



**NEW BRUNSWICK SYSTEM OPERATOR
STANDARDS OF CONDUCT
(Effective: August 1, 2005)**

I. Definitions

Terms, capitalized and in italics, used in these Standards of Conduct are defined as follows:

Affiliate means any business entity associated with a *Transmitter* through ownership or contractually such that the contracted *Affiliate* and the *Transmitter* share in proceeds from *Merchant* transactions, such *Affiliates* could include a power marketer, a power generator and/or an energy services company.

Chief Compliance Officer means the person designated by the *Transmission Provider* to be responsible for Standards of Conduct compliance.

Eligible Customer means any electric utility (including any *Transmitter*), any power marketer, or any person generating electric energy for sale for resale. Electric energy sold or produced by such entity may be electric energy produced in the United States, Canada or Mexico.

Merchant or Merchant Function means those *Affiliates* engaged in the *Wholesale Merchant Function* and the *Large Industrial Merchant Function*. This includes but is not limited to the scheduling and pricing of electric energy for merchant sales and the scheduling of transmission requirements via *OASIS* needed to deliver such merchant obligations.

- *Wholesale Merchant Function* means the sale for resale of electric energy across interconnections between New Brunswick, other Canadian Provinces and the State of Maine and directly to municipalities.
- *Large Industrial Merchant Function* means the sale of electric energy to Large Industrial customers.

OASIS means an Open Access Same-time Information System (OASIS). The purpose of the *OASIS* is to provide open access *Transmission Customers* and potential open access *Transmission Customers*, through an electronic medium, with relevant information regarding available transmission capacity, prices, and other matters to enable them to obtain open access nondiscriminatory transmission service from the *Transmission Provider*.

Regulator means the New Brunswick Energy and Utilities Board

Tariff means the *New Brunswick System Operator* Open Access Transmission Tariff for network and point-to-point transmission services including any amendments thereto, as posted on the *Transmission Provider's OASIS*.

Transmission Customer means any *Eligible Customer* (or its designated agent) that can or does execute a transmission service agreement or can or does receive transmission service.

Transmission Operations and Reliability Functions means the operation of the power system to reliably accept energy from generators connected to a *Transmitter's* facilities and from *Merchant* providers at their respective receipt points and to reliably deliver such energy for consumption by native load customers and for scheduled external *Merchant* obligations at their respective delivery points.

Transmission Provider means New Brunswick System Operator (or its successor) that controls and operates facilities used for the transmission of electric energy and provides transmission service.

Transmission System means the facilities owned, controlled or operated by the Transmission Provider that are used to provide transmission service under Part II and Part III of the Tariff.

Transmitter means an entity that owns or operates transmission facilities that are a part of the Transmission System. The Transmitters are listed in Attachment N of the Tariff.

II. **Obligations of the Transmission Provider's Employees**

1. **Emergency Situations**

Notwithstanding any rule to the contrary in these Standards of Conduct, in emergency circumstances affecting system reliability, *Transmission Provider* employees may take whatever steps are necessary to keep the *Transmission System* in operation.

2. **Independence**

The *Transmission Provider* is an independent corporation that operates and controls facilities used for the transmission of electric energy, provides open access transmission services, and is not involved in any *Merchant Activity*.

3. **Information Disclosure**

- (a) *Transmission Provider* employees may not disclose to individual's engaged in *Merchant Functions* any information concerning any transmission system (including information received from non-affiliates or information about available transmission capability, price, curtailments, storage, ancillary services, balancing, maintenance activity, and/or capacity expansion plans) through non-public communications conducted off the OASIS, other than if the information relates solely to a specific request for transmission service.

- (b) *Transmission Provider* employees may not share any market information, acquired from *Transmission Customers* or potential *Transmission Customers*, or developed in the course of responding to requests for transmission connection services, transmission service, or ancillary service, with individuals engaged in *Merchant Functions*, except to the limited extent information is required to be posted on the OASIS in response to a request for transmission connection service, transmission service, or ancillary service.
- (c) Neither the *Transmission Provider* nor an employee of the *Transmission Provider* is permitted to use anyone as a conduit for sharing information covered by the above prohibitions with an individual engaged in *Merchant Functions*.
- (d) A *Transmission Customer* may voluntarily consent, in writing, to allow the *Transmission Provider* to share the customer's information with a person engaged in *Merchant Functions*.

4. Tariff Administration

- (a) *Transmission Provider* employees must strictly enforce all Tariff provisions relating to the sale or purchase of open access transmission service.
- (b) *Transmission Provider* employees must apply all Tariff provisions relating to the sale or purchase of open access transmission service in a fair and impartial manner that treats all customers in a non-discriminatory manner.
- (c) The *Transmission Provider* may not, through its tariffs or otherwise, give preference to the interests of any customer in matters relating to the sale or purchase of transmission connection service or transmission service (including, but not limited to, issues of price, curtailments, scheduling, priority, and ancillary services).

- (d) The *Transmission Provider* must process all similar requests for transmission service in the same manner and within the same period of time.

5. **Reporting and Recordkeeping**

The *Transmission Provider* will be responsible for submitting the following reports and notices:

- (a) Reports on each emergency that resulted in any deviation from these Standards of Conduct. Such reports shall be reported on the *OASIS* and available to the *Regulator* within twenty-four hours of such a deviation.
- (b) In the event a *Transmission Provider* employee discloses information not posted on the *OASIS* in a manner contrary to the requirements of these Standards of Conduct, the *Transmission Provider* will immediately post such information on the *OASIS* following the discovery of such improper disclosure.
- (c) The *Transmission Provider* will be responsible for maintaining a log, available for *Regulator* audit, detailing the circumstances and manner in which it exercised its discretion under any terms of the *Tariff*. The *Transmission Provider* shall post this information on the *OASIS*.
- (d) The *Chief Compliance Officer* will ensure the assignment of the *Transmission Provider's* personnel performing transmission system operations the reporting responsibilities specified in paragraph (a) through (c).

6. **Financial Interests**

Transmission Provider employees, employee spouses or dependent children may not own, control or hold voting power over a security of a *Transmission Customer*. This provision does not apply to ownership of mutual funds.

III. Individuals Engaged in *Merchant Functions*

1. Separation of Functions

Any individual engaged in *Merchant Functions* is prohibited from:

- (a) Conducting *Transmission Operations and Reliability Functions*.
- (b) Having access to the transmission operations control room or similar facilities used for *Transmission Operations and Reliability Functions* that differs in any way from the access available to other open access *Transmission Customers*.

2. Access to Information

Any individual engaged in *Merchant Functions*:

- (a) Shall have access to only that information about the *Transmission System* that is available to open access *Transmission Customers* (i.e. the information posted on an *OASIS*), and must not have preferential access to any information about the *Transmission System* that is not available to all users of the *OASIS* other than if the information relates solely to a specific request for transmission service.
- (b) Is prohibited from obtaining any information about the *Transmission System* (including information about available transfer capability, price, curtailments, storage, ancillary services, balancing, maintenance, capacity expansion plans, and the like) through access to information not posted on the *OASIS*, other than if the information relates solely to a specific request for transmission service.

IV. **Organization and Security**

1. **Organizational Structure**

The *Transmission Provider* shall post on its *OASIS*, a comprehensive organizational chart (or charts) identifying individuals performing *Transmission Provider* functions. The *Transmission Provider* shall update this chart (or these charts) as changes occur. The name and contact information of the *Chief Compliance Officer* shall be included.

2. **Physical Security of System Operations Control Room**

The *Transmission Provider* shall ensure physical security of the areas in which *Transmission Operations and Reliability Functions* take place.

3. **Merchant Function Access to Energy Management System (EMS) Data**

Access to transmission related information on the EMS will only be provided to personnel involved in *Transmission Operations and Reliability Functions*. Energy accounting information recorded within the EMS that relates to transactions conducted by *Transmission Customers*, may be made available for billing of such transactions.

V. **Implementation**

1. **Filing**

These Standards of Conduct and any future modifications hereto will be filed with the *Regulator*.

2. **Dissemination**

Prior to their implementation, these Standards of Conduct will be disseminated to all of the *Transmission Provider's* employees. The *Transmission Provider* will have training sessions on these Standards of Conduct with all of its employees and those employees will sign an affidavit certifying that they have been trained regarding the Standards of Conduct requirements. The affidavits are to be retained by the *Chief Compliance Officer*.

3. **Amendments**

Any amendments to these Standards of Conduct will be disseminated with an explanation as to the intent of the amendment. All amendments will be posted on the *Transmission Provider's* OASIS. Depending on the nature of the amendment, it may be necessary to have the Standards of Conduct reviewed through training sessions and affidavits resigned by the employees noted under Section V.2.

VI. **Enforcement**

1. **Complaint Procedures**

Any person who believes these Standards of Conduct have been violated may submit a complaint in the form of the attached Complaint Procedures for Violations of the Standards of Conduct. Such complaint shall be submitted to the *Chief Compliance Officer* New Brunswick System Operator, 77 Canada St, Fredericton, NB, E3A 3Z3. A written report specifying the *Chief Compliance Officer's* evaluation of the complaint and the corrective and disciplinary actions taken will be prepared within thirty days. The complaining party shall be provided with a copy of the written report. The *Chief Compliance Officer* will maintain a log of each complaint and written report. Such log of complaints shall be available to the *Regulator* for

inspection. If during the course of the investigation it is determined that there was an improper disclosure of information, such information will be posted immediately on the *Transmission Provider's OASIS*.

2. Appeal Process

If in the view of the complainant, the complaint has not been properly evaluated as set out in VI. 1., it may then be forwarded in writing to the President of the *Transmission Provider*. The President, or delegate, will appoint an independent arbitrator, acceptable to the complainant and the *Transmission Provider*, to review and rule on the complaint. If the independent arbitrator determines that there has been improper disclosure of information, such information will be posted immediately on the *Transmission Provider's OASIS*.

In the event that the President of the *Transmission Provider* and the Complainant cannot agree upon a single arbitrator within 10 days of the complaint being forwarded to the President, each will choose one arbitrator who shall sit on a three-member panel. The two arbitrators shall select the third member within 20 days and the arbitration panel shall render a decision within 90 days. Such decision shall be binding subject to the appeal provisions of the New Brunswick *Arbitration Act*.

3. Sanctions

Failure of an employee to fully comply with these Standards of Conduct may result in disciplinary action up to and including termination from the *Transmission Provider*.

ACKNOWLEDGMENT

I acknowledge that I have read the NBSO Employee Standards of Conduct effective August 1, 2005, been trained on those standards, and agree to comply fully with them and any amendments thereto.

(Name)

(Signature)

(Date)

**COMPLAINT PROCEDURES FOR VIOLATION OF THE
STANDARDS OF CONDUCT**

DATE: _____

TIME: _____

PERSONNEL RESPONSIBLE: _____

TITLE: _____

PHONE NUMBER: _____

ADDRESS: _____

DESCRIPTION OF VIOLATION:

CORRECTIVE OR DISCIPLINARY ACTION TAKEN:

SIGNATURE: _____