



LS Power Development, LLC

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Affiliate Regulation & FERC Standards of Conduct Procedure



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Statement of Commitment

LS Power Development, LLC (LS Power or LSP) strives to achieve a high level of business and ethical standards, as well as compliance with the laws and regulations that apply to its business. LSP is committed to cultivating a Culture of Compliance throughout the organization. This LSP policy and leadership commitment is set forth in LS Power's Regulatory Compliance Manual (the RCM), and every member of the LS Power organization plays an important role in ensuring we meet our goals of strong compliance and continuous improvement.

LSP Senior Management is committed to creating an environment that encourages LS Power employees to report any behavior, actions, or inactions, which are not in accordance with LS Power's values and/or conflict with applicable regulations. This will enable LSP to develop and preserve an organizational culture that achieves compliance through education, training, ethical conduct, and decision making that reflects a culture of transparency. Every member of the LSP organization plays an important role in ensuring we meet our goals of strong compliance and continuous improvement.

If you have any concerns about LS Power's compliance with applicable regulations or processes implementing such, you are ***encouraged to report*** the identified issue. There are several options available to LS Power employees, contractors, vendors, and agents, including an anonymous reporting platform. Please refer to Section 3.10 and the Complaints section of the Regulatory Compliance Manual for additional guidance.

1.0 Introduction

1.1 Purpose and Scope

This Affiliate Regulation & FERC Standards of Conduct Procedure (the Procedure) sets forth the procedures and controls established by LS Power and its affiliates to implement applicable Affiliate Regulations. This includes the Standards of Conduct for Transmission Providers (Standards of Conduct) established by the Federal Energy Regulatory Commission (FERC) and related power and utility rules and regulations governing business activities among and between LS Power and its affiliates (Affiliate Restrictions and Cross-Subsidy rules). For purposes of this Procedure, the FERC Standards of Conduct and associated implementing controls are discussed separately as these make up the bulk of applicable LS Power Affiliate Regulation.¹

1.2 FERC Standards of Conduct Basics and Additional Guidance for LS Power Employees

This Procedure includes required process detail to ensure compliance to the Standards of Conduct. It is LS Power's policy that all LSP employees² understand the Standards of Conduct, their role in complying with this Procedure, and

¹ There are additional requirements applicable to LS Power Grid for Texas operations, specifically Cross-Texas Transmission. Processes governing compliance to the Texas regulations align with this Procedure while also setting forth any additional implementing controls necessary to meet those specific obligations.

² References to LSP employees include not only LS Power employees but also LS Power's contractors, vendors, agents and other individuals who are performing activities that support LSP FERC compliance, specifically those who have entered into agreements where the third-party is delegated and has agreed to the performance of some or all compliance activities required by a LSP company.

to act in accordance with the LS Power Regulatory Compliance Manual. LS Power will provide training, at least annually, with respect to the meaning and application of the Standards of Conduct.

All employees should follow three simple rules to ensure compliance with this Procedure and the Standards of Conduct:

1. Always be aware of your Employee Classification (defined below) and how the rules apply to you.
2. Notify your supervisor and the CCO of potential job changes that may impact your Employee Classification.
3. Most importantly, if you ever have a question about Standards of Conduct compliance, immediately contact your supervisor or the CCO, or if you have concerns about potential non-compliance, follow the Complaint Procedures set forth above. Please contact the LSP Compliance Management Team for additional support or information.

Additional guidance on how the Standards of Conduct apply and how to ensure your ability to comply is provided in the LSP FERC Standards of Conduct Procedure – Desktop Compliance Guide, which is posted and distributed with the Procedure and available to all LSP employees.

1.3 Applicability

This Procedure applies to all LSP employees, including those who participate in the Standards of Conduct compliance management and monitoring programs. This Procedure will be made readily available to all employees and will be distributed to targeted teams using a variety of communication methods based on job responsibilities. This includes Senior Management, other management personnel as well as outside entities such as FERC, NERC, Regional Entities, vendors and contractors and other parties who may have an authorized need to know the details of this Procedure.

2.0 General Information

2.1 Terms, Definitions and Key Concepts

Defined terms within this document provide key concepts that may or may not be used within this Procedure but are frequently referenced in implementation of Standards of Conduct and Affiliate Regulation compliance more generally.

- 2.1.1 **Chief Compliance Officer (CCO).** Refer to the Roles and Responsibilities Section.
- 2.1.2 **Compliance Oversight (CO).** Provides compliance oversight across the organization. Refer to Compliance Management Team in Roles and Responsibilities for additional information.
- 2.1.3 **Compliance Management Team (CMT).** Refer to the Roles and Responsibilities Section.
- 2.1.4 **Culture of Compliance.** The organizational culture that embraces and implements the elements supporting regulatory compliance with all regulatory agency requirements applicable to LS Power, including FERC, NERC, SEC and CFTC rules, regulations, enforcement and compliance guidance as discussed by the relevant audit and enforcement authorities and in leading practice regulatory publications.

- 2.1.5 **Employee Classifications.** All LSP employees are classified as either Transmission Function, Marketing Function or No Conduit as defined herein. FERC regulation references to employee included within this Procedure are defined in the same way as LSP employees to include contractors, vendors, and agents (refer to footnote 2 above).
- 2.1.6 **Enforcement Action.** A compliance enforcement investigation or other action initiated by a regulatory authority.
- 2.1.7 **Federal Energy Regulatory Commission (FERC).** The agency with authority and oversight for the regulation of the interstate transmission of electricity, natural gas, and oil as well as hydropower and natural gas projects. FERC is also the agency that oversees the designated Electric Reliability Organization (ERO), NERC, and the implementation of its jurisdictional responsibilities.
- 2.1.8 **FERC Jurisdictional Entity.** Any entity subject to the jurisdiction of FERC and therefore having an obligation to comply with FERC regulations.
- 2.1.9 **Focus Area Compliance Manager (FERC).** Refer to the Roles and Responsibilities Section.
- 2.1.10 **Functional Area Lead and/or Standards Owner.** Refer to the Roles and Responsibilities Section.
- 2.1.11 **Generation Station Personnel.** LSP contractor staff who perform generation plant operations at LSP Generation plants or assets but who are separate from LS Power employees engaged in the Wholesale Merchant Function.
- 2.1.12 **Governance, Oversight, Execution and Support Model (GOES).** The formal governance model used within LSP in conjunction with an accountability framework and compliance operating model to implement compliance management and oversight to ensure effective execution of operational controls and support a strong Culture of Compliance.
- 2.1.13 **Independent System Operator (ISO) (See also RTO).** Independent System Operators (ISOs) and Regional Transmission Organizations (RTOs). RTOs and ISOs coordinate, control, monitor and operate regional electric transmission grids, administer wholesale electric markets, and provide reliability planning for the region's bulk electric system.
- 2.1.14 **Marketing Affiliate.** An affiliate of any LSP Transmission Provider that sells power or energy for resale in interstate commerce and employs Marketing Function employees. LS Power maintains a list of current Marketing Affiliates on its website (<https://www.lspower.com/ferc-conduct-standards/>).
- 2.1.15 **Marketing Function.** Sale for resale or submission of offers to sell electric energy or capacity, demand response, virtual transactions or financial or physical transmission rights, all as subject to an exclusion for bundled retail sales, including sales of electric energy made by Providers of Last Resort (POLRs) acting as a POLR.
- 2.1.16 **Marketing Function Employee.** An LS Power employee who actively and personally engages on a day-to-day basis in Marketing Functions. See Section 3.3 for additional guidance.

- 2.1.17 **No Conduit Employee.** An LS Power employee who is neither a Marketing Function Employee nor a Transmission Function Employee. See Section 3.3 for additional guidance.
- 2.1.18 **Non-Public Transmission Information.** Transmission Information that has not been broadly disseminated to the public (may include information not yet been posted to OASIS). See Section 3.7 for additional guidance.
- 2.1.19 **OASIS.** The Open Access Same-Time Information System. An Internet-based tool for sharing information on transmission prices and product availability, including the information required to be posted by the FERC Standards of Conduct.³
- 2.1.20 **Potential Non-Compliance (PNC).** An issue or matter that LSP believes has, or may have, violated a FERC regulation or any other applicable regulation – e.g., NERC, SEC, CFTC. This term is interchangeable with possible non-compliance.
- 2.1.21 **Regional Transmission Organizations (RTO) (See also ISO).** RTOs and ISOs coordinate, control, monitor and operate regional electric transmission grids, administer wholesale electric markets, and provide reliability planning for the region’s bulk electric system.
- 2.1.22 **Self-Report.** A report of a PNC filed with a regulatory authority, such as FERC.
- 2.1.23 **Transmission Customer.** 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.
- 2.1.24 **Transmission Function.** Planning, directing, organizing, or carrying out of day-to-day transmission operations, including the granting, and denying of transmission service requests.
- 2.1.25 **Transmission Function Employee.** An LSP employee who actively and personally engages on a day-to-day basis in transmission functions. See Section 3.3 for additional guidance.
- 2.1.26 **Transmission Information.** All information relating to Transmission Functions, including information about available transmission capability, price, curtailments, outages, ancillary services, and the like regarding any transmission system.
- 2.1.27 **Transmission Organization or Transmission Provider.** The LSP organizations engaged in Transmission Function activities.
- 2.1.28 **Wholesale Merchant Function.** The purchase and sale of electric energy or gas for resale in interstate commerce

³ FERC Order No. 889 restricts communication between power marketing and transmission operation employees within any one organization. Transmission Providers can obtain information about their own transmission system for their own wholesale power transactions only through OASIS. Customers can view Available Transmission Capability; submit transmission service requests, etc. on the applicable region’s OASIS site(s).

2.2 Roles and Responsibilities

- 2.2.1 **Chief Compliance Officer or CCO** (GOES: Governance). Senior Management designee responsible for compliance governance across all LS Power entities. The CCO is responsible for ensuring company-wide program design and implementation to support compliance with applicable regulations, including FERC, and is the ultimate owner and approver for the FERC ICP and this Procedure. The CCO, who has independent and direct access to the Chairman, CEO and COO, helps set the tone at the top to ensure adequate Senior Management engagement and sponsorship for implementation throughout the organization.
- 2.2.2 **Steering Committee or SC** (GOES: Governance). Committee, led by the CCO, that sets the tone at the top across respective organizations, provides strategic leadership, guidance on operational implementation issues and other program matters in support of LS Power’s compliance programs, including FERC compliance.
- 2.2.3 **Compliance Management Team or CMT** (GOES: Oversight). The team responsible for compliance management and oversight for LSP FERC compliance. The team is led by a Focus Area Compliance Manager. These responsibilities may be functional designations, or a formal role/responsibility dedicated to FERC compliance.

The CMT develops strategic compliance goals based on the vision outlined by the CCO and applicable Steering Committees, and ensures execution of compliance policies and implementation of executing controls in support of the FERC ICP and FERC implementing processes and controls within and across functions to meet LSP’s FERC compliance management objectives.

The CMT, in coordination with Functional Area Leads, also serves as the oversight function to support effective execution of the day-to-day operational processes and controls needed to meet applicable FERC regulations.

- 2.2.4 **Focus Area Compliance Manager** (GOES: Oversight). LSP personnel designated specifically to support compliance governance, oversight and management for higher risk regulated activities, such as FERC, NERC, CFTC, and SEC requirements. Focus Area Compliance Managers are typically designated to lead the Compliance Management Team (CMT) for their focus area.
- 2.2.5 **Functional Area Lead(s), also Standard Owners (SOs)** (GOES: Execution). Supervisory personnel that are responsible for the design and execution of the day-to-day operational processes and controls needed to meet applicable regulations. Focus Area Leads guide and manage day-to-day SME activities and work in coordination with the Focus Area Compliance Manager and CMT to support both the implementation of compliance management controls and the ability to establish the effective execution of the operational processes to prove compliance.
- 2.2.6 **Subject Matter Expert or SME** (GOES: Execution). Personnel designated to support Functional Area Lead(s) and Standards Owners in driving the execution of day-to-day activities to ensure operational processes and controls are effectively and consistently implemented in support of compliance to FERC Standards and requirements.
- 2.2.7 **Subject Matter Expert Advisors or SME Advisors** (GOES: Support). Advisory personnel that provide subject-matter area advice and support to LSP personnel responsible for the implementation of FERC compliance management activities and operational processes and controls. These roles are typically Legal, Audit, Human

Resource and Information Systems and Technology but may also include operational SMEs, such as security or engineering and technical personnel. SME Advisors may also be designated execution SMEs (see above) with specific implementation obligations beyond any advisory support they may provide.

3.0 LSP Affiliate Regulation and FERC Standards of Conduct Compliance

3.1 Affiliate Restriction and Cross-Subsidy Implementation

Affiliate Regulation of power and utility operations refers to the rules and requirements that restrict certain activities that may provide an unfair advantage to affiliated entities within a company. These are typically thought of in three primary components: (1) Affiliate Restrictions (federal and state); (2) Cross-Subsidy requirements (federal and state); and (3) the Standards of Conduct. The first two focus on ensuring entities that recover through market-based rates and/or provide cost-based services to captive customers do not pay more than market value for any products or services provided to affiliates and do not otherwise provide unfair advantages and access to products and services to affiliates. LS Power has relatively few applicable requirements under these first two components. Compliance is managed through internal allocation requirements and monitoring to prevent any unfair advantage even within the spirit of requirements that may not fully apply. For additional information on the implementation of any compliance with Affiliate Restrictions and Cross-Subsidy rules, please contact the Compliance Management Team.

3.2 FERC Standards of Conduct Compliance Implementation

As described in Section 1.2 above, LS Power has developed this Procedure to ensure compliance with the Standards of Conduct. Employees are responsible for understanding this Procedure and complying with the same. While our employees are our first line of defense, LS Power also maintains other compliance controls, including but not limited to the FERC ICP, the RCM, and the LS Power Governance Model, to ensure compliance with the Standards of Conduct. This Procedure is in addition to, and does not replace, these other compliance controls. For information on the posting and distribution of this Procedure, please refer to Section 3.6 below

3.3 Separation of Functions

3.3.1 **General Requirements and the Independent Functioning Rule.** To ensure the objectives of preventing a Transmission Provider from creating or granting a competitive advantage to a non-regulated affiliate, the Standards of Conduct's independent functioning rule (18 C.F.R. § 358.5) require a Transmission Provider to function independently of its Marketing Function Employees . Specifically, the rule states:

§ 358.5 Independent functioning rule

(a) *General rule.* Except as permitted in this part or otherwise permitted by Commission order, a transmission provider's transmission function employees must function independently of its marketing function employees.

(b) *Separation of functions.*

(1) A transmission provider is prohibited from permitting its 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) A transmission provider is prohibited from permitting its transmission function employees to conduct marketing functions.

The full suite of Standards of Conduct requirements set forth additional obligations to ensure compliance with this objective. LS Power processes and controls to implement those obligations are summarized in this Procedure and provide some insight to LSP employees. These processes are managed by the FERC Compliance Manager and CMT (refer to Section 2.0).

3.3.2 **Employee Classifications.** To support the ability to implement the independent functioning requirement, the Standards of Conduct establish rules for different types of employees. The three classifications to understand are:

3.3.2.1 **Transmission Function Employee.** An LS Power employee who actively and personally engages in Transmission Functions on a day-to-day basis. Transmission Functions include:

- Granting or denying requests for transmission⁴
- Coordinating actual flows of power
- Isolating portions of the system to prevent cascades
- Imposing transmission loading relief
- Other similar activities

3.3.2.2 **Marketing Function Employee.** An LS Power employee who actively and personally engages in Marketing Functions on a day-to-day basis. Marketing Functions include:

- Selling power at wholesale
- Selling ancillary services at market-based rates
- Reselling physical or financial transmission rights
- Making offers of energy, capacity, demand response, virtuals, or other products in a Regional Transmission Organization (RTO) or Independent System Operator (ISO)
- Competitive retail sales

3.3.2.3 **No-Conduit Employee.** An LS Power employee who does not engage in Transmission Functions or Marketing Functions on a day-to-day basis (basically everyone else).

Regardless of classification, the sharing of Non-Public Transmission Information with Marketing Function Employees is strictly prohibited (Refer to Section 3.7 for additional information).

⁴ This includes granting or denying requests for ancillary services under the OATT and requests for interconnection, and it includes studying requests for transmission service. However, the receipt, study, and evaluation of requests for interconnection are not considered Transmission Functions so long as these activities do not implicate the day-to-day operation of a transmission system. Information related to interconnection requests, however, may still be considered Non-Public Transmission Information.

3.3.3 **Permitted and Prohibited Activities.** The below lists of activities the Standards of Conduct permits and prohibits may be helpful. These lists are not exhaustive. If you have any questions as to how these rules apply to you, contact the FERC Compliance Manager or CCO immediately.

- 3.3.3.1 An owner or operator of transmission must treat all customers fairly, and not provide an advantage to affiliates.
- 3.3.3.2 An owner or operator of transmission must not subsidize the business activities of affiliates engaged in the generation or sale of energy or related products – i.e., competitive energy businesses.
- 3.3.3.3 An owner or operator of transmission must not provide services to competitive energy affiliates; however, certain shared corporate services are permitted.
- 3.3.3.4 All costs and expenses must be properly allocated among and between transmission and generation affiliates, including for shared corporate services.
- 3.3.3.5 Marketing Function Employees are not permitted to be officers or directors of transmission affiliates and Transmission Function Employees are not permitted to be officers or directors of competitive energy affiliates.
- 3.3.3.6 Marketing Function Employees are not permitted to conduct Transmission Functions, and vice versa.

Refer to the LSP FERC Standards Of Conduct Procedure – Desktop Compliance Guide for additional information to guide your compliance with the requirements.

3.3.4 **Non-Public Transmission Information.** Non-Public Transmission Information cannot be provided, or made available, directly or indirectly, to Marketing Function Employees. Transmission Function and No-Conduit Employees must be vigilant to ensure this information is not shared with Marketing Function Employees, even inadvertently. LSP has processes and controls to restrict access to this information (Refer to Section 3.7) and strict compliance is required. Transmission Function Information includes information related to transmission functions, such as:

- Available transmission capacity (or similar measurements).
- Outages (including generation outages, which impact transmission availability).
- The price of transmission.
- Curtailments and balancing.
- The grant or denial of transmission service requests.
- Service provided to specific Transmission Customers.
- Status of transmission development projects.
- Non-public Transmission Information of other Transmission Providers obtained from those Transmission Providers by Transmission Function or No-Conduit Employees.

3.3.5 **Books and Records.** LSP Transmission Providers must also maintain separate books and records from LSP Marketing Affiliates and any other LSP competitive energy and power generation affiliates.

3.4 FERC Standards of Conduct Training

- 3.4.1 Compliance training, communications and awareness programs are an important component of LS Power's FERC ICP and the implementation of FERC compliance programs across LSP. Training is critical to ensuring LSP employees have an adequate understanding of the expectations set forth within the FERC regulations that apply to them, as well as the implementing controls to support compliance with these rules.
- 3.4.2 **Annual Compliance Program Training.** Affected employees will be trained at least annually on this Procedure and the Standards of Conduct. Affected new employees will be trained on this Procedure and the Standards of Conduct within the first 30 days of employment. The FERC Compliance Manager will coordinate with the CMT to prepare Standards of Conduct compliance training, communications and awareness materials to be implemented and distributed on an annual basis in support of this objective. In addition to annual planning activities, materials may be developed throughout the year to address emergent and/or targeted issues, to support specific implementation objectives and to drive continuous improvement.

3.5 Posting of Information

- 3.5.1 The transparency rule of the Standards of Conduct (18 C.F.R. § 358.7) requires LS Power Transmission Providers to post certain information. This section provides a summary of the posting requirements and compliance implementation activities.
- 3.5.2 **Posting Requirements.**
- 3.5.2.1 **FERC Standards of Conduct Procedure.** A copy of this Procedure (see also Section 3.6 below).
 - 3.5.2.2 **Marketing Affiliates.** The names of all affiliates that employ or retain Marketing Function Employees.⁵
 - 3.5.2.3 **Shared Facilities.** A list of LSP staffed facilities where both Marketing Function and Transmission Function Employee work.
 - 3.5.2.4 **Transmission Organizational Charts and Job Descriptions.** Job titles and descriptions of all Transmission Function Employees.
 - 3.5.2.5 **Potential Mergers.** Information about potential merger partners that may employ or retain Marketing Function Employees within seven days after the potential merger is announced.
 - 3.5.2.6 **Employee Transfers.** Notice of transfers of Marketing Function Employees to Transmission Function Employees or vice versa.
 - 3.5.2.7 **Inadvertent Disclosures.** In the event it is determined that there has been an inadvertent disclosure of Non-Public Transmission Information or any other information in violation of the

⁵ The following explanatory statement should also be posted: "This Procedure and Standards of Conduct apply to all employees of LS Power. Certain employees of LS Power provide services to and/or are officers of competitive energy affiliates, though such affiliates do not have any of their own employees."

Standards of Conduct, the information shall be immediately reported to the OASIS Operator for posting on the OASIS in accordance with the CMT's procedures for investigations and posting.

- 3.5.2.8 **Other Postings.** In addition to the above items, LSP may also post information about voluntary consents, discretionary actions, discounts, and deviations for system emergencies.
- 3.5.3 **Posting Location.** The information above, as related to each of the LS Power Transmission Providers, will be posted at <https://www.lspower.com/ferc-conduct-standards/>.
- 3.5.4 **Management and Update.** LSP will update the postings within the specific time required for each item by the Standards of Conduct for each item.

3.6 Posting and Distribution of FERC Standards of Conduct Procedures

LSP shall post on the relevant OASIS and/or its Internet website a summary of the procedures/processes for implementing the Standards of Conduct, which enables the Commission to determine that they are in compliance with the requirements of 18 C.F.R. Part 358. See <https://www.lspower.com/ferc-conduct-standards/>.

The CCO or FERC Compliance Manager shall ensure this Procedure is distributed to Senior Management, all Transmission and Marketing Function Employees and any other employees likely to become privy to Transmission Function information.

3.7 Restrictions on Access to Information and Transmission Provider Physical Facilities

- 3.7.1 The Standards of Conduct set forth specific prohibitions on the sharing of Non-Public Transmission Information, including restrictions on the use of any employees as a conduit for the sharing of this information. In addition to active prevention measures, restrictions on access to information are important to implement for effective compliance. LSP has a series of processes and controls to manage access to Transmission Function Information and facilities.
- 3.7.2 **Information Access Restrictions.** LS Power uses password protection and/or independent servers, files, or folders with limited access rights, to wall off the most likely sources of Transmission Function Information. Such safeguards are used to protect confidential and proprietary information, including Non-Public Transmission Information.
 - 3.7.2.1 **Senior Management.** LSP will share Non-Public Transmission Information with its Marketing Affiliates' senior officers, directors, and risk management employees, none of whom is engaged in day-to-day activity associated with Marketing Functions and are therefore No-Conduit Employees under the Standards of Conduct.
 - 3.7.2.2 **Off-OASIS/On-OASIS Communications.** LSP employees engaged in transmission system operations and reliability functions are prohibited from disclosing to Marketing Function Employees any Non-Public Transmission Information, including through communications 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.

- 3.7.2.3 **Committees.** LSP has established a Management Committee consisting of senior executives, whose role is to facilitate coordination and integration on operational issues and improve efficiency and effectiveness across the corporation. Members of the Management Committee will not discuss Non-Public Transmission Information derived from the LSP Transmission Provider business if any Marketing Function Employees are present. To ensure that the Management Committee does not become a conduit for such information, the following steps have been implemented: (1) ensure that every member of the Committee and regular participants have completed Standards of Conduct training; (2) conduct periodic supplemental, tailored training; and (3) have in-house counsel present at the meetings.
- 3.7.2.4 **Customer Consent to Disclose.** LSP Transmission Providers may disclose Non-Public Transmission Information to a Marketing Affiliate when the non-affiliated Transmission Customer from whom the information is obtained has voluntarily consented in writing to such disclosure. In the event such information is shared, LSP must post notice of such authorization on the OASIS or its Internet website along with a statement that it did not provide any preference, either operational or rate related, in exchange for the voluntary consent.
- 3.7.2.5 **Energy Affiliate Transmission Requests.** LSP may disclose Non-Public Transmission Information to a Marketing Affiliate if it relates to the Marketing Affiliate's specific request for transmission service.
- 3.7.3 **Physical Access Restrictions.** LS Power restricts access to offices utilized by Transmission Function Employees, any transmission control rooms or similar transmission-related facilities to the extent required. LS Power uses cardkey access or other restrictions to ensure that Marketing Function Employees do not access areas where Transmission Function Information is stored. Sites that do not employ Marketing Function Employees ordinarily will not need such protections, but due care must be taken during any visits by Marketing Function Employees.
- 3.7.4 **Escorted Access.** LSP will permit Transmission Customers, including LSP Marketing Function Employees, on a non-discriminatory basis, to visit their Transmission Provider facilities for general orientation purposes by prior arrangement so long as the Transmission Customers are escorted by authorized LSP employees at all times and all Non-Public Transmission Information is adequately secured so as not to be viewed.
- 3.7.5 **No Preferential Physical Access.** Marketing Function Employees will not have preferential access over that of other Transmission Customers to LSP Transmission Provider facilities used for transmission operations or reliability functions.

3.8 Strict Enforcement of LS Power Transmission Provider Tariffs

The sale and purchase of open access transmission service on the transmission facilities owned by LS Power's Transmission Providers are managed under RTO/ISO tariffs or other non-LS Power Transmission Providers' tariffs. Those entities receive, process, study, and respond to requests for transmission service. However, the LS Power

Transmission Providers are obligated to provide fair and impartial treatment to all Transmission Customers, including prospective Transmission Customers, in conducting any Transmission Functions. To the extent any LS Power Transmission Provider manages its own tariff, it will strictly enforce all non-discretionary tariff provisions relating to the sale or purchase of transmission service, and where the tariff permits use of discretion, it will apply the provision in a fair and impartial manner.

3.9 System Emergencies

- 3.9.1 **Suspension of Requirements in Emergencies.** During system emergencies and/or any condition that could, in the sole discretion of the system operator, endanger and/or adversely affect system reliability, the Standards of Conduct shall be deemed suspended to the extent necessary to address the emergency and/or condition. During these circumstances, employees engaged in transmission system operations or reliability functions shall take whatever steps are necessary to maintain system reliability during an emergency, notwithstanding that this could otherwise constitute a violation of the Standards of Conduct and/or these implementation procedures.
- 3.9.2 **Posting of Deviations.** LS Power will report on the OASIS any emergency resulting in a deviation from the Standards of Conduct within 24 hours of the deviation. Refer to Section 3.6.

3.10 Compliance Enforcement

- 3.10.1 **Reporting Compliance Concerns.** In the event that a compliance concern or any issue of Potential Non-Compliance is identified by LSP employees or reported anonymously, the issue shall be immediately escalated to their manager and any relevant Focus Area Compliance Manager to ensure a timely assessment. All LSP employees are encouraged to raise any concerns and may seek guidance from the relevant CMT, Focus Area Compliance Manager, Focus Area Lead(s), the CCO or other compliance management and supervisory employees without fear of retaliation. LSP employees raising concerns must maintain all documents and information related to the PNC until the Legal Department or CCO has determined if a Legal Hold Notice is required. In the event a Legal Hold Notice is issued, all documentation related to the PNC will be kept until such time a notice is sent stating the Legal Hold has been released. The CCO will determine when a release for a Legal Hold is applicable.
- 3.10.1.1 **Anonymous Reporting.** LSP employees, vendors, agents, and external parties have the option of reporting FERC compliance concerns anonymously. Refer to the Regulatory Compliance Manual for additional information.
- 3.10.1.2 **No Retaliation.** No employee will be discharged, threatened, or otherwise discriminated or retaliated against, because the employee, or a person acting on behalf of the employee, makes a good-faith disclosure concerning any Potential Non-Compliance.
- 3.10.1.3 **Disciplinary Action.** Any employee who is found to have willfully violated FERC regulations and/or knowingly failed to report a known violation, will be subject to disciplinary actions in accordance with the LS Power Regulatory Compliance Manual, any applicable Employee Handbook and/or disciplinary policies.

3.10.2 **Compliance Enforcement.** The review, management, assessment, and escalation of issues of reported concerns, Potential Non-Compliance and FERC Enforcement Actions are led and managed by the FERC Compliance Manager in coordination with the CCO. For additional detail please refer to the LSP Compliance Enforcement Process.

3.10.3 **Regulatory Enforcement Actions.** It is LSP’s policy to be cooperative, forthcoming, and collaborative with our regulatory agencies. In the event of a regulatory investigation or other enforcement action, LSP employees, including any contractors or consultants, shall work with the relevant Focus Area Compliance Manager to fully support LSP’s goals and ensure cooperation in any investigation conducted by FERC or any other regulatory authority.

4.0 Document Administration

4.1 Ownership, Review and Approval

The LS Power FERC Compliance Manager is responsible for ensuring the oversight, review, and maintenance of this Procedure. At a minimum, this Procedure will be reviewed at least every three years and modified if needed. The LS Power FERC Compliance Manager will coordinate with any relevant key stakeholders to ensure a collaborative approach to review and update.

4.2 Document Maintenance

Any changes to this Procedure will be reflected in the Revision Table. Updates and any revisions to this Procedure shall be approved by the CCO.

5.0 References

- 5.1 LS Power FERC Standards of Conduct Procedure - Desktop Compliance Guide
- 5.2 LS Power Regulatory Compliance Manual
- 5.3 LS Power FERC Internal Compliance Program
- 5.4 LS Power Records Management Policy and Process
- 5.5 LS Power Compliance Enforcement Process