

Why FERC Regulates Transmission

FERC, as a federal regulator, seeks to protect market competition for wholesale transmission services and power sales in interstate commerce by limiting what information can be shared between business areas.

To carry out this objective, FERC enforces a set of rules called “Standards of Conduct.”

Select the numbers or the navigational arrows to learn more about the reasons for FERC regulation.

Before the mid-1990s

Before the mid-1990s, US electric utilities were vertically integrated, meaning they generated, transmitted, distributed, and sold electricity as a single bundled service under cost-of-service regulation.



Since 1996

Since 1996, to encourage competition in Generation, FERC required utilities to offer open, non-discriminatory transmission access over their transmission systems. That effort was intended to increase competition in wholesale electricity and ensure equal access to the grid for independent electricity generators, or “independent power producers.”



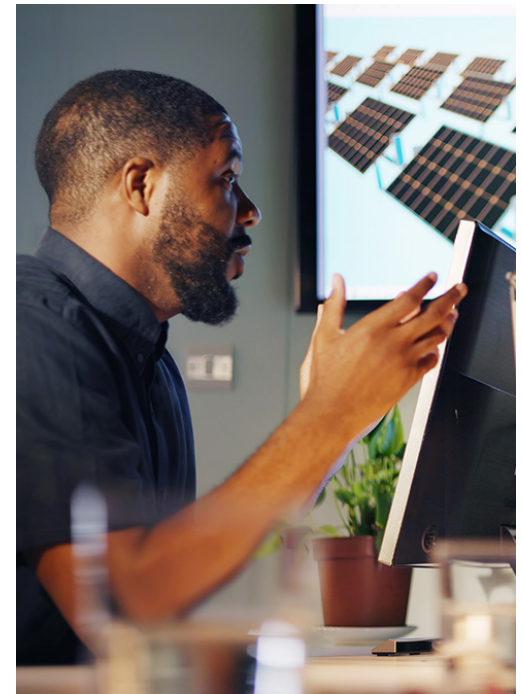
Market Evolution

Over time, the energy markets and associated regulations have continued to evolve. For example, some states undertook deregulation initiatives, directing their regulated electric utilities to divest their generation.



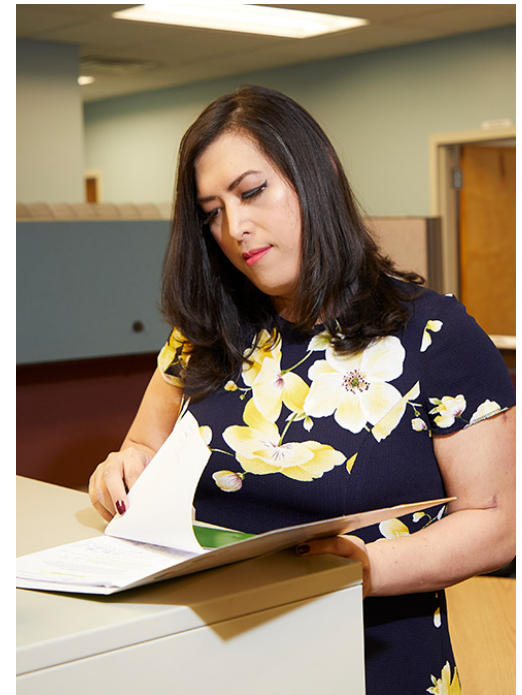
Standards of Conduct

To ensure a competitive, transparent, and reliable marketplace for wholesale electricity sales and purchases, FERC established its Standards of Conduct rules to ensure fair dealing and non-discriminatory access to the transmission grid.



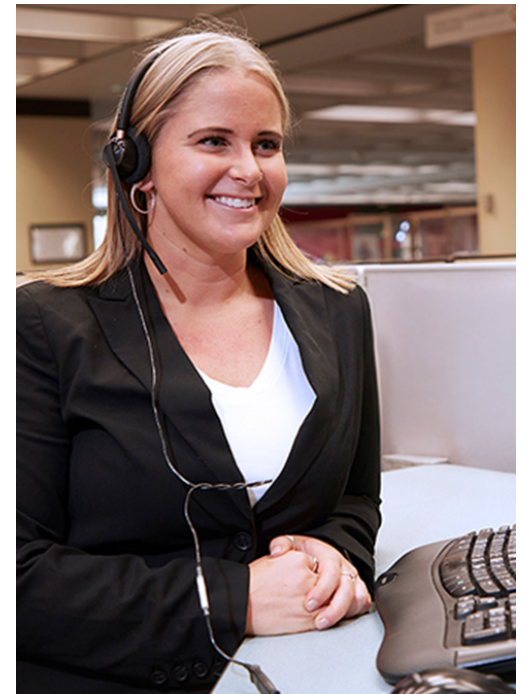
FERC Office of Enforcement

FERC has an Office of Enforcement that focuses on fraud and market manipulation, anti-competitive behavior, serious reliability violations, accounting issues, and conduct that undermines market transparency and cost allocations.



State-Level Alignment

In the 2000s, states began to follow FERC's lead, adopting additional utility rules that are consistent with FERC's Standards of Conduct. The states' rules provide additional protections for customers, particularly in cases where utilities hold both state-regulated businesses and merchant generation and transmission.



Affiliate Controls

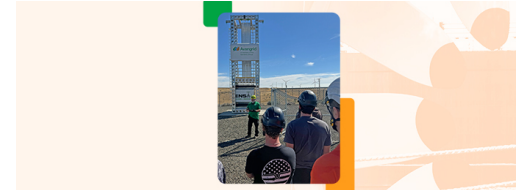
FERC also has affiliate controls in place. For example, when a utility company is seeking to purchase power or services from an affiliate, the utility needs to be able to demonstrate that it is doing it at the lower of cost and the prevailing market price. If the utility is undertaking the opposite transaction (e.g., selling power or services to an affiliate) then it must be done at the higher of cost or the prevailing market price.



The Four FERC Standards of Conduct Rules

The FERC Standards of Conduct consist of four core rules.

Select each image to learn more.



Non-Discrimination Rule

Avangrid's transmission-owning companies must treat all transmission customers, affiliated or non-affiliated, in the same manner. Avangrid cannot operate its transmission system to give preference to its marketing employees or to a generation or transmission affiliate.

Non-Public Transmission Information, like system constraints, outages, capacity, and pricing, cannot be shared with Marketing Function Employees. If you have Non-Public Transmission Information, you must not provide it to Marketing Function Employees.



No Conduit Rule

Avangrid employees and contractors are prohibited from using anyone as a conduit for the disclosure of Non-Public Transmission Information to Marketing Function Employees-intentionally or accidentally. That means, you must not use any employee, external contractor or consultant, lawyer, or agent to communicate Non-Public Transmission Information to Marketing Function Employees.

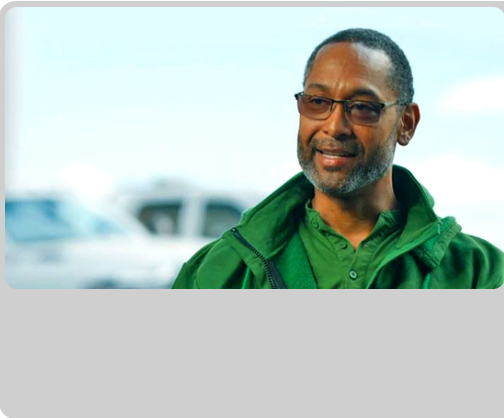


Transparency Rule

If Avangrid does disclose Non-Public Transmission Information to its marketing employees directly, or through a conduit, the same information must be posted immediately on the relevant public website, so that all industry market participants have equal access to the same information.

If you, as an employee, know of a violation or potential violation of these rules, you must report it immediately, for early remediation.

Select [Reporting Options](#) to learn how to report a concern, including anonymous reporting.



Independent Functioning Rule

Avangrid's employees that commonly have Non-Public Transmission Information must work separately and independently from Avangrid's Marketing employees and protect that information from inadvertent disclosure.

Our key controls include prohibiting Marketing employees from accessing areas where Transmission functions reside – for example, in Avangrid Network's Energy Control Centers.

Avangrid Marketing employees and Transmission function employees that have access to Non-Public Transmission Information must not work together, for example, on a joint Avangrid project.



Non-Public Transmission Information

In summary, Non-Public Transmission Information must not be communicated to Avangrid Marketing employees by anyone or by any means. Violations, whether inadvertent or otherwise, must be cured immediately by posting the information publicly.



Examples of Situations to Avoid

Avangrid Power markets electricity in PJM and NYISO. Avangrid Networks cannot share Non-Public Transmission Information with Avangrid Power.

- **Example:** Details of when a transmission outage is going to occur, since having this information would give Avangrid Power Non-Public Transmission Information, unavailable to other market participants

Avangrid Power develops and constructs new generation assets across the US. Avangrid Networks' transmission business cannot favor Avangrid Power in how it manages its transmission interconnection processes – for example, by allowing an Avangrid Power generator to “jump the line.”

If Avangrid Networks gave preference, it would create an unfair market advantage for Avangrid Power over other market participants. The Avangrid Networks transmission interconnection process must treat Avangrid Power or any other affiliate the same way it treats any other third party that requests access.

Scenario: Interconnection and Information Sharing

You work in Avangrid Networks' Transmission Planning Group. An Avangrid Power team contacts you regarding a new generation project.

They ask:

- When a planned transmission outage is scheduled; and
- Whether their project can move ahead of other pending interconnection requests due to internal coordination.

You want to ensure you respond appropriately.

Select each photo to review your colleagues' guidance. When you're ready, select the highlighted arrow to continue to the question.

David, Transmission Supervisor

Transmission outage timing is considered Non-Public Transmission Information. That information must be protected and not shared with Marketing function employees.



Ria, Compliance Officer

The Non-Discrimination Rule requires that all transmission customers – affiliated or non-affiliated – be treated in the same manner.



Raul, Interconnection Manager

Transmission interconnection requests must follow established procedures. We cannot give preference to an affiliate over other market participants.



Stacey, Regulatory Affairs Manager

If you are unsure whether information can be shared or whether a process could create preferential treatment, you should consult Compliance before responding.



Based on this guidance, what should you do? Select the correct answer and Submit.

- ☐ Share the outage timing and internally prioritize the affiliate's request.
 - ☒ Decline to share Non-Public Transmission Information and ensure the interconnection process follows established procedures without preference.
 - ☐ Share partial information to assist internal coordination.
 - ☐ Informally adjust the interconnection order while documenting it internally.
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Correct.

The FERC Standards of Conduct require Avangrid to carefully ensure that employees with Non-Public Transmission Information do not inadvertently share that information with affiliate energy generation or energy marketing employees, and thereby provide them with an advantage in the energy markets.

Incorrect.

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Scenario: Joint Meeting Disclaimer

You are attending a meeting that includes both Transmission function and Marketing function employees.

How should the meeting begin?

- ☐ Begin the meeting and proceed directly to the agenda items.
- ☒ Begin the meeting by reading the required disclaimer before discussing agenda items.

Correct.

Meetings between Transmission function and Marketing function employees require providing the following disclaimer:

“This meeting includes Avangrid Transmission function employees and Marketing function employees. We will not discuss specific non-public transmission projects/operations, including information concerning the planning, directing, organizing, or carrying out of day-to-day transmission operations, including the granting and denying of transmission service requests. Any transgressions should be clearly identified and noted in the minutes of this meeting and appropriately posted in the ‘contemporaneous disclosures’ section of Avangrid Networks’ FERC Standards of Conduct public website.”

Joint Transmission and Marketing Standards of Conduct Disclaimer
(Last Revised December 31, 2025)

Incorrect.

The meeting requires applying a control: reading the required Standards of Conduct disclaimer before beginning the meeting:

“This meeting includes Avangrid Transmission function employees and Marketing function employees. We will not discuss specific non-public transmission projects/operations, including information concerning the planning, directing, organizing, or carrying out of day-to-day transmission operations, including the granting and denying of transmission service requests. Any transgressions should be clearly identified and noted in the minutes of this meeting and appropriately posted in the ‘contemporaneous disclosures’ section of Avangrid Networks’ FERC Standards of Conduct public website.”

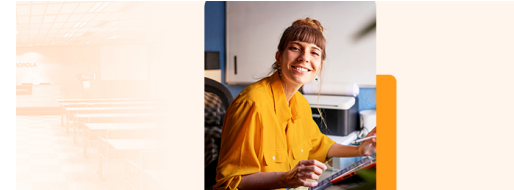
Joint Transmission and Marketing Standards of Conduct Disclaimer
(Last Revised December 31, 2025)



Compliance Resources and Reporting Requirements

If you have a concern or need clarification, the following resources are available to support you.

Select each item to learn more.



Avangrid Networks Contacts

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Networks Chief FERC Standards of Conduct Officer

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Avangrid Power Contact

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When to Report

Contact the Chief FERC Compliance Officer or Coordinating Compliance Manager above:

- If you are unsure whether something is Non-Public Transmission Information.
 - If you are unsure whether someone is a Marketing function employee.
 - If you are transferring to a Marketing function from a position that utilizes Non-Public Transmission Information.
 - If you suspect or have knowledge of a FERC Standards of Conduct violation, or believe a violation could or will occur in the future.
 - If you have any other questions or concerns.
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Standards of Conduct Resources

Avangrid Networks maintains an [external website](#) where it posts required information related to compliance with the FERC Standards of Conduct, and an internal, employee-facing [FERC Standards of Conduct rule and implementation plan](#) that is available in PolicyTech.

Since the FERC Standards of Conduct restrictions may affect your work, please save these links. They include the information covered in this training.

When to Contact Compliance

When in doubt, do not assume there is an exemption or that the FERC Standards of Conduct do not apply. For guidance on FERC Standards of Conduct compliance, immediately contact your FERC Chief Compliance Officer.

There are very limited exceptions to the Standards of Conduct Rule. Examples of exceptions include communicating Non-Public Transmission Information to help resolve certain emergency operational situations, or a transmission customer consenting in writing to allow communication of their Non-Public Transmission Information. All exemptions must be documented and agreed upon with your FERC Compliance Officer.

For an emergency affecting safety or reliability, first address the emergency regardless of the FERC Standards of Conduct. If a violation occurred during the emergency, report it immediately to your FERC Chief Compliance Officer after the emergency has been resolved.

Knowledge Check

Which of the following best describes a purpose of the FERC Standards of Conduct?

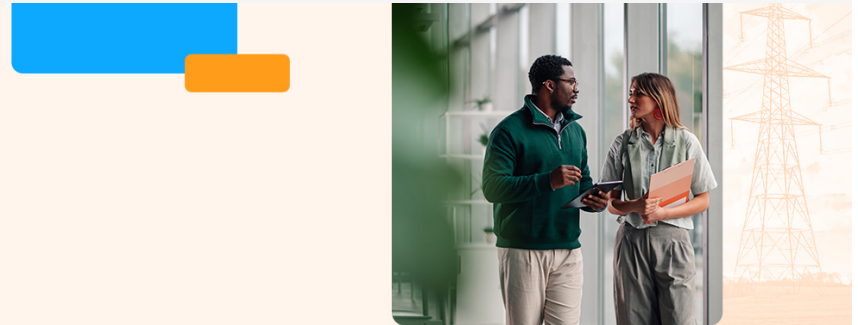
- ☐ To allow utilities to share operational information internally
- ☒ To protect competition by limiting how information is shared between Transmission and Marketing functions
- ☐ To regulate environmental permitting
- ☐ To allow affiliates preferential treatment in interconnection processes

Correct.

The Standards of Conduct protect market competition by limiting how Non-Public Transmission Information is shared and by preventing preferential treatment.

Incorrect.

The Standards of Conduct are designed to protect competition and prevent the sharing of Non-Public Transmission Information or preferential treatment.



Knowledge Check

Under the Non-Discrimination Rule, how must Avangrid's transmission-owning companies treat affiliated and non-affiliated transmission customers?

- ☐ Affiliates may receive priority when efficient.
- ☒ All customers must be treated in the same manner.
- ☐ Affiliates may receive advance operational information.
- ☐ Marketing employees may access outage timing.

Correct.

Under the Non-Discrimination Rule, all transmission customers – affiliated or non-affiliated – must be treated in the same manner.

Incorrect.

The Non-Discrimination Rule requires that affiliated and non-affiliated transmission customers be treated in the same manner.



Key Takeaways: FERC Standards of Conduct

You have completed this section.

In this section, you learned how the FERC Standards of Conduct promote fair competition and equal access to the transmission system.

You explored the importance of protecting Non-Public Transmission Information and ensuring that Transmission and Marketing functions operate independently.

You also reviewed how these rules apply in real-world situations, including information sharing, meetings, and day-to-day operational decisions.

