



California ISO

Shaping a Renewed Future

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## Contractors Code of Conduct



Effective 12/01/2011

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**REVISION HISTORY**

<b>VERSION NO.</b>	<b>DATE</b>	<b>REVIEW ON</b>	<b>REVISED BY</b>	<b>DESCRIPTION</b>
1.0	12/01/11	12/1/12	B. Drummond	Policy Circulated for approval
1.1	12/15/11	12./15/11	B. Drummond	Added reference to additional policies – Section 6

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## 1.0 INTRODUCTION

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The California Independent System Operator is committed to ensuring that its contractors and consultants (“Contractors”) and their personnel abide by rules similar to those that govern California ISO employees, including rules against conflicts of interest, as well as compliance with applicable law and critical personnel policies.

This policy updates the rules governing Contractors by:

- Tailoring the rules specifically to Contractors, rather than using a single set of rules for both Contractors and employees;
- Using plain language, and
- Affording greater flexibility to allow exceptions when appropriate.

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## 2.0 SCOPE

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This Code of Conduct (“Code”) applies to Contractors of the California ISO – individuals and entities who are bound to this Code through their agreements with the California ISO. The requirements described below are in addition to the terms and conditions set forth in, or otherwise incorporated by reference in, the agreement or agreements that govern the Contractor’s relationship with the California ISO, except as otherwise provided in those agreements.

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## 3.0 RESPONSIBILITIES

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### 3.1 Conflicts of Interests

This Section applies only to “Substantially Full-time Contractor[s]” (i.e., those who are expected to provide an average of thirty (30) hours of service or more to the California ISO per week for a period of six (6) months or more). The remaining sections of this Code apply to all Contractors.

A Contractor must avoid any activity, investment or interest that might tend to affect his or her judgment in carrying out contractual responsibilities. Contractors must avoid situations and relationships that compete or conflict with their contractual obligations to the ISO and that might affect or appear to affect their judgment in performing contractual duties. Contractors must not use their positions with the California ISO to improperly benefit themselves, their relatives, friends, or other businesses.

The following are specific situations that Contractors must avoid.

- A Contractor may not act as a broker in connection with any power sale or purchase, or purchase or sell electricity, except for ordinary personal uses or to the extent necessary to carry out the functions of the ISO.
- A Contractor may not serve as an employee, director, attorney or consultant for any entity engaged in the generation, transmission, marketing or distribution of

electricity within the geographic area of the Western Electricity Coordinating Council unless prior written approval has been granted by the ISO.

- A Contractor may not have, directly or indirectly, a “financial interest in any market participant” as that phrase is used in 18 C.F.R. 35.34(j)(1)(i) or any successor provision, as if the ISO is a Regional Transmission Organization. A list of these entities that are “market participants” for this purpose will be provided by the ISO under the List of Prohibited Investments.

A Contractor must divest of any prohibited financial interests within six (6) months of beginning to provide services to the California ISO.

### **3.2 Non-Public Information**

A Contractor is required to maintain all non-public information acquired in the course of providing services for the California ISO, including all information that is confidential under the Corporate Information Security Policy and the Corporate Information Security Standards.

### **3.3 Cooperation with Investigators, Auditors and Regulators**

A Contractor must disclose information to anyone conducting a duly authorized investigation or audit of or relating to the California ISO or its business except where it may be withheld by a recognized legal privilege. A Contractor must not give false information to, or attempt to mislead anyone conducting such an investigation or audit.

### **3.4 Use of Corporate Assets for Personal Purposes**

A Contractor may not use any California ISO property or services for personal gain and shall not remove or dispose of the materials, supplies or equipment of the California ISO without the authorization of the California ISO. Such use shall be in compliance with California ISO Acceptable Use of Systems Policy or other policies as directed by the California ISO.

### **3.5 Compliance with Applicable Laws, Regulations and Policies**

The California ISO and the activities it engages in are subject to legal requirements arising under federal, state and local laws, regulations and ordinances. A Contractor must comply with all laws and regulations applicable to the work that he or she is performing for the California ISO, including but not limited to laws and regulations described or referenced in this section. A Contractor who becomes aware of any illegal or improper conduct on the part of any Contractor or employee of the California ISO, or other conduct inconsistent with this Code, must promptly report such conduct to his or her primary contact with the California ISO, as identified in the contract with the California ISO, or to the Assistant General Counsel - Corporate.

#### **3.5.1 Tariff Compliance**

The California ISO is a “public utility” as defined by the Federal Power Act and is therefore subject to the jurisdiction of the Federal Energy Regulatory Commission. As such, all rates, terms and conditions of FERC jurisdictional service provided by the California ISO must be on file with FERC in the form of a tariff.

Pursuant to its FERC-filed tariff, the California ISO provides open, nondiscriminatory access to the transmission system and operates markets for wholesale electric energy and energy related services and products. Failure to comply with the tariff and failure to administer the tariff in a manner that treats all participants without preference or undue discrimination can result in FERC imposed penalties and create litigation risk for the corporation.

A Contractor must comply with the tariff and administer the tariff in a manner that treats all participants without preference or undue discrimination. If a Contractor suspects or believes that a tariff violation may have occurred or that the tariff may have been administered in a manner that is inconsistent with the obligation to treat all participants without preference or undue discrimination, such Contractor must promptly report the conduct to his or her primary contact with the California ISO, as identified in the contract with the California ISO, or the Assistant General Counsel – Corporate.

### **3.5.2 Information Security**

The California ISO is subject to a number of information security and privacy requirements based on applicable laws and regulations, and has developed comprehensive standards related to information security. These requirements are summarized in the Corporate Information Security Policy and the Corporate Information Security Standards, and Contractors must comply with these policies and standards.

### **3.5.3 Intellectual Property**

Intellectual property is essentially any idea reduced to tangible form that has some commercial value, including copyright, trademarks, trade secrets, and patents. All intellectual property created during the performance of Contractors' duties belongs to the California ISO under the "work for hire" doctrine unless otherwise agreed in writing. The California ISO engages in significant information technology related activities and as such either produces or uses a significant amount of intellectual property. Contractors are prohibited from selling, giving away or using for personal gain any California ISO intellectual property without prior written authorization from the California ISO. All California ISO intellectual property must be created and maintained in accordance with applicable California ISO policies and standards, including but not limited to the Corporate Information Security Policy and the Corporate Information Security Standards.

Contractors must take care to protect third-party intellectual property consistent with the California ISO right to use such information as detailed in the relevant contracts. This includes maintaining in confidence materials provided by third-party firms that may be marked confidential, only making authorized copies of such materials, and complying with other contractual commitments that the California ISO has made to these third parties.

### **3.5.4 Safety, Security, Environmental Protection and Health**

The California ISO maintains a safe, secure and healthy working environment and has programs in place to address safety efforts and prevent injury or illness. Contractors must comply with the Workplace Violence Prevention Policy, the Fitness for Duty Policy, and the Consultant Safety Handbook.

### **3.5.5 Equal Opportunity**

While performing work within the scope of contractual obligations to the California ISO, Contractors shall not discriminate against anyone on any basis, including but not limited to sex, race, religion, color, national origin, sexual orientation, age, medical condition, physical or mental disability, HIV or AIDS condition, marital status, veteran status, or family leave status.

### **3.5.6 Harassment**

While performing work within the scope of contractual obligations to the California ISO, Contractors may not harass any individual for any reason, including but not limited to any of the bases listed in the paragraph above and as further described in the California ISO Harassment Prevention Policy.

### **3.5.7 Workplace Violence Prevention Policy**

Engaging in behaviors identified in the California ISO Workplace Violence Prevention Policy may result in immediate removal of the offending individual or termination of the contractual relationship with the California ISO. For further information, Contractors should consult the Workplace Violence Prevention Policy, their primary contact with the California ISO, as identified in the contract with the California ISO, or the Assistant General Counsel – Corporate.

### **3.5.8 Substance Abuse Prevention Policy**

To further the California ISO interest in avoiding accidents, to promote and maintain safe and efficient working conditions for its personnel, and to protect people, business, property, equipment, and operations, the California ISO has established a Substance Abuse Prevention Policy concerning the use of alcohol and drugs. Contractors shall not possess or use alcohol or drugs, including legal drugs, in a manner that is inconsistent with the Substance Abuse Prevention Policy.

## **3.6 Accountability and Ownership**

Procurement and Vendor Management is responsible for creating, managing and enforcing this policy.

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## **4.0 POLICY COMMUNICATIONS**

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### **4.1 Scope**

The Department of Procurement and Vendor Management (PVM) is directed to incorporate this policy into all applicable contracts and provide Contractors with notice of same.

### **4.2 Frequency**

PVM will provide this policy at the time of contract and issue an annual reminder thereafter.

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## **5.0 COMPLIANCE**

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All Contractors must comply with this policy. Any Business Unit Manager or Director who strongly believes there is a valid technological or compelling business reason for non-compliance with this policy, in part or in its entirety, must follow the Corporate Exception to Policy procedure.

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## **6.0 RESOURCES AND RELATED POLICIES**

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Below is a list of additional relevant resources. These will be updated as necessary by the ISO on its website:

- Acceptable Use of Systems Policy
- Consultant Safety Handbook
- Corporate Exception to Policy procedure
- Corporate Information Security Policy
- Corporate Information Security Standards
- Disciplinary Guidelines
- Harassment Prevention Policy
- ISO Tariff
- Personnel Risk Assessment Policy
- Substance Abuse Prevention Policy
- Workplace Violence Prevention Policy
- List of Prohibited Investments

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## **7.0 CONTACTS**

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For questions regarding subject matter covered in this policy, please contact Bruce Drummond, Manager of PVM, at (916) 608-5752 or Greg Fisher, Assistant General Counsel – Corporate, at (916) 608-7206.

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## APPROVAL SIGNATURES

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This policy has been reviewed and approved by the following stakeholders.

**Business Unit Manager:**

Bruce Drummond	<i>Bruce Drummond</i>	12/16/11
_____ Name	_____ Signature	_____ Date

**Corporate Compliance**

Lisa Milanes	<i>Lisa Milanes</i>	12/16/11
_____ Name	_____ Signature	_____ Date

**Human Resources:**

Jodi Ziemathis	<i>Jodi Ziemathis</i>	12/20/11
_____ Name	_____ Signature	_____ Date

**Sponsoring Officer:**

Nancy Saracino	<i>Nancy Saracino</i>	12/29/11
_____ Name	_____ Signature	_____ Date

**Legal:**

Greg Fisher	<i>Greg Fisher</i>	12/16/11
_____ Name	_____ Signature	_____ Date

**Communications:**

Stephanie McCorkle	<i>Stephanie McCorkle</i>	12/20/11
_____ Name	_____ Signature	_____ Date

**Director:**

Ryan Seghesio	<i>Ryan Seghesio</i>	12/29/11
_____ Name	_____ Signature	_____ Date