

## NOTICE OF SPECIFIED PENALTY

Date of Issue: March 13, 2014

Payment Due Date: April 14, 2014

MSA File Number:	RS2014-025, RS2014-010	<b>Specified Penalty Amount:</b>	\$ 7,500
Registered Entity Name:	Nexen Inc.		
Reliability Standard :	CIP-001-AB-1, CIP-001-AB1-1	Self Report:	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
Requirement:	R1.2, R4.1	Accepted Mitigation Plan:	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
Date of Referral/Self Report:	2014-03-04	Date of Contravention:	2010-04-12 – 2012-12-31

### EVENT DETAILS

Pursuant to the Alberta Electric System Operator (AESO) Alberta Reliability Standards 2011 – 2014 Audit schedule, the AESO conducted a scheduled Q2 2013 compliance monitoring audit of Nexen Inc.. 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 (or CIP-001-AB1-1 after December 11, 2012) was contravened in the instances as follows:

- 1) Findings from the AESO reliability standards compliance audit based on the evidence provided, indicated the following deficiencies in CIP-001 procedures over the following periods:  
As a Generating Facility Owner (GFO) and Transmission Facility Owner (TFO) of the Long Lake facility
  - a. From April 12, 2010 to August 14, 2011, procedures that were in effect did not satisfy the specific requirements within R1.2 of the standard.

R1.2 of the standard states the following:

**R1.2** Each responsible entity must document and implement procedures for receiving information about sabotage events affecting the Interconnection from the ISO, the local municipal police service if applicable, the Royal Canadian Mounted Police, the Alberta Security and Strategic Intelligence Support Team (ASSIST).

- 2) Findings from the AESO reliability standards compliance audit based on the evidence provided, indicated the following regarding the provision of CIP-001 procedures:  
As a Generating Facility Owner (GFO) and Transmission Facility Owner (TFO) of the Long Lake facility
  - a. From April 12, 2010 to December 31, 2012, as procedures that were in effect during the relevant period did not satisfy the specific requirements within R4.1 of the standard.

R4.1 of the standard states the following:

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

### FINDINGS

Based upon the information obtained by the MSA, the MSA is satisfied that the events constitute a contravention of Reliability Standard CIP-001-AB-1 (or CIP-001-AB1-1), requirements R1.1 and R4.1. A penalty reduction has been applied in recognition of relevant self-reporting.

### MATERIAL FACTS

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

1. Nexen Inc. self-report submitted to the MSA on October 26, 2010.
2. AESO Alberta Reliability Standards Compliance Monitoring Audit Report dated February 27, 2014 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](mailto:compliance@albertamsa.ca), with copy to the following AUC personnel: Sabi Ghavami (Director, Finance) [sabi.ghavami@auc.ab.ca](mailto:sabi.ghavami@auc.ab.ca), and Darin Lowther (Director, Market Rules) [darin.lowther@auc.ab.ca](mailto:darin.lowther@auc.ab.ca).

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### 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](mailto:compliance@albertamsa.ca).

### SIGNATURE

Signature:	"Original Signed"	Signature Date:	March 13, 2014
Name:	Doug Doll	Title:	Manager, Compliance and Corporate Services