

Electric Power Supply Association Code of Ethics for Member Companies

Preamble

This Code of Ethics (Code) defines and affirms EPSA's values, principles and ethical expectations. The Code is intended to complement the internal principles and practices of member companies which have in place compliance programs tailored to the size, scope and regulatory requirements of their respective organizations.¹

This Code outlines EPSA's ethical expectations for its members and all EPSA members are expected to abide by these standards. Unlawful and unethical business behavior is expressly prohibited and will not be tolerated.

Clear, consistent and well-constructed market rules are necessary for markets to function properly. Without these, the strongest ethical commitments will not result in market outcomes that provide maximum benefit to consumers. Each company adopting this Code commits to work with regulators, policy makers and other market participants to develop such rules and standards, thereby strengthening the competitive wholesale electric markets necessary to power the economy and provide ongoing value to the market.

Each member company adopting this Code reaffirms its commitment to excellence, professionalism and unwavering ethical conduct.

¹ Note that pursuant to the EPSA Bylaws, Article III, Section 2 (c) regarding Qualifications for Membership the following is required: "All Board level members (i) shall comply with the then currently effective Code of Ethics [and Sound Trading Practices] for Electric Power Suppliers and (ii) must submit an annual written certification by a senior officer that 'the company intends to comply with the Code of Ethics and has in place internal policies with procedures reasonably designed to assure compliance.'" Such certification must be submitted to EPSA no later than January 31 of the calendar year in effect.

I. Ethical Standards

Core Value: Integrity

Member companies are expected to conduct business with integrity. Integrity means conducting business activities in an honest and principled manner consistent with the Federal Energy Regulatory Commission's (FERC) Anti-Manipulation Rules (Order 670) and Market Behavior Rules (CFR 18 Section 35.41), as well as the ethical standards and sound reliability and trading practices set forth herein.

Ethical Standards

Member companies:

1. Will conduct their business honestly, in good faith and in accordance with all applicable laws, regulations, tariffs and rules.
2. Will not engage in fraudulent behavior.
3. Will honor the terms and conditions of their contracts.
4. Will engage only in transactions with legitimate business purposes. Companies will not engage in any transactions intended to artificially boost revenues or volumes, or to manipulate market prices.
5. Will not collude with other market participants to affect the price or supply of power, allocate territories, customers or products, or otherwise unlawfully restrain competition.

II. Sound Operating Practices – Cyber and Physical Security

Core Value: Adherence to Sound Operating Practices and Principles

Market participants will comply with rules and regulations governing reliability, including the mandatory Reliability Standards (16 U.S.C. Section 824o(d)) developed and enforced by the electric reliability organization (ERO) to help protect the grid against physical and cybersecurity threats.

Member companies will act in accordance with these standards of sound operating practices:

1. Operate and maintain their electric power generating facilities in accordance with the mandatory Reliability Standards developed and enforced by the ERO.
2. Operate and schedule generating facilities, undertake maintenance, declare outages, and commit or otherwise bid supply in compliance with applicable power market rules, regulations and guidelines. However, Companies may decide not to run their generating plants or bid and schedule such resources when such actions would prioritize safe operations over production.
3. Offer products and services in accordance with RTO market rules, NERC standards, and other applicable rules and regulations.
4. Cooperate with reliability entities in implementing system rules and reliability requirements, and manage the physical operation of generating facilities and power transaction scheduling consistent with reliable operation of the Bulk Power System.

Electric Power Supply Association Code of Ethics for Member Companies

5. Protect employee privacy and data through strict adherence to applicable state and federal laws, rules and regulations.
6. Encourage employee vigilance in mitigating cybersecurity threats through cybersecurity training and awareness.
7. Collaborate with governments, law enforcement and industry peers to understand and respond to new and emerging cybersecurity threats.
8. Conduct risk assessments, consistent with applicable NERC cybersecurity and Critical Infrastructure Protection (CIP) Compliance requirements and programs.

III. Sound Trading Practices

Core Value: Adherence to Sound Trading Practices and Principles

Electric power markets reflect the constantly changing dynamics of supply and Demand. Efficient business operations in such an environment demand practices that can manage risk and discover market prices. EPSA Member company business practices must be consistent with those outlined in the FERC's Anti-Manipulation Rules (Order 670) and Market Behavior Rules (CFR 18 Section 35.41), as well as the guiding Ethical Standards of this Code.

Sound Trading Practices

Member companies will not engage in fraud or market manipulation, or anticompetitive behavior. Member companies will act in accordance with these standards of sound trading practices:

1. No creation of artificial congestion. Companies will not engage in transactions or schedule resources with the intent of creating congestion to manipulate prices or to jeopardize the security of dispatch operations.
2. No non-performable ancillary services. Companies will not offer ancillary services to the market that they intend not to provide.
3. No "wash" trades. Companies will not arrange and execute simultaneous offsetting buy and sell trades, i.e. with the same counterparty and price, commodity, location and quantity terms, with an intent to artificially affect reported revenues, trading volumes or prices.
4. No misrepresentative trading. No power trading will be conducted for the purpose of misrepresenting the financial condition of the organization.
5. Risk management policies. Companies will adopt, adhere to and enforce risk management policies and procedures that are designed to ensure that power-trading activities are conducted in accordance with the substance of this Code.

IV. Information Disclosure and Documentation

Core Value: Candid and Complete Disclosure

Markets depend on trust in the accuracy of market information and transparency of market behavior and that the confidentiality of commercially sensitive information entrusted to each company will be maintained.

Information Disclosure and Documentation Standards

Member companies will:

1. Provide market and transaction information to regulators and market monitors in compliance with all applicable rules and requirements, including, but not limited to, FERC's Anti-Manipulation Rules (Order 670) and Market Behavior Rules (CFR 18 Section 35.41).
2. Report financial results in accordance with applicable accounting principles and in a manner that fairly presents the financial health of the company.
3. Ensure that any information disclosed to the media, including market publications and publishers of surveys and price indices, is accurate.
4. Maintain and adhere to internal procedures to ensure that all power trades are properly documented in a timely fashion and that no power trades are concealed or misrepresented.
5. Maintain a document management and retention policy that complies with applicable laws and regulations.

V. Compliance

Core Value: Comprehensive Corporate Compliance

Individual member companies shall put in place and adhere to compliance programs designed to ensure appropriate, timely and ongoing review of generator operating and power trading practices, regulatory requirements and compliance regarding the substance of this Code.

Compliance Standards

Member companies' compliance programs will institute all steps required to ensure compliance with this Code. Such steps shall include, but may not necessarily be limited to:

1. Promoting regulatory compliance at the highest management level of the company.
2. Provide proper training of personnel regarding the substance of this Code, applicable laws and regulations, and other codes of conduct applicable to their business operations and risk management policies.
3. Maintain internal standards, policies, procedures and controls to promote compliance with the substance of this Code, and with other standards of sound operating and trading practices and market commitments, providing for the periodic internal or external audit of such standards, policies, procedures and controls.
4. Provide an environment that encourages employees within the trading organization to engage in safe and confidential discussions and to disclose to senior management any power trading practices that might violate the substance of this Code.
5. Establish clear lines of accountability for the company's power trading practices, including provisions relating to the responsibilities of corporate officers, with appropriate oversight by the Board of Directors or other senior corporate management committee.

VI. Diversity and ESG/Sustainability

Core Value: Commitment to Diversity and Sustainability (ESG)

Electric power suppliers are committed to advancing diversity and inclusion across all levels of their companies and organizations and within the energy sector workforce. Reliable energy is the backbone of our nation –and an innovative, clean and affordable power grid is needed to power America’s economy. EPSA and its member companies understand this requires bringing the best ideas to the table – which can only be done if we draw on a diverse body of input and new ways of thinking.

Electric power suppliers are committed to protecting the environment through compliance with all regulations and support efforts to address climate change through transparent, open, and nondiscriminatory competitive markets that allow all resources to compete to reduce emissions. EPSA member companies voluntarily report and/or disclose environmental, social and governance (ESG) information pursuant to company policies and are undertaking investments that reduce greenhouse gas (GHG) and other emissions, to facilitate emission reductions while maintaining electric grid reliability and resilience.

Diversity and Inclusion Principles

Electric power suppliers understand that a diverse and inclusive workplace is one where all employees and volunteers, whatever their gender, race, ethnicity, national origin, age, sexual orientation or identity, education or disability are valued and respected. Electric power suppliers abide by the following Diversity and Inclusion principles.

1. Maintaining a respectful work environment free from harassment and discrimination.
2. Actively recruiting and hiring qualified employees regardless of gender, race, ethnicity, national origin, age, sexual orientation or identity, education, or disability.
3. From leadership and at all levels, demonstrating to employees that a truly diverse workforce is essential to achieving goals.

Sustainability/ESG Practices

EPSA member companies foster the innovation and sustainable environmental progress needed to promote societal and environmental objectives. EPSA and its member companies understand that clean electricity will play a central role in

broader economic decarbonization and climate change mitigation. Electric power suppliers' ESG/sustainability practices include, but are not necessarily limited to:

1. EPSA and its member companies support a national, economy-wide program that puts a price on carbon. Competitive markets that incorporate both environmental and reliability requirements for all market participants will yield a balance of resources and technologies that jointly produce the greatest emission abatement. Electric power suppliers participate in coalitions and advocate for policies in support of this approach.
2. Investment in cost-effective clean energy and clean technologies. EPSA member companies are investing in cost-effective clean energy technologies and are working to reduce carbon emissions. EPSA members follow market signals to improve operations and efficiency, as well as retire older power generation technology and invest in newer, more cost-effective and cleaner approaches, including renewables and storage facilities.
3. Electric power suppliers advocate at the federal, state and regional level for market and operational market design changes necessary in light of the changing resource mix to ensure the reliability and resiliency of the future electric grid to meet emission reduction goals.
4. Voluntary disclosure and reporting of information, pursuant to respective company policies, regarding climate-related risk and other climate-related business information to ensure investors and other stakeholders have information regarding material risks available to facilitate informed investment decisions, as well as to provide other non-material climate information of interest. Electric power suppliers' individual business circumstances vary based on region, operations, and other factors that affect requirements.