
ANTITRUST GUIDELINES FOR TEXAS RELIABILITY ENTITY, INC. BOARD OF DIRECTORS, COMMITTEES, MEMBERSHIP MEETINGS AND WORKING GROUPS

A. Policy and Participant Responsibility

It is the policy and expectation of Texas Reliability Entity, Inc. (Texas RE) that all persons participating in Texas RE activities (including all Texas RE meetings, committee meetings, conference calls, email communications and informal discussions) comply with the antitrust laws. These Antitrust Guidelines are designed to assist members of and participants in Texas RE committees and working groups in recognizing conduct that may violate the antitrust laws. Texas RE strictly prohibits market participants and their employees who are participating in Texas RE activities from using their participation in Texas RE activities as a forum for engaging in practices or communications that violate the antitrust laws.

Any participant who has reason to believe that antitrust laws are being violated during any Texas RE meeting should either notify the other attendees and attempt to stop such violations from continuing, or request that any present Texas RE employees stop such discussions. If you believe that antitrust laws have been violated, report the questionable conduct to Texas RE General Counsel. If you have any questions about these antitrust guidelines please contact the Texas RE General Counsel.

B. The Antitrust Laws

The purpose of the antitrust laws is to preserve the competitive marketplace. A violation of the antitrust laws, even if not intended, could harm Texas RE, the employer of the individual committing the violation, the individual committee member, and other market entities. Courts fine individuals and may impose prison sentences for violation of the antitrust laws. An understanding of the antitrust laws is therefore essential.

Federal and Texas state antitrust laws govern your participation in Texas RE activities. Two of the most important laws are the federal Sherman Act and the Texas Free Enterprise and Antitrust Act, both of which prohibit conspiracies in restraint of trade. Violations can result in felony convictions and imprisonment of up to 10 years for individuals, fines to individuals of up to \$1,000,000, and corporate fines of up to \$100,000,000. Private citizens can sue under the antitrust laws and can be awarded three times the amount of damages proved. When a monetary gain or loss results from unlawful conduct, the fine can be increased to twice the gross gain to the defendant or twice the loss to the "victim."

C. Prohibited Activities

Participants in Texas RE activities (including those of its committees and subgroups) should refrain from the following when acting in their capacity as participants in Texas RE activities:

- Discussions involving pricing information, especially margin (profit) and internal cost information and participants' expectations as to their future prices or internal costs.
- Discussions of a participant's marketing strategies.
- Discussions regarding how customers and geographical areas are to be divided among competitors.



Antitrust Guidelines for Texas Reliability Entity, Inc. Board of Directors, Committees, Membership Meetings and Working Groups

- Discussions concerning the exclusion of competitors from markets.
- Discussions concerning boycotting or group refusals to deal with competitors, vendors or suppliers.
- Any other matters that do not clearly fall within these guidelines should be reviewed with Texas RE General Counsel before being discussed.

D. Activities That Are Permitted

From time to time decisions or actions of Texas RE (including those of its committees and subgroups) may have a negative impact on particular entities and thus in that sense adversely impact competition. Decisions and actions by Texas RE (including its committees and subgroups) should only be undertaken for the purpose of promoting and maintaining the reliability and adequacy of the bulk power system. If you do not have a legitimate purpose consistent with this objective for discussing a matter, please refrain from discussing the matter during Texas RE meetings and in other Texas RE-related communications.

You should also ensure that Texas RE procedures, including those set forth in Texas RE's Certificate of Formation, Bylaws and Delegation Agreement are followed in conducting Texas RE business.

In addition, all discussions in Texas RE meetings and other Texas RE-related communications should be within the scope of the mandate for or assignment to the particular Texas RE committee or subgroup, as well as within the scope of the published agenda for the meeting.

No decisions should be made nor any actions taken in Texas RE activities for the purpose of giving an industry participant or group of participants a competitive advantage over other participants. In particular, decisions with respect to setting, revising or assessing compliance with NERC reliability standards should not be influenced by anti-competitive motivations.

Subject to the foregoing restrictions, participants in Texas RE activities may discuss:

- Reliability matters relating to the bulk power system, including operation and planning matters such as establishing or revising reliability standards, special operating procedures, operating transfer capabilities and plans for new facilities.
- Matters relating to the impact of reliability standards for the bulk power system on electricity markets, and the impact of electricity market operations on the reliability of the bulk power system.
- Proposed filings or other communications with state or federal regulatory authorities or other governmental entities.
- Matters relating to the internal governance, management and operation of Texas RE, such as nominations for vacant committee positions, budgeting and assessments, and employment matters; and procedural matters such as planning and scheduling meetings.

DISCLAIMER

This document is not intended as legal advice for you or your company. If you need legal advice, you should consult with your attorney.