

Commercial: NA Gas & Power

Price Reporting Process



North America Gas and Power Price Reporting Process

All external price reporting within North America Gas and Power (G&P) comes from Risk Operations 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 Operations personnel are permitted to communicate with Index Developers, per the restrictions outlined in Commercial External Communications Policy.

The Manager, Risk Operations must approve changes to this document. Risk Management will notify the Legal Department immediately if Commercial decides to stop providing gas or power trades to the index developers. Legal will manage and document communications with the FERC. Notification to the FERC must be made within 15 days of the effective date of the change in reporting status.

1.1 General Criteria for Reportable Transactions:

ConocoPhillips will report:

- Each bilateral, arm's-length transaction between non-affiliated companies in the physical (cash) markets at all trading locations.
 - Physical (cash) market reporting shall not include financial hedges, financial transactions, or swaps or exchanges of gas or electricity.
- Data should be provided for each transaction separately.
- For each transaction, the following information should be provided:
 - (a) price
 - (b) volume
 - (c) buy/sell indicator
 - (d) delivery/receipt location
 - (e) transaction date and time
 - (f) term (next day or next month) transactions with affiliated companies

1.2 Process for Reporting Transactions:

For all Reported Transactions: (Detailed policies/procedures for specific reports are attached in Appendix 1)

Risk Operations 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 Operations 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 Operations 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 Operations 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 Operations employee.

Risk Operations 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 G&P Code of Conduct (Appendix 2) and applicable processes for deal capture and validation. A group independent of the transacting employee's group, such as Risk Operations, Confirmations, or Accounting, will validate each reported transaction.
2. Changes to transactions are made in the system of record.
3. Risk Operations will have a procedure for monitoring reported transactions for changes.
4. Risk Operations will determine which changes constitute a reason to submit a correction to the Index Developer for the originally reported transaction. Immaterial changes or changes due to scheduling constraints/optimization, requests from the counterparty to modify invoicing formats, or agreements to change the terms of a transaction subsequent to the original transaction date will not be submitted as corrections.
5. Risk Operations will submit known corrections of reported transactions in accordance with the correction policy of the Index Developers. Risk Operations will report to Index Developers any material corrections to the volume, price, location, "reportability", buy/sell designation, or other reported information within one business day of learning of the correction.

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 with access restricted to Risk Operations. Risk Operations will maintain the price reporting documents to restrict access, maintain an audit trail, and assure retention. Risk Operations will perform a semi-annual review of the individuals and their current responsibilities that have access to the documents. 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 Operations 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 Operations 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 Process

2. MONTHLY GAS

G&P will report its physical fixed price and basis monthly transactions done during bid week. All activities are performed by a team member of Risk Operations.

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

2.2 Process for Reporting Monthly Gas Transactions:

1. Late on the second to last business day of the month, 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 Operations to identify candidates for further investigation.
2. By noon on the last business day of the month, query the system of record and generate the system extract.
3. 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. 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. 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.

3. DAILY GAS

G&P will report its physical fixed price transactions for next day delivery. All activities are performed by a team member of Risk Operations.

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.

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.

Each business day of the month, 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 Operations to identify candidates for further investigation.

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

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. Counterparties 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.

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.

Run the systematic process to monitor changes, additions, and deletions.

Right after submitting the report to the publishers, pull up "Platts_Spreadsheet.xls" and capture the deals for monitoring.

On the following afternoon, run the check process to identify changes, additions, or deletions.

Notify the price publishers if there's a change needing reported.

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, including financially-settled deals (book outs) done for Alberta, New York and Ontario bilateral markets to *price reporting services*, in accordance with the following procedures. All activities are performed by a team member of Risk Operations.

4.1 Specific Criteria for Reportable Electricity Transactions:

- Physical power delivered day-ahead and forward transactions at Fixed price
- Standard volumes

4.2 Process for Reporting Transactions:

1. Query the system of record for all purchases and sales meeting the defined criteria for reportable transactions.
2. 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. Verify the listed transactions. Transactions determined not to be reportable transactions will be removed from the list.
4. 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 Risk Operations analyst.
6. The following day, Risk Operations Analyst (or 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.

5. Month-End deal sharing

Through routine and ad hoc analysis, the Trade Monitoring team may identify deals meeting criteria for reporting that have been changed after the reporting window. They will share this list of trades with Risk each month for sharing with the index developers

5.1 Process for Reporting Transactions:

1. Trade Monitoring will send Commercial Risk a list of identified deals and any background related to the change
2. Risk will review the deals for any extenuating circumstances, and respond as needed.
3. 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.
4. The 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. OR

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.

Appendix 2: Commercial Code of Conduct

COMMERCIAL CODE OF CONDUCT

Purpose: The Commercial Code of Conduct sets out the accepted standards, behaviors and duties which all Commercial employees and contractors must abide. The purpose of this policy is to communicate an expectation of ethical conduct to all Commercial employees, and should be understood and followed in conjunction with the [Corporate Code of Conduct](#).

Employees will:

- Act honestly and in good faith in the marketplace
- Comply with all relevant laws, regulations, industry codes of conduct and all ConocoPhillips policies

- Engage only in transactions having a legitimate business purpose, and not use or employ any device, scheme, or artifice to defraud, or engage in any act, practice, or course of business that operates or would operate as a fraud or deceit upon any person. Prohibited activity includes, but is not limited to, wash trades, collusion with other market participants, or behavior intended to manipulate market prices, market conditions, or market rules.
- Ensure that all transactions are in support of the interests of ConocoPhillips.
- Not trade energy commodities or energy commodity related Exchange Traded Funds (ETF's) for their own account or for the account of an outside party
- Ensure (directly or through others) that the commercial obligations of the deal are accurately recorded in the appropriate system(s) of record on the day of the deal (as defined locally).
- Participate in industry outings/customer events only if there is bona fide business value to ConocoPhillips and offered in an environment consistent with ConocoPhillips core values. Out of town events should be attended by more than one non-hosting company and ConocoPhillips attendees should pay for their own lodging and transportation to/from the event.

While it is beyond the scope of this document to articulate every possible situation that may arise, it should be understood that a breach of the Code, or any ConocoPhillips policy, may result in disciplinary action being taken. Disciplinary action could result in a reprimand, demotion or dismissal, if substantiated. It is therefore a requirement that all members of the Commercial organization familiarize themselves with this Code and take reasonable action to clarify any concerns by bringing any questions to your supervisor, [Commercial Compliance](#), or the [Ethics Office](#).