



ORDER NUMBER
G-32-19

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

and

British Columbia Hydro and Power Authority
Application for Reliability Coordinator Registration with the Mandatory Reliability Standards Program

BEFORE:

A. K. Fung, QC, Panel Chair
W. M. Everett, QC, Commissioner

on February 13, 2019

ORDER

WHEREAS:

- A. On October 29, 2018, the British Columbia Hydro and Power Authority (BC Hydro) submitted to the British Columbia Utilities Commission (BCUC) its BC Hydro Reliability Coordinator (RC) Registration Filing (Application). Appended to the Application is BC Hydro's September 4, 2018 application to the Western Electricity Coordinating Council (WECC) to register as the RC for British Columbia (BC);
- B. By Order G-227-18 dated November 30, 2018, the BCUC established a regulatory timetable including intervenor registration, a BC Hydro workshop on the Application, intervenor intent to file evidence and one round of information requests from the BCUC;
- C. On December 13, 2018, the BCUC sent a letter to BC Hydro requesting clarification on the certification requirements described in the Application. BC Hydro responded to the BCUC on December 18, 2018. WECC subsequently filed a letter of comment clarifying its position on the certification requirements on December 19, 2018;
- D. On December 21, 2018, FortisBC Inc. (FortisBC) filed a letter indicating that it was premature for FortisBC to determine with certainty its need to file evidence and proposing that the BCUC issue a revised regulatory timetable that would allow intervenor confirmation of intent to file evidence to occur after BC Hydro has filed responses to BCUC and Intervenor IRs No. 1;
- E. By Order G-253-18 dated December 24, 2018, the BCUC amended the regulatory timetable to include a procedural conference to receive oral submissions from all parties on FortisBC's request;
- F. On January 4, 2019, BC Hydro filed a letter with the BCUC requesting that the procedural conference be moved to a date following the submission of BC Hydro's IR responses in order for all parties to make informed submissions regarding further regulatory process;

- G. By Order G-5-19 dated January 10, 2019, the BCUC amended the regulatory timetable and changed the date of the procedural conference;
- H. On January 10, 2019, BC Hydro filed a letter with the BCUC requesting an extension to the regulatory timetable set out in Order G-5-19 for the filing of IR responses and to change the date of the procedural conference, citing the significant and complex nature of the IRs;
- I. By Order G-7-19 dated January 11, 2019, the BCUC amended the regulatory timetable and changed the date of the procedural conference;
- J. At the procedural conference held on January 30, 2019, BC Hydro submitted a proposed schedule for the certification review process (Exhibit B-8) and all parties agreed to a full certification review by WECC of BC Hydro's application to register as the RC for BC;
- K. At the conclusion of the procedural conference, the BCUC issued Order G-25-19 dated January 30, 2019, requiring BC Hydro to undergo a full certification review by WECC, including a full review of all Critical Infrastructure Protection (CIP) standards relating to the RC function in accordance with the schedule in Exhibit B-8, with such adjustments for an earlier date for the WECC certification site audit as may be agreed to by BC Hydro and WECC; and
- L. The BCUC has reviewed all the submissions made at the procedural conference and determines further regulatory process is warranted.

NOW THEREFORE pursuant to section 125.2 of the UCA and Section 2.2.4 of the Registration Manual for BC Mandatory Reliability Standards, and for the reasons attached as Appendix B to this order, the BCUC orders the following:

1. BC Hydro is directed to provide drafts of the following four key documents to registered interveners by March 1, 2019:
 - a. an RC code of conduct that BC Hydro would follow if it is registered as the RC;
 - b. the terms of reference for the RC registered Entities oversight group referred in BC Hydro's response to BCUC IR No. 1;
 - c. the terms of reference for the RC, Balancing Authority, Transmission Operator working group referred in BC Hydro's response to BCUC IR No. 1; and
 - d. a document setting out a dispute resolution mechanism to be applied in the event of a dispute between the registered Entities in relation to the carrying out of the RC function (collectively, Four Key Documents).
2. Intervenors are directed to file submissions on the Four Key Documents with the BCUC by April 15, 2019.
3. Intervenors are directed to file submissions on public interest issues, if any, with the BCUC by April 26, 2019.
4. BC Hydro is directed to file the Four Key Documents and its reply submission by April 30, 2019.
5. The Regulatory Timetable is amended as set out in Appendix A to this order.

DATED at the City of Vancouver, in the Province of British Columbia, this *13th* day of February 2019.

BY ORDER

Original Signed By:

A. K. Fung, QC
Commissioner

Attachments

British Columbia Hydro and Power Authority
Application for Reliability Coordinator Registration with the Mandatory Reliability Standards Program

REGULATORY TIMETABLE

Action	Date (2019)
BC Hydro to provide draft Four Key Documents to registered interveners	Friday, March 1
Intervener submissions on Four Key Documents	Monday, April 15
Intervener submissions on public interest issues (if any)	Friday, April 26
BC Hydro Four Key Documents filing and reply submission	Tuesday, April 30
Streamlined review process (subject to confirmation or cancellation)	Thursday, May 2
WECC on-site visit (earlier if possible)	mid-May
WECC Full Certification Review Report to the BCUC	June
Further process	To be determined

British Columbia Hydro and Power Authority

**Application for Reliability Coordinator Registration with
the Mandatory Reliability Standards Program**

Reasons for Decision

February 13, 2019

Before:
A. K. Fung, QC, Panel Chair
W. M. Everett, QC, Commissioner

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1.0 BACKGROUND TO IMPLEMENTATION OF MANDATORY RELIABILITY STANDARDS IN BC

Section 125.2(2) of the *Utilities Commission Act* (UCA) assigns exclusive jurisdiction to the British Columbia Utilities Commission (BCUC) to determine whether a “reliability standard,” as defined in the UCA, is in the public interest and should be adopted in British Columbia (BC).

On June 4, 2009, the BCUC issued Order G-67-09 specifying that entities subject to reliability standards (Entities) must register with the BCUC.

By Order G-123-09, the BCUC adopted the Rules of Procedure for Reliability Standards in British Columbia (BC ROP) including Appendix 1 to the BC ROP, being the Registration Manual for BC Mandatory Reliability Standards (Registration Manual). The BCUC approved the most recent revisions and updates to the BC ROP including the Registration Manual by Order R-40-17 dated September 1, 2017. The Registration Manual states that Entities are required to be registered and comply with BCUC-adopted Reliability Standards in BC if, among other things, they perform a function listed in the functional types identified in Section 2.1.2 of the Registration Manual. Reliability Coordinator (RC) is one of those listed functional types.

Section 2.2.4 of the Registration Manual states that the BCUC “may consider whether additional process or information is required and will then determine whether an Entity should be registered for particular function(s).”¹

In accordance with the Administration Agreement between the Western Electricity Coordinating Council (WECC) and the BCUC, dated September 8, 2009 and renewed August 21, 2014, the BCUC appointed WECC as the BCUC’s Administrator for the BC Mandatory Reliability Standards Program (MRS Program). WECC’s role as Administrator includes making recommendations to the BCUC regarding the registration of Entities for particular functions.

The RC function is responsible for assessing transmission reliability, coordinating system operations and directing actions to preserve the integrity and reliability of the bulk electric system. Since 2013, PEAK Reliability (PEAK) has been responsible for reliability coordination services in the Western Interconnection except for Alberta. On December 19, 2014, the BCUC issued Letter L-65-14 recognising PEAK as the RC for the BC Balancing Authority area and directing registered Entities to follow the directions of PEAK as the RC.

Recently, PEAK announced it will be winding down operations and will no longer provide RC services effective December 31, 2019. British Columbia Hydro and Power Authority (BC Hydro) is presently registered with the BCUC for all functional types except that of RC. In respect of the Planning Authority/Planning Coordinator function, though, BC Hydro’s registration is currently limited to BC Hydro’s asset footprint only.

BC Hydro provided notice to PEAK of its intent to terminate its membership agreement with PEAK effective September 2, 2019 in anticipation of its application to become registered as the RC for BC.²

¹ Exhibit B-1, p. 1-2.

² Exhibit B-1, p. 2-3.

2.0 GENESIS OF CURRENT APPLICATION

On October 29, 2018, BC Hydro submitted to the BCUC its BC Hydro Reliability Coordinator Registration Filing (Application). Appended to the Application was BC Hydro's September 4, 2018 application to WECC to be registered as the RC for BC. BC Hydro proposed, amongst other things, to undergo an assurance review to be performed by WECC which would include review of certain reliability standards applicable to the RC function which had not previously been applicable to BC Hydro (Proposed Assurance Review). The Proposed Assurance Review would not include a review of all standards otherwise subject to review under North American Reliability Corporation certification processes for RCs in the United States.

3.0 REGULATORY PROCESS

Order G-227-18 established a written public hearing process for the review of the Application and invited interveners to register. Order G-227-18 amended the Regulatory Timetable which provided for a BC Hydro workshop to review the Application, intervener notice of intent to file evidence and BCUC Information Request (IR) No. 1 to BC Hydro.

The following parties registered as interveners:

- FortisBC Inc. (FortisBC);
- Catalyst Paper Corporation (Catalyst); and
- British Columbia Old Age Pensioners' Organization *et al.* (BCOAPO).

On December 13, 2018, the BCUC issued a letter to BC Hydro seeking clarification of the three proposed certification options described by BC Hydro in Table 4-2 of its Application as follows:

- No certification. Self-assessment conducted by BC Hydro;
- Assurance review. A modified certification process focused on new requirements associated with the RC role and conducted by WECC with an onsite visit to BC Hydro; and
- Full certification conducted by WECC with onsite visit.³

In Table 4-2, BC Hydro submits that full certification by WECC poses a potential challenge due to WECC not having sufficient resources, thereby impacting BC Hydro's RC implementation timelines. To address this concern, the BCUC requested that it be provided with written documentation from WECC that outlined any reasons or limitations that would prevent WECC from performing a full certification of BC Hydro within the timeline of this proceeding.

By letter to the BCUC dated December 18, 2018, BC Hydro states it had contacted WECC and received confirmation that there were no resource limitations that would preclude it from providing a team to conduct a full certification for the RC function within BC Hydro's implementation timelines.⁴ WECC subsequently submitted

³ Exhibit B-1, Table 4-2, p. 4-5.

⁴ Exhibit B-2, p.1.

a letter of comment to the BCUC clarifying its position on the certification requirements on December 19, 2018 confirming the same.⁵

On December 21, 2018, FortisBC filed a letter indicating that it was premature for FortisBC to determine with certainty its need to file evidence in the Application while proposing that the BCUC issue a revised regulatory timetable that would allow intervenor confirmation of intent to file evidence to occur after BC Hydro had filed its responses to BCUC and Intervener IRs No. 1.

Upon consideration of FortisBC's request, the BCUC issued Order G-253-18 on December 24, 2018, amending the Regulatory Timetable to provide for intervenor IRs to BC Hydro, a procedural conference scheduled for January 10, 2018 and BC Hydro's responses to BCUC and intervenor IRs.

On December 29, 2018, BCUC submitted its IR No. 1 to BC Hydro. By letter to the BCUC dated January 4, 2019, BC Hydro requested that the procedural conference be moved to a date following the submission of BC Hydro's IR responses in order for all parties to make informed submissions regarding further regulatory process.

On January 7, 2019, FortisBC, Catalyst and BCOAPO submitted their first round of IRs to BC Hydro.

By Order G-5-19 dated January 10, 2019, the BCUC directed that the date of the procedural conference be changed to January 21, 2019 to follow the submission of BC Hydro's IR responses. On that same day, BC Hydro filed a request for a further extension to the established Regulatory Timetable and a further change to the date of the procedural conference, citing the significant and complex nature of the IRs.

By Order G-7-19 dated January 11, 2019, the BCUC directed an extension to BC Hydro's filing date for its IR responses with a further change to the date of the procedural conference, to take place on January 30, 2019 following the submission of BC Hydro's IR responses.

On January 23, 2019, BC Hydro filed its responses to BCUC and Intervener IRs No. 1.

Following receipt of BC Hydro's IR responses, Panel IR No. 1 was issued to BC Hydro on January 29, 2019 to which BC Hydro provided its response on January 30, 2019. In response to Panel IR No. 1, BC Hydro indicated that it would now be amenable to a full certification review by WECC (WECC Certification Review) as a requirement to becoming the RC for BC.⁶

By Order G-7-19, the Panel requests intervenors to make submissions on the following matters at the procedural conference:

- 1) Options for BC Hydro's certification review by WECC including the Proposed Assurance Review;
- 2) Other procedural matters parties wanted to bring to the attention of the Panel; and
- 3) Any significant time constraints and/or periods of unavailability which should be taken into consideration when establishing the Regulatory Timetable.

⁵ Exhibit E-1, p. 1.

⁶ Exhibit B-7, cover letter, p. 1.

4.0 PROCEDURAL CONFERENCE

At the procedural conference held on January 30, 2019, BC Hydro submitted a proposed schedule for the WECC Certification Review (Exhibit B-8) and all parties agreed to WECC conducting the Certification Review as a requirement for BC Hydro's application to be registered as the RC for BC. At the conclusion of the procedural conference, the Panel issued an oral order confirming the agreement of all participants in the procedural conference for BC Hydro to undergo the WECC Certification Review, as confirmed by Order G-25-19 dated January 30, 2019.

4.1 Procedural and governance issues raised by the applicant and interveners

At the procedural conference, the applicant and all interveners were invited to make submissions, in addition to the options for certification review, on other procedural matters which should be taken into consideration when establishing the remainder of the Regulatory Timetable for the Application. The Panel summarizes the parties' various submissions below.

4.1.1 BC Hydro

In response to a question from the Panel to BC Hydro to clarify what, if any, role the interveners should have in this Application in connection with the WECC Certification Review or regarding any other issues in this proceeding, BC Hydro stated that it does not anticipate the interveners having any further role in this proceeding, in the sense that interveners would have no ability to comment on the technical aspect of the WECC Certification Review and any report that ensue from that review or participate actively in that respect.⁷ BC Hydro did make clear that WECC and the Panel would continue to participate in the process, but that the interveners would not, because Section 2.2 of the Registration Manual does not contemplate such participation. BC Hydro also cited confidentiality concerns as the basis for not disclosing the contents of any report made by WECC following the Certification Review to interveners.⁸ BC Hydro further submitted that the outcome of the WECC Certification Review alone should be used by the Panel to decide whether BC Hydro should be registered as the RC for BC.⁹

4.1.2 FortisBC

FortisBC submitted that the registration process provides for two streams for review of the Application, the first being the technical or WECC Certification Review that will assess BC Hydro's ability to perform the RC function. This stream would involve the WECC on-site visit and its review of BC Hydro's technical capabilities.¹⁰ FortisBC submitted that the results of the WECC Certification Review should be put on the record or, at least, the outcome, if not the details. Assuming that WECC finds BC Hydro technically capable after a full Certification Review, FortisBC does not expect to have further comment on the technical capability issue.¹¹

⁷ Procedural Conference Transcript Volume 2, p. 92.

⁸ Ibid., p. 94.

⁹ Ibid., p. 92.

¹⁰ Ibid., p. 97.

¹¹ Ibid., p. 98.

FortisBC submitted that the second stream would proceed in parallel and address other public interest issues that relate to whether BC Hydro *should* be registered for the RC function.¹² FortisBC further submitted that the second stream will involve the resolution of the terms of four key documents under which BC Hydro would be anticipated to operate if registered as the RC for BC. The four key documents include:

- a. a draft of the RC code of conduct that BC Hydro would follow if it is registered as the RC;
- b. the terms of reference for the RC registered Entities oversight group referred in BC Hydro's response to BCUC IR No. 1;
- c. the terms of reference for the RC, Balancing Authority, Transmission Operator working group referred in BC Hydro's response to BCUC IR No. 1; and
- d. a draft of a document setting out a dispute resolution mechanism to be applied in the event of a dispute between the registered Entities in relation to the carrying out of the RC function (collectively, Four Key Documents).¹³

FortisBC anticipates there will ultimately need to be other operational documents if BC Hydro is approved as the RC but submitted that those can be dealt with afterwards as long as the dispute resolution mechanism is settled as part of the Four Key Documents.¹⁴ FortisBC also submitted that the key documents relate centrally to the public interest issues of governance, oversight, transparency, dispute resolution and avoidance of conflict of interest.¹⁵

FortisBC submitted that BC Hydro should provide copies of the Four Key Documents to interveners by March 1, 2019. Following that, the next step is for the registered Entities and interveners to discuss the contents of the Four Key Documents with BC Hydro, outside of the current proceeding, with a view to arriving at an agreement on their terms.¹⁶

FortisBC submitted the next procedural step would be an opportunity for interveners to make written submissions to the BCUC by April 30, 2019 on any public interest issues they may wish to raise regarding whether BC Hydro should become the RC.¹⁷ FortisBC does not envision that such submissions would deal with technical issues regarding BC Hydro's application to become the RC. Rather, FortisBC views those issues being dealt with by WECC in the parallel stream one process and, assuming the WECC Certification Review goes well, FortisBC does not envision having comments on WECC's Certification Review.¹⁸

However, while FortisBC conceded that the WECC review of BC Hydro's technical capability to perform the RC function must be given significant weight in consideration of the Application, it submitted that the BCUC must also consider other public interest issues and noted that even BC Hydro would not say the technical issues are the only thing the BCUC should consider.¹⁹ In its Application, BC Hydro refers to its assessment of governance

¹² Ibid., pp. 98–99.

¹³ Ibid., pp. 100–101.

¹⁴ Ibid., p. 101.

¹⁵ Ibid., p. 99.

¹⁶ Ibid., p. 102.

¹⁷ Ibid., p. 102.

¹⁸ Ibid., p. 102.

¹⁹ Ibid., p. 108.

issues and indicates that it will address any issues and concerns raised by the registered entities in a fair and non-discriminatory way, to ensure a positive outcome for the overall reliability of the province and the Western Interconnection.²⁰

FortisBC anticipates the subject matter of the written submissions, to be delivered by April 30, 2019, would be in respect of unresolved issues as to the Four Key Documents and whether there are any other public interest considerations that arise in connection with the BCUC's review of the Application.²¹

Regarding the necessity for the BCUC to consider the public interest, FortisBC noted that BC Hydro has already indicated that the public interest test is applicable and relevant to the Panel's consideration for this Application.²² FortisBC also noted that BC Hydro has not provided satisfactory responses to BCUC IRs 9.7.2, 5.3, 5.3.1, 9.7.2 and 10.1 requesting BC Hydro to provide the following: a copy of the governance model; a draft form of standards of conduct; detailed provisions of the scope and responsibilities of the oversight group and the working group proposed by BC Hydro; and a mechanism for determining how BC Hydro proposes to deal with disputes between the RC and the registered Entities.²³

FortisBC also submitted that BC Hydro should have an opportunity to file written submissions in response by April 30, 2019.

4.1.3 Catalyst

Catalyst stated it has less concerns about the WECC Certification Review of BC Hydro's technical ability to perform the RC function and more questions around the public interest. It agreed with FortisBC's suggestion of the two-stream process and agrees with FortisBC's suggested dates of March 1, 2019 for BC Hydro to provide copies of the Four Key Documents and written submissions filed by the interveners by April 30, 2019.²⁴ Catalyst also supported the inclusion of a streamlined review process to assist in the review of the second stream proposed by FortisBC.

4.1.4 BCOAPO

BCOAPO stated that it was participating in this proceeding because of the public interest issues that are engaged by BC Hydro seeking to undertake the RC function.²⁵ BCOAPO does not agree with FortisBC's suggestion of two streams, because it creates a perception that stream two is something that is being created rather than a process that is already underway.²⁶ The Application can, in BCOAPO's submission, fail if BC Hydro is unable to satisfy WECC as to its ability to perform the technical requirements of an RC or if it fails to satisfy the public

²⁰ Exhibit B-1, p. 3-7.

²¹ Procedural Conference Transcript Volume 2, p. 103.

²² Ibid., pp. 107–108.

²³ Ibid., pp. 112–117.

²⁴ Ibid., p. 133.

²⁵ Ibid., p. 139.

²⁶ Ibid., p. 139.

interest test. BCOAPO further submitted that it has no expectation of commenting on the WECC Certification Review of technical issues due to lack of expertise on such issues.²⁷

4.1.5 BC Hydro reply to submissions

Regarding FortisBC's request that BC Hydro produce the Four Key Documents, including a dispute resolution document, BC Hydro submitted it never contemplated a standalone dispute resolution document because such clauses are generally included in the other documents being requested by FortisBC.²⁸

However, BC Hydro does not see this as an insurmountable problem and submitted it can be sorted out without the BCUC having to weigh in on the issue.²⁹ BC Hydro confirmed it was working on draft documents and that FortisBC's suggested timeline can be met.³⁰

Rather than a formal structure to provide time for written submissions on the Four Key Documents, BC Hydro submitted that it contemplates a more informal review cycle where the documents are shared with interested parties and comments, whether written or verbal, are received and revised drafts of the documents are then prepared by BC Hydro. This would be followed by a conference call hosted by BC Hydro with the interested parties to clarify and address any outstanding issues. BC Hydro submitted that process could be completed outside of this proceeding by April 15, 2019 and that the only BCUC procedural order needed is a date for submissions on further process, if desired, by April 15, 2019. If participants indicate a desire for further process, there could be a written argument phase.³¹

BC Hydro clarified that it is not seeking BCUC-approval of any document it intends to provide to the parties and that it would be an error for the BCUC to approve the documents, because they are living documents and may require further negotiation and amendments in the future. Requiring BCUC-approval would make for a very unwieldy process going forward in terms of hampering flexibility.³²

The Panel questioned BC Hydro regarding the results of the WECC Certification Review being made available to interveners and BC Hydro agreed that when the WECC Certification Review process is completed, a "happy medium" would be that those results could be filed in the proceeding for information purposes only.³³

4.1.6 Catalyst further reply

Catalyst submitted that if the Panel accepts BC Hydro's proposal for a meeting between interested parties to review the documents, Catalyst can accept that process and further suggested that BC Hydro provide a comment form that captures a summary of the comments it has received on the draft documents.³⁴

²⁷ Ibid., p. 141.

²⁸ Ibid., p. 150.

²⁹ Ibid., p. 151.

³⁰ Ibid., p. 152.

³¹ Ibid., p. 153.

³² Ibid., pp. 154–155.

³³ Ibid., pp. 158–159.

³⁴ Ibid., pp. 160–161.

4.1.7 BCOAPO further reply

BCOAPO suggested that there is generally no difference between the process BC Hydro is proposing and the process proposed by FortisBC, which provides an opportunity for the parties to review and negotiate the proposed BC Hydro documents between March 1, 2019 and April 30, 2019.³⁵

However, BCOAPO also stated there is a notable variance in that FortisBC's proposal requires the submission of written arguments on April 30, 2019. BCOAPO expressed some concern that the Four Key Documents will inform participants whether the Application is in the public interest and there would be less evidence on the public record under BC Hydro's proposed process. As a result, BCOAPO supported the process proposed by FortisBC.³⁶

4.1.8 FortisBC further reply

FortisBC agreed that the BCUC is not being asked to approve the documents (including the Four Key Documents that BC Hydro indicated it will provide to the interested parties on March 1, 2019), but submitted that these documents are a vital backdrop to determine whether BC Hydro should be registered as RC.³⁷

FortisBC submitted that the March 1, 2019 filing date of the Four Key Documents should be maintained to ensure matters stay on track and that there is ample opportunity for their review by the parties. It further submitted that the April 30, 2019 date for written submissions by interveners should be maintained to record whether they are satisfied with the Four Key Documents or something different. FortisBC also submitted that this approach, unlike the BC Hydro proposal, would ensure a degree of certainty into the process and ensure that the interveners would have the opportunity to make submissions.³⁸

FortisBC, in response to a question from the Panel, did not have a strong view as to whether the initial drafts of the Four Key Documents should be filed as evidence to this proceeding on March 1, 2019, but submitted that drafts of these documents should be filed by April 30, 2019 with the BCUC.³⁹

4.1.9 BC Hydro further reply

Regarding the filing of the draft Four Key Documents, BC Hydro submitted it would be willing to file these documents for information purposes only with the BCUC on April 15, 2019, rather than the April 30, 2019 date proposed by FortisBC and BCOAPO.⁴⁰

³⁵ Ibid., p. 162.

³⁶ Ibid., pp. 162–166.

³⁷ Ibid., p. 167.

³⁸ Ibid., pp. 167–168.

³⁹ Ibid., p. 170.

⁴⁰ Ibid., p. 173.

5.0 PANEL DISCUSSION AND DETERMINATION

In considering the appropriate starting point for dealing with the issues raised by BC Hydro and the interveners, the Panel notes that section 125.2(2) of the UCA gives the BCUC “exclusive jurisdiction to determine whether a reliability standard is in the public interest and should be adopted in British Columbia.”

The Panel also notes that in the consideration by the BCUC of an application by an Entity to be registered for a particular function, Section 2.2(4) of the BCUC Registration Manual for BC Mandatory Reliability Standards allows the BCUC to “consider whether additional process or information is required” before it proceeds to “determine whether an Entity should be registered for particular function(s).”

Against this legislative and regulatory backdrop, the Panel notes that all interveners at the procedural conference agreed that the WECC Certification Review will inform the Panel if BC Hydro has the technical ability to perform the role of RC for BC. All interveners confirmed they did not wish to make submissions on the technical aspects of the WECC Certification Review. However, several interveners deemed it important that at least a “summary” version of the results of that review should be made available as part of the review of this Application.

Pending receipt by the BCUC of WECC’s recommendations flowing out of the Certification Review, the Panel is of the view that it would be premature to make any determination at this time on BC Hydro’s technical ability to perform the role of RC or any further regulatory process for interveners to comment on the results of the WECC Certification Review. A decision on this matter will be made by the Panel at a later date, if and as needed.

The Panel notes that all interveners raised the importance of having public interest issues related to this Application addressed by the BCUC. With this, the Panel agrees for the following reasons.

The Panel begins by noting there is no explicit process established in section 125.2 of the UCA for the BCUC’s determination of which Entity should be registered for the RC function. At the procedural conference, BC Hydro emphasized that the Application is made pursuant to section 125.2(10) of the UCA, which provides:

The commission may make orders providing for the administration of adopted reliability standards.

The Panel agrees that read in isolation, that provision does not specifically require that the BCUC take into account public interest considerations. However, that provision must be read in the context of the entirety of section 125.2 which defines the extent of the BCUC’s jurisdiction over the adoption of reliability standards, rules or codes. Specifically, “public interest” is expressly mentioned as the determining standard in sections 125.2(2) and 125.2(7) of the UCA.

In the Panel’s view, it is consistent with the intent of the legislature in enacting section 125.2 of the UCA for the BCUC to apply the public interest test in assessing whether BC Hydro should be registered as the RC for the Province of British Columbia. Given that the legislature has conferred on the BCUC the power to determine whether the adoption of any reliability standard is in the public interest pursuant to sections 125.2(2) and 125.2(7) of the UCA, it is at least implied that in determining which Entity should be registered for the RC

function for the Province, the BCUC can and should consider the public interest. In determining which Entity ought to take on that role, the BCUC must ensure that customers can continue to receive safe and reliable service. It would be hard to conceive that such a determination can be made in the absence of public interest considerations or be based solely on an assessment of the technical capabilities of the Entity to carry out that function. If the latter alone is sufficient to render an Entity the appropriate RC, there would be no need for the BCUC to carry out a public review of this Application beyond receiving confirmation of BC Hydro's technical capabilities following the WECC Certification Review, as all else would be irrelevant.

The Panel acknowledges that BC Hydro has proposed that an RC registered Entities oversight group and an RC, Balancing Authority, Transmission Operator working group will help establish BC Hydro's code of conduct and set the framework for BC Hydro to act independently and transparently in its role as RC. However, BC Hydro is not applying to be RC within its own operational footprint alone and the Panel notes that other MRS Program registrants and stakeholders may be impacted by decisions made by BC Hydro should it become the RC. Further, the Panel observes that BC Hydro is registered for all other functional areas within the BCUC's MRS Program (except for the Planning Authority/Planning Coordinator function for which BC Hydro is responsible only for its asset footprint). As such, the Panel finds it important to address issues such as governance, oversight, transparency, avoidance of conflict of interest and dispute resolution as part of the relevant public interest considerations.

The Panel sees merit in BC Hydro submitting the Four Key Documents to all interveners for comment to ensure that public interest issues of governance, transparency and dispute resolution are adequately captured and resolved. The Panel acknowledges that these documents may need to be updated over time and it is not the intent of the Panel to make this process unwieldy, complicated or inflexible. However, it is important that these documents strike an appropriate balance between the interests of BC Hydro and those of the interveners and other MRS Program registrants which will be directly affected by BC Hydro serving as the RC for BC, particularly given the imbalance of power that is inherent between the parties and the degree of control which BC Hydro will assume in taking on that function. Furthermore, the BCUC needs to ensure that the process to maintain and update these documents is reasonable and adequate to enable all relevant issues of public interest to be appropriately addressed going forward in the event that BC Hydro becomes registered as the RC.

Given the impending winding down of PEAK, and BC Hydro's notice of membership termination to PEAK effective September 2, 2019, the Panel considers it important that these public interest issues be addressed before WECC's on-site visit currently planned for mid-May 2019 in order to ensure timely resolution of this Application.

Therefore, the Panel directs the following:

- 1. BC Hydro is to provide drafts of the Four Key Documents to registered interveners by March 1, 2019.**
- 2. Intervenors are to file submissions on the Four Key Documents with the BCUC by April 15, 2019.**
- 3. Intervenors are to file submissions on public interest issues, if any, with the BCUC by April 26, 2019.**
- 4. BC Hydro is to file the Four Key Documents and its reply submission by April 30, 2019.**

While not part of these directives, the Panel nonetheless recommends that BC Hydro consider providing the Four Key Documents to all MRS Program registrants for their information and review as part of its normal consultation process.

The Panel further orders that the Regulatory Timetable be amended to reflect the above directives in accordance with Appendix A to this order. Following receipt of BC Hydro's reply submissions on April 30, 2019 and after reviewing the nature and extent of any outstanding issues raised by the parties, the Panel will issue written confirmation of a streamlined review process or the cancellation thereof, as may be the case. However, given the importance of timing in this hearing and out of an abundance of caution, the Panel has included a placeholder for a streamlined review process to deal with any outstanding issues in the amended Regulatory Timetable attached as Appendix A to this order.