

Commercial: NA Gas & Power

Price Reporting Procedures



**North America Gas and Power
Price Reporting Procedures**

All external price reporting within North America Gas and Power (G&P) comes from Risk Management only. Only employees “approved” by their Business Managers may communicate with the Index Developers. This communication restriction applies to all media: phone conversations, emails, and instant messaging. In addition “approved” employees may not comment on questions relating to ConocoPhillips matters of policy or operational matters. Questions relating to such matters will be referred to External Affairs. Risk Management personnel are permitted to communicate with Index Developers, per the restrictions outlined in the [Commercial Global Index Developer Policy](#).

The Regional Risk Manager, Gas and Power North America must approve changes to this document. ConocoPhillips will notify the FERC if ConocoPhillips begins reporting a new index, stops reporting one of the indices below, or makes a significant change to reporting policies, with the notification to be made within 15 days of the effective date of the change in reporting status or policy.

1.1 General Criteria for Reportable Transactions:

- Bilateral, arms-length transactions with non-affiliated counter parties
- Physical (cash) market transactions
- Specifically excluded as non-conforming will be
 - Transactions with affiliated companies
 - Financial transactions including hedges and swaps
 - Physical exchanges (e.g. location swaps, storage exchanges)
 - Linked obligations
 - Non-market based pricing

1.2 Process for Reporting Transactions:

Risk Management personnel will retrieve reportable transactions from the system of record.

The report query will, if possible, either filter out non-conforming transactions or provide enough detail for Risk Management to identify candidates for further investigation. (For example, a transaction with a price outside the range of other transactions on that day for that point.)

Risk Management personnel will prepare a list of the reportable transactions, showing (i) delivery point or location, (ii) deal date, (iii) volume, (iv) price, (v) whether the deal is a buy or sale for ConocoPhillips, and (vi) tenor.

The submitted list will contain a limitations provision.

Risk Management will e-mail (fax if necessary) the verified list to participating Index Developers.

Questions from an Index Developer about the submitted information will be directed to the accountable Risk Management employee.

Risk Management will maintain a list of traded locations and their index designation for reporting purposes.

1.3 Process for Reporting Corrections:

1. Reported transactions will be loaded into the system of record and verified in accordance with the Commercial Code of Conduct (www.conocophillips.com/social/values_policies/index.htm) and applicable processes for deal capture and validation. A group independent of the transacting employee’s group, such as Scheduling, Confirmations, or Accounting, will validate each reported transaction.

2. Changes to transactions are made in the system of record.
3. Risk Management will have a procedure for monitoring reported transactions for changes.

1.4 Data Retention:

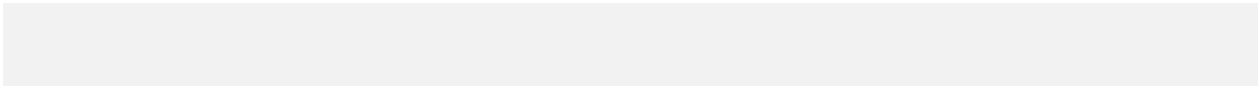
The final query documents with exclusion explanations, the submitted list of transactions, and any correction documents will be retained in electronic form for five years. The daily documents will be stored in the T:\TRADING\Performance Reporting\Power-Platt's Deals Reporting folder (for Power) and T:\TRADING\Risk Management\External Price Reporting folder (for Gas). The respective folders will have restricted access by Risk Management. Risk Management will maintain the price reporting folders to restrict access, maintain versions, and assure retention. Risk Management will perform a semi annual review of the individuals and their current responsibilities that have access to the T:\TRADING\Performance Reporting\Power-Platt's Deals Reporting folder (for Power), T:\TRADING\Risk Management\External Price Reporting folder (for Gas). Access will be changed based on this review. Other records, including written documents, paper copies and voice recording will be retained consistent with Commercial's document retention policies.

1.5 Auditing the Price Reporting Processes:

1. An independent audit will annually be performed on each of the Price Reporting Processes. The audit will assess G&P's implementation of the procedural steps in each Price Reporting Process, as well as adherence to policies. Reporting Policies and Processes shall be reviewed for compliance with FERC requirements, including any updates to FERC requirements, and consistency with best practices as part of this audit. In addition, the Regional Risk Manager, Gas & Power shall maintain registration with FERC for notification of any changes to FERC requirements.
2. The results of these audits, along with copies of this document, will be made available upon request to any Index Developer receiving prices from ConocoPhillips.
3. Risk Management will maintain open communication with Index Developers and give due consideration to recommendations from Index Developers, regulatory agencies and industry trade organizations about possible ways to improve the policies and procedures for reporting prices.

1.6 Identifying Index Developers

Risk Management will maintain a current list of Index Developers to whom price information is reported, along with the types of transactions reported to such Index Developers. ConocoPhillips will add new Index Developers to its list of price reporting recipients upon the request of the Index Developer and its representation that it is in compliance with the minimum standards for creation and publication of an energy price index set out by the FERC.



Appendix 1: Commodity Specific Procedures

2. MONTHLY GAS

G&P will report its physical fixed price and basis monthly transactions done during bid week.

2.1 Specific Criteria for Reportable Monthly Gas Transactions:

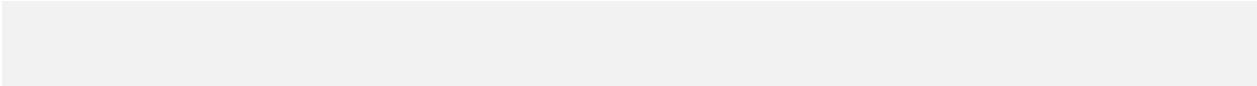
- Physical firm gas delivered the following month at Fixed Price
- Physical Basis deals valued off the near month NYMEX settle
- Agreed during bid week (last five business days of the month)
- Prompt month term
- Exclude linked deals - e.g. trigger deals, basis deals negotiated prior to bid-week and then priced off the NYMEX expiry, financial basis, or exchange-for-physicals (EFPs).

2.2 Process for Reporting Monthly Gas Transactions:

1. Before noon on the last business day of the month, Director of Position Control (or a delegate within Risk Management) will query the system of record for all purchases and sales meeting the defined criteria for reportable transactions. The query will, if possible, either filter out non-conforming transactions or provide enough detail for Risk Management to identify candidates for further investigation.
2. By noon on the last business day of the month, the Position Control will update the query of the system of record and generate the system extract.
3. Risk Management will determine if any transactions listed by the query are not "reportable transactions". The query document will include all transactions with comments on why a particular transaction was identified as "not reportable" and was therefore excluded from the list of transactions actually reported to the Index Developers.
4. Position Control will prepare and submit the report of validated transactions showing (i) delivery point or location, (ii) deal date (iii) volume in MMBTU per day, (iv) fixed price, (v) whether the deal is a buy or sale for ConocoPhillips, and (vi) tenor. Counter-parties and brokers will not be reported. Transactions for delivery within established reporting points will be identified with the common published name location, while transactions outside an established reporting point will be identified by the pipeline meter name.
5. The e-mail/fax report will include a limitations provision, substantially as follows:

Limitations. This information is produced from ConocoPhillips Company's business system of records and is intended to reflect all unlinked, fixed price or fixed basis, physical natural gas purchases and sales entered into during the last five business days of the month for delivery during the prompt month. Although ConocoPhillips Company has used commercially reasonable care in compiling this report, completeness and accuracy of the information cannot be warranted. This information is proprietary and submitted solely for your internal use in compiling market estimate prices published for the relevant market areas. Permission for any other use or disclosure is expressly denied.

6. Position Control will run the systematic process to monitor changes, additions, and deletions.
 - a. Right after submitting the report to the publishers, pull up "Platts_Spreadsheet.xls" and capture the Basis and Fixed deals for monitoring.

- b. On the morning of the first and second workday, run the check process to identify changes, additions, or deletions. Capture any items and follow-up. Note the cause of the entry.
 - c. Notify the price publishers if there's a change needing reported.
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Appendix 1: Commodity Specific Procedures (cont'd)

3. DAILY GAS

G&P will report its physical fixed price transactions for next day delivery.

3.1 *Specific Criteria for Reportable Daily Gas Transactions:*

- Physical firm gas delivered the next day at Fixed Price. (Transactions done on the day preceding a holiday or weekend will be for delivery on the holiday(s) or weekend and the next business day inclusive.)
- Reported delivery periods may differ due to holidays and weekends that include a change in month.
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3.2 *Process for Reporting Daily Gas Transactions:*

Marketers and traders will conform to ConocoPhillips policy to enter all physical deals into the system of record by the end of the day on which the transaction is completed.

Traders and marketers will use reasonable efforts to enter all fixed price physical deals into the system of record prior to 3:45 in the afternoon.

Between 3:00 and 4:00 each business day of the month, Director Position Control (or a delegate within Risk Management) will query the system of record for all purchases and sales meeting the defined criteria for reportable transactions entered prior to 3:45. The query will, if possible, either filter out non-conforming transactions or provide enough detail for Risk Management to identify candidates for further investigation.

Daily deals will be validated through the normal end-of-day check out, scheduling, and invoicing processes.

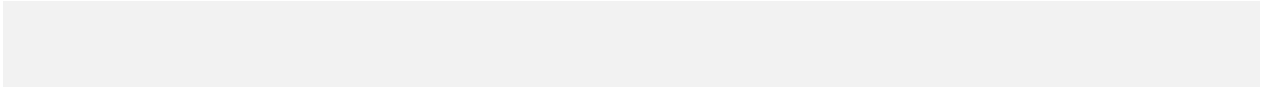
Position Control will prepare and submit the report of transactions showing (i) delivery point or location, (ii) deal date (iii) volume in MMBTU per day, (iv) fixed price, (v) whether the deal is a buy or sale for ConocoPhillips, (vi) beginning delivery date, and (vii) end delivery date. Counter-parties and brokers will not be reported. Transactions for delivery within established reporting points will be identified with the common published name location, while transactions outside an established reporting point will be identified by the pipeline meter name.

Position Control will also query the system of record for all of the reportable transactions entered into the system of record after 3:45pm on the previous business day. The prior day's transactions will also be sent to the Index Publishers as part of the daily submission, identified as having been entered into on the prior day.

The e-mail/fax report will include a limitations provision, substantially as follows:

Limitations. This information is produced from ConocoPhillips Company's business system of records and is intended to reflect all fixed price physical natural gas purchases and sales entered into today for the next daily delivery period. ConocoPhillips Company does not have the ability to time stamp trades. Although it has used commercially reasonable care in compiling this report, completeness and accuracy of the information cannot be warranted. This information is proprietary and submitted solely for your internal use in compiling market estimate prices published for the relevant market areas. Permission for any other use or disclosure is expressly denied.

The annual audit of price reporting will include an analysis of a sample of daily gas price reports for evidence of manipulation.



Appendix 1: Commodity Specific Procedures (cont'd)

4. DAILY ELECTRICITY

G&P will report its fixed-price day-ahead (standard on-peak and off-peak) and forward electricity deals at all delivery locations in North America bilateral markets to *price reporting services*, in accordance with the following procedures.

4.1 Specific Criteria for Reportable Electricity Transactions:

- Physical power delivered day-ahead and forward transactions at Fixed price
- Standard volumes
- Exclude transmission costs
- Exclude any linked transactions
- Exclude any deals with non-market based pricing

4.2 Process for Reporting Transactions:

1. Around 3:15 pm every day, Position Control Power Analyst (or the delegate) will query the system of record for all purchases and sales meeting the defined criteria for reportable transactions.
2. Position Control Power Analyst will prepare a list of the reportable transactions, showing (i) delivery point, (ii) deal date, (iii) Start and End of Flow – Date and Hours (iv) volume in Megawatts, (v) fixed price, and (vi) whether the deal is a buy or sale for ConocoPhillips. Counterparties and brokers will not be reported.
3. Position Control Power Analyst (or the delegate) will verify the listed transactions. Transactions determined not to be reportable transactions will be removed from the list.
4. Position Control Power Analyst will e-mail the verified list to the Index Developer(s) by 3:30 pm CST time daily.
5. Questions from the Index Developers about the submitted information will be directed to the Position Control Power Analyst.
6. The following day, Position Control Power Analyst (or the delegate) will query the system of record for any additional purchases and sales meeting the defined criteria for reportable transactions that may have been created after the report was run on the previous day.
7. The submitted list will contain a limitations provision, substantially as follows:

Limitations. This information is produced from ConocoPhillips Company's business system of records and is intended to reflect all unlinked, fixed price, physical Power purchases and sales entered every day before 3:15 pm for delivery during the day ahead and forward. Although ConocoPhillips Company has used commercially reasonable care in compiling this report, completeness and accuracy of the information cannot be warranted. This information is proprietary and submitted solely for your internal use in compiling market estimate prices published for the relevant market areas. Permission for any other use or disclosure is expressly denied.

Appendix 2: Code of Ethics and Sound Trading Practices for Electric Power Suppliers

5. PREAMBLE

This Code of Ethics and Sound Trading Practices (Code) defines and reaffirms the values, principles and internal controls that electric power supply companies must follow in conducting their business activities. The Code is intended to complement the internal principles and practices of each individual company and to guide companies as they supply power, manage risk, provide market liquidity and report financial results. Compliance with the Code allows companies to assure their customers, investors, legislators, regulators, the public and other market participants that their business activities are, and will continue to be, conducted with integrity. In addition, assurance is given that unlawful and unethical trading practices are not tolerated, that public disclosures of trading information are accurate, and that companies will abide by these ethical standards and maintain sound trading practices.

Clear, consistent and well-constructed market rules also are necessary. Without good rules, the strongest commitment to ethical standards will not result in the market efficiencies needed to provide maximum benefit to consumers. Each company adopting this Code commits to work with regulators, policy makers and other market participants to develop such rules and standards, thereby strengthening the competitive markets necessary to power the economy and provide ongoing value to consumers.

Above all, each electric power supply company adopting this Code reaffirms its commitment to excellence, professionalism and unwavering ethical conduct.

5.1.1 I. Ethical Standards

5.1.1.1 Core Value: Integrity

Conducting business activities with integrity is the essence of ethical conduct.

Integrity means conducting business activities in an honorable and principled manner consistent with the ethical standards and sound trading practices set forth herein.

5.1.1.2 Ethical Standards

Electric power suppliers will:

1. Conduct their business in accordance with all applicable laws, regulations, tariffs and rules, and in good faith, and with a commitment to honest dealing.
2. Not engage in fraudulent behavior.
3. Honor the terms and conditions of their contracts.
4. Engage only in transactions with legitimate business purposes, such as managing business risk or that otherwise have economic substance. In no event will companies engage in any transactions intended to boost revenues or volumes artificially, or intended to manipulate market prices.
5. Not collude with other market participants to affect the price or supply of power, allocate territories, customers or products, or otherwise unlawfully restrain competition.
6. Cooperate with transmission system operators in the implementation of system rules and reliability requirements, and manage the physical operation of supply resources and the scheduling of power transactions in a manner that is consistent with the reliable operation of the transmission grid.
7. Adopt, adhere to, and enforce risk management policies and structures that are designed to ensure that power-trading activities are conducted in accordance with this Code.
8. When reporting financial results, do so in a manner that fairly presents the financial health of the company, consistent with applicable accounting principles and applicable securities and other requirements.

5.1.2 II. Sound Trading Practices

5.1.2.1 Core Value: Adherence to Sound Trading Practices and Principles

Electric power markets reflect the constantly changing dynamics of supply and demand. Efficient business operations in such an environment demand practices that can manage risk and discover market prices. Such practices must be consistent with the guiding Ethical Standards of this Code.

5.1.2.2 Sound Trading Practices Standards

Electric power supply companies will act in accordance with these standards of sound trading practices:

1. No unlawful withholding. Companies will operate and schedule generating facilities, undertake maintenance, declare outages, and commit or otherwise bid supply in a manner that complies with the rules, regulations and guidelines of the applicable power market. Moreover, companies will not engage in such activities or misrepresent the operational capabilities of generation facilities in a manner expressly calculated to affect market prices by unlawfully withholding available supply from the market in order to create artificial supply shortages. However, companies may decide not to run their generating plants or bid and schedule such resources or other power supplies when such actions would risk jeopardizing public health and safety or damaging their facilities, or in order to comply with facility licensing, environmental or other legal requirements, or when such actions would be uneconomic under the given circumstances.
2. No creation of artificial congestion. Companies will not engage in transactions or schedule resources with the intent of creating congestion to manipulate prices or to jeopardize the security of dispatch operations.
3. No non-performable reliability transactions. Companies will not offer reliability services to the market that they intend not to provide.
4. No “wash” trades. Companies will not arrange and execute simultaneous offsetting buy and sell trades, *i.e.* with the same counterparty and price, commodity, location and quantity terms, with an intent to artificially affect reported revenues, trading volumes or prices.
5. No misrepresentative trading. No trading will be conducted for the purpose of misrepresenting the financial condition of the organization.

5.1.3 III. Information Disclosure and Documentation

5.1.3.1 Core Value: Candid and Complete Disclosure

Markets depend on trust in the accuracy of market information and transparency of market behavior and that the confidentiality of commercially sensitive information entrusted to each company will be maintained.

5.1.3.2 Information Disclosure and Documentation Standards

Electric power suppliers will:

1. Provide market and transaction information to regulators and market monitors in compliance with all applicable rules and requirements and continue to cooperate with regulators and market monitors as reasonably necessary to assist in their understanding of market operations.
2. When reporting financial results, do so in accordance with applicable accounting principles and in a manner that fairly presents the financial health of the company.
3. Ensure that any information disclosed to the media, including market publications and publishers of surveys and price indices, is accurate and consistent.
4. Maintain and adhere to internal procedures designed to ensure that all trades are properly documented in a timely fashion and that no trades are concealed or misrepresented.
5. Maintain documentation on all transactions for an appropriate period of time as required under applicable laws and regulations.

5.1.4 IV. Compliance

5.1.4.1 Core Value: Comprehensive Corporate Compliance

Each company subscribing to this Code will have a compliance program designed to ensure appropriate, timely and ongoing review of power trading practices and compliance with this Code.

5.1.4.2 Compliance Standards

Electric power suppliers' compliance programs will:

1. Provide for proper training of personnel on the provisions of this Code and the company's risk management policies.
2. Maintain internal standards, policies, procedures and controls to promote compliance with this Code, and with other standards of sound trading practices and market commitments, and provide for the periodic internal or external audit of such standards, policies, procedures and controls.
3. Provide an environment that encourages employees within the trading organization to engage in safe and confidential discussions and to disclose to senior management any trading practices that might violate this Code.
4. Establish clear lines of accountability for the company's power trading practices, including provisions relating to the responsibilities of corporate officers, with appropriate oversight by the Board of Directors or other senior corporate management committee.