

BYLAWS

OF

NORTHEAST POWER COORDINATING COUNCIL, INC. ("NPCC Inc.")

I. Offices

The principal office of NPCC Inc. shall be in New York County, State of New York.

II. Purpose of Northeast Power Coordinating, Inc.

The purpose of NPCC Inc. is to promote the reliable and efficient operation of the international, interconnected bulk power systems in Northeastern North America through the establishment of regionally-specific criteria, coordination of system planning, design and operations, assessment of reliability and monitoring and enforcement of compliance with such criteria, and other applicable criteria. In the development of reliability criteria, NPCC Inc., 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, 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.

IV. Membership

- A. The Members of NPCC Inc. as of _____, 2006 are listed on Schedule A hereto.
- B. Upon suitable application describing the nature and activities of the applicant, additional entities shall be accepted by the Board of Directors ("Board") as members in the appropriate categories, defined as follows:
 - (1) Full Membership shall be available to entities which participate in the international, interconnected electricity market in Northeastern North America.
 - (2) Public-Interest Membership shall be available to regulatory agencies with jurisdiction over participants in the electricity market in Northeastern North America and to public-interest organizations expressing interest in the reliability of electric service in Northeastern North America.
- C. Independent System Operators ("ISOs"), regional transmission organizations ("RTOs"), Transcos and other organizations or entities that perform the Balancing Authority function (formerly known as Control Areas) operating in Northeastern North America should be Full Members of NPCC Inc. The New York State Reliability Council and any other sub-regional reliability councils which may be formed should also be Full Members.

D. There shall be two voting classes of Full Members, each consisting of several sectors. The two voting classes shall be composed solely of either Transmission Providers or Transmission Customers, defined as follows:

(1) A Transmission Provider means any entity operating in Northeastern North America that owns, operates, or controls facilities used for the transmission of electric energy in international, interstate, or inter-provincial commerce; provided, however, that those facilities must be beyond the generator step-up transformers or radial generator leads and be employed in the interconnected bulk power system; or any sub-regional reliability council.

(2) A Transmission Customer means any entity not primarily a Transmission Provider operating in Northeastern North America that enters into a transmission service agreement with, or receives transmission service from, a Transmission Provider within Northeastern North America.

E. (1) Upon acceptance of a new applicant for membership, the applicant shall indicate its voting class preference subject to Board approval.

(2) Board assignments of Members to voting class shall be binding on the member and on NPCC Inc. Such assignments shall be subject to reevaluation and change upon request or at the discretion of the Board.

V. Organization of NPCC Inc.

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

B. NPCC Inc. shall have a Board of Directors and shall retain a Chairman, who shall also be 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 two voting classes of Full Members as specified below. NPCC Inc.'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.

(1) Transmission Providers:

Transmission Providers shall designate ten Directors as follows:

ISO-New England	1
New England Transmission Provider	1
New York ISO	1
New York State Reliability Council, LLC	1
Independent Electricity System Operator	1
Ontario Transmission Provider (Hydro One Networks Inc.)	1
Hydro-Québec TransÉnergie	2
Canadian Maritime Provinces Transmission Providers	2

(2) Transmission Customers:

The Transmission Customers shall designate up to ten Directors, reflecting, insofar as practicable, the diversity of membership among the sectors in the voting class so as to distribute voting power equitably within the voting class.

- C. The officers of NPCC Inc. 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 both voting classes. The Directors

from each voting class shall designate a Co-Vice Chair to represent their respective voting class. The Co-Vice Chair designees shall be elected by a vote of the Full Membership. Officers, except for the President, shall hold office for one year or until the next Annual Meeting of Members of NPCC Inc. 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 (without regard to voting class) shall perform the duties of the Chair.

- D. NPCC Inc. shall employ a President and staff, as required to carry out NPCC Inc.'s mission and to perform the functions of NPCC Inc. 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 Inc., the Chair may designate a person (from the same voting class when applicable) to fill such vacancy with the approval of two-thirds vote of the Directors (without regard to voting class).
- F. In the event a vacancy occurs in the Office of Chair in the interim between Annual Meetings of Members of NPCC Inc., the Board may fill such vacancy by approval of both voting classes. 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 Inc. The authority and responsibilities of the Chair and of the President shall be defined by the Board.

VI. Board of Directors

- A. 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 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.

B. Powers and Duties

The Board shall develop NPCC Inc. policies, direct the activities of NPCC Inc., accept additional entities as Members, review and approve or modify the assignment of Full Members to their appropriate voting class, and make assignments to the committees of NPCC Inc. The Board shall oversee NPCC Inc.'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, including the levying of any special assessments, and determination of the annual membership fee for Full Members. However, the Board may not amend these Bylaws or establish, modify or eliminate any of NPCC Inc.'s reliability criteria, guides, programs or procedures; nor may the Board add, modify, or eliminate voting classes established pursuant to these Bylaws.

To carry out the purposes of NPCC Inc., the Board, acting through the President and NPCC Inc. 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 Inc. and the committees of NPCC Inc. as it may deem desirable.

VII. Committees

NPCC Inc. shall have a Reliability Coordinating Committee (NPCC Inc.'s principal technical committee) and a Public Information Committee. NPCC Inc. also shall have such other committees, subcommittees, task forces, and other such NPCC Inc. groups as the Board may deem appropriate. Committee members shall be nominated by the Full Members and approved by the Board in accordance with guidelines established by the Board.

VIII. Voting Rights

A. Class Voting by the General Membership.

- (1) Each Full Member also shall have one vote when voting within its voting class on issues to be decided by the general membership by class voting in accordance with these Bylaws.
- (2) Issues related to the following matters, and any other issues expressly so designated by these Bylaws, shall be resolved by the general membership by class voting:
 - Establishment, modification, or elimination of any regional reliability criteria that shall not be inconsistent with the North American Electric Reliability Council ("NERC") standards ("Standards")
 - Establishment, modification, or elimination of NPCC Inc. Reliability Compliance and Enforcement Program
 - Election of Officers
 - Selection of the members of NPCC Inc.'s Board other than those serving ex officio

- Addition, modification, or deletion of voting classes
- Amendment of these Bylaws

The resolution of such issues shall require the approval of both voting classes by two-thirds vote of the Full Members voting within each class when a quorum of the voting class has been obtained. Full Members may vote within a voting class by personal representative, by teleconference, by prior written consent, or by proxy. A majority of all Full Members in a voting class shall constitute a quorum sufficient to permit class voting by that voting class. A voting class failing to establish a quorum of the voting class through participation in person, by teleconference, by prior written consent or by proxy may not vote; and, in that event, the issue shall be resolved by vote of the voting class which has established a quorum.

B. Class Voting by the Board and Committees

The resolution of all issues before the Board and the Committees shall require the approval of both voting classes by two-thirds vote of the Full Members represented on each Committee voting within each voting class when a quorum of the voting class has been obtained.

Full Members may vote within a voting class by personal representative, by teleconference, by prior written consent, or by proxy. A majority of all Full Members in a voting class shall constitute a quorum sufficient to permit class voting by that voting class. A voting class failing to establish a quorum of the voting class through participation in person, by teleconference, by prior written consent or by proxy may not vote; and, in that event, the issue shall be resolved by the voting class which has established a quorum.

- C. Subcommittee, task force, and other such NPCC Inc. group procedures, including voting procedures, shall be established by the Standing Committee.
- D. Any Full Member dissatisfied with the outcome of a vote at a meeting of a Standing Committee, task force, or other such NPCC Inc. group may bring the matter up for reconsideration by the Standing Committee or for consideration by the Board in accordance with procedures established by the Board which may include Alternative Dispute Resolution.
- E. Public-Interest Members shall not have any voting rights.
- F. Electronic Voting. Electronic voting on matters before the General Membership, Board or Standing Committees is permitted. A quorum will be determined to exist for purposes of conducting an electronic vote when NPCC Inc. 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 (*i.e.*, there is not a two-thirds majority vote on a particular matter), NPCC Inc. may continue to solicit additional responses in order to resolve the matter by electronic voting.

IX. Membership Rights and Obligations

- A. Full Members shall have the following additional rights and obligations:
 - (1) Rights:
 - (a) Attendance at all meetings of the general membership of NPCC Inc.; and, subject to procedures established by the Reliability Coordinating Committee and to the terms of applicable confidentiality agreements, attendance at meetings of NPCC Inc.'s committees, task forces and other such NPCC Inc. groups.

(b) Access to all committee, subcommittee, task force, and other such NPCC Inc. group's minutes; and to reports and technical data developed by NPCC Inc.'s staff, subject to procedures established by the Reliability Coordinating Committee and to the terms of applicable confidentiality agreements.

(2) Obligations:

(a) Each Full Member shall plan and design its bulk power system in compliance with Criteria, Guides, and Procedures established by NPCC Inc. and applicable NERC Standards.

(b) Each Full Member shall conduct its operations in compliance with Criteria, Guides, and Procedures established by NPCC Inc. and applicable NERC Standards consistent with applicable laws, regulations, permits and licenses.

(c) Each Full Member shall 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 Inc., NERC Standards, or the criteria of regional reliability councils established in areas in which the facilities used for such arrangements are located.

(d) Each Full Member shall notify NPCC Inc. 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 Inc. 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.

- (e) Each Full Member shall promptly notify NPCC Inc. 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 Inc., stating its reasons, and providing its plan and schedule to achieve compliance.
- (f) Each Full Member agrees to 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 Inc.'s enforcement procedures, subject to Alternative Dispute Resolution.
- (g) Each Full Member shall undertake and perform the administrative and financial obligations described in Article XIV of these Bylaws.
- (h) In the case of a Full Member, any reference in these Bylaws to the obligation to comply with NERC Standards, shall be deemed to be an obligation to comply with applicable NERC standards as a result of membership in NPCC Inc. In the event that a Full Member is a resident of Canada and to the extent the NERC

Standards have been adopted by, and are enforced by, the appropriate Provincial regulatory or governmental authority with jurisdiction over such Full Member, compliance is mandatory and subject to Provincially approved sanctions.

B. Public-Interest Members shall have the following rights:

- (1) Attendance at all meetings of the general membership of NPCC Inc.; and, subject to procedures established by the Board and the Reliability Coordinating Committee and to the terms of applicable confidentiality agreements attendance at meetings of NPCC Inc.'s Board, committees, task forces and other such NPCC Inc. groups.
- (2) Access to all committee, subcommittee task force, and other such NPCC Inc. group's minutes and reports, subject to procedures established by the Reliability Coordinating Committee and to the terms of applicable confidentiality agreements.

X. Coordination of Design and Operations

Subject to approval by both of the voting classes of the general membership of NPCC Inc., the Reliability Coordinating Committee shall from time to time, through an open and inclusive process, establish or modify criteria for such elements of design as affect the operation of the interconnected bulk power systems of the Members, and, through an open and inclusive process, establish or modify criteria for such elements of operating procedure as affect the operation of the interconnected systems. Such criteria, as a minimum, shall not be inconsistent with applicable NERC Standards.

The President shall promptly inform the Reliability Coordinating Committee of any reports received from a member advising NPCC Inc. of additions, modifications, alterations, and changes proposed for its bulk power system which have been submitted

pursuant to Article IX A(2)(d) of these Bylaws . The President shall also promptly inform all Members of NPCC Inc. and the Reliability Coordinating Committee of reports of non-compliance with NPCC Inc. criteria submitted pursuant to Article IX A(2)(e) of these Bylaws.

On receipt of reports of proposals for additions, modifications, alterations, and changes or notification of non-compliance with NPCC Inc. Criteria, Guides, and Procedures received pursuant to Article IX (2)(d) and (e) hereof, NPCC Inc., through its Reliability Coordinating Committee, shall proceed expeditiously to study and evaluate the proposed alterations or changes or non-compliance. Each member shall cooperate fully in the study and shall provide information requested by NPCC Inc. concerning such proposals or reports of non-compliance.

Upon completion of such study and evaluation, the President shall report to each member the findings, conclusions, and recommendations of the Reliability Coordinating Committee with respect to such matters. If the Reliability Coordinating Committee determines that the proposals for alterations or changes, the reported non-compliance with NPCC Inc. criteria or instances of non-compliance identified following NPCC Inc. reviews could have a significant or persistent adverse impact upon the reliability of the international, interconnected bulk power systems, the Board may, and upon request of any three or more Members shall, call a special meeting of the Members of NPCC Inc. to consider further the effect of any such proposed additions, modifications, alterations, changes, or non-compliance on the interconnected systems and to consider the feasibility of any reasonable alternatives thereto.

In addition to its efforts to resolve issues arising out of such reports, the Board shall establish Alternative Dispute Resolution procedures pursuant to which Full Members may seek to voluntarily resolve disputes which could have a significant or

persistent adverse impact on the reliability of the interconnected bulk power systems in Northeastern North America.

XI. Assessment and Enforcement of Mandatory Compliance With NPCC Inc. Criteria

Subject to approval by both of the voting classes of the general membership, NPCC Inc. shall establish an NPCC Inc. Reliability 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 Inc. 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 Inc. Board.

Nothing in these Bylaws is intended to address enforcement of compliance with U.S. federal legislation enacted in the Energy Policy Act of 2005, with laws enacted in Canada or the Canadian Provinces with respect to rules of an "Electric Reliability Organization" (ERO) or compliance authority that may be delegated from the ERO to a "Cross-Border Regional Entity" as those terms are used in the FERC Rules implementing the Energy Policy Act of 2005. Matters relating to delegated authority to enforce compliance with U.S. law are to be addressed, if at all, in the Bylaws of the Northeast Power Coordinating Council: Cross-Border Regional Entity, Inc. to the extent that such entity is in existence.

XII. Meetings

Meetings of NPCC Inc. 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 three or more Full Members of NPCC Inc. Notice of all meetings, stating the time

and place, shall be given by NPCC Inc. staff 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 Inc. 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. The general membership, the Board, the Standing Committees, subcommittees, task forces and other such groups of NPCC Inc. may take action without a meeting by unanimous written consent of all Full Members entitled to vote at a meeting.

XIII. Budget

The Board, acting on behalf of NPCC Inc., shall adopt an administrative expense budget for each calendar year. Each Full Member shall be notified of the annual administrative expense budget and of its Membership Fee or assessment of its proportional share of expenses due on or before December 1st of the preceding year.

XIV. Funding

NPCC Inc.'s annual administrative expenses, including any special assessments approved by the Board, shall be apportioned to and funded by the Full Members of NPCC Inc. in fixed and variable components, as follows:

- A. Each Full Member, other than Full Members that performs the Balancing Authority function (formerly known as Control Areas), shall be assessed and pay an annual Membership Fee of \$500.00 as established by the Board.
- B. Each Full Member that performs the Balancing Authority function (formerly known as Control Areas) shall be assessed and pay its proportional share of the remaining expenses of NPCC Inc. 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 Inc. will allow the direct assignment of costs to an Area or entity where significant costs are incurred by NPCC Inc. for that Area or entity.

- C. Public-Interest Members shall not be assessed any charge.
- D. Except in the event of dissolution of NPCC Inc., no member shall, without its consent, be responsible for administrative expenses of NPCC Inc. in any one calendar year in excess of its Membership Fee or assessed portion of the amount budgeted for administrative expenses for that year, whichever is applicable; 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 (formerly known as Control Areas).
- E. The costs of dissolution of NPCC Inc. shall be borne only by Full Members that perform the Balancing Authority function (formerly known as Control Areas) in the same manner as that described in Article XIV (B.) of these Bylaws.

XV. Termination of Membership and Dissolution of NPCC Inc.

A. Termination

A Full Member may terminate its rights and obligations under these Bylaws (other than its obligation to pay its (i) Membership Fee or (ii) its proportionate share of the administrative expenses of NPCC Inc., including special assessments or the costs of dissolution of NPCC Inc., 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 member of NPCC Inc. as of the date such termination is effective. The President shall promptly inform all Members of receipt of any such notices. Public-Interest

Members may terminate their membership in NPCC Inc. at any time upon fifteen days' written or electronic notice without liability to NPCC Inc.

B. Dissolution

NPCC Inc. may be dissolved by vote of a majority of the Full Members that perform the Balancing Authority function (formerly known as Control Areas).

XVI. Conflicts of Interest

NPCC Inc. has developed a Code of Conduct that sets forth NPCC Inc. policies with respect to, among other things, conflicts of interest. On an annual basis, Directors shall evidence their compliance with NPCC Inc. conflict of interest principles by either: (1) signing an Individual Participant Implementation Agreement and thereby agreeing to comply with NPCC Inc.'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 Inc. activities.

XVII. General

- A. These Bylaws may be amended with the approval of both voting classes by vote of two-thirds of the Full Members in each voting class.
- B. No member shall be liable for the failure of any other member to perform its obligations hereunder.
- C. No NPCC Inc. officer, member of the Board or member of any other NPCC Inc. group, or employee of NPCC Inc. shall be personally liable to NPCC Inc. or any member thereof, for damages for breach of any duty owed to NPCC Inc. 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 Inc. 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 Inc. officer, member of the Board or member of any other NPCC Inc. committee or group, or employee of NPCC Inc. 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 Inc. officer, member of the Board or member of any other such NPCC Inc. committee or group, or employee of NPCC Inc. 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.

- D. Those entities listed as Members on Schedule A and subsequent applicants granted membership in NPCC Inc. shall be deemed to have accepted and to be bound by all the terms and conditions of these Bylaws, as adopted on May 18th, 2006.