



May 20, 2011

Electricity Reliability
Attention: Anne-Marie Erickson
Secretary of the Board
National Energy Board
444 – 7th Avenue S.W.
Calgary, AB T2P 0X8

Re: File OF-Fac-ElecGen-Rel-IPL 04

Dear Ms. Erickson,

On February 23, 2011, the National Energy Board (“NEB”) issued a letter to International Power Line (“IPL”) companies under its jurisdiction notifying them of draft provisions under consideration by the NEB for order regarding mandatory electricity reliability standards. A meeting was convened between the Canadian Electricity Association (“CEA”) and the NEB on April 7, 2011, in Calgary, to discuss the letter’s content. Pursuant to the NEB’s letter and building on the discussions held last month, CEA is pleased to provide the following comments on behalf of its members.

CEA supports a comprehensive Canadian framework for reliability that ensures coordination between international, national and provincial accountable parties. CEA members have been, and continue to be, active in the development and implementation of reliability standards by the North American Electric Reliability Corporation (“NERC”) and/or Regional Entities such as the Western Electricity Coordinating Council, the Midwest Reliability Organization, and the Northeast Power Coordinating Council. CEA members share the NEB’s goal of a reliable supply of electricity for Canadians and remain committed to the fundamental priority of full compliance with robust reliability standards.

Through a variety of mechanisms that continue to evolve, reliability standards are in effect in every province comprising the Canadian portion of the North American bulk power system. Each province has adopted its own model for reliability standards implementation and compliance. CEA members, including IPL owners and operators, have invested and continue to invest considerable resources in order to comply with stringent reliability standards requirements in their respective jurisdictions.

CEA therefore believes that the forthcoming NEB Order should be drafted so as to clearly acknowledge the provinces’ unique regulatory frameworks for adopting reliability standards, and to confirm that these frameworks satisfy the underlying intent of the Order. Further, CEA strongly believes that the NEB should seek to harmonize provisions in its Order with the reliability standards and provincial regulatory frameworks currently in place.

CEA is encouraged that the NEB’s letter to stakeholders explicitly identifies such harmonization as a stated objective of the forthcoming Order. From an operational perspective, harmonization is an appropriate and necessary goal, seeing as it is impossible to operate

provincially-regulated transmission assets to different standards than NEB-regulated IPLs. As a result, it is clear that there is no operational gap to be addressed. Moreover, harmonizing NEB requirements with provincially-adopted standards will ensure that NEB oversight refrains from imposing undue regulatory burden on IPL owners and operators by requiring the development of new standards, and avoids the application of potentially duplicative requirements which will provide no measurable incremental benefit to reliability.

With respect to the NEB's proposed requirement for IPL owners and operators to submit "compliance plans" to the NEB for approval, CEA wishes to raise a few points for the NEB's consideration. To begin, under existing provincial frameworks, IPL owners and operators in Canada are not required to file a "compliance plan" per se directly with NERC or an applicable Regional Entity. As a result, there is no common, uniform template for compliance documentation amongst IPL owners and operators in Canada.

Moreover, consistent with the regulatory frameworks in their respective jurisdictions, CEA members prepare voluminous documentation regarding their compliance with reliability standards and/or individual standards requirements. Gathering and compiling this information into a single "compliance plan" and transmitting this information to the NEB would be an onerous and resource-intensive exercise for the individual filer. Because the provincial compliance information cannot be easily compiled and submitted, this may result in a bifurcated process in which IPL owners and operators are forced to prepare two sets of compliance documentation for two different compliance authorities.

In view of these circumstances, CEA respectfully recommends that the NEB more clearly communicate the underlying rationale and purpose of a requirement for compliance plan submittal. CEA members are uncertain as to what such a requirement is meant to achieve, given the existing compliance responsibilities IPL owners and operators already shoulder under applicable provincial frameworks and given the NEB's stated intention to harmonize with these frameworks. With variations in compliance cultures across provincial jurisdictions, CEA believes that further clarification is needed regarding the NEB's expectations and objectives for receipt of compliance plans from regulated entities.

CEA appreciates this opportunity to provide comments to the NEB and thanks the NEB for the opportunity to discuss the draft provisions face-to-face in Calgary. CEA members look forward to continuing to work with the NEB in order to enhance the reliability of IPL infrastructure in Canada and to ensuring a reliable electricity supply for all Canadians.

Sincerely,



Pierre A. Guimond
President and CEO
Canadian Electricity Association

