



# Policy Implementing the FERC Standards of Conduct

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## 1.0 Applicability

This Policy applies to all employees of The United Illuminating Company (“UI”). UI is a Transmission Provider as defined in FERC Order No. 2004,<sup>1</sup> and as set forth in Part 358 of the FERC’s Regulations.

## 2.0 Purpose

The purpose of this Policy is to provide written procedures for the implementation of the FERC Standards of Conduct under Order No. 2004, and to ensure that employees of UI engaged in Transmission Functions: (a) treat all transmission customers, affiliated and non-affiliated, on a non-discriminatory basis; (b) operate UI’s transmission system in a way that does not preferentially benefit any Energy Affiliate; and (c) function independently of employees of UI’s Energy Affiliates in accordance with the FERC Standards of Conduct described in FERC’s Order No. 2004, and as set forth in Part 358 of the FERC’s Regulations.

## 3.0 Definitions

3.1 FERC or Commission means the Federal Energy Regulatory Commission.

3.2 NEPOOL System Operator means the entity, including its operating satellites and any successor entity(ies), which performs central dispatch for the New England Power Pool (“NEPOOL”). Currently, the entity is ISO - New England.

3.3 OASIS means the Open Access Same-time Information System. UI participates in the NEPOOL OASIS at the web address <http://nepool.jtsin.com/OASIS/UICO>.

3.4 Transmission Customer means any eligible customer (or its designated agent) that can or does execute a service agreement with UI or can or does receive transmission service, including persons with pending requests for service or information.

3.5 Transmission Function Employee means an employee, contractor, consultant or agent of UI who conducts transmission system operations or reliability functions, including, but not limited to, those who are engaged in day-to-day duties and

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<sup>1</sup> Standards of Conduct for Transmission Providers, 68 FR 69134 (Dec. 11, 2003), III FERC Stats. & Regs. ¶ 31,155 (Nov. 25, 2003).

responsibilities for planning, directing, organizing or carrying out transmission-related operations.

3.6 Energy Affiliate means any affiliates of UI as defined in Section 358.3(d) of the Commission's regulations, including affiliates of UI and departments within UI that engage in merchant sales of electric energy.

#### **4.0 Chief Compliance Officer and Determination of Affected Employees**

4.1 UI will post the name and phone number of its Compliance Officer on the UI Internet website. This Officer will be responsible for overall standards of conduct compliance by UI, including determining which UI employees are engaged in Transmission Functions, and whether UI has Energy Affiliates.

4.2 UI will post an organizational chart and associated job descriptions of all employees engaged in Transmission Functions on UI's page on the NEPOOL OASIS and UI's Internet website. The organizational chart will clearly show the chain of command and will be updated to reflect any changes within seven business days of the change's internal announcement and publication.

4.3 Information will be posted on OASIS and UI's Internet website regarding transfers of employees between Transmission Functions and the Energy Affiliates. These postings will include: the name of the transferring employee, the respective titles held while performing each function, and the effective date of the transfer. The information posted must remain available for download on the OASIS for 90 days from the posting date and must be retained and made available upon request for download for three years from the posting.

4.4 UI is permitted to share senior officers and directors, and support employees, with its Energy Affiliates, as long as such employees are trained on the requirements of Order 2004, do not function as "Transmission Function Employees" and do not serve as a conduit of prohibited information to Energy Affiliates.

#### **5.0 Identification of Energy Affiliates and Shared Facilities**

5.1 UI does not have an Energy Affiliate at this time. UI does not have an energy marketing department, but does have a responsibility to administer one contract for sales of electric energy related to a Qualifying Facility, the Wheelabrator Bridgeport generating unit ("QF Administration Activity"). The business location of this QF Administration Activity is 157 Church Street, New Haven, CT 06506.

5.2 UI does not share any employees or facilities with an Energy Affiliate. UI does not share any Transmission Function Employees with the QF Administration Activity.

The office location of the QF Administration Activity is in a building where some UI Transmission Function Employees are located. However, these Transmission Function Employees are physically and organizationally separate from the Transmission Function Employees that have access to day to day transmission operations information, they perform their jobs separately from the QF Administration Activity, and they do not provide any discriminatory or preferential benefits to the QF Administration Activity. The UI transmission dispatch center and most UI Transmission Function Employees are located 20 miles away from the QF Administration Activity. The only other facilities shared by UI's Transmission Function Employees and the QF Administration Activity are common telephone and computer systems. However, access to information regarding the Transmission Function is limited as described in Sections 7.0 and 9.0 of this Policy. The names and job descriptions of any Transmission Function Employee shared by UI and any future Energy Affiliate will be posted on OASIS or UI's Internet website, if any such employees are shared after the date of effectiveness of this Policy.

5.3 UI will post on its OASIS or Internet website an organizational structure showing the relationship of UI, UI's parent corporation and any Energy Affiliates. UI will post changes to this information within seven business days of any change and post the date on which the information was updated.

5.4 UI will post information concerning potential merger partners within seven business days after a merger is announced.

## **6.0 Implementation of this Policy**

6.1 UI's future Energy Affiliates, and all UI employees engaged in Transmission Functions will receive a copy of this Policy. UI's affected employees will be required to sign a statement that they have read and understand this Policy. These UI employees will also be required to undergo training on this Policy within 30 days of the November 26<sup>th</sup>, 2004 extended compliance date and annually thereafter, and upon being hired or transferring into a Transmission Function.

6.2 Employees of UI and its Affiliates who willfully and knowingly violate this Policy will be subject to disciplinary procedures, up to and including termination of employment.

6.3 This Policy and the procedures that follow in Sections 7.0 through 13.0 are intended to fulfill FERC's requirement that UI maintain written procedures implementing the FERC Standards of Conduct. This Policy is posted on UI's page on the NEPOOL OASIS and / or on UI's Internet website. Revisions to this Policy will be posted on UI's website in accordance with FERC regulations.

## **7.0 Independent Functioning**

7.1 Any employee of UI engaged in Transmission Functions is to function independently of employees of UI's Energy Affiliates. UI's Transmission Function employees are physically separated from UI's Energy Affiliates and UI's Transmission Function employees are not shared with an Energy Affiliate.

7.2 Any employee of an Energy Affiliate of UI is prohibited from conducting Transmission System operations or reliability functions as defined in Section 3.5 of this Policy.

7.3 Any employee of an Energy Affiliate of UI is prohibited from having access to the dispatch center located at the Electric System Work Center. Additionally, these employees are not allowed access to other locations where employees may be engaged in Transmission System operations or reliability functions. Cardkey access will be used to enforce these restrictions.

7.4 In the event of a transmission system emergency, employees engaged in Transmission Functions have the authority to take whatever steps are necessary to maintain system reliability, notwithstanding that these steps could otherwise constitute a violation of Section 7.0 of this Policy. These Transmission Functions Employees will notify the Tariff Administrator of their actions and the Tariff Administrator will report to FERC and on UI's page on the NEPOOL OASIS and / or UI's website each emergency that resulted in a deviation from Section 7.0 of this Policy, within 24 hours of such deviation.

7.5 UI is allowed to share Senior Officers and Directors, support employees, and field and maintenance employees with its Energy Affiliates, as set forth in Section 4.4 of these Procedures. These shared employees will be identified on the organization chart that is posted on UI's website.

## **8.0 Transfer of Employees**

8.1 Transfers of employees between Transmission Functions and Energy Affiliates will not be used as a means to circumvent this Policy or the FERC Standards of Conduct.

8.2 Transfers of employees between Transmission Functions and Energy Affiliates are to be posted on UI's page on the NEPOOL OASIS as specified in Section 4.0 of these procedures. UI's Human Resource department will notify the Tariff Administrator of the transfer who will then post the transfer on UI's page on the NEPOOL OASIS within seven business days.

## **9.0 Access to Information**

9.1 Any employee of an Energy Affiliate of UI: (a) shall have access to only that information available to UI's open access Transmission Customers (*i.e.*, the information posted on an OASIS), and must not have preferential access to any information about UI's transmission system that is not available to all OASIS users; and (b) is prohibited from obtaining information about UI's transmission system (including information about available transmission capability, price, curtailments, ancillary services, and the like) through access to information not posted on the OASIS that is not otherwise also available to the general public without restriction.

9.2 UI will limit access to information by: (a) the physical separation and cardkey access described in Article 7.0; (b) the maintenance of separate computer passwords, assigned by the Data Security Administrator, for each employee engaged either in Transmission Functions, or employees of Energy Affiliates, which prevent employees of Energy Affiliates from having access to computerized information about UI's transmission system that is not at the same time available to all OASIS users; (c) the maintenance of separate, password-protected voice mailboxes for employees engaged in Transmission System Functions from those employed by Energy Affiliates; and (d) the relocation of all EMS equipment to cardkey access restricted areas within the transmission system operations area so that no Energy Affiliate employee has access to any EMS information.

## **10.0 Obligations under the NEPOOL Information Policy<sup>2</sup>**

10.1 Employees of UI engaged in Transmission Functions may, from time to time, receive information from the NEPOOL System Operator or its satellite, the Connecticut Valley Electric Exchange ("CONVEX"), regarding transmission- or generation-related information in accordance with the NEPOOL Information Policy. These employees are prohibited from distributing certain information as specified by the NEPOOL Information Policy to employees of UI or its Affiliates not engaged in Transmission Functions.

10.2 Each employee engaged in Transmission Functions will receive a copy of the NEPOOL Information Policy.

## **11.0 Disclosure of Information**

11.1 Any employee of UI engaged in Transmission Functions may not disclose to employees of its Energy Affiliates any information concerning UI's transmission system or the transmission system of another (including information received from non-affiliates or information about available transmission capability, price, curtailments, ancillary

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<sup>2</sup> Criteria, Rules and Standards No. 45, approved by the NEPOOL Executive Committee August 9, 1996, and effective January 3, 1997.

services, etc.) through non-public communications conducted off the OASIS, through access to information not posted on the OASIS that is not at the same time available to the general public without restriction, or through information on the OASIS that is not at the same time publicly available to all OASIS users (such as E-mail). Any violations of this restriction must be handled as described below.

11.2 If an employee of UI engaged in Transmission Functions discloses information in a manner contrary to this Policy, the information must be immediately conveyed to the Tariff Administrator who will post it on UI's website as a Disclosure Incident.

11.3 Any market information that an employee of UI engaged in Transmission Functions acquires from nonaffiliated Transmission Customers or potential nonaffiliated Transmission Customers or develops in the course of responding to requests for transmission or ancillary service on the OASIS may not be disclosed to employees of an Energy Affiliate, except to the limited extent information is required to be posted on the OASIS in response to a request for transmission service or ancillary services.

11.4 A non-affiliated transmission customer may voluntarily consent, in writing, to allow UI to share the non-affiliated customer's information with a marketing or Energy Affiliate. If such consent is granted, UI will post a Voluntary Consent notice on OASIS or its Internet website, together with a statement that it did not provide any preferences in exchange for the consent.

11.5 UI is not required to contemporaneously disclose to all transmission customers or potential transmission customers information described in Section 11.1 above, if it relates solely to a Marketing or Energy Affiliate's specific request for transmission service.

11.6 UI may share generation information necessary to perform generation dispatch with its Marketing and Energy Affiliate that does not include specific information about individual third party transmission transactions or potential transmission arrangements.

11.7 Neither UI nor an employee of UI is permitted to use anyone as a conduit for sharing information covered by the prohibitions described in Sections 11.1 and 11.3 above with a marketing or Energy Affiliate.

11.8 UI is permitted to share information with its Energy Affiliates necessary to maintain the operations of the transmission system.

## **12.0 Conduct in Implementing Tariffs**

12.1 Any employee of UI must strictly enforce all Tariff provisions relating to the sale or purchase of open access transmission service, if these provisions do not provide for the use of discretion.

12.2 Any employee of UI 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 UI and its Affiliates) in a non-discriminatory manner, if these provisions involve discretion.

12.3 UI must process all similar requests for transmission in the same manner and within the same period of time.

12.4 Any employee of UI that performs a discretionary action implementing the Tariff must record in UI's log of discretionary actions the circumstances and manner in which the employee exercised discretion. The information contained in this log will be posted on OASIS or UI's Internet website within 24 hours of any exercise of discretion under the terms of the tariff. This log will be available for audit by FERC, and the information contained in this log will be posted on UI's page on the NEPOOL OASIS. The information posted must remain available for download on the OASIS for 90 days from the posting date and must be retained and made available upon request for download for three years from the posting date in the same electronic form as used when the information was originally posted on the OASIS.

12.5 Any employee of UI may not, through the Tariff or otherwise, give preference to sales for resale by any Energy Affiliates over the interests of any other wholesale customer in matters relating to the sale or purchase of transmission service (including issues of price, curtailments, scheduling, priority, ancillary services, etc.).

12.6 Any offer of a discount for any transmission service made by UI will be posted on the OASIS or UI's website contemporaneously with the time that the offer is contractually binding. The posting will include: the name of the customer involved in the discount and whether it is an affiliate or whether an affiliate is involved in the transaction, the rate offered; the maximum rate; the time period for which the discount would apply; the quantity of power scheduled to be moved; the delivery points under the transaction; and any conditions or requirements applicable to the discount. The posting will remain on the OASIS or UI's website for 60 days from the date of posting.

### **13.0 Books and Records**

UI will maintain its books of account and records (as prescribed under 18 C.F.R. Parts 101 and 125) separately from those of its Energy Affiliates and will make these books and records available for FERC inspection.

Effective date: November 26, 2004