

# FERC Standards of Conduct Training

vermont electric power company



February 2017  
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” employeesand
  - Require all transmission customers, affiliated and non-affiliated, be treated on a non-discriminatory basis

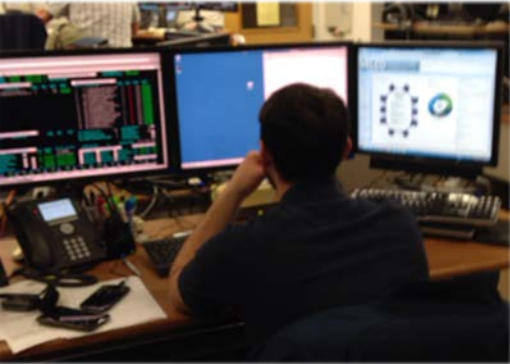
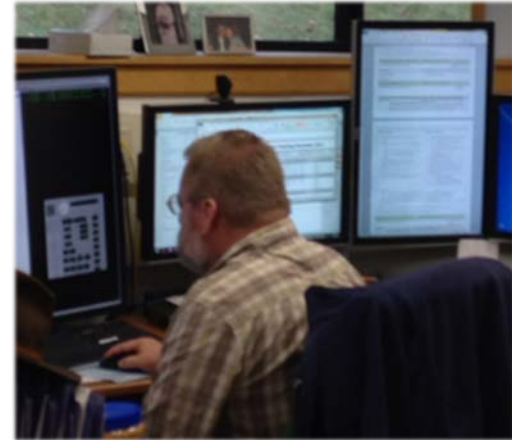
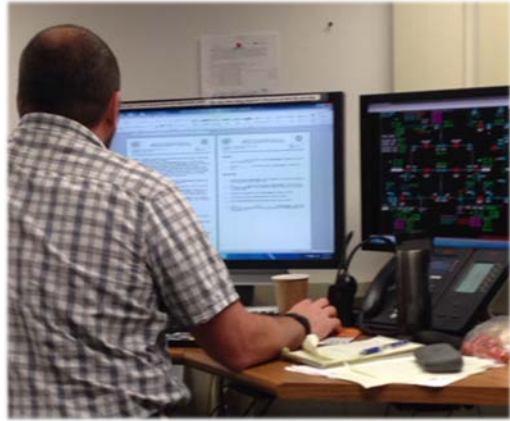


# Transmission Function Employee

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:**

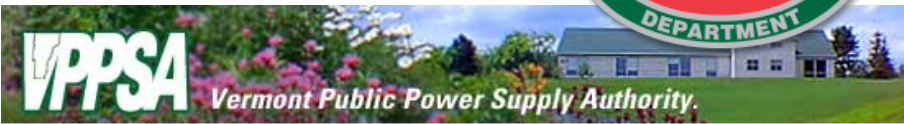
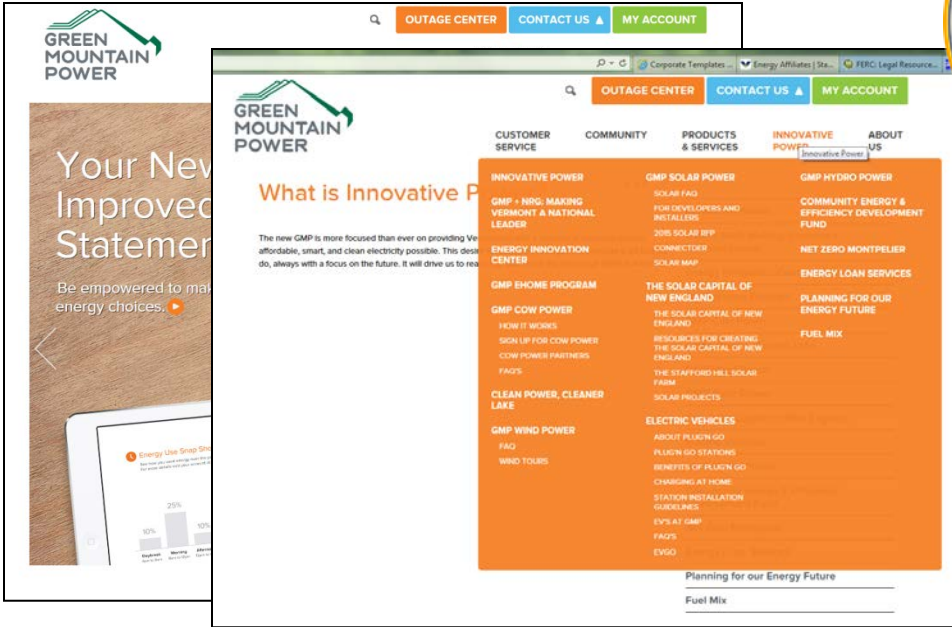
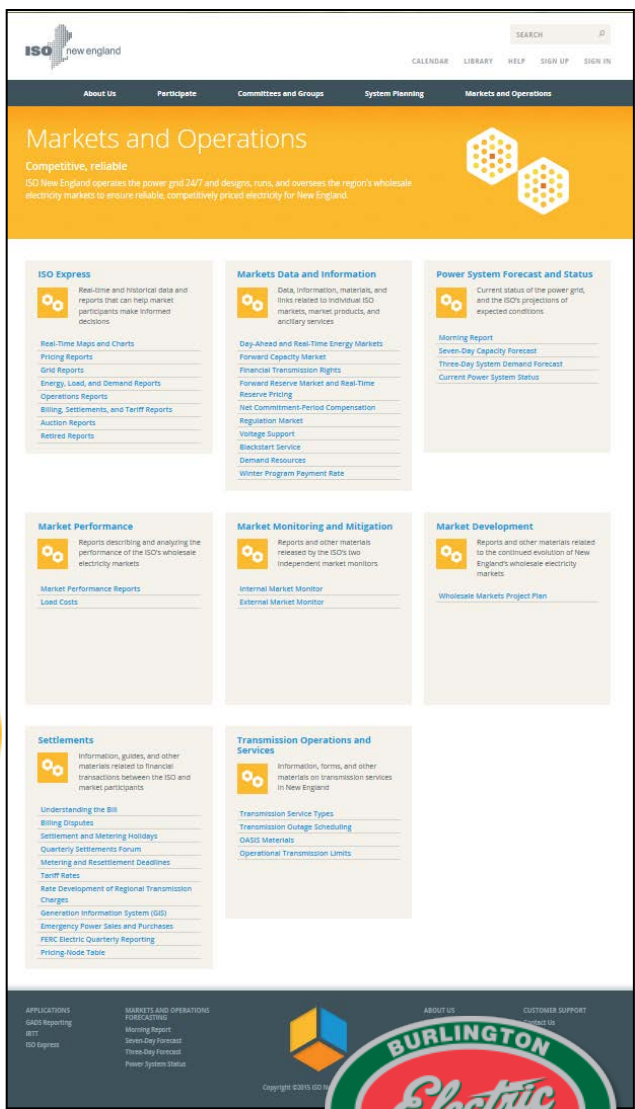
- Selling power at wholesale
- Selling ancillary services at market-based rates
- Reselling physical or financial transmission rights
- Making offers of energy capacity, demand response, or other products into an organized market run by an ISO or RTO

# 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



# 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?