

Chief Compliance Officer Appointed

October 14, 2004

Today, President and CEO **Bob Elton** announced that **Jay Grewal's** role as Director Business Partnerships has expanded to include the responsibilities of Chief Compliance Officer. Jay will lead a team in developing procedures for implementing the Standards of Conduct (SOC) governing the use of non-public transmission-related information that BC Hydro receives from BCTC. In addition, **Frederick Metcalfe** has accepted the full-time role of Director, Compliance, working with Jay.

"The appointment of Jay and Frederick to build a new Compliance Program is central to achieving our goals," says Bob. "They will administer and manage all aspects of the compliance program to enforce these standards."

SOC for transmission-related information currently exist. In 1998, BC Hydro implemented SOC to ensure employees of our former Grid Operations group maintained confidentiality of information. With the creation of BCTC, Grid Operations no longer exists. However, some BC Hydro personnel continue to require confidential transmission information from BCTC to enable them to perform the roles and responsibilities BC Hydro assumed under the agreements between the two companies. New standards of conduct are required to ensure that the Energy Plan objective of non-discriminatory open access to the transmission system is maintained under this new structure.

As well, FERC has issued revised standards of conduct for transmission system operators and owners under its jurisdiction. While not directly applicable to BC Hydro or BCTC, the BC Utilities Commission in its 1998 WTS decision directed BC Hydro to comply with the current standards of conduct and communication protocols as may be issued by FERC from time to time, except where such compliance is unnecessary or unreasonable.

BC Hydro's Standards of Conduct will include a 'no conduit' rule for non-public transmission information. The 'no conduit' rule allows confidential information from BCTC to flow to individuals at BC Hydro who require it to discharge their responsibilities under the designated agreements while preventing such persons from acting as a conduit of information to others within BC Hydro or Powerex.

With the implementation of the Energy Plan, the 1998 standards are no longer current and new standards are required to ensure non-discriminatory open access to the transmission system is maintained. BC Hydro filed an application with the British Columbia Utilities Commission (BCUC) on September 22, 2004, which provided a high level overview of the Compliance Program BC Hydro will implement.

BC Hydro has committed to file details of the Compliance Program and implementation progress with the BCUC no later than November 22, 2004. A key component of this was the creation of a Compliance Office.

"The Compliance program is central to how we conduct business and the role of this team is to ensure BC Hydro is in aligned with the Standards of Conduct by providing guidance, tools and education to the organization," says Jay.