

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, BC V6Z 2N3 CANADA
web site: <http://www.bcuc.com>



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER R-17-12**

TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

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

and

**Reliability Standards in British Columbia
Amendment to Compliance Monitoring Program
regarding Notices of Alleged Violations (NOAV)**

BEFORE: L.F. Kelsey, Commissioner
N.E. MacMurchy, Commissioner April 19, 2012
R.D. Revel, Commissioner

O R D E R

WHEREAS:

- A. Section 125.2 of the *Utilities Commission Act* (Act) assigns 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 by the British Columbia Utilities Commission (Commission). By Order G-123-09, the Commission approved the Compliance Monitoring Program (CMP) for monitoring and enforcement of adopted reliability standards and appointed the Western Electricity Coordinating Council (WECC) as its Administrator for registration and monitoring compliance as per section 8 of the Act;
- B. Section 4.0 of the CMP describes the process for Notices of Alleged Violations (NOAV) leading to a Commission confirmation of a violation;
- C. The Commission, in consultation with the Commission’s Administrator for MRS, has determined that a revision to section 4.0 of the CMP is necessary to allow more opportunity for consultation and revisions of NOAV’s for disputed violations before the dispute goes to a hearing.

NOW THEREFORE pursuant to section 125.2 (10) of the Act, the Commission amends section 4.0 of the CMP as attached to this Order.

DATED at the City of Vancouver, in the Province of British Columbia, this 2nd day of May 2012.

BY ORDER

Original signed by:

L.F. Kelsey
Commissioner

Attachment

Orders/R-17-12-MRS-Revision to s. 4.0 of CMP

TABLE OF CONTENTS

	Page
1.0 INTRODUCTION	1
1.1 Definitions Incorporated by Reference.....	1
1.2 Definitions Specific to <i>Compliance Monitoring Program</i>	1
2.0 COMPLIANCE MONITORING	3
2.1 Compliance Audits.....	3
2.2 Self-Certification.....	5
2.3 Spot Checking.....	6
2.4 Compliance Violation Investigations	7
2.5 Self-Reporting	8
2.6 Periodic Information Submittals	9
2.7 Exception Reporting	10
2.8 Complaints.....	10
2.9 Proof of Reserve Sharing.....	11
3.0 ANNUAL IMPLEMENTATION AND AUDIT PLANS	11
3.1 Implementation Plan	11
4.0 NOTICE OF ALLEGED VIOLATION	12
4.1 Notification to Applicable Entity of Alleged Violation	12
4.2 Applicable Entity Response	13
5.0 MITIGATION PLANS.....	14
5.1 Requirement for Submission of Mitigation Plans	14
5.2 Contents of Mitigation Plans	14
5.3 Time for Filing of Mitigation Plans.....	15
5.4 Time for Completion of Mitigation Plans	15
5.5 Subsequent Alleged Violations of Similar Nature	15
5.6 Process for Receiving Proposed Mitigation Plans	16
5.7 Completion/Confirmation of Implementation of Mitigation Plans.....	16
5.8 Recordkeeping	17
6.0 REMEDIAL ACTION DIRECTIVES	17
6.1 Purpose and Scope	17
7.0 DOCUMENT PRODUCTION BY THE ADMINISTRATOR.....	17
7.1 Documents To Be Produced	17
7.2 Documents That May Be Withheld	18

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 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:¹ The Applicable Entity has two options in responding to a Notice of Alleged Violation:

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

4.2.3 If the Applicable Entity elects Option 1, the Commission will issue an Order confirming the Alleged Violation(s).

4.2.4 If the Applicable Entity elects Option 2, the Administrator will review the explanation of the Applicable Entity's position, and

4.2.4.1 If the Administrator agrees with or does not object to the Applicable Entity's position on some or all of the contested violation(s), within sixty (60) Days of receiving the response to the Notice of Alleged Violation the Administrator will withdraw the original Notice of Alleged Violation and may issue a Revised Notice of Alleged Violation, or

4.2.4.2 If the Administrator disagrees with or objects to the Applicable Entity's position on all of the contested violation(s), the Administrator will, within sixty (60) Days, issue a letter to the Commission and the Applicable Entity affirming the Notice of Alleged Violation.

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

4.2.5.1 If the Applicable Entity agrees with the Revised Notice of Alleged Violation and agrees to submit and implement a Mitigation Plan to correct the Alleged Violation(s) and related underlying cause(s) in accordance with Section 5.0, the Commission will issue an Order confirming the Alleged Violation(s).

¹ Revised by Order R-17-12

4.2.5.2 Where the Applicable Entity contests the Revised Notice of Alleged Violation, it may provide an explanation of its position and any supporting documentation.

4.2.5.3 If the Applicable Entity contests the Revised Notice of Alleged Violation, or the Administrator affirms the Notice of Alleged Violation, the Commission will hold a Hearing.

5.0 MITIGATION PLANS

5.1 Requirement for 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.