

## STANDARDS OF CONDUCT

### 1.0 Applicability

This policy applies to all District employees who are engaged in, or have access to information related to, the District's Transmission Function or Marketing Function. It has been established so that the District is in substantial compliance with the Federal Energy Regulatory Commission (FERC) Order No. 717 – Standards of Conduct for Transmission Providers.

FERC Order No. 717 applies to public utilities as defined in the Federal Power Act. The District, as a state political subdivision, is not a public utility under this definition and is not subject to FERC jurisdiction, or the requirements of this FERC Order, except as to electric reliability standards and other specific provisions in the Electricity Modernization Act of 2005. The District has voluntarily implemented this policy because the District participates in regional wholesale market transactions with other entities that are subject to FERC Standards of Conduct for Transmission Providers. This policy will ensure that the District does not provide preferential treatment to its own marketing functions, with respect to access to the District's transmission system, compared to that of other wholesale market entities. The District has established this policy to the extent allowed by Nebraska state law and subject to the District's financial, operating, contractual, and other legal requirements.

The District, through its membership in the Southwest Power Pool (SPP), has placed its transmission facilities under the SPP Open Access Transmission Tariff (OATT). As such, the District no longer grants new transmission service under its T-2 Transmission Service Rate Schedule, except that certain Ancillary Services may be provided pursuant to T-2. Instead, SPP functions as the Transmission Provider with respect to approving Transmission Service over the District's transmission system. Nevertheless, by definition the District still functions as a Transmission Provider in certain respects, and District Transmission Function Employees have access to Transmission Function Information that cannot be shared with District Marketing Function Employees, which necessitates the continuing use for this policy.

### 2.0 General Principles

#### 2.1 Non-discrimination

The District 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 transmission of electric energy or with respect to the wholesale sale of electric energy.

## 2.2 Independent Functioning

The District's Transmission Function Employees must function independently from its Marketing Function Employees, except as permitted in this policy.

## 2.3 No Conduit

The District and its employees, contractors, consultants, and agents are prohibited from disclosing, or using a conduit to disclose, non-public Transmission Function Information to the District's Marketing Function Employees, except as permitted in this policy.

## 2.4 Transparency

The District must provide equal access to non-public Transmission Function Information disclosed to Marketing Function Employees to all of the District's Transmission Customers, affiliated and non-affiliated, except as permitted in this policy.

## 3.0 Definitions

**Affiliate** – FERC defines an affiliate as another person that controls, is controlled by or is under common control with the specified entity. For purposes of this policy, The Energy Authority (TEA) is an affiliate of the District.

**Control Center/Control Room** – The District's Control Center building houses the Control Room where Transmission Functions and control area operations are conducted.

**Critical Energy Infrastructure Information (CEII)** – means information about proposed or existing Critical Infrastructure that: (i) relates to the production, generation, transportation, or distribution of energy, (ii) could be useful to a person in planning an attack on Critical Infrastructure, (iii) is exempt from mandatory disclosure under the Freedom of Information Act, and (iv) does not simply give the location of the Critical Infrastructure.

**Critical Infrastructure** – means existing and proposed systems and assets, whether physical or virtual, the incapacity or destruction of which would negatively affect security, economic security, public health or safety, or any combination of those matters.

**Internet Web Site** – refers to the location where the District electronically posts the information required by this policy. The District will utilize its home page on the SPP

Open Access Same Time Information System (OASIS) as the location for its Standards of Conduct required postings.

**Marketing Function** – means the sale for resale in interstate commerce, or the submission of offers to sell in interstate commerce, of electric energy or capacity, demand response, virtual transactions, or financial or physical transmission rights, excluding bundled retail sales.

**Marketing Function Employee** – means an employee, contractor, consultant, or agent of the District or of TEA who actively and personally engages in day-to-day basis in Marketing Functions. An employee who prepares and/or provides input on monthly or annual requests for transmission congestion rights and auction revenue rights allocations to hedge the costs of serving load, but is not actively and personally engaged in sales for resale of these products is not a marketing function employee, but has the same obligation as all employees not to be a conduit of the transmission function information.

**Transmission** – means electric transmission, network or point-to-point service, ancillary services, or other methods of electric transmission, or the interconnection with FERC jurisdictional transmission facilities.

**Transmission Customer** – means any eligible customer that has executed a transmission service agreement, including pending requests for transmission service.

**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.

**Transmission Function Employee** – means an employee, contractor, consultant, or agent of the District who actively and personally engages on a day-to-day basis in Transmission Functions.

**Transmission Function Information** – means the information relating to Transmission Functions.

**Transmission Provider** – means an entity that owns, operates, or controls facilities used for Transmission of electric energy in interstate commerce. For purposes of this policy, the District still functions as a Transmission Provider in certain respects even though SPP functions as the Transmission Provider in other respects.

**Transmission Service** – means the provision of any Transmission as defined above.

**Waiver** – means the determination by the District, if authorized by its T-2 Transmission Service Rate Schedule to waive any provisions of T-2 for a given entity.

## **Non-discrimination Requirements**

FERC regulations require that:

- The District will strictly enforce all tariff provisions relating to the sale or purchase of Transmission Service, if the tariff provisions do not permit the use of discretion.
- The District will apply all tariff provisions relating to the sale or purchase of 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.
- The District may not, through its T-2 Transmission Service Rate Schedule 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).
- The District must process all similar requests for Transmission Service in the same manner within the same period of time.

## **4.0 Independent Functioning Rule**

### **4.1 General Rule**

Except as permitted in this policy, the District's Transmission Function Employees must function independently from its Marketing Function Employees.

### **4.2 Separation of Functions**

The District is prohibited from permitting its Marketing Function Employees to:

- Conduct Transmission Functions; or
- Have access to the Control Room at the Control Center or similar facilities used for transmission operations that differs in any way from the access available to other Transmission Customers.

The District is prohibited from permitting its Transmission Function Employees to conduct Marketing Functions.

## 5.0 No Conduit Rule

- The District is prohibited from using anyone as a conduit for the disclosure of non-public Transmission Function Information to its Marketing Function Employees.
- An employee, contractor, consultant or agent of the District, and an employee, contractor, consultant or agent of an affiliate of the District that is engaged in Marketing Functions, is prohibited from disclosing non-public Transmission Function Information to any of the District's Marketing Function Employees.

## 6.0 Transparency Rule

### 6.1 Contemporaneous Disclosure

- If the District discloses non-public Transmission Function Information, other than identified in the paragraph below, in a manner contrary to the requirements of Section 5.0, the District will immediately post the information that was disclosed on its Internet Web site.
- If the District discloses, in a manner contrary to the requirements of Section 6.0, non-public Transmission Customer information, Critical Energy Infrastructure Information (CEII), or any other information that FERC by law has determined is to be subject to limited dissemination, the District will immediately post a notice on its Internet Web site that the information was disclosed, but will not post the actual information disclosed.
- Any District employee that believes a potential improper disclosure of information has occurred will report the details of the disclosure to his or her immediate supervisor or the Chief Compliance Officer. The Chief Compliance Officer will investigate the reported disclosure, and direct that a posting be made if it is determined that an improper disclosure has occurred.

### 6.2 Exclusion for Specific Transaction Information

The District's Transmission Function Employees may discuss with its Marketing Function Employees a specific request for Transmission Service submitted by the Marketing Function Employees. The District is not required to contemporaneously disclose this occurrence if the information disclosed relates solely to the specific Transmission Service request.

### 6.3 Voluntary Consent Provision

A Transmission Customer may voluntarily consent, in writing, to allow the District to disclose the Transmission Customer's non-public information to the District's Marketing Function Employees. If the Transmission Customer

authorizes the District to disclose its information to Marketing Function Employees, the District will post a notice on its Internet Web site of the consent along with a statement that it did not provide any preferences, either operational or rate-related, in exchange for the voluntary consent.

## **6.4 Posting Written Policy on the Internet Web Site**

The District will post on its Internet Web site this policy for implementing the Standards of Conduct.

## **6.5 Identification of Affiliate Information on the Internet Web Site**

- The District will post on its Internet Web site the names and addresses of its affiliates that employ or retain Marketing Function Employees. The Energy Authority is the only entity that meets the definition of an Affiliate for the District.
- The District must post on its Internet Web site a complete list of employee-staffed facilities shared by any of the District's Transmission Function Employees and Marketing Function Employees. The list must include the types of facilities shared and the addresses of the facilities.

## **6.6 Identification of Employees Information on the Internet Web site**

- The District must post on its Internet Web site the job titles and job descriptions of its Transmission Function Employees.
- The District must post a notice on its Internet Web site of any transfer of a Transmission Function Employee to a position of a Marketing Function Employee, or vice versa. The information must remain on the Internet Web site for 90 days. No such job transfer may be used as a means to circumvent any provision of this policy. The information to be posted must include:
  - The name of the transferring employee,
  - The respective titles held while performing each function as a Transmission Function Employee and a Marketing Function Employee, and
  - The effective date of the transfer.

## **6.7 Timing and General Requirements of Posting on the Internet Web Site**

- The District must update on its Internet Web site information required by this policy within seven business days of any change, and post the date on which the information was updated.

- In the event an emergency, such as earthquake, flood, fire, tornado, ice storm, etc. severely disrupts the District's normal business operations, the posting requirements in this policy may be suspended by the District. The District will post a notice of suspension of the standards of conduct on the District's Internet web site.
- All Internet Web site postings must be sufficiently prominent as to be readily accessible.

## **6.8 Exclusion for and Recordation of Certain Information Exchanges**

Notwithstanding the requirements of the Independent Functioning Rule in Section 4.0 and the No Conduit Rule in Section 5.0, the District's Transmission Function Employees and Marketing Function Employees may exchange certain non-public Transmission Function Information as follows:

- Information pertaining to compliance with Reliability Standards approved by FERC, and
- Information necessary to maintain or restore operation of the transmission system or generating units, or that may affect the dispatch of generating units.

## **6.9 Posting of Waivers**

The District will post on its Internet Web site a notice of each waiver of a tariff provision that it grants in favor of an affiliate. The posting must be made within one business day of the act of the waiver. The District must maintain a log of waiver for a period of five years from the date of each act of a waiver.

## **7.0 Implementation Requirements**

### **7.1 Effective Date**

This policy is effective as of the policy approval date by the District Board of Directors and will continue in effect until amended or withdrawn.

### **7.2 Compliance Measures and Written Procedures**

- The District will implement measures to ensure that the requirements of Sections 4.0 and 5.0 are observed by its employees and by the employees of its affiliate.
- The District will distribute this policy to:
  - Transmission Function Employees
  - Marketing Function Employees

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- Officers
- Other employees likely to become privy to transmission function information

## 8.0 Training and Compliance Personnel

- The District will provide annual training on this standard of conduct policy to all employees listed in Section 7.2, and to new employees in those categories within 30 days of their employment. All employees must certify electronically or in writing that they have completed the training.
- The District will designate a Chief Compliance Officer, who will be responsible for standards of conduct compliance. The District will post the name of the Chief Compliance Officer and his contact information on its Internet Web site. The District's Chief Compliance Officer is the Vice President [of Energy Delivery](#).



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## Document Approval / Review Information

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**Author:** Jim Hotovy – Transmission Services Consultant

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Michael Spencer – Vice President of Energy Production

**Approved By:** Thomas Kent – President & Chief Executive Officer  
Board of Directors

## Revision History

Revision Date	Revised By	Revision Description
11-10-11	Paul Malone	Incorporated the LGI Policy into this document.
10-31-12	Paul Malone	Annual review. No changes.
11-22-13	Paul Malone	Annual review. No changes.
10-27-14	Paul Malone	Annual review. No changes.
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11-30-16	Paul Malone	Annual review. No changes.
10-31-17	Paul Malone	Annual review. No changes.
04-17-18	Joel Dagerman	No changes with the exception of updated author from Paul Malone to Joel Dagerman and added Art Wiese as a reviewer.
11-09-18	Joel Dagerman	Updated the “Marketing Function Employee” definition.
12-31-19	Jim Hotovy	Reviewed. No changes except updated author from Joel Dagerman to Jim Hotovy.
07-31-20	Jim Hotovy	Removed Wind Integration Service from Section 1.0, updated titles in Section 8.0 and Document Approval/Review Information.