



ZL FERC Order No. 717 - Overview

FERC 717: Standards of Conduct (SOC) for Transmission Providers

Issued in October 2008, FERC Order No. 717 limits the relationship between the transmission functions and marketing functions of vertically-integrated, regulated utilities involved in the transmission of natural gas or electricity. This regulation endeavors to ensure that an applicable transmission provider does not treat customers, whether affiliated or unaffiliated, on an unduly preferential basis.

Who is affected by FERC 717?

The Standards of Conduct apply to regulated utilities involved in the interstate transmission of electricity or natural gas and conducts transmission transactions with an organization that conducts marketing functions. The regulation does not apply to Independent System Operators (ISO) or Regional Transmission Organizations (RTO). Additionally, transmission providers may apply for a waiver from all or some SOC requirements.

What are the requirements of FERC 717?

The Standards of Conduct break down into three distinct requirements:

1. Independent Functioning Rule: transmission function employees must operate independently of marketing function employees.
2. No Conduit Rule: marketing function employees must not exchange non-public transmission information with either transmission employees or marketing affiliates, whether directly or through an intermediary.
3. Transparency Rule: All correspondence between marketing and transmission employees must be retained for 5 years – this record may include electronic records such as emails, files, text messages and voicemail. In the event of the exchange of non-public transmission or customer information, notice of disclosure must immediately be made public.

Applicable transmission providers must take appropriate measures to ensure compliance with the Standards of Conduct. Additionally, books of account and records are to be securely maintained and producible on demand.

When did FERC 717 take effect?

The most recent revision of the Standards of Conduct, FERC Order No. 717, went into effect November 26, 2008.

What are the penalties for FERC 717 non-compliance?

Violations of the Standards of Conduct can be punished through imposition of fines of up to \$1 million per day for each violation.

However, FERC will give penalty mitigation credit to companies that instill a culture of compliance in their organizations and install effective regulatory compliance programs that go above and beyond the Standards of Conduct.

How do firms comply with FERC 717?

- Develop supervisory procedures for all electronic correspondence
- Employ an integrated solution that monitors and prevents prohibited exchanges of privileged transmission information through the application of granular policies
- Determine how supervisory reviews are conducted and documented; what types of correspondence will be pre- or post-reviewed; and the organizational positions responsible for review of all applicable correspondence
- Manage the creation, maintenance, and disposition of all corporate data in an easily accessible repository
- Respond to audits and comply with transparency requirements with fast and accurate search
- Verify policy implementation and system integrity
- Maintain records documenting the education and training of employees

What does ZL Unified Archive provide?

ZL Unified Archive provides a comprehensive set of tools for firms to comply with FERC 717, including:

- Email, IM and file archiving and WORM storage
- Email, IM and file sampling and supervisory review
- Email, IM and file search and discovery
- Email, IM and file retention policy management
- Policies to audit archival system

ZL's compliance platform enables firms to centrally manage all electronic exchanges and establish effective internal safeguards for the intentional and unintentional dissemination of non-public information.

Pre- and Post-Review: ZL enables administrators to prevent, monitor and immediately respond to noncompliant messages through the easy creation of customizable content and policy based rules. Rules can be engineered to apply at the department, user and message level.

Roles and Privileges: ZL allows organizations to manage system access and governance through a highly configurable set of roles and privileges.

Targeted Review: ZL creates a centralized corporate datastore that, in combination with ZL's industry-leading search performance, serves as an unparalleled response platform for all future unforeseen regulatory or review needs.

Records Management & Retention: Capitalizing on a number of existing capabilities, ZL streamlines the lifecycle management process by centralizing the entire continuum of creation, maintenance, and disposition of corporate data. ZL's Unified Archive offers a choice of automatic or manual identification and classification of electronic data based on a wide range of parameters and supports a virtually unlimited number of retention categories.

Audit Trails: ZL Unified Archive maintains comprehensive audit trails to guarantee accountability and data integrity. This rigorous and highly detailed audit system provides a digital chain of custody that has consistently exceeded the requirements set by US regulatory agencies. Canned or customizable audit reports can be scheduled, auto-generated and forwarded to any email address.

For an analysis of the rules and requirements related to FERC Order No. 717, please refer to the **ZL – FERC ORDER 717 Rules Matrix**.

About ZL Technologies

Established in 1999, ZL Technologies, Inc. (ZL) provides cutting-edge enterprise software solutions for e-mail archiving, regulatory compliance, litigation support, corporate governance, content management, file archiving, and secure e-mail. ZL's flagship product, the Unified Archive, offers comprehensive e-mail and file archiving and management for companies using Lotus Notes/Domino, Microsoft Exchange, Bloomberg, and others. The suite provides a highly flexible framework that is fully scalable, enabling organizations of all sizes to meet legal discovery, compliance, and storage management requirements. With a proven track record and an impressive list of clients, including a top 5 global bank, a top 5 US bank, Walgreens, Bank of New York Mellon, and Morgan Keegan, among other top global institutions, ZL has proven to be the premier provider of e-mail archiving and compliance solutions in large and/or complex deployments.

For more information about ZL Technologies, Inc. or ZL Unified Archive, please contact us at:

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