



<b>Name:</b>	APUC FERC Transmission Standards of Conduct Procedure	<b>Version No.:</b>	1
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<b>Owner:</b>	Meghan Gruebner, Vice President, Regulatory Compliance	<b>Next Review Date:</b>	06/09/2021
<b>Approver:</b>	Mary Ellen Paravalos, Chief Compliance and Risk Officer	<b>Last Approval Date:</b>	06/09/2020

## APUC FERC Transmission Standards of Conduct Procedure

### 1. Purpose

To ensure open and non-discriminatory transmission access, the Federal Energy Regulatory Commission (“FERC”) requires transmission providers to adhere to Standards of Conduct requirements set forth in FERC’s regulations, 18 C.F.R. Part 358, which govern the interactions between interstate transmission providers and their marketing functions. Algonquin Power & Utilities Corp. (“APUC” or “Company”), through its subsidiary Empire District Electric Company (“Empire” or “APUC Transmission Provider”), owns FERC-jurisdictional transmission facilities and is therefore subject to FERC’s Standards of Conduct. This procedure has been developed to ensure the Company’s compliance with FERC’s transmission Standards of Conduct (“APUC FERC Transmission Standards of Conduct Procedure” or “Procedure”). The APUC FERC Transmission Standards of Conduct Procedure has been posted to the Company’s internal and public web sites and is distributed with compliance training to affected employees within 30 days of hire and annually thereafter. By adopting and implementing this Procedure, the Company demonstrates its commitment to compliance with the FERC Standards of Conduct, including the provision of transmission service on a non-discriminatory basis to all transmission customers, affiliated and non-affiliated.

### 2. Scope

The APUC FERC Transmission Standards of Conduct Procedure applies to all APUC officers, directors, employees, agents, and contractors (“APUC Representatives”) and operates under the APUC Energy Regulatory Compliance Policy, which, among other things, (i) defines compliance roles and responsibilities for all APUC Representatives with respect to the FERC’s Standards of Conduct (ii) requires continuous education and compliance training on the FERC Standards of Conduct, (iii) creates a framework for detecting and remediating FERC Standards of Conduct violations, and (iv) mandates continuous review and improvement of the Company’s compliance with FERC’s Standards of Conduct, including all policies and procedures thereunder.

The APUC Chief Compliance and Risk Officer (“CCRO”) is responsible for overseeing compliance of the Company with FERC’s Standards of Conduct and can be contacted at the following:

Mary Ellen Paravalos  
354 Davis Road  
Oakville, Ontario  
Canada L6J 2X1  
MaryEllen.Paravalos@libertyutilities.com  
905-465-4853

### 3. Training

Training on the FERC Standards of Conduct requirements will be provided within 30 days of employment of an affected function and annually thereafter or more frequently, as appropriate, for example where an existing Company employee transfers to a different role or function within the Company. The Compliance Office will retain the FERC Standards of Conduct training materials, training completion logs (as tracked through the Learning Management System), and any appropriate supporting documentation for a minimum of five years and in accordance with FERC's regulations and the Company's document retention practices.

### 4. FERC Transmission Standards of Conduct Requirements

Absent waiver by FERC, the Standards of Conduct require compliance with four main rules:

1. No Discrimination Rule – A transmission provider must provide transmission access and service on a non-discriminatory basis and cannot give undue preference to any transmission customer. 18 C.F.R. § 358.4.
2. Independent Functioning Rule – A transmission provider's transmission function employees<sup>1</sup> must function independently from the transmission provider's or its affiliates' marketing function employees.<sup>2</sup> 18 C.F.R. § 358.5.
3. No Conduit Rule – A transmission provider must not disclose, either directly or indirectly through a third-party conduit, to a Marketing Function Employee non-public transmission function information. 18 C.F.R. § 358.6. Transmission function information includes:
  - physical power flows
  - transmission loading relief
  - transmission outages or other system conditions
  - balancing load with energy or capacity
  - available transmission capability
  - the granting or denying transmission service or interconnection requests
  - day-to-day system operations
  - sales of ancillary services under an Open Access Transmission Tariff (“OATT”) to transmission customers.

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<sup>1</sup> A transmission function employee is an employee, contractor, consultant, or agent of a transmission provider who actively and personally engages on a daily basis in transmission functions, which include planning, directing, organizing, or the carrying out of day-to-day transmission operations, such as granting and denying transmission service requests (“**Transmission Function Employee**”).

<sup>2</sup> A marketing function employee is 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 daily basis in marketing functions, including 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, resource planning (deciding where and when to build or acquire generation capacity), fuel procurement, making decisions on generation outage or maintenance schedules, and making economic generation dispatch decisions (“**Marketing Function Employee**”).

4. Transparency Rule – A transmission provider must provide equal access to transmission function information. 18 C.F.R. § 358.7.

## 5. APUC’s Implementation of the FERC Transmission Standards of Conduct

### 5.1 No Discrimination Rule

- a. APUC Transmission Provider will strictly adhere to all provisions under its OATT or other applicable tariffs, such as that of a Regional Transmission Organization or Independent System Operator to which transmission operational control has been granted, on a non-discriminatory basis and will not provide preferential treatment to Marketing Function Employees (whether they are employed by APUC Transmission Provider or of an affiliate of APUC Transmission Provider).
- b. APUC Transmission Provider will maintain a log detailing the circumstances and manner in which it exercised discretion providing preferential treatment to a Marketing Function Affiliate by waiving an OATT provision, unless the waiver was approved by FERC. The log will be kept for a period of 5 years beginning at the date of the waiver.
- c. APUC Transmission Provider has mitigated the risk of a violation of the No Discrimination Rule by granting the Southwest Power Pool (“SPP”) operational control of its transmission facilities, including the scheduling of APUC Transmission Provider’s transmission service.

### 5.2 Independent Functioning Rule

To ensure APUC Transmission Function Employees operate independently from APUC Marketing Function Employees, the Company will:

- a. Physically separate in different buildings, floors, or areas Marketing Function Employees and Transmission Function Employees.
- b. Limit access to APUC Transmission Provider’s transmission system control center and other related transmission facilities to only Transmission Function Employees and employees who are directly engaged in the construction, operation, and maintenance of the transmission system. Restricted access will be accomplished by use of a lock system. All other employees or visitors are allowed access to these areas, on an approved basis, as long as such access is consistent with FERC’s Standards of Conduct. Market Function Employees may have access to the transmission system control center or other transmission areas so long as it is in the same manner provided to any other transmission customer.
- c. Restrict access to transmission information displayed on a transmission system database console to only Transmission Function Employees and those with jobs directly related to constructing or maintaining the transmission system, as appropriate, through the use of firewalls and console login names and passwords. Non-Marketing Function Employees, such as employees in Legal, Information Technology, Accounting, or Compliance, may be permitted after appropriate authorizations and password authentications, “view only” access to transmission system database information. All APUC Representatives are prohibited from sharing with any Marketing Function Employee login credentials to the transmission system database.

- d. Maintain and make accessible to APUC Representatives an organizational chart identifying APUC Transmission Function Employees and their job titles and descriptions.
- e. Transfer an APUC Transmission Function Employees to a Marketing Function Employee position or transfer an APUC Marketing Function Employee to a Transmission Function Employee position only for legitimate reasons and not simply to circumvent FERC's Standards of Conduct.
- f. Separately maintain between APUC Transmission Provider and any APUC affiliate with Marketing Function Employees accounting books and records.

### 5.3 No Conduit Rule

To avoid improper disclosures prohibited by the No Conduit Rule, the Company will take the following measures:

- a. Transmission information will be locked or physically stored in buildings, floors, or areas restricted only to Transmission Function Employees, employees directly engaged in constructing, maintaining, and managing the transmission system, and Company management and permissibly shared employees, as appropriate.
- b. Any electronic systems shared across the Company will limit access to transmission function information through the use of firewalls and login and password credentials.
- c. APUC Transmission Function Employees and permissibly shared employees will take due care in communicating around the offices of Marketing Function Employees or common areas, such as bathrooms, break rooms, kitchen, or building lobbies.
- d. APUC Representatives will not discuss non-public transmission information at in-person, virtual, or telephonic Company meetings, events, parties, or any other joint gatherings, including external conferences, where APUC Marketing Function Employees are present.
- e. Non-public transmission information will be disclosed to an APUC Marketing Function Employee only if it relates to (i) a Marketing Function Employee's specific request for transmission service through APUC Transmission Provider's or SPP's OATT, (ii) a transmission customer's information where the customer has voluntarily consented in writing to the disclosure, or (iii) compliance with FERC-approved reliability standard that is necessary to maintain or restore operation of the transmission system or generating units or affects the dispatch of generating units.

### 5.4 Transparency Rule

- a. APUC Transmission Provider will provide all eligible transmission customers equal access to transmission function information.
- b. Improper disclosures of non-public transmission information to an APUC Marketing Function Employee will be immediately posted to APUC Transmission Provider's public web site or Open Access Same Time Information System ("**OASIS**"), including details, such as to whom the improper disclosure was made, the date in which the disclosure was made, and the specific transmission information disclosed, unless it related to critical energy infrastructure information or any other information subject to limited dissemination by FERC or other laws

(e.g., privacy laws), in which case only the fact that an improper disclosure was made need be published.

- c. APUC Representatives will report improper disclosures to the CCRO or other appropriate channels as provided in the Company's Code of Business Conduct and Ethics, including the Ethics Reporting Hotline, which is accessible via the Company's internal web site, as follows:

E-mail: [Algonquin@integritycounts.ca](mailto:Algonquin@integritycounts.ca)

Toll-free telephone: 1-866-921-6714.

- d. The Compliance Office, in coordination with relevant APUC Representatives, will publicly post to APUC Transmission Provider's web site or OASIS the information provided below and changes thereto within seven days of the change, except for the posting of OATT waivers that have not been approved by FERC, which will be posted within one business day of the waiver.

- The APUC CCRO's contact information
  - This Procedure
  - The name and address of APCU Transmission Provider's affiliates with Marketing Function Employees
  - A list of facilities shared by APUC Transmission and Marketing Function Employees
  - Potential merger partners if they employ Marketing Function Employees (must be posted within 7 days after the potential merger is announced)
  - Job titles and descriptions of APUC Transmission Function Employees
  - The transfer of a Transmission Function Employee to a Marketing Function Employee position or transfer of a Marketing Function Employee to a Transmission Function Employee position (must keep posted for 90 days)
  - Notice of a transmission customer's written consent to the disclosure of the customer's non-public information to APUC Marketing Function Employees along with a statement that APUC Transmission Provider did not provide any preferences, either operational or rate-related, in exchange for that voluntary consent
  - Any OATT waivers granted to APUC Transmission Provider's affiliate, unless the waiver has been approved by FERC.
- e. In accordance with FERC's regulations and Company business practice, APUC Transmission Provider will retain for a period of 5 years records relating to the information required to be posted by FERC's Standards of Conduct, such as written consents (and withdrawal of the consents) by transmission customers to waive the Standards of Conduct prohibition on information sharing.

## 6. References and Related Documents

1. APUC Energy Regulatory Compliance Policy 100-810-300-001
2. Ethics Reporting Policy 100-800-200-001

### Version History

Version No.	Revision Date	Revised By	Description of Revisions
1.0	06/09/2020	Meghan Gruebner	Full document edit from previous procedure