

I. INTRODUCTION

The North American Electric Reliability Corporation (“NERC”) requests approval of this filing of the Northeast Power Coordinating Council Inc.’s (“NPCC”) Amended and Restated Bylaws and the substitution of NPCC as the regional entity in place of the Northeast Power Coordinating Council: Cross Border Regional Entity, Inc. (“NPCC CBRE”). This filing contains the Amended and Restated Bylaws of Northeast Power Coordinating Council, Inc. in **Attachment 1**, as well as a black-line comparing the Amended and Restated Bylaws of Northeast Power Coordinating Council, Inc. with the Bylaws of the Northeast Power Coordinating Council: Cross Border Regional Entity, Inc. in **Attachment 2**. **Attachment 3** is the Written Consent of the Board of Trustees of the North American Electric Reliability Corporation. NPCC is the successor-in-interest to NPCC CBRE. The additions to the Amended and Restated Bylaws, shown in the black-line in Attachment 2, essentially reflect the consolidation of the roles and responsibilities of the former NPCC and NPCC CBRE. NERC finds these revisions to be acceptable, because they provide for proper segregation of statutory and non-statutory functions and funding. Also, notably, the merger and Amended and Restated Bylaws have received the respective NPCC and NPCC CBRE Board and member approvals, as well as requisite state approvals.

II. NOTICES AND COMMUNICATIONS

Notices and communications with respect to this filing may be addressed to:

Rick Sergel
President and Chief Executive Officer
David N. Cook*
Vice President and General Counsel
North American Electric Reliability Corporation
116-390 Village Boulevard
Princeton, NJ 08540-5731
(609) 452-8060
(609) 452-9550 – facsimile
david.cook@nerc.net

Rebecca J. Michael
Attorney
North American Electric Reliability
Corporation
1120 G Street, N.W.
Suite 990
Washington, D.C. 20005-3801
(202) 393-3998
(202) 393-3955 – facsimile
rebecca.michael@nerc.net

*Persons to be included on the Commission's official service list.

III. MERGER OF NPCC AND NPCC:CBRE

In its April 19, 2007 Order issued in Docket Nos. RR07-1 through RR07-8, the Commission approved, subject to certain modifications, the Regional Delegation Agreement (“RDA”) between NERC and the NPCC CBRE.¹ In the RDA, NERC designates NPCC CBRE as a regional entity and delegates authority to NPCC CBRE to monitor and enforce compliance with NERC Reliability Standards subject to NERC and Federal Energy Regulatory Commission (“Commission” or “FERC”) oversight.² Exhibit B to the RDA contains excerpts from the NPCC CBRE Bylaws. NERC also provided the Commission with the NPCC CBRE Bylaws in its entirety as supplemental material.

¹ *Order Accepting ERO Compliance Filing, Accepting ERO/Regional Entity Delegation Agreements, and Accepting Regional Entity 2007 Business Plans*, 119 FERC ¶ 61,060 (2007) (“April 19 Order”).

² April 19 Order at P 5. As directed in the April 19 Order, NERC will file a complete set of responsive filings, including a revised RDA on October 16, 2007.

NERC understands that it was NPCC's strategy to initially establish NPCC Inc. and NPCC CBRE as separate corporate entities, so as to clearly separate its statutory section 215 functions from the non-statutory and Canadian functions. NERC further understands that, after reviewing the Commission's April 19 Order, NPCC and NPCC CBRE concluded that separate corporations were not necessary, and that their activities, both statutory and non-statutory, could be more efficiently and effectively carried out by merging the two corporations.

In paragraph 298 of the April 19 Order, the Commission stated that "the NPCC bylaws are 'rules,' under our regulations, which are subject to NERC approval and, if approved by NERC, Commission approval." (citing 18 C.F.R. §§ 39.1 and 39.10 (2006) as well as Order No. 672, FERC Stats. & Regs. ¶ 31,204 at P 113.). The NPCC Amended and Restated Bylaws have been amended and restated as a result of a merger between NPCC CBRE and NPCC. As explained below, the minor changes to the bylaws for the successor entity, NPCC, should not change FERC's earlier analysis that the bylaws are subject to NERC and Commission approval.

NPCC CBRE and NPCC obtained required internal corporate, member and state approvals to enable NPCC to succeed NPCC CBRE as cross-border regional entity and criteria services corporation for Northeastern North America. On May 23, 2007, the respective Boards of Directors of NPCC CBRE and NPCC unanimously approved and adopted an Agreement and Plan of Merger of NPCC CBRE with and into NPCC with NPCC as the surviving entity and continuing in existence under the Not-for-Profit Corporation Law of the State of New York. Also on that date, the NPCC CBRE Members unanimously approved the Agreement and Plan of Merger. Subsequently, on June 4, 2007, the NPCC Members also unanimously approved the Agreement and Plan of Merger. On June 28, 2007, the Supreme Court of the State of New York issued an order approving the plan of merger. In early July, the Certificate of Merger was filed

with the New York State, Department of State in anticipation of the August 1, 2007 effective date of merger.

On August 1, 2007, NPCC CBRE and NPCC merged into a single non-profit corporation under New York laws with NPCC as the surviving entity. Accordingly, NPCC is now the cross-border regional entity and criteria services corporation for Northeastern North America. NPCC has assumed, through its regional entity division, the statutory functions and services outlined in the RDA between NERC and NPCC CBRE. Minor changes to the RDA that result from NPCC succeeding NPCC CBRE are required and will be submitted as part of the October 16, 2007 compliance filing. The 2008 business plan and budget also will reflect NPCC's new role.

On August 15, 2007, the NERC Board reviewed and approved the NPCC Amended and Restated Bylaws and NPCC's succession to NPCC CBRE as the regional entity. NERC supports the Commission's acceptance of NPCC's Amended and Restated Bylaws and the substitution of NPCC for NPCC CBRE. The changes to the Amended and Restated Bylaws are consistent with the factors considered by the Commission in its April 19 Order, as discussed below: NERC finds these changes to be acceptable.

With respect to the *pro forma* Governance Criteria, Criterion 1 "Composition and Election of the Board," Section VI provides that NPCC will be governed by a combination independent and balanced stakeholder board, as was the NPCC CBRE. While there remain eight voting sectors, there will be a maximum of 3 directors per sector rather than a minimum of 2 and a maximum of 6. Directors continue to be elected from a majority vote of the membership of each sector. In Section VI(E), a board quorum exists if there is attendance by at least half of the directors in each of at least sixty percent of the sectors, rather than the two-thirds of the sectors in the NPCC CBRE Bylaws. *See* April 19 Order at P 292. These changes are all consistent with

the FERC's substantive conclusions in the April 19 Order and, in addition, NERC finds these changes to be acceptable.

With respect to the *pro forma* Governance Criteria, Criterion 2 “Rules Assuring Independence,” Section VI(G) continues to provide that, at the first meeting of the members, the members from each of the eight voting sectors will vote to elect directors in their respective sector. A director will be elected by a vote of the majority of the members in the respective sector. A new addition to the Section provides that no sector shall elect more directors than the number of members in such sector. Thus, the Amended and Restated Bylaws continue to establish NPCC’s independence from users, owners and operators of the bulk-power system, while providing fair stakeholder representation in the selection of its officers. *See* April 19 Order at P 293.

With respect to the *pro forma* Governance Criteria, Criterion 3 “Membership,” there are now two categories of membership, full and general, rather than one. The reason for the two categories of membership is to distinguish between the statutory regional entity services and the non-statutory criteria services. Section IV(B)(1) provides that general membership is voluntary and open to any person or entity with membership in each sector open to those that have an interest in the reliable operation of the Northeastern North America bulk power system. In addition, full membership is available to certain entities that participate in electricity markets in the international interconnected bulk power system in Northeastern North America which also are general members. Thus, membership remains open, consistent with Commission directives. General Members are not assessed an annual membership fee. Full Members, other than Full Members that perform the Balancing Authority function, are not assessed an annual membership fee. Full Members that perform Balancing Authority functions are assessed and pay a

proportional share of expenses for non-statutory criteria services. NPCC also will directly assign non-statutory criteria service costs to a Balancing Authority Area or entity where significant costs are incurred by NPCC for such Area or entity. These provisions are consistent with those approved by the Commission in the April 19 Order and NERC accepts these provisions. *See* April 19 Order at P 294.

With respect to the *pro forma* Governance Criteria, Criterion 4 “Committees and Subordinate Organizational Structures,” NPCC has implemented structures to ensure that no two sectors may control a vote, nor may a single sector veto a measure. One change of note to Section VII is that the quorum and voting rules applicable to the Board apply to the committees *unless otherwise determined by the Board*. While Section VIII previously provided that one-half of the members in each of at least two-thirds of the voting sectors will constitute a quorum, the term “two-thirds” has been revised to “sixty percent.” *See* April 19 Order at P 295. NERC does not object to these changes as they do not appear to jeopardize the integrity of the voting structure and thus, are consistent with the FERC's earlier conclusions in the April 19 Order.

With respect to the *pro forma* Governance Criteria, Criterion 5 “Openness and Balance of Interests,” the Amended and Restated Bylaws include rules that provide reasonable notice and opportunity for public comment, due process, openness and balance of interests in exercising its duties. The Amended and Restated Bylaws continue to provide, in Section VIII(D), that meetings of the members will be open to the public, subject to confidentiality limitations. The Amended and Restated Bylaws have been expanded to provide, in Section IX(A)(1)(a), that both Full and General Members will be entitled to attend all meetings of the general membership and, subject to confidentiality limitations, meetings held by NPCC’s committees, task forces, and any

other NPCC group. *See* April 19 Order at P 296. NERC finds these revisions to be acceptable. They are also consistent with the FERC's substantive conclusions in the April 19 Order.

Accordingly, the NPCC board will continue to be comprised of directors from all industry sectors. NPCC's quorum and voting protocols also continue to ensure that no two sectors may control a vote, nor may a single sector veto a measure. This supports a finding by the Commission that these changes satisfy the governance requirements of Section 215 of the Federal Power Act, the *pro forma* Governance Criteria and the Commission's April 19 Order.

The additions to the Amended and Restated Bylaws, shown in the black-line in Attachment 2, essentially reflect the consolidation of the roles and responsibilities of the former NPCC and NPCC CBRE. NERC finds these revisions to be acceptable, because they provide for proper segregation of statutory and non-statutory functions and funding. Also, notably, the merger and Amended and Restated Bylaws have received the respective NPCC and NPCC CBRE Board and member approvals, as well as requisite state approvals.

In addition, as a result of the merger, the resources of NPCC CBRE that had been devoted to the regional entity function have been transferred to NPCC. NPCC is thus able and prepared to carry out the responsibilities of a regional entity.

For all of the reasons set forth above, NERC supports the Commission's approval of the NPCC's Amended and Restated Bylaws and approval of the substitution of NPCC for NPCC CBRE as the regional entity for the Northeastern United States.

IV. CONCLUSION

The North American Electric Reliability Corporation respectfully requests that the Commission approve NPCC's Amended and Restated Bylaws and the substitution of NPCC for NPCC CBRE as the regional entity for the Northeastern United States.

Respectfully submitted,

Rick Sergel
President and Chief Executive Officer
David N. Cook
Vice President and General Counsel
North American Electric Reliability Corporation
116-390 Village Boulevard
Princeton, NJ 08540-5731
(609) 452-8060
(609) 452-9550 – facsimile
david.cook@nerc.net

/s/ Rebecca J. Michael
Rebecca J. Michael
Attorney
North American Electric Reliability
Corporation
1120 G Street, N.W.
Suite 990
Washington, D.C. 20005-3801
(202) 393-3998
(202) 393-3955 – facsimile
rebecca.michael@nerc.net

ATTACHMENT 1

Amended and Restated Bylaws of Northeast Power Coordinating Council, Inc.
dated July 24, 2007



AMENDED AND RESTATED
BYLAWS
OF
NORTHEAST POWER COORDINATING COUNCIL, INC.

I. Offices

The principal office of Northeast Power Coordinating Council, Inc. (“NPCC”) shall be located in New York County, State of New York.

II. Purpose of Northeast Power Coordinating Council, Inc.

The purpose of NPCC is to promote and enhance the reliable and efficient operation of the international, interconnected bulk power system in Northeastern North America through (i) the development of regional reliability standards and compliance assessment and enforcement of continent-wide and regional reliability standards, coordination of system planning, design and operations, and assessment of reliability, pursuant to an agreement with the Electric Reliability Organization (“ERO”) which designates NPCC as a regional entity and delegates authority from the U.S. Federal Energy Regulatory Commission (“FERC”), and by Memoranda of Understanding with applicable Canadian Provincial regulatory and/or governmental authorities (collectively, “statutory activities”), and (ii) the establishment of regionally-specific criteria, and monitoring and enforcement of compliance with such criteria (collectively, “non-statutory criteria services”). In the development of regionally-specific reliability criteria, NPCC, to the extent possible, facilitates attainment of fair, effective and efficient competitive electric markets.

III. Terms

Terms not defined in these Bylaws shall have the definitions set forth in the Federal Power Act, Part 39 of the regulations of the FERC, as further clarified in FERC’s April 19, 2007 Order 119 FERC 61,060, and if not defined in any of those sources, shall be defined in accordance with their commonly understood and used technical meanings in the electric power industry, including applicable codes and standards.

“Bulk Power System” shall be deemed to refer to the interconnected electrical systems within Northeastern North America comprising generation and transmission facilities on

which faults or disturbances can have a significant adverse impact outside of the local area. In this context, local areas and the specific facilities that comprise the bulk power system are determined by the Members of NPCC, utilizing a reliability impact based methodology.

“Northeastern North America” shall be deemed to comprise the geographical area within the perimeter border enclosing the State of New York, the six New England States of the United States, and the Canadian Provinces of Ontario, Québec, New Brunswick and Nova Scotia, including any radial load or generation connecting to these systems.

IV. Membership

- A. List of Members. The Members of NPCC are listed on Schedule A attached hereto.
- B. Eligibility. Upon suitable application describing the nature and activities of the applicant, additional entities shall be accepted by the Board of Directors of NPCC (the “Board”) as Members in the appropriate categories, defined as follows:
 - (1) **General Membership** is voluntary and is open to any person or entity, including any entity participating in the Registered Ballot Body of the ERO that has an interest in the reliable operation of the Northeastern North American bulk power system. General Members are subject to compliance with reliability standards and receive additional services from the regional entity division of NPCC.
 - (2) **Full Membership** shall be available to entities which are General Members that also participate in electricity markets in the international, interconnected bulk power system in Northeastern North America. Independent system operators (“ISOs”), regional transmission organizations (“RTOs”), Transcos and other organizations or entities that perform the Balancing Authority function operating in Northeastern North America are expected to be Full Members of NPCC. The New York State Reliability Council and any other sub-regional reliability councils which may be formed are also expected to be Full Members. Full Members are subject to compliance with regionally-specific criteria, in addition to reliability standards, and receive additional services from the criteria services division of NPCC.
- C. Application as a Member. Any person or entity that is eligible to become a Member of NPCC in accordance with Article IV.B. may become either a General Member or a Full Member by completing and submitting to NPCC a membership application on a form prescribed by the Board. Any person or entity that applies to NPCC as a Member shall comply with the conditions and obligations of membership specified in these Bylaws. As an additional condition of membership

in NPCC, each person or entity registering as a Member shall execute an agreement with NPCC, in a form to be specified by the Board, that such person or entity will hold all Directors, officers, employees and agents of NPCC, as well as volunteers participating in good faith in the activities of NPCC, harmless, to the extent permitted by U.S. Federal or Canadian Provincial laws, rules and regulations, for any injury or damage caused by any act or omission of any Director, officer, employee, agent or volunteer in the course of performance of his or her duties on behalf of NPCC, other than for acts of gross negligence, intentional misconduct or a breach of confidentiality.

If not a natural person, the Member shall designate a representative and an alternate representative with authority to receive notices, cast votes, execute waivers and consents, and enter into binding agreements on behalf of the Member. NPCC shall maintain a current roster of the Members of NPCC, including each Member's designated representative and alternate representative. From time to time, the Board may establish a date by which Members shall submit their application renewals. All Members shall confirm their applications within thirty (30) calendar days of the date of receipt of request by NPCC, using an application renewal form prescribed by the Board. Any Member that has not submitted an application renewal within thirty (30) calendar days following the date established by the Board shall be removed from the NPCC roster. NPCC shall notify any Member that is removed from the roster of Members of such removal, by notice sent to such former Member's last known address on the records of NPCC.

D. Voting. There shall be eight (8) voting sectors ("Voting Sectors"), defined as follows:

Sector (1). Transmission Owners: This Voting Sector shall consist of any entity within Northeastern North America that owns at least 200 circuit miles of integrated transmission facilities, or has an Open Access Transmission Tariff or equivalent on file with the FERC or the appropriate regulatory or governmental authority. This sector includes transmission owners that have placed their transmission under the operational control of an ISO/RTO, independent transmission companies and merchant transmission owners/developers.

Sector (2). Reliability Coordinators: This Voting Sector shall consist of any entity within Northeastern North America certified as a Reliability Coordinator.

Sector (3). Transmission Dependent Utilities ("TDUs"); Distribution Companies and Load-Serving Entities ("LSEs"): This Voting Sector shall consist of entities within Northeastern North America that are:

- (a) Entities with a regulatory contract, or other legal obligation to serve wholesale aggregators or end-use customers, and that depend

primarily on the transmission systems of third parties to provide this service;

- (b) Agents or associates that represent groups of TDUs;
- (c) Electric distribution companies;
- (d) Entities serving end-use customers under a regulated tariff, a contract governed by a regulatory tariff, or other legal obligation to serve; or
- (e) Each member of a generation and transmission (“G&T”) cooperative or a joint-action agency permitted to designate the G&T or joint action agency to represent it in this sector.

Sector (4). Generator Owners: This Voting Sector shall consist of entities within Northeastern North America that are affiliated and/or independent generators.

Sector (5). Marketers, Brokers and Aggregators: This Voting Sector shall consist of entities within Northeastern North America that are:

- (a) Entities providing energy to end-use customers under a power marketing agreement or other authorization not classified as a regulated tariff;
- (b) Entities that buy, sell, or broker energy and related services for resale in wholesale or retail markets, whether a non-jurisdictional entity operating within its charter or an entity licensed by a jurisdictional regulator; or
- (c) Generation and transmission cooperatives and joint-action agencies that perform an electricity broker, aggregator, or marketer function.

Sector (6). Customers: This Voting Sector shall consist of entities within Northeastern North America that are:

- (a) Entities or customers that take delivery of energy that is not purchased for resale within Northeastern North America;
- (b) Agents or associations representing groups of large end users within Northeastern North America; or
- (c) Agents, state consumer advocates, or other advocate groups representing groups of small customers within Northeastern North America.

Sector (7). State and Provincial Regulatory and/or Governmental Authorities. This Voting Sector shall consist of State and Provincial regulatory or governmental authorities within Northeastern North America.

Sector (8). Sub-Regional Reliability Councils, other Regional Entities and Interested Entities: This Voting Sector shall consist of:

- (a) Any entity within Northeastern North America authorized by an appropriate regulatory and/or governmental authority to be a Sub-Regional Reliability Council;
- (b) Any other delegated Regional Entity; or
- (c) Any person or entity, including any entity participating in the Registered Ballot Body of the ERO, that has an interest in the reliable operation of the bulk power system in Northeastern North America.

E. Assignment to Voting Sector. A new applicant for membership shall request to be assigned to a Voting Sector subject to Board approval. A Member may request to be assigned to any Voting Sector so long as membership in that Voting Sector is consistent with the Member's business or other activities within the NPCC region. Multiple memberships of the separate business functions of an entity are permitted, with each membership assigned to the appropriate separate sector and each membership designating a different representative and alternate. A consultant, attorney, agent, vendor, trade or industry association, state, provincial or local consumer advocate organization that provides services to or otherwise represents the interests of the Members of one or more Voting Sectors may elect to be assigned to one such Voting Sector subject to Board approval. Entities may elect to change their Voting Sector participation in connection with the Annual Meeting of Members of NPCC, subject to Board approval.

F. Term of Membership. Membership in NPCC shall be retained so long as a Member meets its respective qualifications, obligations, and conditions of membership as set forth in this Article IV.

V. Organization of NPCC

- A. Each Member shall designate an executive level representative and an alternate representative with full authority to act on its behalf in carrying out the work of NPCC.
- B. NPCC shall have a Board of Directors and shall retain a Chairman, who shall serve as Chair of the Board. The Board shall also consist of two Co-Vice Chairs, the President and the Secretary, all *ex officio*; and additional Directors to be selected by the eight Voting Sectors of Members as specified below. The

Directors shall designate two Co-Vice Chairs. The Co-Vice Chair designees shall be from different Voting Sectors and shall be elected by a vote of the entire Membership. In the temporary absence of the Chair, a Vice Chair designated by two-thirds vote of the Directors shall perform the duties of the Chair. NPCC's Chairman, President and officers, when serving *ex officio*, shall not have any vote on Board matters, except that the Co-Vice Chairs shall retain the voting rights that they otherwise held by virtue of serving as a Director.

- C. The officers of NPCC shall consist of a President, a Secretary and a Treasurer, with assistants as appropriate, and such additional officers as may be approved by the Members. Officers, except for the President, shall hold office for one year or until the next Annual Meeting of Members of NPCC and until their successors are duly elected and qualified.
- D. NPCC shall employ a President and staff, as required to carry out NPCC's mission and to perform the functions of NPCC. The President shall be appointed by the Board and shall serve at the Board's discretion. In the event of a vacancy in the presidency, the Board shall appoint an interim President who shall serve until such time as the Board appoints a new President.
- E. In the event a vacancy occurs in the Board of Directors, or in the office of Co-Vice Chair, Secretary, or Treasurer in the interim between Annual Meetings of Members of NPCC, the Chair may designate a person from the same Voting Sector to fill such vacancy with the approval of a majority vote of Members from the applicable Sector.
- F. In the event a vacancy occurs in the Office of Chair in the interim between Annual Meetings of Members of NPCC, the Board may fill such vacancy by a two-thirds affirmative majority of the weighted sector votes, with each Director casting one vote within the applicable sector, at a meeting of the Board at which a quorum is present. The term of office of the persons designated to fill any such vacancy shall expire on the date of the next subsequent Annual Meeting of Members of NPCC. The authority and responsibilities of the Chair and the President shall be defined by the Board.
- G. Statutory activities will be conducted by the regional entity division of NPCC. Non-statutory criteria services will be provided by the criteria services division of NPCC.

VI. Board of Directors

- A. Hybrid Board. NPCC shall have a Board of Directors consisting of stakeholders balanced by sector and an independent Chairman, two Co-Vice Chairs, the President, and the Secretary.
- B. Term and Compensation. The term of office of the Directors shall be three (3) years. Initial terms of Directors shall be staggered by the Board so that members serve initial terms of one, two, or three years. There shall be no limit on the number of terms which may be served by any individual. Directors shall serve without compensation, including when performing duties of a Co-Vice Chair.
- C. Powers and Duties. The Board shall develop NPCC policies, direct the activities of NPCC, accept additional entities as Members, review and approve or modify Member Voting Sector assignment, and make assignments to the committees of NPCC. The Board shall (i) approve a Regional Delegation Agreement with the ERO which delegates authority from FERC in the United States and additional agreements with appropriate Canadian Provincial regulatory and/or governmental authorities, (ii) approve and oversee NPCC's Regional Reliability Standards Development Process and submit such Regional Standards to the ERO for adoption by FERC and appropriate Canadian Provincial regulatory and/or governmental authorities, (iii) approve the NPCC Compliance Enforcement Program and the assessment and enforcement of mandatory compliance with Reliability Standards consistent with the Regional Delegation Agreement and agreements with Canadian Provincial regulatory and/or governmental authorities, and (iv) oversee NPCC's assessment and enforcement of mandatory compliance with regionally-specific reliability criteria through administration of the NPCC Reliability Compliance and Enforcement Program. The duties of the Board shall also include consideration and resolution of budgetary matters, including the levying of any special assessments, and determination of any annual membership fee for Full Members. However, the Board may not amend these Bylaws or establish, modify or eliminate any of NPCC's Regional Reliability Standards, regionally-specific reliability criteria, guides, programs or procedures; nor may the Board add, modify, or eliminate Voting Sectors established pursuant to these Bylaws.

To carry out the purposes of NPCC, the Board, acting through the President and NPCC staff, shall enlist such personnel from Members as may be necessary; and, within the limits of the annual budget, may employ such personnel, incur such administrative expenses, and retain such independent professional consulting services for NPCC and the committees of NPCC as it may deem desirable.

- D. Board Composition. NPCC shall have a Board of Directors that shall consist of up to eight (8) voting sectors. The voting sectors shall include the following:

- Sector (1).** Transmission Owners (Maximum of 3, with no more than 1 per Balancing Authority Area)
- Sector (2).** Reliability Coordinators (Maximum of 3)
- Sector (3).** Transmission Dependent Utilities (“TDUs”); Distribution Companies and Load-Serving Entities (“LSEs”) (Maximum of 3)
- Sector (4).** Generator Owners (Maximum of 3)
- Sector (5).** Marketers, Brokers and Aggregators (Maximum of 3)
- Sector (6).** Customers (Maximum of 3)
- Sector (7).** Regulators (Maximum of 3)
- Sector (8).** Sub-Regional Reliability Councils, other Regional Entities and Interested Entities (Maximum of 3, with a representative of the New York State Reliability Council, LLC included)

E. Quorum and Voting Requirements for the Board. At any meeting of the Board, attendance in person or by proxy by at least one-half of the Directors in each of at least sixty percent (60%) of the sectors shall constitute a quorum. Except as otherwise expressly provided in NPCC’s Certificate of Incorporation, these Bylaws or applicable law, actions by the Board shall be approved upon receipt of a two-thirds affirmative majority of the weighted sector votes, with each Director casting one vote within the applicable sector, at a meeting of the Board at which a quorum is present. The following process shall be used to determine if there are sufficient affirmative votes:

- The number of votes cast is the sum of affirmative and negative votes, excluding abstentions.
- The number of affirmative votes cast in each Voting Sector will be divided by the sum of affirmative and negative votes cast in that Voting Sector to determine the fractional affirmative vote for each Voting Sector. Abstentions will not be counted for the purposes of determining the fractional affirmative vote for a Voting Sector.
- The sum of the fractional affirmative votes from all sectors divided by the number of sectors voting will be used to determine if a two-thirds affirmative majority has been achieved. A sector will be considered as “voting” if any Member of the sector casts either an affirmative or a negative vote.

An action will be approved if the sum of fractional affirmative votes from all sectors divided by the number of voting sectors is at least two-thirds.

- F. Board Action Without Meeting. Any action required, or permitted to be taken at a meeting of the Board of Directors, may be taken without a meeting if the action is taken by all members of the Board. The action must be evidenced by one or more written consents (which may be in electronic form) describing the action taken, signed by each Director, and included in the minute book of NPCC. Any action taken under this Section VI.F. is effective when the last Director signs the consent, unless the consent specifies a different effective date.
- G. Election and Removal of Directors. The Initial Board shall be the persons named in the Certificate of Incorporation and shall serve until the first Annual Meeting of the Members. The Initial Board shall nominate a list of Directors consistent with the Board composition requirements set forth in Section VI.D. At the first meeting of the Members, the Members from each sector shall vote to elect Directors in their respective sector. A Director shall be elected by a vote of the majority of the Members in the respective sector. No sector shall elect more Directors than the number of Members in such sector.
- A Director may be removed for cause by at least two-thirds of the Members in their respective sector at a regular meeting or at a special meeting called for that purpose; *provided* that there is a quorum of that sector's Members present at that meeting, or by at least a majority of the Directors present at a meeting called for that purpose, and *provided, further*, that there is a quorum of not less than a majority present at the meeting of Directors at which such action is taken.
- H. Indemnification. Subject to the limitation set forth in Section VI.I. below, NPCC shall indemnify its Directors, Officers, employees and other corporate agents, including volunteers participating in good faith in the activities of NPCC and persons serving on duly constituted committees of NPCC (collectively, "NPCC Indemnitees"), in each case, to the full extent from time to time permitted by New York Not-for-Profit Corporation Law ("N-PCL") and other applicable law. Such right of indemnification shall inure to the benefit of the legal representative of any NPCC Indemnitee. The foregoing right of indemnification shall be in addition to, and not in restriction or limitation of, any right such NPCC Indemnitee may have under applicable law (including the N-PCL).
- I. Limitation on Indemnification. The maximum amount of losses (i.e., damages, judgments, fines, penalties, liability, costs and expenses, including reasonable attorneys' fees and expenses) for which NPCC will be obligated to indemnify the NPCC Indemnitees under Section VI.H. will be the policy limit of directors and officers' ("D&O") liability insurance set forth in the D&O insurance policy maintained by NPCC.

VII. Committees

NPCC shall have such committees, subcommittees, task forces and other groups as the Board may deem appropriate, including a Regional Standards Committee (RSC), a Compliance Committee (CC), a Reliability Coordinating Committee (NPCC's principal technical committee), a Public Information Committee and an Audit and Finance Committee.

The Audit and Finance Committee shall be comprised of at least three members of the Board and include one Director which shall be designated an audit committee financial expert by the Board. A chairperson of the Audit and Finance Committee shall be designated by the Board from among the members of the committee.

Committee members shall be nominated and approved by the Board in accordance with guidelines established by the Board. Quorum and voting rules applicable to the Board shall also apply to voting on any such NPCC decision making committees, unless otherwise determined by the Board. Each committee shall establish a charter or scope of work, which shall be presented to the Board for approval.

VIII. Members' Voting Rights

- A. Quorum and Voting Requirements for Meetings of Members. At any meeting of the Members of NPCC, attendance in person or by proxy by one-half of the Members in each of at least sixty percent (60%) of the Voting Sectors on the roster of Members maintained by NPCC shall constitute a quorum. Except as otherwise expressly provided in NPCC's Certificate of Incorporation, these Bylaws or applicable law, actions by the Members of NPCC shall be approved upon receipt of a two-thirds affirmative majority vote of the sectors at a meeting of the Members of NPCC at which a quorum is present, where (i) each Member shall have one vote within a sector, except that if less than one-half of the Members in a sector are present, in person or by proxy, at the meeting, the vote of that sector shall be weighted by a percentage equal to the number of Members of the sector present in person or by proxy at the meeting divided by one-half of the Members in the sector; (ii) the vote of each sector of NPCC shall be allocated for and against the proposed action based on the respective percentages of votes cast for and against the proposed action by the Members in that sector voting in person or by proxy; and (iii) the proportions of the votes of each sector allocated for and against the proposed action shall be summed to determine the total number of votes for and against the proposed action.

The following process is used to determine if there are sufficient affirmative votes:

- The number of votes cast is the sum of affirmative and negative votes, excluding abstentions.
- The number of affirmative votes cast in each sector will be divided by the sum of affirmative and negative votes cast to determine the fractional

affirmative vote for each sector. Abstentions will not be counted for the purposes of determining the fractional affirmative vote for a sector.

- The sum of the fractional affirmative votes from all sectors divided by the number of sectors voting will be used to determine if a two-thirds affirmative majority has been achieved. (A sector will be considered as “voting” if any Member of the sector casts either an affirmative or a negative vote.)

- B. Waivers of Notice of Meetings of Members; Member Meeting Adjournments. Notice of a Meeting of Members need not be given to any Member who signs a waiver of notice, in person or by proxy, whether before or after the meeting. The attendance of any Member at a meeting, in person or by proxy, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, shall constitute a waiver of notice of the meeting by such Member. When any Meeting of Members is adjourned to another time or place, it shall not be necessary to give notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken, and if at the adjourned meeting only such business is transacted as might have been transacted at the original meeting.
- C. Actions Without a Meeting of Members. Any action, required or permitted to be taken at a Meeting of Members, may be taken without a meeting if the action is consented to in writing by the minimum number of Members that would be required to approve the action at a Meeting of Members at which all Members were present. The call for action without a Meeting of Members may be initiated by the Chairman of the Board or by a number of Members constituting at least ten percent (10%) of the Members on the roster of Members maintained by NPCC, which number shall include Members in at least four (4) of the Voting Sectors. Notice of the proposal for action without a meeting shall be provided to all Members on the roster of Members maintained by NPCC at least seven (7) days prior to the date established for the tabulation of consents. The Members shall receive written notice of the results within fourteen (14) days of the action vote, and all written responses of the Members shall be filed with the minutes of proceedings of Members.
- D. Meeting of Members to be Open. Notice to the public of the dates, places, and times of Meetings of Members, and all non-confidential material provided to the Members, shall be posted on NPCC’s web site at approximately the same time that notice is given to the Members. Meetings of Members shall be open to the public, subject to reasonable limitations due to the availability and size of meeting facilities; *provided* that the meeting may be held in or adjourn to closed session to discuss matters of a confidential nature, including, but not limited to, personnel matters, compliance and enforcement matters, litigation, or commercially sensitive or critical energy infrastructure information of any entity.

- E. Electronic Voting. Upon completion of applicable processes that permit parties to comment on the subject issue(s), electronic voting on matters before the membership, Board or any committee is permitted. A quorum will be determined to exist for purposes of conducting an electronic vote when NPCC receives completed ballots from two-thirds of the total number of outstanding ballots. In the event that a quorum exists for purposes of an electronic vote but the matter has not been resolved, NPCC may continue to solicit additional responses in order to resolve the matter by electronic voting.

IX. Membership Rights and Obligations, and Organizational Process

- A. All General and Full Members shall have the following rights and obligations:

(1) Rights:

- (a) Attendance at all meetings of the general membership of NPCC; and, subject to procedures established by the committees and to the terms of applicable confidentiality agreements, attendance at meetings of NPCC's committees, task forces and any other such NPCC groups.
- (b) Access to minutes of each committee, subcommittee, task force or any other NPCC group, subject to procedures established by the committees and to the terms of applicable confidentiality agreements.
- (c) Vote to amend these Bylaws.
- (d) Vote to establish, modify or eliminate NPCC Regional Reliability Standards and programs.
- (e) For Full Members only: Vote to establish, modify or eliminate NPCC regionally-specific reliability criteria.

(2) Obligations:

- (a) Each Member shall agree, in writing, to accept the responsibility to promote, support, and comply with the purposes and policies of NPCC as set forth in its Certificate of Incorporation and Bylaws as from time to time adopted, approved or amended.
- (b) Each Member acknowledges that it has the responsibility to plan and design its bulk power system and conduct its operations in compliance with ERO Reliability Standards, Regional Reliability Standards and Regional Variances consistent with applicable laws, regulations, permits and licenses.

- (c) Each Member agrees to submit such data and reports as required by NPCC in order to perform compliance enforcement obligations delegated to it by the ERO, subject to established procedures and to the terms of applicable confidentiality agreements.
- (d) In addition, each Full Member shall:
 - (i) plan and design its bulk power system in compliance with Criteria, Guides, and Procedures established by NPCC and applicable ERO Standards;
 - (ii) conduct its operations in compliance with Criteria, Guides, and Procedures established by NPCC and applicable ERO Standards consistent with applicable laws, regulations, permits and licenses;
 - (iii) assure that, whenever it enters into arrangements with non-members which could have an impact on the reliability of the international, interconnected bulk power systems in Northeastern North America, the arrangements will not adversely impact the ability of the Full Members to comply with regionally-specific criteria established by NPCC, ERO Standards, or the criteria of regional reliability organizations established in areas in which the facilities used for such arrangements are located;
 - (iv) notify NPCC of its existing facilities and operating procedures and of its plans for major additions or modifications affecting the operation of the interconnected systems; and shall report to NPCC any decision as to significant alterations or changes proposed for their respective electric systems, whether in generation, transmission, inter-system communication or control and protective equipment, or in operating procedures; such report to be submitted promptly and, except in cases of emergency, before final commitments are undertaken or changes in operating procedures become effective;
 - (v) promptly notify NPCC and all other Members in writing or electronically if its bulk power system is not being designed or operated, or its operations are not being conducted in compliance with Criteria, Guides, and Procedures established by NPCC, stating its reasons, and providing its plan and schedule to achieve compliance;

- (vi) submit such data and reports as required by the Reliability Compliance and Enforcement Program and to abide by the compliance assessments and sanctions prescribed by NPCC's enforcement procedures, subject to Alternative Dispute Resolution; and
- (vii) undertake and perform the administrative and financial obligations described in Article XIII of these Bylaws.

B. Standards Development Procedure. NPCC shall develop a Regional Reliability Standards Development Procedure that provides the design-basis approach to a consensus building process by which NPCC may develop Regional Reliability Standards and Regional Variances to be proposed to the ERO for adoption, under delegated authority by the FERC and the Canadian Provincial regulatory and/or governmental authorities.

C. Procedures for Enforcing Compliance with Reliability Standards. Where regulatory approval has been obtained or governmental authority has been provided, upon the determination of the NPCC Board that a user, owner or operator of the bulk power system has violated a reliability standard, NPCC shall enforce compliance for such violations, pursuant to procedures and processes that shall be specified in the NPCC Compliance Enforcement Program. Such procedures and processes shall provide for reasonable notice and opportunity for hearing. Any sanction imposed for a violation of a Reliability Standard shall bear a reasonable relation to the seriousness of the violation and shall take into consideration circumstances surrounding the violation and efforts of the owner, operator, or user of the bulk power system to remedy the violation in a timely manner. Subject to any necessary action by any applicable governmental authorities, no sanction imposed for a violation of a reliability standard shall take effect until the thirty-first (31st) day after the NPCC Board, where authorized by law or agreement, files with the FERC or other applicable Canadian regulatory and/or governmental authority's notice of the sanction and the record of the proceedings in which the violation and sanction were determined, or such other date as ordered by the FERC or other applicable Canadian regulatory and/or governmental authorities or as prescribed by applicable law.

X. **Full Members: Enforcement of Mandatory Compliance With Regionally-specific Criteria**

Subject to approval of the Full Members, NPCC shall establish an NPCC Reliability Criteria Compliance and Enforcement Program, including matrices for measuring compliance, levying non-monetary sanctions, and procedures for Alternative Dispute Resolution. Such program shall be administered by the NPCC Board. The Reliability Coordinating Committee, with the full cooperation of each member, shall expeditiously evaluate, as appropriate, alterations or measures designed to correct any assessed non-compliance and shall report such studies to the NPCC Board.

XI. Meetings

Meetings of NPCC may be held on such dates as the Board may from time to time determine and shall be held in such places as the Board may from time to time designate. Special meetings may be called from time to time by the Chair, the Board, or by a number of Members constituting at least ten percent (10%) of the Members on the roster of Members maintained by NPCC, which number shall include Members in at least four (4) of the Voting Sectors. Notice of all meetings, stating the time and place, shall be given by NPCC in writing to each Member by issuing the notice at least one week prior to the date of the meeting. The Secretary, Assistant Secretary, or, in their absence, a secretary *pro tempore* designated by the Chair or the President, shall keep the records of NPCC meetings.

When appropriate, the membership, the Board and the committees may use proxies or teleconference facilities. Such participation shall constitute attendance for purposes of quorum requirements.

XII. Budget

The Board shall prepare or cause to be prepared an annual budget for the administrative and other expenses of NPCC, including the expenditures for the fiscal year for any material special projects undertaken by NPCC and reasonable and proper reserves and provisions for contingencies, an accompanying business plan for NPCC, and a funding mechanism including any supplemental funding mechanism, for each fiscal year. The annual budget, business plan, and funding mechanism of NPCC shall be developed in the form and format and on the schedule stipulated by the ERO for a fiscal year commencing on January 1 and ending on December 31. Each annual budget, business plan, and funding mechanism shall be approved by the Board at a regular meeting or a special meeting of the Board duly called for that purpose. The Board shall approve each annual budget, business plan, and funding mechanism on or before the date stipulated by the ERO during the year prior to the start of the fiscal year in order to allow for timely submittal of the approved annual budget, business plan, and funding mechanism to the FERC and the applicable Canadian regulatory and/or governmental authorities.

If the ERO or a regulatory and/or governmental authority by order remands an annual budget, business plan, or annual, modified, or supplemental funding mechanism, the Board shall promptly address such other through appropriate follow-up measures with the Members and regulatory and/or governmental authorities.

Each Full Member shall be notified of the annual administrative expense budget for the criteria services division, on or before December 1st of the preceding year.

XIII. Funding

NPCC's annual administrative expenses, including any special assessments approved by the Board, shall be apportioned and funded as follows:

- A. Funding of NPCC General Member regional entity division activities shall be through mechanisms established by the ERO, FERC and applicable Canadian regulatory and/or governmental authorities.
- B. General Members shall not be assessed an annual membership fee.
- C. Full Members, other than Full Members that perform the Balancing Authority function, shall not be assessed an annual membership fee.
- D. Full Members that perform the Balancing Authority function shall be assessed and pay a proportional share of the expenses for non-statutory criteria services in proportion to the ratio of the second previous year's Net Energy for Load within the Balancing Authority Area to the aggregate Net Energy for Load within all Balancing Authority Areas in Northeastern North America. NPCC will directly assign non-statutory criteria services costs to a Balancing Authority Area or entity where significant costs are incurred by NPCC for such Area or entity.
- E. No Full Member shall, without its consent, be responsible for expenses of NPCC in any one calendar year in excess of its assessed portion of the amount budgeted for non-statutory criteria services for that year; *provided, however*, that special assessments may be separately budgeted and their cost allocated by the Board to the Full Members that perform the Balancing Authority function.

XIV. Termination of Membership and Cessation of Non-Statutory Criteria Services

- A. Termination. All General Members and Full Members, other than Full Members that perform the Balancing Authority function, may terminate their membership in NPCC at any time upon fifteen (15) days' written or electronic notice without liability to NPCC. A Full Member that performs the Balancing Authority function may terminate its rights and obligations under these Bylaws (other than its obligation to pay its proportionate share of the non-statutory expenses of NPCC, including special assessments, if applicable, for the full calendar year within which such termination is effective) at any time upon one year's written notice to the President; whereupon, it shall cease to be a Full Member of NPCC as of the date such termination is effective. The President shall promptly inform all Members of receipt of any such notices.
- B. Cessation of Non-Statutory Criteria Services. The Full Members of NPCC may elect by a majority vote to cease non-statutory criteria services.

XV. Conflicts of Interest

NPCC has developed a Code of Conduct that sets forth NPCC policies with respect to, among other things, conflicts of interest. On an annual basis, Directors shall evidence their compliance with NPCC conflict of interest principles by either: (i) signing an Individual

Participant Implementation Agreement and thereby agreeing to comply with NPCC's Code of Conduct to the best of his/her ability; or (ii) agreeing that the execution of a Member Entity Implementation Agreement by the employer of such Board member evidences the Board member's agreement to be bound by its employer's Code of Conduct when performing NPCC activities. The Board shall establish similar Code of Conduct compliance requirements for NPCC staff and membership personnel participating on committees, task forces, and working groups as appropriate.

XVI. General

- A. No Member shall be liable for the failure of any other Member to perform its obligations hereunder.

- B. No NPCC officer, member of the Board or member of any other NPCC committee or group, or employee of NPCC shall be personally liable to NPCC or any member thereof, for damages for breach of any duty owed to NPCC or any member thereof, except for liabilities arising from breach of any duty based upon an act or omission (i) in breach of the duty of loyalty owed to NPCC or any individual member, (ii) not in good faith or involving a knowing violation of law, or (iii) resulting in receipt of an improper personal benefit by such NPCC officer, member of the Board or member of any other NPCC committee or group, or employee of NPCC. Neither the amendment nor repeal of this paragraph, nor the adoption of any provision of these Bylaws inconsistent with this paragraph, shall eliminate or reduce the protection offered by this paragraph to an NPCC officer, member of the Board or member of any other such NPCC committee or group, or employee of NPCC in respect of any matter which occurred, or any cause of action, suit or claim which, but for this paragraph, would have accrued or arisen, prior to such amendment, repeal, or adoption.

- C. Those entities listed as Members on Schedule A and subsequent applicants granted membership in NPCC shall be deemed to have accepted and to be bound by all the terms and conditions of these Bylaws, as adopted on July 24, 2007.

APPROVED 7-24-07

ATTACHMENT 2

Black-line comparing the Amended and Restated Bylaws
of Northeast Power Coordinating Council, Inc.
with the
Bylaws of the Northeast Power Coordinating Council: Cross Border Regional Entity, Inc.



Approved by
NPCC CBRE Board of Directors
September 7, 2006

AMENDED AND RESTATED

BYLAWS

OF

**NORTHEAST POWER COORDINATING COUNCIL:
CROSS-BORDER REGIONAL ENTITY, INC.,
("NPCC CBRE")**

I. Offices

The principal office of ~~NPCC CBRE is~~ Northeast Power Coordinating Council, Inc. ("NPCC") shall be located in New York County, State of New York.

**II. Purpose
of Northeast Power Coordinating Council, Inc.**

The purpose of NPCC ~~CBRE, an independent, affiliate corporation of the Northeast Power Coordinating Council, Inc. ("NPCC Inc.")~~, is to promote and enhance the reliability ~~reliable and efficient operation~~ of the international, interconnected bulk power system in Northeastern North America through (i) the development of regional reliability standards and compliance assessment and enforcement of continent-wide and regional reliability standards, coordination of system planning, design and operations, and assessment of reliability, pursuant to ~~the execution and implementation of a Regional Delegation Agreement~~ an agreement with the Electric Reliability Organization ("ERO") ~~that is backstopped through the ERO by the~~ which designates NPCC as a regional entity and delegates authority from the U.S. Federal Energy Regulatory Commission ("FERC"), and by Memoranda of Understanding with applicable Canadian Provincial regulatory and/or governmental authorities, (collectively, "statutory activities"), and (ii) the establishment of regionally-specific criteria, and monitoring and

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enforcement of compliance with such criteria (collectively, “non-statutory criteria services”). In the development of regionally-specific reliability criteria, NPCC, to the extent possible, facilitates attainment of fair, effective and efficient competitive electric markets.

III. Terms

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Terms not defined in these Bylaws shall have the definitions set forth in the Federal Power Act, Part 39 of the regulations of the FERC, as further clarified in FERC’s April 19, 2007 Order 119 FERC 61,060, and if not defined in any of those sources, shall be defined in accordance with their commonly understood and used technical ~~meaning~~meanings in the electric power industry, including applicable codes and standards.

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~~"Northeastern North America" shall be deemed to comprise the geographical area within the perimeter border enclosing the State of New York, the six New England States of the United States, and the Canadian Provinces of Ontario, Québec, and the Canadian Maritime Provinces of New Brunswick, Nova Scotia and Prince Edward Island, including any radial load or generation connecting to these systems.~~

“Bulk Power System” shall be deemed to refer to the interconnected electrical systems within Northeastern North America comprising generation and transmission facilities on which faults or disturbances can have a significant adverse impact outside of the local area. In this context, local areas and the specific facilities that comprise the bulk power system, are determined by the Members of NPCC ~~Inc.~~, utilizing a reliability impact based methodology.

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“Northeastern North America” shall be deemed to comprise the geographical area within the perimeter border enclosing the State of New York, the six New England States of the United States, and the Canadian Provinces of Ontario, Québec, New Brunswick and Nova Scotia, including any radial load or generation connecting to these systems.

IV. Membership

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A. List of Members. The Members of NPCC are listed on Schedule A attached hereto.

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B. Eligibility. Upon suitable application describing the nature and activities of the applicant, additional entities shall be accepted by the Board of Directors of NPCC (the “Board”) as Members in the appropriate categories, defined as follows:

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(1) General Membership in NPCC CBRE is voluntary and is open to any person or entity, including any entity participating in the Registered Ballot Body of the ERO, that has an interest in the reliable operation of the Northeastern North American bulk power system. Membership in the Regional Reliability Organization, NPCC Inc., shall not be a condition for membership in NPCC CBRE. General Members are subject to compliance with reliability standards and receive additional services from the regional entity division of NPCC.

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Registration

(2) Full Membership shall be available to entities which are General Members that also participate in electricity markets in the international, interconnected bulk power system in Northeastern North America. Independent system operators ("ISOs"), regional transmission organizations ("RTOs"), Transcos and other organizations or entities that perform the Balancing Authority function operating in Northeastern North America are expected to be Full Members of NPCC. The New York State Reliability Council and any other sub-regional reliability councils which may be formed are also expected to be Full Members. Full Members are subject to compliance with regionally-specific criteria, in addition to reliability standards, and receive additional services from the criteria services division of NPCC.

C. Application as a Member. Any person or entity that is eligible to become a Member of NPCC CBRE in accordance with Article IV, Section A.B. may become either a General Member or a Full Member by completing, and submitting to NPCC CBRE, a membership registration application on a form prescribed by the Board of Directors ("Board"). Any person or entity that registers with applies to NPCC CBRE as a Member, shall comply with the conditions and obligations of membership specified in these Bylaws. As an additional condition of membership in NPCC CBRE, each person or entity registering as a Member shall execute an agreement with NPCC CBRE, in a form to be specified by the Board, that such person or entity will hold all Directors, officers, employees, and agents of NPCC CBRE, as well as volunteers participating in good faith in the activities of NPCC CBRE, harmless, to the extent permitted by U.S. Federal or Canadian Provincial laws, rules and regulations, for any injury or damage caused by any act or omission of any Director, officer, employee, agent, or volunteer in the course of performance of his or her duties on behalf of NPCC CBRE, other than for acts of fraud, gross negligence, intentional misconduct or a breach of confidentiality.

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If not a natural person, the Member shall designate a representative and an alternate representative with authority to receive notices, cast votes, and execute waivers and consents, and enter into binding agreements on behalf of the Member. NPCC CBRE shall maintain a current roster of the Members of NPCC CBRE, including each Member's designated representative and alternate

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representative. From time to time, the Board ~~shall~~may establish a date by which Members shall submit their ~~registrations~~application renewals. All Members shall confirm their ~~registrations~~applications within thirty (30) calendar days of the date of receipt of request by NPCC-~~CBRE~~, using a ~~registration~~an application renewal form prescribed by the Board. Any Member that has not submitted a ~~registration~~an application renewal within thirty (30) calendar days following the date established by the Board shall be removed from the NPCC ~~CBRE~~ roster. NPCC-~~CBRE~~ shall notify any Member that is removed from the roster of Members of such removal, by notice sent to such former Member's last known address on the records of NPCC-~~CBRE~~.

D. Voting Sectors of Membership. There shall be eight (8) voting sectors ("Voting Sectors"), defined as follows:

Sector (1), Transmission Owners: This Voting Sector shall consist of any entity within Northeastern North America that owns at least 200 circuit miles of integrated transmission facilities, or has an Open Access Transmission Tariff or equivalent on file with the FERC or the appropriate regulatory or governmental authority. This sector includes transmission owners that have placed their transmission under the operational control of an ISO/RTO, independent transmission companies and, merchant transmission owners/developers.

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Sector (2), Reliability Coordinators: This Voting Sector shall consist of any entity within Northeastern North America certified as a Reliability Coordinator.

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Sector (3), Transmission Dependent Utilities ("TDUs"); Distribution Companies and Load-Serving Entities ("LSEs"). This Voting Sector shall consist of entities within Northeastern North America that are:

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(a) Entities with a regulatory, contract, or other legal obligation to serve wholesale aggregators or end-use customers, and that depend primarily on the transmission systems of third parties to provide this service;

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(b) Agents or ~~associations~~associates that represent groups of TDUs;

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(c) Electric distribution companies;

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(d) Entities serving end-use customers under a regulated tariff, a contract governed by a regulatory tariff, or other legal obligation to serve; or

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(e) Each member of a generation and transmission ("G&T") cooperative or a joint-action agency ~~is~~ permitted to designate the G&T or joint-action agency to represent it in this sector.

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Sector (4), Generator Owners: This Voting Sector shall consist of entities within Northeastern North America that are affiliated and/or independent generators.

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Sector (5), Marketers, Brokers and Aggregators: This Voting Sector shall consist of entities within Northeastern North America that are:

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(a) Entities providing energy to end-use customers under a power marketing agreement or other authorization not classified as a regulated tariff;

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(b) ~~An entity~~Entities that ~~buys, sells, sell,~~ or ~~brokers~~ energy and related services for resale in wholesale or retail markets, whether a non-jurisdictional entity operating within its charter or an entity licensed by a jurisdictional regulator; or

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(c) Generation and transmission cooperatives and joint-action agencies that perform an electricity broker, aggregator, or marketer function.

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Sector (6), Customers: This Voting Sector shall consist of entities within Northeastern North America that are:

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(a) Entities or customers that take delivery of energy that is not purchased for resale within Northeastern North America;

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(b) Agents or associations representing groups of large end users within Northeastern North America; or

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(c) Agents, state consumer advocates, or other advocate groups representing groups of small customers within Northeastern North America.

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Sector (7), State and Provincial Regulatory and/or Governmental Authorities: This Voting Sector shall consist of State and Provincial regulatory or governmental authorities within Northeastern North America.

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Sector (8), Sub-Regional Reliability Councils, other Regional Entities and Interested Entities: This Voting Sector shall consist of:

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(a) Any entity within Northeastern North America authorized by an appropriate regulatory and/or governmental authority to be a Sub-Regional Reliability Council;

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(b) Any other delegated Regional Entity; or

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(c) Any person or entity, including any entity participating in the Registered Ballot Body of the ERO, that has an interest in the reliable operation of the bulk power system in Northeastern North America.

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~~D. Upon acceptance of a E. Assignment to Voting Sector. A new applicant for membership, the applicant shall electrequest to be assigned to a Voting Sector subject to Board approval. A Member may electrequest to be assigned to any Voting Sector so long as membership in that Voting Sector is consistent with the Member's business or other activities within the NPCC CBRE-region. Multiple memberships of the separate business functions of an entity are permitted, with each membership assigned to the appropriate separate sector and each membership designating a different representative and alternate. A consultant, attorney, agent, vendor, trade or industry association, state, provincial or local consumer advocate organization that provides services to or otherwise represents the interests of the Members of one or more Voting Sectors may elect to be assigned to one such Voting Sector subject to Board approval. Entities may elect to change their Voting Sector participation in connection with the Annual Meeting of Members of NPCC-CBRE, subject to Board approval. Any Voting Sector with less than 2 members shall be deemed inactive until such time that at least 2 members apply and are approved by the Board.~~

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~~F. Term of Membership. Membership in NPCC CBRE shall be retained as so long as a Member meets its it respective qualifications, obligations, and conditions of membership as set forth in this Article IV.~~

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V. Organization of NPCC-CBRE

~~A. Each Member shall designate an executive level representative and an alternate representative with full authority to act for it on its behalf in carrying out the work of NPCC-CBRE.~~

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~~B. NPCC CBRE shall have a Board of Directors and, through a service agreement with NPCC Inc. ("Service Agreement"), shall retain an independent a Chairman, who shall also be serve as Chair of the Board, a President, a Secretary, a Treasurer, and staff, as required to carry out NPCC-CBRE's mission and to perform the functions of NPCC CBRE. The Initial Board and Officers of NPCC-CBRE will be staffed by the Board of NPCC Inc.~~

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~~C. The Board shall also consist of a Chair, two Co-Vice Chairs, the President, and the Secretary, all ex officio; and additional Directors to be selected by the eight Voting Sectors of Members as specified below. NPCC-CBRE's Chairman, President and officers, when serving ex officio, shall not have any vote on Board matters, except that the Co-Vice Chairs shall retain the voting rights that they otherwise held by virtue of serving as a Director.~~

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~~D. The officers of NPCC CBRE shall consist of a Chair, two Co-Vice Chairs, a President, a Secretary and a Treasurer, with assistants as appropriate, and such~~

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~~additional officers as may be approved by the Members.~~ The Directors shall designate two Co-Vice Chairs. The Co-Vice Chair designees shall be from different Voting Sectors and shall be elected by a vote of the entire Membership. ~~Officers, except for the President, shall hold office for one year or until the next Annual Meeting of Members of NPCC-CBRE and until their successors are duly elected and qualified.~~ In the temporary absence of the Chair, a Vice Chair designated by two-thirds vote of the Directors shall perform the duties of the Chair. NPCC's Chairman, President and officers, when serving *ex officio*, shall not have any vote on Board matters, except that the Co-Vice Chairs shall retain the voting rights that they otherwise held by virtue of serving as a Director.

~~F.~~

C. The officers of NPCC shall consist of a President, a Secretary and a Treasurer, with assistants as appropriate, and such additional officers as may be approved by the Members. Officers, except for the President, shall hold office for one year or until the next Annual Meeting of Members of NPCC and until their successors are duly elected and qualified.

D. NPCC shall employ a President and staff, as required to carry out NPCC's mission and to perform the functions of NPCC. The President shall be appointed by the Board and shall serve at the ~~Board's~~Board's discretion. In the event of a vacancy in the ~~Presidenc~~presidency, the Board shall appoint an interim President who shall serve until such time as the Board appoints a new President.

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E. In the event a vacancy occurs in the Board of Directors, or in the office of Co-Vice Chair, Secretary, or Treasurer in the interim between Annual Meetings of Members of NPCC ~~CBRE~~, the Chair may designate a person from the same Voting Sector to fill such vacancy with the approval of a majority vote of Members from the applicable Sector.

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F. In the event a vacancy occurs in the Office of Chair in the interim between Annual Meetings of Members of NPCC ~~CBRE~~, the Board may fill such vacancy by a two-thirds affirmative majority of the weighted sector votes, with each Director casting one vote within the applicable sector, at a meeting of the Board at which a quorum is present. The term of office of the persons designated to fill any such vacancy shall expire on the date of the next subsequent Annual Meeting of Members of NPCC ~~CBRE~~. The authority and responsibilities of the Chair and ~~of~~ the President shall be defined by the Board.

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G. Statutory activities will be conducted by the regional entity division of NPCC. Non-statutory criteria services will be provided by the criteria services division of NPCC.

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VI. Board of Directors

A. Hybrid Board. NPCC-~~CBRE~~ shall have a ~~hybrid~~ Board of Directors consisting of stakeholders balanced by sector and an independent Chairman, two Co-Vice Chairs, the President, and the Secretary.

B. Term and Compensation. The term of office of the Directors shall be three (3) years. Initial terms of Directors shall be staggered by the Board so that ~~individual Directors-members~~ serve initial terms of one, two, or three years. There shall be no limit on the number of terms which may be served by any individual. Directors shall serve without compensation, including when performing duties of a Co-Vice Chair.

C. Powers and Duties. The Board shall ~~develop NPCC policies,~~ direct the activities of NPCC-~~CBRE~~, accept additional entities as Members, ~~review and approve or modify~~ Member ~~Voting~~ Sector assignment, and make assignments to the committees of NPCC-~~CBRE~~. The Board shall (i) approve a Regional Delegation Agreement with the ERO ~~backstopped by which delegates authority from~~ FERC in the U.S., ~~nited States and~~ additional agreements with ~~the ERO backstopped by the appropriate~~ Canadian Provincial regulatory and/or governmental ~~authority,~~ and a ~~Service Agreement with NPCC Inc., pursuant to which NPCC Inc. provides services and staff to support all of NPCC CBRE activities.~~ ~~The Board shall~~ ~~authorities,~~ (ii) approve and oversee ~~NPCC CBRE's~~NPCC's Regional Reliability Standards Development Process and submit such Regional Standards to the ERO for adoption by FERC and appropriate Canadian Provincial regulatory and/or governmental authorities. ~~The Board shall,~~ (iii) approve the NPCC ~~CBRE~~ Compliance Enforcement Program and the assessment and enforcement of mandatory compliance with Reliability Standards consistent with the Regional Delegation Agreement and agreements ~~backstopped by the appropriate~~ ~~Canadian with Canadian~~ Provincial regulatory and/or governmental authorities, and (iv) oversee NPCC's assessment and enforcement of mandatory compliance with ~~regionally-specific reliability criteria through administration of the NPCC Reliability Compliance and Enforcement Program.~~ The duties of the Board shall also include consideration and resolution of ~~all~~ budgetary matters. ~~The, including the levying of any special assessments, and determination of any annual membership fee for Full Members.~~ However, the Board may not amend these Bylaws or establish, modify or eliminate any of ~~NPCC CBRE's~~NPCC's Regional Reliability Standards ~~or, regionally-specific reliability criteria, guides,~~ programs or procedures; nor may the Board add, modify, or eliminate Voting Sectors established pursuant to these Bylaws.

~~D.~~
To carry out the purposes of NPCC-~~CBRE~~, the Board, acting through the President ~~and NPCC staff,~~ shall enlist such personnel from Members as may be necessary; and, within the limits of the annual budget, may ~~retain the services of~~employ such ~~NPCC Inc.~~ personnel, ~~through the Service Agreement,~~ incur such administrative expenses, and retain such independent professional consulting

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services for NPCC ~~CBRE~~ and the committees of NPCC ~~CBRE~~ as it may deem desirable.

~~E.~~

D. Board Composition. NPCC ~~CBRE~~ shall have a Board of Directors that shall consist of up to eight (8) voting sectors. ~~Any sector without two elected Board Members shall be deemed inactive for the purposes of Board voting. Between meetings of the Members, a sector may become active upon acceptance by the NPCC CBRE Board of a petition from a sector caucus at which the minutes record the designation of two NPCC CBRE Board nominees.~~ The voting sectors shall include the following:

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Sector (1). Transmission Owners (~~Minimum of 2,~~ Maximum of ~~63,~~ with no more than 1 per Balancing Authority Area)

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Sector (2). Reliability Coordinators (~~Minimum of 2,~~ Maximum of ~~63,~~)

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Sector (3). Transmission Dependent Utilities ("TDUs"); Distribution Companies and Load-Serving Entities ("LSEs") (~~Minimum of 2,~~) (Maximum of ~~63,~~)

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Sector (4). Generator Owners (~~Minimum of 2,~~ Maximum of ~~63,~~)

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Sector (5). Marketers, Brokers and Aggregators (~~Minimum of 2,~~ Maximum of ~~63,~~)

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Sector (6). Customers (~~Minimum of 2,~~ Maximum of ~~63,~~)

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Sector (7). Regulators (~~Minimum of 2,~~ Maximum of ~~63,~~)

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Sector (8). Sub-Regional Reliability Councils, other Regional Entities and Interested Entities (~~Minimum of 2,~~ Maximum of ~~6.~~ ~~A-3,~~ with a representative of the New York State Reliability Council, LLC ~~shall be included.~~)

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F.E. Quorum and Voting Requirements for the Board. At any meeting of the Board, attendance in person or by proxy by at least one-half of the Directors in each of at least ~~two-thirds~~ sixty percent (60%) of the sectors shall constitute a quorum. Except as otherwise expressly provided in ~~NPCC CBRE's~~ NPCC's Certificate of Incorporation, these Bylaws or applicable law, actions by the Board shall be approved upon receipt of a two-thirds affirmative majority of the weighted sector votes, with each Director casting one vote within the applicable sector, at a meeting of the Board at which a quorum is present. The following process ~~is~~ shall be used to determine if there are sufficient affirmative votes:

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- The number of votes cast is the sum of affirmative and negative votes, excluding abstentions.

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- The number of affirmative votes cast in each Voting Sector will be divided by the sum of affirmative and negative votes cast in that Voting Sector to determine the fractional affirmative vote for each Voting Sector. Abstentions will not be counted for the purposes of determining the fractional affirmative vote for a Voting Sector.
- The sum of the fractional affirmative votes from all sectors divided by the number of sectors voting will be used to determine if a two-thirds affirmative majority has been achieved. A sector will be considered as “voting” if any ~~member~~ Member of the sector casts either an affirmative or a negative vote.

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An action will be approved if the sum of fractional affirmative votes from all sectors divided by the number of voting sectors is at least two-thirds.

F. Board Action Without Meeting. Any action required, or permitted to be taken at a meeting of the Board of Directors, may be taken without a meeting if the action is taken by all members of the Board. The action must be evidenced by one or more written consents (which may be in electronic form) describing the action taken, signed by each Director, and included in the minute book of NPCC. Any action taken under this Section VI.F. is effective when the last Director signs the consent, unless the consent specifies a different effective date.

G. Election and Removal of Directors. The Initial Board shall be the persons named in the Certificate of Incorporation and shall serve until the first Annual Meeting of the Members. The Initial Board shall nominate a ~~slate~~ list of Directors consistent with the Board composition requirements set forth in Section VI.E.D. At the first meeting of the Members, the Members from each sector shall vote to elect Directors in their respective sector. A Director shall be elected by a vote of the majority of the Members in the respective sector. No sector shall elect more Directors than the number of Members in such sector.

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A Director may be removed for cause by at least two-thirds of the Members in their respective sector at a regular meeting or at a special meeting called for that purpose; provided that there is a quorum of that ~~sector's~~ sector's Members present at that meeting; or by at least a majority of the Directors present at a meeting called for that purpose, and provided, further, that there is a quorum of not less than a majority present at the meeting of Directors at which such action is taken.

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H. Indemnification. Subject to the limitation set forth in Section VI.I. below, NPCC shall indemnify its Directors, Officers, employees and other corporate agents, including volunteers participating in good faith in the activities of NPCC and persons serving on duly constituted committees of NPCC (collectively, “NPCC Indemnitees”), in each case, to the full extent from time to time permitted by New York Not-for-Profit Corporation Law (“N-PCL”) and other applicable law. Such right of indemnification shall inure to the benefit of the legal representative of any

NPCC Indemnitee. The foregoing right of indemnification shall be in addition to, and not in restriction or limitation of, any right such NPCC Indemnitee may have under applicable law (including the N-PCL).

- I. Limitation on Indemnification. The maximum amount of losses (i.e., damages, judgments, fines, penalties, liability, costs and expenses, including reasonable attorneys' fees and expenses) for which NPCC will be obligated to indemnify the NPCC Indemnitees under Section VI.H. will be the policy limit of directors and officers' ("D&O") liability insurance set forth in the D&O insurance policy maintained by NPCC.

VII. Committees

NPCC ~~CBRE~~ shall have such committees, subcommittees, task forces and other groups as the Board may deem appropriate, including a Regional Standards Committee (RSC), a Compliance Committee (CC), a Reliability Coordinating Committee (NPCC's principal technical committee), a Public Information Committee and an Audit and Finance Committee.

The Audit and Finance Committee shall be comprised of at least three members of the Board and include one Director which shall be designated an audit committee financial expert by the Board. A chairperson of the Audit and Finance Committee shall be designated by the Board from among the members of the committee.

Committee members shall be nominated and approved by the Board in accordance with guidelines established by the Board. Quorum and voting rules applicable to the Board shall also apply to voting on any such NPCC ~~CBRE~~ decision making committees, unless otherwise determined by the Board. Each committee shall establish a charter or scope of work, which shall be presented to the Board for approval.

~~Members'~~

VIII. Members' Voting Rights

- A. Quorum and Voting Requirements for Meetings of Members. At any meeting of the Members of NPCC ~~CBRE~~, attendance in person or by proxy by one-half of the Members in each of at least ~~two-thirds~~ sixty percent (60%) of the Voting Sectors on the roster of Members maintained by NPCC ~~CBRE~~ shall constitute a quorum. Except as otherwise expressly provided in ~~NPCC ~~CBRE~~'s~~ NPCC's Certificate of Incorporation, these Bylaws or applicable law, actions by the Members of NPCC ~~CBRE~~ shall be approved upon receipt of a two-thirds affirmative majority votes of the sectors at a meeting of the Members of NPCC ~~CBRE~~ at which a quorum is present, where (i) each Member -shall have one vote within a sector, except that if less than one-half of the Members in a sector are present, in person or by proxy, at the meeting, the vote of that sector shall be weighted by a percentage equal to the number of ~~members~~ Members of the sector present in person or by proxy at the meeting divided by one-half of the Members in the sector; (ii) the vote of each sector of NPCC ~~CBRE~~ shall be allocated for and against the proposed action based on the respective percentages of votes cast for

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and against the proposed action by the Members in that sector voting in person or by proxy; and (iii) the proportions of the votes of each sector allocated for and against the proposed action shall be summed to determine the total number of votes for and against the proposed action.

The following process is used to determine if there are sufficient affirmative votes:

- The number of votes cast is the sum of affirmative and negative votes, excluding abstentions.
- The number of affirmative votes cast in each sector will be divided by the sum of affirmative and negative votes cast to determine the fractional affirmative vote for each sector. Abstentions will not be counted for the purposes of determining the fractional affirmative vote for a sector.
- The sum of the fractional affirmative votes from all sectors divided by the number of sectors voting will be used to determine if a two-thirds affirmative majority has been achieved. (A sector will be considered as "voting" if any ~~member~~ Member of the sector casts either an affirmative or a negative vote.)

~~An action will be approved if the sum of fractional affirmative votes from all sectors divided by the number of voting sectors is at least two-thirds~~

B. ~~Waivers of Notice of Meetings of Members; and Member Meeting Adjournments.~~ Notice of a Meeting of Members need not be given to any Member who signs a waiver of notice, in person or by proxy, whether before or after the meeting. The attendance of any Member at a meeting, in person or by proxy, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, shall constitute a waiver of notice of the meeting by such Member. When any Meeting of Members is adjourned to another time or place, it shall not be necessary to give notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken, and if at the adjourned meeting only such business is transacted as might have been transacted at the original meeting.

C. ~~Actions Without a Meeting of Members.~~ Any action, required or permitted to be taken at a Meeting of Members, may be taken without a meeting if the action is consented to in writing by the minimum number of Members that would be required to approve the action at a Meeting of ~~Members~~ at which all Members were present. The call for action without a Meeting of Members may be initiated by the Chairman of the Board or by a number of Members constituting at least ten ~~(10)~~ percent (10%) of the Members on the roster of Members maintained by NPCC ~~CBRE~~, which number shall include Members in at least four ~~(4)~~ of ~~the~~ Voting Sectors. Notice of the proposal for action without a meeting shall be

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provided to all Members on the roster of Members maintained by NPCC ~~CBRE~~ at least ~~ten (10)~~^{seven (7)} days prior to the date established for the tabulation of consents. The Members shall receive written notice of the results within ~~ten (10)~~^{fourteen (14)} days of the action vote, and all written responses of the Members shall be filed with the minutes of proceedings of Members.

D. Meeting of Members to be Open. Notice to the public of the dates, places, and times of Meetings of Members, and all non-confidential material provided to the Members, shall be posted on ~~NPCC CBRE's Web~~^{NPCC's web} site at approximately the same time that notice is given to the Members. Meetings of Members shall be open to the public, subject to reasonable limitations due to the availability and size of meeting facilities; *provided*, that the meeting may be held in or adjourn to closed session to discuss matters of a confidential nature, including, but not limited to, personnel matters, compliance and enforcement matters, litigation, or commercially sensitive or critical energy infrastructure information of any entity.

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E. Electronic Voting. Upon completion of applicable processes that permit parties to comment on the subject issue(s), electronic voting on matters before the membership, Board or ~~committees~~^{any committee} is permitted. A quorum will be determined to exist for purposes of conducting an electronic vote when NPCC ~~CBRE~~ receives completed ballots from two-thirds of the total number of outstanding ballots. In the event that a quorum exists for purposes of an electronic vote but the matter has not been resolved, NPCC ~~CBRE~~ may continue to solicit additional responses in order to resolve the matter by electronic voting.

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IX. Membership Rights and Obligations, and Organizational Processes

A. All General and Full Members shall have the following rights and obligations:

(1) Rights:

- (a) Attendance at all meetings of the general membership of NPCC ~~CBRE~~; and, subject to procedures established by the committees and to the terms of applicable confidentiality agreements, attendance at meetings of ~~NPCC CBRE's~~^{NPCC's} committees, task forces and any other such NPCC ~~CBRE~~ groups;
- (b) Access to ~~all minutes of each~~ committee, subcommittee, task force, ~~and or~~ any other ~~such~~ NPCC ~~CBRE group's minutes;~~ group, subject to procedures established by the committees and to the terms of applicable confidentiality agreements;
- (c) Vote to amend these Bylaws;
- (d) Vote to establish, modify or eliminate NPCC ~~CBRE~~ Regional Reliability Standards and programs.

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(e) For Full Members only: Vote to establish, modify or eliminate NPCC regionally-specific reliability criteria.

(2) Obligations:

(a) Each Member shall agree, in writing, to accept the responsibility to promote, support, and comply with the purposes and policies of NPCC ~~CBRE~~ as set forth in its Certificate of Incorporation and Bylaws as from time to time adopted, approved or amended.

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(b) Each Member acknowledges that it has the responsibility to plan and design its bulk power system and conduct its operations in compliance with ERO Reliability Standards, Regional Reliability Standards and Regional Variances consistent with applicable laws, regulations, permits and licenses.

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(c) Each Member agrees to submit such data and reports as required by NPCC ~~CBRE~~ in order to perform compliance enforcement obligations delegated to it by the ERO, subject to ~~procedures~~ established procedures and to the terms of applicable confidentiality agreements.

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(d) In addition, each Full Member shall:

(i) plan and design its bulk power system in compliance with Criteria, Guides, and Procedures established by NPCC and applicable ERO Standards;

(ii) conduct its operations in compliance with Criteria, Guides, and Procedures established by NPCC and applicable ERO Standards consistent with applicable laws, regulations, permits and licenses;

(iii) assure that, whenever it enters into arrangements with non-members which could have an impact on the reliability of the international, interconnected bulk power systems in Northeastern North America, the arrangements will not adversely impact the ability of the Full Members to comply with regionally-specific criteria established by NPCC, ERO Standards, or the criteria of regional reliability organizations established in areas in which the facilities used for such arrangements are located;

(iv) notify NPCC of its existing facilities and operating procedures and of its plans for major additions or

modifications affecting the operation of the interconnected systems; and shall report to NPCC any decision as to significant alterations or changes proposed for their respective electric systems, whether in generation, transmission, inter-system communication or control and protective equipment, or in operating procedures; such report to be submitted promptly and, except in cases of emergency, before final commitments are undertaken or changes in operating procedures become effective;

- (v) promptly notify NPCC and all other Members in writing or electronically if its bulk power system is not being designed or operated, or its operations are not being conducted in compliance with Criteria, Guides, and Procedures established by NPCC, stating its reasons, and providing its plan and schedule to achieve compliance;
- (vi) submit such data and reports as required by the Reliability Compliance and Enforcement Program and to abide by the compliance assessments and sanctions prescribed by NPCC's enforcement procedures, subject to Alternative Dispute Resolution; and
- (vii) undertake and perform the administrative and financial obligations described in Article XIII of these Bylaws.

B. Standards Development Procedure. NPCC ~~CBRE~~ shall develop a Regional Reliability Standards Development Procedure that provides the design-basis approach to a ~~consensus~~consensus building process by which NPCC ~~CBRE~~ may develop Regional Reliability Standards and Regional Variances to be proposed to the ERO for adoption, ~~backstopped under delegated authority~~ by the FERC and the Canadian Provincial regulatory ~~and/or~~ governmental ~~authority~~authorities.

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C. Procedures for Enforcing Compliance with Reliability Standards. Where regulatory approval has been obtained or governmental authority has been provided, upon the determination of the NPCC ~~CBRE~~ Board that a user, owner or operator of the bulk power system has violated a reliability standard, NPCC ~~CBRE~~ shall enforce compliance for such violations, pursuant to procedures and processes that shall be specified in the NPCC ~~CBRE~~ Compliance Enforcement Program. Such procedures and processes shall provide for reasonable notice and opportunity for hearing. Any sanction imposed for a violation of a Reliability Standard shall bear a reasonable relation to the seriousness of the violation and shall take into consideration circumstances surrounding the violation and efforts of the owner, operator, or user of the bulk power system to remedy the violation in a timely manner. Subject to any necessary action by any applicable governmental authorities, no sanction imposed for a violation of a reliability

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standard shall take effect until the thirty-first (31st) day after the NPCC ~~CBRE~~ Board, where authorized by law or agreement, files with the FERC or other applicable Canadian regulatory ~~and/or~~ governmental ~~authority~~authority's notice of the sanction and the record of the proceedings in which the violation and sanction were determined, or such other date as ordered by the FERC or other applicable Canadian regulatory ~~and/or~~ governmental ~~authority~~authorities or as prescribed by applicable law.

D. — Preparation and Adoption of Annual Budget, Business Plan, and Funding Mechanism. ~~The Board shall prepare or cause to be prepared an annual budget for the administrative and other expenses of NPCC CBRE, including the expenditures for the fiscal year for any material special projects undertaken by NPCC CBRE and reasonable and proper reserves and provisions for contingencies, an accompanying business plan for NPCC CBRE, and a funding mechanism, for each fiscal year. The annual budget, business plan, and funding mechanism of NPCC CBRE shall be for a fiscal year commencing on January 1 and ending on December 31. Each annual budget, business plan, and funding mechanism shall be approved by the Board at a regular meeting or a special meeting of the Board duly called for that purpose. The Board shall approve each annual budget, business plan, and funding mechanism on or before June 1 of each year before the start of the fiscal year in order to allow for timely submittal of the approved annual budget, business plan, and funding mechanism to the FERC and the applicable Canadian regulatory or governmental authority.~~

E. — Modified or Supplemental Funding Mechanisms. ~~During the course of a fiscal year, the Board may develop and approve a supplemental funding mechanism if determined by the Board to be necessary due to such factors as a shortfall in revenues of NPCC CBRE from projected levels, incurred or anticipated expenditures or new projects not provided for in the annual budget, or such other factors as in the judgment of the Board warrant modification of the funding mechanism for the fiscal year or development of a supplemental funding mechanism. In preparing a modified or supplemental funding mechanism, the Board shall follow the provisions of Section D of this Article IX to the extent possible in the judgment of the Board in light of the exigency of the circumstances necessitating preparation and approval of the modified or supplemental funding mechanism. Each modified or supplemental funding mechanism shall be approved by the Board at a regular meeting or a special meeting of the Board duly called for that purpose.~~

F. — Submission of Annual Budgets, Business Plans, and Funding Mechanisms to the Governmental Authorities. ~~Each annual budget, annual business plan, and annual, modified, or supplemental funding mechanism approved by the Board (including the annual budget, annual business plan, and annual, modified, or supplemental funding mechanism) shall be submitted by NPCC CBRE to the ERO and applicable Canadian regulatory or governmental authorities for approval in accordance with its regulations, except as otherwise provided by applicable law or by agreement, and shall not be effective until approved by the applicable governmental authorities. If the ERO or a regulatory or governmental authority by order remands an annual budget, business plan, or annual, modified, or supplemental funding mechanism, the Board shall promptly~~

~~address such order through appropriate follow-up measures with the Members and regulatory or governmental authorities.~~

~~G. — Other Reliability Services [Non-statutory]. NPCC-CBRE may perform additional activities pursuant on behalf of the ERO in furtherance of the ERO's responsibilities under the Federal Power Act, as funded by the ERO.~~

X. Full Members: Enforcement of Mandatory Compliance With Regionally-specific Criteria

Subject to approval of the Full Members, NPCC shall establish an NPCC Reliability Criteria Compliance and Enforcement Program, including matrices for measuring compliance, levying non-monetary sanctions, and procedures for Alternative Dispute Resolution. Such program shall be administered by the NPCC Board. The Reliability Coordinating Committee, with the full cooperation of each member, shall expeditiously evaluate, as appropriate, alterations or measures designed to correct any assessed non-compliance and shall report such studies to the NPCC Board.

XI. Meetings

Meetings of NPCC ~~CBRE~~ may be held on such dates as the Board may from time to time determines and shall be held in such places as the Board may from time to time designate. Special meetings may be called from time to time by the Chair, ~~by~~ the Board, or by a number of Members constituting at least ten ~~(10)~~ percent (10%) of the Members on the roster of Members maintained by NPCC ~~CBRE~~, which number shall include Members in at least four ~~(4)~~ of ~~the~~ Voting Sectors. Notice of all meetings, stating the time and place, shall be given by NPCC ~~CBRE~~ in writing to each Member by issuing the notice at least one week prior to the date of the meeting. The Secretary, Assistant Secretary, or, in their absence, a secretary *pro tempore* designated by the Chair or the President, shall keep the records of NPCC ~~CBRE~~ meetings.

When appropriate, the ~~general~~ membership, the Board and the committees may use proxies or teleconference facilities. Such participation shall constitute attendance for purposes of quorum requirements.

XI. Funding

~~NPCC-CBRE shall not collect any dues from its Members. All funding of NPCC-CBRE~~

XII. Budget

The Board shall prepare or cause to be prepared an annual budget for the administrative and other expenses of NPCC, including the expenditures for the fiscal year for any material special projects undertaken by NPCC and reasonable and proper reserves and provisions for contingencies, an accompanying business plan for NPCC, and a funding mechanism including any supplemental funding mechanism, for each fiscal year. The annual budget, business plan, and funding mechanism of NPCC shall be developed in the form and format and on the schedule stipulated by the ERO for a fiscal year commencing on January 1 and ending on December 31. Each annual budget, business plan, and funding mechanism shall be approved by the Board at a regular meeting or a special meeting of the Board duly called for that purpose. The Board shall

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approve each annual budget, business plan, and funding mechanism on or before the date stipulated by the ERO during the year prior to the start of the fiscal year in order to allow for timely submittal of the approved annual budget, business plan, and funding mechanism to the FERC and the applicable Canadian regulatory and/or governmental authorities.

If the ERO or a regulatory and/or governmental authority by order remands an annual budget, business plan, or annual, modified, or supplemental funding mechanism, the Board shall promptly address such other through appropriate follow-up measures with the Members and regulatory and/or governmental authorities.

Each Full Member shall be notified of the annual administrative expense budget for the criteria services division, on or before December 1st of the preceding year.

XIII. Funding

NPCC's annual administrative expenses, including any special assessments approved by the Board, shall be apportioned and funded as follows:

- A. Funding of NPCC General Member regional entity division activities shall be through mechanisms established by the ERO, FERC, ~~the ERO or~~ and applicable Canadian regulatory and/or governmental authorities. ~~The ERO application, as filed with FERC on April 4, 2006 anticipates funding based on the Bilateral Principles of net energy for load, consistent with the functions performed, and allow the direct assignment of costs to an area or entity where significant costs are incurred by NPCC CBRE for that area or entity.~~
- B. General Members shall not be assessed an annual membership fee.
- C. Full Members, other than Full Members that perform the Balancing Authority function, shall not be assessed an annual membership fee.
- D. Full Members that perform the Balancing Authority function shall be assessed and pay a proportional share of the expenses for non-statutory criteria services in proportion to the ratio of the second previous year's Net Energy for Load within the Balancing Authority Area to the aggregate Net Energy for Load within all Balancing Authority Areas in Northeastern North America. NPCC will directly assign non-statutory criteria services costs to a Balancing Authority Area or entity where significant costs are incurred by NPCC for such Area or entity.
- E. No Full Member shall, without its consent, be responsible for expenses of NPCC in any one calendar year in excess of its assessed portion of the amount budgeted for non-statutory criteria services for that year; *provided, however*, that special assessments may be separately budgeted and their cost allocated by the Board to the Full Members that perform the Balancing Authority function.

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XIV. Termination of Membership and Cessation of Non-Statutory Criteria Services

the adoption of any provision of these Bylaws inconsistent with this paragraph, shall eliminate or reduce the protection offered by this paragraph to an NPCC ~~CBRE~~ officer, member of the Board or member of any other such NPCC ~~CBRE~~ committee or group, or employee of NPCC ~~Inc. acting under a with NPCC CBRE~~ in respect of any matter which occurred, or any cause of action, suit or claim which, but for this paragraph, would have accrued or arisen, prior to such amendment, repeal, or adoption.

- C. Those entities listed as Members on Schedule A and subsequent applicants granted membership in NPCC ~~CBRE~~ shall be deemed to have accepted and to be bound by all the terms and conditions of these Bylaws, as adopted on ~~September 7, 2006~~ July 24, 2007.

APPROVED 7-24-07

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ATTACHMENT 3

Written Consent of the Board of Trustees
of the North American Electric Reliability Corporation dated August 15, 2007

**WRITTEN CONSENT
OF THE BOARD OF TRUSTEES OF THE
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION**

The undersigned, being a majority of the members of the Board of Trustees of the North American Electric Reliability Corporation, a New Jersey nonprofit corporation (the "Corporation"), do hereby waive all notice of the time, place and purpose of a meeting and consent and agree to the adoption of the following resolutions pursuant to Section 15A:5-6 of the New Jersey Nonprofit Corporation Act and Section 6 of Article V of the Bylaws, in lieu of holding a meeting:

WHEREAS, the Northeast Power Coordinating Council, Inc., ("NPCC") and its affiliate, the Northeast Power Coordinating Council: Cross Border Regional Entity, Inc., ("NPCC:CBRE") have determined to merge, with NPCC as the surviving corporation succeeding to all the rights and obligations of NPCC:CBRE;

WHEREAS, NPCC:CBRE has entered into a delegation agreement with the Corporation dated May 2, 2007 (the "Delegation Agreement"), to carry out compliance and other activities under section 215 of the Federal Power Act in the Northeast United States;

WHEREAS, NPCC, as successor-in-interest to NPCC:CBRE, is subject to all of the obligations and requirements of the Delegation Agreement and has the ability to meet those requirements; and

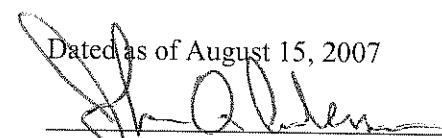
WHEREAS, the Amended and Restated Bylaws of the Northeast Power Coordinating Council, Inc., are fully consistent with the requirements of the Delegation Agreement;

RESOLVED, that the Amended and Restated Bylaws of the Northeast Power Coordinating Council, Inc., dated July 24, 2007 (attached as Exhibit A), are approved; and

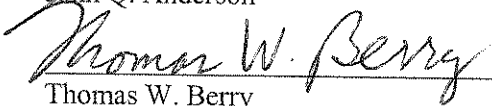
FURTHER RESOLVED, that NPCC is approved as the regional entity in place of NPCC:CBRE under the Delegation Agreement;

FURTHER RESOLVED, that the Corporation's officers are hereby specifically authorized and directed to take any and all actions (including the execution and delivery of documents and/or notices) deemed necessary and appropriate in order to give full effect to the foregoing resolution

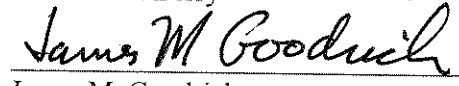
Dated as of August 15, 2007



John Q. Anderson

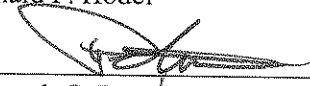


Thomas W. Berry

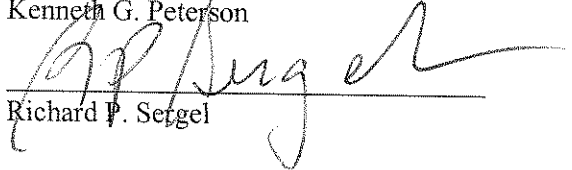


James M. Goodrich

Donald P. Hodel



Kenneth G. Peterson



Richard P. Segel




Paul F. Barber



Richard Drouin



Frederick W. Gorbet



Sharon L. Nelson



Bruce A. Scherr

CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the foregoing document upon all parties listed on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C. this 21st day of August, 2007.

/s/ Rebecca J. Michael
Rebecca J. Michael

*Attorney for North American Electric
Reliability Corporation*