

**SOUTHERN CALIFORNIA EDISON COMPANY**

**COMPLIANCE PROCEDURES**

**IMPLEMENTING FERC'S**

**ORDER NO. 717 STANDARDS OF CONDUCT**

Version 1.3  
Updated April, 2019

**Purpose:** To provide Southern California Edison Company’s (“SCE”) overall plan for compliance with the Federal Energy Regulatory Commission’s (“FERC” or the “Commission”) Standards of Conduct (“SOC”) codified at 18 C.F.R. § 358 and adopted in Order No. 717.<sup>1</sup>

**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 FERC’s Standards of Conduct regulations (18 C.F.R. §§ 358 *et al.*), and SCE addresses them below.

**§ 358.3 Definitions.**

- In implementing our SOC Compliance Plan, SCE takes into account the definitions stated in 18 C.F.R. § 358.3 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*

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<sup>1</sup> *Standards of Conduct for Transmission Providers*, Order No. 717, FERC Stats. & Regs. ¶ 31,280, Order No. 717-A, FERC Stats. & Regs. ¶ 31,297; Order No. 717-B, 129 FERC ¶ 61,123 (2009), Order No. 717-C, 131 FERC ¶ 61,045 (2010), Order No. 717-D, 135 FERC ¶ 61,017 (2011) (collectively, “Order No. 717”).

*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. Given that the California Independent System Operator (“CAISO”) generally provides transmission service, SCE’s primary focus is on ensuring that its Wholesale Distribution Access Tariff (“WDAT”) provisions are 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, which instructs applicable SCE employees to refrain from giving undue preference to any entity. Note that SCE generally does not provide transmission service except that it must obtain CAISO transmission service to provide service under (grandfathered) Existing Transmission Contracts that pre-date the CAISO Tariff and it must provide wholesale distribution service (“WDS”) under the WDAT.

*(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 CAISO, not SCE, provides open access transmission services on the CAISO Controlled Grid pursuant to the CAISO Tariff. SCE coordinates with the CAISO on interconnection requests to the CAISO Controlled Grid. At no time does SCE treat one transmission interconnection request differently from another. Similarly, as to the WDAT, SCE treats all requests for WDS and distribution interconnection service comparably.

### **§ 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 later subsections of 18 C.F.R. § 358.5, and SCE addresses them below.

*(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 GO1 in Rosemead, California.
- SCE's MFEs are prevented from accessing SCE's transmission Grid Control Center ("GCC") and SCE's non-public transmission function information ("NPTFI") through physical and IT restrictions.
- Training for MFEs sets out restrictions on accessing SCE facilities that may house TFEs. All MFEs were trained on these restrictions as required in Order No. 717's SOC in 2010. SCE's annual training regarding the FERC SOC continues to provide MFEs information regarding the current restrictions for MFEs.
- All TFEs are trained regarding the prohibition of all MFEs from performing any transmission functions (as defined in 18 C.F.R § 358.3).
- Annual Order No. 717 training provides TFEs the current definition of "transmission functions."
- SCE's transmission GCC is located in Building AG in Alhambra, California, which is approximately six miles from SCE's GO buildings in Rosemead, California. The GCC's key card restricted security access limits entry to SCE's 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 SCE's IT systems that may contain NPTFI, including SCE's Energy Management System ("EMS"). All SCE employees are designated with specific access to SCE's various IT systems. Unless an IT system has been verified as not containing NPTFI, the system may not be accessed by MFEs. SCE controls access to the EMS through additional password protections to prevent access by 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.*

- SCE provides training to employees regarding the No Conduit Rule in its annual FERC SOC training. SCE also provides targeted, in-person training to employees deemed most likely to be conduits.
- SCE requires NPTFI to be labeled and kept secured in locations inaccessible to MFEs (e.g., restricted locations, locked file cabinets, etc.).
- SCE has several methods of preventing inadvertent disclosures, including:
  - Employee training;
  - SCE's compliance group may review materials to ensure that no NPTFI will be presented or discussed. NPTFI may also be labeled with a disclaimer to remind employees not to provide it to SCE's MFEs; and
  - If appropriate, SCE may also decide to have meeting monitors present for meetings between TFEs and MFEs.
- An email tool exists that SCE employees can use when sending NPTFI via email. Clicking the "FERC Restricted" checkbox in the Options (Permission) 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 of the issue. 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 via SCE's annual FERC SOC training and other direct communications that any suspected intentional or inadvertent disclosure of NPTFI to MFEs must be reported immediately to the SCE SOC Core Team (consisting of an

attorney, SCE's Chief FERC Compliance Officer, Affiliate Compliance Office Manager, and Affiliate Compliance Advisors) or to SCE's SOC telephone 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 telephone Helpline.

- 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 gave 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 MFEs and TFEs regarding these bids or associated transmission service. MFEs may be responsible for requesting wholesale distribution service ("WDS") under the WDAT where SCE has responsibility to deliver such power to the CAISO grid. An MFE may discuss such a WDS request with TFEs as long as the request relates to a specific service request and SCE need not disclose such information contemporaneously. In such case, the MFE would receive the same type, quality, and quantity of information that would be provided an unaffiliated MFE.

(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 information to the transmission provider's marketing function employees. If the transmission 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 to prohibited information. All customer requests for transmission service are handled by non-MFE employees who are aware of and observe the No Conduit Rule with regard to such transmission 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 Standards of Conduct” 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; and
  - List of potential merger partners as affiliates, once such potential merger partner has been disclosed publicly.

*(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 Standards of Conduct” 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; and
  - 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.*

- SCE’s transmission Grid Control Center (“GCC”) manager on duty or other GCC personnel authorized by written procedures to do so can determine/declare that an emergency situation exists and that adherence to the FERC SOC threatens system reliability. Separately, the leader of an Incident Management Team (“IMT”) or some other similar cross-department team established to manage a condition that may threaten the transmission system or to maintain system reliability in the face of abnormal conditions can also determine that an emergency situation exists, but must coordinate with SCE’s Affiliate Compliance Office (“ACO”) and the Law department prior to such determination. The GCC manager on duty, GCC personnel, or IMT lead will then contact other SCE personnel, including MFEs and the ACO regarding the emergency situation in accordance with SCE’s internal communication process. After any emergency declaration, GCC employees or IMT participants have the clearance to disclose NPTFI to MFEs for the purpose of managing SCE’s response to the emergency situation and are directed to maintain a record of all NPTFI



communications with MFEs and provide this information to the ACO. If feasible, the ACO will review the information and provide additional advice about SOC compliance prior to any disclosure of NPTFI. All disclosures will be posted on SCE's website, sce.com, after the conclusion of the emergency situation.

(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 Standards of Conduct” area, under the “Disclosure of Non-Public Transmission Function 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 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.*

- SCE allows TFEs and MFEs to discuss the NPTFI related to compliance with Reliability Standards approved by the Commission. SCE instructs employees to document and retain records of those discussions. SCE also allows employees to share certain NPTFI deemed 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, these conversations take place on recorded telephone lines. Employees are instructed to also document the conversation in the phone log to indicate the purpose and topic of the discussion.
- If a recorded phone line is not being used to record a conversation, the participants document the discussion as soon as possible after the discussion takes place.
- SCE retains all recorded line recordings and corresponding phone logs, as well as any emergency conversation logs, for a period of no less than 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 18 C.F.R. § 358.3(j). This information is not subject to the recordation requirement and may include non-specific “transmission outage” information to inform the generation dispatchers the reason for a generation outage or curtailment. That said, SCE does not permit MFEs access to data on generation tie lines (which

are interconnection customer interconnection facilities) that it owns if such data is from the transmission GCC.

- There may be cases where interconnection customer interconnection facilities are not generation tie lines, but real-time information that is needed by MFEs about such facilities is available only through a link to data from the transmission GCC. For example, there are “internal transmission lines” located within SCE’s Big Creek Hydroelectric Project, which lines are not directly connected to the bulk power system, but rather are interconnected to facilities that are in turn interconnected to generation tie lines. Such internal transmission lines are not scheduling points on the CAISO Controlled Grid. The CAISO has no authority to allow a Scheduling Coordinator or market participant to access such internal transmission lines. As such, SCE does NOT consider information regarding the status of these internal transmission lines to be “transmission function information” for purposes of the FERC Standards of Conduct. For this reason, SCE permits MFEs to access information about the status of these lines from the relevant transmission GCC system. In contrast, SCE does not permit MFEs to access GCC information about the generation ties interconnecting its Big Creek Hydroelectric Project to the relevant point of interconnection with the CAISO Controlled Grid (or any other NPTFI). Because information relating to internal transmission lines is not NPTFI, it is permissible for it to be shared with SCE’s MFEs responsible for generation scheduling and dispatch. This information is also 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 its 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 trains all employees who meet the FERC SOC training criteria on the No-Conduit and Independent Functioning requirements pursuant to Order No. 717. These requirements are 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. SCE also annually provides a link to these updated procedures via its annual FERC SOC training.

*(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 a training program to maintain FERC SOC compliance. SCE has a computer-based training program for SCE employees identified in § 358.8(b)(2). Additionally, SCE has identified employees who will receive a combination of computer-based training and 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 Human Resources 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 current contact information can be found on [sce.com](http://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.