

## **PROPOSED REVISIONS TO ERCOT CONSULTANT ETHICS AGREEMENT**

### **PURPOSE**

The proposed revisions are intended to: accommodate on-line completion; make the requirements as stringent for consultants as they are for ERCOT employees; clarify permissible ownership interest in other ERCOT suppliers and market participants; place emphasis on compliance with antitrust laws and acceptable use standards; add references to the *Antitrust Compliance Corporate Standard* and *Acceptable Use Corporate Standard*; and provide *additional confidentiality requirements with respect to the information of the Texas RE*.

### **SUMMARY OF SUBSTANTIVE CHANGES**

- The form has been reformatted to accommodate on-line completion by adding text boxes and a checkbox for consultant agreement to the terms of the Ethics Agreement.
- Provisions pertaining to conflicts arising from interests in a Supplier are stated separately from those arising from interests in a Market Participant.
- The prohibition against concurrent services to ERCOT and to any other entity doing business with ERCOT is more broadly stated to required disclosure of all concurrent services rather than limiting disclosures to situations where the consultant's objectivity might be compromised.
- The definition of Confidential Information has been expanded to specifically reference the Texas RE and additional restrictions on disclosure of Texas RE information added.
- A separately stated requirement for compliance with anti-trust laws has been added.
- A separately stated requirement for compliance with the Acceptable Use Corporate Standard has been added.

### **MARKED CHANGES**

Only substantive changes are marked on the attached draft. Formatting changes and information that has been relocated are not marked.

## CONSULTANT ETHICS AGREEMENT

Consultants of Electric Reliability Council of Texas, Inc. ("ERCOT") must conduct ERCOT's business ~~legally~~, with integrity and total objectivity toward ERCOT and all Members and Market Participants (as listed on ERCOT's public website) and the Texas Regional Entity ("Texas RE"), and in compliance with all applicable laws, rules, and regulations, and in accordance with ERCOT Protocols and ERCOT corporate standards, policies and operating procedures. ERCOT will not tolerate fraud, misconduct or ~~abuse~~ violations of the Consultant Ethics Agreement or Code of Conduct.

### Confidential Information

ERCOT consultants who receive Confidential Information in the course of their services to ERCOT must maintain the confidentiality of such Confidential Information and take reasonable actions and precautions to prevent unauthorized disclosure of same.

"Confidential Information" means all information marked "Confidential" or defined as "Confidential Information" in Section 1500 of the NERC Rules of Procedure and all information defined as "Protected Information" in Section 1.3 of the ERCOT Protocols, and specifically includes all documents, knowledge, electronic, tangible or intangible information provided which is or includes any of the following:

- Information, technical data or know-how which relates to the business, services or products of Texas RE, ERCOT, owners, operators and users of the bulk power system, including Registered Entities on NERC's Compliance Registry and ERCOT's Members and Market Participants, 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;
- Investigative files, including any records produced for or created during the course of an investigation;
- Cyber Security Incident information; or
- Information contained on any Texas RE server or in any email sent or received by any Texas RE employee.

Any consultant providing services to the Texas RE must strictly comply with the NERC Rules of Procedure governing the protection and non-disclosure of information that may be privileged, confidential or proprietary, or may constitute critical energy infrastructure information. You may communicate regarding Confidential Information of the Texas RE only with Texas RE employees and with ERCOT service providers who have signed a Texas RE Confidentiality Agreement.

### Disclosure of Prior Work at ERCOT

Consultant must disclose herein: (i) all dates (beginning date through end date) during which Consultant was employed by ERCOT or the Texas Regional Entity in the past and (ii) all

dates (beginning date through end date) during which Consultant performed services for ERCOT or the Texas Regional Entity in the past.

### **Conflicts of Interest**

ERCOT consultants must conduct ERCOT's business with ~~total objectivity and without any free~~ from the influence from of any Conflict of Interest of the consultant or any of the following ("Related Parties"): the consultant's immediate family (parents and stepparents, children and stepchildren, siblings and stepsiblings); the consultant's spouse or domestic partner; and household members (including roommates). ~~and must avoid situations in which their personal interests conflict or appear to conflict with the interests of ERCOT or an ERCOT Market Participant. "Conflicts of Interest" include, but are not limited to, situations where a consultant or his or her spouse, dependent, or a member of his or her household or immediate family (i.e. father, mother and siblings): Any circumstance which might influence or appear to influence the consultant to promote the interest of himself or a Related Party or to provide undue benefit to a Supplier or Market Participant must be disclosed so ERCOT management can evaluate the potential Conflict of Interest.~~ "Conflicts of Interest" are defined in CS 5.18, *Conflict of Interest Corporate Standard*. Common examples include, but are not limited to:

- 1. Interest in Supplier** - The consultant or a Related Party has a financial interest, including employment or ownership, in a Supplier currently doing business with ERCOT or in a Supplier that seeks to do business with ERCOT, if that consultant has any influence over the selection of the Supplier or is involved in managing or otherwise directing the ERCOT-Supplier relationship in any way. However, the following interests in a Supplier are **not** considered conflicts of interest:
  - (a) ownership in the Supplier whose contract has resulted in the consultant's engagement at ERCOT;
  - (b) ownership of less than one percent (1%) of the publicly-traded equity securities of a Supplier, the securities are held as an investment, and the employee or Related Party does not have representation on the Supplier's board of directors (or equivalent governing body), and does not exercise influence over the entity's day-to-day management decisions;
  - (c) ownership of mutual funds holding securities of the Supplier.
- 2. Interest in Market Participant** – The consultant or a Related Party has a financial interest, including ownership or employment, in a Market Participant, except for ownership of mutual funds holding securities of the Market Participant.
- 3. Conflicting Services** – The consultant or a Related Party performs concurrent services for ERCOT and for Market Participants, Suppliers, or other entities that have a business relationship with ERCOT.
- 4. Personal Benefit** – An ERCOT business decision will result in personal gain or loss to the consultant or a Related Party, other than gains or losses common to all Suppliers, consultants, and their Related Parties.

A consultant must immediately inform the Legal Department if a Conflict of Interest or even the appearance of a Conflict of Interest might exist, to allow ERCOT officers to evaluate the situation. After full disclosure by the consultant, ERCOT officers may agree to conditions that appropriately limit any potential influence from a Conflict of Interest.

### **Personal Gifts and Payments**

I understand that I may not offer any cash or non-cash benefits or gifts to any ERCOT employee because such benefits or gifts may affect or appear to affect the judgment of the person receiving the gift. Payment or acceptance of bribes, kickbacks or other improper payments while conducting ERCOT's business is strictly prohibited.

### **Securities Laws**

Consultants may not trade in securities of third parties (such as Suppliers) if, because of their service to ERCOT, they have access to material non-public information about that third party.

### **Anti-trust Laws**

Consultants must abide by the ERCOT *Antitrust Compliance Corporate Standard* (CS 1.10) and all applicable anti-trust laws.

### **Acceptable Use of ERCOT Assets**

Consultants must abide by the ERCOT *Acceptable Use Corporate Standard* (CS 7.1) and must refrain from using ERCOT equipment, networks, tools and premises for purposes other than the conduct of ERCOT business.

### **Non-Solicitation**

In consideration for receiving ERCOT's Confidential Information and engagement by ERCOT, consultants shall not, while working for ERCOT and for a period of six months after ceasing to work for ERCOT, either directly or indirectly solicit, induce or encourage any ERCOT employee to either terminate employment with ERCOT or accept employment with any other entity. The term "solicit, induce or encourage" includes, but is not limited to, initiating communications with an ERCOT employee relating to possible employment, offering bonuses or additional compensation or referring ERCOT employees to personnel, recruiters or other agents.

### **Reporting Questions or Concerns**

Any ERCOT consultant who has concerns or questions about these requirements and prohibitions should contact the ERCOT Legal Department. Any consultant who becomes aware of a violation of the Code of Conduct or the appearance of a violation of the Code of Conduct, by any person must immediately notify the ERCOT Legal Department or file an anonymous report through EthicsPoint ([www.ethicspoint.com](http://www.ethicspoint.com) or 1-866-384-4277) or other available ERCOT anonymous reporting tool, if any.

### **Disclosure of Conflicts and Prior Service**

After reviewing the ERCOT Code of Conduct and Employee Ethics Agreement, I wish to disclose the following prior services to ERCOT and potential conflict(s) of interest:

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**Check this box if you have no prior service or conflicts of interest to report.**

### Prior Services to ERCOT

Dates of Prior Service:

Dates of Prior Employment:

### Potential Conflicts of Interest:

Name: Relationship to Employee:

Description of Potential Conflict:

### Potential Conflicts of Interest:

Name: Relationship to Employee:

Description of Potential Conflict:

### Consultant Agreement

By ~~signing~~ checking the box below, I hereby confirm and acknowledge that:

(i) I have read and understand the requirements of the ERCOT Code of Conduct and this Consultant Ethics Agreement, ~~all ERCOT Corporate Standards including, but not limited to, the~~ *Antitrust Compliance Corporate Standard (CS 1.10), the Confidentiality Corporate Standard (CS5.19), the Fraud Prevention and Whistleblower Corporate Standard (CS 5.38), and the Acceptable Use Corporate Standard (CS7.1)* and agree to comply with same. ~~(iii) the Consultant Handbook;~~

(ii) I agree to be bound by and comply with all requirements of all applicable laws, rules and regulations, all ERCOT standards, policies procedures and Protocols; and the NERC Rules of Procedure.

(iii) I agree to maintain the confidentiality of all Confidential Information and to communicate regarding the Texas RE's Confidential information only with Texas RE employees and ERCOT service providers that I have confirmed have signed a Texas RE Confidentiality Agreement; and

(iv) If I have signed any previous ERCOT Ethics Agreement, I further confirm that I have complied with those requirements since the date of such previous Ethics Agreement(s).

(v) I have made complete disclosure herein of any prior services to ERCOT and any potential Conflict of Interest involving me or my Related Parties.

(vi) If I become aware of a Conflict of Interest involving me or my Related Parties, or if any information I disclosed herein changes, I will promptly notify the Legal Department in writing; and

(vii) I will be subject to contract termination, injunction and/or all other available legal or equitable remedies for any violations of applicable laws, rules, and regulations, NERC Rules of

Procedure, ERCOT Protocols, ERCOT corporate standards, policies and operating procedures, and this Consultant Ethics Agreement, whether my violation is intentional or careless.

☐ **I agree to the foregoing terms.**

**NOTE: The completed form will be maintained in your Human Resources record.**

**Note: The completed form will be maintained in the Legal Department**