



# **Vector Pipeline™**

**VECTOR PIPELINE L.P.**

**FERC Standards of Conduct Compliance Manual**

**(Revised Effective January 12, 2018)**

## **Foreword**

This Compliance Manual has been prepared and provided to the appropriate personnel by Vector Pipeline L.P. ("Vector") to ensure compliance with the Standards of Conduct promulgated by the Federal Energy Regulatory Commission ("FERC") in Order Nos. 717, 717-A and 717-B (collectively the "Order")

Vector is a jointly-owned asset of Enbridge Inc. ("Enbridge") and DTE Energy Company ("DTE"). Since late 2000, Vector's General Partner, Vector Pipeline, LLC, has utilized a core group of employees in Livonia, Michigan to manage the Partnership's affairs with the assistance of numerous service providers. The service providers are predominantly employees of affiliates of Enbridge and DTE who provide the operational services and support necessary to operate the pipeline on a daily basis. These services range from direct operational responsibilities such as gas control, nominations, and field maintenance to support services such as payroll, accounting, human resources, engineering, and environmental services. Vector's Management is committed to achieving full compliance. Vector's goal was to establish a compliance plan that satisfies the regulatory requirements in cooperation with its service providers. As Vector must necessarily rely upon the commitment of numerous individuals from various organizations to ensure compliance with the Standards of Conduct, your suggestions for improving Vector's compliance procedures are encouraged and welcomed. Please direct any suggestions you have to Vector's Chief Compliance Officer or any other Vector contact that you may have established in the course of working with Vector.

Compliance will only be assured with each individual's continuing vigilance. Your efforts in this mission are encouraged and appreciated. You should contact Vector's Chief Compliance Officer or another member of Vector's management team should you have any questions regarding your correct course of action to ensure continuing compliance or concerns regarding the actions of others as it relates to compliance with these Standards.

Management Team  
Vector Pipeline, LLC

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## **BACKGROUND**

FERC issued Order No. 717 in October 2008 in order to clarify and simplify the standards of conduct (“Standards”) for interstate natural gas pipelines (“Transmission Providers”) when dealing with their “Marketing Affiliates.”<sup>1</sup> The Standards were further clarified and modified in Orders 717-A, issued October 2009 and Order 717-B, issued November 2009. These Orders replace the prior energy affiliate rules applicable to interstate natural gas pipelines.

The Standards’ fundamental purpose is to ensure that Transmission Providers do not act in a manner that may provide any Marketing Affiliates with an unfair advantage in the natural gas market place. To promote that outcome, the Order is based upon the underlying principles of (i) independent functioning, (ii) non-discriminatory behavior, (iii) no conduit of information, and (iv) transparency.

The purpose of Vector’s Standards Compliance Manual (“Compliance Manual”) is to present the standards and detail the procedures that Vector has implemented to ensure compliance. Each Vector employee, certain members of management, employees of Vector’s service providers, and affiliate marketing function employees are required to receive this manual and take the training provided by either Vector or their employer and provide Vector with documentation certifying that they have taken such training and will comply with the Standards.

The Compliance Manual is organized to provide cross-references and recitals of the applicable elements of the Standards Vector’s specific compliance procedures are identified throughout the document in highlighted format.

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<sup>1</sup> The Standards of Conduct as promulgated by FERC may be found at CFR Title 18, Part 358.

## **I. §358.1: Applicability**

Subject to the qualifications set forth in §358.1, the Standards apply to interstate natural gas pipelines which conduct transmission transactions with an affiliate engaged in marketing functions and to entities that own, operate, or control transmission facilities used to transmit electric energy in interstate commerce.

### **PROCEDURE**

*The Order applies to Vector Pipeline L.P. While Vector's head office is located in Michigan, the pipeline's gas control center and portions of the customer service unit are located in Houston Texas and operated under contract by Enbridge. In addition, Vector's owners engage in marketing functions as defined by the Order. Vector's Chief Compliance Officer works with compliance personnel designated by Enbridge and DTE to ensure that all personnel covered by the Order are identified and properly trained. As a result, Vector's compliance program encompasses these organizations.*

## **II. §358.2: General Principles**

The general principles of the Order are:

- (a) Non-Discrimination: A Transmission Provider must treat **all** transmission customers in a not unduly discriminatory basis, and must not operate its transmission system to preferentially benefit any customer.
- (b) Independent Functioning: A Transmission Provider's employees engaged in transmission system operations must function independently from the Transmission Provider's marketing function employees, and from any Affiliate's marketing function employees.
- (c) No Conduit: A Transmission Provider, including its employees, contractors, consultants and agents, is prohibited from disclosing, either directly or through an intermediary, non public transmission function information to marketing function employees including those of affiliates.
- (d) Equal access to information: A Transmission Provider must provide equal access to non public transmission function information to all its customers.

### **III. §358.3 Critical Definitions**

In order to understand how the Order applies to you in your role, knowledge of some of the key definitions contained within the rule is important. The Standards are focused on the functions an employee performs, whether they are marketing or transmission function. A Marketing Affiliate is a company under common control of a Transmission Provider (Vector) that engages in “the sale for resale in interstate commerce, or the submission of offers to sell in interstate commerce, natural gas.” §358.3(a) and (c). An affiliate is broadly defined and a significant number of companies owned or partially owned by Enbridge or DTE are likely to be considered an affiliate of Vector. However, those few that are a Marketing Affiliate are listed on Vector’s web site.

Marketing Function employee means an employee of a Transmission Provider or an Affiliate *who is actively engaged in the day to day marketing for sale or resale, or offers of sale, of natural gas* as described above. §358.3(d). Thus, unlike the prior standards not all employees of the Marketing Affiliate are Marketing Function employees. In Order 717-A the Commission clarified that a Marketing Function is not limited to price and quantify terms but involves all business decisions related to the contract terms so that any employee engaged in decisions related to those activities may be a Marketing Function employee. Supervisory employees who are involved in decisions related to a sale may also be a Marketing Function employee.

Transmission Function Employees (TFE), §358.3 (h) &(i), include those persons who plan, direct and carry out daily transmission operations, including granting and denying service requests. The current Standard of Conduct is narrower than its predecessor and excludes, for example, field employees performing their normal duties or clerical staff. In Order 717-A the Commission clarified that any employee who is responsible for performing system impact studies or determining whether the transmission system can support a request for service is a TFE.

Anywhere the word employee is used in this document it includes agents and contractors. If a contractor is performing functions covered by the Standards, that contractor must be provided with this material and trained as required by the Order.

If you have questions about how you are classified under the Order, please contact Vector’s Chief Compliance Officer or DTE’s or Enbridge’s equivalent.

**PROCEDURE**

*A list of Vector's marketing Affiliates is posted on Vector's web site ([www.vector-pipeline.com](http://www.vector-pipeline.com)) as required by the Standards as well as the job titles and job descriptions of the Transmission Function Employees. Under the direction of the Chief Compliance Officer, Vector makes case-specific determinations for new hires and any changed job functions, including those involving service providers, and the organizational charts are modified as necessary to reflect such changes. Vector works with those providing contract services to ensure they are aware of these Standards and provide training, as needed.*

**IV. §358.4: Non-Discrimination Requirements**

A fundamental purpose of the Standards is to ensure that Transmission Providers do not prefer their Affiliates over others. The intent of the Standards is to insure that the tariff is applied in the same manner to all parties seeking service from Vector—affiliate and non affiliate. Specifically, the Order requires the following:

(a) Strict application of the tariff provisions relating to the sale or purchase of open access transmission service where the tariff does not allow the use of discretion,

(b) If discretion is allowed, the transmission provider must use its discretion in a fair and impartial manner and not exercise its discretion in an unduly discriminatory manner,

(c) A transmission provider may not, through the use of tariffs or otherwise, give undue preference to any person in matters relating to the sale or purchase of any transmission service, and

(d) A transmission provider must process all similar requests for service in the same manner and within the same period of time.

**PROCEDURE**

*Vector's policy is that all parties utilizing the Vector system are treated similarly when conducting business on the Vector system, whether affiliated or not with Vector. This policy extends to all aspects of the administration of Vector's transportation tariff and the provision of services on the Vector system.*

*Vector uses the Quicknom system and is working to continually upgrade and improve the system. The system increases the use of*

*automation to further assure that all similar requests for service are treated in like manner.*

*Vector maintains an electronic log that details any occasion upon which Vector has granted a waiver of its tariff to an affiliate. Such a waiver would be posted on Vector's web site within one business day of the time that such discretion was exercised.*

## **V. §358.5: Independent Functioning**

### **Separation of Functions**

In order to ensure that TFE's operate independently from MFE's a transmission provider is not allowed to have its marketing function employees conduct transmission functions or have access to the system control room in any manner different than the access provided to others. Similarly, TFE's may not conduct marketing functions.

#### **PROCEDURE**

*Vector's Compliance Policy affirms Vector's commitment to full compliance with the Standards. To that end, Vector's operating procedures are intended to ensure that Vector and its service providers function independently of the Marketing Affiliates. To achieve that objective, appropriate lines of separation are maintained between Vector and the Marketing Affiliates, which include the physical separation of personnel, the gas control function and certain computer systems. Steps taken to ensure separation include the following: (1) the Houston based control room is secured in such away that only limited, authorized personnel have access to the room, and (2) Vector computer data is secured and only those who are given approval by Vector LLC may be given access to data, and (3) transmission function employees are geographically separated from marketing affiliate function employees who transport on the Vector system.*

## **VI. No-Conduit Rule: §358.6**

Section §358.6 of the Standards prohibits transmission providers from using anyone as a conduit to share non public transmission information in its possession with its marketing function employees. It also prohibits anyone who is employed by or an agent of the transmission provider or the marketing affiliate who comes into possession of non public transmission function information from further disseminating that information to the marketing affiliate. In Order 717-A the FERC emphasized that information regarding a planned outage or restriction is **always**



transmission function information regardless of how far into the future the outage or restriction may occur.

**PROCEDURE**

*Vector insures that its management team, including owner representatives, and its marketing function employees and contractors are trained in the no conduit rule, and they must affirm that they will abide by the no conduit rule. If an employee of Vector were to share such information with a marketing affiliate employee, such conduct would adversely affect the performance review provided to such employee and depending on the nature and the severity of the conduct could result in adverse employment action. If a contractor or agent of Vector breached such rule, Vector would take appropriate actions as permitted under the applicable contract to deal with such violations.*

**VII. Transparency Rule §358.7**

This section of the Standards outlines information which must be posted on the Transmission Provider's internet Web site to ensure that all parties seeking service have access to the same information related to the transmission system in an equal way. The postings also identify specific personnel and affiliated companies. Each posting requirement is described in more detail below.

**A. Contemporaneous Disclosures And Exclusions**

Section §358.7(a)(1) & (2) requires that if a Transmission Provider discloses any non-public information to a marketing affiliate it must immediately post the information on its internet site. However, if the information was Critical Energy infrastructure Information or other information having limited allowed disclosure pursuant to the Commission, a notice of such disclosure must be posted on its web site. A transmission provider may, where it does not provide any preference, disclose a transmission customer's non-public information to the marketing affiliate if the transmission customer provides consent in writing. However, notice that such a disclosure was made must be posted on the internet web site.

## **PROCEDURE**

*Vector utilizes its web site, including email alerts generated via the web site, as the exclusive means to provide necessary and pertinent information to all parties on a contemporaneous basis. This serves to minimize the opportunities for any party to obtain access to non-public information to the exclusion of others. Vector's policy is to comply with all applicable FERC requirements pertaining to the form and content of its web site (including those particulars set out in the applicable standards issued by the North American Energy Standards Board).*

*Individuals who have access to non-public transmission system information have been trained in the permissible uses of this information and are required to immediately report any disclosures of non-public information to the Chief Compliance Officer so that the necessary postings may be made by Vector. These individuals have been instructed that Vector's non-public information is to be shared only as permitted by the Standards of Conduct, and that their obligation in acting on Vector's behalf is to neither act as a conduit, nor use any other person as a conduit, to share non-public transmission system information with a Marketing Affiliate.*

*To ensure the security of non-public transmission system information, Vector has implemented a number of procedures and practices, including the following:*

- (1) Vector's pipeline gas control and nomination center in Houston, Texas is enclosed in a locked facility, and access to the facility is limited to authorized personnel;*
- (2) the employees of Vector's Affiliates that are involved in Marketing functions on Vector are not officed in the same building occupied by Vector's pipeline control function;*
- (3) the computer systems containing Vector's non-public transmission system information, as well as other information, are identified and are password protected, with access limited to only those individuals approved by Vector on a need-to-know basis (Vector's Marketing Affiliates do not have authorized access to any information located on Vector's computer systems);*
- (4) an initial request for computer access is granted only after view and approval to ensure access is granted only to appropriate systems for the position held by the employee. When an employee changes positions, computer access is systematically revoked and a new access request must be submitted for review and approval; and*

*(5) Vector personnel with access to non-public transmission system information are required to certify that they will not be conduits for sharing this information with marketing Affiliates.*

## **B. Posting Written Procedures on Public Internet §358.7(d)**

The Order requires that these procedures be posted on the public Internet site.

### **PROCEDURE**

*This revised Manual will be posted on Vector's web site and any superseded version will be removed.*

## **C. Posting the Identity of Affiliate Information §358.7(e)**

In Order 717-A the Commission clarified that for an affiliate to be a Marketing Affiliate, it must engage in transmission transactions on the transmission provider.

### **PROCEDURE**

*Vector will post the name and addresses of all of its affiliates that employ or maintain marketing function employees, a complete list of employee staff facilities shared by any of the transmissions provider's transmission function employees and marketing function employees as well as any information related to potential mergers as defined by the rule within seven days of the potential merger being announced.*

## **D. Identification of employee information on the public Internet, §358.7(f)**

The Standards require the transmission provider post on its internet site the following: (a) the job titles and job descriptions of all its TFE's, and (b) notice of any transfer of a TFE to a marketing function position or vice versa including the name of the employee, the job titles and the effective date for a period of 90 days. The employee transfer provision is of concern as it creates a potential conduit for transmission function information. If you are being transferred between a marketing function and transmission function, you may not share transmission function information or use it in a marketing function position.

**PROCEDURE**

*Vector posted the required implementation date in a timely fashion and has implemented protocols with its service provider organizations to ensure timely reporting to Vector of any changes in the posted information relating to their respective organizations.*

**E. Timing and Requirements of postings on the public Internet, §358.7(g)**

**PROCEDURE** *Vector's web site contains all the information required to be posted under the Standards of Conduct. Vector's Chief Compliance Officer has principal responsibility for the web site's content and accuracy. All of Vector's service providers have been apprised of the Standards of Conduct reporting requirements and the timelines associated with these requirements. Vector has implemented protocols with its service provider organizations to ensure timely reporting to Vector of any changes in the posted information relating to their respective organizations.*

**F. Exclusion for and recordation of certain information exchanges, §358.7(h)**

In two limited circumstances, a transmission provider may exchange certain non-public transmission information with its marketing affiliate. Those two narrow exceptions allow the exchange of such information when it relates to compliance with Reliability Standards approved by FERC and the information necessary to maintain or restore operation of the transmission system. If such an exchange occurs, a record of the exchange must be made and retained for five years.

**PROCEDURE**

*In the unlikely event such an exchange would occur between Vector and an affiliate, it would be noted and documented and reported to the Chief Compliance Officer in order to confirm the appropriateness of the exchange and then to maintain the necessary documentation of the exchange for the requisite time frame.*

## **G. Posting of Waivers, §358.7(i)**

The Transmission Provider must post on its web site notice of each waiver of a tariff provision granted to an affiliate within one day of the act of waiver, unless the waiver was approved by the Commission. A log of such acts of waiver must be maintained and made available to the Commission if requested, for a period of five years.

### **PROCEDURE**

*Any request for waiver would be reviewed by the Chief Compliance Officer and would then be posted as required by the Order. The posting itself would be archived and kept for the requisite period, and any additional documentation related to the waiver would also be kept for the requisite period.*

## **VII. §358.8 Implementation Requirements**

### **A. Effective Date §358.8(a)**

The Order requires compliance immediately upon the commencement of transactions with an affiliate that engages in marketing function.

### **PROCEDURE**

*Vector will be in full compliance as of the effective date of the Order.*

### **B. Compliance measures and written procedures §358.8(b)**

The Transmission Provider's written procedures were initially distributed to all Transmission function employees, officers, directors, supervisory employees and marketing function employees by November 26, 2008, with revisions distributed by December 23, 2009 and December 14, 2009, February 7, 2014 This revision shall be distributed by February 2, 2018. In addition, the transmission provider must implement measures to ensure that the requirements of §§358.5 & 6 are observed.

### **PROCEDURE**

*All personnel directly employed by Vector as well as other who area required to review the manual will receive an electronic copy of this Compliance Manual. The manual will be available on Vector's internet*

*site. In addition, Vector, as described herein, has implemented procedures to ensure compliance with §§385.5 & 6.*

### **C. Training and Certification §358.8 (c)**

The Standards of Conduct require that Transmission Providers train all personnel identified in 358.8(b) (2) with respect to compliance with the Standards and obtain from each employee a certification of such training, and also train any new employees within the first 30 days of their employment. Transmission Providers are required to designate a Chief Compliance Officer who is responsible for Standards of Conduct compliance, including responsibility for employee training, answering employee questions, and coordinating investigations with Commission staff, as well as internal reviews, to ensure that the Transmission Provider complies with the Standards of Conduct.

#### **PROCEDURE**

*In coordination with its service providers, Vector implemented a training program designed to ensure that all appropriate employees were trained initially, as required by the Order with annual training thereafter at least once each calendar year.*

*On an ongoing basis, any new employee of Vector or its service providers who qualify as a Transmission Function Employee, a marketing function employee or are otherwise required to be trained, will be required to take this training and provide the required certification contemporaneous with commencement of employment. Vector's Chief Compliance Officer is responsible to ensure that all such individuals are properly trained in connection with commencing employment activities on Vector's behalf. A copy of Vector's Certification of Compliance is attached as Exhibit A to this Compliance Manual. If training is provided by the employee's employer and not Vector, Vector will, in cooperation with its service providers implement measures to confirm that such training has occurred as required.*

*All records documenting the training of Vector personnel are maintained by Vector's Chief Compliance Officer. Vector's Chief Compliance Officer is identified on Vector's web site, including contact information. Training records for service providers will be maintained by those service providers.*

*The Chief Compliance Officer reports directly to Vector's President. Additionally, the Chief Compliance Officer has unlimited access to the Vector Management Committee, which consists of representatives of Vector's owners.*

*In the alternative to contacting the Chief Compliance Officer, individuals are directed to the FERC Enforcement Division for assistance. The Enforcement Division may be reached by telephone at (888) 889-8030 (Toll Free) or by email at [hotline@ferc.gov](mailto:hotline@ferc.gov).*

*The Chief Compliance Officer will routinely test controls implemented by Vector and its service providers to ensure ongoing compliance.*

#### **D. Separation of Functions – Books and Records §358.8(d)**

Section 358.8(d) requires that the Transmission Provider maintain its books of accounts and records separately from those of its Marketing Affiliates. These records must also be available for FERC inspections. This separation is intended to help ensure that the regulated companies are not used to subsidize or support the unregulated companies and to ensure that non-public transmission system information is not improperly disclosed.

#### **PROCEDURE**

*Vector's books of accounts and records are maintained separately from those of its Marketing Affiliates. Access to these books and records is controlled to ensure that a Marketing Affiliate does not have access to non-public transmission system information.*

**EXHIBIT A**

**CERTIFICATION OF TRAINING  
STANDARDS OF CONDUCT**

I, \_\_\_\_\_, by my signature below, attest to the following:

1. That I am an employee of \_\_\_\_\_ and my job title is

\_\_\_\_\_  
(insert title)

2. That I certify to the following:

That I received training on \_\_\_\_\_, \_\_\_\_\_ as to the effect of the Order on Vector and the protocols Vector has implemented to comply with the Order and I understand that I may not disclose certain transmission function information to Vector's Marketing Affiliates that is not otherwise publicly disclosed by Vector.

Printed Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_