

October 18, 2016

To: Market Participants and Other Interested Parties

Re: Consultation Letter – Proposed New “technical feasibility exception” Alberta Reliability Standard Definition (“New “technical feasibility exception” definition”)

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.

Consistent with the AESO’s drafting principles for authoritative documents, the AESO has determined that it is appropriate for defined terms used in the Alberta reliability standards to go through the same consultation process as the Alberta reliability standards themselves. Accordingly, the AESO is providing notice and seeking comments from market participants on the attached proposed New “technical feasibility exception” definition.

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”)¹.

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 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.²

The AESO has determined that TFE a process similar to that set out in Appendix 4D should be developed in Alberta to allow Responsible Entities to request and receive TFEs. Accordingly, on October 18, 2016,

¹ Order No. 706 122 FERC 61.040 at para 184.

² 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.

the AESO issued a Consultation Letter providing notice to and seeking feedback from market participants and other interested parties relating to two Alberta reliability standards that will allow the AESO to implement this process: proposed New CIP-SUPP-002-AB, *Cyber Security – Supplemental CIP Alberta Reliability Standard Technical Feasibility Exceptions* (“New CIP-SUPP-002-AB”) and proposed Amended CIP-SUPP-001-AB1, *Cyber Security – Supplemental CIP Alberta Reliability Standard* (“Amended CIP-SUPP-001-AB1”). The authoritative elements of the TFE 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.

The definition of “technical feasibility exception” has been drafted to clarify that the AESO may grant a variance to certain CIP ARS requirements where it is not technically feasible for a Responsible Entity to meet the requirement, but comparable or higher level of reliability of the bulk electric system will be maintained by allowing the variance.

Summary of the Proposed Definition

The AESO proposes to incorporate the following new defined term along with its related definition into the AESO’s [Consolidated Authoritative Document Glossary](#) (“CADG”) for use in the Alberta reliability standards:

- a) technical feasibility exception

When reviewing the attached proposed New “technical feasibility exception” definition, market participants should note that all defined terms are **bolded**. Market participants are encouraged to refer to the CADG when reviewing definitions to ensure they have an accurate understanding of those defined terms.

Request for Comments from Market Participants

Please use the attached Market Participant Comment Matrix when submitting comments to the AESO. Only written comments will be considered in finalizing the proposed New “technical feasibility exception” definition. 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. 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 “technical feasibility exception” definition. Any comments received that are outside of this scope will not be considered by the AESO.

The AESO will be publishing all market participant comments received in November 2016. The AESO expects to publish its replies to the comments received in December 2016.

If the AESO does not receive comments regarding the proposed New “technical feasibility exception” definition, the AESO expects to forward the final proposed New “technical feasibility exception” definition to the Commission in January 2017 along with its recommendation that the Commission approve the final proposed New “technical feasibility exception” definition to become effective in conjunction with the proposed New CIP-SUPP-002-AB and Amended CIP-SUPP-001-AB1.

Attachments to Consultation Letter

The following documents are attached:

1. [Market Participant Comment Matrix](#), which includes a clean version of the proposed New “technical feasibility exception” definition.

Sincerely,

“Original Signed By”

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Attachments