

# Section 501.2 of the ISO Rules Compliance Monitoring Program Guide

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# 1 Introduction

## 1.1 BACKGROUND AND OVERVIEW

The Alberta Security Management Regulation (the “Regulation”) expired on December 31, 2012. Prior to its expiration it was determined that the requirements in the Regulation that apply to those electric industry facilities listed as critical infrastructure (“Critical Facilities”) under the Alberta Counter-Terrorism Crisis Management Plan (“ACTCMP”) would transition into a new ISO rule. Accordingly, the AESO relocated the appropriate Critical Facilities content from the Regulation into the new rule 501.2 effective January 1, 2013.

Section 501.2 of the ISO rules, Security of Critical Facilities (“Section 501.2”) describes obligations for legal owners of ‘Critical Facilities’ within Alberta’s electric industry. These obligations include the requirement for all Critical Facilities to have security measures in accordance with the ACTCMP as well as an emergency response plan in accordance with Directive 071 – Emergency Preparedness and Response Requirements for the Petroleum Industry (“Directive 071”), as published by the Alberta Energy Regulator, formerly known as the Energy Resources Conservation Board. Critical Facilities within Alberta’s electric industry are named in the critical infrastructure list established under the ACTCMP and maintained confidentially by the Justice and Solicitor General branch (“JSG”) of the Government of Alberta. To ensure this confidentiality, each Critical Facility subject to Section 501.2 was contacted directly by the AESO in early 2015.

The ACTCMP was developed in 2003 and is described as “Alberta’s model for dealing with terrorist threats or attacks, by mitigating their effects and being ready to respond in a coordinated, cooperative manner. It defines levels of threat, concepts of operations, our partners and stakeholders, and their actions before, during and after a terrorist event. The [ACTCMP] also defines protocols for inter-agency relationships, exchange of information, and coordination of actions between each order of government and the private sector.”

Under section 17(l.1) of the Electric Utilities Act, the ISO has a duty to monitor the compliance of market participants with the ISO rules. The AESO’s compliance monitoring program (CMP) for Section 501.2 describes the processes and guiding principles by which the AESO will monitor and investigate the compliance of legal owners of Critical Facilities subject to Section 501.2. At a high level the program consists of a Self-assessment process and an On-site Review process of Critical Facilities each year.

## 1.2 PURPOSE OF THIS GUIDE

The purpose of this guide is to describe the procedures for Self-assessment and performing On-site Reviews. The Self-assessment and On-site Review processes are described in detail below.

# 2 Rule Applicability

Section 501.2 applies to:

- a) “A legal owner of a critical facility, being an electric industry facility named in the critical infrastructure list established under the *Alberta Counter-Terrorism Crisis Management Plan* (ACTCMP); and
- b) the ISO.”

The critical infrastructure list is maintained confidentially by the JSG. To ensure this confidentiality, the legal owners of each Critical Facility subject to Section 501.2 are contacted directly by the AESO.

[Click here](#) to view Section 501.2 on the AESO website.

## 3 Registration

Section 501.2 applies to a legal owner of a Critical Facility, being an electric industry facility named in the critical infrastructure list established under the ACTCMP. In order for the AESO to fulfill its obligations to monitor compliance with Section 501.2 it is essential that the identities of the legal owners of each Critical Facility be available to the AESO. The term 'legal owner' is defined in the ISO Consolidated Authoritative Document Glossary.

The AESO has established a registration process to require market participants to identify to the AESO the entities which are the legal owner(s) for each Critical Facility subject to Section 501.2. This ensures that AESO Compliance has the ability to engage the appropriate entity when conducting its assessments. This also eases the administrative burden for affected market participants who are the subject of such an assessment.

For further information on the details of this process, [click here](#) to view the related AESO letter dated April 14, 2015.

## 4 Compliance Monitoring Program

### 4.1 Overview

The CMP for Section 501.2 consists of both Self-assessments by the legal owners of Critical Facilities as well as On-site Reviews by the Energy Security Unit ("ESU") of the JSG. The implementation of the CMP is described in greater detail in the following sections. The AESO will conduct its monitoring in accordance with Section 103.12 of the ISO rules, Compliance Monitoring ("Section 103.12"), which prescribes the processes and guiding principles by which the AESO will monitor and investigate the compliance of market participants with applicable ISO rules and reliability standards.

The legal owner of each Critical Facility selected for Self-assessment will be required to complete the AESO Self-assessment templates for that facility according to a pre-determined schedule. This Self-assessment will indicate to the AESO whether or not security measures exist at the facility in accordance with the ACTCMP and whether or not an emergency response plan exists in accordance with Directive 071. The Self-assessment template is available on the AESO website. An assessment which suggests that the obligations of Section 501.2 may not have been met will be the basis for further assessment by the AESO (described in detail below). Failure to complete the Self-assessment according to the schedule may be considered a suspected contravention of Section 103.12 and a basis for referral to the Market Surveillance Administrator ("MSA").

On an annual basis, a subset of all Critical Facilities will be scheduled for an On-site Review by ESU. The legal owners of Critical Facilities will be given advance notice if their site has been selected for On-site Review. It is preferred that the ESU personnel be provided with a copy of the Critical Facility's security measures or threat response plan and corporate emergency response plan prior to the scheduled On-site Review. This will help facilitate ESU's On-site Reviews. Jointly with legal owner representatives, ESU personnel will

complete a site review form (a form similar to the contents of the Self-assessment templates) looking for evidence that both security measures and emergency response plans exist and could be implemented. A report summarizing ESU's findings will be submitted by ESU to the AESO. A report which suggests that the obligations of Section 501.2 may not have been met will be the basis for further assessment by the AESO (described in detail below). Failure to cooperate or facilitate an ESU On-site Review according to the designated schedule may be considered a suspected contravention of Section 103.12 and a basis for referral to the MSA.

If, upon review of a Self-assessment submission or an ESU On-site Review report, the AESO determines that additional information is required in order to monitor compliance with Section 501.2, the AESO will notify the legal owner of the Critical Facility through an Information Request ("IR") as described in Section 103.12. The IR will describe the subsection of the rule that is relevant, the concern raised by the Self-assessment or ESU On-site Review report, and request information from the legal owner that demonstrates compliance with the obligation of the rule. In the case where the requested information is not provided, or in the AESO's view based on the IR response, Section 501.2 has been contravened; the AESO will refer the case to the MSA for enforcement. The legal owner of the Critical Facility will be notified at this time and any further interactions regarding the case will need to be directed to the MSA.

## **4.2 Self-assessment Process**

The Self-assessment is a process for a legal owner of a Critical Facility to annually provide information to the AESO about how it has met the requirements of Section 501.2.

Annually, the AESO will plan and select Critical Facilities that will be subject to Self-assessments. Legal owners will be notified of the requirement to submit a Self-assessment for their respective Critical Facilities. The AESO will send this notification by email to the compliance contacts for each Critical Facility. The notification will specify the name of the Critical Facility for which a Self-assessment is required and the deadline for the submission of the Self-assessment, typically 40 business days from the date of the notification. Legal owners of Critical Facilities will complete the [ISO Rule 501.2 Self-assessment Templates](http://www.aeso.ca > Compliance > ISO Rule 501.2 Compliance Monitoring) (www.aeso.ca > Compliance > ISO Rule 501.2 Compliance Monitoring) and submit it to the AESO. The AESO has developed a [guide](#) to assist legal owners when completing and submitting self-assessments.

The legal owner of the Critical Facility must use the version of the ISO Rule 501.2 Self-assessment Template in effect at the time of the Self-assessment. The extent of preparation for Self-assessment is the responsibility of each legal owner.

The AESO will evaluate the information provided in the Self-assessment, and when appropriate, follow up on any deficiencies in the submission and any indications of non-compliance. Where there are neither deficiencies nor indications of non-compliance, there will be no further communication from the AESO.

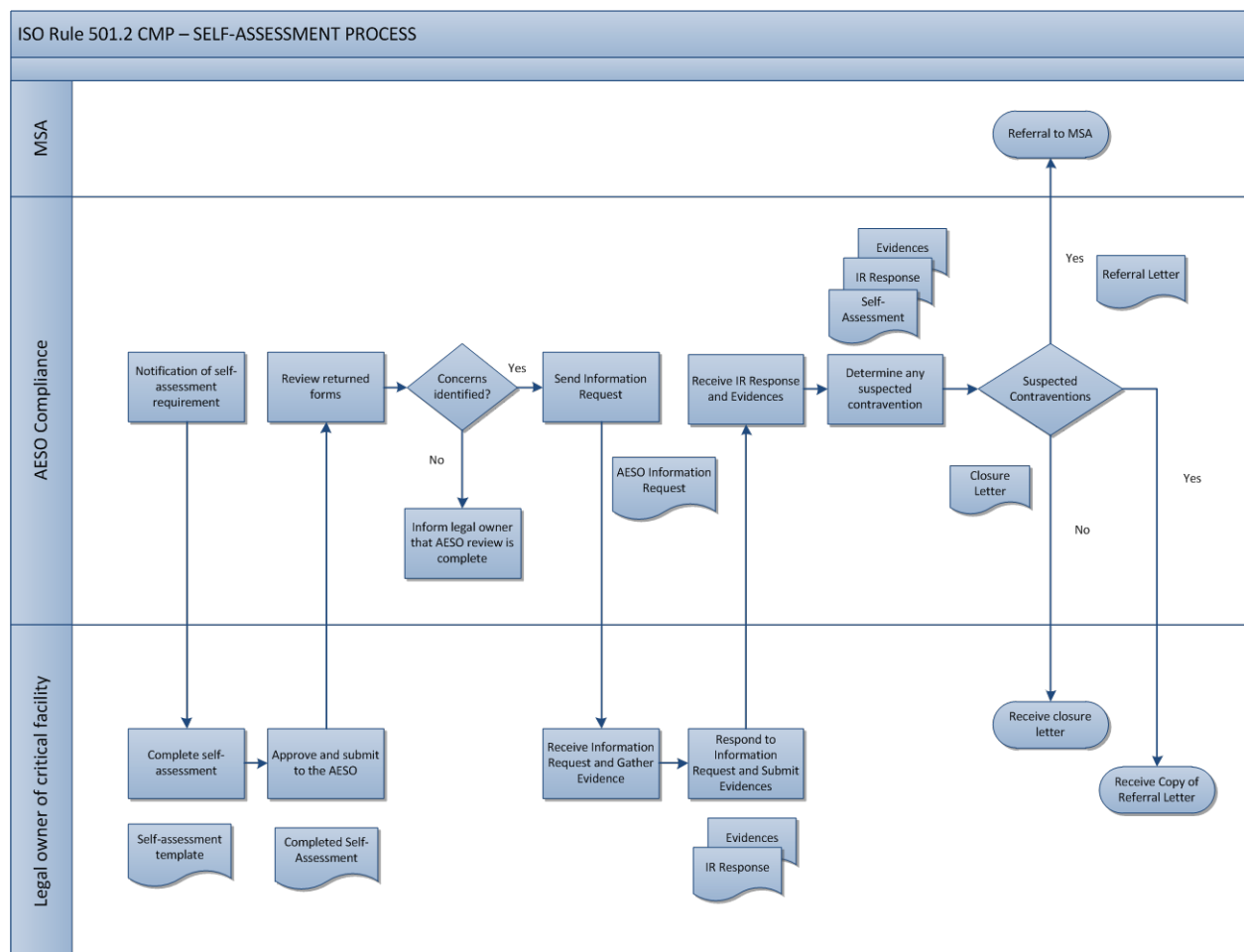
After reviewing the submitted Self-assessment, the AESO may require that the legal owner provide additional data, information, or evidence necessary to assess the information provided in the Self-assessment. Such requests will be sent through an IR letter. The IR will contain a date when a response is required, typically, ten (10) business days from the date of the IR. The response to the IR will be reviewed by the AESO to determine whether or not Section 501.2 has been contravened. The information and evidence requests are made following the process defined in the Section 103.12 of the ISO Rules, Compliance Monitoring ("Section 103.12").

Where the Self-assessment notes suspected contravention(s) of Section 501.2 and the AESO agrees with the determination, or when the AESO has identified suspected contravention(s) of Section 501.2, the AESO will refer the matter to the “MSA through the referral process in accordance with Section 103.12. Referrals will be issued on a confidential basis.

Where the AESO, after review of the response to the IR, has not identified suspected contravention(s) of an ISO rule, the AESO will notify the legal owner of the Critical Facility with a closure letter indicating that the Self-assessment process is closed.

In the event the legal owner of the Critical Facility is unable to meet the specified timeline in any of the above procedures, a request for extension of the due date can be made. The request should be made, in writing, within five (5) business days from the date of the AESO letter and include the new proposed due date for submission and the reason for the request. The AESO will work with the legal owner to ensure a reasonable period of time is provided to respond to each request. In reviewing such requests, the AESO must also ensure legal owners of Critical Facilities are treated fairly and in a consistent manner.

A high level process map in this process is shown below.



### 4.3 On-site Review Process

#### JUSTICE AND SOLICITOR GENERAL BRANCH INVOLVEMENT

The AESO has contracted the services of the JSG to assist the AESO in gathering the information needed in its compliance monitoring. Such services include carrying out the following procedures:

1. Review the security plans of the Critical Facilities to ensure that the plans are established, maintained and address the key components and recommendations of the ACTCMP;
2. Provide an opinion on the capacity of the legal owners of the Critical Facilities to implement the security measures in their plan;
3. Review the corporate emergency response plans of the Critical Facilities to ensure that the plans are prepared and updated, and addresses the key components and recommendations or requirements of Directive 071.
4. Provide an opinion on the capacity of the legal owners to implement the corporate emergency response plans.

The JSG review is performed through an On-site Review. JSG representatives will review the Critical Facility's threat response plan and corporate emergency response plan; tour the Critical Facility and evaluate the plans.

Annually, the AESO will plan and select a subset of Critical Facilities that will be subject to the On-Site Review. Advance notification will be sent to the legal owners of the selected Critical Facilities to allow legal owners to plan and make resource arrangements. The advance notification will include the planned timelines with respect to each On-site Review.

JSG representative will notify the respective legal owners of the selected Critical Facilities, and coordinate and conduct the On-site Reviews.

The AESO and JSG will discuss the results of the On-site Review. If there are no concerns or questions raised during the On-site Review, no further assessment by the AESO will be required. However, if there are concerns or questions raised during the On-site Review, the AESO may then proceed with a compliance assessment.

When the AESO determines that a compliance assessment is warranted, the AESO will send an IR to the legal owner and/or to the appropriate contact of the Critical Facility. The purpose of an IR is to seek additional data, information or evidence in order to assess compliance with Section 501.2. The IR will contain a date when a response is required, typically ten (10) business days from the date of the IR. The response to the IR will be reviewed by the AESO to determine whether or not Section 501.2 has been contravened.

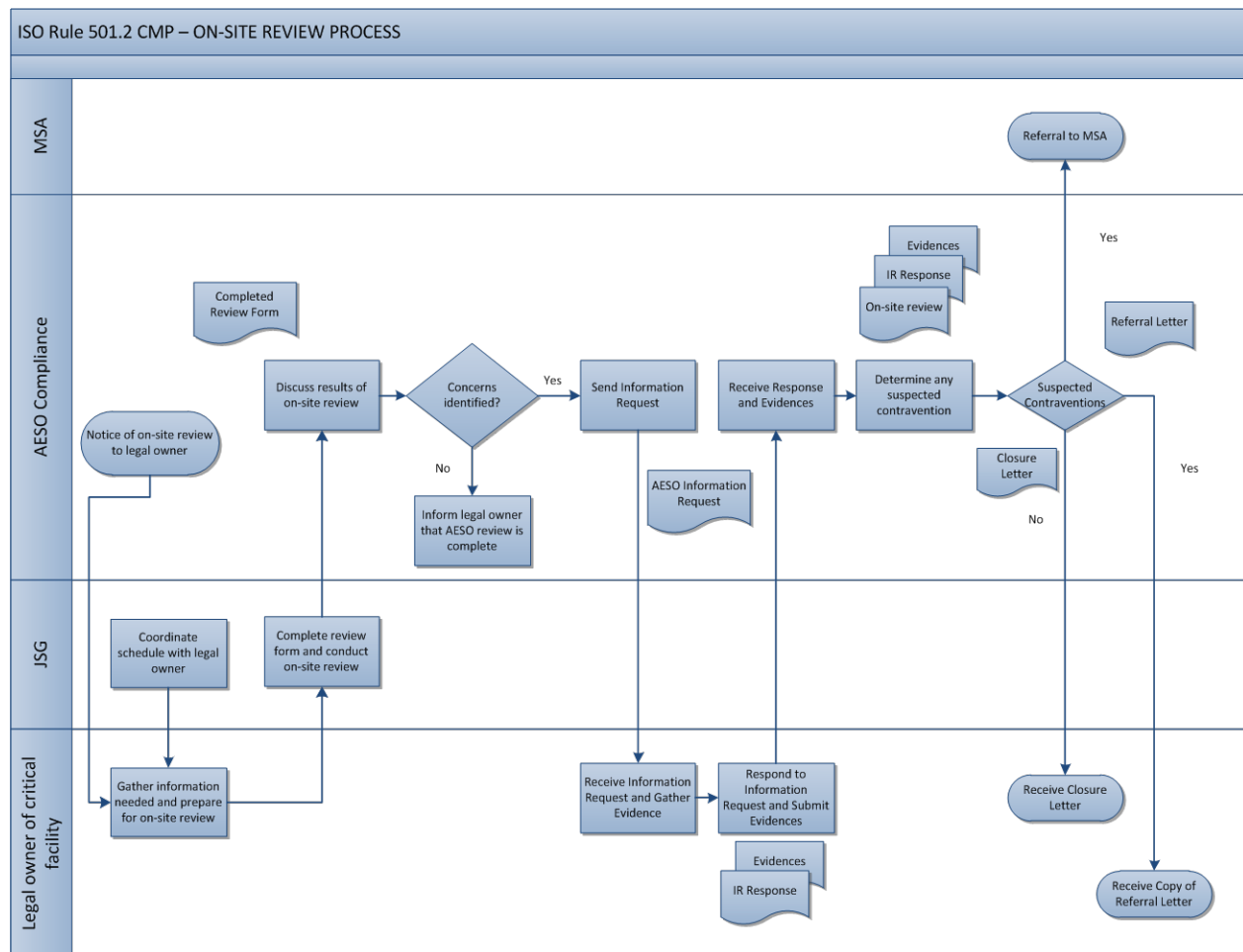
Where, as a result of the AESO's On-site Review, the AESO has identified suspected contravention(s) of Section 501.2; the AESO will refer the matter to the MSA through the referral process in accordance with Section 103.12. Referrals will be issued on a confidential basis.

The AESO will notify the legal owner of the Critical Facility when a suspected contravention is referred to the MSA in accordance with Section 103.12. The copy of the referral to the MSA will be issued to the appropriate official assigned by the legal owner.

Where the AESO performed a compliance assessment and has not identified suspected contravention(s) of an ISO rule, the AESO will notify the legal owner of the Critical Facility with a closure letter indicating that the On-site Review process is closed.

In the event the legal owner of the Critical Facility is unable to meet the specified timeline in any of the above procedures, a request for extension of the due date can be made. The request should be made, in writing, within five (5) business days from the date of the AESO letter and include the new proposed due date for submission and the justification for the request.

A high level process map in this process is shown below.





## 5 Confidentiality

Both Section 103.1 of the ISO rules, Confidentiality and Section 103.12 speak to the confidentiality with which the AESO conducts compliance monitoring. Interactions with legal owners, Self-assessments, ESU On-site Review reports, IRs, any referrals and any other information provided in the course of the compliance assessment will be kept confidential. The AESO has a number of controls in place to ensure this confidentiality. Note however that the AESO has a legislated obligation to share these records with the MSA if requested.

## 6 Revision History

Revisions to this document may be made from time to time by the AESO. Market participants will be notified of the revisions through the AESO Stakeholder Newsletter.

| Revision | Date          | Comments  |
|----------|---------------|---|
| 1.0      | June 19, 2015 | Initial version of the document.  |
| 1.1      | July 28, 2015 | Removed appendices section in table of contents. Link to the self-assessment templates is embedded in Section 4.2 of this document.<br>Deleted the sentence "The completed Self-assessment must be submitted to the AESO in both, Portable Document Format (PDF) and original electronic MS Word format." from Section 4.2. Requirements for submitting self-assessments are discussed in the Self-assessment Process Guide.<br>Added a link in Section 4.2 of this document, to the "ISO Rule 501.2 Compliance Monitoring" webpage where the Self-assessment Process Guide is located. |