

# FERC Standards of Conduct Training



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Presented to the  
Operating Committee

# FERC Standards of Conduct Training

- Federal Energy Regulatory Commission (FERC) Order 717 “Standards of Conduct (SOC) for Transmission Providers” requires VELCO to conduct annual training concerning the independent functioning rules of the order
- In this training you will learn about the:
  - Primary goal of SOC
  - Transmission Function –vs- Marketing Function
  - Independent Function Rule
  - No Conduit Rule
  - Transparency Rule

# Primary goal of the Standards of Conduct

- To prohibit public utilities from giving undue preferences to their marketing affiliates or wholesale merchant functions
- Mitigations rules:
  - Separating “transmission function” employees from “marketing function” employees
  - and
  - Require all transmission customers, affiliated and non-affiliated, be treated on a non-discriminatory basis

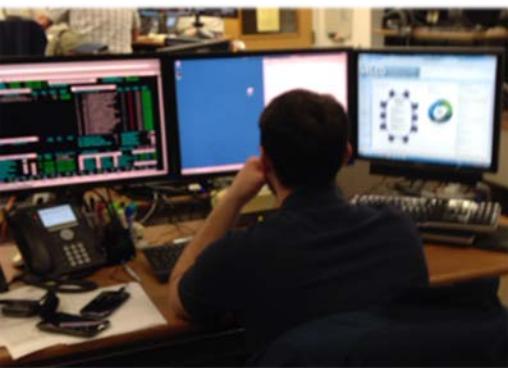
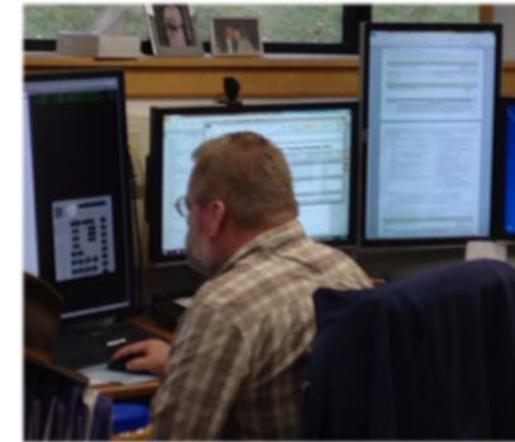
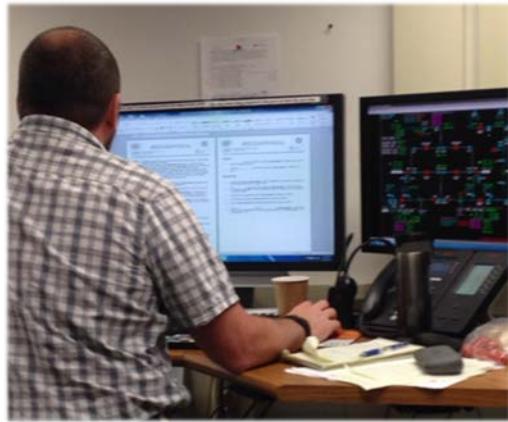


# Transmission Function Employee

An employee, contractor, consultant or agent of a transmission provider who actively and personally engages in the **day-to-day** operation of the transmission functions

## Transmission functions include:

- Granting or denying requests for transmission including requests for ancillary services under the OATT and requests for interconnect
- Coordinating actual physical flows of power
- Isolating portions of the system to prevent cascades
- Imposing transmission loading relief and
- Other similar actions



# Marketing Function Employee

An employee, contractor, consultant or agent of a transmission provider or of an affiliate of a transmission provider who actively and personally engages on a day-to-day basis in marketing functions



**Employees that perform **any** part of a marketing function are considered a “Marketing function employees”**

## Marketing functions include:

- Selling power at wholesale
- Selling ancillary services at market-based rates
- Reselling physical or financial transmission rights
- Making offers of energy capacity, demand response, or other products into an organized market run by an ISO or RTO

# While VELCO does not have Marketing Function Employees....

Many Vermont Distribution Companies  
and  
ISO-NE

**Do have** marketing function employees

These rules apply **whenever** transmission function employees are working with marketing employees of any company you communicate with

The screenshot shows the Green Mountain Power website. The top navigation bar includes links for OUTAGE CENTER, CONTACT US, and MY ACCOUNT. The main content area features a large orange banner with the text "Your New Improved Statement". Below this, there are sections for "What is Innovative Power?", "INNOVATIVE POWER", "GMP HOME PROGRAM", "GMP COW POWER", "CLEAN POWER, CLEANER LAKE", "GMP WIND POWER", and "ELECTRIC VEHICLES". A sidebar on the right lists "CUSTOMER SERVICE", "COMMUNITY", "PRODUCTS & SERVICES", "INNOVATIVE POWER", "ABOUT", and "Settlements". At the bottom, there are links for "Planning for our Energy Future" and "Fuel Mix".



The screenshot shows the ISO New England Markets and Operations website. The top navigation bar includes links for About Us, Participate, Committees and Groups, System Planning, and Markets and Operations. The main content area is titled "Markets and Operations" and includes sections for "ISO Express", "Markets Data and Information", "Market Performance", "Market Monitoring and Mitigation", "Settlements", and "Transmission Operations and Services". Each section contains a list of specific reports and links. The right side of the page features a yellow sidebar with "Power System Forecast and Status" and "Market Development" sections.



# Independent Function Rule

- Transmission function employees are required to function independently of marketing function employees
- Marketing function employees cannot:
  - Conduct transmission functions
  - or
  - 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
  - Have access to real time, day-to-day non-public transmission information
- Transmission function employees are prohibited from corporate marketing functions



# Example Violations of the Independent Function Rule

- A Power Accounting or an Operations department employee shares information with a VT distribution utility marketing function employee or with a Generator Operator for making decisions about the dispatch or scheduling of generation for **financial gain**
- A Operations department employee accepts assistance from a VT distribution utility marketing function employee in performing a transmission function

**Non-public transmission function information includes, but is not limited to:**

- Available transmission capability
- Flowgate capacity or any other measure of transmission capability
- Transmission curtailments
- Maintenance activity
- Transmission operating procedures
- Schedule or unscheduled transmission outages
- Transmission flows or equipment status

# No Conduit Rule

- A transmission provider is prohibited from using anyone as a conduit for the disclosure of non-public transmission function information to marketing function employees
- An employee, contractor, consultant or agent of a transmission provider and an employee, contractor, consultant or agent of an affiliate transmission provider that is engaged in marketing functions, is prohibited from disclosing non-public transmission function information to any of the transmission providers marketing function employees



# Example Violations of the No Conduit Rule

- A Planning or Operations department employee shares market sensitive transmission line outage information with a VT distribution utility Planning department employee who in turn share this with marketing function employee
- A Substation or System Protection Technician shares knowledge of transmission line outages with a VT distribution utility Field Technician who in turn conveys the information to its marketing function employees

## Mitigation measures taken to adhere to the no conduit rule

- Card – key access control to restricted areas
- Computer Networks
  - Firewalls
  - Access control
  - Active monitoring of ports and services



# Transparency Rule

- If non-public transmission information is disclosed to a marketing function employee the information must be posted immediately on the internet web site
- Contact your Chief Compliance Officer if you:
  - Believe there may have been an improper disclosure or violation of the no conduit rule
  - Received information that may be non-public information
  - Have questions on what information can or cannot be shared
  - Are not sure who you can or cannot share information with
- And remember:
  - You have the right to ask a person whether they are a marketing function employee
  - Prior to sending emails or documents – review for sensitive information



# Example Violations of the Transparency Rule



- A transmission Operations department employee informs a generator Operator of planned curtailments due to transmission work, however fails to inform other affected generators in the operating area
- Reference example above, the employee recognizes days later that all area affected generators were not informed of the pending curtailments
  - Mitigation – company contacts the uninformed generators to review the transmission work impact and pending curtailments

## Violation + Public Posting = Mitigation

Note: A public posting helps to mitigate the violation, but does not protect the company from a possible penalty for violating the rules

# Operating Committee questions to ask....

Does this committee have both Transmission Function and Market Function Employees as members?

- Yes = committee needs to determine how to share information going forward
- No = information can be shared but all members must adhere to the rules and not act as a conduit outside of this committee

Does this committee share information that would apply to the SOC rules of transparency?

- Yes = SOC transparency rules apply and the information should be restricted to Transmission Function Employees
- No = While SOC may not apply, protection of information shared should be protected and treated accordingly

# Next steps

- Does this committee need to take any additional actions?
- How will it know if Marketing Function Employees are present during a meeting?
- How will information that applies to the SOC be shared during the meetings?
- What are the rules going to be around sharing information gained at the meetings outside of the committee?
- What meeting norms should be set to identify when someone has a concern about information being shared and whether it is applicable to the SOC rules and regulations?