

## ERCOT-TEXAS RE BOARD OF DIRECTOR CODE OF CONDUCT

~~ERCOT-Texas Regional Entity (Texas RE), an independent division of Electric Reliability Council of Texas, Inc. (ERCOT) has a May 2007 Delegation Agreement with North American Reliability Corporation (NERC) was to be the Regional Entity for the ERCOT region, which was approved by the Federal Energy Regulatory Commission (FERC) by an order issued April 19, 2007 certified as the Independent Organization for the ERCOT Region by the Public Utility Commission of Texas and supported by an industry-wide task force consensus to be an impartial third party security operator and planning coordinator for the ERCOT bulk electric system. In order to preserve the integrity, of the marketplace and the trust independence, and credibility of ERCOT-Texas RE, the ERCOT-Texas RE Board of Directors has adopted this Code of Conduct describing the standards of business conduct required of its members ("Directors").~~

This Code of Conduct cannot provide detailed guidance in response to every potential compliance or ethical issue. Nonetheless, it establishes a framework within which recurring questions may be addressed. Honesty, trust and integrity are fundamental to all business dealings. ERCOT-Texas RE trusts its Directors to uphold the intent of the Code of Conduct. Common sense and good faith are essential to its successful implementation.

**1. DUTY OF CARE:** A director shall perform his or her function in good faith, with the care an ordinarily prudent person in a like position would exercise in similar circumstances and in a manner he or she reasonably believes is in the best interest of ERCOT-Texas RE.

All directors and officers must act in a duty of utmost good faith towards ERCOT-Texas RE.

**2. DUTY OF LOYALTY:** While acting as an ERCOT-Texas RE Board Director, a Director shall act in the best interests of ERCOT-Texas RE and not in his/her own personal interest or that of any organization or other person with whom they are affiliated. Conflicts of interest must be disclosed to the board and procedures must be followed to ensure such conflicts do not cause harm to ERCOT-Texas RE.

While acting as a board director the director must make decisions in the best interest of ERCOT-Texas RE and its corporate mission without regard to the benefit or detriment upon the organization for which the board director is employed or for the market segment that elected the board member.

**3. DUTY OF COMPLIANCE WITH APPLICABLE LAWS:** Directors have a duty to have knowledge of or awareness of laws applicable to ERCOT-Texas RE. Directors shall comply with all laws and regulations applicable to the conduct of the business of Texas REERCOT, including but not limited to compliance with antitrust laws. Directors who become aware of any illegal or improper conduct on the part of another Director or of conduct inconsistent with this Code of Conduct shall promptly report such conduct to ERCOT's-Texas RE's General Counsel/Director, Legal Affairs.

**4. CONFIDENTIALITY:** All directors have a duty of protecting confidential information entrusted to them by ERCOT-Texas RE or its registered entities or members, in accordance with Section 1500 of the NERC Rules of Procedure. Such information must not be disclosed to others, except when disclosure is authorized by Texas REERCOT or legally mandated.

Confidential information includes all non-public information that is harmful to Texas REERCOT or its members if disclosed and specifically includes any of the the following:

- Information, technical data or know-how which relates to the business, services or products of Texas RE, owners, operators and users of the bulk power system (including Registered Entities on NERC's Compliance Registry and ERCOT's members and market participants, as listed on ERCOT's public web site), or any of their consultants or vendors, which was developed or acquired by that business and which is proprietary or competitively or commercially sensitive;
- Critical Energy Infrastructure Information;
- Personnel information that identifies or could be used to identify a specific individual or reveals personnel, financial, medical, or other personal information;
- Work papers, including any records produced for or created in the course of an evaluation or audit;

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- Investigative files, including any records produced for or created during the course of an investigation; or
- Cyber Security Incident information.

All information received during an executive session is deemed confidential; ~~so, Notes notes~~ from executive sessions need to be appropriately protected or maintained in compliance with ERCOT's documentation policy.

All information labeled attorney-client is deemed confidential. Attorney-client privilege information needs to stay within the Board of Directors. Providing information to anyone outside of the Board of Directors can waive the privilege. This includes people within your own organizations (outside of ERCOT Texas RE), including your organizations' attorneys.

**5. CONFLICT OF INTEREST:** Directors and officers of ERCOT Texas RE have a duty of loyalty to Texas RE and must therefore avoid any actual or apparent conflict of interest with Texas RE. A conflict situation may arise when a director or officer takes actions or has interests that may make it difficult to perform his or her work objectively and effectively. Conflicts of interest also arise when a director or officer or a member of his or her family receives improper personal benefits as a result of his or position at ERCOT Texas RE. If such a situation arises, the officers and directors must immediately report the circumstances to the Legal Department at 512-225-~~70707078~~.

To avoid a real or apparent conflict of interest, a board member should not represent the company at which he/she is employed in any dispute with ERCOT Texas RE, nor should the board member intervene or attempt to influence ERCOT Texas RE management in favor of his/her company.

**6. VOTING:** Directors have a fiduciary duty to cast their votes in a manner that they believe is in the best interests of the organization. Voting should be consistent with ERCOT's Texas RE's mission statement.

If a Board member is unable to perform his or her duties on a particular issue because of duties to another person or entity, the Board member should disclose the problem and abstain from voting on the issue.

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