

FERC Transmission Provider Standards of Conduct Compliance Procedures

Date: June 14, 2023

Background:

TransAlta Corporation's wholly-owned subsidiary White Rock Wind West LLC ("White Rock West"), owner of a 100 MW generation facility, has exercised an Option to Build certain Tonkawa Creek Transmission Facilities pursuant to the Generator Interconnection Agreement, GEN-2016-097, effective as of November 9, 2021, between White Rock West, AEP Oklahoma Transmission Company, Inc. ("AEP") and Southwest Power Pool, Inc. ("SPP").

White Rock West will own the Tonkawa Creek Transmission Facilities for a limited period before transferring ownership to AEP. However, before the transfer, as the owner of energized transmission facilities, White Rock West will technically fall within the definition of a Transmission Provider (despite not receiving any compensation as a transmission service provider).¹ Consequently, White Rock West and its affiliates (collectively "TransAlta") will be subject to FERC Standards of Conduct requirements ("SOC").

TransAlta has filed with the Federal Energy Regulatory Commission ("FERC") a request for waiver from the open-access transmission tariff ("OATT"), open access same-time information system ("OASIS"), and the SOC requirements of [18 CFR Part 358](#) related to its ownership of the Tonkawa Creek Transmission Facilities during the interim period identified above. While the waiver request is pending, for a short period the Tonkawa Creek Transmission Facilities may be owned by TransAlta while energized and not yet transferred to AEP, and this compliance procedure identifies the steps TransAlta will undertake during that period to ensure its marketing and transmission functions are compliant with the SOC.

FERC Standards of Conduct:

The overarching principle of SOC is no undue discrimination. Under this overarching principle, there are three fundamental rules in the SOC.

1. The **Independent Functioning Rule** requires transmission function² and marketing function employees³ to operate independently of each other.

¹ According to FERC 18 C.F.R. § 358.3, "Any public utility that owns, operates or controls facilities used for the transmission of electric energy in interstate commerce" is a Transmission Provider.

² According to FERC definitions (FERC 18 C.F.R. § 358.3), a transmission function includes the planning, directing, organizing or carrying out of day-to-day transmission operations, including evaluating, granting and denying of transmission service requests. A transmission function employee is an employee or agent of a transmission provider who actively and personally engages on a day-to-day basis in transmission functions.

³ According to FERC definitions (FERC 18 C.F.R. § 358.3), a marketing function includes the sale for resale in interstate commerce or the submission of offers to sell in interstate commerce, of electric energy or capacity, virtual

2. The **No-Conduit Rule** prohibits passing non-public transmission function information to marketing function employees.
3. The **Transparency Rule** imposes posting requirements to help detect any instances of undue preference due to the improper disclosure of non-public transmission function information, and to share transmission information equally with all transmission customers.

Compliance Procedures:

1. Participants working on TransAlta's Oklahoma projects will be trained on the SOC requirements once a year and if applicable, new employees who may work on TransAlta's Tonkawa Creek Transmission Facilities will be trained within 10 business days of employment, until such time as the transfer to AEP occurs.
2. Oklahoma project integration meetings will begin with a compliance reminder on the requirements of the SOC.
3. Oklahoma project integration meetings will be recorded or minuted (i.e., a written record of the projects will be produced and saved).
4. Marketing function employees are prohibited from conducting transmission functions, and transmission function employees are prohibited from conducting marketing functions at TransAlta.
5. Employees, contractors, consultants or agents of TransAlta are prohibited from disclosing (or using a conduit to disclose) non-public transmission function information about the Tonkawa Creek Transmission Facilities to any marketing function employee of TransAlta.
6. Marketing function employees shall have access only to transmission function information available to the public and shall not have preferential access to any information about the Tonkawa Creek Transmission Facilities that is not available to the public. The most important information to protect is non-public outage records and critical energy infrastructure information ("CEII").
7. Marketing function employees shall be blacked out from trading in SPP markets if non-public transmission function information about the Tonkawa Creek Transmission Facilities has been passed to them, until such time as the information is made public.
8. If a TransAlta employee, contractor, consultant or agent discloses non-public transmission information about the Tonkawa Creek Transmission Facilities in a manner contrary to the requirements of the SOC, they must report this to Market Compliance at compliance@transalta.com. Market Compliance will

transactions, or FTRs. A marketing function employee is an employee or agent of a transmission provider or of an affiliate of a transmission provider who actively and personally engages on a day-to-day basis in marketing functions.



determine how to make the information public, including by posting the information on TransAlta’s external web site.

- 9. Personnel will not be transferred between TransAlta’s marketing function and transmission function for the purpose of circumventing the SOC.
- 10. These procedures will be posted on TransAlta’s external web site.

Please consult with Market Compliance if you have any questions about this procedure.

Appendix 1: Specific Information Required to be Posted on External Web Site

TransAlta affiliates that employ or retain marketing function employees:	TransAlta Energy Marketing Corp. TransAlta Energy Marketing (U.S.) Inc. TransAlta Place Suite 1400, 1100 1 St SE Calgary, Alberta T2G 1B1
TransAlta employee-staffed facilities shared by its transmission and marketing function employees:	TransAlta Head Office TransAlta Place Suite 1400, 1100 1 St SE Calgary, Alberta T2G 1B1
TransAlta merger partners that employ marketing function employees:	None
TransAlta transmission function employees job titles and job descriptions ⁴ :	None* *TransAlta has executed agreements with AEP to have AEP provide operational control and maintenance of the Tonkawa Creek Transmission Facilities
TransAlta transfers of employees between transmission and marketing functions:	None
TransAlta waivers of any provisions of 18 CFR Part 358 to its affiliates:	None
TransAlta designated compliance officer for SOC:	Daryck Riddell Manager, Market Compliance daryck_riddell@transalta.com (403) 267-7906

⁴ TransAlta’s regulated transmission assets in Alberta are not included in this disclosure, due to irrelevance.