

# BRITISH COLUMBIA HYDRO AND POWER AUTHORITY

## STANDARDS OF CONDUCT

### General Principles:

Pursuant to the Master Agreement between the British Columbia Hydro and Power Authority ("BC Hydro") and the British Columbia Transmission Corporation ("BCTC"), dated November 12, 2003, responsibility for offering an Open Access Transmission Tariff ("OATT") will shift to BCTC on the effective date of BCTC's first OATT (the "Tariff Commencement Date"). Until the Tariff Commencement Date, BC Hydro offers wholesale transmission services ("WTS") under the WTS Tariff but BCTC is responsible for administering the service in all respects.

Certain agreements between BC Hydro and BCTC (the "Key Agreements") set forth the respective roles and responsibilities of the parties regarding the operation, control, use, management and maintenance of the transmission system before and after the Tariff Commencement Date. This ongoing contractual relationship requires BCTC to acquire and develop non-public transmission-related information. BCTC communicates certain portions of that information to BC Hydro personnel so that they may perform BC Hydro's roles and responsibilities under the Key Agreements.

The intent of these Standards of Conduct is to ensure that the non-discriminatory open access objectives of the Province of British Columbia are met by ensuring that employees of BC Hydro who have access to BCTC's non-public transmission-related information will not disclose such information to anyone except those within BC Hydro that require the information to perform the roles and responsibilities BC Hydro assumed in the Key Agreements. Specifically, the Standards of Conduct are intended to ensure that employees within BC Hydro or its marketing affiliates that are involved in the business of selling electricity services at market based rates do not have access to such information.

Thus, the Standards of Conduct employ a "no conduit" prohibition that allows non-public transmission-related information obtained from BCTC to be used by BC Hydro personnel who require it for BC Hydro to perform its roles and responsibilities under the Key Agreements, while preventing such personnel from acting as a conduit of information to others within BC Hydro or its marketing affiliates that are involved in electricity marketing.

The Standards of Conduct will apply prior to the Tariff Commencement Date, while the WTS Tariff is in effect, and will continue to apply after the Tariff Commencement Date when BCTC's OATT is in effect.

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### 1. Definitions

- (a) “Affected Employees” means those BC Hydro Employees who require Transmission-Related Information for BC Hydro to perform its roles and responsibilities under the Key Agreements.
- (b) “Affiliate” means another person which controls, is controlled by or is under common control with BC Hydro.
- (c) "BC Hydro" means the British Columbia Hydro and Power Authority.
- (d) "BCTC" means the British Columbia Transmission Corporation.
- (e) "Commission" means the British Columbia Utilities Commission.
- (f) "Control" (including the terms "controlling", "controlled by", and "under common control with"), includes, but is not limited to, the possession, directly or indirectly and whether acting alone or in conjunction with others, of the authority to direct or cause the direction of management or policies of a company.
- (g) “Employee” means an employee, contractor, consultant or agent.
- (h) "Key Agreements" means the Master Agreement; Asset Management and Maintenance Agreement; Asset Lease, Licence and Transfer Agreement; Transmission Operating Agreement; and Support Services Agreement dated November 12, 2003 that are designated, for the purposes of section 3 of the *Transmission Corporation Act*, S.B.C. 2003, c. 44, under Order in Council No. 1083.
- (i) “Marketing Affiliates” means Employees within BC Hydro or its Affiliates, including Powerex, who are involved in the business of buying or selling electricity services at market based rates.
- (j) "Support Employees" means those BC Hydro Employees who perform support functions for Affected Employees, including the following functions:
  - legal counsel;
  - regulatory;
  - administrative assistance / secretarial;
  - audit services; and
  - information technology.

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- (k) “Transmission-Related Information” means any information obtained from BCTC concerning the Transmission System or the transmission system of another (including, but not limited to, information received from non-affiliates or information about available transmission capability, planned or actual transmission facility outages or reinstatements, price discounting, curtailments, maintenance activity, facility retirements, capacity expansion plans, or similar information that conveys knowledge of the current or future cost, accessibility or reliability of transmission services), but does not include information available on an Open Access Same-time Information System ("OASIS") or that is available to the general public in comparable time and format through other means.
- (l) “Transmission System” means the Transmission System, but excluding Substation Distribution Assets, as these terms are defined in the Master Agreement between BCTC and BC Hydro dated as of November 12, 2003 and designated by the Lieutenant Governor-in-Council.

### 2. Functional Separation

- (a) Pursuant to the Key Agreements, BCTC is responsible for the operation, management and maintenance of the Transmission System; however, BC Hydro owns the assets and continues to perform certain specific roles and responsibilities in connection with them.
- (b) Except as permitted under these Standards of Conduct, BC Hydro Employees will function independently of BCTC Employees.
- (c) In emergency circumstances affecting system reliability, BC Hydro Employees may deviate from these Standards of Conduct and may obtain and disclose whatever information is necessary to keep the Transmission System in operation and/or to restore the Transmission System in the case of an outage.

### 3. Non-Discrimination Requirements

#### 3.1 Information Access. Except where otherwise permitted by these Standards of Conduct or approved by the Commission:

- (a) BC Hydro will ensure that its Employees and those of its Marketing Affiliates will not have access to any Transmission-Related Information.
- (b) Affected Employees may only have access to and use Transmission-Related Information to perform a role or responsibility BC Hydro has assumed under the Key Agreements.
- (c) Support Employees may only have access to Transmission-Related Information necessary to perform their respective functions to support Affected Employees.

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- (d) BC Hydro Employees and those of its Marketing Affiliates may have access to and use generation operating information necessary to perform generation dispatch and manage generating resources. This access does not include specific information about individual third party transmission transactions or potential transmission arrangements.

### 3.2 Prohibited Disclosure. Except where otherwise permitted by these Standards of Conduct or approved by the Commission:

- (a) Affected Employees and Support Employees are subject to the no-conduit prohibition; they must not be used as a conduit for disclosing Transmission-Related Information to Marketing Affiliates.
- (b) Affected Employees and Support Employees must not disclose Transmission-Related Information to anyone other than other Affected Employees, Support Employees and BCTC Employees.

### 4. **Compliance Program**

- (a) BC Hydro will post on its Internet website, and file with the Commission, a program ("Compliance Program") to implement and ensure ongoing compliance with the Standards of Conduct.
- (b) BC Hydro will comply with the Compliance Program.