

## STANDARDS OF CONDUCT

### 1. Requirements

- a) As more fully described and implemented in subsequent sections of this part, MECL must treat all transmission customers, affiliated and non-affiliated, on a not unduly discriminatory basis, and must not make or grant any undue preference or advantage to any person or subject any person to any undue prejudice or disadvantage with respect to any transmission of electric energy.
- b) As more fully described and implemented in subsequent sections of this part, MECL's transmission function employees must function independently from marketing function employees, except as permitted in this part or otherwise permitted by IRAC order.
- c) As more fully described and implemented in subsequent sections of this part, MECL and its employees, contractors, consultants and agents are prohibited from disclosing, or using a conduit to disclose, non-public transmission function information to marketing function employees.
- d) As more fully described and implemented in subsequent sections of this part, MECL must provide equal access to non-public transmission function information disclosed to marketing function employees to all its transmission customers, affiliated and non-affiliated, except as permitted in this part or otherwise permitted by IRAC order.

### 2. Definitions

- a) **Affiliate** of a specified entity means:
  - (1) Another person that controls, is controlled by or is under common control with, the specified entity. An affiliate includes a division of the specified entity that operates as a functional unit.
  - (2) "Control" as used in this definition means the direct or indirect authority, whether acting alone or in conjunction with others, to direct or cause to direct the management policies of an entity. A voting interest of 10 per cent or more creates a rebuttable presumption of control.
- b) **Internet website** refers to the Internet location where MECL posts the information, by electronic means, required under these Standards of Conduct.
- c) **IRAC** means the Island Regulatory and Appeals Commission.
- d) **Marketing functions** means: 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.
- e) **Marketing function employee** means an employee, contractor, consultant or agent of MECL or of an affiliate of MECL who actively and personally engages on a day-to-day basis in marketing functions.

- f) **Open Access Same Time Information System** or OASIS refers to the Internet location where MECL posts the information required by Section 4 of its OATT, and where it may also post the information required to be posted on its Internet Web site by these Standards of Conduct.
- g) **OATT** means the MECL Open Access Transmission Tariff.
- h) **Transmission** means electric transmission, network or point-to-point service, ancillary services or other methods of electric transmission, or the interconnection with other transmission facilities.
- i) **Transmission customer** means any eligible customer, shipper or designated agent that can or does execute a transmission service agreement or can or does receive transmission service, including all persons who have pending requests for transmission service or for information regarding transmission.
- j) **Transmission functions** means the planning, directing, organizing or carrying out of day-to-day transmission operations, including the granting and denying of transmission service requests.
- k) **Transmission function employee** means an employee, contractor, consultant or agent of MECL who actively and personally engages on a day-to-day basis in transmission functions.
- l) **Transmission function information** means information relating to transmission functions.
- m) **Transmission service** means the provision of any transmission as defined in Section 2(h) of these Standards of Conduct.
- n) **Waiver** means the determination by MECL, if authorized by its OATT, to waive any provisions of its OATT for a given entity.

### 3. Non-discrimination Requirements

- a) MECL must strictly enforce all OATT provisions relating to the sale or purchase of open access transmission service, if the OATT provisions do not permit the use of discretion.
- b) MECL must apply all OATT provisions relating to the sale or purchase of open access transmission service in a fair and impartial manner that treats all transmission customers in not an unduly discriminatory manner, if the OATT provisions permit the use of discretion.
- c) MECL may not, through its OATTs or otherwise, give undue preference to any person in matters relating to the sale or purchase of transmission service (including, but not limited to, issues of price, curtailments, scheduling, priority, ancillary services, or balancing).
- d) MECL must process all similar requests for transmission in the same manner and within the same period of time in comparable circumstances.

#### **4. Independent Functioning Rule**

- a) **General rule.** Except as permitted in this part or otherwise permitted by IRAC order, MECL's transmission function employees must function independently of marketing function employees.
- b) **Separation of functions**
  - (1) MECL is prohibited from permitting marketing function employees to:
    - (i) Conduct transmission functions; or
    - (ii) Have access to the system control center or similar facilities used for transmission operations that differs in any way from the access available to other transmission customers.
  - (2) MECL is prohibited from permitting its transmission function employees to conduct marketing functions.

#### **5. No-Conduit Rule**

- a) MECL is prohibited from using anyone as a conduit for the disclosure of non-public transmission function information to MECL marketing function employees or marketing function employees of third parties.
- b) An employee, contractor, consultant or agent of MECL, and an employee, contractor, consultant or agent of an affiliate of MECL that is engaged in marketing functions, is prohibited from disclosing non-public transmission function information to any marketing function employees.

#### **6. Transparency Rule**

- a) **Contemporaneous disclosure**
  - (1) If MECL discloses non-public transmission function information, other than information identified in paragraph (a)(2) of this section, in a manner contrary to the requirements of Section 5, MECL must immediately post the information that was disclosed on its Internet website.
  - (2) If MECL discloses, in a manner contrary to the requirements of Section 5, non-public transmission customer information, or any other information that IRAC has determined is to be subject to limited dissemination, MECL must immediately post notice on its website that the information was disclosed.
- b) **Exclusion for specific transaction information**

MECL's transmission function employee may discuss with marketing function employees a specific request for transmission service submitted by the marketing function employee. MECL is not required to contemporaneously disclose information otherwise covered by Section 5 if the information relates solely to a marketing function employee's specific request for transmission service.

**c) Voluntary consent provision**

A transmission customer may voluntarily consent, in writing, to allow MECL to disclose the transmission customer's non-public information to marketing function employees. If the transmission customer authorizes MECL to disclose information to marketing function employees, MECL must post notice on its Internet website of that consent along with a statement that it did not provide any preferences, either operational or rate-related, in exchange for that voluntary consent.

**d) Posting implementation procedures on the Internet website**

MECL must post on its Internet website current procedures for implementing the Standards of Conduct.

**e) Identification of affiliate information on the Internet website**

- (1) MECL must post on its Internet website the names and addresses of all its affiliates that employ or retain marketing function employees.
- (2) MECL must post on its Internet website a complete list of the employee staffed facilities shared by any of MECL's transmission function employees and marketing function employees. The list must include the types of facilities shared and the addresses of the facilities.
- (3) MECL must post information concerning potential merger partners as affiliates that may employ or retain marketing function employees, within seven days after the potential merger is announced.

**f) Identification of employee information on the Internet website**

- (1) MECL must post on its Internet website the job titles and job descriptions of its transmission function employees.
- (2) MECL must post a notice on its Internet website of any transfer of a transmission function employee to a position as a marketing function employee, or any transfer of a marketing function employee to a position as a transmission function employee. The information posted under this section must remain on its Internet website for 90 days. No such job transfer may be used as a means to circumvent any provision of this part. The information to be posted must include:
  - (i) The name of the transferring employee,
  - (ii) The respective titles held while performing each function (i.e., as a transmission function employee and as a marketing function employee), and
  - (iii) The effective date of the transfer.

**g) Timing and general requirements of postings on the Internet website**

- (1) MECL must update on its Internet website the information required by the Standards of Conduct within seven business days of any change, and post the date on which the information was updated. MECL may also post the information

required to be posted under these Standards of Conduct on its OASIS, but is not required to do so.

- (2) In the event an emergency, such as an earthquake, flood, fire or hurricane, severely disrupts MECL's normal business operations, the posting requirements in this part may be suspended by MECL. If the disruption lasts longer than one month, MECL must so notify IRAC and may seek a further exemption from the posting requirements.
- (3) All Internet website postings required by this part must be sufficiently prominent as to be readily accessible.

**h) Exclusion for and recordation of certain information exchanges**

- (1) Notwithstanding the requirements of Sections 4(a) and 5, MECL's transmission function employees and marketing function employees may exchange certain non-public transmission function information, as delineated in Section 6(h)(2), in which case MECL must make and retain a contemporaneous record of all such exchanges except in emergency circumstances, in which case a record must be made of the exchange as soon as practicable after the fact. MECL shall make the record available to IRAC upon request. The record may consist of hand-written or typed notes, electronic records such as e-mails and text messages, recorded telephone exchanges, and the like, and must be retained for a period of five years.
- (2) The non-public information subject to the exclusion in Section 6(h)(1) is as follows:
  - (i) Information pertaining to compliance with Reliability Standards, and
  - (ii) Information necessary to maintain or restore operation of the transmission system or generating units, or that may affect the dispatch of generating units.

**i) Posting of waivers**

MECL must post on its Internet website notice of each waiver of an OATT provision that it grants in favour of an affiliate, unless such waiver has been approved by IRAC. The posting must be made within one business day of the act of a waiver. MECL must also maintain a log of the acts of waiver, and must make it available to IRAC upon request. The records must be kept for a period of five years from the date of each act of waiver.

**7. Implementation Requirements**

**a) Effective date**

MECL must be in full compliance with the standards of conduct on the date it commences transmission transactions with an affiliate that engages in marketing functions.

**b) Compliance measures and implementation procedures**

- (1) MECL must implement measures to ensure that the requirements of Sections 4 and 5 are observed by its employees and by the employees of its affiliates.

- (2) MECL must distribute the implementation procedures referred to in Section 6 (d) to all its transmission function employees, marketing function employees, officers, directors, supervisory employees, and any other employees likely to become privy to transmission function information.

**c) Training and compliance personnel**

- (1) MECL must provide annual training on the Standards of Conduct to all the employees listed in paragraph (b)(2) of this section. MECL must provide training on the Standards of Conduct to new employees in the categories listed in paragraph (b)(2) of this Section, within the first 30 days of their employment. MECL must require each employee who has taken the training to certify electronically or in writing that he or she has completed the training.
- (2) MECL must designate a chief compliance officer who will be responsible for standards of conduct compliance. MECL must post the name of the chief compliance officer and provide his or her contact information on its Internet Web site.

**d) Books and records**

MECL must maintain books of account and records related to compliance to the Standards of Conduct separately from those of its affiliates that employ or retain marketing function employees and these must be available to IRAC upon request.

**8. Waiver from Standards of Conduct Requirement**

MECL may file a request to IRAC for a waiver from some of the requirements of this Standards of Conduct.

## Appendix SOC-1

### Standards of Conduct Implementation Procedures

#### 1. Introduction

The intent of MECL is to implement Standards of Conduct ("SOC") governing itself and affiliates which substantially conform to those required by the U.S. Federal Energy Regulatory Commission ("FERC") as set out in Order 717. These 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 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 SOC are designed to promote the following rules:

- a) **Independent Functioning:** MECL's transmission function employees (TFEs) must function independently from MECL's marketing function employees (MFEs) or the MFEs of its affiliate, Energy Marketing, except in emergency circumstances.
- b) **No Conduit Rule:** MECL's employees, contractors, consultants and agents may not disclose, or use a conduit to disclose, non-public transmission function information (TFI) to MECL's MFEs or the MFEs of its affiliate, Energy Marketing, unless limited exceptions apply.
- c) **Transparency Rule:** MECL 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 MECL employees are required to comply with the SOC.
- b) **Chief Compliance Officer (CCO)** means the person MECL has designated to be responsible for SOC compliance.
- c) **No Conduit Rule** means MECL 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 MECL'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 MECL.
- 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 MECL or of an affiliate of MECL 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 MECL 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 MECL or an affiliate of MECL 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 MECL's transmission system.
- n) **Internet website** refers to the Internet location where MECL posts the information, by electronic means, required under these Standards of Conduct.

#### 4. Independent Functioning of TFEs and MFEs

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

##### a) Physical Separation and Access Restrictions

MECL's TFEs are primarily located at the Energy Control Center ("ECC") located on Cumberland Street in Charlottetown, PEI, approximately one kilometer from MECL's head office at 180 Kent Street, Charlottetown, PEI. MECL maintains strict procedures and physical access restrictions to regulate access to the ECC, all of which are approved by the Director of Compliance.



MECL does not currently conduct day-to-day marketing functions. If it does in the future the MFEs will be located at MECL's head office in an area physically separated from other work areas in the building. They will have electronic card access to their own work area, which will not be accessible to any other MECL employees.

MECL's transmission engineering and planning department are both located at MECL's head office. As a result, system impact studies to support Transmission Service Requests are also carried out at MECL's Head Office, and the employees who perform those functions are designated as TFEs.

The ECC back up Control Center is located at #3 Fourth Street in West Royalty at MECL's West Royalty Service Center. 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.

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

**b) Interactions and Meetings**

Interactions and meetings between TFEs and MFEs are restricted under the SOC. Interactions between MECL employees that include both MFEs and TFEs generally should be limited to social activities or to necessary discussions about

- i. an MFE's own request for transmission service,
- ii. the design and development of, and compliance with, Reliability Standards,
- iii. investigation and remediation of potential violations of such standards, and
- iv. information necessary to maintain or restore operation of a transmission system 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 could be discussed includes

- i. discussion of Regional Transmission Organization and Independent System Operator issues,
- ii. participation in legal or regulatory proceedings involving the transmission provider,
- iii. attending the same industry meetings or events,
- iv. joint meetings for disaster/outage preparation training,
- v. attending transmission provider-sponsored meetings with customers, and
- vi. 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 through the Transmission System Users Group.

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**

MECL's No Conduit Rule prohibits the disclosure of non-public TFI to MFEs of MECL and its affiliates, except as permitted under section 6 of these procedures. In addition, the OATT sets out the terms and conditions by which MECL 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 the SOC if the information is posted on MECL's Internet website, posted on MECL's OASIS (either the secure portion or the publicly accessible portion) or otherwise simultaneously available to all other MECL transmission customers or potential transmission customers.

If non-public TFI is disclosed to MFEs of MECL 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 MECL 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 MECL 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, MECL 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 MECL to disclose the customer's non-public information to MFEs of MECL or an affiliate. MECL 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 MECL or an affiliate non-public TFI pertaining to compliance with reliability standards adopted by MECL. 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 MECL 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 MECL 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 OATT sets out the price, terms, and conditions by which MECL conducts business with transmission customers and potential transmission customers. The OATT is posted on MECL's public website. MECL is required to post a notice of waiver on its Internet website or the publicly accessible portion of its OASIS whenever it waives any OATT provision in favor of MECL or an affiliate. The posting must be made within one business day of the act of the waiver. MECL must also maintain a log of the acts of waiver, and must make it available to the IRAC 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 MECL 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. MECL will post the following information:

- a) **Chief Compliance Officer:** MECL has designated Ms. Kate O'Brien, Internal Auditor as its Chief Compliance Officer.
- b) **Affiliate Information:** MECL currently has no subsidiary marketing affiliates but as a subsidiary corporation of Fortis is affiliated with other Fortis owned utilities located in Belize, Turks and Caicos, United States and Canada. None of these affiliates conduct marketing functions in PEI and none are Transmission Customers of MECL.
- c) **Shared Facilities:** MECL's head office at 180 Kent Street is deemed a shared facility.
- d) **Transmission Function Employees:** MECL will post the job titles and job descriptions of all MECL TFEs.
- e) **Transfers:** MECL 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) **Implementation Procedures:** MECL posts these procedures for implementing the SOC.

- g) **Voluntary Consents:** MECL posts notice of any voluntary consent provided by customers to authorize MECL to disclose non-public customer information to MFEs of MECL or an affiliate. MECL 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:** MECL must immediately post any disclosures of non-public transmission function information to a MFE of MECL 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:** MECL 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**

MECL's Chief Compliance Officer is Ms. Jessie Sampson, Internal Auditor. She may be reached at 180 Kent Street, Charlottetown, PE, C1A7N2.

**11. Questions and Inquiries**

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