

TRANSMISSION PROVIDER CODE OF CONDUCT

HYDRO-QUÉBEC
January 1, 2024

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1. DEFINITIONS

In this *Transmission Provider Code of Conduct*, the definitions below apply.

Act: *An Act respecting the Régie de l'énergie* (C.Q.L.R., c. R-6.01.)

Affiliate: Any entity affiliated with the Transmission Provider, referred to in Schedule 1 of this *Code of Conduct*.

OASIS: Open Access Same-Time Information System, the Web-based software used to request, approve and administer a transmission service, and disseminate information about the transmission system.

Régie: The Régie de l'énergie.

Subsidiary: A subsidiary as defined in the *Companies Act* (C.Q.L.R., c. C-38).

Transmission customer: Any eligible customer (or its designated agent) that can or does execute a transmission service agreement or that can or does receive a transmission service.

Transmission Provider: Hydro-Québec when carrying on electric power transmission activities within the meaning of the Act.

2. INTERPRETATION

2.1 Repealed by decision D-2023-064, effective January 1, 2024.

3. PURPOSE

3.1 Repealed by decision D-2023-064, effective January 1, 2024.

3.2 This *Code of Conduct* is also intended to prevent, through rules governing transactions between the Transmission Provider and Affiliates, financing of the latter, in whole or in part, by transmission customers.

4. RULES OF CONDUCT

General Rules

4.1 Repealed by decision D-2023-064, effective January 1, 2024.

4.2 Repealed by decision D-2023-064, effective January 1, 2024.

Employee Conduct

4.3 Repealed by decision D-2023-064, effective January 1, 2024.

4.4 Repealed by decision D-2023-064, effective January 1, 2024.

4.5 Repealed by decision D-2023-064, effective January 1, 2024.

4.6 Repealed by decision D-2023-064, effective January 1, 2024.

4.7 Repealed by decision D-2023-064, effective January 1, 2024.

4.8 Repealed by decision D-2023-064, effective January 1, 2024.

4.9 Repealed by decision D-2023-064, effective January 1, 2024.

4.10 Repealed by decision D-2023-064, effective January 1, 2024.

4.10.1 Repealed by decision D-2023-064, effective January 1, 2024.

Accounting Data

4.11 The Transmission Provider shall keep accounting records distinct from those of Affiliates, except for services within the Transmission Provider for activities not regulated under the Act.

4.12 The accounting information system used by the Transmission Provider

*Translation of the French version approved by the Régie de l'énergie
(Decision D-2023-064)*

shall allow it to identify specifically accounting data for transactions it carries out with Affiliates, both as a customer and as a supplier.

- 4.13 When required to evaluate certain transactions where it acts as a customer, the Transmission Provider shall take all necessary measures to obtain from the Affiliate acting as supplier, justification of the costs the latter uses for such transactions.
- 4.14 When necessary, the Transmission Provider shall provide the Affiliate with the cost of capital rate to use to calculate the full cost.
- 4.15 For any transaction, or set of related transactions during the same year, between the Transmission Provider and an Affiliate for an amount of \$1,000,000 or more, the Transmission Provider shall make, keep and submit upon request to the Régie, distinct records identifying the Affiliate with which the transaction(s) took place, and describing the goods or services transacted and the costing method used.

Training and Information

- 4.16 Repealed by decision D-2023-064, effective January 1, 2024.
- 4.17 Repealed by decision D-2023-064, effective January 1, 2024.

Application of the Tariff

- 4.18 Repealed by decision D-2023-064, effective January 1, 2024.

Transactions with Affiliates

- 4.19 Assets, goods and services, whether related to electricity or not, that are transferred or supplied by the Transmission Provider to Affiliates, shall be so in accordance with the transfer price policy recognized by the Régie and described in Section 5 of this *Code of Conduct*.

When Transmission Provider employees are on loan to Affiliates for certain periods of time, the cost of their services shall be reimbursed to the Transmission Provider in accordance with the transfer price policy recognized by the Régie and described in Section 5 of this *Code of Conduct*.

- 4.20 Assets, goods and services, whether related to electricity or not, that are acquired by the Transmission Provider from Affiliates, shall be so in accordance with the transfer price policy recognized by the Régie and described in Section 5 of this *Code of Conduct*.
When employees of Affiliates are on loan to the Transmission Provider for

certain periods of time, the cost to the Transmission Provider of their services shall be in accordance with the transfer price policy recognized by the Régie and described in Section 5 of this *Code of Conduct*.

5. TRANSFER PRICE POLICY

- 5.1 The transfer price used for transactions between the Transmission Provider and Affiliates shall correspond to the full cost of the goods or services provided, including a return on the assets used to provide such goods or services using the cost of capital rate then in force for establishing the return on rate base for the Transmission Provider. Should it not be possible to know precisely the full cost of a good or service provided by an Affiliate, the Transmission Provider shall estimate the full cost, including a justification of underlying assumptions.
- 5.2 For the transfer of assets between the Transmission Provider and Affiliates, or wholly owned subsidiaries, the transfer price shall correspond to the book cost of the assets. When a third party is involved, the transfer shall be at a negotiated price.
- 5.3 The Transmission Provider shall submit to the Régie for prior authorization any exception to the requirements in Sections 5.1 and 5.2 and specify why it is necessary and justified.

6. RESPONSIBILITY FOR APPLYING THE CODE

- 6.1 Repealed by decision D-2023-064, effective January 1, 2024.
- 6.2 Repealed by decision D-2023-064, effective January 1, 2024.
- 6.3 Repealed by decision D-2023-064, effective January 1, 2024.
- 6.4 The Chief Compliance Officer shall submit annually to the Régie a report on the application of the *Code of Conduct*, accompanied by a certificate of compliance from the Groupe – Direction financière.

7. SPECIAL PROVISIONS

- 7.1 Repealed by decision D-2023-064, effective January 1, 2024.

8. PUBLICATION

The *Code of Conduct* shall be posted permanently on:

- the intranet site of the Transmission Provider
- the Web site of the Transmission Provider
- OASIS

9. COMING INTO FORCE

This *Code of Conduct*, approved by decision D-2023-064, replaces that which had been approved by the Régie in its decisions D-2004-122 and D-2020-174, and comes into force on January 1, 2024.

SCHEDULE 1 – AFFILIATES

The following entities are considered affiliates of the Transmission Provider for the purpose of applying this *Code of Conduct*:

- Hydro-Québec organizational units other than those carrying on electric power transmission activities within the meaning of the Act
- Organizational units carrying out Hydro-Québec corporate activities
- Persons within the Transmission Provider carrying out work not regulated under the Act
- First-tier Hydro-Québec subsidiaries
- Second-tier Hydro-Québec subsidiaries and their subsidiaries
- Limited partnerships and joint ventures under the effective control of Hydro-Québec