

**CODE OF CONDUCT AND ETHICS POLICY
OF THE
NEW ENGLAND POWER POOL
REVIEW BOARD**

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Original

ABOUT THE CODE OF CONDUCT AND ETHICS POLICY

As a member of the New England Power Pool (“NEPOOL”) Review Board (the “Board”), it is essential that you become familiar and comply with the *Code of Conduct and Ethics Policy* which sets forth the Board’s legal and ethical expectations. As an entity created to function as an independent evaluator of contested issues arising from the establishment, implementation and operation of a competitive wholesale energy and energy services market, the Board’s efficacy and usefulness depend upon NEPOOL members having full confidence in the Board’s objectivity and integrity. Accordingly, you, as a member of the Board must strictly adhere to the rules and spirit of the *Code of Conduct and Ethics Policy* which prescribes certain standards of conduct so that you not only comply with such mandates and principles in participating in the Board’s activities but you also will help assure the Board’s business is conducted legally and ethically.

You have the responsibility to live up to the letter and the spirit of the standards contained in the *Code of Conduct and Ethics Policy*. While the *Code of Conduct and Ethics Policy* puts these standards into writing, in truth, standards of integrity and ethics are not only found in the Board’s commitments or policies but in the everyday behavior of each and every Board member. Your daily activities may offer ethical dilemmas that you must resolve. If you have doubts as to what action to take, ask yourself the following questions:

1. Is my conduct legal?
2. Will my actions comply with the intent and purpose set forth in the *Code of Conduct and Ethics Policy* and with Board policies and procedures?
3. Would I or the Board be compromised or embarrassed if the situation were disclosed to other Board members, members of NEPOOL or the general public?
4. Could my actions ever appear inappropriate to others?
5. Will my actions be fair and non-discriminatory?

The Board’s aim is not just to adhere to the law, but to conduct its business ethically. You have an obligation to identify any illegal or inappropriate conduct or activities of another member of the Board that do not comply with the *Code of Conduct and Ethics Policy* and to report them to the Chair or Vice-Chair of the Board. The Chair and Vice-Chair, as the Compliance Committee of the Board, in turn, are responsible for administering *the Code of Conduct and Ethics Policy* and taking prompt action to investigate and correct any noncompliance.

The Board takes all instances of noncompliance seriously. If you knowingly or negligently violate the standards contained in the *Code of Conduct and Ethics Policy*, you may be subject to corrective action as determined by the Board. You must recognize that you are ultimately responsible for your own actions. Corrective action may include termination of your membership on the Board. The Board, or the members of NEPOOL, may also seek restitution for losses or damages and may pursue civil or criminal prosecution.

The *Code of Conduct and Ethics Policy* cannot include every situation you may encounter. If you have any questions about provisions of *the Code of Conduct and Ethics Policy* or about ethical practices in general, you should consult with the Chair or Vice-Chair.

CONFLICTS OF INTEREST

Limitations on Ownership of Securities of a Market Participant or its Affiliates

In order for the Board to be truly independent, free of any control, and appearance of control, of decision making by any individual Market Participant (as defined below) or any one class of Market Participants, you, as a member of the Board, must strictly observe the following rules regarding ownership interests in securities of any Market Participant or any of its Affiliates (as defined below):

1. You, your spouse or minor children should not own, control, or hold with power to vote, securities (excluding securities in mutual funds except as set forth below) of a Market Participant or any of its Affiliates if the aggregate fair market value of such securities exceeds the lesser of (a) one-half of one percent of the aggregate value of the outstanding equity of such Market Participant or Affiliate, (b) \$50,000 if prior to April 1, 2002 and (c) \$25,000 from April 1, 2002 through April 1, 2004. After April 1, 2004, you, your spouse or minor children should not own, control, or hold with power to vote any securities (excluding securities in mutual funds except as set forth below) of a Market Participant or any of its Affiliates.
2. You, your spouse or minor children should not purchase securities of any Market Participant or any Affiliate of a Market Participant (except for dividend reinvestment purchases that do not cause you to exceed the limits set forth above) while you are a member of the Board.

Definitions

- Term “Market Participant” includes:
 - any entity which is a participant (a “NEPOOL Participant”) as defined in the Restated New England Power Pool Agreement dated as of September 1, 1971, as amended from time to time (the “NEPOOL Agreement”); and
 - any Transmission Customer (as defined in the NEPOOL Open Access Transmission Tariff (the “Tariff”) attached to the NEPOOL Agreement) of NEPOOL, other than any such Transmission Customer solely taking Through Service under the Tariff.
- Term “Affiliate,” with respect to a person or entity, means any individual, corporation, partnership, firm, joint venture, association, joint-stock company, trust or unincorporated organization, directly or indirectly controlling, controlled by, or under common control with, such person or entity. Term “control” means the possession, directly or indirectly, of the power to direct the management or policies of an entity. A voting interest of ten percent or more creates a rebuttable presumption of control.

- Term “securities”:
 - includes all interests in debt or equity instruments, including, without limitation, secured and unsecured bonds; debentures; notes; securities assets; commercial paper; preferred and common stock;
 - encompasses any beneficial or legal interest derived from a trust;
 - extends to any right to acquire any long or short position in such securities and includes, without limitation, interests convertible into the foregoing mentioned securities, options, rights, warrants, puts, calls and straddles with respect to such securities; and
 - excludes an interest in a publicly traded or publicly available mutual fund or other collective investment fund or in a widely held pension or similar fund, provided that the fund’s prospectus does not indicate the objective or practice of concentrating its investment in Market Participants or similar entities and you nor your spouse exercise control nor has the ability to exercise control over the financial interests held in the fund.
- Compilation of prohibited securities list by ISO New England Inc. (the “ISO”). In order to implement this *Policy* and to help you to identify the Market Participants and their Affiliates and their prohibited securities, the ISO has distributed to each of you a list of the current NEPOOL Participants, Transmission Customers, other than any such Transmission Customers solely taking Through Service under the NEPOOL Tariff, and their respective Affiliates whose securities trade publicly. In addition, the ISO will distribute to each of you a list of:
 - the then current NEPOOL Participants and their Affiliates whose securities trade publicly within thirty days of any change in such list; and
 - the then Transmission Customers, other than any such Transmission Customers solely taking Through Service under the Tariff, and their Affiliates whose securities trade publicly within thirty days of any change in such list.
- Divestiture of ownership of prohibited securities.
 - If you or your spouse or minor children own, control, or hold with power to vote, securities of a Market Participant or any of its Affiliates, voluntarily or involuntarily (as a result of a gift, inheritance or distribution of marital property), in excess of the permitted amounts set forth above, the amounts in excess of the permitted amounts must be divested within three months from the earlier of (a) your receipt of the ISO’s list of the prohibited securities or (b) the time you become aware of the identity of a new Market Participant or its Affiliates.
 - If you are a new member of the Board and you or your spouse or minor children own any of the prohibited securities, directly or indirectly, in excess of the permitted

amounts set forth above, the amounts in excess of the permitted amounts must be divested within six months from the commencement of your term on the Board.

Limitations on Other Financial Interests in Market Participant or its Affiliates

You are required to avoid any of the following types of financial interests in any Market Participant or its Affiliates:

- You should not be, and should not have been within five years of election to the Review Board, a director, officer, employee or partner of a Market Participant or any of its Affiliates.
- Unless a request is made in writing and supported by specific reasons and prior written approval is granted by the Board, your spouse should not be a director, officer, employee or partner of a Market Participant or any of its Affiliates. In granting any such approval the Board may consider appropriate limitations on your participation in Board activities to avoid an appearance of a conflict.
- You should not be a former executive officer of a NEPOOL Participant or of any Affiliate of such NEPOOL Participant who is receiving continuing benefits under an existing employee benefit plan, arrangement or policy of such NEPOOL Participant or any of its Affiliates.
- Unless a request is made in writing and supported by specific reasons and a prior written approval is granted by the Board, your spouse should not be a former executive officer of a NEPOOL Participant or of any of its Affiliates who is receiving continuing benefits under an existing employee benefit plan, arrangement or policy of such NEPOOL Participant or any of its Affiliates. In granting any such approval the Board may consider appropriate limitations on your duties to avoid an appearance of a conflict.
- Unless a request is made in writing and supported by specific reasons and a prior written approval is granted by a majority of the disinterested members of the Board and ratified by a panel made up of two members of the NEPOOL Participants Committee and the disinterested Chair or Vice-Chair of the Board, and a copy of such written approval is provided to the Secretary of the NEPOOL Participants Committee for posting on the ISO website, you should not have a material ongoing business or professional relationship with a Market Participant or any of its Affiliates; provided, however, that you will not be deemed to have a material ongoing business relationship with a Market Participant or any of its Affiliates solely as a result of (i) being served, as a customer, with electricity or gas by such Market Participant or its Affiliate or (ii) serving as a neutral mediator or arbitrator for resolution of disputes between and among entities, some or all of whom may be a Market Participant or one or more of its Affiliates. In granting any such approval the Board may consider appropriate limitations on your participation in Board activities to avoid an appearance of a conflict.

The Board, by a majority of the disinterested members of the Board, has authority to determine whether a business or professional relationship between a member and a Market Participant or any of its Affiliates is a material ongoing business or professional relationship. If the Board determines that a business or professional relationship between a member and a Market Participant is not material, they shall advise the panel described above of that decision and provide the panel with the Board's rationale for its decision. If you have any questions concerning a business or professional relationship with a Market Participant or one or more of its Affiliates, consult the Chair or Vice-Chair.

Non-Participation in Energy Transactions

To assure that the Board and you maintain independence from any Market Participant, you should not participate in any energy transactions, including the following:

- You shall not act as a broker in connection with any power or energy sale or purchase; and
- You shall not purchase or sell electricity, capacity or such related or ancillary services or futures or option contracts for electricity, capacity or such related or ancillary services.

Other Conflicts of Interest

Conflicts of interest can occur when your position or responsibilities on the Board present an opportunity for personal gain, or when your personal interests are, or appear to be, inconsistent with Board interests. Under all circumstances, you are expected to adhere to and maintain the highest ethical standards when conducting Board business. In meeting this requirement, you must be careful to avoid any situations or relationships that can cause actual, potential or a perception of conflicts of interest. Your position on the Board may never be used to improperly benefit yourself, family or friends.

Your activities may be considered conflicts of interest if you:

- on behalf of yourself or your family, directly or indirectly, request or accept any service (other than as a customer of a utility company receiving electric or gas service for heating, etc.), money, gift, loan or discount from any Market Participant or any of its Affiliates. Such gifts should be returned or offers declined, with an appropriate explanation. If a gift is not returnable (e.g., perishable), such gift should be given to a charity or destroyed. Acceptance of an occasional business related meal or entertainment when the value involved is not significant and clearly will not place you under any obligation to the donor is acceptable;
- offer anything of more than nominal value, including loans, contributions, or unpaid services to a representative of a Market Participant or any of its Affiliates, member of the public or governmental official or entity (foreign or domestic) without prior authorization from the Board;

- engage in any non-business activity which materially decreases your impartiality, judgment, effectiveness or productivity;
- communicate or use confidential or proprietary information for personal gain or for benefit of others; or
- make illegal political contributions.

The examples described above are intended to be guidelines and are not an all-inclusive list of conflicts of interest. Specific questions regarding situations that are not clearly covered by this section will be answered on a case-by-case basis. Consult with the Chair or Vice-Chair if you have any questions regarding conflicts of interest.

Economic Hardship Exceptions

The Board shall have the authority to grant economic hardship exceptions to the rules under “Limitations on Ownership of Securities of a Market Participant or its Affiliates” and “Limitations on Other Financial Interest in Market Participant or its Affiliates”, including the divestiture policy, which are applicable to members of the Board if the Board determines, on a case by case basis, that an application of a particular rule to a member would create economic hardship on such person; provided, however, such exception does not create an appearance of conflict. If an exception is granted, the Board may consider appropriate limitations on the duties of the member limiting his or her participation in Board activities to avoid an appearance of a conflict. The NEPOOL Participants Committee shall be notified of any exceptions granted pursuant to this paragraph.

CONFIDENTIAL AND OTHER INFORMATION

The Board will frequently be receiving information from the NEPOOL Participants, entities seeking transmission access and other Market Participants and will be distributing certain information to the Market Participants in connection with the proceedings of the Board. The Board needs to utilize this information to perform its functions.

The information received, developed or distributed by the Board falls into numerous categories. Some of it is confidential; other information may be disclosed but only to certain entities and only to certain people within such entities; and some information will be made publicly available by the ISO through a regional Open Access Same-Time Information System (“OASIS”) or otherwise. The Board is subject to the following, each of which is available from the ISO:

(1) *The NEPOOL Information Policy* (“Information Policy”) which describes and categorizes information which the NEPOOL Participants will make available to the Board, the ISO, or other NEPOOL Participants; and

(2) Procedures Implementing the Commission’s Standards of Conduct (the “889 Standards”) required by FERC Order 889 which deals with the treatment of commercially sensitive transmission information.

Confidential and Other Information of Market Participants, the ISO and the Board

As you perform your Board-related activities, you may have access to certain information created or distributed by, or received from, Market Participants in connection with their participation in the NEPOOL markets and/or confidential or proprietary information about the ISO. It is absolutely important for each of you to show commitment to protecting the confidentiality of any such information and treating any such information properly in accordance with the Information Policy and the 889 Standards. You must take great care in the collection, handling and distribution of all such information to make sure such information is protected and used properly.

- What is confidential or proprietary information?
 - all information considered Confidential Information under the NEPOOL Information Policy;
 - valuable commercial information referred to in the 889 Standards until posted on the OASIS should be considered confidential;
 - confidential information may take many forms, including business plans or methods, “secrets of success”, such as marketing strategies, technical and performance information, contracts, financial records, research documentation, and information communicated via e-mail systems;
 - confidential information also includes knowledge learned as part of Board activities, whether or not it is contained in any document; and
 - confidential information includes any other information clearly designated by the provider as “confidential” or “proprietary.”
- What is excluded from confidential or Proprietary information? The following are not considered confidential or proprietary:
 - any information that becomes generally available;
 - any information received in good faith from a third party who discloses such information on a non-confidential basis without violating any obligation of secrecy relating to such information;
 - any information in public domain (e.g. public record filings with regulatory agencies and materials posted on OASIS); and
 - any information that can be shown by recipient’s prior records to have been already known to the recipient other than through disclosure by a third party

(other than disclosure by a third party mentioned in the second example above).

Information of Market Participants or the ISO should be treated as follows:

- information from the NEPOOL Participants and information distributed by the ISO to the NEPOOL Participants should be treated in accordance with the Information Policy;
- valuable commercial transmission information should be treated in accordance with the 889 Standards;
- any other confidential or proprietary information should not be used or disclosed for other than authorized purposes; and
- confidential information should not be used or disclosed for personal benefit or benefit of others while employed or any time thereafter

If disclosure of confidential information is required by order of a court or regulatory agency of competent jurisdiction, you must promptly notify the Chair or Vice-Chair so that the Board can promptly notify the Market Participant that furnished such information so that such Market Participant has a reasonable opportunity to seek a protective order to prevent disclosure.

If you are unsure whether or not information is confidential, it is best to presume it is. Care should also be taken not to discuss confidential information in public places or with unauthorized individuals such as your family, friends, business associates, or others.

Confidentiality Agreement

In order to protect the confidential or proprietary information of the ISO or a Market Participant, you are required to sign a confidentiality agreement when you commence your position as a member of the Board.

ANNUAL COMPLIANCE CERTIFICATE

In order to ensure that you are complying with the *Code of Conduct and Ethics Policy*, you will be required to sign an annual compliance certificate, in the form attached hereto as Exhibit A. Each execution of Exhibit A supersedes previous statements concerning potential conflicts of interest and therefore must be complete as to all relevant information. Any member of the Board who violates this *Policy* may be subject to removal from the Board.

CONCLUSION

The Board relies on your personal commitment to comply with these standards of integrity and ethics at all times. Even if your intentions were well-meaning, if you fail to fulfill the compliance requirements described within this document, you may expose yourself and the Board to serious consequences.

If you are unsure whether your actions, or those of anyone else, may ethically or legally jeopardize yourself or the Board, talk with the Chair or Vice-Chair. It is the Board's responsibility to help you understand the *Code of Conduct and Ethics Policy*, and it is your responsibility to live up to these standards in all your activities.

APPROVED: _____
DATE

Jay S. Siegel, Chair

Joseph H. Petrowski, Vice-Chair

Robert C. Arnold, Member

Robert I. Hanfling, Member

Jon G. Lotis, Member

ANNUAL COMPLIANCE CERTIFICATE

I have been provided by the New England Power Pool Review Board (the “Board”) a copy of the most recent version of the *Code of Conduct and Ethics Policy* which I have read and fully understand. I agree to comply with the rules and standards set forth in *the Code of Conduct and Ethics Policy* during the course of my term on the Board and, in certain cases, even after the termination of my term on the Board.

Check appropriate paragraph:

{ } I affirm that since the date that I last signed this Certificate, I have complied with the rules and policies contained in the *Code of Conduct and Ethics Policy*, including, without limitation, the following:

1. I have no ownership of securities of a Market Participant or its Affiliate in excess of the permitted amount specified in the *Code of Conduct and Ethics Policy*; and
2. I have no other financial or business relationship with a Market Participant or its Affiliate other than as permitted in the *Code of Conduct and Ethics Policy*.

{ } I affirm that since the date that I last signed this Certificate, I have complied with the rules and policies contained in the *Code of Conduct and Ethics Policy*, except the following matters which I disclose to the Board:

[List of potential conflicts of interest or other violations of the *Policy*]

Signature: _____

Name (Print): _____

Date: _____