



Overview of Québec's Regulatory Activities & Regime for mandatory Reliability Standards

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Outline

- The Régie de l'énergie's roles and responsibilities in a nutshell
- Québec's regulatory framework regarding reliability
- The Régie's responsibilities, those of the Reliability Coordinator and interrelations with NPCC and NERC
- What's been done so far and what's to come



The Régie's Role & Responsibilities - 1

- Set rates and tariffs for the transmission and distribution of electricity (HQT and HQD) and the distribution of natural gas (Gaz métro and Gazifère)
- Approve facilities applications and budgets, energy supply plans and energy efficiency programs (gas and electric)
- Decide on consumer complaints (gas and electric)



The Régie's Role & Responsibilities - 2

- Monitor the prices of petroleum products (gasoline and heating fuel) and publish daily and weekly information
- Approve programs and initiatives under the Agence de l'efficacité énergétique's (Québec's energy efficiency agency) comprehensive plan and the related budget allocations
- Adopt electric transmission reliability standards and ensure their enforcement



Québec's Regulatory Framework - History

- Before December 13th, 2006: the Electric Power Carrier (TransÉnergie) had to file with the Régie reliability standards which were taken into account by the Régie in the approval of investments
- December 13th, 2006: amendments are made to the Régie's Act in order to harmonize the regulatory framework in Québec with the rest of North America



The Current Regulatory Framework

Chapter VI.1, Division 1 of *An Act respecting the Régie de l'énergie*:

- Applicability: “anything in Québec > 44kV”
- Ref.: http://www.regie-energie.qc.ca/regie/Loi/Loi_RegieEnergie_ENG.pdf



The Current Regulatory Framework – The Régie's Role

“**S. 85.2.** The Régie shall ensure that electric power transmission in Québec is carried out according to the reliability standards it adopts.” In order to do so, the Régie has the powers to:

1. Designate the Reliability Coordinator for Québec (RC)
2. Sign an **agreement** with “a body that proves it has the expertise to establish or monitor the application of electric power transmission reliability standards”
3. Standards approval: Approve standards / request the RC to modify a standard filed or submit a new one



The Current Regulatory Framework – The Régie's Role (Con'td)

4. Non-compliance to standards: After giving to the entity the opportunity to be heard, the Régie can impose a sanction that may not exceed \$500,000 a day

Note: financial penalties collected by the Régie for the purpose of ensuring the reliability of electric power transmission must be deposited in a separate account



The Current Regulatory Framework – The Body Mandated by the Régie

The “body mandated by the Régie under an **agreement’s*” role:

1. Develop electric power transmission reliability standards for Québec
2. Carry out inspections or investigations as part of plans to monitor compliance with the reliability standards
3. Provide the Régie with opinions or recommendations



The Current Regulatory Framework – The Body Mandated by the Régie (Con'td)

4. Non-compliance to standards: If “a body mandated by the Régie under an agreement” considers that an entity subject to a reliability standard does not comply with the standard, the body must give the entity at least 20 days to submit observations. The body then reports to the Régie on its findings and may recommend the application of a sanction.
- * An **agreement** may be signed with “a body that proves it has the expertise to establish or monitor the application of electric power transmission reliability standards”:
- a) Is subject to the Government’s approval
 - b) Sets out the method of establishing remuneration and the terms of payment for achieving its objects



The Current Regulatory Framework – The Reliability Coordinator's Role

- RC responsibilities:
 - File for approval all applicable reliability standards with the Régie (e.g., NERC and/or NPCC standards as well as any variant or other standard) and provide:
 - ✓ An evaluation of the relevance and impacts (e.g., \$) of standards filed with the Régie; and
 - ✓ The list of affected entities



The Current Regulatory Framework – The Reliability Coordinator's Role (con'td)

- File a guide describing criteria to be taken into account in determining the sanction for non-compliance with a reliability standard
- File a register identifying the owners, operators and distributors subject to the reliability standards adopted by the Régie
- The RC may, under a standard adopted by the Régie, provide operating guidelines



What's been done so far

- Designation by the Régie of the Reliability Coordinator for Québec:
 - TransÉnergie filed an application on February 28th, 2007
 - August 14th: the Régie designated TransÉnergie's "Direction du Contrôle des mouvements d'énergie (CMÉ)" (System Control Division)



What's been done so far (con'td)

- Current proceeding before the Régie concerning the adoption of 95 NERC standards, the sanction guide and the list of entities
- Comments received from interested parties regarding the Quebec Compliance monitoring program (NPCC) and the Quebec Rules of procedure (NERC)



What's to come

- Adoption of reliability standards (Fall 2010?)
- Completion of a 2nd agreement between the Régie/NERC/NPCC regarding compliance monitoring, with the Government's approval (Fall 2010?)
- Adoption of next standards: beginning 2011



Questions?