

NOTICE OF SPECIFIED PENALTY

Date of Issue: July 23, 2014

Payment Due Date: August 25, 2014

MSA File Numbers:	RS2014-080 through RS2014-083	Specified Penalty Amount:	\$18,750
Registered Entity Name:	Canadian Natural Resources Ltd.		
Reliability Standard :	FAC-003-AB-1 / FAC-003- AB1-1	Self Report:	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
Requirement:	R1, R1.1, R1.3, R2	Accepted Mitigation Plan:	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
Date of Referral/Self Report:	June 25, 2014	Date of Contravention:	Jan 26, 2010 – Sept 30, 2013

EVENT DETAILS

Pursuant to the Alberta Electric System Operator (AESO) Alberta Reliability Standards 2011 – 2014 Audit schedule, the AESO conducted a scheduled Q4 2013 compliance monitoring audit of Canadian Natural Resources Ltd (CNRL). The applicable audit period with respect to FAC-003 extended from the effective date of the standard (January 26, 2010 per R1 and R2) to September 30, 2013. Based upon AESO audit findings, FAC-003 was contravened in the following instances:

- Findings from the AESO compliance audit indicated that a TVMP either was not in effect or failed to satisfy all requirements specified in R1 between January 26, 2010 and September 30, 2013.

R1 of the standard states the following:

R1 Each legal owner of a transmission facility must prepare a TVMP. This program is to be updated at least annually. The TVMP must include the objectives, practices, approved procedures, and work specifications of the legal owner of a transmission facility.

- Findings from the AESO compliance audit concluded that the CNRL TVMP did not define the type (aerial or ground) of ROW vegetation inspections from June 26, 2012 through September 30, 2013.

R1.1 of the standard states the following:

R1.1 The TVMP must define a schedule for and the type (aerial or ground) of ROW vegetation inspections. This schedule must be flexible enough to adjust for changing conditions. The inspection schedule must be based on the anticipated growth of vegetation and any other environmental or operational factors that could impact the relationship of the vegetation to the transmission facilities of the legal owner of a transmission facility. The legal owner of a transmission facility must perform vegetation inspections as identified in the schedule.

- Findings from the AESO compliance audit indicated that the CNRL TVMP did not include individual qualifications and applicable documentation with respect to personnel directly involved in implementation of the TVMP from June 26, 2012 through September 30, 2013.

R1.3 of the standard states the following:

R1.3 All personnel directly involved in the design and implementation of the TVMP must hold appropriate qualifications and must have taken appropriate training, as defined by the legal owner of a transmission facility, to perform their duties.

- Findings from the AESO compliance audit indicated that there was no evidence that an annual plan for vegetation management work existed prior to June 30, 2011.

R2 of the standard states the following:

R2 The legal owner of a transmission facility must create and implement an annual plan for vegetation management work to ensure the reliability of its transmission facilities. The plan must describe the methods used, such as manual clearing, mechanical clearing, herbicide treatment, or other actions. The plan must be flexible enough to adjust to changing conditions, taking into consideration anticipated growth of vegetation and all other environmental factors that may have an impact on the reliability of the AIES. Adjustments to the plan must be documented as they occur. The plan must include the time required to obtain permissions or permits from landowners or regulatory authorities. Each legal owner of a transmission facility must have systems and procedures for documenting and tracking the planned vegetation management work and ensuring that the vegetation management work was completed according to its work specifications.

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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 FAC-003 R1, R1.1, R1.3, and R2 respectively.

MATERIAL FACTS

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

1. AESO Alberta Reliability Standards Compliance Monitoring Audit Report dated June 25, 2014 based upon findings of the AESO Q4/2013 reliability compliance audit.
2. Reliability Standards Self Report submitted to the MSA by CNRL on July 27, 2011.

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 the receipt of confirmation of payment from the Commission 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:	July 23, 2014
Name:	Doug Doll	Title:	Manager, Compliance and Corporate Services