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April 26, 2013

Ms. Erica Hamilton  
Commission Secretary  
British Columbia Utilities Commission  
Sixth Floor – 900 Howe Street  
Vancouver, BC V6Z 2N3

Dear Ms. Hamilton:

**RE: Project No. 3698691  
British Columbia Utilities Commission (BCUC)  
Inquiry into the B.C Mandatory Reliability Standards (MRS) Program  
British Columbia Hydro and Power Authority (BC Hydro)  
Responses to BCUC and Registered Parties Information Requests**

BC Hydro writes in compliance with BCUC Order No. R-10-13 to provide its responses to information requests as follows:

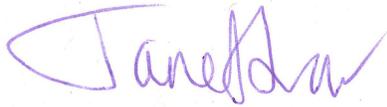
Exhibit C17-11	Responses to BCUC Information Request No. 1 to Straw Dog #1	Response Provided	2.2; 2.9; 8.1; 11.1; 11.2; 11.3; 11.4; 12.1; 12.2; 13.1; 13.2; 13.3; 14.1; 14.2; 14.3; 14.4; 14.5; 16.1; 16.2
		Response Not Provided	1.1; 2.1; 2.3; 2.4; 2.5; 2.6; 2.7; 2.8; 3.1; 4.1; 4.2; 5.1; 5.2; 6.1; 6.2; 6.3; 6.4; 6.5; 6.6; 6.7; 7.1; 7.2; 7.3; 9.1; 9.2; 10.1; 10.2; 15.1; 15.2; 15.3
Exhibit C17-12	Responses to BCUC Information Request No. 1 to Straw Dog #2	Response Provided	2.1; 2.2; 3.1; 4.1; 5.1; 6.1; 6.2; 6.3; 6.4; 7.1; 7.2
		Response Not Provided	1.1; 7.3; 7.4; 7.5; 7.6; 8.1
Exhibit C17-13	Responses to BCUC Information Request No. 1 to Straw Dog #3	Response Provided	5.1; 5.2; 5.3
		Response Not Provided	1.1; 1.2; 1.3; 1.4; 2.1; 3.1; 4.1
Exhibit C17-14	Responses to Registered Parties Information Request No. 1	Response Provided to all	

April 26, 2013  
Ms. Erica Hamilton  
Commission Secretary  
British Columbia Utilities Commission  
Responses to BCUC and Registered Parties Information Requests

Page 2 of 2

For further information, please contact Geoff Higgins at 604-623-4121 or by email at [bchydroregulatorygroup@bchydro.com](mailto:bchydroregulatorygroup@bchydro.com).

Yours sincerely,



Janet Fraser  
Chief Regulatory Officer

st/ma

Enclosure

Copy to: BCUC Project No. 3698691 (Inquiry into the B.C. MRS Program) Registered  
Intervener Distribution List.



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Log No. 41453

VIA EMAIL

March 28, 2013

**BCUC INQUIRY INTO THE  
BC MRS PROGRAM**

**EXHIBIT A-13**

To: All Registered Parties  
(*BCUC – MRS Inquiry*)

Re: British Columbia Utilities Commission  
Project No. 3698595/R-72-12  
An Inquiry into potential adjustments for the  
British Columbia Mandatory Reliability Standards Program

Further to Commission Order R-72-12, which established a Regulatory Timetable with respect to the above noted Inquiry, enclosed please find Commission Information Request No. 1 to Straw-Dog #2. In accordance with the Regulatory Timetable, please file your responses electronically with the Commission by Friday, April 26, 2013.

The following Information Requests (IRs) are open to all Registered Interveners and all Registered Interveners are invited to respond to some or all of these IRs. Where a specific Intervener is cited specifically in the text of an IR question, the specified Intervener is required to respond, while other Interveners may respond.

Yours truly,

Erica Hamilton

CAS/cms  
Enclosure

**British Columbia Utilities Commission**  
**Project No. 3698595/R-72-12**  
**An Inquiry into potential adjustments for the**  
**British Columbia Mandatory Reliability Standards Program**

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**1.0 Reference: Find, Fix, Track Option (FFT) for Possible Violations**  
**Exhibit C18-3, FortisBC p. 2, # 12**

FortisBC states “FortisBC is in general agreement with a Find, Fix, Track (‘FFT’) process described in Straw Dog #2 (‘SD-2’); however, the FFT process suggested requires further clarification and consideration before FortisBC can fully endorse the process as suggested. For instance, there is reference to the FFT Screen being conducted by the Administrator using the NERC FFT process as well as using NERC FFT thresholds. However, those NERC FFT thresholds are not identified.”

1.1 Reference is made to the criteria contained in the definition of the BC FFT process (“remediated Possible Violations that appear to pose minimal risk to the bulk power system”) and the factors contained in the definition of the FFT Screen. Commission staff suggests replacing “threshold” with “criteria” may be appropriate. What further comments would FortisBC have?

**2.0 Reference: FFT Option for Possible Violations**  
**Exhibit C17-3, BC Hydro p. 10, a) i)**

BC Hydro states “BC Hydro understands this provision to mean that within 30 days after the Administrator notifies the Entity that the situation will be addressed under the FFT process, the Entity must provide a formal Mitigation Plan to the Administrator and following that, a statement to the Administrator certifying that remediation is complete. This suggests that the entire process, from notification to completion of remediation, is 30 days and that only issues that can be resolved within this timeframe will be eligible for consideration under the BC FFT Process. BC Hydro is concerned that while this may be an appropriate time frame for certain issues, many issues could require a longer time frame within which to properly address and complete remediation. As such, BC Hydro recommends that once the Possible Violation is identified and the FFT process accepted, appropriate timelines for submitting a formal Mitigation Plan is 30 days, and certification that the remediation has been completed would be aligned with the Mitigation Plan Completion Date. In circumstances where a certification that remediation has been completed is submitted within 30 days, the requirement to file a Formal Mitigation Plan should be waived.”

2.1 Considering that the “BC FFT Process” definition and the seventh numbered factor in the definition of “FFT Screen” would provide for FFT to be available only for matters that have already been remediated and not ongoing at the time of the FFT Screen, how would a longer time period for remediation be consistent with this criteria?

2.2 As entities are encouraged to file self reports and promptly mitigate all Possible Violations, regardless of whether they may be processed as FFT or NOAVs, would it be helpful to supplement the reference to “Mitigation Plan” in Sec. 5.0 of the FFT section, to clarify that the Mitigation Plan in this context should outline and confirm the steps that were taken in remediating the matter?

**3.0 Reference: FFT Option for Possible Violations  
Exhibit C17-3, BC Hydro p. 10, a) ii)**

BC Hydro states “BC Hydro is also concerned that the timing contemplated in Part A, section 8.0 could result in significant back-fines being imposed on an Entity if it is determined that a Possible Violation that is receiving FFT treatment or has been considered resolved is not mitigated as certified. If such a determination is made, the Entity may no longer be eligible for FFT treatment and may be instead processed as an Alleged Violation.”

3.1 Would BC Hydro please clarify what the basis would be for enabling an Entity to benefit from continued FFT treatment in a situation where it has certified that mitigation has been completed but the certification (and the accompanying affidavit) is later found to be invalid?

**4.0 Reference: FFT Option for Possible Violations  
Exhibit C17-3, BC Hydro p. 11, a) ii)**

BC Hydro states “Section 8.0 suggests that the duration of the Alleged Violation will be considered to begin with the original start date of the Possible Violation that previously was considered to have been resolved as an FFT. BC Hydro is concerned that an Entity could be subject to significant fines without any opportunity to remedy the deficiency. BC Hydro recommends that the period for which penalties are assessed should not begin until the Possible Violation becomes an Alleged Violation.”

4.1 How would BC Hydro justify an additional penalty-free period, given that penalties may be based on the start of the violation, and prompt remediation of a deficiency is encouraged in all cases?

**5.0 Reference: BC Process for Assessing Severity and Risk for Violations  
Exhibit C17-3, BC Hydro p. 11, b) ii)**

BC Hydro states “BC Hydro notes that there appears to be some confusion in the language used to describe the TAC’s role with respect to specific Confirmed Violations, as described in Part B of Exhibit A-8. Based on BC Hydro’s understanding of TAC’s role as currently drafted, it appears that the TAC would be limited to providing information and recommendations to the BCUC that could be generally applicable for the B.C. context, rather than in the more limited context of any particular Confirmed Violation. However, it also suggests that the TAC will be in a position to review the specific facts of a Confirmed Violation case and provide input. BC Hydro is concerned that given the make-up of the TAC, if the TAC was in a position to provide specific recommendations to the BCUC with respect to Confirmed Violations and possible penalties, the process would need to be very transparent and any information provided by the TAC to the BCUC should necessarily also be provided to the impugned Entity to ensure procedural fairness.”

5.1 Given Straw Dog #2 suggests “[t]he TAC would provide information and recommendations to the Commission that could be generally applicable for the BC context, rather than in the more limited context of any particular Confirmed Violation,” and “[a]s the TAC’s information and recommendations will not be related to particular Confirmed Violations, the Commission may publish all or parts of the TAC’s input by posting on the Commission’s website,” what additional language would alleviate confusion?

**6.0 Reference: BC Process for Assessing Severity and Risk for Violations  
Exhibit C17-3, BC Hydro p. 11, b) i)**

BC Hydro states “BC Hydro recommends that for the initial adoption of the VRF and VSL factors in BC, instead of the TAC assessing the VRF and VSL factors, BC Hydro include the review of the VRF and VSL factors as part of its obligations in producing the annual assessment reports. Under this process, the TAC would have the opportunity to review and provide its comments on VRF/VSL factors, as do all Entities.”

- 6.1 Do other Registered Interveners agree with BC Hydro’s suggestion that BC Hydro review the VRF and VSL factors in producing annual assessment reports and that the TAC and other Entities would have opportunity to comment?
- 6.2 What would be considered in such a review?
- 6.3 Would BC Hydro evaluate the VRF/VSL on the basis of impact to the interconnected Grid or simply to the impact on the BC Grid?
- 6.4 What supplementary value would this bring as an addition to TAC consideration of BC-specific technical factors?

**7.0 Reference: BC Penalties for Confirmed Violations  
Exhibit C17-3, BC Hydro p. 12, b) iv)  
Exhibit C18-3, FortisBC p. 2, #14**

BC Hydro states “BC Hydro recommends revising the B.C.’s Rules of Procedure to include a Notice of Penalty process.”

FortisBC states “Part C of SD-2 regarding “Penalty Process” needs further clarification and consideration. For instance, there is no reference to a process if a Registered Entity disagrees with a penalty. Additionally, item 4 in Part C of SD-2 requires clarification of “others” from whom the Commission may request additional information. The document should describe how the “others” fit in with or will participate in the Penalty Process as envisioned by the Commission. Further, the details of the submissions of advisors to the BCUC or their Administrator should be made available under the same guidelines and confidentiality applicable to the TAC.”

- 7.1 Considering Part 8.1 of the *UCA*, the Administrative Penalties Regulation and the opportunity to provide information in the NOAV process, what further process would BC Hydro and FortisBC consider essential and why?
- 7.2 How are the general processes that already exist for disagreement with a Commission Order insufficient for an Entity disagreeing with a Penalty ordered by the Commission?
- 7.3 On what basis would FortisBC be suggesting any limitation on any others from whom the Commission may request additional information?
- 7.4 To what extent might it be reasonable for the Commission to not pursue administrative penalties for possible contraventions relating to periods before an entity registered under the BC MRS Program?

- 7.5 If the Commission did not seek to impose administrative penalties for contraventions relating to periods before an entity was registered, except in particularly egregious situations such as those where actual disruption to the BES was experienced or narrowly avoided, would it be clear to entities that they were nevertheless subject to the MRS requirements for periods prior to registration?
- 7.6 If a penalty were to be considered for not registering under the BC MRS Program as and when required by the BC Rules of Procedure and Registration Manual, what factors might be relevant for assessing penalty amount?

**8.0 Reference: BC Penalties for Confirmed Violations  
Exhibit C18-3, FortisBC p. 2 #13**

FortisBC states “SD-2 should provide further clarification on confidentiality and publication issues where the security of the Bulk Electric System could be impacted by the distribution of information. Where this security may be impacted there should be posting or distribution of information only to parties as necessary.”

- 8.1 What details would be proposed for confidentiality and publication processes and related system security?

<b>British Columbia Utilities Commission Straw Dog No. 2</b> Information Request No. 1.2.1 Dated: <b>March 28, 2013</b> British Columbia Hydro & Power Authority Response issued <b>April 26, 2013</b>	Page 1 of 1
British Columbia Hydro & Power Authority <b>An Inquiry into Potential Adjustments for the BC MRS Program</b>	<b>Exhibit:          C17-12</b>

**2.0 Reference: FFT Option for Possible Violations  
 Exhibit C17-3, BC Hydro p. 10, a) i)**

BC Hydro states “BC Hydro understands this provision to mean that within 30 days after the Administrator notifies the Entity that the situation will be addressed under the FFT process, the Entity must provide a formal Mitigation Plan to the Administrator and following that, a statement to the Administrator certifying that remediation is complete. This suggests that the entire process, from notification to completion of remediation, is 30 days and that only issues that can be resolved within this timeframe will be eligible for consideration under the BC FFT Process. BC Hydro is concerned that while this may be an appropriate time frame for certain issues, many issues could require a longer time frame within which to properly address and complete remediation. As such, BC Hydro recommends that once the Possible Violation is identified and the FFT process accepted, appropriate timelines for submitting a formal Mitigation Plan is 30 days, and certification that the remediation has been completed would be aligned with the Mitigation Plan Completion Date. In circumstances where a certification that remediation has been completed is submitted within 30 days, the requirement to file a Formal Mitigation Plan should be waived.”

1.2.1 Considering that the “BC FFT Process” definition and the seventh numbered factor in the definition of “FFT Screen” would provide for FFT to be available only for matters that have already been remediated and not ongoing at the time of the FFT Screen, how would a longer time period for remediation be consistent with this criteria?

**RESPONSE:**

**In further reviewing the documentation, BC Hydro better understands the intent behind the Find, Fix, Track (FFT) process – i.e., that in order to be eligible for the FFT process, a Possible Violation needs to be remediated or mitigated before the FFT Screen is applied. As a result, the 30 day timeline seems appropriate. However, since the B.C. FFT process mimics NERC’s process, BC Hydro suggests that the B.C. FFT process should continue to evolve with the changes made by NERC to its process.**

<b>British Columbia Utilities Commission Straw Dog No. 2</b> Information Request No. <b>1.2.2</b> Dated: <b>March 28, 2013</b> British Columbia Hydro & Power Authority Response issued <b>April 26, 2013</b>	Page 1 of 1
British Columbia Hydro & Power Authority <b>An Inquiry into Potential Adjustments for the BC MRS Program</b>	<b>Exhibit: C17-12</b>

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1.2.2 As entities are encouraged to file self reports and promptly mitigate all Possible Violations, regardless of whether they may be processed as FFT or NOAVs, would it be helpful to supplement the reference to “Mitigation Plan” in Sec. 5.0 of the FFT section, to clarify that the Mitigation Plan in this context should outline and confirm the steps that were taken in remediating the matter?

**RESPONSE:**

**BC Hydro submits that supplementing the reference to “Mitigation Plan” is not necessary.**

<b>British Columbia Utilities Commission Straw Dog No. 2</b> Information Request No. <b>1.3.1</b> Dated: <b>March 28, 2013</b> British Columbia Hydro & Power Authority Response issued <b>April 26, 2013</b>	Page 1 of 1
British Columbia Hydro & Power Authority <b>An Inquiry into Potential Adjustments for the BC MRS Program</b>	<b>Exhibit:          C17-12</b>

**3.0 Reference: FFT Option for Possible Violations  
 Exhibit C17-3, BC Hydro p. 10, a) ii)**

BC Hydro states “BC Hydro is also concerned that the timing contemplated in Part A, section 8.0 could result in significant back-fines being imposed on an Entity if it is determined that a Possible Violation that is receiving FFT treatment or has been considered resolved is not mitigated as certified. If such a determination is made, the Entity may no longer be eligible for FFT treatment and may be instead processed as an Alleged Violation.”

1.3.1 Would BC Hydro please clarify what the basis would be for enabling an Entity to benefit from continued FFT treatment in a situation where it has certified that mitigation has been completed but the certification (and the accompanying affidavit) is later found to be invalid?

**RESPONSE:**

**BC Hydro’s comment in its January 31, 2013 submission (Exhibit C17-3), assumes that the Entity has mitigated the Possible Violation to the best of its ability during the mitigation period. If an Entity knowingly falsifies its certification that mitigation is complete, then BC Hydro supports using the original start date of the Possible Violation.**

<b>British Columbia Utilities Commission Straw Dog No. 2</b> Information Request No. 1.4.1 Dated: <b>March 28, 2013</b> British Columbia Hydro & Power Authority Response issued <b>April 26, 2013</b>	Page 1 of 1
British Columbia Hydro & Power Authority <b>An Inquiry into Potential Adjustments for the BC MRS Program</b>	<b>Exhibit:          C17-12</b>

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 Exhibit C17-3, BC Hydro p. 11, a) ii)**

BC Hydro states “Section 8.0 suggests that the duration of the Alleged Violation will be considered to begin with the original start date of the Possible Violation that previously was considered to have been resolved as an FFT. BC Hydro is concerned that an Entity could be subject to significant fines without any opportunity to remedy the deficiency. BC Hydro recommends that the period for which penalties are assessed should not begin until the Possible Violation becomes an Alleged Violation.”

1.4.1 How would BC Hydro justify an additional penalty-free period, given that penalties may be based on the start of the violation, and prompt remediation of a deficiency is encouraged in all cases?

**RESPONSE:**

**BC Hydro’s comment in its January 31, 2013 submission (Exhibit C17-3), assumes that the Entity has mitigated the Possible Violation to the best of its ability during the mitigation period. If the mitigation is later determined not to be sufficient, then BC Hydro believes it should be treated as a new Possible Violation. To do otherwise would be overly punitive. However, if an Entity knowingly falsifies its certification that mitigation is complete, then BC Hydro supports using the original start date of the Possible Violation.**

<b>British Columbia Utilities Commission Straw Dog No. 2</b> Information Request No. <b>1.5.1</b> Dated: <b>March 28, 2013</b> British Columbia Hydro & Power Authority Response issued <b>April 26, 2013</b>	Page 1 of 1
British Columbia Hydro & Power Authority <b>An Inquiry into Potential Adjustments for the BC MRS Program</b>	<b>Exhibit:          C17-12</b>

**5.0 Reference: BC Process for Assessing Severity and Risk for Violations Exhibit C17-3, BC Hydro p. 11, b) ii)**

BC Hydro states “BC Hydro notes that there appears to be some confusion in the language used to describe the TAC’s role with respect to specific Confirmed Violations, as described in Part B of Exhibit A-8. Based on BC Hydro’s understanding of TAC’s role as currently drafted, it appears that the TAC would be limited to providing information and recommendations to the BCUC that could be generally applicable for the B.C. context, rather than in the more limited context of any particular Confirmed Violation. However, it also suggests that the TAC will be in a position to review the specific facts of a Confirmed Violation case and provide input. BC Hydro is concerned that given the make-up of the TAC, if the TAC was in a position to provide specific recommendations to the BCUC with respect to Confirmed Violations and possible penalties, the process would need to be very transparent and any information provided by the TAC to the BCUC should necessarily also be provided to the impugned Entity to ensure procedural fairness.”

1.5.1 Given Straw Dog #2 suggests “[t]he TAC would provide information and recommendations to the Commission that could be generally applicable for the BC context, rather than in the more limited context of any particular Confirmed Violation,” and “[a]s the TAC’s information and recommendations will not be related to particular Confirmed Violations, the Commission may publish all or parts of the TAC’s input by posting on the Commission’s website,” what additional language would alleviate confusion?

**RESPONSE:**

**BC Hydro notes the BCUC’s clarification and confirmation that the TAC’s role with respect to Confirmed Violations will be limited to providing information and recommendations to the BCUC that could be generally applicable for the B.C. context rather than in the more limited context of any particular Confirmed Violation. As such, BC Hydro does not require any additional language or explanation on this issue.**

<b>British Columbia Utilities Commission Straw Dog No. 2</b> Information Request No. <b>1.6.1</b> Dated: <b>March 28, 2013</b> British Columbia Hydro & Power Authority Response issued <b>April 26, 2013</b>	Page 1 of 1
British Columbia Hydro & Power Authority <b>An Inquiry into Potential Adjustments for the BC MRS Program</b>	<b>Exhibit:          C17-12</b>

**6.0 Reference: BC Process for Assessing Severity and Risk for Violations Exhibit C17-3, BC Hydro p. 11, b) i)**

BC Hydro states “BC Hydro recommends that for the initial adoption of the VRF and VSL factors in BC, instead of the TAC assessing the VRF and VSL factors, BC Hydro include the review of the VRF and VSL factors as part of its obligations in producing the annual assessment reports. Under this process, the TAC would have the opportunity to review and provide its comments on VRF/VSL factors, as do all Entities.”

1.6.1 Do other Registered Interveners agree with BC Hydro’s suggestion that BC Hydro review the VRF and VSL factors in producing annual assessment reports and that the TAC and other Entities would have opportunity to comment?

**RESPONSE:**

**After further consideration of its recommendation, BC Hydro recognizes that the VRF and VSL factors should be evaluated on a broader basis than is done in the annual assessment report process. In that process, Responsible Entities provide feedback on the basis of the impacts of the implementation of the reliability standards to their operation only. As a result, BC Hydro recommends the TAC complete the review based on the impact to the interconnected grid.**

<b>British Columbia Utilities Commission Straw Dog No. 2</b> Information Request No. <b>1.6.2</b> Dated: <b>March 28, 2013</b> British Columbia Hydro & Power Authority Response issued <b>April 26, 2013</b>	Page 1 of 1
British Columbia Hydro & Power Authority <b>An Inquiry into Potential Adjustments for the BC MRS Program</b>	<b>Exhibit:          C17-12</b>

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1.6.2 What would be considered in such a review?

**RESPONSE:**

**Please refer to the response to BCUC Straw-Dog No. 2 IR 1.6.1.**

<b>British Columbia Utilities Commission Straw Dog No. 2</b> Information Request No. <b>1.6.3</b> Dated: <b>March 28, 2013</b> British Columbia Hydro & Power Authority Response issued <b>April 26, 2013</b>	Page 1 of 1
British Columbia Hydro & Power Authority <b>An Inquiry into Potential Adjustments for the BC MRS Program</b>	<b>Exhibit:          C17-12</b>

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1.6.3 Would BC Hydro evaluate the VRF/VSL on the basis of impact to the interconnected Grid or simply to the impact on the BC Grid?

**RESPONSE:**

**Please refer to the response to BCUC Straw-Dog No. 2 IR 1.6.1.**

<b>British Columbia Utilities Commission Straw Dog No. 2</b> Information Request No. <b>1.6.4</b> Dated: <b>March 28, 2013</b> British Columbia Hydro & Power Authority Response issued <b>April 26, 2013</b>	Page 1 of 1
British Columbia Hydro & Power Authority <b>An Inquiry into Potential Adjustments for the BC MRS Program</b>	<b>Exhibit:          C17-12</b>

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BC Hydro states “BC Hydro recommends that for the initial adoption of the VRF and VSL factors in BC, instead of the TAC assessing the VRF and VSL factors, BC Hydro include the review of the VRF and VSL factors as part of its obligations in producing the annual assessment reports. Under this process, the TAC would have the opportunity to review and provide its comments on VRF/VSL factors, as do all Entities.”

1.6.4 What supplementary value would this bring as an addition to TAC consideration of BC-specific technical factors?

**RESPONSE:**

**Please refer to the response to BCUC Straw-Dog No. 2 IR 1.6.1.**

<b>British Columbia Utilities Commission Straw Dog No. 2</b> Information Request No. 1.7.1 Dated: <b>March 28, 2013</b> British Columbia Hydro & Power Authority Response issued <b>April 26, 2013</b>	Page 1 of 1
British Columbia Hydro & Power Authority <b>An Inquiry into Potential Adjustments for the BC MRS Program</b>	<b>Exhibit:          C17-12</b>

**7.0 Reference: BC Penalties for Confirmed Violations  
 Exhibit C17-3, BC Hydro p. 12, b) iv)  
 Exhibit C18-3, FortisBC p. 2, #14**

BC Hydro states “BC Hydro recommends revising the B.C.’s Rules of Procedure to include a Notice of Penalty process.”

FortisBC states “Part C of SD-2 regarding “Penalty Process” needs further clarification and consideration. For instance, there is no reference to a process if a Registered Entity disagrees with a penalty. Additionally, item 4 in Part C of SD-2 requires clarification of “others” from whom the Commission may request additional information. The document should describe how the “others” fit in with or will participate in the Penalty Process as envisioned by the Commission. Further, the details of the submissions of advisors to the BCUC or their Administrator should be made available under the same guidelines and confidentiality applicable to the TAC.”

1.7.1 Considering Part 8.1 of the *UCA*, the Administrative Penalties Regulation and the opportunity to provide information in the NOAV process, what further process would BC Hydro and FortisBC consider essential and why?

**RESPONSE:**

**Unlike NERC’s process, where a proposed penalty amount is included in the Notice of Alleged Violation (NOAV) and the corresponding NOAV process, the BCUC has suggested that the penalty assessment will not be completed until a Confirmed Violation is issued. As a result, BC Hydro suggests that further process is needed to allow an Entity to have notice of, and respond to, a proposed penalty.**

**BC Hydro sees two options for incorporating this process. The first option is to have the proposed penalty amount included in a NOAV so that, as BC Hydro has previously suggested, an Entity may contest the violation and/or the penalty in one process. The second option is to proceed as proposed in the Straw-Dog but to revise the process to provide an Entity with the opportunity to receive notice of a proposed penalty and to respond and provide evidence that it believes may affect the penalty assessment prior to the Notice of Penalty being ordered.**

<b>British Columbia Utilities Commission Straw Dog No. 2</b> Information Request No. 1.7.2 Dated: <b>March 28, 2013</b> British Columbia Hydro & Power Authority Response issued <b>April 26, 2013</b>	Page 1 of 1
British Columbia Hydro & Power Authority <b>An Inquiry into Potential Adjustments for the BC MRS Program</b>	<b>Exhibit:          C17-12</b>

**7.0 Reference: BC Penalties for Confirmed Violations  
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 Exhibit C18-3, FortisBC p. 2, #14**

BC Hydro states “BC Hydro recommends revising the B.C.’s Rules of Procedure to include a Notice of Penalty process.”

FortisBC states “Part C of SD-2 regarding “Penalty Process” needs further clarification and consideration. For instance, there is no reference to a process if a Registered Entity disagrees with a penalty. Additionally, item 4 in Part C of SD-2 requires clarification of “others” from whom the Commission may request additional information. The document should describe how the “others” fit in with or will participate in the Penalty Process as envisioned by the Commission. Further, the details of the submissions of advisors to the BCUC or their Administrator should be made available under the same guidelines and confidentiality applicable to the TAC.”

1.7.2 How are the general processes that already exist for disagreement with a Commission Order insufficient for an Entity disagreeing with a Penalty ordered by the Commission?

**RESPONSE:**

**BC Hydro does not believe that the general processes that already exist for disagreement with a BCUC Order are insufficient for an Entity disagreeing with a Notice of Penalty ordered by the BCUC. Instead, BC Hydro believes additional process is needed to allow an Entity to have notice of and respond to a penalty proposed before a Notice of Penalty is ordered. Please refer to the response to BCUC Straw-Dog No. 2 IR 1.7.1.**