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BY MAIL & E-MAIL

August 14, 2013

Secretary of the Board
National Energy Board of Canada
444 Seventh Avenue SW
Calgary, Alberta
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Hydro One Networks Inc. Response to the National Energy Board's Information Request No. 2 - Sections 6 & 4 of the National Energy Board Order MO-036-2012 (File No: OF-Fac-ElecGen-Rel-IPL 05)

On March 6, 2013, Hydro One Networks Inc. ("Hydro One") submitted to the National Energy Board ("NEB" or the "Board") the Declaration of Reliability Standards Applicable to International Power Lines and Request for an Exemption from Compliance with Certain Reliability Standards under the National Energy Board General Order MO-036-2012, Amending Order AO-004-EPE-113 and Amending Order AO-005-EPE-59.

Please find attached the response provided by Hydro One to the Board's Information Request No. 2, with respect to this March 6, 2013 Hydro One Submission.

Sincerely,

ORIGINAL SIGNED BY ODED HUBERT

Oded Hubert

C: Jessica Savage, Supervisor Regulatory Affairs, Independent Electricity System Operator

**The National Energy Board's Information Request No. 2 and
Hydro One Networks Inc.'s Responses**

The National Energy Board's Requests:

Reference:

i) Exemption Type E under section 3.6 of the Hydro One's submission towards compliance with Order MO-036-2012 dated 6 March 2013.

Preamble:

In the above reference, Hydro One has requested exemption from a set of 19 reliability standards and directives suggesting that accountability for those standards and directives are shared between IESO and Hydro One. It is not clear if Hydro One is requesting a total exemption or a partial exemption from those accountabilities where IESO has the sole compliance obligation.

NEB Request Part a:

Confirmation that Hydro One Networks Inc. is requesting exemption on the portions of the standards indicated in Reference i) where compliance obligations reside solely with the IESO.

Hydro One Networks Inc.'s Responses:

Hydro One Networks Inc. ("Hydro One") confirms that it is requesting exemption from the portions of the standards included in Reference i) for which compliance obligations reside solely with the IESO.

In addition, Hydro One submits a correction to its March 6, 2013 submission:

- In Table 2, NERC Standards CIP-001-2a and CIP-002-3 were correctly identified as standards with shared responsibility between the IESO and Hydro One (see first column from the right). While a standard with shared responsibility between the IESO and Hydro One requires an exemption type E, the "Exclusion Category" column in the same table was not filled in for these standards. Both CIP-001-2a and CIP-002-3 should be shown to require a type E exemption.
Accordingly, in section 3.6 of Hydro One's March 6, 2013 submission, CIP-001-2a and CIP-002-3 should be included in the list of standards that require type E exemption.

With the addition of these two standards, Hydro One seeks an exemption from compliance with the portions of the following twenty-one ($19 + 2 = 21$) standards below where, under the Reliability Standards framework in the Province of Ontario, compliance obligations reside solely with the IESO:

1	COM-001-1.1	Telecommunications
2	COM-002-2	Communications and Coordination
3	EOP-001-0.1b	Emergency Operations Planning
4	EOP-004-1	Disturbance Reporting
5	EOP-005-1	System Restoration Plans
6	EOP-008-0	Plans for Loss of Control Centre Functionality
7	TOP-001-1a	Reliability Responsibilities and Authorities
8	TOP-002-2.1b	Normal Operations Planning
9	TOP-003-1	Planned Outage Coordination
10	TOP-006-2	Monitoring System Conditions
11	TOP-008-1	Response to Transmission Limit Violations
12	TPL-001-0.1	System Performance Under Normal (No Contingency) Conditions (Category A)
13	TPL-002-0b	System Performance Following Loss of a Single Bulk Electric System Element (Category B)
14	TPL-003-0a	System Performance Following Loss of Two or More Bulk Electric System Elements (Category C)
15	TPL-004-0	System Performance Following Extreme Events Resulting in the Loss of Two or More Bulk Electric System Elements (Category D)
16	VAR-001-2	Voltage and Reactive Control
17	NPCC Directory # 1	Design and Operation of the Bulk Power System
18	NPCC Directory # 2	Emergency Operations
19	NPCC Directory # 8	System Restoration
20	CIP-001-2a	Sabotage Reporting
21	CIP-002-3	Cyber Security - Critical Cyber Asset Identification

Note: All standards included in the table above are a reference to a NERC standard unless indicated otherwise.

In total, Hydro One therefore seeks exemption from compliance with 89 ($87 + 2 = 89$) standards and obligations corresponding to sections 4(1)(a) and 4(1)(b) of the General Order MO-036-2012, Amending Order AO-004-EPE-113 and Amending Order AO-005-EPE-59 (collectively, the “Reliability Standards Orders”), issued by the NEB on December 6, 2012.

NEB Request Part b:

Provide the document where the split of accountability between the IESO and Hydro One Networks Inc. is defined or identify the accountability under each standard in Reference (i) where compliance obligations reside solely with Hydro One Networks Inc.

Hydro One Networks Inc.'s Responses:

Under the Province of Ontario framework, the reliability standards assignment of obligations to Transmission Operators may be shared between the IESO and other licensed Transmitters. To ensure clear accountabilities and provide transparency, these accountabilities (and how they are shared between the parties) are documented and publicly posted on the IESO website ([Hyperlink to "Transmission Operator Accountability Matrix"](#)).

For the list of standards in Table 2 of Hydro One's March 6, 2013 submission, Hydro One and the IESO may be shown to have shared responsibilities for any of the following reasons:

- The compliance requirements may comprise distinct responsibilities that must be performed by one party or another s (e.g. some of the COM requirements);
- The compliance requirements may apply to both parties with respect to those assets that are under each party's purview; and/or
- The compliance requirement may require the support of one of the parties so the other party can fulfill the requirement (e.g. some of the EOP requirements).

The following table further explains how Hydro One and the IESO divide the accountability for each standard in Reference (i). More specific requirements for each standard are described in the public document posted by the IESO, [Hyperlink to "Transmission Operator Accountability Matrix"](#) (as mentioned above).

Standard Number		Standard Title	Exemption Type	Comments
1	COM-001-1.1	Telecommunications	E	<p>- Except for requirement R3, each entity is responsible for its own requirements as listed in the "Transmission Operator Accountability Matrix" posted on the IESO Web-site" (R1, R2, R4 and R5). Furthermore, Hydro One must maintain communication capabilities as prescribed by the IESO's control centre and data exchange requirements, and adhere to the communication protocols of the IESO.</p> <p>- R3 requirement fully applies to the IESO.</p>

Standard Number		Standard Title	Exemption Type	Comments
2	COM-002-2	Communications and Coordination	E	- All requirements of the standard apply to the IESO. While the requirements apply to the IESO, Hydro One must maintain the systems and follow the communication protocols established by the IESO.
3	EOP-001-0.1b	Emergency Operations Planning	E	<p>- Requirements R2, R3.1, R4.3 and R7 through R7.4 fully apply to the IESO. While requirements fully apply to the IESO, Hydro One, as a Restoration Participant, must maintain restoration plans and follow directives as required by the Ontario Power System Restoration Plan.</p> <p>- Requirement R6 is split in 2 parts. In the first part, each entity is responsible for its own requirements as listed in the “Transmission Operator Accountability Matrix posted on the IESO Web-site”. In the second part, the requirement applies fully to the IESO.</p> <p>- For the remainder of the requirements (R3.2 to R4.2 and R4.4 through R6) each entity is responsible for its own requirements as listed in the “Transmission Operator Accountability Matrix posted on the IESO Web-site”. However, Hydro One, as a Restoration Participant must maintain restoration plans and follow directives as required by the Ontario Power System Restoration Plan.</p>
4	EOP-004-1	Disturbance Reporting	E	<p>- Each entity is responsible for requirement R2.</p> <p>- Requirements R3 through R3.4 fully apply to the IESO.</p>
5	EOP-005-1	System Restoration Plans	E	<p>- Except for requirements R8 and R9, each entity is responsible for its own requirements as listed in the “Transmission Operator Accountability Matrix posted on the IESO Web-site”. The IESO has the responsibility for the Ontario Power System Restoration Plan and Hydro One is an integral transmission participant of the plan and participates in all aspects of development, annual review, periodic testing and training and execution.</p> <p>- Requirements R8 and R9 fully apply to the IESO.</p>

Standard Number		Standard Document Title	Exemption Type	Comments
6	EOP-008-0	Plans for Loss of Control Centre Functionality	E	<p>- Except for requirement R1.2, each entity is responsible for its own requirements as listed in the “Transmission Operator Accountability Matrix posted on the IESO Web-site”. System control centres back-up are in place by both entities.</p> <p>- Sub Requirement R1.2 fully applies to the IESO.</p>
7	TOP-001-1a	Reliability Responsibilities and Authorities	E	<p>- Except for requirement R3, all requirements fully apply to the IESO.</p> <p>- Each entity is responsible for R3. Hydro One must comply with the reliability directives issued by the IESO. Hydro One must immediately inform the IESO if it cannot perform the directive. Hydro One can take independent action for safety, equipment integrity and environmental reasons.</p>
8	TOP-002-2.1b	Normal Operations Planning	E	<p>- Requirement R1 is split in 2 parts. The first part of the requirement applies to the IESO. For the second part of the requirement, each entity is responsible for its own requirements as listed in the “Transmission Operator Accountability Matrix posted on the IESO Web-site”.</p> <p>- Requirements R4 through R6 and R10 and R11 fully apply to the IESO. While these requirements fully apply to the IESO, Hydro One must provide equipment capability ratings and facility ratings so that the IESO can fulfill the obligations in the requirements.</p> <p>- For the remainder of the requirements (R16 through R19) each entity is responsible for its own requirements as listed in the “Transmission Operator Accountability Matrix posted on the IESO Web-site”. However, Hydro One must report the actual and planned changes in the status and transmission facility ratings of their facilities.</p>
9	TOP-003-1	Planned Outage Coordination	E	<p>- All requirements of the standard apply to the IESO.</p>

Standard Number		Standard Document Title	Exemption Type	Comments
10	TOP-006-2	Monitoring System Conditions	E	<p>- Requirements R1, R1.2 and R4 fully apply to the IESO. However, Hydro One must monitor its facilities and provide the information required to the IESO so that the IESO can direct the operation of the Ontario power system.</p> <p>- For the remainder of the requirements (R2, R3 and R5 through R7), each entity is responsible for its own requirements as listed in the "Transmission Operator Accountability Matrix posted on the IESO Web-site". Hydro One monitors its facilities and provides the the operational data to the IESO.</p>
11	TOP-008-1	Response to Transmission Limit Violations	E	<p>- Except for requirement R3, all requirements fully apply to the IESO.</p> <p>- Each entity is responsible for requirement R3. The IESO will issue directives to the owner of the transmission facility. The transmission facility owner may take independent action in response to regarding the safety, equipment integrity and environmental considerations.</p>
12	TPL-001-0.1	System Performance Under Normal (No Contingency) Conditions (Category A)	E	<p>- Discussions between Hydro One and the IESO continue. Preliminary assessment indicates that the IESO has full compliance responsibility for all the requirements in this standard.</p>
13	TPL-002-0b	System Performance Following Loss of a Single Bulk Electric System Element (Category B)	E	<p>- Discussions between Hydro One and the IESO continue. Preliminary assessment indicates that the IESO has full compliance responsibility for all the requirements in this standard.</p>
14	TPL-003-0a	System Performance Following Loss of Two or More Bulk Electric System Elements (Category C)	E	<p>- Discussions between Hydro One and the IESO continue. Preliminary assessment indicates that the IESO has full compliance responsibility for all the requirements in this standard.</p>

Standard Number		Standard Document Title	Exemption Type	Comments
15	TPL-004-0	System Performance Following Extreme Events Resulting in the Loss of Two or More Bulk Electric System Elements (Category D)	E	- Discussions between Hydro One and the IESO continue. Preliminary assessment indicates that the IESO has full compliance responsibility for all the requirements in this standard.
16	VAR-001-2	Voltage and Reactive Control	E	- For R7, R8 and R9 each entity is responsible to support each other in order to carry out the requirements.
17	NPCC Directory # 1	Design and Operation of the Bulk Power System	E	Based on preliminary assessments: - As the Province of Ontario Planning Coordinator, the IESO develops plans and issues functional requirements of new and modified facilities. Hydro One designs and builds the facilities according to these functional requirements. - According to the Province of Ontario Operating framework, the IESO directs the operation of the IESO Controlled Grid facilities. Hydro One implements the operation as per the IESO's direction.
18	NPCC Directory # 2	Emergency Operations	E	Based on preliminary assessments: - According to the Province of Ontario Operating framework, the IESO declares Emergency Operating conditions and directs the operation of the system to return it to Normal. Hydro One follows the IESO's direction.

Standard Number		Standard Document Title	Exemption Type	Comments
19	NPCC Directory # 8	System Restoration	E	Based on preliminary assessments: -Hydro One owns and operates key facilities used for restoration purposes. The IESO conducts an annual review to identify key facilities used to establish a Basic Minimum Power System (BMPS) as defined in the NPCC Glossary of Terms and the IESO Market Manual 7.8 Ontario Power System Restoration Plan (OPSRP). The critical components in each key facility owned and operated by Hydro One are the subject of periodical testing under the criteria portion of the NPCC Directory # 8 (System Restoration).
20	CIP-001-2a	Sabotage Reporting	E	The IESO and Hydro One identify and report disturbances or unusual occurrences, suspected or determined to be caused by sabotage for their own assets. Reporting is done to the appropriate police of jurisdiction.
21	CIP-002-3	Cyber Security - Critical Cyber Asset Identification	E	The IESO develops and annually reviews the list of Ontario Critical Assets (CAs) using a prescribed risk-based methodology. The IESO then communicates the list of CAs to the respective owners who must in turn identify the Cyber Assets within the CAs. These are the Critical Cyber Assets (CCAs) to which the CIP standards apply. Hydro One identifies and documents the list of CCAs it owns and operates.

Please note that the information provided in the above table is a “baseline” version. While it reflects the current arrangement between the two parties (i.e. it is consistent with what the IESO currently makes public on its web site), Hydro One and the IESO will continue to refine the terms as the NERC and NPCC requirements evolve.

All future changes or refinements will be reflected in the public document posted by the IESO, [Hyperlink to "Transmission Operator Accountability Matrix"](#) (as mentioned above) as this matrix will be kept up-to-date going forward.