



# **Compliance Monitoring Program for British Columbia Mandatory Reliability Standards**

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

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## 1.0 INTRODUCTION

The purpose of the Compliance Monitoring Program is to monitor and assess compliance with Reliability Standards. This is accomplished through the nine (9) compliance monitoring processes outlined in section 2.0. Any Possible or Alleged Violation reported by an Entity or identified by the Administrator following a compliance monitoring process will be subject to the violation review process as outlined in section 4.0.

Compliance monitoring will focus on Entities and their respective registered function(s). However, the Commission retains discretion to extend monitoring activities to Entities that have not registered. For example, the Commission may request information from an Entity if it appears the Entity should be registered for a function it is not registered for.

## 2.0 COMPLIANCE MONITORING

### 2.1 Compliance Audits

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

- 2.1.1 *Applicability:* All Entities are subject to Compliance Audits for all applicable Reliability Standards.
- 2.1.2 *Audit cycle:* The Administrator will schedule a Compliance Audit of every Entity registered as a Balancing Authority and/or Transmission Operator every three (3) years, unless otherwise ordered by the Commission. All other Entities will be subject to on-site or off-site Compliance Audits as approved by the Commission.
- 2.1.3 *Notice to Entities:* Prior to January 1 of each year, the Administrator will notify 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 Entities to avoid unnecessary burdens. The Administrator will provide additional Information to the Compliance Audit Participants, including audit materials, coordinating agendas and changes to the audit schedule as required. Entities will be notified in a timely manner (normally ninety [90] days in advance) of changes or revisions to their scheduled Compliance Audit dates. The Administrator will issue a detailed audit notice ninety (90) days prior to the scheduled Compliance Audit, to inform the Entity of Information required for the audit in the form of a pre-audit questionnaire and will specify the dates by which the Entity must provide the requested Information, and any specific format required.

- 2.1.4 *Unscheduled Compliance Audit:* The Commission may, in its discretion, authorize an Unscheduled Compliance Audit of any 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 Entity with at least ten (10) business days advance notice of an Unscheduled Compliance Audit. The notice must identify the Compliance Audit Team members and their recent employment history, and specify the Information required for the audit, including a completed pre-audit questionnaire and the dates by which the Entity must provide the requested Information, and any specific format.
- 2.1.5 *Compliance Audit scope:* A Compliance Audit generally encompasses the period of three years preceding the start of the Compliance Audit and may not go back beyond the completion date of the Entity's last Compliance Audit. The Compliance Audit includes an audit of compliance with all Reliability Standards applicable to the Entity and listed as actively monitored in the current Implementation Plan. The Commission may request the Administrator to alter the scope of the Compliance Audit to include specific Reliability Standards applicable to the Entity. The Administrator may also expand the scope of the audit in the course of the Compliance Audit where the Compliance Audit Team considers it to be appropriate. If the Compliance Provisions accompanying a Reliability Standard do not require retention of Information for the full period of the Compliance Audit, the Compliance Audit is applicable to the Information retention period specified in the Compliance Provisions accompanying a Reliability Standard.
- 2.1.6 *Process:* The process steps for a Compliance Audit are as follows:
1. At least ninety (90) days prior to commencement of a scheduled Compliance Audit, the Administrator will notify the Entity of the Compliance Audit, identify the Compliance Audit Team members and their recent employment history and request Information, including a completed pre-audit questionnaire.
  2. The Entity may object to the composition of the Compliance Audit Team. Such objections must be provided in writing to the Administrator, no later than fifteen (15) days prior to the start of off-site or on-site audit work. This fifteen (15) day requirement does not apply: (i) where a Compliance Audit Team member has been appointed less than twenty (20) days prior to the start of on-site audit work, in which case the Entity must provide any objections to the Administrator within five (5) business days after receiving notice of the appointment of the Compliance Audit Team member; or (ii) in the case of an Unscheduled Compliance Audit, in which case the Entity must provide any objections to the Administrator, at least five (5) business days prior to the start of on-site audit work for the Unscheduled Compliance Audit. The Administrator will attempt to resolve any dispute over the composition of the Compliance Audit Team informally with the Entity. If the Administrator does not agree with the objection and cannot resolve the issue informally, the Entity may request a determination by the Commission 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 Entity will provide to the Compliance Audit Team the required Information in the format specified in the request.
4. The Compliance Audit Team will prepare a draft Compliance Audit Report and provide a copy to the Entity within thirty (30) days of completion of the Compliance Audit.
5. After the Entity receives a copy of the draft Compliance Audit Report, the Entity has thirty (30) days to provide comments on the draft Compliance Audit Report to the Compliance Audit Team.
6. The Compliance Audit Team will consider the Entity's comments and, if necessary, make revisions to the draft Compliance Audit Report. Within thirty (30) days of receiving comments from the Entity, the Compliance Audit Team will provide the final Audit Report to the Administrator. The Commission may consider an extension to the timeline upon request.
7. The Administrator will finalize a confidential Compliance Audit Report for the Commission and the Entity, which should generally take no more than ninety (90) days from the end of the Compliance Audit.
8. Unless the Commission orders otherwise, the Compliance Audit Report will remain confidential.
9. If the Compliance Audit Report identifies a Possible Violation, the Possible Violation will be reviewed according to the violation review process in section 4.0. If the Administrator identifies an Alleged Violation, it may, and if directed by the Commission will, provide the Commission and the Entity with a Notice of Alleged Violation and the process proceeds as set out in section 4.3.

2.1.7 *Duration of process:* The Compliance Audit process normally concludes with the issuance of the Compliance Audit Report, within ninety (90) days of the completion of the on-site or off-site audit work by the Compliance Audit Team, but may take longer if a Possible Violation is identified.

## 2.2 Self-Certification

The Administrator will develop a Self-Certification program within the annual Implementation Plan for approval by the Commission. The Self-Certification program will include a Self-Certification reporting schedule and Self-Certification documentation.

2.2.1 *Applicability:* All 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, which is part of the annual Implementation Plan and identifies a submittal period for Self-Certifications each year.
2. Upon approval by the Commission, the Administrator will post the Self-Certification reporting schedule on its website and provide notice of the Self-Certification reporting schedule (normally within thirty (30) days) to the Entities.
3. Each Entity will provide Attestation to the Administrator within the timeline set forth and approved in the Self-Certification submittal period.
4. The Administrator will review the Information and may request additional Information or clarification from each Entity as necessary.
5. If the Self-Certification Process identifies a Possible Violation, the Possible Violation will be reviewed according to the violation review process in section 4.0. If the Administrator identifies an Alleged Violation, it will provide the Commission and the Entity with a Notice of Alleged Violation and the process proceeds as set out in section 4.3.

2.2.3 *Duration of process:* The Self-Certification process normally concludes within ninety (90) days from the time the Entity provides an Attestation, but may take longer if a Possible Violation is identified.

2.2.4 *Self-Certification implications for future Violations:* If a Self-Certification accurately identifies a violation of a Reliability Standard, an identification of the same violation in a subsequent Compliance Audit or Spot Check will not give rise to an additional Confirmed Violation unless the severity of the subsequent violation is found to be greater than reported by the Entity in the Self-Certification.

## 2.3 Spot Checks

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

2.3.1 *Applicability:* All Entities are subject to Spot Checks for applicable Reliability Standards.

2.3.2 *Scope and purpose of Spot Checks:* Spot Checks may be initiated at any time to verify compliance. An Unscheduled Compliance Audit may be initiated as necessary, pursuant to section 2.1.4.

2.3.3 *Process:* The process steps for Spot Checks are as follows:

1. The Administrator will provide twenty (20) days advance notice to the Entity, with a copy to the Commission, that a Spot Check will be performed. The notice will provide the reason for the Spot Check, along with the date the Entity is to submit or otherwise make any required Information available to the Administrator. The Entity may object to the composition of the Spot Check Team. Such objections must be provided in writing to the Administrator as soon as possible in consideration of the short notice period generally provided in a Spot Check situation.
2. The Spot Check may require an on-site review.
3. The 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 Entity to provide clarification or additional Information.
5. The Administrator will review, with the Entity, its draft assessment of the Entity's compliance, and provide an opportunity for the Entity to comment on the draft assessment.
6. The Administrator will complete the assessment of the Entity and provide a report to the Commission and the Entity indicating the results of the Spot Check.
7. If the Spot Check process identifies a Possible Violation, the Possible Violation will be reviewed according to the violation review process in section 4.0. If the Administrator identifies an Alleged Violation it will provide the Commission and the Entity with a Notice of Alleged Violation and the process proceeds as set out in section 4.3.
8. Unless the Commission orders otherwise, the Spot Check Report will remain confidential.

2.3.4 *Duration of process:* The Spot Check process normally concludes with the issuance of the Spot Check Report within ninety (90) days from the time the Entity first provides Information to the Administrator, but may take longer if a Possible Violation is identified.

## 2.4 Compliance Violation Investigations

The Administrator will, with the approval of the Commission, conduct Compliance Violation Investigations. A Compliance Violation Investigation may alternatively be in the form of a Spot Check or an Unscheduled Compliance Audit.

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

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

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

1. If the Commission, or the Administrator, is notified or becomes aware of circumstances indicating a Possible Violation of a Reliability Standard and considers that a Compliance Violation Investigation is warranted, the Administrator will notify the Entity of a decision to initiate a Compliance Violation Investigation.
2. Once advised of a Compliance Violation Investigation, the Entity will preserve all Information relevant to the Compliance Violation Investigation.
3. The Administrator will request Information from the Entity and provide to the Entity a list of individuals on the Compliance Investigation Team and their recent employment history. If the Compliance Provisions accompanying a Reliability Standard do not specify the advance notice period, the request and notification will be issued with no less than twenty (20) days advance notice.
4. Within ten (10) business days of receiving the notification of a Compliance Violation Investigation, an Entity subject to a Compliance Violation Investigation may object to any member of the Compliance Investigation Team on the grounds of a conflict of interest or the existence of other circumstances that could interfere with the Compliance Investigation Team 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 Team informally with the Entity. If the Administrator does not agree with the objection and cannot resolve the issue informally, the Entity may request a determination by the Commission 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 Entity will provide the required Information to the Compliance Investigation Team in the format as specified in the request.
7. The Compliance Investigation Team will review Information from the Entity, and may request additional Information if necessary for a complete assessment.

8. The Compliance Investigation Team will prepare a draft Compliance Investigation Report and provide a copy to the Entity within thirty (30) days of completion of the Compliance Investigation.
9. After the Entity receives a copy of the draft Compliance Investigation Report, the Entity has thirty (30) days to provide comments on the draft Compliance Investigation Report to the Compliance Investigation Team.
10. The Compliance Investigation Team will consider the Entity's comments and, if necessary, make revisions to the draft Compliance Investigation Report. Within thirty (30) days of receiving comments from the Entity, the Compliance Investigation Team will provide the final Compliance Investigation Report to the Administrator. The Commission may consider an extension to the timeline upon request.
11. The Administrator will finalize a confidential Compliance Investigation Report for the Commission and the Entity, which should generally take no more than one hundred and twenty (120) days from the end of the Compliance Investigation.
12. Unless the Commission orders otherwise, the Compliance Investigation Report will remain confidential.
13. If the Compliance Violation Investigation identifies a Possible Violation, the Possible Violation will be reviewed according to the violation review process in section 4.0. If the Administrator identifies an Alleged Violation, it may, and if directed by the Commission will, provide the Commission and the Entity with a Notice of Alleged Violation and the process proceeds as set out in section 4.3.

2.4.4 *Duration of process:* The Compliance Violation Investigation process normally concludes with the issuance of the Compliance Investigation Report within one hundred and twenty (120) days from the time notice of the Compliance Violation Investigation, but may take longer if a Possible Violation is identified.

## 2.5 Self-Reports

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

- 2.5.1 *Applicability:* All Entities are encouraged to Self-Report, but are not obligated to do so.
- 2.5.2 *Scope and purpose of a Self-Report:* An Entity is encouraged to Self-Report a Possible Violation as soon as it becomes aware of: (i) a Possible 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 submitting a Self-Report are as follows:

1. The Administrator will make the Self-Report submittal forms available on the Administrator's Electronic System(s).
2. The Entity will provide the Self-Report Information to the Administrator electronically.
3. The Administrator will review the Information and may request the Entity to provide clarification or additional Information.
4. The Administrator will complete the review of the Self-Report, including a review of any Mitigation Plan, and will notify the Entity of the results.
5. If a Self-Report identifies a Possible Violation, the Possible Violation will be reviewed according to the violation review process in section 4.0. If the Administrator identifies an Alleged Violation it will provide the Commission and the Entity with a Notice of Alleged Violation and the process proceeds as set out in section 4.3.

2.5.4 *Duration of process:* The Self-Report process normally concludes within ninety (90) days from the time the Entity first provides Self-Reporting Information, but may take longer if a Possible Violation is identified.

## 2.6 Periodic Data Submittals

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

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

2.6.2 *Scope and frequency of Periodic Data Submittals:* The timing of Periodic Data 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 Data Submittals are as follows:

1. The Commission will approve specific requirements for Periodic Data Submittals unless a schedule is already specified in the Compliance Provisions accompanying the applicable Reliability Standard.
2. The Administrator will post the current Periodic Data Submittal schedule on its web site. The Administrator will keep Entities informed of changes and/or updates by delivering notice to Entities.
3. The Administrator will issue a request to the Entity for a Periodic Data Submittal in accordance with the Commission-approved schedule for Periodic Data Submittals, as contained in the annual Implementation Plan. Requests for

Periodic Data Submittals will be issued by the Administrator to Entities 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 Entity will provide the requested Information to the Administrator in the format as specified in the request.
5. The Administrator will review with the Entity the Information and may request the Entity to provide clarification or additional Information.
6. The Administrator will complete its assessment of the Entity for compliance with the Reliability Standard and will notify the Entity of its assessment.
7. If the Periodic Data Submittal process identifies a Possible Violation, it will be reviewed according to the violation review process in section 4.0. If the Administrator identifies an Alleged Violation, it will, provide the Commission and the Entity with a Notice of Alleged Violation and the process proceeds as set out in section 4.3.

2.6.4 *Duration of process:* The Periodic Data Submittal process normally concludes within ten (10) days from the time the Entity first provides the Information, but may take longer if a Possible Violation is identified.

## 2.7 Remedial Action Directive

- 2.7.1 The Commission may, in its sole discretion, issue a Remedial Action Directive pursuant to section 72 and section 73 of the UCA to protect the reliability of the Bulk Power System.
- 2.7.2 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 Entity to develop and comply with a Mitigation Plan; imposing increased auditing or additional training requirements; and/or requiring an Entity to cease an activity that may constitute a violation of a Reliability Standard.
- 2.7.3 The Administrator may recommend the Commission issue a Remedial Action Directive to protect the reliability of the Bulk Power System from an imminent threat. As part of the recommendation, the Administrator will:
  1. Identify Possible, Alleged or Confirmed Violations of Reliability Standard(s) where appropriate;

2. Include an analysis of the need for a Remedial Action Directive and the implications of not issuing a Remedial Action Directive;
3. Include an analysis of the urgency, and in particular why the normal compliance monitoring processes and a Mitigation Plan are insufficient to address the Possible Violation, Alleged Violation or Confirmed Violation;
4. Confirm that, prior to recommending a Remedial Action Directive, they have consulted the Reliability Coordinator on behalf of the Entity, to ensure that a Remedial Action Directive, if directed, would not be in conflict with directives issued by the Reliability Coordinator;
5. Recommend a deadline for compliance with Reliability Standard(s);
6. Include an analysis of whether a Remedial Action Directive obviates the need for a Mitigation Plan; and
7. Provide a draft of the Remedial Action Directive to the Commission with a copy to the Entity.

If the Entity opposes the RAD, the Commission will hold an expedited hearing.

- 2.7.4 Following the issuance of a Remedial Action Directive by the Commission, the Administrator shall complete the assessment of the Entity's compliance with the Remedial Action Directive. The Administrator shall maintain a record for each Remedial Action Directive as per the record keeping requirements for a Mitigation Plan.

If, based on facts and circumstances, the Administrator observes that an Entity is not complying with a Remedial Action Directive or is not in compliance with the applicable Reliability Standard(s) following completion of the Remedial Action Directive, the Administrator shall notify the Commission.

Such notice shall:

- i. Identify the possible deviation from the Remedial Action Directive or Reliability Standard(s); and
- ii. Include an analysis of the implications of non-compliance with the Remedial Action Directive or Reliability Standard(s).

## 2.8 Complaints

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

- 2.8.1 *Applicability:* All 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 Entity that no further action will be taken.

2.8.4 *Duration of process:* The Complaints process normally concludes within sixty (60) days from the time a Complaint is submitted to the Commission, but may take longer if Compliance Violation Investigation appears warranted.

2.8.5 *Confidentiality:* Complaints are treated as confidential.

## **2.9 Reserve Sharing**

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

## **3.0 ANNUAL IMPLEMENTATION PLAN AND AUDIT SCHEDULE**

### **3.1 Implementation Plan**

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

3.1.2 *Scope and purpose of Implementation Plan:* The Implementation Plan will:

1. Identify all Reliability Standards to be actively monitored in accordance with the monitoring processes outlined in section 2.0 during the upcoming calendar year, together with a schedule;
2. Identify other Reliability Standards proposed for active monitoring by the Administrator;
3. Identify the methods to be used by the Administrator for reporting, monitoring, evaluating and assessing the performance criteria, including the measures, for each Reliability Standard;
4. Include an annual audit schedule;
5. Include a Self-Certification Schedule; and
6. Identify Periodic Data Submittal requirements.

3.1.3 *Publication:* Once approved by the Commission, the Implementation Plan will be available electronically and posted on the Administrator's website, with appropriate links from the Commission's website. Entities will be notified electronically that the Implementation Plan has been posted.

## 4.0 VIOLATION REVIEW PROCESS

### 4.1 Initial review

The Administrator will consider all evidence provided in conjunction with a possible noncompliance with a Reliability Standard and will proceed as follows, unless ordered otherwise by the Commission.

- 4.1.1 If the Administrator considers that there is no evidence to substantiate a Possible Violation, no further process applies and the Administrator will notify the Entity and the Commission that the Possible Violation is dismissed and no further action is required.
- 4.1.2 If the Administrator identifies a Possible Violation as one that may be processed under the BC Find, Fix, Track (FFT) Process, the Administrator will follow the BC FFT Process described in section 4.2.
- 4.1.3 If the Administrator identifies a Possible Violation as one that may not be processed under the BC FFT Process, the Administrator will follow the Alleged Violation Process in section 4.3.
- 4.1.4 If a Possible Violation has been identified and considered under one monitoring process, the Administrator will not review the same occurrence if it is subsequently identified as a Possible Violation under another monitoring process unless it appears that significant

additional information is available. If significant additional information is available, the scope of a Possible Violation may be expanded.

#### **4.2 BC Find, Fix, Track Process (FFT or FFT Process)**

The Commission may approve alterations to the BC FFT Process if such alterations appear to present material benefits for furthering reliability objectives and promoting administrative efficiencies in the BC MRS Program. Alterations to the BC FFT Process may be included in the annual Implementation Plan or otherwise approved by the Commission.

- 4.2.1 The Administrator will perform an FFT review on a Possible Violation before considering following the Alleged Violation process.
- 4.2.2 Unless the Commission orders that other factors are to be considered, the Administrator will consider the following in performing an FFT review:
  - 1. The underlying facts and circumstances (i.e., what happened, how, why, where and when);
  - 2. The specific Reliability Standard(s) possibly violated;
  - 3. Whether the Entity has mitigated or begun mitigation of the Possible Violation;
  - 4. The Administrator's assessment of potential and actual level of risk to reliability, including mitigating factors during the period of noncompliance;
  - 5. Information that the Administrator may have about the perceived strength of the Entity's compliance program, including preventive and corrective processes and procedures, internal controls and culture of compliance;
  - 6. Information that the Administrator may have about the Entity's compliance record; and
  - 7. Whether aggravating factors are present.
- 4.2.3 The Administrator will notify the Commission and the Entity in writing that it will follow the BC FFT Process. If, within thirty (30) days after that notice is sent, either: (a) the Commission directs the Administrator to proceed under any other process, or (b) the Entity provides a written request to the Administrator, with a copy to the Commission, requesting that the Alleged Violation process be followed instead, then the Administrator will instead follow the Alleged Violation process or such other process the Commission may direct.
- 4.2.4 Unless the Commission orders otherwise, Possible Violations that are processed under the BC FFT Process will not be processed as Alleged Violations and will not become Confirmed Violations. A Possible Violation resolved through the BC FFT Process will not be classified as a contravention under the UCA and will not attract administrative penalties. However, the existence of earlier Possible Violations that have been resolved

through the BC FFT Process will be part of the Entity's compliance history that may be considered by the Commission in determining penalties for other contraventions for the Entity.

- 4.2.5 Mitigation information is an important consideration of whether a Possible Violation is considered for the BC FFT process. Nonetheless, if a Possible Violation included in the BC FFT Process has not yet been mitigated, the Entity must submit a Mitigation Plan to the Administrator, or a description of how the Possible Violation has been mitigated, within thirty (30) days after the Administrator notifies the Entity that it will follow the BC FFT Process. The provisions of section 5.3 dealing with Mitigation Plans are applicable.
- 4.2.6 In order for a Possible Violation to be considered as resolved through the BC FFT Process, an Entity must provide an Attestation acceptable to the Administrator describing the remediation work completed.
- 4.2.7 The Commission will consider a Possible Violation matter closed when the Administrator reports it to the Commission as a Remediated FFT Issue, unless the Commission provides notice to the Administrator and the Entity at any time that further review will be required.
- 4.2.8 The Administrator will report items processed as FFTs to the Commission within thirty (30) days of notifying an Entity of an FFT.
- 4.2.9 If at any point it appears to the Commission that Remediated FFT Issue status was achieved on the basis of a material misrepresentation of facts, the Commission may direct the Administrator to reprocess the matter as an Alleged Violation. The duration of the Alleged Violation may be considered to begin with the original start date of what had been considered to be a Remediated FFT Issue. Particulars of misrepresentation may be considered by the Commission in determining any sanctions that the Commission may determine to be applicable.
- 4.2.10 The Commission may publish status reports including the name of Entities with Possible Violations in the BC FFT Process or Remediated FFT Issues and details of the nature of the Possible Violations and Remediated FFT Issues, unless disclosure relates to a cyber-security incident or would jeopardize the security of the bulk power system.
- 4.2.11 If the Administrator identifies a Possible Violation as not one that the Administrator would approach as an FFT under the BC FFT process, the Alleged Violation process described in section 4.3 would proceed.

### **4.3 Alleged Violation Process**

- 4.3.1 *Recipients of Notice:* A Notice of Alleged Violation required by a compliance monitoring process outlined in section 2.0 will be provided electronically to the Entity's Compliance Contact, with a copy to the Commission. A Notice of Alleged Violation will be treated as

confidential unless and until the Commission confirms the Alleged Violation and the Commission considers that disclosure would not relate to a cyber-security incident or otherwise jeopardize the security of the bulk power system. One Notice of Alleged Violation may be issued listing one or more Alleged Violation(s).

4.3.2 *Scope and Purpose of Notice:* A Notice of Alleged Violation (NOAV) must contain, at a minimum:

1. The Reliability Standard(s) and the specific requirement(s) of the Reliability Standard(s) that are the subject matter of the Alleged Violation(s);
2. The date or dates the Alleged Violation(s) occurred (or is occurring);
3. The facts and evidence that allegedly demonstrate or constitute the Alleged Violation(s). The Administrator may provide the description of the facts and evidence of the Alleged Violation to the Entity for review before the NOAV is issued;
4. Reference VRF and VSL factors relevant to the circumstances of the Alleged Violation;
5. The Administrator's risk assessment based on the facts and evidence;
6. A proposed penalty amount, if any, which references the base penalty range for the potential contravention under the BC penalty matrix; and
7. A detailed reminder of: (i) the Entity's rights and obligations pursuant to section 4.4, and (ii) the right under section 5.1.2 to file a Mitigation Plan while contesting an Alleged Violation.

#### 4.4 Entity Response

4.4.1 *Time for response:* The Entity has thirty (30) days to respond to a Notice of Alleged Violation. Responses are to be submitted to the Administrator. If the Entity fails to respond within thirty (30) days, the Commission may consider the Alleged Violation(s) in the absence of a submission from the Entity.

4.4.2 *Entity options for response:* The Entity has three options in responding to a Notice of Alleged Violation:

1. The Entity may agree with the Alleged Violation(s) and make no submission on the proposed penalty amount, and agree to submit and implement a Mitigation Plan to correct the Alleged Violation(s) and related underlying cause(s), in accordance with section 5.0 (Option 1); or
2. The Entity may agree with the Alleged Violation(s) and make a submission on points relevant to the proposed penalty amount, provide an explanation of its position, and include any supporting information (Option 2); or

3. The Entity may contest the Alleged Violation(s) and make a submission on points relevant to the dispute, provide an explanation of its position and include any supporting information (Option 3).
- 4.4.3 If the Entity elects Option 1, the Commission will issue an order confirming the Alleged Violation(s) and follow the penalty process approved by the Commission for determination regarding the proposed penalty amount.
  - 4.4.4 If the Entity elects Option 2, the Commission will review the explanation of the Entity's position regarding the proposed penalty amount and issue an order confirming the Alleged Violations(s) and make a determination regarding the proposed penalty amount.
  - 4.4.5 If the Entity elects Option 3, the Administrator will review the explanation of the Entity's position, and
    1. If the Administrator agrees with or does not object to the Entity's position on some or all of the contested violation(s), within sixty (60) days of receiving the response to the Notice of Alleged Violation, the Administrator will withdraw the original Notice of Alleged Violation and may issue a Revised Notice of Alleged Violation, or
    2. If the Administrator disagrees with or objects to the Entity's position on all of the contested violation(s), the Administrator will, within sixty (60) days, issue a letter to the Commission and the Entity affirming the Notice of Alleged Violation.
  - 4.4.6 The Entity has thirty (30) days to respond to the Revised Notice of Alleged Violation. Responses are to be submitted to the Commission and the Administrator. If the Entity fails to respond within thirty (30) days, the Commission may consider the Alleged Violation(s) in the absence of a submission from the Entity.
    1. If the Entity agrees with the Revised Notice of Alleged Violation and agrees to submit and implement a Mitigation Plan to correct the Alleged Violation(s) and related underlying cause(s) in accordance with section 5.0, the Commission will issue an Order confirming the Alleged Violation(s).
    2. Where the Entity contests the Revised Notice of Alleged Violation, it may provide the Administrator with an explanation of its position and any supporting documentation.
    3. If the Entity contests the Revised Notice of Alleged Violation, or the Administrator affirms the Notice of Alleged Violation, the Commission will hold a Hearing.

## 5.0 MITIGATION PLANS

### 5.1 Requirement for submittal of Mitigation Plans

The Commission strongly encourages Entities to thoroughly and swiftly mitigate any possible noncompliance with a Reliability Standard as soon as such has been identified and reminds Entities that Mitigation information is an important consideration of whether a Possible Violation is considered for the BC FFT process or not.

- 5.1.1 *Confirmed Violation*: An Entity found to be in Confirmed Violation of a Reliability Standard must prepare: (i) a Mitigation Plan to correct the Confirmed Violation, or (ii) a description of how the Confirmed Violation has been mitigated.
- 5.1.2 *Possible or Alleged Violation*: An Entity may elect to prepare a Mitigation Plan for a Possible Violation or while contesting an Alleged Violation. Mitigation Information is an important consideration of whether a Possible Violation is considered for the BC FFT process or not and the preparation, submission or implementation of a Mitigation Plan is not an admission of the Alleged Violation.
- 5.1.3 Upon recommendation by the Administrator, the Commission may accept a Mitigation Plan for a Possible, Alleged or Confirmed Violation.

### 5.2 Contents of Mitigation Plans

- 5.2.1 A Mitigation Plan must include the following Information:
  - 1. The Entity's point of contact for the Mitigation Plan, who must be a person: (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan.
  - 2. The Possible, Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.
  - 3. The cause of the Possible, Alleged or Confirmed Violation(s).
  - 4. The Entity's action plan to correct the Possible, Alleged or Confirmed Violation(s).
  - 5. The Entity's action plan to prevent recurrence of the Possible, Alleged or Confirmed Violation(s).
  - 6. The anticipated impact of the Mitigation Plan on the Bulk Power System reliability and an action plan to mitigate any increased risk to the reliability of the Bulk Power System while the Mitigation Plan is being implemented.
  - 7. A timetable for completion of the Mitigation Plan including the proposed completion date by which the Mitigation Plan will be fully implemented and the Possible, Alleged or Confirmed Violation(s) corrected.

8. Implementation milestones no more than ninety (90) days apart for Mitigation Plans with expected completion dates more than ninety (90) days from the date of submittal.
9. Any other Information as directed by the Commission.

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

### 5.3 Time for filing of Mitigation Plans

5.3.1 *Possible or Alleged Violation:* A Mitigation Plan with respect to a Possible or Alleged Violation may be submitted at any time and must be submitted within thirty (30) days after the Administrator notifies the Entity that it will follow the BC FFT Process. A Mitigation Plan for a Possible Violation in the FFT process generally requires the expected completion be within three months of submittal. Specific Reliability Standards that the Commission approves to warrant a longer mitigation period in the FFT process will be listed in the annual Implementation Plan.

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

### 5.4 Time for completion of Mitigation Plans

In all cases, the Mitigation Plan should be completed without delay. In any event, the Mitigation Plan must be completed in time to have a reasonable possibility to correct all of the Possible, Alleged or Confirmed Violation(s) prior to the next Compliance Audit, Self-Certification, Self-Report or Periodic Review, whichever comes first. At the request of the Entity, the Commission may extend the Mitigation Plan completion deadline. In reaching its decision regarding whether to grant the extension, the Commission may consider factors such as: (i) the length of time before the next assessment period (i.e., event driven or monthly assessments), (ii) construction requirements in the Mitigation Plan that extend beyond the next assessment period, or (iii) other extenuating circumstances.

### 5.5 Revised Mitigation Plans

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

1. An Extension to the Mitigation Plan requires the inclusion of additional milestones.
2. Evidence suggests the scope of an accepted Mitigation Plan must be expanded to include greater scope of mitigation to fully mitigate the Possible, Alleged or Confirmed Violation(s).
3. Any other reason as deemed appropriate by the Administrator or the Commission.

### 5.6 Subsequent Alleged Violations of similar nature

5.6.1 Subsequent Alleged Violations of a similar nature to the subject matter of an accepted Mitigation Plan arising during the period of time the accepted Mitigation Plan is being

implemented will be recorded and reported to the Commission by the Administrator as Alleged Violations. However, the Commission may, in its discretion, decide not to confirm the Alleged Violations as Confirmed Violations.

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

## **5.7 Process for receiving Mitigation Plans**

- 5.7.1 Mitigation Plans are submitted by the Entity to the Administrator.
- 5.7.2 The Administrator will complete its review of the Mitigation Plan, and will advise the Entity whether it agrees or disagrees with the Mitigation Plan, within thirty (30) days of receipt. If the Administrator disagrees with the Mitigation Plan, detailed reasons for its disagreement will be provided to the Entity.
- 5.7.3 If the Administrator agrees with the Mitigation Plan, it will promptly forward the Mitigation Plan to the Commission, accompanied by a recommendation of acceptance.
- 5.7.4 If the Administrator disagrees with the Mitigation Plan, the Entity can, at its option, either: (i) apply to the Commission for acceptance of its Mitigation Plan, or (ii) submit a new version of the Mitigation Plan to the Administrator. The Administrator will notify the Entity within thirty (30) days after receipt of the subsequent version of Mitigation Plan whether the Administrator agrees or disagrees with the revisions.
- 5.7.5 If the Administrator disagrees with the Entity's new version of the Mitigation Plan, the Entity can, at its option, either: (i) apply to the Commission for acceptance of its Mitigation Plan, or (ii) submit further changes to its Mitigation Plan within thirty (30) days. The Administrator will notify the Entity within thirty (30) days after receipt of a further version of Mitigation Plan whether the Administrator agrees or disagrees with the latest version.
- 5.7.6 If the Administrator still disagrees with the Mitigation Plan, the Entity must promptly apply to the Commission for acceptance of its Mitigation Plan. The Administrator will advise the Commission of its reasons for disagreeing with the Mitigation Plan.
- 5.7.7 Following receipt of the application for acceptance of the Mitigation Plan and the Administrator's reasons for disagreeing with the Mitigation Plan, the Commission will hold a Hearing.

## **5.8 Completion/Confirmation of Implementation of Mitigation Plans**

- 5.8.1 The Entity must provide updates at least every ninety (90) days to the Administrator on the progress of the Mitigation Plan. The Administrator will track the Mitigation Plan to

completion and may conduct on-site visits and review status during audits to monitor Mitigation Plan implementation.

- 5.8.2 Upon completing implementation of the Mitigation Plan, the Entity must provide Attestation to the Administrator that all required actions described in the Mitigation Plan have been completed and must include Information sufficient to verify completion. The Administrator will complete its review of the Attestation within 180 days of receipt of the Attestation, and will at that time advise the Entity whether it agrees or disagrees with the Attestation. If the Administrator disagrees with the Attestation, detailed reasons for its disagreement will be provided to the Entity.
- 5.8.3 The Commission or the Administrator may conduct Spot Checks or Compliance Audits in accordance with section 2.0 to verify that all required actions in the Mitigation Plan have been completed.
- 5.8.4 If the Administrator agrees with the Attestation, it will promptly forward a recommendation of acceptance of Attestation of Mitigation Plan Completion to the Commission.
- 5.8.5 In the event all required actions in the Mitigation Plan are not completed within the applicable deadline, the Administrator will report to the Commission any additional Alleged Violation(s) of the Reliability Standard that was the subject of the Mitigation Plan that occurred since the Commission approved the Mitigation Plan.
- 5.8.6 If, at any point, the Administrator observes that a Mitigation Plan accepted by the Commission is no longer sufficient to bring the Entity into compliance with the Possible, Alleged or Confirmed Violation in question within the time period indicated by the proposed completion date, the Administrator may request the entity to prepare and submit a Revised Mitigation Plan.
- 5.8.7 The Entity and the Administrator have 180 days from the Entity's submission of Attestation described in section 5.8.2 to the recommendation of acceptance of the Attestation of Mitigation Plan completion. The Commission may consider an extension to the timeline upon request.

## 5.9 Recordkeeping

Information meeting the definitions of Confidential Information or Personal Information in the Rules of Procedure must be handled in accordance with section 6 of the Rules of Procedure.

## **6.0 DOCUMENT PRODUCTION BY THE ADMINISTRATOR**

### **6.1 Documents to be produced**

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 by the Entity, all Information relevant to the Alleged Violations and prepared or obtained in connection with the process that led to the initiation of a Hearing, with the exception of the Information described in section 6.2.

### **6.2 Documents that may be withheld**

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