

Standards of Conduct Procedures
Central Hudson Gas & Electric Corporation
Non-Discriminatory Open Access Transmission Service

(A) Applicability

These Standards of Conduct Procedures ("Standards") are applicable to: 1.) Employees who engage in tasks, or have access to information, related to electric transmission system operation and reliability functions; 2.) Employees who engage in tasks related to the wholesale merchant function or any energy affiliate; 3.) Support employees that are shared between transmission and merchant functions; 4.) Officers; and 5.) Members of the Board of Directors of Central Hudson Gas & Electric Corporation ("Central Hudson").

Transmission function employees are those employees, contractors, consultants or agents of Central Hudson who conduct transmission system operations or reliability functions, including, but not limited to, those who are engaged in day-to-day duties and responsibilities for planning, directing, organizing or carrying out transmission-related scheduling and operations.

Wholesale merchant function employees include Central Hudson employees who are engaged in marketing, sales or brokering of power at wholesale, or who procure power at wholesale for the purpose of serving retail customers.

An "energy affiliate" includes any division, business unit or affiliate of Central Hudson that buys, sells, trades or administers natural gas or electric energy in the U.S. energy or transmission markets, or engages in financial transactions relating to the sale or transmission of natural or electric energy in U.S. energy or transmission markets. An "energy affiliate" does not include a holding company parent or service company that does not participate in energy or natural gas commodity markets or is not involved in transmission transactions in the U.S. energy markets.

Shared employees include, but are not necessarily limited to, officers, directors, accountants, risk management employees, field and maintenance employees, and clerical or support staff who direct, supervise, or support, the transmission function, the wholesale merchant function or any energy affiliate.

(B) Tariff Administration and OASIS

Central Hudson is a member of the New York Independent System Operator ("NYISO"). All transmission service in New York is provided pursuant to the NYISO OATT. The NYISO also maintains an Open Access Same Time Information System ("OASIS") on Central Hudson's behalf.

(C) Independent Functioning

(1) Except as provided in Paragraph (C)(2), the employees of Central Hudson engaged in transmission system operations and reliability functions shall function independently of employees of Central Hudson, or any affiliate of Central Hudson, engaged in wholesale merchant functions or sales. Central Hudson will post on the NYISO OASIS an organizational chart providing the name of the business unit, the organizational structure, job titles and job descriptions. Any changes to the organization charts shall be posted on the NYISO OASIS within seven business days of the change.

(2) Notwithstanding any other provisions in these Standards, in emergency circumstances affecting system reliability, Central Hudson may take whatever steps are necessary to keep its transmission system operational. Central Hudson shall report to FERC, and on the NYISO OASIS, each emergency that resulted in any deviation from these Standards within 24 hours of such deviation.

(D) Employee Conduct

(1) Prohibitions: Employees of Central Hudson, or any employee of an affiliate of Central Hudson, engaged in wholesale merchant functions, shall be prohibited from: (i) conducting transmission system operations or reliability functions; and (ii) having access to the system control center or similar facilities used for transmission operations or reliability functions that differs in any way from the access available to other open access transmission customers. Employees of Central Hudson engaged in transmission system operations and reliability functions and employees of Central Hudson, or employees of Central Hudson's affiliates, engaged in wholesale merchant functions shall not share building facilities and shall work in physically separate areas located in different buildings. Access to transmission function employee work areas shall be physically restricted. Transmission function and shared employees shall restrict access to transmission, customer or market information using appropriate measures, such as locked file rooms/drawers and password protection for computer files.

(2) Transfers: Employees of Central Hudson, or any energy affiliate, engaged in either (i) wholesale merchant functions or sales or (ii) transmission system operations or reliability functions are not precluded from transferring between such functions as long as such transfer is not used as a means to circumvent these Standards of Conduct. Notice of any such transfer shall be posted on the NYISO OASIS within seven business days of the change. Such information shall include: the name of the transferring employee, the respective titles held while performing each function (i.e., on behalf of Central Hudson as transmission provider and Central Hudson as merchant, or on behalf of a Central Hudson affiliate), and the effective date of the transfer. This information shall remain on the NYISO OASIS for 90 days.

(3) Information Access: Any employee of Central Hudson, or of any of its affiliates, engaged in wholesale merchant functions or sales: (i) shall have access only to that information available to NYISO transmission customers (i.e., the information posted on the NYISO OASIS), and shall not have preferential access to any information about the

transmission system that is not available to all users of the NYISO OASIS; and (ii) shall be prohibited from obtaining information about the transmission system (including, but not limited to, information about available transmission capability, price, curtailments, ancillary services, and the like) through access to information not posted on the NYISO OASIS or that is not otherwise also available to the general public without restriction, or through information through the NYISO OASIS that is not also publicly available to all NYISO OASIS users. Neither Central Hudson nor any employee of Central Hudson will provide non-public transmission or reliability function information, market information or customer information to any wholesale merchant function employee or employee of any energy affiliate.

(4) Disclosure:

(i) Any employee of Central Hudson, or any employee of an affiliate of Central Hudson, engaged in transmission system operations or reliability functions shall not disclose to: 1.) Other employees of Central Hudson; 2.) Any employees of energy affiliates; or 3.) Non-employees (except transmission function employees of the NYISO, neighboring ISOs/RTOs or interconnected utilities) any information concerning the transmission system (including but not limited to information about current status of lines, scheduling of outages, available transmission capability, price, curtailments, ancillary services, etc.) through non-public communications conducted off the NYISO OASIS, through access to information not posted on the NYISO OASIS that is not at the same time available to the general public without restriction, or through information on the NYISO OASIS that is not at the same time publicly available to all NYISO OASIS users . (Note: The NYISO OASIS provides for posting of information relating to all bulk power system facilities and key underlying system facilities. For the remaining lower voltage facilities, where local area generation is impacted, the “same information, same time” principle is accomplished by providing e-mail notification to all local generators via e-mail in a simultaneous manner.)

(ii) If an employee of Central Hudson engaged in transmission system operations or reliability functions discloses information not posted on the NYISO OASIS in a manner contrary to the requirements of these Standards of Conduct, Central Hudson shall immediately post such information on the NYISO OASIS.

(iii) Central Hudson shall not share any market information, acquired from non-affiliated transmission customers or potential non-affiliated transmission customers, or developed in the course of responding to requests for transmission or ancillary services on the NYISO OASIS, with its own employees (or those of an affiliate) engaged in merchant functions, except to the limited extent that information is required to be posted on the NYISO OASIS in response to a request for transmission service or ancillary services.

(iv) If a non-affiliated customer authorizes Central Hudson to share its information with an affiliate of Central Hudson engaged in wholesale merchant

functions or sales, Central Hudson will post notice on the NYISO OASIS of that consent along with a statement that Central Hudson did not provide any preferences, either operational or rate-related, in exchange for that voluntary consent. 18 C.F.R. § 358.5(b).

(5) Implementing Tariffs:

(i) Employees of Central Hudson engaged in transmission system operations or reliability functions shall strictly enforce all tariff provisions relating to the sale or purchase of open access transmission service, if these provisions do not provide for the use of discretion.

(ii) Employees of Central Hudson engaged in transmission system operations shall apply all tariff provisions relating to the sale or purchase of open access transmission service in a fair and impartial manner that treats all customers (including Central Hudson and any affiliate) in a non-discriminatory manner, if these provisions involve discretion.

(iii) Central Hudson shall maintain a log, available for Commission audit, detailing the circumstances and manner in which it exercised its discretion under any terms of the tariff. The information contained in this log will be posted on the NYISO OASIS as provided in 37.6(g)(4) of the Commission's regulations, within 24 hours of when Central Hudson exercises such discretion.

(iv) Central Hudson may not give preference for resale by the wholesale market function or by any affiliate, over the interests of any other wholesale customer in matters relating to the sale or purchase of transmission service (including issues of price, curtailments, scheduling, priority, ancillary services, etc.).

(6) Books and Records: Central Hudson shall maintain its books of account and records (as prescribed under Parts 101 and 125 of FERC's regulations) separately from those of its affiliates and shall make these available to FERC for inspection.

(7) Chief Compliance Officer: Central Hudson shall designate a Chief Compliance Officer. The name and contact information for the designee will be posted on the NYISO OASIS. The Chief Compliance Officer shall be responsible for employee training, answering employee questions regarding these Standards, coordinating audits with FERC staff, and take all steps necessary to ensure compliance with these Standards, including initiating self-audits.

(E) Maintenance of Standards

Central Hudson shall maintain in a public place a copy of these Standards. Central Hudson shall post on the NYISO OASIS the Standards as well as all information required to be posted pursuant to these Standards.

(F) Discounts

Transmission service over Central Hudson's transmission facilities is currently offered exclusively through an open access transmission tariff that is administered by the NYISO. Nevertheless, to the extent Central Hudson provides such service, any offers to discount transmission service will be announced to all potential customers solely by posting the offer on the NYISO OASIS.

(G) Training:

(1) Training for Standards of Conduct is included in the corporate Ethics & Legal Compliance Program. This program is offered bi-annually and attendance is mandatory for all employees, officers and directors.

Copies of the Standards of Conduct are distributed during this training session. Employees must acknowledge that they have received copies, and have been advised of the contents.

Any new employee, officer or director will be provided training within 30 days of joining Central Hudson.

(2) Additionally, a more detailed level of training is provided annually and is mandatory for: a.) Transmission function employees; b.) Wholesale merchant function employees; c.) Officers of Central Hudson; and d.) Members of the Board of Directors of Central Hudson.

Copies of the Standards of Conduct are distributed during this training session.

Transmission function, wholesale merchant function, officers and directors are required to sign an affidavit acknowledging that they have been trained and that they will not be conduits for sharing transmission, market, or customer information with marketing or energy affiliates (including Central Hudson's wholesale merchant function), except as may otherwise be permitted under these Standards of Conduct.