

**BC Hydro Written Procedures
For Implementing
Standards of Conduct (SOC)**



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1. Introduction

In accordance with Sections 21 to 33 of the *Clean Energy Act*, S.B.C. 2010, on July 5, 2010 BC Hydro became the operator of the transmission system and responsible for the administration of the Open Access Transmission Tariff (OATT). The OATT requires that BC Hydro follow British Columbia Utilities Commission (BCUC) polices and the Federal Energy Regulatory Commission's (FERC) reciprocal access standards in operating the transmission system (Standards of Conduct or SOC). New SOC were approved by the BCUC and became effective on July 5, 2010.

The new SOC refocus 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.

These written procedures implement the SOC and apply to interactions and communications between transmission function employees, marketing function employees, or 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.

2. Principles

The Standards of Conduct are designed to promote three basic principles:

1. **Independent Functioning:** BC Hydro's transmission function employees must function independently from BC Hydro's marketing function employees or marketing function employees of its affiliate, Powerex, except in emergency circumstances.
2. **No-Conduit Rule:** BC Hydro's employees, contractors, consultants and agents may not disclose, or use a conduit to disclose, non public transmission function information to BC Hydro's marketing function employees or marketing function employees of its affiliate, Powerex, unless limited exceptions apply.
3. **Transparency Rule:** BC Hydro shall comply with the SOC in a transparent manner through compliance with various posting requirements, and will provide equal access to non public transmission function information 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 BC Hydro employees are required to comply with the SOC.
- B. **Chief Compliance Officer (CCO)** means the person BC Hydro has designated to be responsible for SOC compliance.
- C. **No-Conduit Rule** means BC Hydro employees are prohibited from using anyone as a conduit for the disclosure of non public transmission function information to its marketing function employees or marketing function employees of its affiliate, Powerex, unless limited exceptions apply.
- D. **Non-public** means not posted on BC Hydro's external website or Open Access Same-Time Information System or not otherwise simultaneously available to all transmission customers and potential transmission customers.
- E. **Transmission Provider** means BC Hydro.

- 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 BC Hydro or of an affiliate of BC Hydro 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 BC Hydro who actively and personally engages on a day-to-day basis in transmission functions.
- K. **Transmission Function Information** 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 BC Hydro or an affiliate of BC Hydro that is not designated as a transmission function employee or as a marketing function employee.
- M. **System Control Centres** mean the operations centres for the transmission system, where operators control, monitor, and operate BC Hydro's transmission system.
- N. **Internet website** refers to the Internet location where BC Hydro posts the information, by electronic means, required under these Standards of conduct.

4. Independent Functioning of TFEs and MFEs

BC Hydro's TFEs function separately and independently from BC Hydro's MFEs or MFEs of BC Hydro's affiliate, Powerex, except in emergency circumstances.

A. Physical Separation and Access Restrictions

BC Hydro maintains strict policies, procedures and physical access restrictions to regulate access to its System Control Centres. BC Hydro does not have any shared facilities where key transmission functions and marketing functions are performed in the same facility. If and when BC Hydro and its affiliates undertake new marketing functions, the written procedures will be updated to reflect the employee groups engaged in the new functions and measures will be taken to ensure their physical separation from TFEs.

BC Hydro's TFEs are primarily located at the System Control Centre in the Fraser Valley in Langley, B.C.

BC Hydro's MFEs and the MFEs of BC Hydro's affiliate Powerex are primarily located at Powerex's Vancouver, B.C. office at 1400-666 Burrard Street.

B. Interactions and Meetings

Interactions and meetings between BC Hydro employees and Powerex employees that include MFEs and TFEs are generally permissible under the SOC. 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. These interactions may include long-range integrated planning; design and implementation of compliance programs; investigation and remediation of potential violations; legal, regulatory and rate matters; development of reliability standards; and training related to disaster/outage preparedness. The only restriction on these interactions is that non-public transmission function information may not be disclosed to MFEs except as permitted under section 6.

Interactions and meetings involving only TFEs and MFEs are not barred under the SOC, however, these narrowly defined groups of employees need to interact with each other on their own in limited circumstances. These interactions may only take place in accordance with section 6.

5. No-Conduit Rule and Non Discriminatory Information Access

BC Hydro's no-conduit rule prohibits the disclosure of non-public transmission function information to MFEs of BC Hydro and its affiliates, except as permitted under section 6 of these procedures. In addition, BC Hydro's OATT sets out the terms and conditions by which BC Hydro 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 SOC if the information is posted on BC Hydro's external website, posted on BC Hydro's OASIS or otherwise simultaneously available to all other BC Hydro transmission customers or potential transmission customers.

If non-public transmission function information is disclosed to MFEs of BC Hydro or its affiliates in contravention of this rule, then a posting must be made of the disclosure immediately. If non-public transmission customer information or any other information that the BCUC has determined to be subject to limited dissemination is improperly disclosed, then BC Hydro must immediately post notice that the disclosure occurred.

6. Permitted Disclosure of Non-Public Transmission Function Information to MFEs

The Standards of Conduct permit interaction and meetings involving only TFEs and MFEs of BC Hydro 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 BC Hydro or an affiliate a specific request for transmission service submitted by the MFE. The discussion may include non-public transmission function information. BC Hydro 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 BC Hydro to disclose the customer's non public information to MFEs of BC Hydro or an affiliate. BC Hydro 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 posted at: www.bchydro.com/about/company_information/standards_of_conduct_transmission.html. 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 BC Hydro or an affiliate non-public transmission function information pertaining to compliance with reliability standards adopted by the BCUC. 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.
- D. Information Necessary to Restore or Maintain System Operation:** TFEs or undesignated employees may disclose to MFEs of BC Hydro 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. BC Hydro's process to administer this requirement is currently under development.

7. Training

All TFEs, MFEs of BC Hydro and its affiliates, supervisors, officers, directors, and any other employees likely to become privy to non-public transmission information must receive annual SOC training. All new employees in these categories will receive training within 30 days of their hire date. 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 BC Hydro conducts business with transmission customers and potential transmission customers. The OATT is posted at http://www.bchydro.com/planning_regulatory/regulatory.html. BC Hydro is required to post a notice of waiver whenever it waives any OATT provision for a customer.

9. Standards of Conduct Posting Requirements

The SOC requires BC Hydro to maintain specific information on the Internet website and this information may also be posted on OASIS. All information must be updated within seven business days of any change and must include the date on which the information was updated.

BC Hydro will post the following information:

- A. Chief Compliance Officer:** BC Hydro has designated Charles Reid, Executive Vice-President Finance & Chief Financial Officer as its Chief Compliance Officer.
- B. Affiliate Information:** BC Hydro's marketing affiliate Powerex has employees that perform marketing functions and are located at their Vancouver, B.C. office at 1400-666 Burrard Street.
- C. Shared Facilities:** BC Hydro does not have any shared facilities where transmission functions and marketing functions are performed in the same facility.
- D. Transmission Function Employees:** BC Hydro will post the job titles and job descriptions of all BC Hydro TFEs. This is currently under development.
- E. Transfers:** BC Hydro 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.
- F. Written Procedures:** BC Hydro posts these written procedures implementing the Standards of Conduct.
- G. Voluntary Consents:** BC Hydro posts notice of any voluntary consent provided by customers to authorize BC Hydro to disclose non public customer information to MFEs of BC Hydro or an affiliate. BC Hydro 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:** BC Hydro must immediately post any disclosures of non-public transmission function information to a MFE of BC Hydro or an affiliate, unless one of the exceptions discussed in section 6 applies. Disclosures should be reported immediately by calling the SOC helpline at 604-623-3726 or 1-866-364-9376.

10. Chief Compliance Officer

BC Hydro's Chief Compliance Officer is:

Charles Reid
Executive VP Finance & CFO
18th Floor - 333 Dunsmuir
Vancouver, B.C. V6B 5R3

11. Questions and Inquiries

SOC Helpline: 604-623-3726 or SOC Hotline: 1-866-364-9376

BC HYDRO'S STANDARDS OF CONDUCT

1. General Principles

- a) As more fully described and implemented in subsequent sections of this part, BC Hydro 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, BC Hydro's transmission function employees must function independently from its marketing function employees, except as permitted in this part or otherwise permitted by Commission order.
- c) As more fully described and implemented in subsequent sections of this part, BC Hydro and its employees, contractors, consultants and agents are prohibited from disclosing, or using a conduit to disclose, non-public transmission function information to BC Hydro's marketing function employees.
- d) As more fully described and implemented in subsequent sections of this part, BC Hydro 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 Commission 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.
- (a.1) Commission means the British Columbia Utilities Commission.
- (b) Internet website refers to the Internet location where BC Hydro posts the information,

by electronic means, required under these Standards of Conduct.

- (c) 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.
- (d) Marketing function employee means an employee, contractor, consultant or agent of BC Hydro or of an affiliate of BC Hydro who actively and personally engages on a day-to-day basis in marketing functions.
- (e) Open Access Same Time Information System or OASIS refers to the Internet location where BC Hydro posts the information required by Section 4 of BC Hydro's tariff, and where it may also post the information required to be posted on its Internet Web site by these Standards of Conduct.
- (e.1) Tariff means BC Hydro's Open Access Transmission Tariff.
- (f) 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.
- (g) 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.
- (h) 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.
- (i) Transmission function employee means an employee, contractor, consultant or agent of BC Hydro who actively and personally engages on a day-to-day basis in transmission functions.
- (j) Transmission function information means information relating to transmission functions.
- (k) Reserved.
- (l) Transmission service means the provision of any transmission as defined in Section 2(f) of these Standards of Conduct.

- (m) Waiver means the determination by BC Hydro, if authorized by its tariff, to waive any provisions of its tariff for a given entity.

3. Non-discrimination Requirements

- (a) BC Hydro must strictly enforce all tariff provisions relating to the sale or purchase of open access transmission service, if the tariff provisions do not permit the use of discretion.
- (b) BC Hydro 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 transmission customers in a not unduly discriminatory manner, if the tariff provisions permit the use of discretion.
- (c) BC Hydro may not, through its tariffs 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) BC Hydro must process all similar requests for transmission in the same manner and within the same period of time.

4. Independent Functioning Rule

- (a) General rule. Except as permitted in this part or otherwise permitted by Commission order, BC Hydro's transmission function employees must function independently of its marketing function employees.
- (b) Separation of functions.
 - (1) BC Hydro 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) BC Hydro is prohibited from permitting its transmission function employees to conduct marketing functions.

5. No-Conduit Rule

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

6. Transparency Rule

- (a) Contemporaneous disclosure.
 - (1) If BC Hydro 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, BC Hydro must immediately post the information that was disclosed on its Internet Web site.
 - (2) If BC Hydro discloses, in a manner contrary to the requirements of Section 5, non-public transmission customer information, or any other information that the Commission has determined is to be subject to limited dissemination, BC Hydro must immediately post notice on its Web site that the information was disclosed.
- (b) Exclusion for specific transaction information. BC Hydro's transmission function employee may discuss with its marketing function employee a specific request for transmission service submitted by the marketing function employee. BC Hydro 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 BC Hydro to disclose the transmission customer's non-public information to BC Hydro's marketing function employees. If the transmission customer authorizes BC Hydro to disclose its information to marketing function employees, BC Hydro must post notice on its Internet Web site 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 written procedures on the public Internet. BC Hydro must post on its Internet Web site current written procedures implementing the standards of conduct.

(e) Identification of affiliate information on the public Internet.

- (1) BC Hydro must post on its Internet Web site the names and addresses of all its affiliates that employ or retain marketing function employees.
- (2) BC Hydro must post on its Internet Web site a complete list of the employee-staffed facilities shared by any of BC Hydro's transmission function employees and marketing function employees. The list must include the types of facilities shared and the addresses of the facilities.
- (3) BC Hydro 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 public Internet.

- (1) BC Hydro must post on its Internet Web site the job titles and job descriptions of its transmission function employees.
- (2) BC Hydro must post a notice on its Internet Web site 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 Web site 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 public Internet.

- (1) BC Hydro must update on its Internet Web site the information required by these Standards of Conduct within seven business days of any change, and post the date on which the information was updated. BC Hydro 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 BC Hydro's normal business operations, the posting requirements in this part may be suspended by BC Hydro. If the disruption lasts longer than one month, BC Hydro must so notify the Commission and may seek a further exemption from the posting requirements.
 - (3) All Internet Web site 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, BC Hydro'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 BC Hydro 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. BC Hydro shall make the record available to the Commission 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 adopted by the Commission, 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. BC Hydro must post on its Internet Web site notice of each waiver of a tariff provision that it grants in favour of an affiliate, unless such waiver has been approved by the Commission. The posting must be made within one business day of the act of a waiver. BC Hydro must also maintain a log of the acts of waiver, and must make it available to the Commission 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. BC Hydro 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 written procedures.
 - (1) BC Hydro 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) BC Hydro must distribute the written 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) BC Hydro must provide annual training on the standards of conduct to all the employees listed in paragraph (b)(2) of this section. BC Hydro 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. BC Hydro must require each employee who has taken the training to certify electronically or in writing that s/he has completed the training.

 - (2) BC Hydro must designate a chief compliance officer who will be responsible for standards of conduct compliance. BC Hydro 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. BC Hydro must maintain its books of account and records separately from those of its affiliates that employ or retain marketing function employees, and these must be available for Commission inspections.