

September 26, 2018

**VIA Email, Courier and RESS**

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
27<sup>th</sup> Floor 2300 Yonge Street  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Independent Electricity System Operator / Hydro One Networks Inc.  
Application for Review of NERC Reliability Standard TPL-007-2 – Transmission System  
Planned Performance for Geomagnetic Disturbance Events  
Ontario Energy Board File No.: EB-2018-0119**

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The Independent Electricity System Operator (“the IESO”) and Hydro One Networks Inc. (“Hydro One”) (together the “Applicants”) are in receipt of the Ontario Energy Board’s (“OEB”) Procedural Order No. 1 dated September 11, 2018 in the above noted matter.

The Applicants filed a joint application requesting that the OEB review the North American Electric Reliability Corporation (“NERC”) Reliability Standard TPL-007-2 – Transmission System Planned Performance for Geomagnetic Disturbance Events (“the Proposed Standard”) under section 36.2(3) of the *Electricity Act, 1998* (“Act”). Reliability Standard TPL-007-2 was posted to the IESO’s website on March 5, 2018.<sup>1</sup>

*Application for review*

*(3) Any person may apply to the Board for review of a reliability standard by filing an application with the Board within 21 days after the standard is posted under subsection (1).*

The joint application also requested that the OEB stay the operation of the Proposed Standard in Ontario under section 36.2(5) of the Act until a NERC process to develop a Canadian variance to the Proposed Standard is complete or the United States’ Federal Energy Regulatory Commission (“FERC”) issues a ruling on the Proposed Standard, whichever occurs later.

Under section 36.2(6) of the Act the OEB must consider certain criteria in order to determine whether to stay the operation of a reliability standard:

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<sup>1</sup> <http://www.ieso.ca/sector-participants/system-reliability/oeb-review-process>

- 36.2(6) *In determining whether to stay the operation of a reliability standard, the Board shall consider,*
- (a) *the public interest;*
  - (b) *the merits of the application;*
  - (c) *the possibility of irreparable harm to any person;*
  - (d) *the impact on consumers;*
  - (e) *the balance of convenience;*
  - (f) *the need to co-ordinate the implementation of the standard in Ontario with other jurisdictions;*
  - (g) *the need to co-ordinate the review of the standard in Ontario with regulatory bodies in other jurisdictions that have reviewed, are reviewing or may review the standard and that have the authority to refer the standard back to the standards authority for further consideration; and*
  - (h) *any other matter that may be prescribed by regulation.*

Procedural Order No. 1 therefore, provides for submissions to be filed by September 26, 2018 on these criteria as they relate to the request to stay operation of TPL-007-2. Accordingly, below is the submission of the Applicants.

### **Submission**

In their joint application submitted on March 26, 2018, the Applicants requested that the OEB review and stay the operation of the Proposed Standard. The Applicants requested that the OEB consider criteria 36.2(6) a, f and g in its determination to grant the stay. The Applicants:

1. Stated their belief that GMD-related planning activities of both organizations and any associated implementation costs, would be better informed and justified if the outcome of the NERC's standard development process results in the ability to define and implement an alternative benchmark or supplemental GMD event that appropriately reflects specific geographical and geological characteristics of Canada and leverages existing and ongoing Canadian research and development of processes to address GMD events;
2. Indicated that efforts were being pursued in coordination with other Canadian entities to develop a Canadian variance to the Proposed Standard (the "Canadian Variance"); and
3. Noted that enforcement of the Proposed Standard in Ontario depends on regulatory proceedings in the United States.

Below, the Applicants provide an update regarding the development of the Canadian Variance to further demonstrate the need to co-ordinate the implementation of a GMD standard in Ontario with other jurisdictions (section 36.2(6) f of the Act).

### **NERC Project 2018-01 Canadian-specific Revisions to TPL-007-2**

As part of NERC's standard development process, the Applicants submitted a Standard Authorization Request (SAR) to NERC in March 2018 through the Canadian Electric Association (CEA). CEA members supported the request for the Canadian Variance and some members allocated resources for its development. The SAR was accepted by NERC's Standards Committee and a NERC standard development project, NERC Project 2018-01, was initiated. Subject Matter Experts from Hydro Québec, SaskPower, NRCAN, the Applicants, other Canadian



observers and NERC staff participated in standard drafting efforts to develop the first draft of the Canadian Variance. The first draft is expected to be posted for Initial Ballot and Comment Period in October 2018. The drafting team is following the NERC Standard Processes Manual and is required to seek continent-wide industry input through comments and obtain their support through affirmative ballots. Subject to the level of support received from the continent-wide industry members, it is expected that the Canadian Variance will be developed and adopted by NERC Board of Trustees (BOT) in the second quarter of 2019.

In the meantime, the Applicants anticipate a final ruling by FERC approving the Proposed Standard to be applicable in Ontario before the Canadian Variance is developed and its potential adoption by NERC's BOT. The Applicants believe that an OEB stay of operation of TPL-007-2 in Ontario will therefore allow and facilitate transitioning directly from the currently enforced NERC reliability standard TPL-007-1 to the Canadian Variance without having to first implement the FERC approved Proposed Standard TPL-007-2 in the interim. To note, is that the Canadian Variance and its associated implementation plan, if adopted, will supersede the Proposed Standard deeming it not applicable in Canada at any rate. However the timing and whether the Canadian Variance will be adopted is still not fully known. An OEB approval to stay the operation of the Proposed Standard would prevent the unnecessary step of implementing the Proposed Standard. As indicated in the application, this would protect the interest of consumers with respect to prices as unnecessary investments would not need to be made.

The Applicants must currently comply with Reliability Standard TPL-007-1 which includes appropriate requirements and measures for Ontario for transmission system planned performance for geomagnetic disturbances. If the OEB approves a stay of the Proposed Standard, reliability of the bulk power system will still be maintained and there will be no harm to the public from a reliability perspective.

All of which is respectfully submitted.

Yours truly,

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