

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Tri-State Generation and Transmission Association, Inc.,)	
Complainant,)	
)	
v.)	Docket Nos. EL13-11-000
)	RD13-1-000
)	
Western Electricity Coordinating Council and North American Electric Reliability Corporation,)	
Respondent)	

ANSWER OF THE WESTERN ELECTRICITY COORDINATING COUNCIL AND NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION TO COMPLAINT OF TRI-STATE GENERATION AND TRANSMISSION ASSOCIATION, INC.

Pursuant to Rules 206 and 213 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission” or “FERC”),¹ the Western Electricity Coordinating Council (“WECC”) and the North American Electric Reliability Corporation (“NERC”) submit this Answer to the October 18, 2012 complaint filed in the above-referenced docket by Tri-State Generation and Transmission Association, Inc. (“Tri-State”).

I. EXECUTIVE SUMMARY

Tri-State’s complaint lacks both jurisdictional and substantive foundation, and WECC and NERC respectfully request that the Commission dismiss the complaint without condition or hearing. Tri-State’s complaint fundamentally concerns its dissatisfaction with the pace of the administrative process required for WECC to revise its regional reliability standards in order to implement revisions to the Unscheduled Flow Mitigation Plan (“UFMP”) – a plan that has been

¹ 18 C.F.R. §§ 385.206 & 385.213 (2012).

on file with the Commission as a stand-alone utility rate schedule for the WECC members for approximately 18 years and which has since been incorporated into all Western Interconnection transmission providers' Open Access Transmission Tariffs ("OATT"). The curtailment procedures of the UFMP are also part of FERC-approved WECC regional reliability standards. While WECC acknowledges that this revision process can be time-consuming, Tri-State's complaint is unsupported and cannot provide the relief Tri-State seeks.

As described more fully herein, Tri-State's complaint fails on procedural and jurisdictional grounds under both Sections 206 and 215 of the Federal Power Act ("FPA"). Specifically, FPA Section 206 is not applicable to WECC or NERC and, even if it did apply, Tri-State failed to meet the FPA Section 206 burden of proof. In addition, Tri-State does not have standing to file under FPA Section 215(d)(6), and even if it did have standing, Tri-State's requested relief is beyond the scope of that section. As a result, Tri-State's complaint should be rejected outright on procedural and jurisdictional grounds.

Tri-State's complaint also fails on the merits. First, Tri-State has asked the Commission to order WECC and NERC to eliminate the alleged conflict between WECC's implementation of a regional reliability standard, which incorporates the curtailment procedures of the UFMP, and the *pro forma* OATT, but there is no such conflict. The Commission is fully aware of and has approved the curtailment provisions in the UFMP, and, in fact, has directed all transmission providers in the Western Interconnection to incorporate the UFMP into their FERC-approved OATTs. Further, when presented with the precise issue raised by Tri-State in the instant complaint, the Commission found that there is no inherent conflict between the regional reliability standard at issue and the *pro forma* OATT, and approved the regional reliability standard.

Second, Tri-State's complaint ignores several important aspects of the concurrent, well advanced revisions to both the UFMP and the regional reliability standard, which are progressing pursuant to Commission-approved, mandatory processes. WECC is currently preparing to file with the Commission, on behalf of its members, under FPA Section 205 a revised version of the entire UFMP rate schedule, not just the curtailment procedures that were approved by the WECC Board of Directors in January of 2012. In addition, the UFMP's curtailment procedures are specifically referenced by a FERC-approved WECC regional reliability standard and, as such, the reliability standard must be revised in conjunction with the UFMP revisions in order to maintain consistency. Thus, WECC and NERC must continue to follow the well-established, Commission-approved procedures for effectuating changes to a NERC and WECC regional reliability standard – procedures established to preserve the due process rights and meaningful participation of interested parties like Tri-State. Finally, once revisions to both the UFMP and the regional reliability standard are appropriately completed, then both will be filed with the Commission for review and approval.

Third, contrary to Tri-State's allegations, NERC staff has not directed nor instructed WECC staff to pursue a specific course of action in this matter. Rather, WECC and NERC have worked collaboratively to advance resolution of this issue, are currently following the applicable due process requirements in an effort to revise the reliability standard at issue, and are working collaboratively in preparation for filing with FERC the revised standard and the revised UFMP. Tri-state has been an active participant in all stages of these efforts, including NERC and WECC pre-filing discussions with FERC. WECC and NERC intend to continue to work as quickly as possible to implement the revised reliability standard and the revised UFMP as soon as the required approvals have been received. In fact, WECC expects to present the revised reliability

standard to the WECC Board of Directors in January 2013 and, due to efforts by WECC and NERC to concurrently notice the proposed revisions, NERC may be able to present the revised reliability standard to its Board of Trustees in February of 2013.² Once it receives NERC Board of Trustees approval, NERC will file the revised reliability standard and WECC will concurrently file, on behalf of its members, the revised UFMP with FERC for approval within the first quarter of 2013. Granting the relief requested in Tri-State's complaint would result in an improper end-run around these well-established, FERC-approved procedures. Accordingly, even if Tri-State's complaint is not dismissed on procedural and jurisdictional grounds, it should be dismissed on the merits.

As discussed more fully herein, Tri-State's complaint ultimately lacks both jurisdictional and substantive foundation, and WECC and NERC respectfully request that the Commission dismiss the complaint without condition or hearing.

² Assuming the revisions are approved by the WECC Ballot Body, with the voting period set to terminate on December 27, 2012, WECC can schedule a special meeting of the Board of Directors to approve the revised reliability standard. Pursuant to the standards development procedures and the Delegation Agreement between NERC and WECC, WECC must then submit the proposed regional reliability standard to NERC for approval by its Board of Trustees before NERC files the proposed regional reliability standard with the Commission. WECC and NERC have coordinated to expedite the standards development process and, assuming no late opposition by stakeholders, NERC may be able to present the proposed regional reliability standard to the NERC Board of Trustees as early as February 2013.

II. COMMUNICATIONS

Communications and correspondence regarding this filing should be directed to:³

Heather A. Ebert
Senior Legal Counsel
Western Electricity Coordinating Council
7600 NE 41st Avenue, Suite 150
Vancouver, WA 98662
(360) 567-4069 (phone)
hebert@wecc.biz

Matthew D. McVee
Karen J. Kruse
TROUTMAN SANDERS LLP
805 SW Broadway
Suite 1560
Portland, Oregon 97205-3326
(503) 290-2320 (phone)
matthew.mcvee@troutmansanders.com

Charles A. Berardesco
Senior Vice President and General
Counsel
North American Electric Reliability
Corporation
1132 G Street, N.W., Suite 600
Washington, DC 20005
(202) 400-3000 (phone)
charles.berardesco@nerc.net

Rebecca J. Michael
Associate General Counsel for
Corporate and Regulatory Matters
Sonia Mendonça
Attorney
North American Electric Reliability
Corporation
1325 G. Street, NW.W., Suite 600
Washington, DC 20005
(202) 400-3000 (phone)
rebecca.michael@nerc.net

III. BACKGROUND

Unscheduled flow (“USF”), also known as parallel flow or loop flow, is the result of electricity flowing on the path of least resistance on a transmission system, rather than flowing on scheduled contract paths between a source and a sink. Consequently, total flow on a particular path is the combination of on-path scheduled flow and USF. All entities scheduling electricity in a given interconnection necessarily contribute to USF.

The Western Interconnection has faced significant USF problems for over the last 35 years. While the region has tried several uncoordinated, partial solutions, 18 years ago it agreed

³ Respondents request waiver of Rule 203(b)(3) of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.203(b)(3) (2012), to the extent necessary to permit more than two persons to be included on the official service list on their behalf in this proceeding.

upon, and FERC approved, the UFMP as the best possible coordinated and long-term solution to a difficult problem.⁴ Importantly, the UFMP has included the curtailment provisions at issue in Tri-State's complaint in each revised and approved version since the initial filing and FERC approval.⁵

The UFMP provides a two-pronged approach to address USF. First, the UFMP identifies facilities, or qualified controllable devices, that can be used to control USF over specifically-identified qualified transfer paths.⁶ The UFMP allocates a share of the cost of the qualified controllable devices to those entities that utilize the transmission system in the Western Interconnection. Second, the UFMP includes a curtailment procedure that provides for qualified path operators to accommodate a minimum level of USF before requesting curtailment of off-path schedules contributing to a qualified transfer path's USF in order to maintain reliability.

This FERC-approved curtailment procedure spreads the responsibility for qualified transfer path

⁴ *S. Cal. Edison Co., et al.*, 73 FERC ¶ 61,219 (1995) (approving the UFMP as a “just and reasonable approach to a complex issue” in response to the original UFMP filing, which explained that the UFMP was developed through a process of cooperation and negotiation by a joint committee including 22 then-Western Systems Coordinating Council (“WSCC”) members, was ultimately approved by an overwhelming majority of the WSCC's 67 members, and was expected to produce immediate operating benefits, promote a more effective WSCC regional transmission planning process, and increase transmission scheduling capability in the western United States, while maintaining safe and reliable interconnected operations).

⁵ In particular, the original UFMP included as Attachment 1 the “WSCC Unscheduled Flow Reduction Procedure,” which in turn set forth “Action Steps” to be taken to mitigate unscheduled flow-related curtailment, followed by curtailment requests as necessary, in the event the operator of a Qualified Transfer Path advises WSCC members via the communications system of a current or impending curtailment period. *See, e.g., S. Cal. Edison Co., et al.*, Original Filing of the UFMP, Docket No. ER95-215-000, dated November 18, 1994; *S. Cal. Edison Co., et al.*, Docket No. ER97-4724-000, Letter Order Accepting New Rate Schedule, dated November 12, 1997; *W. Sys. Coordinating Council*, Docket No. ER00-1670-000, Letter Order Accepting New Rate Schedule, dated March 24, 2000.

⁶ In the original UFMP filing with the Commission, the then-WSCC members described how the UFMP was premised on the fact that the existence and location of certain controllable devices provided an opportunity to achieve a substantial level of control of USF over six identified paths that were determined to have a history of curtailments caused by USF. In particular, the members explained that controllable devices “have the capability to alter power flows on parallel alternating current transfer paths, and thereby reduce the level of Unscheduled Flow over transmission paths. Within the WSCC, owners of certain critical phase shifters are willing to make them available for coordinated operations in the WSCC, rather than for their own exclusive use, under certain circumstances that include appropriate compensation for their use. The solution involves operators of Controllable Devices taking action during periods of unacceptably high Unscheduled Flow to assure a high level of availability of the rated transfer capability of the system.” *S. Cal. Edison Co., et al.*, Original Filing of the UFMP at pp. 3-4, 7, Docket No. ER95-215-000, dated November 18, 1994.

USF among: (1) the operator of, and customers scheduling on, the qualified transfer path; and (2) the entities scheduling off-path but nevertheless contributing to qualified transfer path USF.

Implementation of the UFMP curtailment procedure begins with a request from a qualified transfer path operator to the WECC Reliability Coordinator after the qualified transfer path operator has met certain criteria. In particular, the Reliability Coordinator receives and responds to USF curtailment requests from qualified transfer path operators through WECC's web-based Security Analysis System, webSAS, a proprietary internet-based Open Access Technology International, Inc. ("OATI") tool used in the Western Interconnection to analyze, initiate, and communicate USF events and implementation of the UFMP's curtailment procedures. The webSAS provides: (1) notification of USF events to Balancing Authorities; (2) the UFMP curtailment procedural step initiated or requested by the requesting qualified transfer path operator; and (3) the relief required from Balancing Authorities in megawatts, that can be met by either curtailment of a contributing schedule, creation of a counter-schedule, other appropriate operational response,⁷ or any combination of these actions. Importantly, webSAS provides the amount of relief necessary and identifies a list of contributing schedules, but does not issue a mandatory directive regarding which schedule must be curtailed. The list is organized to indicate those schedules contributing most to the USF event, based on their Transmission Distribution Factors ("TDF").⁸ The Balancing Authority has ten minutes to provide the requested relief.

⁷ For example, a Balancing Authority may initiate the use of a controllable device to the extent that the device is operated to achieve an equivalent reduction in USF across the qualified transfer path.

⁸ As mentioned by Tri-State, webSAS determines USF impact of off-path schedules using TDF. The TDF represents the fractional amount of a given off-path tagged schedule that flows across each qualified Transfer Path based on the generation source location and load determined by the USF Zone Map.

WECC began its member committee process for review of, and revisions to, the UFMP four years ago. During this review period, WECC determined that revisions would also need to be made to update the regional Interconnection Reliability Operations and Coordination standard (IRO-006) consistent with the revisions to the UFMP. Indeed, while the UFMP and regional reliability standard have been filed separately and approved by the Commission under different sections of the FPA (*i.e.*, the UFMP under FPA Section 205 and the reliability standard, with the UFMP curtailment provisions established as part of the standard, under FPA Section 215), the UFMP and the regional reliability standard work in conjunction with one another, and as a result, must be modified and filed with the Commission for approval together in order to avoid ambiguity, inconsistency, and confusion regarding curtailments necessary to maintain system reliability. As discussed herein, that joint modification process is well underway and proceeding in accordance with applicable due process requirements.

IV. ARGUMENT

A. The Commission Should Reject Tri-State's Complaint on Procedural and Jurisdictional Grounds

Tri-State's complaint fails on procedural and jurisdictional grounds under both Section 206 and 215 of the FPA, and should be rejected accordingly. First, Tri-State improperly filed its complaint pursuant to FPA Section 206 and Section 215(d)(6). While it is not clear to what extent Tri-State's complaint is submitted under Section 206 of the FPA, that section of the FPA applies only to public utilities, not to NERC or WECC. Similarly, Tri-State is not a "Transmission Organization" under FPA Section 215 and 18 C.F.R. § 39.6, and, therefore, it has no standing to file its complaint with the Commission under Section 215(d)(6). Second, Tri-State's complaint is procedurally deficient. Even if Tri-State could file a complaint against WECC and NERC pursuant to Section 206 of the FPA, Tri-State has not met the FPA Section

206 burden of proof, as its allegations regarding the current, Commission-approved UFMP and reliability standard are unfounded. Furthermore, the relief requested by Tri-State is beyond the scope of FPA Section 215(d)(6).

1. Tri-State’s Complaint Should be Rejected as It Failed to File the Complaint Pursuant to an Appropriate Procedural Vehicle

a. Tri-State’s Complaint Is Inappropriate Under FPA Section 206 Because WECC and NERC Are Not Public Utilities

Section 206 of the FPA is limited in its applicability to “public utilities,” stating, in relevant part:

Whenever the Commission, after hearing held upon its own motion or upon complaint, shall find that any rate, charge, or classification, demanded, observed, charged, or collected by any public utility for any transmission or sale subject to the jurisdiction of the Commission, or that any rule, regulation, practice, or contract affecting such rate, charge, or classification is unjust, unreasonable, unduly discriminatory or preferential, the Commission shall determine the just and reasonable rate, charge, classification, rule, regulation, practice, or contract to be thereafter observed and in force, and shall fix the same by order.⁹

The FPA defines “public utility” as “any person who owns or operates facilities subject to the jurisdiction of the Commission.”¹⁰ Neither WECC nor NERC fit the definition of a “public utility,” as they do not own or operate facilities subject to the Commission’s jurisdiction. Rather, NERC is an “Electric Reliability Organization” (“ERO”), defined by FPA Section 215 as “the organization certified by the Commission under [FPA Section 215(c)] the purpose of which is to establish and enforce reliability standards for the bulk-power system, subject to Commission review.”¹¹ WECC is a “regional entity,” defined by FPA Section 215 as “an entity having enforcement authority pursuant to [FPA Section 215(e)(4)].”¹² The Commission’s jurisdiction

⁹ 16 U.S.C. § 824e(a) (2006) (emphasis added).

¹⁰ 16 U.S.C. § 824(e).

¹¹ 16 U.S.C. § 824o(a)(2).

¹² 16 U.S.C. § 824o(a)(7).

under FPA Section 206 is limited to public utilities,¹³ and, thus, any complaint filed against WECC or NERC under this section must be dismissed.

Further, nothing in FPA Section 215 gives an entity the right to file an FPA Section 206 complaint against the ERO or a regional entity. In discussing jurisdiction and applicability, FPA Section 215 states that the Commission shall have jurisdiction over the ERO and regional entities “for purposes of approving reliability standards established under this section and enforcing compliance with this section,”¹⁴ but nowhere does it state that Section 215 expands the Commission’s Section 206 jurisdiction beyond “public utilities.”

In addition, Section 215(d)(6) states that the Commission may order a change under FPA Section 206 to a function, rule, order, tariff, rate schedule, or agreement, in the event the Commission finds a conflict between the relevant provision and a reliability standard.¹⁵ Again, however, Section 215(d)(6) does not provide entities the right to file a complaint against WECC or NERC under Section 206 in order to seek resolution to an alleged conflict between a Commission-approved provision and a reliability standard. Rather, the reasonable interpretation of that section is that a Transmission Organization seeking such resolution must petition the Commission under Section 215(d)(6) of the FPA, and the Commission will act under Section 206 if it decides it must change an approved provision to resolve a conflict.

¹³ The Commission has found that it does not have FPA Section 206 jurisdiction over non-public utilities like the Bonneville Power Administration (“BPA”). *See, e.g., Emerald People’s Util. Dist. v. Bonneville Power Admin.*, 85 FERC ¶ 61,229 at 61,959 (1998). Emerald People’s Utility District (“Emerald”) filed a complaint against BPA claiming that BPA violated the terms of its reciprocity transmission tariff. *Id.* at 61,957. The Commission retained the ability to review a claim that BPA was not presenting comparable service under its tariff, yet stated that the filing of a reciprocity tariff did not “enlarge the Commission’s jurisdiction.” *Id.* at 61,958. As another example, the Commission has recognized the scope of Section 206 with respect to the ability of the Commission to institute its own investigation into the “justness and reasonableness” of a rate or charge. In 2005, the Commission terminated a Section 206 proceeding against the Long Island Power Authority (“LIPA”), a non-public utility, after finding it erred in instituting a Section 206 proceeding into LIPA’s wholesale transmission service charge rates. *New York Independent System Operator, Inc.*, 111 FERC ¶ 61,366 at P 12 (2005).

¹⁴ 16 U.S.C. § 824o(b).

¹⁵ 16 U.S.C. § 824o(d)(6).

b. Tri-State’s Complaint is Inappropriate under FPA Section 215(d)(6) Because Tri-State is Not a Transmission Organization

Tri-State’s complaint requests relief pursuant to FPA Section 215(d)(6). Specifically, it requests that the Commission order WECC and NERC to “conform WECC’s implementation of Regional Reliability Standard IRO-006-WECC-1 to the curtailment priorities specified in the *pro forma* OATT.”¹⁶ While, FPA Section 215(d)(6) provides a safe harbor for Transmission Organizations that believe they are in the position of having to choose between non-compliance with a reliability standard or non-compliance with FERC regulations, orders, tariffs or rate schedules, it does not provide a procedural vehicle for non-Transmission Organizations, such as Tri-State, to file complaints.

Section 215(d)(6) states:

The final rule adopted under subsection (b)(2) shall include fair processes for the identification and timely resolution of any conflict between a reliability standard an any function, rule, order, tariff, rate schedule, or agreement accepted, approved, or ordered by the Commission applicable to a transmission organization. Such transmission organization shall continue to comply with such function.¹⁷

In its rulemaking, the Commission adopted, among other things, 18 C.F.R. § 39.6 to provide a process to address potential conflicts. 18 C.F.R. § 39.6(a) states:

If a user, owner or operator of the transmission facilities of a Transmission Organization determines that a Reliability Standard may conflict with a function, rule, order, tariff, rate schedule, or agreement accepted, approved, or ordered by the Commission with respect to such Transmission Organization, the Transmission Organization shall expeditiously notify the Commission, the

¹⁶ *Tri-State Generation and Transmission Association, Inc. v. Western Electricity Coordinating Council and North American Electric Reliability Corporation*, Docket Nos. EL13-11-000 and RD13-1-000, Complaint and Request for Fast-Track Processing at 2 (Oct. 18, 2012) (“Complaint”).

¹⁷ 16 U.S.C. § 824o(d)(6) (emphasis added).

Electric Reliability Organization and the relevant Regional Entity of the possible conflict.¹⁸

The plain language of 18 C.F.R. § 39.6 limits entities that can raise the issue of a potential conflict under 18 C.F.R. § 39.6 to “Transmission Organizations.” The term “Transmission Organization” is defined as a “regional transmission organization, independent system operator, independent transmission provider, or other transmission organization finally approved by the Commission for the operation of transmission facilities.”¹⁹ Tri-State does not meet the definition of Transmission Organization.²⁰

The Commission’s discussion in the Order No. 672 proceeding further supports the conclusion that only Transmission Organizations can file under FPA Section 215(d)(6). In particular, in Order No. 672-A, the Commission stated:

[W]e encourage any user, owner or operator that identifies a potential conflict between a Transmission Organization tariff and a Reliability Standard to consult with the Transmission Organization regarding the potential conflict. If the matter is not resolved informally, the Transmission Organization must expeditiously notify the Commission of the potential conflict.²¹

Thus, while 18 C.F.R. § 39.6 provides a safe harbor for Transmission Organizations to notify the Commission directly of a situation where such organization would have to choose

¹⁸ 18 C.F.R. § 39.6(a) (emphasis added). Further, the language of both section 215(d)(6) and 18 C.F.R. § 39.6(a) provide a procedure whereby a Transmission Organization can point out a conflict between its obligations under a reliability standard and other Commission policy. In particular, if the Commission determines that there is a conflict, the Transmission Organization is relieved from its reliability standard compliance obligation and must only comply with the relevant rule, order, tariff or rate schedule. If the Commission determines that the rule, order, tariff or rate schedule should be changed to accommodate the requirements of the reliability standard, the Commission will act under its authority pursuant to section 206 of the FPA to modify the rule, order, tariff or rate schedule.

¹⁹ 18 C.F.R. § 39.1.

²⁰ See, e.g., *Pub. Serv. Co. of New Mexico*, FERC Docket Nos. ER11-1915-002, ER11-1916-002, ER11-1917-002, and ER11-2838-001 (consolidated), Tri-State Answer to Motion to Compel at 3 (Feb. 3, 2012) (Tri-State stated that “Tri-State is not required to maintain a comparable OATT on file with the Commission. The Order No. 888 requirement that public utilities file open access transmission tariffs...is inapplicable to Tri-State.”).

²¹ *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards*, Order No. 672, 114 FERC ¶ 61,104 (“Order No. 672”), *order on reh’g*, Order No. 672-A, 114 FERC ¶ 61,328 at P 41 (2006) (“Order No. 672-A”) (emphasis added).

between non-compliance with a reliability standard or non-compliance with a tariff, the Commission language provides only for non-Transmission Organizations to “consult with the Transmission Organization regarding the conflict,” not file with the Commission directly under Section 215.

The Commission did not foreclose other avenues for non-Transmission Organizations to bring such issues before the Commission. In particular, in Order No. 672, the Commission clarified that while 18 C.F.R. § 39.6 was meant only for Transmission Organizations, it found that the regulation did “not prejudice the rights under other provisions of the FPA of any user, owner or operator of the Bulk-Power System to notify the Commission about a conflict between a Reliability Standard and any function, rule, order, tariff, rate schedule, or agreement ordered or approved by the Commission.”²² Thus, Tri-State could have raised its concerns to the appropriate Transmission Organization, or raised its concerns with the Commission under an appropriate provision of the FPA, but Tri-state did not follow either of those permissible paths. Instead, Tri-state chose to file: (1) pursuant to FPA Section 215(d)(6), which by regulation is reserved for Transmission Organizations; and (2) pursuant to Section 206 against entities that are not public utilities (*i.e.*, WECC and NERC). As a result, Tri-State’s complaint should be dismissed.

²² Order No. 672 at P 449 (emphasis added).

2. Tri-State’s Complaint Should Be Rejected as it Fails to Meet the FPA Section 206 Burden of Proof and it Goes Beyond the Scope of Remedies Permitted under Section 215

a. Tri-State Did Not Meet Its Burden of Proof Under Section 206 of the FPA

Even if FPA Section 206 were applicable to NERC and WECC, Tri-State has not met the FPA Section 206 burden of proof. Indeed, Tri-State’s complaint fails to allege any basis for Commission action under section 206 of the FPA and should be dismissed accordingly.

Pursuant to Section 206 of the FPA, “the burden of proof to show that any rate, charge, classification, rule, regulation, practice, or contract is unjust, unreasonable, unduly discriminatory, or preferential shall be upon the Commission or the complainant.”²³ The complainant must rely on more than mere speculation, and demonstrate, “on the basis of substantial evidence,” that the practice is unjust and unreasonable, and the proposed alternative is just and reasonable.²⁴ The Commission has dismissed complaints for failing to meet the FPA Section 206 burden of proof.²⁵

In this case, Tri-State’s complaint does not mention, much less satisfy, the FPA Section

²³ 16 U.S.C. § 824e (b) (emphasis added); *see also, e.g., Ameren Servs. Co., N. Ind. Pub. Serv. Co. v. Midwest Indep. Transmission Sys. Operator, Inc.*, 125 FERC ¶ 61,161 (2008) (“Complainants carry the burden of proof” and must “demonstrate, on the basis of substantial evidence,” that the “rate in effect is unjust and unreasonable...”); *order on reh’g, Ameren Servs. Co., N. Ind. Pub. Serv. Co. v. Midwest Indep. Transmission Sys. Operator, Inc.*, 125 FERC ¶ 61,121 (2009).

²⁴ *See, e.g., Midwest Indep. Transmission Sys. Operator, Inc.*, 134 FERC ¶ 61,264 at P 2 (2011), *citing Ameren Services Company, Northern Indiana Public Service Company v. Midwest Indep. Transmission Sys. Operator, Inc.; Great Lakes Utilities, et. al. v. Midwest Indep. Transmission Sys. Operator, Inc.; Wabash Valley Power Association, Inc. v. Midwest Indep. Transmission Sys. Operator, Inc.*, 124 FERC ¶ 61,173 at P 9 (2008).

²⁵ *See, e.g., Interstate Power & Light Co. v. ITC Midwest, LLC*, 127 FERC ¶ 61,043 at PP 42, 44 (2009); *reh’g denied*, 135 FERC ¶ 61,162 (2011) (“Based on the information provided, and without prejudice to Interstate filing a new complaint,” the Commission found that Interstate had “not met its burden of demonstrating that the projected 2009 transmission rate and 2008 true-up rate are unjust and unreasonable, nor that an alternative rate proposal is just and reasonable.” The Commission also found that Interstate’s complaint did not warrant a hearing, as it “consists largely of unsubstantiated allegations.”); *Black Oak Energy, LLC v. New York Indep. Sys. Operator, Inc.*, 122 FERC ¶ 61,261 at P 31 (2008); *Town of Norwood, Massachusetts v. National Grid USA, New England Electric System, Massachusetts Electric Company, Narragansett Electric Light Company*, 112 FERC ¶ 61,099 at P 37 (2005), *affirmed by, Town of Norwood v. FERC*, 476 F.3d 18 (1st Cir. 2007).

206 burden of proof. That is, Tri-State has the double burden of demonstrating that the current, Commission-approved UFMP is unjust, unreasonable, or unduly discriminatory, and that Tri-State's requested modifications are a just and reasonable replacement. Instead of addressing this burden, Tri-State cites to Order No. 890 and the Commission's standard for proposed deviations from the *pro forma* OATT as part of its "legal framework."²⁶ The standard of review for deviations from the Commission's *pro forma* OATT is unrelated to the burden in the FPA Section 206 context. Further, as discussed in more detail below, several entities have already proposed deviations to their OATTs to incorporate the UFMP, and the Commission has approved those deviations as consistent with or superior to the *pro forma* OATT.²⁷ As a result, discussion of the tariff deviation standard does nothing to advance Tri-State's claim that WECC's or NERC's current practices are not just and reasonable. Tri-State offers nothing else to demonstrate that WECC's or NERC's current practices are not just and reasonable. Therefore, because Tri-State has not met its burden of proof pursuant to Section 206 of the FPA, its complaint should be dismissed.

b. Tri-State's Request for Relief is Inappropriate in that it Goes Beyond the Specific Forms of Relief Allowed Under Section 215

Under FPA Section 215(d)(6), if the Commission determines that there is a conflict between a reliability standard and a Commission rule, order, tariff or rate schedule, the Commission may order a change to such rule, order, tariff or rate schedule, or, if the Commission

²⁶ Complaint at 13.

²⁷ See, e.g. *PacifiCorp*, Docket No. ER07-1291-000, Tariff Revisions to OATT (Dec. 28, 2007), *accepted by*, *PacifiCorp*, 123 FERC ¶ 61,086 (2008) (finding *PacifiCorp*'s Attachment J addressing parallel flows consistent with Order No. 890); *Black Hills Power, Inc.*, Docket No. OA07-55-000 (July 13, 2007); *accepted by*, *Black Hills Power, Inc.*, 123 FERC ¶ 61,020 at P 15 (2008) (finding that submittal of WECC's Unscheduled Flow Mitigation Procedures to address parallel energy flows on the Transmission Providers' system complies with Order No. 890); *UNS Electric Inc.*, Docket No. OA07-49-001, Submittal of Revised Tariff Sheet (Mar. 7, 2008), *accepted by*, *UNS Electric Inc.*, Docket No. OA07-49-001, Letter Order (April 22, 2008).

determines that a reliability standard needs to be changed as a result of such conflict, it “shall order the ERO to develop and file with the Commission a modified reliability standard.”

Tri-State has requested that the Commission find a conflict between a reliability standard and an OATT provision, and then “direct the WECC, as the proponent and enforcer of IRO-006-WECC-1, and NERC, and the Electric Reliability Organization under whose authority IRO-006-WECC-1 is mandatory and enforceable, to conform WECC’s implementation of IRO-006-WECC-1 to the curtailment priorities specified in the *pro forma* OATT immediately.”²⁸

Tri-State further requests relief on an interim basis, including that the Commission (1) identify any deficiencies in the new USF reduction guidelines and require WECC to submit a revised guideline to FERC; (2) require WECC to commence software development to immediately implement the guideline, (3) require WECC to provide regular updates on the software development needed to implement the guideline, and (4) require all path operators to interrupt all forms of non-firm transactions occurring directly across a qualified transfer path before requesting curtailments under Step 4 in the current WECC curtailment process under Regional Reliability Standard IRO-006-WECC-1 and WECC’s UFMP.²⁹ This requested relief goes far beyond the scope of relief contemplated by the statute, and appears to include relief against other entities, specifically qualified path operators and transmission providers, who are not parties to this proceeding.

²⁸ Complaint at 32.

²⁹ Complaint at 33.

Where specific relief is authorized in a statute, the Commission does not have authority to grant relief that is outside of such specific statutory authorization.³⁰ The relief requested by Tri-State, both on an interim and long-term basis, exceeds the scope of relief specifically articulated in the FPA Section 215(d)(6), and therefore must be denied.

B. Tri-State’s Complaint Fails on the Merits

1. There Is No Conflict between IRO-006-WECC-1 and the *Pro Forma* OATT

Tri-State has asked the Commission to order WECC and NERC to eliminate the alleged conflict between WECC’s implementation of IRO-006-WECC-1 and the *pro forma* OATT. The Commission should dismiss this request because there is no such conflict. First, the Commission – with full knowledge of the curtailment provisions in the UFMP – directed all transmission providers in the Western Interconnection to incorporate the UFMP into their FERC-approved OATTs. Second, when presented with the precise issue raised by Tri-State in the instant complaint, the Commission found that there is no inherent conflict between IRO-006-4 (the national, rather than regional, IRO reliability standard) and the *pro forma* OATT. While the Commission did urge transmission providers to ensure they are complying with both the *pro forma* OATT and IRO-006-4 in practice, such a directive does not apply to WECC or NERC – entities who are not transmission providers and who do not maintain or follow an OATT.

³⁰ See *Albany Eng’g Corp. v. FERC*, 548 F.3d 1071, 1075 (2008) (finding that Congress’s provision for three types of charges for headwater benefits by FERC “could hardly leave room for a FERC mandate of reimbursement of, say, the operational costs in dispute here.”). Cf. *Central Iowa Power Cooperative v. Midwest Indep. Transmission Sys. Operator, Inc.*, 113 FERC ¶ 61,116 at P 22 (2005) (finding that the Commission does not have authority under sections 205 and 206 to grant relief to the non-jurisdictional entity, CIPCO, and as such, “policy considerations cannot prevail over the statutory limitations on the Commission’s authority.”).

a. FERC Has Repeatedly Approved the UFMP and Directed All Transmission Providers in the Western Interconnection to Incorporate the UFMP into Their FERC-Approved OATTs

The Commission has approved the UFMP several times over the last 20 years.³¹

Importantly, that approval process has included detailed review of the UFMP's curtailment procedures at issue in Tri-State's complaint. As discussed in more detail below, with full knowledge of the curtailment provisions in the UFMP, the Commission ordered all transmission providers in the Western Interconnection to add the UFMP to their OATTs, indicating that the Commission considered the UFMP curtailment procedures to be consistent with or superior to the *pro forma* OATT curtailment procedures.

The Commission has reviewed and approved the UFMP as a utility rate schedule several times, starting with its 1995 order on the original filing that found the UFMP – which contained the same curtailment provisions as those at issue in Tri-State's current complaint – to be just, reasonable, and not unduly discriminatory or preferential.³² The purpose of the UFMP rate schedule was essentially to provide a compromise solution to the difficult problem of unscheduled flow that had plagued the region for over 20 years. The Commission has also reviewed and approved the UFMP in the reliability context. In Order No. 693, the Commission approved as mandatory and enforceable the national reliability standard IRO-006-3, as well as the UFMP that IRO-006-3 established as WECC's unique interconnection-wide transmission loading relief procedures, finding that the UFMP was “superior to the national Reliability

³¹ *S. Cal. Edison Co., et al.*, 70 FERC ¶ 61,087 (1995); *So. Cal. Edison Co., et al.*, Docket No. ER00-1670-000, Letter Order (Mar. 24, 2000); *Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693, 118 FERC ¶ 61,218 at P 953, n. 305 (2007) (“Order No. 693”), *order on reh'g*, Order No. 693-A, 120 FERC ¶ 61,053 (2007).

³² *S. Cal. Edison Co., et al.*, 73 FERC ¶ 61,219 (1995); *So. Cal. Edison Co., et al.*, Docket No. ER00-1670-000, Letter Order (Mar. 24, 2000).

Standard.”³³ In addition, the Commission also reviewed and approved the regional reliability standard IRO-006-WECC-1, and in doing so, considered and discussed at length the UFMP curtailment provisions incorporated into the standard.³⁴

Not only has the Commission reviewed the UFMP as a stand-alone rate schedule and as incorporated into certain reliability standards, but it has also directed transmission providers in the Western Interconnection to include it as an attachment to their OATTs. In Order No. 890, the Commission adopted a *pro forma* OATT Attachment J entitled “Procedures for Addressing Parallel Flows,” and stating, “To be filed by the Transmission Provider.”³⁵ Subsequently, as noted above, the Commission in Order No. 693 approved IRO-006-3, which included by reference the UFMP (among other region-specific unscheduled flow mitigation procedures). As a result, the Commission found that all Western Interconnection transmission providers must update Attachment J in their respective OATTs by including a link to the mitigation procedures applicable to their region.³⁶

As evidenced by the foregoing, the Commission has had ample opportunity to review the UFMP and its curtailment procedures at issue in Tri-State’s complaint, and it has found it to be: (1) just, reasonable, and not unduly discriminatory or preferential; (2) appropriate for incorporation into a mandatory and enforceable reliability standard; (3) superior to the national

³³ Order No. 693 at P 964.

³⁴ See generally *Western Electricity Coordinating Council, Qualified Transfer Path Unscheduled Flow Relief Regional Reliability Standard*, Docket No. RM09-19-000 (the pleadings, Commission NOPR and Commission Final Rule in this docket discuss at length the curtailment portion of the UFMP in response to an initial concern by NERC that IRO-006-WECC-1 only included the UFMP’s curtailment provisions and not the entire UFMP).

³⁵ *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, 72 FR 12266 at 12531 (Mar. 15, 2007), FERC Stats. & Regs. ¶ 31,241 (“Order No. 890”), *order on reh’g*, Order No. 890-A, 73 FR 2984 (Jan. 16, 2008), FERC Stats. & Regs. ¶ 31,261 (2007), *order on reh’g and clarification*, Order No. 890-B, 73 FR 39092 (July 8, 2008), 123 FERC ¶ 61,299 (2008), *order on reh’g*, Order No. 890-C, 74 FR 12540 (Mar. 25, 2009), 126 FERC ¶ 61,228 (2009), *order on clarification*, Order No. 890-D, 74 FR 61511 (Nov. 25, 2009), 129 FERC ¶ 61,126 (2009).

³⁶ *PacifiCorp*, 121 FERC ¶ 61,223 at PP 24-25 (2007).

Reliability Standard procedures; and (4) a mandatory attachment to the OATT of every transmission provider in the Western Interconnection, indicating that the Commission considered the UFMP curtailment procedures to be consistent with or superior to the *pro forma* OATT curtailment procedures. Tri-State presents no facts or precedent to challenge these earlier Commission findings.

b. The Commission Has Specifically Ruled That There Is No Conflict Between IRO-006-WECC-1 and the *Pro Forma* OATT

Just as the Commission has reviewed and consistently approved the IRO-006 reliability standard (national and regional), it has also been presented – on more than one occasion – with the precise issue raised by Tri-State in the instant complaint. In each case, the Commission nevertheless approved the reliability standards, and it ultimately found upon closer examination that there is no inherent conflict between IRO-006-4 (the national IRO reliability standard) and the *pro forma* OATT. While the Commission did urge transmission providers to ensure they are complying with both the *pro forma* OATT and IRO-006-4 in practice, such a directive does not apply to WECC or NERC – entities who are not transmission providers and who do not maintain or follow an OATT.

The Commission was presented with the issue of a potential conflict between IRO-006 and the *pro forma* OATT curtailment language as early as 2008. In the Order No. 713 proceeding, commenters raised concerns that there was a gap in the IRO-006 procedures that allowed certain non-firm transactions to escape curtailment prior to the curtailment of firm

transactions and firm native load.³⁷ The Commission nevertheless approved IRO-006-4 (with certain modifications required), and found the curtailment concerns were outside the scope of the proceeding:

The above comments on suggested improvements to the TLR procedure are beyond the scope of this proceeding, which pertains to the separation of business practices from the ERO's TLR procedure and implementation of the Commission's directives set forth in order No. 693. We note, however, that the ERO indicated in its December 21, 2007 filing that it has a three-phase plan to improve the TLR procedures, and the third phase will consist of "a complete redrafting to incorporate enhancement and changes beyond the separation of reliability and business practice issues." Therefore, the phase three proceeding would provide a proper forum for commenters to raise their concerns. The Commission believes that NRG and other commenters raise valid issues and urges the commenters to raise—and expects the ERO to consider—these matters in an appropriate proceeding. We also note that NERC states it is currently updating the [Interchange Distribution Calculator] to more accurately determine the impacts of native load and network service.³⁸

In that same proceeding, the Commission received rehearing requests again arguing that IRO-006 conflicted with the *pro forma* OATT curtailment priorities.³⁹ The Commission denied the rehearing requests as outside of the scope of the proceeding and held that IRO-006-4 was "just and reasonable, not unduly discriminatory or preferential, and in the public interest."⁴⁰

However, the Commission also instituted a notice of inquiry ("NOI") proceeding in a separate

³⁷ *Modification of Interchange and Transmission Loading Relief Reliability Standards; and Electric Reliability Organization Interpretation of Specific Requirements of Four Reliability Standards*, Docket No. RM08-7-000, Comments of NRG Companies at 16 (June 12, 2008); *Modification of Interchange and Transmission Loading Relief Reliability Standards; and Electric Reliability Organization Interpretation of Specific Requirements of Four Reliability Standards*, Docket No. RM08-7-000, Comments of NRG Companies at 17 (Oct. 10, 2008).

³⁸ *Modification of Interchange and Transmission Loading Relief Reliability Standards; and Electric Reliability Organization Interpretation of Specific Requirements of Four Reliability Standards*, Order No. 713-A, 126 FERC ¶ 61,252 at P 21 (2009) ("Order No. 713-A").

³⁹ *Modification of Interchange and Transmission Loading Relief Reliability Standards; and Electric Reliability Organization Interpretation of Specific Requirements of Four Reliability Standards*, Order No. 713-B, 130 FERC ¶ 61,032 at PP 5-9 (2010) ("Order No. 713-B"). The Commission also noted that parties requesting rehearing expressed frustration with NERC's estimation that it would take two to five additional years to improve the Interchange Distribution Calculator. Order No. 713-B at P 8. The Commission also noted that parties requesting rehearing expressed frustration with NERC's estimation that it would take two to five additional years to improve the Interchange Distribution Calculator. *Id.* at P 8.

⁴⁰ Order No. 713-B at P 15.

docket in order to perform a closer examination of “the TLR procedure and its interplay with the curtailment priority provisions of the OATT.”⁴¹

While the NOI proceeding was initially prompted by concerns over the national reliability standard (IRO-006-4) and not the WECC-specific standard (IRO-006-WECC-1), the main concerns regarding conflict between the standard and the OATT are the same as those raised by Tri-State in the instant proceeding. Further, the NOI expanded the scope of inquiry to include the implementation of the IRO-006 standard in all regions (and not just specific to the issues raised in the Eastern Interconnection) by requesting public comment on “[w]hether Reliability Standard IRO-006-4, as implemented by various transmission providers, reliability coordinators and balancing authorities, results in firm service being made subordinate to non-firm service.”⁴² Finally, Tri-State itself submitted comments raising the same Western Interconnection-specific issues relating to IRO-006-WECC-1 that it raised in its complaint, asking the Commission to “direct NERC and WECC to implement a revised curtailment methodology that is consistent with transmission priorities outlined in the Commission’s *pro forma* OATT.”⁴³

⁴¹ Order No. 713-B at P 16, citing Docket No. RM10-9-000.

⁴² *Notice of Inquiry re: Transmission Loading Relief Reliability Standard and Curtailment Priorities*, 130 FERC ¶ 61,033 at P 19 (2010).

⁴³ *Transmission Loading Relief Reliability Standard and Curtailment Priorities*, Motion for Leave to File Comments Out-of-Time and Comments of Tri-State Generation and Transmission Association, Inc., Subsection III.A., Docket No. RM10-9-000 (Feb. 11, 2011) (also asking the Commission to “direct WECC to consider the impact of untagged schedules and their contribution to on-path and off-path transmission line loading.”). There were several proceedings before the NOI in which Tri-State could have, but did not, raise these issues. *See, e.g., North American Electric Reliability Corp.*, Docket No. RR07-11-000; *Mandatory Reliability Standards for the Bulk-Power System*, Order No. 693, Docket No. RM06-16-000; *Modification of Interchange and Transmission Loading Relief Reliability Standards*; and *Electric Reliability Organization Interpretation of Specific Requirements of Four Reliability Standards*, Order No. 713, Docket No. RM08-7-000; *Western Electric Coordinating Council Qualified Transfer Path Unscheduled Flow Relief Regional Reliability Standard*, Order No. 746, Docket No. RM09-19-000; *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, Docket Nos. RM05-17-000 and RM05-25-000. *See also generally* Docket Nos. ER95-215, ER97-4724 and ER00-1670.

Besides Tri-State, comments were filed by fifteen entities, including NERC.⁴⁴ The Commission noted that most commenters, again including NERC, stated that there is no inherent conflict between the *pro forma* OATT curtailment procedures and the TLR procedure embodied in IRO-006-4.⁴⁵ The Commission also noted that some commenters, including Tri-State, indicated that individual transmission providers’ practices may not comply with the *pro forma* OATT requirements for transmission curtailment priority.⁴⁶

However, the Commission found based on the record before it – including the Tri-State arguments asserted in the complaint – that the requirements of IRO-006-4 “have not been shown to be in conflict with the curtailment priorities of the *pro forma* OATT” and terminated the NOI proceeding accordingly.⁴⁷ In addition, the Commission found that IRO-006-4 does not “relieve public utility transmission providers of their obligation to comply in all respects with both the Commission’s *pro forma* OATT and the approved NERC TLR procedures.”⁴⁸ The Commission went on to state that:

We reiterate that sections 13.6 and 14.7 of the *pro forma* OATT require that non-firm transmission service must be curtailed before firm transmission services, and firm point-to-point and network integration transmission service customers have an equal priority with the transmission provider’s use of the system to deliver Network Resources to its native load. The Commission urges transmission providers to review their practices and the business practices standards currently under development to ensure that they are in compliance with the *pro forma* OATT.⁴⁹

The Commission’s finding and directive were clear: there is no conflict between the requirements of the unscheduled flow mitigation reliability standards and the *pro forma* OATT,

⁴⁴ *Transmission Loading Relief Reliability Standard and Curtailment Priorities*, Order Terminating Proceeding, 139 FERC ¶ 61,218 at P 7 (2012).

⁴⁵ *Id.*

⁴⁶ *Id.*

⁴⁷ *Id.* at P 8.

⁴⁸ *Id.* at P 9 (emphasis added).

⁴⁹ *Id.* (emphasis added).

and to the extent *individual transmission providers* in their application of the standard are employing practices that are inconsistent with the OATT, then those *individual transmission providers* whose obligation it is to comply with the reliability standards and the OATT need to modify their practices to become compliant. That directive did not, however, apply to WECC or NERC – entities who are not transmission providers and who do not maintain or follow an OATT.

Accordingly, the Commission should dismiss Tri-State’s request that it order WECC and NERC to eliminate the alleged conflict between WECC’s implementation of IRO-006-WECC-1 and the *pro forma* OATT, as there is no such conflict.

2. WECC Has Followed and Must Continue to Follow Its Required Procedures

WECC must follow its required, FERC-approved procedures for member committee processes and Board of Directors decisions, as well as for the revision of reliability standards. WECC followed the processes for member committee and Board of Directors decisions, as set forth in the WECC Bylaws,⁵⁰ in revising the UFMP. In addition, the UFMP, as discussed more herein, is a rate schedule on file with the Commission and due to the substantive changes to the UFMP which have been made through WECC’s member committee processes, and approved by the WECC Board of Directors, require FERC approval prior to becoming effective. WECC had initiated pre-filing discussions regarding the UFMP and IRO-006-WECC-2, in which Tri-State participated, prior to Tri-State filing its complaint. Tri-state’s proposal for relief fails to

⁵⁰ See “Amended and Restated Delegation Agreement Between North American Electric Reliability Corporation and Western Electricity Coordinating Council,” Exhibit B, Bylaws, *available at* <http://www.nerc.com/page.php?cid=1%7C9%7C119%7C181>. Exhibit B is attached as Exhibit No. 1 to this Answer. The Amended and Restated Delegation Agreement was filed at FERC by NERC on November 22, 2011, and accepted by Letter Order on March 1, 2012. *North American Electric Reliability Corporation*, Docket No. RR12-2-000, Filing to Amend Western Electricity Coordinating Council’s Delegation Agreement (Nov. 22, 2011), accepted by *North American Electric Reliability Corporation*, Docket No. RR12-2-000, Letter Order (Mar. 1, 2012).

recognize these required procedures, and WECC's efforts to efficaciously implement the revisions to the UFMP within these procedures.

Further, as Tri-State admits, WECC and NERC determined that the approved changes to the UFMP required a corresponding revision to the Commission-approved IRO-006-WECC-1 to ensure consistency, as IRO-006-WECC-1 contains a specific reference to UFMP curtailment procedures. In order to revise IRO-006-WECC-1, or any reliability standard, WECC must follow its Standard Development Procedures.⁵¹ The multi-pronged process of developing a regional reliability standard includes the following steps: (1) the request to revise or develop a standard; (2) the standard authorization request validation and submission to the WECC Standards Committee ("WSC"); (3) drafting team begins drafting phase and submits draft standard to the WSC; (4) the draft standard is posted for comment; (5) WSC deliberates on the comments; (6) the WSC submits draft standard for Ballot Body Vote and Ballot Pools are established; (7) the Ballot Pool will vote on the standard and recommend it to the WECC Board; (8) the appeals process for any issues related to the standard; (9) WECC Board approval of the standard; and (10) NERC Review of the standard and filing for FERC approval of the standard.⁵² Every step of this mandatory and FERC-approved process is essential to producing the strongest and clearest reliability standards. WECC does not have the ability pursuant to its delegation agreement with NERC to stray from these steps or to vary these steps.⁵³ Any action outside the standards development process would contradict WECC's and NERC's efforts to increase clarity

⁵¹ See "Amended and Restated Delegation Agreement Between North American Electric Reliability Corporation and Western Electricity Coordinating Council," Exhibit C, Regional Standard Development Procedure, available at <http://www.nerc.com/page.php?cid=1%7C9%7C119%7C181>. Exhibit C is attached as Exhibit No. 2 to this Answer.

⁵² *Id.*

⁵³ One rare exception to this requirement would be during emergency operating circumstances.

of responsibilities as well as due process.⁵⁴ Neither WECC, NERC, nor Tri-State should be allowed to circumvent that process.

Further, WECC cannot implement Tri-State's suggestion that WECC overlook the reliability standard's reference to the UFMP and push through a UFMP approval without making corresponding revisions to the reliability standard at the same time. The two are very much inter-related and must proceed down a simultaneous review process in order to avoid ambiguity, inconsistency and confusion regarding curtailments necessary to maintain system reliability. In particular, Requirement 1 of IRO-006-WECC-1 states "Upon receiving a request of Step 4 or greater (see Attachment 1-IRO-006-WECC-1) from the Transmission Operator of a qualified transfer path, the Reliability Coordinator shall approve (actively or passively) or deny that request within five minutes." The referenced Attachment 1 is the "WECC Unscheduled Flow Mitigation Summary of Actions," which is attached to the reliability standard and sets out, among other things, the procedures and steps dictating when accommodation, coordinated operation of control devices, and curtailment should occur. The revised UFMP curtailment guidelines, which WECC was discussing with FERC on a pre-filing basis and which will be filed for approval with the Commission in conjunction with IRO-006-WECC-2, modified those procedures and steps. Thus, Tri-State's proposed solution would create confusion, as the reliability standard currently in effect, IRO-006-WECC-1, would refer to outdated steps and procedures. Clear language is a critical element to the quality of the reliability standards,⁵⁵ and

⁵⁴ *North American Electric Reliability Corp.*, 116 FERC ¶ 61,062 (2006) ("In order to be certified, NERC must demonstrate that it has established Rules that provide for reasonable notice and opportunity for public comment, due process, openness, and a balance of interests in developing Reliability Standards.").

⁵⁵ *See, e.g.* NERC Reliability Standards Development Plan: 2010–2012, October 7, 2009 ("Clear Language — Each reliability standard shall be stated using clear and unambiguous language. Responsible entities, using reasonable judgment and in keeping with good utility practices, are able to arrive at a consistent interpretation of the required performance.").

any action outside the standards development process that would waive compliance with a portion of a reliability standard would contradict WECC and NERC's efforts to increase clarity of responsibilities.

In addition, Tri-State's allegation that WECC has ignored NERC's advice regarding implementation is incorrect.⁵⁶ NERC and WECC both participated in numerous calls with Tri-State to discuss and explore options for expediting the implementation, within the bounds of the required procedures. At no time did NERC direct or advocate for a particular solution, nor did it ever suggest that WECC should not follow the required procedures for modification of a reliability standard.⁵⁷ Both WECC and NERC have been following the appropriate processes, and have sought to expedite modification of the standard, when possible. However, regional reliability standards must proceed through the regional entity's process before consideration at NERC.

Finally, Tri-State implies that WECC has an ulterior motive in delaying implementation of the revised UFMP, but this is incorrect.⁵⁸ WECC gains no advantage in delaying implementation. WECC does not benefit from one curtailment process over another. However, WECC does and will continue to follow its required procedures for member committee processes, Board of Directors decisions, developing or revising regional reliability standards, and filing, on behalf of its members, the revisions to the UFMP with the Commission for approval.

WECC commits to continuing to use all due diligence, as WECC has already discussed with Tri-State, to put the proposed regional reliability standard before the WECC Board of Directors in January of 2013, in order to present it to the NERC Board of Trustees in February of

⁵⁶ Complaint at 12.

⁵⁷ See Exhibit No. 3, Affidavit of Howard Gugel.

⁵⁸ Complaint at 23.

2013. It is then WECC's intent for NERC to file the reliability standard, and for WECC to file, on behalf of its members, the revised UFMP concurrently with FERC for approval within the first quarter of 2013. Proceeding in this manner is the most expeditious way to achieve implementation of the revised UFMP within the required procedures.

V. SPECIFIC DENIAL OF ALLEGATIONS IN COMPLAINT

Pursuant to Rule 213(c)(2)(i), Respondents specifically deny the following allegations in the Complaint based on the above discussion:

1. WECC and NERC deny that there is any conflict between WECC's implementation of regional reliability standard IRO-006-WECC (which incorporates the curtailment procedures of the UFMP) and the *pro forma* OATT.
2. WECC and NERC deny that WECC has ignored NERC's directive to implement changes to regional reliability standard IRO-006-WECC. NERC staff has not directed nor instructed WECC staff to pursue a specific course of action in this matter.
3. WECC and NERC deny that they are intentionally delaying the standard review process or implementation of the revised UFMP and are instead following the required procedures.

VI. LIST OF EXHIBITS

1. Exhibit No. 1 – Amended and Restated Delegation Agreement Between North American Electric Reliability Corporation and Western Electricity Coordinating Council, Exhibit B, Bylaws
2. Exhibit No. 2 – Amended and Restated Delegation Agreement Between North American Electric Reliability Corporation and Western Electricity Coordinating Council, Exhibit C, Standards Development Procedures
3. Exhibit No. 3 – Affidavit of Howard Gugel

VII. WAIVER

WECC and NERC respectfully request that the Commission waive any portion of the Commission’s regulations, 18 C.F.R. Part 35, which has not been satisfied by this filing.

VIII. CONCLUSION

WHEREFORE, for the foregoing reasons, WECC and NERC request that the Commission dismiss Tri-State’s complaint without condition or hearing.

Respectfully submitted,

/s/ Sonia C. Mendonça
Charles A. Berardesco
Senior Vice President and General Counsel
Rebecca J. Michael
Associate General Counsel for Corporate and
Regulatory Matters
Sonia C. Mendonça
Attorney
North American Electric Reliability
Corporation
1325 G Street N.W., Suite 600
Washington, DC 20005
(202) 400-3000
(202) 644-8099 – facsimile
charles.berardesco@nerc.net

Attorneys for NERC

/s/ Matthew D. McVee
Matthew D. McVee
Karen J. Kruse
TROUTMAN SANDERS LLP
805 SW Broadway
Suite 1560
Portland, Oregon 97205-3326
503.290.2320 (phone)
971.238.1686 (fax)
matthew.mcvee@troutmansanders.com
karen.kruse@troutmansanders.com

Attorneys for WECC

November 8, 2012

CERTIFICATE OF SERVICE

I hereby certify that I have this 8th day of November, 2012, electronically served the foregoing document upon Tri-State, the complainant in this proceeding.

/s/ Karen J. Kruse

Karen J. Kruse
TROUTMAN SANDERS LLP
805 SW Broadway
Suite 1560
Portland, Oregon 97205-3326
503.290.2312 (phone)
971.238.1686 (fax)
karen.kruse@troutmansanders.com

Exhibit No. 1

**Amended and Restated Delegation Agreement Between North
American Electric Reliability Corporation and Western Electricity
Coordinating Council**

Exhibit B, Bylaws

BYLAWS
OF
THE
WESTERN ELECTRICITY COORDINATING COUNCIL

TABLE OF CONTENTS

1.	Mission.....	1
2.	Furtherance of WECC’s Mission.....	1
2.1	Activities to Carry Out WECC’s Reliability Mission.	1
2.2	Activities to Carry Out WECC’s Non-Discriminatory Access Mission.	3
2.3	Organizational Characteristics.....	3
3.	Definitions.....	4
3.1	Affiliate.....	4
3.2	Annual Meeting.	4
3.3	Applicable Regulatory Authority.	4
3.4	Backstop Authority.....	4
3.5	Balancing Authority.	4
3.6	Ballot Body.....	4
3.7	Ballot Pool.	5
3.8	Board of Directors (Board).....	5
3.9	Canadian Delegation.....	5
3.10	Canadian Director.....	5
3.11	Class.....	5
3.12	Commercial Practices.	5
3.13	Compliance Hearing Body.	5
3.14	Cross-Border Regional Entity.	5
3.15	Delegation Agreement.	5
3.16	Director.....	5
3.17	Electric Line of Business.	6
3.18	Electric Reliability Organization (ERO).	6
3.19	Entity.	6
3.20	FERC.	6
3.21	Good Utility Practice.	6
3.22	Grid Operating Entity.	6
3.23	International Reliability Agreement.	6

3.24	Local Regional Entity.....	6
3.25	Market Interface.....	7
3.26	Material External Impacts (MEI).....	7
3.27	Member.....	7
3.28	Member Class Director.....	7
3.29	Mexican Delegation.....	7
3.30	Mexican Director.....	7
3.31	Non-Affiliated Director.....	7
3.32	Open Access Tariff.....	7
3.33	Participating Stakeholder.....	7
3.34	Primary Authority.....	7
3.35	Regional Criteria.....	7
3.36	Regional Entity (RE).....	8
3.37	Regional Transmission Organization (RTO).....	8
3.38	Registered Entity.....	8
3.39	Reliability Management System.....	8
3.40	Reliability Standard.....	8
3.41	Reliability Standards Development Procedures.....	8
3.42	Transmission Facilities.....	8
3.43	Western Interconnection.....	9
4.	Members and Membership.....	9
4.1	Voluntary Membership.....	9
4.2	Eligibility for Membership.....	9
4.3	Designation of Membership Class.....	10
4.4	Changes in Membership Class.....	10
4.5	Affiliates and Distinct Business Entities.....	10
4.6	Rights and Obligations of Membership.....	11
4.7	Limitations on Member Obligations.....	12
4.8	Compliance and Enforcement.....	13
4.9	WECC Structure and Governance Review Related to Regional Transmission Organizations....	14
5.	Procedures for Member Decisions.....	14

5.1	Quorum.....	14
5.2	General Membership Meetings.....	15
5.3	Annual Member Meetings.....	15
5.4	Special Member Meetings.....	15
5.5	Member Class Meetings.....	15
5.6	Notice of Member Meetings.....	15
5.7	Open Meetings.....	16
5.8	Policymaking Authority.....	16
5.9	Minimum Participation Requirement.....	16
6.	Governance.....	16
6.1	Board of Directors.....	16
6.2	Composition of the Board.....	16
6.3	Term of Office.....	17
6.4	Selection and Compensation of Member Class Directors.....	17
6.5	Selection and Compensation of Non-Affiliated Directors.....	19
6.6	Tie Vote.....	21
6.7	Removal of Directors.....	22
6.8	Resignation.....	22
6.9	Procedures for Filling Vacant Director Positions.....	22
6.10	Duties of Directors.....	23
6.11	Powers of Directors.....	23
6.12	Delegation of Board Authority.....	23
7.	Procedures for Board Decisions.....	24
7.1	Quorum.....	24
7.2	Majority Vote.....	24
7.3	Attendance at Board Meetings by Teleconference.....	24
7.4	Board Action by Unanimous Consent.....	24
7.5	Notice of Board Meetings.....	25
7.6	Open Meetings.....	26
7.7	Board Committees.....	27
8.	Member Committees.....	27

8.1	Purpose.....	27
8.2	Standing Committees.....	27
8.3	Other Committees.....	28
8.4	[Repealed].....	28
8.5	Procedures for Committee Decision-Making.....	28
8.6	Procedures for Developing and Voting on Reliability Standards.....	33
8.7	Notice of Committee Meetings.....	34
8.8	Open Meetings.....	34
9.	The Chief Executive Officer, Officers, and Employees.....	35
9.1	Designation of Officers and Terms of Office.....	35
9.2	Chief Executive Officer Qualifications.....	35
9.3	Standards Applicable to All Employees.....	35
9.4	Employment.....	36
9.5	Chief Executive Officer’s Duties.....	36
9.6	Secretary’s Duties.....	36
10.	Transmission Service Obligations.....	37
10.1	Non-Discriminatory Transmission Access.....	37
10.2	Service to be Provided.....	38
10.3	Open Access Tariffs.....	38
10.4	Requests Involving Members of Regional Entities.....	38
10.5	Request Process and Dispute Resolution.....	39
11.	Dispute Resolution.....	39
12.	Costs and Finances.....	39
12.1	Funding of Reliability Activities.....	39
12.2	Dues.....	40
12.3	Funding of Non-Statutory Activities.....	40
13.	Amendments to these Bylaws.....	40
13.1	Amendment by the Board.....	40
13.2	Amendment by the Members.....	40
13.3	Amendments in Response to Mandatory Membership.....	41
13.4	Amendments proposed by FERC.....	41

14.	Termination of Organization.....	41
15.	Miscellaneous Provisions.....	41
15.1	Limitation on Liability.....	41
15.2	Indemnification.....	41
15.3	No Third Party Beneficiaries.....	42
15.4	Informal Inquiries for Information.....	42
16.	Incorporation.....	42
17.	Governing Law.....	42

APPENDICES:

- A. Board Member Standards of Conduct
- B. Officers and Employees Standards of Conduct
- C. WECC Dispute Resolution Procedures

BYLAWS
Of
The
WESTERN ELECTRICITY COORDINATING COUNCIL

1. Mission.

The Western Interconnection is the geographic area containing the synchronously operated electric grid in the western part of North America.

The Western Electricity Coordinating Council (“WECC”) is a Utah nonprofit corporation with the mission to do the following consistent with these Bylaws: 1) maintain a reliable electric power system in the Western Interconnection that supports efficient competitive power markets (“Reliability Mission”); and 2) assure open and non-discriminatory transmission access among Members and provide a forum for resolving transmission access disputes between Members consistent with FERC policies where alternative forums are unavailable or where the Members agree to resolve a dispute using the mechanism provided in Section 11 (“Transmission Access Mission”).

2. Furtherance of WECC’s Mission

2.1 Activities to Carry Out WECC’s Reliability Mission.

- 2.1.1 Compliance with the Federal Power Act. WECC will carry out responsibilities and exercise rights of a Regional Entity organized on an interconnection-wide basis pursuant to Section 215 of the Federal Power Act, including any responsibilities and rights delegated to it by the ERO pursuant to a Delegation Agreement.
- 2.1.2 Agreements with Canada and Mexico. WECC will carry out responsibilities and exercise rights pursuant to International Reliability Agreements with Canadian or Mexican authorities.
- 2.1.3 Regional Coordination. WECC will act as a coordinating entity for the entire Western Interconnection for activities of regional organizations with responsibilities for reliability and market functions.
- 2.1.4 Standard Setting. WECC will develop and adopt reliability, operating, and planning standards, criteria and guidelines necessary to maintain the reliable operation of the Western Interconnection’s interconnected bulk power system, including seeking, as appropriate, variances from standards of the ERO (or any successor organization which may be created by legislation or otherwise), as well as providing a process for regional variances.

- 2.1.5 Certification of Grid Operating Entities. WECC will certify Grid Operating Entities in the Western Interconnection.
- 2.1.6 Reliability Assessment. WECC will ensure that interconnected bulk electric system reliability assessments are conducted as needed. WECC will do this work in conjunction with the Regional Entities to the greatest extent possible. WECC will also facilitate coordinated reliability assessments among Regional Entities.
- 2.1.7 Compliance Activities. With respect to enforcement of reliability standards, WECC will:
 - 2.1.7.1 implement the Reliability Management System in effect as of WECC's formation and as the Reliability Management System may be subsequently modified in accordance with its terms;
 - 2.1.7.2 implement any enforcement mechanisms delegated to it pursuant to Section 215 of the Federal Power Act and any Delegation Agreement with the ERO, or required by any International Reliability Agreement with a Canadian or Mexican authority; and
 - 2.1.7.3 administer any other enforcement mechanisms developed through voluntary processes after WECC's formation, where WECC is designated to perform administration.
- 2.1.8 Coordinated Regional Planning. With respect to the coordination of regional planning activities, WECC:
 - 2.1.8.1 will develop coordinated planning policies and procedures for the Western Interconnection, including facilitation of market-based solutions, consistent with WECC/ERO standards and FERC policy.
 - 2.1.8.2 will review and assess Local Regional Entity planning processes to determine whether WECC planning procedures have been satisfied;
 - 2.1.8.3 will refer planning matters back to the originating Local Regional Entity for revision or other corrective actions when the WECC Board determines that WECC planning procedures have not been satisfied; and
 - 2.1.8.4 may perform other interconnection-wide studies as needed.
- 2.1.9 Coordinated Operations. With respect to coordinating reliable operating activities within the Western Interconnection, WECC will develop, coordinate and promote consistent interregional operating policies and procedures for the Western Interconnection, consistent with WECC/ERO standards and FERC policy.
- 2.1.10 Market Interface Issues. With respect to Market Interface issues WECC will:

2.1.10.1 facilitate development of compatible and efficient practices across the Western Interconnection; and

2.1.10.2 exercise Backstop Authority where an unresolved Market Interface issue will cause Material External Impacts by taking some or all of the following actions: 1) providing a forum for and coordinating voluntary solutions among Members; 2) recommending specific solutions for voluntary adoption by Members; and 3) if necessary, proposing solutions to an Applicable Regulatory Authority.

2.1.11 Dispute Resolution. WECC will provide a process for the timely resolution of disputes between WECC Members as set forth in Section 11.

2.2 Activities to Carry Out WECC's Non-Discriminatory Access Mission.

2.2.1 In accordance with Section 10 of these Bylaws, WECC will ensure the provision of non-discriminatory transmission access between Members.

2.2.2 In accordance with Section 10 of these Bylaws, WECC will provide for the submission of Open Access Transmission Tariffs (or petitions for exemption) by all Members that own or operate Transmission Facilities.

2.3 Organizational Characteristics.

As WECC carries out activities to fulfill its mission, it will seek to develop and maintain the following characteristics:

2.3.1 dedication to serving the individuals, businesses, and other organizations that generate, transmit, distribute, market, and use electrical energy in the Western Interconnection;

2.3.2 efficiency in its administration, decision-making, policy and standards development, and dispute resolution processes;

2.3.3 the ability to maintain status as an Interconnection-wide regional reliability entity and be afforded deference and delegation by ERO (or successor organization); and

2.3.4 fair and open processes through which practices, policies, and standards are developed and implemented based on sound technical and policy analysis.

2.3.5 Promote an efficient western electric market by reducing or eliminating conflict, duplication and overlap among electric organizations in the Western Interconnection.

3. Definitions.

3.1 Affiliate.

An Entity that directly or indirectly through one (1) or more intermediaries, controls, or is controlled by, or is under common control with, another Entity. An Entity “controls” any Entity in which it has the power to vote, directly or indirectly, 5% or more of the voting interests in such entity or, in the case of a partnership, if it is a general partner. Notwithstanding the foregoing definition, for purposes of these Bylaws: 1) electric distribution cooperatives that are member-owners of a generation and transmission cooperative are not Affiliates of the generation and transmission cooperative or of each other; 2) an entity controlled by or operating as a unit, agency, or subdivision of a local, state, provincial, or U.S. federal or Canadian or Mexican national government will not be considered an Affiliate of any other entity controlled by or operating as a unit, agency, or subdivision of a local, state, provincial, or federal government; 3) separate agencies of a single state or province, or of the U.S. federal or Canadian or Mexican national government will not be considered Affiliates of each other, regardless of any commonality of political control; 4) members of any joint powers authority, and such joint powers authority, will not be considered Affiliates of each other; and 5) members of an RTO will not be considered Affiliates of such RTO or of each other solely as a result of such membership.

3.2 Annual Meeting.

The annual membership meeting of WECC, as described in Section 5.3.

3.3 Applicable Regulatory Authority.

The FERC or any state or provincial government agency with jurisdiction to regulate or directly affect the transmission of electricity within the Western Interconnection.

3.4 Backstop Authority.

The ability, obligation, or responsibility of WECC to address an issue when the WECC Board determines that a Local Regional Entity(ies) holding Primary Authority has not resolved an issue, has created incompatible resolutions or has not acted. In each case where these Bylaws authorize WECC to exercise Backstop Authority, the provisions that authorize Backstop Authority will also specify the conditions necessary to trigger Backstop Authority and the actions that fall within WECC’s exercise of Backstop Authority.

3.5 Balancing Authority.

The responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority Area, and supports Interconnection frequency in real time.

3.6 Ballot Body.

The Ballot Body consists of WECC members and non-members that have been determined eligible for the voting sectors described in 8.5.5.2 and may, therefore, vote on Regional Criteria and Regional Reliability Standards.

- 3.7 Ballot Pool.**
A Ballot Pool consists of a self-selected set of members of the Ballot Body who join the Ballot Pool for a given Regional Criterion or Regional Reliability Standard during a designated window of opportunity provided by WECC either prior to balloting or prior to the close of balloting.
- 3.8 Board of Directors (Board).**
WECC Board of Directors, collectively, as described in Section 6.
- 3.9 Canadian Delegation.**
Canadian WECC Members.
- 3.10 Canadian Director.**
A member of the WECC Board of Directors that is either a representative from a Canadian Member of WECC or an individual currently residing in Canada and qualified to provide expertise on Canadian interests on the WECC Board of Directors.
- 3.11 Class.**
A grouping of Members described in Sections 4.2.1 through 4.2.7 and 4.3.
- 3.12 Commercial Practices.**
The products and practices involved in trading electricity. The term “Commercial Practices” only refers to an interaction among market entities that does not affect or require assistance from Grid Operating Entities that have grid reliability responsibilities.
- 3.13 Compliance Hearing Body.**
The hearing body formed in accordance with procedures established in the WECC Delegation Agreement with the ERO for the purpose of providing a balanced compliance panel to conduct hearings for the resolution of disputes concerning compliance with or enforcement of Reliability Standards that may arise between WECC (acting as Compliance Enforcement Authority for the Western Interconnection) and a Registered Entity.
- 3.14 Cross-Border Regional Entity.**
A Regional Entity that encompasses a part of the United States and a part of Canada or Mexico, and may therefore be delegated authority to propose and enforce Reliability Standards in Canada or Mexico by virtue of applicable contractual or regulatory mechanisms.
- 3.15 Delegation Agreement.**
An agreement between the ERO and WECC pursuant to Section 215 of the Federal Power Act by which the ERO delegates to WECC designated powers, rights and responsibilities regarding the administration within the Western Interconnection of electric Reliability Standards adopted or approved by the ERO and the FERC.
- 3.16 Director.**
An individual member of the WECC’s Board of Directors.

3.17 Electric Line of Business.

The generation, transmission, distribution, or trading of electricity or the provision of related energy services in the Western Interconnection.

3.18 Electric Reliability Organization (ERO).

The organization certified by FERC under 18 C.F.R. §39.3, the purpose of which is to establish and enforce Reliability Standards for the bulk-power system in the United States, subject to FERC review.

3.19 Entity.

Any individual, person, corporation, partnership, association, governmental body or organization of any kind.

3.20 FERC.

The Federal Energy Regulatory Commission or any successor.

3.21 Good Utility Practice.

Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

3.22 Grid Operating Entity.

Any operating entity, such as a Balancing Authority, that is certified pursuant to Section 2.1.5 of these Bylaws to be responsible for reliable operation of a portion of the Western Interconnection.

3.23 International Reliability Agreement.

An agreement between WECC and any appropriate Canadian or Mexican authority related to WECC's powers, rights and responsibilities regarding the administration within the Western Interconnection of electric Reliability Standards.

3.24 Local Regional Entity.

A regional transmission organization or some other formally or informally constituted regional organization or group within the Western Interconnection, including but not limited to a Balancing Authority, a group of Balancing Authorities acting in concert, or a group of Entities that own or operate Transmission Facilities acting in concert. These Local Regional Entity boundaries can be reevaluated or modified over time.

- 3.25 Market Interface.**
Market Interface involves all interactions among market entities and Grid Operating Entities related to transmission service and physical delivery.
- 3.26 Material External Impacts (MEI).**
Significant effects on another Local Regional Entity or market within the Western Interconnection but outside of the Local Regional Entity or market adopting a policy, standard, practice or procedure, or implementing an action.
- 3.27 Member.**
Any entity that has applied and been accepted for membership in WECC and is current in the payment of dues.
- 3.28 Member Class Director.**
A Director elected by a Class in accordance with Section 6.4 of these Bylaws.
- 3.29 Mexican Delegation.**
Mexican WECC Members.
- 3.30 Mexican Director.**
A member of the WECC Board of Directors that is either a representative from a Mexican Member of WECC or an individual currently residing in Mexico and qualified to represent Mexican interests on the WECC Board of Directors.
- 3.31 Non-Affiliated Director.**
A Director elected by the Members who satisfies the requirements of Section 6.5.1 of these Bylaws.
- 3.32 Open Access Tariff.**
A tariff offering transmission service which meets the requirements applicable to FERC orders regarding open access.
- 3.33 Participating Stakeholder.**
Any person or entity that is not a WECC Member, but is an interested stakeholder and has applied and been granted, pursuant to Section 8.6.2, the participation and voting rights set forth in Section 8.6.1.
- 3.34 Primary Authority.**
The ability, obligation, or responsibility of an entity to address an issue in the first instance.
- 3.35 Regional Criteria**
A WECC Board Approved document whose purpose is to establish consistency among WECC member entities with respect to business practices, technical procedures, documentation procedures or administrative procedures. Regional Criteria include specific procedures or requirements and must be approved by the Board. New and revised Regional Criteria shall be established using the WECC Standards Development Procedures.

3.36 Regional Entity (RE).

An entity having enforcement authority pursuant to 18 C.F.R. §39.8.

3.37 Regional Transmission Organization (RTO).

An entity approved by the Federal Energy Regulatory Commission as meeting the requirements and performing the functions of a regional transmission organization pursuant to FERC Order 2000 and subsequent related orders.

3.38 Registered Entity.

An owner, operator, or user of the bulk-power system or the entities registered as their delegates for the purpose of compliance in the North American Electric Reliability Corporation Regional Compliance Registry.

3.39 Reliability Management System

The contracts, separate from these Bylaws, by which Members and other parties agree to certain procedures and sanctions intended to enforce specified Reliability Practices to maintain reliable electric service throughout the Western Interconnection.

3.40 Reliability Standard.

A requirement approved by FERC under section 215 of the Federal Power Act, to provide for reliable operation of the bulk-power system in the United States. The term includes requirements for the operation of existing bulk-power system facilities, including cybersecurity protection, and the design of planned additions or modifications to such facilities to the extent necessary to provide for reliable operation of the bulk-power system, but the term does not include any requirement to enlarge such facilities or to construct new transmission capacity or generation capacity. A Reliability Standard for the Western Interconnection shall only apply to entities outside of the U.S. portion of the Western Interconnection upon approval by the appropriate Canadian or Mexican regulatory authority. Reliability Standards include Regional Reliability Standards and Continent-wide standards. Reliability Standards are adopted by the North American Electric Reliability Corporation (“NERC”). Regional Reliability Standards are specific to the Western Interconnection and shall be established using the WECC Standards Development Procedures.

3.41 Reliability Standards Development Procedures.

The process for developing and approving WECC Regional Reliability Standards (or its successor) attached as Exhibit C to the Delegation Agreement between WECC and North American Electric Reliability Corporation.

3.42 Transmission Facilities.

Those facilities that are defined as “transmission facilities” by FERC for purposes of the open access requirements of Section 210 and 211 of the Federal Power Act or any facilities which would be so defined if the Member were subject to FERC jurisdiction.

3.43 Western Interconnection.

The geographic area containing the synchronously operated electric transmission grid in the western part of North America, which includes in the United States Arizona, California, Idaho, Nevada, Oregon, Utah, and Washington, as well as parts of Montana, Nebraska, New Mexico, South Dakota, Texas, Wyoming, and Colorado; parts of the Canadian Provinces of British Columbia and Alberta; and Baja California Norte, Mexico.

4. Members and Membership.**4.1 Voluntary Membership.**

Except as otherwise may be required by applicable authority, membership in WECC is voluntary. A Member may withdraw upon giving the Secretary thirty (30) days' advance written notice. Notwithstanding such notice of withdrawal, all contracts (including any Reliability Management System Agreement), FERC orders, unpaid Member costs, decisions of arbitration and requests for transmission service made to the withdrawing Member in effect or pending as of the date of the written notice of withdrawal will be followed through to completion, pursuant to these Bylaws, by the withdrawing Member; however, pending requests for transmission service to be provided to such withdrawing Member will be void for the purposes of these Bylaws. Nothing herein will relieve any Member withdrawing from WECC from any obligation it may have under applicable law including, but not limited to, Section 215 of the Federal Power Act. A Member that withdraws is obligated to pay any unpaid dues owed through the remainder of the fiscal year in which its resignation becomes effective. Any Director employed by a withdrawing Member will be deemed to have resigned pursuant to Section 6.8.

4.2 Eligibility for Membership.

Subject to Section 4.5, any Entity that is an interested stakeholder or that meets the criteria for membership in the membership classes described in Sections 4.2.1 through 4.2.7 may be a Member of WECC:

- 4.2.1 Class 1. Electric Line of Business Entities owning, controlling or operating more than 1000 circuit miles of transmission lines of 115 kV and higher voltages within the Western Interconnection.
- 4.2.2 Class 2. Electric Line of Business Entities owning, controlling or operating transmission or distribution lines, but not more than 1,000 circuit miles of transmission lines of 115 kV or greater, within the Western Interconnection.
- 4.2.3 Class 3. Electric Line of Business Entities doing business in the Western Interconnection that do not own, control or operate transmission or distribution lines in the Western Interconnection, including power marketers, independent power producers, load serving entities and any other Entity whose primary business is the provision of energy services.
- 4.2.4 Class 4. End users of significant amounts of electricity in the Western Interconnection, including industrial, agricultural, commercial and retail entities as

well as organizations in the Western Interconnection that represent the interests of a substantial number of end users or a substantial number of persons interested in the impacts of electric systems on the public or the environment.

- 4.2.5 Class 5. Representatives of states and provinces in the Western Interconnection, provided that such representatives will have policy or regulatory roles and do not represent state or provincial agencies and departments whose function involves significant direct participation in the market as end users or in Electric Line of Business activities.
- 4.2.6 Class 6. Canadian members of other classes pursuant to Section 4.3.
- 4.2.7 Class 7. Members at large, that is, entities that are not eligible for membership in the other Member Classes and who have a substantial interest in the purposes of WECC.

4.3 Designation of Membership Class.

A Member of WECC may not belong to more than one Class except that for purposes of electing Canadian Directors and for populating the Governance and Nominating Committee, there shall be a Class 6 composed of all Canadian Members from any of the Member Classes defined in Section 4.2 except Class 7. An applicant for membership will designate the Class for which it qualifies based upon the criteria for membership set forth in Section 4.2 and these additional requirements: 1) all Members that are Electric Line of Business Entities must belong to Classes 1, 2 or 3; and 2) any Member owning, controlling or operating Transmission Facilities or distribution facilities must belong to Class 1 or 2 unless the Board grants the Member's petition for a change in Member Class pursuant to the provisions of Section 4.4 of these Bylaws. Applications for membership will be submitted to WECC. WECC staff will review the application to verify eligibility for membership and Member Class designation. An applicant whose application has been rejected or any Member who disputes the WECC staff's determination regarding the appropriate Member Class designation may request review by the Governance and Nominating Committee. If the applicant or any Member disagrees with the Governance and Nominating Committee's decision, the applicant or such Member may appeal this decision to the Board.

4.4 Changes in Membership Class.

Notwithstanding any other provision of these Bylaws, upon a petition from a Member, the WECC staff (subject to review by the Governance and Nominating Committee and appeal to the Board) may allow the Member to change Member Class if the interest of the Member is more closely aligned with the proposed Class than the Member's current Class.

4.5 Affiliates and Distinct Business Entities.

An Affiliate of a Member that satisfies the membership qualifications may also become a Member provided:

- 4.5.1 The Affiliate applying for membership and the Member disclose to the Chief Executive Officer all Affiliates that are WECC Members and the Classes to which

the Affiliates belong. Every Member will promptly notify the Chief Executive Officer whenever it becomes, or ceases to be, an Affiliate of any other Member.

- 4.5.2 Affiliates may be members of the same Class; provided, however, a group of Affiliates within a single Class may only have one vote in any WECC forum. A group of Affiliates within a single Class may, by providing written notice to the Chief Executive Officer, split their single vote pro rata or designate a single Affiliate as the group's voting Member.
- 4.5.3 For good cause shown and with the express approval of the Board, a company or organization containing functionally distinct entities within it may obtain separate memberships for such entities; provided that such entities will be considered Affiliates.
- 4.5.4 The Board may adopt a policy regarding whether Members may share the benefits of membership (including the right to receive information that is only available to Members) with a non-member Affiliate.
- 4.5.5 Upon receiving applications from non-WECC members to join the Ballot Body, WECC staff shall require such non-WECC members to identify their affiliations with other Ballot Body members in their applications to join the Ballot Body. WECC staff shall limit voting of affiliated non-WECC members in the same manner that would be used to limit voting by WECC member organizations.

4.6 Rights and Obligations of Membership.

Except as otherwise provided in these Bylaws or other applicable authority, Members of WECC have the following general rights and obligations:

- 4.6.1 The right to elect and remove Directors as described in Sections 6.4, 6.5 and 6.7;
- 4.6.2 The right to amend these Bylaws, and to review and rescind any Board amendment of these Bylaws, in accordance with Section 13;
- 4.6.3 The right to receive appropriate meeting notices, as well as reports and information produced by WECC;
- 4.6.4 The right to attend, participate and vote in all WECC Member meetings and the right to attend Board meetings (other than closed sessions of Board meetings) and to comment upon all matters considered in such meetings;
- 4.6.5 The right to be a member of, attend meetings of, and to introduce motions, debate and to vote in the deliberations of WECC committees, subject to the limitations of these Bylaws and such other reasonable limitations as the Board may adopt from time to time;

- 4.6.6 The right to obtain non-discriminatory transmission access from other Members in accordance with applicable law and Section 10 of these Bylaws;
- 4.6.7 The right to invoke the dispute resolution provisions of these Bylaws;
- 4.6.8 The right to petition the Board to take any action consistent with applicable law (including Section 215 of the Federal Power Act and implementing orders and regulations), these Bylaws and the articles of incorporation and to have such petition voted upon in a reasonable and timely manner;
- 4.6.9 The obligation to abide by these Bylaws, decisions resulting from the dispute resolution process, and all standards or decisions of WECC, subject to the exceptions set forth in Section 4.7 and the enforcement provisions of Section 4.8.
- 4.6.10 For Members owning or operating Transmission Facilities, or possessing transmission capacity rights by contract, the obligation to provide non-discriminatory transmission access to other Members through a regional transmission organization, the submittal of an Open Access Tariff with the FERC or in accordance with Section 10 of these Bylaws;
- 4.6.11 The obligation to notify the Chief Executive Officer promptly of changes with respect to Affiliates as provided in Section 4.5.1 of these Bylaws; and
- 4.6.12 The obligation to pay in a timely manner the membership dues pursuant to Section 12.
- 4.6.13 The obligation to provide system data that the Board has determined is necessary for WECC functions and does not impose an undue burden on the Members; provided, however, that the Board shall adopt appropriate limitations on this obligation or procedures that protect, and avoid the unnecessary collection of, confidential, privileged, trade secret, cybersecurity or critical energy infrastructure information or other information that the Board determines merits such protection consistent with applicable law.

4.7 Limitations on Member Obligations.

The obligation of Members pursuant to Section 4.6.9 will not require any Member to take any action which the Member in good faith determines: 1) would exceed the physical capabilities of the Member's electric system (or any part of another's electric system that the Member has the legal right to cause to comply with a WECC action governed by Section 4.6.9); 2) would create serious and immediate risks to public health or safety (provided, however, that the shedding of load shall not in and of itself be deemed a serious and immediate risk to public health and safety for the purpose of this section); 3) would create an immediate risk of serious damage to facilities or equipment within its electric system or cause it to operate any of its electric facilities or equipment in an unsafe manner; 4) would cause the Member to violate or improperly implement an applicable law, regulation, rule, order, FERC license provision or other legal obligation; or 5) would conflict with any non-

power requirement applicable to the Member (including without limitation any obligation under environmental laws, regulations, court and administrative decisions or biological opinions).

Each Member shall retain sole control of its facilities and the use thereof, and a Member shall not be required to construct or dedicate facilities for the benefit of any other Member, or be required to take action, or refrain from action, as may be deemed necessary to maintain reliable service to its own customers and/or to fulfill its obligations to third parties; provided, that a Member shall comply with duly-adopted reliability standards applicable to its system and shall comply with any directives under existing security coordination agreements. Nothing in these Bylaws is intended to preclude application of Section 210 or 211 of the Federal Power Act and Section 10 of these Bylaws. The above limitations shall not be construed as altering a Member's obligation to comply with applicable Reliability Standards or enforcement orders, or any other obligation arising under 18 C.F.R. Part 39.

4.8 Compliance and Enforcement.

The power of WECC to enforce Member obligations other than compliance with Reliability Standards and other obligations arising under 18 C.F.R. Part 39 and applicable Canadian and Mexican regulatory requirements is limited to suspension or termination of membership as set forth in this Section; provided, however, that: 1) nothing in this Section will limit the power of Members to agree to additional enforcement provisions in separate contracts (such as contracts pursuant to the Reliability Management System); 2) nothing in this Section will limit the power of WECC to propose solutions regarding Market Interface issues to any Applicable Regulatory Authority as described in Section 2.1.10; and 3) nothing in this Section will limit WECC's delegated authority under Section 215 of the Federal Power Act and 18 C.F.R. Part 39 and applicable Canadian and Mexican regulatory requirements to enforce Reliability Standards and perform other delegated functions within the Western Interconnection. The Board may suspend or, to the extent consistent with applicable law, terminate the membership of any Member for a material failure to meet any obligation of membership set forth in these Bylaws, including, but not limited to: 1) non-payment of dues sixty (60) days after the dues become delinquent; 2) intentionally or repeatedly violating any WECC Bylaw; 3) materially breaching or intentionally violating any FERC order or arbitration decision issued pursuant to these Bylaws; or 4) willfully obstructing any lawful purpose or activity of WECC. The Board will give the affected Member not less than twenty-one (21) days prior written notice of any proposed suspension or termination, which will include the specific basis for the proposed action and, if applicable, instructions on curing the problem.

4.8.1 Suspension. The suspension of a Member will not affect the Member's rights and obligations other than that the Member, and any Director employed by or affiliated with the Member, will not be entitled to vote at any meeting of the Members, Classes, Directors, or any committee until the suspension is removed except that a suspended Member may vote in WECC committee and subcommittee meetings on proposed Reliability Standards or revisions to Reliability Standards.

4.8.2 Termination. The termination of membership will have the same effect, and be subject to the same continuing obligations, as such Member's withdrawal pursuant to Section 4.1 (including the provision therein regarding resignation of any Director employed by such Member), except that it will be effective immediately upon the noticed date pursuant to Section 4.8.

4.9 WECC Structure and Governance Review Related to Regional Transmission Organizations.

At least each five years, the Board of Directors will conduct a thorough assessment of whether WECC is fulfilling its purposes in a manner that is consistent with: 1) the provisions of Section 2.3 of these Bylaws; and 2) the then-current state and the expected future evolution of the electric power industry within the Western Interconnection. In particular, the Board will focus on whether the standards, obligations, processes, and decisions WECC imposes on its Members are timely, fair, effective, and reasonable in view of the commercial, legal, regulatory, and economic needs and objectives of the affected Members. The Board will evaluate WECC's Board composition, Member Class structure, committee structure and activities, and staff responsibilities as they relate to the foregoing considerations. The assessment required by this Section 4.9 will be accompanied by Board recommendations for any changes the Board determines are warranted by the assessment. The assessment and recommendations prepared by the Board in accordance with this Section 4.9 will be submitted in writing to the Members at the first annual Member meeting held after they are completed.

5. Procedures for Member Decisions.

5.1 Quorum.

With the exception of voting on Regional Reliability Standards and Regional Criteria under the oversight of the WECC Standards Committee, members may conduct business and take votes only at duly noticed Member meetings. Members may not conduct any business of the membership as a whole at any meeting unless a quorum is first established. A majority of all Members, including a majority in at least three (3) Classes, will constitute a quorum for all meetings of the membership as a whole. A majority of the members of a Class will constitute a quorum for all Member Class meetings. Inactive Members, as defined in Section 5.9 of these Bylaws, will not be counted in determining a quorum at membership or Member Class meetings. A quorum, once established, will be deemed to continue for the balance of any Member or Member Class meeting, except that no election of Directors may occur without a quorum being present. Members may designate an alternate representative or submit an absentee ballot in a form consistent with Section 6.6 for any Member or Member Class meeting. No Class may elect Member Class Directors without a majority of the members of the class being present either in person, or by designation of an alternate representative, or by the submission of an absentee vote. At a duly noticed meeting of the membership as a whole where a quorum of the membership has not been established, or at any duly noticed meeting of a Class meeting on its own, a Class may elect Member Class Directors notwithstanding the lack of quorum for action by the membership as a whole, provided a majority of the Members of a Class are present in person, or by designation of an alternate representative, or have submitted an absentee vote.

5.2 General Membership Meetings.

All business of the Members acting as a whole will be conducted at meetings called by advance notice to all WECC Members provided in accordance with Section 5.5. Unless stated otherwise in these Bylaws, decisions at all meetings of the Members or of Member Classes will be by simple majority vote of the Members present or otherwise represented in accordance with these Bylaws, with each Member having one vote. The Chair of the Board will preside over all Member meetings.

5.3 Annual Member Meetings.

WECC will hold an Annual Meeting of all Members at a time and place determined by the Board. At the Annual Meeting, in addition to such other actions the Members may take, all Member Classes together will elect Non-Affiliated Directors and each Class eligible to do so will elect Member Class Directors.

5.4 Special Member Meetings.

Members may hold special meetings whenever called by the Board. The Board will call special Member meetings whenever a majority of the Members of any Class request a special meeting or at such other times as it deems appropriate. The Chair of the Board will preside over all special Member meetings.

5.5 Member Class Meetings

An individual WECC Member Class, including Class 6 consisting of the Canadian Delegation, may hold a meeting for any purpose relevant to the interests of Class Members, including the election of Member Class Directors by Classes eligible to do so. Such meeting will be initiated by request by one or more Class Member(s), and agreement by at least fifty percent (50%) of Class Members.

5.6 Notice of Member Meetings.

5.6.1 Annual Meeting. The Chief Executive Officer will provide at least thirty (30) days' advance notice to all Members and the Board of the date, place and time of the Annual Meeting of the Members and an agenda of the business to be conducted at such meeting.

5.6.2 Other Member Meetings. The Chief Executive Officer will provide notice of regularly scheduled and special meetings of the Members to the Members not less than fifteen (15) days before the meeting if delivered by first-class mail, or not less than ten (10) days before the meeting if the notice is delivered personally, by telephone, by facsimile, electronic mail or express mail. Notice of meetings may not be sent solely by electronic mail. If mailed, such notice will be deemed given when deposited in the United States mail, with first-class postage thereon prepaid, addressed to a Member. Such notice will state the date, time and place of the meeting and the meeting agenda.

5.6.3 **Public and Website Notice.** Public notice of each meeting of the Members will be placed on WECC's website at least ten (10) days before such meeting. In addition, the Chief Executive Officer will provide notice in the same manner and time as set forth in Section 5.6.2 of each meeting to each member of the public who so requests and who has provided appropriate information regarding delivery of notice.

5.7 Open Meetings.

All Membership meetings are open to observation by the public.

5.8 Policymaking Authority.

The Board of Directors may adopt policies for the interpretation and implementation of the meeting and voting procedures established in this Section 5.

5.9 Minimum Participation Requirement.

In order to be counted for quorum purposes at a meeting of the membership as a whole or Class meeting, a WECC Member must actively participate (by attending in person, sending an alternate, or voting absentee) in at least one WECC meeting (including meetings of the Board, committees and subcommittees) each year. If the Member does not meet this minimum participation requirement, the Member will be considered an "inactive" Member until its active status is restored by participation in at least one WECC meeting (including meetings of the Board, committees and subcommittees) by attending in person, sending an alternate, or voting absentee. An inactive Member will not be counted toward establishing a quorum of the membership as a whole or of a Class. An applicant for WECC membership or a WECC Member may at any time self-designate itself an inactive Member. Such designation will be effective until the Member is reinstated to "active" status.

6. Governance.

6.1 Board of Directors.

Subject to those matters expressly requiring approval of the Membership, a Board of Directors elected by the Members will govern WECC.

6.2 Composition of the Board.

Except as provided in Sections 6.2.1 and 6.2.2, the Board consists of thirty-two Directors as follows: 1) twenty-four (24) Member Class Directors elected by the Member Classes eligible to do so, including Class 6 as defined in Section 6.2.1, (four from Classes 1 through 6); 2) seven (7) Non-Affiliated Directors elected by the WECC Members as a whole (which may include the Chief Executive Officer), and 3) one Mexican Director elected according to Section 6.2.2. As indicated in Section 6.2.1, if there is no Non-affiliated Director whose background and experience would provide the Board expertise on Canadian interests, then the Board size would be increased by one more Director elected by Class 6. In addition, the Board may provide for the CEO of WECC to be a voting member of the Board through the inclusion of such a provision in the resolution the Board adopts appointing WECC's CEO. Such provision shall not permit the CEO to be a member of a Board committee or to cast either a tie-breaking vote or a vote that creates a tie.

6.2.1 Canadian Interests. For purposes of providing fair and adequate representation of Canadian Interests in numbers that are approximately proportionate to the contribution of net energy for load in that portion of the Western Interconnection located in Canada, the Canadian Delegation shall constitute Class 6 and shall elect four (4) Canadian Directors, provided that at least one of these Canadian Directors must be affiliated with each of Member Classes 1, 3, and 5. Members of the Canadian Delegation shall vote for Directors in this Class 6 and shall not vote in other Member Class elections. In the initial election of these four Class 6 Directors, one shall have a term of four years, one shall have a term of three years, one shall have a term of two years, and one shall have a term of one year. Thereafter all Canadian Directors will serve a term of three years. Class 6 will also elect a fifth Canadian Director if, following the election of Non-Affiliated Directors at the Annual Meeting, there is no Non-Affiliated Director qualified by virtue of background and experience in Canadian industry or government to provide Board expertise on Canadian interests. This fifth Canadian Director shall serve until the earlier of: 1) the end of a three-year term (provided that this provision will remain in effect and may continue to cause the election of an additional Director); or 2) the election by the Members of a Non-Affiliated Director with the background and experience described in this Section.

6.2.2 Mexican Interests. Whenever there are at least two (2) Members whose head offices and principal place of business are in Mexico or there is one such Member that operates a portion of the Western Interconnection and has signed the Reliability Management System agreement or has agreed to abide by any successor standards compliance system and no person has been elected to the Board by the Classes or Members whose experience or affiliation reflects Mexican interests, the number of Class Member Directors will be expanded by one (1) and the additional Member Class Director will be elected by the Mexican Delegation. This Mexican Director will serve until the earlier of: 1) the end of a three-year term (provided that this provision will remain in effect and may continue to cause the election of an additional Director); or 2) the election by the Members or a Member Class of a person with the experience or affiliation described in this Section.

6.3 Term of Office.

Each Director will hold office for three (3) years. For Directors elected at the Annual Membership Meeting, each three (3) year term shall commence upon the adjournment of the portion of the Annual Member Meeting provided for in Section 5.3, in which all Members are counted for purposes of determining a quorum. Similarly, the three year terms of outgoing Directors shall end upon the adjournment of that portion of the Annual Member Meeting in which all Members are counted for purposes of determining a quorum, whether that results in a longer or shorter term than exactly three years.

6.4 Selection and Compensation of Member Class Directors.

6.4.1 Selection of Member Class Directors. With the exception of Class 7, each Member Class shall be eligible to elect Member Class Directors. Member Class Directors will

be elected by Members of their respective Classes of Membership. Each Member Class eligible to elect Member Class Directors may develop its own list of Director candidates or it may ask the Governance and Nominating Committee to develop a list of candidates. If the Governance Nominating Committee is used, it will select at least two (2) candidates for each vacancy for Member Class Director. In addition, in identifying candidates for Member Class Director positions, the Governance and Nominating Committee will seek to produce a slate of candidates who, together with the Directors from all Member Classes standing for election and continuing in office, will reflect the diversity of regional interests and characteristics within the Western Interconnection. The proposed slate of candidates will be mailed to the Members of the Class at least sixty (60) days before each Member Class Meeting at which the elections are to be held. Additional candidates may be added to the slate upon the submittal of a nomination to the Chief Executive Officer signed by three (3) Members of the Class, or ten percent (10%) of the total number of Members of the Class, whichever is greater. The Chief Executive Officer must receive such nominations at least thirty (30) days before the Member Class Meeting. All candidates identified by the Class (as provided above) or by the Governance and Nominating Committee will be submitted to the Class for election at the Member Class Meeting. Candidates will provide reasonable background information regarding their qualifications and a disclosure statement regarding any affiliations with Electric Line of Business Entities in the Western Interconnection to the Members before each election. The Director candidate(s) receiving the highest number of votes cast by Members of the Class will be elected to the position of Director.

- 6.4.2 Member Class Director Qualifications. Member Classes eligible to elect Member Class Directors may elect any person as a Member Class Director, provided that no Member or group of Affiliated Members may have more than one Director associated with them. Nothing in this Section regarding the election of Directors by Classes of Members is intended to limit, qualify or alter in any manner the fiduciary obligation of Directors to WECC set forth in Section 6.10.1. A Member Class Director shall notify all Members of the Class from which the Director was elected of any significant change in employment or other significant change in circumstances relevant to the Director's qualifications. Such notice shall be provided in writing as soon as possible and not later than sixty (60) days following the change.
- 6.4.3 Minimum Number of Class Members. Each Class eligible to elect Member Class Directors must have at least four (4) Members to be qualified to nominate and elect representatives to the Board of Directors. If a Class eligible to elect Member Class Directors contains less than four (4) members, then the Director positions for that Class will remain vacant until the first Annual Meeting at which the Class has the minimum number of members, at which time two of the vacant positions will be filled by election to three year terms and two by election to two year terms. If a Class eligible to elect Member Class Directors falls below the minimum number of members after having elected Directors, such Directors will continue to serve out

their terms. However, upon expiration of their terms, the Director positions will remain vacant until such time as the Class contains sufficient members.

- 6.4.4 Member Class Director Compensation. Member Class Directors will not be compensated for their service by WECC. WECC will reimburse Member Class Directors for reasonable and actual out-of-pocket expenses (such as travel and lodging) that are not subject to reimbursement from any Member or other source.

6.5 Selection and Compensation of Non-Affiliated Directors.

6.5.1 Non-Affiliated Director Qualifications.

6.5.1.1 Non-Affiliation. The Non-Affiliated Directors of the Board may not be affiliated with any Entity that is a Member of WECC or is eligible for membership in Classes 1 through 3 of WECC, provided that status as a residential electricity customer will not disqualify a person from sitting as a Director. A candidate will not be qualified to serve as a Director if the candidate, or the spouse or a minor child of the candidate, derives any of his or her annual income from a Member of WECC, an Entity that is eligible for membership in Classes 1 through 3, or a bulk power user in the Western Interconnection. WECC shall maintain a list of such Members and Entities which shall be updated periodically. Non-Affiliated Directors, candidates and others shall be entitled to rely upon the list to determine compliance with these requirements.

6.5.1.1.1 Notwithstanding the provisions of Section 6.5.1.1, a candidate for Non-Affiliated Director will not be disqualified for owning shares in a mutual fund that owns an interest in a Member or an Affiliate of a Member as long as the mutual fund does not specialize exclusively or predominantly in the energy sector. The disqualification standards described in Section 6.5.1.1 will not disqualify a candidate who is receiving payments from a pension plan of a Member or an Affiliate of a Member in a form other than securities of such Member or Affiliate and the pension plan payments bear no relationship to the economic performance of the Member or Affiliate.

6.5.1.1.2 The disqualification standards described in Section 6.5.1.1 will not apply to disqualify a candidate solely by virtue of an employment or contractual relationship with a state that has one or more agencies that are eligible to be Members of Class 5 of WECC, provided that:

1. In the case of a candidate's employment relationship, the employer is not a member of WECC;

2. In the case of a candidate's contractual relationship with a state agency, no member or employee of the state agency is a member of the WECC Board;
3. In the case of a candidate's employment relationship with a contractor to a state agency, no member or employee of the state agency is a member of the WECC Board; and
4. In the case of a candidate's employment or contractual relationship with a state agency which is a WECC Member or employs a WECC Board member, if the Governance and Nominating Committee determines that the candidate's employment duties do not include significant work for or representation of that state agency.

6.5.1.1.3 Notwithstanding the provisions of this Section 6.5.1.1, a candidate for Non-Affiliated Director will not be disqualified for being affiliated with an organization that represents a substantial number of end users or a substantial number of persons interested in the impacts of electric systems on the public interest or the environment.

6.5.1.2 Expertise. The Governance and Nominating Committee will nominate Non-Affiliated Director candidates with the objective of having at least one Non-Affiliated Director with expertise in electric transmission operations and planning. The Governance and Nominating Committee will also have the objective of nominating persons with: 1) experience in corporate leadership at the senior management or board of directors level; 2) leadership experience in law, finance, economics, accounting, engineering, regulation, natural resources or commercial commodity markets and associated risk management; 3) experience representing a substantial number of end users or a substantial number of persons interested in the impacts of electric systems on the public or the environment; 4) a well-developed understanding of the distinct operational, resource, political, and interest-based characteristics of various regions within the Western Interconnection; and 5) a well-developed understanding of Canadian power systems or Canadian regulatory issues.

6.5.2 Selection of Non-Affiliated Directors.

6.5.2.1 Selection of Non-Affiliated Directors. After the initial election of Non-Affiliated Directors, the Governance and Nominating Committee will make nominations. Before the end of each Non-Affiliated Director's term, the Governance and Nominating Committee may select an independent search firm to provide the Governance and Nominating Committee with a list of qualified candidates for each vacant position. Incumbent Directors, if

qualified and willing to serve, may be considered for nomination by the Governance and Nominating Committee. The Governance and Nominating Committee will consider each candidate for Non-Affiliated Director to determine whether that candidate is qualified to stand for election to the Board. From the list of candidates accepted by the Governance and Nominating Committee to stand for election, the Governance and Nominating Committee will select a slate of candidates for the vacant Non-Affiliated Director positions. The Governance and Nominating Committee's slate of candidates will be e-mailed to the Members no later than sixty (60) days prior to the Annual Meeting. Additional candidates may be added to the slate upon the submittal of a nomination to the Chief Executive Officer signed by no fewer than 10 Members, including at least 3 from each of two different Member Classes. The Chief Executive Officer must receive such nomination at least thirty (30) days before the Annual Meeting. The Chief Executive Officer will place such nominations before the Members for possible election unless he or she determines in writing that a proposed nominee does not meet the criteria for eligibility to be a Non-Affiliated Director in these Bylaws.

6.5.2.2 Disclosure Statement. Candidates for Non-Affiliated Director will provide to the Governance and Nominating Committee and, if nominated, to the Members, a statement describing their expertise and disclosing any present or past affiliations, relationships or associations relevant to their qualification to serve as a Non-Affiliated Director. A candidate for Non-Affiliated Director will be required to disclose any economic interest in any Member of WECC or any Entity eligible for membership in Classes 1 through 3 of WECC held by themselves, their spouse or their children as well as any such interest known to the candidate held by the candidate's parents, siblings, aunts, uncles, or first cousins.

6.5.2.3 Election. The number of Non-Affiliated Director candidate(s) corresponding to the number of vacant positions receiving the highest number of votes cast at the Annual Meetings of the Members will be elected to the position of Non-Affiliated Director.

6.5.3 Non-Affiliated Director Compensation. The Non-Affiliated Directors will receive a level of compensation as determined from time to time by the Member Class Directors.

6.6 Tie Vote.

In the event of an inability to select Directors due to a tie vote, a second vote will be taken to determine the placement of the tied candidates. The second vote will be limited to the tied candidates, with the candidate(s) receiving the highest number of votes being selected. If another tie vote results, additional votes will be taken (after the elimination of any candidate receiving fewer votes than the tied candidates) until a candidate can be selected. If a tie cannot be resolved pursuant to the foregoing procedures, it will be resolved by lot. For the

purpose of such second (and subsequent) votes, absentee ballots shall allow voters to list all candidates in order of preference such that absentee ballots may be counted by striking those candidates not participating in the run-off. Absentee ballots that express an order of preference for fewer than all candidates will be counted if the ballot demonstrates clear preference among the runoff candidates.

6.7 Removal of Directors.

The Members or the Board may remove a Director before completion of the Director's term of office pursuant to the following provisions.

6.7.1 Removal by the Members. Member Class Directors may be removed at will by a vote of at least sixty percent (60%) of the Members of the Class that elected that Director. Non-Affiliated Directors may be removed only for gross negligence, violation of local, state, provincial, or federal laws, gross misconduct, or failure to meet the fiduciary obligations of Directors. Removal of a Non-Affiliated Director will be by a vote of at least fifty percent (50%) of the entire WECC membership, including a vote of at least fifty percent (50%) of each Class.

6.7.2 Removal by the Board. The Board may remove any Director for gross negligence, violation of local, state, provincial, or federal laws, gross misconduct, or failure to meet the fiduciary obligations of Directors. Such removal will only occur upon the affirmative vote of not less than twenty-one (21) Directors.

6.8 Resignation.

Any Director may resign from his or her office or position at any time by written notice to the Board by delivery to the Chair. Pursuant to Sections 4.1 and 4.8.2, a Director employed by a withdrawing or expelled Member will be deemed to have resigned. The acceptance of a resignation will not be required to make it effective.

6.9 Procedures for Filling Vacant Director Positions.

6.9.1 Member Class Director Vacancies. If the position of any Director elected by a Member Class becomes vacant, the remaining Directors elected by the same Class will promptly choose a successor to that position who will serve until the next Annual Meeting.

6.9.2 Non-Affiliated Director Vacancies. If the position of any Non-Affiliated Director becomes vacant, the remaining Directors may charge the Governance and Nominating Committee with selecting a successor immediately. The Governance and Nominating Committee will follow the requirements set out in Section 6.5.2.1 in its selection of any successor Non-Affiliated Director. Alternatively, if less than one (1) year remains in the term of that Director, the remaining Directors may choose to leave the position vacant for the remainder of the term.

6.9.3 Holdover to Cure Procedural Vacancies. Whenever a vacancy in any Member Class or Non-Affiliated Director position would be created due to expiration of a Director's term combined with a lack of a quorum or other procedural inability to elect a new Director, the expired Director's term shall be extended until such time as a proper election of a new Director can be conducted.

6.10 Duties of Directors.

The Directors will have the following duties:

- 6.10.1 **Fiduciary Obligation to WECC:** All Directors, including Member Class Directors, will have a fiduciary obligation to WECC consistent with the requirements for Directors of Utah non-profit corporations. Notwithstanding any affiliation with individual Members or Class of membership, Members of the Board will at all times act in conformance with such requirements, these Bylaws and the Standards of Conduct set forth in Appendix A.
- 6.10.2 **Preserve Non-Affiliated Status:** Throughout their terms, Non-Affiliated Directors will have a duty to avoid any affiliation that is inconsistent with the standards for Non-Affiliated Directors in Section 6.5.1.1 of these Bylaws. If a Non-Affiliated Director becomes aware of any such affiliation, he/she must either resign or eliminate the affiliation (e.g., dispose of securities) within six (6) months.

6.11 Powers of Directors.

The management of all the property and affairs of WECC will be vested in the Board of Directors. The Board will hold annual elections to select a Board Chair and to fill any other Board officer positions that may be created by the Board or required by applicable law. The Board may exercise all the powers of WECC and do all lawful acts and things (including the adoption of such rules and regulations for the conduct of its meetings, the exercise of its powers and the management of WECC) as are consistent with these Bylaws and the Articles of Incorporation.

6.12 Delegation of Board Authority.

The Board may delegate to the Chief Executive Officer or to any Board Committee formed pursuant to Section 7.7 any or all of its powers and authority except: 1) any power which it may not delegate pursuant to applicable Utah law; 2) the power to adopt any reliability standard; 3) the power to determine when to exercise the Backstop Authority of WECC; 4) the power to approve budgets; 5) the power to form committees; 6) the power to amend the Bylaws; 7) the power to elect the Chair and other officers of the Board; and 8) the power to hire, fire or set the terms of employment of the Chief Executive Officer. The Board may also delegate to any Member committee the power to make specific decisions, subject to the right of any Member to appeal any of such decisions to the Board within 30 days of the committee vote on the decision by writing a letter to the Chief Executive Officer that describes in reasonable detail the grounds for appeal, and requests that the appeal be considered by the Board at its next regularly scheduled meeting, subject to applicable notice requirements. Delegation will be by express decision and will require the affirmative vote of not less than twenty (20) Directors. Any Director may call for a vote to rescind such delegation at any time and such delegation will be rescinded if eight (8) or more Directors vote to do so.

- 6.12.1 **Notice to Members.** Within seven (7) days of any decision delegated pursuant to Section 6.12, except for routine decisions of the Chief Executive Officer, Members will be notified of the decision by electronic mail, posting on the WECC website and any other means determined appropriate by the Board. Routine decisions of the

Chief Executive Officer will be noticed in periodic reports to the Board and Members as determined by the Board, which will be sent to Members by electronic mail and posted on the WECC website.

6.12.2 Board Review of Delegated Decisions. Decisions delegated pursuant to Section 6.12 will be reviewed by the Board at the request of any Director, provided such request is lodged with the Secretary within thirty (30) days of the notice. Whenever it determines that a matter requires an urgent decision, the Board may shorten the deadline for requests for review, provided that: 1) the notice and opportunity for review will be reasonable under the circumstances; and 2) notices to Members will always contain clear notification of the procedures and deadlines for Board review. A request for review of a decision will stay the effect of the decision pending review unless the Board in making the delegation expressly determines otherwise.

7. Procedures for Board Decisions.

7.1 Quorum.

No business will be conducted by the Board unless at least seventeen (17) Directors are present, including at least three (3) Non-Affiliated Directors and at least one Director elected by each of not less than four (4) of the Member Classes; provided, that if all Member Class Director positions for a Class are vacant, or if a Class is not entitled to elect Member Class Directors, then no Director elected by such Class will be required to be present for the Board to conduct business.

7.2 Majority Vote.

A decision of the Board will require an affirmative vote of a majority of Directors present and not abstaining. Directors may not vote by proxy or by absentee ballot, but Directors may participate in Board meetings by telephone as provided in Section 7.3 of these Bylaws.

7.3 Attendance at Board Meetings by Teleconference.

Any or all of WECC's Directors may participate in any meeting of the Board by telephone conference or any other means of communication that enable all Directors participating in the meeting to simultaneously hear one another. Every Director participating in a meeting in the manner described in the preceding sentence will be deemed to be present in person at that meeting.

7.4 Board Action by Unanimous Consent.

7.4.1 Action Without a Meeting. Unless WECC's Articles of Incorporation or applicable law provides otherwise, action required or permitted to be taken at a meeting of the Board may be taken without a meeting through one or more written consents describing the action taken. Any Board action taken by written consent must be signed by all Directors in office at the time the action is taken. Such actions must be noticed to Members in accordance with Section 7.5 and Members must be given an opportunity to comment prior to the Board taking such actions through electronic mail, comments on the website or other appropriate means. The required notice of such meeting may generally describe the arrangements (rather than the place) for the

holding of the meeting. All other provisions herein contained or referred to will apply to such meeting as though it were physically held at a single place. All Board actions by written consent must be filed with WECC's Board meeting minutes. Action taken under this Section is effective when the last Director signs the consent, unless the consent specifies an earlier or later effective date. Any action by written consent has the same effect as a meeting vote and may be described as such in any document.

- 7.4.2 **Waiver of Procedures.** For any specific action at any noticed meeting of the Board, and under exigent or unusual circumstances, the Board by unanimous vote of those present may waive any procedural requirement applicable to Board decision-making, including any requirement for notice of a specific potential action, except for the following: 1) the requirement for notice of the time and place of the meeting pursuant to Section 7.5; 2) the quorum and voting requirements of Sections 7.1 and 7.2; and 3) any non-procedural limitation on the power of the Board to make a decision, including, but not limited to, those restrictions in Sections 6.12 (limiting the power to delegate) and 13.1 (limiting the power to amend the Bylaws). Whenever such action is taken, a statement describing the action, the exigent or unusual circumstances, the specific procedure waived, the basis for the waiver and the votes of all Directors present shall be posted on the website and communicated in writing or by e-mail to all Members within five (5) days.

7.5 Notice of Board Meetings.

- 7.5.1 **Regular Meetings.** Except as set forth in Section 7.5.2 regarding urgent business, all regular business of the Board will occur at the Board meetings, at least twenty-one (21) days' advance notice of which has been provided by the Chief Executive Officer to all Directors and all Members. Notice will include an agenda that will identify those matters on which a vote will be taken at the meeting. The foregoing requirement shall not preclude the Board from taking an action that is different from the specific proposed action identified in the agenda, as long as the relevant subject matter has been reasonably identified in the agenda. The Directors will establish a regular meeting schedule that will be made available to the Members. The schedule will include not less than two meetings of the Board annually.
- 7.5.2 **Special Meetings.** Whenever the Chair of the Board or any three (3) Directors find that there is urgent business requiring Board action before the next regular Board meeting, a special meeting of the Board may be called. Such special meetings will be held upon as much written notice to each Board Member and all Members as is possible under the circumstances, which will not be less than three (3) days. However, this notice of special meetings may be waived if: 1) the waiver is by a writing signed by a quorum of Board members; and 2) as much notice of the meeting as practicable has been given to WECC Members via e-mail and posting on the WECC website.
- 7.5.3 **Public and Website Notice.** Public notice of each meeting of the Board will be placed on WECC's website at least ten (10) days before such meeting (or such lesser time as

provided pursuant to Section 7.5.2). In addition, the Chief Executive Officer will provide notice of each meeting by first-class mail, facsimile or electronic mail to each member of the public who so requests and who has provided appropriate information regarding delivery of notice.

7.6 Open Meetings.

Except as provided in Section 7.6.1, all regular and special meetings of the Board will be open to observation by any Member and any member of the public.

7.6.1 Closed Session. Notwithstanding the provisions of Section 7.6, upon an affirmative vote of two-thirds (2/3) of the Directors present, the Board may meet in closed session: 1) to consider the employment, evaluation of performance, or dismissal of an employee of WECC and to deliberate regarding decisions the Board may be called upon to make regarding the nomination, qualification, appointment, or removal of a member of the Board of Directors; 2) to discuss pending or proposed litigation and to receive confidential attorney-client communications from legal counsel; and 3) to receive and discuss any information that is privileged, trade secret, cybersecurity, critical energy infrastructure information (as defined by the FERC), protected from public disclosure by law or that the Board determines should be confidential in order to protect a legitimate public interest.

7.6.1.1 Attendance by an Affected Director. Closed sessions of the Board may not be attended by a Director under the following circumstances: 1) where the qualifications or performance of the Director or the Director's spouse or children are being discussed; 2) where the Director is employed by an entity that is or is likely to become a party to the litigation being discussed; and 3) where the Director or the Board determines that the Director would have a serious and substantial conflict of interest by becoming privy to confidential attorney-client or trade secret information that is to be presented to the Board in closed session.

7.6.1.2 Announcement of Closed Session. Before adjourning into closed session, the Chair of the Board will announce the purpose of the closed session in a manner that provides the public an understanding of the general subject matter to be discussed but which does not reveal sensitive or personal information. The Board will not discuss additional items outside the scope of this description.

7.6.1.3 Confidentiality of Closed Session. All Directors and others present will maintain the confidentiality of discussions and decisions made in closed session. The Board will appoint a secretary for closed session to keep a minute book for the purpose of recording the subject matter discussed in closed session and any actions taken in closed session.

7.7 Board Committees.

- 7.7.1 Governance and Nominating Committee. The Chair will appoint a Governance and Nominating Committee that shall: 1) return slates of candidates as required by these Bylaws; 2) oversee implementation and amendment of these Bylaws; and 3) address such other issues pertinent to Governance as the Board may choose to delegate to it. The Governance and Nominating Committee will consist of one Director from each of the six Member Classes eligible to elect such Directors and one Non-Affiliated Director. The Chair will designate one of the appointed Directors to be the Chair of the Governance and Nominating Committee.
- 7.7.2 Other Board Committees. The Board may appoint such Board committees as it deems necessary from time to time to carry out its business affairs. In appointing such committees, the Board will specify their purpose, membership, voting, notice and meeting procedures and such other direction as the Board may deem appropriate. The Board may appoint one or more Members or other persons to participate in Board committees as full voting members or as non-voting advisory members.
- 7.7.3 Standards of Conduct for Board Committee Members. Members of Board committees shall comply with the Board Member Standards of Conduct set forth in Appendix A.

8. Member Committees.

8.1 Purpose.

WECC will have committees composed of its Members to advise and make recommendations to the Board. Such committees will include both standing committees required by these Bylaws and such other committees as the Board may choose to create.

8.2 Standing Committees.

WECC will have the following standing committees:

- 8.2.1 Planning Coordination Committee. This committee will advise and make recommendations to the Board on all matters within the jurisdiction of WECC pertaining to maintaining reliability through evaluating generation and load balance and the adequacy of the physical infrastructure of interconnected bulk electric systems within the Western Interconnection.
- 8.2.2 Operating Committee. This committee will advise and make recommendations to the Board on all matters within the jurisdiction of WECC pertaining to maintaining reliability through the operation and security of the interconnected bulk western electric systems in the Western Interconnection.
- 8.2.3 Market Interface Committee. This committee will advise and make recommendations to the Board on the development of consistent Market Interface practices and compatible commercial practices within the Western Interconnection. It will consider

matters pertaining to the impact of WECC's reliability standards, practices, and procedures on the commercial electricity market in the Western Interconnection, and facilitate analysis of the impact of electricity market practices on electric system reliability.

8.3 Other Committees.

8.3.1 The Board may create such other committees as it may desire from time to time. The Board will specify the functions, duties and responsibilities of any such committee at the time of its creation. The Board will also specify the membership rules, quorum requirements, voting levels and meeting and notice requirements at the time of creation. Any changes in the membership rules, quorum requirements, or voting levels of a committee, once established by the Board, will require a seventy-five percent (75%) vote of the Board to alter. The specific function or sunset date for a committee will be designated by the Board at the time of the committee's creation. The committee will terminate its activities upon the completion of its function or the expiration of the date set by the Board.

8.3.2 The WECC Standards Committee is the committee that will oversee the process for responding to requests for Regional Reliability Standards and Regional Criteria in accordance with the Reliability Standards Development Procedures. . The WECC Standards Committee is responsible for determining if a request for a Regional Reliability Standard or a Regional Criteria is within the scope of WECC's activities, and for overseeing the drafting, comment and voting process for a Regional Reliability Standard or Regional Criteria. The WECC Standards Committee shall also oversee the process for responding to requests for interpretations of Regional Reliability Standards and Regional Criteria. The WECC Standards Committee shall consist of one member from each of the WECC Standards Voting Sectors set forth in Section 8.5.5.2, and a member of the WECC Board who shall act as chair of this committee. The WECC Board shall approve a Charter for the WECC Standards Committee that describes the WECC Standards Committee membership selection process.

8.4 [Repealed]

8.5 Procedures for Committee Decision-Making.

8.5.1 Reports to Board of Directors. Action by a committee will be in the form of a recommendation for Board action except in those instances in which the Board has, by resolution, specifically delegated to a committee the power to take action subject to an appeal to the Board by any Member. The recommendation of a committee must be forwarded to the Board for its action along with any minority or dissenting reports filed with the committee Chair or Vice-Chair.

8.5.2 Subcommittees, Task Forces and Ad Hoc Groups. Any Board or member committee may create such subcommittees, task forces or other ad hoc groups

(“subcommittee”) as it deems appropriate to carry out the committee’s responsibilities consistent with these Bylaws and the direction of the Board. The composition, responsibilities and procedures of such groups shall be specified by the committee as appropriate; provided, however that: 1) the committee may only delegate to such subcommittee responsibilities that are within the scope of the committee’s responsibilities pursuant to these Bylaws and direction of the Board; and 2) the subcommittee may only make recommendations to the committee. A committee may create a subcommittee without prior approval of the Board; provided, however, that the committee shall promptly inform the Board in writing and at the next Board meeting regarding the creation of the subcommittee. The notification to the Board shall include a charter for the subcommittee that describes how members of the subcommittee will be selected, the duties of the subcommittee, and whether the committee has established a sunset date for review of (1) the need for the subcommittee and (2) the charter of the subcommittee.

- 8.5.3 Committee Officers. The Board will appoint the Chair and Vice-Chair of each committee. The Committee Chair or Vice-Chair will preside over all meetings of the committee and will report recommendations of the committee to the Board of Directors. The Chair and Vice-Chair will be responsible for informing the Board regarding minority opinions and other information required by the Board along with overall committee recommendations. Whenever the committee elects to form a subcommittee to represent regions or address specific tasks, the Chair (or in the absence of the Chair, the Vice-Chair) will have the power to appoint the members of such subcommittee from both members of the committees and non-members. Upon resignation of the Committee Chair, the Vice Chair shall serve as Chair until the Board appoints a replacement. Upon resignation of the Vice Chair, the Chair may appoint a temporary Vice Chair to serve until the Board appoints a replacement. Upon resignation of both the Chair and Vice Chair, the Chair of the Board may appoint one or more temporary replacements to serve until the Board appoints permanent replacements.
- 8.5.4 Committee Membership. Except as provided in Sections 8.3.2 and 8.5.4.1, any Member of WECC may designate one representative as its committee member to any standing committee or other committee. The WECC Member will have one vote at any committee meeting through that committee member. Any number of other persons may attend a committee meeting, but such persons will have no right to vote without a prior designation of representation by a WECC Member, except that interested stakeholders may, under Section 8.6, vote on proposed Reliability Standards or revisions to Reliability Standards.
- 8.5.4.1 Dual Representation for Functionally-Separated Members. A Member which has distinct and functionally-separated interests as both a transmission provider and a transmission customer may designate two representatives as committee members to any standing committee, one to represent each functionally separate interest. Each such committee member will have one vote. The privilege granted by this Section is subject to revocation by the Board on a case-by-case basis or generally whenever the Board finds, upon

petition from any Member or its own motion, that such dual representation creates unfairness or imbalance within a committee.

8.5.5 Committee Voting and Classes.

8.5.5.1 Classes. For purposes of voting, committees, excluding the WECC Standards Committee, will have three classes of membership:

8.5.5.1.1 Transmission Provider Members;

8.5.5.1.2 Transmission Customer Members; and

8.5.5.1.3 States and Provincial Members (Member Class 5).

8.5.5.2 WECC Standards Voting Sectors. For purposes of voting on Regional Reliability Standards and Regional Criteria, a Ballot Body consisting of five registered sectors (8.5.5.2.1 through 8.5.5.2.5) and three non-registered sectors (8.5.5.2.6 through 8.5.5.2.8) shall be established. If an Entity is eligible for a registered sector, then that Entity may be eligible for more than one registered sector. An Entity can only be in one non-registered sector. An Entity cannot be in both a registered and a non-registered sector. The first five sectors (8.5.5.2.1 through 8.5.5.2.5) shall be limited to Entities which are listed in the North American Electric Reliability Corporation (“NERC”) compliance registry and to those Canadian and Mexican Entities that perform functions that, if performed in the United States, would allow these Entities to be registered for compliance in the NERC compliance registry. A WECC member or Participating Stakeholder who wishes to participate in voting on Reliability Standards and Regional Criteria shall apply for membership in the Ballot Body in any or all of the registered WECC Standards Voting Sector(s) for which it believes it is eligible, or one of the three non-registered sectors. WECC staff shall confirm Participating Stakeholder’s eligibility for such Sector(s). Decisions of the staff to approve, deny, or restrict the admission of an entity to a voting sector may be appealed to the Governance and Nominating Committee. Decisions of the Governance and Nominating Committee to affirm or reverse such decisions of staff may be appealed to the Board. The following sectors are established:

8.5.5.2.1 Transmission Sector. This sector consists of Western Interconnection Entities registered in the NERC compliance registry as transmission owners, transmission operators, transmission service providers, or transmission planners;¹

¹ For the five registered sectors, Canadian and Mexican Entities that would be eligible for the indicated NERC compliance registry category, if they performed these functions in the United States, shall be eligible for these sectors.

- 8.5.5.2.2 Generation Sector. This sector consists of Western Interconnection Entities registered in the NERC compliance registry as generation owners or generation operators;
 - 8.5.5.2.3 Marketers and Brokers Sector. This sector consists of Western Interconnection Entities registered in the NERC compliance registry as purchasing-selling Entities;
 - 8.5.5.2.4 Distribution Sector. This sector consists of Western Interconnection Entities registered in the NERC compliance registry as distribution providers or load-serving Entities;
 - 8.5.5.2.5 System Coordination Sector. This sector consists of Western Interconnection Entities registered in the NERC compliance registry as balancing authorities, reserve sharing groups, planning authorities, resource planners, interchange authorities, or reliability coordinators. WECC may cast a vote in this sector;
 - 8.5.5.2.6 End Use Representative Sector. This sector consists of non-registered members of WECC Member Class Four;
 - 8.5.5.2.7 State and Provincial Representatives Sector. This sector consists of non-registered WECC members of WECC Member Class Five;
 - 8.5.5.2.8 Other non-registered WECC Members and Participating Stakeholders Sector. This sector consists of consultants and other members of WECC Member Class Seven, or interested stakeholders who qualify for Participating Stakeholder status but are not registered in the NERC compliance registry.
- 8.5.5.3 Voting. Except as provided in Section 4.5.2 and 8.5.5.4, each committee member will have one vote. In order for a recommendation to be made to the Board, such recommendation must receive a simple majority vote of both: 1) committee members present and voting from the Transmission Provider Class; and 2) committee members present and voting from Transmission Customer Class. The Board will adopt voting and record-keeping procedures to ensure that committee voting is conducted consistent with these Bylaws. This requirement will also apply where decision making power has been delegated to a committee pursuant to Section 6.12.
- 8.5.5.3.1 State and Provincial Votes. The position of the state and provincial Class committee members must be recorded, but the failure of a proposed recommendation or decision to obtain a simple majority vote of the state and provincial committee members will not prevent the recommendation or decision from

being posted for due process comment or sent to the Board of Directors.

- 8.5.5.4 Voting on Regional Reliability Standards and Regional Criteria. Whenever the WECC Standards Committee determines that a draft Regional Reliability Standard or Regional Criteria is ready for consideration by the Ballot Body, it shall be presented for a vote. Members of the Ballot Body shall be provided an opportunity to opt into a Ballot Pool formed for purposes of voting on each of the proposed Regional Reliability Standards or Regional Criteria as described in the Reliability Standards Development Procedures. A two-thirds quorum of the specially formed Ballot Pool is required for a valid vote. Members of the Ballot Pool shall cast their vote in the WECC Standard Voting Sectors listed in 8.5.5.2. When members of the Ballot Body who are eligible to vote in more than one of the sectors defined in 8.5.5.2 join the Ballot Pool, they may cast one vote in each voting sector in which they are eligible. Calculation of the vote by the WECC Standard Voting Sectors will be pursuant to a weighted sector voting formula as described in the Reliability Standards Development Procedures. If the Ballot Pool approves a proposed Regional Reliability Standard or Regional Criteria, then that proposed Regional Reliability Standard or Regional Criteria will be recommended to the WECC Board. The process of approving proposed Regional Reliability Standards and Regional Criteria is further guided by the Reliability Standards Development Procedures.
- 8.5.6 Notice and Review of Committee Recommendations and Decisions (Due Process). Committee recommendations or decisions delegated to a committee pursuant to Section 6.12 will be subject to the due process provisions of this Section. Following a committee's development of a proposed recommendation or decision, the committee will post the proposed recommendation or decision on the WECC website for review and comment by other WECC Members, and other interested parties. The committee will provide all Members e-mail notification of the posting and will allow at least thirty (30) days for comment on the proposal. The committee will consider all such additional input before reaching its final recommendation or decision. If the committee's recommendation or decision changes significantly as a result of comment received, the committee will post the revised recommendation or decision on the website, provide e-mail notification to Members and provide no less than ten (10) days for additional comment before reaching its final recommendation or decision. Upon reaching its final recommendation or decision, the committee will forward it to the Board. Whenever it determines that a matter requires an urgent decision, the Board may shorten any time period set forth in this Section, provided that: 1) notice and opportunity for comment on recommendations or decisions will be reasonable under the circumstances; and 2) notices to Members will always contain clear notification of the procedures and deadlines for comment.

8.6 Procedures for Developing and Voting on Reliability Standards.

8.6.1 Rights and Obligations of WECC Members and Participating Stakeholders. All WECC Members and Participating stakeholders are entitled to participate in the development of and to vote on Reliability Standards, Regional Criteria or revisions, subject to any applicable obligations, limitations and conditions set forth in these Bylaws, and in accordance with the WECC Reliability Standards Development Procedures.

8.6.1.1 Participation. The right to participate in Reliability Standards and Regional Criteria development and voting includes the right to request the development or revision of a Reliability Standard, the right to receive notice of, attend and participate in related WECC discussions, the right to review information relevant to a Reliability Standard or revision, the right to provide written comments on a proposed Reliability Standard, Regional Criteria, or revision, the right to participate in voting on a Reliability Standard, Regional Criteria, or revision and the right to file an appeal requesting review of any decision on a Reliability Standard, Regional Criteria, or revision.

8.6.1.2 Voting. The procedures and conditions for voting by WECC Members and Participating Stakeholders are set forth in the Reliability Standards Development Procedures and in Sections 8.5.5.2 and 8.5.5.4 of these Bylaws. A Participating Stakeholder may only vote on a proposed Reliability Standard or revision if they have applied for and been granted Participating Stakeholder status in accordance with Section 8.6.2 below. A Participating Stakeholder is only entitled to vote on Reliability Standards and revisions, and may only vote on Regional Criteria if the proposed Regional Criteria could result in sanctions to a non-WECC member. A Participating Stakeholder is not entitled to vote in any other WECC committee balloting process or in elections for WECC Directors.

8.6.1.3 Special Procedures to Address Regulatory Directives. If the Board determines that the procedures for drafting and voting on Reliability Standards did not result in a proposed Reliability Standard that addresses a directive issued by an Applicable Regulatory Authority, the Board shall have authority to take certain actions as described in the Reliability Standards Development Procedures to ensure that a Reliability Standard responsive to an Applicable Regulatory Authority's directive is drafted, approved and/or submitted to the Applicable Regulatory Authority. In the event that a Reliability Standard or revision that is proposed in response to an Applicable Regulatory Authority's directive fails to achieve a majority vote of the Ballot Pool, or if a quorum of the Ballot Pool was not established upon re-ballot of a proposed Reliability Standard, then the Board has the authority to take appropriate actions, as described in the Reliability Standards Development Procedures, to ensure that a Reliability Standard responsive to a regulatory directive can be submitted to NERC and FERC with a request that it be made

effective. To exercise such authority, the Board must find that the proposed Reliability Standard or revision is just, reasonable, not unduly discriminatory or preferential, and in the public interest, considering (among other things) whether it is helpful to reliability, practical, technically sound, technically feasible, and cost-justified. If the Board is unable to make this finding, then the Board may direct that the proposed Reliability Standard be filed with the Applicable Regulatory Authority as a compliance filing in response to the regulatory directive, along with a recommendation that the standard not be made effective and an explanation of the basis for the recommendation.

- 8.6.2 **Participating Stakeholder Application Process.** Any person or entity that is an interested stakeholder may apply to WECC for Participating Stakeholder status and, upon WECC's acceptance of such application, acquire the participation and voting rights set forth above in Section 8.6.1. WECC staff, under the direction of the CEO, will process applications and make the initial determination of eligibility for Participating Stakeholder status. Denial of Participating Stakeholder status may be appealed to the WECC Governance and Nominating Committee and, if denied by the Governance and Nominating Committee, to the WECC Board. A person or entity's Participating Stakeholder status will be maintained so long as the Participating Stakeholder continues to meet the requirements set forth in Section 3.33 and participates in at least one WECC meeting per year at which a Reliability Standard or revision is discussed. In the event a person or entity's Participating Stakeholder status lapses due to failure to meet the above minimum participation requirement, the person or entity may restore Participating Stakeholder status by re-applying for Participating Stakeholder status and attending a WECC meeting at which a Reliability Standard is discussed.

8.7 Notice of Committee Meetings.

- 8.7.1 **Standing Committees.** The committee Chair, with the assistance of the Chief Executive Officer, will ensure that not less than ten (10) days' notice of all standing committee meetings is posted on the WECC website and is also provided to: 1) members of the committee; 2) Participating Stakeholders (if the meeting concerns development or approval of a Reliability Standard or revision); and 3) any WECC Member or member of the public requesting notice. A committee may take up any matter at a duly noticed meeting including matters not expressly identified in the notice; provided, however, that a final recommendation to the Board must be made in accordance with Section 8.5.6.
- 8.7.2 **Other Committees.** Notice of other committee meetings will be provided in the manner adopted for such notice by the affected Members and in accordance with the requirements of Section 8.6.1.

8.8 Open Meetings.

All committee meetings of WECC (including Board committees) will be open to any WECC Member and for observation by any member of the public, except as set forth in policies on

closed sessions that the Board may adopt for the purpose of preventing public disclosure of information that the Board might consider in closed session pursuant to Section 7.6.1.

9. The Chief Executive Officer, Officers, and Employees.

9.1 Designation of Officers and Terms of Office.

WECC will have a Chief Executive Officer, a Secretary, and any other officers specified by the Board from time to time. The Chief Executive Officer will also hold the title of President of WECC if applicable law requires WECC to have a President. Each officer will be appointed by the Board and will serve for the term of office specified in the Board action appointing the officer and until his or her successor is appointed. Any two or more offices may be held by the same person except the offices of Chief Executive Officer and Secretary.

9.2 Chief Executive Officer Qualifications.

The Chief Executive Officer will be a person with senior management level experience and knowledge of bulk power electric transmission systems reliability, planning and operations.

9.3 Standards Applicable to All Employees.

A person may not be an officer or employee of WECC if: 1) the person is also the employee of or has a contractual relationship with any Entity, or any Affiliate of any Entity, that is eligible for membership in WECC; or 2) the person has a financial interest that, in the judgment of the Board or the Chief Executive Officer, creates the fact or appearance of bias, undue influence or lack of objectivity regarding any action or decision of WECC. The Board will adopt Standards of Conduct for officers and employees setting forth their duty of care, duty of loyalty, duty to avoid conflicts of interest and related matters intended to promote their neutrality, objectivity and professionalism. Upon adoption, such standards shall be attached hereto as Appendix B.

9.3.1 Exemptions from the disqualification criteria found in Section 9.3 are as follows:

9.3.1.1 Status as a residential electricity customer will not disqualify a person from employment with WECC.

9.3.1.2 A candidate for Chief Executive Officer or employee of WECC will not be disqualified for owning shares in a mutual fund because the mutual fund owns an interest in a Member or an Affiliate of a Member.

9.3.1.3 The disqualification standards described in Section 9.3 will not apply to disqualify a candidate who is receiving payments from a pension plan of a Member or an Affiliate of a Member in a form other than securities of such Member or Affiliate if the pension plan payments bear no relationship to the economic performance of the Member or Affiliate.

9.3.2 If an officer or employee receives a gift or inheritance of securities in any Member or Affiliate, he/she must resign or dispose of such securities within six (6) months of the date of receipt. Within six (6) months of the time a new Member is added in which

an officer or employee owns securities, the officer or employee will resign or dispose of those securities.

9.4 Employment.

The Chief Executive Officer will be employed by the Board of Directors and will serve at the Board's pleasure. Any contract of employment with a Chief Executive Officer will permit the Board to dismiss the officer with or without cause.

9.5 Chief Executive Officer's Duties.

Subject to the Board's direction, the Chief Executive Officer or his/her designees will have the following duties, among others:

9.5.1 Execute policies at the direction of the Board and be responsible to the Board for the performance of the WECC functions described in Section 2;

9.5.2 Hire and fire staff within the constraints of the annual budget;

9.5.3 Perform administrative duties, such as preparing annual budgets for the approval of the Board, making employment decisions and ensuring conformance with regulatory requirements;

9.5.4 Develop and implement employment policies and standards of conduct; and

9.5.5 Accept or reject membership applications in accordance with the criteria of these Bylaws.

9.6 Secretary's Duties.

9.6.1 Maintain Member and Affiliates Lists. The Secretary will maintain continuously updated lists of all Members and Affiliates.

9.6.2 Maintain Official Records. The Secretary will keep minutes of all WECC Board and Member meetings and will receive and maintain minutes of committee meetings and all other official records of WECC. Within five (5) business days after any vote taken by Members, the Board, a Class or any committee, the Secretary will provide notice to all Members and Participating Stakeholders (if applicable) of the results of such a vote through postings on the website, email and/or other means of communication.

9.6.3 Maintain Website. The Secretary will oversee the creation, maintenance, and updating of the WECC's website and the information published through it.

10. Transmission Service Obligations.

10.1 Non-Discriminatory Transmission Access.

All Members owning, controlling or operating Transmission Facilities, or possessing rights to transmission capacity through contract, will provide interconnection and access to available transmission capacity to all other Members in a non-discriminatory manner through one of the following mechanisms: 1) a Regional Transmission Organization approved by the FERC in accordance with FERC Order 2000 and any successor order(s); 2) submission of an Open Access Tariff to the FERC; or 3) provision of non-discriminatory service in accordance with this Section 10.

- 10.1.1 **Regional Transmission Organizations.** A Member that is a Regional Transmission Organization approved by the FERC in accordance with FERC Order 2000 and any successor order(s), or a Member whose transmission capacity is controlled or operated by such a Regional Transmission Organization, will be deemed to be in compliance with Section 10 by virtue of its compliance with FERC Order 2000 and any successor order(s) and is exempt from Sections 10.2 through 10.4. Such a member will use the dispute resolution process specified in the bylaws, contracts, or tariffs of the applicable Regional Transmission Organization or other Local Regional Entity, provided that nothing in these Bylaws will prevent such a Member from using the dispute resolution process set forth in Section 11 where authorized or required by the bylaws, contracts, or tariffs of the applicable Regional Transmission Organization.
- 10.1.2 **Members with Open Access Tariffs Filed with FERC.** A Member which is not exempt pursuant to Section 10.1.1, but which has an Open Access Tariff which has been accepted for filing by the FERC, will be deemed to be in compliance with this Section 10 by virtue of its compliance with applicable FERC requirements governing its Open Access Tariff. Such Member is exempt from Sections 10.2 and 10.3; provided, however, that such Member must resolve transmission access disputes with other Member(s) in accordance with Sections 10.4, 10.5.2 and 11 of these Bylaws.
- 10.1.3 **Other Members.** Any Member subject to Section 10.1, but not eligible for exemption pursuant to Sections 10.1.1 or 10.1.2, will provide non-discriminatory interconnection and transmission access to other Members in accordance with Sections 10.2 through 10.5 of these Bylaws.
- 10.1.4 **Canadian and Mexican Members.** At the request of any Canadian or Mexican Member, the Board may adopt alternative provisions to this Section 10 applicable to the requesting Member provided that: 1) the alternative provisions differ from this Section 10 to the minimum extent necessary to respect the laws and regulatory authorities governing the requesting Member; and 2) the alternative provisions require the requesting Member to provide interconnection and transmission service to other Members that is substantively equivalent to that required by this Section 10.

10.2 Service to be Provided.

Members described in Section 10.1.3 will provide non-discriminatory interconnection and transmission service to other Members comparable to that which would be required of an entity subject to Sections 210 through 213 of the Federal Power Act. The provision of service may be pursuant to an agreement negotiated between such Members, or, if applicable, pursuant to a service agreement under a tariff filed in accordance with Section 10.3. In no event will these Bylaws require a Member to provide transmission service that FERC is precluded from ordering under Sections 212(g) and 212(h) of the Federal Power Act. However, nothing in these Bylaws will be construed as prohibiting any Member from providing retail wheeling voluntarily or pursuant to a state statute or a lawful decision of a regulatory agency or court of law. Nothing in this section is intended to imply that any non-jurisdictional entity Member is subject to FERC jurisdiction.

10.3 Open Access Tariffs.

Except as provided in Section 10.3.1, Members described in Section 10.1.3 will file an Open Access Tariff or Tariffs consistent with Section 10.2 with the Secretary within sixty (60) days of becoming a Member. Upon the request of any Member, a Member subject to this Section 10.3 will provide a copy of its Open Access Tariff or Tariffs. Additionally, any change in any Open Access Tariff or Tariffs previously filed with the Secretary will be promptly filed with the Secretary after its adoption.

10.3.1 Petition for Exemption. Any Member described in Section 10.1.3 may petition the Board for an exemption from Section 10.3. The Board may grant such petition only if it finds that such Member is unlikely to receive a transmission service request. The granting of such a petition will not relieve the Member from the requirement to provide non-discriminatory access pursuant to Section 10.2 if the Member receives a transmission service request. If a Member has been granted an exemption from the filing of an Open Access Tariff by a Local Regional Entity based on criteria equivalent to this Section, such Member will be exempt from Section 10.3 of these Bylaws without the filing of a petition unless the Board determines otherwise.

10.4 Requests Involving Members of Regional Entities.

If a request for transmission service involves only Members who are also members of the same Local Regional Entity and the tariffs or governing documents of such Local Regional Entity provide for a process for requesting interconnection or transmission service, the process of the Local Regional Entity, as opposed to that set forth in this Section 10, will be followed. To the extent the governing documents of the Local Regional Entity establish different principles regarding the provision of interconnection or transmission service than those of WECC, the principles of the Local Regional Entity will govern as among members of the Local Regional Entity; provided, however, that Members who are members of Regional Entities who receive requests for interconnection or transmission service from Members who are not members of the same Local Regional Entity will not be precluded from substantively responding to such requests in a manner consistent with the tariffs or governing documents of such Local Regional Entity, provided that such responses will be subject to the dispute resolution provisions of Section 11.

10.5 Request Process and Dispute Resolution.

Members requesting interconnection or transmission service from Members described in Section 10.1.1 or 10.1.2 will do so in accordance with the applicable tariffs of the Member receiving the request. Members requesting such service from Members described in Section 10.1.3 will do so in accordance with this Section 10.5 in lieu of filing for such service pursuant to Sections 210 through 213 of the Federal Power Act.

10.5.1 Request Process and Interpretation of FERC Policy. Members described in Section 10.1.3 receiving requests from another Member for interconnection or transmission service pursuant to these Bylaws will respond to such requests in an expeditious and good faith manner. The Board may adopt procedural requirements regarding the processing of such requests to the extent it deems necessary and appropriate; provided, however, that the Board may not impose substantive obligations for the provision of interconnection or transmission service that are different from the substantive policies of the FERC applicable to such Members pursuant to Section 10.2. For the general guidance of arbitrators and Members and as it deems necessary, the Board may either request statements of policy from the FERC or adopt its own interpretations of FERC policy which will be subject to appeal to the FERC.

10.5.2 Dispute Resolution. Except as otherwise provided in Section 10.4, Members described in Sections 10.1.2 and 10.1.3, and any Member requesting interconnection or transmission service from such a Member, will resolve disputes regarding such requests in accordance with Section 11.

11. Dispute Resolution.

Except as may be otherwise provided herein, and subject to the conditions set forth in Appendix C, Section A.1, disputes between Members and/or WECC will be resolved pursuant to the WECC Dispute Resolution Procedures set forth in Appendix C. Matters subject to the jurisdiction of the WECC Compliance Hearing Body are not subject to the procedures in Appendix C.

12. Costs and Finances.

12.1 Funding of Reliability Activities.

12.1.1 U.S. Statutory Funding. WECC shall fund all activities undertaken pursuant to Section 215 of the Federal Power Act in accordance with the funding provisions and procedures of that law and related FERC regulations and orders. The Board shall approve a budget for such activities in time for submission to the ERO and to the FERC for approval of such funding in accordance with applicable requirements.

12.1.2 International Funding. WECC shall fund reliability activities undertaken pursuant to any agreements with appropriate Canadian or Mexican authorities in accordance with the provisions of those agreements.

12.1.3 Equitable Allocation of Funding. In adopting budgets for the costs of reliability activities, the Board shall endeavor to achieve an equitable allocation as between

funding through Sections 12.1.1 and 12.1.2 based upon the net energy to load and other relevant factors consistent with applicable law, the Delegation Agreement and any International Reliability Agreements.

12.2 Dues.

The Board may require Members and Participating Stakeholders to pay nominal annual dues consistent with applicable FERC requirements (or those of International Reliability Agreements as applicable) to cover reasonable costs of membership and/or participation in standards development that are not funded through Sections 12.1.1 or 12.1.2. Initial dues of a Member or Participating Stakeholder will be submitted with a completed application for membership or Participating Stakeholder status and will be for the prorated share of the full annual amount based on the Member's or Participating Stakeholder's actual months of membership or participation in the calendar year. In determining nominal dues, the Board may consider all relevant factors including, but not limited to, the ability of different classes of membership or Participating Stakeholders to pay such dues. The Board may also reduce, defer or eliminate the dues obligation of an individual Member or Participating Stakeholder for good cause shown.

12.3 Funding of Non-Statutory Activities.

To the extent that WECC elects to fund any activities not eligible for funding pursuant to Sections 12.1.1 and 12.1.2, it shall do so through the use of service fees, charges or dues applicable to the persons or entities that voluntarily participate in such activities. Participation in or funding of such activities shall not be a condition of membership in WECC.

13. Amendments to these Bylaws.

These Bylaws may be amended by either the Board or by the Members in accordance with the following procedures.

13.1 Amendment by the Board.

Except for those provisions described below, the Board may approve an amendment of the Bylaws after providing not less than thirty (30) days' notice of the proposed amendment to all Members. Approval of such an amendment requires the affirmative votes of not less than two-thirds (2/3) of the Directors in office. Such amendment will become effective sixty (60) days after its approval by the Board unless the vote is appealed to the Members prior to that time. Such an appeal will occur whenever a majority of any Class files a petition with the Secretary seeking such amendment. A vote on the appeal will occur at the next Annual Meeting unless the Board calls a special meeting of the Members beforehand. Upon appeal, the amendment will be deemed approved unless a majority of all Members vote to rescind the amendment. Notwithstanding the foregoing, the Board may not amend Sections 6.2 through 6.10 of the Bylaws, Section 8.4, Appendix C or this Section 13.1 without submitting such amendment to the Members for their prior approval.

13.2 Amendment by the Members.

Upon petition filed with the Secretary by any Member or Director, at any Annual Meeting the Members may amend any provision of these Bylaws; provided: 1) the proposed

amendment has first been presented to the Board and not adopted (this provision will not apply to amendments which the Board is prohibited from adopting); 2) Members have received not less than sixty (60) days' notice of the proposed amendment, the reasons there for and a statement of the Board's position regarding it; and 3) the amendment receives the affirmative votes of not less than two-thirds (2/3) of all Members.

13.3 Amendments in Response to Mandatory Membership.

If at any time, pursuant to legislation or otherwise, membership becomes mandatory for some or all Members, upon the request of the affected Member(s) the Board will consider amendments to these Bylaws appropriate to such mandatory membership.

13.4 Amendments proposed by FERC.

FERC, upon its own motion or upon complaint, may propose an amendment to these Bylaws pursuant to 18 C.F.R. § 39.10(b).

14. Termination of Organization.

WECC may be terminated upon a vote of a majority of the Members in accordance with the provisions of Utah law, the Federal Power Act and the requirements of the Delegation Agreement and applicable International Reliability Agreements. Immediately upon such a vote, the Board will, after paying all debts of WECC, distribute any remaining assets in accordance with the requirements of Utah law, the Internal Revenue Code and these Bylaws.

15. Miscellaneous Provisions.

15.1 Limitation on Liability.

It is the express intent, understanding and agreement of the Members that the remedies for nonperformance expressly included in Section 4.8 hereof shall be the sole and exclusive remedies available hereunder for any nonperformance of obligations under these Bylaws. Subject to any applicable state or federal law which may specifically limit a Member's ability to limit its liability, no Member, its directors, members of its governing bodies, officers or employees shall be liable to any other Member or Members or to third parties for any loss or damage to property, loss of earnings or revenues, personal injury, or any other direct, indirect, or consequential damages or injury which may occur or result from the performance or nonperformance of these Bylaws, including any negligence, gross negligence, or willful misconduct arising hereunder. This Section 15.1 of these Bylaws applies to such liability as might arise between Members under these Bylaws. This Section 15.1 does not apply to parties to the Agreement Limiting Liability Among Western Interconnected Systems ("WIS Agreement") with respect to matters covered by the WIS Agreement and does not apply to any liability provision in any other agreement.

15.2 Indemnification.

WECC shall indemnify and hold harmless its Directors, officers, employees, agents and advisors against any and all damages, losses, fines, costs and expenses (including attorneys' fees and disbursements), resulting from or relating to, in any way, any claim, action, proceeding or investigation, instituted or threatened, arising out of or in any way relating to any action taken or omitted to have been taken (or alleged to have been taken or omitted to have been taken) by such person in connection with actions on behalf of WECC, and against

any and all damages, losses, fines, costs and expenses (including attorneys' fees and disbursements) incurred in connection with any settlement of any such claim, action, proceeding or investigation unless such action of such person is determined to constitute fraud, gross negligence, bad faith or willful misconduct with respect to the matter or matters as to which indemnity is sought.

15.3 No Third Party Beneficiaries.

Nothing in these Bylaws shall be construed to create any duty to, any standard of care with reference to or any liability to any third party.

15.4 Informal Inquiries for Information.

Nothing in these Bylaws shall preclude: 1) a Member from making an informal inquiry for information outside of the procedures outlined in Section 4.6.13 hereof to another Member and 2) that other Member from responding voluntarily to that informal inquiry, provided, however, that any such response to an informal inquiry for information shall not be binding upon that other Member and shall be used by the Member making the informal inquiry for informational purposes only.

16. Incorporation.

WECC shall organize itself as a non-profit corporation pursuant to the laws of the state of Utah regarding non-profit corporations under the name "Western Electricity Coordinating Council." All Members agree to take no actions that would contravene the ability of WECC to maintain its status as a non-profit corporation existing pursuant to the Utah Act. The Board shall adopt these Bylaws as the Bylaws of WECC as a non-profit corporation.

WECC is intended to qualify as an organization described in Section 501(c)(6) of the Internal Revenue Code. No part of any net earnings of WECC shall inure to the benefit of any Member or individual. Upon liquidation, to the extent consistent with the Internal Revenue Code and Utah law, any monies remaining from assessments paid by Members for the costs of WECC shall be rebated to Members in proportion to their payments. Any remaining assets of WECC shall be transferred to another organization exempt from tax under Section 501(a) of the Internal Revenue Code, or government agency, promoting the same purposes as WECC, as designated by the Board.

17. Governing Law.

Unless otherwise agreed, if any conflict of law arises under these Bylaws among the Members, the laws of the United States of America shall govern, as applicable. The venue for any legal action initiated under these Bylaws which concerns a specific request for transmission service shall be the city and state (or province) in which the headquarters of the Member providing the service is located. The venue for any other legal action initiated under these Bylaws shall be the city and state (or province) in which the headquarters of WECC is located.

APPENDICES

- A. Board Member Standards of Conduct
- B. Officers and Employees Standards of Conduct
- C. WECC Dispute Resolution Procedures

Appendix A
Standards of Conduct for
Members of the WECC Board of Directors

By accepting appointment to the Board of Directors (the “Board”) of the Western Electricity Coordinating Council (“WECC”), a Director agrees to abide by the duties required of corporate directors and trustees. Utah law (and similar law in other states) imposes quasi-fiduciary duties of care and loyalty on all corporate directors or trustees, including directors and trustees of nonprofit corporations. For as long as he or she remains a member of the Board of Directors of WECC, a Director will abide by the following standards of conduct.

- I. Duty of care. The Directors of a corporation are bound to use due care and to be diligent in respect to the management and administration of the affairs of the corporation. This duty of care is generally thought to have two components: the time and attention devoted to corporate affairs and the skill and judgment reflected in business decisions.
 - A. Each Director will regularly attend Board of Directors meetings, digest the materials sent to him or her, participate in Board discussions and make independent inquiries as needed.
 - B. In voting on any matter before the Board or otherwise acting in his or her capacity as a Director, each Director will:
 1. make reasonable inquiry to inform himself or herself of the nature and consequences of the matter or action at issue;
 2. exercise, at a minimum, the degree of care, skill, and diligence that an ordinarily prudent business person would exercise under similar circumstances; and
 3. act in a manner the Director, in the exercise of his or her independent judgment, believes to be in the best interests of WECC and the membership of WECC, taken as a whole.
 - C. In exercising the duty of care described in paragraphs IA and B above, a Director has the right to rely on statements by the persons immediately in charge of business areas of WECC, to rely on professionals and experts (such as engineers, accountants and lawyers) and to rely on committees of WECC, unless facts or circumstances appear which would prompt further concerns of the ordinarily prudent person.
- II. Duty of loyalty. The duty of loyalty imposes on a Director the obligation to remain loyal to WECC, acting at all times in the best interests of WECC and its Members as a whole and unhampered by any personal pecuniary gain. This duty does not preclude a Director from being employed in a competing or related business so long as the Director acts in good faith and does not interfere with the business of WECC.
 - A. Each Director will carry out his or her duties as a Director in good faith.

- B. Each Director will refrain from using any influence, access, or information gained through his or her service as a Director to confer any improper personal benefit (financial or otherwise) upon himself or herself, any family member, or any person living in the Director's household.
- C. Each Director will refrain from using any influence, access, or information gained through his or her service as a Director to confer an improper benefit (financial or otherwise) on any organization:
 - 1. for which the Director serves as an officer, director, employee, consultant, or in any other compensated or management position; or
 - 2. in which the Director or any family member or person living in the Director's household has a material financial interest (whether as a shareholder, partner, or otherwise).
- D. To the extent permitted by law, each Director will maintain the confidentiality of:
 - 1. any confidential or proprietary information of WECC disclosed or available to the Director;
 - 2. any confidential or proprietary information of WECC Member(s) to which the Director has access by virtue of his or her status as Director; and
 - 3. any confidential or proprietary information of third parties that has been provided to WECC or the Board on condition of confidentiality.
- E. Conflicts of Interest. Because conflicts of interest may arise from time to time, specific guidelines are provided. In general, conflicts of interest involving a Director are not inherently illegal nor are they to be regarded as a reflection on the integrity of the Board or of the Director. It is the manner in which the Director and the Board deal with a disclosed conflict that determines the propriety of the transaction.

Directors of nonprofit corporations may have interests in conflict with those of the corporation. The duty of loyalty requires that a Director be conscious of the potential for such conflicts and act with candor and care in dealing with these situations.

The following are guidelines for Directors with actual or potential conflicts of interest:

- 1. Each Director has a responsibility to recognize potential conflicts of interest and to be guided when acting as a Director by his or her independent judgment of what is in the best interests of WECC and the membership of WECC, taken as a whole. If any Director has questions about whether a conflict of interest exists, he or she may make inquiry to the Chief Executive Officer of WECC for advice.

2. Potential conflicts of interest may arise because of a Director's private, individual interests (personal conflicts of interest) or because of relationships the Director may have with other organizations or interest groups (organizational conflicts of interest). Current or past employment or other compensation-based relationships with one or more WECC Members are examples of potential organizational conflicts of interest. Whether a potential conflict of interest is personal or organizational, in all cases involving WECC affairs a Director's conflicting interests are subordinate to those of WECC and the membership of WECC, taken as a whole.
3. Personal conflicts of interest.
 - a. Personal conflicts of interest exist if a Director, a member of the Director's family, or a person sharing the Director's household: 1) has a material financial interest in a matter or transaction that comes before the Board for action; or 2) stands to receive a benefit (in money, property, or services) from a transaction involving WECC to which the person is not legally entitled.
 - b. In cases of personal conflicts of interest, the affected Director's obligations are to:
 - (1) disclose to the Board, before the Board acts with respect to that matter, the material facts concerning the Director's personal conflict of interest; and
 - (2) refrain from voting, and from attempting to influence the vote of any other Director(s), in those matters in which the Director has a personal conflict of interest.
4. Organizational conflicts of interest.
 - a. An organization has a "direct" conflict of interest if a decision by the Board would confer material benefits on that organization that other WECC Members would not share, or impose material detriments or costs on that organization that other WECC Members would not share. The fact that many if not all Members are affected to some extent by Board decisions on core issues such as standards, new transmission lines and their ratings, does not create or constitute a "direct" conflict of interest.
 - b. It is not a "direct" conflict of interest for a Director to be associated with an organization or an interest group that may stand to benefit from decisions made or actions taken by the Board, so long as the Director does not attempt to use his or her position as a Director to confer special benefits on associated organizations or interest groups when other WECC Members would not share in those benefits.

- c. In cases of potential “direct” organizational conflicts of interest, the affected Director’s obligations are to:
- (1) disclose to the Board, before the Board acts with respect to the matter, the material facts concerning the organizational conflict of interest; and
 - (2) refrain from voting and from attempting to influence the vote of any other Director(s) with respect to the proposed action or decision.

Appendix B
Officers and Employee
Standards of Conduct

By accepting employment with the Western Electricity Coordinating Council (“WECC”), an Employee agrees to abide by these Standards of Conduct. For the purpose of these Standards, an Employee includes each and all officers, employees and substantially full-time consultants and contractors of WECC.

- I. Duty of care. The Employees of WECC are bound to use due care and to be diligent in respect to the management and administration of the affairs of the corporation. This duty of care is generally thought to have two components: the time and attention devoted to corporate affairs and the skill and judgment reflected in business decisions.

Employees shall not have any outside employment that limits in any way their ability to fulfill their employment responsibilities to WECC. If an Employee has any question about whether outside employment is consistent with this standard, they should consult with their supervisor.

- II. Duty of loyalty. The duty of loyalty imposes on an Employee the obligation to remain loyal to the WECC, acting at all times in the best interests of WECC and its Members as a whole and unhampered by any personal pecuniary gain. WECC expects all Employees to avoid adversely affecting the public’s confidence in the integrity and reputation of WECC. Any conduct or activities of any Employee should be capable of being justified and withstanding public scrutiny.
- A. Each Employee will carry out his or her duties as an Employee in good faith, with integrity and in a manner consistent with these Standards and all applicable laws governing WECC.
- B. Each Employee will refrain from using, or creating the appearance of using, any influence, access, or information gained through his or her service as an Employee to confer any improper personal benefit (financial or otherwise) upon himself or herself, or Family Member.² Employees shall not accept gifts or entertainment that would tend to affect, or give the appearance of affecting, the performance of their duties; provided, however, that Employees may accept de minimus food or entertainment or non-cash gifts received as part of a social or special occasion in amounts not to exceed \$1000 per source per year.
- C. Each Employee will refrain from using, or creating the appearance of using, any influence, access, funds or information gained through his or her service as an Employee to confer an improper benefit (financial or otherwise) on any organization. The

² For purposes of these Standards, a Family Member includes a spouse, domestic partner, child of the Employee, or a relative living in the same home as the Employee.

obligation to avoid the appearance of impropriety shall apply in particular to any organization:

1. for which the Employee is serving or has in the past served as an officer, director, employee, consultant, or in any other compensated or management position; or
 2. in which the Employee, or Family Member has a material financial interest known to the Employee (whether as a shareholder, partner, or otherwise).
- D. Employees shall not use their WECC position, WECC funds or WECC resources to support any political party, candidate or proposition except as expressly authorized by the Board.
- E. To the extent permitted by law, each Employee shall maintain the confidentiality of:
1. any confidential or proprietary information of WECC disclosed or available to the Employee;
 2. any confidential or proprietary information of WECC Member(s) to which the Employee has access by virtue of his or her status as Employee; and
 3. any confidential or proprietary information of third parties that has been provided to WECC or the Board on condition of confidentiality.
- F. Conflicts of Interest. The following conflicts of interest policy shall apply to all WECC Employees. Conflicts of interest may arise from time to time. In general, conflicts of interest involving an Employee are not inherently illegal, nor are they to be regarded as a reflection on the integrity of WECC or of the Employee. It is the manner in which the Employee and WECC deal with a disclosed conflict that determines the propriety of the transaction. The following are guidelines for Employees with actual or potential conflicts of interest:
1. In general, personal conflicts of interest exist if an Employee, or a Family Member, has a material financial interest in a matter or transaction that comes before WECC for action, or stands to receive a benefit (in money, property, or services) from a transaction involving WECC to which the person is not legally entitled. For purposes of determining whether stock constitutes a material financial interest, see Paragraph F(6) below.
 2. Organizational conflicts of interest exist if an Employee, or a Family Member, has a relationship with an organization or interest group that would cause a reasonable person to believe such Employee's judgment, loyalty, or objectivity might be influenced in a way that is adverse to the interests of WECC.
 3. Where there is any question about potential conflicts of interest, the Employee shall disclose to the Chief Executive Officer as soon as possible and prior to when

WECC takes action with respect to that matter, the material facts concerning the Employee's personal conflict of interest, and refrain from participating in, or from attempting to influence the action of any Directors or Employee(s) of WECC regarding those matters in which the Employee has a conflict of interest.

4. No Employee may be an employee, director of, or consultant to or provide services to or be associated in any way with any WECC Member without full disclosure to, and written consent of, the Chief Executive Officer. To the extent that an Employee becomes aware that a Family Member is or will in the future be engaged in activity described in this Paragraph F(4), the Employee shall promptly notify the Chief Executive Officer, who shall review all the material facts and determine whether they constitute a conflict of interest pursuant to Paragraphs F(1) and F(2), above.
5. No Employee shall participate in any electric energy transaction other than for ordinary personal use except to the extent necessary to, and consistent with, the functions of WECC. Participation in an energy transaction includes, but is not limited to, purchasing, selling, marketing, or brokering of electricity, ancillary services, electricity transmission or electricity distribution. To the extent that an Employee becomes aware that a Family Member is or will in the future be engaged in activity described in this Paragraph F(5), the Employee shall promptly notify the Chief Executive Officer who shall review all the material facts and determine whether they constitute a conflict of interest pursuant to Paragraphs F(1) and F(2), above.
6. All Employees shall promptly disclose to the CEO and the Chair of the Board any direct or indirect financial interest in excess of \$5,000 (including the direct or indirect ownership of securities) held by the Employee or a Family Member living with the Employee³ in any Electric Line of Business entity as defined in Section 3.15 of the Bylaws doing business in the Western Interconnection. Upon such disclosure, the CEO and the Chair of the Board shall determine whether such financial interest constitutes a conflict of interest, or the appearance thereof, in light of the duties of the Employee, the ability to divest such financial interest without undue hardship and the totality of the circumstances. In response to such disclosure, the CEO and the Chair may impose such remedies as are reasonable under the circumstances and consistent with section 9.3 of the Bylaws. Such remedies may include, but are not limited to, restrictions on the Employee's duties or involvement in certain matters, transfer of the Employee to another position, broader disclosure of the financial interest, voluntary or mandatory divestiture of the interest (in whole or in part) or other remedies. Pursuant to section 9.3.2 of the

³ Nothing in this section shall require an Employee to investigate the financial interests of Family Members not living with the Employee. However, to the extent known to the Employee, the financial interests of a Family Member not living with the Employee may create a potential conflict of interest (or appearance thereof) subject to Sections II(B) and/or II(F)(1) of these standards, in which case disclosure pursuant to Section II(F)(3) is appropriate.

Bylaws, if an Employee (not a Family Member) receives a gift or inheritance of securities of a Member of WECC, or if a new Member joins WECC in which the Employee (not a Family Member) holds securities, the Employee must resign or divest such securities within six months thereafter. For the purposes of this section, none of the following shall constitute a direct or indirect financial interest:

- a. An interest that exists through diversified mutual funds;
- b. An interest that exists for six months following receipt of a gift or inheritance of securities of a Market Participant or acceptance of employment with WECC, whichever is later (provided that employees of the WSCC shall have two years from WECC organizational meeting to divest securities in their possession as of that date);
- c. An interest that exists through a pre-existing participation in a qualified defined benefits pension plan or health benefits plan of a Market Participant so long as the benefits under such plan do not vary with the economic performance or value of the securities of such Market Participant.

Appendix C

WECC Dispute Resolution Procedures

C. DISPUTE RESOLUTION.

C.1 Obligation To Comply with Dispute Resolution Procedures. If any dispute concerning one or more issues identified in Section C.2 below arises between a Member and one or more other Members, or between one or more Members and WECC, all of the parties to the dispute shall, to the extent permitted by law, be obligated to comply with the dispute resolution procedures specified in these Bylaws (except to the extent all of the parties to the dispute may agree otherwise as provided in Section C.4 below). Only Members and WECC have the right to invoke the provisions of this Appendix C and, except where all affected parties have separately agreed otherwise with respect to a particular dispute, only Members and WECC are obligated to carry out the dispute resolution procedures set forth herein. Any dispute subject to the provisions of this Appendix C to which WECC is made a party shall be subject to the additional requirements specified in Section C.3 below if the dispute is initiated by a party other than WECC. To the extent permitted by law (and except as otherwise permitted by the provisions of Section C.6.3), no party to a dispute subject to the provisions of this Appendix C may pursue any other available remedy with respect to the dispute until all of the parties to the dispute have fully complied with the dispute resolution procedures specified herein, *provided, however*, that if any party to a dispute subject to the provisions of this Appendix C refuses to comply with the dispute resolution procedures specified herein, all other parties to the dispute shall subsequently be relieved of any further obligation to comply with these dispute resolution procedures before pursuing other remedies in connection with that dispute.

C.2 Issues Subject to Dispute Resolution Procedures. Any dispute between or among the parties identified in Section C.1 above (that the parties to the dispute do not resolve through negotiations between or among themselves) shall be subject to the dispute resolution procedures set forth in this Appendix C if the dispute concerns: (i) the application, implementation, interpretation, or fulfillment of any guidelines, criteria, policies, procedures, or Bylaws of WECC or the North American Electric Reliability Council (or any successor organization); or (ii) any matter specified in Section C.6.2 below; except that any matter that is subject to the jurisdiction of the WECC Compliance Hearing Body is not subject to the requirements of this Appendix C. Notwithstanding the foregoing provisions of this Section C.2, however, neither WECC nor any Member shall be obligated to comply with the dispute resolution procedures of these Bylaws if: (a) the matter in dispute falls within the scope of the dispute resolution procedures set forth in the governing agreements of the Western Regional Transmission Association, the Southwest Regional Transmission Association, or the Northwest Regional Transmission Association to the extent that such organizations continue to exist; (b) the dispute is between two or more Members (or WECC), all of which, at the time of the dispute, are parties to the WECC Reliability Management System Agreement and the matter is within the scope of the dispute resolution procedures set forth in that agreement; or (c) the dispute is between two or more Members, all of which, at the time of the dispute, are parties to a separate agreement or treaty or where an applicable tariff, rate schedule, or other legal obligation of one of the parties provides for the parties to resolve the dispute in a manner other than in accordance with the provisions of this Appendix C of the Bylaws. With regard to a transmission access matter pursuant to Sections 10.1.2, 10.1.3, 10.5 and C.6.2.3, however, members agree that their rights and obligations pursuant to

Sections 210 and 211 of the FPA shall not by themselves supersede or relieve them of their obligation, if any, to participate in the procedures set forth in this Appendix C.

C.3 Limitations on Members' Rights To Make WECC a Party to a Dispute. In addition to the other provisions of this Appendix C of the Bylaws, any dispute (other than a dispute initiated by WECC) to which WECC is made a party shall be subject to the limitations set forth in Sections C.3.1 and C.3.2 below.

C.3.1 Bases for Using Dispute Resolution Procedures To Challenge WECC Action.

Subject to any limitation set forth in these Bylaws or in applicable statute, regulation or FERC order, one or more Members may use the dispute resolution procedures specified in this Appendix C to challenge any final action of WECC only on one or more of the following bases: (i) the action is contrary to applicable law or regulation; (ii) the action is contrary to WECC's Articles of Incorporation or these Bylaws (including WECC's purposes as set forth in those documents); (iii) the action was taken in violation of applicable procedures of WECC governing that action; or (iv) the action encompasses a decision in which there was plain error material to the decision. For purposes of this Appendix C, action taken by WECC shall be deemed final if: (a) the action has been taken or adopted or approved or accepted by WECC's Board of Directors (other than by a motion specifically providing that the action is conditional or will have temporary application not to exceed six months); (b) all conditions specified to make any conditional action of WECC's Board of Directors effective have been fulfilled; or (c) the action has been taken or adopted or approved or accepted by a committee, subcommittee, task force, or other group or person acting under authority of WECC without any provision making the action

subject to further approval or adoption or acceptance by the Board of Directors. Nothing contained in this Appendix C shall limit any rights any Member (or any other party) may have under applicable law or regulation to initiate or participate in an administrative or legal action to which WECC is made a party in accordance with applicable provisions of law or regulation.

C.3.2 Obligation to Bear WECC's Share of Facilitator Costs. If one or more Members initiate a dispute under this Appendix C to challenge an action of WECC, the Member(s) initiating the challenge shall be obligated to bear all of the costs of facilitators' services incurred to comply with the requirement of Section C.5 below, except to the extent WECC agrees to pay a share of the costs of facilitators' services.

C.4 Ability to Modify Dispute Resolution Procedures by Agreement. Any provision of the dispute resolution procedures set forth in this Appendix C may be modified, waived, or omitted by agreement of all of the parties to the dispute. Parties to a dispute subject to these provisions are obligated to comply with its procedures unless all of the parties to the dispute agree to do otherwise. The manner in which the dispute resolution procedures set forth in this Appendix C may be varied include (by way of example and not as limitation): the manner of selecting a facilitator or arbitrator; the procedures or time lines to be followed during mediation or arbitration; the grounds or forum or right to appeal an arbitrator's decision; the manner of allocating fees and costs associated with the dispute; whether the parties are obligated to proceed to arbitration if the dispute is not resolved through mediation; and whether a decision rendered through arbitration is binding on the parties. In addition, any dispute that does not fall within the scope specified in Section C.2 above may

be resolved according to the procedures set forth in Appendix C of these Bylaws if all of the parties to the dispute agree to do so.

C.5 Mediation.

C.5.1 Notice to Other Parties and WECC's Chief Executive Officer. To initiate the dispute resolution process with respect to a dispute governed by the provisions of this Appendix C, the Member or WECC that has elected to initiate the dispute shall deliver to all other parties to the dispute and to WECC's Chief Executive Officer (whether or not WECC is a party to the dispute) written notice invoking the dispute resolution procedures set forth in this Appendix C (a "Dispute Notice").

C.5.1.1 The Dispute Notice shall: (i) include a brief, general description of the matter(s) in dispute; (ii) include a complete list of all other Members the party submitting the Dispute Notice intends to make a party to the dispute; and (iii) state whether or not WECC is to be made a party to the dispute.

C.5.1.2 Within five business days of receiving a Dispute Notice, any party to the dispute may elect to deliver a brief supplemental description of the dispute to WECC's Chief Executive Officer.

C.5.1.3 Within 10 business days of receiving an initial Dispute Notice, WECC's Chief Executive Officer shall: (a) publish (or cause to be published) in WECC's newsletter or on its electronic bulletin board a notice containing a list of the parties to the dispute and a summary of the descriptions of the matter(s) in dispute provided by the parties to the dispute; and (b) deliver to each party to the dispute a copy of WECC's then-current standing list of

qualified facilitators, knowledgeable in the matters addressed by WECC (as approved by the Board of Directors).

C.5.1.4 No person may be listed on WECC's standing list of qualified facilitators unless the person has agreed to: (i) disclose, at any time the person is selected to serve as a facilitator under this Appendix C, any personal or financial interest the facilitator may have with respect to the matter(s) in dispute (including any indirect personal or financial interest that could arise because of interests or relationships affecting any of the facilitator's immediate family members); (ii) disclose any relationship the facilitator may have with any party to the dispute that is not permitted under Section C.5.2 below; and (iii) abide by all applicable provisions of these Bylaws, including restrictions on disclosure of matters discussed and information exchanged during mediation as provided in Section C.5.3 below.

C.5.2 Selection of a Facilitator. Within 10 calendar days after the delivery of a Dispute Notice, the parties to the dispute shall select a neutral facilitator by mutual agreement. If the parties to the dispute cannot agree on a facilitator within 10 calendar days after delivery of a Dispute Notice, the facilitator shall be selected from WECC's standing list of qualified facilitators as follows: The parties to the dispute shall take turns striking names from WECC's standing list of qualified facilitators until there is only one name remaining. (The parties to the dispute shall draw lots to determine the order in which they take turns striking names.) The last person whose name remains on the list shall serve as the facilitator. No facilitator other than a facilitator chosen by agreement of all the parties to the dispute may (i) have a

personal or financial interest in the matter(s) in dispute (including any indirect personal or financial interest that could arise because of interests or relationships affecting any of the facilitator's immediate family members); or (ii) be (or have an immediate family member who is) a past or present director, commissioner, officer, employee, consultant, agent, or other representative of any of the parties to the dispute. If the facilitator selected through the process of striking names specified above is disqualified under the preceding sentence, the facilitator whose name was stricken last shall serve in his or her place. In addition, if WECC is a party to a dispute initiated by one or more Members, turns striking names from the standing list of qualified facilitators shall alternate between WECC on the one hand and all other parties to the dispute on the other.

- C.5.3 Mediation Process. The facilitator and representatives of all of the parties to the dispute shall meet within 14 calendar days after the facilitator has been selected and attempt in good faith to negotiate a resolution to the dispute. Each party's representative designated to participate in the mediation process must have the authority to settle the dispute (or, at a minimum, be authorized to negotiate on behalf of the party and make recommendations with respect to settlement of the dispute if final authority to approve a settlement is reserved to a party's board, executive committee, commission, or other governing body). At the parties' initial meeting with the facilitator, the facilitator shall, after soliciting input from the parties to the dispute, set the schedule for further meetings among the parties to the dispute (subject to the 60-day maximum mediation period specified in Section C.5.6 below). The parties to the dispute shall comply with the schedule set by the facilitator and attempt in good faith at every meeting to negotiate a resolution to the dispute. To the

extent permitted by law, neither the facilitator nor any party to the dispute may publicly disclose, rely on, or introduce as evidence in any subsequent arbitration, FERC proceeding, Canadian Regulatory Authority proceeding, proceeding before a Mexican Regulatory Authority, appeal, or litigation concerning the same or any related dispute: (i) any views expressed or suggestions made by another party to the dispute with respect to a possible settlement of the dispute; (ii) admissions made by another party to the dispute in the course of the mediation proceedings; (iii) proposals made or views expressed by the facilitator; or (iv) the fact that another party to the dispute has or has not indicated willingness to accept a proposal for settlement made by the facilitator. In those cases in which a party to a dispute subject to the provisions of this Appendix C of the Bylaws is a membership organization (including WECC, if applicable), nothing in the preceding sentence shall prohibit that organization from reasonably communicating with its members and governing body to share general information about the dispute, such as the parties, status, disputed issues, and positions of each of the parties with respect to the disputed issues.

- C.5.4 Referral for Resolution. With the consent of all parties to the dispute, a resolution may include referring the matter to a technical body (such as a technical advisory panel of WECC) for resolution or an advisory opinion, to arbitration, directly to FERC or, in a dispute involving a Canadian Member, directly to the appropriate Canadian Regulatory Authority, or, in a dispute involving a Mexican Member, directly to the appropriate Mexican Regulatory Authority.
- C.5.5 Mediation Participation by WECC Staff When WECC Not a Party. If, during the course of mediation to which WECC is not a party, the facilitator or any party to the dispute wishes to solicit the views of WECC concerning the application,

implementation, interpretation, or fulfillment of any guidelines, criteria, standards, policies, or procedures of WECC, the facilitator may request or permit the submission of WECC staff views only if: (i) any participation by WECC staff takes place exclusively in the presence of all parties to the dispute; (ii) participating WECC staff members agree to be equally available upon request to all parties to the dispute; and (iii) participating WECC staff members agree to comply with the restrictions on disclosure contained in Section C.5.3.

C.5.6 Mediation Deemed at Impasse After 60 Days. If the parties to the dispute have met and negotiated in good faith in accordance with the schedule set by the facilitator but have not succeeded in negotiating a resolution of the dispute within 60 calendar days after the first meeting with the facilitator pursuant to Section C.5.3 above, the parties to the dispute shall be deemed to be at impasse and, except as otherwise provided in Section C.5.6.2 below, shall also be deemed to have fulfilled their obligations under Section C.1 of these Bylaws to fully comply with the dispute resolution provisions before pursuing any other available remedy. If any party participating in the mediation process is subject to a contractual or statutory limitations period with respect to the matter in dispute, and the limitations period will expire before the 60-day period for mediation under this Section C.5.6 is completed, then the parties shall be deemed at impasse on the seventh calendar day preceding the expiration of the shortest applicable limitations period.

C.5.6.1 Disputes Not Subject to Provisions of Section C.6.2. Unless the matter in dispute is subject to the provisions of Section C.6.2 below, at any time after the parties to the dispute are deemed at impasse, the dispute may be submitted to binding arbitration in accordance with the procedures set forth in Section C.7 of these Bylaws (but only by agreement of all of the parties to the dispute). If the matter in dispute is subject to the provisions of

Section C.6.2 below, the parties' obligations with respect to submitting the matter to binding arbitration under Sections C.6 and C.7 of these Bylaws shall be as specified in Section C.5.6.2 below. In all other cases, if the parties to the dispute do not agree to submit the dispute to binding arbitration in accordance with the procedures set forth in Section C.7 of these Bylaws, any party to the dispute may at any time thereafter pursue any other remedy available under regulation, law, or equity (subject to the restrictions on disclosure set forth in Section C.5.3 above).

C.5.6.2 Disputes Covered by Section C.6.2. If the parties to a dispute concerning a matter subject to the provisions of Section C.6.2 either: (i) are deemed at impasse after attempting to resolve the matter through mediation as provided in Sections C.5.1 through C.5.6 above; or (ii) have agreed to submit the matter directly to binding arbitration without attempting to resolve the matter through mediation as provided in Sections C.5.1 through C.5.6 above, the parties to the dispute shall submit the matter to binding arbitration in accordance with the procedures set forth in Sections C.6 and C.7 of these Bylaws.

C.5.7 Costs of Facilitator's Services. Except as otherwise provided under Section C.3.2, the costs of the facilitator's services shall be born equally by all parties to the dispute unless the parties to the dispute agree otherwise, but the parties also intend that the costs of mediation should be taken into account in any resolution proposed through the mediation process.

C.5.8 Notice to WECC of Completion of Mediation. Within 10 calendar days after either: (i) reaching a negotiated resolution through the mediation process set forth in Section C.5; or (ii) reaching deemed impasse in accordance with Section C.5.6 above, the parties to the dispute shall jointly deliver to WECC's Chief Executive Officer a written notice briefly describing the outcome of the mediation process. Promptly

after receiving written notice describing the outcome of a mediation conducted in accordance with Section C.5, WECC's Chief Executive Officer shall publish (or cause to be published) in WECC's newsletter or on its electronic bulletin board a brief description of the outcome of the mediation, together with a list of all of the parties to the dispute.

C.6 General Provisions Relating to Binding Arbitration.

C.6.1 Matters for Which Binding Arbitration is Elective. Except with respect to any dispute that concerns one or more matters specified in Section C.6.2 below, the binding arbitration procedures set forth in Section C.7 may be invoked only by agreement of all of the parties to the dispute to be arbitrated and are solely for the convenience of WECC and its Members. If a dispute governed by this Appendix C does not concern a matter specified in Section C.6.2 below, a party to the dispute shall be deemed to have fulfilled its obligations to comply with Appendix C of these Bylaws (irrespective of whether the parties to the dispute agree to proceed with binding arbitration) to the extent that either: (i) that party has fully performed the obligations set forth in Sections C.1 through C.5.8; or (ii) all of the parties to the dispute have agreed to a different process for resolving the dispute and the agreed-upon process has been fully carried out.

C.6.2 Matters for Which Binding Arbitration Is Obligatory. If a dispute is governed by Appendix C of these Bylaws and is not resolved through the process of mediation in accordance with Sections C.5.1 through C.5.6 above, the parties shall be obligated to submit the matter to binding arbitration in accordance with the procedures set forth in Section C.7 (subject to the limitations on the arbitrator's authority set forth in Section C.6.3 below) if the dispute concerns one or more of the following matters:

- C.6.2.1 a decision of WECC's Board of Directors or a Committee of the Board acting on the recommendation of, or on a matter within the jurisdiction of, the Operating Transfer Capability Policy Group ("OTCPG") or successor;
- C.6.2.2 a transmission path rating, or a modification to a transmission path rating, assigned to one or more transmission paths operated by a Member (or jointly operated by more than one Member);
- C.6.2.3 transmission access, pursuant to Sections 10.1.2, 10.1.3, and 10.5; or
- C.6.2.4 any matter that, by vote of both WECC's Board of Directors and WECC's Membership, is designated as a matter to be subject to the provisions of Section C.6.2 of these Bylaws, provided that any matter submitted to WECC's Membership pursuant to this provision must be approved by at least the number of votes required to amend these Bylaws under Section 13.2.

C.6.3 Limitations on Arbitrator's Authority with Respect to Matters Specified in Section C.6.2. Unless all of the parties to a dispute agree otherwise, an arbitrator rendering a decision with respect to any matter specified in Section C.6.2 above shall have no authority to consider or award remedies for past economic harm or damages of any kind, including without limitation actual or direct damages; indirect, consequential, or incidental damages; or exemplary or punitive damages. Nothing in this Section C.6.3 shall: (i) limit any rights that a party to a dispute concerning a matter specified in Section C.6.2 above may have to pursue legal claims for damages or other economic remedies after the arbitrator has rendered his or her decision on that matter (within the scope of his or her authority under this Section C.6.3); or (ii) limit an

arbitrator's authority under Section C.8 below to shift costs or impose monetary sanctions for "good cause" (as that term is defined in Section C.8).

C.6.4 Arbitration Decisions Not To Modify Underlying Rights and Obligations. Unless all of the parties to a dispute agree otherwise, the resolution through binding arbitration of any dispute governed by this Appendix C shall not have the effect of increasing, decreasing, or otherwise modifying WECC's or any Member's obligation to abide by, or ability to enforce or impose penalties or sanctions with respect to, any guidelines, criteria, standards, policies, procedures, decisions, or Bylaws of WECC or any limitation on the foregoing, whether established by law; regulation; judicial, executive, or administrative order, decree, or decision; tariff; contract; course of performance; treaty; or otherwise.

C.6.5 Laws Relating to Binding Arbitration. WECC and its Members recognize that some Members may be subject to laws (including without limitation United States federal or state laws, Canadian or provincial laws, or Mexican laws) that limit or define those Members' ability to agree in advance to be subject to binding arbitration. If a Member has the right or obligation under applicable law to refuse to submit to binding arbitration in connection with any dispute that would otherwise be subject to binding arbitration under Section C.6.2 of these Bylaws, that Member shall not be obligated to comply with the binding arbitration procedures set forth in Sections C.6 and C.7. Any Member subject to any law or other legally binding authority that may limit (or permit the Member to limit) its obligation to comply with the provisions requiring binding arbitration under Sections C.6 and C.7 or to fully comply with a valid arbitrator's decision rendered in accordance with this Appendix C shall provide

notice to this effect to all other disputing parties and WECC's Chief Executive Officer upon initiation of any dispute involving that Member if the dispute is subject to Section C.6.2. Upon receiving a notice under Section C.6.5, any other party to the dispute shall thereafter be relieved of any obligation to comply with the provisions Sections C.6 and C.7 in connection with that dispute, except to the extent that the Member giving notice agrees to be fully bound by procedures governing and results of any arbitration proceeding. If there are more than two parties to a dispute covered by the preceding sentence, however, then all parties to the dispute other than the party giving notice under Section C.6.5 shall make good faith efforts to establish a mutually acceptable approach for resolving among themselves whatever aspects of the dispute can reasonably be resolved through the procedures set forth in this Appendix C without the participation of the party giving notice under Section C.6.5. If any Member fails to submit to binding arbitration, or fails to abide by a valid arbitrator's decision rendered in accordance with this Appendix C, that Member shall thereafter have no right to enforce any of the provisions of Section C.6.2 (concerning obligations to submit specified disputes to binding arbitration) against any other Member or WECC until such time as the WECC Board of Directors, or a delegate designated by the Board, determines that it is appropriate to restore the Member's ability to enforce the provisions of Section C.6.2.

C.6.6 Consistency with Laws, Regulatory Jurisdiction and Orders, Etc. Nothing contained in this Appendix C and no arbitrator's decision rendered in accordance with Section C.7 shall be construed to require or shall otherwise operate to cause any Member or WECC to incur any obligation or take any action that is contrary to: (i) any

applicable law or regulation; (ii) any applicable authority, order, decree, rule, or decision of a regulatory, judicial, administrative, executive, or other governmental body having jurisdiction over one or more of the matters or parties subject to this Appendix C or covered by an arbitrator's decision; or (iii) any applicable rate schedule, tariff, treaty, or valid, pre-existing contractual obligation with which any party subject to this Appendix C or covered by an arbitrator's decision is legally obligated to comply.

C.7 Arbitration Procedures.

C.7.1 Notice to WECC of Initiation of Binding Arbitration. Within 10 calendar days after all of the parties to a dispute have agreed (or become obligated under Section C.6.2 above) to submit the dispute to binding arbitration under Sections C.6 and C.7, the parties to the dispute shall deliver written notice to WECC's Chief Executive Officer (an "Arbitration Notice").

C.7.1.1 The Arbitration Notice shall: (i) include a brief, general description of the issues to be arbitrated; and (ii) identify all parties who have agreed (or become obligated) to submit the dispute to binding arbitration under Sections C.6 and C.7.

C.7.1.2 Within five business days of receiving an Arbitration Notice, WECC's Chief Executive Officer shall: (a) publish (or cause to be published) in WECC's newsletter or on its electronic bulletin board a notice containing a list of the parties to the arbitration and the parties' brief, general description of the issues to be arbitrated; and (b) deliver to each party to the dispute a copy of

WECC's then-current standing list of qualified arbitrators, knowledgeable in matters addressed by WECC (as approved by the Board of Directors).

C.7.1.3 No person may be listed on WECC's standing list of qualified arbitrators unless the person has agreed to: (a) disclose, at any time the person is selected to serve as a arbitrator under this Appendix C, any personal or financial interest the arbitrator may have with respect to the matter(s) in dispute (including any indirect personal or financial interest that could arise because of interests or relationships affecting any of the arbitrator's immediate family members); (b) disclose any relationship the arbitrator may have with any party to the dispute that is not permitted under Section C.7.2 below; (c) assemble a complete record of the arbitration process and the materials received as evidence by the arbitrator if any of the parties to the dispute elect to appeal or contest the arbitrator's decision; and (d) abide by all applicable provisions of and procedures specified by Sections C.6 and C.7.

C.7.2 Selection of an Arbitrator. Within 10 calendar days after all of the parties to a dispute have agreed (or become obligated) to submit the dispute to binding arbitration under Sections C.6 and C.7, the parties to the dispute shall select an arbitrator by mutual agreement. If the parties cannot agree on an arbitrator within 10 calendar days after agreeing to arbitrate their dispute, the arbitrator shall be selected from WECC's standing list of qualified arbitrators as follows: The parties to the dispute shall take turns striking names from WECC's standing list of qualified arbitrators until there is only one name remaining. (The parties to the dispute shall draw lots to determine the order in which they take turns striking names.) The last

person whose name remains on the list shall serve as the arbitrator. No arbitrator other than an arbitrator chosen by agreement of all the parties to the dispute may (i) have a personal or financial interest in the matter(s) in dispute (including any indirect personal or financial interest that could arise because of interests or relationships affecting any of the arbitrator's immediate family members); or (ii) be (or have an immediate family member who is) a past or present director, commissioner, officer, employee, consultant, agent, or other representative of any of the parties to the dispute. If the arbitrator selected through the process of striking names specified above is disqualified under the preceding sentence, the arbitrator whose name was stricken last shall serve in his or her place.

C.7.3 Initial Statements and Proposed Arbitration Decisions. Within 10 calendar days after the selection of an arbitrator under Section C.7.2 above, each party to the dispute shall submit a statement in writing to all other parties to the dispute and to the arbitrator. Each disputing party's statement shall set forth in reasonable detail the nature of the dispute, the issues to be arbitrated, and the party's reasonable, good faith proposal for resolving the dispute. As provided in Section C.5.3 above, to the extent permitted by law, no party to an arbitration conducted under Sections C.6 and C.7 shall publicly disclose, rely on, or introduce as evidence in any arbitration, FERC proceeding, Canadian Regulatory Authority proceeding, proceeding before a Mexican Regulatory Authority, appeal, or litigation concerning the same or any related dispute any information required to be kept confidential by the terms of Section C.5.3.

C.7.4 Procedural Matters. The arbitrator shall determine discovery procedures, how evidence shall be taken, what written submittals may be made, and other such procedural matters, taking into account the complexity of the issues involved, the extent to which factual matters are disputed and the extent to which the credibility of witnesses is relevant to a resolution. Each party to the dispute shall produce all evidence determined by the arbitrator to be relevant and material to the issues presented. If such evidence involves proprietary or confidential information, the party submitting the evidence shall petition the arbitrator for a protective order, and to the extent the arbitrator determines there is good cause the arbitrator shall issue an appropriate protective order and all parties to the dispute shall comply with the protective order. The arbitrator may elect to resolve the arbitration matter solely on the basis of written evidence and arguments.

C.7.5 Out-of-Court Sworn Testimony. At the request of any disputing party, the arbitrator shall have the discretion to allow that party to examine witnesses through sworn out-of-court testimony (referred to in the United States as “deposition” and in Canada as “discovery”) to the extent the arbitrator deems the evidence sought to be relevant and appropriate. In general, out-of-court witness examinations shall be limited to a maximum of three per party and shall be held within 30 calendar days after the making of a request. Each witness examination shall be limited to a maximum of three hours’ duration. The arbitrator shall have the discretion to permit the number and duration of examination sessions allowed under this Section C.7.5 to be increased, and to extend the 30-day time limit, upon request for good cause shown.

All objections are reserved for the arbitration hearing except for objections based on privilege and proprietary or confidential information.

- C.7.6 Intervention by Other Parties. Unless all of the parties to the dispute agree otherwise, no one (whether a Member, WECC, or any other entity or person) that is not a party to a dispute at the initiation of arbitration under Sections C.6 and C.7 shall have the right to intervene in the arbitration. Any party wishing to intervene in an arbitration under Sections C.6 and C.7 may petition the arbitrator for permission to intervene, provided that the petition is submitted to the arbitrator not more than 30 calendar days after notice of the arbitration is posted by WECC's Chief Executive Officer in accordance with Section C.7.1. The arbitrator shall have the discretion to permit a party to intervene if the arbitrator determines that the party petitioning to intervene has a direct and substantial interest in the outcome of the arbitration. In exercising his or her discretion concerning a requested intervention, the arbitrator shall also consider any additional complexity or delay that may be caused by allowing the intervention and also any other remedies available to the party requesting intervention. Any party that is granted the privilege of intervening in an arbitration under Sections C.6 and C.7 shall be permitted to intervene subject to the same terms, conditions, limitations, rights, and obligations of all other parties to the dispute, including without limitation the binding effect of arbitrator's decision, limitations on rights of appeal, the obligation to share equally in the costs of the arbitrator, and the obligation to be subject to the provisions of Section C.8.
- C.7.7 Consideration of WECC Criteria, Etc. The Arbitrator shall give due consideration to the reliability criteria, standards, guidelines, policies, and procedures of WECC and

the North American Electric Reliability Council (or any successor organization) to the extent they are relevant to resolution of the matter(s) in dispute. If the arbitrator's decision will include interpretation of any of WECC's reliability criteria, standards, guidelines, policies, and procedures, (and WECC is not a party to the arbitration), the arbitrator shall, before rendering his or her decision, consult with WECC (subject to the provisions of Section C.7.10 below) concerning the interpretation of WECC's applicable reliability criteria, standards, guidelines, policies, and procedures.

C.7.8 Evidence and Rebuttal. The arbitrator shall consider all issues material to the matter(s) in dispute. The arbitrator shall take evidence submitted by the parties to the dispute in accordance with procedures established by the arbitrator and may request additional information the arbitrator deems material to the resolution of the dispute. With the consent of all parties to the dispute, the arbitrator's request for additional information may include the opinion of any individual or organization with recognized expertise in the matter(s) in dispute, subject to the following conditions: (i) any verbal communication with an expert consulted by the arbitrator must take place exclusively in the presence of all parties to the dispute and copies of any written communications must be provided to all parties to the dispute; (ii) any expert consulted by the arbitrator must agree to be equally available upon request to all of the parties to the dispute; (iii) any expert consulted by the arbitrator must agree to comply with the restrictions on disclosure contained in Section C.5.3; and (iv) all parties to the dispute shall be afforded a reasonable opportunity to question the expert and to rebut any additional information submitted by the expert at the request of the arbitrator.

C.7.9 Arbitrator's Decision. The arbitrator shall make all reasonable efforts to complete hearings (if applicable) and submissions of written evidence not more than 90 calendar days after receiving initial statements submitted under Section C.7.3 above. As soon as practicable, but in no event more than 30 calendar days after the completion of hearings and evidence submittals, the arbitrator shall render his or her final decision for resolving the dispute. By agreement of all of the parties to the dispute or at the discretion of the arbitrator for good cause, the foregoing deadline for delivery of the arbitrator's decision may be extended. The arbitrator's decision shall be based on the arbitrator's good faith determination of a resolution that will: (i) be consistent with any laws, rules, and regulations applicable to the matter(s) in dispute; (ii) be consistent with any valid pre-existing agreements among the parties to the dispute that bear on the matter(s) in dispute; (iii) not require any party to the dispute to take action that is not in compliance with any of WECC's reliability criteria, standards, guidelines, policies, and procedures; and (iv) best serve to promote or maintain reliable operation of the interconnected bulk power systems of the Western Interconnection, without imposing inequitable burdens or benefits on any of the parties to the dispute or others that may be affected by implementation of the arbitrator's decision. The arbitrator shall deliver to each of the parties to the dispute, along with his or her decision, a written statement including specific findings of fact, conclusions of law (if applicable), and an explanation of the arbitrator's basis for rendering his or her decision. Subject to any protective order that may have been issued under Section C.7.4 above, WECC's Chief Executive Officer shall publish (or cause to be published) in WECC's newsletter or electronic bulletin board a brief

summary of the arbitrator's decision. An arbitrator's decision that is not appealed shall not be deemed to be precedential in any other arbitration related to a different dispute.

C.7.10 WECC Staff Participation in Arbitration When WECC Not a Party. If, during the course of binding arbitration conducted under Sections C.6 and C.7 (in which WECC is not a party) the arbitrator or any party to the dispute wishes to solicit the views of WECC staff concerning the application, implementation, interpretation, or fulfillment of any guidelines, criteria, standards, policies, or procedures of WECC, the arbitrator may request or permit the submission of WECC staff views only with the consent of all of the parties to the dispute and only if: (i) any participation by WECC staff takes place exclusively in the presence of all parties to the dispute; (ii) participating WECC staff members agree to be equally available upon request to all parties to the dispute; and (iii) participating WECC staff members agree to comply with the restrictions on disclosure contained in Section C.5.3.

C.7.11 Compliance and Costs. Unless one or more of the parties to the dispute initiates and notifies all other parties to the dispute that it has initiated a process to contest or appeal the arbitrator's decision under Sections C.9 through C.13, upon the decision by the arbitrator, the parties to the dispute shall, within the time frame specified by the arbitrator, and, subject to Section C.6.6 above, take whatever action is required to comply with the arbitrator's decision to the extent the arbitrator's decision does not require regulatory action. To the extent the arbitrator's decision affects jurisdictional rates, terms and conditions of service, or facilities or otherwise requires local, state, federal, or provincial approval or regulatory action, or a FERC filing or a Canadian

Regulatory Authority filing by a Canadian Member or a Mexican Regulatory Authority filing by a Mexican Member, the affected Member (or WECC, if WECC is the party with the obligation to seek regulatory action) shall, within the time frame specified by the arbitrator, submit the arbitrator's decision or an appropriate filing to implement the arbitrator's decision and support the appropriate authority's acceptance or approval of the arbitrator's decision or implementation filing, except in cases where any party to the dispute has given notice of its intent to contest or appeal the arbitrator's decision. All costs associated with the arbitration (not including costs associated with attorney and expert witness fees incurred by the parties to the dispute) shall be divided equally among the parties to the dispute unless: (i) all of the parties to the dispute agree to an alternate method of allocating costs; or (ii) in rendering his or her decision, the arbitrator exercises his or her discretion under Section C.8 below to assess fees, costs, or other monetary sanctions against one or more of the parties to the dispute for good cause.

C.7.12 Entry of Judgment. At any time after an arbitrator has rendered his or her decision in an arbitration conducted under Sections C.6 and C.7 (provided that the time provided for initiating an appeal under Sections C.11.1 and C.12 below has expired and no appeal or other means of contesting the arbitrator's decision has been initiated), judgment on the decision rendered by the arbitrator may be entered by any court of competent jurisdiction (subject to the provisions of Sections C.6.3, C.6.4, and C.6.6 above). If the award is against the United States, a party to the arbitration may apply to the United States District Court for the district in which the principal office of the

applicable United States department or agency is located for an order confirming the award pursuant to 5 U.S.C. § 580.

C.8 Arbitrator's Discretion to Shift Costs or Impose Sanctions for Cause. Each party to any dispute submitted to arbitration under Sections C.6 and C.7 shall bear its own costs and fees associated with representation and participation in the arbitration process, and shall share equally in the arbitrator's fees except that the arbitrator shall have the discretion, to the extent permitted by law, to require one or more of the parties to the dispute to pay part or all of the costs and fees (including without limitation attorneys' and arbitrator's fees) of one or more other parties to the dispute, or to impose monetary sanctions on some other basis that is reasonable under the circumstances, for good cause. As used in this Section C.8, "good cause" means conduct involving serious abuse of or failure to comply with the dispute resolution process set forth in this Appendix C, willfully undertaken to harass or delay other parties to the dispute or to substantially impede the arbitrator's ability to render a decision consistent with the provisions set forth in Section C.7.9.

C.9 Rights to Appeal Arbitration Decisions. Except to the extent otherwise provided by applicable United States state or federal law, applicable Canadian or provincial law, or applicable Mexican law, a party to a dispute resolved by arbitration under Sections C.6 and C.7 may appeal or contest the arbitrator's decision only on one or more of the bases specified in Section C.9.1 below and only in accordance with the procedures set forth in Sections C.9.2 through C.13.

C.9.1 Grounds for Appealing Arbitration Decisions. A party to a dispute resolved by arbitration under Sections C.6 and C.7 may contest or appeal the arbitrator's decision only on the basis that: (i) the arbitrator's decision is contrary to applicable law or

regulation (including without limitation the FPA or FERC's then-applicable standards or policies, or comparable types of provisions that may apply under applicable Canadian, provincial, Mexican, or other laws and regulations); (ii) the arbitrator's decision is demonstrably arbitrary and capricious and without support in the record assembled during the arbitration; (iii) the arbitrator failed to afford one or more parties to the dispute an opportunity for a fair and meaningful hearing; (iv) the arbitrator engaged in serious misconduct in connection with the arbitration; (v) the arbitrator exceeded the authority conferred upon him or her under this Appendix C or as otherwise established by agreement of all the parties to the dispute; or (vi) the arbitrator's decision is contrary to the provisions of Section C.6.6.

C.9.2 Matter and One or More Parties to Dispute Subject to FERC Jurisdiction. If (i) the subject matter of a dispute arbitrated under Sections C.6 and C.7 is within the jurisdiction of FERC, and (ii) the conditions specified in Section C.12.1 or C.12.2 are satisfied, the rights of the parties to contest or appeal the arbitrator's decision shall be as set forth in Sections C.10 and C.12 below (subject also to the provisions of Section C.9.1 above). Notwithstanding the foregoing, nothing herein shall be construed or operate to require any Canadian or Mexican party or any other party that is not a "public utility" within the meaning of the FPA to make any filing with FERC under Sections 205 or 206 of the FPA.

C.9.3 All Parties and Matters in Dispute Subject to Jurisdiction of a Canadian Regulatory Authority. If all of the parties to an arbitrated dispute are subject to the jurisdiction of a particular Canadian Regulatory Authority, and if all matters in dispute are also subject to the jurisdiction of the same Canadian Regulatory Authority, any disputing

party may appeal an arbitrator's decision to that Canadian Regulatory Authority, where such Canadian Regulatory Authority has jurisdiction to hear the appeal, or to the appropriate Canadian court. Any appeal to a Canadian Regulatory Authority or Canadian court shall be subject to the provisions set forth in Sections C.10 and C.11 below.

C.9.4 All Parties and the Matter in Dispute Subject to Jurisdiction of a Mexican Regulatory Authority. If all of the parties to an arbitrated dispute are subject to the jurisdiction of a particular Mexican Regulatory Authority, and if all matters in dispute are also subject to the jurisdiction of the same Mexican Regulatory Authority, any disputing party may appeal an arbitrator's decision to the appropriate Mexican Regulatory Authority, subject to the provisions set forth in Sections C.10 and C.11 below.

C.9.5 Appeal to Court. If none of the preceding provisions concerning appealing or contesting an arbitrator's decision before FERC, a Canadian Regulatory Authority, or a Mexican Regulatory Authority apply to an arbitrated dispute, any party to an arbitrator's decision rendered in accordance with the provisions of Sections C.6 and C.7 may appeal the arbitrator's decision to a court of competent jurisdiction as provided under Section C.13 below.

C.10 Appealing or Contesting Arbitrator's Decision to FERC or a Presiding Authority. Subject to the conditions specified in Sections C.9.1 through C.9.5 above, any disputing party may appeal or contest an arbitrator's decision to FERC or an appropriate Presiding Authority as follows:

C.10.1 Record on Appeal. Except as otherwise provided in Section C.10.3 below, any appeal or action to contest an arbitrator's decision to FERC or a Presiding Authority

shall be based solely upon the record assembled by the arbitrator. All parties to arbitrations conducted under Sections C.6 and C.7 intend that: (i) the FERC or other Presiding Authority should afford substantial deference to the factual findings of the arbitrator; (ii) the portion, if any, of the arbitrator's decision relating to issues not of first impression (i.e., matters previously decided by the FERC or other Presiding Authority or a court of competent jurisdiction in cases involving comparable facts and circumstances) should be afforded appropriate deference by the FERC or other Presiding Authority; and (iii) the portion, if any, of the arbitrator's decision relating to issues of first impression should be afforded no deference by the FERC or other Presiding Authority.

C.10.2 No Expansion of Record on Appeal. Except as otherwise provided in Section C.10.3 below, no Member, non-Member, or WECC that has been a party to an arbitration under Sections C.6 and C.7 shall seek to expand the factual record before FERC or a Presiding Authority beyond that assembled by the arbitrator.

C.10.3 Exceptions to Limitations on Record on Appeal. If the arbitrator fails to assemble a complete record of the evidence submitted with respect to an arbitrated decision that is appealed pursuant to Sections C.9 through C.13, the parties to the appeal shall, notwithstanding the provisions of Sections C.10.1 and C.10.2 above, have the right to supplement the arbitrator's record before FERC or the Presiding Authority with any materials received into evidence by the arbitrator but omitted from the record assembled by the arbitrator. If an arbitrator's decision is appealed under Section C.9.1(iii) or (iv) above on the grounds that the arbitrator improperly excluded evidence so as to materially prejudice the outcome of the arbitration with respect to

one or more of the parties to the dispute, any party to the appeal may submit the evidence asserted to be improperly excluded, but only as a basis to request that FERC or the Presiding Authority vacate the arbitrator's decision and remand the matter to the arbitrator (or, if FERC or the Presiding Authority determines that the arbitrator engaged in serious misconduct, to a newly selected arbitrator) for reconsideration of the matter with inclusion of the improperly excluded evidence. If an arbitrator's decision is appealed under Section C.9.1(iv) above on the grounds of serious misconduct by the arbitrator, any party to the appeal may offer new evidence relating to the arbitrator's alleged misconduct.

C.11 Procedures for Appeals to Presiding Authority. If any party to an arbitration under Sections C.6 and C.7 desires to appeal an arbitrator's decision to an appropriate Presiding Authority, it shall provide written notice to that effect to all other parties to the arbitration, the arbitrator, and WECC's Chief Executive Officer within 14 calendar days following the date of the arbitrator's decision. If notice of appeal is timely provided:

C.11.1 Within 30 calendar days after the date of the appealing party's first notice of appeal, the party providing notice of appeal shall file its statement of position regarding the appeal with the Presiding Authority, together with the complete evidentiary record of the arbitration and a copy of the arbitrator's decision. The statement of position shall state that the appeal requested has been the subject of an arbitration pursuant to this Agreement.

C.11.2 Within 30 calendar days after the date of the appealing party's first notice of appeal, any other party that was a party to the arbitration may file its statement of position regarding the appeal with the Presiding Authority.

C.11.3 Copies of all materials filed with the Presiding Authority by any party during the course of an appeal shall be delivered to all other parties to the arbitration and to WECC's Chief Executive Officer.

C.11.4 Implementation of the arbitrator's decision shall be deemed stayed pending an appeal unless and until, at the request of a disputing party, the Presiding Authority issues an order shortening or extending the stay of implementation.

C.11.5 WECC's Chief Executive Officer shall publish (or cause to be published) a summary of each appeal in WECC's newsletter or electronic bulletin board.

C.11.6 The Members and WECC intend that any Presiding Authority's order resulting from an appeal under Sections C.9 and C.11 shall be subject to judicial review pursuant to laws governing the Presiding Authority and the matter in dispute that provide for judicial review of Presiding Authority action.

C.12 Procedures for Contesting or Appealing Arbitrator's Decision Before FERC. If any party to a dispute arbitrated under Sections C.6 and C.7 elects, subject to the limitations set forth in Sections C.9.1 through C.9.5 above, to contest or appeal an arbitrator's decision before FERC, the party so electing shall provide written notice to that effect to all other parties to the arbitration, the arbitrator, and WECC's Chief Executive Officer within 14 calendar days following the date of the arbitrator's decision. The provisions contained in Sections C.10.1, C.10.2, and C.10.3 above shall apply with respect to the record of the arbitration submitted to FERC. In addition, the following provisions shall apply:

C.12.1 FERC Filing by Prevailing Party. If the arbitrator's decision requires the prevailing party to take action that must have FERC approval or involves the provision of FERC-jurisdictional service by the prevailing party, the prevailing party shall file the

arbitrator's decision or make an appropriate filing with FERC to implement the arbitrator's decision. Provided that it has given notice as required under Section C.12 above, any non-prevailing party may contest the prevailing party's filing in accordance's with FERC's applicable rules and regulations.

C.12.2 Complaint to FERC by Prevailing Party. If the arbitrator's decision requires a non-prevailing party to take action that must have FERC approval or involves the provision of FERC-jurisdictional service by any non-prevailing party, then, if the non-prevailing party has given notice as required under Section C.12 above, the prevailing party may submit the arbitrator's decision to FERC in the form of a complaint.

C.13 Appeal to Court. If none of the provisions that govern appealing or contesting an arbitrator's decision before FERC, a Canadian Regulatory Authority, or a Mexican Regulatory Authority as set forth in Sections C.9.2, C.9.3, or C.9.4 above apply, any disputing party may appeal an arbitrator's decision to any court of competent jurisdiction, subject to the conditions specified in Section C.9.1 above. Except as otherwise provided in Section C.10.3 above (substituting the words "court of competent jurisdiction" for "FERC or the Presiding Authority"), any appeal to a court shall be based solely upon the record assembled by the arbitrator, and no Member, non-Member, or WECC who is a party to an arbitration under Sections C.6 and C.7 shall seek to expand the factual record before the court beyond that assembled by the arbitrator.

**Appendix of Additional Definitions Relating to
Alternative Dispute Resolution Provisions**

Arbitration Notice has the meaning specified in Section C.7.1 of these Bylaws.

Canadian Regulatory Authority. The agency or agencies established under the laws of Canada or the applicable Provinces of Canada and having jurisdiction over facilities, interconnections, transmission rates, charges, terms, and conditions of service of a Canadian Member.

Dispute Notice has the meaning specified in Section C.5.1 of these Bylaws.

FERC. The Federal Energy Regulatory Commission or a successor agency.

FPA. The Federal Power Act (16 U.S.C. §§ 824 *et. seq.*), as it may be amended from time to time.

Mexican Regulatory Authority. The agency or agencies established under the laws of Mexico or the applicable states of Mexico and having jurisdiction over facilities, interconnections, transmission rates, charges, terms, and conditions of service of a Mexican Member.

Presiding Authority. As used in Sections C.10 and C.11, the term “Presiding Authority” has the following meanings: with respect to an appeal to an appropriate Canadian Regulatory Authority, “Presiding Authority” means the presiding Canadian Regulatory Authority or Canadian court with jurisdiction to hear the appeal; and with respect to an appeal to an appropriate Mexican Regulatory Authority, “Presiding Authority” means the presiding Mexican Regulatory Authority or Mexican court with jurisdiction to hear the appeal.

Exhibit No. 2

**Amended and Restated Delegation Agreement Between North
American Electric Reliability Corporation and Western Electricity
Coordinating Council**

Exhibit C, Standards Development Procedures

RELIABILITY STANDARDS DEVELOPMENT PROCEDURES

Introduction

This document explains the WECC process for requesting, announcing, developing, revising, withdrawing and approving WECC Standards as defined below (“WECC Standards Process”). The process involves several steps:

- A request to develop a new Standard or revise an existing Standard
- Decision to proceed with development or revision of a Standard and assignment to a Drafting Team
- Public (including members) notification of intent to develop or revise a Standard
- Drafting stage
- Posting of draft for public comment
- Review of all comments and public posting of decisions reached on each comment
- Ballot Body balloting of the proposed Standard
- Consideration of any appeals
- WECC Board of Directors (Board) decision regarding approval, disapproval or remand of proposed Standard
- Forwarding proposed WECC Reliability Standards to the ERO

The process for developing and approving WECC Standards includes:

1. Notification of pending Standard change before a wide audience of all “interested and affected parties”
2. Posting Standard change drafts for all parties to review
3. Provision for gathering and posting comments from all parties
4. Provision for an appeals process – both “due process” and “technical” appeals

The WECC Standards Committee (WSC) has the responsibility for developing and balloting WECC Standards. The WSC Chair is responsible for ensuring administration of the process and completion of all WSC responsibilities. The WSC is supported by the Standing Committees as well as Drafting Teams that draft the Standards. The WSC, with the support of a Drafting Team and Standing Committees, ensures the Draft Standard is properly reviewed consistent with WECC due process requirements, responses have been provided to comments on the Draft Standard, or the Draft Standard is revised in response to the comments. Board approval signifies that WECC has adopted the Standard. WECC staff has the role of tracking the Standard as it moves through the process and facilitating resolution of issues. In accordance with Section 8.6 of the WECC Bylaws, Participating Stakeholders may participate in Reliability Standard development by joining the Ballot Body and may vote electronically on a Draft Standard.

WECC Bylaws Controlling

It is the intention of the drafters of the WECC Standards Process that the procedures described herein be interpreted and applied in a manner that is consistent with the WECC Bylaws. Should any conflict between this WECC Standards Process and the WECC Bylaws arise, the WECC Bylaws will control.

Terms

Ballot Body. The Ballot Body consists of WECC members and non-members that have been determined eligible for the WECC Standard Voting Sectors described in this Reliability Standards Development Process and in section 8.5.5.2 of the WECC Bylaws. The Ballot Body consists of the entities that may vote on Regional Criteria and Regional Reliability Standards, except as otherwise limited by these procedures.

Ballot Pool. The Ballot Pool consists of Ballot Body entities that have opted to vote on a specific Standard. Quorum for voting on a Standard is based on the Ballot Pool.

Days. All references to days in this document refer to calendar days, except as otherwise noted in these procedures.

Draft Standard. A Draft Standard includes any proposed new Standards, revisions to existing Standards, or termination of existing Standards. Draft Standards are introduced by use of Standard Authorization Requests or the Special Procedures for Addressing Regulatory Directives, as described in these procedures.

Joint Session. The Joint Session is any collective meeting of the Standing Committees. Such meetings are generally held in conjunction with the regular meetings of the individual Standing Committees.

Participating Stakeholder. A Participating Stakeholder as defined in Section 3.33 of the WECC Bylaws.

Standard. In the context of this document, the term Standard refers to a Regional Reliability Standard or a Regional Criterion.

Standard Authorization Request (or “SAR”). The form titled WECC Standards/Regional Criteria Request Form approved by WECC for the purpose of requesting a new Standard, a revision to an existing Standard, or termination of an existing Standard.

Standing Committee. The Market Interface Committee (MIC), Operating Committee (OC) or Planning Coordination Committee (PCC).¹

¹ In accordance with WECC Bylaws Section 8.5.4, Membership in WECC's Standing Committees is open to all WECC members.

WECC Standards Committee. This committee consists of one representative from each of the eight Voting Sectors described in Section 8.5.5.2 of the Bylaws and a ninth member who shall be a member of the WECC Board of Directors. The members of the WSC shall be appointed by, and serve at the pleasure of, the Board, in accordance with a charter of the WSC approved by the Board. The chair of the Board shall designate a member of the Board of Directors to serve as the chair of the WSC. The WSC is responsible for determining if a Standard Authorization Request is within the scope of WECC's activities, and overseeing the drafting, comment and voting process for a Standard. The WSC is responsible for taking actions described in the Special Procedures for Addressing Regulatory Directives to ensure compliance with directives issued by the Federal Energy Regulatory Commission (FERC) or Mexican or Canadian regulatory authorities. The WSC shall also oversee the process for responding to requests for interpretations of Standards.

WECC Standards Voting Sectors. For purposes of voting on Standards, WECC members and Participating Stakeholders shall vote in the following eight sectors.

- 1) Transmission Sector. This sector consists of Western Interconnection entities registered in the NERC compliance registry as transmission owners, transmission operators, transmission service providers, or transmission planners;
- 2) Generation Sector. This sector consists of Western Interconnection entities registered in the NERC compliance registry as generation owners or generation operators;
- 3) Marketers and Brokers Sector. This sector consists of Western Interconnection entities registered in the NERC compliance registry as purchasing-selling entities.
- 4) Distribution Sector. This sector consists of Western Interconnection entities registered in the NERC compliance registry as distribution providers or load-serving entities;
- 5) System Coordination Sector. This sector consists of Western Interconnection entities registered in the NERC compliance registry as balancing authorities, reserve sharing groups, planning authorities, resource planners, interchange authorities, and reliability coordinators. WECC may cast a vote in this sector;
- 6) End Use Representative Sector. This sector consists of non-registered members of WECC Member Class Four;
- 7) State and Provincial Representatives Sector. This sector consists of non-registered WECC members of WECC Member Class Five;

- 8) Other Non-Registered WECC Members and Participating Stakeholders Sector. This sector consists of consultants or other members of WECC Member Class Seven, or interested stakeholders who qualify for Participating Stakeholder status but are not registered in the NERC compliance registry.

For sectors one through five, Western Interconnection entities that perform functions outside the United States, that if conducted in the United States would qualify them for the NERC compliance registries included in these sectors, shall be eligible to vote in the appropriate sector(s), as may be determined by WECC staff.

Each WECC member or Participating Stakeholder shall have a vote that may be cast in each sector for which the member or stakeholder is eligible as described in Section 8.5.5.4 of the Bylaws.

Sectors one through five are the registered sectors, and the three non-registered sectors are sectors six through eight. If an entity is eligible for a registered sector, then that entity may be eligible for more than one registered sector. An entity can only be in one non-registered sector. An entity cannot be in both a registered and a non-registered sector. The first five sectors (1 through 5) shall be in the North American Electric Reliability Corporation (“NERC”) compliance registry, with the exception for entities that perform functions outside the United States that are determined eligible for these voting sectors by WECC Staff.

Participating Stakeholders may not vote on Regional Criteria unless the proposed Regional Criteria could result in sanctions to a non-WECC member.

Normal Process for Standards

Step 1 – Request To Revise or Develop a Standard

Requests to develop, terminate, or revise a Standard will be submitted to the WECC staff through the use of the WECC Standard Authorization Request (“SAR”). Requesters may be any individual or organization. WECC membership is not a requirement as long as the requester has an interest in electric system reliability or commercial business practices in the Western Interconnection.

Step 2 – Standard Authorization Request Validation and Submission to the WSC

The SAR will be reviewed for completeness and assigned a tracking number by the WECC staff. Staff may assist with completing the request, or report to the WSC that the SAR is incomplete and request guidance. When complete, the WECC staff will forward the SAR to the WSC. WECC staff will maintain a web-based form that tracks all SARs

through the Standard development process, as well as a Standards development tracking log that is posted on the WECC website.

The WSC will confer either in person or via conference call within two weeks of receipt of a completed request to determine whether the request is within WECC's scope.

If the WSC determines, by majority vote, that a SAR is outside the WECC's authority or inappropriate, it will prepare an explanation and post it on the WECC website. The party that submitted the SAR, parties subscribing to the WECC standards email list, the Standing Committees, and Board will all be notified of the posting and its location on the WECC website. If the WSC decides to reject a SAR at this stage, such decision may be appealed to the Board in accordance with Step 8.

Upon ascertaining that a SAR is within the scope of WECC's authority and appropriate, the WSC will select and oversee a Drafting Team formed for the purpose of drafting a Draft Standard. The WSC shall ensure that the Drafting Team includes a composite of individuals having the appropriate planning, operations, and market expertise. Notification of such assignments will be posted on the WECC website and sent to all parties that subscribe to the WECC standards email list. In addition, such assignments will be simultaneously noticed to NERC. The WSC shall ensure that the SAR provides the Drafting Team and WECC a description of the Draft Standard it expects the Drafting Team to draft, and an explanation as to why the Draft Standard is needed.

Step 3 – Drafting Team Begins Drafting Phase and Submits Draft Standard to WSC

The Drafting Team will begin working on the Draft Standard following assignment by the WSC, as directed by the WSC chair. The WSC shall provide a time period for which the Drafting Team should complete the Draft Standard. The WSC chair shall designate a Drafting Team leader who shall be responsible for coordinating the Drafting Team's efforts. Notification of Drafting Team meetings will be posted on the WECC website and sent to all parties that subscribe to the WECC standards email list at least 15 calendar days prior to the meeting. In addition, notification of all Drafting Team meetings will be simultaneously noticed to NERC. These meetings will be open to interested stakeholders. The Drafting Team will facilitate interested stakeholder participation in the discussion in order to encourage understanding of the issues and consensus among the meeting participants. The Drafting Team will work to achieve a consensus recommendation. A consensus recommendation is one that strives to eliminate all well-reasoned objections, but if the Drafting Team determines that it is not possible to accommodate all such points of view, it may proceed to provide a recommendation that is supported by a majority of the Drafting Team members.

Standard requesters have the right, and are encouraged to participate in the drafting process. Requesters may be called on to provide additional information, supporting studies, and other information to support the requirements of the Draft Standard.

All WECC Standards will follow a standard format that refers to the “Responsible Entities” included in the NERC Functional Model and includes compliance measures according to the WECC standard template. The Drafting Team will include definitions for any terms included in the Draft Standard that need to be added to the WECC glossary.

In the course of its review, the Drafting Team:

- will review the preliminary technical assessment provided by the requester;
- may perform or request additional technical studies, if necessary;
- will complete an impact assessment report as part of its evaluation to assess the potential effects of the request;
- may prepare additional supporting documents to support the Draft Standard; and
- may request from the WSC additional time to develop the Draft Standard if the Drafting Team believes it is necessary.

The Drafting Team, upon reaching a determination, by majority vote, on the language for a Draft Standard, shall submit the Draft Standard to the WSC. The Drafting Team shall also supply the WSC with the impact assessment report, any additional technical studies performed, and any other materials that significantly contributed to the Drafting Team’s evaluation and drafting of the Draft Standard.

Step 4 – Draft Standard Posted for Comment

Upon receiving the Draft Standard from the Drafting Team, the WSC shall decide whether to: (i) post the Draft Standard provided by the Drafting Team for comment; (ii) further revise or modify the Draft Standard provided by the Drafting Team, then post the WSC’s revision for comment; (iii) return the Draft Standard to the Drafting Team for further work, as directed; or (iv) terminate the Standard development activity in accordance with the procedures for rejecting a SAR in Step 2. A majority (greater than 50 percent) vote of the authorized membership of the WSC is required to terminate a Draft Standard at this stage. If the WSC chooses to remand the draft back to the Drafting Team, the WSC chair shall provide the Drafting Team with the committee’s reason for the remand and provide further guidance, as necessary.

If the WSC chooses to present the Draft Standard for comment, the WSC shall post the initial Draft Standard on the WECC website and provide 45 days for comments. Along with the draft, the WSC will post the impact assessment report and other supporting materials. The Draft Standard will include all mandatory requirements. In addition, the Draft Standard will include measurements, Violation Risk Factors (VRFs), and Violation Severity Levels (VSLs).² Notice of this posting and a solicitation for comments on the

² Regional Criteria, which are also to be developed under this Procedure, will not contain VRFs or VSLs which are only necessary for Standards that will be enforceable and for which violations may result in penalties.

draft will be sent to all WECC members and all individuals who subscribe to the WECC standards e-mail list. In addition the notification of posting and solicitation for comments will be simultaneously noticed to NERC. The WSC may request input from affected parties regarding their estimated cost to implement the Draft Standard and may use that data to amend an impact assessment report, which will be posted for comment when it becomes available.

Members of electric industry organizations may respond through their organizations, or directly, or both. All comments will be supplied electronically and will be posted on the WECC website.

Step 5 – WSC Deliberates on Comments

The WSC chair is responsible for ensuring that comments are addressed in a timely manner. The WSC may further employ and oversee the Drafting Team for purposes of analyzing and responding to comments. The WSC will post its response to comments on the WECC website within 30 days of the close of the comment period. All parties that submit comments are strongly encouraged to participate in WSC deliberations.

If the WSC determines, by majority vote, any technical comments including those on the draft or the impact assessment report are significant, it will repeat Steps 3 and 4 as many times as considered necessary to ensure adequate opportunity for interested stakeholder input. All interested stakeholders are strongly encouraged to submit their comments as early in the process as possible. The number of days for comment on each subsequent revision to the Draft Standard will be 30 days.

A majority vote of the WSC is required to approve submitting the recommended Draft Standard to the Ballot Body for a vote. Balloting results will be documented. All WSC member dissenting voters, as well as others participating in the WSC deliberations, will be encouraged to provide dissenting comments and, if possible, specific language that a party believes would make the Draft Standard acceptable. If the WSC vote fails to capture a simple majority to approve submittal to the Ballot Body for a vote, and there is no apparent way to reach a majority agreement, the WSC will report to and seek guidance from the WECC Board

Step 6 – WSC Submits Draft Standard for Ballot Body Vote and Ballot Pools Are Established

The WSC's final Draft Standard will be posted on the WECC website at least 30 days prior to the commencement of the voting window and WECC members and Participating Stakeholders who have joined the Ballot Body³ will be notified of the

³ Each WECC Member and Participating Stakeholder shall be permitted to designate a person who is authorized to join Ballot Pools for Standards and to either cast a vote within those Ballot Pools or designate a proxy to cast the vote of the WECC Member or Participating Stakeholder. Each such designated person shall be provided a user name and password for use in electronically identifying that

WSC's recommendation. The posting will include the final WSC member vote, any dissenting WSC member comments, a summary addressing comments that were not incorporated into the Draft Standard, the impact assessment report and the period of time during which the Ballot Body is scheduled to vote on the WSC's recommendation.⁴ Notice of the posting also will be sent to the Standing Committees, all Participating Stakeholders, and the standards email list. In addition, the notification of the posting for ballot will be simultaneously noticed to NERC.

After posting of the Draft Standard, the Standing Committees shall participate in at least one Joint Session addressing the Draft Standard. In addition to the Joint Session, individual Standing Committees may undertake additional discussions or webinars.

The notice shall solicit participants for the Ballot Pool for the final Draft Standard scheduled for a vote. Members of the Ballot Body choosing to vote on the Draft Standard shall respond to the WSC's solicitation for Ballot Pools within a period designated by WECC Staff. Responses from Ballot Body members shall indicate within which WECC Standards Voting Sector(s) the party chooses to vote. Where a WECC member or Participating Stakeholder is eligible for multiple WECC Standards Voting Sectors, it may vote in any or all of its eligible sectors as allowed pursuant to the Bylaws (section 8.5.5.2) and this Reliability Standards Development Process. Based on responses to the Ballot Pool solicitation, WECC staff shall form the Ballot Pool for a particular Draft Standard.

Step 7 – Ballot Pool Vote on Recommendation to Board

In accordance with Sections 8.5 and 8.6 of the WECC Bylaws, the Ballot Pool will vote on the Draft Standard. Voting shall begin at least seven (7) calendar days following the Joint Session of the Standing Committees at which the Draft Standard was considered. Voting on Draft Standards shall be via electronic voting administered by the WECC website, and shall take place over a fifteen (15) business day voting window. Each WECC member or Participating Stakeholder may cast one vote in each eligible voting sector. Voters rejecting the Draft Standard will be required to provide an explanation of their vote. Explanations will be added to the record in order to assist the WSC's and/or the Board's subsequent consideration of the Draft Standard.⁴

A weighted majority vote of the Ballot Pool is required for a Draft Standard to be approved by the WECC membership and Participating Stakeholders. Voting among the WECC Standards Voting Sectors will be weighted as follows:

- For each Sector with ten or more voters, the number of affirmative votes cast shall be divided by the sum of the affirmative and negative votes cast to determine the

entity's authorization to act within the Ballot Body. The Ballot Body will be renewed every five years as part of WECC's section 4.9 review.

⁴ The period of time the vote is scheduled shall take into account the next scheduled Joint Session of the Standing Committees.

fractional affirmative vote for that Sector. Abstentions, incomplete votes, and non-responses shall not be counted for the purposes of determining the number of voters in the Sector.

- For each Sector with less than ten voters, the fractional affirmative vote of that Sector shall be multiplied by ten percent (10%) times the number of voters. E.g., for a Sector with nine voters, the fractional affirmative vote will be multiplied by ninety percent (90%). Abstentions, incomplete votes, and non-responses shall not be counted for the purposes of determining the number of voters in the Sector.
- The sum of the fractional affirmative votes from all Sectors divided by the weighted number of Sectors voting shall be used to determine if a majority has been achieved. A Sector shall be considered as voting if any member of the Sector in the Ballot Pool casts either an affirmative or a negative vote. If there are more than ten voters in the Sector, the weighting used for the calculation of “weighted sectors voting” shall be one hundred percent (100%). For Sectors with less than ten voters, the weighting used for the calculation of the “weighted sectors voting” shall be ten percent (10%) per voter. Abstentions, incomplete votes, and non-responses shall not be counted for the purposes of determining the number of voters per Sector.
- A Standard shall be approved by the Ballot Pool if the sum of fractional affirmative votes from all Sectors divided by the weighted number of voting Sectors is a majority (i.e. greater than fifty percent (50%)).

A two-thirds (2/3) quorum of the Ballot Pool is required for each vote. Abstentions and incomplete responses will be counted in determining whether a quorum of the Ballot Pool is achieved. Quorum shall be based on total number of Ballot Pool members, and shall not be based on total number of votes cast. If necessary, the voting window may be extended by the WSC until a quorum is achieved.

After a vote by the Ballot Pool, the WSC will take one of the following actions:

(1) If the Ballot Pool approves a Draft Standard, the WSC shall submit the recommended Draft Standard to the WECC Board. The WSC shall provide the Draft Standard, any comments on which the WSC members did not agree, minority opinions of WSC members, explanations supporting votes in opposition to the Draft Standard, and the impact assessment for the Draft Standard to the Board for final approval. To be considered by the Board, any “no” votes by a WSC member on a Draft Standard shall be accompanied by a text explaining the “no” vote and, if possible, should provide specific language that would make the Draft Standard acceptable. Relevant voting information from the Ballot Pool shall be submitted to the Board for its consideration in determining whether or not to approve the Draft Standard. Final Draft Standards and all materials provided to the Board will be posted no less than 30 days prior to the Board vote.⁵ The date of the expected Board vote will also be posted.

⁵ WECC Bylaws, Section 7.5.1 – “Except as set forth in Section 7.5.2 regarding urgent business, all regular business of the Board will occur at the Board meetings, at least twenty-one (21) days’ advance notice of which has been provided...”

(2) If the Ballot Pool rejects a Draft Standard, the WSC may, by a majority vote (greater than 50 percent of the WSC membership), decide to amend or modify the initial Draft Standard or remand it back to the Drafting Team to amend or modify it. Any amended or modified Draft Standard must be resubmitted to the Ballot Pool for a vote before the WSC submits the subsequent Draft Standard to the WECC Board. If the WSC determines by majority vote (greater than 50% of the WSC members) that the modifications to the Draft Standard could be unanticipated by the Ballot Pool or may be controversial, the amended or modified Draft Standard shall be subjected to an additional Joint Session discussion prior to voting. The reasons for the modification(s) will be documented, posted, and provided to the Board. If any changes are made at the WSC meeting, the roll call of votes for and against the subsequent Draft Standard and abstentions will be recorded at the meeting, and the subsequent Draft Standard will be posted for 10 days for comments. The comments will be posted and distributed to the Ballot Pool and will be made available prior to any subsequent rounds of voting. Unless otherwise directed by the WSC, the Ballot Pool for subsequent votes on a Draft Standard shall consist of the same parties.

(3) If the Ballot Pool rejects a Draft Standard, the WSC may allow the Draft Standard to terminate.

Step 8 – Appeals Process

Requests for reconsideration of WSC decisions may be made to the WSC. The WSC will post its findings. The subsequent rejection of such a request by the WSC may be appealed to the Board.

A Draft Standard recommended by the WSC may be appealed on either technical or due process grounds. Any due process or technical appeals must be submitted, in writing, to the WECC staff within 15 days of the date the WSC posts a recommendation.

An appeal to the Board shall be posted on the WECC website and shall be heard at the Board's next regularly scheduled meeting occurring at least 21 days after the appeal is filed.

Step 9 – Board Approval

The WECC Board of Directors will consider the proposed Draft Standard no later than at its next meeting occurring at least 30 days after the Ballot Pool vote. The Board will consider the WSC's recommendations and minority opinions, all comments that were not incorporated into the draft Standard or revision(s), and the impact assessment report. The Board will not amend or modify a Draft Standard, except to make nonmaterial changes to the language of a Standard or revision thereto. If approved, the Standard will be posted on the WECC website and all parties notified.

If the Draft Standard is not approved, the Board may return the Draft Standard to the WSC for further work, or the Board may terminate the Standard activity with an appropriate notice and explanation to the SAR requester, WSC, and participants in the Ballot Pool. These Board actions will also be posted.

A majority vote of the Directors present at a Board meeting, as specified in Sections 7.2 and 7.4.1 of the WECC Bylaws, is required to approve the recommended Standard.

Step 10 – ERO Review, FERC Approval and Implementation of Reliability Standards

To the extent required under Section 215 of the Federal Power Act, 18 C.F.R. Part 39, and according to procedures established in the delegation agreement between WECC and the Electric Reliability Organization (“ERO”), the Board shall submit new Reliability Standards, revisions to existing Reliability Standards, and terminations of existing Reliability Standards for review by the ERO and approval by FERC. Upon approval by FERC, the Reliability Standards will be made part of the body of NERC reliability standards and enforced upon all applicable bulk power system owners, operators, and users within the WECC region. Parties’ right to participate in the ERO and FERC review processes shall be as established in the applicable regulations and the ERO/WECC delegation agreement. Reliability Standards subject to ERO review shall become effective as approved by FERC or, for entities outside of the U.S. portion of the Western Interconnection, upon approval by the applicable Canadian or Mexican authorities.

Step 11 – Implementation of Standards Not Subject to ERO/FERC/Other Approval

All new and modified Standards not subject to ERO review and FERC, Canadian or Mexican approval as provided in Step 10 shall become effective as ordered by the WECC Board. As of the effective date of such new or modified Standard, all industry participants in the Western Interconnection that such Standard is applicable to are expected to implement and abide by the Standard. Any and all parties to this Process retain the right of appeal to other authorities as the law allows.

Expedited Process for Urgent Action Interim Standards

In cases requiring urgent action, such as in the development of emergency operating procedures, any Standing Committees or Participating Stakeholders may propose a new or modified interim Standard for approval by the WECC Board through a process that eliminates any or all of the steps outlined above, but only to the extent necessary, and only in a manner that is consistent with the WECC Bylaws. Such interim Standard shall be replaced by a Board-approved permanent Standard, developed using all the steps identified in this document within one year (or such additional time as may reasonably be required to complete all steps) from the date on which the WECC Board approved the interim standard. An interim Standard may be converted to a successor permanent Standard as long as any procedural steps bypassed in developing the interim Standard are completed with respect to the permanent Standard. If necessary,

the Board may renew an interim Standard to allow additional time for the development of a successor permanent Standard. Renewal may occur more than once, but a good faith effort must be made to develop a successor permanent Standard.

Interpretation of Regional Standards and Regional Criteria

Any entity may request an interpretation of a Standard by sending a request through the WECC web portal identifying the Standard and requirement or requirements for which additional clarity is sought. The request shall indicate the material impact to the requesting entity or others caused by the actual or potential lack of clarity. An interpretation is limited to clarifying existing requirements in approved Standards. Interpretations may not be developed that expand upon a requirement or that provide guidance on how to apply a requirement.

The WECC Staff shall review the request for clarity and completeness and shall work with the requestor to clarify the request or complete any missing elements of the request if needed. The WECC Staff shall forward the request to the WSC. If the WSC believes that the request is intended to change a requirement or is seeking feedback on how to apply a requirement, rather than interpret the requirement, the request shall be denied and returned to the requestor with an explanation. If denied, the requestor shall be advised of the appeals process.

Within 21 days of receiving the request, the WSC Chair shall assemble an Interpretation Drafting Team (IDT) with the relevant expertise to address the clarification. The IDT should include members from the original Standard Drafting Team to the extent possible, and may be supplemented as deemed appropriate by the WSC Chair, but shall not contain any members representing the entity that submitted the request.

As soon as practicable, but not more than 45 calendar days after the WSC assembles the IDT, the IDT shall draft a written interpretation to the Standard providing the requested clarity. The interpretation shall be posted for a 30-day formal comment period. The IDT shall then have 15 days to respond to the comments and to make any changes to the interpretation. The IDT shall reach a determination on the language for an interpretation by majority vote of the IDT. The IDT shall then return the interpretation to the WSC which shall then post the interpretation for another 30 days to give entities time to review the interpretation prior to a Ballot Pool vote. Notice of this posting will be sent to the Ballot Body, and the notice shall solicit participants for the Ballot Pool for voting on the interpretation. After posting of the interpretation, the Standing Committees shall participate in at least one Joint Session addressing the interpretation. Voting on the interpretation shall be consistent with the quorum and weighted voting procedures explained in Step 7 of these Reliability Standards Development Procedures. Use of a conference call or web meeting and electronic or email balloting is encouraged to shorten the interpretation process. If the interpretation is approved by a weighted majority of the Ballot Pool, the WSC shall forward the interpretation to the WECC Board of Directors for approval. If the Ballot Pool rejects the interpretation, the WSC shall notify the requestor. The WSC shall also ask the IDT to provide a revised interpretation.

Interpretations of Regional Standards shall be submitted to NERC for processing with a request that the interpretation be adopted by the NERC Board of Trustees and then filed for approval with FERC and applicable Governmental Authorities in British Columbia, Alberta and Mexico.

For entities operating in the United States, once the interpretation of a Regional Standard is approved by FERC, the interpretation shall become effective and shall be appended to the Standard. For entities outside of the U.S. portion of the Western Interconnection, interpretations shall become effective for these entities only upon approval by the appropriate Canadian or Mexican regulatory authority. The interpretation will remain appended to the Standard until such time as the Standard is revised through the normal process incorporating the clarifications provided by the interpretation.

Special Procedures for Addressing Regulatory Directives

If the Board determines that the WECC Standards Process did not result in a proposed Draft Standard that addresses a directive issued by the FERC or by a Mexican or Canadian regulatory authority (Applicable Regulatory Authority), hereinafter, “regulatory directive,” then the Board shall have authority to take certain actions to ensure that a Draft Standard responsive to the regulatory directive is drafted, approved and/or submitted to the Applicable Regulatory Authority.⁶ The Board shall have the authority to choose which one or more of the actions set out below are appropriate to the circumstances and need not take these actions in sequential steps.

1. Board Remand to the WSC after an Affirmative Vote of the Ballot Pool. If the Board is presented with a Draft Standard that fails to address a regulatory directive, the Board may remand to the WSC the proposed Draft Standard with instructions (including establishing a timetable for action).

2. Board Remand to WSC for Additional Public Consideration and Re-ballot. Upon a written finding by the Board that a Ballot Pool has failed to approve a Draft Standard that contains a provision to address a specific matter identified in a regulatory directive, the Board has the authority to remand the Draft Standard to the WSC with instruction to (i) convene a public technical conference to discuss the issues surrounding the regulatory directive, including whether or not the Draft Standard is just, reasonable, not unduly discriminatory or preferential, in the public interest, helpful to reliability, practical, technically sound, technically feasible, and cost-justified; (ii) working with WECC staff, prepare a memorandum discussing the issues, an analysis of the alternatives considered and other appropriate matters; and (iii) re-ballot the Draft Standard one additional time, with such adjustments in the schedule as are necessary to complete a re-ballot of the Draft Standard within forty-five (45) days of the remand. The WSC memorandum shall be made available to the Ballot Pool in connection with the re-ballot.

⁶ The procedures in this section, “Special Procedures for Addressing Regulatory Directives,” only apply to draft Regional Reliability Standards.

In any re-ballot, negative votes without comment shall be counted for purposes of establishing a quorum, but only affirmative votes and negative votes with comments related to the Draft Standard shall be counted for purposes of determining the number of votes cast and whether the Draft Standard has been approved by the Ballot Pool.

3. Affirmative Vote upon Re-ballot of Draft Standard. If the re-balloted Draft Standard achieves an affirmative majority vote of the Ballot Pool, with a quorum established, then the Draft Standard shall move to the Board for approval.

4. Negative Vote upon Re-ballot of Draft Standard. If the re-balloted proposed Draft Standard fails to achieve an affirmative majority vote of the Ballot Pool, or if a quorum is not established, then the Board has the authority to consider the Draft Standard for approval pursuant to the following:

(i) The Board shall issue notice of its intent to consider the Draft Standard and shall solicit written public comment particularly focused on the technical aspects of the provisions of the Draft Standard that address the specific matter identified in the regulatory directive, including whether or not the Draft Standard is just, reasonable, not unduly discriminatory or preferential, in the public interest, helpful to reliability, practical, technically sound, technically feasible, and cost-justified.

(ii) The Board may convene a public technical conference to receive additional input on the matter.

(iii) After considering the developmental record, the comments received during balloting and the additional input received under (i) and (ii), the Board has authority to act on the Draft Standard. If the Board finds that the Draft Standard is just, reasonable, not unduly discriminatory or preferential, and in the public interest, considering (among other things) whether it is helpful to reliability, practical, technically sound, technically feasible, and cost-justified, then the Board has authority to approve the Draft Standard and direct that it be filed with the Applicable Regulatory Authority with a request that it be made effective. If the Board is unable to find that the proposed Draft Standard is just, reasonable, not unduly discriminatory or preferential, and in the public interest, considering (among other things) whether it is helpful to reliability, practical, technically sound, technically feasible, and cost-justified, then it has authority to direct that the Draft Standard and complete developmental record, including the additional input received under (i) and (ii), be submitted to the Applicable Regulatory Authority, as a compliance filing in response to the order giving rise to the regulatory directive, along with a recommendation that the Draft Standard not be made effective and an explanation of the basis for the recommendation.

5. Board Approval or Rejection of a Draft Standard Prepared by the WSC or WECC Staff and Not Balloted. Upon a written finding by the Board that the WSC has failed to develop, or a Ballot Pool has failed to approve, a Draft Standard that contains a provision to address a specific matter identified in a regulatory directive, the Board has

the authority to direct the WSC (with the assistance of stakeholders and WECC staff) to prepare a Draft Standard that addresses the regulatory directive, taking account of the entire developmental record pertaining to the matter. If the WSC fails to prepare such Draft Standard, the Board may direct WECC management to prepare such Draft Standard. As part of this process, the Board may convene a public technical conference to receive input on the matter. The Draft Standard shall be posted for a forty-five (45) day public comment period. After considering the entire developmental record, including any comments received during the public comment period, the Board may do one of the following:

(i) The Board may find that the Draft Standard, with such modifications as the Board determines are appropriate in light of the comments received, is just, reasonable, not unduly discriminatory or preferential, and in the public interest, considering (among other things) whether it is practical, technically sound, technically feasible, cost-justified and serves the best interests of reliability of the bulk power system. In this case, the Board has the authority to approve the Draft Standard and direct that the proposed Standard be submitted to the Applicable Regulatory Authority with a request that the Draft Standard be made effective.

(ii) The Board may be unable to find that the Draft Standard is just, reasonable, not unduly discriminatory or preferential, and in the public interest, considering (among other things) whether it is practical, technically sound, technically feasible, cost-justified and serves the best interests of reliability of the bulk power system. In this case, the Board has the authority to direct that the Draft Standard and the complete developmental record be filed as a compliance filing in response to the regulatory directive with the Applicable Regulatory Authority, with a recommendation that the Draft Standard not be made effective.

WECC shall on or before January 31st of each year file a report with the FERC on the status and timetable for addressing each outstanding directive to address a specific matter received from FERC.

Approved by the WECC Board June 22, 2011.

STANDARDS DRAFTING PROCEDURES FLOWCHART

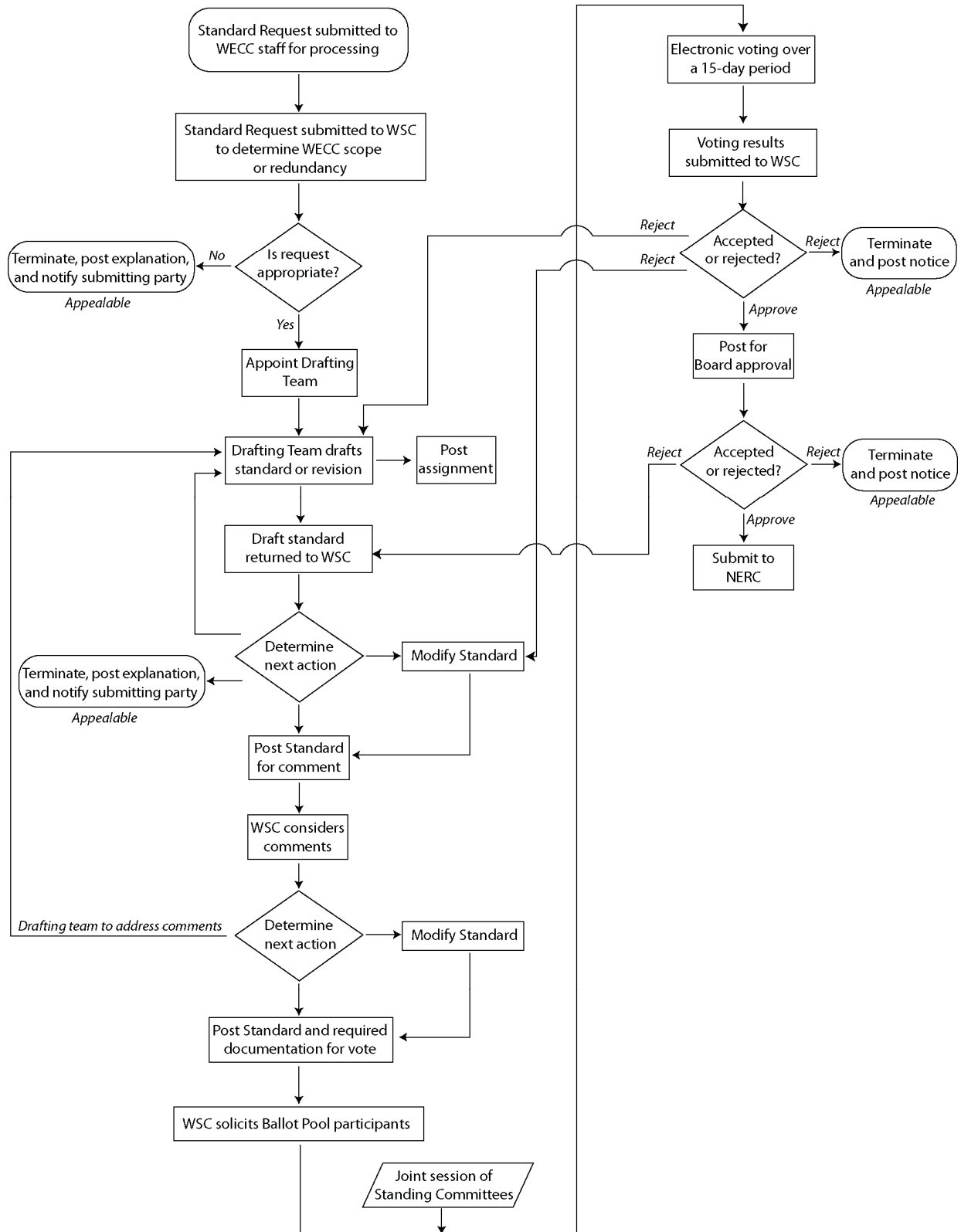


Exhibit No. 3

Affidavit of Howard Gugel

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

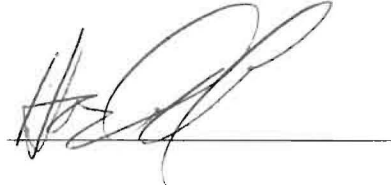
Tri-State Generation and Transmission Association, Inc.)	
)	
)	
v.)	Docket No. EL13-11-000
)	RD13-1-000
Western Electricity Coordinating Council and North American Electric Reliability Corporation)	
)	

AFFIDAVIT OF HOWARD GUGEL

1. I am the Associate Director of Standards Development at the North American Electric Reliability Corporation (NERC). My role at NERC is to facilitate and provide guidance to reliability standard drafting teams in the development of technically excellent and timely reliability standards for the reliable operation and planning of the bulk power system.
2. Prior to joining NERC, I worked as a Transmission Area Maintenance Manager for a large public utility in Florida, managing a staff of field personnel that maintain and repair transmission lines and substation equipment. Prior to that, I was a Transmission Planning Manager for the same entity.
3. My background also includes management experience in operations and energy marketing. Overall, I have 20 years of electric utility experience.
4. I received a Bachelor of Science in Electrical Engineering and a Masters of Science in Electrical Engineering from the University of Missouri - Rolla. I am a licensed professional engineer in the state of Missouri.
5. I participated, as the principal NERC representative, in several conversations with representatives from the Western Electricity Coordinating Council (WECC) and Tri-State Generation and Transmission Association, Inc. (Tri-State) regarding the implementation, by WECC, of the regional Reliability Standard IRO-006-WECC and its associated Unscheduled Flow Mitigation Plan (UFMP). In particular, these discussions addressed possible avenues for implementation of a new document developed by WECC called "Unscheduled Flow Reduction Guideline" approved by the WECC board of directors in March of 2012 (the Guideline).
6. As the principal representative for NERC, neither I nor anyone acting under my authority advised WECC to implement the Guideline immediately, without a formal revision to Reliability Standard IRO-006-WECC. I am also not aware of any other NERC representative having provided such advice. NERC staff and WECC have worked collaboratively with industry stakeholders to devise a resolution to the implementation of the Guideline and in this context, the feasibility of several possible solutions were considered. However, no specific solution was advocated or proposed by me or other NERC representatives in this matter.

This concludes my affidavit.

I certify that this affidavit is true and accurate to the best of my knowledge, information and belief formed after a reasonable inquiry.



Howard Gugel

Subscribed and sworn to before me this

8th day of November, 2012



Notary public



My commission expires: Dec 1, 2013