

May 31, 2018

To: Market Participants and Other Interested Parties

Re: **Consultation Letter – Proposed New Alberta Reliability Standard CIP-014-AB-2, *Physical Security* (“CIP-014-AB-2”)**

Section 19 of the *Transmission Regulation* requires the Alberta Electric System Operator (“AESO”) to consult with market participants likely to be directly affected by the AESO’s adoption or making of Alberta reliability standards, and also requires the AESO to forward the proposed Alberta reliability standards to the Alberta Utilities Commission (“AUC” or “Commission”) for review along with the AESO’s recommendation that the Commission approve or reject them.

Accordingly, the AESO is providing notice and seeking comments from market participants on the attached proposed CIP-014-AB-2.

## Overview

The AESO is issuing the following two letters concurrently:

- this Consultation Letter regarding proposed CIP-014-AB-2; and
- a [Letter of Notice](#) regarding the proposed removal of existing Section 501.2 of the ISO rules, *Security of Critical Facilities* (“Section 501.2”).

The combined purpose of these consultations is to propose the physical security requirements of North American Electric Reliability Corporation (“NERC”) CIP-014-2, *Physical Security* (“NERC CIP-014-2”), be adopted in Alberta through proposed CIP-014-AB-2, and the removal of current security measures for critical facilities as required under existing Section 501.2.

## Applicability

Proposed CIP-014-AB-2 is applicable to:

- (a) the legal owner of a transmission facility that the AESO notifies pursuant to requirement R2;
- (b) the operator of a transmission facility that the legal owner of a transmission facility notifies pursuant to requirement R3; and
- (c) the AESO.

## Background

The purpose of proposed CIP-014-AB-2 is to identify and protect transmission substations and their associated primary control centres that, if rendered inoperable or damaged as a result of a physical attack, could result in instability, uncontrolled separation or cascading within an interconnection. Proposed new CIP-014-AB-2 is being adopted to replace the requirements within existing Section 501.2.

Existing Section 501.2 came into effect on January 1, 2013 and was based on requirements previously contained within the *Security Management Regulation*.<sup>1</sup> Existing Section 501.2 addresses the establishment and implementation of security measures for critical facilities.

The AESO anticipates that the adoption of proposed CIP-014-AB-2 and the removal of existing Section 501.2 will result in the following:

- (a) The physical security requirements for certain facilities that are currently named in the critical infrastructure list established under the Alberta Counter-Terrorism Crisis Management Plan (“ACTCMP”) will no longer be included in an AESO authoritative document. The AESO has determined that ensuring the physical security of these facilities does not fall within the AESO’s mandate. The AESO has advised the Department of Energy and Justice and Solicitor General that such facilities may need to be reviewed for inclusion in the mandate of another agency or government department.
- (b) The requirement to have a corporate emergency response plan, as described in subsection 6 of existing Section 501.2 will no longer be required under an AESO authoritative document. The AESO has determined that, as other authoritative documents such as the *Operational Health and Safety Regulation* and Directive 071, *Emergency Preparedness and Response Requirements for the Petroleum Industry* (“Directive 071”) require emergency response plans to be developed this requirement is not necessary for the substation assets covered under proposed CIP-014-AB-2.
- (c) The requirement for only the AESO to inform legal owners of the threat of terrorist activity as described in subsection 7 of existing Section 501.2 is not included in the proposed CIP-014-AB-2. The AESO has determined that this requirement embeds an obligation on the AESO that hinders efficient information sharing during an event. Proposed CIP-014-AB-2 will encourage individual entities to establish direct relationships with the AESO and with law enforcement agencies, and to be notified regarding terrorist threat activity directly from these agencies.

## Summary of Proposed Changes

In developing the proposed CIP-014-AB-2, the AESO determined that certain Alberta variances and administrative amendments were required in order to ensure that NERC CIP-014-2 is capable of being applied in Alberta and does not require a material change in the framework for the market for electric energy. A summary of these Alberta variances and administrative amendments are as follows:

### Alberta variances:

- requirement R5 has been amended to address concerns related to the ability of affected entities to develop physical security plans within a 120 day time frame, and the limited availability of resources for the third party review of the plan. The AESO has extended the time frame accordingly to 180 days.

### Administrative amendments:

- the “Applicability” section and requirement R1 have been amended to reflect that the AESO will be required to perform risk assessments in accordance with requirement R1. As such, the criteria for performing the initial and subsequent risk assessments have been moved from the “Applicability” section to requirement R1.
- requirement R2 has been amended as follows:
  - a) to remove the NERC CIP-014-2 requirement to conduct subsequent risk assessments every 60 months, where transmission substations have not been identified in the previous risk assessment. The requirement for the AESO to conduct subsequent risk assessments

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<sup>1</sup> Alta Reg. 253/2007.

at least once every 30 months has been retained in requirement R1;

- b) to remove the requirement for a third party to verify the AESO's risk assessment, as the AESO determined the intention of that provision was to have risk assessments verified by a party that does not own the transmission substations; and
  - c) to require the AESO to notify the legal owner of the transmission facility of the substations identified from the risk assessments performed in requirement R1.
- requirement R4.3 has been amended to update the reference to ES-ISAC to be E-ISAC (Electricity Information Sharing and Analysis Center) as the name of the organization changed after the Federal Energy Regulatory Commission's ("FERC") adoption of NERC CIP-014-2.

In addition, the AESO made amendments to ensure consistent use of defined terms as included in the AESO's [Consolidated Authoritative Document Glossary](#) ("CADG"). Administrative changes, such as formatting and grammatical corrections, have also been made in the proposed CIP-014-AB-2.

## Defined Terms

When reviewing the attached proposed CIP-014-AB-2 market participants should note that all defined terms appear **bolded**. Market participants and other interested parties are encouraged to refer to the AESO's CADG when reviewing proposed Alberta reliability standards to ensure they have an accurate understanding of those defined terms.

## Implementation of Alberta Reliability Standards

In accordance with Section 19 of the *Transmission Regulation*, the reliability standards that apply in Alberta are those of the Electric Reliability Organization ("ERO") or any other reliability standards, to the extent that such reliability standards are adopted by the AESO after consultation with market participants and after receipt of Commission approval. The NERC was certified as the ERO for the United States by the FERC under the US *Energy Policy Act* of 2005. Further, the NERC was recognized as the ERO by the Minister of Energy in Alberta.

Alberta reliability standards and definitions proposed for approval or rejection by the AESO are developed:

- (a) based on the reliability standards and definitions of the NERC; or
- (b) to amend, supplement or replace the NERC reliability standards or definitions.

For more information on the AESO's reliability standards, visit the AESO website at [www.aeso.ca](http://www.aeso.ca) and follow the path Rules, Standards and Tariff > Alberta Reliability Standards.

## Request for Comment

Please use the attached Market Participant Comment Matrix when submitting comments to the AESO. Only written comments will be considered in finalizing proposed CIP-014-AB-2. Market participants should ensure that comments provided represent all interests within their organization. The scope of comments is limited to proposed CIP-014-AB-2. Any comments received that are outside of this scope will not be considered by the AESO.

Market participants are asked to provide comments no later than **June 15, 2018** to [ars\\_comments@aeso.ca](mailto:ars_comments@aeso.ca). Adherence to deadlines is essential to the integrity of the Alberta reliability standard comment process. As such, any market participant comments received after June 15, 2018 may not be published, replied to, or otherwise considered by the AESO.

The AESO will be publishing all comments received for industry review in June 2018. The AESO expects to publish replies to the comments with the final proposed CIP-014-AB-2 in July 2018.

If the AESO does not receive comments regarding proposed CIP-014-AB-2, the AESO expects to forward the proposed CIP-014-AB-2 to the Commission in July, along with its recommendation that the Commission approve the proposed CIP-014-AB-2, to become effective in accordance with the implementation plan in Appendix 1.

**Attachments to Consultation Letter**

The following documents are attached:

1. [Market Participant Comment Matrix](#) for proposed CIP-014-AB-2; and
2. [Clean](#) copy of proposed CIP-014-AB-2.

Sincerely,

*"Maria Gray"*

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Attachments