

ERCOT

Antitrust Compliance Training Policies and Procedures

The breadth, depth and frequency of antitrust compliance training necessary for ERCOT Staff, ERCOT Board Members (including Segment Alternates), and representatives of market participants who are involved in various ERCOT-related activities will vary depending on the nature and level of the various individuals' responsibilities and involvement. The training will be provided via the mechanisms explained below.

I. ERCOT Staff

Each ERCOT Staff member will be provided a copy of the ERCOT Ethics Agreement and the Antitrust Compliance Guidelines for ERCOT Board and Staff Members ("Board and Staff Antitrust Guidelines") and will be required to sign the certificates of receipt and understanding which accompany the ERCOT Ethics Agreement and the Board and Staff Antitrust Guidelines and return them to the appropriate individual within the Human Resources department and the Legal Department, respectively, for placement in the employee's or Board Member's file.

The ERCOT Ethics Agreement and the Board and Staff Antitrust Guidelines provide a level of instruction regarding confidentiality and antitrust compliance that is adequate and appropriate for many of ERCOT's Staff members.

The additional formal antitrust compliance training described in Part IV below should be provided for those individuals who have the following responsibilities and functions: (1) all individuals considered to be a part of ERCOT management; (2) all ERCOT in-house counsel; (3) all ERCOT Staff who negotiate agreements with market participants, (4) all ERCOT Staff who attend meetings in which market participants discuss the ERCOT market, including protocol revisions; and (5) all ERCOT Staff who have responsibilities for creating and/or implementing the market design for the ERCOT Region.

II. Members of the ERCOT Board of Directors

Each Board Member will be provided with a copy of the ERCOT Board of Director Code of Conduct and the Board and Staff Antitrust Guidelines. Each Board Member is required to sign the certificate attached to the Board and Staff Antitrust Guidelines and return the signed certificate to the General Counsel of ERCOT for placement in the Board Member's file. In addition, ERCOT Board Members will be provided with the formal antitrust compliance training described in Part IV below.

III. Dissemination of Board and Staff Antitrust Guidelines

The Board and Staff Antitrust Guidelines provided with this memorandum should be distributed as follows:

Current Staff and Directors: On or before November 1, 2003, all current Staff and Board Members will be: (1) provided a copy of the Board and Staff Antitrust Guidelines, and (2) required to return the completed certification to the Legal Department (for Board Members) and to the Human Resources Department (for Staff) within one week of receipt of the Guidelines.

New Staff and Board Members: All new Board Members and Staff within the above 5 categories will be provided a copy of the Board and Staff Antitrust Guidelines as a standard part

of the new Board Member and new employee information and documentation they ordinarily receive at the inception of their board term or employment with ERCOT. Completed certifications executed by Staff should be required to be returned to the appropriate individual within the Human Resources department within one week of receipt, and completed certifications executed by Board Members should be required to be returned to ERCOT's General Counsel within one week of receipt.

Future Dissemination of Updated Manual/Recent Developments: The antitrust guidelines should be reviewed by outside counsel on the same annual cycle as the formal training described below, and updated when deemed necessary by ERCOT's General Counsel. To the extent updated guidelines are required to be prepared, they will be distributed prior to the training sessions described below. Significant developments in the antitrust laws which occur during the one-year cycle should be communicated to Board Members and Staff within the above 5 categories via the same means by which all other important ERCOT information is communicated.

IV. Formal Antitrust Training Sessions

Board Members and Staff within the 5 categories identified above are required to attend formal antitrust training sessions at least once every year. The Legal Department (for Board Members) and Human Resources Department (for Staff) will maintain formal attendance records from the training sessions, and each attendee will be required to complete an individual attendance certification. A copy of the executed attendance certification will be maintained in the files of each Board Member's and in the personnel files of each employee. For Board Members or Staff who join ERCOT during the annual training cycle, informal training shall be provided through the use of the antitrust compliance guidelines and individual discussions. Such informal training shall be attended within three months of the Board Member's or Staff's start date. If, however, a new Board member or Staff member presents specific antitrust concerns, ERCOT should consider providing formal individual training.

V. Antitrust Guidelines for Participants in ERCOT Committees, Subcommittees and Working Groups

Individuals who participate in ERCOT committees, subcommittees and working groups shall be provided the Antitrust Guidelines for Members of ERCOT Committees, Subcommittees and Working Groups. As new individuals join these committees, subcommittees and working groups, they shall be provided the Antitrust Guidelines for Members of ERCOT Committees, Subcommittees and Working Groups prior to attending their first meeting. At the beginning of each meeting of an ERCOT committee, subcommittee or working group, the leader of the meeting shall inquire whether any participant has not received the Guidelines and will remind the participants of their ongoing obligation to comply with all applicable laws, including the antitrust laws.