

UTILITY STANDARD OF CONDUCT

June 2014

INTRODUCTION

In a December 2013 statement¹, the New England Governors set forth the need for strategic investments in regional energy infrastructure, including electric transmission to access no- and low-carbon energy serving New England consumers. The New England States have agreed to coordinate certain activities through the New England States Committee on Electricity (“NESCOE”).

Given certain current or pending state statutory powers permitting or, in some states, mandating New England electric distribution companies (“EDCs”) to solicit Class I resources and/or large-scale hydropower (“State Statutory Authorities”), the New England States seek to engage EDCs in the development of a solicitation and evaluation process for no- and low-carbon energy and associated electric transmission infrastructure, consistent with respective State Statutory Authorities. The EDCs participating in these solicitation processes are each referred to herein as a “Utility”; and collectively, the “Utilities.”

The obligations of the Utilities are set forth in the respective State Statutory Authorities, as such statutes may be enacted or amended from time to time, and in orders and regulations of the applicable state utility commissions. In Connecticut, for example, the Utilities are not required by statute or regulatory order to participate in the evaluation or selection of proposals; however, their participation has been requested by the Connecticut Department of Energy and Environmental Protection. The purpose of this Utility Standards of Conduct is to establish uniform protocols and guidelines to govern the Utilities’ voluntary participation in the New England States’ collaborative development of the proposed solicitation process, and nothing in this document is intended to affect or

¹ The *December 6, 2013* New England Governors' Statement is available at http://www.nescoe.com/uploads/New_England_Governors_Statement-Energy_12-5-13_final.pdf.

modify the rights, obligations or duties of the Utilities arising under the applicable state statutes.

The Utilities acknowledge the need to follow certain standards of conduct to ensure that any solicitation and evaluation process for no- and low-carbon energy and associated electric transmission infrastructure (the “Solicitation Process”), is conducted in a fair, transparent, and competitive manner, that all laws, regulations, rules and standards and codes of conduct are observed, that all potential bidders are treated equally, that no potential bidder receives preferential treatment or non-public information not available to other potential bidders, enabling it to gain an unfair advantage, and that the efforts of the Utilities in the Solicitation Process do not create any actual or apparent conflict of interest. The New England States and Utilities seek to avoid any actual or apparent conflict of interest by those Utilities who (themselves or their affiliates) may seek to submit a proposal and who (themselves or their affiliates) may be participating in the solicitation and evaluation of proposals.

GUIDELINES

The following guidelines would be followed by the Utility team members participating in the Solicitation Process and those team members must acknowledge and be bound to follow these guidelines in all circumstances.

1. Each Utility shall designate the individuals participating in the Solicitation Process, and shall identify the role of each individual in the process. Utility individuals shall be designated to be on either a Bid Team or an Evaluation Team within their respective companies. No individual shall be a member of both teams, and no individual may change from one team to the other during the solicitation process. The Bid Team shall comprise members of the Utility who are responsible for the development of proposals in response to the Request for Proposals (“RFP”), including any subject matter experts. The Evaluation Team, which will also collaboratively participate with the New England States and NESCOE in developing the Solicitation Process consistent with respective State

Statutory Authorities, will be responsible for the development of the RFP, the evaluation of proposals, selection of proposed projects, negotiation of any agreements, and related filings with state and/or federal regulatory authorities. With respect to each aspect of the Solicitation Process listed in the preceding sentence, the degree of participation of each Utility will be consistent with the statutes and regulations of that Utility's state, and to the extent allowed by statute and regulation each Utility will have the option to take further action as it deems necessary or appropriate to avoid an actual or perceived conflict of interest. Throughout the Solicitation Process the Bid Team and the Evaluation Team will each be represented by separate legal counsel. In connection with the development of RFP(s) that will form part of any Solicitation Process, there should be an ongoing assessment regarding any additional measures that could be instituted to avoid any actual or apparent conflict of interest and whether it would be practicable to do so.

2. The Bid Team and the Evaluation Team shall report through and operate within independent companies, business units or departments, to the extent feasible based on the corporate and organizational structure of the Utility.
3. Each Utility agrees and commits to include in any bid offered in response to the Solicitation Process full disclosure of any ownership interest, financial interest, or other potential conflict of interest with respect to that bid.
4. Each Utility shall ensure that no non-public information regarding the solicitation or evaluation process, a proposal, or the evaluation of any proposal shall be communicated from members of its Evaluation Team to any Bid Team, except as provided to all bidders pursuant to the Solicitation Process. Further, no member of the Evaluation Team may consult, advise or communicate directly or indirectly with a member of any Bid Team about the solicitation process, any proposal, or the evaluation of any proposal during the bid preparation, submission or evaluation process, and vice-versa, except through the Solicitation Process.

5. Since Utility members are divided into an Evaluation Team and a Bid Team subject to the standards contained in these guidelines, Evaluation Team members shall be permitted to participate in the evaluation of all projects including any proposal submitted by that Utility and/or that Utility's affiliates.
6. Each Utility shall communicate these guidelines to all persons on a Bid Team or Evaluation Team, and those persons shall certify in writing their commitment to honoring the guidelines and to referring any questions regarding compliance with the guidelines to the Utility legal counsel designated to assist such Team members.
7. Each Utility shall designate and provide to the participating New England States, through NESCOE, one or more legal points of contact to work through any unforeseen issues relative to standards of conduct that may arise over the course of the Solicitation Process.
8. These guidelines shall be in place until the earlier of (1) the conclusion of the regulatory filing or approval proceeding resulting from the applicable Solicitation Process, or (2) the Utility's withdrawal from the Solicitation Process.