



ERCOT ETHICS AGREEMENT

The Electric Reliability Council of Texas, Inc. ("ERCOT") was certified as the Independent Organization for the ERCOT Region by the Public Utility Commission of Texas ("PUCT") and supported by an industry-wide task force consensus to be a confidential and impartial third party security operator, market facilitator and planning coordinator for the ERCOT bulk electric system. In order to support these functional requirements the employees of ERCOT will be provided and entrusted with proprietary, confidential and/or market sensitive information ("Confidential Information") by load entities, transmission providers, generating entities, and other market entities utilizing ERCOT services. During the performance of their job, ERCOT employees may also generate Confidential Information. Furthermore, ERCOT employees may receive Confidential Information belonging to entities, such as vendors, that do not participate in the ERCOT marketplace.

Employees of ERCOT are expected to conduct the business of ERCOT with total objectivity. Prohibited conflicts of interest include situations where:

- An employee stands to gain or lose personally from an ERCOT business decision;
- An employee or member of his or her immediate family or household has an interest, direct or indirect, in an entity dealing with ERCOT, including but not limited to market participants in or suppliers or vendors of ERCOT;
- An employee or member of his or her immediate family or household has an interest, direct or indirect, in any business or entity and the interest is of such an extent or nature that the employee's decision might be affected or determined by it; or
- An employee serves in an advisory, consulting, technical, or management capacity for any business organization that does significant business with, or is a market participant within ERCOT.

If a conflict of interest or appearance of conflict is unavoidable, an employee should inform the Human Resources Department immediately.

The appearance of a conflict of interest may be just as damaging to ERCOT's reputation as a real conflict. All employees are expected to take an objective look at their actions from time to time to determine whether a reasonable observer would have grounds to believe a conflict of interest exists.

"Confidential Information" means all information, technical data or know-how which relates to the business, services or products of ERCOT, ERCOT's members or customers, or ERCOT's other contractors, consultants or vendors, including, without limitation, any research, products, services, developments, inventions, processes, techniques, designs, data, scientific, technical, engineering, distribution, marketing, financial, merchandising and sales information, which is disclosed to you, directly or indirectly, in writing, orally, electronically or by drawings or



inspection during or because of your employment with ERCOT. Confidential Information does not include information, technical data or know-how which: (i) is already published or available to the public, other than by a breach of a confidentiality agreement; (ii) is received from a third party who is not in breach of any obligation of confidentiality; or (iii) is proven by written evidence to be known to employee at the time of disclosure. In addition, any information labeled private, proprietary and/or confidential or known to be confidential according to a statute, rule, law or other ERCOT policy or procedure shall be treated as Confidential Information by ERCOT employees. To preserve the integrity of the marketplace and the trust and credibility of ERCOT, it is essential that ERCOT employees not disclose Confidential Information to anyone outside of ERCOT's employ unless the disclosure is in accordance with at least one of the following exceptions:

1. The ERCOT employee discloses the information in the performance of and in accordance with established ERCOT procedures, work processes, and procedures.
2. All parties affected by the release of information agree to the release in writing and it is released in accordance with applicable Public Utility Commission of Texas (PUCT) and ERCOT rules and procedures.
3. The information has exceeded the confidentiality time periods as established by both federal and state regulatory agencies and ERCOT, and is subject to public release for audit purposes, and only then after it has been publicly released.
4. The release of information has been ordered by an appropriate legal authority, in writing, and the release is in accordance with the terms of that order.
5. The release of such information is to an independent third party vendor performing work for ERCOT that requires that the information be provided in order to perform specific assigned duties. In this case, such release must be in accordance with ERCOT procedures and the vendor must have previously signed a confidentiality agreement with ERCOT.

Furthermore, in consideration of receipt of ERCOT's confidential information and other good and valuable consideration, employees shall not, while employed by ERCOT and for a period of one (1) year from the date of separation of employment with ERCOT, either directly or indirectly solicit, induce or encourage any ERCOT employee(s) to terminate their employment with ERCOT or to accept employment with any other independent system operator, or any supplier or consultant of ERCOT, nor shall the employees cooperate with any others in doing or attempting to do so. As used herein, the term "solicit, induce or encourage" includes, but is not limited to, (a) initiating communications with an ERCOT employee relating to possible employment, (b) offering bonuses or additional compensation to encourage ERCOT employees to terminate their employment with ERCOT and accept employment with another independent system operator, or supplier or consultant of ERCOT, or (c) referring ERCOT employees to personnel or agents employed by other independent system operators, or suppliers or consultants of ERCOT.



To preserve the trust and credibility of ERCOT it is essential that ERCOT employees:

1. Have no direct financial or other interest in any market participant doing business in ERCOT.
2. Have no direct or indirect interest in and receive no compensation or other money from any vendor that does business with ERCOT.
3. Accept no gifts or entertainment of significant value (not to exceed \$100 annually) from employees or representatives of any market participant doing business in ERCOT or vendors doing business with ERCOT.

Any ERCOT employee who knowingly or carelessly violates the intent or any part of this policy will be subject to immediate disciplinary action up to and including termination of their employment. In the event of breach of these provisions, ERCOT may also be entitled to injunctive relief in addition to all such other and further relief as may be available at law, in equity, or otherwise.

The Ethics Agreement may be amended by ERCOT as necessary. Employees will be required to reaffirm the Ethics Agreement on an annual basis.

Employee Agreement: By my signature I, _____, acknowledge that I have read and understand the above Employee Ethics Policy and agree to be bound by its requirements ***or I will be subject to termination and such other relief to ERCOT, as described above.***

Employee Signature: _____

Date: _____