



**Énergie NB Power**

Transport Transmission

## NEW BRUNSWICK POWER TRANSMISSION CORPORATION

### STANDARDS OF CONDUCT

(Effective: May 1, 2005)

#### Introduction

In Order Nos. 889, 889-A, and 889-B (collectively Order 889), the Federal Energy Regulatory Commission (*FERC*) has required that each U.S. public utility (or its agent) that owns, controls, or operates facilities used for the transmission of electric energy in interstate commerce create or participate in 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 capability, prices, and other matters to enable them to obtain open access non-discriminatory transmission service from transmitting utilities. Orders 889, 2004, and 2004-A and the FERC regulations (18 C.F.R. Parts 37 and 358) also require each U.S. public utility to implement standards of conduct to functionally separate transmission and wholesale merchant functions.

The *Transmission Provider* is an independent corporation that operates and controls facilities used for the transmission of electric energy in inter-provincial and international commerce and provides open access transmission services. Although the *Transmission Provider* is not involved in any *Merchant Activity* and is not subject to FERC orders and regulations, the *Transmission Provider* proposes that the *Transmitters* that own facilities that are under the operating authority of the *Transmission Provider* follow the principles defined in the orders and regulations noted above and reflected in these *pro-forma* Standards of Conduct.

A copy of the Standards of Conduct for each *Transmitter* and a Standards of Conduct document for the *Transmission Provider* will be filed with the New Brunswick Energy and Utilities Board for approval, posted on the *Transmission Provider's OASIS* and will be kept available for public inspection during normal business hours at the *Transmission Provider's* public reception desk located at 77 Canada Street, Fredericton, N.B.

## I. Definitions

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

*Affiliate* means any business entity associated with the *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 *Transmitter* to be responsible for Standards of Conduct Compliance.

*Eligible Customer* means any electric utility (including the *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.

1. 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.
2. 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 the *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.

*Transmitter* means NB Power Transmission Corporation, the entity that owns, and operates under the direction of the *Transmission Provider*, facilities used for the transmission of electric energy and provision of transmission service including connection service.

## II. Obligations of the *Transmitter's* Employees Engaged in *Transmission System Operations and Reliability Functions*

### 1. Emergency Situations

Notwithstanding any rule to the contrary in these Standards of Conduct, in emergency circumstances affecting system reliability, *Transmitter* employees engaged in *Transmission System Operations and Reliability Functions* may take whatever steps are necessary to keep the *Transmitter's* transmission system in operation.

### 2. Separation of Functions

- (a) Employees of the *Transmitter* engaged in *Transmission System Operations and Reliability Functions* must function independently of the employees of the *Transmitter* or any of its *Affiliates* who engage in *Merchant Functions*.
- (b) Employees engaged in either *Merchant Functions* or *Transmission System Operations and Reliability Functions* are not precluded from transferring between such functions as long as such transfer is not used as a means to circumvent the Standards of Conduct.

- (c) The employees of the *Transmitter* engaged in *Transmission System Operations and Reliability Functions* shall not have access to those areas in the *Transmitter* or *Affiliate* facilities where *Merchant Functions* are centered.

### 3. Information Disclosure

- (a) *Transmitter* Employees engaged in *Transmission System Operations and Reliability Functions* may not disclose to employees of the *Transmitter*, or to those of any of its *Affiliates*, engaged in *Merchant Functions* any information concerning the *Transmitter's* transmission system or the transmission system of another entity (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 from a *Transmitter* employee or any employee of an *Affiliate* engaged in *Merchant Functions*.
- (b) The employees of the *Transmitter* engaged in *Transmission System Operations and Reliability Functions* may not share any market information, acquired from nonaffiliated *Transmission Customers* or potential nonaffiliated *Transmission Customers*, or developed in the course of responding to requests for transmission connection services, transmission service, or ancillary service, with its own employees (or those of an *Affiliate*) 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 *Transmitter* nor an employee of the *Transmitter* is permitted to use anyone as a conduit for sharing information covered by the above prohibitions

with a *Transmitter* employee or any employee of an *Affiliate* engaged in *Merchant Functions*.

- (d) A non-affiliated *Transmission Customer* may voluntarily consent, in writing, to allow the *Transmitter* to share the non-affiliated customer's information with a *Transmitter* employee or any employee of an *Affiliate* engaged in *Merchant Functions*.

#### 4. Tariff Administration

- (a) *Transmitter* Employees engaged in *Transmission System Operations and Reliability Functions* must strictly enforce all Tariff provisions relating to the sale or purchase of open access transmission service.
- (b) *Transmitter* Employees engaged in *Transmission System Operations and Reliability Functions* 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 (including the *Transmitter* and any of its *Affiliates*) in a non-discriminatory manner.
- (c) The *Transmitter* may not, through its tariffs or otherwise, give preference to sales for resale or for sales by the *Merchant Function* or by any *Affiliate*, over the interests of any other wholesale or large industrial 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 *Transmitter* must process all similar requests for transmission service in the same manner and within the same period of time.

## 5. Reporting and Recordkeeping

The *Transmitter* 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) Notice of any employee transfers to or from *Transmission System Operations and Reliability Functions* to or from *Merchant Functions*. Such notice shall be posted on the *OASIS* in advance of an employee transfer, and shall stay posted for a ninety-day period. The notice shall include the following information: (1) the name of the transferring employee; (2) the respective titles held while performing each function (i.e., on behalf of the *Transmitter* and the *Merchant Function* or *Affiliate*); and (3) the effective date of the transfer.
- (c) In the event a *Transmitter* employee engaged in *Transmission System Operations and Reliability Functions* discloses information not posted on the *OASIS* in a manner contrary to the requirements of these Standards of Conduct, the *Transmitter* will immediately request that the *Transmission Provider* post such information on the *OASIS* following the discovery of such improper disclosure.
- (d) The *Transmitter's Transmission System Operations and Reliability Function* 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 *Transmitter* shall provide this information to the *Transmission Provider* who shall post it on the *OASIS*.

- (e) The *Chief Compliance Officer* will ensure the assignment of the *Transmitter's* personnel performing transmission system operations the reporting responsibilities specified in paragraph (a) through (d).
- (f) The *Transmitter* will maintain its books of account and records related to the application of the Standards of Conduct, separately from those of its *Affiliates*, and will make these books and records available for inspection by the *Transmission Provider* and the *Regulator*.

### III. Obligations of Employees Engaged in Merchant Functions

#### 1. Separation of Functions

Any employee of the *Transmitter* or any employee of its *Affiliates*, engaged in *Merchant Functions* is prohibited from:

- (a) Conducting *Transmission System 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 employee of the *Transmitter*, or any employee of its *Affiliates*, engaged in *Merchant Functions*:

- (a) Shall have access to only that information about *the Transmission Provider's* 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 Provider's* 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 from a *Transmitter* employee or any employee of an *Affiliate* engaged in *Merchant Functions*.

- (b) Is prohibited from obtaining any information about the *Transmission Provider's* 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 from a *Transmitter* employee or any employee of an *Affiliate* engaged in *Merchant Functions*.

#### IV. Organization and Security

##### 1. Organizational Structure

The *Transmitter* shall post on its OASIS, or that of the *Transmission Provider*, a comprehensive organizational chart (or charts) that provide job descriptions that indicate which employees are engaged in *Transmission System Operations and Reliability Functions* and which are engaged in the *Merchant Function*; that shows the chain of command within the *Transmitter*; and that identifies the *Transmitter's Affiliates* engaged in *Merchant Functions*. The *Transmitter* 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 *Transmitter* shall ensure physical security of the areas in which *Transmission System 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 System Operations and Reliability Functions*. Energy accounting information recorded within the EMS that relates to transactions conducted by *Transmission Customers*, the *Transmitter* or its *Affiliates* may be made available for billing of such wholesale transactions.

V. **Implementation**

1. **Filing**

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

2. **Dissemination**

Prior to their implementation, these Standards of Conduct will be disseminated to all of the *Transmitter's* employees. The *Transmitter* 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, c/o Director, Transmission Technical Services, PO Box 2030, 515 King Street, Fredericton, NB, E3B 4X1* with a copy to Secretary, 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 and the *Transmission Provider* 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* and the *Transmission Provider* 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 *Transmitter*. The President, or delegate, will appoint an independent arbitrator, acceptable to the complainant and the *Transmitter*, 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 *Transmitter* 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 *Transmitter*.

## ACKNOWLEDGMENT

I acknowledge that I have read the Standards of Conduct that functionally separate the *Transmission System Operations and Reliability Functions* and *Wholesale Functions* dated May 1, 2005 and agree to comply fully with them and any amendments thereto.

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(Name)

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(Signature)

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(Date)

COMPLAINT PROCEDURES FOR VIOLATION OF THE STANDARDS OF CONDUCT

DATE: \_\_\_\_\_

TIME: \_\_\_\_\_

PERSONNEL RESPONSIBLE: \_\_\_\_\_

TITLE: \_\_\_\_\_

PHONE NUMBER: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

DESCRIPTION OF VIOLATION:

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\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

CORRECTIVE OR DISCIPLINARY ACTION TAKEN:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

SIGNATURE: \_\_\_\_\_