

# Rule 027

## Specified Penalties for Contravention of Reliability Standards

The Alberta Utilities Commission (Commission) has approved this rule on Month-Day -2010.

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### 1 Definitions

~~1~~ In these rules:

- ~~(a)~~ “Act” means ~~the Alberta Utilities Commission Act~~;
- ~~(ab)~~ “Commission” means the Alberta Utilities Commission;
- ~~(be)~~ “ISO” means the Independent System Operator established under the *Electric Utilities Act*;
- ~~(cd)~~ “reliability standards” means ~~reliability standards~~ as defined in the *Electric Utilities Act*.

### 2 Application

These rules apply to the contravention of a reliability standard or a requirement within a reliability standard listed in the Penalty Table.

### 3 Notice of ~~s~~Specified ~~p~~Penalty

- ~~3~~(1) The Market Surveillance Administrator may issue a notice of specified penalty under section 52 of the *Alberta Utilities Commission Act* ~~Act~~ for the contravention of a the reliability standards ~~s~~ listed in the ~~Base~~-Penalty Table.
- (2) A notice of specified penalty must state
  - (a) the name of the market participant or the ISO who is required to pay the specified penalty;
  - (b) the date or dates of the contravention;
  - (c) the reliability standard or a requirement within a reliability standard that was contravened;

- (d) a description of the conduct of the market participant or the ISO named, its officers, personnel, or agents, the activity or omission which resulted in the contravention or any other particulars relating to the contravention;
  - (e) a description of the facts on which the Market Surveillance Administrator relied on to conclude that a contravention had taken place;
  - (f) the amount of the specified penalty for ~~each day of the contravention, if the contravention continues for more than one day;~~
  - (g) whether any adjustment to the specified penalty was made due to the self disclosure of the contravention by the market participant or the ISO;
  - (h) whether any adjustment to the specified penalty was made due to the filing of a mitigation plan by the market participant or the ISO which was ~~accepted~~approved by the Market Surveillance Administrator;
  - ~~(i) whether any adjustment to the specified penalty was made due to application of any amounts in the Adjustment Penalty Table pursuant to subsection 4(11);~~
  - ~~(j)~~ (i) the date, at least 30 days from the date of issuance, on which the payment of the specified penalty is due;
  - ~~(k)~~ (j) that failure to pay the specified penalty will result in a hearing or other proceeding before the Commission; and
  - ~~(l)~~ (k) that if the market participant named or the ISO disputes the issuance of the notice, to inform the Market Surveillance Administrator of the dispute and that a hearing or other proceeding before the Commission will result.
- (3) The Market Surveillance Administrator shall send the notice of specified penalty to the person in the position identified in the ~~Base~~ Penalty Table.
- (4) The Market Surveillance Administrator must issue a notice of specified penalty under this section within,
- (a) ~~two~~2 years after the date on which the Market Surveillance Administrator first knew, or in the circumstances ought to have known of the contravention, or
  - (b) ~~four~~4 years after the date on which the contravention occurred whichever period expires first.

#### 4 ~~Penalty~~ aAssessment

- ~~4(1)~~ (1) The Market Surveillance Administrator shall determine the amount of the specified penalty in accordance with this section ~~and~~; the ~~Base~~ Penalty Table ~~and the Adjustment Penalty Table~~.
- (2) For contraventions of the reliability standards listed in Category 1, 2 or 3 of the ~~Base~~ Penalty Table, the Market Surveillance Administrator shall determine the amount of the specified penalty for ~~a each day of the~~ contravention at the ~~level of the Violation~~ sSeverity ~~l~~Level in the ~~Base~~ Penalty Table, in accordance with the following:

- (a) ~~Lower Violation~~ Severity Level means that ~~there is one (1) instance of a failure to meet a requirement or an element of a requirement in the reliability standard, or the impact, the risk or the scope of the contravention of a reliability standard on the safe, reliable and economic operation of the interconnected electric system is considered by the Market Surveillance Administrator to be low;~~
- (b) ~~Moderate Violation~~ Severity Level means that ~~there are two (2) instances of a failure to meet a requirement or an element of a requirement in the reliability standard, or the impact, the risk or the scope of the contravention of a reliability standard on the safe, reliable and economic operation of the interconnected electric system is considered by the Market Surveillance Administrator to be moderate;~~
- (c) ~~High Violation~~ Severity Level means that ~~there are three (3) instances of a failure to meet a requirement or an element of a requirement in the reliability standard, or the impact, the risk or the scope of the contravention of a reliability standard on the safe, reliable and economic operation of the interconnected electric system is considered by the Market Surveillance Administrator to be high;~~ and
- (d) ~~Severe Violation~~ Severity Level means that ~~there are four (4) or more instances of a failure to meet a requirement or an element of a reliability standard, or the impact, the risk or the scope of the contravention of reliability standard on the safe, reliable and economic operation of the interconnected electric system is considered by the Market Surveillance Administrator to be severe.~~
- (3) For contraventions of the reliability standards listed in Category 4 of the ~~Base~~ Penalty Table, the Market Surveillance Administrator shall determine the amount of the specified penalty at the ~~level of the Violation~~ Severity ~~I~~ Level in the ~~Base~~ Penalty Table, in accordance with the following:
- (a) ~~Lower Violation~~ Severity Level means that the ~~requirement measure~~ is within ~~plus or minus 10 per cent~~  $\pm 10\%$  of the measure identified in the ~~requirements section of the~~ reliability standard;
- (b) ~~Moderate Violation~~ Severity Level means that the ~~requirement measure~~ is within ~~plus or minus 15 per cent~~  $\pm 15\%$ , but outside of ~~plus or minus 10 per cent~~  $\pm 10\%$ , of the measure identified in the ~~requirements section of the~~ reliability standard;
- (c) ~~High Violation~~ Severity Level means that the ~~requirement measure~~ is within ~~plus or minus 20 per cent~~  $\pm 20\%$ , but outside of ~~plus or minus 15 per cent~~  $\pm 15\%$ , of the measure identified in the ~~requirements section of the~~ reliability standard; and
- (d) ~~Severe Violation~~ Severity Level means that the ~~requirement measure~~ is outside of ~~plus or minus 20 per cent~~  $\pm 20\%$  of the measure identified in the ~~requirements section of the~~ reliability standard.
- (4) For contraventions of the reliability standards listed in Category 5, 6, 7, 8 or 9 of the ~~Base~~ Penalty Table, the Market Surveillance Administrator shall determine the amount of the specified penalty at the level in the ~~Base~~ Penalty Table.

- (5) In the case where a market participant or the ISO self-discloses a contravention of a reliability standard listed in the ~~Base~~-Penalty Table, the Market Surveillance Administrator shall determine the amount of the specified penalty in accordance with this section and the ~~Base~~-Penalty Table and reduce the amount of the specified penalty by 25 per cent%.
- (6) In the case where a market participant or the ISO provides a mitigation plan with respect to a reliability standard listed in the ~~Base~~-Penalty Table to the Market Surveillance Administrator, the Market Surveillance Administrator, if it ~~accepts~~approves the mitigation plan, shall determine the amount of the specified penalty in accordance with this section and the ~~Base~~-Penalty Table and reduce the amount of the specified penalty by 25 per cent%.
- (7) For greater clarity, in the case where a market participant or the ISO self-discloses a contravention of a reliability standard listed in the ~~Base~~-Penalty Table to the Market Surveillance Administrator and provides a mitigation plan that is ~~accepted~~approved by the Market Surveillance Administrator with respect to ~~that same~~ the same reliability standard ~~listed in the Base Penalty Table~~, the Market Surveillance Administrator shall determine the amount of the specified penalty in accordance with this section and the ~~Base~~-Penalty Table and reduce the amount of the specified penalty by 50 per cent%.
- (8) A self-disclosure statement referred to in subsections (5) must
- (a) be made in writing to the Market Surveillance Administrator prior to the ISO or the Market Surveillance Administrator contacting the market participant about the contravention or in the case of the ISO prior to the Market Surveillance Administrator contacting the ISO;
  - (b) include the name, address, telephone number and email address of the market participant or the ISO;
  - (c) describe in detail the contravention, including the reliability standard that was breached, the date, time and duration of the contravention of the reliability standard; and
  - (d) any other information the market participant or the ISO considers to be relevant to the events that took place.
- (9) The Market Surveillance Administrator may ~~accept~~approve a mitigation plan referred to in this section if the plan
- (a) is made in writing to the Market Surveillance Administrator;
  - ~~(b) is received by the Market Surveillance Administrator no later than 45 days from the date of the referral from the ISO to the Market Surveillance Administrator of a reliability standard listed in the Base Penalty Table;~~
  - ~~(be)~~ -includes the name, address, telephone number and email address of the market participant or the ISO;
  - ~~(ce)~~ includes a detailed action plan to prevent the occurrence of the contravention of a reliability standard or to correct ~~the a-contravention~~violation of a reliability

standard and prevent re-occurrence of the ~~contravention~~ violation of a reliability standard;

- (d) includes a commencement date, milestone dates, if applicable, and a planned completion date by which the plan to remedy, prevent the occurrence or re-occurrence an implementation date no later than 90 days from the date of the contravention of the contravention of a reliability standard listed in the Base Penalty Table; ~~and~~

~~includes a completion date no later than 180 days from the date of the contravention of a reliability standard listed in the Base Penalty Table.~~

- (10) When ~~accepting~~ approving a mitigation plan, the Market Surveillance Administrator may request the views of other persons, including the ISO for a plan submitted by a market participant.

- ~~(11) For contraventions of the reliability standards listed in the Base Penalty Table, the Market Surveillance Administrator may add or subtract an amount in the Adjustment Penalty Table to reflect the specific facts and circumstances material to the contravention of a reliability standard in accordance with the following:~~

- ~~(a) the occurrence of repetitive contraventions of the same reliability standard on four or more occasions within a 12-month rolling period;~~
- ~~(b) failure to comply with an approved mitigation plan;~~
- ~~(c) the degree and quality of cooperation by a market participant in the investigation of the contravention of a reliability standard;~~
- ~~(d) the presence and quality of a market participant's compliance program with respect to reliability standards in general and more specifically the reliability standard that has been contravened; or~~
- ~~(e)~~
- ~~(f) any concealment or an attempt to conceal the contravention of a reliability standard.~~

## 5 Posting of ~~n~~Notice of ~~s~~Specified ~~p~~Penalty

- ~~5~~(1) The Market Surveillance Administrator shall make public any notice of specified penalty issued for a contravention of a reliability standard under section 52 of the Alberta Utilities Commission Act ~~Act~~, no earlier than 30 days and no later than 45 days after the notice of specified penalty is issued and post the notice on the Market Surveillance Administrator website.
- (2) Where a market participant or the ISO has failed to pay the specified penalty or disputes the notice of specified penalty and the notice of specified penalty is posted, the Market Surveillance Administrator shall
- (a) indicate on its website that the specified penalty has not been paid or that the notice of specified penalty is being disputed; and

~~(g)~~(a) once the Commission has rendered a decision with respect to the specified penalty. post on its website the link to the decision of the Commission respecting the specified penalty.

**6 Coming into force**

This rule comes into force on XXX, 2010.

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## Base Penalty Table

Nature of <del>c</del> ontravention	<del>Violation</del> Severity Level			
	Lower	Moderate	High	Severe
<p><b>Category 1</b></p> <p>Failure to comply <del>in whole or in part</del> with the following reliability standards <u>or the specific requirement of a reliability standard set out below:</u></p> <p>INT-001-AB-3            INT-003-AB-2            INT-006-AB-2            INT-009-AB-1            INT-010-AB-1            IRO-006-WECC-AB-1            PRC-004-AB-1 (R2 and <del>MR2</del>)  <del>PRC-004-AB-1 (R3 and MR3)</del>            PRC-004-WECC-AB-1 (R2 and <del>R3</del>)            PRC-021-AB-1            PRC-022-AB-1            TPL-001-AB-0 (R3 <del>and MR3</del>)            TPL-002-AB-0 (R3 <del>and MR3</del>)            TPL-003-AB-0 (R3 <del>and MR3</del>)            TPL-004-AB-0 (R2 <del>and MR2</del>)</p>	<p>A specified penalty of \$500</p> <p>Notice of specified penalty to <del>the s</del>Senior <del>e</del>Executive of <del>b</del>Business <del>u</del>nit of the market participant involved in the contravention <u>or the vice-president, regulatory in cases where the ISO is the contravener</u></p>	<p>A specified penalty of \$1,000</p> <p>Notice of specified penalty to <del>the s</del>Senior <del>e</del>Executive of <del>b</del>Business <del>u</del>nit of the market participant involved in the contravention <u>or the vice-president, regulatory in cases where the ISO is the contravener</u></p>	<p>A specified penalty of \$1,500</p> <p>Notice of specified penalty to <del>the s</del>Senior <del>e</del>Executive of <del>b</del>Business <del>u</del>nit of the market participant involved in the contravention <u>or the vice-president, regulatory in cases where the ISO is the contravener</u></p>	<p>A specified penalty of \$2,500</p> <p>Notice of specified penalty to <del>the s</del>Senior <del>e</del>Executive of <del>b</del>Business <del>u</del>nit of the market participant involved in the contravention <u>or the vice-president, regulatory in cases where the ISO is the contravener</u></p>
<p><b>Category 2</b></p> <p>Failure to comply <del>in whole or in part</del> with the following reliability standards <u>or the specific requirement of a reliability standard set out below:</u></p> <p>MOD-017-AB-0.1            MOD-018-AB-0            PRC-009-AB-0            PRC-010-AB-0            TPL-001-AB-0 (R2 <del>and MR2</del>)            TPL-002-AB-0 (R2 <del>and MR2</del>)            TPL-003-AB-0 (R2 <del>and MR2</del>)            TPL-004-AB-0 (R1 <del>and MR1</del>)</p>	<p>A specified penalty of \$3,000</p> <p>Notice of specified penalty to <del>the s</del>Senior <del>e</del>Executive of <del>b</del>Business <del>u</del>nit of the market participant involved in the contravention <u>or the vice-president, regulatory in cases where the ISO is the contravener</u></p>	<p>A specified penalty of \$5,000</p> <p>Notice of specified penalty to <del>the s</del>Senior <del>e</del>Executive of <del>b</del>Business <del>u</del>nit of the market participant involved in the contravention <u>or the vice-president, regulatory in cases where the ISO is the contravener</u></p>	<p>A specified penalty of \$7,000</p> <p>Notice of specified penalty to <del>the s</del>Senior <del>e</del>Executive of <del>b</del>Business <del>u</del>nit of the market participant involved in the contravention <u>or the vice-president, regulatory in cases where the ISO is the contravener</u></p>	<p>A specified penalty of \$10,000</p> <p>Notice of specified penalty to the most senior executive of the market participant <u>or the ISO</u> (i.e. <del>p</del>President, <del>c</del>Chief <del>e</del>Executive <del>o</del>fficer) or its parent company if the market participant is a wholly-owned subsidiary or affiliate, <u>or chief compliance officer, if applicable</u></p>

## Base Penalty Table

Nature of <del>c</del> Contravention	<del>Violation</del> Severity Level			
	Lower	Moderate	High	Severe
<p><b>Category 3</b></p> <p>Failure to comply <del>in whole or in part</del> with the following reliability standards <del>or the specific requirement of a reliability standard set out below</del>:</p> <p>PRC-001-AB-1  PRC-004-AB-1 (R1 <del>and MR1</del>)  <b>PRC-004-WECC-AB-1 (R1)</b>  TPL-001-AB-0 (R1 <del>and MR1</del>)  TPL-002-AB-0 (R1 <del>and MR1</del>)  TPL-003-AB-0 (R1 <del>and MR1</del>)</p>	<p>A specified penalty of \$5,000</p> <p>Notice of specified penalty to <del>the s</del>Senior <del>e</del>Executive of <del>b</del>Business <del>u</del>nit of the market participant involved in the contravention <del>or the vice-president, regulatory in cases where the ISO is the contravener</del></p>	<p>A specified penalty of \$10,000</p> <p>Notice of specified penalty to the most senior executive of the market participant <del>or the ISO</del> (i.e. <del>p</del>President, <del>c</del>Chief <del>e</del>Executive <del>o</del>fficer) or its parent company if the market participant is a wholly-owned subsidiary or affiliate, <del>or chief compliance officer, if applicable</del></p>	<p>A specified penalty of \$15,000</p> <p>Notice of specified penalty to the most senior executive of the market participant <del>or the ISO</del> (i.e. <del>p</del>President, <del>c</del>Chief <del>e</del>Executive <del>o</del>fficer) or its parent company if the market participant is a wholly-owned subsidiary or affiliate, <del>or chief compliance officer, if applicable</del></p>	<p>A specified penalty of \$25,000</p> <p>Notice of specified penalty to the most senior executive of the market participant <del>or the ISO</del> (i.e. <del>p</del>President, <del>c</del>Chief <del>e</del>Executive <del>o</del>fficer) or its parent company if the market participant is a wholly-owned subsidiary or affiliate, <del>or chief compliance officer, if applicable</del></p>
<p><b>Category 4</b></p> <p>Failure to comply <del>in whole or in part</del> with the following reliability standards:</p> <p>BAL-001-AB-0a</p>	<p>A specified penalty of \$3,000</p> <p>Notice of specified penalty to <del>the s</del>Senior <del>e</del>Executive of <del>b</del>Business <del>u</del>nit of the market participant involved in the contravention <del>or the vice-president, regulatory in cases where the ISO is the contravener</del></p>	<p>A specified penalty of \$5,000</p> <p>Notice of specified penalty to <del>the s</del>Senior <del>e</del>Executive of <del>b</del>Business <del>u</del>nit of the market participant involved in the contravention <del>or the vice-president, regulatory in cases where the ISO is the contravener</del></p>	<p>A specified penalty of \$7,000</p> <p>Notice of specified penalty to <del>the s</del>Senior <del>e</del>Executive of <del>b</del>Business <del>u</del>nit of the market participant involved in the contravention <del>or the vice-president, regulatory in cases where the ISO is the contravener</del></p>	<p>A specified penalty of \$10,000</p> <p>Notice of specified penalty to the most senior executive of the market participant <del>or the ISO</del> (i.e. <del>p</del>President, <del>c</del>Chief <del>e</del>Executive <del>o</del>fficer) or its parent company if the market participant is a wholly-owned subsidiary or affiliate, <del>or chief compliance officer, if applicable</del></p>

R refers to a ~~r~~Requirement identified in a reliability standard listed.

~~MR~~ refers to a Measure identified in a reliability standard

~~As identified in each reliability standard, the Measures correspond to the Requirements identified in each reliability standard. For example, MR1 is the measure for R1.~~

## Base Penalty Table (continued)

Nature of Contravention	All Instances
<p><b>Category 5</b></p> <p>Failure to comply <del>in whole or in part</del> with the following reliability standards <u>or the specific requirement of a reliability standard set out below</u>:</p> <p>EOP-002-AB-2 (R9 <del>and MR9</del>)  EOP-004-AB-1  <del>EOP-005-AB-1</del>  FAC-003-AB-1 (R3 and <del>MR3</del>; R4 <del>and MR4</del>)  MOD-016-AB-1.1  TOP-005-AB-1</p>	<p>A specified penalty of \$2,000</p> <p>Notice of specified penalty to <del>the s</del>Senior <del>e</del>Executive of <del>b</del>Business <del>u</del>Unit of the market participant involved in the contravention <u>or the vice-president, regulatory in cases where the ISO is the contravener</u></p>
<p><b>Category 6</b></p> <p>Failure to comply <del>in whole or in part</del> with the following reliability standards:</p> <p>FAC-001-AB-0  FAC-002-AB-0  FAC-501-WECC-AB-1  MOD-019-AB-0</p>	<p>A specified penalty of \$5,000</p> <p>Notice of specified penalty to <del>the s</del>Senior <del>e</del>Executive of <del>b</del>Business <del>u</del>Unit of the market participant involved in the contravention <u>or the vice-president, regulatory in cases where the ISO is the contravener</u></p>
<p><b>Category 7</b></p> <p>Failure to comply <del>in whole or in part</del> with the following reliability standards:</p> <p>BAL-006-AB-1</p>	<p>A specified penalty of \$7,000</p> <p>Notice of specified penalty to <del>the s</del>Senior <del>e</del>Executive of <del>b</del>Business <del>u</del>Unit of the market participant involved in the contravention <u>or the vice-president, regulatory in cases where the ISO is the contravener</u></p>
<p><b>Category 8</b></p> <p>Failure to comply <del>in whole or in part</del> with the following reliability standards:</p> <p>BAL-003-AB-0a  CIP-001-AB-1</p>	<p>A specified penalty of \$10,000</p> <p>Notice of specified penalty to the most senior executive of the market participant <u>or the ISO</u> (i.e. <del>p</del>President, <del>c</del>Chief <del>e</del>Executive <del>o</del>Officer) or its parent company if the market participant is a wholly-owned subsidiary or affiliate, <u>or chief compliance officer, if applicable</u></p>
<p><b>Category 9</b></p> <p>Failure to comply <del>in whole or in part</del> with the following reliability standards <u>or the specific requirement of a reliability standard set out below</u>:</p> <p>EOP-002-AB-2 (except R9 <del>and MR9</del>)  EOP-003-AB-1  FAC-003-AB-1 (R1 and <del>MR1</del>; R2 <del>and MR2</del>)  TOP-007-WECC-AB-1</p>	<p>A specified penalty of \$25,000</p> <p>Notice of specified penalty to the most senior executive of the market participant <u>or the ISO</u> (i.e. <del>p</del>President, <del>c</del>Chief <del>e</del>Executive <del>o</del>Officer) or its parent company if the market participant is a wholly-owned subsidiary or affiliate, <u>or chief compliance officer, if applicable</u></p>

**Adjustment Penalty Table**

<b>Adjustment Factor</b>	<b>Adjustment Amount</b>
<b>Repetitive contravention (as outlined in subsection 4(1)(a))</b>	<b>Add an amount up to \$10,000</b>
<b>Prior approved mitigation plan (as outlined in subsection 4(1)(b))</b>	<b>Add an amount up to \$10,000</b>
<b>Cooperation (as outlined in subsection 4(1)(c))</b>	<b>Add or subtract an amount up to \$5,000</b>
<b>Compliance Program (as outlined in subsection 4(1)(d))</b>	<b>Add or subtract an amount up to \$5,000</b>
<b>Concealment (as outlined in subsection 4(1)(e))</b>	<b>Add an amount up to \$25,000</b>

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