

SOUTHERN CALIFORNIA EDISON COMPANY

COMPLIANCE PROCEDURES

IMPLEMENTING FERC ORDER 717C

STANDARDS OF CONDUCT

Purpose: To provide Southern California Edison’s (SCE) overall plan for compliance with the FERC Standards of Conduct (SOC) as modified by Order No. 717C (131FERC ¶ 61,045).

Scope: This Compliance Plan provides mid-to-high-level details of SCE’s SOC compliance program.

§ 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

§ 358.1 Applicability.

- SCE recognizes that the FERC SOC requirements apply to all SCE employees, including all agents, contractors, and consultants.

§ 358.2 General principles.

- The General Principles are further explained in other sections of the SOC Regulatory Text, and SCE addresses them there.

§ 358.3 Definitions.

- In implementing our SOC Compliance Plan, SCE takes into account the definitions stated in this section and acts accordingly.

§ 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.

- SCE requires that all tariff provisions relating to the sale or purchase of open access transmission service be strictly enforced.

(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).*

- SCE complies with this requirement through SCE's SOC training, instructing relevant SCE employees to refrain from giving undue preference to any entity.

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

- SCE complies with this requirement. The California Independent System Operator (CAISO), not SCE, provides open access transmission service on the CAISO Controlled Grid pursuant to the CAISO tariff. SCE coordinates with the CAISO in the review process, to ensure requests are valid. At no time does SCE treat one transmission interconnection application differently from another.

§ 358.5 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.*

- The provisions of the General rule are further explained in subsections of § 358.5, and SCE addresses them there.

(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.*

- All of SCE's Marketing Function Employees (MFEs) are located in SCE's General Office Building 1 (GO1) in Rosemead, California.
- Transmission Function Employees (TFEs) are located at multiple locations throughout the SCE service territory. No TFEs are located in SCE's General Office Building 1 (GO1) in Rosemead, California.

- SCE’s MFEs are prevented from accessing the Grid Control Center (GCC) and Non Public Transmission Function Information (NPTFI) systems through several means including training, physical restrictions and IT restrictions.
- Training for MFEs sets out restrictions on access to the TFE facilities. All MFEs were trained on these restrictions as required in Order 717 SOC in 2010, and the restrictions will be reiterated in annual Order 717 SOC training.
- All TFE employees have been trained regarding the prohibition of all MFEs from performing any transmission functions (as defined in Order 717A-C).
- Annual Order 717 training will inform the TFEs of the revised definition of “transmission functions”
- The Grid Control Center is located in Building AG in Alhambra. The GCC’s key card restricted security access limits entry to GCC employees only. All other visitors must be escorted. However, under normal circumstances, MFEs, who are identified by green SCE ID badges, are prohibited from access, even with an escort.
- SCE restricts electronic access to systems managed by the TFEs, GCC, including SCE’s Energy Management System as well as other systems that may contain NPTFI. All employees have been designated with specific access to IT systems, unless a system has been verified as not containing NPTFI the system may not be accessed by MFEs. The GCC controls access to the EMS through additional password protections to prevent access to unauthorized users including all MFEs.

§ 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.

- Pursuant to Order 717, SCE provides training to employees regarding the No Conduit Rule, and may include targeted, in-person training. The No Conduit Rule will be reiterated and emphasized annually in Order 717 SOC training.
- SCE requires NPTFI to be labeled and kept secured in locations that are inaccessible to MFEs (e.g., restricted locations, locked file cabinets, etc.)
- SCE provides several tools to employees to prevent and mitigate inadvertent disclosures:
 - Training.
 - Meeting monitors may be present for meetings between TFEs and MFEs.
 - Email tool that employees can use when sending NPTFI in an email. Clicking the “FERC Restricted” checkbox in the Delivery Options of an email ensures that, if any recipient of the email is on SCE’s “FERC Restricted” list, the email will not be delivered to that recipient, and the sender will be notified. (The “FERC Restricted” list includes all MFEs as well as all non-MFEs co-located with MFEs in the same work areas (of Quad 1C and 1D).

§ 358.7 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.

- All employees are directed during Order 717 SOC training that any suspected intentional or inadvertent disclosure of NPTFI to MFEs must be reported immediately to a member of SCE FERC SOC Core Team (consisting of an attorney, SCE's Chief FERC Compliance Officer, FERC Affiliate Compliance Office Manager and Affiliate Compliance Advisors) or to SCE's FERC SOC Helpline, which permits employees to report potential disclosures or seek advice. In addition, employees are instructed that they can anonymously report potential disclosures through Edison International's Ethics and Compliance Helpline. The directions are also provided in the annual Order 717 SOC training.
- Any disclosure of potential NPTFI reported or discovered is immediately reviewed by the Affiliate Compliance Office to determine if it is a noncompliance. If it is determined to be a noncompliance, SCE immediately posts the disclosed information in its Disclosures section on SCE's website, sce.com.

(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.

- If it is determined that a disclosure provided NPTFI to an MFE, but the information contains CEII, SCE immediately posts as much of the disclosed information as is permissible, and provides a summary of the CEII portion of the information, to the extent possible.

(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.

- SCE's MFEs "request" transmission service from the CAISO through the submission of bids into the CAISO market. There are no conversations between SCE's MFEs and TFEs regarding these bids or associated transmission service.

(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 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.

- SCE does not permit MFEs to have a job function that provides access to transmission customer information. As explained above in section 358.5, SCE uses physical and cyber security tools to prevent access. All customer requests for transmission service are handled by non-MFE employees who observe the No Conduit Rule with regard to such customer information.

(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.

- This document satisfies this requirement.

(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.

- SCE maintains the following information in the Regulatory Information/FERC SOC area on sce.com:
 - List of SCE affiliates that employ or retain MFEs on sce.com.
 - List of all facilities shared by SCE's TFEs and MFEs.
 - List of potential merger partners as affiliates.

(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 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.

- SCE maintains the following information in the Regulatory Information/FERC SOC area on sce.com:
 - The job titles and job descriptions of all SCE TFEs.
 - Transfers of any SCE TFE to a position as an MFE, or transfer of an MFE to a position as a TFE.
 - SCE maintains this information on sce.com for a minimum of 90 days. SCE also maintains the archives of these transfers, which are not accessible on its website, for a period of five years.

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

(1) A transmission provider must update on its Internet website 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.

- SCE updates information relating to transfers on its website within seven business days of the change.

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.
- The Grid Control Center (GCC) manager on duty can determine/declare that an Emergency Situation exists and that adherence to the FERC SOC threatens system reliability. The manager on duty may then contact the Grid Operations Management (GOM) providing information on the situation and also contact the Affiliate Compliance Office regarding the Emergency Situation. GCC employees are provided clearance to disclose NPTFI transmission function information to MFEs and are directed to maintain a record of all communications between the GCC and MFEs and provide this information to the Affiliate Compliance Office. If NPTFI has not yet been disclosed, and if feasible, the Affiliate Compliance Office reviews the information and provides advice about SOC compliance prior to disclosure. All disclosures are posted on SCE's website, sce.com.

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

- SCE has met this requirement. This information is available on sce.com in the Regulatory Information/FERC SOC area, under the Disclosures of Non-public Information tab.

(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.*

- SCE allows TFEs and MFEs to discuss the NPTFI related to compliance with Reliability Standards approved by the Commission, and information necessary to maintain or restore operation of the transmission system or generating units, or that may affect the dispatch of generating units. When exchanging such information, all conversations must be on telephone lines that are recorded, and a note must be made in the phone log to indicate the purpose and topic of the discussion.
- If a recorded phone line is not being used, the participants in the discussion provide notes and details on the discussion as soon as possible after the discussions take place.
- SCE retains all recorded line recordings and corresponding phone logs as well as any emergency conversation logs for a period of five years.
- SCE allows MFEs to receive information concerning the company's own generation, load and generation dispatch that is not "transmission function information" as defined in §358.3(j). This information is not subject to the recordation requirement

(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.*

- (i) *Posting of waivers. A transmission provider must post on its Internet website 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.

- SCE does not grant waivers of tariff provisions to affiliates.

§ 358.8 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.

- SCE is in compliance with the Standards of Conduct.

(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.

- SCE has trained all employees who meet the FERC SOC training criteria on the No-Conduit and Independent Functioning requirements pursuant to Order No. 717. These requirements will be updated and emphasized in SCE's annual Order 717 SOC training.

(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.

- On July 21, 2010, SCE sent an email notice regarding the FERC Standards of Conduct. This note directed employees to these Procedures on SCE's intranet site.

(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.

- SCE has developed a training program for SOC compliance. SCE has developed a computer-based training program to train the employees identified in § 358.8(b)(2). Additionally, SCE may also provide employees supplemental, specialized training and communications.
- The computer-based training provides for electronic certification, and records are kept of participants in specialized training. All training records are retained by SCE's HR department.

(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 website.*

- SCE's Chief FERC Compliance Officer is Michael Montoya, his name and contact information is found on sce.com.

(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.*

- SCE currently maintains all books and records independently of its affiliates. SCE will make these available for the Commission's inspection upon request.