Canadian Provincial Summaries of Standard-Making and Enforcement Functions with U.S. Comparators

Last Updated: February 11, 2015

The Federal, Provincial, and Territorial Monitoring and Enforcement Sub-group developed the following Canadian provincial summaries and will review them annually and update them as needed. If you have comments on the summaries, please submit them to NERC Director of Canadian Affairs Laura Hussey.

Information for Prince Edward Island, the Yukon, and Nunavut was not available at the time of posting.

The Northwest Territories has small, isolated distribution systems that are not connected to the continental grid. These systems are regulated by the Northwest Territories Public Utilities Board.
Alberta - US Comparator:
Standard-Making and Enforcement Functions

**Fast Facts about Alberta’s Electricity System**

Total annual consumption: 77,451 GWh (2013)
Customers: approx. 1,632,000
Installed capacity: 14,500 MW (2013)
Record summer peak: 10,063 MW
Record winter peak: 11,139 MW (2013)
Total length of transmission system: 26,000 km
Interconnections: British Columbia, Saskatchewan (DC), Montana

**Current Reliability Standards**

Below is a link to current reliability standards in Alberta:
http://www.aeso.ca/rulesprocedures/17006.html

**Key Organizations in Alberta’s Electricity Sector**

**Alberta Energy**
Alberta Energy is responsible for setting the policy and legislative framework for Alberta’s electricity system. Alberta Energy develops solutions and advises on all aspects of energy policy for Alberta, including electricity, natural gas and oil.

**Alberta Utilities Commission**
The Alberta Utilities Commission (“AUC or Commission”) is an independent, quasi-judicial agency of the Province of Alberta. The AUC regulates the utilities sector, and is responsible to ensure that the delivery of Alberta’s utility service takes place in a manner that is fair, responsible and in the public interest. The AUC has authority to approve as effective in Alberta, reliability standards filed before it by the AESO, or to reject reliability standards based upon the recommendation of the AESO. The AUC must follow the AESO’s recommendation related to Alberta reliability standards unless an interested person satisfies the AUC that the recommendation is either “technically deficient” or “not in the public interest”. The AUC is the adjudicative body for compliance enforcement in respect of both ISO rules and Alberta reliability standards.

**Alberta Electric System Operator**
The Independent System Operator (ISO) in the Province of Alberta is the Alberta Electric System Operator (“AESO”) – a statutory corporation pursuant to the Electric Utilities Act, 2003 (“the Act”). Its statutory mandate requires it to direct the reliable operation of the Alberta interconnected electric system (AIES), plan the transmission system, and operate the wholesale electricity market. The AESO also evaluates Alberta’s current and short-term electricity needs, and the adequacy and reliability of the integrated power system to meet those needs. As set out in the Alberta Transmission Regulation, the reliability standards applicable in Alberta are the standards adopted by the AESO following public consultation with those
market participants that it considers likely to be directly affected by the Alberta reliability standards, and AUC approval. The AESO is also mandated by the Act and the Transmission Regulation to ‘establish practices and procedures’ and ‘monitor’ the compliance of market participants with ISO rules, with AUC rules, and with Alberta reliability standards.

**Market Surveillance Administrator**
The Market Surveillance Administrator (“MSA”) is a statutory corporation established under the Electric Utilities Act, 2003 of the Province of Alberta and continued under the Alberta Utilities Commission Act, 2007. The mandate of the MSA is to carry out surveillance in respect of the Alberta electricity markets and the Alberta retail gas market to ensure they operate in a fair, efficient, and openly competitive manner. The scope of the MSA’s legislative mandate includes the enforcement of ISO rules and reliability standards effective in Alberta. Under rules established by the AUC, the MSA may issue specified penalties for contravention of ISO rules or reliability standards or may request a hearing or other proceeding before the AUC to seek an administrative penalty or other relief. The MSA’s mandate of enforcement for both ISO rules and Alberta reliability standards extends to Alberta market participants and the AESO.

**Table Definitions**

**Provincial Organization:** the Alberta organization accountable and responsible for performing the function according to provincial legislation for matters concerning Alberta entities.

**US Organization:** the US organization engaged to perform the function according to an executed Memorandum of Understanding for matters concerning Alberta entities.

**US Comparator:** the US organization that is responsible for performing the functions according to US law.
<table>
<thead>
<tr>
<th>Functions</th>
<th>Provincial Organization</th>
<th>Relevant US Organization</th>
<th>US Comparator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standards Making</td>
<td>Standards Approval</td>
<td>AUC (1)</td>
<td>Not Applicable</td>
</tr>
<tr>
<td></td>
<td>Standards Development</td>
<td>AESO (1)</td>
<td>NERC (1)</td>
</tr>
<tr>
<td></td>
<td>Entity Registration</td>
<td>AESO (2)</td>
<td>Not Applicable</td>
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<tr>
<td>Compliance Monitoring</td>
<td>Compliance Monitoring and Violation Detection</td>
<td>AESO/MSA (3)(5)(6)</td>
<td>WECC (3)</td>
</tr>
<tr>
<td>Enforcement Processes</td>
<td>Execution of Investigations</td>
<td>AESO/MSA (7)</td>
<td>Not Applicable</td>
</tr>
<tr>
<td></td>
<td>Violation Determination and Sanction Imposition</td>
<td>MSA (8)(9)(10)</td>
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</tr>
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<td>Violation Prevention and Outreach</td>
<td>Violation Prevention, Outreach, including education</td>
<td>AESO/MSA (4)</td>
<td>NERC and WECC</td>
</tr>
<tr>
<td>Appeals</td>
<td>First Right of Appeal</td>
<td>AUC (11)</td>
<td>Not Applicable</td>
</tr>
<tr>
<td></td>
<td>Second Right of Appeal</td>
<td>Review and Variance application to the AUC (12)</td>
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<td></td>
<td>Third Right of Appeal</td>
<td>Court of Appeal of Alberta (13)</td>
<td>Not Applicable</td>
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<tr>
<td>Oversight</td>
<td>Approval of Alberta’s Rules of Procedure</td>
<td>Not applicable</td>
<td>Not Applicable</td>
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<td></td>
<td>Approval of Alberta’s Compliance Monitoring Plan</td>
<td>AESO (5)/MSA (6)</td>
<td>Not Applicable</td>
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<tr>
<td></td>
<td>Performance Oversight of CMP</td>
<td>AESO (5)/MSA (6)</td>
<td>Not Applicable</td>
</tr>
<tr>
<td></td>
<td>Violation Prevention and Outreach</td>
<td>AESO/MSA</td>
<td>NERC and WECC</td>
</tr>
</tbody>
</table>

October 9, 2014
Notes:

1. **Standards Approval:** Pursuant to section 20 of the Alberta Transmission Regulation, NERC is recognized as the Electricity Reliability Organization (ERO) in Alberta. NERC reliability standards are assessed by AESO subject matter experts together with the Alberta Reliability Committee (ARC). The ARC advises the AESO on the adoption of NERC standards as Alberta standards. The AESO must consult with market participants who are likely to be directly affected and must file proposed standards with the AUC with its recommendation to approve or reject a standard. In accordance with the Transmission Regulation, the AUC must follow the recommendation of the AESO unless an interested party satisfies the AUC that the recommendation of the AESO is either technically deficient or not in the public interest.

2. **Entity Registration:** Market participants have a duty to comply with Alberta reliability standards that are applicable to them under the Act. The AESO maintains a registry that is used to administer the compliance monitoring program, including scoping and scheduling of monitoring activities. Not being registered does not remove the market participant from complying with the Alberta Reliability Standards. The AESO bases registration on the Alberta Reliability Standards Functional Model and Criteria for Registration which maps Alberta market participant roles to the AESO functional model roles.

3. **Compliance Accountability:** The Alberta Transmission Regulation mandates that the AESO monitor the compliance by market participants with Alberta reliability standards. Further to the MSA’s mandate under the Alberta Utilities Commission Act, the MSA oversees compliance of the AESO in respect of Alberta reliability standards applicable to the AESO. The MSA has entered into a services agreement with WECC such that WECC conducts compliance monitoring of the AESO under the auspices of the MSA.

4. **Prevention and Outreach:** The AESO conducts periodic stakeholder meetings for the purpose of updating entities on standards development activities and changes to the compliance monitoring program. In addition, the MSA provides guidance on compliance trends and expectations via its compliance reporting activities.

5. **Monitoring:** Pursuant to the Alberta Transmission Regulation and ISO rules, the AESO has established the Alberta Reliability Standards Compliance Monitoring Program (CMP) and associated processes and procedures for monitoring Alberta market participants. The AESO oversees performance of the CMP.

6. **Monitoring:** The MSA is the compliance monitor with respect to the AESO. In this regard, the MSA has entered into a service agreement with WECC to conduct compliance monitoring of the AESO under the auspices of the MSA including self-certification and compliance audits. Under the service agreement, WECC assists the MSA in the development of an Implementation Plan annually.
The Implementation Plan is applicable solely to the AESO and is subject to MSA approval and oversight.

7. **Investigations**: The AESO and WECC (as applicable) are required to refer suspected contraventions of Alberta reliability standards to the MSA for disposition. The MSA may also investigate and make its own independent conclusions for violation determinations and sanctions for all Alberta entities, including the AESO.

8. **Violation Determination and Sanction Imposition**: MSA makes violation and sanction determinations for all Alberta entities and the AESO. In accordance with AUC rules, the MSA may issue a notice of specified penalty for contravention of an Alberta reliability standard. Alternatively, the MSA may seek an administrative penalty before the AUC or other relief. The maximum administrative penalty amount is $1,000,000 per day on which the contravention occurs or continues.

9. **Violation Determination and Sanction Imposition**: NERC and WECC have no authority to impose sanctions on Alberta entities or the AESO.

10. **Public Disclosure**: In the event that the MSA issues a notice of specified penalty for contravention of a reliability standard, the name of the responsible entity is made public on the MSA website in accordance with AUC rules. A copy of the notice of specified penalty issued to the entity is typically the form of disclosure. In the event of an administrative proceeding before the AUC, the outcome of the proceeding is made public in an AUC decision.

11. **Appeals to MSA Determinations**: If a registered entity or the AESO fails to pay or disputes a specified penalty issued by the MSA, the MSA is required to notify the AUC and request a hearing. The AUC may confirm or rescind the notice of specified penalty or may impose an administrative penalty.

12. **Review of AUC Decisions**: A registered entity or the AESO may seek application to review and vary a decision of the Commission.

13. **Legal Review of AUC Decisions**: A registered entity or the AESO may seek leave to appeal a decision of the AUC with the Court of Appeal of Alberta.
Fast Facts about British Columbia’s Electricity System

Total annual consumption: approx. 63 Terawatt-hours TWh
Customers: over 2 million
Installed capacity: approx. 13,000 MW
Record summer peak: provincial peak not available
Record winter peak: 10,113 MW Nov. 2006¹
Total length of transmission system: approx. 20,600 km²
Interconnections: British Columbia is part of the Western Interconnection which includes BC, Alberta, all or part of 14 western States and the northern portion of Baja California, Mexico. BC has direct interconnections to Alberta and Washington.

Reliability Standards Currently in Effect

Below is a link to a list of Mandatory Reliability Standards adopted in BC, accessed from both the BCUC and WECC websites:
http://www.wecc.biz/Standards/BCApproved%20Standards/Forms/AllItems.aspx

Key Organizations in British Columbia’s Electricity Sector

Ministry of Energy and Mines
The Ministry of Energy and Mines is responsible for British Columbia’s electricity sector. The Ministry develops and oversees British Columbia’s (BC) policies with regard to electrical power generation and transmission, including replacing and upgrading infrastructure. See the 2007 BC Energy Plan: A Vision for Clean Energy Leadership. The Ministry also develops and implements policies to ensure reliable electricity supply through mandatory reliability standards and participation with the Western Electricity Coordinating Council. The Ministry administers statutes relating to the energy sector and has policy responsibilities under the Utilities Commission Act. The Ministry also oversees the British Columbia Hydro and Power Authority (BC Hydro) through the British Columbia Hydro and Power Authority Act.

British Columbia Utilities Commission (BCUC)
The British Columbia Utilities Commission (Commission) is an independent, quasi-judicial, regulatory agency that operates under and administers the Utilities Commission Act. The Commission’s primary responsibility is the regulation of energy utilities under its jurisdiction to ensure that the rates charged for energy are fair, just and reasonable, and that utilities provide safe, adequate and secure service to their customers. The Commission’s mandate in the MRS Program is described in legislation and the Mandatory Reliability Standards Regulation (MRS Regulation), BC Reg. 32/2009, MO39. Specifically, the Commission adopts or rejects reliability standards in BC and is responsible for the administration of the MRS Program

¹ BC Hydro data only, BC Hydro 2007 annual report
² Compiled from BC Hydro and FortisBC annual reports and Rio Tinto Alcan information
in BC. In addition, the Commission also has the authority to impose administrative penalties for contraventions of MRS in accordance with the Utilities Commission Act and the Administrative Penalties Regulation, BC Reg. 316/2012, OIC 731/2012.

**Western Electricity Coordinating Council**
The Commission engaged the Western Electricity Coordinating Council (WECC) as the Commission’s Administrator for the MRS Program in BC. Through the Administration Agreement the Commission grants WECC authority to act as the Commission’s Administrator in the assessment of registration criteria and administration of approved reliability standards in BC. WECC’s authority is limited to actions and obligations specified in the Commission’s Rules of Procedure for reliability standards in BC, as well as the Registration Manual and Compliance Monitoring Program, or as otherwise ordered by the Commission.

**British Columbia Hydro and Power Authority**
The British Columbia Hydro and Power Authority (BC Hydro) is a provincially owned crown corporation and the largest electric utility in BC. BC Hydro delivers electricity to its customers through a network of over 75,000 kilometres of transmission and distribution lines and its system connects with other transmission systems in Alberta and Washington State. BC Hydro’s responsibilities in the MRS Program are outlined in the Utilities Commission Act and MRS Regulation. Specifically, BC Hydro evaluates MRS for suitability for BC according to certain criteria stated in accordance with the Act and the MRS Regulation. In consultation with stakeholders, BC Hydro assesses reliability standards approved by FERC and reports to the Commission on their suitability for adoption in BC.

**Table Definitions:**

- **Provincial Organization:** the British Columbia (BC) organization accountable and responsible for performing the function according to provincial legislation for matters concerning entities in BC.

- **US Organization:** the US organization assisting the Commission in administrative matters related to the function described, in accordance with the approved Administrative Agreement (Order G-123-09, Oct. 15, 2009)

- **US Comparator:** the US organization responsible for performing the functions in the United States.
<table>
<thead>
<tr>
<th>Functions^3</th>
<th>Provincial Organization</th>
<th>Relevant US Organization Assisting BCUC in Day-to-Day Administration</th>
<th>US Comparator</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Standards Making</strong>^4</td>
<td>Standards Approval</td>
<td>BCUC (1)</td>
<td>Not Applicable</td>
</tr>
<tr>
<td></td>
<td>Standards Development</td>
<td>Not applicable</td>
<td>NERC and WECC</td>
</tr>
<tr>
<td></td>
<td>Entity Registration</td>
<td>BCUC (2)</td>
<td>WECC (2)</td>
</tr>
<tr>
<td><strong>Compliance Monitoring</strong></td>
<td>Compliance Monitoring and Violation Detection</td>
<td>BCUC (3)</td>
<td>WECC (3)</td>
</tr>
<tr>
<td><strong>Enforcement Processes</strong></td>
<td>Execution of Investigations (4)</td>
<td>BCUC (5)</td>
<td>WECC (5)</td>
</tr>
<tr>
<td></td>
<td>Violation Determination and Imposes Administrative Penalties</td>
<td>BCUC (6)</td>
<td>WECC recommends NOAVs to BCUC</td>
</tr>
<tr>
<td><strong>Violation Prevention and Outreach</strong></td>
<td>Violation Prevention, Outreach, including Education (7)</td>
<td>BCUC to a limited extent</td>
<td>WECC</td>
</tr>
<tr>
<td><strong>Appeals</strong></td>
<td>First Right of Appeal</td>
<td>BCUC</td>
<td>Not applicable</td>
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<tr>
<td></td>
<td>Second Right of Appeal</td>
<td>Supreme Court or Court of Appeal (8)</td>
<td>Not applicable</td>
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<tr>
<td></td>
<td>Third Right of Appeal</td>
<td>Not applicable</td>
<td>Not applicable</td>
</tr>
<tr>
<td><strong>Oversight</strong></td>
<td>Approval of BC’s Rules of Procedure</td>
<td>BCUC</td>
<td>Not applicable</td>
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<tr>
<td></td>
<td>Approval of BC’s Compliance Monitoring Program and Implementation Plan</td>
<td>BCUC</td>
<td>Not applicable</td>
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<tr>
<td></td>
<td>Performance Oversight of CMP</td>
<td>BCUC</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

^3 This table is intended to illustrate who has authority over these various processes vs. who has authority for their execution.

^4 Reliability standards include FERC approved NERC reliability standards and FERC approved regional reliability standards.
Notes:

1. **Standards Approval:** Pursuant to section 125.2(2) of the *Utilities Commission Act* (Act) the British Columbia Utilities Commission (BCUC in table above) has exclusive jurisdiction to determine whether a “reliability standard” as defined in the Act, is in the public interest and should be adopted in BC. To provide the necessary information required for determinations and in accordance with the Act, British Columbia Hydro and Power Authority (BC Hydro) submits a Mandatory Reliability Standard (MRS) Assessment Report to the Commission assessing the new and revised reliability standards adopted in the US by the Federal Energy Regulatory Commission (FERC) within the annual assessment period (December 1 to November 30). The Assessment Report is developed in consultation with Registered Entities in the BC MRS Program. Further, in consultation with stakeholders regarding the estimated time required for the entities to implement and come into compliance with the reliability standards, BC Hydro suggests BC effective dates for each of the reliability standards assessed. After a public comment process, the Commission adopts reliability standards in the Assessment Report to maintain or achieve consistency with other regions, unless the Commission determines otherwise after a hearing.

2. **Entity Registration:** Entities subject to adopted Mandatory Reliability Standards are required to register with the Commission. The Western Electricity Coordinating Council (WECC) in its role as the Commission’s Administrator for the BC Mandatory Reliability Standards Program (BC MRS Program) reviews registration materials provided by all applicable Entities and makes recommendations to the Commission.

3. **Compliance Monitoring:** The Rules of Procedure for reliability standards in British Columbia include the Compliance Monitoring Program and describe the procedures for monitoring and enforcement of adopted reliability standards. The processes include among other things Audits, Self-Certifications, Spot-Checks, Self-Reports, and Periodic Information (Data) Submittals. An annual Implementation Plan, recommended by WECC and approved by the Commission, identifies the Actively Monitored Standards List and schedules for the procedures listed above for the up-coming year. WECC assists the Commission with the compliance monitoring activities for BC entities in accordance to the annual Implementation Plan approved by the Commission.

4. **Execution of Investigations:** The Commission may execute investigations and may direct WECC to execute investigations.

5. **Investigations:** As the Commission’s Administrator, WECC may conduct investigations at the direction of the Commission.

6. **Violation Determination and Sanction Imposition:** The Commission makes violation determinations for all BC entities and pursuant to Bill 30 – 2012, the Energy and Mines Statutes Amendment Act – 2012, has the authority to impose administrative penalties and set financial limits for confirmed violation of a reliability standard. Penalty maximums are outlined in the Administrative Penalties Regulation. The process for imposing penalties for confirmed violation of reliability standards is under development at this time.
7. **Violation Prevention and Outreach:** The Commission communicates openly with entities and endeavours to foster a culture of compliance with the BC MRS Program. The Commission has offered educational workshops to entities from time to time and relies on WECC for entity outreach on technical matters. In addition to alerts and other publications issued by NERC and/or WECC to help inform entities and prevent violations, the Commission may issue similar notices for this purpose. WECC considers prevention of recurrence when reviewing mitigation plans before recommending them for acceptance by the Commission.

8. **Appeals to Commission Determinations:** There are two (2) avenues of recourse for enforcement decisions made by the Commission: first through the Commission’s Application/Request for Reconsideration and, subsequently, through an appeal to the BC Supreme Court or BC Court of Appeal.

9. **Public Disclosure:** Possible and Alleged Violations are confidential unless the Commission determines they are Confirmed Violations and the Commission considers that disclosure would not relate to a cyber-security incident or otherwise jeopardize the security of the Bulk Power System.
Manitoba – U.S. Comparator: Standard-Making and Enforcement Functions

Fast Facts about Manitoba’s Electricity System (2014)

Total annual consumption: 35.5 Gigawatt-hours (GWh)
Customers: approx. 556,000
Installed capacity: 5725 MW
Winter Peak: 4720 MW
Growth in demand: approximately 185 MWs per year
Total length of Bulk Electric System transmission lines: 12,548 km (7842.5 miles)
Interconnections: Ontario, Saskatchewan, North Dakota, Minnesota

Key Organizations in Manitoba’s Electricity Sector

Legislative Framework: Government of Manitoba, Energy Division
On April 1, 2012, mandatory adherence to electric reliability standards became a legal obligation of all users, owners, and operators of the Bulk Power System within the Province of Manitoba. Reliability standards that are developed by NERC or MRO and adopted for enforcement within the province and an associated compliance monitoring and enforcement program for such standards are implemented through regulations which the Energy Division is responsible to periodically update and submit for approval by the Lieutenant Governor in Council.

Standards Development: NERC, MRO and Manitoba Hydro
The Manitoba Hydro Act allows the Lieutenant Governor in Council to adopt standards developed by certain organizations through regulations. The Manitoba Reliability Standards Regulation authorizes the adoption of NERC and MRO standards. The Act also establishes Manitoba Hydro’s authority to develop reliability standards.

Compliance Monitoring Authority: NERC and MRO
NERC and MRO are authorized to monitor compliance with reliability standards that have been adopted in Manitoba by regulation and are responsible for carrying out their duties using the compliance monitoring and enforcement program under the Reliability Standards Regulation.

Regulatory Oversight and Enforcement: The Manitoba Public Utilities Board (PUB)
The PUB is an independent regulator which has three broad areas of authority related to electric reliability (for those standards that have been adopted under the regulation): 1) review of

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1 The Manitoba Hydro Amendment and Public Utilities Board Amendment Act (Electricity Reliability).
reliability standards; 2) determining if a person has violated a reliability standard and establishing penalties and/or sanctions; 3) the resolution of disputes related to registration, the applicability of a standard, the NERC Rules of Procedure and the compliance monitoring and enforcement program.

Upon application of a person required to adhere to a reliability standard in Manitoba, the PUB may review the standard or amendment and confirm it or reject it in whole or in part and remand it to the standards body for further consideration.

When NERC or MRO considers there has been a possible violation of an electricity reliability standard in Manitoba and that a financial penalty or other sanction is warranted, it submits a recommendation to the PUB to make a determination of a violation along with a recommendation for penalties and or sanctions. In order for a possible violation to be confirmed, the PUB must make a finding and order the imposition of any associated penalties and/or sanctions. If a possible violation presents a minimal to moderate risk to the Bulk Power System and MRO does not consider a financial penalty or sanction to be warranted, a Find, Fix and Track (“FFT”) process can be implemented under certain circumstances identified in the Manitoba CMEP. If the FFT process is used, MRO may accept a remediation plan to address the possible violation and there would be no recommendation to PUB to determine whether a violation has occurred.

Parallel Compliance Enforcement: The National Energy Board of Canada (NEB)
The NEB has jurisdiction over the construction and operation of International Power Lines (IPLs). The NEB has imposed mandatory reliability standards on IPL owners under its jurisdiction, which includes the Bulk Power System transmission interconnections between Manitoba and the United States. In addition to other enforcement tools, the NEB can assess monetary penalties for non-compliance with mandatory reliability standards under its Administrative Monetary Penalties (National Energy Board) Regulations. The NEB has a separate process outside of the compliance monitoring and enforcement program used in the Province of Manitoba but does take provincial enforcement actions into consideration when it decides what action it will take.

Because the NEB’s process is parallel, it has not been included in the attached reliability roles and functions overview table.

Midcontinent Independent System Operator (MISO)
Manitoba Hydro has contracted with MISO to provide Reliability Coordination services. MISO is a FERC approved Independent System Operator and Regional Transmission Organization headquartered in Carmel, Indiana. MISO provides, among other things, enhanced operating and monitoring of the regional electric grid which includes Manitoba Hydro’s facilities and as such has responsibility to adhere to electric reliability standards. MISO is a U.S. based organization and as such adheres to Federal U.S. reliability standards and those of the various Regional Entities where it operates.
Table Definitions

**Provincial Organization:** the Manitoba organization accountable and responsible for performing the electric reliability related function according to provincial legislation.

**U.S. Organization:** the U.S. organization that is responsible for performing the electric reliability function according to provincial legislation.

**U.S. Comparator:** the U.S. organization that is responsible for performing the functions according to U.S. law.
<table>
<thead>
<tr>
<th>Functions(^2)</th>
<th>Provincial Organization</th>
<th>Relevant US Organization</th>
<th>US Comparator</th>
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<tbody>
<tr>
<td><strong>Standards Making</strong></td>
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<tr>
<td>Standards Development</td>
<td>Manitoba Hydro</td>
<td>NERC, MRO</td>
<td>NERC, MRO</td>
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<td>Standards Adoption (1)</td>
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<td>Compliance Monitoring (3)</td>
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<tr>
<td>Compliance Monitoring and Violation Detection (4)</td>
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<td>MRO or NERC in their respective roles, FERC</td>
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<td>Execution of Investigations (5)</td>
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<tr>
<td><strong>Enforcement Processes</strong></td>
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<tr>
<td>Violation Determination and Penalty/Sanction Imposition (6)</td>
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<td>Not Applicable</td>
<td>NERC or MRO in their respective roles, FERC</td>
</tr>
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<td><strong>Appeals (7)</strong></td>
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<tr>
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<td>PUB</td>
<td>MRO</td>
<td>NERC</td>
</tr>
<tr>
<td>Second Right of Appeal</td>
<td>Manitoba Court of Appeal</td>
<td>Not Applicable</td>
<td>FERC</td>
</tr>
<tr>
<td>Third Right of Appeal</td>
<td>Supreme Court</td>
<td>Not applicable</td>
<td>US Court of Appeals</td>
</tr>
<tr>
<td><strong>Oversight</strong></td>
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</tr>
<tr>
<td>Establishment of Manitoba’s Compliance Monitoring and Enforcement</td>
<td>Lieutenant Governor in Council</td>
<td>Not applicable</td>
<td>FERC</td>
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</tbody>
</table>

\(^2\) This table is intended to illustrate who has authority over these various processes vs. who has authority for their execution.
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<thead>
<tr>
<th>Program</th>
<th>Not applicable</th>
<th>MRO and NERC in their respective roles</th>
<th>MRO or NERC in their respective roles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Oversight of Compliance Monitoring and Enforcement Program (CMEP)</td>
<td></td>
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<tr>
<td>Violation Prevention and Outreach (including education)</td>
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</tbody>
</table>

**Notes:**

1. **Standards Adoption:** A Reliability Standards Regulation enacted under *The Manitoba Hydro Act* sets forth the NERC/MRO standards that have been adopted within the province for mandatory compliance and enforcement. This set is provided by the Energy Division and needs to be approved for adoption by The Lieutenant Governor in Council (The Provincial Cabinet). The set of standards recommended for adoption are those which have been approved by NERC’s Board and by FERC, and have undergone a consultation process within the Province and met provincial criteria for adoption. Unless adopted under the Reliability Standards Regulation, a NERC/MRO standard has no effect in Manitoba.

   Upon application, the PUB may review any proposed or adopted NERC/MRO reliability standard or amendment and confirm or reject the standard in whole or in part and remand it to NERC for further consideration. Upon remand that standard or part of a standard has no affect in Manitoba until the PUB orders otherwise.

2. **Entity Registration:** MRO determines which users, owners, and operators of the Bulk Power System in Manitoba are subject to compliance with reliability standards through their registration processes. The Bulk Power System in Manitoba is broadly defined to encompass the electrical generation facilities, transmission facilities, interconnections with neighbouring systems and associated equipment that are generally operated at voltages of 100 kilovolts or higher excluding radial transmission facilities serving load with only one transmission source.
3. **Compliance Monitoring:** The Registered Entities in Manitoba as determined by MRO are accountable for compliance with NERC/MRO reliability standards that are adopted within the province.

4. **Compliance Monitoring and Violation Detection:** The Reliability Standards Regulation establishes the NERC procedures in effect in Manitoba and the compliance monitoring and enforcement program for Manitoba.

5. **Execution of Investigations:** NERC and/or MRO conducts investigations, audits, spot checks and self-certification, of the Registered Entities in Manitoba in accordance with the CMEP as specified in the Reliability Standards Regulation. Self-reports, exception reporting, periodic data submittals and complaints are also used as monitoring mechanisms.

6. **Violation Determination and Penalty and/or Sanction Imposition:** MRO or NERC makes recommendations to PUB for the determination that a reliability requirement has be violated by a Registered Entity. MRO also makes recommendations to PUB regarding the imposition of associated penalties and/or sanctions.

   Only PUB can determine if a person in Manitoba has violated a reliability standard and only PUB can impose a penalty and/or sanction. The PUB does so by issuing legally binding Orders. All findings by PUB related to electricity reliability proceedings are made public through the issuance of Orders; this includes the name of the registered entity; the reliability standard(s) and requirements(s); whether the PUB agrees with MRO’s findings and recommendations; and any penalties or sanctions imposed.

7. **Appeals OF PUB Determinations:** There are two avenues of recourse for enforcement decisions made by PUB: first through PUB’s appeal process and, subsequently, through the Manitoba Court of Appeal.
New Brunswick - US Comparator: Standard-Making and Enforcement Functions

**Fast Facts about New Brunswick’s Electricity System**

- Total annual consumption: 12.885 Terawatt-hours TWh (2012-2013)
- Customers: approx. 394,000
- Installed capacity: 4,069 MW
- Total length of transmission system: 6,849 km (4,226 miles)
- Interconnections: Quebec, Nova Scotia, Maine, PEI

**Reliability Standards Currently in Effect**

Below is a link to the reliability standards currently in effect in New Brunswick:

**Key Organizations in New Brunswick’s Electricity Sector**

**Department of Energy and Mines**
The New Brunswick Department of Energy and Mines is responsible for setting the policy and legislative framework for New Brunswick’s electricity system. The Department administers the Electricity Act and Reliability Standards Regulation which establishes the authority and requirements for the adoption and enforcement of electric reliability standards in New Brunswick.

**New Brunswick Energy and Utilities Board**
The New Brunswick Energy and Utilities Board (NBEUB) is an independent, quasi-judicial board that regulates New Brunswick’s electricity sector. The NBEUB has the responsibility under the Electricity Act to adopt and enforce reliability standards in New Brunswick. The NBEUB implements the Reliability Standards Regulation which addresses the adoption of standards, determination of the bulk power system, compliance registrations and compliance monitoring and enforcement processes.

**New Brunswick Power Corporation**
The New Brunswick Power Corporation (NBPC) is a Crown corporation and the province’s vertically integrated electric utility. In addition to its responsibility to comply with reliability standards applicable to its functions, NBPC is also responsible under the Electricity Act to make filings to the EUB to update reliability standards, maintain a list of bulk power system elements and to make recommendations on compliance registrations.

**Table Definitions:**

**Provincial Organization:** the New Brunswick organization accountable and responsible for performing the function according to provincial legislation.
**US Organization**: the US organization responsible for performing the function according to an executed agreement for the provision of services.

**US Comparator**: the US organization responsible for performing the functions in the US according to US law.
This table is intended to illustrate who has authority over these various processes vs. who has authority for their execution.

<table>
<thead>
<tr>
<th>Functions&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Provincial Organization</th>
<th>Relevant US Organization</th>
<th>US Comparator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standards Making&lt;sup&gt;2&lt;/sup&gt;</td>
<td>Standards Approval</td>
<td>NBEUB (1)</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Standards Development</td>
<td>Not Applicable</td>
<td>NERC</td>
<td>NERC NPCC</td>
</tr>
<tr>
<td>Entity Registration</td>
<td>NBEUB (2,3)</td>
<td>NPCC Recommendations to NBEUB (4)</td>
<td>NERC NPCC</td>
</tr>
<tr>
<td>Compliance Monitoring</td>
<td>Compliance Monitoring and Violation Detection</td>
<td>NBEUB</td>
<td>NPCC (5)</td>
</tr>
<tr>
<td>Enforcement Processes</td>
<td>Execution of Investigations</td>
<td>NBEUB</td>
<td>NPCC (6)</td>
</tr>
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<td></td>
<td>Violation Determination and Sanction Imposition</td>
<td>NBEUB</td>
<td>NPCC recommendations to NBEUB (7)</td>
</tr>
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<td>Violation Prevention and Outreach</td>
<td>Violation Prevention, Outreach, including education</td>
<td>N/A</td>
<td>NERC/ NPCC</td>
</tr>
<tr>
<td>Appeals</td>
<td>First Right of Appeal</td>
<td>NBEUB Review or Hearing</td>
<td>Not Applicable</td>
</tr>
<tr>
<td></td>
<td>Second Right of Appeal</td>
<td>NBEUB Appeal (8)</td>
<td>Not Applicable</td>
</tr>
<tr>
<td></td>
<td>Third Right of Appeal</td>
<td>A person aggrieved by an order of the NBEUB can make an application for judicial review to The Court of Appeal of New Brunswick.</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Oversight</td>
<td>Approval of New Brunswick’s “rules of procedure”</td>
<td>Lieutenant Governor in Council (9)</td>
<td>Not Applicable</td>
</tr>
<tr>
<td></td>
<td>Approval of New Brunswick’s Compliance Monitoring and Enforcement Implementation Plan</td>
<td>NBEUB</td>
<td>NPCC Recommendations to EUB (10)</td>
</tr>
<tr>
<td></td>
<td>Performance Oversight of CMEP</td>
<td>NBEUB</td>
<td>Not Applicable</td>
</tr>
</tbody>
</table>

<sup>1</sup>This table is intended to illustrate who has authority over these various processes vs. who has authority for their execution.

<sup>2</sup>Reliability standards include FERC approved NERC reliability standards and FERC approved regional reliability standards.
Notes:

1. **Standards Approval:**
   
   *Authority* - Pursuant to Section 119 of the *Electricity Act* and the *Reliability Standards Regulation*, the NBEUB may approve NERC reliability standards that have been approved by FERC and filed by NBPC, with or without NB amendments.

   *NERC Standards Filing* - NBPC files standards with the NBEUB for approval within 60 days of the FERC approval effective date.

   *Standard Review* - NBPC reviews NERC standards and files with an accompanying NB Appendix to describe the specific application of the standard in NB.

   *Public Process* - the NBEUB notifies NERC, NPCC and NB Registered Entities when NBPC files an application for approval and the filed materials are publicly available on the NBEUB website for a 60 day comment period.

   *Approval/Remand* – NBEUB approves the application as filed unless there are substantive revisions to the FERC approved version, or if there are substantive comments received during the review period, in which case the NBEUB may hold a hearing and may determine to approve, not approve or remand the proposed reliability standard back to NBPC.

2. **Bulk Power System:** The NB BPS is determined according to the FERC approved definition of the bulk electric system, as it appears in the “NERC Glossary of Terms Used in Reliability Standards”. NBPC is required to file updates to the BPS and may submit requests for BPS exceptions to the NBEUB for approval.

3. **Entity Registration:** The NBEUB maintains a NB Compliance Registry identifying those owners, users and operators of the BPS who must comply with approved reliability standards. The NB registry is based on the NERC functional model and registry criteria. NBPC is required to make recommendations to the NBEUB to maintain the compliance registry.

4. **NPCC Recommendations for Entity Registrations:** NPCC provides recommendations to the NBEUB for entity registrations under the provisions of a service agreement the NBEUB has executed with NPCC.

5. **Compliance Monitoring:** The NBEUB implements a compliance monitoring system for reliability standards that is based on the requirements of the NERC compliance program. The NB program is documented as the New Brunswick Compliance Monitoring and Enforcement Program (NB CMEP) – Schedule A to the Reliability Standards Regulation. As a recognized compliance body under the
regulations, NPCC assists the NBEUB with compliance monitoring activities according to a service agreement the NBEUB has executed with NPCC.

6. **Investigations:** The NBEUB is responsible for compliance investigations in New Brunswick. NPCC assists the NBEUB with compliance investigations in NB according to a service agreement the NBEUB has executed with NPCC. The NBEUB may also request NERC to assist with compliance investigations.

7. **Violation Determination and Sanction Imposition:** The NBEUB is responsible for the determination of violations, enforcement action and imposition of fines and penalties. Under a service agreement the NBEUB has executed with NPCC, NPCC makes recommendations on enforcement matters to the NBEUB including recommendations on dismissals, find fix track actions, mitigation plans, settlement agreements and penalties and sanctions. The NBEUB may request that NPCC include a NERC review and comments on NPCC enforcement recommendations to the NBEUB.

8. **Appeals to NBEUB:** A person may appeal to the NBEUB a decision from a review or compliance hearing relating to contested violations, mitigation plans and penalties and sanctions.

9. **NB “rules of procedure”:** NB does not adopt a separate rules of procedure document, compliance program requirements (including the NB CMEP), are incorporated into provincial regulations that require LGIC approval to modify.

10. **NB Annual Implementation Plan:** The NB AIP is based on the NERC and NPCC implementation plans and may include NB specific requirements. Under a service agreement the NBEUB has executed with NPCC, NPCC makes recommendations to the NBEUB for a NB AIP.
**Newfoundland and Labrador**

Newfoundland and Labrador’s bulk electric systems presently include the electrical grid on the Island of Newfoundland which is isolated from the rest of North America, and the Labrador interconnected system which shares an interconnection with Québec. Within five years, the Island of Newfoundland will interconnect with the North American bulk electric system via Labrador and Nova Scotia as part of the 824 MW Muskrat Falls hydroelectric generation and associated high voltage direct current transmission projects, which are presently under construction.

The Government of Newfoundland and Labrador has launched an in-depth study of electric reliability standards and electricity system governance to ensure the appropriate standards and structures are in place as the Province interconnects with the North American bulk electric system in 2017/18. This study will include assessing implications of NERC and NPCC membership and standards.

Electric reliability standards in Newfoundland and Labrador are presently developed based on standard industry practice by Newfoundland and Labrador Hydro (a Nalcor Energy company), which is regulated by the Province’s Board of Commissioners Public Utilities. In certain instances, existing Newfoundland and Labrador Hydro electric reliability standards may not be as stringent as NERC standards due to the isolated nature of the existing electricity system on the island portion of the province. While the province has not adopted NERC standards in a formal manner to date, Newfoundland and Labrador Hydro’s reliability and procedures are very similar to many NERC reliability standard requirements.
 Nova Scotia-US Comparator: Standard-Making and Enforcement Functions

**Fast Facts about Nova Scotia’s Electricity System**

Total annual consumption: 10.5 Terawatt-hours TWh (2013)
Customers: approx. 0.5 million
Total Installed capacity: 2,756 MW (as of January 2014)
Record summer peak: 1373 MW (2013-08-28)
Record winter peak: 2122 MW (2014-01-02)
Total length of transmission system: 5,900 km (3,700 miles)
Interconnections: New Brunswick

**Key Organizations in Nova Scotia’s Electricity Sector**

**Department of Economic and Rural Development and Tourism**
The Minister for this Department is responsible for the Nova Scotia Utility and Review Board (UARB) Act which is the legislation that establishes the governance, structure and mandate of the UARB.

**Department of Energy**
The Nova Scotia Department of Energy (“Department”) is responsible for setting the policy and legislative framework for Nova Scotia’s electricity system. The Department develops solutions and advises on all aspects of energy policy for Nova Scotia, including electricity, natural gas and oil.

**Nova Scotia Utility and Review Board**
The Nova Scotia Utility and Review Board (“NSUARB” or “Board”) is an independent, quasi-judicial body which has both regulatory and adjudicative jurisdiction flowing from the Utility and Review Board Act. It reports to the Legislature through the Minister of Economic and Rural Development and Tourism. Pursuant to the Public Utilities Act, the Board exercises general supervision over all electric utilities operating as public utilities within the Province. This jurisdiction includes setting rates, tolls and charges; regulations for provision of service; approval of capital expenditures in excess of $250,000 and any other matter the Board feels is necessary to properly exercise its mandate. The Board has the authority to stay or revoke the operation of a reliability standard in Nova Scotia and refer it back to NERC or the NPCC for further consideration.

**Nova Scotia Power**
Nova Scotia Power Incorporated (NSPI) is a vertically integrated, privately owned utility serving 95% of customers in Nova Scotia. NSPI owns the majority of transmission and distribution assets in the province as well as a significant portion of the generation. NSPI is a Regulated-Utility under the Public Utilities and subject to supervision by the NSUARB. NSPI is responsible for planning for and maintaining a reliable electricity service to all loads in the province. NSPI is responsible for reviewing and implementing NERC standards under the supervision of the NSUARB.

**Nova Scotia Power System Operator**
The system operator is financially part of Nova Scotia Power, but operationally and functionally separated from other parts of NSPI and must adhere to a UARB approved Standard of Conduct to ensure its independence from NSPI’s other business units.. The system operator bears responsibility for, and
manages the wholesale electricity market and oversees the reliable daily operation of the provincial electricity grid.

**Table Definitions**

**Provincial Organization:** Nova Scotia’s organization accountable and responsible for performing the function according to provincial legislation.

**US Organization:** the US organization responsible for performing the function according to an executed agreement for the provision of services.

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<td>NSPI-SO (2,3)</td>
<td>NPCC Recommendations to NSPI-SO (4)</td>
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<td>NERC and NPCC (5)</td>
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<td>NSUARB</td>
<td>Recommendations to NSUARB only (7)</td>
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<sup>2</sup> Reliability standards include FERC approved NERC reliability standards and FERC approved regional reliability standards.
Notes:

1. **Standards Approval:** NERC submits standards to NSUARB and NSPI for approval, each organization may approve, modify, remand or dismiss the standard as not applicable, though final approval authority rests with the NSUARB. The NSUARB has a quarterly review process allowing the submission, by NERC, of standards already approved by FERC.

2. **Bulk Electric System:** The FERC approved definition of the bulk electric system, as modified on May 6th, 2014, has not yet been adopted in Nova Scotia.

3. **Entity Registration:** NPCC as the regional Entity maintains the list of all market participants of the BES who must comply with approved reliability standards. The registry is based on the NERC functional model and registry criteria.

4. **NPCC Recommendations for Entity Registrations:** NPCC provides recommendations and may also identify organizations that may be candidates for registration and assign them to the Compliance Registry.

5. **Compliance Monitoring:** As per MOU with NERC, compliance is mandatory in Nova Scotia. The NSUARB will monitor compliance and accept compliance information and recommendations from NERC.

6. **Investigations:** The NSUARB is responsible for compliance investigations in Nova Scotia. NERC may assist the NSUARB with compliance investigations by providing: Compliance reports and spot checks, Readiness evaluations, disturbance reports, etc.

7. **Violation Determination and Sanction Imposition:** NERC, NPCC and NSUARB may all suggest compliance violation; proceedings shall be conducted under the Board’s direction and control. NERC may recommend a particular penalty for any violation, but the NSUARB will be responsible for determining if a violation occurred and what penalties should be imposed.

8. **Appeals to NSUARB:** Any person may appeal to the NSUARB a decision from a review or compliance hearing. Further appeals may proceed to a court of law.

9. **Compliance Monitoring and Enforcement Plan:** Approval for the compliance and monitoring plan is by MOU between NERC and NSUARB on 22nd of Dec, 2006 and later through MOU between NERC, NPCC and NSPI on 20th April 2010. NSPI is subject to NERC’s CMEP as implemented by NPCC.

10. **Violation Prevention:** Compliance is mandatory in Nova Scotia.
Ontario-US Comparator: Standard-Making and Enforcement Functions

**Fast Facts about Ontario’s Electricity System**

Total annual consumption: 140.7 Terawatt-hours TWh (2013)
Customers: approx. 4.9 million
Installed capacity: 34,946 MW (as of December 2013)
Record summer peak: 27,005 MW (August 1, 2006)
Record winter peak: 24,979 MW (December 20, 2004)
Total length of transmission system: 30,000 km (18,600 miles)
Interconnections: Quebec, Manitoba, New York, Michigan, Minnesota

**Reliability Standards Currently in Effect in Ontario**
http://www.ieso.ca/Pages/Participate/Reliability-Requirements/Reliability-Standards-Compliance.aspx

From the above linked IESO web page, download excel file named, “Milestones in Reliability Standard Development and Lifecycle”.

**Key Organizations in Ontario’s Electricity Sector**

**Ministry of Energy**
The Ontario Ministry of Energy (“Ministry”) is responsible for setting the policy and legislative framework for Ontario’s electricity system. The Ministry develops solutions and advises on all aspects of energy policy for Ontario, including electricity, natural gas and oil. It also has legislative responsibility for the Ontario Energy Board (“OEB”) and Independent Electricity System Operator (“IESO”).

**Ontario Energy Board**
The Ontario Energy Board (“OEB”) is an independent, quasi-judicial tribunal that regulates the province’s electricity and natural gas sectors in the public interest. Its mandate is prescribed in legislation – primarily the *Ontario Energy Board Act, 1998* and the *Electricity Act, 1998* (the “Act”) – and associated regulations. Part of the OEB’s mandate is to protect the interests of consumers with respect to prices and the reliability and quality of electricity service. The OEB is the Governmental Authority for Ontario as defined by NERC. The OEB also has the legislative authority to stay or revoke the operation of a reliability standard in Ontario and refer it back to NERC or the NPCC for further consideration.

**Independent Electricity System Operator and the Market Assessment and Compliance Division**
The Independent Electricity System Operator (“IESO”) is a not-for-profit corporate entity established under the Act that manages the wholesale electricity market and oversees the reliable operation of the provincial electricity grid. The IESO evaluates Ontario’s current and short-term electricity needs as well as the adequacy and reliability of the integrated power system. The IESO is also responsible for
establishing and enforcing reliability standards and participating in developing standards made by standards authorities\(^1\). The IESO is subject to the OEB’s oversight authority.

The Act also authorizes the IESO to make and enforce rules (“Market Rules”) that govern the operation of Ontario’s electricity system. The IESO’s compliance and enforcement activities have been delegated to an independent business unit called the Market Assessment and Compliance Division (“MACD”) through a letter of delegation from the IESO’s President and CEO to MACD’s Director. As such, MACD makes all determinations and exercises all authorities accorded the IESO in the Market Rules concerning monitoring, investigation and the enforcement of rules and standards concerning the wholesale electricity system and market. MACD establishes and executes processes, procedures and programs for monitoring, investigating and imposing sanctions (including financial penalties) against Ontario market participants and the IESO.

**Table Definitions**

This table is intended to illustrate who has authority over these various processes vs. who has the authority for their execution.

**Provincial Organization**: the Ontario organization accountable and responsible for performing the function according to provincial legislation, or through delegation, for matters concerning Ontario entities.

**Relevant US Organization**: the US organization responsible for performing the function according to an executed Memorandum of Understanding for matters concerning Ontario entities.

**US Comparator**: the US organization responsible for performing the functions according to US law.

\(^1\) “Standards authority,” as defined by the Act, means the North American Electric Reliability Corporation (NERC) and “any other agency or body designated by regulation that approves standards or criteria applicable both in and outside Ontario relating to the reliability of transmission systems.” Ontario Regulation 214/08 has designated the Northeast Power Coordinating Council (NPCC) a standards authority in Ontario.
<table>
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<td>First Hearing</td>
<td>Dispute Resolution Panel (13)</td>
<td>NPCC (12)</td>
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<td>Right of Appeal</td>
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<td>NERC (12)</td>
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<td>An order of the OEB can be appealed to Divisional Court on a matter of law or jurisdiction (OEB Act s. 33)</td>
<td>Not applicable (12)</td>
</tr>
</tbody>
</table>

^2 Reliability standards include FERC-approved NERC reliability standards and FERC-approved regional reliability standards.
Notes:

1. **Standards Approval**: Generally, unless a NERC reliability standard is otherwise stayed or remanded (by the OEB) back to NERC, the standard will become effective in Ontario when it is declared in force in the United States, unless the standard has been made in response to a regulatory directive that has not been approved by the NERC ballot body.

2. **Entity Registration**: Ontario market participants are subject to compliance with reliability-related market rules which include reliability standards. The IESO has applied a risk-based approach to the applicability criteria it uses to determine which Ontario market participant facilities are subject to reliability standards. These criteria are similar to NERC's Compliance registry criteria and make Purchase Selling Entity standard requirements not applicable in Ontario.

3. **Compliance Accountability**: The IESO is the sole Ontario entity accountable to NERC or NPCC for compliance with NERC reliability standards. This accountability includes violations by Ontario entities of any of these requirements. By extension of licence conditions, the OEB could also find licenced entities non-compliant and invoke penalties including revocation of licence and financial penalties for contravening enforceable provisions. The Board is not accountable to NERC or NPCC.
4. **Peer Review:** MACD, NERC and NPCC can initiate a peer review of each other’s compliance program with a mutually-agreed-upon scope of review.

5. **Prevention and Outreach:** Each of NERC, NPCC and MACD can issue alerts and other publications to help Ontario market participants and the IESO prevent violations. In the past, MACD has done so through Interpretation Bulletins and Enforcement Statements. The Reliability Compliance Section (RCS) of the IESO conducts outreach to Ontario entities regarding the requirements of Ontario’s Reliability Compliance Program and standards development engagement.

6. **MACD Monitoring:** MACD establishes procedures for monitoring Ontario market participants through the Ontario Reliability Compliance Program (ORCP) and MACD’s audit and spot check program. The ORCP is equivalent to the NERC-NPCC CMEP implementation plan for self-certifications and reporting requirements. The RCS conducts these activities on behalf of MACD. MACD conducts additional monitoring of all Ontario market participants through direct access to SCADA systems and other operational information available to the IESO and through referrals from IESO personnel. MACD conducts additional monitoring of the IESO through direct access to SCADA systems and other operational information.

7. **NERC and NPCC Monitoring:** NPCC conducts audits, spot checks and self-certification of the IESO in accordance with the NERC-NPCC Monitoring Program.

8. **Investigations:** In collaboration and coordination with MACD investigations, NPCC and NERC have the right to draw their own conclusions with respect to compliance investigations of Ontario entities. MACD also investigates and makes its own independent conclusions for violation determinations and sanctions for all Ontario entities, including the IESO.

9. **MACD Violation Determination and Sanction Imposition:** MACD makes violation and sanction determinations for all Ontario entities and the IESO. Sanctions include, among other things, orders to: 1) do “such things as may be necessary” to comply with the Market Rules; 2) cease the act, activity or practice constituting the violation; 3) impose record-keeping or reporting requirements on a market participant; 4) issue a non-compliance letter and 5) impose financial penalties. The maximum financial penalty amount is $1,000,000 per occurrence for each breach at issue.

10. **NERC and NPCC Violation Determination and Sanction Imposition:** After determining that a violation has occurred in Ontario, NERC and NPCC may only impose sanctions on the IESO. These sanctions could be in respect of either a violation by an Ontario market participant or by the IESO itself. The possible sanctions imposed may include additional reporting, development of a mitigation plan, additional auditing, and in the case of material threats to reliability, remedial action directives.
11. **Public Disclosure:** When MACD makes a determination of a reliability standard violation or reliability-related market rule violation, the name of the responsible entity is made public on the IESO website. The level of detail disclosed for any violation varies according to what MACD deems necessary. NERC or NPCC do not disclose violations by Canadian entities. MACD sanctions are posted at: [http://www.ieso.ca/Pages/Participate/Market-Oversight/Sanctions.aspx](http://www.ieso.ca/Pages/Participate/Market-Oversight/Sanctions.aspx)

12. **Appeals of NERC and NPCC Determinations:** The IESO is the sole Ontario entity accountable to NERC or NPCC for compliance by market participants and the IESO with NERC standards. If the IESO faces a violation determination or sanction by NERC or NPCC, it has a right to a compliance hearing with NPCC and a subsequent appeal to NERC. The IESO can also appeal any final NERC or NPCC order to the OEB.

13. **Appeals of MACD Determinations:** An enforcement decision made by MACD can be contested through the IESO’s Dispute Resolution Panel (DRP) process, which is composed of negotiation, mediation and arbitration stages. The award of a DRP arbitrator can then be appealed to the OEB if it includes a financial penalty above $10,000 or otherwise denies authorization for, or terminates, suspends or restricts, the relevant market participant’s right to participate in the Ontario market.

14. The IESO has the authority under s. 32(1) (c) of the *Electricity Act, 1998* to establish standards and criteria relating to the reliability of electricity service or the IESO-controlled grid, if necessary.
Québec - US Comparator:
Standard-Making and Enforcement Functions

**Fast Facts about Québec’s Electricity System**

- Total annual consumption: 168 Terawatt-hours TWh (2012)
- Customers: approx. 4,1 million
- Installed capacity: 35 829 MW (as of May 2013)
- Record summer peak: 22 092 MW (July 2010)
- Record winter peak: 39 031MW (January 22, 2014)
- Total length of transmission system: 33 640 km (20 900 miles)
- Interconnections: Ontario, New Brunswick, Newfoundland & Labrador, New York, New England (Vermont, Massachusetts)

**Reliability Standards Currently in Effect**

A list of Québec’s reliability standards and their status is available at this link: [http://www.regie-energie.qc.ca/en/audiences/NormesFiabiliteTransportElectricite/NormesFiabilite.html](http://www.regie-energie.qc.ca/en/audiences/NormesFiabiliteTransportElectricite/NormesFiabilite.html)

**Key Organizations in Québec’s Electricity Sector**

**Ministère des Ressources naturelles**

The ministère de l’Énergie et des Ressources naturelles (the “Ministry”) is responsible for, among other things, setting the policy and legislative framework for Québec’s electricity system. The Ministry develops solutions and advises on all aspects of energy policy for Québec, including electricity, natural gas and oil.

**Régie de l’énergie**

The Régie de l’énergie (the “Régie”) is an independent, economic regulation agency that regulates the province’s electricity and natural gas sectors in the public interest. Pursuant to its governing legislation, the Act respecting the Régie de l’énergie (the “Act”), it has the authority to establish, monitor and enforce a mandatory regime of reliability standards for electricity transmission in Québec. The mandatory reliability regime is not yet in place, and the framework for the regime is still in development. Once the mandatory regime is in place, the Régie will be responsible for ensuring that electric power transmission in Québec is carried out according to the reliability standards it adopts. The Régie may request the Reliability Coordinator (the “RC”) for Québec to modify a standard filed or submit a new one, on the conditions it sets. The Régie adopts reliability standards and sets the dates of their coming into force.

The Régie will make all determinations and exercises all authorities concerning monitoring, investigation and enforcement of reliability standards, including the imposition of sanctions and financial penalties, but will obtain recommendations from NPCC and sometimes NERC, both of whom it has recognized, through an agreement, as experts in the development and monitoring of electric power transmission reliability standards. A second agreement, signed in September 2014, details the mandate granted by the Régie to NPCC and NERC with respect to monitoring and assessing the compliance of registered entities in Québec with the reliability standards adopted by the Régie.
**Direction Contrôle des mouvements d’énergie (System Control unit) of Hydro-Québec TransÉnergie (“HQCMÉ”)**

HQCMÉ was designated by the Régie, pursuant to the Act, as the RC for Québec. Under that function, it oversees the reliable operation of the provincial electricity grid. It files with the Régie reliability standards, either NERC or NPCC standards, as well as any variant or other standard it deems necessary. It also files a register identifying the entities that are subject to the reliability standards adopted by the Régie.
<table>
<thead>
<tr>
<th>Functions&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Provincial Organization</th>
<th>Relevant US Organization</th>
<th>US Comparator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standards Making&lt;sup&gt;2&lt;/sup&gt;</td>
<td>Standards Development</td>
<td>HQCMÉ (RC) (rarely)</td>
<td>NERC</td>
</tr>
<tr>
<td>Standards Adoption</td>
<td>The Régie (1)</td>
<td>Not Applicable</td>
<td>FERC</td>
</tr>
<tr>
<td>Entity Registration</td>
<td>The Régie / RC(2)</td>
<td>Not Applicable</td>
<td>NERC</td>
</tr>
<tr>
<td>Compliance Monitoring</td>
<td>Compliance Monitoring and Violation Detection</td>
<td>The Régie (3, 4)</td>
<td>NPCC (5)</td>
</tr>
<tr>
<td></td>
<td>Execution of Investigations</td>
<td>The Régie (6)</td>
<td>NPCC or NERC (6)</td>
</tr>
<tr>
<td>Enforcement Processes</td>
<td>Violation Determination and Sanction Imposition</td>
<td>The Régie (7, 8, 9)</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Appeals</td>
<td>Revision of a decision</td>
<td>The Régie (10)</td>
<td>Not applicable</td>
</tr>
<tr>
<td></td>
<td>Further Right of Appeal</td>
<td>Québec Superior Court (11)</td>
<td>Not applicable</td>
</tr>
<tr>
<td></td>
<td>Further Right of Appeal</td>
<td>Court of Appeal of Québec (12)</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Oversight</td>
<td>Approval of Québec’s Rules of Procedure</td>
<td>The Régie (13)</td>
<td>Not applicable</td>
</tr>
<tr>
<td></td>
<td>Approval of Québec Reliability Standards Compliance Monitoring and Enforcement Program (QCMEP) and of the Implementation Plan</td>
<td>The Régie (14)</td>
<td>Not applicable</td>
</tr>
<tr>
<td></td>
<td>Performance Oversight of QCMEP</td>
<td>The Régie (15)</td>
<td>NERC and NPCC (15)</td>
</tr>
<tr>
<td></td>
<td>Violation Prevention and Outreach (including education)</td>
<td>The Régie (16)</td>
<td>NERC and NPCC (16)</td>
</tr>
</tbody>
</table>

<sup>1</sup> This table is intended to illustrate who has authority over these various processes vs. who has authority for their execution.

<sup>2</sup> Reliability standards include FERC approved NERC reliability standards and FERC approved regional reliability standards and locally developed reliability standards proposed by the RC.
**Table Definitions:**

**Provincial Organization:** the Québec organization accountable and responsible for performing the function according to provincial legislation or through designation for matters concerning Québec registered entities.

**Relevant US Organization:** the US organization that is responsible for performing the function according to an agreement for matters concerning Québec registered entities.

**US Comparator:** the US organization that is responsible for performing the functions according to US law.

**Notes:**

1. **Standards Adoption:**
   - **Authority** – Pursuant to section 85.7 of the Act, the Régie adopts the reliability standards and sets the dates of their coming into force.
   - **NERC Standards Filing** – For information purposes, NERC files Board approved standards in Québec. Generally, when a NERC reliability standard is approved by FERC, the standard will be filed by the RC (HQCME) with the Régie for adoption. The RC can as well file any variant of these standards or other standards it considers necessary.
   - **Standards Review** – The Régie holds public hearing on the standards before their adoption. NERC/NPCC can make observations/recommendations to the Régie pursuant to their signed agreement.
   - **Public Process** – The RC posts the standards on their website for public comments from the registered entities before filing them to the Régie for their adoption.
   - **Adoption/Remand** – The Régie may request that the RC modifies a filed reliability standard or submit a new one, on the conditions it sets. Thus a reliability standard that has been filed with the Régie by the RC will not be remanded to NERC.

2. **Entity Registration:** Section 85.3 of the Act lists the entity characteristics to which the reliability standards applies. Pursuant to the Act (Section 85.13) the RC must file with the Régie, for approval, a register identifying the entities that are subject to the reliability standards adopted by the Régie.

3. **Compliance Accountability:** All Québec registered entities are accountable to the Régie for compliance with the reliability standards it adopts.

4. **Monitoring:** The Régie establishes processes for monitoring Québec registered entities through the **Québec Reliability Standards Compliance Monitoring and Enforcement Program (QCMEP).** The QCMEP is analogous to the NERC CMEP.

5. **Monitoring:** NPCC monitors compliance to the reliability standards by conducting audits, self-certification, spot checks and other means in accordance with the QCMEP.
6. **Investigations:** The Régie may request or authorize NPCC or NERC to lead a compliance investigation.

7. **Violation Determination and Sanction Imposition:** The Régie makes violation and sanction determinations for all Québec registered entities after reviewing NPCC’s findings and recommendations. Sanctions will be fixed according to the *Sanction Guide for the Enforcement of the Reliability Standards in effect in Québec*. The Régie may impose financial penalties or sanctions. The maximum financial penalty amount is $500 000 per occurrence per day.

8. **Enforcement Measure:** The Régie may impose a mitigation plan, a remedial action for non-compliance seriously compromising the reliability of electric power transmission, or conditions for carrying on certain activities.

9. **Public Disclosure:** In the event that a reliability standard violation is determined by the Régie, the name of the responsible entity is made public on the Régie’s website. The level of detail disclosed for any violation varies according to what is deemed necessary by the Régie.

10. **Revision of a Decision:** Section 37 of the Act provides the conditions for a revision or revocation of a determination by the Régie.

11. **Further Right of Appeal:** Section 40 of the Act provides that “no appeal lies from a decision of the Régie.” The only available recourse is a judicial review to the Superior Court of Québec. However, section 41 of the Act provides for a relatively tight privy clause.

12. **Further Right of Appeal:** A Superior Court decision on judicial review can be appealed to the Quebec Court of Appeal and ultimately, by permission, to the Supreme Court of Canada.

13. **Québec’s Rules of Procedure:** Québec’s Rules of procedure are integrated into the second agreement and the QCMEP.

14. **QCMEP and Implementation Plan:** Each year, the Régie approves the Implementation Plan to be used by NPCC to monitor and assess Registered Entities’ compliance with the reliability standards. The Implementation Plan includes, among other things, the Annual Audit Plan and the Self-Certification program with their schedules.

15. **Performance Oversight:** NPCC provides the Régie and NERC with the *QCMEP Annual Implementation Report* regarding, among other things, the effectiveness of the QCMEP. Upon request from the Régie, NERC will conduct an audit of NPCC.
16. **Prevention and Outreach:** In addition to alerts and other publications issued by NERC and/or NPCC to help Québec registered entities prevent violations, the Régie may also issue similar notices for this purpose in an effort to clarify Québec’s mandatory reliability standards regime, the requirements of the QCMEP and reliability standards development.
Saskatchewan - US Comparator: Standard-Making and Enforcement Functions

**Table Definitions:**

**Provincial Organization:** the Saskatchewan organization accountable and responsible for performing the function according to provincial legislation or through delegation for matters concerning Saskatchewan entities.

**US Organization:** the US organization that is responsible for performing the function according to an executed Memorandum of Understanding for matters concerning Saskatchewan entities.

**US Comparator:** the US organization that is responsible for performing the functions according to US law.
<table>
<thead>
<tr>
<th>Functions</th>
<th>Provincial Organization</th>
<th>Relevant US Organization</th>
<th>US Comparator</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Standards Making</strong>&lt;sup&gt;1&lt;/sup&gt;</td>
<td>Standards Approval</td>
<td>SPC (1)</td>
<td>Not applicable</td>
</tr>
<tr>
<td></td>
<td>Standards Development</td>
<td>Not applicable</td>
<td>NERC</td>
</tr>
<tr>
<td></td>
<td>Entity Registration</td>
<td>Not applicable</td>
<td>NERC (2)</td>
</tr>
<tr>
<td><strong>Compliance Monitoring</strong></td>
<td>Compliance Monitoring and Violation Detection</td>
<td>SPC (3)</td>
<td>NERC and MRO (3)</td>
</tr>
<tr>
<td><strong>Enforcement Processes</strong></td>
<td>Execution of Investigations</td>
<td>SPC (3)</td>
<td>NERC and MRO (3)</td>
</tr>
<tr>
<td></td>
<td>Violation Determination and Sanction Imposition</td>
<td>SPC (3)</td>
<td>NERC and MRO (3)</td>
</tr>
<tr>
<td><strong>Violation Prevention and Outreach</strong></td>
<td>Violation Prevention, Outreach, including education</td>
<td>Not Applicable</td>
<td>NERC and MRO (4)</td>
</tr>
<tr>
<td><strong>Appeals</strong></td>
<td>First Right of Appeal</td>
<td>SPC (5)</td>
<td>Not applicable</td>
</tr>
<tr>
<td></td>
<td>Second Right of Appeal</td>
<td>SPC (5)</td>
<td>Not applicable</td>
</tr>
<tr>
<td></td>
<td>Third Right of Appeal</td>
<td>SPC (5)</td>
<td>Not applicable</td>
</tr>
<tr>
<td><strong>Oversight</strong></td>
<td>Approval of Saskatchewan’s Rules of Procedure</td>
<td>Not Applicable</td>
<td>Not applicable</td>
</tr>
<tr>
<td></td>
<td>Approval of Saskatchewan’s Compliance Monitoring and Enforcement Implementation Plan</td>
<td>Not Applicable</td>
<td>Not applicable</td>
</tr>
<tr>
<td></td>
<td>Performance Oversight of CMEP</td>
<td>Not Applicable</td>
<td>NERC and MRO (6)</td>
</tr>
<tr>
<td></td>
<td>Violation Prevention and Outreach</td>
<td>Not Applicable</td>
<td>NERC and MRO (4)</td>
</tr>
</tbody>
</table>

<sup>1</sup> Reliability standards include FERC approved NERC reliability standards and FERC approved regional reliability standards.
Notes:

1. **Standards Approval:** SaskPower has the legislative authority via *The Power Corporation Act* (Saskatchewan) to set standards and enforce compliance for the bulk electric system in the Province of Saskatchewan. Typically NERC Board of Trustees approved standards shall be viewed as being automatically adopted in Saskatchewan, unless the standard is otherwise ordered, stayed or remanded back to NERC within 120 days of receiving notice.

2. **Entity Registration:** SaskPower is currently registered in the NERC Compliance Registry.

3. **Compliance Monitoring/Enforcement Processes:** The oversight unit within SaskPower will be the monitoring, compliance and enforcement authority for the province, as per SaskPower’s legislative authority. The Midwest Reliability Organization currently performs on-site compliance audits for SaskPower.

4. **Prevention and Outreach:** SaskPower receives alerts and other publications issued by NERC and/or MRO that address violation prevention.

5. **Appeals:** If SaskPower disputes an MRO finding of non-compliance regarding a reliability standard, the SaskPower Oversight Unit may choose to hear arguments.

6. **Peer Review:** NERC and MRO can initiate a peer review of each other’s compliance program with a mutually agreed scope of review.
(I) Canadian Federal Oversight

The National Energy Board (NEB) is an independent federal tribunal having jurisdiction over the construction, operation and abandonment of international power lines (IPL) (i) crossing the Canadian border and designated interprovincial power lines. (ii)

<table>
<thead>
<tr>
<th>Standards Making</th>
<th>NEB Mandate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standards Development</td>
<td>NEB does not develop standards.</td>
</tr>
<tr>
<td>Standards Approval</td>
<td>NEB accepts standards adopted or approved by a provincial authority or a standards development authority as defined under s.1(b)(i) and s.1(b)(ii) of the General Order MO-036-2012.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Entity Registration</th>
<th>NEB Mandate</th>
</tr>
</thead>
<tbody>
<tr>
<td>The NEB does not register entities rather the NEB has identified the IPL owners to which the General Order and the Amending Orders on electricity reliability apply. (iii)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Compliance Monitoring</th>
<th>NEB Mandate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compliance Monitoring and Violation Detection</td>
<td>NEB monitors compliance with its General Order and Amending Orders on electricity reliability by reviewing reports or incidents of non-compliance of the applicable reliability standards. (iii)</td>
</tr>
<tr>
<td>Execution of Investigations</td>
<td>NEB may participate in the investigation of non-compliance incidents or rely on investigation results of other applicable regulators or agencies.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Enforcement Processes</th>
<th>NEB Mandate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Violation Determination and Sanction Imposition</td>
<td>Once the violation has been determined, the NEB will determine the appropriate sanction which may include Administrative Monetary Penalties (AMPs). (iv)</td>
</tr>
</tbody>
</table>
Canadian Federal Oversight Notes:

(i) **International Power Lines (IPL)** - as defined by the *National Energy Board Act*, refers to “facilities constructed or operated for the purpose of transmitting electricity from or to a place in Canada to or from a place outside Canada”.

(ii) **Interprovincial Power Lines** - as defined by the *National Energy Board Act*, refers to “facilities constructed or operated for the purpose of transmitting electricity from a place in a province to a place in Canada outside that province”.

(iii) **General Order and Amending Orders** – In December 2012, the NEB introduced a General Order and Five Amending Orders (Order) to implement mandatory reliability standards on IPLs. The provisions of the Order contain 12 reliability standards requirements, defined broadly to include regional variations.

(iv) **Administrative Monetary Penalties (AMPs)** – Non-compliance related to IPL reliability, when it affects the public safety and environments, may be subject to AMPs. The Board will take provincial enforcement into consideration when enforcing the Order to minimize duplication.