

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-123-09

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

and

Reliability Standards in British Columbia
Registration of Functional Entities and Monitoring and Enforcement of Reliability Standards

BEFORE: D.A. Cote, Commissioner
P.E. Vivian, Commissioner

October 15, 2009

O R D E R

WHEREAS:

- A. Pursuant to section 125.2(2) of the *Utilities Commission Act* (the "Act") the British Columbia Utilities Commission (the "Commission") has exclusive jurisdiction to determine whether a "reliability standard", as defined in the Act, is in the public interest and should be adopted in British Columbia; and
- B. Pursuant to section 125.2(10) of the Act, the Commission may make orders providing for the administration of adopted reliability standards; and
- C. Pursuant to section 8 of the Act, the Commission may appoint or engage persons having special or technical knowledge necessary to assist the Commission in carrying out its functions; and
- D. Ministerial Order No. M039 dated February 22, 2009 made a Mandatory Reliability Standards Regulation which describes the parties that are subject to reliability standards adopted under section 125.2(6) of the Act; and
- E. Commission Order G-67-09 dated June 8, 2009 adopted 103 reliability standards for application in British Columbia; and
- F. Commission Order G-67-09 requires that entities subject to reliability standards register with the Commission as functional entities by November 1, 2009, and that registered entities file a Mitigation Plan with the Commission by December 31, 2009 confirming compliance with the applicable reliability standards and/or outlining how they plan to bring themselves into compliance; and
- G. The Commission and the Western Electricity Coordinating Council ("WECC") have entered into an Administration Agreement whereby the Commission engages WECC to assist the Commission in respect of the functional registration of British Columbia entities and monitoring compliance with adopted reliability standards; and

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- H. The Commission has determined that certain framework documents are needed to guide the registration, monitoring and enforcement process, that WECC should be appointed as the Commission's Administrator for registration and monitoring, that the dates for registration and filing of Mitigation Plans should be extended, that compliance provisions accompanying reliability standards should be adopted, and that WECC should serve as Reliability Coordinator for British Columbia reliability standards.

NOW THEREFORE pursuant to sections 8 and 125.2 of the Act the Commission orders as follows:

1. The Commission approves the Rules of Procedure, including the Registration Manual and the Compliance Monitoring Program appended thereto, which form Attachment 1 to this Order and set out the administrative framework for the registration of functional entities in British Columbia and the monitoring and enforcement of adopted reliability standards.
2. The Commission appoints the WECC as the Commission's Administrator to assist it in carrying out its functions related to reliability standards in the manner described in the Administration Agreement between the WECC and the Commission dated October 8, 2009 which forms Attachment 2 to this Order.
3. The Commission amends paragraph 6 of Order G-67-09 to the extent that the date by which entities subject to adopted reliability standards must register with the Commission as functional entities (the "Registration Date") is extended to December 31, 2009, and the date by which a registered entity must file a Mitigation Plan with the Commission is extended to March 1, 2010.
4. The Commission adopts the Compliance Provisions, as defined in the Rules of Procedure for Reliability Standards in British Columbia, that accompany each of the adopted British Columbia reliability standards, in the form posted on the WECC website, as amended from time to time, or as directed by the Commission.
5. The Commission orders that, for the purposes of the adopted reliability standards, the WECC will serve as Reliability Coordinator as that term is defined in the NERC Glossary of Terms Used in Reliability Standards dated February 12, 2008, or as adopted by the Commission from time to time. Entities registered as functional entities must follow the directions of the Reliability Coordinator as required by adopted British Columbia reliability standards, unless otherwise ordered by the Commission.

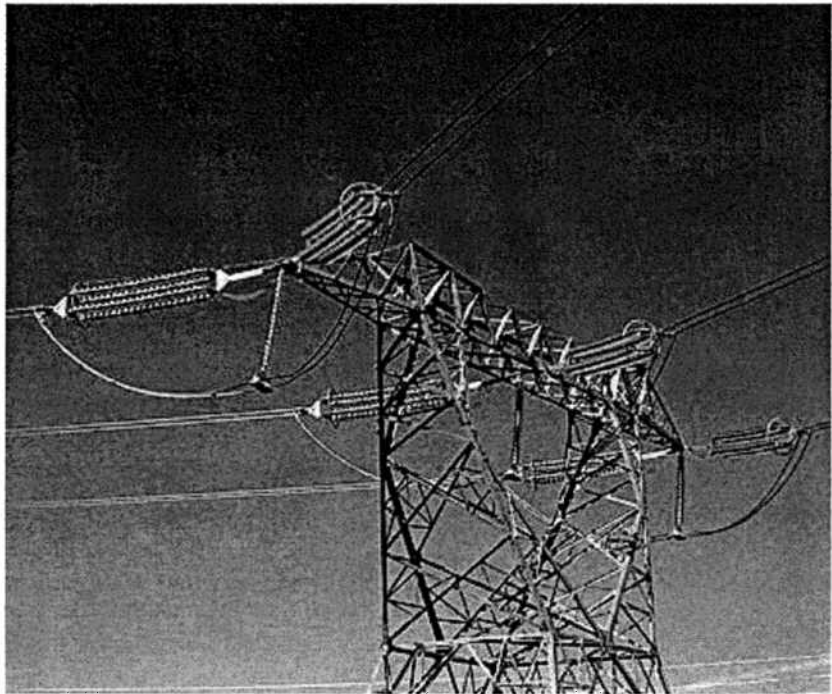
DATED at the City of Vancouver, in the Province of British Columbia, this 15th day of October 2009.

BY ORDER

Original signed by:

D.A. Cote
Commissioner

Attachments



RULES OF PROCEDURE

For Reliability Standards in British Columbia

October 2009

British Columbia Utilities Commission
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SECTION 1 - APPLICABILITY OF RULES OF PROCEDURE

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

Each Applicable Entity must comply with the *Rules of Procedure*, the *Registration Manual* and the *Compliance Monitoring Program*. The Commission may amend the *Rules of Procedure*, including the Appendices, from time to time in its discretion. The version of the *Rules of Procedure* currently in force will be posted on www.bcuc.com.

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

SECTION 2 - DEFINITIONS

2.1 General

The terms defined in the *Rules of Procedure* are also applicable to the *Registration Manual* and the *Compliance Monitoring Program*. Definitions specific to the *Registration Manual* or the *Compliance Monitoring Program* are included in those documents. Terms used in the *Rules of Procedure*, the *Registration Manual* and the *Compliance Monitoring Program* that are not specifically defined within those documents have the meanings provided in the *NERC Glossary of Terms Used in Reliability Standards, 12 February 2008*, or as adopted by the Commission from time to time or otherwise have their commonly understood meanings in the electric power industry.

2.2 Definitions

Act: The *Utilities Commission Act*, R.S.B.C. 1996, c. 473, including any regulations or directions promulgated thereunder.

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

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

Applicable Entity: An owner, operator or direct user of the Bulk Power System, or a generator and distributor of electricity, that is required by the Act and the Mandatory Reliability Standards Regulation to comply with Reliability Standards.

Attestation: A sworn declaration by an authorized representative of an Applicable Entity. The form of Attestation required will be posted on the Administrator's website.

Bulk Power System: The bulk power system as that term is defined by the Mandatory Reliability Standards Regulation.

Commission: The British Columbia Utilities Commission.

Compliance Contact: A representative of an Applicable Entity designated by the Applicable Entity as the appropriate individual to receive notices from the Commission, or the Administrator.

Compliance Provisions: The compliance-related provisions that accompany, but do not constitute part of, a Reliability Standard and that have been adopted by the Commission. For clarity, Compliance Provisions adopted by the Commission may differ from the compliance or enforcement provisions accompanying reliability standards of a standard-making body prescribed in the Act (i.e. NERC or WECC).

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

Confidentiality Agreement: A form of confidentiality agreement approved by the Commission that contains obligations of confidentiality at least as restrictive as those contained in Section 6. The Administrator will post a form of Confidentiality Agreement on its website.

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

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.

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

Mandatory Reliability Standards Regulation: Ministerial Order No. M039 dated February 22, 2009, and any amendments thereto, made under Section 125.2 of the Act.

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

NERC: The North American Electric Reliability Corporation.

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

Personal Information: Personal information subject to protection under the *Freedom of Information and Protection of Privacy Act*, R.S.B.C. 1996, c.165 including any regulations or directions promulgated thereunder.

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

Required Date: The date given to an Applicable Entity in a notice by which some action by the Applicable Entity is required. Such date, when identified by the Commission, or the Administrator, must provide the Applicable Entity with a reasonable period of time in which to take the required action, given the circumstances and the action required. The Commission retains discretion to specify or change a Required Date.

Responsible Entity: An Applicable Entity in its functional role as a transmission operator, balancing authority, planning authority, transmission planner, transmission service provider, transmission owner, resource planner, distribution provider, generator owner, generator operator, load-serving entity or purchasing-selling entity as those functional roles are defined in the *NERC Glossary of Terms Used in Reliability Standards, 12 February 2008*, or as adopted by the Commission from time to time.

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

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

WECC: The Western Electricity Coordinating Council.

SECTION 3 - REGISTRATION

3.1 Adoption of the *Registration Manual*

Registration is the process employed by the Commission to confirm the Reliability Standards with which an Applicable Entity must comply.

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

3.2 Who Must Comply

Applicable Entities performing the functions of particular Responsible Entities must register as Responsible Entities, as applicable, in accordance with the *Registration Manual*, unless otherwise ordered by the Commission.

SECTION 4 - COMPLIANCE MONITORING

4.1 Adoption of the *Compliance Monitoring Program*

The Commission is responsible for monitoring an Applicable Entity's compliance with Reliability Standards on an ongoing basis. The Commission has developed a *Compliance Monitoring Program* which explains the process by which the Commission, with the assistance of the Administrator, will monitor compliance with Reliability Standards.

The *Compliance Monitoring Program* will be in the form attached as Appendix 2, unless otherwise ordered by the Commission.

4.2 Who Must Comply

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

SECTION 5 - INFORMATION SUBMISSION AND RETENTION

5.1 Electronic Data Preferred

5.1.1 Whenever possible and practical, any request by the Commission, or the Administrator, for Information from an Applicable Entity will specify electronic format as the preferred format for submission of the Information. An Applicable Entity will advise the Commission, or the Administrator, if providing Information in a particular format is, in its view, unnecessarily onerous. The Applicable Entity may request that the Commission order that specific information be provided via on-site review only.

5.2 Obligation to Provide Requested Information

5.2.1 Unless otherwise ordered by the Commission, Applicable Entities must:

5.2.1.1 Comply with requests for Information made by the Commission, or the Administrator, in the course of the Commission carrying out its functions under the *Rules of Procedure*, by the Required Date.

5.2.1.2 Submit Information requested by the Commission, or the Administrator, in the format requested by the Commission, or the Administrator, subject to Section 5.1 of the *Rules of Procedure*.

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

5.3 Process for Non-Submittal of Requested Information

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

Step 1: The Administrator will issue a follow-up notification to the Applicable Entity's Compliance Contact.

Step 2: The Administrator will issue a second follow-up notification to the Applicable Entity's Compliance Contact.

Step 3: The Administrator will issue a follow-up notification to the Applicable Entity's chief executive officer or equivalent, with copies to the Applicable Entity's Compliance Contact.

Step 4: If after thirty (30) Days following the original Required Date, the Administrator has not received the requested information, the Commission may issue a formal directive regarding the submittal of the Information and initiate a full Compliance Audit (as that term is defined in the *Compliance Monitoring Program*).

5.3.2 In carrying out the above steps, the Administrator will afford the Applicable Entity a reasonable opportunity to resolve a difficulty in submitting Information due to, for instance, time or format issues.

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

5.4 Retention and Disposal of Information

5.4.1 The Administrator must have a records management policy that:

- 5.4.1.1 provides for a routine and orderly process for the retention and disposal of Information obtained from Applicable Entities;
- 5.4.1.2 at a minimum conforms to the Information retention requirements specified in the Compliance Provisions accompanying applicable Reliability Standards; and
- 5.4.1.3 requires that Information generated or received in the course of carrying out responsibilities under the *Rules of Procedure* be retained for the longer of (i) five (5) years, (ii) any retention period specified in the Compliance Provisions accompanying applicable Reliability Standards, or (iii) if the Information is material to the resolution of a dispute before the Commission, until the expiry of sixty (60) Days following all appeals from the Commission order being exhausted.

5.4.2 Notwithstanding Section 5.4.1, Restricted Information and Personal Information are exempted from the above retention requirements and should be treated as provided in Sections 6.3 and 6.4 of the *Rules of Procedure*, respectively.

SECTION 6 - CONFIDENTIAL AND PERSONAL INFORMATION

6.1 Disclosure of Information

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

6.2 Protection of Confidential Information

6.2.1 **Filings in a Hearing:** All Information submitted to the Commission for the purposes of a Hearing (as that term is defined in the *Compliance Monitoring Program*), will be held in confidence pursuant to the Commission's *Practice Directive on "Confidential Filing"* dated September 1, 2007 ("Confidential Filings Directive"), as amended from time to time, governing the handling of Confidential Information filed with the Commission.

6.3 Additional Protection for Restricted Information

- 6.3.1 **Designation of Restricted Information:** The Commission may, in its discretion, designate information as Restricted Information. An Applicable Entity, or other persons affected by the Information, may seek such a determination from the Commission.
- 6.3.2 **Remains within British Columbia:** In the event of a designation of Information as Restricted Information, the Disclosing Party and the Commission, or the Administrator,

must ensure that the Restricted Information remains within British Columbia. No such information, in any format, is permitted to be removed from/transmitted outside British Columbia, without prior approval in writing from the Commission.

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

6.3.4 **Non-Disclosure:** Restricted Information must not be released publicly. If such information must be filed with the Commission for any purpose, it must be filed on a confidential basis pursuant to the Commission's Confidential Filings Directive, or redacted.

6.4 Protection for Personal Information

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

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

SECTION 7 - DESIGNATION OF COMPLIANCE CONTACT

7.1 Requirement

7.1.1 **Designation:** All Applicable Entities must designate a Compliance Contact and provide the name of the Compliance Contact to the Commission, and the Administrator, within thirty (30) Days of Registration (as that term is defined in the *Registration Manual*).

7.1.2 **Change in Designation:** An Applicable Entity may change Compliance Contact upon providing notice of the change to the Commission and the Administrator.

7.1.3 **Updated Information:** The Applicable Entity is responsible for ensuring that the contact information for the Compliance Contact provided to the Commission and the Administrator is accurate and up to date.

SECTION 8 - GENERAL

8.1 Commission Jurisdiction

8.1.1 **Non-Fettering of Commission:** Nothing in the *Rules of Procedure*, including the Appendices, limits the Commission's powers under the Act. The Commission may, at its discretion, depart from or revise the *Rules of Procedure*, including the Appendices.

- 8.1.2 **Commission Decisions and Orders:** The Commission is empowered to reconsider, vary or rescind its decisions, orders, rules and regulations pursuant to Section 99 of the Act. In addition, there is a right of appeal to the Court of Appeal of British Columbia, with leave of a justice of that Court on matters of law or jurisdiction.
- 8.1.3 **Deviations and Waivers of the Rules of Procedure:** The Commission may, in its discretion, depart from or direct the Administrator to depart from the *Rules of Procedure* or perform additional steps not specified in the *Rules of Procedure* relating to the administration of Reliability Standards.
- 8.1.4 **Alteration of Time Limits:** The Commission may, at its discretion, extend or abridge any time limits.

8.2 Interpretation Bulletins and Disputes

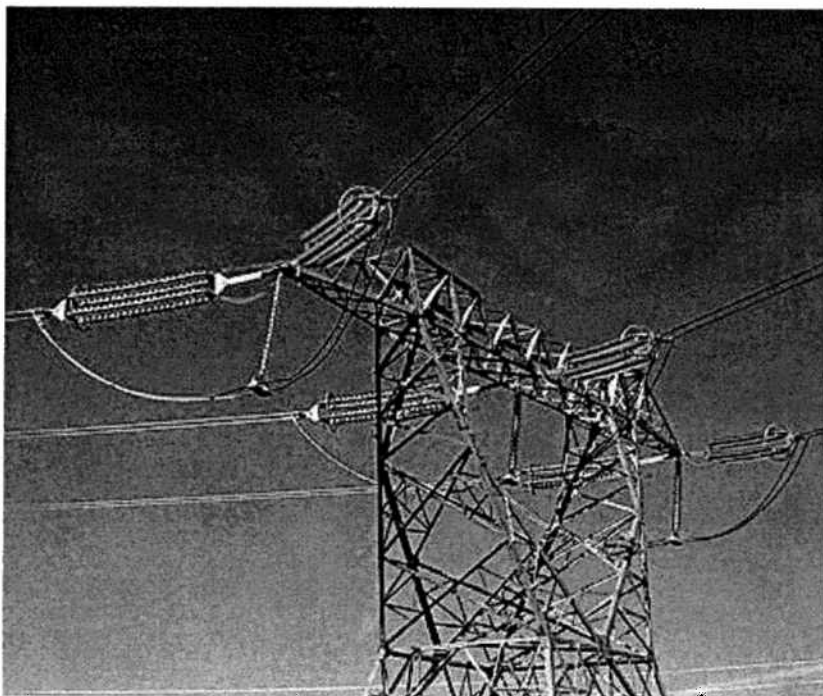
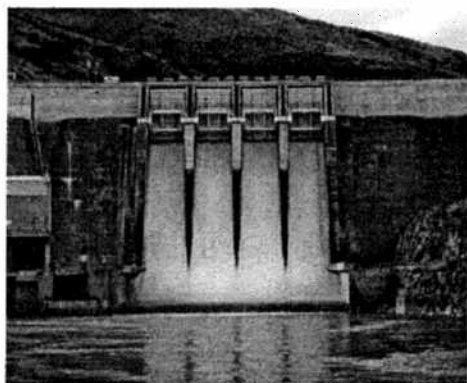
- 8.2.1 **Interpretation Bulletins:** The Commission may issue Interpretation Bulletins, providing additional guidance to Applicable Entities, and the Administrator, on the proper interpretation of Reliability Standards, or the *Rules of Procedure*, including the Appendices. Interpretation Bulletins issued by the Commission on the proper interpretation of Reliability Standards will constitute part of the Compliance Provisions accompanying Reliability Standards.
- 8.2.2 **Commission Determines All Disputes:** All disputes regarding the provisions of the *Rules of Procedure*, including the Appendices, not resolved by the disputing parties will be determined by the Commission. This includes disputes between an Applicable Entity and the Administrator over the proper interpretation of provisions of the *Rules of Procedure* in particular circumstances.

8.3 Reasonableness and Diligence by Participants

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

8.4 Administrator Not An Agent

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



REGISTRATION MANUAL

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

October 2009

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SECTION 1 INTRODUCTION

1.1 Overview

- 1.1.1 This Registration Manual forms part of the Commission's Rules of Procedure for Reliability Standards in British Columbia.
- 1.1.2 The purpose of Registration is to confirm which Applicable Entities must comply with particular Reliability Standards. The *Registration Manual* sets forth the requirements and process for Registration.
- 1.1.3 The Registration process will begin upon the Commission adopting by order the *Rules of Procedure* and this *Registration Manual*. Registration for new Applicable Entities will be ongoing.

1.2 Roles and Responsibilities

- 1.2.1 **Commission:** The Commission determines whether to register Applicable Entities as particular Responsible Entities. The Commission, or the Administrator, may develop further policies, procedures, guides, checklists, or other documents necessary to carry out Registration in an efficient manner, in a form consistent with the Registration Manual and approved by the Commission. The Administrator will make materials relating to Registration, including Registration forms, publicly available on its website.
- 1.2.2 **Applicable Entities:** Applicable Entities identified in Section 3.1.1 must comply with the Registration Manual.

SECTION 2 DEFINITIONS

2.1 Incorporation by Reference

The terms defined in Section 2 of the *Rules of Procedure* are applicable in this *Registration Manual* and are incorporated by reference. Other terms used but not specifically defined in the *Rules of Procedure* or in the *Registration Manual* are defined in the *NERC Glossary of Terms Used in Reliability Standards, 12 February 2008*, or as adopted by the Commission from time to time or otherwise have their commonly understood meanings in the electric power industry.

2.2 Definitions Specific to the *Registration Manual*

- 2.2.1 **Application:** A document completed by an Applicable Entity and submitted to the Administrator to initiate the Registration process. The form of Application is developed by the Administrator in accordance with the requirements of the *Rules of Procedure* and the *Registration Manual*, and approved by the Commission.
- 2.2.2 **Days:** Calendar days unless otherwise specified.

- 2.2.3 **Registration:** A process undertaken by the Commission to confirm an Applicable Entity as one or more of the Responsible Entities identified in section 3.1.1 of this *Registration Manual*.

SECTION 3 REGISTRATION

3.1 Requirement to Register

- 3.1.1 All Applicable Entities responsible for, or intending to be responsible for, the functions of one or more of the Responsible Entities listed below must register through the Commission's Registration process. The Responsible Entities are defined in the *NERC Glossary of Terms Used in Reliability Standards, 12 February 2008*, or as adopted by the Commission from time to time. The responsibilities associated with particular Responsible Entities are specified in the individual Reliability Standards.

Responsible Entities that Must Register
Transmission Operator
Balancing Authority
Planning Authority
Transmission Planner
Transmission Service Provider
Transmission Owner
Resource Planner
Distribution Provider
Generator Owner
Generator Operator
Load-serving Entity
Purchasing-Selling Entity

3.2 Registration Process

The Registration process is as follows:

- (a) An Applicable Entity submits a completed Application to the Administrator by the later of (i) December 31, 2009 (as specified in Commission Order No. G-123-09) or (ii) within 30 Days of the time the Applicable Entity begins carrying out the functions of a Responsible Entity.
 - (i) Application forms and materials pertinent to Registration will be available on the Administrator's website with appropriate links from the Commission's website.

- (ii) If the Commission, or the Administrator, becomes aware of an Applicable Entity's failure to apply for Registration, the Commission, or the Administrator, will contact the Applicable Entity and provide the Applicable Entity with a specific time period to submit a completed Application.
 - (iii) If an Applicable Entity fails to meet the deadline, the Administrator may complete the application forms on the Applicable Entity's behalf and provide a copy of the application to the Applicable Entity.
- (b) The Administrator will review the Application for Registration. The Administrator will inform the Applicable Entity if it believes any of the Information contained in, or supporting, the Application is inaccurate or incomplete, and may request corrected or additional Information or a new Application. The Administrator will then make a recommendation as to whether the Applicable Entity should be registered as a particular Responsible Entity. A copy of the recommendation will be sent to the Applicable Entity.
- (c) The Applicable Entity may file with the Commission a response to the recommendation within twenty-one (21) Days of the date of the recommendation.
- (d) The Commission will determine whether an Applicable Entity should be Registered as a particular Responsible Entity (or Entities).

3.3 Change in Circumstances

- 3.3.1 An Applicable Entity must notify the Administrator in writing of any changes in circumstances that affect the Applicable Entity's Registration. Such notification must detail the particular changes, provide the date of those changes, and describe how those changes affect the Applicable Entity's Registration, and be provided to the Administrator, within sixty (60) Days of the change in circumstances. The Administrator will review the changes in circumstance and make a recommendation to the Commission with a copy to the Applicable Entity as to whether the Applicable Entity's Registration should be revised. The Applicable Entity may file with the Commission a response to the recommendation within twenty-one (21) Days of the date of the recommendation. The Commission will then determine the proper Registration for the Applicable Entity.

3.4 Maintenance and Publication

- 3.4.1 The Administrator will provide a list of registered Responsible Entities on the Administrator's website, updated monthly, with appropriate links from the Commission's website.

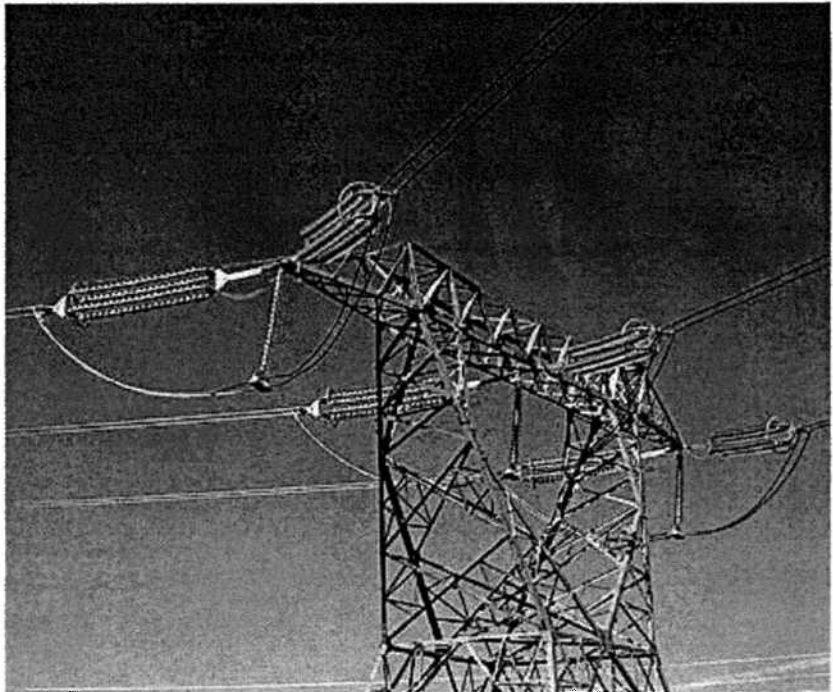
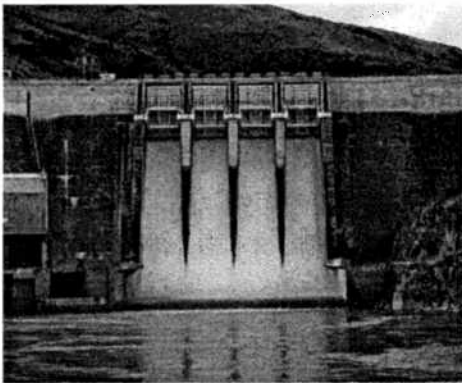
SECTION 4 ASSIGNMENT OF COMPLIANCE RESPONSIBILITY

4.1 Assignment in Writing

An Applicable Entity registered as a load-serving entity, 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 Applicable Entity has, by valid written agreement, transferred responsibility for compliance for that requirement, including reporting, to another Applicable Entity that has registered as the appropriate Responsible Entity for the transferred responsibilities.

4.2 Proof of Assignment

The Commission may require an Applicable Entity to provide to the Commission a copy of the assignment agreement, or provide Attestation by the assignor and assignee of compliance responsibilities.



COMPLIANCE MONITORING PROGRAM

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

October 2009

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1.0 INTRODUCTION

The Commission has developed this *Compliance Monitoring Program* to be used in British Columbia to monitor and assess compliance with Reliability Standards. This is accomplished through the nine (9) compliance monitoring processes outlined in Section 2.0.

1.1 Definitions Incorporated by Reference

1.1.1 The definitions in Section 2 of the *Rules of Procedure* are incorporated into the *Compliance Monitoring Program*. Other terms used but not specifically defined in the *Rules of Procedure* or in the *Compliance Monitoring Program* are defined in the *NERC Glossary of Terms Used in Reliability Standards, 12 February 2008*, or as adopted by the Commission from time to time or otherwise have their commonly understood meanings in the electric power industry.

1.2 Definitions Specific to Compliance Monitoring Program

1.2.1 Annual Audit Plan: A plan developed annually by the Administrator and approved by the Commission that identifies the Reliability Standards and Applicable Entities to be audited, the schedule of Compliance Audits, and Compliance Audit Participant requirements for the calendar year. The Annual Audit Plan is part of the Implementation Plan.

1.2.2 Appeal: An appeal from a Commission order under the Act and includes an application for reconsideration under Section 99 of the Act.

1.2.3 Audit Committee Report: A report prepared by a Compliance Audit Committee established under Section 2.1 and delivered to the Administrator as input into the Administrator's Audit Report. The Audit Committee Report includes a description of: the objective, scope, and methodology of the Compliance Audit; any possible violations of Reliability Standards identified; any Mitigation Plans or Remedial Action Directives, which have been completed or are pending in the year of the Compliance Audit; and any relevant Restricted Information not included in the Report.

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

1.2.5 Audit Report: A report for the Commission pursuant to Section 2.1, which conveys Information regarding an Applicable Entity's possible compliance or non-compliance with Reliability Standards.

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

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

- 1.2.8 Compliance Audit Committee:** The individuals charged with undertaking a Compliance Audit, pursuant to Section 2.1. Members of the Compliance Audit Committee must (i) be free of conflicts of interest; (ii) have signed Confidentiality Agreements; and (iii) have successfully completed Commission approved auditor training.
- 1.2.9 Compliance Audit Participants:** Applicable Entities scheduled to be audited and the Compliance Audit Committee members.
- 1.2.10 Compliance Investigation Committee:** The individuals charged with undertaking a Compliance Violation Investigation, pursuant to Section 2.4. Members of the Compliance Investigation Committee must (i) be free of conflicts of interest; (ii) have signed Confidentiality Agreements; and (iii) have successfully completed Commission approved training applicable to the Compliance Violation Investigation.
- 1.2.11 Compliance Violation Investigation:** A comprehensive investigation, which may include an on-site visit with interviews of the appropriate personnel, to determine if a possible violation of a Reliability Standard has occurred.
- 1.2.12 Days:** Calendar days unless otherwise specified.
- 1.2.13 Exception Reporting:** Information submitted by an Applicable Entity pursuant to Section 2.7 indicating that a violation of a Reliability Standard has occurred (e.g., a system operating limit has been exceeded). Exception Reporting is specifically required by some Reliability Standards and the Commission may identify other Reliability Standards that require Exception Reporting in the Implementation Plan.
- 1.2.14 Hearing:** A hearing conducted by the Commission under the Act.
- 1.2.15 Implementation Plan:** An annual plan approved by the Commission under Section 3.1.
- 1.2.16 Notice of Alleged Violation:** Written notice from the Administrator to an Applicable Entity of an Alleged Violation, which complies with the requirements of Section 4.1.
- 1.2.17 Periodic Information Submittals:** Information submitted by an Applicable Entity pursuant to Section 2.6 to demonstrate compliance with Reliability Standards.
- 1.2.18 Person:** Includes a corporation, partnership or other party and any legal representative of a person to whom the context can apply according to law.
- 1.2.19 Remedial Action Directive:** A Commission order requiring an Applicable Entity to address a possible violation, Alleged Violation or Confirmed Violation of Reliability Standards, issued by the Commission when it concludes that immediate remedial action is necessary to protect the reliability of the Bulk Power System.
- 1.2.20 Self-Certification:** Attestation by an Applicable Entity as to its compliance or non-compliance with Reliability Standards that require self-certification and are included for monitoring in an Implementation Plan.

1.2.21 Self-Certification Reporting Schedule: The schedule for Self-Certification set out in an Implementation Plan.

1.2.22 Self-Reporting: Information prepared by an Applicable Entity pursuant to Section 2.5 identifying a possible violation of a Reliability Standard, based on the Applicable Entity's own assessment, and any actions that were taken or will be taken to resolve the possible violation.

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

1.2.24 Unscheduled Compliance Audit: A Compliance Audit that is not identified in an Annual Audit Plan.

2.0 COMPLIANCE MONITORING

2.1 Compliance Audits

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

2.1.1 Applicability: All Applicable Entities are subject to Compliance Audits for all applicable Reliability Standards.

2.1.2 Notice to Applicable Entities: Prior to January 1 of the year covered by the Annual Audit Plan, the Administrator will notify Applicable Entities subject to Compliance Audits during the upcoming year of: (i) the audit schedules, (ii) audit methods, and (iii) Information requirements for the Compliance Audit. The Administrator will give due consideration to any schedule changes requested by Applicable 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. Applicable Entities will be notified in a timely manner (normally 60 Days in advance) of changes or revisions to scheduled Compliance Audit dates.

2.1.3 Unscheduled Compliance Audit: The Commission may, in its discretion, authorize an Unscheduled Compliance Audit of any Applicable Entity at any time. The Commission may, in its discretion, direct the scope and content of an Unscheduled Compliance Audit. The Administrator will provide the Applicable Entity with at least ten (10) business days advance notice of an Unscheduled Compliance Audit. The notice must identify the Compliance Audit Committee members and their recent employment history, and request Information required for the audit, including a completed pre-audit questionnaire.

2.1.4 Scope Compliance Audit: A Compliance Audit includes an audit of all Reliability Standards applicable to the Applicable Entity and monitored in the Implementation Plans in the current and three previous years, and may include other Reliability Standards applicable to the Applicable Entity. If the Compliance Provisions accompanying a Reliability Standard do not require retention of Information for the full period of the Compliance Audit, the Compliance Audit is applicable to the Information retention period specified in the Compliance Provisions accompanying a Reliability Standard.

2.1.5 Process: The process steps for a Compliance Audit are as follows:

- 1) At least sixty (60) Days prior to commencement of a scheduled Compliance Audit, the Administrator will notify the Applicable Entity of the Compliance Audit, identify the Compliance Audit Committee members and their recent employment history, and request Information, including a completed pre-audit questionnaire.
- 2) The Applicable Entity may object to the composition of the Compliance Audit Committee. Such objections must be provided in writing to the Administrator, no later than fifteen (15) Days prior to the start of on-site audit work. This fifteen (15) Day requirement does not apply (i) where a Compliance Audit Committee member has been appointed less than twenty (20) Days prior to the start of on-site audit work, in which case the Applicable Entity must provide any objections to the Administrator within five (5) business days after receiving notice of the appointment of the Compliance Audit Committee member; or (ii) in the case of an Unscheduled Compliance Audit, in which case the Applicable 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 Committee informally with the Applicable Entity. If the Administrator does not agree with the objection and cannot resolve the issue informally, the Applicable Entity may request a determination by the Commission by filing a written request with the Commission no later than two (2) Days after receiving notification from the Administrator that the Administrator does not agree with the objection.
- 3) At the time of the Compliance Audit, the Applicable Entity will provide to the Compliance Audit Committee the required Information in the format specified in the request.
- 4) The Compliance Audit Committee will prepare a draft Audit Committee Report. The Compliance Audit Committee will consider corrections based on comments of the Applicable Entity and provide the final Audit Committee Report to the Administrator.
- 5) The Administrator will prepare a confidential Audit Report for the Commission, with a copy to the Applicable Entity. If the Audit Report identifies an Alleged Violation, the Administrator may, and if directed by the Commission will, also provide the Applicable Entity and the Commission with a Notice of Alleged Violation under Section 4.1, and the process proceeds as set out in Section 4.0.

- 6) Unless an Alleged Violation(s) is confirmed by the Commission following the process set out in Section 4.0, the Audit Report will remain confidential.

2.1.6 Duration of Process: The Compliance Audit process normally concludes within sixty (60) Days of the completion of the on-site audit work by the Compliance Audit Committee, but may take longer if an Alleged Violation is identified.

2.2 Self-Certification

The Administrator will develop a Self-Certification program for approval by the Commission. The Self-Certification program will include a Self-Certification Reporting Schedule and Self-Certification documentation.

2.2.1 Applicability: Applicable Entities are required to self-certify their compliance with applicable Reliability Standards at the times specified in a Commission-approved Self-Certification Reporting Schedule. The Administrator will implement and maintain a Self-Certification program, including a Self-Certification Reporting Schedule and required documentation, to be included in the annual Implementation Plan.

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

- 1) The Commission will approve a Self-Certification Reporting Schedule.
- 2) Upon approval by the Commission, the Administrator will post the Self-Certification Reporting Schedule on its website and deliver notice of the Self-Certification Reporting Schedule to the Applicable Entities. The Applicable Entity must make a Self-Certification within the advance notice period specified by the Compliance Provisions accompanying a Reliability Standard. If the Compliance Provisions accompanying a Reliability Standard do not specify the advance notice period, this request will be issued in a timely manner (normally thirty (30) Days advance notice).
- 3) The Applicable Entity will provide Attestation to the Administrator. A possible violation of Reliability Standards identified by the Responsibility Entity will be considered an Alleged Violation. The Administrator will provide the Applicable Entity with a Notice of Alleged Violation under Section 4.1 and the process proceeds as set out in Section 4.0.
- 4) The Administrator may request additional Information from the Applicable Entity as necessary.
- 5) If the Administrator identifies an Alleged Violation, it may, and if directed by the Commission will, provide the Commission and the Applicable Entity with a Notice of Alleged Violation under Section 4.1 and the process proceeds as set out in Section 4.0.

2.2.3 Duration of Process: The Self-Certification process normally concludes within ninety (90) Days from the time the Applicable Entity provides an Attestation, but may take longer if an Alleged 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 Applicable Entity in the Self-Certification.

2.3 Spot Checking

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

2.3.1 Applicability: All Applicable Entities are subject to Spot Checking for applicable Reliability Standards.

2.3.2 Scope and Purpose of Spot Checks: Spot Checking may be initiated at any time to verify or confirm Self-Certifications, Self Reporting, and Periodic Information Submittals. Spot Checking may also be random or may be initiated in response to events, as described in the Reliability Standards, or by operating problems, or system events. An Unscheduled Compliance Audit may be initiated as necessary, pursuant to Section 2.1.3.

2.3.3 Process: The process steps for Spot Checking are as follows:

- 1) The Administrator will notify the Applicable Entity, with a copy to the Commission, that Spot Checking will be performed, and will advise of the reason for the Spot Checking, within the advance notice period specified by the Compliance Provisions accompanying a Reliability Standard. If the Compliance Provisions accompanying a Reliability Standard do not specify the advance notice period, the Applicable Entity will have twenty (20) Days to submit the Information or make it available for review.
- 2) The Spot Checking may require submission of Information, or an on-site review.
- 3) The Applicable Entity will provide required Information to the Administrator in the format specified in the request.
- 4) The Administrator will review the Information and may request the Applicable Entity to provide clarification or additional Information.
- 5) The Administrator will review with the Applicable Entity its draft assessment of the Applicable Entity's compliance, and provide an opportunity for the Applicable Entity to comment on the draft assessment.
- 6) The Administrator will complete the assessment of the Applicable Entity and provide a report to the Commission and the Applicable Entity indicating the results of the Spot Checking.
- 7) If the Administrator identifies an Alleged Violation, then it may, and if directed by the Commission will, provide the Commission and the Applicable Entity with a Notice of Alleged Violation under Section 4.1 and the process proceeds as set out in Section 4.0.

- 2.3.4 Duration of Process:** The Spot Checking process normally concludes within ninety (90) Days from the time the Applicable Entity first provides Information to the Administrator, but may take longer if an Alleged Violation is identified.

2.4 Compliance Violation Investigations

The Administrator may, and at the direction of the Commission will, conduct Compliance Violation Investigations.

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

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

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

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

- 5) If necessary, the Compliance Violation Investigation may include an on-site visit with interviews of the appropriate personnel and review of Information.
- 6) The Applicable Entity will provide the required Information to the Administrator in the format as specified in the request.
- 7) The Administrator will review Information from the Applicable Entity, and may request additional Information if necessary for a complete assessment.
- 8) The Administrator will provide a report of its findings to the Commission, with a copy to the Applicable Entity.
- 9) If the Administrator identifies an Alleged Violation, then it may, and if directed by the Commission will, provide the Applicable Entity with a Notice of Alleged Violation under Section 4.1 and the process proceeds as set out in Section 4.0.

2.4.4 Duration of Process: The Compliance Violation Investigation process normally concludes within one hundred and twenty (120) Days from the time notice of the Compliance Violation Investigation, but may take longer if an Alleged Violation is identified.

2.5 Self-Reporting

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

2.5.1 Applicability: All Applicable Entities are encouraged to Self-Report, but are not obligated to do so.

2.5.2 Scope and Purpose of Self-Reporting: Self-Reporting is encouraged when a Applicable Entity becomes aware of (i) a violation of a Reliability Standard, or (ii) a change in the nature or severity of a previous Confirmed Violation.

2.5.3 Process: The process steps for Self-Reporting are as follows:

- 1) The Administrator will post the Self-Reporting submittal forms and ensure that they are maintained and available on its web site.
- 2) The Applicable Entity will provide the Self-Reporting Information to the Administrator.
- 3) The Administrator will review the Information and may request the Applicable Entity to provide clarification or additional Information.
- 4) The Administrator will complete the review of the Applicable Entity, including a review of any Mitigation Plan, and will notify the Applicable Entity of the results.
- 5) If the Administrator identifies an Alleged Violation, then it may, and if directed by the Commission will, provide the Commission and the Applicable Entity with a Notice of Alleged Violation under Section 4.1, and the process proceeds as set out in Section 4.0.

- 2.5.4 Duration of Process:** The Self-Reporting process normally concludes within sixty (60) Days from the time the Applicable Entity first provides Self-Reporting Information, but may take longer if an Alleged Violation is identified.

2.6 Periodic Information Submittals

The Administrator will implement and maintain the Periodic Information Submittals process.

- 2.6.1 Applicability:** Periodic Information Submittals are required for all Applicable Entities with respect to applicable Reliability Standards.

- 2.6.2 Scope and Frequency of Periodic Information Submittals:** The timing of Periodic Information Submittals is determined in accordance with the schedule (i) stated in the Compliance Provisions accompanying the applicable Reliability Standard, (ii) in the Implementation Plan, or (iii) as otherwise directed by the Commission.

- 2.6.3 Process:** The process steps for Periodic Information Submittal are as follows:

- 1) The Commission will approve specific requirements for Periodic Information Submittals unless a schedule is already specified in the Compliance Provisions accompanying the applicable Reliability Standard.
- 2) The Administrator will post the current Periodic Information Submittal schedule on its web site. The Administrator will keep Applicable Entities informed of changes and/or updates by delivering notice to Applicable Entities.
- 3) The Administrator will issue a request to the Applicable Entity for a Periodic Information Submittal in accordance with the Commission-approved schedule for Periodic Information Submittal. Requests for Periodic Information Submittals will be issued by the Administrator to Applicable Entities with at least the minimum advance notice period specified by the applicable Reliability Standard. If the Compliance Provisions accompanying the applicable Reliability Standard do not specify an advance notice period, the request will be issued with no less than twenty (20) Days advance notice.
- 4) The Applicable Entity will provide the requested Information to the Administrator in the format as specified in the request.
- 5) The Administrator will review with the Applicable Entity the Information and may request the Applicable Entity to provide clarification or additional Information.
- 6) The Administrator will provide the Applicable Entity with a draft report and opportunity for the Applicable Entity to comment on the report before it is finalized.
- 7) The Administrator will complete its assessment of the Applicable Entity for compliance with the Reliability Standard and will notify the Applicable Entity of its assessment.

- 8) If the Administrator identifies an Alleged Violation, then it may, and if directed by the Commission will, provide the Commission and the Applicable Entity with a Notice of Alleged Violation under Section 4.1 and the process proceeds as set out in Section 4.0.

2.6.4 Duration of Process: The Periodic Data Submittal process normally concludes within ten (10) Days from the time the Applicable Entity first provides the Information, but may take longer if an Alleged Violation is identified.

2.7 Exception Reporting

The Administrator will develop an Exception Reporting process for approval by the Commission.

2.7.1 Applicability: Exception Reporting is required for all Applicable Entities for applicable Reliability Standards and for other standards identified by the Commission in the Implementation Plan.

2.7.2 Scope and Purpose of Exception Reporting: The Compliance Provisions accompanying some Reliability Standards require reporting of exceptions to compliance with the Reliability Standard as a form of compliance monitoring. The Commission may also identify in the Implementation Plan other standards for which Exception Reporting is required. Applicable Entities must provide to the Administrator reports identifying any exceptions to the extent required by the Compliance Provisions accompanying the applicable Reliability Standard or as otherwise directed by the Commission. Applicable Entities must also advise the Administrator as to the number of exceptions that have occurred within a given time period identified by the Commission, even if the number of exceptions is zero.

2.7.3 Process: The process steps for Exception Reporting are as follows:

- 1) When an Applicable Entity submits an Exception Report to the Administrator, the Administrator will review the Exception Report and may request the Applicable Entity to provide clarification or additional Information.
- 2) If the Administrator identifies an Alleged Violation, then it may, and if directed by the Commission will, provide the Applicable Entity with a Notice of Alleged Violation under Section 4.1 and the process proceeds as set out in Section 4.0.

2.8 Complaints

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

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

2.8.2 Scope and Purpose of Complaints Process: The Commission will review Complaints alleging violations of a Reliability Standard.

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

- 1) Complainants will submit Complaints to the Commission. The Complaint should include sufficient Information to enable the Commission to make an assessment of whether the initiation of a Compliance Violation Investigation is warranted. The Commission may determine not to act on a Complaint if the Complaint is incomplete and does not include sufficient Information.
- 2) The Commission will determine based on a review of the Complaint, and any other Information within the Commission's possession, whether a Compliance Violation Investigation under Section 2.4 is warranted.
- 3) If the Commission determines that a Compliance Violation Investigation is warranted, then it will direct the Administrator to initiate the Compliance Violation Investigation in accordance with Section 2.4.
- 4) If the Commission determines that a Compliance Violation Investigation is not warranted, then it will notify the complainant and the Applicable 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

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

3.0 ANNUAL IMPLEMENTATION AND AUDIT PLANS

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 pro-active monitoring by the Administrator including those that require Exception Reporting;
- 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 Plan;
- 5) Include a summary report of the Confirmed Violations during the previous year and the status of any applicable Mitigation Plans;
- 6) Include a Self-Certification Schedule; and
- 7) Identify any additional Periodic Information Submittal requirements.

3.1.3 Publication: Once approved by the Commission, the Implementation Plan will be posted on the Administrator's website, with appropriate links from the Commission's website.

4.0 NOTICE OF ALLEGED VIOLATION

4.1 Notification to Applicable Entity of Alleged Violation

4.1.1 Recipients of Notice: A Notice of Alleged Violation required by a compliance monitoring process outlined in Section 2.0 will be provided to the Applicable Entity's Compliance Contact. A Notice of Alleged Violation will be treated as confidential unless and until the Commission confirms the Alleged Violation as a Confirmed Violation.

4.1.2 Scope and Purpose of Notice: A Notice of Alleged Violation must contain, at a minimum:

- 1) The Reliability Standard and the specific requirement(s) of the Reliability Standard that are 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 allegedly demonstrate or constitute the Alleged Violation;
- 4) A detailed reminder of (i) the Applicable Entity's rights and obligations pursuant to Section 4.2, and (ii) the right under Section 5.1.2 to file a Mitigation Plan while contesting an Alleged Violation.

4.2 Applicable Entity Response

4.2.1 Time for Response: The Applicable Entity has thirty (30) Days to respond to a Notice of Alleged Violation. Responses are to be submitted to the Commission and the Administrator. If the Applicable Entity fails to respond within thirty (30) Days, the Commission may consider the Alleged Violation in the absence of a submission from the Applicable Entity.

4.2.2 Applicable Entity Options for Response: The Applicable Entity has two options in responding to a Notice of Alleged Violation:

- 1) The Applicable Entity may agree with the Alleged Violation, and agree to submit and implement a Mitigation Plan to correct the Alleged Violation and its underlying causes, in accordance with Section 5.0, or
- 2) The Applicable Entity may contest the Alleged Violation, provide an explanation of its position, and include any supporting Information.

4.2.3 If the Applicable Entity contests the Alleged Violation the Commission will hold a Hearing.

5.0 MITIGATION PLANS

5.1 Requirement for Submission of Mitigation Plans

5.1.1 Where Confirmed Violation: An Applicable Entity found to be in Confirmed Violation of a Reliability Standard must prepare (i) a proposed Mitigation Plan to correct the Confirmed Violation, or (ii) a description of how the Confirmed Violation has been mitigated.

5.1.2 Where Alleged Violation: An Applicable Entity may elect to prepare a Mitigation Plan while contesting an Alleged Violation. The preparation, submission or implementation of a Mitigation Plan will not be an admission of the Alleged Violation. In the event the Commission dismisses the Alleged Violation, the Applicable Entity is not required to continue to prepare or implement the Mitigation Plan.

5.1.3 A Mitigation Plan does not take effect until approved by the Commission.

5.2 Contents of Mitigation Plans

5.2.1 A Mitigation Plan must include the following Information:

- 1) The Applicable 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 Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.

- 3) The cause of the Alleged or Confirmed Violation(s).
- 4) The Applicable Entity's action plan to correct the Alleged or Confirmed Violation(s).
- 5) The Applicable Entity's action plan to prevent recurrence of the Alleged or Confirmed Violation(s).
- 6) The anticipated impact of the Mitigation Plan on the Bulk Power System reliability and an action plan to mitigate any increased risk to the reliability of the Bulk Power System while the Mitigation Plan is being implemented.
- 7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.
- 8) Implementation milestones no more than ninety (90) Days apart for Mitigation Plans with expected completion dates more than ninety (90) Days from the date of submission.
- 9) Any other Information as directed by the Commission.

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

5.3 Time for Filing of Mitigation Plans

5.3.1 When Alleged Violation: A Mitigation Plan in respect of an Alleged Violation may be submitted at any time.

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

5.4 Time for Completion of Mitigation Plans

5.4.1 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 Alleged or Confirmed Violation(s) prior to the next Compliance Audit, Self-Certification, Self-Reporting, or Periodic Review, whichever comes first. At the request of the Applicable 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 Subsequent Alleged Violations of Similar Nature

- 5.5.1** 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.
- 5.5.2** Subsequent Alleged Violations of a similar nature to the initial Alleged Violation may not be held in abeyance if (i) the Applicable Entity has not yet submitted a Mitigation Plan, or (ii) the Applicable Entity has submitted a Mitigation Plan but it is rejected by the Commission.

5.6 Process for Receiving Proposed Mitigation Plans

- 5.6.1** Proposed Mitigation Plans are first submitted by the Applicable Entity to the Commission and the Administrator.
- 5.6.2** The Administrator will complete its review of the proposed Mitigation Plan, and will advise the Applicable Entity whether it agrees or disagrees with the proposed Mitigation Plan, within thirty (30) Days of receipt. If the Administrator disagrees with the proposed Mitigation Plan, detailed reasons for its disagreement will be provided to the Applicable Entity.
- 5.6.3** If the Administrator agrees with the proposed Mitigation Plan, it will promptly forward the proposed Mitigation Plan to the Commission, accompanied by a recommendation of acceptance.
- 5.6.4** If the Administrator disagrees with the proposed Mitigation Plan, the Applicable Entity can, at its option, either (i) apply to the Commission for acceptance of its proposed Mitigation Plan, or (ii) submit a revised Mitigation Plan to the Commission and the Administrator. The Administrator will notify the Applicable Entity within ten (10) business days after receipt of a revised Mitigation Plan whether the Administrator agrees or disagrees with the revisions.
- 5.6.5** If the Administrator still disagrees with the Applicable Entity's revisions to the proposed Mitigation Plan, the Applicable Entity can, at its option, either (i) apply to the Commission for acceptance of its proposed Mitigation Plan, or (ii) submit further revisions to its proposed Mitigation Plan within ten (10) business days. The Administrator will notify the Applicable Entity within ten (10) business days after receipt of a further revised proposed Mitigation Plan whether the Administrator agrees or disagrees with the further revisions.
- 5.6.6** If the Administrator still disagrees with the further revisions to the proposed Mitigation Plan, the Applicable Entity must promptly apply to the Commission for acceptance of its proposed Mitigation Plan. The Administrator will advise the Commission of its reasons for disagreeing with a proposed Mitigation Plan.

- 5.6.7 Following receipt of the application for acceptance of the proposed Mitigation Plan and the Administrator's reasons for disagreeing with the proposed Mitigation Plan, the Commission will hold a Hearing.

5.7 Completion/Confirmation of Implementation of Mitigation Plans

- 5.7.1 The Applicable Entity must provide updates at least quarterly to the Commission and 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.
- 5.7.2 Upon completing implementation of the Mitigation Plan, the Applicable Entity must provide Attestation to the Commission and the Administrator that all required actions described in the Mitigation Plan have been completed and must include Information sufficient to verify completion. The Commission or the Administrator may conduct Spot Checking or Compliance Audits in accordance with Section 2.0 to verify that all required actions in the Mitigation Plan have been completed.
- 5.7.3 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 Recordkeeping

- 5.8.1 Information meeting the definitions of Confidential Information or Personal Information in the *Rules of Procedure* must be handled in accordance with Section 6 of the *Rules of Procedure*.

6.0 REMEDIAL ACTION DIRECTIVES

6.1 Purpose and Scope

- 6.1.1 **Purpose:** The Commission may, in its sole discretion, issue a Remedial Action Directive pursuant to Section 72 and Section 73 of the Act to protect the reliability of the Bulk Power System.
- 6.1.2 **Scope:** A Remedial Action Directive may include, but is not limited to, any of the following: specifying operating or planning criteria, limits, or limitations; requiring specific system studies; defining operating practices or guidelines; requiring confirmation of Information, practices, or procedures through inspection testing or other methods; requiring specific training for personnel; requiring development of specific operating plans; directing an Applicable Entity to develop and comply with a Mitigation Plan; imposing increased auditing or additional training requirements; and requiring an Applicable Entity to cease an activity that may constitute a violation of a Reliability Standard.

6.1.3 When Ordered: The Commission may, in its sole discretion, issue a Remedial Action Directive at any time, regardless of whether a possible or Alleged Violation has been confirmed by the Commission as a Confirmed Violation.

7.0 DOCUMENT PRODUCTION BY THE ADMINISTRATOR

7.1 Documents to be Produced

7.1.1 If the Commission conducts a Hearing with respect to an Alleged Violation of a Reliability Standard, the Administrator will make available for inspection and copying at the Commission offices in Vancouver, British Columbia by the Applicable 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 7.2.1.

7.2 Documents That May Be Withheld

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

ADMINISTRATION AGREEMENT
BETWEEN
THE BRITISH COLUMBIA UTILITIES COMMISSION
AND
THE WESTERN ELECTRICITY COORDINATING COUNCIL

This ADMINISTRATION AGREEMENT (the "Agreement") has been entered into by the BRITISH COLUMBIA UTILITIES COMMISSION (the "BCUC"), a regulatory commission established under the laws of British Columbia, Canada and continued under the Utilities Commission Act, R.S.B.C. 1996, c.473 ("UCA") and the WESTERN ELECTRICITY COORDINATING COUNCIL ("WECC"), a Utah non-profit corporation organized under the laws of Utah, United States of America, collectively the "Parties".

RECITALS

- A. Reliability of the electric power system has long been a priority in the Province of British Columbia. British Columbians have been engaged with reliability efforts and have been working with WECC, the North American Electric Reliability Corporation ("NERC") and their various predecessors for decades.
- B. British Columbia has in the order of 15,000 km of high voltage transmission lines (100 kV and above) and 12,000 MW of installed generation capacity. British Columbia maintains active interconnections with others in the WECC region, both as to Canada (500 kV and 138 kV interconnections with Alberta) and the United States (500 kV and 230 kV interconnections with the United States).
- C. Major public utilities in British Columbia play a significant role in supporting the WECC and the region's reliability initiatives. As WECC members, British Columbia public utilities fund WECC and its activities and programs directly. In addition, representatives and staff of British Columbia entities provide active leadership and representation on WECC's Board, committees and work teams.
- D. British Columbians also continue to be engaged directly with NERC, with representation from British Columbia from time to time at the NERC Board, committee and work team levels. British Columbia experts have been called on from time to time to participate on blue ribbon panels and in other investigative and advisory capacities related to electric reliability and standards development.
- E. Prior to the introduction of mandatory reliability standards, British Columbia transmission providers and generators have been active participants in WECC's voluntary Reliability Management System (RMS), as well as in the formation and operation of the Pacific Northwest Security Coordinator (PNSC) and its ultimate transition into the WECC Regional Reliability Organization structure.
- F. The British Columbia legislature has passed legislation to amend the UCA, to provide for mandatory reliability standards in British Columbia. This legislation provides for reliability standards to be adopted in British Columbia ("*Reliability Standards*") by the BCUC. The UCA

also provides for provincial regulation to prescribe the various generators, distributors, owners, operators and users of the bulk power system in British Columbia to which the *Reliability Standards* shall apply. The BCUC is then responsible for monitoring and enforcing compliance with those standards in British Columbia.

- G. Pursuant to the UCA, the BCUC is authorized to appoint or engage persons who have special or technical knowledge necessary to assist the BCUC in carrying out its functions. The BCUC recognizes WECC's technical knowledge in respect of reliability standards, and wishes to engage WECC to assist the BCUC in respect of (1) functional registration of British Columbia entities and (2) monitoring compliance with the *Reliability Standards*. For clarity, the BCUC is not engaging WECC in respect of enforcement or other matters that are to be addressed by the BCUC.
- H. This Agreement is to clarify and finalize WECC's agreement with the BCUC to assist the BCUC by performing (1) functional registration of British Columbia entities and (2) compliance monitoring activities of entities subject to the *Reliability Standards*.

AGREEMENT

In consideration of the mutual covenants and agreements herein contained, the Parties hereby agree as follows:

1. SCOPE OF AUTHORITY

The BCUC grants WECC the authority to act as the BCUC's Administrator in the administration of the approved *Reliability Standards* program in British Columbia. This grant of authority is restricted to the actions and obligations specified in the *Rules of Procedure*, including the attached *Registration Manual* and *Compliance Monitoring Program*, and as otherwise ordered by the BCUC. WECC shall have the authority to issue noti, request documents, and interview employees from Applicable Entities and carry out Spot Checks on behalf of the BCUC. WECC shall make recommendations to the BCUC as to whether there has been a violation of the *Reliability Standards* but shall not make any findings of a violation of the *Reliability Standards*. WECC shall not, with the exception of any authority that WECC may have as Reliability Coordinator for British Columbia, require any action by an Applicable Entity in British Columbia outside of the administrative role described in this Agreement and the *Rules of Procedure*.

Nothing in this Agreement delegates any of the BCUC's statutory jurisdiction to WECC. The BCUC is engaging WECC as an entity having special or technical knowledge necessary to assist the BCUC in carrying out its obligations under the UCA. WECC is only being retained to the extent contemplated in this Agreement.

This Agreement shall not in any way constitute a delegation of any BCUC authority to make a finding of a violation or enforce compliance with the *Reliability Standards* or create a

partnership or agency between WECC and the BCUC. WECC shall not be deemed to be the legal representative of the BCUC for the purpose of this Agreement. The trade names and trademarks of each party shall at all times remain the separate and sole property of that individual party.

Nothing in this agreement reduces WECC's own authority as the Regional Reliability Organization, Reliability Coordinator and Interchange Authority for the Western Interconnection or imposes any restrictions on WECC activities or operations in the United States of America, Mexico and Alberta.

2. PROVISION OF SERVICES

WECC shall follow the *Rules of Procedure* and applicable Orders of the BCUC, when acting as the BCUC's Administrator. WECC shall provide all necessary notices, reports, summaries, and other program documents to the BCUC for review and approval, as required by this Agreement and the *Rules of Procedure*, or as otherwise ordered by the BCUC.

2.1 ADMINISTRATION OF THE RELIABILITY STANDARDS

WECC shall assist the BCUC in the day-to-day administration of the *Reliability Standards*, as set out in the *Rules of Procedure*. WECC may develop further policies, procedures, guides, checklists, or other documents necessary to carry out the *Rules of Procedure*. WECC shall submit any such policies, procedures, guides, checklists, or other documents to the BCUC for review and approval before use by WECC. WECC shall make materials relating to the administration of the *Reliability Standards* available on its web site.

2.2 REGISTRATION OF APPLICABLE ENTITIES

WECC shall assist the BCUC in the day-to-day administration of Registration, as set out in the *Registration Manual*. WECC may develop further policies, procedures, guides, checklists, or other documents necessary to carry out Registration in an efficient manner, in a form consistent with the *Registration Manual*. WECC shall submit any such policies, procedures, guides, checklists, or other documents to the BCUC for review and approval before use by WECC. WECC shall make materials relating to Registration, including Registration forms, publicly available on its web site.

2.3 MONITORING COMPLIANCE

WECC shall assist the BCUC in the day-to-day compliance monitoring of Applicable Entities, as set out in the *Compliance Monitoring Program*. WECC may develop further policies, procedures, guides, checklists, or other documents necessary to carry out compliance monitoring in an efficient manner, in a form consistent with the *Compliance Monitoring Program* and the *Rules of Procedure*. WECC shall submit any such policies,

procedures, guides, checklists, or other documents to the BCUC for review and approval before use by WECC. WECC shall make materials relating to compliance monitoring, including program guides, schedules, and forms, publicly available on its web site.

WECC shall draft and submit annually to the BCUC for review and approval a draft Implementation Plan (the "Plan") for the following calendar year. The draft Plan shall meet the requirements of the *Rules of Procedures*, generally, and specifically identified in the *Compliance Monitoring Program*. The BCUC will review the Plan and either approve the Plan or request changes to the Plan.

Information meeting the definitions of Confidential Information or Personal Information in the *Rules of Procedure* must be handled in accordance with the *Rules of Procedure* and Section 3 of this Agreement.

2.3.1 Compliance Audits

WECC shall perform Compliance Audit activities for, and as directed by, the BCUC in a manner consistent with a BCUC-approved Implementation Plan. WECC may employ Audit Guidelines to facilitate the Compliance Audit process, as approved by the BCUC.

2.3.1.1 WECC shall provide the Applicable Entity with advanced notice of an audit as specified in the *Compliance Monitoring Program*.

2.3.1.2 WECC shall designate a Compliance Audit Committee for each audit. Unless otherwise ordered by the BCUC, the Compliance Audit Committee shall be:

- i. Comprised of at least one employee of WECC, but may include contractors and industry volunteers to comprise a sufficient Compliance Audit Committee; and
- ii. Led by a WECC employee.

2.3.2 Self Certification

WECC shall implement and maintain the self-certification program for, and as directed by, the BCUC. WECC shall develop a self-certification reporting schedule for approval by the BCUC, develop self-certification documentation, and receive information and attestation from applicable entities. WECC shall ensure that the appropriate required submittal forms for the *Reliability Standards* being evaluated are maintained and available on its web site.

2.3.3 Spot Checking

WECC shall conduct Spot Checking for, or as directed by, the BCUC. If WECC has reason to believe that a Spot Check is necessary, WECC shall advise the BCUC of intention to carry out a Spot Check.

2.3.4 Compliance Violation Investigations

WECC shall conduct Compliance Violation Investigations for, and as directed by, the BCUC. If WECC has reason to believe that a Compliance Violation Investigation should be initiated, WECC shall coordinate with and seek the approval of the BCUC to initiate an investigation.

2.3.5 Self Reporting

WECC shall receive and process Self-Reporting by Applicable Entities for, and as directed by, the BCUC. WECC shall ensure that the submittal forms for Self Reporting are maintained and available via its web site.

2.3.6 Periodic Information Submittals

WECC shall implement and maintain the Periodic Information Submittals process for, and as directed by, the BCUC. WECC shall ensure that the submittal forms for the *Reliability Standards* being evaluated are maintained and available via its web site.

2.3.7 Exception Reporting

Exception Reporting may be required under certain *Reliability Standards*, the BCUC annual Implementation Plan or as part of a Mitigation Plan. WECC shall implement and maintain the Exception Reporting process for, and as directed by, the BCUC. WECC shall ensure that the submittal forms for the *Reliability Standards* being evaluated are maintained and available via its web site.

2.3.8 Complaints

WECC shall conduct any further activities for, and as directed by, the BCUC in response to a Complaint received by the BCUC regarding compliance with the *Reliability Standards*.

2.4 MITIGATION PLANS

After a finding of a violation by the BCUC, WECC shall monitor the Applicable Entity's implementation of and compliance with any Mitigation Plan and shall maintain a record containing the following Information for each Mitigation Plan:

- i. The name of Applicable Entity;
- ii. The date of the Alleged or Confirmed Violation(s);
- iii. The monitoring method by which the Alleged or Confirmed Violation(s) was detected, i.e., Self-Certification, Self-Reporting, Compliance Audit, Compliance Violation Investigation, Complaint, etc;
- iv. The date the Notice of Alleged Violation was delivered to the Applicable Entity;
- v. The date of the BCUC's confirmation of Alleged Violation as a Confirmed Violation (if applicable);
- vi. The expected and actual completion date of the Mitigation Plan and major milestones;
- vii. The expected and actual completion date for each required action in the Mitigation Plan;
- viii. The accepted changes to milestones, completion dates, or scope of the Mitigation Plan; and
- ix. The Applicable Entity's Attestation of completion and any other Information submitted as evidence of completion.

If WECC believes the Mitigation Plan has been successfully completed, WECC shall advise the BCUC of its assessment and provide the BCUC with a copy of the record containing the information identified above.

If WECC believes that an Applicable Entity may not be complying with a Mitigation Plan or is not in compliance with the applicable Reliability Standard(s) following completion of the Mitigation Plan, WECC shall notify the BCUC. Such notice shall:

- i. Identify the possible deviation from the Mitigation Plan or *Reliability Standard(s)*;
- ii. Explain WECC's analysis of the implications of non-compliance with the Mitigation Plan or *Reliability Standard(s)*; and
- iii. Include an assessment of whether a Remedial Action Directive is required to protect system reliability.

2.5 REMEDIAL ACTION DIRECTIVES

WECC may recommend the BCUC issue a Remedial Action Directive to protect the reliability of the Bulk Power System from an imminent threat. As part of the recommendation, WECC shall:

- i. Identify possible, Alleged, or Confirmed Violations of *Reliability Standards*;
- ii. Explain WECC's analysis of the need for a Remedial Action Directive and the implications of not issuing a Remedial Action Directive;
- iii. Explain WECC's analysis of the urgency, and in particular why the normal compliance monitoring processes and a Mitigation Plan are insufficient to address the possible or Alleged Violation;
- iv. Confirm that, prior to recommending a Remedial Action Directive, WECC has consulted the Reliability Coordinator for the Applicable Entity, to ensure that a Remedial Action Directive, if directed, would not be in conflict with directives issued by the Reliability Coordinator;
- v. Recommend a deadline for compliance with *Reliability Standards*;
- vi. Explain WECC's analysis of whether a Remedial Action Directive obviates the need for a Mitigation Plan; and
- vii. Provide a draft of the Remedial Action Directive.

Following the issuance of a Remedial Action Directive by the BCUC, WECC shall complete the assessment of the Applicable Entity's compliance with the Remedial Action Directive and applicable *Reliability Standards* (s). WECC shall maintain a record for each Remedial Action Directive as per the record keeping requirements for a Mitigation Plan.

If WECC believes that an Applicable Entity may not be complying with a Remedial Action Directive or may not be in compliance with the applicable Reliability Standard(s) following completion of the Remedial Action Directive, WECC shall notify the BCUC.

Such notice shall:

- i. Identify the possible deviation from the Remedial Action Directive or *Reliability Standard*; and
- ii. Explain WECC's analysis of the implications of non-compliance with the Remedial Action Directive or *Reliability Standard*.

2.6 WECC STAFFING

WECC shall:

- i. Provide technically trained staff to implement and administer the *Reliability Standards* as outlined in the *Rules of Procedure* and Orders of the BCUC;
- ii. Maintain adequate staffing specifically trained on the *Rules of Procedure*; and
- iii. Make available for a Hearing, if required by the BCUC, staff or other individuals retained by WECC to assist the BCUC Staff or provide evidence as requested.

2.7 WEBSITES

WECC shall maintain a website available to the BCUC and all Applicable Entities. The website shall provide access to information and documentation related to BCUC's monitoring and enforcement program for *Reliability Standards*.

The BCUC shall provide a link to the WECC website on the BCUC's website.

2.8 RECORDS RETENTION POLICY

WECC shall develop and maintain a records retention policy that meets the minimum time required to maintain the BCUC documentation. WECC shall provide a copy of its records retention policy to the BCUC.

3. CONFIDENTIAL, RESTRICTED, AND PERSONAL INFORMATION

As defined in the BCUC *Rules of Procedure*, certain information may be designated as Confidential Information, Personal Information, or Restricted Information.

3.1 OBLIGATION TO PRESERVE CONFIDENTIALITY:

WECC shall take all necessary precautions to maintain the confidentiality of Confidential Information received from Disclosing Parties and in so doing shall not, even under conditions of confidence, make available, disclose, provide or communicate Confidential Information to a third party except as provided under the *Rules of Procedure*.

3.1.1 Confidentiality During Compliance Monitoring Process

WECC may not, except with prior BCUC approval, disclose to an Applicable Entity or any third party any portion of a document that:

- i. Contains privileged legal advice obtained by WECC during the course of carrying out its mandate under this Agreement;

- ii. Would potentially identify a source, including a governmental or regulatory authority or a self-regulatory organization, that furnished Information or was furnished Information on a confidential basis regarding an investigation, an examination, an enforcement proceeding, or any other type of civil or criminal enforcement action; or
- iii. The BCUC, for any reason, directs must not be disclosed to an Applicable Entity or any third party.

3.2 REQUESTS BY NERC OR FOREIGN GOVERNMENT AGENCIES:

WECC shall not disclose Information obtained in the course of carrying out its responsibilities under the *Rules of Procedure*, including but not limited to Personal and Confidential Information, to NERC and foreign government agencies, except as ordered by the BCUC or under compulsion of law applicable to WECC. WECC shall immediately advise the BCUC and an Applicable Entity who has provided Information to WECC if that Information in WECC's possession has been requested by NERC or a foreign government agency, unless the law applicable to WECC prohibits WECC from even disclosing that it has received such a request.

3.3 INADVERTENT DISCLOSURE TO THIRD PARTY

In the event that Confidential Information in the course of carrying out its responsibilities under the *Rules of Procedure* is disclosed inadvertently by WECC to a third party, WECC shall request the third party to destroy, delete or return any originals or copies. WECC must also advise the Disclosing Party and the BCUC of any inadvertent disclosure.

3.4 ACCESS BY EMPLOYEES, CONTRACTORS AND AGENTS

WECC officers, trustees, directors, employees, subcontractors and subcontractors' employees and agents, retained for the purpose of carrying out responsibilities under the *Rules of Procedure*, are permitted to access Confidential Information as necessary to perform their roles. However, WECC must ensure that such individuals who have access to Confidential Information are aware of the provisions of the *Rules of Procedure* concerning Confidential Information and have executed a Confidentiality Agreement in a form approved by the BCUC.

3.5 ADDITIONAL RESTRICTIONS FOR PERSONAL INFORMATION:

Notwithstanding anything in this Agreement, the *Rules of Procedure* or a Reliability Standard, Personal Information must be treated in accordance with the Freedom of Information and Protection of Privacy Act, R.S.B.C. 1996,c.165. WECC must not remove

Personal Information from British Columbia, and Applicable Entities are not required to provide Personal Information to WECC if doing so would require the Applicable Entity to send Personal Information outside of British Columbia.

3.6 ADDITIONAL RESTRICTIONS FOR RESTRICTED INFORMATION

For any information that is designated by the BCUC as Restricted Information, WECC shall either view such information at the offices of the Applicable Entity or the BCUC. WECC shall not remove Restricted Information from British Columbia, and Applicable Entities are not required to provide copies of Restricted Information to WECC if doing so would require the Applicable Entity to send Restricted Information outside of British Columbia.

WECC shall, subject to further order of the BCUC, destroy, delete or return to the Applicable Entity Restricted Information in its possession within one hundred twenty (120) Days of the BCUC determining whether or not to confirm an Alleged Violation, or the Applicable Entity's completion of a Mitigation Plan, whichever is later. WECC shall provide the Applicable Entity and the BCUC with ten (10) Days advance notice of the destruction or deletion of the Restricted Information so as to give the Applicable Entity the opportunity to seek further direction from the BCUC, if necessary. At the request of the Applicable Entity or the BCUC, WECC shall confirm, in writing, that all Restricted Information has been destroyed, deleted or returned to the Disclosing Party.

4. BCUC ACKNOWLEDGMENTS AND OBLIGATIONS

The BCUC and WECC acknowledge that the cost of WECC's services under this Agreement are covered by the funding paid by the BCTC to WECC pursuant to section 12.1 of the WECC Bylaws. The BCUC shall pay to WECC an additional sum of \$10 dollars as consideration for services rendered to the BCUC under this Agreement.

The BCUC acknowledges that British Columbia entities are members of WECC, have representatives on the WECC Board of Directors or committees, participate in WECC processes and activities, and pay funding to WECC. The BCUC agrees that such engagement by British Columbia entities with WECC does not constitute a conflict of interest in WECC's provision of services under this Agreement.

The BCUC acknowledges that WECC is not a prescribed generator, distributor, owner, operator or user of the bulk power system in British Columbia and WECC's activities as the Regional Reliability Organization, Regional Entity, Reliability Coordinator and Interchange Authority for the Western Interconnection are not likely subject to BCUC jurisdiction relative to compliance under the *Reliability Standards*.

The BCUC acknowledges that a change in the *Rules of Procedure* and in *Interpretation Bulletins* could significantly affect WECC's ability, costs and willingness to meet its obligations under the terms of this Agreement. The BCUC shall provide advance notice and discuss with WECC prior to approving any changes in the *Rules of Procedure*.

The BCUC acknowledges that timeliness of addressing the issues raised by WECC and associated recommendations could have significant implications on system reliability across the Western Interconnection. The BCUC shall establish processes that are intended to ensure these issues and WECC's recommendations are addressed in a timely manner. The BCUC shall establish a point of contact for the WECC within the BCUC and ensure that the person(s) is knowledgeable of the *Rules of Procedure*, the *Reliability Standards* and the associated BCUC processes.

The BCUC shall provide secure storage and work space to allow WECC to carry out its obligations under this agreement.

5. INDEMNIFICATION

WECC shall not be liable to any third-parties for any damages, losses, costs or expenses incurred due to WECC's activities under this Agreement and related to the administration of the *Reliability Standards* and *Rules of Procedure*. Subject to the prior written approval given by:

- i. the Minister of Finance; or
- ii. the director of the Risk Management Branch of the Ministry of Finance, or the person specified by the director for the purpose of section 1 of the *Financial Administration Act*, *Guarantees and Indemnities Regulation* (Reg. 258/87),

the BCUC shall indemnify and defend WECC for all claims against WECC in relation to its activities under this Agreement or related to the administration of the *Reliability Standards* and *Rules of Procedure*; provided WECC has not acted with gross negligence or willful misconduct. WECC shall not be responsible for matters beyond its reasonable control.

6. TERM AND TERMINATION

This Agreement shall continue for five (5) years from the date indicated below. This Agreement shall automatically renew for a subsequent five (5) year term unless a party provides written notice of termination 6 months prior to the initiation of the subsequent term. This automatic renewal option shall apply to all subsequent terms of this Agreement.

Either party may terminate this Agreement for any reason upon six (6) months written notice. In the event of a breach of any material provision of this Agreement, the non-breaching party shall be entitled to terminate this Agreement if the breach is not corrected within thirty (30) Days of written notice of such breach given by the non-breaching party to the other.

This Agreement may be terminated unilaterally by the BCUC with less than six months notice: (1) upon the issuance of an Order of the BCUC containing a finding that WECC breached this Agreement or (2) upon a change in the WECC's authority as a Regional Entity in the United States under Section 215 of the Federal Power Act (16 U.S.C. § 824o).

This Agreement may be terminated unilaterally by WECC with less than six months notice if: (1) the BCUC materially modifies WECC's obligations under this Agreement through a modification to the *Rules of Procedure*; (2) WECC does not receive the funding from the BCTC, referred to in Section 4 of this Agreement; or (3) WECC's authority to monitor compliance in the Western Interconnection as a Regional Entity is terminated by the Federal Energy Regulatory Commission.

In the event of a notice of termination or unilateral termination, the parties agree to meet within 30 days to work together and negotiate in good faith the completion and orderly transition of responsibility for the Administrator activities under this Agreement including but not limited to ongoing investigations and the transfer of data and information. Any obligations of the BCUC and WECC under this Agreement shall survive and continue after any expiration or termination.

7. U.S LAW, U.S. RELIABILITY STANDARDS, AND NERC/WECC POLICIES AND PROCEDURES

Provisions of U.S. legislation and U.S. reliability standards shall have no application, and are not enforceable, in British Columbia.

The policies, rules of procedure, functional registration manuals, and compliance monitoring and enforcement policies and procedures, and other documents of NERC and WECC in relation to U.S. reliability standards shall have no application in British Columbia except to the extent that they are expressly incorporated by reference into the *Rules of Procedure*, the *Registration Manual*, the *Compliance Monitoring Program*, or otherwise adopted by British Columbia legislation or regulation or by an Order of the BCUC.

8. DISPUTE RESOLUTION

A party must provide the other party with written notice setting out the nature of any dispute relating to the terms of this Agreement.

Upon receipt of a dispute notice, the Parties shall first attempt to resolve the dispute by negotiation. Each party shall promptly designate a representative to attempt to resolve the dispute. If, within ten (10) business days of the dispute notice, the Parties have been unable to resolve the dispute, the Chair of the BCUC and the Chief Executive Officer of WECC shall attempt to resolve the dispute.

If the dispute is still not resolved after thirty (30) Days of the dispute notice, either party may request the appointment of a mediator.

If the dispute remains outstanding after sixty (60) Days of the dispute notice, either party may submit the dispute to arbitration to be resolved in accordance with the following arbitration procedure:

- iii. Any arbitration initiated pursuant to this Agreement shall be conducted in British Columbia before a three member arbitration panel;
- iv. Each of the Parties shall choose one arbitrator who shall sit on the arbitration panel;
- v. The two arbitrators so chosen shall within twenty (20) Days select a third arbitrator to chair the arbitration panel;
- vi. The arbitrators chosen for the arbitration panel shall be knowledgeable in electric utility matters and shall not have any current or past substantial business or financial relationships with any of the Parties, excluding prior arbitration;
- vii. The arbitration panel shall provide each of the Parties an opportunity to be heard and, except as otherwise provided in this Agreement, shall conduct the arbitration in accordance with the *Commercial Arbitration Act*, R.S.B.C. 1996, c.55 and any successor legislation;
- viii. Unless otherwise agreed, the arbitration panel shall render a decision within ninety (90) Days of appointment and shall notify the Parties in writing of such decision and reasons therefor;
- ix. The decision of the arbitration panel shall be final and binding on the Parties and judgment on any award may be entered into any court having jurisdiction;
- x. The decision of the arbitration panel may be appealed solely on the grounds that the conduct of the arbitration panel or the decision itself, violated the standards of the *Commercial Arbitration Act*, R.S.B.C. 1996, c.55 and any successor legislation; and
- xi. Each of the Parties shall be responsible for its own costs incurred during the arbitration, the cost of the arbitrator chosen by each of the Parties to sit on the arbitration panel and one half of the cost of the third arbitrator chosen.

9. MISCELLANEOUS

9.1 This Agreement has been executed and delivered in a text using the English language and the English language text shall prevail in the interpretation, application, and construction of this Agreement.

9.2 By acknowledging and signing this Agreement where provided below, WECC accepts the terms and conditions of this Agreement.

9.3 The Parties acknowledge that the individuals executing this Agreement have the authority to bind their respective organizations.

9.4 This Agreement and any extension under Section 6 of the Agreement may be signed in counterparts which if read together shall constitute one and same Agreement and each counterpart may be delivered by facsimile or other electronic means, in which case such counterparts shall be deemed to be an original.

9.5 This Agreement may not be assigned by either party without the prior written consent of the other party, which consent may be arbitrarily withheld. Any purported assignment in contravention of this covenant shall be null and void and of no force or effect whatsoever.

9.6 This Agreement constitutes the entire agreement between the Parties, and may only be amended by written agreement executed by both of the parties.

9.7 If any term of this Agreement is held to be unenforceable, such term shall be severed from this Agreement and the remaining terms shall remain in force.

9.8 The terms defined in Section 2 of the *Rules of Procedure* are applicable in this Agreement and are incorporated by reference. Other terms used but not specifically defined in the *Rules of Procedure* or in this Agreement are defined in the *NERC Glossary of Terms Used in Reliability Standards, 12 February 2008*, or as adopted by the BCUC from time to time or otherwise have their commonly understood meanings in the electric power industry.

9.9 This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable therein.

9.10 The headings and captions in this Agreement are for convenience of reference only and shall not define, limit, or otherwise affect any of the terms or provisions hereof.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized officers as of October 8, 2009.

BRITISH COLUMBIA UTILITIES COMMISSION

By: Len Kelsey

Name: Len Kelsey

Title: Chair's CEO

WESTERN ELECTRICITY COORDINATING
COUNCIL

By: Louise McCarren

Name: Louise McCarren

Title: CEO