

MEMORANDUM OF UNDERSTANDING
BETWEEN
THE BRITISH COLUMBIA UTILITIES COMMISSION
AND
THE NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION
AND
WESTERN ELECTRICITY COORDINATING COUNCIL INC.

WHEREAS, the British Columbia Utilities Commission ("BCUC"), the North American Electric Reliability Corporation ("NERC"), and the Western Electricity Coordinating Council Inc. ("WECC") (collectively "the signatories") desire a continuing and cooperative relationship related to enhancing the reliability of the bulk power system ("BPS") in North America and this memorandum of understanding ("MOU") reflects a mutual understanding of each of the signatories for that purpose.

AND WHEREAS the BCUC has the responsibility under the *Utilities Commission Act* to adopt and enforce reliability standards in British Columbia;

AND WHEREAS pursuant to section 125 of the *Utilities Commission Act* and the *British Columbia Regulation 32/2009 ("Mandatory Reliability Standards Regulation")*, NERC and WECC are designated as standards-making bodies in British Columbia;

AND WHEREAS, NERC is a not-for-profit international regulatory authority whose mission is to assure the reliability of the BPS in North America subject to oversight by the Federal Energy Regulatory Commission (FERC) and Applicable Governmental Authorities in Canada;

AND WHEREAS, WECC is a not-for-profit corporation having the purpose of promoting and enhancing the reliability of the international, interconnected BPS in western North America pursuant to a Regional Delegation Agreement with NERC;

AND WHEREAS, the signatories recognize NERC as the international Electric Reliability Organization ("ERO") and the ERO functions in general accordance with the Principles for an Electric Reliability Organization that can Function on an International Basis (Bilateral Electric Reliability Oversight Group, August 3, 2005) (the "*Bilateral Principles*");

AND WHEREAS, the *Utilities Commission Act*, *Mandatory Reliability Standards Regulation*, and the *Administration Agreement* between BCUC and WECC, dated September 8, 2009, and renewed August 21, 2014, address the development, approval and enforcement of reliability standards applicable to British Columbia;

AND WHEREAS this MOU is intended to supplement and be read in conjunction with the *Utilities Commission Act*, *Mandatory Reliability Standards Regulation*, and the *Administration Agreement*;

AND WHEREAS, nothing in this MOU limits the responsibility or authority of any signatory in carrying out its respective mandate;

AND WHEREAS, this MOU is not intended to be an enforceable or binding agreement or contract by or against any signatory, save for provisions relating to confidentiality, notwithstanding the occasional use of the term 'agree' or the use of mandatory language such as 'shall' or 'will' in the MOU.

NOW THEREFORE this MOU sets out the mutual understanding of the signatories as follows:

1. DEFINITIONS

The capitalized terms used in this MOU shall be defined as set forth below or elsewhere as indicated in the text of this agreement:

(a) Confidential Information has the definition as provided for in Section 1500 of the NERC Rules of Procedure, as amended from time to time, as well as with the BCUC Rules of Procedure.

(b) Non-Public Information means information that has been obtained or created relating to potential or possible violations, alleged violations, settlement agreements, confirmed violations and other enforcement actions but does not include information made public by the BCUC on final disposition of an enforcement matter in accordance with the *Utilities Commission Act* and *Mandatory Reliability Standards Regulation*.

(c) NERC Reliability Standard has the definition as provided for in the Glossary of Terms Used in NERC Reliability Standards, as amended from time to time and as applicable to British Columbia;

2. RELIABILITY STANDARDS RESPONSIBILITIES

(a) BCUC

Pursuant to the *Utilities Commission Act* and *Mandatory Reliability Standards Regulation*, the BCUC is responsible for adopting NERC Reliability Standards and subsequently enforcing those standards as British Columbia Reliability Standards.

(b) NERC

NERC is responsible for the development of NERC Reliability Standards that are subsequently filed by BC Hydro with the BCUC, for adoption and application in British Columbia and as defined in the *Utilities Commission Act*.

NERC will notify the BCUC of any NERC Board of Trustee ("NERC Board") approved changes to NERC's Reliability Standards, By-laws and Rules of Procedure. NERC may provide comments on reliability standards filed for BCUC approval. NERC may also provide advice on clarifications and applicability of standards and may participate in BCUC standards hearings consistent with the *Utilities Commission Act* and the *Mandatory Reliability Standards Regulation*.

(c) WECC

WECC operates under a delegation agreement from NERC to perform reliability functions. WECC is recognized by NERC as a Regional Entity as defined in the *Energy Policy Act of 2005* with a cross-border scope and is recognized as such in British Columbia.

WECC may provide comments on reliability standards filed for BCUC approval. WECC may also provide advice on clarifications and applicability of standards and may participate in BCUC standards hearings consistent with the *Utilities Commission Act* and the *Mandatory Reliability Standards Regulation*.

3. COMPLIANCE RESPONSIBILITIES

(a) BCUC

The BCUC has the regulatory responsibility under the *Utilities Commission Act* and *Mandatory Reliability Standards Regulation* to monitor and enforce compliance with reliability standards in British Columbia.

(b) WECC

WECC has the responsibility under the *Administration Agreement* and BCUC Rules of Procedure to maintain a list of registered entities on its website which identifies those direct users, owners, and operators of the BPS who must comply with approved reliability standards in British Columbia.

WECC will assist the BCUC with its compliance responsibilities as described in the *Administration Agreement*.

WECC will provide NERC, for periodic review, compliance and enforcement information, including copies of audit reports, spot check reports, and WECC recommendations to the BCUC relating to the disposition of noncompliance. WECC will provide NERC, for review, with a copy of the WECC Annual Report.

(c) NERC

NERC has the ability to coordinate with WECC regarding the services provided by WECC in connection with the *Administration Agreement*. This coordination includes, upon NERC's request, the following:

- a. review of audit reports, spot check reports, and WECC recommendations to the BCUC relating to the disposition of noncompliance;
- b. review of other WECC recommendations to the BCUC as may be requested by the BCUC; and
- c. review of WECC Annual Reports submitted by WECC to the BCUC.

NERC may provide comments on WECC compliance and enforcement recommendations to the BCUC and may participate in BCUC compliance and enforcement hearings consistent with the *Utilities Commission Act* and the *Mandatory Reliability Standards Regulation*.

Upon request by BCUC and at a schedule agreed upon by NERC, WECC, and BCUC, NERC may assess the performance of WECC's work with respect to the *Administration Agreement*.

4. INFORMATION SHARING

The signatories agree to comply with Section 1500 of the NERC Rules of Procedure concerning Confidential Information as well as with Section 6 of the BCUC Rules of Procedure.

The signatories agree to share Confidential Information and Non-Public information as applicable to British Columbia with the other signatories to this MOU, but shall not release or disclose such information to a third party without written consent from the entity that provided the information.

5. FUNDING OF NERC AND WECC

The total funding received by NERC and WECC for, among other things, developing standards, monitoring and performing assessments of the reliability of the BPS in the United States and Canada is established and allocated annually among load serving entities in accordance with a business plan and budget and associated assessment schedule approved by the WECC and NERC boards.

NERC and WECC shall provide the BCUC or the BCUC's designee with the draft versions of their respective annual business plans and budgets by May 31st of each year and the final versions of the said business plans and budgets as soon as practical after being approved by the NERC Board, but in no event later than August 30th of each year.

On or before December 1st of each year, NERC and WECC shall provide the BCUC with a copy of the NERC Board-approved NERC and WECC business plans and budgets and British Columbia's share of the total funding as set forth above.

6. LIMITATION OF LIABILITY

The signatories agree that they shall not be liable to one another for any loss or damage caused by reason of any act or omission in the good faith performance of their respective duties pursuant to the MOU or in conducting activities under the authority of the *Utilities Commission Act* and *Mandatory Reliability Standards Regulation*, except for liabilities arising from breaches of confidentiality, intentional or gross fault or liabilities that are not permitted to be excluded or limited pursuant to applicable law in British Columbia. This section shall survive termination of the MOU.

7. DISPUTE RESOLUTION

In the event a dispute arises under this MOU amongst the signatories, representatives of the signatories with authority to settle the dispute shall meet and confer in good faith in an effort to resolve the dispute in a timely manner.

In the event the designated representatives are unable to resolve the dispute within thirty (30) days or such other period as the signatories may agree upon, each signatory shall have all rights to pursue all remedies, except as expressly limited by the terms of this MOU. No signatory shall have the right to pursue other remedies until the Dispute Resolution procedures of this Section 7 have been exhausted.

8. TERM, TERMINATION AND AMENDMENTS

This MOU is made effective as of the date that the last signatory executes this MOU.

This MOU will commence as of the Effective Date and continue for a term of five years which automatically renews, unless earlier terminated in accordance with the provisions hereof. Any signatory may terminate this MOU at any time by providing one (1) year written notification to the other two signatories. However, this MOU may be terminated by the BCUC providing thirty (30) days written notice to NERC and WECC only in the case where there are legislative changes impacting the authority of the BCUC. Any amendment to this MOU requires the written consent of all signatories.

9. GOVERNING LAW

This MOU shall be governed by, and construed in accordance with, the laws of the Province of British Columbia.

10. COUNTERPARTS

This MOU may be signed in counterparts, each of which may be deemed an original, and all of which together constitute one and the same agreement.

11. SEVERABILITY

Every term or condition of this MOU is severable from the others. Notwithstanding any possible future finding by a duly constituted authority that a particular term or provision is invalid, void, or unenforceable, this MOU has been made with the clear intention that the validity and enforceability of the remaining parts, terms, and provisions shall not be affected thereby.

12. NOTICES

All notices, requests, formal demands and other communications required or provided for in this MOU shall be given in writing to a signatory at the address set forth below, or at such other address as the signatories shall designate for itself in writing, and shall be delivered by hand or reputable overnight courier or via email. These points of contact can be changed at any time by written notification to the other signatories.

For BCUC:

David Morton
Chair and Chief Executive Officer
BC Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC
V6Z 2N3

For NERC:

Mr. Charles Berardesco
Interim President and Chief Executive Officer
1325 G Street N. W., Suite 600
Washington, DC 20005
United States
(202) 400-3000
Email: charles.berardesco@nerc.net

For WECC:

Mr. Steven Goodwill
Vice President, General Counsel & Secretary
155 N 400 W
Suite 200
Salt Lake City, Utah 84102
(801) 883-6857
Email: sgoodwill@wecc.biz

13. SIGNATURES

Signed for and on behalf of the BCUC



David Morton

Chair and Chief Executive Officer

British Columbia Utilities Commission

On Jan 15, 2018

At Vancouver

Signed for and on behalf of NERC



Charles Berardesco

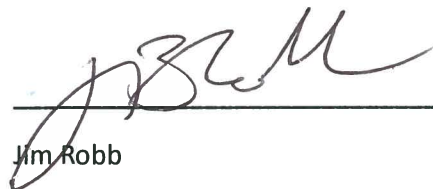
Interim President and Chief Executive Officer

North American Electric Reliability Corporation

On Feb 12, 2018

At Washington DC

Signed for and on behalf of WECC



Jim Robb

Chief Executive Officer

Western Electricity Coordinating Council

On 3/8, 2018

At Salt Lake City