

NOTICE OF SPECIFIED PENALTY

Date of Issue: February 18, 2014

Payment Due Date: March 20, 2014

MSA File Numbers:	RS2013-064 through RS2013-069	Specified Penalty Amount:	\$7,500
Registered Entity Name:	NOVA Chemicals Corporation		
Reliability Standard :	CIP-001-AB-1	Self Report:	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
Requirement:	R2, R3, R1.1, R4	Accepted Mitigation Plan:	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
Date of Referral/Self Report:	2013-12-20	Date of Contravention:	2010-04-12 – 2012-12-11

EVENT DETAILS

Pursuant to the Alberta Electric System Operator (AESO) Alberta Reliability Standards 2011 – 2014 Audit schedule, the AESO conducted a scheduled Q1 2013 compliance monitoring audit of NOVA Chemicals Corporation (“NOVA”). The applicable audit period with respect to CIP-001-AB-1 (“the standard”) extended from the effective date of the standard (April 12, 2010) to December 31, 2012. Based upon AESO audit findings, CIP-001-AB-1 was contravened in the instances as follows:

- 1) Findings from the AESO compliance audit indicated that the following deficiencies in CIP-001 procedures over the following periods:
 - For NOVA as a GFO of Joffre Cogen Facility
 - a. From September 13, 2010 to December 11, 2012 the contact information for the *SC* contained in the procedures was incorrect.
 - For NOVA as TFO of the 138kV overhead line
 - b. From April 12, 2010 to November 30, 2010 the procedures in effect did not include any contact information of the *SC*.
 - c. From December 1, 2012 to December 11, 2012 the procedures in effect did not include the appropriate contact information or steps to gather information of the *SC*.

R2 of the standard states the following:

R2 Each responsible entity must document and implement procedures for communicating information concerning *sabotage events* to the *SC*.

- 2) Findings from the AESO compliance audit indicated that regarding the provision of CIP-001 procedures:
 - For NOVA as a GFO of Joffre Cogen Facility
 - a. From September 13, 2010 to November 27, 2011 there was insufficient evidence to demonstrate that all applicable operating personnel were provided with sabotage event response procedures.
 - For NOVA as TFO of the 138kV overhead line
 - b. From April 12, 2010 to December 11, 2012 there was insufficient evidence to demonstrate that all applicable operating personnel had been provided with sabotage event response procedures.

R3 of the standard states the following:

R3 Each responsible entity must annually provide its operating personnel with sabotage event response procedures, including personnel to contact, for reporting sabotage events

- 3) Findings from the AESO compliance audit indicated that between April 12, 2010 and December 11, 2012 that the 138kV overhead line procedures in effect did not include sufficient information on how to recognize a sabotage event.

R1 of the standard states the following:

R1 Each responsible entity must document and implement procedures for:
R1.1 Recognizing sabotage events on its equipment.

- 4) Findings from the AESO compliance audit indicated that between April 12, 2010 and November 30, 2011, procedures in effect for the 138 kV overhead line did not include any contact information of ASSIST.

R4 of the standard states the following:

R4 Each responsible entity must:

- o **R4.1** Document sabotage event reporting procedures that identify current communications contacts with the following:
 - o the local municipal police service, if applicable;
 - o the Royal Canadian Mounted Police;
 - o the Alberta Security and Strategic Intelligence Support Team (ASSIST);

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FINDINGS

Based upon the information obtained by the MSA, the MSA is satisfied that the events were contraventions of Reliability Standard CIP-001-AB-1, requirements R2, R3, R1.1, and R4. A penalty reduction has been applied in recognition of relevant self-reporting. No penalty reduction regarding a mitigation plan was made in recognition of the audit results.

MATERIAL FACTS

The material facts relied upon by the MSA include the following:

1. Nova Chemicals Corporation self-report and mitigation plan submitted to the MSA on November 10, 2011.
2. AESO Alberta Reliability Standards Compliance Monitoring Audit Report dated December 20, 2013 based upon the findings of the AESO reliability compliance audit.

DELIVERY OF PAYMENT

Payment by cheque or certified funds is to be made out to the "General Revenue Fund c/o Minister of Finance", and delivered to the Alberta Utilities Commission (AUC) at: 4th Floor, 425 - 1st Street S.W., Calgary, Alberta, T2P 3L8. Questions in respect of delivery of payment should be addressed to the Director of Finance, AUC. The payment should reference this notice and related MSA File #. Delivery of payment should also be confirmed by email to compliance@albertamsa.ca, with copy to the following AUC personnel: Sabi Ghavami (Director, Finance) sabi.ghavami@auc.ab.ca, and Darin Lowther (Director, Market Rules) darin.lowther@auc.ab.ca.

NOTICE

The Market Surveillance Administrator (MSA) is granted the power and authority under s. 52 of the *Alberta Utilities Commission Act* to issue a Notice of Specified Penalty where the MSA is satisfied that a person has contravened a reliability standard. Specified penalties are set out in AUC Rule 027.

In accordance with the relevant enactments and rules, a dispute regarding the issuance of a Notice of Specified Penalty or failure to pay the specified penalty in accordance with this notice will result in a hearing or other proceeding before the AUC.

In accordance with s. 5(1) of AUC Rule 027 this Notice of Specified Penalty will be made public no earlier than 30 days and no later than 45 days after issuance. The MSA will, if applicable, also post on its website the link to any decision of the AUC respecting the specified penalty.

If your organization disputes the issuance of this Notice of Specified Penalty, or if you have any other questions or comments regarding this matter, please contact the MSA compliance team at compliance@albertamsa.ca.

SIGNATURE

Signature:	"Original Signed"	Signature Date:	February 18, 2014
Name:	Doug Doll	Title:	Manager, Compliance and Corporate Services