

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

**I. Offices**

The principal office of NPCC CBRE is located in New York County, State of New York.

**II. Purpose**

The purpose of NPCC CBRE, an independent, affiliate corporation of the Northeast Power Coordinating Council, Inc. ("NPCC Inc."), is to enhance the reliability of the international, interconnected bulk power system in Northeastern North America through the development of regional reliability standards and compliance assessment and enforcement of continent-wide and regional reliability standards pursuant to the execution and implementation of a Regional Delegation Agreement with the Electric Reliability Organization ("ERO") that is backstopped through the ERO by the Federal Energy Regulatory Commission ("FERC") and by Memoranda of Understanding with applicable Canadian Provincial regulatory and/or governmental authorities.

**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, and if not defined in any of those sources, shall be defined in accordance with their commonly understood and used

technical meaning in the electric power industry, including applicable codes and standards.

"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.

#### **IV. Membership**

**A. Eligibility.** 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.

**B. Registration as a Member.** Any person or entity that is eligible to be a Member of NPCC CBRE in accordance with Article IV, Section A may become a Member by completing, and submitting to NPCC CBRE, a membership registration on a form prescribed by the Board of Directors ("Board"). Any person or entity that registers with

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 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.

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 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 representative. From time to time, the Board shall establish a date by which Members shall submit their registration renewals. All Members shall confirm their registrations within 30 calendar days of the date of receipt of request by NPCC CBRE, using a registration renewal form prescribed by the Board. Any Member that has not submitted a registration renewal within 30 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.

**C. Voting Sectors of Membership.** There shall be eight 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 associations 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;

- (e) A 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.

**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) An entity that buys, sells, 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;
- (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;

- (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;
- (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.

**D.** Upon acceptance of a new applicant for membership, the applicant shall elect to be assigned to a Voting Sector subject to Board approval. A Member may elect 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. 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.

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

**V. Organization of NPCC CBRE**

**A.** Each Member shall designate a representative and an alternate representative with full authority to act for it in carrying out the work of NPCC CBRE.

**B.** NPCC CBRE shall have a Board of Directors and, through a service agreement with NPCC Inc. ("*Service Agreement*"), shall retain an independent Chairman, who shall also be 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.

**C.** The Board shall consist of a Chair, two Co-Vice Chairs, the President, and the Secretary, all ex officio; and additional Directors to be elected 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.

**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 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.

**E.** 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.

**F.** 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.

**G.** 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.

**VI. Board of Directors**

**A.** 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 years. Initial terms of Directors shall be staggered by the Board so that individual Directors 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 direct the activities of NPCC CBRE, accept additional entities as Members, approve Member Sector assignment, and make assignments to the committees of NPCC CBRE. The Board shall approve a Regional Delegation Agreement with the ERO backstopped by FERC in the U.S., 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 approve and oversee NPCC CBRE'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 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 Provincial regulatory and/or governmental authorities. The duties of the Board shall also include consideration and resolution of all budgetary matters. The Board may not amend these Bylaws or establish, modify or eliminate any of NPCC CBRE's Regional Reliability Standards or programs; 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, shall enlist such personnel from Members as may be necessary; and, within the limits of the annual budget, may retain the services of such NPCC Inc. personnel, through the *Service Agreement*, incur such administrative expenses, and retain such independent professional consulting services for NPCC CBRE and the committees of NPCC CBRE as it may deem desirable.

**E. Board Composition.** NPCC CBRE shall have a Board of Directors that shall consist of up to eight 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:

**Sector (1).** Transmission Owners (Minimum of 2, Maximum of 6, with no more than 1 per Balancing Authority Area)

**Sector (2).** Reliability Coordinators (Minimum of 2, Maximum of 6)

**Sector (3).** Transmission Dependent Utilities ("TDUs"); Distribution Companies and Load-Serving Entities ("LSEs") (Minimum of 2, Maximum of 6)

**Sector (4).** Generator Owners (Minimum of 2, Maximum of 6)

**Sector (5).** Marketers, Brokers and Aggregators (Minimum of 2, Maximum of 6)

**Sector (6).** Customers (Minimum of 2, Maximum of 6)

**Sector (7).** Regulators (Minimum of 2, Maximum of 6)

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

**F. Quorum and Voting Requirements for the Board.** At any meeting of the Board, attendance in person or by proxy by at least half of the Directors in each of at least two-thirds of the sectors shall constitute a quorum. Except as otherwise expressly provided in NPCC CBRE'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 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 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

**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 of Directors consistent with the Board composition requirements set forth in Section VI.E. 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.

A Director may be removed 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.

## **VII. Committees**

NPCC CBRE shall have such committees, subcommittees, task forces and other groups as the Board may deem appropriate. Quorum and voting rules applicable to the Board shall apply to voting on any such NPCC CBRE decision making committees.

## **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 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 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 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 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.)

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 of the Members on the roster of Members maintained by NPCC CBRE, which number shall include Members in at least four of the Sectors. Notice of the proposal for action without a meeting shall be provided to all Members on the roster of Members maintained by NPCC CBRE at least ten (10) days prior to the date established for the tabulation of consents. The Members shall receive written notice of the results within ten (10) 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 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 committees 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.

## **IX. Membership Rights and Obligations, and Organizational Processes**

**A.** 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 and to the terms of applicable confidentiality agreements, attendance at meetings of NPCC CBRE's committees, task forces and any other such NPCC CBRE groups;
- (b) Access to all committee, subcommittee, task force, and any other such NPCC CBRE group's minutes; subject to procedures established 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.
- (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.
  - (b) Each Member acknowledges that it has the responsibility to plan and design its bulk power system and conduct its operations in compliance with 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 CBRE in order to perform compliance enforcement obligations delegated to it by the ERO, subject to procedures established and to the terms of applicable confidentiality agreements.

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

**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 standard shall take effect until the thirty-first (31) day after the NPCC CBRE Board, where authorized by law or agreement, files with the FERC or other applicable Canadian regulatory or governmental authority 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 or governmental authority 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. Meetings**

Meetings of NPCC CBRE may be held on such dates as the Board 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 of the Members on the roster of Members maintained by NPCC CBRE, which number shall include Members in at least four of the 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, shall keep the records of NPCC CBRE meetings.

When appropriate, the general membership, 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 shall be through mechanisms established by FERC, the ERO or applicable Canadian regulatory 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.

**XII. Conflicts of Interest**

NPCC CBRE shall maintain a Code of Conduct that sets forth NPCC CBRE policies with respect to, among other things, conflicts of interest. On an annual basis, Directors shall evidence their compliance with NPCC CBRE conflict of interest principles by either: (1) signing an Individual Participant Implementation Agreement and thereby agreeing to comply with NPCC CBRE's Code of Conduct to the best of his/her ability; or (2) agreeing that the execution of a Member Entity Implementation Agreement by the employer of a member of the Board evidences the Board member's agreement to be bound by their employer's Code of Conduct when performing NPCC CBRE activities.

**XIII. General**

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

**B.** No NPCC CBRE officer, member of the Board or Member of any other NPCC CBRE group, or employee of NPCC Inc. acting under a *Service Agreement* with NPCC CBRE shall be personally liable to NPCC CBRE or any member thereof, for damages for breach of any duty owed to NPCC CBRE or any Member thereof, except for liabilities arising from breach of any duty based upon an act or omission (1) in breach of the duty of loyalty owed to NPCC CBRE or any individual member, (2) not in good faith or involving a knowing violation of law, or (3) resulting in receipt of an improper personal benefit by such NPCC CBRE officer, member of the Board or member of any other NPCC CBRE committee or group, or employee of NPCC Inc. acting under a with NPCC CBRE. 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 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.