

NERC Membership Reference Document

Membership Application, Obligations,
Sectors, and Terms

RELIABILITY | ACCOUNTABILITY



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Section 1. Members

Membership in the North American Electric Reliability Corporation is voluntary and open to any person or entity that has an interest in the reliable operation of the North American bulk power system. An entity or person must apply for membership in the Corporation, maintain its membership in accordance with Article II of NERC's Bylaws, and comply with the other conditions and obligations of membership specified in the Bylaws.

This document is a restatement in outline form of Article II, "Membership," of the NERC bylaws. We use "will" here instead of "shall" for easier reading.

Membership in a regional reliability organization or regional entity is not a condition for membership in the Corporation.

Section 2. Application for Membership

1. Eligibility and application

Any person or entity that is eligible to be a member of the Corporation in accordance with Section 1, above, may become a member by completing, and submitting to NERC, a membership application on a form prescribed by the board.

2. Representatives if not a natural person

If not a natural person, the member will designate a representative and an alternative representative with authority to receive notices, cast votes, and execute waivers and consents on behalf of the member.

The bylaws refer to membership “registration” however, we have substituted the term “application” here to avoid confusion with organization “registration” in NERC’s compliance program. You can apply on-line through NERC’s Web site.

3. Roster

NERC will maintain a current roster of its members including each member’s designated representative and alternative representative.

4. Renewal

From time to time, the board will establish a date by which members must renew their membership.

a. Must renew within 30 days of request

All members will be required to renew their memberships within 30 calendar days of a NERC request, using a renewal form prescribed by the board.

b. Removal from roster

NERC will remove from the roster of members of the Corporation any member that has not submitted a membership renewal application within 30 days following a date established by the board.

c. Notification of removal

NERC will 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 the Corporation.

Section 3. Obligations and Conditions of Membership

1. Member responsibilities

Each member will agree, in writing, to accept the responsibility to promote, support, and comply with the purposes and policies of the Corporation as set forth in its Certificate of Incorporation, Bylaws, Rules of Procedure, and Reliability Standards as from time to time adopted, approved, or amended.

2. Member agreement

As an additional condition of membership in the Corporation, each person or entity registering as a member shall be required to execute an agreement with the Corporation, in a form to be specified by the board, that such person or entity will hold all trustees, officers, employees, and agents of the Corporation, as well as volunteers participating in good faith in the activities of the Corporation, harmless, to the extent permitted by Federal or provincial laws, regulations and rules, for any injury or damage to that member caused by any act or omission of any trustee, officer, employee, agent, or volunteer in the course of performance of his or her duties on behalf of the Corporation, other than for acts of gross negligence, intentional misconduct, or a breach of confidentiality. [See Appendix 1, “NERC Membership Agreement.”]

We ask applicants to adhere to this agreement during the on-line application process.

Section 4. Membership Sectors

Sector definitions

Each member will elect to participate in one of the following membership sectors with composition as follows:

1. Investor-owned utility

This sector includes any investor-owned entity with substantial business interest in ownership and/or operation in any of the asset categories of generation, transmission or distribution. This sector also includes organizations that represent the interests of such entities.

2. State/municipal utility

This sector includes any entity owned by or subject to the governmental authority of a state or municipality, that is engaged in the generation, delivery, and/or sale of electric power to end-use customers primarily within the political boundaries of the state or municipality; and any entity, whose members are municipalities, formed under state law for the purpose of generating, transmitting, or purchasing electricity for sale at wholesale to their members. This sector also includes organizations that represent the interests of such entities.

3. Cooperative utility

This sector includes any non-governmental entity that is incorporated under the laws of the state in which it operates, is owned by and provides electric service to end-use customers at cost, and is governed by a board of directors that is elected by the membership of the entity; and any non-governmental entity owned by and which provides generation and/or transmission service to such entities. This sector also includes organizations that represent the interests of such entities.

4. Federal or provincial utility/Federal Power Marketing Administration

This sector includes any U.S. federal, Canadian provincial, or Mexican entity that owns and/or operates electric facilities in any of the asset categories of generation, transmission, or distribution; or that functions as a power marketer or power marketing administrator. This sector also includes organizations that represent the interests of such entities.

5. Transmission-dependent utility

This sector includes any entity with a regulatory, contractual, or other legal obligation to serve wholesale aggregators or customers or end-use customers and that depends primarily on the transmission systems of third

Members may join only one sector. NERC considers a corporation and its affiliates as a single member. That member may apply to join only one sector, which may be any single sector for which the corporation or any of its affiliates is eligible. See **Section 5** for more details.

parties to provide this service. This sector also includes organizations that represent the interests of such entities.

6. Merchant electricity generator

This sector includes any entity that owns or operates an electricity generating facility that is not included in an investor-owned utility's rate base and that does not otherwise fall within any of sectors (i) through (v). This sector includes but is not limited to cogenerators, small power producers, and all other nonutility electricity producers such as exempt wholesale generators who sell electricity at wholesale. This sector also includes organizations that represent the interests of such entities.

7. Electricity marketer

This sector includes any entity that is engaged in the activity of buying and selling of wholesale electric power in North America on a physical or financial basis. This sector also includes organizations that represent the interests of such entities.

8. Large end-use electricity customer

This sector includes any entity in North America with at least one service delivery taken at 50 kV or higher (radial supply or facilities dedicated to serve customers) that is not purchased for resale; and any single end-use customer with an average aggregated service load (not purchased for resale) of at least 50,000 MWh annually, excluding cogeneration or other back feed to the serving utility. This sector also includes organizations that represent the interests of such entities.

9. Small end-use electricity customer

This sector includes any person or entity within North America that takes service below 50 kV; and any single end-use customer with an average aggregated service load (not purchased for resale) of less than 50,000 MWh annually, excluding cogeneration or other back feed to the serving utility. This sector also includes organizations (including state consumer advocates) that represent the interests of such entities.

10. Independent system operator/regional transmission organization

This sector includes any entity authorized by the Commission to function as an independent transmission system operator, a regional transmission organization, or a similar organization; comparable entities in Canada and Mexico; and the Electric Reliability Council of Texas or its successor. This sector also includes organizations that represent the interests of such entities.

11. Regional entity

This sector includes any regional entity as defined in Article I, Section 1 of NERC's Bylaws.

12. Government representatives

This sector includes any federal, state, or provincial government department or agency in North America having a regulatory and/or policy interest in wholesale electricity. Entities with regulatory oversight over the Corporation or any regional entity, including U.S., Canadian, and Mexican federal agencies and any provincial entity in Canada having statutory oversight over the Corporation or a regional entity with respect to the approval and/or enforcement of reliability standards, may be nonvoting members of this sector.

Section 5. Guidelines for Assignment to a Sector

- a. A member may elect to be assigned to any sector so long as membership in that sector is consistent with the member's business or other activities.
- b. A corporation and its affiliates will be considered a single member and may join only one sector, which may be any single sector for which the corporation or any of its affiliates is eligible.
- c. 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 sectors may elect to be assigned to one such sector.

Section 6. Term of Membership

Membership in the Corporation will be retained as long as a member meets its respective qualifications, obligations, and conditions of membership as set forth in Article II of NERC's Bylaws.

Section 7. Removal

Additional termination provisions

In addition to termination of membership in accordance with Article II, Section 2 of NERC's Bylaws, the board, following notice to the member and exercise of appropriate due process procedures, may terminate the membership of a member if in the judgment of the board that member has violated its obligations and responsibilities to the Corporation.

- a. This termination requires a two-thirds vote of the trustees present and voting at a meeting of the board at which a quorum of the board entitled to vote is present.

- b. Within thirty (30) days following the action of the board terminating the membership of a member, the member will be entitled to appeal such termination to the Commission or to the applicable governmental authority in Canada or Mexico.

Appendix 1 - NERC Membership Agreement

[Member name] hereby agrees that in and as a condition to becoming a member of the North American Electric Reliability Corporation (the “Corporation”) in accordance with Article II, Section 1 of its Bylaws, he/she/it will, as provided in Article II, Section 3 of the Bylaws:

We will ask you to agree to these conditions during the on-line application process. You do not need to send us this agreement in writing.

- a. Accept the responsibility to promote, support, and comply with the purposes and policies of the Corporation as set forth in its Certificate of Incorporation, Bylaws, Rules of Procedure, and Reliability Standards as from time to time adopted, approved, or amended.
- b. Hold all trustees, officers, employees, and agents of the Corporation, as well as volunteers participating in good faith in the activities of the Corporation, harmless, to the extent permitted by Federal or provincial laws, regulations and rules, for any injury or damage to that member caused by any act or omission of any trustee, officer, employee, agent, or volunteer in the course of performance of his or her duties on behalf of the Corporation, other than for acts of gross negligence, intentional misconduct, or a breach of confidentiality.