



**ORDER NUMBER
R-21-19**

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

and

British Columbia Hydro and Power Authority
Mandatory Reliability Standards Assessment Report No. 12
Addressing Reliability Standards for Adoption in British Columbia

BEFORE:

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

on September 26, 2019

ORDER

WHEREAS:

- A. On May 1, 2019, the British Columbia Hydro and Power Authority (BC Hydro) filed Mandatory Reliability Standards (MRS) Assessment Report No. 12 (Report 12) with the British Columbia Utilities Commission (BCUC), assessing two new standards and eleven revised standards (collectively, Revised Standards) and two retired standards (Retired Standards) developed by the North American Electric Reliability Corporation (NERC) and/or the Western Electricity Coordinating Council (WECC). In Report 12, BC Hydro assessed reliability standards that were approved or retired by the Federal Energy Regulatory Commission (FERC) with an effective order within the period from December 1, 2017 and November 30, 2018 inclusive;
- B. In Report 12, BC Hydro assessed thirteen Revised Standards based on defined terms contained in the NERC Glossary of Terms Used in Reliability Standards dated July 3, 2018 (NERC Glossary). In addition, BC Hydro assessed one new and four revised defined terms (collectively, Revised Terms) contained in the NERC Glossary;
- C. In Report 12, BC Hydro recommends that all thirteen Revised Standards and all five Revised Terms are suitable for adoption in BC at this time as they will preserve or enhance the reliability of the bulk electric system (BES), and serve the public interest. BC Hydro also recommends that the two Retired Standards are suitable for retirement in BC;
- D. BC Hydro recommends that, in connection with the adoption of Revised Standards CIP-003-7 and PRC 025-2, the BCUC adopt the BC-specific versions of the FERC approved Implementation Plans. BC Hydro provided BC specific versions of the CIP-003-7 and PRC-025-2 Implementation Plans as part of Report 12 for the BCUC's consideration;
- E. By Order R-14-19 dated June 10, 2019, BC Hydro was directed to publish a notice of process for consideration of the adoption of Report 12 along with the established regulatory timetable for public

comment. The BCUC also requested that Entities identify any foreseen obstacles to 100 percent compliance with Revised Standard PRC-025-2 by the required BC effective date;

- F. On July 5, 2019, FortisBC Inc. (FBC) submitted that its comments are reflected in BC Hydro's Report 12, that it has no additional comments and that it does not foresee any issues with achieving 100 percent compliance with Revised Standard PRC-025-02 by the BC effective date;
- G. On July 5, 2019, Dokie General Partnership, Jimmie Creek Limited Partnership and Toba Montrose General Partnership submitted by letter of comment that they foresee significant compliance costs in order to be fully compliant with Revised Standard PRC-025-2 and recommended, amongst other things, that the BCUC consider further revisions to that Revised Standard. On August 28, 2019, Dokie General Partnership, Jimmie Creek Limited Partnership and Toba Montrose General Partnership submitted a further letter of comment to augment their initial response to Report 12 and reiterated that they foresee significant compliance costs in order to be fully compliant with Revised Standard PRC-025-2 and requested that the consider further revisions to that Revised Standard;
- H. On August 7, 2019, the BCUC issued information requests (IRs) to BC Hydro in response to Report 12 and on August 28, 2019, BC Hydro submitted its IR responses;
- I. BC Hydro submitted that any compliance relief process requested by Dokie General Partnership, Jimmie Creek Limited Partnership and Toba Montrose General Partnership with respect to Revised Standard PRC-025-2 should be addressed by the BCUC in a separate process, if required;
- J. On September 3, 2019, FBC provided its comments on the regulatory timetable stating that it agreed with BC Hydro and further confirming that it does not intend to file final argument in the proceeding;
- K. On September 3, 2019, the BCUC issued Order R-17-19 amending the regulatory timetable and removed the final argument phase of this proceeding;
- L. The BCUC did not review the recoverability of the estimated costs to adopt the Revised Standards, Retired Standards and Revised Terms;
- M. Pursuant to section 125.2(6) of the *Utilities Commission Act* (UCA), the BCUC must adopt the reliability standards addressed in Report 12 if the BCUC considers that the reliability standards are required to maintain or achieve consistency in BC with other jurisdictions that have adopted the reliability standards; and
- N. The BCUC has reviewed and considered Report 12, the Revised Standards, Retired Standards and Revised Terms assessed therein, comments received from Entities and the responses to IRs and considers that the adoption of the recommendations in MRS Report 12 is warranted. Although not assessed by BC Hydro, the BCUC considers that the Compliance Provisions of the reliability standards should be adopted to maintain compliance monitoring consistency with other jurisdictions that have adopted the reliability standards with the Compliance Provisions. The BCUC considers it appropriate to provide effective dates for BC Entities to come into compliance with the Revised Standards and Revised Terms adopted in this order.

NOW THEREFORE pursuant to section 125.2 of the UCA, and for the reasons attached as Appendix A to this order, the BCUC orders as follows:

1. The thirteen Revised Standards assessed in Report 12 are adopted with effective dates in Table 1 of Attachment A to this order and each standard to be superseded by a Revised Standard adopted in this order shall remain in effect until the effective date of the Revised Standard superseding it. The two Retired Standards are retired as of the date specified in Table 1 of Attachment A to this Order.
2. All reliability standards listed in Attachment B to this order are effective in BC as of the dates shown. The effective dates for the reliability standards listed in Attachment B supersede the effective dates that were included in any similar list appended to any previous order of the BCUC.
3. Individual requirements within reliability standards that incorporate, by reference, reliability standards that have not been adopted by the BCUC, are of no force and effect in BC and individual requirements or sub-requirements within reliability standards, which the BCUC has adopted but for which the BCUC has not determined an effective date, are of no force and effect in BC.
4. Defined terms set out in the reliability standards bear the same meaning as those set out in the NERC Glossary. The effective date of each of the new or Revised Terms adopted are identified in Table 2 of Attachment A to this order. Each glossary term to be superseded by a Revised Term adopted in this order shall remain in effect until the effective date of the Revised Term superseding it.
5. The Revised Terms listed in Attachment C to this order are in effect in BC as of the effective dates indicated. The effective dates for the Revised Terms listed in Attachment C supersede the effective dates that were included in any similar list appended to any previous order made by the BCUC. Other terms in the NERC Glossary, which do not include a United States FERC approval date on or before November 30, 2018, are of no force or effect in BC.
6. The Compliance Provisions as defined in the Rules of Procedure for Reliability Standards in British Columbia that accompany each of the adopted reliability standards, are approved in the form directed by the BCUC and as amended from time to time.
7. The BC-specific versions of the CIP-003-07 and PRC-025-2 Implementation Plans are adopted in the form directed by the BCUC and as amended from time to time, and effective as indicated in Attachment D to this order. The BC-specific versions of the CIP-003-07 and PRC-025-2 Implementation Plans will be posted on the WECC website with links from the BCUC website.
8. The Revised Standards in their written form are adopted as set out in Attachment E to this order.
9. The reliability standards adopted in BC will be posted on the WECC website with a link from the BCUC website.
10. Entities subject to Mandatory Reliability Standards adopted in BC are required to report to the BCUC and may, on a voluntary basis, report to NERC as an Electric Reliability Organization or to FERC.

DATED at the City of Vancouver, in the Province of British Columbia, this 26th day of September 2019.

BY ORDER

Original signed by:

W. M. Everett, QC
Commissioner

Attachments

British Columbia Hydro and Power Authority
Mandatory Reliability Standards Assessment Report No. 12
Addressing Reliability Standards for Adoption in British Columbia

REASONS FOR DECISION

1.0 Application

On May 1, 2019, the British Columbia Hydro and Power Authority (BC Hydro) filed Mandatory Reliability Standards (MRS) Assessment Report No. 12 (Report 12) assessing two new standards, eleven revised standards and two retired standards developed by the North American Electric Reliability Corporation (NERC) and/or the Western Electricity Coordinating Council (WECC).

1.1 Regulatory Process

By Order R-14-19 dated June 10, 2019, the BCUC established a regulatory timetable and required BC Hydro to publish a notice of process for Report 12 to all registered Entities. The BCUC also requested Entities to identify any foreseen obstacles to 100 percent compliance with revised standard PRC-025-2 by that standard's BC effective date.

FortisBC Inc. (FBC) submitted that its comments are reflected in Report 12, that it had no additional comments and that it does not foresee any issues with achieving 100 percent compliance with revised standard PRC-025-2 by its effective date.

Dokie General Partnership, Jimmie Creek Limited Partnership and Toba Montrose General Partnership (Three Entities) submitted by letter of comment that they foresee significant compliance costs in order to be fully compliant with revised standard PRC-025-2 and recommended, amongst other things, that the BCUC consider further revisions to that standard.

BC Hydro in its reply comment stated that it had previously consulted with BC MRS Entities and was unaware of any concerns regarding revised standard PRC-025-2, and as such, submitted that this standard is suitable for adoption in BC.

By Order R-16-19 dated July 26, 2019, the BCUC amended the regulatory timetable and requested Entities who wished to participate in this proceeding to register as interveners. Only FBC registered as an intervener.

BC Hydro submitted its response to BCUC Information Request No. 1 on August 28, 2019 and stated that the final argument phase of this proceeding may not be necessary. On September 3, 2019, FBC confirmed that it did not intend to file a final argument.

On August 28, 2019, the Three Entities submitted a further letter of comment to augment their initial response to Report 12 and reiterated that they foresee significant expenditure in order to be fully compliant with revised standard PRC-025-2. They also requested that the BCUC consider further revisions to revised standard PRC-025-2.

By Order R-17-19 dated September 3, 2019, the BCUC amended the regulatory timetable and removed the final argument phase of this proceeding.

2.0 Compliance with PRC-025-2

The Three Entities are currently MRS registrants for both Generator Owner and Generator Operator functions¹ and submit that they are currently in compliance with PRC-025-1 due to the phased in mandatory effective date.² On October 1, 2020, when 100 percent compliance is effective, the Three Entities will no longer be able to maintain compliance with PRC-025-1.³

The Three Entities engaged a consultant to assess the equipment of their facilities against the requirements of revised standard PRC-025-1. The consultant reviewed the relay settings shown to be in non-compliance with PRC-025-1 with their facility design documents and equipment specifications and recommended that the settings remain unchanged, as these relay settings were implemented during the facility design phase to protect the equipment from thermal overloads.⁴

The Three Entities submit that a review of revised standard PRC-025-2 will not alleviate this compliance issue. Should the adoption of PRC-025-2 become effective October 1, 2019 as applied for, the Three Entities submit that they will seek compliance relief from the BCUC.⁵

The Three Entities submit that significant investment will have to be made to bring their equipment to full compliance with the requirements of revised standard PRC-025-2.

Accordingly, they request that in the review of BC Hydro's recommendations for adoption of revised standard PRC-025-2, that the BCUC consider further revisions to the PRC-025-2.⁶

BC Hydro submits that during the process of assessing the reliability standards in Report 12, it consulted with BC MRS registered Entities, including the Three Entities, and has considered the comments received from the Three Entities. Nonetheless, BC Hydro's conclusion that revised standard PRC-025-2 will preserve or enhance the reliability of the Bulk Electric System (BES) in BC, and thus will serve the public interest and is suitable for adoption in British Columbia, remains unchanged.⁷

BC Hydro further submits that in reviewing each reliability standard in accordance with section 125.2(3)(c.1) of the *Utilities Commission Act* (UCA), it addresses the applicability of the reliability standard to ensure consistency with the functional registration categories contained in the BC MRS program. BC Hydro does not assess the applicability of the reliability standard to a specified person, a class of persons or a person in respect of specified equipment, and any issues regarding the applicability of reliability standards to particular Entities can and should be addressed in the context of the BCUC's registration and compliance regime.⁸

3.0 Regulatory Authority

In determining whether reliability standards should be adopted in BC, the Panel considers the following sections of the UCA:

¹ Exhibit E-2, p. 1.

² Ibid.

³ Ibid.

⁴ Ibid., p. 2.

⁵ Ibid.

⁶ Ibid.

⁷ Exhibit B-2, pp. 1-2.

⁸ Ibid., p. 2.

Section 125.2(2)

For greater certainty, the BCUC has exclusive jurisdiction to determine whether a reliability standard is in the public interest and should be adopted in British Columbia.

Section 125.2(6)

After complying with section 125.2(5), the BCUC, subject to section 125.2(7), must, by order, adopt the reliability standards addressed in the report if the BCUC considers that the reliability standards are required to maintain or achieve consistency in British Columbia with other jurisdictions that have adopted the reliability standards.

Section 125.2(7)

The BCUC is not required to adopt a reliability standard under section 125.2(6) if the BCUC determines, after a hearing, that the reliability standard is not in the public interest.

4.0 Panel Determination

The Three Entities have stated in letters of comment that the implementation of revised standard PRC-025-2 will result in their non-compliance and that it will require significant expenditure to be fully compliant with that standard.

The Panel observes that the Three Entities did not register as interveners in this proceeding and did not argue that adoption of revised standard PRC-025-2 in BC would not enhance the BES or be in the public interest.

BC Hydro submits that the Revised Standards and Revised Terms assessed in Report 12 will preserve or enhance the reliability of the BES. Furthermore, no evidence has been provided in this proceeding that would indicate otherwise. **The Panel therefore finds that adopting revised standard PRC-025-2, together with the other Revised Standards proposed for adoption in Report 12, will preserve or enhance reliability of the BES.**

The Panel also considered that the Revised Standards in Report 12 are FERC approved and adopted across the USA. In accordance with section 125.2(6) of the UCA, the BCUC must adopt the reliability standards addressed in the report if it considers that the reliability standards are required to maintain or achieve consistency in British Columbia with other jurisdictions that have adopted reliability standards. Moreover, section 125.2(7) of the UCA provides that the BCUC is not required to adopt a reliability standard if it determines, after a hearing, that the reliability standard is not in the public interest. The Panel notes that no evidence has been presented that the adoption of revised standard PRC-025-2 is not in the public interest. **Therefore, the Panel determines that the Revised Standards, including PRC-025-2, listed in Table 1 of Attachment A to this order are adopted and in the public interest and are thereby ordered to be effective in BC as of the dates shown therein.**