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May 10, 2019

Sent via eFile

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| BC HYDRO MRS RELIABILITY COORDINATOR |
| REGISTRATION EXHIBIT A-15 |

Mr. Fred James
Chief Regulatory Officer
Regulatory & Rates Group
British Columbia Hydro and Power Authority
16th Floor – 333 Dunsmuir Street
Vancouver, BC V6B 5R3
bhydroregulatorygroup@bhydro.com

Re: British Columbia Hydro and Power Authority – Application for Reliability Coordinator Registration with the Mandatory Reliability Standards Program – Project No. 1598978 – BCUC Information Request No. 2

Dear Mr. James:

Further to British Columbia Utilities Commission Order G-89-19, amending the Regulatory Timetable with respect to the above-noted application, enclosed please find BCUC Information Request No. 2. In accordance with the Regulatory Timetable, please file your responses on or before Wednesday, May 29, 2019.

Sincerely,

Original Signed By:

Patrick Wruck
Commission Secretary

/nd
Enclosure



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

INFORMATION REQUEST NO. 2 TO BC HYDRO

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G. RELIABILITY COORDINATOR STANDARDS OF CONDUCT

**18.0 Reference: Reliability Coordinator Standards of Conduct
Exhibit B-10, Attachment 1, pp. 1–4
Reliability Coordinator Functional Registration**

Following consultation with registered interveners, British Columbia Hydro and Power Authority (BC Hydro) submitted its Reliability Coordinator Standards of Conduct (RC SoC) that BC Hydro states it would follow if registered as the RC for British Columbia. The Standards of Conduct adopted by BC Hydro is different from the North America Electric Reliability Corporation (NERC) RC Standards of Conduct.

- 18.1 Did BC Hydro consider the NERC RC Standards of Conduct when developing its own standards of conduct?
- 18.2 Please outline any differences or deviations between BC Hydro and NERC’s RC Standards of Conduct. Please explain the reasons for any differences and/or deviations.

**19.0 Reference: Reliability Coordinator Standards of Conduct
Exhibit B-10, Attachment 1, p. 2
Introduction**

BC Hydro’s RC SoC states:

British Columbia Hydro and Power Authority (‘BC Hydro’) as Reliability Coordinator (the ‘RELIABILITY COORDINATOR’) must treat all users of the interconnected transmission systems in a fair and non-discriminatory manner. BC Hydro as RELIABILITY COORDINATOR has developed these Standards of Conduct to provide the framework to support conducting its affairs in conformance with this objective.

- 19.1 Please confirm whether “users” in the above sentence is referring to the defined term “system users” as included in Section 4 of the RC SoC. If not, please explain.

**20.0 Reference: Reliability Coordinator Standards of Conduct
Exhibit B-10, Attachment 1, p. 3
Rules Governing Employee Conduct**

BC Hydro's RC SoC states:

RELIABILITY COORDINATOR Employees are prohibited from:

2.1.1. Marketing functions - Conducting Marketing functions.

2.1.2. Access to control facilities - Allowing access for Marketing Function Employees to the system control center or similar facilities used for RELIABILITY COORDINATOR functions that differs in any way from the access available to non-affiliated System Users.

2.1.3. Disclosing non-public transmission function information - Disclosing to any Marketing Function Employees non-public information relating to the planning, directing, organizing or carrying out of day-to-day transmission operations, including the granting and denying of transmission service requests. If a RELIABILITY COORDINATOR Employee discloses information in a manner contrary to the requirements of this subparagraph, the RELIABILITY COORDINATOR must, as soon as practicable, post such information on its web site and inform the affected Transmission Provider to post such information on its OASIS.

2.1.4. Sharing market information. Sharing market information acquired from non-affiliated System Users or potential non-affiliated System Users, or developed in the course of performing RELIABILITY COORDINATOR functions, with any Marketing Function Employees.

20.1 By virtue of the definition of "Marketing Function Employees" and the specific restrictions being limited to information sharing/access between the two specific groups "Reliability Coordinator Employees" and "Market Function Employees," please explain whether this implies that RC Employees are permitted to disclose information or provide access generally to non-RC function employees (including members of the public and employees of BC Hydro subsidiary companies).

**21.0 Reference: Reliability Coordinator Standards of Conduct
Exhibit B-10, Attachment 1, p. 4
Definitions**

BC Hydro's RC SoC states:

Reliability Coordinator Employees means employees of BC Hydro or employees of any of its affiliates who perform Reliability Coordinator functions. The definition includes both employees as well as personnel hired on contract by the Reliability Coordinator Manager to perform Reliability Coordinator functions.

21.1 Please confirm, or otherwise explain, whether Chief Compliance Officer and the RC Manager(s) are also required to abide by the terms set out in the RC SoC, including all outlined provisions.

21.2 Please comment on whether Section 4 "Definitions" would be more appropriately placed at the beginning of the document to provide better context to the reader.

**22.0 Reference: Reliability Coordinator Standards of Conduct
Exhibit B-10, Attachment 1, p. 4
Reporting Deviations from these Standards**

BC Hydro's RC SoC states:

Any deviations from these RELIABILITY COORDINATOR Standards of Conduct shall be reported immediately after discovery by anyone having knowledge of an event or situation in which a RELIABILITY COORDINATOR Employee acted in a manner contrary to these Standards of Conduct. Reporting may be done anonymously or not, and anyone who reports in good faith a situation that is contrary to these Standards of Conduct will not be the subject of retaliation or of administrative or disciplinary measures. Reporting shall be directed to the Chief Compliance Officer whose contact information will be available on the RELIABILITY COORDINATOR website or made through the Standards of Conduct Helpline: 604-623-3726 or Hotline: 1-866-364-9376. The Chief Compliance Officer shall promptly investigate any matter reported in good faith, and shall do so in a fair, impartial, and confidential manner and will report on the RELIABILITY COORDINATOR website a summary of any deviation from these Standards of Conduct in a timely manner.

22.1 Please explain who performs the investigation if the subject of the reported deviation from the RC SoC is the Chief Compliance Officer.

**23.0 Reference: Reliability Coordinator Standards of Conduct
Exhibit B-10, Attachment 1, p.4
Rules Governing Maintenance of Written Procedures**

BC Hydro's RC SoC states:

A copy of this Reliability Coordinator Standards of Conduct shall be given to all employees with Reliability Coordinator responsibilities. Such employees will be required to provide a declaration confirming that they have received a copy of this Reliability Coordinator Standards of Conduct.

23.1 Please confirm that the sentence should read: "Such employees will be required to provide a declaration confirming that they have received and read a copy of this Reliability Coordinator Standards of Conduct."

**24.0 Reference: Reliability Coordinator Standards of Conduct
Exhibit B-10, Attachment 1, p. 4
Books and Records**

BC Hydro's RC SoC states: "An annual report of the deviations from this Standards of Conduct, as reported in accordance with section 1.5 shall be submitted to the Registered Entities Oversight Group and posted on Reliability Coordinator website."

24.1 Please confirm that a copy of this annual report will be filed with the British Columbia Utilities Commission (BCUC).

24.2 Would BC Hydro be amenable to reporting any deviations of the RC SoC to the BCUC within 30 days of discovery? Please explain your response.

H. BRITISH COLUMBIA RELIABILITY COORDINATOR REGISTERED ENTITIES OVERSIGHT GROUP TERMS OF REFERENCE

**25.0 Reference: British Columbia Reliability Coordinator Oversight Group
Exhibit B-10, Attachment 2, p. 1
Purpose**

BC Hydro Terms of Reference for the British Columbia Reliability Coordinator Registered Entities Oversight Group (TOROG) states:

This Terms of Reference prescribes the membership, responsibilities, and procedures of the BC Reliability Coordinator Registered Entities Oversight Group (Oversight Group) and its working groups. In these terms of reference, 'BCRC' refers to the BC Hydro organizational unit 'Provincial Reliability Coordination Operations', or any successor organizational unit with the functional responsibility for performing the Reliability Coordinator (RC) functions for British Columbia under the Mandatory Reliability Standards (MRS).

- 25.1 Please confirm that the BCRC is entirely made up of BC Hydro employees.
 - 25.1.1 If confirmed, please explain why it was necessary to identify BCRC as a standalone entity given that it represents a division of BC Hydro.
- 25.2 Please provide a list of intended members of the BCRC, including job titles.
- 25.3 Please confirm, or otherwise explain, if BC Hydro employees and contractors that are part of BCRC will be solely dedicated to performing the RC function. If not, please explain.

**26.0 Reference: British Columbia Reliability Coordinator Oversight Group
Exhibit B-10, Attachment 2, p. 1; Attachment 1, p. 4
Membership**

BC Hydro's TOROG states:

Each MRS-registered entity in the BCRC Reliability Coordinator Area (including BC Hydro) is entitled to appoint two representatives as members of the Oversight Group. Representatives must be employees of the entity. Each entity will be limited to two members of the Oversight Group regardless of the number of functions that is registered under MRS to perform, and each registered entity will be entitled to one vote on any matter being considered by the Oversight Group, if it has at least one member representing it on the Oversight Group and is register for at least one MRS function.

BC Hydro's TOROG also states:

The BCRC manager (or his or her designate) will attend meetings of the Oversight Group but will not be a member. Other BCRC staff may attend meetings as the BCRC Manager determines is appropriate in view of the meeting agenda.

Section 4 of BC Hydro's RC SoC states:

Reliability Coordinator Employees – means employees of BC Hydro or employees of any of its affiliates who perform Reliability Coordinator functions. The definition includes both employees as well as personnel hired on contract by the Reliability Coordinator Manager to perform Reliability Coordinator functions.

- 26.1 Please confirm that a contractor can represent BC Hydro on the BCRC, or in any function related to performing RC duties?
- 26.2 Please confirm that MRS-registered entities, including BC Hydro, cannot be represented on the Oversight Group by a contractor?
 - 26.2.1 If so, please explain why MRS-registered entities appear to be limited to employee-only representation at Oversight Group meetings, given that many MRS-registrants, other than BC Hydro, may not have sufficient internal resources available to dedicate to MRS-related matters.
 - 26.2.2 Please clarify why BCRC staff are permitted to attend meetings when other entities are limited to only two representatives during the oversight group meetings. Please clarify if other MRS entities may invite their own employees to attend the oversight group meetings and please explain your response.

**27.0 Reference: British Columbia Reliability Coordinator Oversight Group
Exhibit B-10, Attachment 2, p. 1
Membership**

BC Hydro's TOROG states:

Decisions of the Oversight Group will be made by consensus of all members present at a meeting (including members present at the meeting by conference call) considering the applicable decision unless this Terms of Reference specifies otherwise. Where used in this Terms of Reference, 'consensus' will mean either positive agreement of all relevant parties entitled to participate in a decision or vote on a matter, or the absence of any objection from any relevant party to participate in a decision or vote in a matter. For greater certainty, if a party that is entitled to participate in a decision or vote on a matter abstains from such participation or vote, the abstention will not prevent a consensus.

- 27.1 Please explain what happens if consensus is not reached on a matter being considered by the Oversight group. Please provide an example to demonstrate your response.
 - 27.1.1 If a consensus cannot be reached, will the matter being considered be referred to the BCUC for adjudication, if required? Please explain why or why not.
- 27.2 Please provide an example to demonstrate a matter being considered by the Oversight group when consensus is reached.
- 27.3 Please confirm or otherwise explain that BC Hydro would be entitled to only one vote on any matter being considered by the Oversight Group.
- 27.4 Please explain if the BCRC will be reviewing all matters considered by the Oversight Group with or without consensus reached by members. Please explain your response.

**28.0 Reference: British Columbia Reliability Coordinator Oversight Group
Exhibit B-10, Attachment 2, p. 3
Process for Resolving Disputes**

BC Hydro's TOROG states:

Where there is a difference of opinion between the membership of the Oversight Group and BCRC management on matters within the scope of responsibilities of the Oversight Group, BCRC management will implement a proposal adopted by a consensus of all members of the Oversight Group present at a meeting of the Oversight Group (including

members present at the meeting by conference call), unless the BCRC management determines that doing so would: (1) pose an unacceptable risk to reliability in its judgment as the Reliability Coordinator, (2) be inconsistent with, or would not be required by, the reliability standards or other applicable law, or (3) be cost prohibitive as determined by the BCRC acting reasonably. In any such instance, the BCRC management will document the reasons for its decision in writing and provide them to the Oversight Group for review and discussion.

28.1 Please confirm whether BC Hydro's representatives in the oversight committee may also be part of the BCRC?

28.1.1 If confirmed, please explain whether this creates an imbalance of power in the mechanisms proposed for resolving disputes.

**29.0 Reference: British Columbia Reliability Coordinator Oversight Group
Exhibit B-10, Attachment 2, p. 3
Process for Resolving Disputes**

BC Hydro's TOROG states:

If the BCRC has determined not to implement a proposal adopted by a consensus of all members of the Oversight Group for one of the reasons set out above and, after review and discussion of the BCRC's written reasons, the Oversight Group and BCRC management cannot resolve any remaining differences, then the Oversight Group may, by at least a 2/3 majority vote of all members of the Oversight Group present at a meeting (including members present at the meeting by conference call) of the Oversight Group, decide to further review the matter with one or more of the BC Hydro Chief Compliance Officer, the BC Hydro Executive Vice President of Operations, or an independent subject matter expert that is selected and retained by the Oversight Group to provide advice on the matter at issue. Any parties involved in dispute resolution described above will make all reasonable efforts to resolve a dispute within 60 days of the matter being initiated for further review by the Oversight Group.

29.1 Please provide a flow chart that fully outlines the entire dispute resolution process. Please also include examples of instances when an independent subject matter expert, Chief Compliance Officer or the BC Hydro Executive Vice President of Operations may be sought for advice on the matter.

29.2 If disputes cannot be resolved amicably, please confirm whether these disputes will be referred to the BCUC for adjudication. Please explain.

**30.0 Reference: British Columbia Reliability Coordinator Oversight Group
Exhibit B-10, Attachment 2, p. 4
Process for Resolving Disputes**

BC Hydro's TOROG states: "Claims or disputes asserting that the BCRC or any MRS-registered entity (including BC Hydro) was or is not in compliance with MRS, or claims that BC Hydro failed to perform a specific task or function required of a Reliability Coordinator under MRS, will not be subject to resolution by the Oversight Group."

30.1 Please explain the mechanisms that will be implemented in resolving disputes arising from claims asserting that the BCRC/BC Hydro was not in compliance with the MRS or claims that BC Hydro failed to perform a specific task or function required of a Reliability Coordinator under MRS.

**31.0 Reference: British Columbia Reliability Coordinator Oversight Group
Exhibit B-10, Attachment 2, p. 5
Modifications to Terms of Reference**

BC Hydro's TOROG states:

The Oversight Group will review the Terms of Reference on an annual basis, or as necessary, to determine whether any revisions are warranted. Any future revisions to the Terms of Reference must be approved by the Oversight Group members and the BCRC. Any proposed revisions to this Terms of Reference will be submitted to the full Oversight Group for review and consideration, and will not be recommended to the BCRC for approval unless all registered entities represented on the Oversight Group have approved the proposed change by consensus. The BCUC staff representative will have an opportunity to provide input and feedback on proposed changes to the Terms of Reference before the Oversight Group votes on a recommendation to the BCRC.

- 31.1 Upon finalization of any future amendments to the terms of reference, please confirm whether BC Hydro will be submitting these documents for BCUC's approval.
 - 31.1.1 Would this also apply to the RC SoC?
 - 31.1.2 If BC Hydro does not intend to seek BCUC's approval, please confirm if BC Hydro intends to file any revisions of the TOROG and RC SoC and other relevant documents to the BCUC for information purposes. Please explain.

I. BCUC'S ONGOING OVERSIGHT OF THE OVERSIGHT AND OPERATIONS WORKING GROUP

**32.0 Reference: Oversight Group and Operations Working Group
Exhibit C2-5, FortisBC Inc. Submission on Four Key Documents, p. 2**

FortisBC Inc. (FortisBC) in its letter dated April 15, 2019 (Exhibit C2-5) stated that:

If at the conclusion of this regulatory process the BCUC approves BC Hydro's registration as Reliability Coordinator, it is possible that once tested in practice the April 10 Documents (or aspects of them) may not work well, or may work in unanticipated ways, FBC and/or others could well have comments to make on the documents at that stage. The terms of reference provide for periodic review (by, as applicable, the Oversight Group and Operations Working Group) and there may also be benefit in the BCUC convening a later process to see whether matters are working well.

- 32.1 Please confirm that BC Hydro is supportive of FortisBC's proposal for BCUC to convene a process at a later stage to review the effectiveness of the Oversight Group and Operations Working Group to ensure all system users of the interconnected transmission systems are treated in a fair and non-discriminatory manner.
- 32.2 If so, please outline any future processes that BC Hydro believes would be an appropriate forum for BCUC to conduct such a review.