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# Castleton Commodities International LLC

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## Linden VFT, LLC Standards of Conduct Policy

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## **LVFT Merchant Transmission Facility Background:**

Linden Variable Frequency Transformer (LVFT) was formed for the purpose of owning and operating the LVFT Project. The LVFT Project is a continuously controllable merchant transmission facility located in Linden New Jersey, which provides 315 MW of transmission transfer capability between the PJM Interconnection, L.L.C. (PJM) and the New York Independent System Operator (NYISO) service territories. LVFT was granted negotiated rate authority in 2007 and most recently in 2018.<sup>1</sup>

The transmission operations of the LVFT Project are under the control of PJM and transmission service over the LVFT Project is provided under the merchant transmission provisions of PJM's Open Access Transmission Tariff (OATT).<sup>2</sup> Pursuant to its negotiated rate authority, LVFT may sell transmission capacity on the LVFT Project for up to 100 percent of the Project's capacity to one or more anchor customers. LVFT's last open solicitation process concluded on September 28, 2022 (2022 Open Solicitation). NRG Business Marketing LLC f/k/a Direct Energy Business Marketing, LLC (NRG) currently holds 175 MW of transmission scheduling rights (TSRs) and Castleton Commodities Energy Trading LLC (CCET) holds 140 MW of TSRs. CCET and NRG have the ability to voluntarily release or assign some or all of their TSRs to an Eligible Customer, as that term is defined in the PJM OATT. If any of the TSRs are not scheduled, voluntarily released or assigned to an Eligible Customer by CCET or NRG, such TSRs are, by default, posted on PJM's OASIS for use by other customers.

The LVFT Project is operated under agreement by PJM personnel. Under this arrangement, all monitoring and operations (including the execution of schedule changes) are performed by PJM dispatch personnel. PJM's Valley Forge and Milford facilities serve as LVFT's primary and backup control centers. Control can be transferred to the "local" control center, one located at the LVFT Project and a back-up at the Linden Cogen Facility site. As a result, LVFT does not control operation or dispatch over the LVFT Project. Customers (including NRG and CCET) schedule their respective TSRs directly with PJM and unused capacity is posted for use by other Eligible Customers on PJM's OASIS.

## **1. INTRODUCTION**

### **1.1. Purpose and Scope**

These FERC Standards of Conduct Implementation Procedures (the Procedure) set forth the framework and guidance established by Castleton Commodities International (CCI), LVFT and their affiliates to implement the Standards of Conduct for Transmission Providers (Standards of Conduct) established by the Federal Energy Regulatory Commission (FERC) to ensure that LVFT does not grant any undue preference to its own marketing affiliates in matters related to

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<sup>1</sup> *Linden VFT, LLC*, 119 FERC ¶61,066 (2007) (2007 Negotiated Rate Order) (granting Linden VFT negotiated rate authority); *Linden VFT, LLC*, 162 FERC ¶ 61,297 (2018) ("2018 Negotiated Rate Order") (granting Linden VFT amended negotiated rate authority).

<sup>2</sup> See Post-Open Solicitation Compliance Filing and Request for Expedited Action and Confidential Treatment, *Linden VFT, LLC*, Docket No. ER18-730-002 (submitted October 14, 2022); *Linden VFT, LLC*, Docket No. ER18-730-002 (Dec. 5, 2022) (delegated letter order accepting filing).

transmission. Undue preference, in this context, means giving an affiliate more favorable access, treatment or information regarding transmission service than an unaffiliated third-party.

## **1.2. Applicability**

This Procedure applies to all CCI employees, agents, consultants and contractors (collectively “Representatives”) that meet the definitions below of Transmission Function Employee, Marketing Function Employee and any other Representative, including officers, directors and supervisory employees, likely to become privy to transmission function information or whose role requires an understanding of the Standards of Conduct.

## **2. GENERAL INFORMATION**

### **2.1. Terms, Definitions and Key Concepts**

Defined terms within this Procedure provide key concepts and definitions that are frequently referenced in implementation of Standards of Conduct.

#### **2.1.1. Affiliate.**

(A) An Affiliate of a specified entity means:

- (1) Another person that controls, is controlled by or is under common control with the specified entity. An affiliate includes a division of the specified entity that operates as a functional unit.
- (2) “Control” as used in this definition means the direct or indirect authority, whether acting alone or in conjunction with others, to direct or cause to direct the management policies of an entity. A voting interest of 10 percent or more creates a rebuttable presumption of control.

**2.1.2. Internet Website.** Refers to the Internet location where LVFT posts the information, by electronic means, required by the Standards of Conduct.

**2.1.3. Independent System Operator (ISO)/Regional Transmission Organization (RTO).** RTOs and ISOs coordinate, control, monitor and operate regional electric transmission grids, administer wholesale electric markets, and provide reliability planning for the region’s bulk electric system.

**2.1.4. Marketing Affiliate.** An affiliate of LVFT that sells power or energy for resale in interstate commerce and employs, or uses the services of, Marketing Function employees. LVFT maintains a list of current Marketing Affiliates on its Internet Website

[Linden VFT - FERC Standards of Conduct for Transmission Providers Postings](#)

- 2.1.5. Marketing Functions.** Sale for resale or submission of offers to sell electric energy or capacity, demand response, virtual transactions or financial or physical transmission rights, all as subject to an exclusion for bundled retail sales, including sales of electric energy made by Providers of Last Resort (POLRs) acting as a POLR.
- 2.1.6. Marketing Function Employee (MFE).** A CCI Representative who actively and personally engages on a day-to-day basis in Marketing Functions. See Section 3.2 for additional guidance
- 2.1.7. No Conduit Employee. (NCE)** A CCI Representative who is neither a Marketing Function Employee nor a Transmission Function Employee. See Section 3.2 for additional guidance.
- 2.1.8. Non-Public Transmission Function Information.** Transmission Function Information that has not been broadly disseminated to the public (may include information not yet been posted to PJM OASIS). See Section 3.2 for additional guidance.
- 2.1.9. OASIS.** PJM’s Open Access Same-Time Information System. An Internet-based tool for sharing information on transmission prices and product availability, including the information required to be posted by the FERC Standards of Conduct.<sup>3</sup>
- 2.1.10. Transmission Customer.** Any eligible customer, shipper or designated agent that can or does execute a transmission service agreement or can or does receive transmission service, including all persons who have pending requests for transmission service or for information regarding transmission.
- 2.1.11. Transmission Functions.** Planning, directing, organizing, or carrying out of day-to-day transmission operations, including the granting, and denying of transmission service requests.
- 2.1.12. Transmission Function Employee (TFE).** A CCI Representative who actively and personally engages on a day-to-day basis in transmission functions. See Section 3.2 for additional guidance.
- 2.1.13. Transmission Function Information.** All information relating to Transmission Functions, including information about available transmission capability, price, curtailments, outages, ancillary services, and the like regarding any transmission system.
- 2.1.14. Transmission Provider.** LVFT, the CCI affiliate engaged in Transmission Function activities and PJM.

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<sup>3</sup> FERC Order No. 889 restricts communication between power marketing and transmission operation employees within any one organization. Transmission Providers can obtain information about their own transmission system for their own wholesale power transactions only through OASIS. Customers can view Available Transmission Capability; submit transmission service requests, etc. on the applicable region’s OASIS site(s). For LVFT, the applicable OASIS is the PJM Oasis: <http://oasis.pjm.com/>.

**2.1.15. Waiver.** The determination by Transmission Provider, if authorized by its tariff, to waive any provisions of its tariff for a given entity.

## **2.2. Roles and Responsibilities**

**2.2.1. Chief Compliance Officer or CCO.]** The CCO is responsible for compliance with FERC Standards of Conduct. The name of the CCO and their contact information is posted on LVFT's Internet Website in accordance with the SOC's implementation requirements.

## **3. FERC STANDARDS OF CONDUCT COMPLIANCE**

### **3.1. FERC Standards of Conduct Compliance Implementation**

CCI and LVFT have developed this Procedure to promote compliance with the Standards of Conduct. Representatives are responsible for understanding this Procedure and complying with the same. If you have any uncertainty as to how this Procedure applies to you or any of the requirements described herein, you must contact the CCI Legal and Compliance Department who will provide you with guidance.

### **3.2. Separation of Functions**

**3.2.1. General Principles.** LVFT must treat all transmission customers, affiliated and non-affiliated, on a not unduly discriminatory basis and must not grant any undue preference or advantage to any person or subject any person to any undue prejudice or disadvantage with respect to transmission of electric energy in interstate commerce, or with respect to the wholesale sale of electric energy in interstate commerce.

**3.2.2. Non-Discrimination Requirements.** The allocation and reservation of transmission service on LVFT is managed under the PJM Tariff (Schedule 16 and Schedule 16-A). PJM is responsible for evaluating all requests for transmission service over LVFT and for any curtailments or interruptions that may be required to maintain reliable operation. However, LVFT is required to provide fair and impartial treatment to all transmission customers, including prospective transmission customers, in conducting any Transmission Functions. Additionally, LVFT may not give undue preference to any person in matters relating to the sale or purchase of transmission service.

**3.2.3. Independent Functioning Rule.** The Standards of Conduct require that a Transmission Provider's Transmission Function Employees function independently from its Marketing Function Employees. Specifically, the rule states that a transmission provider is prohibited from permitting MFEs to conduct Transmission Functions or have access to the system control center that differs in any way from the access available to other transmission customers. TFEs are also prohibited from conducting Marketing Functions. CCI's Transmission Function Employee(s) functions independently of its Marketing Function Employees. TFEs may work from the same office location as MFEs but with appropriate physical separation. Additionally, TFEs are prohibited from performing Marketing Functions and MFEs are prohibited from performing Transmission Functions.

If you are categorized as a TFE or an MFE we expect you to be aware of the Independent Functioning Rule and to ensure your actions promote compliance with this rule. If you have any doubt as to whether a course of action may violate this rule you must discuss it with the CCI Legal and Compliance Department. Similarly, if you are concerned that the actions of a colleague who is an MFE or TFE may have violated this rule, or may violate this rule, you have a duty to report it to the CCI Legal and Compliance Department. No Conduit Employees must ensure that they do not take any actions or grant any requests which might violate the Independent Functioning Rule.

The training that CCI provides to Representatives on the Standards of Conduct will provide more guidance around Independent Functioning and examples of actions or conduct that could violate the Independent Functioning Rule.

**3.2.4. Employee Designation.** To promote compliance with the Independent Functioning rule, CCI has established rules to designate different types of Representatives. The three designations are:

**3.2.4.1 Transmission Function Employee(s).** A CCI Representative who actively and personally engages in Transmission Functions on a day-to-day basis. Transmission Functions include:

- Granting or denying requests for transmission
- Coordinating actual flows of power
- Isolating portions of the system to prevent cascades
- Imposing transmission loading relief
- Outage planning and co-ordination?
- Liaising with PJM or NYISO on matters related to transmission?
- Other similar activities

**3.2.4.2 Marketing Function Employee.** A CCI Representative who actively and personally engages in Marketing Functions on a day-to-day basis. Marketing Functions include:

- Selling power at wholesale
- Selling ancillary services at market-based rates
- Reselling physical or financial transmission rights
- Making offers of energy, capacity, demand response, virtuals, or other products in a Regional Transmission Organization (RTO) or Independent System Operator (ISO)

For the purposes of this Procedure, if your role involves selling or buying, energy, capacity and or physical or financial transmission rights then you will be designated as an MFE. This also includes individuals whose role predominantly involves supervising, advising on and supporting these activities including, but not limited to, power asset optimizers, power schedulers and research analysts.

**3.2.4.3 No-Conduit Employee.** A CCI Representative who does not engage in Transmission Functions or Marketing Functions on a day-to-day basis.

**No Conduit Rule.** CCI Representatives are prohibited from using anyone or anything as a conduit for the disclosure of Non-Public Transmission Function Information to its Marketing Function Employees. A conduit is any person, system, or communication channel used to pass Non-Public Transmission Information to MFEs — whether intentionally or not. CCI Representatives, regardless of classification, are strictly prohibited from disclosing Non-Public Transmission Function Information to any MFEs. No Conduit Employees who provide services to LVFT and also provide services to CCI Marketing Affiliates must be especially vigilant and diligent to ensure that information they have, which relates to LVFT, and may be non-public is managed and controlled to ensure that there is no violation of the No Conduit Rule.

Please refer to the section titled Improper Disclosure of Non-Public Transmission Function Information to understand what you should do in the event of Non-Public Transmission Function Information being improperly disclosed to an MFE.

**3.2.5. Non-Public Transmission Function Information.** Non-Public Transmission Function Information cannot be provided, or made available, directly or indirectly, to Marketing Function Employees. Transmission Function and No-Conduit Employees must be vigilant to ensure this information is not shared with Marketing Function Employees, even inadvertently. Non-Public Transmission Function Information includes information related to transmission functions, such as:

- Available transmission capacity (or similar measurements).
- Outages (including generation outages, which impact transmission availability).
- The price of transmission.
- Curtailments and balancing.
- The grant or denial of transmission service requests.
- Service provided to specific Transmission Customers.
- Non-public Transmission Information of other Transmission Providers obtained from those Transmission Providers by Transmission Function or No-Conduit Employees.

If you are in any doubt as to whether the information you possess may be Non-Public Transmission Function Information you should discuss it with the CCI Legal and Compliance Department.

**3.2.6. Books and Records.** LVFT must maintain separate books and records from CCI Marketing Affiliates.

**3.3. Posting of Information**

**3.3.1.** The transparency rule of the Standards of Conduct (18 C.F.R. § 358.7) requires LVFT to post certain information on its Internet Website. This section provides a summary of the posting requirements and compliance implementation activities.

**3.3.2. Posting Requirements.**

**3.3.2.1 FERC Standards of Conduct Procedure.** A copy of this Procedure (see also Section 3.4 below).

**3.3.2.2 Affiliates.** The names and addresses of all Affiliates that employ or retain Marketing Function Employees.

**3.3.2.3 Shared Facilities.** A list of facilities where both Marketing Function and Transmission Function Employees work.

**3.3.2.4 Transmission Function Employees Job Descriptions.** Job titles and descriptions of all Transmission Function Employees.

**3.3.2.5 Potential Mergers.** Information about potential merger partners that may employ or retain Marketing Function Employees within seven days after the potential merger is announced.

**3.3.2.6 Employee Transfers.** Notice of transfers of Marketing Function Employees to Transmission Function Employees or vice versa. The notice must include the name of the transferring employee, the respective titles held while performing each function (as a TFE and as an MFE) along with the effective date of the transfer. This information must remain on the Internet Website for ninety (90) days.

**3.3.2.7 Inadvertent Disclosures.** In the event it is determined that there has been an inadvertent disclosure of Non-Public Transmission Information or any other information in violation of the Standards of Conduct, the information shall be immediately reported to the PJM OASIS Operator for posting on the PJM OASIS. Additionally, CCI/LVFT will immediately post on their Internet Website the information, or notice thereof, improperly disclosed.

**3.3.2.8 Other Postings.** In addition to the above items, LVFT may also post information about voluntary consents, discretionary actions, discounts, and deviations for system emergencies.

**3.3.3. Posting Location.** The information above will be posted to:

[Linden VFT - FERC Standards of Conduct for Transmission Providers Postings](#)

**3.3.4. Management and Update.** Consistent with the requirements of the SOC regulations, LVFT must update the information required by the transparency rule on its Internet

Website within seven (7) business days of any change and post the date on which the information was updated.

### **3.4. Posting and Distribution of FERC Standards of Conduct Procedures**

LVFT shall post on its Internet Website a copy of this Procedure

The CCI Compliance Department shall ensure this Procedure is distributed to all Transmission and Marketing Function Employees, officers, directors and supervisory employees and any other employees likely to become privy to Non-Public Transmission Function Information.

### **3.5. Restrictions on Access to Information and Transmission Provider Physical Facilities**

**3.5.1. Information Access Restrictions.** CCI uses Role-Based Access Control via Active Directory Security Groups and Organizational Units to only permission files and folders to those groups that require them based on their role. Such an approach is designed to prevent Marketing Function Employees being able to access files and folders used by Transmission Function Employees and vice versa and also to ensure that Non-Public Transmission Function Information is protected and controlled.

**3.5.1.1 Customer Consent to Disclose.** LVFT may disclose Non-Public Transmission Information to a Marketing Affiliate when the non-affiliated Transmission Customer from whom the information is obtained has voluntarily consented in writing to such disclosure. In the event such information is shared, LVFT must post notice of such authorization on the PJM OASIS or its Internet website along with a statement that it did not provide any preference, either operational or rate related, in exchange for the voluntary consent.

**3.5.1.2 Energy Affiliate Transmission Requests.** LVFT may disclose Non-Public Transmission Information to a Marketing Affiliate if it relates to the Marketing Affiliate's specific request for transmission service.

**3.5.2. Physical Access Restrictions.** LVFT has no physical transmission facilities that are shared by Marketing Function and Transmission Function Employees. As disclosed on the LVFT website, Marketing Function and Transmission Function Employees may occasionally work from the same office location but with appropriate physical separation to ensure independent functioning.

**3.5.3. Escorted Access.** LVFT may permit Transmission Customers, including CCI Marketing Function Employees, on a non-discriminatory basis, to visit its physical transmission facilities in Linden, New Jersey for general orientation purposes by prior arrangement so long as the Transmission Customers are escorted by authorized Transmission Function Employees or contractors at all times and all Non-Public Transmission Information is adequately secured so as not to be viewed.

**3.5.4. No Preferential Physical Access.** CCI Marketing Function Employees will not have preferential access over that of other Transmission Customers to the LVFT physical transmission facilities in Linden, New Jersey.

### **3.6. Strict Enforcement of Transmission Provider Tariffs**

The sale and purchase of open access transmission service on the transmission facilities owned by LVFT is managed under PJM's Tariff. PJM receives, processes, and responds to requests for transmission service. However, LVFT is obligated to provide fair and impartial treatment to all Transmission Customers, including prospective Transmission Customers, in conducting any Transmission Functions. LVFT will strictly adhere to all applicable requirements, including requirements related to LVFT's negotiated rate authority, which requires conducting open seasons for the sale or purchase of available transmission service rights in a fair and impartial manner, consistent with FERC's Policy Statement.

### **3.7. System Emergencies**

**3.7.1. Suspension of Requirements in Emergencies.** During system emergencies and/or any condition that could, in the sole discretion of the system operator, endanger and/or adversely affect system reliability, the Standards of Conduct shall be deemed suspended to the extent necessary to address the emergency and/or condition. During these circumstances, employees engaged in transmission system operations or reliability functions shall take whatever steps are necessary to maintain system reliability during an emergency, notwithstanding that this could otherwise constitute a violation of the Standards of Conduct and/or these implementation procedures.

**3.7.2. Posting of Deviations.** LVFT will report on the PJM OASIS and/or the Internet Website any emergency resulting in a deviation from the Standards of Conduct within 24 hours of the deviation. Refer to Section 3.6.

### **3.8. Improper Disclosure of Non-Public Transmission Function Information**

**3.8.1.** If Non-Public Transmission Function Information has been made available to an MFE the employee(s) that has disclosed the information and, or, received the information, must immediately inform the CCI Legal and Compliance Department. This requirement applies regardless of how the information may have been disclosed e.g. verbally or electronically.

**3.8.2.** If you are in receipt, or believe you may be in receipt, of Non-Public Transmission Function Information in violation of this Procedure you must take steps to avoid the information being further disseminated to additional MFEs and you must inform the CCI Legal and Compliance Department immediately.

**3.8.3.** On being notified of an improper disclosure the CCI's Head of Compliance will review the information and other relevant facts to determine whether the event needs to be reported as described more fully in the Inadvertent Disclosures Posting Requirements section above. In addition, the CCI's Head of Compliance will also determine whether any other actions need to be taken regarding the inadvertent disclosure.

### **3.9. FERC Standards of Conduct Training**

**3.9.1.** Compliance training and policies are an important component of all CCI's internal compliance programs and are critical to ensuring CCI Representatives have an adequate understanding of the expectations set forth within applicable regulations as well as the implementing controls to support compliance with these rules.

**3.9.2. Annual Compliance Program Training.** CCI Representatives, who are determined to be in scope, will be trained annually on this Procedure and the Standards of Conduct. New Representatives that meet the definition of Transmission Function Employee, Marketing Function Employee, are likely to become privy to transmission function information or whose role requires an understanding of the Standards of Conduct will be trained on this Procedure and the Standards of Conduct within the first 30 days of engagement. Compliance will prepare Standards of Conduct compliance training in support of this objective. Please contact the CCI Compliance Department for additional support or information.

### **3.10. Compliance Enforcement**

**3.10.1.** Representatives that fail to comply with any of the requirements that are applicable to them in this Procedure, may be subject to discipline, up to and including the termination of your employment with the Company. Violations of this Procedure may also subject an individual to enforcement action by FERC or other external agencies.

**3.10.2. Reporting Compliance Concerns.** In the event that you identify a compliance concern related to the Standards of Conduct or any issue of possible or potential non-compliance with this Procedure, you should follow the steps described in the "Reporting Concerns and Violations" section of the CCI Code of Ethical Business Conduct.

## **4. DOCUMENT ADMINISTRATION**

### **4.1. Ownership, Review and Approval**

CCI's Head of Compliance is responsible for ensuring the oversight, review, and maintenance of this Procedure. At a minimum, this Procedure will be reviewed at least every three years and modified if needed. CCI's Head of Compliance will coordinate with any relevant key stakeholders to ensure a collaborative approach to review and update.

### **4.2. Document Maintenance**

Updates and any revisions to this Procedure shall be approved by CCI's Head of Compliance.