

Nova Scotia Power Inc.

STANDARDS OF CONDUCT For the Provision of Wholesale Electric Transmission Service

These Standards of Conduct are applicable to Nova Scotia Power and its employees and the employees of its Affiliates. These Standards of Conduct govern Nova Scotia Power's relationships with its transmission customers and potential customers, including employees of Nova Scotia Power and its Affiliates.

These Standards of Conduct are based on FERC Order 2004 and its subsequent re-hearings and clarifications. Order 889 was issued in conjunction with FERC Order 888 regarding non-discriminatory transmission open access; Order 2004 further clarifies Order 889.

DEFINITIONS:

Affiliate: For the purposes of these Standards of Conduct, the term "affiliate" shall be interpreted in accordance with Sections 2(2), 2(3), and 2(4) of the Nova Scotia Companies Act 1.

1 Deemed affiliate

2(2) A company shall be deemed to be an affiliate of another company if one of them is the subsidiary of the other or if both are subsidiaries of the same company or if each of them is controlled by the same person.

Deemed control

2(3) A company shall be deemed to be controlled by another person or by two or more companies if

- (a) voting securities of the first-mentioned company carrying more than fifty per cent of the votes for the election of directors are held, otherwise than by way of security only, by or for the benefit of the other person or by or for the benefit of the other companies; and
- (b) the votes carried by such securities are entitled, if exercised, to elect a majority of the directors of the first-mentioned company.

Deemed subsidiary

2(4) A company shall be deemed to be a subsidiary of another company if

- (a) it is controlled by
 - (i) that other, or
 - (ii) that other and one or more companies each of which is controlled by that other, or
 - (iii) two or more companies each of which is controlled by that other; or

Energy Control Centre: means the facilities located in Halifax, Nova Scotia, which are used by the transmission services scheduling agent, the Operating Area operator, the bulk transmission system operator and the real time generation dispatch group for the Nova Scotia Power integrated system.

Marketing, Sales or Brokering: means a sale for resale of electric energy. Sales and Marketing employee or unit includes Nova Scotia Power's energy sales unit, unless such unit engages solely in bundled retail sales.

Open Access Same-time Information System (OASIS): An electronic medium information system, which provides Open Access Transmission customers with relevant information regarding available transmission capacity, prices, and other matters to enable them to obtain open access non-discriminatory transmission services from the Transmission Provider.

Operating Area: means the Nova Scotia transmission system, bounded by the Nova Scotia – New Brunswick border, under the control of the Nova Scotia Power Energy Control Centre. The Nova Scotia Operating Area is a part of the Maritimes Control Area as defined by the Northeast Power Coordinating Council.

Transmission: means electric transmission, network or point-to-point service, reliability service, ancillary services or other methods of transportation or the interconnection with jurisdictional transmission facilities.

Transmission Customer: means any eligible customer, 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.

Transmission Function Employee: means an employee, contractor, consultant or agent of Nova Scotia Power who conducts transmission system operations or reliability functions,

(b) it is a subsidiary of a company that is that others subsidiary. R.S., c. 81, s. 2; 1990, c.15, s. 2.

including, but not limited to, those who are engaged in day-to-day duties and responsibilities for planning, directing, organizing or carrying out transmission-related operations.

Transmission System Operations or Reliability Functions: means the direct act of operating the Nova Scotia transmission system to provide transmission services according to an approved transmission tariff and the reliability rules of the Northeast Power Coordinating Council.

Transmission System: The facilities owned, controlled or operated by Nova Scotia Power that are used to provide transmission service under the Tariff.

A. GENERAL RULES:

1. Transmission Function employees must function independently of Nova Scotia Power's Marketing and Sales employees, and from any employees of its Affiliates.
2. Transmission Function employees must treat all transmission customers, affiliated and non-affiliated, on a non-discriminatory basis, and must not operate its transmission system to preferentially benefit an Affiliate.

B. INDEPENDENT FUNCTIONING:

1. **Separation of Functions**
 - a) Except in emergency circumstances affecting system reliability, Transmission Function Employees must function independently of Nova Scotia Power's Marketing and Sales or Affiliates' employees.
 - b) Notwithstanding any other provisions in this section, in emergency circumstances affecting system reliability, Transmission Function

Employees must post on the OASIS each emergency that resulted in any deviation from the standards of conduct, within 24 hours of such deviation.

- c) Employees of Nova Scotia Power's Affiliates or Marketing and Sales function are prohibited from:
 - i) conducting Transmission System Operations or Reliability Functions; and
 - ii) having access to the Energy Control Centre, or similar facilities used for Transmission System Operations or Reliability Functions, that differs in any way from the access available to other Transmission Customers.
- d) Nova Scotia Power is permitted to share support employees and field and maintenance employees with their Marketing and Affiliates.

2. **Identifying Affiliates on the Public Internet**

- a) Nova Scotia Power must post the names and addresses of its Marketing and Sale units and Affiliates on its OASIS.
- b) Nova Scotia Power must post on its OASIS a complete list of the facilities shared by Transmission Function Employees and employees of its Marketing and Sales units or Affiliates, including the types of facilities shared and their addresses.
- c) Nova Scotia Power must post comprehensive organizational charts showing:
 - i) The organizational structure of the parent corporation with the

relative position in the corporate structure of the Transmission Function, Marketing and Sales units and any Affiliates;

- ii) For Nova Scotia Power's Transmission Function, the business units, job titles and descriptions, and chain of command for all positions, including officers and directors, with the exception of clerical, maintenance, and field positions. The job titles and descriptions must include the employee's title, the employee's duties, whether the employee is involved in transmission or sales, and the name of the supervisory employees who manage non-clerical employees involved in transmission or sales.
- iii) For all employees who are engaged in Transmission Functions for Nova Scotia Power and Marketing and Sales functions, or who are engaged in Transmission Functions for Nova Scotia Power and are employed by any of the Affiliates, Nova Scotia Power must post the name of the business unit within the Marketing and Sales unit or the Affiliate, the organizational structure in which the employee is located, the employee's name, job title and job description in the Marketing and Sales unit or Affiliate, and the employee's position within the chain of command of the Marketing and Sales unit or Affiliate.
- iv) Nova Scotia Power must update the information on its OASIS, required by Section B (2), (a), (b) and (c) within seven business days of any change, and post the date on which the information was updated.
- v) Nova Scotia Power must post information concerning potential merger partners as Affiliates within seven days after the merger is announced.

d) **Transfers**

Transmission Function Employees and employees of Nova Scotia Power's Marketing and Sales units or Affiliates are not precluded from transferring among such functions as long as such transfer is not used as a means to circumvent these Standards of Conduct. Notices of any employee transfers must be posted on the OASIS. 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 Transmission Function, Marketing and Sales function or Affiliate), and the effective date of the transfer. The information posted under this section must remain on the OASIS for 90 days.

e) **Written Procedures**

- i) Nova Scotia Power must post on the OASIS current written procedures for implementing the Standards of Conduct in sufficient detail to enable customers to determine that Nova Scotia Power is in compliance with the Standards of Conduct.
- ii) Nova Scotia Power will distribute the written procedures to all its employees and employees of its Affiliates.
- iii) Nova Scotia Power shall require all applicable employees, covered by the Standards of Conduct, to attend training and sign a document certifying that they have been trained regarding the requirements of the Standards of Conduct.
- iv) Nova Scotia Power shall designate a Chief Compliance Officer who will be responsible for Standards of Conduct compliance.

3. **Non-discrimination requirements**

a) **Information Access**

- i) Employees of Nova Scotia Power engaged in Marketing and Sales or any employee of an Affiliate may have access only to information which is available to Nova Scotia Power's transmission customers (i.e., the information posted on the OASIS), and must not have access to any information about Nova Scotia Power's transmission system that is not available to all users of the OASIS.
- ii) Nova Scotia Power must ensure that any employee who is engaged in Marketing and Sales or any employee of an Affiliate is prohibited from obtaining information about Nova Scotia Power's transmission system (including, but not limited to, information about available transmission capability, price, curtailments, ancillary services, balancing, maintenance activity, capacity expansion plans or similar information) through access to information not posted on the OASIS or that is not otherwise also available to the general public without restriction.

b) **Prohibited Disclosure**

- i) Transmission Function Employees may not disclose to Nova Scotia Power's Marketing and Sales employees, or to employees of Affiliates any information concerning the transmission system of Nova Scotia Power or the transmission system of another (including, but not limited to, information received from non-affiliates or information about available transmission capability, price, curtailments, storage, ancillary services, balancing, maintenance activity, capacity expansion plans, or similar information) through non-public communications conducted off

the OASIS that are not contemporaneously available to the public, or through information on the OASIS that is not at the same time publicly available.

- ii) Transmission Function Employees may not share any information, acquired from nonaffiliated transmission customers or potential nonaffiliated transmission customers, or developed in the course of responding to requests for transmission or ancillary service on the OASIS, with employees of its Marketing and Sales unit or Affiliates, except to the limited extent information is required to be posted on the OASIS in response to a request for transmission service or ancillary services.
- iii) If a Transmission Function Employee discloses information in a manner contrary to the requirements of s. B, 3(b), (i) or (ii) Nova Scotia Power must immediately post such information on the OASIS.
- iv) A non-affiliate transmission customer may voluntarily consent, in writing, to allow Nova Scotia Power's Transmission Function to share the non-affiliated customer's information with Marketing and Sales or an Affiliate.
- v) Nova Scotia Power is not required to contemporaneously disclose to all transmission customers or potential transmission customers information covered by s. B, 3(b), (i) if it relates solely to a Marketing and Sales or an Affiliate's specific request for transmission service.
- vi) Nova Scotia Power's Transmission Function may share generation information necessary to perform generation dispatch with its Marketing and Sales units and Affiliates that does not include

specific information about individual third party transmission transactions or potential transmission arrangements.

- vii) Transmission Function Employees are not permitted to use anyone as a conduit for sharing information covered by the prohibitions of s. B, 3(b), (i) or (ii) with Marketing and Sales or an Affiliate.
- viii) Nova Scotia Power is permitted to share crucial operating information with its Affiliate to maintain the reliability of the transmission system.

c) **Implementing Tariffs.**

- i) Transmission Function Employees must strictly enforce all tariff provisions relating to open access transmission service if these tariff provisions do not permit the use of discretion.
- ii) Transmission Function Employees must apply all tariff provisions relating to open access transmission service in a fair and impartial manner that treats all transmission customers in a non-discriminatory manner if these tariff provisions permit the use of discretion.
- iii) Transmission Function Employees must process all similar requests for transmission in the same manner and within the same period of time.
- iv) Nova Scotia Power must maintain a written log detailing the circumstances and manner in which it exercised its discretion under any terms of the tariff. The information contained in this log is to be posted on the OASIS within 24 hours of when Nova Scotia Power's Transmission Function exercises its discretion under any terms of the tariff.

- v) Nova Scotia Power may not, through its tariffs or otherwise, give preference to its own Marketing and Sales function or to any Affiliate, over any other wholesale customer 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) **Discounts**

Any offer of a discount for any transmission service made by Nova Scotia Power must be posted on the OASIS contemporaneously with the time that the offer is contractually binding. The posting must include: the name of the customer involved in the discount and whether it is an affiliate or whether an affiliate is involved in the transaction, the rate offered; the maximum rate, the time period for which the discount would apply; the quantity of power or gas scheduled to be moved; the delivery points under the transaction; and any conditions or requirements applicable to the discount. The posting must remain on the OASIS for 60 days from the date of posting.

ACKNOWLEDGEMENT

I acknowledge that I have read the Standards of Conduct that functionally separate the Transmission System Operations and Reliability Functions from the Marketing, Sales and Affiliates Functions and I agree to comply fully with them.

Name

Signature

