which may be limited to an Attestation, if appropriate.

3.6.5 The Administrator will issue a recommendation to the BCUC, with a copy to the Entity, within fifty (50) days of the date of receipt of all required information from the Entity.

3.3.6.6 The Entity may file with the BCUC a response to the recommendation within twenty-one (21) days of the date of the recommendation.

4.3.6.7 The CommissionBCUC may consider whether additional process or information is required and will then determine whether an EntityDeactivation should be registeredapproved for particular function(s).Functional Entity types or whether the Entity should be deregistered.

2.34.0 CHANGE IN CIRCUMSTANCES

An Entity must notify the Administrator in writingIn the event of any change in circumstances that affects the may affect an 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, an Entity must, within sixty (60) days of such change, notify the Administrator in writing, providing the date and details of the change in circumstances, and a description of how the change(s) affect the Registration. The Administrator will review the change in circumstancecircumstances and make a recommendation to the CommissionBCUC, with a copy to the Entity, as to whether the Entity's Registration should be revised. Such revisions to Registration couldmay include among other things, changes:

1. Changes to the functionsFunctional Entity types for which an Entity is registered;
2. Entity deregistration; or
3. Entity name change-; or
4. Footprint changes.

The Entity may file with the CommissionBCUC a response to the recommendation within twenty-one (21) days of the date of the recommendation. The CommissionBCUC may consider whether additional process or information is required and will then determine the proper Registration for the Entity.

2.45.0 MAINTENANCE AND PUBLICATION

The Administrator will maintain a list of registered Entitiesensure the Compliance Registry is current, complete and their respective registered functions. The list will be available electronically on the Administrator's website, updated monthly, with appropriate links fromto the Commission'sBCUC's website. The Administrator will update the Compliance Registry monthly.

3.06.0 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.~~

~~Two or more Entities may agree in writing on a division of compliance responsibilities through one of the following methods.~~

6.1 Joint Registration Organization

~~In addition to registering as the party responsible for all Functional Entity type(s) that it performs itself, an Entity may execute an agreement to register as a Lead Entity of a JRO on behalf of one or more of the parties to the JRO agreement for one or more function type(s) for which the parties would have otherwise been required to~~

register. The Lead Entity thereby accepts on the parties' behalf compliance responsibility for the Functional Entity type(s) covered by the JRO registration, including all reporting requirements for all Requirements/sub-Requirements of Reliability Standards applicable to that Functional Entity type. The agreement outlining the JRO must provide:

1. Governs the relationship between the parties;
2. Addresses the Functional Entity type(s) described in section 2.2.2 for which the Lead Entity is registering and taking responsibility, and which would otherwise be the responsibility of one or more of the other parties to the JRO;
3. Identifies which party is the Lead Entity and a point of contact within the Lead Entity; and
4. Identifies a point of contact for each of the parties to the JRO.

The Lead Entity must submit the JRO agreement to the Administrator, who will verify that the agreement addresses the Functional Entity type(s) consistent with the Lead Entity's Registration. The Administrator and the BCUC are not parties to the agreement and are not responsible for reviewing or approving the agreement. All Entities that are parties to the agreement must be registered with the BCUC for Functional Entity types that are the subject of the agreement. The Lead Entity must inform the BCUC and the Administrator of any changes to the JRO along with an effective date for the changes.

6.2 Coordinated Functional Registration

Entities using a CFR must register for the Functional Entity type associated with the CFR. The CFR submission to the Administrator must include a written agreement that:

1. Governs itself;
2. Specifies the parties' respective compliance responsibilities;
3. Identifies the Lead Entity, a point of contact within the Lead Entity, and a point of contact for each of the parties to the CFR; and
4. Lists one or more Reliability Standard(s) and/or for one or more Requirements/sub-Requirements within particular Reliability Standard(s) applicable to a specific Functional Entity type.

The Lead Entity must submit the CFR agreement to the Administrator, who will verify that the agreement provides for an allocation or assignment of responsibilities consistent with the Functional Entity type for which the parties are registered and the responsibility(ies) that are addressed through the CFR. The Administrator may request clarification of any list submitted to it that identifies the parties to the CFR and can request such additional information as the Administrator deems appropriate. The Administrator and the BCUC are not parties to the agreement and are not responsible for reviewing or approving the agreement.

Each party to a CFR shall have compliance responsibility for those Reliability Standards and/or Requirements/sub-Requirements for which it has registered pursuant to the CFR.

In the event of a change to the CFR, the Lead Entity must inform the BCUC and the Administrator of such change including the effective date.

6.3 Delegation

If an Entity delegates a task for a Functional Entity type to another Entity without entering into a JRO or CFR agreement, the Entity will continue to be responsible for compliance with the applicable Reliability Standards.

7.0 ORGANIZATION CERTIFICATION

Reliability Coordinators, Transmission Operators, and Balancing Authorities take actions in Real-time that impact the Reliable Operation of the BPS. An entity performing or intending to perform these Functional Entity types may undergo organization certification to demonstrate it is capable of responsibilities for tasks associated with a particular Functional Entity type such as a Balancing Authority, Transmission Operator, and/or Reliability Coordinator. In addition, the BCUC may direct the Administrator to initiate an organization certification review to assess the processes, procedures, tools, and training the Entity uses in performing these Functional Entity types and provide a prospective level of assurance that the Entity has the capacity to meet the reliability obligations of its Registration.



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~~xxx
by Order ~~R-40-17~~xxx

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1.0 INTRODUCTION

The purpose of the Compliance Monitoring Program is to monitor ~~and~~, assess and enforce compliance with Reliability Standards ~~as approved by the British Columbia Utilities Commission (BCUC) in BC.~~ This ~~is accomplished through the nine (9) compliance monitoring~~ Appendix provides key processes outlined and requirements of the Compliance Monitoring Program as follows: Section 2 describes the annual Implementation Plan, which outlines the Reliability Standards to be monitored during the year, and the methods by which the Administrator conducts such monitoring. There are seven (7) types of compliance monitoring described below in section 2.0. Any Possible or Alleged ~~3. If, as a result of the compliance monitoring, the Administrator identifies noncompliance, the Administrator will assess the noncompliance in accordance with the Violation reported by an~~ Review Process outlined in section 4, and the Entity or identified by the Administrator following a compliance monitoring process will be subject to the violation review process ~~must file with the BCUC a description of how the noncompliance has been or will be mitigated, as outlined in section 4.0-5. The BCUC has the authority to act quickly to protect the reliability of the Bulk Power System as described in section 6. Finally, document production and disclosure are addressed in section 7.~~

2.0 ANNUAL IMPLEMENTATION PLAN

Each year, the BCUC and the Administrator will develop an Implementation Plan to identify the Reliability Standards that the BCUC, with the assistance of the Administrator, will monitor for compliance and the methods by which the Administrator will conduct such monitoring.

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

2.2 Scope:

1. Identify all Reliability Standards that the Administrator will monitor in accordance with the compliance monitoring processes outlined in section 3 together with a schedule;
2. Identify the methods that the Administrator will use for reporting, monitoring, evaluating and assessing the performance criteria, including the measures, for each Reliability Standard;
3. Include a Compliance Audit Schedule;
4. Include a Self-Certification Schedule as applicable; and
5. Identify Periodic Data Submittal requirements.

~~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.~~

2.3 Publication: Once approved by the BCUC, the Administrator and the BCUC will post the Implementation Plan on their websites. The BCUC will notify the Entities that the Implementation Plan has been approved.

2.03.0 COMPLIANCE MONITORING

Compliance monitoring reviews and evaluates Entities' compliance with Reliability Standards using the compliance monitoring processes outlined below. Compliance monitoring focuses on the functions for which an Entity is registered. The BCUC retains discretion, however, to extend compliance monitoring activities to functions for which an Entity is not registered if it appears that the Entity should be registered for those other functions. If a compliance monitoring process reveals a Potential Noncompliance with a Reliability Standard, the Administrator will review the applicable procedures outlined in section 4 of this Appendix.

2.13.1 Compliance Audits

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

2.1.1—Applicability: All Entities are subject to-Frequency of 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 Reliability Coordinator, Balancing Authority and/or Transmission Operator every three (3) years, unless otherwise ordered by the Commission-BCUC. All other Entities will-may be subject to on-site-or off-site Compliance Audits every six (6) years or as approved-ordered by the Commission.

2.1.33.1.1 Notice to Entities: Prior to January 1-BCUC. Any portion of each year, the Administrator will notify Entities subject to-a 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-Audit may 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-conducted on- or off-site, as determined to be appropriate by the Administrator, as approved by which the Entity must provide the requested Information, and any specific format required-the BCUC. The audit schedule is subject to adjustments.

2.1.43.1.1 *Unscheduled Compliance Audit*: The ~~Commission may, in its discretion,~~BCUC may authorize an ~~Unscheduled~~unscheduled Compliance Audit of any Entity at any time. The ~~Commission~~BCUC may, ~~in its discretion,~~ direct the scope and content of an ~~Unscheduled~~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.~~unscheduled Compliance Audit.

2.1.53.1.1 *Compliance Audit scope*: A Compliance Audit generally encompasses the period of three (3) 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~~BCUC 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~~team considers it to be appropriate.

2.1.63.1.2 *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 ~~or at least ten (10) business days prior to the commencement of an~~ unscheduled Compliance Audit, the Administrator will notify the Entity of the Compliance Audit ~~and issue the Compliance Audit scope~~, identify the Compliance Audit ~~Team~~team members and their recent employment history and request ~~Information, including a completed~~ information, in the form of a pre-audit questionnaire.
2. The Entity may object to the composition of the Compliance Audit ~~Team~~team ~~on grounds of a conflict of interest or other circumstances that could interfere with the team member's impartial performance of their duties.~~ Such objections must be provided in writing to the Administrator, no later than ~~fifteen (15)~~thirty (30) days prior to the start of ~~off-site or on-site audit work. This fifteen (15) day requirement does not apply~~ the Compliance Audit, except: (i) where a Compliance Audit ~~Team~~team member has been appointed less than ~~twenty (20)~~thirty-five (35) days prior to the start of ~~on-site audit work~~ the Compliance Audit, 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~~team member; or (ii) in the case of an ~~Unscheduled~~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~~team~~ 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~~BCUC by filing a written request with the ~~Commission~~BCUC no later than two (2) business 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~~The Entity will provide to the Compliance Audit ~~Team~~team the required ~~information~~information in the format ~~and by the dates~~ specified in the ~~request.~~notice. The Compliance Audit team reviews the information for compliance with the Requirements of the Reliability Standards.
4. The Compliance Audit ~~Team~~team will prepare a draft Compliance Audit Report ~~and provide~~that includes a description of the objective, scope, and methodology of the Compliance Audit; identify any evidence found by the Compliance Audit team of the Entity's Potential Noncompliance with Reliability Standards; and identify any Remedial Action Directives, Mitigation Plans, or Mitigating Activities reviewed during the Compliance Audit. The Compliance Audit team provides the draft Compliance Audit Report to the Entity, and a copy to the ~~Entity~~BCUC, 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~~team.
6. The Compliance Audit ~~Team~~team ~~will consider the Entity's comments and, if necessary, make revision~~may consider corrections to the draft Compliance Audit ~~Report.~~report based on the Entity's comments. Within thirty (30) days of receiving comments from the Entity, the Compliance Audit ~~Team~~team will provide the final Compliance Audit Report to the Administrator. ~~The Commission may consider an extension to the timeline upon request.~~
7. The Administrator will ~~finalize~~issue a ~~confidential~~final Compliance Audit ~~Report~~report for the ~~Commission~~BCUC and the Entity, which should generally take no more than ninety (90) days from the end date 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~~

~~3.2 The Administrator will Self-Certifications~~

~~The Administrator may develop a Self-Certification program within the annual Implementation Plan, for approval by the Commission. The Self-Certification program will include a BCUC. Upon BCUC review of the Administrator's proposed Self-Certification reporting schedule and Self-Certification documentation.~~

~~2.2.1 Applicability: All Entities are required to self-certify their compliance with applicable, the BCUC may direct inclusion of specific Reliability Standards at the times specified inapplicable to an Entity. During a Commission-approved Self-Certification reporting schedule. The, if the Administrator considers it appropriate, 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. may request the BCUC to approve an expanded scope.~~

~~Process:~~

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

~~1. The Commission Administrator will approve and notify an Entity of the Self-Certification reporting schedule, which is part of the annual Implementation Plan and identifies a submittal period for Self-Certifications each year.~~

~~2.1. 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.)~~

~~3.2. Each Entity will provide an Attestation of compliance to the Administrator within the timeline set forth and approved in submittal period for the Self-Certification submittal period.~~

~~4.3. 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.~~

2.33.3 Spot Checks

The Administrator may, ~~and at the direction~~with approval of the ~~Commission will, conduct~~BCUC, perform 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: at any time.~~ Spot Checks may be initiated at ~~any time to verify compliance. An Unscheduled Compliance Audit may be initiated~~the discretion of the Administrator or as necessary, pursuant to section 2.1.4, ~~directed by the BCUC.~~

Process:

~~2.3.3~~ The Spot Check process ~~steps for Spot Checks are~~is as follows:

- ~~1.~~ 1. The Administrator will provide ~~twenty (20) days advance~~ notice to the Entity, with a copy to the ~~Commission~~BCUC, at least twenty (20) days in advance of its start date, that a Spot Check will be performed. The notice will provide the reason for the Spot Check, ~~along with the date~~the scope of the Spot Check including the Reliability Standards that will be covered, the names and recent employment histories of the persons in the Spot Check team who will be conducting the Spot Check and state the date by which the Entity ~~is to submit or otherwise make~~must provide any required ~~Information available~~information to the Administrator.
- ~~1.2.~~ 1.2. The Entity may object to the composition of the Spot Check ~~Team. Such~~team on grounds of a conflict of interest or other circumstances that could interfere with a team member's impartial performance of their duties. Any 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~~by the later of five (5) business days before the information being requested by the Administrator is submitted and five (5) business days after the Entity is notified of the persons on the Spot Check team.
- ~~2.3.~~ 2.3. The Spot Check may ~~require~~include an on-site ~~visit with interviews of the appropriate personnel and review~~of information.
- ~~3.4.~~ 3.4. The Entity ~~will~~ provide ~~the~~ required Information to the Administrator in the format ~~and by the~~dates specified in the request.
- ~~4.5.~~ 4.5. The ~~Administrator will review the Information and~~Spot Check team may request the Entity to provide clarification or additional ~~Information~~information.

~~5.6. The Administrator will review, with the Entity, its draft assessment. Upon completion of the Entity's compliance Spot Check, the Spot Check team prepares a draft Spot Check report, which is then sent to the Entity with a copy to the BCUC, and provide an opportunity for provides the Entity ten (10) business days to comment on the draft assessment. Spot Check report.~~

~~7. The Spot Check team may consider corrections to the draft Spot Check report based on the Entity's comments and provides the final Spot Check report to the Entity with a copy to the BCUC.~~

3.4 Compliance Investigations

~~6. The Administrator will complete may, with the assessment approval of the Entity and provide BCUC, initiate a report Compliance Investigation in response 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 system disturbance or Complaint, or any 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 of a Reliability Standard.~~

~~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 Compliance Investigation process is as follows:

1. The BCUC will issue an order to the Entity to initiate a Compliance Investigation once the BCUC, or the Administrator, becomes aware of circumstances indicating a Potential Noncompliance and considers that a Compliance Investigation is warranted.
2. The Administrator notifies the Entity, with a copy to the BCUC, within three (3) business days from the date of the order, that it will initiate a Compliance Investigation of the initiation and initial scope of the Compliance Investigation and instructs the Entity to preserve all relevant records and information.

~~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 requests information 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 and provides 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 team and their recent employment histories.~~
- ~~4. Within ten (10) business days of an Entity receiving the notification Administrator's request for information and the list of the Compliance Violation Investigation team, an Entity subject to a Compliance Violation Investigation may object, in writing, to any member of the Compliance Investigation Team team on the grounds of a conflict of interest or the existence of other circumstances that could interfere with the Compliance Investigation Team team member's impartial performance of his or her their 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 team 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 BCUC by filing a written request with the Commission BCUC no later than two (2) business days after receiving notification from the Administrator that the Administrator does not agree with the objection.~~
- ~~5. If necessary, the The Compliance Violation Investigation may include an on-site visit with interviews of the appropriate personnel and review of Information information.~~
- ~~6. The Administrator, with the approval of the BCUC, may expand the Compliance Investigation beyond the initial scope based on information obtained during the Compliance Investigation.~~

~~6. The Entity will provide the required information information to the Compliance Investigation Team team in the format as specified in the request.~~

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~~7. The Compliance Investigation Team will review Information from the Entity, and may request additional Information if necessary for a complete assessment.~~

7. by the Required Date. The Compliance Investigation Team ~~will prepare~~team may request additional information if necessary.

8. The Compliance Investigation team prepares a draft Compliance Investigation ~~Report~~report and ~~provide~~provides a draft to the Entity, with a copy to the EntityBCUC, within thirty (30) days of completion of the Compliance Investigation.

9. ~~After the Entity receives a copy of the draft Compliance Investigation Report, the~~The Entity has thirty (30) days ~~to provide comments on~~from the receipt of the draft Compliance Investigation ~~Report~~report to provide comments to the Compliance Investigation ~~Team~~team.

~~10.~~ The Compliance Investigation ~~Team will consider~~team considers the Entity's comments and, if necessary, ~~make~~makes revisions to the draft Compliance Investigation ~~Report.~~ Within thirty (30) days of receiving comments from the Entity, the ~~report.~~ The Compliance Investigation ~~Team~~team will provide the final Compliance Investigation ~~Report to the Administrator.~~ The Commission may consider an extension~~report~~ to the timeline upon request.~~Entity with a copy~~

~~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.~~

~~2.4.410. Duration of process:~~ The Compliance Violation Investigation process normally concludes with the issuance of the Compliance Investigation Report~~BCUC~~ 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~~thirty (30) days of receiving comments from the Entity.~~

2.53.5 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~~if it becomes aware of: ~~(i) a Possible Violation of a Reliability Standard, or (ii) a Potential Noncompliance or~~ a change in the nature or severity of a ~~previous~~ Confirmed Violation.

3.5.1 Scope: A Self-Report includes a risk assessment of the Potential Noncompliance, a description of the extent of the Potential Noncompliance, the cause(s) of the Potential Noncompliance, and the actions that have been taken or will be taken to mitigate the Potential Noncompliance, including preventing recurrence.

3.5.2 Process:

2.5.31. The process steps for submitting Entity will submit a Self-Report are as follows: to the Administrator, using the prescribed Self-Report submittal tool.

1. The Administrator will make reviews 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.

3.2. The Administrator will review the Information and may request the Entity to provide clarification or additional Information information.

4. The Administrator will complete the review of the Self-Report, including as well as a review of any Mitigating Activities or a Mitigation Plan, and will notify that 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.

2.5.43. 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. proposes.

2.63.6 Periodic Data Submittals

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

2.6.1 The Applicability: Periodic Data Submittals are required for all Entities with respect to applicable Reliability Standards.

Scope and frequency of Periodic Data Submittals: Periodic Data Submittal process is as follows:

2.6.21. The timing of a Periodic Data Submittals Submittal 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~~ BCUC.

2.6.3 Process: The process steps for Periodic Data Submittals are as follows:

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- 1.2. The ~~Commission~~BCUC will approve specific requirements for a Periodic Data Submittals~~Submittal~~ unless a schedule is already specified in the Compliance Provisions accompanying the ~~applicable~~ Reliability Standard.
- 2.3. The Administrator ~~will post~~posts the ~~current~~ Periodic Data Submittal schedule on its ~~web site~~. ~~The Administrator will keep website and keeps~~ Entities informed of changes and/or updates ~~by delivering notice to Entities~~.
- 3.4. The Administrator ~~will issue~~issues 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: (i) with at least the minimum advance notice period specified by the applicable Compliance Provisions of the Reliability Standard; or (ii) in accordance with the schedule for Periodic Data Submittals, as contained in the Implementation Plan; or (iii) with no less than twenty (20) days advance notice, 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~~provides the requested ~~Information~~information to the Administrator in the format ~~as~~ specified in the request.
5. The Administrator ~~will review with the Entity the Information~~ and by the Required Date.
- 5.6. The Administrator may request the Entity to provide clarification or additional ~~Information~~information.

3.7 Complaints

The BCUC or the Administrator will ~~complete its assessment of the Entity for compliance~~ investigate a Complaint to determine if there is sufficient basis to initiate further process. As with all information submitted to the BCUC for the purposes of administration of Reliability Standards, Complaints are treated as confidential, unless the BCUC orders otherwise.

The Standard and will Complaints process is as follows:

1. The Complaint should include sufficient information to enable the BCUC to assess whether an investigation is warranted.
2. If the BCUC determines that an investigation is warranted, then it will direct the Administrator to initiate the appropriate compliance monitoring or other process.
- 6.3. If the BCUC determines that an investigation is not warranted, then it will notify the Entity of its assessment~~complainant~~ and the Entity that no further action will be taken.

4.0 VIOLATION REVIEW PROCESS

- ~~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.~~

~~Duration of~~ Instances of Potential Noncompliance may be resolved in one of two ways, because not all instances of Potential Noncompliance require the same type of processing and documentation. First, where the Potential Noncompliance poses a minimal or moderate risk to the reliability of the Bulk Power System, it may be resolved through the Find, Fix Track (FFT) Process. Where the Potential Noncompliance poses a serious or substantial risk to the reliability of the Bulk Power System, it will undergo the Alleged Violation process: ~~The Periodic Data Submittal process normally concludes.~~

4.1 Preliminary Screen

~~The Administrator will conduct a Preliminary Screen of a Potential Noncompliance, within ten (10) business days from of receiving information that indicates a Potential Noncompliance.~~

~~A Preliminary Screen will be limited to determining whether:~~

- ~~1. Anyone allegedly involved in the Potential Noncompliance is an Entity;~~
- ~~2. The Requirement to which the evidence of Potential Noncompliance relates is applicable to the Entity, has been approved by the BCUC, and is in effect at the time of the Potential Noncompliance; or~~
- ~~3. If known, the Potential Noncompliance is not a duplicate of one currently being processed.~~

4.2 Initial review of Potential Noncompliance

~~4.2.1 As soon as practicable after a Potential Noncompliance passes the Preliminary Screen, the Administrator will conduct an assessment of the facts and circumstances surrounding the Potential Noncompliance. Unless the BCUC orders that other factors are to be considered, the Administrator will consider the following in performing an initial review:~~

- ~~i. The underlying facts and circumstances (i.e., what happened, how, why, where and when) including how the Potential Noncompliance was discovered (e.g., internal control, Compliance Audit);~~
- ~~ii. The specific Reliability Standard(s) involved;~~
- ~~iii. Whether the Entity has mitigated or commenced mitigation of the Potential Noncompliance;~~
- ~~iv. The level of risk to reliability, including mitigating factors during the period of Potential Noncompliance that reduced the risk;~~

v. The Entity's relevant compliance history of the same or similar Reliability Standard and Requirement; and

vi. The presence or absence of aggravating factors.

4.2.2 If upon completion of the initial review the Administrator considers that there is insufficient evidence to substantiate a Potential Noncompliance, no further process applies, and the Administrator will notify the Entity and the BCUC that the Potential Noncompliance is dismissed and no further action is required.

4.2.3 If the Administrator considers there is sufficient evidence of a Potential Noncompliance as one that may be processed under the FFT Process, the Administrator will follow the FFT Process described in section 4.3.

4.2.4 If the Administrator considers there is sufficient evidence of a Potential Noncompliance as one that may not be processed under the FFT Process, the Administrator will follow the Alleged Violation process in section 4.4.

4.3 Find, Fix, Track Process first

The FFT Process is suitable to address a Potential Noncompliance that poses a minimal or moderate risk to the reliability of the Bulk Power System. For a Potential Noncompliance to be considered for FFT treatment, the Entity must have submitted Mitigating Activities to the Administrator. The Mitigating Activities must indicate that the Entity has or will have mitigated the Potential Noncompliance within twelve (12) months of the Administrator issuing the FFT notice.

Unless the BCUC orders otherwise, a Potential Noncompliance that is processed under the FFT Process will not be processed as an Alleged Violation and will not become a Confirmed Violation. A Potential Noncompliance resolved through the FFT Process will not be classified as a contravention under the UCA and will not attract administrative penalties. However, the existence of an earlier remediated Potential Noncompliance that has been resolved through the FFT Process will be part of the Entity's compliance history that may be considered by the BCUC in determining penalties for other contraventions for the Entity.

The FFT Process is as follows:

4.3.1 The Administrator will review the Entity's submission and if approved will issue a notice to the BCUC and the Entity that a Potential Noncompliance will be disposed of through the FFT Process. If, within thirty (30) Days after that notice is sent, either: (a) the BCUC 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 BCUC, requesting that the Alleged Violation process be followed instead, then the Administrator will follow the Alleged Violation process or such other process as the BCUC may direct.

4.3.2 The Entity must provide an Attestation to the Administrator certifying that the Potential Noncompliance has been mitigated.

4.3.3 The Administrator may, upon receipt of the Attestation certifying mitigation completion, request evidence of mitigation completion to verify that all mitigating actions have been completed. Once all information is provided to the satisfaction of the Administrator, the Administrator must recommend that the BCUC accept the Entity's Attestation.

4.3.4 Once the BCUC accepts the Administrator's recommendation to accept the Entity's Attestation, the Potential Noncompliance processed as an FFT becomes a remediated Potential Noncompliance. If the BCUC considers further review necessary, it will provide notice to the Administrator and the Entity.

4.3.5 If at any point it appears to the BCUC that remediated Potential Noncompliance status was achieved based on a material misrepresentation of facts, the BCUC may direct the Administrator to reprocess the matter as an Alleged Violation.

4.4 Alleged Violation Process

If the facts of the Potential Noncompliance are such that it cannot be processed as an FFT, then the following Alleged Violation process steps will be taken:

4.4.1 Administrator notification: The Administrator will notify the Entity and the BCUC by issuing a Notice of Alleged Violation (NOAV). A NOAV must contain, at minimum:

1. The Reliability Standard and the specific Requirement of the Reliability Standard that is the subject matter of the Alleged Violation;
2. The date or dates the Alleged Violation occurred (or is occurring);
3. The facts and evidence that demonstrate or constitute the Alleged Violation;
4. Reference VRF and VSL factors relevant to the Alleged Violation;
5. The Administrator's risk assessment based on the facts and evidence;
6. The penalty amount that would be issued in the United States under comparable circumstances as the Alleged Violation, if any, and
7. A notice of the Entity's rights and obligations pursuant to section 4.4.2 below, and the right under section 5.1.2 to file a Mitigation Plan while contesting an Alleged Violation.

4.4.2 Entity response: The Entity has thirty (30) days to respond to a NOAV. Responses are to be submitted to the Administrator with a copy to the BCUC. If the Entity fails to respond within thirty (30) days, it will be deemed to have accepted the NOAV and the BCUC will issue an order confirming the Alleged Violation.

The Entity has three (3) options in responding to a NOAV:

Option 1: The Entity may agree with the Alleged Violation and make no submission on the evidence provided by the Administrator in the NOAV, and agree to submit and implement a Mitigation Plan to correct the Alleged Violation and related underlying cause(s); or

Option 2: The Entity may agree with the Alleged Violation and make submissions on the evidence provided by the Administrator in the NOAV, provide an explanation of its position, and include any supporting information; or

Option 3: The Entity may contest the Alleged Violation and make submissions on points relevant to the dispute, provide an explanation of its position and include any supporting information.

If the Entity elects Option 1, the BCUC will issue an order confirming the Alleged Violation and follow the penalty process to determine the penalty amount subject to the Penalty Guidelines in Appendix 3 to the MRS Rules of Procedure.

If the Entity elects Option 2, the Administrator will review the Entity's submissions and issue a written reply within sixty (60) days of receiving the Entity's submission. The Administrator's response will be either of the following:

- (i) That the Administrator agrees with or is not objecting to the Entity's submission on facts of the uncontested violation and will withdraw the original NOAV and may issue a revised NOAV within the same sixty (60) day timeframe; or
- (ii) That the Administrator disagrees with or objects to the Entity's submission on facts of the uncontested violation and affirms the NOAV. In this instance, the BCUC will initiate a Hearing to make determinations on the Entity's submissions.

If the Entity elects Option 3, the Administrator will review the explanation of the Entity's position and issue a written reply within sixty (60) days of receiving the Entity's response. The Administrator's reply will either state that the Administrator (i) agrees with or is not objecting to the Entity's position on the contested violation, or (ii) disagrees with or objects to the Entity's position on the contested violation and affirms the NOAV. If the Administrator's reply states that it agrees with or is not objecting to the Entity's position on the contested violation, the Administrator will withdraw the original NOAV and may issue a revised NOAV within the same sixty (60) day timeframe.

The Entity has thirty (30) days to respond to a revised NOAV. Responses are to be submitted to the BCUC and the Administrator. If the Entity fails to respond within thirty (30) days, it will be deemed to have accepted the Alleged Violation and the BCUC will issue an order confirming the Alleged Violation, and the Alleged Violation is then deemed to be a Confirmed Violation.

If the Entity agrees with the revised NOAV 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, the BCUC will issue an order confirming the Alleged Violation.

If the Entity contests the revised NOAV, it may provide the Administrator with an explanation of its position and any supporting documentation.

If the Entity contests the revised NOAV, or the Administrator affirms the NOAV, the BCUC will hold a Hearing to determine whether the Alleged Violation should be a Confirmed Violation.

5.0 MITIGATION

An Entity found to be in noncompliance with a Reliability Standard must file with the BCUC a description of how the noncompliance has been or will be mitigated. Mitigation may be documented through Mitigation Activities or a Mitigation Plan as outlined below. The BCUC or the Administrator may request that the Entity submit a proposed Mitigation Plan.

5.1 Requirement to Submit Mitigation

An Entity's submission of Mitigating Activities or a Mitigation Plan does not constitute an admission of a violation.

5.1.1 *Potential Noncompliance*: The Entity must submit to the Administrator Mitigating Activities to correct the Potential Noncompliance, to correct the cause of the Potential Noncompliance, and to prevent recurrence of the Potential Noncompliance. Where the Potential Noncompliance is deemed not appropriate for the FFT Process, the Entity will follow the Alleged Violation process in section 4.4.

5.1.2 *Alleged Violation*: The Entity must submit Mitigating Activities or may submit a Mitigation Plan for an Alleged Violation. The Administrator may request the Entity submit a Mitigation Plan. The Entity may choose to submit a Mitigation Plan while contesting an Alleged Violation.

5.1.3 *Confirmed Violation*: If the BCUC issues an order confirming an Alleged Violation i.e. Confirmed Violation, the Entity is required to submit a Mitigation Plan within ten (10) days of the BCUC order.

5.2 Mitigation Activities

Mitigation Activities are those activities related to correction and prevention of reoccurrence of noncompliance. Mitigation Activities are generally less complex, and a Mitigation Plan may not be needed. Mitigation Activities must be specifically articulated to the Administrator. The Administrator will complete its review of Mitigating

Activities as promptly as possible. The Mitigation Activities addressing noncompliance may or may not be complete at the time the Entity provides the information to the Administrator.

Mitigation Activities in the FFT Process generally require mitigation to complete within three (3) months of submission to the Administrator.

If the Administrator agrees with the Mitigation Activities, the Administrator will recommend acceptance of the activities to the BCUC. If the Administrator rejects the Mitigation Activities, the Administrator will provide the Entity the reasons for rejection and may require the Entity to resubmit the Mitigation Activities or to submit a Mitigation Plan, addressing the reasons for rejection.

The BCUC will either accept or reject Mitigation Activities by issuing an order.

An Entity should implement Mitigating Activities in accordance with its terms.

5.3 Mitigation Plans

5.3.1 Contents of Mitigation Plans

A Mitigation Plan must be signed by an authorized representative of the Entity and must include the following:

1. The Entity's point of contact, 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 Potential Noncompliance, Alleged Violation, or Confirmed Violation that the Mitigation Plan will correct;
3. The cause of the Potential Noncompliance, Alleged Violation, or Confirmed Violation;
4. The Entity's proposed Mitigation Plan to correct and prevent recurrence of the Potential Noncompliance, Alleged Violation, or Confirmed Violation;
5. The anticipated impact, if any, 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;
6. A timetable for completion of the Mitigation Plan including the proposed completion date by which time the Mitigation Plan will be fully implemented and the Potential Noncompliance, Alleged Violation, or Confirmed Violation corrected;
7. A timeline for completion of mitigation implementation milestones. The Administrator may agree to a mutually acceptable timeline for completion of milestones, typically no more than ninety (90) days apart for each milestone. The Administrator maintains the

discretion to adjust the timeline based on factors such as complexity of the Mitigation Plan or the risk posed to the Bulk Power System; and

8. Any other information deemed necessary or appropriate.

5.3.2 Review and acceptance or rejection of proposed Mitigation Plans

A Mitigation Plan is a more formal action plan than the Mitigation Activities to address noncompliance and to prevent reoccurrence of a violation. The Administrator will complete its review of the Mitigation Plan and advise the Entity whether it agrees with the Mitigation Plan, within thirty (30) days of receipt, unless the time period is extended by the Administrator as approved by the BCUC. The Administrator will notify the Entity that the review period is being extended and identify the date by which the Administrator will complete its review of the Mitigation Plan.

If the Administrator agrees with the Mitigation Plan, it will recommend acceptance of the Mitigation Plan to the BCUC.

If the Administrator rejects the Mitigation Plan, the Administrator will provide the Entity with a written statement describing the reasons for the rejection and will require the Entity to submit a revised Mitigation Plan.

The Administrator will notify the Entity within thirty (30) days of receipt of the revised Mitigation Plan whether the Administrator agrees with the revised Mitigation Plan including the proposed completion date of the revised Mitigation Plan. If the Administrator rejects the Entity's revised Mitigation Plan, the Administrator will provide a written statement describing the reasons for the rejection.

The Entity may the information, but may take, at its option and within thirty (30) days of the Administrator rejecting the revised Mitigation Plan, either: (i) request a Hearing by submitting to the Administrator and the BCUC a written request for the Hearing including an explanation of why the Mitigation Plan should be accepted or, (ii) submit a second revised Mitigation Plan. The Administrator will notify the Entity within thirty (30) days after receipt of the second revised Mitigation Plan whether the Administrator agrees with the second revised version.

If the Administrator rejects the second revised Mitigation Plan, the Entity may request a Hearing.

5.3.3 Implementation of Mitigation Plans

An Entity should implement a Mitigation Plan in accordance with its terms.

The Administrator will track the progress of the Mitigation Plan and may conduct on-site reviews during a Compliance Audit or other compliance monitoring activity. The Entity must provide updates as requested by the Administrator on the progress of the Mitigation Plan.

5.3.4 Revised Mitigation Plans

An Entity may request an extension of a milestone or the completion date of a Mitigation Plan. An Entity must submit such request to the Administrator before the original milestone or completion date. An Entity's request for an extension should identify relevant factors such as (i) operational issues, for example, the inability to schedule an outage to complete mitigation; (ii) construction requirements in the mitigation that require longer to complete than originally anticipated; or (iii) other extenuating circumstances. The Administrator may recommend acceptance of a request for an extension or modification of a Mitigation Plan, including milestone completion dates, if the Administrator determines that the request is justified, and will notify the BCUC of its recommendation within five (5) business days of the request.

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

1. An extension to the Mitigation Plan requires additional milestones;
2. Evidence suggests the scope of the accepted Mitigation Plan must be expanded to include greater scope of mitigation to fully mitigate the Potential Noncompliance, Alleged Violation, or Confirmed Violation; or
3. Any other reason as deemed appropriate by the Administrator or the BCUC.

5.3.5 Noncompliance found during implementation of a Mitigation Plan

During implementation of the Mitigation Plan, the Administrator will record and report to the BCUC any noncompliance that it identifies.

Upon completion of the accepted Mitigation Plan in accordance with section 5.3, the Administrator will notify the BCUC that any findings of noncompliance or Alleged Violations of the applicable Reliability Standards during the period the accepted Mitigation Plan was being implemented have been waived.

If the Mitigation Plan extends beyond the next applicable reporting or assessment period, provided the Entity implements the Mitigation Plan to the satisfaction of the Administrator, any noncompliance of the applicable Reliability Standard occurring during the implementation period will be held in abeyance and will be waived.

5.4 Mitigation Completion

Upon completing the Mitigating Activities or a Mitigation Plan, the Entity must provide a certificate of completion to the Administrator, confirming that the Entity has completed all required actions described in the ~~Penalty Guidelines~~ Compliance Monitoring Program for BC Mandatory Reliability Standards – Order ~~R-40-17-xxx~~

Mitigating Activities or the Mitigation Plan. The Entity must retain information sufficient for the Administrator to verify completion. The Administrator may request such information and conduct follow-up assessments, Spot-Checks, or Compliance Audits to verify that all required actions in the Mitigating Activities or Mitigation Plan have been completed.

For Mitigating Activities, the Administrator will complete its review of the certificate of completion within twelve (12) months of receipt and notify the Entity whether it agrees that the Mitigating Activities have been completed.

For Mitigation Plans, the Administrator will complete its review of the certificate of completion within one hundred and eighty (180) days of receipt and notify the Entity whether it agrees that the mitigation has been completed.

If the Administrator agrees that the mitigation has been completed, it will forward a recommendation of acceptance of the certificate of completion to the BCUC.

5.5 Recordkeeping

if a Possible Violation is The Administrator will maintain a record of the following information for all Mitigating Activities and Mitigation Plans:

1. Name of the Entity;
2. The date of the noncompliance;
- 2.6.43. Monitoring method by which the Potential Noncompliance was identified-;

2.7 Remedial Action Directive

4. Date of notice of Potential Noncompliance or Alleged Violation;
5. Expected and actual completion date of mitigation;
6. Expected and actual completion date for each required action;
7. Accepted changes to milestones, completion dates, or scope of mitigation, if any; and
8. Entity's certificate of completion, and information submitted as evidence of completion, if applicable.

6.0 REMEDIAL ACTION DIRECTIVES

2.7.1 The ~~Commission~~BCUC may, in its sole discretion and/or in consideration of a recommendation from the Administrator, issue a Remedial Action Directive pursuant to section 72 and section 73 of the UCA to protect the reliability of the Bulk Power System.

A Remedial Action Directive may include, but is not limited to, any of the following: ~~specifying~~

1. ~~Specifying~~ operating or planning criteria, limits or limitations; ~~requiring~~
2. ~~Requiring~~ specific system studies; ~~defining~~
3. ~~Defining~~ operating practices or guidelines; ~~requiring~~
4. ~~Requiring~~ confirmation of ~~information~~~~information~~, practices or procedures through inspection, testing, or other methods; ~~requiring~~
5. ~~Requiring~~ specific training for personnel; ~~requiring~~
6. ~~Requiring~~ development of specific operating plans; ~~directing~~
7. ~~Directing~~ an Entity to develop and comply with a ~~Mitigation Plan; imposing plan to remediate noncompliance;~~
8. ~~Imposing~~ increased auditing or additional training requirements; and ~~for requiring~~
- 2.7.29. ~~Requiring~~ an Entity to cease an activity that may constitute a ~~violation of noncompliance with~~ a Reliability Standard.

~~6.1~~ The ~~Administrator may recommend the Commission issue a~~ ~~Administrator's~~ Remedial Action Directive ~~to protect the reliability of the Bulk Power System from an imminent threat. As part of the~~ recommendation ~~to the BCUC will include:~~

1. ~~An analysis of whether the Remedial Action Directive obviates the need for a Mitigation Plan;~~
- 2.7.12. ~~Confirmation that prior to the Administrator recommending a Remedial Action Directive, the Administrator will:~~ Entity consulted the Reliability Coordinator for the Entity ~~to ensure that a Remedial Action Directive, if issued, would not conflict with directives issued by the Reliability Coordinator;~~
 1. ~~Identify Possible, Alleged or Confirmed Violations of Reliability Standard(s) where appropriate;~~
3. ~~Include an~~ A list of Potential Noncompliance with Reliability Standards that is the basis for ~~issuance of the Remedial Action Directive;~~
- 2.4. ~~An~~ analysis of the need for a Remedial Action Directive and the implications of not issuing a Remedial Action Directive;
- 3.5. ~~Include an~~ 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~~ ~~noncompliance;~~
6. ~~Confirm that, prior~~ The requirements the Administrator is imposing to ~~recommending~~ ~~remove the imminent or actual threat to the reliability of the Bulk Power System;~~ and

7. A deadline recommendation for mitigation, remedial action, and compliance with the Reliability Standard(s) at issue.

6.2 The Administrator issues a letter to the BCUC, with a copy to the Entity, of the pending Remedial Action Directive, ~~they have consulted the Reliability Coordinator on behalf of the Entity, to ensure that a~~ recommendation.

- ~~4.—The Entity may contest the~~ 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~~ within two (2) business days following the Administrator’s Remedial Action Directive ~~obviates the need for a Mitigation Plan; and~~
- ~~7.—Provide a draft of~~ recommendation to the BCUC. The BCUC will hold a Hearing to determine whether the Remedial Action Directive ~~to the Commission with a copy to the Entity.~~

6.3 ~~If~~ should be issued to the Entity ~~opposes the RAD, the Commission will hold an expedited hearing.~~

2.7.26.4 Following the issuance of a Remedial Action Directive by the ~~Commission~~BCUC, the Administrator ~~shall~~will complete the assessment of the Entity’s compliance with the Remedial Action Directive. The Administrator ~~shall~~will maintain a record for each Remedial Action Directive as per the record keeping requirements for a Mitigation Plan ~~set out in section 5.5.~~

6.5 ~~If, based on facts and circumstances,~~if 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~~will notify the ~~Commission.~~BCUC.

Such notice ~~shall~~will:

- 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~~noncompliance with the Remedial Action Directive or Reliability Standard(s).

~~2.81.1~~ Complaints

~~All complaints are to be filed with the Commission. The Commission, or Once~~ the Administrator, ~~will conduct any further investigative activities following receipt~~ has verified that compliance with all requirements of a Complaint.

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

~~2.8.2—*Scope* the Remedial Action Directive have been met 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 have been taken to protect the Bulk Power System against imminent risk, 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~~

~~6.1. 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.

~~4.01.0 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 will submit 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;~~

~~5.1.—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.~~

~~5.21.1.1~~ **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.~~

~~7.6.6 A timetable for of 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, to the BCUC.~~

~~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.~~

~~5.01.1 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.~~

~~6.07.0 DOCUMENT PRODUCTION BY THE ADMINISTRATOR AND DISCLOSURE~~

~~6.17.1 Documents to be produced~~

If the ~~Commission~~BCUC 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~~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~~information described in section ~~6~~7.2.

~~6.27.2 Documents that may be withheld~~

The ~~Commission~~BCUC, 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~~xxx
by Order ~~R-40-17~~xxx

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1.0 INTRODUCTION

The Penalty Guidelines for ~~BC~~British Columbia Mandatory Reliability Standards (Penalty Guidelines) provide Entities information on the criteria and process ~~that~~ the British Columbia Utilities Commission (BCUC) 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~~BCUC 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 BCUC adheres to 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~~BCUC may not find that a ~~person~~Person has contravened a provision of the UCA, regulations, ~~Commission~~BCUC order, standard or rule, or a Reliability Standard if the ~~person~~Person exercised due diligence to prevent the contravention, or the ~~person's~~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~~BCUC finds that a ~~person~~Person has contravened a provision of a Reliability Standard, the ~~Commission~~BCUC may impose an administrative penalty in an amount up to the prescribed limit set in the Administrative Penalties Regulation ~~The Administrative Penalties Regulation (APR). The APR~~ 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 two (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~~BCUC. The date ~~that a NOAV is issued to an Entity with copy to the Commission is considered the date~~on which the act or omission alleged to constitute the contravention first came to the attention of the chair of the ~~Commission~~BCUC, is the date that the Administrator issues the NOAV to an Entity, with a copy to the BCUC.

2.2 Penalties for Confirmed Violations

~~A-The BCUC will not consider an administrative penalty until it has issued 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 Compliance and Monitoring Program (CMP) provide opportunity for a ~~person~~Person to be heard before the ~~Commission~~BCUC 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~~BCUC will consider the 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 BC MRS Program to consider~~determine the base penalty range. However, VRF and VSL are not the only factors that the ~~Commission~~BCUC may consider in assessing a ~~proposed~~ penalty amount.

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

2.4 BC penalty matrices

The BC penalty matrices provided below, as approved by BCUC Order R-34-15, 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 Section 109.2(1) of the UCA and sections 3(4) and (6) of the APR set out the maximum limit~~penalty of \$1,000,000 ~~is as specified in the UCA section 106(4).~~

Table 1: BC Penalty Matrix for a Corporation¹

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

¹ Amounts may be imposed for each day the contravention continues, per ~~Utilities Commission Act~~the UCA, RSBC 1996, Chapter 473, section 109.2(2).

Table 2: BC Penalty Matrix for a Director, Officer or Agent of a Corporation²

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.~~

² Amounts may be imposed for each day the contravention continues, per *Utilities Commission Act* the UCA, 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~~

2.5 Factors for consideration

~~The BCUC has the sole authority to determine the amount of a penalty.~~ 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~~BCUC must consider the following, in addition to anything else it considers relevant:

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~~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 establishes this).

The ~~Commission~~BCUC may also consider the factors above as ~~potentially~~ aggravating or mitigating factors when determining the ~~magnitude~~amount 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.

~~3.33.0 DETERMINATION~~ADMINISTRATOR'S ASSESSMENT OF NON-MONETARY PENALTIES

~~3.1 The imposition~~Overview of assessment of penalties is not limited to monetary penalties. Non-monetary sanctions may be applied

~~The NOAV will set out the Administrator's assessment of the penalty amount that would be issued in the United States under equal circumstances. The BCUC may consider this assessment as a basis of comparison for an appropriate penalty amount to issue to an Entity in BC. The Administrator performs its assessment as follows:~~

- ~~1. Establish a base penalty amount.~~
- ~~2. Adjust the base penalty amount after accounting for any relevant aggravating or mitigating factors.~~
- ~~3. Make final adjustments to the penalty amount to account for other circumstances, such as extenuating circumstances.~~

~~3.1.1 Base penalty amount~~

~~The Administrator will use the following factors in assessing the base penalty amount:~~

- ~~1. VRF and VSL tables~~
- ~~2. Entity size~~
- ~~3. Assessed risk~~
- ~~4. Violation duration~~
- ~~5. Violation time horizon~~

~~3.1.2 Aggravating and mitigating factors to the base penalty amount~~

~~Aggravating and mitigating factors allow for the adjustment of the base monetary penalty amount to reflect the specific facts and circumstances material to each violation and the Entity. These Penalty Guidelines identify aggravating and mitigating factors that, if present in connection with the objective of promoting reliability and violation, will be considered in assessing the penalty amount. Additional factors not identified in these Penalty Guidelines may also be considered in the penalty assessment.~~

~~At minimum, the Administrator may consider the following aggravating and mitigating factors:~~

- ~~1. Repetitive violations and the Entity's compliance history;~~
- ~~2. Failure of the Entity to comply with the Mandatory Reliability Standards. Non-monetary sanctions may include issuing a Remedial Action Directives, limiting activities, functions or operations Directive;~~

3. The presence of intentional conduct (i.e. intentional violations);
4. Any attempt by the Entity to conceal the violation, or requiring an Entity to increase its frequency of resist, impede, be nonresponsive, or otherwise exhibit a lack of cooperation;
5. Management involvement in any intentional violation or attempt to conceal the violation;
6. Disclosure of the violation by the Entity through self-reporting and voluntary corrective actions by the Entity;
7. The degree and quality of cooperation by the Entity during a compliance reporting-monitoring activity or investigation process, and in any remedial action;

~~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.~~

8. The presence and quality of the Entity's compliance program.

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.~~
- 7.1. No penalty will be considered unless or until an Alleged Violation becomes a Confirmed Violation by Commission order, the BCUC may initiate a Hearing, to determine if a penalty is warranted.
8. If an Alleged Violation is confirmed following a hearing as per section 4.4.6.3 of the CMP if a Hearing to determine a penalty is warranted, the Entity has the opportunity to respond to make submissions on the Administrator's proposed penalty amount within thirty (30) days factors under section 109.2 of confirmation.

~~9.2.~~ 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 UCA. Any additional information regarding the Confirmed Violation that is provided to the Commission BCUC must be made available provided to the Entity as soon as practicable 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.

~~12.3.~~ When the Commission BCUC is satisfied that it has appropriate information to make its determination, it would will 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~~ The BCUC's decision to impose a penalty, with reasons for the decision;
- b. ~~the~~ The name or corporation that is the recipient of the penalty;
- c. ~~the~~ The contravention;
- d. ~~the~~ The amount of the penalty, if any;
- e. ~~the~~ 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~~ The Person's right to apply for reconsideration under section 99 of the UCA or to appeal under section 101 of the UCA; and
- g. ~~an~~ An address to which a request for a reconsideration under section 99 of the UCA may be sent; and

~~h.~~ The the Commission BCUC may make public the Notice of Penalty, including the recipient of a penalty, the contravention and the reasons for and the amount of the penalty.

~~13.~~ The Commission BCUC may treat as confidential any Notice of Penalty or disclosures relating consider confidentiality submissions in respect to cyber-security incidents or other incidents which that could otherwise jeopardize the security of the bulk power system. Bulk Power System

~~14.4.~~ 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.

5. The Entity must pay the penalty as directed in the Notice of Penalty within thirty (30) days. If the Entity applies for a reconsideration, an appeal or both, the penalty, if confirmed, is payable thirty (30) days after the ~~appeal has been waived or an appeal~~ decision has been rendered, or the appeal or reconsideration has been waived or abandoned.

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