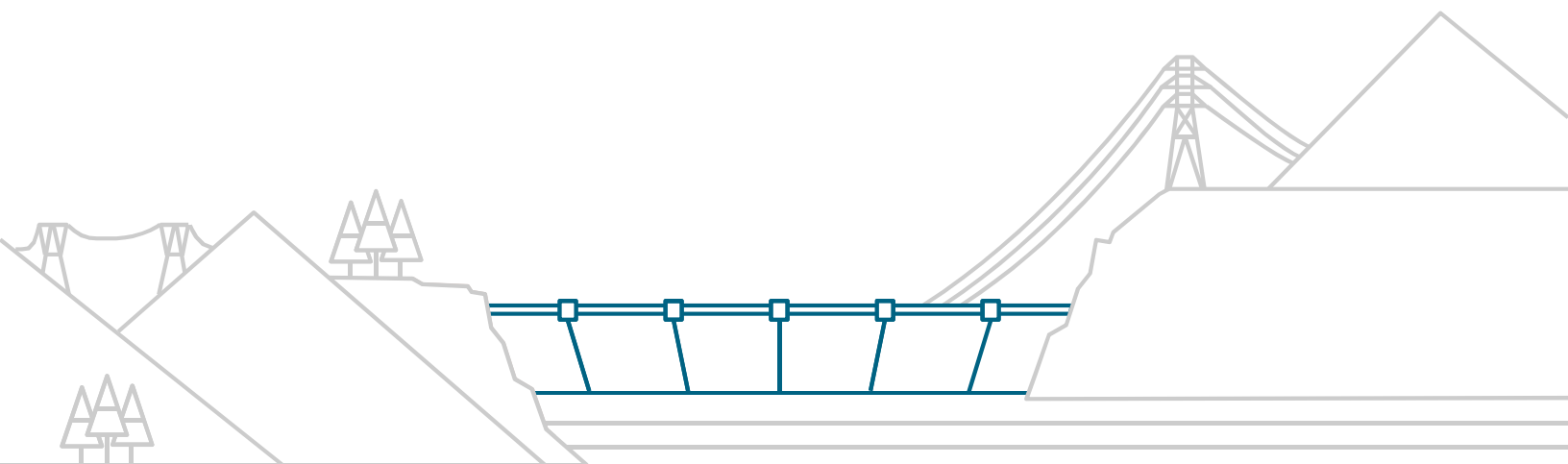


BC HYDRO

Reliability Coordinator Standards of Conduct



Introduction

British Columbia Hydro and Power Authority (“BC Hydro”) as Reliability Coordinator (the “RELIABILITY COORDINATOR”) must treat all System Users of the interconnected transmission systems in a fair and non-discriminatory manner. BC Hydro as RELIABILITY COORDINATOR has developed these Standards of Conduct to provide the framework to support conducting its affairs in conformance with this objective.

1. General rule

1.1. Independence

Except as provided in paragraph 1.3 of this section, the RELIABILITY COORDINATOR Employees must operate independently of Marketing Function Employees. “Operate independently” does not mean or require corporate separation of the RELIABILITY COORDINATOR from the Transmission Provider or Marketing Function Employees or functions.

1.2. Priority

RELIABILITY COORDINATOR Employees will act in a manner that treats all System Users in a fair and non-discriminatory manner and gives priority to the reliability of the electric power transmission system for which the RELIABILITY COORDINATOR is responsible.

1.3. Emergency actions

Notwithstanding any other provision of these Standards of Conduct, in emergency circumstances that could jeopardize operational reliability, the RELIABILITY COORDINATOR may take whatever steps are necessary to maintain the reliability of the electric power transmission system.

1.4. Responsibilities

The Chief Compliance Officer will be responsible for RELIABILITY COORDINATOR Standards of Conduct compliance.

RELIABILITY COORDINATOR Managers shall review these Standards of Conduct with RELIABILITY COORDINATOR Employees annually and shall report on these reviews to the Chief Compliance Officer annually and on request.

1.5. Reporting deviations from these Standards

Any deviations from these RELIABILITY COORDINATOR Standards of Conduct shall be reported immediately after discovery by anyone having knowledge of an event or situation in which a RELIABILITY COORDINATOR Employee acted in a manner contrary to these Standards of Conduct. Reporting may be done anonymously or not, and anyone who reports in good faith a situation that is contrary to these Standards of Conduct will not be the subject of retaliation or of administrative or disciplinary measures. Reporting shall be directed to the Chief Compliance Officer whose contact information will be available on the RELIABILITY COORDINATOR website or made through the Standards of Conduct Helpline: 604-623-3726 or Hotline: 1-866-364-9376.

The Chief Compliance Officer shall promptly investigate any matter reported in good faith, and shall do so in a fair, impartial, and confidential manner and will report on the RELIABILITY COORDINATOR website a summary of any deviation from these Standards of Conduct in a timely manner.

Further to an investigation, the Chief Compliance Officer shall issue any decision or take any corrective action that he or she considers appropriate.

2. Rules governing employee conduct

2.1. Prohibitions

RELIABILITY COORDINATOR Employees are prohibited from:

- 2.1.1. Marketing functions - Conducting Marketing functions.
- 2.1.2. Access to control facilities - Allowing access for Marketing Function Employees to the system control center or similar facilities used for RELIABILITY COORDINATOR functions that differs in any way from the access available to non-affiliated System Users.
- 2.1.3. Disclosing non-public transmission function information - Disclosing to any Marketing Function Employees non-public information relating to the planning, directing, organizing or carrying out of day-to-day transmission operations, including the granting and denying of transmission service requests. If a RELIABILITY COORDINATOR Employee discloses information in a manner contrary to the requirements of this subparagraph, the RELIABILITY COORDINATOR must, as soon as practicable, post such information on its web site and inform the affected Transmission Provider to post such information on its OASIS.
- 2.1.4. Sharing market information. Sharing market information acquired from non-affiliated System Users or potential non-affiliated System Users, or developed in the course of performing RELIABILITY COORDINATOR functions, with any Marketing Function Employees.

2.2. Transfers

RELIABILITY COORDINATOR Employees or Marketing Function Employees are not precluded from transferring between such functions as long as such transfer is not used as a means to circumvent these Standards of Conduct. Notices of any employee transfer to or from RELIABILITY COORDINATOR functions must be reported on the RELIABILITY COORDINATOR web site. The information to be posted must include: the name of the transferring employee, the respective titles held while performing each function (i.e., on behalf of the RELIABILITY COORDINATOR, marketing function or transmission provider, or marketing function or transmission affiliate), and the effective date of the transfer. The information posted under this section must remain on the RELIABILITY COORDINATOR web site for 90 days.

2.3. Books and records

- 2.3.1. Available for audit - The RELIABILITY COORDINATOR must keep sufficient records of its activities available for audit.
- 2.3.2. Separate records - The RELIABILITY COORDINATOR must maintain its records separately from those of any affiliates and these must be available for inspection by the British Columbia Utilities Commission.
- 2.3.3. An annual report of the deviations from this Standards of Conduct, as reported in accordance with section 1.5 shall be submitted to the Registered Entities Oversight Group and posted on the RELIABILITY COORDINATOR website.

3. Rules governing maintenance of written procedures.

3.1. Publicly available

The RELIABILITY COORDINATOR must post an explanation on its RELIABILITY COORDINATOR web site describing the implementation of these Standards of Conduct in sufficient detail to demonstrate that the RELIABILITY COORDINATOR Employees operate independently from Marketing Function Employees and that it is otherwise in compliance with these requirements. The RELIABILITY COORDINATOR will post on its website a copy of this RELIABILITY COORDINATOR Standards of Conduct.

3.2. Provided to all employees

A copy of this RELIABILITY COORDINATOR Standards of Conduct document shall be given to all employees with RELIABILITY COORDINATOR responsibilities. Such employees will be required to provide a declaration confirming that they have received and read a copy of this RELIABILITY COORDINATOR Standards of Conduct.

3.3. Training

The RELIABILITY COORDINATOR will provide RELIABILITY COORDINATOR Employees with information sessions and material so that the individuals concerned are aware of the rules contained in these RELIABILITY COORDINATOR Standards of Conduct.

3.4. Other Codes of Conduct

RELIABILITY COORDINATOR Employees are also subject to the BC Hydro Code of Conduct and to the BC Hydro Standards of Conduct (Transmission) as if the RELIABILITY COORDINATOR Employees were transmission function employees.

4. Definitions

Chief Compliance Officer - means the person BC Hydro has designated to be responsible for RELIABILITY COORDINATOR Standards of Conduct compliance.

RELIABILITY COORDINATOR Employees – means employees of BC Hydro or employees of any of its affiliates who perform RELIABILITY COORDINATOR functions. The definition includes both employees as well as personnel hired on contract by the Reliability Coordinator Manager to perform Reliability Coordinator functions.

System User - Any user of the interconnected transmission system for which the Reliability Coordinator is responsible.

Marketing Function Employees - employees/persons who are involved in 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.