

GridLiance High Plains LLC

Written Procedures

For the

Federal Energy Regulatory Commission's

Standards of Conduct

Introduction. The Federal Energy Regulatory Commission (FERC) has established Standards of Conduct (SoC), as set forth at 18 C.F.R. § 358 et. seq. The SoC establish rules governing the relationship between a transmission provider's transmission function employees and certain employees of its applicable marketing affiliates. Violation of these standards can have severe consequences for NextEra Energy, Inc. (NextEra), including imposition of civil penalties of over \$1 million per day per occurrence.

GridLiance High Plain's (GHP) Written Procedures for FERC's SoC adhere to the regulations as set forth at 18 C.F.R. § 358.7(d). Specifically, GHP's Written Procedures address each SoC regulation by: (1) restating the regulation; and (2) explaining how GHP, as a transmission owning subsidiary of NextEra, has implemented processes and is complying with the regulations. These Written Procedures also serve the dual purpose of reinforcing to employees the importance of complying with the SoC by explaining how GHP is complying with the SoC. Employees receive training that they are to comply with these SoC principles. Violation of these standards by an employee can have immediate consequences, up to and including dismissal from NextEra.

PART 358—STANDARDS OF CONDUCT

Sec.

- § 358.1 Applicability.
- § 358.2 General principles.
- § 358.3 Definitions.
- § 358.4 Non-discrimination requirements.
- § 358.5 Independent functioning rule.
- § 358.6 No conduit rule.
- § 358.7 Transparency rule.
- § 358.8 Implementation requirements.

Authority: *15 U.S.C. 717–717w, 3301–3432; 16 U.S.C. 791–825r, 2601–2645; 31 U.S.C. 9701; 42 U.S.C. 7101–7352.*

§ 358.1 Applicability.

(a) This part applies to any interstate natural gas pipeline that transports gas for others pursuant to subparts B or G of part 284 of this chapter and conducts transmission transactions with an affiliate that engages in marketing functions.

(b) This part applies to any public utility that owns, operates, or controls facilities used for the transmission of electric energy in interstate commerce and conducts transmission transactions with an affiliate that engages in marketing functions.

(c)) This part does not apply to a public utility transmission provider that is a Commission-approved Independent System Operator (ISO) or Regional Transmission Organization (RTO). If a public utility transmission owner participates in a Commission approved ISO or RTO and does not operate or control its transmission system and has no access to transmission function information, it may request a waiver from this part.

(d)) A transmission provider may file a request for a waiver from all or some of the requirements of this part for good cause.

GHP Compliance with § 358.1

GHP meets the criteria under §358.1(b) and therefore is subject to the SoC. The SoC only apply between a transmission provider and employees of affiliates or divisions that engage in marketing functions and that conduct transmission transactions on the affiliated transmission provider's system. GHP is a public utility that owns, operates, or controls facilities used for the transmission of electric energy in interstate commerce. NextEra Energy Marketing, LLC (NEM) and NextEra Energy Resources, LLC (NEER) are NextEra affiliates that may transact on GHP's system, which is under the Southwest Power Pool, Inc's. ("SPP") functional control for certain facilities and under GHP's functional control for other facilities. Thus for GHP, the SoC apply between GHP as the transmission provider and NEM and NEER as the marketing functions.

GHP has contractual agreements with Tri-County Electric Cooperative (TC) and City of Winfield (CW), third party providers. TC and CW provide GHP's dispatch and control center services. Neither TC or CW request, study, review or approve any transmission service over the GHP facilities, nor do they have an OASIS site. Also, neither entity performs any real-time or next day analysis for the transmission facilities but instead relies on SPP to perform and provide those functions. Although certain GHP transmission facilities are under the functional control of SPP, TC and CW retains physical control of GHP's transmission facilities. As such, TC and CW are subject to the SoC as they are contractors acting in the capacity as GHP transmission function employees along with GHP employees who are also transmission function employees; collectively referred to herein as GHP/TC/CW transmission function employees.

No waivers have been requested.

§ 358.2 General principles.

(a) As more fully described and implemented in subsequent sections of this part, a transmission provider 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 any transportation of natural gas or transmission of electric energy in interstate commerce, or with respect to the wholesale sale of natural gas or of electric energy in interstate commerce.

(b)) As more fully described and implemented in subsequent sections of this part, a transmission provider's transmission function employees must function independently from its marketing function employees, except as permitted in this part or otherwise permitted by Commission order.

(c)) As more fully described and implemented in subsequent sections of this part, a transmission provider and its employees, contractors, consultants and agents are prohibited from disclosing, or using a conduit to disclose, non-public transmission function information to the transmission provider's marketing function employees.

(d)) As more fully described and implemented in subsequent sections of this part, a transmission provider must provide equal access to non-public transmission function information disclosed to marketing function employees to all its transmission customers, affiliated and non-affiliated, except as permitted in this part or otherwise permitted by Commission order.

GHP Compliance with § 358.2

As more fully described in subsequent sections, GHP has adopted policies and implemented procedures in accordance with the general principles.

§ 358.3 Definitions.

(a)) Affiliate of a specified entity means:

(1)) Another person that controls, is controlled by or is under common control with, the specified entity. An affiliate includes a division of the specified entity that operates as a functional unit.

(2)) For any exempt wholesale generator (as defined under § 366.1 of this chapter), affiliate shall have the meaning set forth in § 366.1 of this chapter, or any successor provision.

(3)) "Control" as used in this definition means the direct or indirect authority, whether acting alone or in conjunction with others, to direct or cause to direct the management policies of an entity. A voting interest of 10 percent or more creates a rebuttable presumption of control.

(b)) Internet website refers to the Internet location where an interstate natural gas pipeline or a public utility posts the information, by electronic means, required under this part 358.

(c) Marketing functions means:

(1)) in the case of public utilities and their affiliates, 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, all as subject to an exclusion for bundled retail sales, including sales of electric energy made by providers of last resort (POLRs) acting in their POLR capacity; and

(2)) in the case of interstate pipelines and their affiliates, the sale for resale in interstate commerce, or the submission of offers to sell in interstate commerce, natural gas, subject to the following exclusions:

(i) Bundled retail sales,

(ii) Incidental purchases or sales of natural gas to operate interstate natural gas pipeline transmission facilities,

(iii) Sales of natural gas solely from a seller's own production,

(iv) Sales of natural gas solely from a seller's own gathering or processing facilities, and

(v)) On-system sales by an intrastate natural gas pipeline, by a Hinshaw interstate pipeline exempt from the Natural Gas Act, by a local distribution company, or by a local distribution company operating under section 7(f) of the Natural Gas Act.

(d) Marketing function employee means 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.

(e)) Open Access Same Time Information System or OASIS refers to the Internet location where a public utility posts the information required by part 37 of this chapter, and where it may also post the information required to be posted on its Internet website by this part 358.

(f) Transmission means electric transmission, network or point-to-point service, ancillary services or other methods of electric transmission, or the interconnection with jurisdictional transmission facilities, under part 35 of this chapter; and natural gas transportation, storage, exchange, backhaul, or displacement service provided pursuant to subparts B or G of part 284 of this chapter.

(g)) *Transmission customer means any eligible customer, shipper 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.*

(h)) *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.*

(i) *Transmission function employee means an employee, contractor, consultant or agent of a transmission provider who actively and personally engages on a day-to-day basis in transmission functions.*

(j) *Transmission function information means information relating to transmission functions.*

(k)) *Transmission provider means:*

(1)) *Any public utility that owns, operates or controls facilities used for the transmission of electric energy in interstate commerce; or*

(2)) *Any interstate natural gas pipeline that transports gas for others pursuant to subparts B or G of part 284 of this chapter.*

(3)) *A transmission provider does not include a natural gas storage provider authorized to charge market-based rates.*

(l) *Transmission service means the provision of any transmission as defined in § 358.3(f).*

(m) *Waiver means the determination by a transmission provider, if authorized by its tariff, to waive any provisions of its tariff for a given entity.*

GHP Compliance with § 358.3

GHP uses these definitions in its SoC compliance program.

§ 358.4 Non-discrimination requirements.

(a)) *A transmission provider must strictly enforce all tariff provisions relating to the sale or purchase of open access transmission service, if the tariff provisions do not permit the use of discretion.*

(b)) *A transmission provider must apply all tariff provisions relating to the sale or purchase of open access 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.*

(c)) *A transmission provider may not, through its tariffs 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).*

(d)) *A transmission provider must process all similar requests for transmission in the same manner and within the same period of time.*

GHP Compliance with § 358.4

Facilities Under GHP Functional Control

GHP's revenue requirements and applicable rates and charges for transmission access over wholesale distribution facilities it controls and the terms and conditions for transmission expansion and interconnection are set forth in its Open Access Transmission Tariff, which is on file at FERC. GHP/TC/CW transmission function employees (TFEs) have been trained to: strictly enforce all tariff provisions if discretion is not allowed; apply all tariff provisions in a fair and impartial manner if discretion is allowed; not give undue preference with respect to the sale or purchase of transmission service to any customer; and process all similar transmission requests in the same manner and time period.

Facilities Under SPP Functional Control

GHP's revenue requirements and applicable rates and charges for transmission access over the SPP-controlled grid and the terms and conditions for transmission expansion and interconnection are set forth in the SPP Tariff, which is on file at FERC. GHP does not itself operate or control the scheduling of electric transmission capacity on its jurisdictional transmission. Therefore, GHP does not have the ability to apply discretion, give undue preference, or discriminatorily process requests for transmission service, on its transmission system that is under SPP function control.

§ 358.5 Independent functioning rule.

§ 358.5(a) Independent functioning rule.

(a) General rule. Except as permitted in this part or otherwise permitted by Commission order, a transmission provider's transmission function employees must function independently of its marketing function employees.

GHP Compliance with § 358.5(a)

As more fully described in (b) below, GHP has adopted policies and implemented procedures in accordance with the general rule. Training on GHP's SoC includes the requirement that transmission function employees must function independently from marketing function employees.

§ 358.5(b) Independent functioning rule.

(b) Separation of functions.

(1)) A transmission provider is prohibited from permitting its marketing function employees to:

(i) Conduct transmission functions; or

(ii) 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.

(2) A transmission provider is prohibited from permitting its transmission function employees to conduct marketing functions.

GHP Compliance with § 358.5(b)

Functional Separation

Certain employees of NEER's Business Management division and NEM may transact on GHP's system and these employees will be referred to herein as "GHP marketing function employees." No GHP marketing function employees are permitted to conduct GHP transmission functions. Similarly, GHP/TC/CW transmission function employees are prohibited from conducting marketing functions.

Physical Separation

GHP/TC/CW transmission function employees are located in Hooker, Oklahoma and Winfield, Kansas and certain transmission function employees work remotely from home. GHP's marketing function employees are all located in Juno Beach, Florida and thus do not share facilities with GHP/TC/CW transmission function employees. Access for GHP transmission customers to these locations is no different than access available to GHP marketing function employees.

§ 358.6 No conduit rule.

(a)) A transmission provider is prohibited from using anyone as a conduit for the disclosure of non-public transmission function information to its marketing function employees.

(b)) An employee, contractor, consultant or agent of a transmission provider, and an employee, contractor, consultant or agent of an affiliate of a transmission provider that is engaged in marketing functions, is prohibited from disclosing non-public transmission function information to any of the transmission provider's marketing function employees.

GHP Compliance with § 358.6

All employees, contractors, consultants or agents, likely to become privy to GHP non-public transmission function information receive training that they are prohibited from disclosing, or using anyone as a conduit for the disclosure of, non-public transmission function information to GHP marketing function employees.

§ 358.7 Transparency rule.

§ 358.7(a) Transparency rule.

(a)) Contemporaneous disclosure.

(1)) If a transmission provider discloses non-public transmission function information, other than information identified in paragraph (a)(2) of this section, in a manner contrary to the requirements of § 358.6, the transmission provider must immediately post the information that was disclosed on its Internet website.

(2)) If a transmission provider discloses, in a manner contrary to the requirements of § 358.6, non-public transmission customer information, critical energy infrastructure information (CEII) as defined in § 388.113(c)(1) of this chapter or any successor provision, or any other information that the Commission by law has determined is to be subject to limited dissemination, the transmission provider must immediately post notice on its website that the information was disclosed.

GHP Compliance with § 358.7(a)

(1) In the event that GHP non-public transmission function information, other than identified in paragraph 358.7(a)(2), is shared in a manner contrary to the requirements of Section 358.6, GHP will immediately post the information that was disclosed on its Internet website.

(2) In the event critical energy infrastructure information (CEII), or other information subject to limited dissemination, is shared in a manner contrary to the requirements of Section 358.6, GHP will immediately post notice on its Internet website that the information was disclosed, but will not post the information itself.

§ 358.7(b) Transparency rule.

(b) Exclusion for specific transaction information. A transmission provider's transmission function employee may discuss with its marketing function employee a specific request for transmission service submitted by the marketing function employee. The transmission provider is not required to contemporaneously disclose information otherwise covered by § 358.6 if the information relates solely to a marketing function employee's specific request for transmission service.

GHP Compliance with § 358.7(b)

GHP/TC/CW's transmission function employees do not request, study, review or approve transmission service on GHP facilities and do not have an OASIS available for such purposes.

§ 358.7(c) Transparency rule.

(c) Voluntary consent provision. A transmission customer may voluntarily consent, in writing, to allow the transmission provider to disclose the transmission customer's non-public information to the transmission provider's marketing function employees. If the transmission customer authorizes the transmission provider to disclose its information to marketing function employees, the transmission provider must post notice on its Internet website of that consent along with a statement that it did not provide any preferences, either operational or rate-related, in exchange for that voluntary consent.

GHP Compliance with § 358.7(c)

A transmission customer of GHP may voluntarily consent, in writing, to allow GHP to share that customer's non-public information with GHP marketing function employees. GHP does not provide any preferences, either operational or rate-related, in exchange for voluntary consent.

GHP will post on its Internet website notice of the consent with a statement that it did not provide any preferences, either operational or rate-related, in exchange for the voluntary consent.

§ 358.7(d) Transparency rule.

(d) Posting written procedures on the public Internet. A transmission provider must post on its Internet website current written procedures implementing the standards of conduct.

GHP Compliance with § 358.7(d)

GHP's Written Procedures are posted on its Internet website.

§ 358.7(e) Transparency rule.

(e) Identification of affiliate information on the public Internet.

(1) A transmission provider must post on its Internet website the names and addresses of all its affiliates that employ or retain marketing function employees.

(2) A transmission provider must post on its Internet website a complete list of the employee-staffed facilities shared by any of the transmission provider's transmission function employees and marketing function employees. The list must include the types of facilities shared and the addresses of the facilities.

(3) The transmission provider must post information concerning potential merger partners as affiliates that may employ or retain marketing function employees, within seven days after the potential merger is announced.

GHP Compliance with § 358.7(e)

(1) GHP posts the names and addresses of all its affiliates that employ or retain marketing function employees on its Internet website.

(2) If applicable, GHP posts a complete list of employee-staffed facilities shared by its GHP/TC/CW transmission function employees and its marketing function employees, including facility type and the addresses of the facilities.

(3) If applicable, GHP posts information concerning potential merger partners as affiliates that may employ or retain marketing function employees. GHP will post information concerning the potential merger partner within seven days after the potential merger is announced. This information will be posted on GHP's Internet website.

§ 358.7(f) Transparency rule.

(f) Identification of employee information on the public Internet.

(1) A transmission provider must post on its Internet website the job titles and job descriptions of its transmission function employees.

(2) A transmission provider must post a notice on its Internet website of any transfer of a transmission function employee to a position as a marketing function employee, or any transfer of a marketing function employee to a position as a transmission function employee. The information posted under this section must remain on its Internet website for 90 days. No such job transfer may be used as a means to circumvent any provision of this part. The information to be posted must include:

(i) The name of the transferring employee,

(ii) The respective titles held while performing each function (i.e., as a transmission function employee and as a marketing function employee), and

(iii) The effective date of the transfer.

GHP Compliance with § 358.7(f)

(1) GHP posts the job titles and job descriptions of its GHP/TC/CW transmission function employees on its Internet website.

(2) In the event a GHP/TC/CW transmission function employee transfers to a position as a GHP marketing function employee or vice versa, a notice of such transfer will be posted to GHP's Internet website and will remain posted for 90 days. Information posted will include the

employee's name, the employee's respective titles held while performing each function, and the effective date of the transfer.

§ 358.7(g) Transparency rule.

(g)) Timing and general requirements of postings on the public Internet.

(1)) A transmission provider must update on its Internet Web site the information required by this part 358 within seven business days of any change, and post the date on which the information was updated. A public utility may also post the information required to be posted under part 358 on its OASIS, but is not required to do so.

(2)) In the event an emergency, such as an earthquake, flood, fire or hurricane, severely disrupts a transmission provider's normal business operations, the posting requirements in this part may be suspended by the transmission provider. If the disruption lasts longer than one month, the transmission provider must so notify the Commission and may seek a further exemption from the posting requirements.

(3)) All Internet Web site postings required by this part must be sufficiently prominent as to be readily accessible.

GHP Compliance with § 358.7(g)

(1), (3) Unless a shorter timeframe is set out in the regulations, GHP updates as applicable the information listed in Section 358.7 within seven business days of any change and posts the date on which the information was updated. GHP's website postings are sufficiently prominent as to be readily accessible.

(2) In emergency situations affecting normal business operations, GHP may suspend the posting requirements. If the disruption lasts longer than one month, GHP will notify the Commission and may seek a further exemption from the posting requirements.

§ 358.7(h) Transparency rule.

(h)) Exclusion for and recordation of certain information exchanges.

(1)) Notwithstanding the requirements of §§ 358.5(a) and 358.6, a transmission provider's transmission function employees and marketing function employees may exchange certain non-public transmission function information, as delineated in § 358.7(h)(2), in which case the transmission provider must make and retain a contemporaneous record of all such exchanges except in emergency circumstances, in which case a record must be made of the exchange as soon as practicable after the fact. The transmission provider shall make the record available to the Commission upon request. The record may consist of handwritten or typed notes, electronic records such as e-mails and text messages, recorded telephone exchanges, and the like, and must be retained for a period of five years.

(2) The non-public information subject to the exclusion in § 358.7(h)(1) is as follows:

(i) Information pertaining to compliance with Reliability Standards approved by the Commission, and

(ii) Information necessary to maintain or restore operation of the transmission system or generating units, or that may affect the dispatch of generating units.

GHP Compliance with § 358.7(h)

If it becomes necessary for GHP to provide GHP marketing function employees with non-public transmission function information necessary to maintain or restore operation of GHP's system, GHP will make and retain a contemporaneous record of such information exchange, except in cases of emergency, when recordation will be made as soon after the fact as practicable. GHP will retain such records for five years.

§ 358.7(i) Transparency rule.

(i) Posting of waivers. A transmission provider must post on its Internet Web site notice of each waiver of a tariff provision that it grants in favor of an affiliate, unless such waiver has been approved by the Commission. The posting must be made within one business day of the act of a waiver. The transmission provider must also maintain a log of the acts of waiver, and must make it available to the Commission upon request. The records must be kept for a period of five years from the date of each act of waiver.

GHP Compliance with § 358.7(i)

GHP will post on its website notice of each waiver of a tariff provision it grants in favor of an affiliate, unless such waiver has been approved by the Commission. The notice will be posted on GHP's website within one business day of the act of a waiver. GHP will also maintain a written log of such acts of waiver, available to the Commission upon request. GHP's written log and records of such postings will be kept for five years from the date of each act of waiver.

§ 358.8 Implementation requirements.**§ 358.8(a) Implementation requirements.**

(a) Effective date. A transmission provider must be in full compliance with the standards of conduct on the date it commences transmission transactions with an affiliate that engages in marketing functions.

GHP Compliance with § 358.8(a)

GHP is in compliance with 18 CFR Part 358.

§ 358.8(b) Implementation requirements.

(b)) Compliance measures and written procedures.

(1)) A transmission provider must implement measures to ensure that the requirements of §§ 358.5 and 358.6 are observed by its employees and by the employees of its affiliates.

(2) A transmission provider must distribute the written procedures referred to in § 358.7(d) to all its transmission function employees, marketing function employees, officers, directors, supervisory employees, and any other employees likely to become privy to transmission function information.

GHP Compliance with § 358.8(b)

GHP has implemented measures, described in these Written Procedures, to ensure that the requirements of the Independent Functioning rule and the No Conduit rule are observed by GHP and the employees of its affiliates. Electronic copies of these Written Procedures are provided to GHP/TC/CW transmission function employees, GHP marketing function employees, and GHP officers, directors, supervisory employees, and other NextEra employees likely to become privy to non-public transmission function information.

§ 358.8(c) Implementation requirements.

(c)) Training and compliance personnel.

(1)) A transmission provider must provide annual training on the standards of conduct to all the employees listed in paragraph (b)(2) of this section. The transmission provider must provide training on the standards of conduct to new employees in the categories listed in paragraph (b)(2) of this section, within the first 30 days of their employment. The transmission provider must require each employee who has taken the training to certify electronically or in writing that s/he has completed the training.

(2)) A transmission provider must designate a chief compliance officer who will be responsible for standards of conduct compliance. The transmission provider must post the name of the chief compliance officer and provide his or her contact information on its Internet Web site.

GHP Compliance with § 358.8(c)

(1) Annual training is provided to all employees listed in 358.8(b)(2); GHP/TC/CW transmission function employees, GHP marketing function employees, GHP officers, directors, supervisory employees, and other employees likely to become privy to non-public transmission function information. New employees receive training within the first 30 days of their employment. Each employee who takes the training certifies, either electronically or in writing, that s/he completed the training.

(2) NextEra's Chief Compliance Officer for the FERC SoC is posted on the GHP Internet website.

§ 358.8(d) Implementation requirements.

(d) Books and records. A transmission provider must maintain its books of account and records (as prescribed under parts 101, 125, 201 and 225 of this chapter) separately from those of its affiliates that employ or retain marketing function employees, and these must be available for Commission inspections.

GHP Compliance with § 358.8(d)

GHP maintains separate books of account and records from those of its affiliates with marketing function employees. GHP's books are available for Commission inspection.