

October 18, 2016

To: Market Participants and Other Interested Parties

Re: **Consultation Letter – Proposed New and Amended Alberta Reliability Standards:**

- a) **New Alberta Reliability Standard CIP-SUPP-002-AB, *Cyber Security – Supplemental CIP Alberta Reliability Standard Technical Feasibility Exceptions* (“New CIP-SUPP-002-AB”); and**
- b) **Amended Alberta Reliability Standard CIP-SUPP-001-AB1, *Cyber Security – Supplemental CIP Alberta Reliability Standard* (“Amended CIP-SUPP-001-AB1”)**

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 New CIP-SUPP-002-AB and Amended CIP-SUPP-001-AB1.

### Applicability

The proposed New CIP-SUPP-002-AB and Amended CIP-SUPP-001-AB1 are applicable to those Responsible Entities listed in CIP-002-AB-5.1, *Cyber Security – BES Cyber System Categorization*, section 4, Applicability.

### Background

On September 14 and September 15, 2015, respectively, the Commission approved the New Critical Infrastructure Protection (“CIP”) Alberta Reliability Standards (“CIP ARS”) and associated CIP Alberta Reliability Standards Definitions (“CIP ARS Definitions”). The CIP ARS and CIP ARS Definitions are based on the North American Electric Reliability Corporation’s (“NERC”) Version 5 CIP Reliability Standards (“NERC v.5 CIPs”).

A number of the NERC v.5 CIP requirements include the phrase “where technically feasible” to recognize that a wide range of equipment already installed by Responsible Entities in the United States has not been designed nor can be easily upgraded to fully align with the applicable NERC v.5 CIP requirements. The US Federal Energy Regulatory Commission (“FERC”) indicated in *Mandatory Reliability Standards for Critical Infrastructure Protection*, Order No. 706 122 FERC 61.040 (2008) (“Order No. 706”) that this phrase should be treated as an exception to strict compliance with the applicable CIP requirements on the basis of technical feasibility, referred to as a “technical feasibility exception” (“TFE”).<sup>1</sup>

NERC has created an authoritative process by which Responsible Entities in the United States can request and receive TFEs, outlined in NERC’s Appendix 4D to the Rules of Procedure, *Procedure for Requesting and Receiving Technical Feasibility Exceptions to NERC Critical Infrastructure Protection Standards* (“Appendix 4D”). Appendix 4D allows a Responsible Entity in the United States to request and receive an exception to a NERC v.5 CIP requirement that includes the phrase “where technically

<sup>1</sup> Order No. 706 122 FERC 61.040 at para 184.

feasible”, provided the compensating or mitigating measures achieve a level of security for the bulk electric system that is at least comparable to strict compliance with the applicable NERC v.5 CIP requirement.<sup>2</sup>

The AESO has determined that a TFE process similar to that set out in Appendix 4D should be developed in Alberta to allow Responsible Entities to request and receive TFEs. The authoritative elements of the process are set out in proposed New CIP-SUPP-002-AB, which will allow the AESO to approve or disapprove a TFE request, submitted by a Responsible Entity, in relation to CIP ARS requirements that use the phrase “where technically feasible”. In combination with the proposed New “technical feasibility exception” definition, proposed New CIP-SUPP-002-AB will ensure that TFE requests that are approved by the AESO achieve a comparable or higher level of reliability of the bulk electric system than compliance with the applicable CIP ARS requirement.

While the entirety of NERC’s Appendix 4D is authoritative, the AESO has determined that proposed New CIP-SUPP-002-AB need only contain the authoritative elements enabling the AESO to approve or disapprove a TFE request, as submitted by a Responsible Entity. As is the AESO’s practice, additional, non-authoritative information relating to the process for requesting a TFE in Alberta, as well as the criteria that the AESO will use to evaluate such requests, will be posted on the AESO website in an Information Document. A draft Information Document #2016-005RS, *Technical Feasibility Exceptions* (“ID #2016-005RS”) has been attached to this consultation letter for information purposes only. The AESO is not seeking comments on the Information Document.

Proposed Amended CIP-SUPP-001-AB1 allows the AESO to approve variances to requirements in the CIP ARS. A TFE is a type of variance that only applies to CIP ARS requirements that include the phrase “where technically feasible”. In order to clarify the relationship between proposed New CIP-SUPP-002-AB and Amended CIP-SUPP-001-AB1, a requirement has been added to proposed Amended CIP-SUPP-001-AB1 to confirm that TFE requests are to be made under proposed New CIP-SUPP-002-AB.

Further, existing CIP-SUPP-001-AB is being renamed CIP-SUPP-001-AB1.

## Defined Terms

When reviewing the attached proposed New CIP-SUPP-002-AB and Amended CIP-SUPP-001-AB1, market participants should note that all defined terms appear **bolded**. Market participants and other interested parties are encouraged to refer to the AESO’s [Consolidated Authoritative Document Glossary](#) (“CADG”) when reviewing proposed Alberta reliability standards to ensure they have an accurate understanding of those defined terms.

On October 18, 2016, the AESO issued a Consultation Letter providing notice to and seeking feedback from market participants and other interested parties on the proposed New “technical feasibility exception” definition. The proposed New “technical feasibility exception” definition was developed in conjunction with the drafting of the proposed New CIP-SUPP-002-AB and Amended CIP-SUPP-001-AB1, and is proposed for inclusion in the AESO’s CADG.

## 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 Federal Energy Regulatory Commission under the US *Energy Policy Act* of 2005. Further, the NERC

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<sup>2</sup> Note that FERC emphasized at paragraph 183 in Order No. 706 that where it is not technically feasible to comply with a CIP requirement, the granting of a TFE should nevertheless ensure that the reliability of the bulk power system is protected to an equal or greater degree than if the CIP requirement had been met.

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 Comments

Please use the attached Market Participant Comment Matrices when submitting comments to the AESO. Only written comments will be considered in finalizing the proposed New CIP-SUPP-002-AB and Amended CIP-SUPP-001-AB1. Market participants should ensure that comments provided represent all interests within their organization.

Market participants are asked to provide comments no later than **November 3, 2016** to [ars\\_comments@aeso.ca](mailto:ars_comments@aeso.ca). Adherence to deadlines is essential to the integrity of the AESO consultation process. As such, any market participant comments received after November 3, 2016 may not be published, replied to, or otherwise considered by the AESO. The scope of this consultation is limited to the proposed New CIP-SUPP-002-AB and Amended CIP-SUPP-001-AB1. Any comments received that are outside of this scope will not be considered by the AESO.

The AESO will be publishing all comments received for industry review in November 2016. The AESO expects to publish replies to the comments with the final proposed New CIP-SUPP-002-AB and Amended CIP-SUPP-001-AB1 in December 2016.

If the AESO does not receive comments regarding the proposed New CIP-SUPP-002-AB and Amended CIP-SUPP-001-AB1, the AESO expects to forward the final proposed New CIP-SUPP-002-AB and Amended CIP-SUPP-001-AB1 to the Commission in January 2017, along with its recommendation that the Commission approve the final proposed New CIP-SUPP-002-AB and Amended CIP-SUPP-001-AB1, to become effective the first day of the calendar month that follows Commission approval.

### Attachments to Consultation Letter

The following documents are attached:

1. [Market Participant Comment Matrix](#) for proposed New CIP-SUPP-002-AB;
2. [Clean](#) copy of proposed New CIP-SUPP-002-AB;
3. [Market Participant Comment Matrix](#) for proposed Amended CIP-SUPP-001-AB1;
4. [Blackline](#) and [clean](#) copies of proposed Amended CIP-SUPP-001-AB1; and
5. [Draft copy](#) of Information Document #2016-005RS, *Technical Feasibility Exceptions*.

Sincerely,

*"Original Signed By"*

Maria Gray  
Regulatory Services Team Lead  
Phone: 403-776-7517  
Email: [maria.gray@aeso.ca](mailto:maria.gray@aeso.ca)

Attachments