

NEW BRUNSWICK POWER CORPORATION

Written Procedures for Implementing Standards of Conduct (SOC)



Énergie NB Power

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NB POWER CORPORATION WRITTEN PROCEDURES for IMPLEMENTING STANDARDS OF CONDUCT

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1. INTRODUCTION

By virtue of Sections 3(1) and 71 of the new *Electricity Act*, S.N.B. 2013, c. 7, on October 1, 2013 New Brunswick Power Corporation (“NB Power”) assumed responsibility for the operations of the integrated electricity system, and by virtue of Section 114 became responsible for the administration of the New Brunswick Open Access Transmission Tariff (the “OATT” or the “Tariff”).

Sections 85 and 111 of the Act require that the OATT provide for open and non-discriminatory access to transmission and ancillary services, and that each transmitter provide such open and non-discriminatory service to transmission customers.

Section 111(3) of the Act requires NB Power to adopt a Standard of Conduct compliance program, and to apply to the Energy and Utilities Board for approval of same. The intent of NB Power is to implement Standards of Conduct (“SOC”) governing itself and its affiliate (New Brunswick Energy Marketing Corporation, referred to as “Energy Marketing”) which substantially conform to those required by the U.S. Federal Energy Regulatory Commission (“FERC”). The ultimate purpose of the SOC is to satisfy FERC requirements in order to preserve access to FERC jurisdictional transmission systems, and to preserve the Market Based Rate Authorization (“MBRA”) issued by FERC and held by Energy Marketing.

These written procedures implement the SOC and apply to interactions and communications between transmission function employees, marketing function employees, officers, directors, supervisory employees, and any other employees likely to become privy to transmission function information in performing their roles and responsibilities. Accordingly, this document will be distributed to these employees and any new employees that fall within these categories and posted on the Internet website.

This SOC replaces the Standard of Conduct which, prior to October 1, 2013, appeared as Schedule “L” to the OATT, and refocuses the rules on the areas in which there is the greatest potential for abuse and eliminate barriers to the free flow of information that does not have material potential for abuse.

2. Rules

In the context of the basic principle that transmission providers must provide open, non-discriminatory and comparable transmission service to all transmission customers, the Standards of Conduct are designed to promote the following rules:

1. **Independent Functioning:** NB Power's transmission function employees (TFEs) must function independently from NB Power's marketing function employees (MFEs) or the MFEs of its affiliate, Energy Marketing, except in emergency circumstances.
2. **No Conduit Rule:** NB Power's employees, contractors, consultants and agents may not disclose, or use a conduit to disclose, non-public transmission function information (TFI) to NB Power's MFEs or the MFEs of its affiliate, Energy Marketing, unless limited exceptions apply.
3. **Transparency Rule:** NB Power shall comply with the SOC in a transparent manner through compliance with various posting requirements, and will provide equal access to non-public TFI to all of its affiliated and non-affiliated transmission customers in accordance with the SOC.

3. Key Definitions

- A. **Employee** means any employee, contractor, consultant or agent. All NB Power employees are required to comply with the SOC.
- B. **Chief Compliance Officer (CCO)** means the person NB Power has designated to be responsible for SOC compliance.
- C. **No Conduit Rule** means NB Power employees (as defined above) are prohibited from serving as, or using anyone else as a conduit for the disclosure of non-public TFI to its marketing function employees or marketing function employees of its affiliate, NBEM unless limited exceptions apply.
- D. **Non-public** means not posted on NB Power's external website or an Open Access Same-Time Information System (OASIS) or not otherwise simultaneously available to all transmission customers and potential transmission customers.
- E. **Transmission Provider** means NB Power.
- F. **Open Access Same-Time Information System (OASIS):** The real-time information sharing system used to communicate with customers, provide transmission system information, process requests for transmission service and post certain SOC requirements.
- G. **Marketing Function** involves the sale for resale, or the submission of offers to sell, of electric energy or capacity, demand response, virtual transactions, or financial or physical transmission rights, all as subject to an exclusion for bundled retail sales.

- H. **Marketing Function Employee (MFE)** means an employee of NB Power or of an affiliate of NB Power who actively and personally engages on a day-to-day basis in marketing functions.
- I. **Transmission Function** involves the planning, directing, organizing or carrying out of day-to-day transmission operations, including the granting and denying of transmission service requests. The transmission function includes activities focused on short-term real time operations, including those decisions made in advance of real time but directed at real time operations, and activities that support the granting or denying of requests for transmission service including interconnection service.
- J. **Transmission Function Employee (TFE)** means an employee of NB Power who actively and personally engages on a day-to-day basis in transmission functions.
- K. **Transmission Function Information (TFI)** means information related to day-to-day transmission operations and includes but not limited to: Available Transmission Capacity (ATC), outages, price of transmission, curtailments, and balancing, and also includes transmission customer information.
- L. **Undesignated Employee (UE)** means an employee of NB Power or an affiliate of NB Power that is not designated as a transmission function employee or as a marketing function employee.
- M. **Energy Control Center** means the operations center for the transmission system, where operators control, monitor, and operate NB Power's transmission system.
- N. **Internet website** refers to the Internet location where NB Power posts the information, by electronic means, required under these Standards of Conduct.

4. Independent Functioning of TFEs and MFEs

NB Power's TFEs function separately and independently from NB Power's MFEs or MFEs of NB Power's affiliate, Energy Marketing, except in emergency circumstances.

A. Physical Separation and Access Restrictions

NB Power's TFEs are primarily located at the Energy Control Center ("ECC") located on Canada Street in Fredericton NB, approximately six kilometers from NB Power's head office at 515 King Street, Fredericton, NB. NB Power maintains strict procedures and physical access restrictions to regulate access to the ECC, all of which are approved by the Director of Compliance.

NB Power's MFEs, and the MFEs of NB Power's affiliate, Energy Marketing, are all located at NB Power's head office. The Marketing area is located on the second floor and is physically separated from other work areas on that floor. MFEs have electronic card access to their own work area, which is not accessible to any other NB Power employees.

NB Power's transmission engineering and planning department and the ECC backup control center are both located on the fifth floor of NB Power's head office. As a result, system impact studies to support Transmission Service Requests are occasionally carried out at NB Power's Head Office, and the employees who perform those functions are designated as TFEs. Further, the backup control center is tested periodically by TFEs who typically perform the majority of their work at the ECC. For this reason, both of these work areas are physically separated from other work areas, and card access to both areas is restricted, such that both areas are inaccessible to MFEs. Access to the back-up control center is further restricted by lock and key accessible only to TFEs.

Despite these measures, NB Power has deemed its head office a shared facility.

Additional physical separation restricts MFEs from accessing other work areas on the second floor. While not physically restricted from any areas other than already outlined, MFEs are generally expected to restrict their access in NB Power's head office to their own work area on the 2nd floor. This is subject to an exception that permits MFEs to attend scheduled meetings on other floors (other than the 5th floor), provided that they are to proceed directly to and from these scheduled meetings, and not to enter unoccupied offices or work areas.

B. Interactions and Meetings

Interactions and meetings between TFEs and MFEs are restricted under the SOC.

Interactions between NB Power employees that include both MFEs and TFEs generally should be limited to social activities or to necessary discussions about

- a) an MFE's own request for transmission service,
- b) the design and development of, and compliance with, Reliability Standards;
- c) investigation and remediation of potential violations of such standards; and
- d) information necessary to maintain or restore operation of a transmission system or generation units, or that may affect the dispatch of generating units.

These interactions in which non-public transmission information may be disclosed can only take place in accordance with Section 6.

Other types of permissible interactions and meetings where no non-public TFI is discussed could include

- (a) discussion of Regional Transmission Organization and Independent System Operator issues
- (b) participation in legal or regulatory proceedings involving the transmission provider
- (c) attending the same industry meetings or events
- (d) joint meetings for disaster/outage preparation training
- (e) attending transmission provider-sponsored meetings with customers, and
- (f) discussions with the transmission provider's marketing groups (marketing of transmission services, not electricity).

These interactions may also include long-range integrated planning, but only when conducted in an open and public forum.

Undesignated employees, including undesignated employees that may become privy to transmission function information in the course of performing their work, may interact freely with both MFEs and TFEs, subject always to compliance with the No Conduit Rule.

5. No Conduit Rule and Non Discriminatory Information Access

NB Power's No Conduit Rule prohibits the disclosure of non-public TFI to MFEs of NB Power and its affiliates, except as permitted under section 6 of these procedures. In addition, the Tariff sets out the terms and conditions by which NB Power conducts business with transmission customers and potential transmission customers, whether affiliated or not, to provide equal access to non-public transmission function information.

Transmission information is considered "public" and not restricted under SOC if the information is posted on NB Power's Internet website, posted on NB Power's OASIS (either the secure portion or the publicly accessible portion) or otherwise simultaneously available to all other NB Power transmission customers or potential transmission customers.

If non-public TFI is disclosed to MFEs of NB Power or its affiliates in contravention of this rule, then an immediate posting must be made of the information disclosed, unless the information is customer information, in which case an immediate posting of the fact of the improper disclosure must be made.

6. Permitted Disclosure of Non-Public Transmission Function Information to MFEs

The SOC permit limited interaction and meetings involving only TFEs and MFEs of NB Power or its affiliates, and the disclosure of non-public transmission function information to the MFEs, in the following circumstances

- A. **MFE's Own Request for Transmission Service:** TFEs or undesignated employees may discuss with an MFE of NB Power or an affiliate a specific request for transmission service submitted by the MFE. The discussion may include non-public transmission function information pertaining solely to the specific request for transmission service submitted by the MFE. A contemporaneous record must be made of any information exchanged under this exception, however, NB Power is not required to contemporaneously disclose or post such information if it relates solely to the MFE's specific request for transmission service.

- B. **Transmission Customer's Voluntary Consent:** Transmission customers may voluntarily consent, in writing, to allow NB Power to disclose the customer's non-public information to MFEs of NB Power or an affiliate. NB Power must post notice of the consent on its website prior to any disclosure, along with a statement that it did not provide any operational or rate-related preferences in exchange for the voluntary consent. Voluntary consents are to be posted on the Internet website or the publicly accessible portion of OASIS. No other contemporaneous disclosure or posting is required.

- C. **Information Pertaining to Compliance with Reliability Standards:** TFEs or undesignated employees may disclose to MFEs of NB Power or an affiliate non-public TFI pertaining to compliance with reliability standards adopted by NB Power. A contemporaneous record must be made of any information exchanged under this exception. In emergency circumstances, a record of the exchange may be made as soon as practical.

- D. **Information Necessary to Restore or Maintain System Operation:** TFEs or undesignated employees may disclose to MFEs of NB Power or an affiliate non-public transmission function information necessary to maintain or restore operation of the transmission system and generating units, or that may affect the dispatch of generating units. A contemporaneous record must be made of any information exchanged under this exception. In emergency circumstances, a record of the exchange may be made as soon as practicable after the fact.

When a contemporaneous record is required, the record may consist of handwritten or typed notes, electronic records such as e-mails and text messages, recorded telephone exchanges, and the like. The record must be retained for five years.

7. Training

All TFEs, MFEs, supervisors, officers, directors, and any other employees likely to become privy to non-public TFI must receive annual SOC training. All new employees in these categories will receive training within 30 days of their hire date. All NB Power employees must receive annual

SOC training, and in particular on their obligations under the No Conduit Rule. Employees must certify in writing or electronically that they have received the training.

8. Open Access Transmission Tariff and Notices of Waivers

The Tariff sets out the price, terms, and conditions by which NB Power conducts business with transmission customers and potential transmission customers. The Tariff is posted on NB Power's public website. NB Power is required to post a notice of waiver on its Internet website or the publicly accessible portion of its OASIS whenever it waives any Tariff provision in favor of NB Power or an affiliate. The posting must be made within one business day of the act of the waiver. NB Power must also maintain a log of the acts of waiver, and must make it available to the EUB upon request. The records must be kept for a period of five years from the date of each act of waiver.

9. Standards of Conduct Posting Requirements

The SOC requires NB Power to maintain specific information on the Internet website or the publicly accessible portion of OASIS. All information must be updated within seven business days of any change and must include the date on which the information was updated.

NB Power will post the following information:

- A. **Chief Compliance Officer:** NB Power has designated Darren Murphy, Vice-President Corporate Services & Chief Financial Officer as its Chief Compliance Officer.
- B. **Affiliate Information:** NB Power's marketing affiliate, New Brunswick Energy Marketing Corporation, has employees that perform marketing functions and is located at NB Power's head office at 515 King Street.
- C. **Shared Facilities:** NB Power's head office at 515 King Street is deemed a shared facility.
- D. **Transmission Function Employees:** NB Power will post the job titles and job descriptions of all NB Power TFEs.
- E. **Transfers:** NB Power posts any transfer of an employee or an employee of an affiliate from a transmission function to a marketing function or from a marketing function to a transmission function. Postings include name of employee, job titles of both the vacated position and the new position, and the effective date. The information must be posted under this section for 90 days.
- F. **Written Procedures:** NB Power posts these written procedures implementing the SOC.

- G. **Voluntary Consents:** NB Power posts notice of any voluntary consent provided by customers to authorize NB Power to disclose non-public customer information to MFEs of NB Power or an affiliate. NB Power posts notice of the consent along with a statement that it did not provide any preferences, either operational or rate-related, to obtain the consent.

- H. **Information Disclosures:** NB Power must immediately post any disclosures of non-public transmission function information to a MFE of NB Power or an affiliate, unless one of the exceptions discussed in section 6 applies. Disclosures should be reported immediately by calling the SOC Emergency Contact.

- I. **Potential Mergers:** NB Power must post information concerning potential merger partners as affiliates that may employ or retain MFE within seven days after the potential merger is announced.

10. Chief Compliance Officer

NB Power's Chief Compliance Officer is Darren Murphy, Vice-President Corporate Services & Chief Financial Officer. He may be reached at 515 King Street, P.O. Box 2000, Fredericton, NB E3B 4X1.

11. Questions and Inquiries

Email: SOC-Compliance@NBPower.com

Version History

| Version | Date | Comments |
|---------|-------------------|--|
| 1 | November 14, 2013 | Filed with NB Power's Standards of Conduct Compliance Program Evidence |
| 2 | July 5, 2016 | Change of the Chief Compliance Officer: From: Darren Murphy, Vice-President Corporate Services & Chief Financial Officer To: Wanda Harrison, Chief Legal Officer |
| 3 | May 5, 2020 | Removal of phone number from "Questions and Inquiries" Change of the Chief Compliance Officer: From: Wanda Harrison, Chief Legal Officer To: Darren Murphy, Vice-President Corporate Services & Chief Financial Officer |

