

IMPERIAL IRRIGATION DISTRICT

Standards of Conduct Concerning Open Access Transmission Services

(Pending Board Approval)

1. **Definitions:** The following terms, when used in these Standards of Conduct, shall have the meanings set forth below:
 - 1.1 Affiliate - means another person which controls, is controlled by or is under common control with IID.
 - 1.2 Commission - means the Federal Energy Regulatory Commission (FERC).
 - 1.3 Control (including the terms "controlling," "controlled by," and "under common control with") - includes, but is not limited to, the possession, directly or indirectly and whether acting alone or in conjunction with others, of the authority to direct or cause the direction of the management or policies of a company. A voting interest of 10 percent or more creates a rebuttable presumption of control.
 - 1.4 Energy Affiliate - means an affiliate of IID, or an entity with which IID has a contractual arrangement for outsourcing, support of, or assistance with, its marketing, sales or brokering activities, or an affiliate of such an entity, that:
 - (1) engages in or is involved in transmission transactions in U.S. energy or transmission markets; or
 - (2) manages or controls transmission capacity of IID in U.S. energy or transmission markets; or
 - (3) buys, sells, trades or administers natural gas or electric energy in U.S. energy or transmission markets; or
 - (4) engages in financial transactions relating to the sale or transmission of natural gas or electric energy in U.S. energy or transmission markets.
 - (5) an Energy Affiliate does not include:
 - (i) a foreign affiliate that does not participate in U.S. energy markets;
 - (ii) an affiliated Transmission Provider;
 - (iii) A holding, parent or service company that does not engage in energy or natural gas commodity markets or is not involved in transmission

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transactions in U.S. energy markets;

(iv) An affiliate that purchases natural gas or energy solely for its own consumption and does not use an affiliated Transmission Provider for transmission of that natural gas or energy.

(v) A state-regulated local distribution company that does not make any off-system sales.

- 1.5 IID – is Imperial Irrigation District, an irrigation district organized and existing under the Water Code of the State of California.
- 1.6 IID's Merchant Group – means the business unit of IID that is engaged in Marketing, Sales or Brokering.
- 1.7 IID's OATT - means IID's Open Access Transmission Tariff.
- 1.8 IID's System Operations Group - means the business unit of IID that is engaged in Transmission System Operations and Reliability Functions.
- 1.9 Marketing, Sales or Brokering - means activities undertaken to promote or complete a sale for resale of natural gas or electric energy in interstate commerce, and excludes activities undertaken to promote or complete bundled retail sales.
- 1.10 Open Access Same-time Information System or OASIS - refers to the Internet location where IID posts the information, by electronic means, required of FERC-jurisdictional public utilities by 18 C.F.R. Part 37.
- 1.11 Sales and Marketing - when used to describe a business unit or an employee of IID means a business unit or employee of IID involved in Marketing, Sales or Brokering.
- 1.12. Support Employees - include all employees of IID who are neither Sales and Marketing employees nor Transmission Function employees, nor employees of an Energy Affiliate, and who provide services in areas such as accounting, financial, legal and/or regulatory, information technology, telecommunications, clerical, risk management, long-term planning, or field and maintenance work, including transmission linemen but excluding distribution linemen.

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- 1.13 Transmission System Operations and Reliability Functions - means the provision of electric transmission, network or point-to-point service, reliability service, ancillary services or other methods of transportation or the interconnection with transmission facilities under IID's OATT.
- 1.14 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.
- 1.15 Transmission Function employee - means an employee, contractor, consultant or agent of IID who conducts transmission system operations and reliability functions, 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.

2. Independent Functioning:

2.1 Separation of Functions:

- 2.1.1 Except in emergency circumstances affecting system reliability, IID's Transmission Function employees must function independently of IID's Sales and Marketing employees, and from any employees of IID's Energy Affiliates, subject to section 2.1.4 below.
- 2.1.2 In emergency circumstances affecting system reliability, IID may take whatever steps are necessary to keep its transmission system in operation. IID shall post on its OASIS each emergency that resulted in any deviation from the standards of conduct, within 24 hours of such deviation.
- 2.1.3 Employees of IID's Merchant Group or of IID's Energy Affiliates are prohibited from:
 - (i) Conducting IID's transmission system operations or reliability functions; and
 - (ii) Having access to IID's system control center or similar facilities used for transmission operations or reliability functions that differs

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in any way from the access available to other Transmission Customers.

- 2.1.4 Support employees may be shared by IID's System Operations Group and by IID's Merchant Group, as well as any Energy Affiliates of IID, subject to compliance with sections 2.5.3 and 3.2.7 below.

2.2. Identifying affiliates on the OASIS:

- 2.2.1 IID shall post the names and addresses of IID's Merchant Group and any Energy Affiliates of IID on its OASIS.
- 2.2.2 IID shall post on its OASIS a complete list of the facilities shared by IID and IID's Merchant Group or any Energy Affiliates of IID, including the types of facilities shared and their addresses.
- 2.2.3. IID shall post comprehensive organizational charts on its OASIS showing:
- (i) The organizational structure of IID with the relative position in the structure of IID Energy, IID's System Operations Group, IID's Merchant Group and any Energy Affiliates of IID;
 - (ii) For IID Energy, the business units, job titles and descriptions, and chain of command for all positions, as well as IID officers and Board Members, with the exception of clerical, maintenance, and field positions. The job titles and descriptions shall include the employee's title, the employee's duties, whether the employee is involved in Transmission System Operations and Reliability Functions or Marketing, Sales or Brokering, and the name of the supervisory employees who manage non-clerical employees involved in such functions.
 - (iii) For all employees who are engaged in
 - (a) Transmission System Operations and Reliability Functions for IID and Marketing, Sales or Brokering functions, or
 - (b) Transmission System Operations and Reliability

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Functions for IID and are employed by any of IID's Energy Affiliates,

IID shall post:

- the name of the business unit within the Sales and Marketing unit or the Energy Affiliate,
- the organizational structure in which the employee is located,
- the employee's name, job title and job description in the Sales and Marketing unit or Energy Affiliate, and
- the employee's position within the chain of command of the marketing or sales unit or Energy Affiliate.

(iv) IID shall update the information on its OASIS required by this standard within seven business days of any change, and post the date on which the information was updated.

(v) IID shall post information concerning potential merger partners as affiliates within seven days after the merger is announced.

(vi) All OASIS postings required by these standards of conduct shall be consistent with the requirements of 18 C.F.R. § 37.3.

2.3. Transfers:

Employees of IID's System Operations Group, Merchant Group or Energy 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 shall be posted on the OASIS. The information to be posted shall include:

- the name of the transferring employee,

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- the respective titles held while performing each function (i.e., on behalf of the IID System Operations Group, the IID Merchant Group or an Energy Affiliate), and the effective date of the transfer. The information posted under this section shall remain on the OASIS for 90 days.

2.4. **Books and records:**

IID shall maintain its books of account and records separately from those of its Energy Affiliates and these shall be available for Commission inspections.

2.5. **Written procedures:**

2.5.1 IID shall post on the OASIS current written procedures implementing these standards of conduct in such detail as will enable customers and the Commission to determine that IID is in compliance with them.

2.5.2 IID shall distribute the written procedures to all IID employees - including Transmission Function employees, Sales and Marketing employees, and Support Employees- and to the employees of all Energy Affiliates of IID.

2.5.3 IID shall require all of its Sales and Marketing employees, Transmission Function employees, Support Employees and employees engaged in electric generation operations to attend training and sign an affidavit certifying that they have been trained regarding the standards of conduct requirements.

2.5.4 IID shall designate a Chief Compliance Officer who will be responsible for compliance with these standards of conduct.

3. **Non-discrimination requirements :**

IID shall treat all Transmission Customers, affiliated and non-affiliated, on a non-discriminatory basis, and must not operate its transmission system to preferentially benefit an Energy Affiliate.

3.1 **Information access:**

3.1.1 IID shall ensure that any Sales and Marketing employee of IID or any employee of any Energy Affiliate may only have access to that

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information available to IID's Transmission Customers (i.e., the information posted on the OASIS), and shall not have access to any information about IID's transmission system that is not available to all users of the IID OASIS.

- 3.1.2 IID shall ensure that any Sales and Marketing employee of IID or any employee of any Energy Affiliate is prohibited from obtaining information about IID'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.

3.2. Prohibited disclosure:

- 3.2.1 An employee of IID may not disclose to its Sales and Marketing employees, or to employees of IID's Energy Affiliates, any information concerning the IID transmission system or the transmission system of another (including, but not limited to, information received from non-affiliates or information about available transmission capability, price, curtailments, ancillary services, balancing, maintenance activity, capacity expansion plans, or similar information) through non-public communications conducted off the OASIS, through access to information not posted on the OASIS that is not contemporaneously available to the public, or through information on the OASIS that is not at the same time publicly available.
- 3.2.2 IID employees shall 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 IID's Merchant Group or of IID's Energy 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.
- 3.2.3 If an employee of IID discloses information in a manner contrary to the foregoing requirements, IID must immediately post such information on

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the OASIS.

- 3.2.4 A non-affiliated transmission customer may voluntarily consent, in writing, to allow IID to share the non-affiliated customer's information with IID's Merchant Group or IID's Energy Affiliate.
- 3.2.5 IID is not required to contemporaneously disclose to all Transmission Customers or potential transmission customers information covered by section 3.2.1 above if it relates solely to a specific request for transmission service by the IID Merchant Group or an Energy Affiliate of IID.
- 3.2.6 IID may share with its Merchant Group and Energy Affiliate generation information necessary to perform generation dispatch that does not include specific information about individual third party transmission transactions or potential transmission arrangements.
- 3.2.7 Neither IID nor an employee of IID is permitted to use anyone as a conduit for sharing information covered by the prohibitions of sections 3.2.1 and 3.2.2 above with a Sales and Marketing unit of IID or an Energy Affiliate.
- 3.2.8 IID is permitted to share crucial operating information with its Sales and Marketing unit or Energy Affiliate to maintain the reliability of the IID transmission system.

3.3 Implementing tariffs:

- 3.3.1 IID shall strictly enforce all provisions of IID's OATT relating to the sale or purchase of open access transmission service, if those tariff provisions do not permit the use of discretion.
- 3.3.2 IID shall apply all provisions of IID's OATT relating to the sale or purchase of open access transmission service in a fair and impartial manner that treats all transmission customers in a non-discriminatory manner, if those tariff provisions permit the use of discretion.
- 3.3.3 IID shall process all similar requests for open access transmission service in the same manner and within the same period of time.

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- 3.3.4 IID shall maintain a written log, available for Commission audit, 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 IID exercises its discretion under any terms of IID's OATT.
- 3.3.5 IID may not, through its tariffs or otherwise, give preference to its own IID Merchant Group or to any Energy 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).

3.4 Discounts:

Any offer of a discount for any transmission service made by IID 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 of IID or whether an affiliate of IID is involved in the transaction,
- the rate offered;
- the maximum rate;
- the time period for which the discount would apply;
- the quantity of power 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.

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ACKNOWLEDGMENT

I acknowledge that I have read and thoroughly understand that as an employee of Imperial Irrigation District or of an Energy Affiliate thereof (as defined in the Standards of Conduct referred to below), I have a continuing obligation to comply with and assist in the enforcement and compliance with the Imperial Irrigation District Standards of Conduct Concerning Open Access Transmission Services, with an Effective Date of _____, 2004.

Signature

Position

Date