



FERC Order 2004

Standards of Conduct
for Transmission Providers



National Grid

A Message from Mike Jesanis and Jeff Scott

The Federal Energy Regulatory Commission (FERC) has issued new regulations regarding Standards of Conduct for Transmission Providers. The new regulations apply to the National Grid companies.

FERC's intention is to promote fair competition among companies that sell electricity. There is a concern that some companies, that are both transmission providers and electricity sellers, may have allowed their sales employees access to transmission information that was not readily available to competing sellers. This could give those companies' sales staff a competitive advantage over others.

FERC's new rules ensure that all sellers and marketers, whether affiliated with a transmission provider or not, have access to the same information about the transmission system at the same time.

The key elements of the regulations can be found in the following Summary. Details of the measures we are taking to implement these regulatory requirements are discussed in the following FERC Standards of Conduct.

We ask that you become familiar with the new regulations and how they apply to you. The end of this booklet lists resources within the company that you may contact should you have any questions.

Our company has an excellent reputation for ethical and legal compliance. We must maintain those standards in meeting our daily business obligations.




Mike Jesanis
President and
Chief Executive Officer



Jeff Scott
Chief Operating Officer
U.S. Transmission





National Grid USA Standards of Conduct for Transmission Providers pursuant to FERC Orders 2004, 2004A, and 2004B

Summary

The Federal Energy Regulatory Commission (FERC) regulates natural gas pipeline and electric public utilities that engage in interstate commerce.

In FERC Order No. 2004, 2004A and 2004B, a “Transmission Provider” is defined as a public utility that owns, operates or controls facilities used for transmission of electric energy. GridAmerica, Massachusetts Electric, Narragansett Electric, Niagara Mohawk and New England Power are defined as “Transmission Providers”.

FERC requires that gas and electric systems be operated in a manner that does not impede fair competition. This means that groups that engage in the sale of electric energy or natural gas for resale must not have access to information about the transmission system used to move electricity which is not available to everyone via the Internet, through a system known as “OASIS”. To accomplish that goal, FERC requires the following:

- Employees engaged in transmission system operations must function independently from sales and marketing employees.
- Transmission system information is sensitive and must not be shared with employees engaged in sales or marketing through non-public communications conducted off of the OASIS,
- No employee may act as a conduit for sharing transmission system information with employees engaged in sales or marketing.
- Sales or marketing employees are only allowed access to transmission system information available on the OASIS.

If you have information about our transmission grid (e.g. what generators are operating, what lines are out of service, or how long a line may be out of service), you need to be careful that you do not relay that information to anyone that works in NE - Energy Supply under Mike Hager, NY- Energy Supply under Wes Yeomans, or Gas Supply and Transportation under Lee Klosowski.

If you divulge any transmission information in violation of these rules, you must tell your supervisor, the Ethics Office (508-389-3179, 508-389-2581 or 315-428-5288), the AlertLine (800-465-0121), the toll-free Helpline (888-867-6759), the Chief Compliance Officer or someone in the Legal Department. The Company must post any violations on the OASIS. It would be far worse to have someone outside the company report that we violated the regulations.

Under Orders No. 2004, 2004A, and 2004B, the company must post comprehensive organization charts showing titles and job descriptions for specific positions, plus the names of employees who supervise non-clerical positions involved in transmission or sales. The organization charts must be posted on the OASIS and updated within 7 days of any changes.

The Orders also require that we train employees on these Standards of Conduct and retain records of that training.

If you have any questions regarding these Standards of Conduct please contact the Ethics Office, the AlertLine, the toll-free Helpline, the Chief Compliance Officer, or anyone in the Legal Department.

National Grid USA Standards of Conduct for Transmission Providers Pursuant to FERC Orders No. 2004, 2004A, and 2004B

The Federal Energy Regulatory Commission (FERC) has issued Orders No. 2004, 2004A, and 2004B, revising its Standards of Conduct for the electric industry in the United States.

These Standards of Conduct, apply to employees of National Grid USA and its affiliates (National Grid) doing business in the United States.

National Grid's Chief Compliance Officer is Lawrence J. Reilly, Senior Vice President and General Counsel.

Principles

FERC requires gas and electric transmission systems to be operated in a manner that does not impede fair competition. FERC Orders No. 2004, 2004A, and 2004B, are intended to prevent Transmission Providers from extending their transmission market power to the wholesale energy markets by giving preferential treatment to their Energy Affiliates or to their sales and marketing employees.

To ensure fair competition, National Grid must take measures so that 1) transmission employees and sales and marketing employees function independently, 2) access to and disclosure of transmission system information is restricted, and 3) the tariffs are administered in a non-discriminatory manner.

Revised Document

This revised National Grid Standards of Conduct document replaces individual documents of the various National Grid companies¹ and will be maintained on the OASIS sites utilized by National Grid and posted on National Grid USA's Ethics Infonet site. A copy of this document has been distributed to all US employees.

Definitions

To fully understand the Orders and how they apply to National Grid, you will need to become familiar with the following terms:

Transmission Provider: A Transmission Provider is any public utility that owns, operates or controls facilities used for the transmission of electric energy in interstate commerce.

The following National Grid companies are Transmission Providers:

- GridAmerica LLC;
- Massachusetts Electric Company;
- The Narragansett Electric Company;
- New England Electric Transmission Corporation;
- New England Hydro-Transmission Corporation;
- New England Hydro-Transmission Electric Company, Inc.;
- New England Power Company; and
- Niagara Mohawk Power Corporation.

1 Various National Grid entities previously filed, with the Commission, the following standards of conduct, codes of conduct and other documents in compliance with Order No. 889: Standards of Conduct for the NEES Companies and Montaup Electric Company, filed in Docket Nos. EC99-70-000 and ER99-2832-001 on October 14, 1999; Statement of Policy and Code of Conduct of AllEnergy Marketing Company, L.L.C. filed in Docket No. OA01-1-001 on May 4, 2000; Standards of Conduct Applicable to Electric Transmission System Operation and Wholesale Electricity Transaction Functions of Niagara Mohawk Power Corporation filed in Docket No. OA97-158-000 on December 26, 1996; Compliance Reports of Niagara Mohawk Power Corporation filed in Docket Nos. OA98-158-001, -006, and -008 on January 20, 1998, August 3, 1998, and June 14, 1999. These Standards of Conduct supersede those documents and provide uniform policies and procedures for compliance with Orders No. 2004, 2004A and 2004B.





Energy Affiliate:

A National Grid company that:

- (1) Engages in or is involved in transmission transactions in U.S. energy or transmission markets; or
- (2) Manages or controls the transmission capacity of a Transmission Provider 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 LDC division of an electric public utility Transmission Provider shall be considered the functional equivalent of an Energy Affiliate, unless it meets the criteria listed in (5) below.

Notwithstanding the above, however, an Energy Affiliate Does Not Include:

- (1) A foreign affiliate that does not participate in U.S. energy markets;
- (2) An affiliated Transmission Provider;
- (3) A holding, parent or service company that does not engage in energy or natural gas commodity markets or is not involved in transmission transactions in U.S. energy markets;
- (4) An affiliate that purchases natural gas or energy solely for its own consumption. “Solely for its own consumption” does not include the purchase of natural gas or energy for the subsequent generation of electricity.
- (5) A state-regulated local distribution company that acquires interstate transmission capacity to purchase and resell gas only for on system sales and otherwise does not engage in Energy Affiliate activities described under Energy Affiliate (1) – (4) above.

As of the date of publication of these Standards of Conduct, National Grid USA has no Energy Affiliates².

Marketing, Sales or Brokering: The sale of natural gas or electric energy for resale in interstate commerce. A sales and marketing employee or unit includes a public utility Transmission Provider’s energy sales unit, unless such unit engages solely in bundled retail sales (the combination of purchasing, transporting and delivering energy as a bundled product).

The Marketing, Sales or Brokering function has been more commonly known as the wholesale merchant function within National Grid. The departments that conduct Marketing, Sales or Brokering activities for National Grid are:

- Gas Supply and Transportation;
- NE – Energy Supply; and
- NY – Energy Supply.

Transmission: Electric transmission, network or point-to-point service, reliability service, ancillary services or other methods of transportation, or the interconnection with transmission facilities.

Transmission Customer: Any eligible customer, shipper or designated agent that can execute a transmission service agreement or receive transmission service, including all persons who have pending requests for transmission service or for information regarding transmission.

Open Access Same-time Information System or OASIS: The Internet location where a public utility posts FERC-required information.

² This assumes that FERC grants our requested clarification that National Grid Transco is not an Energy Affiliate and that FERC approves our request for a waiver with respect to Granite State Electric Company.

Transmission Function Employee: An employee, contractor, consultant or agent of a Transmission Provider who conducts transmission system operations or 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.

Transmission Function Employees have been identified as those who report up to the National Grid U.S. Transmission chief operating officer, plus various distribution business units that conduct transmission system operations or reliability functions such as Distribution Dispatch & Control, Substation Construction Services, Transmission Line Services, and System Planning and Engineering-NY.

Independent Functioning

Except in emergency circumstances affecting system reliability, transmission function employees must function independently of Marketing or Energy Affiliates' employees.

Employees, including Transmission Function Employees and employees in Shared Services, may not disclose to marketing or sales employees any information concerning our transmission system or the transmission system of another 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.

Any Marketing or Energy Affiliate employee is prohibited from (a) conducting transmission system operations or reliability functions; and (b) having access to a system control center or similar facilities used for transmission operations or reliability functions that differs in any way from the access available to other transmission customers.

FERC recognizes that system reliability must be maintained. Therefore, notwithstanding any other provisions in these Standards of Conduct, in emergency circumstances affecting system reliability, whatever steps are necessary to keep the system in operation may be taken. Each emergency that results in any deviation from these Standards of Conduct must be reported to FERC and must be posted within 24 hours of such deviation on the OASIS sites utilized by National Grid.

Employee Transfers


Employees of a Transmission Provider, marketing or sales unit or Energy Affiliates may transfer among such functions as long as such transfer is not used as a means to circumvent these Standards of Conduct. Notices of employee transfers between a Transmission Providers and a marketing or sales unit or Energy Affiliate are posted within seven business days and maintained for 90 days on the OASIS sites. The information posted includes:

- The name of the transferring employee
- The title of the employee before and after the transfer
- The effective date of the transfer
- The date the information was updated

Identifying Affiliates on OASIS and Organizational Charts

Comprehensive organizational charts are posted on the OASIS site utilized by National Grid, and updated within 7 business days of any change. For a Transmission Provider, the charts show the business units, job titles and descriptions, and chain of command for all positions, including officers and directors, with the exception of clerical, maintenance and field positions. The job titles and descriptions include the employee's title, the employee's duties, whether the employee is involved in transmission or sales, and the name of the supervisory employees who manage non-clerical employees involved in transmission or sales.





An organization chart showing the organizational structure of National Grid with the relative position in the corporate structure of each Transmission Provider, marketing and sales unit and any Energy Affiliates is also posted on the OASIS site.

Information Access and Disclosure

Employees engaged in marketing or sales or employees of any Energy Affiliate may only have access to that information available to transmission customers and must not have access to any information about our transmission system that is not available to all users of OASIS. They are also prohibited from obtaining information about our transmission system (including information about available transmission capability, price, curtailments, ancillary services, balancing, maintenance activity, capacity expansion plans and the like) through access to information not posted on the OASIS, or that is not also available to the general public without restriction.

An employee may not disclose to marketing or sales employees or to employees of an Energy Affiliate any information concerning our transmission system or the transmission system of another through non-public communications conducted off of 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.

An employee may 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 service on the OASIS, with employees of marketing or 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. A non-affiliated transmission customer may voluntarily consent, in writing, to allow the sharing of the non-affiliated customer's information with a marketing or Energy Affiliate.

Transmission information and confidential customer information is kept secure by training all US employees on these Standards of Conduct, implementing a card-key access system to restrict access to transmission control centers, restricting access to information systems that contain transmission or confidential customer information, and notifying employees of how they can obtain guidance should they have any questions concerning compliance with these Standards.

If any information is disclosed in a manner contrary to these standards, that information must be posted immediately on the OASIS sites utilized by National Grid unless the information relates solely to a Marketing or Energy Affiliate's specific request for transmission service.

Generation information necessary to perform generation dispatch may be shared with Marketing and an Energy Affiliate that does not include specific information about third party transmission transactions or potential transmission arrangements.

No employee may be used as a conduit for sharing information covered by the prohibitions in these Standards of Conduct with a marketing or Energy Affiliate.

Crucial operating information may be shared with an Energy Affiliate to maintain the reliability of the transmission system.

Secured Facilities Access and Shared Facilities

All transmission control centers are secure and accessible by card-keys issued only to authorized personnel. Marketing and Energy Affiliate employees shall not have access to the system control centers or similar facilities used for transmission operations or reliability functions that differs in any way from the access available to other transmission customers.

In addition to the organization charts described earlier, a complete list of the facilities (both buildings and electronic facilities) shared by a Transmission Provider and its marketing or sales units or any Energy Affiliates, including the types of facilities shared and their addresses, are posted on the OASIS site utilized by National Grid.

Tariff Implementation

Where tariff provisions relating to the sale or purchase of open access transmission service do not permit discretion, they must be strictly enforced. Where tariff provisions relating to the sale or purchase of open access transmission service permit discretion, they must be applied in a fair and impartial manner that treats all transmission customers in a non-discriminatory manner.

A written log is maintained, available for FERC audit, detailing the circumstances and manner in which discretion was exercised under any terms of a tariff relating to the sale or purchase of open access transmission service. The information contained in this log is posted on the OASIS within 24 hours of when discretion is exercised under any terms of the tariff.

Employees must not give preference to our own marketing or sales function or to any Energy Affiliate over any other wholesale customer regarding the sale or purchase of transmission service (including, but not limited to, issues of price, curtailments, scheduling, priority, ancillary services, or balancing). All similar requests for transmission service must be processed in the same manner and within the same period of time.

Discounts under the Tariffs

Any offer of a discount for any transmission service is posted on the OASIS site utilized by National Grid when the offer becomes contractually binding. The posting remains on the OASIS sites for 60 days from the posting date. The posting includes:

- a) The name of the customer involved in the discount
- b) Whether the customer is an affiliate or whether an affiliate is involved in the transaction
- c) The rate offered
- d) The maximum rate
- e) The time period for which the discount applies
- f) The quantity of power scheduled to be moved
- g) The delivery points under the transaction
- h) Any conditions or requirements applicable to the discount

Separate Books and Records

All Transmission Providers maintain their books of account and records as prescribed by FERC regulations separately from those of its Energy Affiliates and these will be made available for FERC inspections.

Training of Employees

All US employees with access to transmission information or information concerning gas or electric purchases, sales or marketing were required to attend training on these Standards of Conduct prior to September 22, 2004. New employees who have access to this type of information are trained near the time that their employment commences. Employees are required to certify that they have been trained.





Compliance

These Standards of Conduct cannot prescribe rules for every case. Specific procedures related to posting requirements are contained in appendices to this document. The following table details the deadlines for posting information on the OASIS.

Employee organization chart changes	Within 7 business days
Job description changes	Within 7 business days
Corporate structure changes	Within 7 business days
Potential merger partners	Within 7 business days of announcement
Reporting prohibited disclosures	Immediately
Reporting emergency deviations from these Standards	Within 24 hours
Posting discretions under the tariff	Within 24 hours of exercise of discretion
Posting discounts	When contractually binding
Reporting employee transfers	Within 7 business days of effective date

This document should be used as a guide. If these Standards or the related procedures do not address your concern or question, you should first discuss it with your supervisor. If that does not resolve the issue or you suspect there has been a violation, contact anyone listed below.

Contact Information

Ethics Office

Tom McBride 508-389-3179

Linda Doering 508-389-2581

Paul Shubmehl 315-428-5288

AlertLine 1-800-465-0121

Toll-free Helpline 888-867-6759

The Chief Compliance Officer, or anyone in the Legal Department.

Appendix 1 – Detailed Procedures

Reporting Suspected Violations

If you believe there has been a violation of these Standards of Conduct, you should first discuss it with your supervisor. If that is not possible or you feel that person may be involved, you should contact one of the individuals listed under Contact Information on page 8. If you are reporting an incident of disclosure of prohibited information, you need to report this as soon as you become aware of it.

Changes to the Corporate Organization Chart

Any changes to the corporate organization chart will be reported to the Ethics Office by the Legal Department's Senior Paralegal. The Ethics Office will provide the Web-E-Business Group contact with information to be posted on the OASIS *within 7 business days*.

Changes to Employee Organization Charts and Job Descriptions

On a weekly basis a report(s) will be run for any additions, changes or terminations made to the employee population. The report(s) will be reviewed for any changes to title, department or function that directly effect the organizational chart or job descriptions created for the OASIS site. If it is determined that no changes to the organizational chart or job descriptions are required the report(s) will be filed.

If a change requires an edit to the organizational chart, either layout, title or responsible individual, the change shall be made timely and an updated copy made available for publication. If a change includes a reassignment of an employee between the transmission function and the sales and marketing function that change will be posted on OASIS as a document titled "Transfers". The information related to the change will include, the employee's name, respective title held in the previous position and the respective title held for the position they are entering and the date of the transfer. If a change includes the addition of a new title the job description document will be updated at the same time as the organizational chart. The new title will receive a short description covering the duties and responsibilities of the position.

Once all updates have been completed the documents will be forwarded to the Web and e-Business group for publication on OASIS. Past documents will be archived by the Web and e-Business group in compliance with the FERC order.

Archiving OASIS Postings

Each National Grid OASIS site contains an Archive section. When documents are posted to the OASIS sites, previous versions of the documents will be moved to the Archive section and will be accessible for at least 3 years.

Reporting Emergency Deviations

In emergency situations, when system reliability is jeopardized, whatever steps necessary to maintain system reliability may be taken. Any actions taken which violate these Standards of Conduct must be reported and posted *within 24 hours*. To report any such deviation, please contact one of the individuals listed under Contact Information on page 8. The Ethics Office will be responsible for getting the information to the Web-E-Business Group to be posted on the OASIS *within 24 hours*.

Potential Mergers

The Ethics Office will provide the Web-E-Business Group contact with information to be posted on the OASIS *within 7 business days* of the announcement of a potential merger.

Reporting Prohibited Disclosure of Transmission System Information

If information is disclosed by a Transmission Provider employee contrary to the intent of these Standards of Conduct requirements, that information must be posted on the OASIS *immediately*. If believe there has been an improper disclosure of information, you should contact one of the individuals listed under Contact Information on page 8.

Appendix 2 – Discount Posting Procedures

FERC Order 2004 clarified that discounts to non-affiliates must be posted at the conclusion of negotiations, contemporaneous with the time that the offer is contractually binding. Further, the discount information must be easily accessible and quickly identify which transactions are discounted so that shippers can assess whether they are similarly situated and entitled to a comparable discount.

In order to comply with both criteria, New England Power (NEP) will need to (1) post transmission offerings on the same terms and conditions for the remaining ATC associated with each confirmed transaction and (2) copy the offering to a more transparent part of the NEP web page on the ISO-NE website.

- To post a discounted transmission offering, print out (or memorize) the detailed transaction information screen once a discounted transaction has been confirmed by the buyer. Below are the pertinent Transmission Request #89892 details used to initiate Transmission Service Offering #5823630:

Path and POR/POD Information		Transmission Service		
POR NEHVDCBORDER	POD HQ_PHI_OR_II	Increment MONTHLY	Type ATC	Class NON-FIRM
Path Name NE/NEP/HQT-IS/NE/NEHVDCBORDER-HQ_PHI_OR_II/NEP		Period FULL_PERIOD		
Source HQ SYS POWER	Sink NE SYS LOAD	Window Sub Class FIXED HYDRO-QUEBEC-IN		
		NERC Curtailment Priority 0		
		Other Curtailment Priority		
Dates and Times		Request Information		
Start Date and Time 09/01/2004 00:00:00 ED		Capacity Requested 300 MW		
Stop Date and Time 10/01/2004 00:00:00 ED		Capacity Granted 300 MW		
Queued Date and Time 07/29/2004 15:19:41 ED		Bid Price 875.0000	Offer Price 875.0000	Price Units \$/MW-Mo
Approval Date and Time 07/29/2004 16:09:58 ED		Ceiling Price 3615.3000		
Confirmation Date and Time 07/29/2004 16:52:20 ED		Negotiated Price		
Rebid Date and Time 07/29/2004 16:50:14 ED		Status CONFIRMED	Preconfirmed No	
Time Of Last Status Change				

Under the Transmission Services link on the Home Page, click on Post Offerings and enter the pertinent details in accordance with Posting a Discount from Module 8 of the ISO New England OASIS Training Manual (see Appendix 2 Attachment 1 on page 13).

- To make the offering more transparent, save and upload the new offering file, then update and upload the discountpostings.htm file.
Once the discounted offering has been posted, save the offering as an htm file in the Z:\TCS\OASIS\Discounts folder. For HTML Uploads on OASIS, the filename is limited to 8 characters so just truncate the prefix to the offering number. See 5823630.htm below.

National Grid
New England Power Company
part of National Grid Transmission USA

Transmission Service Offering #5823630 Details
Goto:

New Transmission Offering #5823630 successfully posted

Reserve Update

Seller Information		
Name	Company	DUNS
Ed Kremzer	NEP	006952881
Phone	Fax	E-Mail
508.389.3688	508.389.4480	edward.m.kremzer@us.ngrid.com
Comments Discount offering of remaining ATC associated with Reservation 89892.		
Path and POR/POD Information		Transmission Information
FOR	POD	Increment
NEHVDCBORDER	HQ_PHI_OR_II	MONTHLY
Path Name		Class
NE/NEP/HQT-IS/NE/NEHVDCBORDER-HQ_PHI_OR_II/NEP		NON-FIRM ATC
Interface Type		Period
E		FULL_PERIOD FIXED
		Window
		HYDRO-QUEBEC-IN
		Sub Class
		NERC Curtailment Priority
		0

Use the HTML Uploads link at the bottom of the OASIS home page to upload the file from the Z: drive.

PROVIDER MAINTENANCE

- [Service Points](#)
- [Pricing](#)
- [Tariffs](#)
- [Transmission Services](#)
- [Ancillary Services](#)
- [Ancillary Service Requirements](#)
- [HTML Uploads](#)
- [Logo Uploads](#)
- [Company Maintenance](#)
- [Company Affiliations](#)

(77-38-00-00-03-00-05-C5-E6-17) (Open Access Technology International Inc)
CN=NEP1TP | E=Vicki.Cleary@US.Ngrid.com
O=National Grid USA | OU=NEP

[Preferences](#) [Edit User Info](#)

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ALSTOM ESCA
TRANSFORMERS

To modify the discountpostings.htm file, open it in Notepad and copy the string `Offering #5823630` to the line just above it. Then modify both the filename prefix and Offering # within the new line.

e.g.:

```
<h1><b>Discount Postings</b></h1>
```

```
<ul>
```

```
<li><a href="https://nepool.jtsin.com/documents/NEP/6892486.htm">Offering #6892486</a>
```

```
<li><a href="https://nepool.jtsin.com/documents/NEP/6881388.htm">Offering #6881388</a>
```

```
<li><a href="https://nepool.jtsin.com/documents/NEP/5823630.htm">Offering #5823630</a>
```

```
</li>
```

```
</ul>
```

```
<br>
```

Use the HTML Uploads link on the OASIS home page to upload the file from the Z: drive. Using the Discount Postings link under General Information on the OASIS should now bring up:

New England Power Discount Postings (ISO-NE)

Offering #6892486

Offering #6881388

Offering #5823630

The newest offering should appear at the top of the list in the Discount Postings area of the OASIS site. If so, the posting was successful.

Appendix 2 Attachment 1

ISO New England OASIS Training

Module 8

Posting a Discount.

Discounts are to be posted on OASIS using the transpost template (See Module 2, Post Transmission Offering). There it says, “Use this template to manually post transmission capacity available, for sale, resale *or to offer discounts* on the OASIS node.”

The fields in the offering should match any fields in the confirmed reservation triggering the discount that are in correspondence:

Comments	Add the text regarding the discount “Discount offering of remaining ATC associated with Reservation xxxxxx.”
Type	Type of transmission service matching the reservation.
Capacity	The <i>remaining</i> capacity after subtracting the confirmed reservation from the ATC for the time period, service type and path in question.
Offer Price	The price matching the negotiated price from the confirmed reservation.
Description	Leave blank as it does not appear in the details display of the offering.
Path Name	the path matching the reservation.
Start Date and Time	Start of discount period with fixed price and Mw amount.
Stop Date and Time	End of discount period with fixed price and Mw amount.
Offer Start Date and Time	Leave blank – offer times must meet timing requirements.
Offer Stop Date and Time	Leave blank – offer times must meet timing requirements.
Sale Reference Number	Optional reference – Use as link to confirmed reservation tied to the discount.





Appendix 3 – Procedure for Reporting the Application of Discretion in Tariff based Transactions

It is National Grid's practice to minimize the application of discretion when providing service under FERC filed rates. On occasion, customer needs, market and other circumstances result in deviations from the filed rate and process as outlined in tariffs. When this occurs, it is National Grid's practice to make the event transparent to the public.

One area where National Grid employees apply discretion is in transmission price discounting on OASIS. When discounts are applied to transactions involving the sale of National Grid's portion of the capacity on the HVDC Interconnector, the remaining capacity will be offered at the discounted sales price and made transparent to other users of the OASIS within 24 hours (usually sooner). See Appendix 2.

When discretion (other than price discounting) is applied, a description is written by the employee and submitted to the webmaster for posting to <http://www.nationalgridus.com/oasis/logs/discretionary.asp> within 24 hours.

Appendix 4 – Procedure for Requesting Access to Shared IT Resources

The purpose of this procedure is to institutionalize the process that will be required of the employees of energy sales and marketing functions in order for those individuals to obtain access to shared IT resources. This is being done to maintain compliance with FERC Order 2004 which is the Federal Energy Regulatory Commission's Standards of Conduct for Transmission Providers. The intent of this procedure is to avoid unintentionally or otherwise providing access for employees from the marketing, sales or brokering functions and/or employees of energy affiliates to shared IT resources that contain transmission system information or information provided by non-affiliated transmission customers or potential non-affiliated transmission customers.

A shared IT resource is a software application, a shared directory, or a commonly accessed database or folder on the corporate information network. A shared IT resource is NOT information stored on the hard drive (C:drive) of a personal computer or an individual's home directory (H: drive). A shared IT resource could be on the corporate mainframe; on the midrange environment, such as in the Peoplesoft ERP applications; or in the Windows environment.


Requests for access to shared IT resources by energy sales and marketing employees will be submitted to the Manager of Transmission Applications (IT Manager) within National Grid USA's IT Department. This position is closely associated with all US Transmission business functions and all IT groups and will ensure the appropriate separation between Transmission information and energy related functions while minimizing business disruption. One or two other individuals from the same IT group shall be trained on FERC's Standards of Conduct requirements and the details of this procedure. Those other individuals shall be empowered to act for the IT Manager during his/her absence.

All requests from individuals in an energy sales and marketing functions for access to shared IT resources should be submitted via email to a shared Outlook mailbox titled "*Energy sales and marketing – IT requests*". Each request shall be reviewed for clear or potential violations of FERC Order 2004. The IT Manager will review each request with the business administrators who are responsible for the requested information and/or others, such as the Legal organization, to determine the appropriateness of providing information access. If, however, there appears that a compliance violation might occur as a result of providing access to a shared IT resource, the IT Manager will communicate that to the requestor. If the requestor wishes to appeal the request denial, the requestor may contact National Grid's Ethics Office directly for a review of the decision.

Adhering to this procedure is the responsibility of the employees of the marketing, sales or brokering functions and/or employees of energy affiliates. The requirements of this procedure shall be discussed with individuals newly assigned to such functions or energy affiliates at the time their assignments begin. The managers of these groups shall communicate the importance of adherence to this requirement to their associates and will support the terms of this procedure.

The company's organizational charts posted on OASIS and on the Company Infonet shall identify those employees of the marketing, sales or brokering functions and/or employees of energy affiliates, if any.





Transmission system information is defined as information concerning the National Grid transmission system or the transmission system of another (including, but not limited to, information about available transmission capability, price, curtailments, storage, ancillary services, balancing, maintenance activity, capacity expansion plans, or similar information). The standards of conduct prohibit non-public communication of this information especially to the extent that it can be used to the advantage of the marketing, sales or brokering functions and/or employees of energy affiliates in the market(s). Examples of transmission information would include the following:

- Status of transmission assets
- Future transmission capacity expansion plans
- Status of HVDC assets
- Available transmission capacity
- Outage plans and maintenance activity
- Transmission budgets and project plans
- Project designs
- Economic and financial analyses of Transmission projects

Any questions, comments, and suggestions should be directed to the IT Manager and / or National Grid's Ethics Office.

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