

# **PUBLIC SERVICE ELECTRIC AND GAS COMPANY STANDARDS OF CONDUCT COMPLIANCE PROCEDURES**

The Federal Energy Regulatory Commission (“FERC” or “Commission”) requires FERC-jurisdictional public utilities to comply with the Commission’s Standards of Conduct governing the relationship between certain employees of a public utility’s interstate transmission provider (hereinafter “Transmission Function Employees”) and employees engaged in wholesale energy marketing and sales (hereinafter “Marketing Function Employees”). The FERC Standards of Conduct require that: (i) transmission providers treat all transmission customers, affiliated and non-affiliated, on a not unduly discriminatory basis; (ii) all Transmission Function Employees must operate independently from Marketing Function Employees, and (iii) non-public transmission information must not be provided, either by Transmission Function Employees or by other employees legally authorized to obtain such information, to Marketing Function Employees.

## **I. Background**

Public Service Electric and Gas Company (“PSE&G”), a direct, wholly-owned subsidiary of Public Service Enterprise Group Incorporated (“PSEG”), owns, among other things, facilities engaged in the interstate transmission of electricity. PJM Interconnection, L.L.C. (“PJM”), a Regional Transmission Organization (“RTO”), directs the operation of PSE&G’s transmission facilities. As a transmission provider under FERC’s rules, PSE&G has adopted these Standards of Conduct Compliance Procedures (hereinafter “Procedures”) to govern the conduct of business between Transmission Function Employees and Marketing Function Employees.

For purposes of FERC’s Standards of Conduct, PSEG Marketing Function Employees consist of the following: (1) certain employees of PSEG Energy Resources & Trade LLC (“PSEG ER&T”); (2) certain employees of PSEG Global LLC; (3) certain employees within PSE&G’s BGS/BGSS Services Group; and (4) certain employees within PSE&G’s Renewables & Energy Solutions (“RES”) Group.

## **I. DEFINITIONS**

Transmission Information means non-public information about PSE&G’s transmission system, or about a third party’s transmission systems that is in PSE&G’s possession, including information about transmission expansion plans, transmission outages, curtailment, maintenance activity, ancillary and balancing services, and available transmission capacity.

Transmission Function Activity means the planning, directing, organizing or carrying out of day-to-day transmission operations.

Transmission Function Employee means an employee, contractor, consultant or agent of the Transmission Provider who actively and personally engages on a day-to-day basis in “Transmission Function Activities.”

Marketing Function Activity means the sale for resale in interstate commerce, or the submission of offers to sell in interstate commerce, of electric energy or capacity, natural gas, demand response, virtual transactions or financial or physical transmission rights.

Marketing Function Employee means any employee, contractor, consultant or agent of a Transmission Provider **or** an affiliate of a Transmission Provider who actively and personally engages on a day-to-day basis in “marketing functions.”

## **II. Compliance Resources**

Transmission Providers are required to designate a Chief Compliance Officer who is responsible for ensuring compliance with these procedures. The responsibilities of the Chief Compliance Officer also include ensuring employee training, answering employee questions and coordinating audits and investigations as well as other duties to ensure compliance with the Standards of Conduct. PSEG’s Chief Compliance Officer is Hugh J. Mahoney.

Questions or concerns regarding compliance with the Standards of Conduct or these procedures should be directed to PSEG’s Chief Compliance Officer at (973) 430-6405 or by email at [hugh.mahoney@pseg.com](mailto:hugh.mahoney@pseg.com). PSEG employees may also call Tamara Linde, Vice President - Regulatory, at (973) 430-8058 or by email at [tamara.linde@pseg.com](mailto:tamara.linde@pseg.com) or Jodi Moskowitz, General Regulatory Counsel – Operations and Compliance, at (973) 430-6409 or by email at [jodi.moskowitz@pseg.com](mailto:jodi.moskowitz@pseg.com).

PSEG employees may also call the PSEG Integrity line at 1-800-655-7269 to ask questions or report concerns (either anonymously, confidentially or otherwise) regarding compliance with the Standards of Conduct or these Procedures. The Integrity Line is available 24x7x365. Requests for anonymity or confidentiality will be respected to the fullest extent possible. Questions or concerns regarding compliance with the Standards of Conduct and these Procedures will be docketed, reviewed, investigated and resolved, as appropriate.

## **III. Procedures to Ensure Non-Discrimination**

### **A. Standards of Conduct Requirement (18 CFR Section 358.4)**

(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.

## **B. Method for Compliance**

PJM administers the Open Access Transmission Tariff (“OATT”) applicable to the transmission facilities owned by PSE&G, provides the services thereunder, such as transmission service, including network and point-to-point service and ancillary services, processes requests for all interconnections with transmission facilities in the PJM Control Area and makes all decisions for scheduling services and for processing interconnection requests. This FERC-approved, contractually-memorialized arrangement assures that PSE&G complies with the non-discrimination requirements of the Standards of Conduct.

## **IV. Procedures to Ensure Independent Functioning**

### **A. Standards of Conduct Requirement (18 CFR Section 358.5):**

(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.

(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.

## **B. Methods for Compliance**

PSE&G conducts its business to ensure the independent functioning of its Transmission Function Employees from its Marketing Function Employees by having in place the following:

### **1. Physical Separation**

PSE&G has established procedures to ensure the physical separation of the employees engaged in Transmission Function Activities from those engaged in the Marketing Function Activities and to avoid the inadvertent or intentional disclosure of non-public transmission information to Marketing Function Employees. To assure separation, PSE&G has physically secured the following areas:

A. PSE&G monitors and controls the PSE&G bulk electric system from the PSE&G Electric System Operations Center (“ESOC”), which is located within the PSE&G Electric System

Operations Area. The area also contains a back office, a computer room, a computer support room and miscellaneous facilities e.g. conference room, kitchen and restrooms.

Surveillance cameras are in place at the main entry door to the Electric System Operations Area and the entry doors for ESOC and the back office. Access to the Electric System Operations Area and all rooms within the area except the restrooms is controlled by separate card readers. A master list of persons authorized to have access to the Electric System Operations Area is maintained. All persons not identified on the master list who seek access to Electric System Operations Area must be logged and escorted at all times after entry by the employee being visited or a surrogate. PSE&G maintains an Emergency ESOC Back-Up Facility at a geographically remote location. PSE&G maintains the same controls at the back-up facility as are maintained at the Electric System Operations Area.

**B.** Long term system planning for PSE&G's transmission system is conducted by the Electric Delivery Planning Group, whose offices are located at PSEG's Corporate Headquarters in Newark. Access to the Electric Delivery Planning Group's offices is controlled by a card reader. A master list of persons authorized to have access to the Electric Delivery Planning Group is maintained.

**C.** Engineering, construction and maintenance activities related to PSE&G's transmission system are conducted from PSE&G's Hadley Road facility. Access to areas at this facility that house employees performing these activities is controlled by card reader access. A master list of persons authorized to have access to these areas is maintained. The list contains the names of the persons authorized to have access to these areas.

**D.** PSE&G's Energy Supplier Services Group, which collects and reports generation data and related information from all generators in PSE&G's transmission zone, is located in PSEG's Corporate Headquarters in Newark. The group's offices are located in a physically secure area controlled by card reader access. A master list of persons authorized to have access to this area is maintained.

The lists referenced in this section are maintained by PSEG's Business Assurance and Resiliency Group pursuant to a protocol which specifies a procedure for the periodic review and verification of the list and a procedure for the approval of additions to the list. The lists are maintained and the updating of procedures are implemented for these areas under the direction and supervision of the Director, Electric System Operations or Director of Asset Reliability, Managing Director of Transmission Business Services & Strategy, Manager, Transmission Construction and Maintenance and the Vice President Finance, respectively.

## **2. Information Security Controls**

The subsidiaries of PSEG share a computer network. Firewalls and other security measures are in place to prevent unauthorized access to Transmission Information.

Information security controls are maintained by PSEG's Information Technologies Group to prevent unauthorized access to PSE&G's computer systems by Marketing Function Employees. The controls include the use of user accounts and passwords as well as the assignment of access profiles. The user accounts and passwords restrict access to the systems, while the profiles provide restrictions to the information accessible within the systems as well

as restrictions regarding which activities the user can perform with accessible information (i.e., create/edit/delete or read-only).

There are also corporate-wide Information Security Practices maintained by PSEG's Information Technologies Group that identify business controls and provide general systems configuration guidance to be followed when developing and operating information systems to assure implementation of these controls.

PSE&G maintains an Energy Management System ("EMS") that contains real-time transmission and generation information used by ESOC to monitor and control the transmission system. The EMS is located on a private network that is isolated by firewalls from the corporate networks and managed by a dedicated computer support group in PSE&G's Electric Delivery Group. EMS data is available only to ESOC staff. Field and maintenance personnel do, however, have access on a read only basis in order to monitor operations of the electric delivery system. PSEG ER&T is supplied information about PSEG Power LLC's electric generating units from a node of the EMS, but this access is controlled by an EMS application system login procedure that limits ER&T's access to EMS solely to PSEG Power's generation data.

### **3. Training**

PSEG provides annual training on the Standards of Conduct to all PSEG employees. PSEG also provides this training to new employees, including all Transmission function employees and Marketing function employees and all other employees likely to become privy to Transmission information.

## **V. Information Disclosure Rules**

### **A. Standards of Conduct Requirement (18 CFR Sections 358.6 and 358.7):**

#### **1. Section 358.6**

(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.

#### **2. Section 358.7**

(h) (1) Notwithstanding the requirements of §358.5(a) ( i.e. Paragraph IV hereof) and 358.6 (i.e. Paragraph V. 1 hereof), 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 hand-written 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.

(h)(2) 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.

## **B. Methods for Compliance**

The measures and procedures set forth in Paragraph 4.B. above also serve to assure compliance with the Information Disclosure Rules set forth in FERC's Standards of Conduct Procedures.

Transmission Function Employees and Marketing Function Employees periodically meet to discuss matters other than those related to Transmission Function Activities or Marketing Function Activities. Special procedures are employed for these meetings to ensure compliance with the Independent Functioning and Information Disclosure Rules in the Standards of Conduct. The procedures set forth below cover both Cross-Function Meetings as well as Cross-Function Communications, such as telephone conferences that take place between such employees in lieu of a meeting. Specifically, these procedures are as follows:

An agenda, including a list of attendees, must be prepared. The agenda for the meetings should be forwarded to the Chief Compliance Officer in advance of the meeting. The agenda must contain a legend that notifies participants that any discussion that includes non-public transmission information may not be discussed in the presence of Marketing Function Employees and any related written materials may not be provided to Marketing Function Employees. The legend must also make clear that Marketing Function Employees must leave the room when PSE&G non-public transmission is discussed. The legend should read as follows:

Non-public information concerning PSE&G's transmission system or the transmission system of another transmission provider may not be discussed during any Cross-Function Meeting in the presence of any Marketing Function Employee. Marketing Function Employees must leave the room if such non-public transmission information is to be discussed. Written materials containing non-public transmission information may also not be distributed to Marketing Function Employees.

## **VI. Procedural Requirements**

### **A. Standards of Conduct Procedural Requirements (18 CFR Sections 358.7 et seq.)**

**The applicable provisions of the Procedural Requirements of the Standards of Conduct are as follows:**

**(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 Web site.

(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 Web site that the information was disclosed.

**(d) *Posting written procedures***

(1) A transmission provider must post on its Internet Web site current written procedures implementing the standards of conduct.

**(e) *Identification of affiliate information***

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

(2) A transmission provider must post on its Internet Web site 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.

**(f) *Identification of employee information***

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

(2) A transmission provider must post a notice on its Internet Web site 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 Web site 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.

**(g) *Timing and general requirements of postings***

(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.

**B. Methods for Compliance**

**1. Contemporaneous Disclosure**

PSEG conducts an annual compliance training program for employees regarding the Company's expectations for behavior under the Standards of Integrity. The expectations for behavior set forth in the Standards of Integrity include an expectation that employees conduct the business of the Company in accordance with applicable law, including the FERC Standards of Conduct. The expectations also include the requirement that employees report any wrongdoing to their manager or to the Chief Compliance Officer so that appropriate action may be taken including posting on the PJM OASIS, as required. The Standards of Integrity identify the resources employees may use to ask questions or report concerns.

**2. Postings of Procedures and Affiliate Information**

PSE&G has posted these Procedures on its Internet website. Moreover, PSE&G has posted the following information on its Internet website or PJM OASIS to comply with the Standards of Conduct: (i) the names and addresses of all affiliates that employ Marketing Function Employees; (ii) a list of the employee-staffed facilities shared by any Transmission Function Employees and Marketing Function Employees and addresses of the facilities; (iii) job titles and position descriptions for all PSE&G Transmission Function Employees; (iv) employee transfers between the Transmission and Marketing Functions and; (v) potential merger partners that employ Marketing Function Employees, within seven calendar days after the merger is announced.

**3. Employee Transfers**

Notices of employee transfers between Transmission and Marketing Functions are posted on the PJM OASIS and remain posted for 90 days. Human Resources representatives for PSE&G, PSEG Power and PSEG Global report organizational transfers to the PSEG Webmaster, Corporate Security and Information Technology staff. Corporate Security staff ensures that the microchip in the employee's badge is reprogrammed to permit access only to

the areas that are appropriate to the employee's new position. Information Technology staff changes the employee's computer access as appropriate for the new position.

#### **4. Timing and general requirements of posting**

Periodic meetings are held between the Compliance Counsel, Legal - Regulatory and other stakeholders to ensure that posted information is accurate and current.

### **VII. IMPLEMENTATION REQUIREMENTS**

#### **A. Standards of Conduct Implementation Requirements (Section 358.8)**

The applicable provisions of the Standards of Conduct Implementation Requirements are as follows:

##### **(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.

##### **(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.

##### **(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 inspection.

#### **B. Methods of Compliance**

##### **1. Compliance Measures and Written Procedures**

PSE&G has developed the subject Standards of Conduct procedures to ensure compliance and these procedures are posted on PSEG's Internet site.

## **2. Training and compliance personnel**

PSEG conducts an annual compliance training program that includes a comprehensive module on the Standards of Conduct. Completion of the training is tracked and evidence of completion is retained by the Chief Compliance Officer and local management. New employees are trained on the Standards of Conduct as part of the employee on-boarding orientation process. PSEG has designated a FERC Chief Compliance Officer, whose name and contact information is posted on PSEG's Intranet and Internet web sites.

## **3. Books and Records**

PSE&G's Transmission Function maintains separate books and records from its affiliates that employ or retain Marketing Function employees, and these are available for inspection by the FERC.

## **STANDARDS OF CONDUCT VIOLATIONS**

Expectations for behavior for all PSEG employees regarding compliance with the Standards of Conduct are articulated in PSEG's Standards of Integrity. Employees are required to report violations or potential violations of the Standards of Integrity, including violations of the Standards of Conduct. Violations of the FERC Standards of Conduct by any employee would constitute a violation of the PSEG Standards of Integrity. Suspected violations will be docketed, investigated and tracked for appropriate closure. Employees may be disciplined, up to and including discharge, for actions in violation of the Standards of Conduct or these procedures and for failing to report a violation where there is a reasonable basis to know that a violation is occurring or has occurred. Retaliation by an employee against another who in good faith reports a concern regarding a suspected violation of law, the Standards of Integrity, the Standards of Conduct, or these procedures is prohibited. Any employee engaging in such retaliation may be subject to discipline up to and including discharge.