

Date of Request: January 20, 2011

North American Electric Reliability Corporation – Reliability Standards; and
Northeast Power Coordinating Council, Inc. – Regional Reliability Criteria
NERC-R-10/Matter No. M03324

Response to Nova Scotia Power, Inc.
Date of Response: February 10, 2011

1 Request IR-1:

2 Please advise as to the status of the process for adoption of Regional Reliability Criteria in
3 each of the other Canadian provinces.

4 *NPCC Response:*

5 The provinces of New Brunswick, Ontario, Quebec and Nova Scotia reside within the
6 boundaries of NPCC. To date, NPCC has filed, and Ontario and New Brunswick have adopted,
7 the Regional Reliability Criteria contained in the NPCC Directories. It should be noted,
8 however, that the larger market participants, including Reliability Coordinators and Balancing
9 Authorities, in the remaining provinces within NPCC are NPCC Full Members and, as such,
10 have agreed to abide by the NPCC Bylaws and, through those bylaws, comply with the NPCC
11 Regional Reliability Criteria.

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1 Request IR-2:

2 Please describe the standard approval process for new Regional Reliability Criteria in the
3 United States.

4 *NPCC Response:*

5 In NPCC Regional Reliability Criteria are developed under the auspices of the NPCC Full
6 Members and technical committees and are not subject to federal oversight. Criteria developed in
7 each region in the United States, including NPCC, must be consistent with NERC Reliability
8 Standards.

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1 Request IR-3:

2 Please describe the standard approval process for new Regional Reliability Criteria in each
3 of the provinces in Canada which have adopted Regional Reliability Criteria.

4 *NPCC Response:*

5 Regional Reliability Criteria are subject to approval of the Full Membership of NPCC. Once approved,
6 they are filed with the Canadian provinces in NPCC and are considered by the regulatory body for
7 adoption or are automatically adopted pursuant to provincial market rules for the electricity market.

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1 Request IR-4:

2 Aside from seeking the adoption of NPCC Regional Reliability Criteria in Nova Scotia,
3 what other process initiatives are NPCC and/or its regional counter parts pursuing in
4 Canada? Please provide details of all such activities, and advise as to the status of these
5 pursuits.

6 *NPCC Response:*

7 Currently, NPCC is only pursuing filing in Canada of our Regional Reliability Criteria with
8 Nova Scotia. Ontario's filing and adoption of our Criteria has been completed. In New
9 Brunswick, Regional Reliability Criteria, following approval by the Full Membership of NPCC,
10 are automatically adopted in that province pursuant to New Brunswick's Market Rules. Finally,
11 only the Reliability Standards were translated into French and filed in Quebec.

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1 Request IR-5:

2 What role does NPCC expect to play in an enforcement proceeding before the UARB?

3 *NPCC Response:*

4 NPCC's role in enforcement proceedings would be limited to providing the results associated
5 with its compliance assessment and monitoring (e.g., discovery, issuance of violation notices, etc.)
6 related to the identified violation(s) being processed. In addition NPCC would provide
7 recommendations of a proposed sanction and/or penalty for the identified violation to the UARB
8 with the understanding that the enforcement of the penalty/sanction, including any monetary
9 sanction, is the sole responsibility of the UARB.

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1 Request IR-6:

2 What role does NPCC expect NERC to play in an enforcement proceeding before the
3 UARB?

4 *NPCC Response:*

5 NPCC intends to work with NERC as described in NERC's response to IR- 8.

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1 Request IR-7

2 Please advise as to what role NERC and NPCC each play in other jurisdictions in Canada
3 in enforcement proceedings.

4 *NPCC Response:*

5 NPCC's role in enforcement proceedings would be limited to providing the results associated
6 with its compliance assessment and monitoring (e.g., discover, issuance of violation notices, etc.)
7 related to the identified violation(s) being processed. In addition NPCC would provide
8 recommendations of a proposed sanction and/or penalty for the identified violation to the
9 appropriate Canadian regulatory authority with the understanding that the enforcement of the
10 penalty/sanction, including any monetary sanction, is the sole responsibility of that Canadian
11 regulatory authority.

12 Regarding NERC's role, NPCC will defer to NERC's response to IR-9.

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1 Request IR-8:

2 What role will NERC and NPCC have in an NSPI capital application proceeding where a
3 question as to the proper interpretation of a NERC Reliability Standard or NPCC Regional
4 Reliability Criteria are in dispute?

5 *NPCC Response:*

6 NPCC does not expect to play a direct role in an NSPI capital application proceeding. NPCC
7 will provide information, if requested.

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1 Request IR-9:

2 If a less stringent interpretation is applied to a NERC standard or a Regional Reliability
3 Criteria in Nova Scotia than what is applied in the United States, what is NPCC's position
4 with respect to NSPI's compliance obligations?

5 *NPCC Response:*

6 NPCC does not envision a situation where compliance with NERC standards or Regional
7 Reliability Criteria will be applied and assessed "differently" due to an interpretation. In all
8 cases, there will be uniformity within the region of what the reliability requirements of the
9 criteria are and what is being measured by the auditors for compliance.

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1 Request IR-10:

2 What, if any, coordination activities are anticipated to be required with respect to NERC
3 Reliability Standards and Regional Reliability Criteria among Canadian provinces?

4 *NPCC Response:*

5 Regional Reliability Criteria in each region, including NPCC, must be consistent with NERC
6 Reliability Standards. No coordination activities are expected to be required with respect to the
7 Canadian provinces. The current process for developing the Regional Reliability Criteria
8 promotes consistency and transparency in standards and criteria across all regions.

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1 Request IR-11:

2 The New Brunswick System Operator serves as the Reliability Coordinator under various
3 NERC standards. NERC is seeking approval of these standards in Nova Scotia. Is it
4 NPCC's expectation that the UARB would have jurisdiction over the New Brunswick
5 System Operator in respect of its Reliability Coordinator obligations to Nova Scotia?

6 *NPCC Response:*

7 NPCC believes that it is inappropriate for NPCC to opine on this.

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1 Request IR-12:

2 What process does NPCC propose for adoption of future NPCC Regional Reliability
3 Criteria in Nova Scotia?

4 *NPCC Response:*

5 After Regional Reliability Criteria are approved by the Full Members of NPCC, NPCC would
6 file the approved Reliability Criteria with the UARB for consideration and adoption.

7 NPCC suggests that in considering the adoption of Regional Reliability Criteria in Nova Scotia
8 the UARB conduct an assessment of impact, both reliability and market based prior to
9 consideration of an open public posting period. This assessment of potential adverse reliability
10 related provincial impacts has historically been done during the approval of the criteria within
11 the NPCC process, however a more rigorous granular assessment of any potential other impacts,
12 i.e., cost to ratepayers and market implications, should be documented and performed by NSPI.
13 Then an open posting should be performed of the proposed criteria to inform stakeholders and
14 afford them the ability to comment. Upon NSPI, working with NPCC satisfactorily responding
15 to the comments, the UARB should consider the adoption of such Criteria as mandatory and
16 enforceable within Nova Scotia.

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1 Request IR-13:

2 What process does NPCC propose for amendments to Regional Reliability Criteria in
3 Nova Scotia?

4 *NPCC Response:*

5 An amendment to Regional Reliability Criteria would follow the same process as approval of
6 new Regional Reliability Criteria, that is, following approval by the Full Membership of NPCC,
7 NPCC would file the amendment with the UARB for consideration and adoption.

8 NPCC suggests the UARB reserve the right to allow NPCC to correct any “errata” (e.g.,
9 correction of typographical error, etc.) without going through an exhaustive, costly review by
10 NSPI or the stakeholders of the province. NPCC suggests only notification of an errata being
11 addressed through a minor revision and then a republishing of the criteria with notification to the
12 stakeholders of the approval of such errata by the UARB.

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1 Request IR-14:

2 At page 4 of NPCC's application to the UARB, NPCC states, "NPCC is filing this notice to
3 provide the Province of Nova Scotia a description of the fourteen Regional Reliability
4 Criteria proposed for adoption in Nova Scotia." The Nova Scotia Utility and Review Board is an
5 independent non-government regulatory body. NSPI understands that references in
6 NPCC's application to the Province of Nova Scotia are intended to refer to the UARB.
7 Please confirm that is correct.

8 *NPCC Response:*

9 Yes, references to the Province of Nova Scotia are intended to refer to the UARB.

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