

August 26, 2013

VIA ELECTRONIC FILING

Ms. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

**Re: North American Electric Reliability Corporation Petition for Approval of the Further Amendments to the Amended and Restated Delegation Agreement with Western Electricity Coordinating Council
Docket No. RR13-__ -000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (“NERC”) hereby submits the “Petition of the North American Electric Reliability Corporation for Approval of Further Amendments to the Amended and Restated Delegation Agreement with the Western Electricity Coordinating Council.” The principal purpose of these amendments is to revise various sections and exhibits in the Delegation Agreement to implement a decision by the Western Electricity Coordinating Council (“WECC”) to completely separate its compliance monitoring and enforcement function from the Reliability Coordinator and Interchange Authority functions for the Western Interconnection. That proposed separation was the subject of a declaratory order issued by the Federal Energy Regulatory Commission (“FERC” or “Commission”) on June 20, 2013.¹

¹ *Western Electricity Coordinating Council*, Order on Petition for Declaratory Order, 143 FERC ¶ 61,239 (2013), *reh’g pending* (the “WECC Declaratory Order”).

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This filing consists of: (1) this transmittal letter, (2) the narrative text of the Petition which follows this transmittal letter, and (3) Attachments 1 and 2 to the Petition, which contain a clean version and a redlined version of the proposed amendments to the Delegation Agreement, respectively. All of these documents are transmitted in a single PDF file.

This filing is related to three other matters filed or to be filed at about the same time as this filing:

- (1) NERC's August 23, 2013 filing seeking approval of the 2014 business plans and budgets of NERC and the eight Regional Entities in Docket No. RR13-9-000 (the "2014 Budget Filing"). The 2014 Budget Filing removes the costs of WECC's Reliability Coordination ("RC") and Interchange Authority ("IA") functions from the WECC budget and includes a separate business plan and budget for the Reliability Coordination Company ("RCCo")² to perform those functions in the Western Interconnection, beginning January 1, 2014. The 2014 Budget Filing also reflects the proposed termination of the Northeast Power Coordinating Council, Inc. ("NPCC") serving as the Compliance Enforcement Authority ("CEA") for WECC-registered functions, effective January 1, 2014.
- (2) A filing by WECC seeking approval of the RCCo Bylaws and the agreement between WECC and RCCo, as required by the *WECC Declaratory Order*.³

² NERC has been informed that the new name for the Reliability Coordination Company will be "Peak Reliability." NERC will use the name "Reliability Coordination Company" in this filing, because the underlying documents use that term.

³ *WECC Declaratory Order* at P 39, 44, 45.

(3) A filing by WECC seeking approval of termination of the agreement between NPCC and WECC pursuant to which NPCC serves as the CEA for the reliability functions for which WECC is registered.⁴

Please contact the undersigned if you have any questions concerning this filing.

Respectfully submitted,

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⁴ The Federal Energy Regulatory Commission approved the NPCC-WECC agreement by letter order issued in Docket No. RR11-2-000 on November 15, 2011.

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

**NORTH AMERICAN ELECTRIC)
RELIABILITY CORPORATION) Docket No. RR13-__-000**

**PETITION OF THE
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION
FOR APPROVAL OF FURTHER AMENDMENTS TO THE AMENDED AND
RESTATED DELEGATION AGREEMENT WITH THE WESTERN ELECTRICITY
COORDINATING COUNCIL**

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August 26, 2013

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ATTACHMENTS

Attachment 1: Amended And Restated Delegation Agreement Between North American Electric Reliability Corporation and Western Electricity Coordinating Council – Clean version

Attachment 2: Amended And Restated Delegation Agreement Between North American Electric Reliability Corporation and Western Electricity Coordinating Council – Redlined version

I. INTRODUCTION

In Docket No. EL13-52-000, the Commission conditionally granted a request by the WECC for a declaratory order regarding WECC's transferring its RC and IA registered functions to a newly-formed company, RCCo, which will be independent from WECC.⁵ The Commission also approved WECC's proposal to resume responsibility for CEA functions with respect to the WECC Region RC and IA functions when those functions are taken over by the RCCo.⁶ In the *WECC Declaratory Order*, the Commission approved WECC's proposal that the RC and IA registered functions, when assumed by the RCCo, would continue to be considered statutory functions under Section 215 of the Federal Power Act ("FPA") to be funded by statutory assessments to Load Serving Entities ("LSEs") in the WECC Region; and that the RCCo's annual business plans and budgets would be submitted to the Commission for approval as part of the NERC and Regional Entity annual business plan and budget filing. These arrangements are scheduled to become effective January 1, 2014.⁷

The purpose of this filing is to request the Commission's approval of the changes in the Amended and Restated Delegation Agreement between NERC and WECC (the "Delegation Agreement") needed to implement WECC's proposal. As part of the transition, WECC amended its own Bylaws, set out in Exhibit B to the Delegation Agreement. As detailed in Part IV.C below, the amendments to WECC's Bylaws are intended to better enable WECC to perform as a

⁵ *Western Electricity Coordinating Council*, Order on Petition for Declaratory Order, 143 FERC ¶ 61,239 (2013) ("*WECC Declaratory Order*"). NERC has learned that the new company will be named "Peak Reliability," however, NERC will refer to the new company as RCCo herein to maintain consistency with the name used in the *WECC Declaratory Order*.

⁶ At present, NPCC performs the CEA responsibilities with respect to WECC's RC and IA registered functions, pursuant to an agreement between NPCC and WECC.

⁷ The Commission originally ruled that WECC's costs to perform the RC function in the WECC Regional Entity footprint could be funded through statutory assessments pursuant to FPA Section 215 in an Order on Rehearing issued April 19, 2007. *North American Electric Reliability Corp.*, Order on *Reh'g*, 119 FERC ¶ 61,059 (2007).

Regional Entity and member organization, in providing: 1) impartial independent review and analysis of reliability issues impacting the Western Interconnection; 2) development of electric reliability standards incorporating Western Interconnection experience and knowledge; 3) consistent and fair monitoring and enforcement activities for compliance with Reliability Standards; 4) event analysis and lessons-learned from system events; and 5) value for its membership through cost effective and efficient services and practices through: a) being a centralized repository of reliable information relating to the planning and operation of the Bulk Power System (“BPS”) in the Western Interconnection, b) coordinating system planning and modeling, c) sharing of, and providing comment on adherence to, recognized industry best practices, d) facilitating resolution of market seams and coordination issues, e) secure sharing of critical reliability data, and f) providing a robust stakeholder forum.

The amendments to the WECC Bylaws included in Exhibit B to the Delegation Agreement make changes concerning WECC’s governance, including the composition of the WECC Board, director qualifications and director selection. Provisions regarding membership classes, the establishment and operation of a Member Advisory Committee (“MAC”), and clarification of member decision procedures are also being amended. There are additional amendments which add, delete or modify certain terms and make non-substantive changes.

Pursuant to FPA Section 215(e)(4)⁸ and 18 C.F.R. §§ 39.8 and 39.10 (2013), NERC requests the Commission’s approval of the proposed amendments to the Delegation Agreement. Approval is requested for amendments to specific sections of the Delegation Agreement, as well as to three Exhibits to the Delegation Agreement. Amendments to the exhibits include: Exhibit A (Regional Boundaries of WECC), Exhibit B (the WECC Bylaws), and Exhibit E (Funding).

⁸ 16 U.S.C. § 824o (2005).

No changes are proposed for Exhibits C and D to the Delegation Agreement; however, they are included in Attachments 1 and 2 to this filing for the Commission's convenience. In addition to the amendments to the Delegation Agreement requiring Commission approval under 18 C.F.R. § 39.8, the WECC Bylaws included in Exhibit B to the Delegation Agreement are "Regional Entity Rules" as defined in 18 C.F.R. § 39.10; thus, in accordance with 18 C.F.R. § 39.10, the amendments to the WECC Bylaws require Commission approval.

Attachment 1 to this Petition is a clean version of the proposed amended Delegation Agreement and exhibits (including Exhibits C and D to the Delegation Agreement which reflect no changes). **Attachment 2** shows in redline form the proposed amendments to the Delegation Agreement and exhibits for which NERC seeks approval (also included are Exhibits C and D to the Delegation Agreement which reflect no changes).

Part III of this filing provides background and explanation for the changes being made to the Delegation Agreement.

Part IV describes the details of the changes being proposed in the Delegation Agreement, and Exhibits A (Regional Boundaries), B (Bylaws), and E (Funding) to the Delegation Agreement.

Part V describes the WECC and NERC approvals for the proposed amendments.

II. NOTICES AND COMMUNICATIONS

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

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

III. DISCUSSION OF WECC'S PROPOSED TRANSFER OF THE RELIABILITY COORDINATION FUNCTION

A. Background

At the time the Commission approved the first delegation agreement between NERC and WECC, the Commission recognized that WECC was performing the RC function for the Western Interconnection and required that there be a strong separation of WECC's compliance and registered Reliability Coordination functions.⁹ To implement that requirement, NERC and WECC subsequently negotiated and submitted to the Commission, and the Commission approved, an agreement between NERC and WECC pursuant to which NERC would serve as the CEA for the WECC-registered functions.¹⁰ Effective January 1, 2012, NPCC assumed

⁹ *North American Electric Reliability Council*, 119 FERC ¶ 61,060 at P 453 (2007).

¹⁰ Letter order in Docket Nos. RR06-1-018 and RR07-7-006, dated February 17, 2009.

responsibility as the CEA for the WECC-registered functions pursuant to an agreement between NPCC and WECC, also approved by the Commission.¹¹ The NPCC-WECC agreement remains in force today. Exhibit A to the current Delegation Agreement includes a reference to NPCC serving as the CEA for the WECC registered functions.

WECC currently receives funding for its RC activities under FPA § 215 as part of its overall statutory budget and assessments.¹² The current WECC funding mechanism is described in Exhibit E to the Delegation Agreement.

B. WECC Proposes to Separate its Reliability Coordination Functions (RC and IA) from its Compliance and Enforcement Activities

WECC has now determined to achieve a complete separation of the RC and IA functions in the WECC region from WECC's delegated compliance and enforcement functions.¹³ WECC proposes to establish RCCo as a non-profit company governed by an independent Board of directors. WECC intends to transfer all RC and IA functions, including the WECC Interchange Tool, to RCCo effective January 1, 2014. RCCo would be included on the NERC Compliance Registry as an RC and IA in the Western Interconnection, and WECC would cease to be registered for those functions.

WECC asked the Commission to confirm that, following the transfer, RCCo may continue to fund the RC and IA functions under FPA § 215. WECC also asked the Commission to confirm that, after transferring its RC and IA functions to RCCo, WECC will not be precluded

¹¹ Letter order in Docket No. RR11-12-000, issued November 15, 2011.

¹² *North American Electric Reliability Corp.*, 117 FERC ¶ 61,091, at P 3 (2006) (October 24, 2006 Order), *order on reh'g*, 118 FERC ¶ 61,111 (2007) (February 15, 2007 Order), *order on reh'g*, 119 FERC ¶ 61,059 (2007) (April 19, 2007 Order).

¹³ *Western Electricity Coordinating Council*, Petition for Declaratory Order, Docket No. EL13-52-000 (Mar. 12, 2013) at 9 (“WECC Petition”).

from undertaking compliance and enforcement actions with respect to RCCo.¹⁴

The Commission gave conditional approval to WECC's request in the *WECC Declaratory Order*. Specifically, the Commission found that "RC Company is eligible for continued FPA section 215 funding" and that following the transfer "WECC should be able to exercise compliance and enforcement authority over RC Company."¹⁵ The Commission conditioned that approval on WECC's representations in the petition and the Commission's review and approval of finalized governance documents.

The present filing seeks approval of changes to the Delegation Agreement that are associated with WECC's transfer of the RC and IA functions. The present filing also seeks approval of amendments to the WECC Bylaws (Exhibit B to the Delegation Agreement) that WECC has adopted to reflect its movement to a fully independent Board and other governance changes. WECC will make a separate filing seeking approval of the RCCo Bylaws and agreements and for approval to terminate the existing agreement by which NPCC performs compliance monitoring and enforcement with respect to WECC-registered functions.

C. NERC Strongly Supports the Separation of the WECC Reliability Coordination Activities from the WECC Compliance and Enforcement Functions

NERC strongly supports WECC's decision to transfer its registered RC and IA functions to a separate, independent entity. The transfer is part of a larger program to strengthen the RC function in the Western Interconnection, and the overall program should provide benefits in terms of increased reliability for the Western Interconnection BPS. The changes to the Delegation Agreement are a part of that overall program.

¹⁴ WECC Petition at 2.

¹⁵ *WECC Declaratory Order* at PP 40, 44.

As NERC stated in its response to the WECC petition for a declaratory order, NERC is also willing to include the RCCo's business plan and budget in NERC's overall business plan and budget filing, but only if the Commission approves the use of FPA Section 215 assessments to fund RCCo activities and further, neither NERC nor WECC have oversight or review authority over the budget, governance, or administration of the RCCo. Under NERC's Reliability Standards, the RCCo will be an entity with responsibility for reliable operation of the bulk power system, and it will be registered for the RC and IA functions on the NERC Compliance Registry. Once the transfer is complete, WECC will no longer be registered for those functions and intends to serve as the CEA for RCCo. If NERC (or WECC) were to have responsibility for the sufficiency, adequacy or oversight of the RCCo budget, it would present a conflict of interest for NERC or WECC acting as the CEA under FPA Section 215. That is the very conflict of interest that is sought to be remedied by the separation of the Reliability Coordinator functions from WECC's Regional Entity activities and responsibilities.

NERC understands that the RCCo funding will work in the following manner: RCCo will submit its annual business plan and budget to NERC on the same schedule that the Regional Entities submit their annual business plans and budgets, using the same general format. As stated in NERC's August 23, 2013 filing of its 2014 business plan and budget, NERC did not participate in the development of the RCCo Business Plan and Budget, or substantively review and approve the RCCo Business Plan and Budget in the same manner that NERC does for Regional Entity Business Plans and Budgets. NERC management did, however, review the RCCo 2014 Business Plan and Budget for form and for consistency with the WECC 2014 Business Plan and Budget. NERC expects to follow that practice in the future.

After the Commission issues its order approving the assessments to fund the 2014 business plans and budgets, WECC will send invoices to the appropriate LSEs and Balancing Authorities, including on a single invoice the assessments for NERC, WECC, the Western Interconnection Regional Advisory Body (“WIRAB”), and RCCo. As required by Exhibit E to the Delegation Agreement, WECC will send to NERC the payments it receives for the NERC, WECC, and WIRAB assessments. WECC will disburse the payments it receives for the RCCo assessments directly to RCCo. NERC and WECC have agreed that WECC will be permitted to prorate any undercollection of an invoice among all assessments included on the invoice only if WECC does not know the reason for the underpayment and, after due inquiry to the entity making the underpayment and consultation with NERC, cannot determine the reason for the underpayment. That agreement is set out in a proposed amendment to paragraph 4 of Exhibit E to the Delegation Agreement.

NERC notes that the initial RCCo Bylaws approved by the WECC Board require the RCCo Board to develop an alternative funding mechanism to funding under FPA Section 215 for consideration by the RCCo members, “by the end of the second year after the RCCO begins operation.”¹⁶ NERC encourages RCCo and its members to develop the alternative. In any event, NERC would expect to address this issue further when it next considers an extension of the Delegation Agreement, the term of which ends December 31, 2015.

IV. SECTION-BY-SECTION DESCRIPTION OF PROPOSED AMENDMENTS TO THE DELEGATION AGREEMENT BETWEEN NERC AND WECC

The proposed amendments to the Delegation Agreement in this filing will make the changes necessary and appropriate to implement WECC’s decision to completely separate its

¹⁶ See RCCo Bylaws, Section XIII.C, available at: http://www.wecc.biz/About/strategic/Documents/RCCO%20Bylaws_Final%20Passed%20by%20Board_June%2027_clean.pdf.

compliance monitoring and enforcement functions from the RC and IA functions for the Western Interconnection. The proposed changes to WECC's Bylaws also include changes to a number of other provisions. The following paragraphs describe the proposed amendments to the WECC Delegation Agreement, Exhibit A, Exhibit B, and Exhibit E on a section-by-section basis.

A. WECC Delegation Agreement

1. Section 2 Representations

(a)(i) **Deleted language with strikethrough and added language with underline:** WECC is governed in accordance with its Bylaws by an combination-independent and balanced stakeholder Board.

This change reflects amendments to WECC's Bylaws that provide for an independent Board.

2. Section 4 Delegation of Authority

(a) **Amended in pertinent part as follows:** "NERC hereby delegates authority, pursuant to Section 215(e)(4) of the Act, to WECC for the purpose of proposing Reliability Standards to NERC, as set forth in Section 5 of this Agreement, and enforcing Reliability Standards, as set forth in Section 6 of this Agreement, within the geographic boundaries and such other scope set forth on **Exhibit A**, *provided*, that WECC shall not monitor and enforce compliance with Reliability Standards for WECC or an affiliated entity with respect to reliability functions for which WECC or an affiliate is a Registered Entity. For avoidance of doubt, the Reliability Coordination Company (or its successor) is not an affiliated entity of WECC for purposes of this Section 4(a)."

This language clarifies that RCCo will not be considered an affiliate of WECC, meaning that WECC will be able to monitor and enforce compliance by RCCo with Reliability Standards, once the separation is complete.

3. Section 19 Notice

Various elements of the notice provision have been updated to specify the current recipients of notice.

B. Exhibit A - Regional Boundaries

1. **Deleted:** ~~“Within the WECC region compliance monitoring and enforcement functions with respect to reliability functions for which WECC is a registered entity are performed by the Northeast Power Coordinating Council, Inc. (NPCC) pursuant to an agreement between NPCC and WECC dated (date).”~~

This change eliminates references to NPCC performing the compliance monitoring and enforcement functions for the WECC-registered reliability functions. Once the transfer of the RC and IA functions to RCCo is completed, NPCC will no longer perform that function in the Western Interconnection.

C. Exhibit B – WECC Bylaws

1. Section 1 has been amended to restate WECC’s Vision and Mission provisions. As amended, these provisions are viewed as better expressing and describing WECC’s purpose and aspirations compared to the text of the prior Bylaws.
2. Section 2 has been amended to reflect defined terms and to conform the text to more accurately describe actual practices. Subsection 2.1 is amended to reflect that “Bulk Electric System” is a defined term. Additional amendments are made to recognize that WECC engages in both monitoring and enforcement activities and does not, itself, certify Grid Operating Entities.

Previous Subsection 2.2 has been deleted as WECC does not perform transmission access activities — a recognition that those activities are no longer within

WECC's purview, but rather they are now undertaken by the Commission through its own open access policies.

Previous Subsection 2.3, now renumbered as Subsection 2.2, adds Subsection 2.2.6 to note WECC's intent to make information more widely available while still maintaining appropriate safeguards for sensitive information.

3. Section 3 has been amended to incorporate defined terms found in the NERC Glossary of Defined Terms Used in Reliability Standards (the beginning sentence of Section 3), to delete defined terms that are not used in the Bylaws (3.9, 3.10, 3.14, 3.21, 3.28-3.32, and 3.37), to reflect the use of a defined term (3.15, and 3.30), and to make non-substantive changes to enhance clarity (renumbered 3.11, 3.19, 3.26, and 3.30).

4. Section 4 has been amended to reflect the change in WECC governance from a hybrid Board, composed of a combination of member-representative and non-affiliated directors, to a fully independent Board, composed of directors with no affiliations with any WECC member. Further changes modify WECC's member classes, class member participation, and member rights and obligations, to reflect a name change for a WECC committee.

Subsection 4.1 is amended to remove text referencing Reliability Management System ("RMS") Agreements and transmission access as no longer necessary. An amendment is also made to reflect that WECC will no longer have member-representative directors.

Subsection 4.2 has been amended to eliminate, as separate classes, Canadian members (formerly Class 6) and a class comprised of those members not falling within another class definition (formerly Class 7). Canadian members will now participate as

members of one of the remaining defined member classes. Members who were previously in Class 7 may participate through membership in Class 3, as Subsection 4.2.3 has been amended to include in Class 3 those entities not eligible for membership in one of the other classes. Subsection 4.2.6 is added to facilitate representation of broad member interests on the MAC.

Subsection 4.3 is amended in recognition of the reorganization of WECC member classes. Further amendment is made to reflect the name change of the Governance and Nominating Committee to the Governance Committee.

Subsection 4.4 is amended to reflect the name change for the Governance Committee.

Subsection 4.5 is amended to clarify procedural steps related to affiliated member voting.

Subsection 4.6 is amended to eliminate provisions associated with transmission access activities no longer performed by WECC (Subsection 4.6.10). Text is added at new Subsection 4.6.12 to obligate members to support the surfacing of majority and minority opinions within the member classes.

Subsection 4.7 is amended to conform to new section numbering within the Bylaws and the elimination of provisions associated with transmission access.

Subsection 4.8 is amended to recognize that the term “Reliability Standards” is a defined term within the Bylaws. Amendments of this subsection also address the increasing administrative/clerical burden of trying to maintain membership information for members who no longer actively participate in WECC. Prolonged inactivity, as described in Subsection 5.9, can now result in termination of membership.

The heading for Subsection 4.9 is amended to conform to the language and intent of the subsection.

5. Section 5 is amended to clarify or update procedures for member decisions. Subsection 5.1 is amended on quorum issues created by the use of alternative voting processes. Amendment was also made to eliminate text pertaining to member representative director election procedures, as WECC will no longer have such directors.

Subsection 5.2 is similarly amended to clarify the application of voting procedures to member meetings, including subclass meetings, and to clarify that the Board Chair must only preside over member meetings wherein the members are acting-as-a-whole.

Subsection 5.3 is amended to recognize the change to an independent Board and to provide that elections for vacant Board positions need not occur solely at the Annual Meeting.

Subsection 5.5 is amended to provide that subclass meetings may be convened and conducted the same as class meetings.

Subsection 5.6 is amended to remove the prohibition on providing notice of meetings solely by electronic mail.

Subsection 5.9 is amended in tandem with amendment to Subsection 4.8 to provide that inactivity for twenty-four consecutive months will result in membership termination. An entity terminated due to inactivity may reapply for membership at any subsequent time.

6. Numerous amendments have been made to Section 6 to effectuate the transition of WECC from a hybrid Board of member representative and non-affiliated directors to a Board of independent directors.

Subsection 6.1 now specifies that the Board will select its Chair and Vice-chair.

Subsection 6.2 has been amended to remove provisions related to member representative directors (formerly known as Member Class Directors) and replace them with provisions dealing with the composition of the independent Board and detailed qualifications that independent directors will need to satisfy. The Board is to be comprised of nine directors. Three directors are to have ten years of experience in the utility industry, preferably in the Western Interconnection; one director specifically having experience in transmission operations, another in transmission planning, and the third in generation operations. Provision is also made to include a director with international experience should WECC's MAC include representatives of the Canadian and Mexican areas contained in the Western Interconnection. Remaining directors are to be selected, in an effort to ensure diversity of background and experience, from categories of experience including: regulatory or legal; accounting, finance or economics; environmental; end-user advocacy; information technology; compliance or standards; public sector; and international; as those categories are described in the various portions of Subsection 6.2. 2. The amendments retain the ability of the WECC Board to include WECC's Chief Executive Officer ("CEO") as a Board member, but provide that the CEO may not serve as Board Chair or Vice-chair.

Subsection 6.2 also contains restrictions on director affiliations, as described in Subsection 6.2.3. These restrictions preclude a director having employment with any

registered entity or having affiliation with a WECC member or registered entity operating in the Western Interconnection. Details are provided as to contractual, financial or familial relationships that may or may not be treated as a disqualifying affiliation.

Subsection 6.3 clarifies that directors serve staggered terms of office with three terms ending each year.

Subsection 6.4 describes the processes through which directors will be nominated and selected, and their compensation determined. A seven member Nominating Committee, comprised of three directors and four MAC representatives, as described in 6.4.1, will nominate director candidates following the process described in 6.4.2.1 through 6.4.2.6. Members will elect directors for vacant director positions pursuant to 6.4.3. Provision is made in 6.4.4 to address situations where a director candidate does not receive the required vote of the Members or Member Classes such that no candidate is elected. Subsection 6.4.5 details the process by which the Nominating Committee, informed by a compensation survey, will periodically recommend director compensation levels for approval by the MAC.

Former Subsection 6.7, now renumbered as 6.5, addresses removal of directors from office, either by the members (Subsection 6.5.1) or by other directors (Subsection 6.5.2). Amendments also reflect the elimination of Member Class Directors.

Subsection 6.6 is modified to reflect the elimination of Member Class Directors.

Subsection 6.7 addresses the procedures for filling vacant director positions through: allowing an incumbent director to hold over for a limited time and in specified circumstances (Subsection 6.7.2); using the Nominating Committee process (Subsection 6.7.1); leaving the position vacant if for less than one year (Subsection 6.7.1); or

appointment of temporary directors until replacements are elected by members (Subsection 6.7.3).

Subsection 6.8 is amended to reflect the change to an independent Board and the changes to director qualifications.

Subsection 6.9, dealing with director powers, retains all prior provisions, but is amended to require the Board to give serious consideration to recommendations of the WIRAB and the WECC MAC. The Board is also required to respond to their recommendations.

Subsection 6.10 is amended to reflect the change in Board size and the number of director votes necessary to delegate Board authority. Amendments also conform to internal numbering changes within the Bylaws.

7. Section 7 addresses the procedures for Board decisions, but is amended to reflect the change in the number of directors.

Subsection 7.1 establishes the quorum requirement as the presence of five (5) directors, or six (6) if the CEO is counted to determine quorum.

Subsection 7.2 requires decisions of the Board to be made by no fewer than three (3) affirmative votes, or four (4) affirmative votes if the CEO is counted for determining quorum.

Subsection 7.6 continues to address Board meetings, but, through amendment to 7.6.1.3, now requires the Board Chair to provide, publicly, a general description of the business conducted in a closed meeting.

Subsection 7.7 is amended to reflect the name change for the Governance Committee and the separate designation of a Nominating Committee.

8. Section 8 has a number of amendments, mainly driven by the creation of the MAC. Subsection 8.2 is amended to recognize the MAC, its role, and MAC participation in Board meetings. Subsection 8.2.2, dealing with the WECC Standards Committee, is amended to move pre-existing text in the Bylaws into Section 8, in order to consolidate provisions identifying WECC committees into one section of the Bylaws.

Subsection 8.4 is added to direct an assessment of WECC committees' activities within eighteen months following regulatory approval of WECC's bifurcation and every five years thereafter.

Subsection 8.5 has numerous amendments reflecting the creation of the MAC and MAC activities. Subsection 8.5.1 identifies the member composition of the MAC. Subsections 8.5.2 -8.5.4 describe the qualifications of, process for electing, and replacement of MAC members and MAC officers. Subsections 8.5.5 -8.5.13 address the responsibilities of MAC members and how the MAC is to conduct meetings, including voting procedures. Subsection 8.5.14 permits the MAC to form subcommittees and working groups. Subsection 8.5.15 addresses how MAC activities will be funded and supported.

The heading for Subsection 8.6 is revised to make clear that its provisions pertain to committees other than the MAC.

Subsection 8.9 contains stylistic amendments that are not intended to change WECC's practice that its meetings are open, except in those circumstances in which information discussed in the meeting should be protected from public disclosure.

9. Former Section 10, dealing with transmission service obligations, has been deleted in its entirety. Related provisions in WECC's Dispute Resolution Procedures,

Appendix C to the WECC Bylaws, have also been deleted. The deletions recognize the development of open access policies and requirements that has occurred subsequent to the inclusion of Section 10 text in the WECC Bylaws. WECC's Bylaws no longer need to address open access, impose associated obligations on WECC members, nor attempt to resolve open access disputes. Such matters are presentable to and resolvable by the Commission itself.

10. Renumbered Section 11 deals with WECC funding and the distribution of costs. Subsection 11.1.2 details the process by which international members provide funding to WECC. International member participation in WECC and such member's funding responsibilities will be subject to the membership agreement that such member and WECC may negotiate.
11. Renumbered Section 12 addresses the Bylaws amendment process and revises this process. Subsection 12.1 has been amended to clarify how amendments are made, when they become effective, and the process by which appeals of Bylaw amendments are taken and resolved—the Board may make amendments upon approval of two-thirds of the directors; and such amendments become effective sixty days following approval, unless regulatory approval is necessary or there is a member appeal. Appeals are resolved by majority vote of all members and majority of member classes. Subsection 12.1.1 requires the approval of two thirds of the members following Board approval in order to amend specified portions of the Bylaws.

Subsection 12.2 deals with amendments undertaken by members and has been amended to require approval from a majority of member classes, in addition to the previous requirement of support from a majority of members.

12. Section 16, concerning governing law, is amended to delete reference to venue for matters dealing with transmission service in recognition of the deletion of former Section 10 which had addressed transmission open access.

13. A new Section 17 has been added, to address activities and sequencing that are unique to the bifurcation and governance transition period.

Subsection 17.1 deals with WECC Board transition matters. Subsection 17.1.1 provides that WECC's current non-affiliated directors will, if they choose, continue to hold office as independent directors for the remainder of their current terms of office.

Subsection 17.2 describes the process to nominate and select any additional independent directors that may be needed to obtain the requisite nine-member Board during the transition period. Subsection 17.2.4 describes how the terms of new directors will be determined.

Subsection 17.3 addresses the initial formation of the AC and the selection of member class representatives to serve on the initial MAC. Accommodation is made to recognize the reorganization of WECC member classes and the need to allocate the staggered terms for the initial members.

14. As noted previously, Appendix C – WECC Dispute Resolution Procedures, has been amended (Section C.2., at pages C-2 and C-3) to delete provisions that had addressed resolution of disputes related to transmission services and open access.

D. Exhibit E – Funding

1. Section 1 has been amended to eliminate RC-related activities previously included under the Situation Awareness activities heading. This change was made because effective January 1, 2014, WECC will no longer include RC-related activities in its Business Plan and Budget.
2. Section 4 has been amended to recognize that WECC may be collecting RCCo assessments in addition to the assessments for NERC, WECC and WIRAB. Section 4(a) has been amended to indicate that WECC may prorate a shortfall in payments from a particular entity among all assessments received from that entity only if WECC does not know the reason for the underpayment and, after due inquiry with the entity submitting the underpayment and consultation with NERC, WECC is unable to determine which item caused the shortfall. Additional amendments were made to conform to the joint collection of assessments. These amendments were made to recognize that WECC may be collecting all assessments on one invoice.

V. WECC AND NERC APPROVALS FOR THE PROPOSED AMENDMENTS TO THE DELEGATION AGREEMENT

On June 27, 2013, the WECC Board of directors approved the amendments to WECC's Bylaws. On August 13, 2013, the WECC Board approved the amendments to the WECC Delegation Agreement, including Exhibit A and Exhibit E. WECC submitted the amended Delegation Agreement to NERC with a request for approval on July 23, 2013.

The NERC Board of Trustees approved the amended Delegation Agreement, including Exhibit A, Exhibit B, and Exhibit E, on August 15, 2013. In making the determination to approve the proposed amendments to the Delegation Agreement, NERC determined that the

amended Delegation Agreement continues to satisfy the five Governance criteria stated in Exhibit B.

VI. CONCLUSION

NERC respectfully requests that the Commission approve the proposed amendments to the Delegation Agreement as shown in **Attachment 2** to this Petition.

Respectfully submitted,

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August 26, 2013

ATTACHMENT 1

**AMENDED AND RESTATED DELEGATION AGREEMENT BETWEEN
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION
AND
WESTERN ELECTRICITY COORDINATING COUNCIL**

CLEAN VERSION

**AMENDED AND RESTATED DELEGATION AGREEMENT BETWEEN
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION
AND WESTERN ELECTRICITY COORDINATING COUNCIL**

AMENDED AND RESTATED DELEGATION AGREEMENT (“Agreement”) made as of January 1, 2011, between the North American Electric Reliability Corporation (“NERC”), an organization certified by the Federal Energy Regulatory Commission (“Commission”) pursuant to Section 215(c) of the Federal Power Act to establish and enforce Reliability Standards for the Bulk-Power System, and the Western Electricity Coordinating Council (“WECC”), an organization established to develop and enforce Reliability Standards within the geographic boundaries identified on **Exhibit A** to this Agreement, and for other purposes. NERC and WECC may be individually referred to herein as “Party” or collectively as “Parties.”

WITNESSETH

WHEREAS, Subtitle A of the Electricity Modernization Act of 2005 added Section 215 to the Federal Power Act (16 U.S.C. § 824n) (hereafter “the Act”), which, among other things, provides for the establishment of an electric reliability organization (“ERO”) to develop and enforce Reliability Standards applicable to all owners, operators, and users of the Bulk-Power System;

WHEREAS, the Commission has adopted regulations for the implementation of the Act, which are set forth at Chapter I, Title 18, Code of Federal Regulations, Part 39 (the “ERO Regulations”);

WHEREAS, the Commission has certified NERC as the ERO that will, in accordance with the Act, establish and enforce Reliability Standards for the Bulk-Power System, subject to certain delegation provisions described below;

WHEREAS, the Act recognizes the international interdependency of electric reliability within North America and envisions the ERO and such applicable Regional Entities as international organizations;

WHEREAS, the Act and Section 39.8 of the ERO Regulations provide for the delegation by the ERO of authority to propose and enforce Reliability Standards to regional entities (“Regional Entities”) such as WECC provided that:

(A) The Regional Entity is governed by —

- (i) an independent board;
- (ii) a balanced stakeholder board; or
- (iii) a combination independent and balanced stakeholder board.

(B) The Regional Entity otherwise satisfies the provisions of Section 215(c)(1) and (2) of the Act; and

(C) The agreement promotes effective and efficient administration of Bulk-Power System reliability;

WHEREAS, certain Regional Entities are organized on an Interconnection-wide basis and are therefore entitled to the presumption set forth in the Act that: “[t]he ERO and the Commission shall rebuttably presume that a proposal for delegation to a Regional Entity organized on an Interconnection-wide basis promotes effective and efficient administration of bulk power system reliability and should be approved”;

WHEREAS, the Act further provides that the ERO shall rebuttably presume that a proposal from a Regional Entity organized on an Interconnection-wide basis for a Reliability Standard or modification to a Reliability Standard to be applicable on an Interconnection-wide basis is just, reasonable, and not unduly discriminatory or preferential, and in the public interest;

WHEREAS, WECC is organized on an Interconnection-wide basis and therefore is entitled to the rebuttable presumptions accorded such an entity;

WHEREAS, NERC will work through WECC to carry out certain of its activities in furtherance of its responsibilities as the ERO under the Act;

WHEREAS, NERC has concluded that WECC meets all requirements of the Act, the ERO Regulations, and the NERC Rules of Procedure as approved by the Commission (“NERC Rules of Procedure”) necessary to qualify for delegation; and

WHEREAS, NERC and WECC, having operated under a predecessor agreement to this Agreement, have negotiated this amended and restated Agreement so as to incorporate the benefits of their mutual experience and lessons learned while operating under the predecessor agreement and thereby provide for the more efficient and effective execution of their respective responsibilities in a transparent manner that is pursuant to Section 215 of the Act and the ERO Regulations;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, NERC and WECC agree as follows:

1. Definitions. The capitalized terms used in this Agreement shall be defined as set forth in the Act, the ERO Regulations, the NERC Rules of Procedure, or the NERC Glossary of Terms Used in Reliability Standards, or, if not so defined, shall be defined as set forth in this Section 1 or elsewhere in the text of this Agreement:

(a) Breach means (i) the failure of a Party to perform or observe any material term, condition or covenant of the Agreement or (ii) a representation in Section 2 of the Agreement shall have become materially untrue.

(b) Cross-Border Regional Entity means a Regional Entity that encompasses a part of the United States and a part of Canada or Mexico.

(c) Delegated Authority means the authority delegated by NERC to WECC to propose and enforce Reliability Standards pursuant to the Act and to undertake related activities set forth in this Agreement in furtherance of these delegated functions in accordance with the Act, the ERO Regulations and this Agreement.

2. Representations.

(a) For purposes of its Delegated Authority, WECC hereby represents and warrants to NERC that:

(i) WECC is and shall remain during the term of this Agreement validly existing and in good standing pursuant to all applicable laws relevant to this Agreement and that no applicable law, contract or other legal obligation prevents it from executing this Agreement and fulfilling its obligations hereunder. WECC is governed in accordance with its bylaws by an independent board. Pursuant to these bylaws, no two industry sectors can control any WECC decision and no single industry sector can veto any WECC decision. The relevant portions of such bylaws are attached hereto in **Exhibit B**¹, and as so attached are in full force and effect. No other such corporate governance documents are binding upon WECC.

(ii) As set forth in **Exhibit C** hereto², WECC has developed a standards development procedure, which provides the process that WECC may use to develop Regional Reliability Standards and Regional Variances that are proposed to NERC for adoption.

(iii) As set forth in **Exhibit D** hereto, WECC has adopted the NERC Compliance Monitoring and Enforcement Program, Appendix 4C to the NERC Rules of Procedure, which provides for the enforcement of Reliability Standards within WECC's geographic boundaries as shown on **Exhibit A**.

(b) NERC hereby represents and warrants to WECC that:

(i) NERC is and shall remain during the term of this Agreement validly existing and in good standing pursuant to all applicable laws relevant to this Agreement and that no applicable law, contract or other legal obligation prevents it from executing this Agreement and fulfilling its obligations hereunder; and

(ii) NERC has been certified as the ERO by the Commission pursuant to the Act.

¹ The **Exhibit B** from WECC shall meet the requirements contained in **Exhibit B** to this Agreement.

² The **Exhibit C** from WECC shall meet the requirements contained in **Exhibit C** to this Agreement.

3. Covenants.

(a) During the term of this Agreement, WECC shall maintain and preserve its qualifications for delegation pursuant to the Act and shall not amend its Regional Entity Rules without NERC's approval, which shall not be unreasonably withheld or delayed and which shall, in the case of a Regional Entity organized on an Interconnection-wide basis, be governed by the presumptions provided for in Section 215(d)(2) and (e)(4)(C) of the Act, and be subject to any required Commission approval.

(b) During the term of this Agreement, NERC shall maintain its qualification and status as the ERO pursuant to the Act and, subject to the provisions of Sections 17 and 18 of this Agreement, NERC shall not adopt amendments to the NERC Rules of Procedure that conflict with the rights, obligations or programs of WECC under this Agreement without first obtaining the consent of WECC, which consent shall not be unreasonably withheld or delayed.

(c) During the term of this Agreement, NERC and WECC shall adhere to and require that all participants in their respective activities under this Agreement follow and comply with the NERC Antitrust Compliance Guidelines.

4. Delegation of Authority.

(a) Based upon the representations, warranties and covenants of WECC in Sections 2 and 3 above, the corporate governance documents set forth in **Exhibit B**, the standards development process set forth in **Exhibit C**, and the compliance monitoring and enforcement program set forth in **Exhibit D**, NERC hereby delegates authority, pursuant to Section 215(e)(4) of the Act, to WECC for the purpose of proposing Reliability Standards to NERC, as set forth in Section 5 of this Agreement, and enforcing Reliability Standards, as set forth in Section 6 of this Agreement, within the geographic boundaries and such other scope set forth on **Exhibit A**, *provided*, that WECC shall not monitor and enforce compliance with Reliability Standards for WECC or an affiliated entity with respect to reliability functions for which WECC or an affiliate is a Registered Entity. For avoidance of doubt, the Reliability Coordination Company (or its successor) is not an affiliated entity of WECC for purposes of this Section 4(a). Any exclusions from this delegation of authority to WECC within, or

additions to this delegation of authority to WECC beyond, the geographic boundaries set forth on **Exhibit A** are stated on **Exhibit A**.

(b) In circumstances where WECC or an affiliated entity is a Registered Entity, WECC shall enter into an agreement with another Regional Entity or NERC for the other Regional Entity or NERC to monitor and enforce WECC's or affiliate's compliance with Reliability Standards. Such agreements are subject to NERC and Commission approval.

(c) Nothing in this Agreement shall prohibit WECC from entering into an arrangement between one or more other Regional Entities to perform compliance monitoring and enforcement activities outside of its region, on behalf of NERC and/or other Regional Entities, for Registered Entities that have registered functions monitored by more than one Regional Entity, subject to approval by NERC.

(d) For Cross-Border Regional Entities, the authority delegated by this Agreement shall extend only to the portion of the region identified on **Exhibit A** that is within the United States. Any delegation of authority by ERO Governmental Authorities in Canada or Mexico shall be governed by a separate agreement and is outside the scope of this Agreement; provided, however, that both WECC and NERC shall endeavor to ensure that this Agreement and such separate agreements are compatible.

(e) As a condition to this delegation of authority and subject to the provisions of Section 17 of this Agreement, WECC shall comply with the applicable provisions of NERC's Certificate of Incorporation, Bylaws, Rules of Procedure, and Reliability Standards, as from time to time adopted, approved, or amended.

5. Development and Proposal of Reliability Standards.

- (a) In connection with its Delegated Authority, WECC shall be entitled to:
- (i) propose Reliability Standards, Regional Variances, or modifications thereof to NERC, which shall be considered by NERC through an open and inclusive process for proposing and adopting Reliability Standards that affords WECC reasonable notice and opportunity to be heard; and
 - (ii) develop Regional Reliability Standards and Regional Variances through WECC's process as set forth in **Exhibit C**. Proposals approved through WECC's process shall

be reviewed by the NERC Board after NERC provides notice and an opportunity for interested persons to comment. In the case of a proposal from a Regional Entity organized on an Interconnection-wide basis, comments shall be limited to the factors identified in NERC Rule of Procedure 312.3 as it may be amended from time to time. The NERC Board shall promptly thereafter consider such proposed Regional Reliability Standard or Regional Variance, applying the rebuttable presumption described in subsection 5(b) of this Agreement if the proposed Regional Reliability Standard or Regional Variance is from a Regional Entity organized on an Interconnection-wide basis, and either approve the proposed Regional Reliability Standard or Regional Variance and submit it to the Commission for approval, or disapprove it in writing setting forth its reasons. WECC may appeal any disapproval of a proposed Regional Reliability Standard or Regional Variance to the Commission.

(b) Pursuant to Section 215(d)(3) of the Act, NERC shall rebuttably presume that a proposal from a Regional Entity organized on an Interconnection-wide basis for a Regional Reliability Standard or Regional Variance or modification thereof to be applicable on an Interconnection-wide basis is just, reasonable, and not unduly discriminatory or preferential, and in the public interest. Any person challenging such proposal from the Regional Entity organized on an Interconnection-wide basis shall have the burden of proof. NERC shall not find that this presumption has been rebutted except based upon substantial evidence that has been disclosed to, and been subject to comment by, the Interconnection-wide Regional Entity during NERC's review of the proposal.

6. Enforcement of Compliance with Reliability Standards.

(a) In connection with its delegated authority pursuant to this Agreement, WECC shall enforce Reliability Standards (including Regional Reliability Standards and Regional Variances) within the geographic boundaries set forth, or as otherwise specified, in **Exhibit A** through the compliance monitoring and enforcement program set forth in **Exhibit D**. NERC and WECC agree that this compliance monitoring and enforcement program meets all applicable requirements of the Act, Order No. 672 of the Commission, and the ERO Regulations, including, *inter alia*, the requirement for an audit program pursuant to Section 39.7(a) of the ERO Regulations, the assessment of penalties pursuant to Section 39.7(c) through

39.7(g) of the ERO Regulations and the requirements for due process. WECC may not change its compliance monitoring and enforcement program set forth in **Exhibit D** absent NERC's approval, which shall not be unreasonably withheld or delayed, and the approval of the Commission. Subject to the rights and limitations specified in Sections 17 and 18 of this Agreement, WECC agrees to comply with the NERC Rules of Procedure, with any directives issued pursuant to Section 8(c) of this Agreement, and with any guidance and directions issued by the NERC Board or a Board committee pursuant to Section 8(d) of this Agreement, in implementing this program.

(b) WECC shall report promptly to NERC any Possible Violation, Alleged Violation, or Confirmed Violation of a Reliability Standard, and its eventual disposition by WECC. Such report shall include the owner's, operator's, or user's name, which Reliability Standard or Reliability Standards were the subject of the Possible Violation, Alleged Violation, or Confirmed Violation, when the Possible Violation, Alleged Violation, or Confirmed Violation occurred, other pertinent facts including circumstances surrounding the Possible Violation, Alleged Violation, or Confirmed Violation with any known risk to the Bulk-Power System, when the Possible Violation, Alleged Violation, or Confirmed Violation was or will be mitigated, the name of a person knowledgeable about the Possible Violation, Alleged Violation, or Confirmed Violation to serve as a point of contact with the Commission, and any other information required by NERC compliance program procedures. NERC shall promptly forward such report to the Commission. NERC and WECC shall cooperate in filing such periodic summary reports as the Commission shall from time to time direct on Possible Violations, Alleged Violations, and Confirmed Violations of Reliability Standards and summary analyses of such Possible Violations, Alleged Violations, and Confirmed Violations.

(c) Each Possible Violation, Alleged Violation, or Confirmed Violation shall be treated as nonpublic unless the matter is filed with the Commission as a Notice of Penalty, or, if disclosure is required, dismissed. The disposition of each Possible Violation, Alleged Violation, or Confirmed Violation that relates to a Cybersecurity Incident or that would jeopardize the security of the Bulk-Power System if publicly disclosed shall remain nonpublic unless the Commission directs otherwise.

(d) All dispositions by WECC of Possible Violations, Alleged Violations, and Confirmed Violations of Reliability Standards shall be reported to NERC for review and, in the case of Confirmed Violations, penalties or sanctions, and settlements, for approval. Following approval of a disposition by NERC, NERC shall file the disposition with the Commission, if required by, and in accordance with, Section 215(e) of the Act and Section 39.7 of the ERO Regulations. NERC shall review WECC's dispositions based on the following criteria:

(i) whether the disposition is supported by a sufficient record compiled by WECC in accordance with the NERC Rules of Procedure, NERC directives and Commission requirements, taking into account the nature of the Possible Violation, Alleged Violation, or Confirmed Violation,

(ii) whether the disposition is consistent with any applicable directives issued pursuant to Section 8(c) of this Agreement, any applicable directions or guidance issued by the NERC Board or a Board committee pursuant to Section 8(d) of this Agreement, or other applicable NERC guidance, concerning the Reliability Standards to which the Possible Violation, Alleged Violation, or Confirmed Violation relates,

(iii) if the disposition is a Confirmed Violation or settlement, whether it provides for a penalty or sanction, or a determination of no penalty or sanction, determined in accordance with the NERC Sanction Guidelines, Appendix 4B to the NERC Rules of Procedure, and

(iv) whether the disposition is reasonably consistent with other dispositions by WECC and by other Regional Entities of Possible Violations, Alleged Violations, and Confirmed Violations involving the same or similar facts and circumstances.

NERC may reject any disposition, with an explanation of why NERC believes the disposition does not meet the above criteria. WECC may submit a disposition requiring NERC approval that has been rejected by NERC, or a revised disposition following a rejection, directly to the NERC Board Compliance Committee for approval without revising the disposition to address all the grounds on which NERC originally rejected the disposition. The final approval of WECC's disposition of a Possible Violation, Alleged Violation, or Confirmed Violation shall be made by the NERC Board Compliance Committee, provided, that the NERC Board or NERC

Board Compliance Committee may, by appropriate resolution, delegate authority for final approval of dispositions of specified categories of Possible Violations, Alleged Violations, or Confirmed Violations to the NERC President.

(e) All appeals of penalties imposed by WECC as a result of a decision by WECC's Hearing Body shall be filed with, heard by and disposed of by, NERC in accordance with the NERC Rules of Procedure.

(f) WECC shall maintain the capability to conduct investigations of Possible Violations and Alleged Violations of Reliability Standards and to conduct such investigations in a confidential manner.

(g) WECC shall maintain a program of proactive monitoring and enforcement of compliance with Reliability Standards, in accordance with the NERC Compliance Monitoring and Enforcement Program and the annual NERC Compliance Monitoring and Enforcement Program Implementation Plan.

(h) As part of its compliance monitoring and enforcement program, WECC shall maintain a conflict of interest policy that assures the integrity and independence of such program, including the integrity and independence of the persons or decision-making bodies making final determinations in compliance enforcement actions under Section 5.0 of the NERC Compliance Monitoring and Enforcement Program. WECC may have stakeholders lead or participate in its board compliance committee so long as integrity and independence are assured through reasonable and appropriate recusal procedures.

(i) As often as NERC deems necessary, but no less than every five years, NERC shall review WECC's compliance monitoring and enforcement program to determine that: (i) the program meets all applicable legal requirements; (ii) actual practices reflect the requirements; and (iii) the program administered pursuant to the Delegated Authority promotes consistent interpretations across North America of Reliability Standards and comparable levels of sanctions and penalties for violations of Reliability Standards constituting comparable levels of threat to reliability of the Bulk-Power System.

7. Delegation-Related Activities.

NERC will engage WECC on its behalf to carry out certain of its activities that are in furtherance of Bulk-Power System reliability and NERC's responsibilities as the ERO under the

Act or in support of the Delegated Authority, as specified in the NERC Rules of Procedure and listed on **Exhibit E**. These delegation-related activities shall include, but are not limited to, those described in subsections (a) through (f), each of which shall be considered a statutory activity:

(a) Certification of Bulk-Power System Entities. The NERC Board shall set criteria for certification in accordance with the NERC Rules of Procedure. WECC shall issue certifications in accordance with the NERC Rules of Procedure.

(b) Registration of owners, operators, and users of the Bulk-Power System as responsible for compliance with requirements of Reliability Standards.

(i) The NERC Board shall develop criteria for registration of owners, operators, and users of the Bulk-Power System as Registered Entities and shall apply the registration criteria to register owners, operators and users of the Bulk-Power System as Registered Entities.

(ii) NERC shall maintain a registration database of Registered Entities, based on data and information provided by WECC and other Regional Entities. WECC shall provide timely and accurate information relating to registrations to NERC, on at least a monthly basis, to enable NERC to maintain a registration database that is accurate and up-to-date.

(iii) The NERC Board Compliance Committee shall hear and decide appeals from owners, operators and users of the Bulk-Power System contesting registration, in accordance with the NERC Rules of Procedure. If the NERC Board Compliance Committee upholds the decision to register an owner, operator, or user, NERC shall defend the decision in any subsequent appeal of the decision by the Registered Entity to the Commission.

(c) Reliability Assessment and Performance Analysis. WECC shall develop assessments of the reliability of the Bulk-Power System, or ensure that data and information are collected, analyzed and provided to NERC in support of the development of reliability assessments, in accordance with the NERC Rules of Procedure. WECC shall also develop and maintain, and collect data in support of the development and maintenance of, reliability performance metrics and assessments of risks to the Reliable Operation of the Bulk-Power System, in accordance with the NERC Rules of Procedure and NERC directives. NERC shall develop data-gathering quality control procedures, forms and reporting mechanisms, which

shall be used by WECC and other Regional Entities in carrying out their responsibilities under this subsection (c).

(d) Event Analysis and Reliability Improvement. WECC shall conduct event analysis pursuant to the NERC Rules of Procedure and applicable governmental regulations. NERC and WECC shall coordinate event analysis to support the effective and efficient use of their collective resources, consistency in event analysis, and timely delivery of event analysis reports. In collaboration with NERC, WECC shall disseminate to the electric industry lessons learned and other information obtained or resulting from event analysis.

(e) Training and Education. WECC may provide training and education to Registered Entities, as it deems necessary, in support of its performance of delegated functions and related activities under this Agreement. NERC may also provide training and education programs to Registered Entities on topics relating to NERC's responsibilities as the ERO.

(f) Situation Awareness and Infrastructure Security.

(i) WECC shall gather and assess situation awareness information provided by Registered Entities pursuant to the NERC Rules of Procedure and applicable governmental regulations, and shall provide other data, information and assistance to NERC in support of NERC's activities in monitoring present conditions, and responding to events, on the Bulk-Power System

(ii) WECC shall collaborate with NERC in its efforts to coordinate electric industry activities to promote critical infrastructure protection of the Bulk-Power System in North America.

8. Oversight of Performance of Delegated Functions and Related Activities.

This Section 8 sets forth processes and procedures which the Parties intend shall be used in NERC's oversight of WECC's performance of its Delegated Authority and related activities pursuant to this Agreement. It is the intent of NERC and WECC that matters relating to NERC's oversight of WECC's performance of its Delegated Authority and related activities shall be established or resolved by collaboration between NERC and WECC and, where applicable, other Regional Entities, to the maximum extent possible, consistent with the construct that NERC and the Regional Entities are operating together in a collaborative manner

to carry out the responsibilities of the ERO under Section 215 of the Act and the ERO Regulations.

(a) (i) NERC shall develop, in collaboration with WECC and other Regional Entities, performance goals, measures and other parameters (including, without limiting the scope of such goals, measures and parameters, financial performance goals, measures and parameters), and performance reports, which shall be used to measure NERC's and WECC's performance of their respective functions and related activities. The performance goals, measures and parameters and the form of performance reports shall be approved by the NERC President and shall be made public. WECC shall provide data, information and reports to NERC, in accordance with established schedules, to enable NERC to calculate WECC's performance to the agreed-upon goals, measures and parameters.

(ii) NERC shall use the performance goals, measures and parameters and performance reports to evaluate WECC's performance of its delegated functions and related activities and to provide advice and direction to WECC on performance improvements. The performance goals, measures and other parameters and the values of such goals, measures and parameters, shall be reviewed by NERC, WECC and the other Regional Entities, revised if appropriate, and made public, on the same timeline as the annual business planning and budgeting process described in Section 9 of this Agreement.

(iii) At the request of the President of NERC, WECC shall be required to develop, submit for NERC approval, and implement action plans to address areas of its performance that are reasonably determined by NERC, based on analysis of WECC's performance against the performance goals, measures and parameters, or performance of specific activities, to be unsatisfactory, *provided*, that prior to requiring WECC to adopt and implement an action plan or other remedial action, NERC shall issue a notice to WECC of the need and basis for an action plan or other remedial action and provide an opportunity for WECC to submit a written response contesting NERC's evaluation of WECC's performance and the need for an action plan. WECC may request that the President of NERC reconsider the request, and thereafter may request that the NERC Board review and reconsider the request. NERC and WECC shall work collaboratively as needed in the development and implementation of WECC's action plan. A final action plan submitted by WECC to NERC shall be made public

unless the President of NERC makes a written determination that the action plan or specific portions of the plan should be maintained as non-public.

(b) NERC shall make available to WECC standardized training and education programs, which shall be designed taking into account input from WECC and other Regional Entities, for WECC personnel on topics relating to the delegated functions and related activities.

(c) (i) NERC may issue directives to WECC concerning the manner in which WECC shall perform its delegated functions and related activities under this Agreement. The NERC Rules of Procedure, or any other ERO Rule requiring approval of the Commission, shall not be considered “directives.” NERC shall initiate the development of a directive through a collaborative process with WECC and, if applicable, other Regional Entities to which the directive will apply. Any directive developed through the collaborative process shall be approved by, and issued under the signature of, the NERC President.

(ii) If after a period of time that is reasonable under the circumstances, NERC and WECC and, if applicable, other Regional Entities are unable to reach agreement on the contents of the directive, NERC may issue the directive with the approval of and under the signature of the NERC President; *provided*, that before the NERC President issues a directive pursuant to this paragraph (ii), WECC and, if applicable, other Regional Entities, shall be given a reasonable opportunity to present their positions on, and a suggested alternative version or versions of, the proposed directive to the NERC President.

(iii) Upon issuance of a directive by the NERC President, it shall be binding upon, and shall be complied with by, WECC, subject to reasonable time periods for adoption, implementation, and funding of any necessary resources. Upon request by WECC, the NERC Board (or a committee of the Board to which the Board delegates appropriate authority) shall review and shall confirm, revise or revoke any directive that was issued by the NERC President without WECC’s agreement, *provided*, that WECC shall request such review within thirty (30) days following issuance of the directive by the NERC President unless good cause can be shown for a later request.

(iv) NERC and WECC and, if applicable, other Regional Entities, shall collaborate in deciding whether a directive (whether issued pursuant to paragraph (ii) or paragraph (iii)) shall be made public. If no agreement is reached by the date of issuance as to

whether the directive shall be made public, the NERC President shall decide whether the directive will be made public, *provided*, that is the intent of the Parties that the NERC President shall apply a presumption that directives should be made public, unless the NERC President makes a written determination stating a specific reason for maintaining a particular directive as non-public.

(d) In addition to the issuance of directives pursuant to subsection (c), the NERC Board (or a Board committee to which the Board has delegated authority) may issue guidance or directions as to the manner in which WECC, and, if applicable, other Regional Entities, shall perform delegated functions and related activities. The Board or Board committee shall also establish reasonable time periods for the implementation of any such guidance or directions, taking into account the impact on the reliability of the Bulk-Power System and the need for funding of additional resources. Any such guidance or directions shall be stated in writing and shall be public, unless the Board or Board committee makes a written determination stating a specific reason for maintaining particular guidance or directions as non-public. WECC, either individually or in conjunction with other Regional Entities, may request that the NERC Board or Board committee reconsider or revise the guidance or direction.

(e) NERC shall conduct collaborative reviews with WECC, either individually or in conjunction with one or more other Regional Entities, that provide for the exchange of information on practices, experiences, and lessons learned in the implementation of the delegated functions.

(f) Any audits of WECC performed by NERC shall be limited to an examination of WECC's compliance with this Agreement, NERC's Rules of Procedure, the Compliance Monitoring and Enforcement Program, Commission requirements, and directives that are in effect pursuant to Section 8(c).

(g) The Commission and Commission staff shall have full access to action plans and remedial actions, directives, and directions and guidance issued pursuant to subsections (a)(iii), (c)(iv) and (d), respectively, that are maintained as non-public.

9. Funding. WECC and NERC shall ensure, subject to Commission approval in accordance with the ERO Regulations, that the delegated functions and related activities

described in Sections 5, 6 and 7 and listed on **Exhibit E** have reasonable and adequate funding and resources by undertaking the following:

(a) WECC shall develop, through a collaborative process with NERC, and propose, an annual business plan and budget, in accordance with ERO Regulations, Commission orders and NERC business planning and budgeting policies and instructions. WECC's proposed business plan and budget shall describe the activities necessary for, and provide a budget with adequate resources for, WECC to carry out its Delegated Authority under this Agreement, including the functions and activities described in Sections 5, 6 and 7 and listed on **Exhibit E**. WECC's business plan and budget shall show the funding sources and amounts to fund the proposed budget, including as applicable assessments to end users, penalty monies, and other sources of funds.

(b) WECC and NERC agree that the portion of WECC's approved budget for the functions and activities described in Sections 5, 6 and 7 and listed on **Exhibit E** that is to be funded by assessments, will be equitably allocated among end users within the geographic boundaries described in **Exhibit A** and recovered through a formula based on Net Energy for Load, or through such other formula as is proposed by WECC and approved by NERC and the Commission. If WECC proposes to use a formula other than Net Energy for Load beginning in the following year, WECC shall submit the proposed formula to NERC in sufficient time that NERC may review and approve the proposed formula and file it with the Commission by May 15 for approval, and the proposed formula shall be effective for the following year if approved by the Commission on or before the date the Commission approves the annual business plan and budget submitted by NERC and WECC to the Commission pursuant to the ERO Regulations for such year.

(c) NERC shall determine that the assessments to fund the costs for its statutory functions in its Commission-approved budget are first allocated fairly among the Interconnections and regions according to the applicability of this work to those Interconnections and regions, and then equitably among the end users of the applicable interconnections and regions as appropriate. Allocation on a Net Energy for Load basis will be presumed to satisfy this equity requirement.

(d) NERC shall provide WECC with the form or forms for business plan and budget submittal, and any accompanying instructions, in accordance with the schedule for preparation of the business plan and budget developed by NERC and the Regional Entities.

(e) WECC shall submit its proposed annual business plan and budget for carrying out its Delegated Authority functions and related activities described in Sections 5, 6 and 7 and listed on Exhibit E, as well as for all other activities of WECC, to NERC for review and approval in accordance with the annual schedule for the preparation of business plans and budgets which shall be developed collaboratively by NERC and the Regional Entities, as more fully described in **Exhibit E**.

(f) NERC shall fund WECC's performance of its Delegated Authority and related activities in accordance with WECC's Commission-approved business plan and budget, in the amount of WECC's assessments to end users approved by the Commission. **Exhibit E** sets forth the procedures and timing for billing and collecting WECC's approved assessments from end users and other entities and payment of the approved assessment amount to WECC, unless otherwise modified and approved by NERC and the Commission. NERC shall not impose any material obligation or requirement regarding the Delegated Authority upon WECC that has not been provided for in an approved business plan and budget or an approved amended or supplemental business plan and budget, without WECC's consent.

(g) NERC shall develop, in consultation with the Regional Entities, a reasonable and consistent system of accounts, with a level of detail and record keeping comparable to the Commission's Uniform System of Accounts and sufficient to allow the Commission to compare each Commission-approved NERC and WECC fiscal year budget with the actual results at the NERC and Regional Entity levels. WECC shall follow NERC's prescribed system of accounts except to the extent that NERC permits a departure from the prescribed system of accounts. NERC shall make an informational filing with the Commission describing any such waiver it permits and providing an explanation supporting the permitted departure.

(h) WECC shall submit unaudited quarterly interim financial statements in form provided by NERC no later than 20 days after the end of the fiscal quarter (March 31, June 30, September 30, and December 31).

(i) WECC shall submit audited financial statements annually, including supporting materials, in a form provided by NERC no later than May 1 of the following year.

(j) **Exhibit E** to this Agreement sets forth the mechanism through which WECC shall offset penalty monies it receives (other than penalty monies received from an operational function or division or affiliated entity of WECC) against its next year's annual budget for carrying out functions under this Agreement, and the mechanism by which WECC shall transmit to NERC any penalty monies received from an operational function or division or affiliated entity of WECC. *Provided*, that, subject to approval by NERC and the Commission, WECC may propose and implement an alternative use of penalty monies to that set forth in **Exhibit E**.

10. Assignment. This Agreement may be assigned by either Party only with the prior written consent of the other, which consent shall be granted or withheld in such non-assigning Party's sole discretion, subject to approval by the Commission. Any assignment under this Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof. WECC may not delegate in whole or in part its Delegated Authority to any other entity without NERC's express consent; provided, however, that nothing in this provision shall prohibit WECC from contracting with other entities to assist it in carrying out its Delegated Authority, provided WECC retains control and responsibility for such Delegated Authority.

11. Default and Cure. Upon a Breach, the non-breaching Party shall give written notice of such Breach to the breaching Party (the "Default Notice"). Subject to a suspension of the following deadlines as specified below, the breaching Party shall have thirty (30) calendar days from receipt of the Default Notice within which to cure such Breach; *provided however*, that if such Breach is not capable of cure within thirty (30) calendar days, the breaching Party shall commence such cure within thirty (30) calendar days after notice and continuously and diligently complete such cure within ninety (90) calendar days from receipt of the Default Notice; and, if cured within such time, the Breach specified in such notice shall cease to exist. Subject to the limitation specified in the following sentence, if a Breach is not cured as provided

in this Section 11, or if a Breach is not capable of being cured within the period provided for herein, the nonbreaching Party shall have the right to declare a default and terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder. The deadlines for cure and the right to declare a default and terminate this Agreement shall be suspended during the pendency of any efforts or proceedings in accordance with Section 18 of this Agreement to resolve a dispute as to whether a Breach has occurred or been cured. The provisions of this Section 11 will survive termination of this Agreement.

12. Term and Termination.

(a) This Agreement shall become effective on January 1, 2011 (the “Effective Date”).

(b) The term of the Agreement shall be five (5) years from the Effective Date, prior to which time NERC shall conduct an audit pursuant to subsection 6(i) to ensure that WECC continues to meet all applicable statutory and regulatory requirements necessary to maintain its eligibility for delegation. If WECC meets such requirements, this Agreement may be renewed for another five (5) year term. This Agreement may be renewed for successive additional five (5) year renewal terms provided that prior to the end of each renewal term, NERC shall conduct an audit pursuant to subsection 6(i) to ensure that WECC continues to meet all applicable statutory and regulatory requirements necessary to maintain its eligibility for delegation. Provided, that either Party may terminate this Agreement as of the end of a term by giving written notice to terminate at least one (1) year prior to the end of the term. If this Agreement is not renewed or becomes subject to termination for any reason, the Parties shall work to provide for a transition of WECC’s Delegated Authority to NERC or to another eligible entity and to provide for the resolution of any wind-up costs associated with termination of this Agreement. The termination of this Agreement shall not take effect until such transition has been effected, unless the transition period exceeds one year, at which time WECC may unilaterally terminate.

(c) If any provision of this Agreement, or the application thereof to any person, entity or circumstance, is held by a court or regulatory authority of competent jurisdiction to be invalid, void, or unenforceable, or if a modification or condition to this Agreement is imposed by a regulatory authority exercising jurisdiction over this Agreement, the Parties shall endeavor

in good faith to negotiate such amendment or amendments to this Agreement as will restore the relative benefits and obligations of the signatories under this Agreement immediately prior to such holding, modification or condition. If either Party finds such holding, modification or condition unacceptable and the Parties are unable to renegotiate a mutually acceptable resolution, either Party may unilaterally terminate this Agreement. Such termination shall be effective one year following written notice by either Party to the other Party and to the Commission, or at such other time as may be mutually agreed by WECC and NERC.

(d) Notwithstanding any termination of this Agreement, provisions contained in Limitation of Liability (Section 13), No Third Party Beneficiaries (Section 14) and Confidentiality (Section 15) shall survive this Agreement in accordance with their terms until sixty (60) days following the expiration of any applicable statute of limitations.

13. Limitation of Liability. WECC and NERC agree not to sue each other or their directors, officers, employees, and persons serving on their committees and subgroups based on any act or omission of any of the foregoing in the performance of duties pursuant to this Agreement or in conducting activities under the authority of Section 215 of the Act, other than seeking a review of such action or inaction by the Commission. NERC and WECC shall not be liable to one another for any damages whatsoever, including without limitation, direct, indirect, incidental, special, multiple, consequential (including attorneys' fees and litigation costs), exemplary, or punitive damages arising out of or resulting from any act or omission associated with the performance of the WECC's or NERC's responsibilities under this Agreement or in conducting activities under the authority of Section 215 of the Act, except to the extent that the WECC or NERC is found liable for gross negligence or intentional misconduct, in which case WECC or NERC shall not be liable for any indirect, incidental, special, multiple, consequential (including without limitation attorneys' fees and litigation costs), exemplary, or punitive damages.

14. No Third Party Beneficiaries. Nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to, or any liability to, any third party.

15. Confidentiality. During the course of the Parties' performance under this Agreement, a Party may receive Confidential Information, as defined in Section 1500 of NERC's Rules of Procedure. Except as set forth herein, the Parties agree to keep in confidence and not to copy, disclose, or distribute any Confidential Information or any part thereof, without the prior written permission of the issuing Party, unless disclosure is required by subpoena, law, or other directive of a court, administrative agency, or arbitration panel, in which event the recipient hereby agrees to provide the Party that provided the Confidential Information with prompt notice of such request or requirement in order to enable such issuing Party to (a) seek an appropriate protective order or other remedy, (b) consult with the recipient with respect to taking steps to resist or narrow the scope of such request or legal process, or (c) waive compliance, in whole or in part, with the terms of this Section. In the event a protective order or other remedy is not obtained or the issuing Party waives compliance with the provisions, the recipient agrees to furnish only that portion of the Confidential Information which the recipient's counsel advises is legally required and to exercise best efforts to obtain assurance that confidential treatment will be accorded to such Confidential Information. In addition, each Party shall ensure that its officers, trustees, directors, employees, subcontractors and subcontractors' employees, and agents to whom Confidential Information is exposed are under obligations of confidentiality that are at least as restrictive as those contained herein. This confidentiality provision does not prohibit reporting and disclosure as directed by NERC, as set forth in Section 6 of this Agreement.

16. Amendment. Neither this Agreement nor any of the terms hereof, may be amended unless such amendment is made in writing, signed by the Parties, and filed with and approved by the Commission.

17. Amendments to the NERC Rules of Procedure. NERC shall not adopt amendments to the NERC Rules of Procedure that conflict with the rights, obligations, or programs of WECC under this Agreement without first obtaining the consent of WECC, which consent shall not be unreasonably withheld or delayed. To the extent WECC does not consent, NERC shall have the right to invoke the dispute resolution provisions of Section 18 and, if such effort fails

to resolve the dispute, to petition the Commission to adopt the amendment to the NERC Rules of Procedure. To the extent that the Commission issues an order amending or materially affecting the rights or obligations of WECC under this Agreement, WECC shall have the option, exercisable no later than 60 days after issuance of such order, to terminate this Agreement. Such termination shall be effective one year following written notice by WECC to NERC and the Commission, or at such other time as may be mutually agreed by WECC and NERC.

18. Dispute Resolution. In the event a dispute arises under this Agreement between NERC and WECC (including disputes relating to NERC's performance of its obligations under this Agreement and/or disputes relating to WECC's performance of its obligations under this Agreement) which cannot be resolved through discussions between representatives of the Parties in the normal course of operations, the Parties shall use the following procedures ("Dispute Resolution") to attempt to resolve the dispute. WECC shall not suspend performance of any delegated function, and the Parties shall continue to make reasonable, good faith efforts to comply with their obligations under this Agreement, during the pendency of Dispute Resolution. All notices required to be sent pursuant to this Dispute Resolution procedure shall be sent in accordance with Section 19 of this Agreement. This Dispute Resolution procedure is separate from and in addition to all other processes provided for in this Agreement.

(a) The Party invoking Dispute Resolution shall send a notice to the other Party describing the dispute, stating the invoking Party's position with respect to the dispute, stating that the Party is invoking Dispute Resolution, and naming the Party's designated representative for negotiating a resolution of the dispute. The designated representative shall have authority to resolve the dispute on behalf of the invoking Party.

(b) Within three (3) business days after receipt of the notice invoking Dispute Resolution, the receiving Party shall send a notice to the invoking Party acknowledging receipt of the notice invoking Dispute Resolution, stating the receiving Party's position with respect to the dispute, and naming the Party's designated representative for negotiating a resolution of the dispute. The designated representative shall have authority to resolve the dispute on behalf of the receiving Party.

(c) During the period commencing three (3) business days and ending twenty (20) business days after the date of the receiving Party's notice, the designated representatives shall engage in good faith negotiations to attempt to resolve the dispute, *provided*, that the designated representatives may agree prior to the end of such twenty (20) business day period that the process should move to the next step of Dispute Resolution.

(d) If the designated representatives are unable to arrive at a resolution of the dispute by the end of the time period described in subsection (c), they shall notify the chief executive officers of their respective Parties. The chief executive officers of the Parties shall thereafter engage in good faith negotiations to attempt to resolve the dispute during the period of twenty (20) business days immediately following the time period described in subsection (c), *provided*, that the chief executive officers may agree prior to the end of such twenty (20) business day period that negotiations are at impasse and the process may move to the next step as described in subsection (f). Upon mutual agreement of the Parties, the twenty (20) business day period may be extended to pursue ongoing good faith negotiations.

(e) If a resolution of the dispute is achieved by the Parties, it shall be memorialized in a writing that is acceptable in form and substance to each party and is signed by the designated representative or chief executive officer on behalf of each Party.

(f) If the Parties are unable to resolve the dispute pursuant to the process described in subsections (a) through (e), then either Party may invoke any other available dispute resolution mechanism, including, without limitation, filing a complaint or petition with the Commission requesting resolution of the dispute by the Commission, or filing a complaint for relief in a court having jurisdiction over Parties and the subject matter of the dispute in accordance with Section 20. *Provided, however*, that: (i) it is the intent of the Parties that unresolved disputes shall be presented to and resolved by the Commission if the Commission has and accepts jurisdiction over the subject matter of the dispute, (ii) the Parties may, by mutual agreement, attempt to resolve the dispute through arbitration, mediation, or other process involving resort to an impartial neutral, and (iii) it is the intent of the Parties that resolution of disputes through Commission proceedings, arbitration, mediation, or other use of an impartial neutral, is preferred over resort to judicial proceedings.

(g) This Section 18 shall not apply to compliance enforcement actions against individual Registered Entities.

19. Notice. Whether expressly so stated or not, all notices, demands, requests, and other communications required or permitted by or provided for in this Agreement shall be given in writing to a Party at the address set forth below, or at such other address as a Party shall designate for itself in writing in accordance with this Section, and shall be delivered by hand or reputable overnight courier:

If to NERC:

North American Electric
Reliability Corporation
1325 G Street NW, Suite 600
Washington, DC 20005
Attn: General Counsel
Facsimile: (202) 644-8099

If to WECC:

Western Electricity Coordinating Council
155 North 400 West, Suite 200
Salt Lake City, Utah 84103
Attn: General Counsel
Facsimile: (801) 582-3918

20. Governing Law. When not in conflict with or preempted by federal law, this Agreement will be governed by and construed in accordance with the laws of New Jersey without giving effect to the conflict of law principles thereof. The Parties recognize and agree not to contest the exclusive or primary jurisdiction of the Commission to interpret and apply this Agreement; provided however that if the Commission declines to exercise or is precluded from exercising jurisdiction of any action arising out of or concerning this Agreement, such action shall be brought in any state or federal court of competent jurisdiction in New Jersey. All Parties hereby consent to the jurisdiction of any state or federal court of competent jurisdiction in New Jersey for the purpose of hearing and determining any action not heard and determined by the Commission.

21. Headings. The headings and captions in this Agreement are for convenience of reference only and shall not define, limit, or otherwise affect any of the terms or provisions hereof.

22. **Savings Clause.** Nothing in this Agreement shall be construed to preempt or limit any authority that WECC may have to adopt reliability requirements or take other actions to maintain reliability of the Bulk-Power System within the geographic boundaries described in **Exhibit A** that are outside the Delegated Authority, as long as such reliability requirements and actions are not inconsistent with Reliability Standards applicable to the region described in **Exhibit A** and do not result in a lessening of reliability outside the region described in **Exhibit A**.

23. **Entire Agreement.** This Agreement constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter of this Agreement.

24. **Execution of Counterparts.** This Agreement may be executed in counterparts and each shall have the same force and effect as the original.

NOW THEREFORE, the parties have caused this Agreement to be executed by its duly authorized representatives, effective as of the Effective Date.

NORTH AMERICAN
ELECTRIC RELIABILITY CORPORATION

WECC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Exhibit A — Regional Boundaries

WECC's physical boundaries coincide with the boundaries of the Western Interconnection. The Western Interconnection consists of the synchronously operated electric transmission grid in the western part of North America, which includes parts of Montana, Nebraska, New Mexico, South Dakota, Texas, Wyoming, and Mexico and all of Arizona, California, Colorado, Idaho, Nevada, Oregon, Utah, Washington and the Canadian Provinces of British Columbia and Alberta. The WECC region encompasses approximately 1.8 million square miles.

WECC's northern border runs along the northern border of British Columbia and Alberta. The western border extends along the western coast of North America from British Columbia into northern Baja California, Mexico. The southern border traverses northern Baja and extends along the southern United States border to Texas. The eastern border bisects North America from Alberta, Canada through the states of Montana, South Dakota, Wyoming, Nebraska, Texas and New Mexico to the southern United States border.

BYLAWS
OF
THE
WESTERN ELECTRICITY COORDINATING COUNCIL

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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. Vision and Mission.

1.1 Vision.

The Western Electricity Coordinating Council (“WECC”) shall seek to achieve the appropriate level of Bulk Electric System reliability at least cost considering all costs throughout the economy.

1.2 Mission

WECC is a Utah nonprofit corporation with the mission to foster and promote reliability and efficient coordination in the Western Interconnection. WECC will lead the stakeholders in the Western Interconnection to achieve appropriate system reliability, be the premier source of unbiased information, and serve as the trusted thought leader for the Western Interconnection by providing, consistent with these Bylaws: 1) impartial independent review and analysis of reliability issues impacting the Western Interconnection 2) development of electric reliability standards incorporating Western Interconnection experience and knowledge; 3) consistent and fair monitoring and enforcement activities for compliance with reliability standards; 4) event analysis and lessons-learned from system events; and 5) value for its membership through cost effective and efficient services and practices through: a) being a centralized repository of reliable information relating to the planning and operation of the Bulk Electric System in the Western Interconnection, b) coordinating system planning and modeling, c) sharing of, and providing comment on adherence to, recognized industry best practices, d) facilitating resolution of market seams and coordination issues, e) secure sharing of critical reliability data, and f) providing a robust stakeholder forum.

2. Furtherance of WECC’s Mission

2.1 Activities to Carry Out WECC’s 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 Electric 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 assist in certifying 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 monitoring and 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 monitoring and enforcement mechanisms 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 Organizational Characteristics.

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

- 2.2.1 dedication to serving the individuals, businesses, and other organizations that generate, transmit, distribute, market, and use electrical energy in the Western Interconnection;
- 2.2.2 efficiency in its administration, decision-making, policy and standards development, and dispute resolution processes;
- 2.2.3 the ability to maintain status as an Interconnection-wide regional reliability entity and be afforded deference and delegation by ERO (or successor organization); and

- 2.2.4 fair and open processes through which practices, policies, and standards are developed and implemented based on sound technical and policy analysis.
- 2.2.5 Promote an efficient western electric market by reducing or eliminating conflict, duplication and overlap among electric organizations in the Western Interconnection.
- 2.2.6 Allow access to WECC data by individuals who can demonstrate a legitimate business need for the data, provided such individuals agree to such protections and non-disclosure restrictions which may be necessary due to the nature of the data sought to be accessed and agree to pay the incremental costs of providing the data which may be requested.

3. Definitions.

The capitalized terms used in these Bylaws shall have the meanings set forth below, or if not set forth below, shall have the meanings given them in the NERC Glossary of Terms Used in NERC Reliability Standards.

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 8.6.5.2 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 Class.

A grouping of Members described in Sections 4.2.1 through 4.2.7 and 4.3.

3.10 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.

3.11 Compliance Hearing Body.

The hearing body used 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.

3.12 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.

3.13 Director.

An individual member of the WECC's Board of Directors.

3.14 Electric Line of Business.

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

3.15 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-Electric System in the United States, subject to FERC review.

3.16 Entity.

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

3.17 FERC.

The Federal Energy Regulatory Commission or any successor.

3.18 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.

3.19 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 of electric reliability standards applicable within such authority's geographic area of the Western Interconnection.

3.20 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.

3.21 Market Interface.

Market Interface involves all interactions among market entities and Grid Operating Entities related to transmission service and physical delivery.

- 3.22 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.
- 3.23 Member.**
Any entity that has applied and been accepted for membership in WECC and is current in the payment of dues.
- 3.24 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 8.7.2, the participation and voting rights set forth in Section 8.7.1.
- 3.25 Primary Authority.**
The ability, obligation, or responsibility of an entity to address an issue in the first instance.
- 3.26 Regional Criteria**
A WECC Board Approved document created to establish requirements to address NERC “fill-in-the-blank” reliability standards necessary to implement, to augment, or to comply with NERC or Regional Reliability Standards and any other documents that may precipitate attendant monitoring and compliance through the Compliance Monitoring and Enforcement Program in the United States, or by programs established by the Applicable Governmental Authority in Canada and Mexico, as applicable. New and revised Regional Criteria shall be established using the WECC Standards Development Procedures.
- 3.27 Regional Entity (RE).**
An entity having enforcement authority pursuant to 18 C.F.R. §39.8.
- 3.28 Registered Entity.**
An owner, operator, or user of the Bulk-Electric System or the entities registered as their delegates for the purpose of compliance in the North American Electric Reliability Corporation Compliance Registry or similar Entity operating in Canada or Mexico and which could be registered in the Compliance Registry if it operated in the United States.
- 3.29 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.
- 3.30 Reliability Standard.**
A requirement approved by FERC under section 215 of the Federal Power Act, to provide for reliable operation of the Bulk-Electric System in the United States. Regional Reliability Standards are specific to the Western Interconnection and shall be established

using the WECC Standards Development Procedures.

3.31 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.

3.32 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.

3.33 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, FERC orders, unpaid Member costs, and decisions of arbitration 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. 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 withdrawal becomes effective.

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 4.2.5 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, any other Entities whose primary business is the provision of energy services, and those Entities that are not eligible for membership in the other Member Classes and who have a substantial interest in the purposes of WECC.
- 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 Sub-Class Organization. A Member Class may subdivide in up to three subclasses based on a majority desire within that class for purposes of electing Member Advisory Committee representation.

4.3 Designation of Membership Class.

A Member of WECC may not belong to more than one Class. An applicant for membership will designate the Class for which it qualifies based upon the criteria for membership set forth in Section 4.2, however 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 Committee. If the applicant or any Member disagrees with the Governance 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 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, at least three (3) business days, advance written notice to the Chief Executive Officer, split their single vote equally amongst all Affiliates 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 Section 6.5;
- 4.6.2 The right to amend these Bylaws, and to review and rescind any Board amendment of these Bylaws, in accordance with Section 12;
- 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 invoke the dispute resolution provisions of these Bylaws;
- 4.6.7 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;
- 4.6.8 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.
- 4.6.9 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
- 4.6.10 The obligation to pay in a timely manner the membership dues pursuant to Section 11.
- 4.6.11 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 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.
- 4.6.12 The obligation to support surfacing minority and majority opinions or views within their Member Class, along with supporting rationale to enable the Board of Directors to make decisions based on informed judgment aligned with WECC's vision, mission and these Bylaws.

4.7 Limitations on Member Obligations.

- 4.7.1 The obligation of Members pursuant to Section 4.6.8 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 4.6.8); 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).

- 4.7.2 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. 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 or contractual 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; 4) willfully obstructing any lawful purpose or activity of WECC; or 5) remaining inactive as described in Section 5.9. 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. Prior to terminating a membership, the Board will consider any information provided by the Member in response to the notice described herein.

- 4.8.1 Suspension. The suspension of a Member will not affect the Member's rights and obligations other than that the Member will not be entitled to vote at any meeting of the Members, Classes, subclasses, or any committee until the suspension is removed except that a suspended Member may participate in the WECC proposed Reliability Standards Development Procedure.
- 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, except that it will be effective as of the issuance date of the notice provided pursuant to Section 4.8.

4.9 WECC Structure and Governance Review.

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 2.2 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 and Alternative Voting.

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.

- 5.1.1 Quorum. 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 or subclass will constitute a quorum for all Member Class or subclass meetings. Members participating through a designated alternative representative or through submission of an absentee ballot will be counted in determination of a quorum. Inactive Members, as defined in Section 5.9 of these Bylaws, will not be counted in determining a quorum at Member, Member Class or subclass meetings. A quorum, once established, will be deemed to continue for the balance of any Member, Member Class, or subclass 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 5.1.2 for any Member, Member Class, or subclass meeting.

5.1.2 Alternate or Absentee Voting: In the event that a Member's designated voting representative cannot attend a meeting of the Membership or a Member Class meeting where Directors are being elected or amendments to these Bylaws are considered, a Member may designate an alternate voting Member representative, with two (2) days written notice to the Corporate Secretary, or a Member may cast an absentee ballot pursuant to the procedures established by the Corporate Secretary.

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, Member Classes, or subclasses will be by simple majority vote of the Members present or otherwise represented in accordance with these Bylaws, with each Member having one vote, unless other Bylaw provisions provide for the allocation of the Member's vote. The Chair of the Board will preside over all Members acting-as-a-whole 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, and at other times as provided for in these Bylaws, in addition to such other actions the Members may take, Member Classes will elect Directors for vacant director positions.

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 and Subclass Meetings

An individual WECC Member Class or subclass may hold a meeting for any purpose relevant to the interests of Class or subclass Members. Such meeting will be initiated by request by one or more Class or subclass Member(s), and agreement by at least fifty percent (50%) of Class or subclass 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. 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, Class, or subclass 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, of a Class, or of a subclass. 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. If a Member does not participate for twenty four (24) consecutive months, the Member's membership will be terminated. If a Member's membership is so terminated, reapplication for membership may be made at any subsequent time.

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. The Board of Directors will elect its own Chair and Vice-Chair from those individuals serving as Directors.

6.2 Composition of the Board and Board Member Qualifications.

- 6.2.1 The Board of Directors shall consist of nine (9) Directors. At all times, subject to temporary vacancies, the Board of Directors shall include at least three directors who have at least ten years of experience in the utility industry, preferably in the Western Interconnection, including at least one director who has transmission operations experience, at least one director who has transmission planning experience, and at least one director who has generation operations experience. At any time where the membership of the Member Advisory Committee (MAC) is modified, as may be provided in other provisions of these bylaws, to include representation for Entities of the two Canadian Provinces of British Columbia and Alberta and the Mexican State of Baja California, at least one Director, elected subsequent to such MAC representation, shall have international experience corresponding to such geographic area(s) and/or representation in the MAC.
- 6.2.2 The remaining members of the Board of Directors shall be selected in an effort to ensure diversity of background and experience. Desirable categories of experience may include: regulatory or legal; accounting, finance or economics; environmental; end-user advocacy; information technology; compliance or standards; public sector; and international.
- 6.2.2.1 Transmission operations experience shall preferably include experience in control center operations at the senior management or officer level.
- 6.2.2.2 Transmission planning experience shall preferably include experience in modeling and/or planning transmission facilities, including economic and reliability modeling at the senior management or officer level.
- 6.2.2.3 Generation operations experience shall preferably include experience in development or operation of generation facilities, including economic and reliability modeling at the senior management or officer level.
- 6.2.2.4 Regulatory or legal experience shall preferably include at least one of the following types of experience: state, provincial or federal industry regulation; significant litigation experience ideally at the appellate level; evaluation of complex legal arguments; and advising clients with respect to settlements.
- 6.2.2.5 Accounting, finance or economic experience shall preferably include experience as a Chief Financial Officer, a Chief Account Officer, a Corporate Risk Officer, a Certified Public Accountant, or the equivalent thereof.
- 6.2.2.6 Environmental experience shall preferably include experience advocating environmental interests before local, state or federal agencies or boards,

and/or leadership experience in representing environmental interests in relation to energy issues.

6.2.2.7 End-user advocacy experience shall preferably include experience advocating end-user economic interests before local, state or federal ratemaking agencies or boards.

6.2.2.8 Information technology experience shall preferably include experience as a senior level manager responsible for integrating information technology services with organizational needs in areas such as capacity planning, budget and finance, acquisition and deployment, operations, change management, application development, trade ally relationships, user support, data quality, security and similar areas.

6.2.2.9 Compliance or standards experience shall preferably include experience as a senior level officer or manager for corporate compliance with internally and/or externally imposed requirements, rules or standards.

6.2.2.10 Public sector experience shall preferably include experience representing the public interests with respect to energy issues.

6.2.2.11 International experience shall preferably include experience as described in the previously listed experience categories, but in the Canadian provinces of British Columbia or Alberta, or the Mexican state of Baja California.

6.2.3 Director Affiliation Restrictions. A Director may not be a full time employee of a Registered Entity. Nor may a Director be affiliated with any Member or Registered Entity operating in the Western Interconnection, nor a Director of an entity performing the function of Reliability Coordinator in the Western Interconnection.

6.2.3.1 For the purposes of this section, “affiliated” shall mean (1) an employee of, (2) a contractor for, (3) an employee of a contractor for, or (4) an equity owner of Registered Entity or Member. For purposes of determining whether a Director is “affiliated” the term “Director” shall include a spouse and/or minor child of the Director.

6.2.3.2 A Director with an equity interest in private or publicly traded companies that are end-users of electricity in the Western Interconnection but are not otherwise “affiliated” pursuant to the restrictions set forth in Section 6.2.2 shall not be considered to be “affiliated”.

- 6.2.3.3 A Director with an equity ownership in a broadly diversified mutual fund which may from time to time include interests in one of the types of organizations described in Section 6.2.2, shall “not be considered to be “affiliated, provided that such equity interest cannot confer a controlling interest in a Member or Registered Entity within the Western Interconnection.
- 6.2.3.4 A Director receiving post-employment compensation, which compensation is not indexed to the success of the disbursing entity shall not be considered “affiliated”.
- 6.2.3.5 A Director shall not be considered “affiliated” solely by having a contractual relationship with a state government that has one or more agencies that are Members, provided that the Director cannot be affiliated with the Member agency or agencies.
- 6.2.3.6 A Director shall not be considered “affiliated” for being a residential or small business end-user of electricity or for being affiliated with, a member of, or a contributor to 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 interests or the environment, but a Director shall be considered “affiliated” if the Director is an employee of, or serves as a director, trustee, or officer or in any other policy-setting capacity with respect to any such organization.
- 6.2.3.7 The affiliation restrictions set forth in this Section are not all encompassing. Candidates and Board members are expected to disclose all known potential financial or relationship conflicts, including any known relationships between companies they have affiliation with and/or entities described in Section 6.2.2. Furthermore, any Nominating Committee will be expected to investigate and evaluate all potential conflicts, whether financial or otherwise.
- 6.2.4 In addition, the Board may provide for the Chief Executive Officer (“CEO”) of WECC to be a voting, additional tenth, 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. The CEO may not serve as the Chair or Vice-Chair of the Board.

6.3 Term of Office.

Directors will hold office for staggered terms of three (3) years, three Directors’ terms ending each year. 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 Nomination, Selection and Compensation of Directors.

6.4.1 Nominating Committee. Candidates for a Director position shall be nominated by a Nominating Committee. The Nominating Committee shall consist of seven members. Three members shall be Directors, not standing for re-election, designated by the Board Chair. The remaining four Nominating Committee members shall be designated by the Member Advisory Committee and come from individuals serving on the Member Advisory Committee, with two (2) members being from Classes 1, 2, and/or 3, and two (2) members being from Classes 4 and/or 5.

6.4.1.1 If the Member Advisory Committee does not designate MAC members to serve on the Nominating Committee within 30 days of being notified of the Board Chair's designation of the three Directors to serve on the Nominating Committee, the Board Chair may designate MAC members to serve.

6.4.1.2 A Nominating Committee shall be formed each year not less than 180 days prior to the Annual Meeting. A Nominating Committee will continue to function until a replacement Nominating Committee is formed, but may not continue for a period longer than twelve (12) months from its creation, provided however, that the Board, by resolution, may authorize a Nominating Committee to function beyond twelve (12) months as the Board may determine is necessary.

6.4.2 Director Candidate Nominations.

6.4.2.1 The Nominating Committee shall develop candidate pools and make candidate nominations to the Members. The Nominating Committee may consider any qualified applicant in developing the candidate pool, and may identify applicants through the following process: (1) selecting and utilizing an independent search firm to provide the Nominating Committee with a list of qualified applicants for each Director position subject to election; (2) consider an incumbent Director who is willing to stand for reelection, including a review of such Director's tenure on the Board of Directors; (3) consider external nominations.

6.4.2.2 External parties, including but not limited to Members and Western Interconnection stakeholders, may recommend candidates (self recommendations and third party recommendations) to the Nominating Committee for consideration, by submitting the following: the candidate's resume, a summary of the candidate's relevant experience, a disclosure statement from the candidate, and a letter of interest from the candidate.

All recommendations from external parties must be submitted to the Nominating Committee within sufficient time for the Nominating Committee to evaluate the candidate prior to the notification required in Section 6.4.2.5.

6.4.2.3 The Nominating Committee shall review the qualifications of the potential candidates and put forth one nominee for each Director position up for election.

6.4.2.4 Five (5) affirmative votes of the Nominating Committee shall be necessary to put forth a nominee to the Members.

6.4.2.5 At least sixty (60) days in advance of the Annual Meeting, the Nominating Committee shall notify the Board Chair whether or not it has finalized all Director nominations. If the Committee fails to put forth a nomination for an open position, then the Board Chair may form a new Nominating Committee with different Board and Member Advisory Committee members, who shall be tasked with developing any remaining nominations for open Director positions.

6.4.2.6 Each nominee, put forth by the Nominating Committee, shall be presented for separate election by the Members.

6.4.3 Director Elections. Members will vote for each vacant Director position separately. A candidate will be elected to the Board upon majority vote of the Members as a whole in addition to a majority of the Classes (three of the five) having a majority vote from the Members of the individual Class.

6.4.4 Should a candidate fail to receive the required vote of the Members or Member Classes, the Board may:

6.4.4.1 conduct a new election of an alternate candidate put forward by the Nominating Committee, if any, or the Board may ask the Chair to establish a new Nominating Committee to recommence the nomination and election process. Where a candidate has not received the required vote of the Members and Member Classes, the director position shall remain vacant until a candidate is elected, except as provided in Section 6.7.2.

6.4.5 Annual Compensation of Directors. Every two years, or sooner if, in the discretion of the CEO, a new survey is required, the CEO shall contract with an appropriate firm to conduct a national compensation survey, which shall provide an independent review of the compensation paid independent directors. The latest survey so procured shall be used by the Nominating Committee to make an annual recommendation for the compensation of Directors for the following year. Any such recommendation shall require five (5) affirmative votes of Nominating Committee members. This

recommendation shall be presented to the MAC no later than one hundred fifty (150) days prior to the Annual Meeting. The MAC shall set the compensation for the Directors at least one hundred and twenty (120) days prior to the Annual Meeting. When making this decision, the MAC shall consider the recommendation of the Nominating Committee and any other material relevant to setting Director compensation. If the Nominating Committee is unable to reach the five (5) vote majority necessary to make a compensation recommendation, the MAC shall make no changes to the compensation paid Directors for the following year.

6.5 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.

6.5.1 Removal by the Members. 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.

6.5.1.1 Removal of a Director will be by a vote of a majority of all the WECC Members, not just those Members voting, in addition to a majority of the Classes (three of the five) having a majority vote from the Members of the individual Class. Removal may only take place at a meeting called for that purpose by notice provided in accordance with the notice requirements for member meetings. A vote, by all Members, to consider removal of a Director will occur based upon a petition, for such an all-Member vote, supported by twenty percent (20%), each, of the Members of three of the five Member Classes.

6.5.2 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 six (6) Directors.

6.6 Resignation.

Any Director may resign from their position at any time by written notice to the Board by delivery to the Chair. The acceptance of a resignation will not be required to make it effective.

6.7 Procedures for Filling Vacant Director Positions.

6.7.1 Director Vacancies. If the position of any Director becomes vacant prior to its normal term expiration, the remaining Directors may charge the Nominating Committee with selecting a successor immediately. The Nominating Committee will follow the requirements set out in Sections 6.2.1 and 6.2.2 in its selection of any successor 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.

6.7.2 Holdover to Cure Procedural Vacancies. Whenever an incumbent Director is a candidate for a Director position and a vacancy would be created due to expiration of the Director's term, the Director may continue to serve, for up to an additional 12 months, until such time as an election of the Director's position can be conducted, provided the vacancy arises from a lack of quorum or other procedural inability to elect a candidate for the Director position.

6.7.3 Should the number of serving Directors fall below seven (7), the Board may appoint one or more individuals to serve as temporary Directors until such time as replacement Directors can be elected by the Members.

6.7.3.1 In appointing temporary Directors, the Board shall select individuals who meet the requirements of Section 6.2.

6.8 Duties of Directors.

The Directors will have the following duties:

6.8.1 Fiduciary Obligation to WECC: All Directors, will have a fiduciary obligation to WECC consistent with the requirements for Directors of Utah non-profit corporations. 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.

6.8.2 Preserve Non-Affiliated Status: Throughout their terms, Directors will have a duty to avoid any affiliation that is inconsistent with the qualifications for Directors in Section 6.2.2 of these Bylaws. If a Director becomes aware of any intervening disqualification, he/she must either resign or eliminate the disqualification (e.g., dispose of securities) within sixty (60) days.

6.9 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. The Board will give serious consideration to the Member Advisory Committee's and the Western Interconnection Regional Advisory Board's (or any successor) recommendations. The Board will respond to Member Advisory Committee and Western Interconnection Regional Advisory Board recommendations through a means which the Board determines appropriate.

6.10 Delegation of Board Authority.

The Board may delegate to the Chief Executive Officer or to any Board Committee formed pursuant to Section 7.7.3 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 a majority of the Directors. Any Director may call for a vote to rescind such delegation at any time and such delegation will be rescinded if a majority of the Directors vote to do so.

6.10.1 Notice to Members. Within seven (7) days of any decision delegated pursuant to Section 6.10, 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.

6.10.2 Board Review of Delegated Decisions. Decisions delegated pursuant to Section 6.10 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 five (5) Directors are present, or six (6) Directors if the CEO is counted to determine a Board quorum.

7.2 Majority Vote.

A decision of the Board will require an affirmative vote of a majority of Directors present and not abstaining; provided that no decision of the Board shall be made with fewer than three (3) affirmative votes, or four (4) affirmative votes if the CEO is counted to determine a Board quorum. 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 6.10 (limiting the power to delegate) and 12.1 (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. After a closed session has ended, the Board Chair shall provide the public a general description of the business conducted during the closed session, without breaching the confidentiality of the information used in the session.

7.7 Board Committees.

7.7.1 **Governance Committee.** The Chair will appoint a Governance Committee that shall: oversee implementation and amendment of these Bylaws and address such other issues pertinent to Governance as the Board may choose to delegate to it. The Chair will designate one of the appointed Directors to be the Chair of the Governance Committee.

7.7.2 **Nominating Committee.** Constituted as described in Section 6.4.1 of these Bylaws.

7.7.3 **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.

7.7.4 **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 Member Advisory Committee. This committee is comprised of Member representatives elected by the Member Classes, or subclasses, as set forth herein.

8.2.1.1 The committee shall advise the Board on any matters the Board requests the committee to evaluate or consider; and advise the Board on matters as the committee deems appropriate.

8.2.1.2 The committee's Chair or designee will attend the Board's meetings to provide advice, clarifications or respond to Directors' questions. The Board Chair and committee Chair shall develop guiding principles and procedures as necessary, to ensure open, effective, and efficient dialog between the MAC and Board. Such guiding principles and procedures may be amended by the Board and committee's Chairs.

8.2.2 WECC Standards Committee. This committee 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 8.6.5.2, 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.

8.2.3 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 the interconnected Bulk Electric System within the Western Interconnection.

8.2.4 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 Electric System in the Western Interconnection.

8.2.5 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.

8.4 Assessment of Standing Committee Activities.

Within eighteen months of the Federal Energy Regulatory Commission (FERC) approval of Section 6 establishing an independent Board, and, thereafter, within no longer than a five year period after the previous review, the Board of Directors will conduct a thorough review of the activities of each of WECC's standing committees to assess whether they are effectively furthering WECC's purposes in a manner that is consistent with: 1) the provisions of Section 2.2 of these Bylaws; and 2) the then-current state and the expected future evolution of the electric power industry within the Western Interconnection. The Board's review will assess whether there are any aspects of the standing committees' functions or procedures that impede development of WECC standards, obligations, processes, and decisions that 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 propose to the membership, at the Members' annual meeting held after completion of a review required by this Section 8.4, any changes to standing committee structures, functions, or procedures that the Board determines are warranted by its review.

8.5 Procedures for Committee Decision-Making.

8.5.1 Member Advisory Committee (MAC). The committee shall be comprised of three representatives from each of the five (5) Member Classes, for a total of fifteen (15) members.

- 8.5.1.1 The Board, by resolution, may create up to three additional representative positions on the MAC, to include representation for Entities of the Canadian Provinces of British Columbia, and/or Alberta, and/or the Mexican State of Baja California. The Board resolution shall set forth the terms through which Canadian or Mexican representatives shall be selected and serve.
- 8.5.2 MAC Member Elections. At the Annual Members Meeting, each Member Class shall conduct elections to elect Class member representatives for the committee. As set forth herein, each Class may subdivide into up to three subclasses for purposes of electing a Class' MAC members.
- 8.5.2.1 Committee member terms. Each committee member will serve a three year term. Terms shall be staggered such that one of each Class' representative committee member's terms ends each year. Class committee members may have term limits as determined appropriate by the Class or subclass electing such committee member.
- 8.5.2.2 Subclasses. Each Class will determine the need for diversity within the Class (e.g., geographic, stakeholder issues, etc.) which may lead to the establishment of subclasses. A Class may subdivide into up to three subclasses. Each Class shall determine to establish or discontinue its subclasses, if any, by majority vote of the members in the Class.
- 8.5.2.3 Committee member nominations and elections. Only members of each Class, or subclass, if applicable, may nominate and vote on candidates for election as a MAC member representative for their respective Class or subclass.
- 8.5.2.3.1 A Class or subclass candidate need not be a member of the Class or subclass, neither an employee of a Class or subclass member.
- 8.5.2.3.2 A quorum of a majority of the members of a Class or subclass must be present in order to elect a MAC member for the Class or subclass; election shall be by simple majority of votes cast.
- 8.5.2.3.3 Where there are more candidates for election than positions to fill, absentee ballots shall allow voters to order the candidates by order of preference so that their wishes may be honored in case a runoff is required. Absentee ballots shall be counted in the first ballot based on the top choice, or the top two or three choices if more than one seat is being filled. In any runoff election, absentee ballots shall be counted based on the highest preferences indicated for the candidates who remain in the runoff election.

8.5.2.3.4 Other nomination and election procedures, beyond those contained in these bylaws, may be proposed for a Class or subclass. Contingent upon their approval, by the General Counsel, for their submission to Members, they may be adopted for implementation by majority vote of the Member Class or subclass.

8.5.3 MAC Member Vacancy by Resignation or Removal

8.5.3.1 Resignation. At any time, any MAC member may resign from their position by providing written notice of resignation to the MAC Chair. Such notice shall be effective as of the date the notice is submitted to the MAC chair.

8.5.3.2 Removal. The MAC or the Member Class or subclass which elected a MAC member may remove the MAC member prior to completion of the Mac member's term of office as set forth herein:

8.5.3.2.1 Removal by the MAC. The MAC may remove any MAC member for gross negligence, gross misconduct, violation of local, state, provincial, or federal law, or gross failure to carry out the duties of a MAC member. Such removal will only occur after the affirmative vote of at least two-thirds (2/3) of the MAC members.

8.5.3.2.2 Removal by the Electing Class or Subclass. The electing Member Class or subclass may remove any MAC member representing that respective Class or subclass. Such removal will occur after the affirmative vote of a majority of the Members of the electing Class or subclass.

8.5.3.3 Vacancy. Whenever a MAC vacancy occurs, the MAC Chair shall conduct a proper and effective election, allowing for a reasonable period to select candidates and to organize such an election.

8.5.3.3.1 Whenever a MAC vacancy occurs, the MAC Chair shall, as promptly as feasible, conduct an election consistent with these Bylaws for the Member Class or subclass from which the vacancy arose, allowing for a reasonable period to select candidates and to organize such an election.

8.5.3.3.2 Until an election can be held, the MAC Chair may appoint an interim MAC member to fill the vacancy as may be required to meet the MAC quorum requirements of 8.5.8. The appointee shall serve until an effective election can be held. Any interim

appointment must come from Members of the same Class or subclass from which the vacancy arose.

8.5.4 MAC officers. At the Annual Meeting, after incoming MAC members have been duly elected by the Member Classes or subclasses, if applicable, the MAC will elect the MAC Chair and MAC Vice-Chair from the MAC members. The Chair and Vice-Chair must represent different Classes, and shall serve one year terms, measured from the Annual Meeting to the next Annual Meeting. In the event of the resignation or removal of the Chair or Vice-Chair, the MAC members shall, at their next regular or special meeting, whichever is sooner, elect a new MAC Chair or MAC Vice-Chair, respectively.

8.5.5 MAC Member Duties. All MAC members shall have a duty to represent the interests of their Member Class or subclass. All MAC members shall maintain regular contact with the members of their Member Class as issues are considered by the MAC, and shall make reasonable good faith efforts to present and discuss both majority and minority opinions from their Member Class on matters before the MAC.

8.5.6 Regular and Special Meetings.

8.5.6.1 Regular meetings. All regular business of the MAC shall occur at MAC meetings which are noticed pursuant to Section 8.5.7. The MAC shall meet in person not less than two times per year, including once in conjunction with the Annual Meeting. The MAC shall establish a regular meeting schedule, which will be made available to the Members and Directors electronically, and available to the public through posting on the WECC website.

8.5.6.2 Special Meetings. Whenever the MAC Chair finds, or upon request to the MAC Chair from any five (5) MAC Members, that there is urgent business requiring MAC consideration or action prior to the next regularly scheduled meeting, then a special meeting shall be called with notice given in accordance with Section 8.5.7.

8.5.7 Notice.

8.5.7.1 Regular Meetings. All regular meetings of the MAC shall require at least twenty-one (21) days written notice to the MAC members, the Directors, and the Members. Such notice shall specify the time and place of the meeting, and an agenda of the business to be conducted including those matters upon which a vote will be taken. Notice of regular MAC meetings shall be effective upon electronic distribution, and shall be posted to the WECC website within one (1) business day of electronic distribution.

- 8.5.7.2 Special Meetings. Any special meetings of the MAC shall require at least ten (10) days written notice to the MAC members, the Directors, and the Members. Such notice shall specify the time and place of the meeting, and an agenda of the business to be conducted, including those matters upon which a vote will be taken. Notice of special MAC meetings shall be effective upon electronic distribution, and shall be posted to the WECC website within one (1) business day of electronic distribution.
- 8.5.8 Quorum. No business shall be conducted by the MAC unless a majority of the MAC members is present, including at least one MAC member from each Member Class which elects MAC members (not including subclass designations).
- 8.5.9 Majority Vote. A decision of the MAC shall be upon a simple majority vote of committee members voting unless otherwise required in other bylaw provisions.
- 8.5.10 Remote Participation at MAC Meetings. Any or all of the MAC members may participate in any meeting of the MAC electronically or by telephone, or by any other means of communications which enables the MAC members to simultaneously hear one another. Every MAC member participating in a meeting in this manner will be deemed to be present in person at the meeting.
- 8.5.11 Reporting to the Board. The MAC Chair, or designee, shall provide a report to the Board at each Board meeting detailing the business carried out by the MAC, and advising the Board of MAC recommendations on matters as set forth in Section 8.2.1 herein. In the event that there are dissenting MAC member opinions regarding a matter on which the MAC is advising or providing recommendations to the Board, the MAC Chair, or designee, shall present dissenting opinions and rationales in conjunction with the respective MAC advice or recommendations.
- 8.5.12 Open Meetings. Except as provided in Section 8.5.13, all regular and special meetings of the MAC will be open to observation by any Member, Director, and/or any member of the public.
- 8.5.13 Closed Session. Notwithstanding the provisions of Section 8.5.12, after a quorum has been established at any MAC meeting and upon an affirmative vote of two-thirds (2/3) of the MAC members present, the MAC may close an open meeting and reconvene in closed session in the following instances: (1) to receive and/or discuss confidential attorney-client privileged information from WECC's counsel; or (2) to receive and discuss any other information which is privileged, confidential, proprietary, trade secret, or otherwise protected from public disclosure by law.
- 8.5.13.1 Attendance by an Affected MAC Member. Closed sessions of the MAC may not be attended by a MAC member under the following circumstances: (1) when the qualification or performance of the MAC member is being discussed; (2) when the MAC member is employed by

an entity that is or is likely to become a party to the litigation or legal issue being discussed; or (3) when the MAC Chair determines that the MAC member would have a conflict of interest by becoming privy to the privileged or confidential information that is to be presented to or discussed by the MAC in closed session.

8.5.13.2 Attendance by Directors. Any member of the Board may attend a closed session of the MAC unless the topic considered by the MAC concerns the Director.

8.5.13.3 Announcement and Adjournment of Closed Session. Prior to adjourning to a closed session, the MAC Chair 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 privileged, confidential or otherwise sensitive personal information. The closed session then shall be limited in scope to the publicly stated purpose of the closed session. After the closed session has ended, the MAC Chair shall provide the public a general description of the business conducted during the closed session, without breaching the confidentiality of the information used in the session.

8.5.13.4 Confidentiality of Closed Session. All MAC members and any others present at a closed session shall maintain the confidentiality of the information, discussions, and decisions made in closed session. Unless otherwise required, all MAC members and closed session attendees shall execute an appropriate confidentiality agreement provided by WECC's General Counsel. The MAC Chair will appoint a secretary for the closed session to take minutes of the closed session, which shall be delivered to the WECC Corporate Secretary. Minutes of the closed session will be maintained confidential by the Corporate Secretary.

8.5.14 MAC Committees. The MAC may appoint such subcommittees and working groups as it deems necessary from time to time to carry out its business affairs. In appointing such subcommittees or working groups, the MAC will specify, in a charter, their purpose, membership, voting, notice and meeting procedures, and other such direction as the MAC deems appropriate. The MAC may appoint one or more MAC members or other persons to participate in MAC subcommittees or working groups as full voting members or as non-voting advisory members.

8.5.15 MAC meetings and activities will be self funded by Members with respect to labor and travel expenses. However, WECC and WECC staff will provide facilitation and coordination support, including payment for the expenses of meeting facilities. A MAC member may seek reimbursement, from WECC, for reasonable and actual travel expenses arising from attendance at MAC meetings, consistent with WECC employee travel expense reimbursements, where such

MAC member's travel expenses are not reimbursed by any Member or other source.

8.6 Procedures for Committees other than the Member Advisory Committee.

- 8.6.1 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.
- 8.6.2 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.
- 8.6.3 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.

8.6.4 Committee Membership. Except as provided in Sections 8.2.2 and 8.6.4.1, 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.

8.6.4.1 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.

8.6.5 Committee Voting and Classes.

8.6.5.1 Classes. For purposes of voting, committees, excluding the WECC Standards Committee and the Member Advisory Committee, will have three classes of membership:

8.6.5.1.1 Transmission Provider Members;

8.6.5.1.2 Transmission Customer Members; and

8.6.5.1.3 States and Provincial Members (Member Class 5).

8.6.5.2 WECC Standards Voting Sectors. For purposes of voting on Regional Reliability Standards and Regional Criteria, a Ballot Body consisting of five registered sectors (8.6.5.2.1 through 8.6.5.2.5) and three non-registered sectors (8.5.5.2.6 through 8.6.5.2.8) 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 (8.6.5.2.1 through 8.6.5.2.5) 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:

- 8.6.5.2.1 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;
- 8.6.5.2.2 Generation Sector. This sector consists of Western Interconnection Entities registered in the NERC compliance registry as generation owners or generation operators;
- 8.6.5.2.3 Marketers and Brokers Sector. This sector consists of Western Interconnection Entities registered in the NERC compliance registry as purchasing-selling Entities;
- 8.6.5.2.4 Distribution Sector. This sector consists of Western Interconnection Entities registered in the NERC compliance registry as distribution providers or load-serving Entities;
- 8.6.5.2.5 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;
- 8.6.5.2.6 End Use Representative Sector. This sector consists of non-registered members of WECC Member Class Four;
- 8.6.5.2.7 State and Provincial Representatives Sector. This sector consists of non-registered WECC members of WECC Member Class Five;
- 8.6.5.2.8 Other non-registered WECC Members and Participating Stakeholders Sector. This sector consists of consultants and other members of WECC Member Class Three, or interested stakeholders who qualify for Participating Stakeholder status but are not registered in the NERC compliance registry.

8.6.5.3 Voting. Except as provided in Section 4.5.2 and 8.6.5.4, 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 6.9.1.

8.6.5.3.1 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.

8.6.5.4 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 8.6.5.2. When members of the Ballot Body who are eligible to vote in more than one of the sectors defined in 8.6.5.2 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.

8.6.6 Notice and Review of Committee Recommendations and Decisions (Due Process). Committee recommendations or decisions delegated to a committee pursuant to Section 6.9.1 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.

8.7 Procedures for Developing and Voting on Reliability Standards.

8.7.1 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.

8.7.1.1 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.

8.7.1.2 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 8.6.5.2 and 8.6.5.4 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 8.7.2 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.

8.7.1.3 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.

8.7.2 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 8.7.1. 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 3.24 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.

8.8 Notice of Committee Meetings.

8.8.1 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 8.6.1.

8.8.2 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 8.8.1.

8.9 Open Meetings.

All committee meetings of WECC will be open to any WECC Member, Director and for observation by any member of the public, except as set forth in these bylaws or in policies on closed sessions that the Board may adopt for the purpose of preventing public disclosure of information that the Board might more appropriately discuss in closed session.

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. 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.

11. Costs and Finances.

11.1 Funding of Reliability Activities.

11.1.1 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.

11.1.2 International Funding. WECC shall fund reliability activities undertaken in accordance with any agreements it enters into with Canadian or Mexican Entities. Specifically:

(a) Subject to (b), in the event that a Canadian or Mexican Entity seeks membership in the WECC, that Entity may elect to negotiate an agreement with WECC that provides the terms upon which that Entity will become a Member and, among other things, participate in and/or fund WECC. In such a case and unless agreed otherwise, the Canadian or Mexican Entity shall not be a Member

of WECC and shall not have an obligation to fund activities undertaken by the WECC until the terms of such agreement are executed.

(b) Section 11.1.2(a) shall not apply to any Canadian or Mexican Entity that is a Member as of the date of the approval of these WECC Bylaws. Existing Canadian or Mexican Members shall continue as Members in accordance with the terms and conditions of their membership as of the date of the approval of the WECC Bylaws, including the terms and conditions of any agreements in place as of the date of the approval of these WECC Bylaws. Nothing in the Section precludes existing Canadian or Mexican Members from negotiating an agreement with WECC that modifies the terms of its participation in and funding of WECC at any time.

11.1.3 **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 11.1.1 and 11.1.2 based upon the net energy to load and other relevant factors consistent with applicable law, the Delegation Agreement and any International Reliability Agreements.

11.2 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 11.1.1 or 11.1.2. 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.

11.3 Funding of Non-Statutory Activities.

To the extent that WECC elects to fund any activities not eligible for funding pursuant to Sections 11.1.1 and 11.1.2, 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.

12. Amendments to these Bylaws.

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

12.1 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 (1) unless the vote is appealed to the Members prior to the sixtieth day, or (2) subsequent regulatory approval is required. A Member appeal shall be sufficient to hold implementation of an amendment if a majority of any Class files a petition with the Secretary seeking appeal of such amendment. If such an appeal is received, the membership will vote on whether to rescind the Board approved amendment at the next Annual Meeting unless the Board calls a special meeting of the Members beforehand. An appeal will only be successful if a majority of all Members and a majority (three of five) of Member Classes vote to rescind the amendment. If the appeal vote is not successful, then the amendment will be deemed approved as of the day of the failed Membership vote. If subsequent regulatory approval is required for the amendment, then the amendment shall be effective upon the effective date of such approval.

12.1.1 Notwithstanding the foregoing, both Board and Member approval is required to amend provisions of these Bylaws concerning Sections 1.1 and 1.2; Section 4.2; Sections 6.2 through 6.8, inclusive; Section 7.2; Section 10; Sections 12.1 through 12.4, inclusive; Appendix C, and any other sections as may be required by Utah law. In such case, the Board shall first vote on the proposed amendment. If approved by the Board by the majority specified in Section 12.1 necessary to attain Board approval, the amendment must then be noticed to Members at least sixty (60) days prior to the Annual Meeting or a Special Member Meeting at which the Member vote will occur. The amendment will then be approved if approved by two thirds (2/3) or more of the Members who vote upon such amendment.

12.2 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 and a majority of Member Classes.

12.3 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.

12.4 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).

13. 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.

14. Miscellaneous Provisions.

14.1 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 14.1 of these Bylaws applies to such liability as might arise between Members under these Bylaws. This Section 14.1 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.

14.2 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.

14.3 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.

14.4 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 4.6.11 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.

15. 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)(4) 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.

16. 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 shall be the city and state (or province) in which the headquarters of WECC is located.

17. WECC Transition

The provisions of this Section shall apply to that period of time and activities associated with the transition of WECC from a hybrid Board of Directors to an independent Board of Directors with a Member Advisory Committee.

17.1 Board of Directors transition.

17.1.1 The transition of WECC governance from a hybrid Board to an independent Board of Directors will be effective upon the effective date of Federal Energy Regulatory Commission approval of Section 6.1 establishing an independent Board (“Effective Date”). The non-affiliated directors of WECC, whose terms extend past the Effective Date, so willing to continue to serve, shall form part of the initial cadre of independent Directors. These continuing Directors shall be entitled to serve the remainder of their respective three-year terms of office.

17.2 Transition Exceptions

The nomination, election and term of additional independent Directors shall be in conformance with the requirements of these bylaws, as amended, except:

- 17.2.1 The requirement that the Nominating Committee notify the Board Chair of the committee's nominations sixty (60) days prior to an Annual Meeting shall not apply.
- 17.2.2 Appointments of Member Advisory Committee members to the Nominating Committee shall be made such that no one class can occupy more than one seat at a time and cannot have a representative on the committee more than two years in a row.
- 17.2.3 Director positions of non-affiliated directors of WECC, whose terms extend beyond the Effective Date, but whose directors resign or indicate they will resign prior to the Effective Date, will be filled through the same nomination and election process used to select additional independent directors as provided above.
- 17.2.4 Those Directors first elected as a result of this transition from a hybrid to an independent Board will draw lots to determine their term length determined to achieve the staggered terms required by Section 6.3.
- 17.2.5 The nomination and election of a number of additional Directors needed to seat the entire Independent Board as described in section 6.4 as of the Effective Date may occur prior to the Effective Date. While the nomination and election of an individual to a director position may occur prior to the Effective Date, such nomination and election shall have the full force and effect of these bylaws after the Effective Date.

17.3 Member Advisory Committee transition

- 17.3.1 Initial Formation. When there is a meeting where Members vote to amend the WECC bylaws to provide for a Member Advisory Committee (MAC), the MAC will initially be constituted through elections conducted in conjunction with the same meeting.
- 17.3.2 Election of the initial MAC member representatives shall be as provided in these bylaws, as amended, except:
- 17.3.3 Where what had been the Class Seven membership category is combined with the Class Three membership category, Class Seven Members will indicate, prior to the meeting, whether they intend to continue participation in WECC as a member of the newly combined Class Three category. Entities so indicating will be considered members of Class Three for purposes of the initial formation of the MAC and shall be entitled to participate in elections for Class Three member representatives of the MAC.
- 17.3.4 Member Classes will not be allowed to subdivide into subclasses for purposes of electing class representative MAC members at the meeting where the MAC is initially formed and where initial MAC member elections are conducted.

17.3.5 The terms of each Class' three (3) initial Class representative members on the MAC shall be allocated, by the drawing of lots, such that the intended staggered terms for MAC members will be obtained, with one of a Class' initial MAC member representatives serving an initial term of one year, another two years, and another three years.

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.¹ 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 obligation to avoid the appearance of impropriety shall apply in particular to any organization:

¹ 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.

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 Employee² 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 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

² 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.

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 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 (b) 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.

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 Electric System 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 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 C – Regional Standard Development Procedure

Exhibit C shall set forth WECC’s standards development procedure, which NERC agrees meets the following common attributes:

COMMON ATTRIBUTE 1

Proposed regional reliability standards shall be subject to approval by NERC, as the electric reliability organization, and by FERC before becoming mandatory and enforceable under Section 215 of the FPA in the United States. In Canada and Mexico, regional standards must be approved by applicable governmental authorities before becoming mandatory in those respective jurisdictions. No regional reliability standard shall be effective within the WECC area unless filed by NERC with FERC, and any applicable authorities in Canada and Mexico, and approved by FERC and any applicable authorities in Canada and Mexico.

COMMON ATTRIBUTE 2

WECC regional reliability standards shall provide for as much uniformity as possible with reliability standards across the interconnected bulk power system of the North American continent. A WECC reliability standard shall be more stringent than a continent-wide reliability standard, including a regional difference that addresses matters that the continent-wide reliability standard does not, or shall be a regional difference necessitated by a physical difference in the bulk power system. A regional reliability standard that satisfies the statutory and regulatory criteria for approval of proposed North American reliability standards, and that is more stringent than a continent-wide reliability standard, would generally be acceptable.

COMMON ATTRIBUTE 3

WECC regional reliability standards, when approved by FERC and applicable authorities in Canada and Mexico, shall be made part of the body of NERC reliability standards and shall be enforced upon all applicable bulk power system owners, operators, and users within the WECC area, regardless of membership in the region.

COMMON ATTRIBUTE 4

Requester — The requester is the sponsor of the regional reliability standard request and may assist in the development of the standard. Any member of WECC, or group within WECC, shall be allowed to request that a regional reliability standard be developed, modified, or withdrawn. Additionally, any entity (person, organization, company, government agency, individual, etc.) that is directly and materially affected by the

reliability of the bulk power system in the WECC area shall be allowed to request a regional reliability standard be developed, modified, or withdrawn.

COMMON ATTRIBUTE 5

Standards Committee and Standing Committees — The WECC Standards Committee (WSC) manages the standards development process. The WSC will consider which requests for new or revised standards shall be assigned for development (or existing standards considered for deletion). The WSC, with assistance from the standing committees, will advise the WECC board on standards presented for adoption.

COMMON ATTRIBUTE 6

Ballot body — The ballot body consists of WECC members and non-members that have been determined eligible for the WECC Standard Voting Sectors. Each member of the ballot body is eligible to vote on Regional Reliability Standards and Regional Criteria. The WSC is responsible for voting on each standard.

COMMON ATTRIBUTE 7

WECC will coordinate with NERC such that the acknowledgement of receipt of a standard request identified in step 2, notice of comment posting period identified in step 4, and notice for vote identified in step 6 below are concurrently posted on both the WECC and NERC websites.

COMMON ATTRIBUTE 8

An acceptable standard request shall contain a description of the proposed regional reliability standard subject matter containing sufficiently descriptive detail to clearly define the purpose, scope, impacted parties, and other relevant information of the proposed standard.

COMMON ATTRIBUTE 9

Within 14 days of receipt of a completed standard request, the WSC shall determine the disposition of the standard request.

COMMON ATTRIBUTE 10

The WSC may take one of the following actions:

- Accept the standard request as a candidate for development of a new standard, revision of an existing standard, or deletion of an existing standard. The WSC may, at its discretion, expand or narrow the scope of the standard request under consideration.
- Reject the standard request. If the WSC rejects a standard request, a written explanation for rejection will be delivered to the requester within 14 days of the decision.
- Remand the standard request back to the requester for additional work. The standards process manager will make reasonable efforts to assist the requester in addressing the deficiencies identified by the WSC. The requester may then resubmit the modified standard request using the process above. The requester may choose to withdraw the standard request from further consideration prior to acceptance by the WSC.

COMMON ATTRIBUTE 11

Any standard request that is accepted by the WSC for development of a standard (or modification or deletion of an existing standard) shall be posted for public viewing on the WECC website within 30 days of acceptance by the committee.

COMMON ATTRIBUTE 12

The WSC will select members of the drafting team.

COMMON ATTRIBUTE 13

At the direction of the WSC, the standards process manager shall facilitate the posting of the draft standard on the WECC website, along with a draft implementation plan and supporting documents, for a no less than a 45-day comment period. The standards process manager shall provide notice to WECC stakeholders and other potentially interested entities, both within and outside of the WECC area, of the posting using communication procedures then currently in effect or by other means as deemed appropriate.

COMMON ATTRIBUTE 14

The WSC, with assistance from the drafting team as it requests, shall prepare a summary of the comments received and the changes made to the proposed standard as a result of

these comments. The WSC shall summarize comments that were rejected by the WSC and the reason(s) that these comments were rejected, in part or whole. The summary, along with a response to each comment received will be posted on the WECC website within 30 days of the close of the comment period.

COMMON ATTRIBUTE 15

Upon recommendation of the WSC, the standards process manager shall post the proposed standard and implementation plan for ballot and shall announce the vote to approve the standard, including when the vote will be conducted and the method for voting. Once the notice for a vote has been issued, no substantive modifications may be made to the proposed standard unless the revisions are posted and a new notice of the vote is issued.

COMMON ATTRIBUTE 16

The standards process manager shall schedule a vote by the WECC lead standing committee]. The vote shall commence no sooner than [30] days following the issuance of the notice for the vote. Voting shall begin no sooner than [7] calendar days following the Joint Session of the Standing Committees at which the draft standard was considered.

COMMON ATTRIBUTE 17

The WECC ballot pool shall consist of Ballot Body entities that have opted to vote on a specific standard. The ballot pool shall be able to vote on the proposed standard during a period of not less than 15 business days.

COMMON ATTRIBUTE 18

All Ballot Body members are eligible to participate in voting on proposed new standards, standard revisions or standard deletions.

COMMON ATTRIBUTE 19

A weighted majority vote of the Ballot Pool is required for a draft standard to be approved by the WECC membership and Participating Stakeholders. Abstentions and non-responses shall not count toward the results but will be counted in determining whether a quorum of the Ballot Pool is achieved.

COMMON ATTRIBUTE 20

The WECC Board may only substantively modify the proposed regional reliability standard in accordance with its backstop authority as authorized by the WECC Bylaws.

COMMON ATTRIBUTE 21

Once a regional reliability standard is approved by the board, the standard will be submitted to NERC for approval and filing with FERC and applicable authorities in Canada and Mexico.

COMMON ATTRIBUTE 22

- **Open** - Participation in the development of a regional reliability standard shall be open to all organizations that are directly and materially affected by the WECC bulk power system reliability. There shall be no undue financial barriers to participation. Participation shall not be conditioned upon membership in WECC, and shall not be unreasonably restricted on the basis of technical qualifications or other such requirements. Meetings of drafting teams shall be open to the WECC members and others.

COMMON ATTRIBUTE 23

- **Balanced** - The WECC standards development process strives to have an appropriate balance of interests and shall not be dominated by any two interest categories and no single interest category shall be able to defeat a matter.

COMMON ATTRIBUTE 24

- **Inclusive** — Any entity (person, organization, company, government agency, individual, etc.) with a direct and material interest in the bulk power system in the WECC area shall have a right to participate by: a) expressing a position and its basis, b) having that position considered, and c) having the right to appeal.

COMMON ATTRIBUTE 25

- **Fair due process** — The regional reliability standards development procedure shall provide for reasonable notice and opportunity for public comment. At a minimum, the procedure shall include public notice of the intent to develop a

standard, a public comment period on the proposed standard, due consideration of those public comments, and a ballot of Participating Stakeholders.

COMMON ATTRIBUTE 26

- **Transparent** — All actions material to the development of regional reliability standards shall be transparent. All standards development meetings shall be open and publicly noticed on the regional entity’s Web site.

COMMON ATTRIBUTE 27

- Does not unnecessarily delay development of the proposed reliability standard.

COMMON ATTRIBUTE 28

Each standard shall enable or support one or more of the reliability principles, thereby ensuring that each standard serves a purpose in support of the reliability of the regional bulk power system. Each standard shall also be consistent with all of the reliability principles, thereby ensuring that no standard undermines reliability through an unintended consequence.

COMMON ATTRIBUTE 29

While reliability standards are intended to promote reliability, they must at the same time accommodate competitive electricity markets. Reliability is a necessity for electricity markets, and robust electricity markets can support reliability. Recognizing that bulk power system reliability and electricity markets are inseparable and mutually interdependent, all regional reliability standards shall be consistent with NERC’s market interface principles. Consideration of the market interface principles is intended to ensure that standards are written such that they achieve their reliability objective without causing undue restrictions or adverse impacts on competitive electricity markets.

COMMON ATTRIBUTE 30

To ensure uniformity of regional reliability standards, a regional reliability standard shall consist of the elements identified in this section of the procedure. These elements are intended to apply a systematic discipline in the development and revision of standards. This discipline is necessary to achieving standards that are measurable, enforceable, and consistent.

COMMON ATTRIBUTE 31

All mandatory requirements of a regional reliability standard shall be within the standard. Supporting documents to aid in the implementation of a standard may be referenced by the standard but are not part of the standard itself.

COMMON ATTRIBUTE 32

Applicability	Clear identification of the functional classes of entities responsible for complying with the standard, noting any specific additions or exceptions. If not applicable to the entire WECC area, then a clear identification of the portion of the bulk power system to which the standard applies. Any limitation on the applicability of the standard based on electric facility requirements should be described.
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COMMON ATTRIBUTE 33

Measure(s)	Each requirement shall be addressed by one or more measures. Measures are used to assess performance and outcomes for the purpose of determining compliance with the requirements stated above. Each measure will identify to whom the measure applies and the expected level of performance or outcomes required demonstrating compliance. Each measure shall be tangible, practical, and as objective as is practical. It is important to realize that measures are proxies to assess required performance or outcomes. Achieving the measure should be a necessary and sufficient indicator that the requirement was met. Each measure shall clearly refer to the requirement(s) to which it applies.
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COMMON ATTRIBUTE 34

Compliance Monitoring Process	Defines for each measure: <ul style="list-style-type: none">• The specific data or information that is required to measure performance or outcomes.• The entity that is responsible for providing the data or information for measuring performance or
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	<p>outcomes.</p> <ul style="list-style-type: none">• The process that will be used to evaluate data or information for the purpose of assessing performance or outcomes.• The entity that is responsible for evaluating data or information to assess performance or outcomes.• The time period in which performance or outcomes is measured, evaluated, and then reset.• Measurement data retention requirements and assignment of responsibility for data archiving.
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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

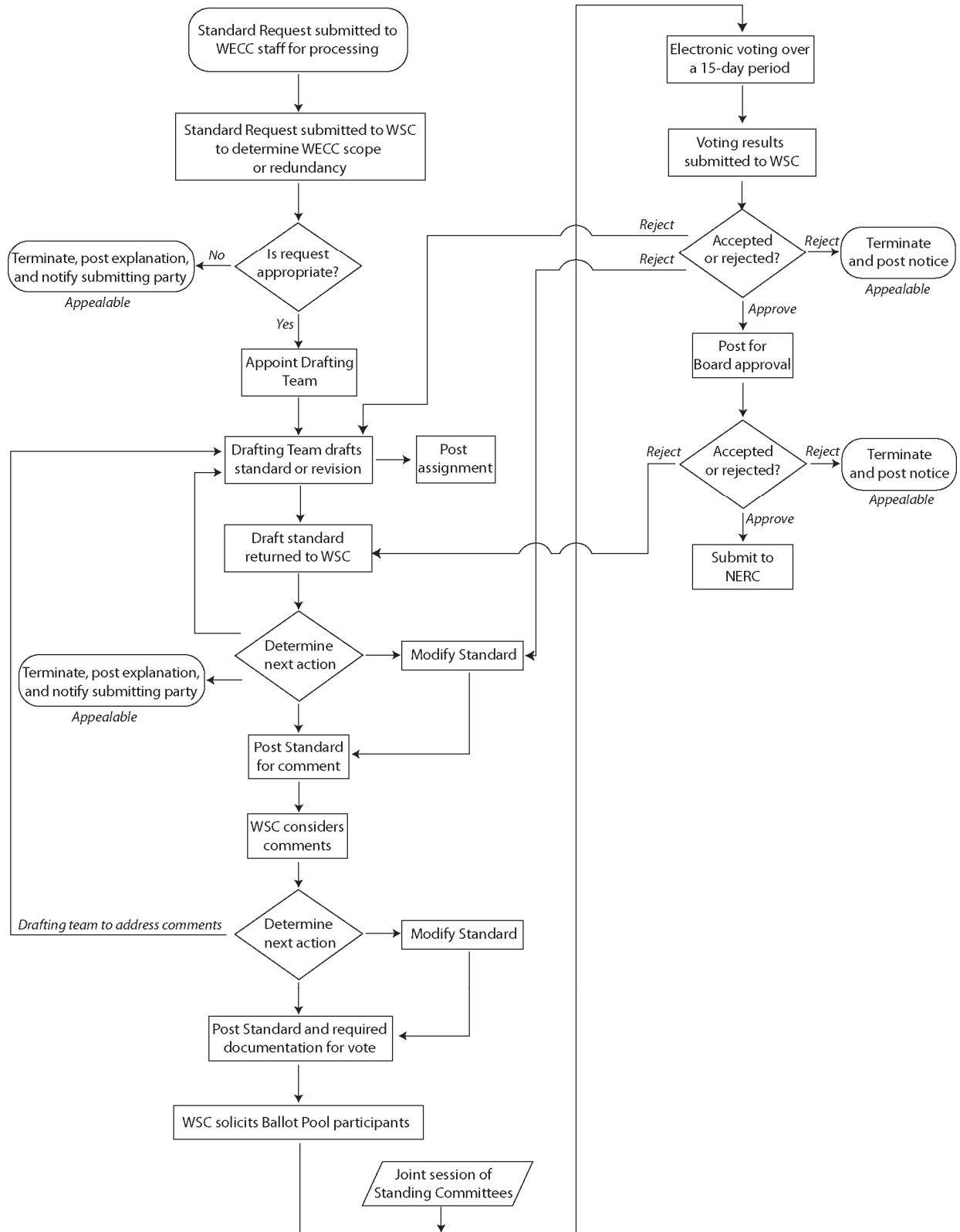


EXHIBIT D – COMPLIANCE MONITORING AND ENFORCEMENT PROGRAM

1.0 REGIONAL COMPLIANCE MONITORING AND ENFORCEMENT PROGRAM

WECC will implement the NERC Compliance Monitoring and Enforcement Program, Appendix 4C to the NERC Rules of Procedure (which for purposes of this section 1.0 shall not include Attachment 2, Hearing Procedures), to monitor and enforce compliance with Reliability Standards by the owners, operators, and users within **WECC's** geographic or electrical boundaries, and such other scope, set forth on **Exhibit A** of this Agreement; provided, however, that Section 5.3(vii) of the WECC Compliance Monitoring and Enforcement Program refers to Section 1.5.1 in Attachment 2, Hearing Procedures rather than Section 1.3.2.

2.0 REGIONAL HEARING OF COMPLIANCE MATTERS

WECC shall establish and maintain a hearing body with authority to conduct and render decisions in compliance hearings in which a Registered Entity may contest a finding of alleged violation, proposed penalty or sanction, or a proposed mitigation plan, which shall be either **WECC's** board or a balanced compliance panel reporting directly to **WECC's** board. **WECC's** hearing body is the Compliance Hearing Body, as established under the WECC Compliance Hearing Body Charter.

Under the Compliance Hearing Body Charter, the Compliance Hearing Body consists of Class A and Class B members. Class A members are WECC non-affiliated directors, personnel employed by WECC Members who are not engaged in the Electric Line of Business, and consultants who meet the same standards of independence required by the WECC Bylaws for non-affiliated directors. Class B members are personnel employed by WECC Members engaged in the Electric Line of Business or who are otherwise affiliated with such Members. For each hearing, the Chair of the Compliance Hearing Body selects a five-member Hearing Panel (or a three-member Hearing Panel if the parties to the hearing agree) with a majority consisting of Class A members, with at least two members (one member of a three-member Hearing Panel) having technical knowledge of electric industry systems.

WECC shall conduct all compliance hearings in which a Registered Entity may contest a proposed registration, finding of alleged violation, proposed penalty or sanction, proposed Mitigation Plan, or a proposed Remedial Action Directive, in accordance with the Attachment to this Exhibit D.

3.0 OTHER DECISION-MAKING BODIES

None. The WECC Compliance Committee provides general oversight and policy guidance but does not have decision-making authority with respect to compliance matters.

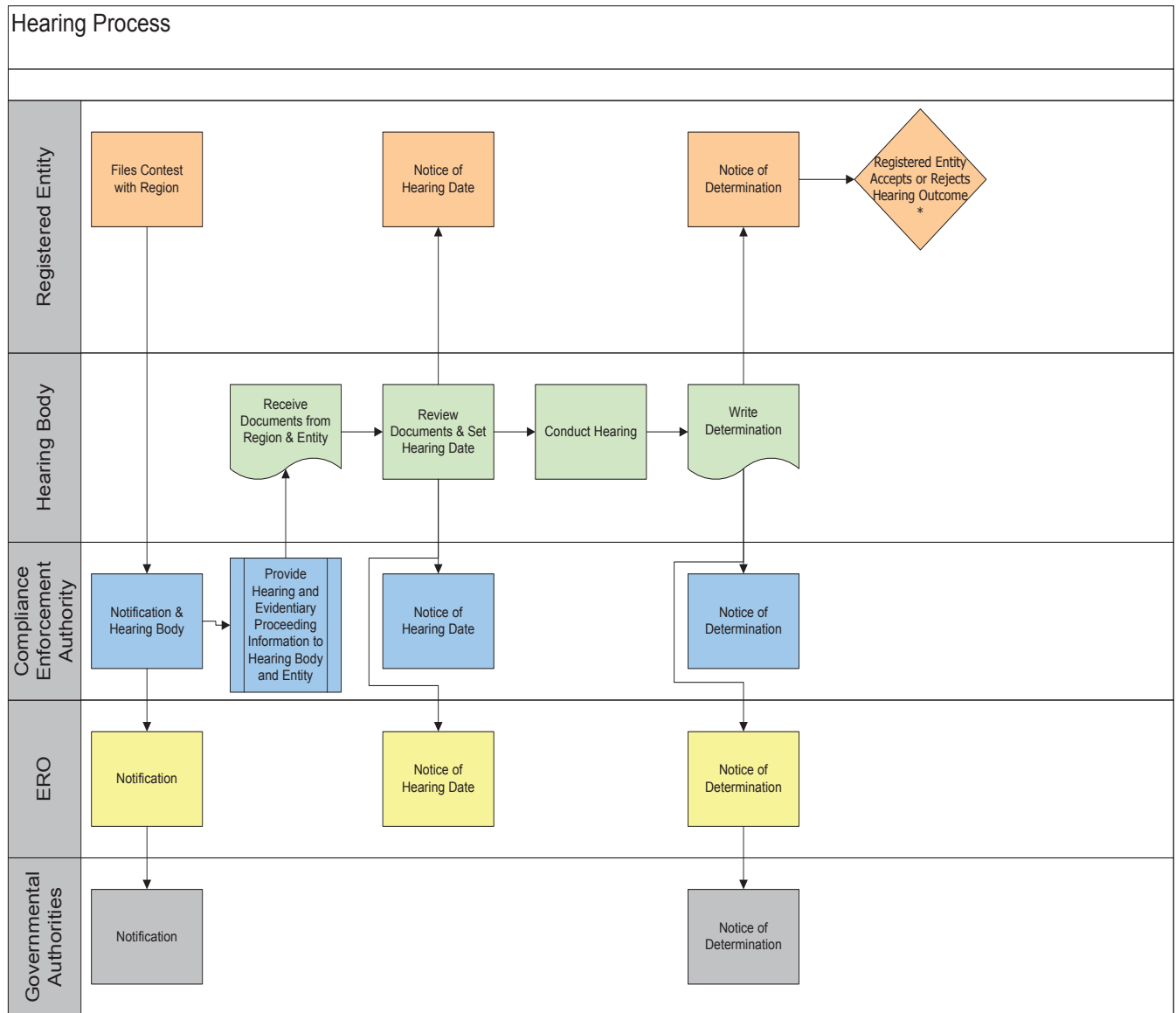
ATTACHMENT 2

COMPLIANCE ENFORCEMENT AUTHORITY HEARING PROCEDURES

This **Attachment 2** sets forth the procedures to be followed to conduct compliance hearings. In this **Attachment 2**, the Compliance Enforcement Authority and the Registered Entity are sometimes referred to as the “parties.” Subject to the authority of the hearing body to alter or extend any time periods or deadlines specified in this **Attachment 2** and to hold such numbers of conferences and hearings as are necessary, it shall be the objective of the hearing process to complete the steps specified herein for formal compliance hearings within ninety (90) days following the issuance of written notice that the hearing body is convened.

Figure ATT-2 shows the hearing process steps.

Figure ATT-2 –Hearing Process



*This merges with the Compliance Monitoring & Enforcement Program flow diagram at the Registered Entity Accepts or Rejects Hearing Outcome decision box

1.0 HEARING PROCEDURES

1.1 APPLICABILITY, DEFINITIONS AND INTERPRETATION

1.1.1 Procedure Governed

These Hearing Procedures shall govern the procedure before the Western Electricity Coordinating Council (“WECC”) in proceedings concerning (i) disputes regarding whether any entity should be or has been properly registered or certified, (ii) whether Registered Entities within WECC’s area of responsibility have violated Reliability Standards, (iii) if so, to determine the appropriate Mitigation Plans as well as any remedial actions, penalties or sanctions in accordance with the NERC *Sanction Guidelines* and other applicable penalty guidelines

approved by FERC pursuant to 18 C.F.R. Section 39.7(g)(2), or (iv) any other dispute that relates to enforcement of reliability standards properly before the WECC.

The standard of proof in any proceeding under these Hearing Procedures shall be by a preponderance of the evidence. The burden of persuasion on the merits of the proceedings shall rest upon the Compliance Staff alleging noncompliance with a Reliability Standard, proposing a penalty, opposing a Registered Entity's Mitigation Plan, or requiring compliance with a Remedial Action Directive.

1.1.2 Deviation

To the extent permitted by law, any provision in these Hearing Procedures may be waived, suspended or modified by the Hearing Officer or the Hearing Panel for good cause shown, either upon the Hearing Officer's or the Hearing Panel's own motion or upon the motion of any Party.

1.1.3 Standards for Discretion

These Hearing Procedures, and any discretion exercised hereunder, shall be interpreted in a manner intended to ensure just and reasonable proceedings and to effectuate the following Standards for Discretion:

- a) Integrity of the Fact-Finding Process - The principal goal of the hearing process is to assemble a complete factual record to serve as a basis for a correct and legally sustainable ruling, decision or order.
- b) Fairness - Persons appearing in WECC proceedings should be treated fairly. To this end, Parties should be given fair notice and opportunity to present explanations, factual information, documentation and legal argument. Action shall be taken as necessary to eliminate any disadvantage or prejudice to a Party that would otherwise result from another Party's failure to act diligently and in good faith.
- c) Independence - The hearing process should be tailored to protect against undue influence from any Person, Party or interest group.
- d) Balanced Decision-Making - Decisions should be based solely on the facts and arguments of record in a proceeding and by individuals who satisfy the conflict of interest provisions of section 1.8.4 of these Hearing Procedures.
- e) Impartiality - Persons appearing before the Hearing Panel should not be subject to discriminatory or preferential treatment. Registered Entities should be treated consistently unless a reasonable basis is shown in any particular proceeding to depart from prior rulings, decisions or orders.
- f) Administrative Efficiency and Expedition - Proceedings shall be brought to a conclusion as swiftly as is possible in keeping with the other goals of the hearing process.

1.1.4 Definitions and Interpretation

Unless otherwise defined, capitalized terms shall have the meanings described in the WECC Compliance Monitoring and Enforcement Program. Unless the context otherwise requires, the singular of a term used herein shall include the plural and the plural of a term shall include the singular. To the extent the text of a rule is inconsistent with its caption, the text of the rule shall control.

The following terms shall have the following meanings:

“Adjudicatory Officer,” means any person serving as a member of the Hearing Panel, Hearing Officer or Technical Advisor with respect to any proceeding.

“Clerk” means the person designated by WECC to receive filings and serve documents issued by or on behalf of, and otherwise provide support for, the Hearing Panel and Hearing Officer.

“Compliance Hearing Body,” is as defined in the WECC Compliance Hearing Body Charter.

“Critical Energy Infrastructure Information,” as defined in Section 1501 of the NERC Rules of Procedure.

“Critical Energy Infrastructure Information,” as defined in Section 1501 of the NERC Rules of Procedure, means specific engineering, vulnerability, or detailed design information about proposed or existing critical infrastructure that: (1) relates to details about the production, generation, transportation, transmission, or distribution of energy; (2) could be useful to a person in planning an attack on critical infrastructure; (3) is exempt from mandatory disclosure under the Freedom of Information Act, 5 U.S.C. 552 (2000); and (4) does not simply give the general location of the critical infrastructure.

“Cybersecurity Incident,” as defined in 18 C.F.R. § 39.1.

“Director of Compliance” means the Director of Compliance of WECC, who is responsible for the management and supervision of Staff.

“Document” means, in addition to the commonly understood meaning of the term as information written or printed on paper, any electronically stored information, including writings, drawings, graphs, charts, photographs, sound recordings, images and other data or data compilations stored in any medium from which information can be obtained, and shall be translated by the producing party into reasonably usable form.

“ERO” means the Electric Reliability Organization, currently the North American Electric Reliability Corporation, or any successor organization, certified by FERC pursuant to 18 C.F.R. Section 39.3.

“FERC” means the Federal Energy Regulatory Commission.

“Hearing Panel” means the persons assigned to render a final decision in matters requiring a determination under these Hearing Procedures.

“NERC” means North American Electric Reliability Corporation.

“Notice of Proceeding” means (1) a request for a hearing by a Registered Entity to contest an Alleged Violation, a proposed Penalty or a Remedial Action Directive, (2) a request for hearing by a Registered Entity or the Staff concerning a dispute as to whether the entity should be registered or certified, (3) a request for hearing by a Registered Entity in response to a Staff rejection of a proposed revised Mitigation Plan submitted after Compliance Staff rejected the Registered Entity’s initial proposed Mitigation Plan, or (4) any other notice that a proceeding has been properly commenced.

“Penalty” as used herein includes all penalties and sanctions, including but not limited to a monetary or non-monetary penalty; a limitation on an activity, function, operation or other appropriate sanction; or the addition of the Registered Entity to a reliability watch list composed of major violators.

“Person” means any individual, partnership, corporation, limited liability company, governmental body, association, joint stock company, public trust, organized group of persons, whether incorporated or not, or any other legal entity.

“Service List,” means the list maintained by the Clerk identifying the name, address, telephone number, and facsimile number and email address, if available, of each Party, the Hearing Officer, the Director of Compliance, the Registered Entity’s designated agent for service and any other individuals designated for service by a Party.

“Staff” means individuals employed or contracted by WECC who have the authority, among other things, to make initial determinations as to need for registration, compliance or violation with Reliability Standards by Registered Entities and associated Penalties, Mitigation Plans, and Remedial Action Directives.

“WECC’s area of responsibility” means WECC’s corporate region.

1.2 FILING AND SERVICE

1.2.1 Form and Content of Filings

All filings shall include (1) a caption that sets forth the title and docket number (if any) of the proceeding, (2) a heading that describes the filing and the Party on whose behalf the filing is made, (3) the name, address, telephone number and email address of the Party’s representative of the making, and (4) the service list. All filings shall be signed by an authorized representative of the Party on whose behalf the filing is made. The signature constitutes a certificate that the signer has read the filing, that the contents are true to the best of the signer’s knowledge and belief, and that service required by these Hearing Procedures has been made. Each filing shall include a service list identifying the Parties and authorized representatives served.

All filings shall be typewritten, printed, reproduced or prepared using a computer or other word or data processing equipment on white paper 8½ inches by 11 inches with inside text margins of not less than one inch. Page numbers shall be centered and have a bottom margin of not less than ½ inch. Line numbers, if any, shall have a left-hand margin of not less than ½ inch. Typeface shall be either Arial or Times New Roman font, black type on white background, and at least 12-point (at least 10-point for footnotes). Written testimony shall include continuous line numbers on the left-hand side of each page of text. Attachments shall, whenever practical,

conform to these requirements, except that any typeface shall be at least 8-point. Confidential documents shall comply with the requirements of any Protective Order issued under Section 1.10.

1.2.2 Submission of Filings

The original and five copies of any filing shall be made with the Clerk of WECC during WECC business hours (0800-1630 Mountain Time) each day except Saturday, Sunday, legal holidays and any other day declared by the WECC. Filing is complete when date stamped by the Clerk or received in the electronic mail by the Clerk.

Unless as otherwise provided, a filing may be effected by electronic mail if the filed documents are in pdf format and the requisite number of copies are delivered to the Clerk's office within seven business days thereafter.

1.2.3 Service

A copy of each filing must served on each person listed on the service list, by personal delivery, email (with paper copy to follow), United States mail (first class or registered) mail or deposit with an express courier service. The Clerk shall provide copies of all issuances of the Hearing Officer and Hearing Panel by similar means to each person listed on the service list and each member of the Hearing Panel, provided that the Initial and Final Decisions shall be served electronically and by certified mail on the Registered Entity and the Staff. Service is effective immediately if by personal delivery or email, upon deposit in the U.S. mail, or upon delivery to an express courier service.

1.2.4 Time

The time in which any action is required to be done shall be computed by excluding the day of the act or event from which the time period begins to run, and by including the last day of the time period, unless the last day is a Saturday, Sunday, legal holiday or any other day upon which the Office of WECC is closed, in which event the last day shall be the first succeeding day that is not such a day. Any Party requesting an extension of time after the expiration of the period prescribed shall demonstrate circumstances sufficient to justify the failure to act in a timely manner. Unless otherwise provided, whenever a Party has the right or is required to do some act within a prescribed period after the service, four days shall be added to the prescribed period when served by mail and the period until the next business day shall be added if served by courier.

1.3 PLEADINGS, MOTIONS AND OTHER FILINGS

1.3.1 Initiation of a Proceeding

A proceeding is initiated by a Notice of Proceeding. Any Notice of Alleged Violation or other action triggering a right to a hearing shall clearly state (as applicable) that the Registered Entity has the right to contest proposed registration or certification, that the Registered Entity has a right to a hearing, and shall describe or include (as applicable) the alleged violation, the proposed Penalty, the Staff's rejection of the proposed Mitigation Plan, or the issuance of a Remedial Action Directive. Upon receipt of a Notice of Proceeding, the Clerk shall issue a notice of

hearing, which identifies the Hearing Panel and, if applicable, the Hearing Officer assigned to the proceeding, and assigns a docket number that includes (separated by dashes) (1) the last two digits of the month and year, (2) the letters “[Regional Entity designation]”, and (3) a four digit number that is assigned sequentially beginning January 1 of each year (e.g., 0707-WECC-0001).

Within five business days after the issuance of a Notice of Proceeding, WECC staff shall file and serve the notice of the Alleged Violation, the sanction originally provided to the Registered Entity and copies of any documents gathered and reviewed by WECC in the course of determining an Alleged Violation has occurred and in determining the proposed sanction or penalty. Within twenty days after the issuance of the Notice of Proceeding, (1) the Registered Entity shall file (as applicable) an explanation of why the Alleged Violation is in error, why the registration determination is in error, why the proposed penalty or sanction is inappropriate and/or the Registered Entity’s proposed Mitigation Plan, together with copies of all documents relied on by the Registered Entity to support its position, and (2) (if applicable) the Staff shall file its explanation why the Registered Entity’s proposed Mitigation Plan was not accepted, and copies of all documents relied on by the Registered Entity to support its position.

1.3.2 Amendments

Amendments to any filings initiating a proceeding or requesting a hearing may be allowed by the Hearing Officer or the Hearing Panel upon motion made within a reasonable time after the basis for the amendment became apparent, on such terms and conditions as are deemed to be just and reasonable.

1.3.3 Requirements for Motions

Unless otherwise provided, a Party may at any time seek any relief provided for under these Hearing Procedures or otherwise applicable authority by filing a motion in writing (or orally if during a hearing). All motions shall include a plain and concise statement of any facts upon which the motion is based, citations to the record or other sources, if available, any required verification under oath by a person having knowledge of the matters set forth in the filing, a description of the specific relief sought, and the authority that supports the request for relief. Unless otherwise provided, any responses to motions shall be filed within 14 business days after service of the motion, and replies to responses shall be filed within seven business days after service of the responses.

The Hearing Panel or Hearing Officer, in their discretion, may elect to hold oral argument on any matters in dispute.

1.3.4 Intervention; Consolidation of Related Proceedings

No interventions shall be permitted except upon approval of FERC. The Hearing Panel or Hearing Officer may, upon motion or their own initiative, order two or more matters partially or fully consolidated for any or all purposes if (1) events giving rise to the proceeding are the subject of another proceeding involving another Registered Entity, (2) it appears likely that consolidation is necessary to obtain all information necessary for decision and (3) reasonable procedures can be developed to prevent inappropriate disclosure of confidential information. Consolidation shall not be ordered unless all Parties in all proceedings have been provided notice and opportunity to be heard

1.3.5 Summary Disposition

The Hearing Panel or Hearing Officer may, upon motion or their own initiative, order summary disposition, in whole or in part, if there are no genuine issues of material fact with respect to the matters subject to summary disposition and the Party is entitled to summary disposition as a matter of law. Any factual allegations contained in a motion for Summary Disposition shall be supported by affidavit.

1.3.6 Interlocutory Review

Where the ruling for which interlocutory review is sought (1) presents an extraordinary circumstance which makes prompt review necessary to prevent prejudice to a Participant's ability to present its position in the proceeding or (2) involves a requirement that a non-Party produce information or testimony, a Party or person subject to the ruling may seek interlocutory review of any Hearing Officer ruling within 14 business days after the ruling. The Hearing Panel may affirm, reverse, remand, decline to act or take any other action on the Hearing Officer's ruling.

1.3.7 Pre-Evidentiary Hearing Submission of Testimony and Evidence

With the exception of examination of an adverse witness and of testimony and documents of a non-Party subject to an order to compel, all witness testimony, exhibits, and any documents intended to be introduced in connection with cross-examination, shall be filed at least five business days in advance of the evidentiary hearing pursuant to a schedule adopted for the proceeding.

1.3.8 Pre-Evidentiary Hearing Memorandum

Upon request of the Hearing Officer or the Hearing Panel, the Parties may be required to submit a memorandum prior to hearing describing the Party's position on the issue(s) in dispute, the key facts and arguments, and the applicable Reliability Standard, rules, orders or other authority. A Party will not be deemed to have waived any issue, fact or argument that is not set forth in a pre-evidentiary hearing memorandum.

1.4. DOCUMENT PRODUCTION

1.4.1 Inspection and Copying of Documents in Possession of Staff

(a) Documents to be Available for Inspection and Copying

Within five (5) business days of the initiation of the proceeding, the Staff shall make available to the Registered Entity for inspection and copying, all documents prepared by the Staff or obtained from the WECC, the Registered Entity or other sources, through or in connection with any compliance process that led to the institution of proceedings and not previously made available, including but not limited to all requests for information and responses, transcripts and transcript exhibits. Documents shall be made available during normal business hours at the WECC office where the documents are ordinarily maintained, or at such other office as the Hearing Panel or Hearing Officer, in his or her discretion, shall designate, or the Parties otherwise agree. The Registered Entity shall be responsible for the cost of photocopying, which shall be at a

reasonable rate. Documents received by the Staff thereafter shall be made available to the Registered Entity within 14 business days after receipt or as soon as possible if within 14 business days of the evidentiary hearing. In cases involving more than one Party other than the Staff, the Hearing Officer or Hearing Panel shall determine the extent to which, and conditions governing the provision of, documents relating to one Party shall be made available to another Party.

(b) Documents That May Be Withheld

The following documents are not subject to disclosure:

(1) Documents subject to a privilege available to the Staff or constituting attorney work-product of Staff's counsel (in applying this provision, the attorney-client privilege shall be recognized as absolute and any demand for production of attorney work product shall be granted only after a showing of substantial need by the Respondent);

(2) Documents that would disclose (i) an examination, investigatory or enforcement technique or guideline of WECC, a federal, state, or foreign regulatory authority, or a self-regulatory organization; (ii) the identity of a source, including a federal, state, or foreign regulatory authority or a self-regulatory organization that furnished information or was furnished information on a confidential basis regarding an investigation, an examination, an enforcement proceeding, or any other type of civil or criminal enforcement action; or (iii) an examination, an investigation, an enforcement proceeding, or any other type of civil or criminal enforcement action under consideration by, or initiated by, WECC, a federal, state, or foreign regulatory authority, or a self-regulatory organization;

(3) Documents containing confidential information, to the extent that disclosure would violate any applicable confidentiality requirement; or

(4) Documents not relevant to the subject matter of the proceeding or, upon order of the Adjudicatory Officer, for other good cause shown.

Provided, however, that nothing in Subparagraphs 1.4.1(b)(2), (3), (4) authorizes Staff to withhold a document, or part thereof, that contains exculpatory evidence, and nothing in Subparagraph (b)(1) requires Staff to withhold a document from disclosure.

The Staff shall provide to the Registered Entity, at the time the documents are provided, a list of documents withheld. Upon motion based on reasonable belief of a violation of these provisions or on their own motion, the Hearing Panel or Hearing Officer may require Staff (1) to submit any withheld document and (2) disclose to Registered Entity any document not meeting the standards of this subsection.

1.4.2 Other Discovery Procedures

In addition to the production of documents by Staff for inspection and copying by Registered Entity pursuant to Subparagraph 1.4.1(a), the Parties shall be entitled to utilize all other methods for obtaining information provided for in Rules 402 through 409 of the FERC Rules of Practice and Procedure, 18 C.F.R. §385.402 through 385.409, including data requests, written interrogatories and requests for production of documents or things, depositions by oral examination, requests for inspection of documents and other property, requests for admission and orders to compel (with respect to references to subpoenas, and which may be directed to non-

Party Registered Entities as well as Parties). Unless otherwise directed by the Hearing Officer or Hearing Panel upon motion by a Party or by the Hearing Officer, or by the Hearing Panel on its own motion, such discovery, and the resolution of any disputes concerning such discovery, shall be conducted in accordance with the provisions of Rules 402 through 410 and 510(e) of the FERC Rules of Practice and Procedure, 18 C.F.R. §385.402 through 385.410 and 510(e), which are hereby incorporated by reference into these Hearing Procedures, subject to the following limitations and modifications to such Rules:

- 1) The provisions of Subparagraph 1.4.1(b) shall apply to any such discovery.
- 2) Rule 403(b)(2) (18 C.F.R. §385.403(b)(2)) and Rule 410(d)(2) (18 C.F.R. §385.410(b)(2)) shall not be applicable.
- 3) The Hearing Officer and the Hearing Panel have the authority to issue orders to compel the appearance by, or production of documents or information by, only a Person that is a Party or a Registered Entity that is not a Party. The Hearing Officer and the Hearing Panel do not have authority to require a United States marshal or deputy marshal to serve any order to compel.
- 4) A list of documents withheld shall be provided, by the deadline for production of the documents, to the Adjudicatory Officer and each Party entitled to receive the documents.
- 5) References to the “Commission” in Rules 402 through 408 and 410 and 510(e) shall be to FERC except as follows: (i) the references in Rules 402(a), 404(b)(1) and 405(b), the second reference in Rule 410(d) and the references in Rule 510(e)(1) and (2) shall be deemed to be to the Hearing Panel, and (ii) the reference in Rule 385.406(b)(4) to “Commission trial staff” shall be deemed to be to Staff, and the reference in Rule 510(e)(3) shall be deemed to be to the Adjudicatory Officer.
- 6) Unless otherwise ordered by the Hearing Officer or Hearing Panel, a data request, set of interrogatories, request for production of documents or things, request for inspection of documents or other property, request for admissions, or order to produce or provide documents, information or testimony, shall not specify a due date or response date that is fewer than 21 days from the date of service of the request or the date of the order.
- 7) Unless otherwise ordered by the Hearing Officer or Hearing Panel, all such discovery shall be requested, scheduled and conducted so as to be completed within six (6) months following the date of the initial prehearing conference held pursuant to Paragraph 1.5.3; and
- 8) Notwithstanding (6), however, if the shortened hearing procedure in Paragraph 1.5.1 is used in a proceeding, the Hearing Officer, on his or her own motion or on motion of a Participant, shall establish a schedule for discovery, including response periods for responding to discovery requests, that are consistent with the expedited nature of the proceeding contemplated by the shortened hearing procedure.”The Hearing Officer’s ruling on a ll motions relating to disputes concerning such

discovery shall consider the following objectives: (i) full disclosure of all relevant documents and information; (ii) the exercise of due diligence in the conduct of discovery by a Participant; and (iii) disallowing use of discovery as a means to delay the proceeding or to harass or burden any other Participant.

1.5 HEARINGS AND CONFERENCES

1.5.1 Shortened Hearing Procedure

The shortened hearing procedure shall be as set forth in this Paragraph. The rules applicable to the full hearing procedure shall apply to the shortened hearing procedure unless the context of such a rule is inconsistent with the procedure set forth in this Paragraph or otherwise renders it inapplicable to the shortened hearing procedure. The rules concerning ex parte communications in Paragraph 1.8.5 are hereby expressly made applicable to the shortened hearing procedure under this Paragraph.

WECC may utilize a Hearing Officer to preside over the shortened hearing procedure in accordance with Paragraph 1.8.2. But, no evidentiary hearing will be held in the shortened hearing procedure and the Participants will not present witness testimony or file briefs, except that briefs on exceptions and briefs in reply to exceptions may be allowed pursuant to Subparagraph (g). Instead, the following events shall take place within the following periods:

- a) The Prehearing Conference shall be held within seven (7) days after the date on which the notice of hearing is issued. In addition to any other matters set forth in Paragraph 1.5.3 that may apply, the prehearing conference will be used to develop a schedule for the preparation and submission of comments in accordance with Subparagraphs (c) through (e).
- b) Within five (5) days after the date on which the notice of hearing is issued, Staff shall make documents available to the Registered Entity for inspection and copying pursuant to Paragraph 1.4.1.
- c) Within twenty-one (21) days after the prehearing conference, the Staff shall file:
 - 1) initial comments stating Staff's position on all issues and the rationale in support of its position, including all factual and legal argument;
 - 2) all documents that Staff seeks to introduce in support of its position that have not already been submitted in the proceeding; and
 - 3) a verification attesting to the truthfulness of the facts alleged in the filing.
- d) Within fourteen (14) days of Staff's initial comment filing pursuant to Subparagraph (c), the Registered Entity shall file:
 - 1) responsive comments stating the Registered Entity's position on all issues and the rationale in support of its position, including all factual and

- legal argument, which comment also may respond to Staff's initial comments;
- 2) all documents that the Registered Entity seeks to introduce in support of its position that have not already been submitted in the proceeding; and
 - 3) a verification attesting to the truthfulness of the facts alleged in the filing.
- e) Within seven (7) days after the Registered Entity's responsive comment filing pursuant to Subparagraph (d), Staff shall file reply comments that shall be limited in scope to responding to the Registered Entity's responsive comments and be supported by a verification attesting to the truthfulness of the facts alleged in the filing. Staff shall not submit any additional documents in support of its position as part of this filing except upon motion and good cause shown. If Staff is allowed to file additional documents in support of its position based upon such a motion, the Registered Entity shall have the right to file additional documents in support of its position that are responsive to the additional documents that Staff is allowed to file provided that any additional Registered Entity filing also shall be verified.
 - f) The Hearing Officer shall issue an initial opinion within twenty-one (21) days after the Staff's reply comments filing or any additional filing by the Registered Entity pursuant to Subparagraph (e).
 - g) If either Participant requests, the Hearing Officer shall allow each Participant to file, within seven (7) days after the Hearing Officer's initial opinion, exceptions to the Hearing Officer's initial opinion in a brief designated "brief on exceptions" in accordance with Paragraph 1.6.1 and within seven (7) days thereafter, a reply brief designated "Brief in Reply to Exceptions."
 - h) The Hearing Panel shall strive, but is not required, to issue a final order within ninety (90) days of the notice of hearing.

The Hearing Officer or Hearing Panel may modify any time period set forth within this Paragraph as warranted by the circumstances but it will be the objective of the Hearing Panel to issue the final order within ninety (90) days of the notice of hearing.

1.5.2 General Hearing Procedure

The Clerk shall issue a notice for each conference and hearing, which shall identify the matter(s) to be considered, the person(s) comprising the Hearing Panel or Hearing Officer, and the date, time and place of the hearing or conference. Unless otherwise ordered, all hearings and conferences shall be held during normal business hours at the principal office of WECC. Hearings need not be held on consecutive days.

All hearings, conferences, and other meetings shall be closed to the public, and all notices, rulings, orders or any other issuances of the Hearing Officer or Hearing Panel shall be nonpublic and held in confidence by the Parties unless the ERO (within the U.S., in accordance with the authorization previously granted by FERC to release information about a non-public proceeding) or FERC (in the case of U.S.-related information) or another Applicable Governmental Authority (in the case of non-U.S.-related information) determines that public release is appropriate. Only the Adjudicatory Officers, representatives of the Parties, and other necessary personnel (such as court reporters) shall be allowed to participate in or obtain information relating to the proceeding.

Upon a request, the Hearing Panel or Hearing Officer may permit Parties to appear and witnesses to testify via videoconference or teleconference at any conference or hearing if necessary to avoid undue expense or undue delay in the proceeding.

All hearings and (at the discretion of the Hearing Panel or Hearing Officer) all conferences shall be transcribed verbatim by a certified court reporter. A Party may request corrections to the transcript within 35 days after receipt of the transcript and any responses shall be filed within ten business days thereafter. Each Party is responsible for the costs of a copy of any transcript ordered by it.

1.5.3 Prehearing and Status Conferences

A prehearing conference shall be held within a thirty days after initiation of a proceeding, to identify issues then known to the Parties, establish a schedule and to address any other relevant matter. Any Party may request, and the Hearing Panel or Hearing Officer may call, a status conference at any time subsequent to the Prehearing Conference to address any issues that have arisen. The Hearing Panel or Hearing Officer may summarize actions taken in a memorandum.

1.5.4 Evidentiary Hearings

A Party has the right to present such evidence, to make such objections and arguments, and to conduct such cross-examination as may be necessary to assure the true and full disclosure of the facts. All testimony shall be under oath.

Evidence is admissible if it is of a type commonly relied upon by reasonably prudent persons in the conduct of their affairs, but may be excluded if immaterial or unduly repetitious or prejudicial. The Hearing Panel or Hearing Officer may exclude material from the record only in response to a motion or objection by a Party.

Upon 14 business days' advance notice and subject to the objection by another Party, any Party may call and cross-examine as an adverse witness, any other Party, or any employee or agent thereof or Registered Entity that has been subject to an order to compel.

Upon motion, the Hearing Panel or Hearing Officer may take official notice of and the type of information any of the following:

- 1) Rules, regulations, administrative rulings and orders, and written policies of governmental bodies and Regional Entities, including WECC;

- 2) Municipal and other ordinances;
- 5) Generally recognized scientific or technical facts within the specialized knowledge of WECC;
- 4) Other facts not reasonably subject to dispute; and
- 6) All other matters of which the courts of the United States may take judicial notice.

Any document, and any item officially noticed that exists in document form, shall be introduced into the record in the form of an exhibit.

The Hearing Panel or (prior to issuance of an Initial Decision) the Hearing Officer may allow oral argument, and also may reopen the evidentiary record and hold additional hearings if warranted by any changes in fact or law since the hearing.

1.5.5 The Record

The record shall include the following:

- 1) The filing(s) that initiated the proceeding, responsive documents, and a list of all documents comprising the record;
- 2) Notices, rulings, orders, decisions and other issuances of the Hearing Officer and Hearing Panel;
- 3) All motions, briefs and other filings;
- 4) All prefiled testimony, exhibits, other evidence, information excluded from evidence, transcripts and matters officially noticed;
- 5) All Notices of *ex parte* communications and any notifications of recusal and motions for disqualification of any Adjudicatory Officer and any responses or replies thereto;
- 6) The Hearing Officer's Initial Decision, and exceptions thereto; and
- 7) The Hearing Panel's Final Decision and any Notice of Penalty therewith.

1.5.6 Briefs and Other Post-Hearing Pleadings

At the close of the evidentiary hearing, Parties may file initial briefs, proposed findings of fact and reply briefs. Absent good cause shown, post-hearing pleadings shall not seek to introduce additional evidence into the record after the hearing has ended.

1.6 DECISIONS

1.6.1 Initial Decisions

The Hearing Officer shall issue an Initial Decision that shall include (1) a statement of each finding and conclusion, and the reasons or basis therefore, for all material issues of fact, law or

discretion presented on the record, and (2) appropriate proposed orders to dispose of the proceeding, including any Penalty, sanction, remedial action or Mitigation Plan required. Any proposal for a Penalty shall include a proposed Notice of Penalty. The Initial Decision shall note if the subject of the proceeding has been deemed to involve a Cybersecurity Incident or if any information in the proceeding was deemed to be Critical Energy Infrastructure Information protected pursuant to Paragraph 1.10. The Initial Decision shall normally be issued within thirty days following the submission of post-hearing briefs, or, if waived, following the conclusion of the hearing.

Any Party may file exceptions to the Initial Decision and replies consistent with any deadlines established in the proceeding.

1.6.2 Hearing Panel Final Decision

The Hearing Panel shall issue a Final Decision following the receipt of (1) the Initial Decision, any exceptions and replies thereto, and oral argument, if any, (where a Hearing Officer has been appointed) or (2) the briefs and reply briefs (where no Hearing Officer was appointed). The Hearing Panel shall strive, but shall not be required, to issue its Final Decision within thirty (30) days after the matter is ready for decision.

In cases where a Hearing Officer is appointed, the Final Decision may adopt, modify, amend or reject the initial opinion in its entirety or in part. The Final Decision shall include (1) a statement of each finding and conclusion, and the reasons or basis therefore, for all material issues of fact, law or discretion presented on the record, and (2) appropriate orders to dispose of the proceeding, including any Penalty, sanction, remedial action or Mitigation Plan required. If the Final Decision imposes a Penalty, it shall be entitled Final Order and Notice of Penalty. The Final Order shall note if the subject of the proceeding has been deemed to involve a Cybersecurity Incident or if any information in the proceeding was deemed to be critical energy infrastructure information protected pursuant to Paragraph 1.5.9.

When the Hearing Panel serves the Final Decision, it will inform the Parties of their appeal rights. The Clerk shall transmit the documents identified in Section 1.5.5, which shall constitute the record for purposes of 18 C.F.R. § 39.7(d)(5), to the ERO at the time it serves the ERO with the Final Decision.

1.6.3 Appeal

A Final Decision of the Hearing Panel may be appealed to NERC in accordance with NERC's Rules of Procedure, Section 410. The Clerk shall transmit the record of any docket to NERC that is the subject of an appealed Final Order.

1.6.4 Settlement

Settlement Agreements may be entered into at any time including prior to the issuance of a Notice of Proceeding or during an appeal at the ERO, until a Notice of Confirmed Violation, Notice of Penalty, Notice of Mitigation Plan or Remedial Action Directive, whichever is applicable, is filed with the appropriate regulatory authority. All Settlement Agreements entered into prior to the issuance of a Final Decision shall be subject to approval of the Hearing Panel.

Any rejected Settlement Agreement shall not be admissible into evidence and the proceedings shall continue as if the Settlement Agreement had not been filed.

1.7 PARTIES AND APPEARANCES

1.7.1 Parties

The Parties shall include: the Registered Entity who is subject of the Notice of Alleged Violation, contested Mitigation Plan or contested Remedial Action Directive that is the basis for the proceeding, whichever is applicable; the Staff and any other person allowed or required by FERC to participate as an intervenor in a proceeding conducted pursuant to these Hearing Procedures.

1.7.2 Appearances

Parties shall file written appearances within seven (7) business days after service of the filing initiating the proceeding. A Party's written appearance shall identify the name(s) of each individual authorized to represent the Party in the proceeding exclusive of witnesses. An individual may appear on his or her own behalf. A corporation, association, partnership or governmental body may appear by an attorney or any *bona fide* officer or designee who has the authority to act on behalf of the Party.

A Party's written appearance shall state, with respect to each individual that the Party identifies for service, the individual's name, address, telephone number, and facsimile number and email address, if available, where service shall be made.

A Party may withdraw any individual from the Party's representation or otherwise change the identity of individuals authorized to represent the Party in a proceeding by filing a notice of a change in service list.

Any attorney appearing on behalf of a Party shall be licensed to practice and in good standing before the Supreme Court of the United States or the highest court of any State, territory of the United States or the District of Columbia.

1.7.3 Confidentiality

All participants in any proceeding before the Hearing Panel shall be take all actions necessary to be bound by confidentiality obligations consistent with NERC Rule of Procedure 1504.

1.8 RESPONSIBILITIES OF ADJUDICATORY OFFICERS

1.8.1 Hearing Panel

The Hearing Panel shall be selected from the Compliance Hearing Body, as provided in the WECC Compliance Hearing Body Charter, and the composition of the Hearing Panel shall assure that no two industry segments may control, and no single industry segment may veto, any decision by the Hearing Panel. The Hearing Panel is vested with all necessary the authority to preside over all matters relating to a proceeding, including the following:

1. To establish the scope of the proceeding, including segregation of issues into separate phases of the proceeding and consolidation of related proceedings;
2. Take such action as necessary to assure the confidentiality of the proceeding and documents produced in connection with the proceeding;
3. Establish and modify the schedule for the proceeding, and modify any deadline or required interval;
4. Supervise discovery and rule on any disputes relating thereto;
5. Preside over prehearing conferences, status hearings, oral arguments and evidentiary hearings, including administering oaths and affirmations, ruling on evidentiary matters, requiring the introduction of additional evidence;
6. Issue a Final Decision and rule upon all motions and all other requests for relief;
7. Take other actions necessary and appropriate for the adjudication of the proceeding.

All actions (including all rulings, orders and determinations) of the Hearing Panel shall require a quorum consisting of a majority of the persons assigned to the Hearing Panel, unless waived by the Parties in a particular circumstance, subject in all events to the requirement that no two industry segments may control, and no single industry segment may veto, Hearing Panel actions. All rulings, orders and determinations of the Hearing Panel shall require the vote of a majority of the persons constituting a quorum. Where necessary, one or more persons assigned to the Hearing Panel may participate by teleconference as long as a majority are present in person; provided that all persons assigned to the Hearing Panel may participate by teleconference with respect to a Remedial Action Directive hearing. All rulings, orders and determinations shall be recorded in a written ruling or in a transcript and shall be designed to promote the conduct of a full, fair and impartial proceeding and to effectuate the standards of discretion.

1.8.2 Hearing Officer

WECC may designate one or more Staff members, third-party contractors, or industry stakeholders to serve as Hearing Officers and may thereby preside over any aspect of the proceeding to the same extent as the Hearing Panel, except that the Hearing Officer will issue an Initial Decision and the Final Decision or other order finally disposing of the proceeding or issues within the proceeding must be issued by the Hearing Panel.

1.8.3 Technical Advisor

The Hearing Officer and/or the Hearing Panel may designate one or more Staff members, third-party contractors, or industry stakeholders to serve as Technical Advisors to assist in any proceeding by providing technical advice.

1.8.4 Conflict of Interest

A person shall be disqualified from serving as an Adjudicatory Officer in any proceeding if (1) he or she has been involved in or consulted at any time in regard to any Staff investigation, initial

determination of violation or Penalty, or assessment of a Registered Entity's proposed Mitigation Plan relating to the proceeding or (2) his or her participation would violate WECC's applicable conflict of interest policies. An Adjudicatory Officer shall recuse himself or herself from serving in proceeding if disqualified.

Any Adjudicatory Officer shall disclose to the Service List his or her identity, employment history and professional affiliations within two business days of assignment to the proceeding.

1.8.5 *Ex Parte* Communications

No Adjudicatory Officer assigned to a proceeding may communicate concerning any matter relating to the proceeding, directly or indirectly with any Person who is not an Adjudicatory Officer with respect to a proceeding, except after reasonable notice to all Parties and opportunity to participate.

Any Adjudicatory Officer who makes or receives an *ex parte* communication shall, within seven (7) business days, file and serve on the Parties a description of the date, time, place, substance of and a list of each person making or receiving the *ex parte* communication, and include any written *ex parte* communication.

1.8.6 Motion for Disqualification

Any Party may move to disqualify an Adjudicatory Officer on the basis of conflict of interest, or on the basis of a prohibited *ex parte* communication or other circumstances that could interfere with the impartial performance of his or her duties. The motion shall describe the underlying facts by affidavit and shall be filed within fifteen days after the Party learns of the facts believed to constitute the basis for disqualification or reasonably in advance of any hearing, whichever is earlier. The ruling on a motion to disqualify an Adjudicatory Officer shall be made by the Hearing Panel, provided that the ruling on a motion to disqualify a Hearing Panel member shall be made by the Hearing Panel without participation by the member subject to the motion. Any challenge to a disqualification ruling by a Hearing Officer is waived if no interlocutory appeal has been filed within five business days of the ruling. Any disqualified Adjudicatory Officer shall be replaced as soon as practicable.

1.9 REMEDIAL ACTION DIRECTIVES

1.9.1 Initiation of Remedial Action Directive Hearing

Staff may issue a Remedial Action Directive to a Registered Entity at any time, including during any proceeding related to an alleged violation of a Reliability Standard. Notice of the Remedial Action Directive shall not be effective until actual receipt by the Registered Entity, as provided in Section 7.0 of the Compliance Monitoring and Enforcement Program. WECC will notify NERC within two (2) business days after its Staff issues a Remedial Action Directive.

The Registered Entity may contest the Remedial Action Directive by filing a written notice with the Clerk of the WECC that states that the Registered Entity contests the Remedial Action Directive and that the Registered Entity requests a Remedial Action Directive hearing. The Registered Entity shall attach a copy of the Remedial Action Directive to its written notice. The Registered Entity must provide such notice within two (2) business days following actual receipt

of the Remedial Action Directive. If the Registered Entity does not give written notice to WECC within the required time period, the Registered Entity shall be deemed to have waived its right to contest the Remedial Action Directive.

The Clerk shall assign a docket number, and issue a Notice of Hearing.

1.9.2 Remedial Action Directive Procedure

Proceedings to address Remedial Action Directives shall be conducted only under the expedited hearing process set forth in this Paragraph 1.9.2. All other provisions of the Hearing Procedures shall apply to the Remedial Action Directive hearing unless inconsistent with or inapplicable to the procedures set forth in this paragraph.

The Remedial Action Directive hearing will be conducted according to the following guidelines:

- a) The Hearing Panel or Hearing Officer will hold a prehearing conference within two (2) business days after receipt of the Registered Entity's request for a hearing.
- b) An evidentiary hearing will be conducted on the matter, in person or by teleconference, within seven (7) business days after the prehearing conference. The provisions in Section 1.4 concerning document production shall not apply.
- c) At the evidentiary hearing, Staff and the Registered Entity shall have the opportunity to present oral witness testimony and evidence, which shall be rendered under oath, and to conduct cross-examination.
- d) At the evidentiary hearing, the Parties shall have the opportunity to make opening and closing statements, but shall not file any briefs or draft opinions, and oral argument shall not be held.
- e) The Hearing Panel shall issue a summary written decision within ten (10) business days following the hearing, stating whether the Registered Entity shall (upon receipt of the decision) or shall not be required to comply with the Remedial Action Directive and identifying any modifications to the Remedial Action Directive that it finds appropriate. In the event a Hearing Officer has been appointed, the Initial Decision will be issued within a timeframe that permits review and comment by the Parties and issuance of a summary written decision within the ten-day deadline.
- f) Within thirty (30) days following issuance of its summary written decision, the Hearing Panel shall issue a full written decision. The written decision shall state the conclusions of the Hearing Panel with respect to the Remedial Action Directive, and shall explain the reasons for the Hearing Panel's conclusions.
- g) The Final Decision may be appealed to NERC pursuant to section 1.6.3.

1.10. PROTECTIVE ORDERS

- a) At any time during a proceeding, including in connection with document production under section 1.4, on the Hearing Officer's or the Hearing Panel's own motion or on the motion of any Party, an order may be entered to designate as proprietary and protect the

confidential, proprietary or trade secret nature of any data, information or studies, or any other information the public release of which may cause a security risk or harm to a Party.

- b) The following types of information will be considered entitled to protection through a Protective Order: (i) confidential business and market information, including information that is proprietary, commercially valuable, or competitively sensitive; (ii) critical energy infrastructure information; (iii) information related to a Cybersecurity Incident; (iv) personnel information that identifies or could be used to identify a specific individual, or that reveals personnel, financial, medical or other personal information; (v) audit work papers; or (vi) investigative files that would disclose investigative techniques. Nothing in this Subparagraph shall require Staff to produce any documents it is entitled to withhold under Subparagraph 1.4.1(b)
- c) A Party submitting a motion for a protective order shall specify the proposed expiration date for the proprietary status of the data, information or studies, if any, and shall propose requirements or safeguards to be met for individuals participating in the proceeding to review the protected information.
- d) A document submitted and marked as proprietary, or a statement made at a hearing and identified as proprietary, shall be afforded proprietary treatment pending the timely submission of a motion to protect the confidential, proprietary or trade secret nature of that document or statement and a ruling on such a motion by the Hearing Officer or Hearing Panel.
- e) The protective order shall identify the data, information or studies that will be accorded proprietary treatment; the individuals participating in the proceeding, by category or otherwise, entitled to view the proprietary information; and the requirements, conditions or safeguards that must be met before an individual may view the information. The order shall also specify any required indications of confidentiality, such as colored paper or notation.
- f) A public redacted version of each document and transcript that contains information that is protected pursuant to this Paragraph must be filed with the proprietary version and must be served on each Party for distribution to those individuals participating in the proceeding who are not entitled to view the proprietary information.
- g) Should it be necessary to address proprietary information during a hearing, the Hearing Officer or Hearing Panel shall exclude from the hearing all individuals other than those entitled to access to the proprietary information in accordance with the protective order.

Exhibit E — Funding

1. Scope of activities funded through the ERO funding mechanism

WECC shall include in its annual budget submission to NERC amounts for costs it will incur in performing its delegated functions and related activities as described in Sections 5, 6 and 7 of the Agreement. These activities shall include:

- Reliability Standards Development
- Compliance Monitoring and Enforcement
This category encompasses WECC's Compliance Monitoring and Enforcement Program, including activities under the WECC Reliability Management System
- Organization Registration and Certification
- Reliability Assessment and Performance Analysis (including necessary data gathering activities)
This category includes WECC's Transmission Expansion Planning Program, Loads and Resources Activities, and all necessary supporting activities
- Event Analysis and Reliability Improvement
- Training and Education
This category includes WECC's Training Programs
- Situation Awareness
- Infrastructure Security

2. Preparation of Annual Business Plan and Budget Plan and Budget

(a) NERC and WECC, in conjunction with the other Regional Entities, shall collaboratively develop an annual schedule for the development, submission, review and approval of WECC's business plan and budget. The annual schedule for the preparation of business plans and budgets shall require WECC (i) to submit to NERC draft(s) of WECC's proposed business plan and budget and other preliminary documents and information, and (ii) to submit a final proposed business plan and budget that has been approved by WECC Board of Trustees to NERC by July 1 or such other agreed date as provides sufficient time for NERC's review, approval and submission of WECC's business plan and budget to the Commission 130 days in advance of the beginning of each

fiscal year. The WECC business plan and budget submission shall include supporting materials, including WECC's complete business plan and organization chart, explaining the proposed collection of all assessments, dues, fees and charges, the proposed expenditure of the funds to be collected in sufficient detail to justify the requested budgeted expenditures and assessments. WECC's business plan and budget and proposed assessments shall provide for reasonable reserve mechanisms for unforeseen and extraordinary expenses and other contingencies, consistent with generally accepted accounting principles.

(b) NERC shall review and approve WECC's proposed business plan and budget and proposed assessments for performing the delegated functions and related activities described in Sections 5, 6 and 7 of this Agreement and listed above in Section 1 of this **Exhibit E**, or shall direct WECC to make such revisions as NERC deems appropriate prior to approval. NERC shall submit WECC's approved business plan and budget and proposed assessments to the Commission for approval as part of NERC's overall business plan and budget submission, in accordance with the ERO Regulations.

3. Allocation of Costs

Assessments to fund the costs of WECC's delegated functions and related activities pursuant to the Agreement shall be allocated among all load-serving entities on the basis of Net Energy for Load, unless a different method(s) of allocating and calculating such assessments has been submitted to and approved by NERC and the Commission in accordance with Section 9(b) of the Agreement. WECC shall submit to NERC annually at the same time it submits its budget request a list of the load-serving entities or designees within its geographic boundaries that shall be responsible for paying WECC's assessment and the load-serving entities' proportionate Net Energy for Load, and such other data and information as is necessary to allocate and calculate the allocation of the assessment to the load-serving entities or designees under the method(s) of allocation and calculation that will be used.

Entities on the list of LSEs or Balancing Authorities will be responsible for collection and/or payment of charges through the mechanism described in either Option 1 or 2

below. Each Balancing Authority will inform WECC by June 1st of each year of its choice of Option 1 or 2, and will give WECC at least 90 days notice of its intention to change from one option to the other.

a. OPTION 1 -- The Balancing Authority will provide WECC a list of all LSEs located within its area, including each LSE's name, contact information, and Net Energy for Load. This information will be updated annually and provided to WECC no later than June 1st of each year. WECC will use this list to bill each LSE for all costs on an annual basis.

b. OPTION 2 -- WECC will bill the Balancing Authority for all costs on an annual basis. The Balancing Authority will be responsible for equitably allocating WECC costs among the LSEs in its area (if applicable) on the basis of Net Energy for Load, collecting the funds, and ensuring that WECC receives full payment on an annual basis.

4. Collection of Funding

(a) NERC and WECC agree that WECC shall act as the billing and collection agent on behalf of NERC to bill and collect the NERC, WECC, and WIRAB assessments from load-serving entities and designees (or such other entities as agreed by NERC and WECC). WECC agrees that it shall (i) issue all invoices to each LSE or Balancing Authority (depending on the Balancing Authority's choice of Option 1 or 2 above) in a prompt and timely manner after receipt from NERC of the information needed to issue invoices, but no later than November 15th each year; (ii) exercise commercially reasonable efforts to collect invoices that are not paid as of the due date(s); and (iii) transfer all funds collected to NERC in a timely manner, as follows: Once per week until all billings are collected, WECC will electronically transfer to NERC, in immediately available funds, all payments received by WECC from load-serving entities or other entities for the payment of the NERC, WECC, and WIRAB assessments billed on the annual invoices. In the event that (1) WECC includes Reliability Coordination Company ("RCCo") assessments (or assessments of a differently named company performing the same functions) on the annual invoices; (2) a payment received is less than the total amount billed for the NERC, WECC, WIRAB, and RCCo assessments; and (3) WECC does not know and, after due inquiry with the entity submitting the underpayment and consultation with NERC, is unable to determine which invoiced item accounts for the

shortfall, WECC shall be permitted to prorate the shortfall among all assessments received from that entity. On the same day that WECC makes each electronic transfer of funds to NERC, WECC shall send an e-mail to the Chief Financial Officer or Controller of NERC detailing the collections being transmitted, including a listing of the load-serving entities or other entities from which payments were collected and the amount collected from each entity and the breakdown of the total payments collected among NERC statutory funding, WECC statutory funding, and WIRAB statutory funding.

WECC agrees that it shall not in any way use its position as billing and collection agent for NERC to attempt to influence NERC's policies or decisions on matters relating to adoption of Reliability Standards (including Regional Reliability Standards and Regional Variances), administration of the Compliance Monitoring and Enforcement program and other compliance and enforcement matters, determination and imposition of penalties and sanctions, budgeting matters including review and approval of WECC's budgets and business plans, or any other NERC decisions, including by issuing invoices, engaging in collection activities or transferring funds collected to NERC in an untimely manner or other than in accordance with this Agreement. To the extent WECC uses another entity as collection agent, it will incorporate these safeguards in the arrangements with the collection agent.

Within three (3) business days following receipt of an electronic transfer of collected assessments from WECC in accordance with Section 4(a) of this Exhibit E, NERC will electronically transfer (i) to WECC, in immediately available funds, the portion of the payment received from WECC constituting WECC statutory funding, and (ii) to WIRAB, in immediately available funds, the portion of the payment received from WECC constituting WIRAB statutory funding.

(b) NERC shall pursue any non-payments of assessment amounts constituting NERC, WECC, and WIRAB statutory funding and shall request assistance from ERO Governmental Authorities as necessary to secure collection. To the extent reasonably practicable, WECC shall assist NERC in pursuing and collecting any non-payments. Notwithstanding the foregoing, WECC is not responsible and does not assume any

liability for recovering non-payments or underpayments of assessment amounts. NERC shall retain sole responsibility for recovering non-payments or underpayments of assessment amounts constituting NERC, WECC, and WIRAB statutory funding. NERC shall add the amount of any non-payments by end-users or designees within WECC's region, that are reasonably determined to be uncollectible, to NERC's assessments for a subsequent year with the amount of such non-payments to be allocated to end-users within WECC's region.

5. Application of Penalties

Except as otherwise approved by the Commission, all penalty monies received by WECC, other than penalty monies received from an operational function or division or affiliated entity of WECC, shall be applied as a general offset to WECC's budget requirements for U.S.-related activities under this Agreement for a subsequent fiscal year. Funds from financial penalties shall not be directly applied to any program maintained by the investigating entity. Except as otherwise approved by the Commission, any penalty monies received by NERC from an operational function or division or affiliated entity of WECC shall be transmitted to or retained by NERC and shall be used by NERC as a general offset to NERC's budget for its activities as the ERO under the Act for the following year.

6. Budget and Funding for WECC's Non-Statutory Activities

In addition to its delegated functions and related activities, as specified in Sections 5, 6 and 7 of the Agreement and in Section 1 of this **Exhibit E** (such delegated functions and activities referred to in this Section 6 as "statutory activities"), WECC performs the following other functions and activities (such other functions and activities being referred to in this Section 6 as "non-statutory activities"): Western Renewable Generation Information System ("WREGIS").

WECC shall employ the following methods and procedures to (i) keep its funding mechanisms for its statutory activities separate from its funding mechanisms for its non-statutory activities, and (ii) record the costs it incurs in the performance of its non-statutory functions separately from the costs it incurs in the performance of its statutory

functions: WECC utilizes a fund accounting system with capabilities to segregate receipts and expenses based on function or activity. WECC has segregated non-statutory activities by assigning a separate fund code to those receipts and expenses. All expenditures or receipts that are entered into WECC's accounting system must include a fund code identifying whether the transaction is related to statutory or non-statutory activities. General and administrative costs are allocated to non-statutory activities based on an FTE ratio that is consistent with NERC's accounting methodology for allocation of overhead to statutory activities. For these reasons, time records are not necessary for WECC to properly allocate costs between statutory and non-statutory activities.

WECC shall provide its budget for such non-statutory activities to NERC at the same time that WECC submits its proposed annual business plan and budget for statutory activities to NERC pursuant to Section 9 of the Agreement. WECC's budget for non-statutory activities that is provided to NERC shall contain a detailed list of WECC's non-statutory activities and a description of the funding sources for the non-statutory activities. WECC agrees that no costs (which shall include a reasonable allocation of WECC's general and administrative costs) of non-statutory activities are to be included in the calculation of WECC's assessments, dues, fees, and other charges for its statutory activities.

7. Amended or Supplemental Business Plans and Budgets

During the course of the fiscal year, if WECC determines it does not or will not have sufficient funds to carry out its delegated functions and related activities, WECC shall submit to NERC one or more proposed amended or supplemental business plans and budgets and requests for approval of supplemental assessments, reflecting costs, cost increases or funding shortfalls not provided for in WECC's approved business plan and budget for the fiscal year. NERC shall review and approve the proposed amended or supplemental business plan and budget and proposed supplemental assessment, or shall direct WECC to make such revisions as NERC deems appropriate prior to approval. NERC shall submit WECC's approved amended or supplemental business plan and budget and proposed supplemental assessment to the Commission for approval.

8. NERC Review of Regional Entity Financial Records

Upon a request made to WECC with reasonable notice, NERC shall have access to and may review all financial records of WECC, including records used to prepare WECC's financial statements. NERC shall conduct reviews of the quarterly and annual financial statements submitted by WECC pursuant to Section 9(h) and (i) of the Agreement. WECC shall provide supporting documentation for the quarterly and annual audited financial statements as reasonably requested by NERC.

ATTACHMENT 2

**AMENDED AND RESTATED DELEGATION AGREEMENT BETWEEN
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION
AND
WESTERN ELECTRICITY COORDINATING COUNCIL**

REDLINED VERSION

**AMENDED AND RESTATED DELEGATION AGREEMENT BETWEEN
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION
AND WESTERN ELECTRICITY COORDINATING COUNCIL**

AMENDED AND RESTATED DELEGATION AGREEMENT (“Agreement”) made as of January 1, 2011, between the North American Electric Reliability Corporation (“NERC”), an organization certified by the Federal Energy Regulatory Commission (“Commission”) pursuant to Section 215(c) of the Federal Power Act to establish and enforce Reliability Standards for the Bulk-Power System, and the Western Electricity Coordinating Council (“WECC”), an organization established to develop and enforce Reliability Standards within the geographic boundaries identified on **Exhibit A** to this Agreement, and for other purposes. NERC and WECC may be individually referred to herein as “Party” or collectively as “Parties.”

WITNESSETH

WHEREAS, Subtitle A of the Electricity Modernization Act of 2005 added Section 215 to the Federal Power Act (16 U.S.C. § 824n) (hereafter “the Act”), which, among other things, provides for the establishment of an electric reliability organization (“ERO”) to develop and enforce Reliability Standards applicable to all owners, operators, and users of the Bulk-Power System;

WHEREAS, the Commission has adopted regulations for the implementation of the Act, which are set forth at Chapter I, Title 18, Code of Federal Regulations, Part 39 (the “ERO Regulations”);

WHEREAS, the Commission has certified NERC as the ERO that will, in accordance with the Act, establish and enforce Reliability Standards for the Bulk-Power System, subject to certain delegation provisions described below;

WHEREAS, the Act recognizes the international interdependency of electric reliability within North America and envisions the ERO and such applicable Regional Entities as international organizations;

WHEREAS, the Act and Section 39.8 of the ERO Regulations provide for the delegation by the ERO of authority to propose and enforce Reliability Standards to regional entities (“Regional Entities”) such as WECC provided that:

(A) The Regional Entity is governed by —

- (i) an independent board;
- (ii) a balanced stakeholder board; or
- (iii) a combination independent and balanced stakeholder board.

(B) The Regional Entity otherwise satisfies the provisions of Section 215(c)(1) and (2) of the Act; and

(C) The agreement promotes effective and efficient administration of Bulk-Power System reliability;

WHEREAS, certain Regional Entities are organized on an Interconnection-wide basis and are therefore entitled to the presumption set forth in the Act that: “[t]he ERO and the Commission shall rebuttably presume that a proposal for delegation to a Regional Entity organized on an Interconnection-wide basis promotes effective and efficient administration of bulk power system reliability and should be approved”;

WHEREAS, the Act further provides that the ERO shall rebuttably presume that a proposal from a Regional Entity organized on an Interconnection-wide basis for a Reliability Standard or modification to a Reliability Standard to be applicable on an Interconnection-wide basis is just, reasonable, and not unduly discriminatory or preferential, and in the public interest;

WHEREAS, WECC is organized on an Interconnection-wide basis and therefore is entitled to the rebuttable presumptions accorded such an entity;

WHEREAS, NERC will work through WECC to carry out certain of its activities in furtherance of its responsibilities as the ERO under the Act;

WHEREAS, NERC has concluded that WECC meets all requirements of the Act, the ERO Regulations, and the NERC Rules of Procedure as approved by the Commission (“NERC Rules of Procedure”) necessary to qualify for delegation; and

WHEREAS, NERC and WECC, having operated under a predecessor agreement to this Agreement, have negotiated this amended and restated Agreement so as to incorporate the benefits of their mutual experience and lessons learned while operating under the predecessor agreement and thereby provide for the more efficient and effective execution of their respective responsibilities in a transparent manner that is pursuant to Section 215 of the Act and the ERO Regulations;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, NERC and WECC agree as follows:

1. Definitions. The capitalized terms used in this Agreement shall be defined as set forth in the Act, the ERO Regulations, the NERC Rules of Procedure, or the NERC Glossary of Terms Used in Reliability Standards, or, if not so defined, shall be defined as set forth in this Section 1 or elsewhere in the text of this Agreement:

(a) Breach means (i) the failure of a Party to perform or observe any material term, condition or covenant of the Agreement or (ii) a representation in Section 2 of the Agreement shall have become materially untrue.

(b) Cross-Border Regional Entity means a Regional Entity that encompasses a part of the United States and a part of Canada or Mexico.

(c) Delegated Authority means the authority delegated by NERC to WECC to propose and enforce Reliability Standards pursuant to the Act and to undertake related activities set forth in this Agreement in furtherance of these delegated functions in accordance with the Act, the ERO Regulations and this Agreement.

2. Representations.

(a) For purposes of its Delegated Authority, WECC hereby represents and warrants to NERC that:

(i) WECC is and shall remain during the term of this Agreement validly existing and in good standing pursuant to all applicable laws relevant to this Agreement and that no applicable law, contract or other legal obligation prevents it from executing this Agreement and fulfilling its obligations hereunder. WECC is governed in accordance with its bylaws by an ~~combination~~-independent ~~and balanced stakeholder~~ board. Pursuant to these bylaws, no two industry sectors can control any WECC decision and no single industry sector can veto any WECC decision. The relevant portions of such bylaws are attached hereto in **Exhibit B**¹, and as so attached are in full force and effect. No other such corporate governance documents are binding upon WECC.

(ii) As set forth in **Exhibit C** hereto², WECC has developed a standards development procedure, which provides the process that WECC may use to develop Regional Reliability Standards and Regional Variances that are proposed to NERC for adoption.

(iii) As set forth in **Exhibit D** hereto, WECC has adopted the NERC Compliance Monitoring and Enforcement Program, Appendix 4C to the NERC Rules of Procedure, which provides for the enforcement of Reliability Standards within WECC's geographic boundaries as shown on **Exhibit A**.

(b) NERC hereby represents and warrants to WECC that:

(i) NERC is and shall remain during the term of this Agreement validly existing and in good standing pursuant to all applicable laws relevant to this Agreement and that no applicable law, contract or other legal obligation prevents it from executing this Agreement and fulfilling its obligations hereunder; and

¹ The **Exhibit B** from WECC shall meet the requirements contained in **Exhibit B** to this Agreement.

² The **Exhibit C** from WECC shall meet the requirements contained in **Exhibit C** to this Agreement.

(ii) NERC has been certified as the ERO by the Commission pursuant to the Act.

3. Covenants.

(a) During the term of this Agreement, WECC shall maintain and preserve its qualifications for delegation pursuant to the Act and shall not amend its Regional Entity Rules without NERC's approval, which shall not be unreasonably withheld or delayed and which shall, in the case of a Regional Entity organized on an Interconnection-wide basis, be governed by the presumptions provided for in Section 215(d)(2) and (e)(4)(C) of the Act, and be subject to any required Commission approval.

(b) During the term of this Agreement, NERC shall maintain its qualification and status as the ERO pursuant to the Act and, subject to the provisions of Sections 17 and 18 of this Agreement, NERC shall not adopt amendments to the NERC Rules of Procedure that conflict with the rights, obligations or programs of WECC under this Agreement without first obtaining the consent of WECC, which consent shall not be unreasonably withheld or delayed.

(c) During the term of this Agreement, NERC and WECC shall adhere to and require that all participants in their respective activities under this Agreement follow and comply with the NERC Antitrust Compliance Guidelines.

4. Delegation of Authority.

(a) Based upon the representations, warranties and covenants of WECC in Sections 2 and 3 above, the corporate governance documents set forth in **Exhibit B**, the standards development process set forth in **Exhibit C**, and the compliance monitoring and enforcement program set forth in **Exhibit D**, NERC hereby delegates authority, pursuant to Section 215(e)(4) of the Act, to WECC for the purpose of proposing Reliability Standards to NERC, as set forth in Section 5 of this Agreement, and enforcing Reliability Standards, as set forth in Section 6 of this Agreement, within the geographic boundaries and such other scope set forth on **Exhibit A**, *provided*, that WECC shall not monitor and enforce compliance with Reliability Standards for WECC or an affiliated entity with respect to reliability functions for which WECC or an affiliate is a Registered Entity. For avoidance of doubt, the Reliability

Coordination Company (or its successor) is not an affiliated entity of WECC for purposes of this Section 4(a). Any exclusions from this delegation of authority to WECC within, or

additions to this delegation of authority to WECC beyond, the geographic boundaries set forth on **Exhibit A** are stated on **Exhibit A**.

(b) In circumstances where WECC or an affiliated entity is a Registered Entity, WECC shall enter into an agreement with another Regional Entity or NERC for the other Regional Entity or NERC to monitor and enforce WECC's or affiliate's compliance with Reliability Standards. Such agreements are subject to NERC and Commission approval.

(c) Nothing in this Agreement shall prohibit WECC from entering into an arrangement between one or more other Regional Entities to perform compliance monitoring and enforcement activities outside of its region, on behalf of NERC and/or other Regional Entities, for Registered Entities that have registered functions monitored by more than one Regional Entity, subject to approval by NERC.

(d) For Cross-Border Regional Entities, the authority delegated by this Agreement shall extend only to the portion of the region identified on **Exhibit A** that is within the United States. Any delegation of authority by ERO Governmental Authorities in Canada or Mexico shall be governed by a separate agreement and is outside the scope of this Agreement; provided, however, that both WECC and NERC shall endeavor to ensure that this Agreement and such separate agreements are compatible.

(e) As a condition to this delegation of authority and subject to the provisions of Section 17 of this Agreement, WECC shall comply with the applicable provisions of NERC's Certificate of Incorporation, Bylaws, Rules of Procedure, and Reliability Standards, as from time to time adopted, approved, or amended.

5. Development and Proposal of Reliability Standards.

(a) In connection with its Delegated Authority, WECC shall be entitled to:

(i) propose Reliability Standards, Regional Variances, or modifications thereof to NERC, which shall be considered by NERC through an open and inclusive process for proposing and adopting Reliability Standards that affords WECC reasonable notice and opportunity to be heard; and

(ii) develop Regional Reliability Standards and Regional Variances through WECC's process as set forth in **Exhibit C**. Proposals approved through WECC's process shall be reviewed by the NERC Board after NERC provides notice and an opportunity for interested persons to comment. In the case of a proposal from a Regional Entity organized on an Interconnection-wide basis, comments shall be limited to the factors identified in NERC Rule of Procedure 312.3 as it may be amended from time to time. The NERC Board shall promptly thereafter consider such proposed Regional Reliability Standard or Regional Variance, applying the rebuttable presumption described in subsection 5(b) of this Agreement if the proposed Regional Reliability Standard or Regional Variance is from a Regional Entity organized on an Interconnection-wide basis, and either approve the proposed Regional Reliability Standard or Regional Variance and submit it to the Commission for approval, or disapprove it in writing setting forth its reasons. WECC may appeal any disapproval of a proposed Regional Reliability Standard or Regional Variance to the Commission.

(b) Pursuant to Section 215(d)(3) of the Act, NERC shall rebuttably presume that a proposal from a Regional Entity organized on an Interconnection-wide basis for a Regional Reliability Standard or Regional Variance or modification thereof to be applicable on an Interconnection-wide basis is just, reasonable, and not unduly discriminatory or preferential, and in the public interest. Any person challenging such proposal from the Regional Entity organized on an Interconnection-wide basis shall have the burden of proof. NERC shall not find that this presumption has been rebutted except based upon substantial evidence that has been disclosed to, and been subject to comment by, the Interconnection-wide Regional Entity during NERC's review of the proposal.

6. Enforcement of Compliance with Reliability Standards.

(a) In connection with its delegated authority pursuant to this Agreement, WECC shall enforce Reliability Standards (including Regional Reliability Standards and Regional Variances) within the geographic boundaries set forth, or as otherwise specified, in **Exhibit A** through the compliance monitoring and enforcement program set forth in **Exhibit D**. NERC and WECC agree that this compliance monitoring and enforcement program meets all applicable requirements of the Act, Order No. 672 of the Commission, and the ERO

Regulations, including, *inter alia*, the requirement for an audit program pursuant to Section 39.7(a) of the ERO Regulations, the assessment of penalties pursuant to Section 39.7(c) through 39.7(g) of the ERO Regulations and the requirements for due process. WECC may not change its compliance monitoring and enforcement program set forth in **Exhibit D** absent NERC's approval, which shall not be unreasonably withheld or delayed, and the approval of the Commission. Subject to the rights and limitations specified in Sections 17 and 18 of this Agreement, WECC agrees to comply with the NERC Rules of Procedure, with any directives issued pursuant to Section 8(c) of this Agreement, and with any guidance and directions issued by the NERC Board or a Board committee pursuant to Section 8(d) of this Agreement, in implementing this program.

(b) WECC shall report promptly to NERC any Possible Violation, Alleged Violation, or Confirmed Violation of a Reliability Standard, and its eventual disposition by WECC. Such report shall include the owner's, operator's, or user's name, which Reliability Standard or Reliability Standards were the subject of the Possible Violation, Alleged Violation, or Confirmed Violation, when the Possible Violation, Alleged Violation, or Confirmed Violation occurred, other pertinent facts including circumstances surrounding the Possible Violation, Alleged Violation, or Confirmed Violation with any known risk to the Bulk-Power System, when the Possible Violation, Alleged Violation, or Confirmed Violation was or will be mitigated, the name of a person knowledgeable about the Possible Violation, Alleged Violation, or Confirmed Violation to serve as a point of contact with the Commission, and any other information required by NERC compliance program procedures. NERC shall promptly forward such report to the Commission. NERC and WECC shall cooperate in filing such periodic summary reports as the Commission shall from time to time direct on Possible Violations, Alleged Violations, and Confirmed Violations of Reliability Standards and summary analyses of such Possible Violations, Alleged Violations, and Confirmed Violations.

(c) Each Possible Violation, Alleged Violation, or Confirmed Violation shall be treated as nonpublic unless the matter is filed with the Commission as a Notice of Penalty, or, if disclosure is required, dismissed. The disposition of each Possible Violation, Alleged Violation, or Confirmed Violation that relates to a Cybersecurity Incident or that would

jeopardize the security of the Bulk-Power System if publicly disclosed shall remain nonpublic unless the Commission directs otherwise.

(d) All dispositions by WECC of Possible Violations, Alleged Violations, and Confirmed Violations of Reliability Standards shall be reported to NERC for review and, in the case of Confirmed Violations, penalties or sanctions, and settlements, for approval. Following approval of a disposition by NERC, NERC shall file the disposition with the Commission, if required by, and in accordance with, Section 215(e) of the Act and Section 39.7 of the ERO Regulations. NERC shall review WECC's dispositions based on the following criteria:

(i) whether the disposition is supported by a sufficient record compiled by WECC in accordance with the NERC Rules of Procedure, NERC directives and Commission requirements, taking into account the nature of the Possible Violation, Alleged Violation, or Confirmed Violation,

(ii) whether the disposition is consistent with any applicable directives issued pursuant to Section 8(c) of this Agreement, any applicable directions or guidance issued by the NERC Board or a Board committee pursuant to Section 8(d) of this Agreement, or other applicable NERC guidance, concerning the Reliability Standards to which the Possible Violation, Alleged Violation, or Confirmed Violation relates,

(iii) if the disposition is a Confirmed Violation or settlement, whether it provides for a penalty or sanction, or a determination of no penalty or sanction, determined in accordance with the NERC Sanction Guidelines, Appendix 4B to the NERC Rules of Procedure, and

(iv) whether the disposition is reasonably consistent with other dispositions by WECC and by other Regional Entities of Possible Violations, Alleged Violations, and Confirmed Violations involving the same or similar facts and circumstances.

NERC may reject any disposition, with an explanation of why NERC believes the disposition does not meet the above criteria. WECC may submit a disposition requiring NERC approval that has been rejected by NERC, or a revised disposition following a rejection, directly to the NERC Board Compliance Committee for approval without revising the disposition to address all the grounds on which NERC originally rejected the disposition. The final approval of

WECC's disposition of a Possible Violation, Alleged Violation, or Confirmed Violation shall be made by the NERC Board Compliance Committee, provided, that the NERC Board or NERC Board Compliance Committee may, by appropriate resolution, delegate authority for final approval of dispositions of specified categories of Possible Violations, Alleged Violations, or Confirmed Violations to the NERC President.

(e) All appeals of penalties imposed by WECC as a result of a decision by WECC's Hearing Body shall be filed with, heard by and disposed of by, NERC in accordance with the NERC Rules of Procedure.

(f) WECC shall maintain the capability to conduct investigations of Possible Violations and Alleged Violations of Reliability Standards and to conduct such investigations in a confidential manner.

(g) WECC shall maintain a program of proactive monitoring and enforcement of compliance with Reliability Standards, in accordance with the NERC Compliance Monitoring and Enforcement Program and the annual NERC Compliance Monitoring and Enforcement Program Implementation Plan.

(h) As part of its compliance monitoring and enforcement program, WECC shall maintain a conflict of interest policy that assures the integrity and independence of such program, including the integrity and independence of the persons or decision-making bodies making final determinations in compliance enforcement actions under Section 5.0 of the NERC Compliance Monitoring and Enforcement Program. WECC may have stakeholders lead or participate in its board compliance committee so long as integrity and independence are assured through reasonable and appropriate recusal procedures.

(i) As often as NERC deems necessary, but no less than every five years, NERC shall review WECC's compliance monitoring and enforcement program to determine that: (i) the program meets all applicable legal requirements; (ii) actual practices reflect the requirements; and (iii) the program administered pursuant to the Delegated Authority promotes consistent interpretations across North America of Reliability Standards and comparable levels of sanctions and penalties for violations of Reliability Standards constituting comparable levels of threat to reliability of the Bulk-Power System.

7. Delegation-Related Activities.

NERC will engage WECC on its behalf to carry out certain of its activities that are in furtherance of Bulk-Power System reliability and NERC's responsibilities as the ERO under the Act or in support of the Delegated Authority, as specified in the NERC Rules of Procedure and listed on **Exhibit E**. These delegation-related activities shall include, but are not limited to, those described in subsections (a) through (f), each of which shall be considered a statutory activity:

(a) Certification of Bulk-Power System Entities. The NERC Board shall set criteria for certification in accordance with the NERC Rules of Procedure. WECC shall issue certifications in accordance with the NERC Rules of Procedure.

(b) Registration of owners, operators, and users of the Bulk-Power System as responsible for compliance with requirements of Reliability Standards.

(i) The NERC Board shall develop criteria for registration of owners, operators, and users of the Bulk-Power System as Registered Entities and shall apply the registration criteria to register owners, operators and users of the Bulk-Power System as Registered Entities.

(ii) NERC shall maintain a registration database of Registered Entities, based on data and information provided by WECC and other Regional Entities. WECC shall provide timely and accurate information relating to registrations to NERC, on at least a monthly basis, to enable NERC to maintain a registration database that is accurate and up-to-date.

(iii) The NERC Board Compliance Committee shall hear and decide appeals from owners, operators and users of the Bulk-Power System contesting registration, in accordance with the NERC Rules of Procedure. If the NERC Board Compliance Committee upholds the decision to register an owner, operator, or user, NERC shall defend the decision in any subsequent appeal of the decision by the Registered Entity to the Commission.

(c) Reliability Assessment and Performance Analysis. WECC shall develop assessments of the reliability of the Bulk-Power System, or ensure that data and information are collected, analyzed and provided to NERC in support of the development of reliability assessments, in accordance with the NERC Rules of Procedure. WECC shall also develop and maintain, and collect data in support of the development and maintenance of, reliability performance metrics and assessments of risks to the Reliable Operation of the Bulk-Power System, in accordance with the NERC Rules of Procedure and NERC directives. NERC shall

develop data-gathering quality control procedures, forms and reporting mechanisms, which shall be used by WECC and other Regional Entities in carrying out their responsibilities under this subsection (c).

(d) Event Analysis and Reliability Improvement. WECC shall conduct event analysis pursuant to the NERC Rules of Procedure and applicable governmental regulations. NERC and WECC shall coordinate event analysis to support the effective and efficient use of their collective resources, consistency in event analysis, and timely delivery of event analysis reports. In collaboration with NERC, WECC shall disseminate to the electric industry lessons learned and other information obtained or resulting from event analysis.

(e) Training and Education. WECC may provide training and education to Registered Entities, as it deems necessary, in support of its performance of delegated functions and related activities under this Agreement. NERC may also provide training and education programs to Registered Entities on topics relating to NERC's responsibilities as the ERO.

(f) Situation Awareness and Infrastructure Security.

(i) WECC shall gather and assess situation awareness information provided by Registered Entities pursuant to the NERC Rules of Procedure and applicable governmental regulations, and shall provide other data, information and assistance to NERC in support of NERC's activities in monitoring present conditions, and responding to events, on the Bulk-Power System

(ii) WECC shall collaborate with NERC in its efforts to coordinate electric industry activities to promote critical infrastructure protection of the Bulk-Power System in North America.

8. Oversight of Performance of Delegated Functions and Related Activities.

This Section 8 sets forth processes and procedures which the Parties intend shall be used in NERC's oversight of WECC's performance of its Delegated Authority and related activities pursuant to this Agreement. It is the intent of NERC and WECC that matters relating to NERC's oversight of WECC's performance of its Delegated Authority and related activities shall be established or resolved by collaboration between NERC and WECC and, where applicable, other Regional Entities, to the maximum extent possible, consistent with the construct that NERC and the Regional Entities are operating together in a collaborative manner

to carry out the responsibilities of the ERO under Section 215 of the Act and the ERO Regulations.

(a) (i) NERC shall develop, in collaboration with WECC and other Regional Entities, performance goals, measures and other parameters (including, without limiting the scope of such goals, measures and parameters, financial performance goals, measures and parameters), and performance reports, which shall be used to measure NERC's and WECC's performance of their respective functions and related activities. The performance goals, measures and parameters and the form of performance reports shall be approved by the NERC President and shall be made public. WECC shall provide data, information and reports to NERC, in accordance with established schedules, to enable NERC to calculate WECC's performance to the agreed-upon goals, measures and parameters.

(ii) NERC shall use the performance goals, measures and parameters and performance reports to evaluate WECC's performance of its delegated functions and related activities and to provide advice and direction to WECC on performance improvements. The performance goals, measures and other parameters and the values of such goals, measures and parameters, shall be reviewed by NERC, WECC and the other Regional Entities, revised if appropriate, and made public, on the same timeline as the annual business planning and budgeting process described in Section 9 of this Agreement.

(iii) At the request of the President of NERC, WECC shall be required to develop, submit for NERC approval, and implement action plans to address areas of its performance that are reasonably determined by NERC, based on analysis of WECC's performance against the performance goals, measures and parameters, or performance of specific activities, to be unsatisfactory, *provided*, that prior to requiring WECC to adopt and implement an action plan or other remedial action, NERC shall issue a notice to WECC of the need and basis for an action plan or other remedial action and provide an opportunity for WECC to submit a written response contesting NERC's evaluation of WECC's performance and the need for an action plan. WECC may request that the President of NERC reconsider the request, and thereafter may request that the NERC Board review and reconsider the request. NERC and WECC shall work collaboratively as needed in the development and implementation of WECC's action plan. A final action plan submitted by WECC to NERC shall be made public

unless the President of NERC makes a written determination that the action plan or specific portions of the plan should be maintained as non-public.

(b) NERC shall make available to WECC standardized training and education programs, which shall be designed taking into account input from WECC and other Regional Entities, for WECC personnel on topics relating to the delegated functions and related activities.

(c) (i) NERC may issue directives to WECC concerning the manner in which WECC shall perform its delegated functions and related activities under this Agreement. The NERC Rules of Procedure, or any other ERO Rule requiring approval of the Commission, shall not be considered “directives.” NERC shall initiate the development of a directive through a collaborative process with WECC and, if applicable, other Regional Entities to which the directive will apply. Any directive developed through the collaborative process shall be approved by, and issued under the signature of, the NERC President.

(ii) If after a period of time that is reasonable under the circumstances, NERC and WECC and, if applicable, other Regional Entities are unable to reach agreement on the contents of the directive, NERC may issue the directive with the approval of and under the signature of the NERC President; *provided*, that before the NERC President issues a directive pursuant to this paragraph (ii), WECC and, if applicable, other Regional Entities, shall be given a reasonable opportunity to present their positions on, and a suggested alternative version or versions of, the proposed directive to the NERC President.

(iii) Upon issuance of a directive by the NERC President, it shall be binding upon, and shall be complied with by, WECC, subject to reasonable time periods for adoption, implementation, and funding of any necessary resources. Upon request by WECC, the NERC Board (or a committee of the Board to which the Board delegates appropriate authority) shall review and shall confirm, revise or revoke any directive that was issued by the NERC President without WECC’s agreement, *provided*, that WECC shall request such review within thirty (30) days following issuance of the directive by the NERC President unless good cause can be shown for a later request.

(iv) NERC and WECC and, if applicable, other Regional Entities, shall collaborate in deciding whether a directive (whether issued pursuant to paragraph (ii) or paragraph (iii)) shall be made public. If no agreement is reached by the date of issuance as to

whether the directive shall be made public, the NERC President shall decide whether the directive will be made public, *provided*, that is the intent of the Parties that the NERC President shall apply a presumption that directives should be made public, unless the NERC President makes a written determination stating a specific reason for maintaining a particular directive as non-public.

(d) In addition to the issuance of directives pursuant to subsection (c), the NERC Board (or a Board committee to which the Board has delegated authority) may issue guidance or directions as to the manner in which WECC, and, if applicable, other Regional Entities, shall perform delegated functions and related activities. The Board or Board committee shall also establish reasonable time periods for the implementation of any such guidance or directions, taking into account the impact on the reliability of the Bulk-Power System and the need for funding of additional resources. Any such guidance or directions shall be stated in writing and shall be public, unless the Board or Board committee makes a written determination stating a specific reason for maintaining particular guidance or directions as non-public. WECC, either individually or in conjunction with other Regional Entities, may request that the NERC Board or Board committee reconsider or revise the guidance or direction.

(e) NERC shall conduct collaborative reviews with WECC, either individually or in conjunction with one or more other Regional Entities, that provide for the exchange of information on practices, experiences, and lessons learned in the implementation of the delegated functions.

(f) Any audits of WECC performed by NERC shall be limited to an examination of WECC's compliance with this Agreement, NERC's Rules of Procedure, the Compliance Monitoring and Enforcement Program, Commission requirements, and directives that are in effect pursuant to Section 8(c).

(g) The Commission and Commission staff shall have full access to action plans and remedial actions, directives, and directions and guidance issued pursuant to subsections (a)(iii), (c)(iv) and (d), respectively, that are maintained as non-public.

9. Funding. WECC and NERC shall ensure, subject to Commission approval in accordance with the ERO Regulations, that the delegated functions and related activities

described in Sections 5, 6 and 7 and listed on **Exhibit E** have reasonable and adequate funding and resources by undertaking the following:

(a) WECC shall develop, through a collaborative process with NERC, and propose, an annual business plan and budget, in accordance with ERO Regulations, Commission orders and NERC business planning and budgeting policies and instructions. WECC's proposed business plan and budget shall describe the activities necessary for, and provide a budget with adequate resources for, WECC to carry out its Delegated Authority under this Agreement, including the functions and activities described in Sections 5, 6 and 7 and listed on **Exhibit E**. WECC's business plan and budget shall show the funding sources and amounts to fund the proposed budget, including as applicable assessments to end users, penalty monies, and other sources of funds.

(b) WECC and NERC agree that the portion of WECC's approved budget for the functions and activities described in Sections 5, 6 and 7 and listed on **Exhibit E** that is to be funded by assessments, will be equitably allocated among end users within the geographic boundaries described in **Exhibit A** and recovered through a formula based on Net Energy for Load, or through such other formula as is proposed by WECC and approved by NERC and the Commission. If WECC proposes to use a formula other than Net Energy for Load beginning in the following year, WECC shall submit the proposed formula to NERC in sufficient time that NERC may review and approve the proposed formula and file it with the Commission by May 15 for approval, and the proposed formula shall be effective for the following year if approved by the Commission on or before the date the Commission approves the annual business plan and budget submitted by NERC and WECC to the Commission pursuant to the ERO Regulations for such year.

(c) NERC shall determine that the assessments to fund the costs for its statutory functions in its Commission-approved budget are first allocated fairly among the Interconnections and regions according to the applicability of this work to those Interconnections and regions, and then equitably among the end users of the applicable interconnections and regions as appropriate. Allocation on a Net Energy for Load basis will be presumed to satisfy this equity requirement.

(d) NERC shall provide WECC with the form or forms for business plan and budget submittal, and any accompanying instructions, in accordance with the schedule for preparation of the business plan and budget developed by NERC and the Regional Entities.

(e) WECC shall submit its proposed annual business plan and budget for carrying out its Delegated Authority functions and related activities described in Sections 5, 6 and 7 and listed on Exhibit E, as well as for all other activities of WECC, to NERC for review and approval in accordance with the annual schedule for the preparation of business plans and budgets which shall be developed collaboratively by NERC and the Regional Entities, as more fully described in **Exhibit E**.

(f) NERC shall fund WECC's performance of its Delegated Authority and related activities in accordance with WECC's Commission-approved business plan and budget, in the amount of WECC's assessments to end users approved by the Commission. **Exhibit E** sets forth the procedures and timing for billing and collecting WECC's approved assessments from end users and other entities and payment of the approved assessment amount to WECC, unless otherwise modified and approved by NERC and the Commission. NERC shall not impose any material obligation or requirement regarding the Delegated Authority upon WECC that has not been provided for in an approved business plan and budget or an approved amended or supplemental business plan and budget, without WECC's consent.

(g) NERC shall develop, in consultation with the Regional Entities, a reasonable and consistent system of accounts, with a level of detail and record keeping comparable to the Commission's Uniform System of Accounts and sufficient to allow the Commission to compare each Commission-approved NERC and WECC fiscal year budget with the actual results at the NERC and Regional Entity levels. WECC shall follow NERC's prescribed system of accounts except to the extent that NERC permits a departure from the prescribed system of accounts. NERC shall make an informational filing with the Commission describing any such waiver it permits and providing an explanation supporting the permitted departure.

(h) WECC shall submit unaudited quarterly interim financial statements in form provided by NERC no later than 20 days after the end of the fiscal quarter (March 31, June 30, September 30, and December 31).

(i) WECC shall submit audited financial statements annually, including supporting materials, in a form provided by NERC no later than May 1 of the following year.

(j) **Exhibit E** to this Agreement sets forth the mechanism through which WECC shall offset penalty monies it receives (other than penalty monies received from an operational function or division or affiliated entity of WECC) against its next year's annual budget for carrying out functions under this Agreement, and the mechanism by which WECC shall transmit to NERC any penalty monies received from an operational function or division or affiliated entity of WECC. *Provided*, that, subject to approval by NERC and the Commission, WECC may propose and implement an alternative use of penalty monies to that set forth in **Exhibit E**.

10. Assignment. This Agreement may be assigned by either Party only with the prior written consent of the other, which consent shall be granted or withheld in such non-assigning Party's sole discretion, subject to approval by the Commission. Any assignment under this Agreement shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof.- WECC may not delegate in whole or in part its Delegated Authority to any other entity without NERC's express consent; provided, however, that nothing in this provision shall prohibit WECC from contracting with other entities to assist it in carrying out its Delegated Authority, provided WECC retains control and responsibility for such Delegated Authority.

11. Default and Cure. Upon a Breach, the non-breaching Party shall give written notice of such Breach to the breaching Party (the "Default Notice"). Subject to a suspension of the following deadlines as specified below, the breaching Party shall have thirty (30) calendar days from receipt of the Default Notice within which to cure such Breach; *provided however*, that if such Breach is not capable of cure within thirty (30) calendar days, the breaching Party shall commence such cure within thirty (30) calendar days after notice and continuously and diligently complete such cure within ninety (90) calendar days from receipt of the Default Notice; and, if cured within such time, the Breach specified in such notice shall cease to exist. Subject to the limitation specified in the following sentence, if a Breach is not cured as provided

in this Section 11, or if a Breach is not capable of being cured within the period provided for herein, the nonbreaching Party shall have the right to declare a default and terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder. The deadlines for cure and the right to declare a default and terminate this Agreement shall be suspended during the pendency of any efforts or proceedings in accordance with Section 18 of this Agreement to resolve a dispute as to whether a Breach has occurred or been cured. The provisions of this Section 11 will survive termination of this Agreement.

12. Term and Termination.

(a) This Agreement shall become effective on January 1, 2011 (the “Effective Date”).

(b) The term of the Agreement shall be five (5) years from the Effective Date, prior to which time NERC shall conduct an audit pursuant to subsection 6(i) to ensure that WECC continues to meet all applicable statutory and regulatory requirements necessary to maintain its eligibility for delegation. If WECC meets such requirements, this Agreement may be renewed for another five (5) year term. This Agreement may be renewed for successive additional five (5) year renewal terms provided that prior to the end of each renewal term, NERC shall conduct an audit pursuant to subsection 6(i) to ensure that WECC continues to meet all applicable statutory and regulatory requirements necessary to maintain its eligibility for delegation. Provided, that either Party may terminate this Agreement as of the end of a term by giving written notice to terminate at least one (1) year prior to the end of the term. If this Agreement is not renewed or becomes subject to termination for any reason, the Parties shall work to provide for a transition of WECC’s Delegated Authority to NERC or to another eligible entity and to provide for the resolution of any wind-up costs associated with termination of this Agreement. The termination of this Agreement shall not take effect until such transition has been effected, unless the transition period exceeds one year, at which time WECC may unilaterally terminate.

(c) If any provision of this Agreement, or the application thereof to any person, entity or circumstance, is held by a court or regulatory authority of competent jurisdiction to be invalid, void, or unenforceable, or if a modification or condition to this Agreement is imposed by a regulatory authority exercising jurisdiction over this Agreement, the Parties shall endeavor

in good faith to negotiate such amendment or amendments to this Agreement as will restore the relative benefits and obligations of the signatories under this Agreement immediately prior to such holding, modification or condition. If either Party finds such holding, modification or condition unacceptable and the Parties are unable to renegotiate a mutually acceptable resolution, either Party may unilaterally terminate this Agreement. Such termination shall be effective one year following written notice by either Party to the other Party and to the Commission, or at such other time as may be mutually agreed by WECC and NERC.

(d) Notwithstanding any termination of this Agreement, provisions contained in Limitation of Liability (Section 13), No Third Party Beneficiaries (Section 14) and Confidentiality (Section 15) shall survive this Agreement in accordance with their terms until sixty (60) days following the expiration of any applicable statute of limitations.

13. Limitation of Liability. WECC and NERC agree not to sue each other or their directors, officers, employees, and persons serving on their committees and subgroups based on any act or omission of any of the foregoing in the performance of duties pursuant to this Agreement or in conducting activities under the authority of Section 215 of the Act, other than seeking a review of such action or inaction by the Commission. NERC and WECC shall not be liable to one another for any damages whatsoever, including without limitation, direct, indirect, incidental, special, multiple, consequential (including attorneys' fees and litigation costs), exemplary, or punitive damages arising out of or resulting from any act or omission associated with the performance of the WECC's or NERC's responsibilities under this Agreement or in conducting activities under the authority of Section 215 of the Act, except to the extent that the WECC or NERC is found liable for gross negligence or intentional misconduct, in which case WECC or NERC shall not be liable for any indirect, incidental, special, multiple, consequential (including without limitation attorneys' fees and litigation costs), exemplary, or punitive damages.

14. No Third Party Beneficiaries. Nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to, or any liability to, any third party.

15. Confidentiality. During the course of the Parties' performance under this Agreement, a Party may receive Confidential Information, as defined in Section 1500 of NERC's Rules of Procedure. Except as set forth herein, the Parties agree to keep in confidence and not to copy, disclose, or distribute any Confidential Information or any part thereof, without the prior written permission of the issuing Party, unless disclosure is required by subpoena, law, or other directive of a court, administrative agency, or arbitration panel, in which event the recipient hereby agrees to provide the Party that provided the Confidential Information with prompt notice of such request or requirement in order to enable such issuing Party to (a) seek an appropriate protective order or other remedy, (b) consult with the recipient with respect to taking steps to resist or narrow the scope of such request or legal process, or (c) waive compliance, in whole or in part, with the terms of this Section. In the event a protective order or other remedy is not obtained or the issuing Party waives compliance with the provisions, the recipient agrees to furnish only that portion of the Confidential Information which the recipient's counsel advises is legally required and to exercise best efforts to obtain assurance that confidential treatment will be accorded to such Confidential Information. In addition, each Party shall ensure that its officers, trustees, directors, employees, subcontractors and subcontractors' employees, and agents to whom Confidential Information is exposed are under obligations of confidentiality that are at least as restrictive as those contained herein. This confidentiality provision does not prohibit reporting and disclosure as directed by NERC, as set forth in Section 6 of this Agreement.

16. Amendment. Neither this Agreement nor any of the terms hereof, may be amended unless such amendment is made in writing, signed by the Parties, and filed with and approved by the Commission.

17. Amendments to the NERC Rules of Procedure. NERC shall not adopt amendments to the NERC Rules of Procedure that conflict with the rights, obligations, or programs of WECC under this Agreement without first obtaining the consent of WECC, which consent shall not be unreasonably withheld or delayed. To the extent WECC does not consent, NERC shall have the right to invoke the dispute resolution provisions of Section 18 and, if such effort fails

to resolve the dispute, to petition the Commission to adopt the amendment to the NERC Rules of Procedure. To the extent that the Commission issues an order amending or materially affecting the rights or obligations of WECC under this Agreement, WECC shall have the option, exercisable no later than 60 days after issuance of such order, to terminate this Agreement. Such termination shall be effective one year following written notice by WECC to NERC and the Commission, or at such other time as may be mutually agreed by WECC and NERC.

18. Dispute Resolution. In the event a dispute arises under this Agreement between NERC and WECC (including disputes relating to NERC's performance of its obligations under this Agreement and/or disputes relating to WECC's performance of its obligations under this Agreement) which cannot be resolved through discussions between representatives of the Parties in the normal course of operations, the Parties shall use the following procedures ("Dispute Resolution") to attempt to resolve the dispute. WECC shall not suspend performance of any delegated function, and the Parties shall continue to make reasonable, good faith efforts to comply with their obligations under this Agreement, during the pendency of Dispute Resolution. All notices required to be sent pursuant to this Dispute Resolution procedure shall be sent in accordance with Section 19 of this Agreement. This Dispute Resolution procedure is separate from and in addition to all other processes provided for in this Agreement.

(a) The Party invoking Dispute Resolution shall send a notice to the other Party describing the dispute, stating the invoking Party's position with respect to the dispute, stating that the Party is invoking Dispute Resolution, and naming the Party's designated representative for negotiating a resolution of the dispute. The designated representative shall have authority to resolve the dispute on behalf of the invoking Party.

(b) Within three (3) business days after receipt of the notice invoking Dispute Resolution, the receiving Party shall send a notice to the invoking Party acknowledging receipt of the notice invoking Dispute Resolution, stating the receiving Party's position with respect to the dispute, and naming the Party's designated representative for negotiating a resolution of the dispute. The designated representative shall have authority to resolve the dispute on behalf of the receiving Party.

(c) During the period commencing three (3) business days and ending twenty (20) business days after the date of the receiving Party's notice, the designated representatives shall engage in good faith negotiations to attempt to resolve the dispute, *provided*, that the designated representatives may agree prior to the end of such twenty (20) business day period that the process should move to the next step of Dispute Resolution.

(d) If the designated representatives are unable to arrive at a resolution of the dispute by the end of the time period described in subsection (c), they shall notify the chief executive officers of their respective Parties. The chief executive officers of the Parties shall thereafter engage in good faith negotiations to attempt to resolve the dispute during the period of twenty (20) business days immediately following the time period described in subsection (c), *provided*, that the chief executive officers may agree prior to the end of such twenty (20) business day period that negotiations are at impasse and the process may move to the next step as described in subsection (f). Upon mutual agreement of the Parties, the twenty (20) business day period may be extended to pursue ongoing good faith negotiations.

(e) If a resolution of the dispute is achieved by the Parties, it shall be memorialized in a writing that is acceptable in form and substance to each party and is signed by the designated representative or chief executive officer on behalf of each Party.

(f) If the Parties are unable to resolve the dispute pursuant to the process described in subsections (a) through (e), then either Party may invoke any other available dispute resolution mechanism, including, without limitation, filing a complaint or petition with the Commission requesting resolution of the dispute by the Commission, or filing a complaint for relief in a court having jurisdiction over Parties and the subject matter of the dispute in accordance with Section 20. *Provided, however*, that: (i) it is the intent of the Parties that unresolved disputes shall be presented to and resolved by the Commission if the Commission has and accepts jurisdiction over the subject matter of the dispute, (ii) the Parties may, by mutual agreement, attempt to resolve the dispute through arbitration, mediation, or other process involving resort to an impartial neutral, and (iii) it is the intent of the Parties that resolution of disputes through Commission proceedings, arbitration, mediation, or other use of an impartial neutral, is preferred over resort to judicial proceedings.

(g) This Section 18 shall not apply to compliance enforcement actions against individual Registered Entities.

19. Notice. Whether expressly so stated or not, all notices, demands, requests, and other communications required or permitted by or provided for in this Agreement shall be given in writing to a Party at the address set forth below, or at such other address as a Party shall designate for itself in writing in accordance with this Section, and shall be delivered by hand or reputable overnight courier:

If to NERC:

North American Electric
Reliability Corporation

~~1325 G Street NW, Suite 600~~~~116-390 Village Blvd.~~

City, Utah 84103

~~Washington, DC 20005~~~~Princeton, NJ 08540-5721~~

~~McCarren~~General Counsel

Attn: General Counsel

Facsimile: ~~(609) 452-9550~~~~(202) 644-8099~~

If to WECC:

Western Electricity Coordinating Council
155 North 400 West, Suite 200

Salt Lake

Attn: Louise

Facsimile: (801) 582-3918

20. Governing Law. When not in conflict with or preempted by federal law, this Agreement will be governed by and construed in accordance with the laws of New Jersey without giving effect to the conflict of law principles thereof. The Parties recognize and agree not to contest the exclusive or primary jurisdiction of the Commission to interpret and apply this Agreement; provided however that if the Commission declines to exercise or is precluded from exercising jurisdiction of any action arising out of or concerning this Agreement, such action shall be brought in any state or federal court of competent jurisdiction in New Jersey. All Parties hereby consent to the jurisdiction of any state or federal court of competent jurisdiction in New Jersey for the purpose of hearing and determining any action not heard and determined by the Commission.

21. Headings. The headings and captions in this Agreement are for convenience of reference only and shall not define, limit, or otherwise affect any of the terms or provisions hereof.

22. **Savings Clause.** Nothing in this Agreement shall be construed to preempt or limit any authority that WECC may have to adopt reliability requirements or take other actions to maintain reliability of the Bulk-Power System within the geographic boundaries described in **Exhibit A** that are outside the Delegated Authority, as long as such reliability requirements and actions are not inconsistent with Reliability Standards applicable to the region described in **Exhibit A** and do not result in a lessening of reliability outside the region described in **Exhibit A**.

23. **Entire Agreement.** This Agreement constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter of this Agreement.

24. **Execution of Counterparts.** This Agreement may be executed in counterparts and each shall have the same force and effect as the original.

NOW THEREFORE, the parties have caused this Agreement to be executed by its duly authorized representatives, effective as of the Effective Date.

NORTH AMERICAN
ELECTRIC RELIABILITY CORPORATION

WECC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Exhibit A — Regional Boundaries

WECC's physical boundaries coincide with the boundaries of the Western Interconnection. The Western Interconnection consists of the synchronously operated electric transmission grid in the western part of North America, which includes parts of Montana, Nebraska, New Mexico, South Dakota, Texas, Wyoming, and Mexico and all of Arizona, California, Colorado, Idaho, Nevada, Oregon, Utah, Washington and the Canadian Provinces of British Columbia and Alberta. The WECC region encompasses approximately 1.8 million square miles.

WECC's northern border runs along the northern border of British Columbia and Alberta. The western border extends along the western coast of North America from British Columbia into northern Baja California, Mexico. The southern border traverses northern Baja and extends along the southern United States border to Texas. The eastern border bisects North America from Alberta, Canada through the states of Montana, South Dakota, Wyoming, Nebraska, Texas and New Mexico to the southern United States border.

~~Within the WECC region compliance monitoring and enforcement functions with respect to reliability functions for which WECC is a registered entity are performed by the Northeast Power Coordinating Council, Inc. (NPCC) pursuant to an agreement between NPCC and WECC dated (date).~~

BYLAWS
OF
THE
WESTERN ELECTRICITY COORDINATING COUNCIL

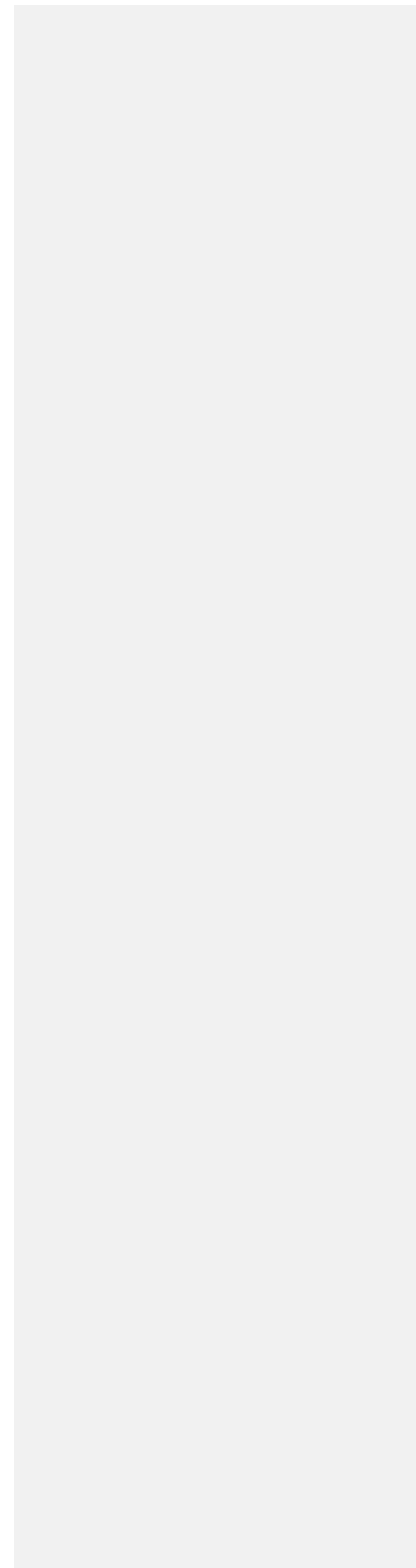


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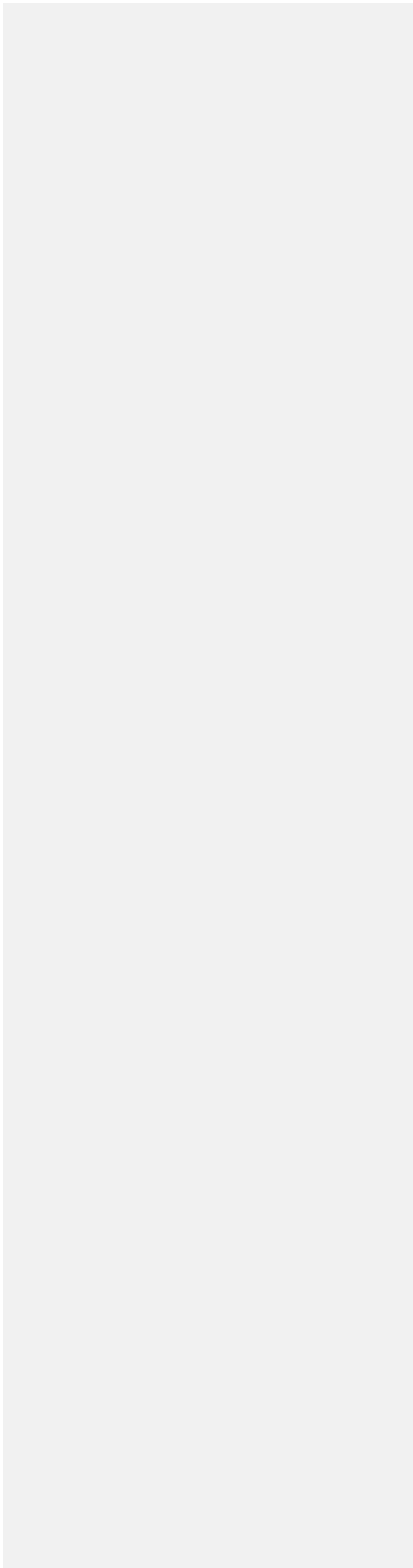
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BYLAWS

Of

The

WESTERN ELECTRICITY COORDINATING COUNCIL

1. Vision and Mission.

1.1 Vision.

The Western Electricity Coordinating Council (“WECC”) shall seek to achieve the appropriate level of Bulk Electric System reliability at least cost considering all costs throughout the economy.

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1.2 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: foster and promote reliability and efficient coordination in the Western Interconnection, consistent with these Bylaws. WECC will lead the stakeholders in the Western Interconnection to achieve appropriate system reliability, be the premier source of unbiased information, and serve as the trusted thought leader for the Western Interconnection by providing, consistent with these Bylaws: 1) maintain a reliable electric power system in the Western Interconnection that supports efficient competitive power markets (“Reliability Mission”); and impartial independent review and analysis of reliability issues impacting the Western Interconnection 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”); development of electric reliability standards incorporating Western Interconnection experience and knowledge; 3) consistent and fair monitoring and enforcement activities for compliance with reliability standards; 4) event analysis and lessons-learned from system events; and 5) value for its membership through cost effective and efficient services and practices through: a) being a centralized repository of reliable information relating to the planning and operation of the Bulk Electric System in the Western Interconnection, b) coordinating system planning and modeling, c) sharing of, and providing comment on adherence to, recognized industry best practices, d) facilitating resolution of market seams and coordination issues, e) secure sharing of critical reliability data, and f) providing a robust stakeholder forum.~~

2. Furtherance of WECC’s Mission

1
2 | **2.1 Activities to Carry Out WECC's ~~Reliability~~ Mission.**
3

- 4 2.1.1 Compliance with the Federal Power Act. WECC will carry out responsibilities
5 and exercise rights of a Regional Entity organized on an interconnection-wide
6 basis pursuant to Section 215 of the Federal Power Act, including any
7 responsibilities and rights delegated to it by the ERO pursuant to a Delegation
8 Agreement.
9
- 10 2.1.2 Agreements with Canada and Mexico. WECC will carry out responsibilities and
11 exercise rights pursuant to International Reliability Agreements with Canadian or
12 Mexican authorities.
13
- 14 2.1.3 Regional Coordination. WECC will act as a coordinating entity for the entire
15 Western Interconnection for activities of regional organizations with
16 responsibilities for reliability and market functions.
17
- 18 2.1.4 Standard Setting. WECC will develop and adopt reliability, operating, and
19 planning standards, criteria and guidelines necessary to maintain the reliable
20 operation of the Western Interconnection's interconnected ~~bulk-Bulk power~~
21 ~~Electric system~~System, including seeking, as appropriate, variances from
22 standards of the ERO (or any successor organization which may be created by
23 legislation or otherwise), as well as providing a process for regional variances.
24
- 25 2.1.5 Certification of Grid Operating Entities. WECC will ~~certify~~assist in certifying
26 Grid Operating Entities in the Western Interconnection.
27
- 28 2.1.6 Reliability Assessment. WECC will ensure that interconnected ~~bulk-Bulk electric~~
29 ~~Electric system~~System reliability assessments are conducted as needed. WECC
30 will do this work in conjunction with the Regional Entities to the greatest extent
31 possible. WECC will also facilitate coordinated reliability assessments among
32 Regional Entities.
33
- 34 2.1.7 Compliance Activities. With respect to enforcement of reliability standards,
35 WECC will:
36
- 37 2.1.7.1 implement the Reliability Management System in effect as of WECC's
38 formation and as the Reliability Management System may be subsequently
39 modified in accordance with its terms;
40
- 41 2.1.7.2 implement any monitoring and enforcement mechanisms delegated to it
42 pursuant to Section 215 of the Federal Power Act and any Delegation
43 Agreement with the ERO, or required by any International Reliability
44 Agreement with a Canadian or Mexican authority; and
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- 2.1.7.3 administer any other monitoring and 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.~~

1 ~~2.2.2~~ In accordance with Section 10 of these Bylaws, WECC will provide for the
2 submission of Open Access Transmission Tariffs (or petitions for exemption) by all Members
3 that own or operate Transmission Facilities.
4

5 ~~2.3.2~~ **Organizational Characteristics.**

6
7 As WECC carries out activities to fulfill its mission, it will seek to develop and maintain
8 the following characteristics:

9
10 ~~2.3.1~~2.2.1 dedication to serving the individuals, businesses, and other organizations
11 that generate, transmit, distribute, market, and use electrical energy in the Western
12 Interconnection;

13
14 ~~2.3.2~~2.2.2 efficiency in its administration, decision-making, policy and standards
15 development, and dispute resolution processes;

16
17 ~~2.3.3~~2.2.3 the ability to maintain status as an Interconnection-wide regional
18 reliability entity and be afforded deference and delegation by ERO (or successor
19 organization); and

20
21 ~~2.3.4~~2.2.4 fair and open processes through which practices, policies, and standards
22 are developed and implemented based on sound technical and policy analysis.

23
24 2.2.5 Promote an efficient western electric market by reducing or eliminating conflict,
25 duplication and overlap among electric organizations in the Western
26 Interconnection.

27
28 2.2.6 Allow access to WECC data by individuals who can demonstrate a legitimate
29 business need for the data, provided such individuals agree to such protections
30 and non-disclosure restrictions which may be necessary due to the nature of the
31 data sought to be accessed and agree to pay the incremental costs of providing the
32 data which may be requested.
33

34 **3. Definitions.**

35 ~~3.~~ The capitalized terms used in these Bylaws shall have the meanings set forth below, or if
36 not set forth below, shall have the meanings given them in the NERC Glossary of Terms Used in
37 NERC Reliability Standards.

38
39 **3.1 Affiliate.**

40 An Entity that directly or indirectly through one (1) or more intermediaries, controls, or is
41 controlled by, or is under common control with, another Entity. An Entity “controls” any
42 Entity in which it has the power to vote, directly or indirectly, 5% or more of the voting
43 interests in such entity or, in the case of a partnership, if it is a general partner.
44 Notwithstanding the foregoing definition, for purposes of these Bylaws: 1) electric
45 distribution cooperatives that are member-owners of a generation and transmission
46 cooperative are not Affiliates of the generation and transmission cooperative or of each

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1 other; 2) an entity controlled by or operating as a unit, agency, or subdivision of a local,
2 state, provincial, or U.S. federal or Canadian or Mexican national government will not be
3 considered an Affiliate of any other entity controlled by or operating as a unit, agency, or
4 subdivision of a local, state, provincial, or federal government; 3) separate agencies of a
5 single state or province, or of the U.S. federal or Canadian or Mexican national
6 government will not be considered Affiliates of each other, regardless of any
7 commonality of political control; 4) members of any joint powers authority, and such
8 joint powers authority, will not be considered Affiliates of each other; and 5) members of
9 an RTO will not be considered Affiliates of such RTO or of each other solely as a result
10 of such membership.
11

12 **3.2 Annual Meeting.**

13 The annual membership meeting of WECC, as described in Section 5.3.
14

15 **3.3 Applicable Regulatory Authority.**

16 The FERC or any state or provincial government agency with jurisdiction to regulate or
17 directly affect the transmission of electricity within the Western Interconnection.
18

19 **3.4 Backstop Authority.**

20 The ability, obligation, or responsibility of WECC to address an issue when the WECC
21 Board determines that a Local Regional Entity(ies) holding Primary Authority has not
22 resolved an issue, has created incompatible resolutions or has not acted. In each case
23 where these Bylaws authorize WECC to exercise Backstop Authority, the provisions that
24 authorize Backstop Authority will also specify the conditions necessary to trigger
25 Backstop Authority and the actions that fall within WECC's exercise of Backstop
26 Authority.
27

28 **3.5 Balancing Authority.**

29 The responsible entity that integrates resource plans ahead of time, maintains load-
30 interchange-generation balance within a Balancing Authority Area, and supports
31 Interconnection frequency in real time.
32

33 **3.6 Ballot Body.**

34 The Ballot Body consists of WECC members and non-members that have been
35 determined eligible for the voting sectors described in 8.56.5.2 and may, therefore, vote
36 on Regional Criteria and Regional Reliability Standards.
37

38 **3.7 Ballot Pool.**

39 A Ballot Pool consists of a self-selected set of members of the Ballot Body who join the
40 Ballot Pool for a given Regional Criterion or Regional Reliability Standard during a
41 designated window of opportunity provided by WECC either prior to balloting or prior to
42 the close of balloting.
43

44 **3.8 Board of Directors (Board).**

45 WECC Board of Directors, collectively, as described in Section 6.
46

1 **~~3.9 — Canadian Delegation.~~**
2 ~~Canadian WECC Members.~~

3
4 **~~3.10 — Canadian Director.~~**

5 ~~A member of the WECC Board of Directors that is either a representative from a Canadian~~
6 ~~Member of WECC or an individual currently residing in Canada and qualified to provide~~
7 ~~expertise on Canadian interests on the WECC Board of Directors.~~

8
9 **~~3.113.9~~ Class.**

10 A grouping of Members described in Sections 4.2.1 through 4.2.7 and 4.3.

11
12 **~~3.123.10~~ Commercial Practices.**

13 The products and practices involved in trading electricity. The term “Commercial
14 Practices” only refers to an interaction among market entities that does not affect or
15 require assistance from Grid Operating Entities that have grid reliability responsibilities.

16
17 **~~3.133.11~~ Compliance Hearing Body.**

18 The hearing body ~~formed in accordance with procedures established in the WECC~~
19 ~~Delegation Agreement with the ERO used~~ for the purpose of providing a balanced
20 compliance panel to conduct hearings for the resolution of disputes concerning
21 compliance with or enforcement of Reliability Standards that may arise between WECC
22 (acting as Compliance Enforcement Authority for the Western Interconnection) and a
23 Registered Entity.

24
25 **~~3.14 — Cross-Border Regional Entity.~~**

26 ~~A Regional Entity that encompasses a part of the United States and a part of Canada or Mexico,~~
27 ~~and may therefore be delegated authority to propose and enforce Reliability Standards in Canada~~
28 ~~or Mexico by virtue of applicable contractual or regulatory mechanisms.~~

29
30 **~~3.153.12~~ Delegation Agreement.**

31 An agreement between the ERO and WECC pursuant to Section 215 of the Federal
32 Power Act by which the ERO delegates to WECC designated powers, rights and
33 responsibilities regarding the administration within the Western Interconnection of
34 electric Reliability Standards adopted or approved by the ERO and the FERC.

35
36 **~~3.163.13~~ Director.**

37 An individual member of the WECC’s Board of Directors.

38
39 **~~3.173.14~~ Electric Line of Business.**

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

42
43 **~~3.183.15~~ Electric Reliability Organization (ERO).**

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

1
2 | **3.193.16 Entity.**

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

5
6 | **3.203.17 FERC.**

7 The Federal Energy Regulatory Commission or any successor.

8
9 | **3.21 Good Utility Practice.**

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

17
18 | **3.223.18 Grid Operating Entity.**

19 Any operating entity, such as a Balancing Authority, that is certified pursuant to Section
20 2.1.5 of these Bylaws to be responsible for reliable operation of a portion of the Western
21 Interconnection.

22
23 | **3.233.19 International Reliability Agreement.**

24 An agreement between WECC and any appropriate Canadian or Mexican authority
25 related to WECC's powers, rights and responsibilities regarding the administration ~~within~~
26 ~~the Western Interconnection~~ of electric ~~Reliability~~ reliability Standards~~standards~~
27 applicable within such authority's geographic area of the Western Interconnection.

28
29 | **3.243.20 Local Regional Entity.**

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

35
36 | **3.253.21 Market Interface.**

37 Market Interface involves all interactions among market entities and Grid Operating
38 Entities related to transmission service and physical delivery.

39
40 | **3.263.22 Material External Impacts (MEI).**

41 Significant effects on another Local Regional Entity or market within the Western
42 Interconnection but outside of the Local Regional Entity or market adopting a policy,
43 standard, practice or procedure, or implementing an action.

44
45 | **3.273.23 Member.**

1 Any entity that has applied and been accepted for membership in WECC and is current in
2 the payment of dues.

3
4 **3.28 — Member Class Director.**

5 ~~A Director elected by a Class in accordance with Section 6.4 of these Bylaws.~~

6
7 **3.29 — Mexican Delegation.**

8 ~~Mexican WECC Members.~~

9
10 **3.30 — Mexican Director.**

11 ~~A member of the WECC Board of Directors that is either a representative from a Mexican~~
12 ~~Member of WECC or an individual currently residing in Mexico and qualified to represent~~
13 ~~Mexican interests on the WECC Board of Directors.~~

14
15 **3.31 — Non-Affiliated Director.**

16 ~~A Director elected by the Members who satisfies the requirements of Section 6.5.1 of these~~
17 ~~Bylaws.~~

18
19 **3.32 — Open Access Tariff.**

20 ~~A tariff offering transmission service which meets the requirements applicable to FERC orders~~
21 ~~regarding open access.~~

22
23 **3.33.24 Participating Stakeholder.**

24 Any person or entity that is not a WECC Member, but is an interested stakeholder and
25 has applied and been granted, pursuant to Section 8.67.2, the participation and voting
26 rights set forth in Section 8.67.1.

27
28 **3.34.25 Primary Authority.**

29 The ability, obligation, or responsibility of an entity to address an issue in the first
30 instance.

31
32 **3.35.26 Regional Criteria**

33 A WECC Board Approved document ~~whose purpose is to establish consistency among~~
34 ~~WECC member entities with respect to business practices, technical procedures,~~
35 ~~documentation procedures or administrative procedures. Regional Criteria include~~
36 ~~specific procedures or requirements and must be approved by the Board, created to~~
37 ~~establish requirements to address NERC “fill-in-the-blank” reliability standards necessary~~
38 ~~to implement, to augment, or to comply with NERC or Regional Reliability Standards~~
39 ~~and any other documents that may precipitate attendant monitoring and compliance~~
40 ~~through the Compliance Monitoring and Enforcement Program in the United States, or by~~
41 ~~programs established by the Applicable Governmental Authority in Canada and Mexico,~~
42 ~~as applicable.~~ New and revised Regional Criteria shall be established using the WECC
43 Standards Development Procedures.

44
45 **3.36.27 Regional Entity (RE).**

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

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~~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.~~

~~3.383.28 Registered Entity.~~

~~An owner, operator, or user of the bulkBulk-power-Electric system-System or the entities registered as their delegates for the purpose of compliance in the North American Electric Reliability Corporation Regional-Compliance Registry or similar Entity operating in Canada or Mexico and which could be registered in the Compliance Registry if it operated in the United States.~~

~~3.393.29 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.~~

~~3.403.30 Reliability Standard.~~

~~A requirement approved by FERC under section 215 of the Federal Power Act, to provide for reliable operation of the bulkBulk-power-Electric system-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.~~

~~3.413.31 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.~~

~~3.423.32 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.~~

1 | ~~3.433.33~~ **Western Interconnection.**

2 | The geographic area containing the synchronously operated electric transmission grid in
3 | the western part of North America, which includes in the United States Arizona,
4 | California, Idaho, Nevada, Oregon, Utah, and Washington, as well as parts of Montana,
5 | Nebraska, New Mexico, South Dakota, Texas, Wyoming, and Colorado; parts of the
6 | Canadian Provinces of British Columbia and Alberta; and Baja California Norte, Mexico.
7 |

8 | **4. Members and Membership.**

9 |

10 | **4.1 Voluntary Membership.**

11 | Except as otherwise may be required by applicable authority, membership in WECC is
12 | voluntary. A Member may withdraw upon giving the Secretary thirty (30) days' advance
13 | written notice. Notwithstanding such notice of withdrawal, all contracts ~~(including any~~
14 | ~~Reliability Management System Agreement)~~, FERC orders, unpaid Member costs, and
15 | ~~decisions of arbitration and requests for transmission service made to the withdrawing~~
16 | ~~Member~~ in effect or pending as of the date of the written notice of withdrawal will be
17 | followed through to completion, pursuant to these Bylaws, by the withdrawing Member;
18 | however, ~~pending requests for transmission service to be provided to such withdrawing~~
19 | ~~Member will be void for the purposes of these Bylaws.~~ Nothing herein will relieve any
20 | Member withdrawing from WECC from any obligation it may have under applicable law
21 | including, but not limited to, Section 215 of the Federal Power Act. A Member that
22 | withdraws is obligated to pay any unpaid dues owed through the remainder of the fiscal
23 | year in which its ~~resignation withdrawal~~ becomes effective. ~~Any Director employed by a~~
24 | ~~withdrawing Member will be deemed to have resigned pursuant to Section 6.8.~~
25 |

26 | **4.2 Eligibility for Membership.**

27 | Subject to Section 4.5, any Entity that is an interested stakeholder or that meets the
28 | criteria for membership in the membership classes described in Sections 4.2.1 through
29 | 4.2.7-5 may be a Member of WECC:

- 30 |
- 31 | 4.2.1 Class 1. Electric Line of Business Entities owning, controlling or operating more
32 | than 1000 circuit miles of transmission lines of 115 kV and higher voltages within
33 | the Western Interconnection.
- 34 |
- 35 | 4.2.2 Class 2. Electric Line of Business Entities owning, controlling or operating
36 | transmission or distribution lines, but not more than 1,000 circuit miles of
37 | transmission lines of 115 kV or greater, within the Western Interconnection.
- 38 |
- 39 | 4.2.3 Class 3. Electric Line of Business Entities doing business in the Western
40 | Interconnection that do not own, control or operate transmission or distribution
41 | lines in the Western Interconnection, including power marketers, independent
42 | power producers, load serving entities, ~~and~~ any other ~~Entity-Entities~~ whose
43 | primary business is the provision of energy services, ~~and those Entities that are~~
44 | not eligible for membership in the other Member Classes and who have a
45 | substantial interest in the purposes of WECC.
46 |

1 4.2.4 Class 4. End users of significant amounts of electricity in the Western
2 Interconnection, including industrial, agricultural, commercial and retail entities
3 as well as organizations in the Western Interconnection that represent the interests
4 of a substantial number of end users or a substantial number of persons interested
5 in the impacts of electric systems on the public or the environment.
6

7 4.2.5 Class 5. Representatives of states and provinces in the Western Interconnection,
8 provided that such representatives will have policy or regulatory roles and do not
9 represent state or provincial agencies and departments whose function involves
10 significant direct participation in the market as end users or in Electric Line of
11 Business activities.

12 ~~4.2.6 Class 6. Canadian members of other classes pursuant to Section 4.3.~~

13 ~~4.2.7 Class 7. Members at large, that is, entities that are not eligible for membership in~~
14 ~~the other Member Classes and who have a substantial interest in the purposes of~~
15 ~~WECC.~~

16 ~~4.2.6 Sub-Class Organization. A Member Class may subdivide in up to three~~
17 ~~subclasses based on a majority desire within that class for purposes of electing~~
18 ~~Member Advisory Committee representation.~~

23 4.3 Designation of Membership Class.

24 A Member of WECC may not belong to more than one Class ~~except that for purposes of~~
25 ~~electing Canadian Directors and for populating the Governance and Nominating~~
26 ~~Committee, there shall be a Class 6 composed of all Canadian Members from any of the~~
27 ~~Member Classes defined in Section 4.2 except Class 7.~~ An applicant for membership will
28 designate the Class for which it qualifies based upon the criteria for membership set forth
29 in Section 4.2, ~~and these additional requirements: 1) all Members that are Electric Line of~~
30 ~~Business Entities must belong to Classes 1, 2 or 3; and 2) however~~ any Member owning,
31 controlling or operating Transmission Facilities or distribution facilities must belong to
32 Class 1 or 2 unless the Board grants the Member's petition for a change in Member Class
33 pursuant to the provisions of Section 4.4 of these Bylaws. Applications for membership
34 will be submitted to WECC. WECC staff will review the application to verify eligibility
35 for membership and Member Class designation. An applicant whose application has been
36 rejected or any Member who disputes the WECC staff's determination regarding the
37 appropriate Member Class designation may request review by the Governance ~~and~~
38 ~~Nominating~~ Committee. If the applicant or any Member disagrees with the Governance
39 ~~and Nominating~~ Committee's decision, the applicant or such Member may appeal this
40 decision to the Board.
41

42 4.4 Changes in Membership Class.

43 Notwithstanding any other provision of these Bylaws, upon a petition from a Member,
44 the WECC staff (subject to review by the Governance ~~and Nominating~~ Committee and
45 appeal to the Board) may allow the Member to change Member Class if the interest of the

1 Member is more closely aligned with the proposed Class than the Member's current
2 Class.

3
4 **4.5 Affiliates and Distinct Business Entities.**

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

7
8 4.5.1 The Affiliate applying for membership and the Member disclose to the Chief
9 Executive Officer all Affiliates that are WECC Members and the Classes to which
10 the Affiliates belong. Every Member will promptly notify the Chief Executive
11 Officer whenever it becomes, or ceases to be, an Affiliate of any other Member.

12
13 4.5.2 Affiliates may be members of the same Class; provided, however, a group of
14 Affiliates within a single Class may only have one vote in any WECC forum. A
15 group of Affiliates within a single Class may, by ~~providing~~ providing, at least
16 three (3) business days, advance written notice to the Chief Executive Officer,
17 split their single vote equally amongst all Affiliates ~~pro-rata~~ or designate a single
18 Affiliate as the group's voting Member.

19
20 4.5.3 For good cause shown and with the express approval of the Board, a company or
21 organization containing functionally distinct entities within it may obtain separate
22 memberships for such entities; provided that such entities will be considered
23 Affiliates.

24
25 4.5.4 The Board may adopt a policy regarding whether Members may share the benefits
26 of membership (including the right to receive information that is only available to
27 Members) with a non-member Affiliate.

28
29 4.5.5 Upon receiving applications from non-WECC members to join the Ballot Body,
30 WECC staff shall require such non-WECC members to identify their affiliations
31 with other Ballot Body members in their applications to join the Ballot Body.
32 WECC staff shall limit voting of affiliated non-WECC members in the same
33 manner that would be used to limit voting by WECC member organizations.

34
35 **4.6 Rights and Obligations of Membership.**

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

38
39 4.6.1 The right to elect and remove Directors as described in Sections ~~6.4, 6.5 and 6.7;~~

40
41 4.6.2 The right to amend these Bylaws, and to review and rescind any Board
42 amendment of these Bylaws, in accordance with Section ~~4.3.12;~~

43
44 4.6.3 The right to receive appropriate meeting notices, as well as reports and
45 information produced by WECC;

1 4.6.4 The right to attend, participate and vote in all WECC Member meetings and the
2 right to attend Board meetings (other than closed sessions of Board meetings) and
3 to comment upon all matters considered in such meetings;
4

5 4.6.5 The right to be a member of, attend meetings of, and to introduce motions, debate
6 and to vote in the deliberations of WECC committees, subject to the limitations of
7 these Bylaws and such other reasonable limitations as the Board may adopt from
8 time to time;

9
10 ~~4.6.6 The right to obtain non-discriminatory transmission access from other Members~~
11 ~~in accordance with applicable law and Section 10 of these Bylaws;~~

12
13 ~~4.6.7~~ 4.6.6 The right to invoke the dispute resolution provisions of these Bylaws;

14
15 ~~4.6.8~~ 4.6.7 The right to petition the Board to take any action consistent with
16 applicable law (including Section 215 of the Federal Power Act and implementing
17 orders and regulations), these Bylaws and the articles of incorporation and to have
18 such petition voted upon in a reasonable and timely manner;

19
20 ~~4.6.9~~ 4.6.8 The obligation to abide by these Bylaws, decisions resulting from the
21 dispute resolution process, and all standards or decisions of WECC, subject to the
22 exceptions set forth in Section 4.7 and the enforcement provisions of Section 4.8.

23
24 ~~4.6.10 For Members owning or operating Transmission Facilities, or possessing trans-~~
25 ~~mission capacity rights by contract, the obligation to provide non-discriminatory~~
26 ~~transmission access to other Members through a regional transmission~~
27 ~~organization, the submittal of an Open Access Tariff with the FERC or in~~
28 ~~accordance with Section 10 of these Bylaws;~~

29
30 ~~4.6.11~~ 4.6.9 The obligation to notify the Chief Executive Officer promptly of changes
31 with respect to Affiliates as provided in Section 4.5.1 of these Bylaws; and

32
33 ~~4.6.12~~ 4.6.10 The obligation to pay in a timely manner the membership dues pursuant to
34 Section ~~4.6.11~~.

35
36 ~~4.6.13~~ 4.6.11 The obligation to provide system data that the Board has determined is
37 necessary for WECC functions and does not impose an undue burden on the
38 Members; provided, however, that the Board shall adopt appropriate limitations
39 on this obligation or procedures that protect and avoid unnecessary collection of
40 confidential, privileged, trade secret, cybersecurity or critical energy
41 infrastructure information or other information that the Board determines merits
42 such protection consistent with applicable law.

43
44 ~~4.6.14~~ 4.6.12 The obligation to support surfacing minority and majority opinions or
45 views within their Member Class, along with supporting rationale to enable the

1 Board of Directors to make decisions based on informed judgment aligned with
2 WECC's vision, mission and these Bylaws.

3
4
5 **4.7 Limitations on Member Obligations.**

6 ~~4.6.14~~

7
8 4.7.1 The obligation of Members pursuant to Section 4.6.~~9-8~~ will not require any
9 Member to take any action which the Member in good faith determines: 1) would
10 exceed the physical capabilities of the Member's electric system (or any part of
11 another's electric system that the Member has the legal right to cause to comply
12 with a WECC action governed by Section 4.6.~~98~~); 2) would create serious and
13 immediate risks to public health or safety (provided, however, that the shedding
14 of load shall not in and of itself be deemed a serious and immediate risk to public
15 health and safety for the purpose of this section); 3) would create an immediate
16 risk of serious damage to facilities or equipment within its electric system or
17 cause it to operate any of its electric facilities or equipment in an unsafe manner;
18 4) would cause the Member to violate or improperly implement an applicable law,
19 regulation, rule, order, FERC license provision or other legal obligation; or 5)
20 would conflict with any non-power requirement applicable to the Member
21 (including without limitation any obligation under environmental laws,
22 regulations, court and administrative decisions or biological opinions).

23
24
25 ~~4.6.15~~4.7.2 Each Member shall retain sole control of its facilities and the use thereof,
26 and a Member shall not be required to construct or dedicate facilities for the
27 benefit of any other Member, or be required to take action, or refrain from action,
28 as may be deemed necessary to maintain reliable service to its own customers
29 and/or to fulfill its obligations to third parties; provided, that a Member shall
30 comply with duly-adopted reliability standards applicable to its system and shall
31 comply with any directives under existing security coordination agreements.
32 Nothing in these Bylaws is intended to preclude application of Section 210 or 211
33 of the Federal Power Act ~~and Section 10 of these Bylaws~~. The above limitations
34 shall not be construed as altering a Member's obligation to comply with
35 applicable Reliability Standards or enforcement orders, or any other obligation
36 arising under 18 C.F.R. Part 39.

37
38 **4.7.4.8 Compliance and Enforcement.**

39 The power of WECC to enforce Member obligations other than compliance with
40 Reliability Standards and other obligations arising under 18 C.F.R. Part 39 and applicable
41 Canadian and Mexican regulatory requirements is limited to suspension or termination of
42 membership as set forth in this Section; provided, however, that: 1) nothing in this
43 Section will limit the power of Members to agree to additional enforcement provisions in
44 separate contracts (such as contracts pursuant to the Reliability Management System); 2)
45 nothing in this Section will limit the power of WECC to propose solutions regarding
46 Market Interface issues to any Applicable Regulatory Authority as described in Section

1 2.1.10; and 3) nothing in this Section will limit WECC's delegated authority under
2 Section 215 of the Federal Power Act and 18 C.F.R. Part 39 and applicable Canadian and
3 Mexican regulatory requirements to enforce ~~Reliability-reliability Standards-standards~~
4 and perform other delegated or contractual functions within the Western Interconnection.
5 The Board may suspend or, to the extent consistent with applicable law, terminate the
6 membership of any Member for a material failure to meet any obligation of membership
7 set forth in these Bylaws, including, but not limited to: 1) non-payment of dues sixty (60)
8 days after the dues become delinquent; 2) intentionally or repeatedly violating any
9 WECC Bylaw; 3) materially breaching or intentionally violating any FERC order or
10 arbitration decision issued pursuant to these Bylaws; ~~or~~ 4) willfully obstructing any
11 lawful purpose or activity of WECC; or 5) remaining inactive as described in Section 5.9.
12 The Board will give the affected Member not less than twenty-one (21) days prior written
13 notice of any proposed suspension or termination, which will include the specific basis
14 for the proposed action and, if applicable, instructions on curing the problem. Prior to
15 terminating a membership, the Board will consider any information provided by the
16 Member in response to the notice described herein.
17

18 ~~4.7.14.8.1~~ 4.7.14.8.1 Suspension. The suspension of a Member will not affect the Member's
19 rights and obligations other than that the Member, ~~and any Director employed by~~
20 ~~or affiliated with the Member,~~ will not be entitled to vote at any meeting of the
21 Members, Classes, Directors subclasses, or any committee until the suspension is
22 removed except that a suspended Member may ~~vote-participate in the~~ WECC
23 ~~committee and subcommittee meetings on~~ proposed Reliability Standards
24 Development Procedure ~~or revisions to Reliability Standards.~~
25

26 ~~4.7.24.8.2~~ 4.7.24.8.2 Termination. The termination of membership will have the same effect,
27 and be subject to the same continuing obligations, as such Member's withdrawal
28 pursuant to Section 4.1 ~~(including the provision therein regarding resignation of~~
29 ~~any Director employed by such Member),~~ except that it will be effective
30 immediately upon the noticed date of the issuance date of the notice provided
31 pursuant to Section 4.8.
32

33 ~~4.8.4.9~~ **WECC Structure and Governance Review** ~~Related to Regional Transmission~~ 34 **Organizations.**

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

1 recommendations prepared by the Board in accordance with this Section 4.9 will be
2 submitted in writing to the Members at the first annual Member meeting held after they
3 are completed.
4

5. Procedures for Member Decisions.

5.1 Quorum and Alternative Voting.

8 With the exception of voting on Regional Reliability Standards and Regional Criteria
9 under the oversight of the WECC Standards Committee, members may conduct business
10 and take votes only at duly noticed Member meetings. Members may not conduct any
11 business of the membership as a whole at any meeting unless a quorum is first
12 established.
13

14 5.1.1 Quorum. A majority of all Members, including a majority in at least three (3)
15 Classes, will constitute a quorum for all meetings of the membership as a whole.
16 A majority of the members of a Class or subclass will constitute a quorum for all
17 Member Class or subclass meetings. Members participating through a designated
18 alternative representative or through submission of an absentee ballot will be
19 counted in determination of a quorum. Inactive Members, as defined in Section
20 5.9 of these Bylaws, will not be counted in determining a quorum at
21 ~~membership~~Member, ~~or~~Member Class or subclass meetings. A quorum, once
22 established, will be deemed to continue for the balance of any Member, ~~or~~
23 Member Class, or subclass meeting, except that no election of Directors may
24 occur without a quorum being present. Members may designate an alternate
25 representative or submit an absentee ballot in a form consistent with Section
26 ~~6.65.1.2~~ for any Member, ~~or~~Member Class, or subclass meeting. ~~No Class may~~
27 ~~elect Member Class Directors without a majority of the members of the class~~
28 ~~being present either in person, or by designation of an alternate representative, or~~
29 ~~by the submission of an absentee vote. At a duly noticed meeting of the~~
30 ~~membership as a whole where a quorum of the membership has not been~~
31 ~~established, or at any duly noticed meeting of a Class meeting on its own, a Class~~
32 ~~may elect Member Class Directors notwithstanding the lack of quorum for action~~
33 ~~by the membership as a whole, provided a majority of the Members of a Class are~~
34 ~~present in person, or by designation of an alternate representative, or have~~
35 ~~submitted an absentee vote.~~
36

37 ~~5.1.1~~5.1.2 Alternate or Absentee Voting: In the event that a Member's designated
38 voting representative cannot attend a meeting of the Membership or a Member
39 Class meeting where Directors are being elected or amendments to these Bylaws
40 are considered, a Member may designate an alternate voting Member
41 representative, with two (2) days written notice to the Corporate Secretary, or a
42 Member may cast an absentee ballot pursuant to the procedures established by the
43 Corporate Secretary.
44

5.2 General Membership Meetings.

1 All business of the Members acting as a whole will be conducted at meetings called by
2 advance notice to all WECC Members provided in accordance with Section 5.5. Unless
3 stated otherwise in these Bylaws, decisions at all meetings of the Members, ~~or of Member~~
4 Classes, or subclasses will be by simple majority vote of the Members present or
5 otherwise represented in accordance with these Bylaws, with each Member having one
6 vote, unless other Bylaw provisions provide for the allocation of the Member's vote. The
7 Chair of the Board will preside over all Members acting-as-a-whole meetings.

8
9 **5.3 Annual Member Meetings.**

10 WECC will hold an Annual Meeting of all Members at a time and place determined by
11 the Board. At the Annual Meeting, and at other times as provided for in these Bylaws, in
12 addition to such other actions the Members may take, ~~all Member Classes together~~ will
13 elect ~~Non-Affiliated Directors and each Class eligible to do so will elect Member Class~~
14 Directors for vacant director positions.

15
16 **5.4 Special Member Meetings.**

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

21
22 **5.5 Member Class and Subclass Meetings**

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

29
30 **5.6 Notice of Member Meetings.**

31
32 5.6.1 Annual Meeting. The Chief Executive Officer will provide at least thirty (30)
33 days' advance notice to all Members and the Board of the date, place and time of
34 the Annual Meeting of the Members and an agenda of the business to be
35 conducted at such meeting.

36
37 5.6.2 Other Member Meetings. The Chief Executive Officer will provide notice of
38 regularly scheduled and special meetings of the Members to the Members not less
39 than fifteen (15) days before the meeting if delivered by first-class mail, or not
40 less than ten (10) days before the meeting if the notice is delivered personally, by
41 telephone, by facsimile, electronic mail or express mail. ~~Notice of meetings may~~
42 ~~not be sent solely by electronic mail~~. If mailed, such notice will be deemed given
43 when deposited in the United States mail, with first-class postage thereon prepaid,
44 addressed to a Member. Such notice will state the date, time and place of the
45 meeting and the meeting agenda.

1 5.6.3 Public and Website Notice. Public notice of each meeting of the Members will be
2 placed on WECC’s website at least ten (10) days before such meeting. In
3 addition, the Chief Executive Officer will provide notice in the same manner and
4 time as set forth in Section 5.6.2 of each meeting to each member of the public
5 who so requests and who has provided appropriate information regarding delivery
6 of notice.
7

8 **5.7 Open Meetings.**

9 All Membership meetings are open to observation by the public.

10 **5.8 Policymaking Authority.**

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

13 **5.9 Minimum Participation Requirement.**

14 In order to be counted for quorum purposes at a meeting of the membership as a whole,
15 ~~or Class, or subclass~~ meeting, a WECC Member must actively participate (by attending
16 in person, sending an alternate, or voting absentee) in at least one WECC meeting
17 (including meetings of the Board, committees and subcommittees) each year. If the
18 Member does not meet this minimum participation requirement, the Member will be
19 considered an “inactive” Member until its active status is restored by participation in at
20 least one WECC meeting (including meetings of the Board, committees and
21 subcommittees) by attending in person, sending an alternate, or voting absentee. An
22 inactive Member will not be counted toward establishing a quorum of the membership as
23 a whole, ~~or of a Class, or of a subclass~~. An applicant for WECC membership or a WECC
24 Member may at any time self-designate itself an inactive Member. Such designation will
25 be effective until the Member is reinstated to “active” status. If a Member does not
26 participate for twenty four (24) consecutive months, the Member’s membership will be
27 terminated. If a Member’s membership is so terminated, reapplication for membership
28 may be made at any subsequent time.
29

30 **6. Governance.**

31 **6.1 Board of Directors.**

32 Subject to those matters expressly requiring approval of the Membership, a Board of
33 Directors elected by the Members will govern WECC. The Board of Directors will elect
34 its own Chair and Vice-Chair from those individuals serving as Directors.
35
36

37 **6.2 Composition of the Board and Board Member Qualifications.**

38
39 ~~6.2.1 Except as provided in Sections 6.2.1 and 6.2.2, the Board of Directors shall~~
40 ~~consist of thirty two (9) Directors. Directors as follows: 1) twenty four (24)~~
41 ~~Member Class Directors elected by the Member Classes eligible to do so,~~
42 ~~including Class 6 as defined in Section 6.2.1, (four from Classes 1 through 6); 2)~~
43 ~~seven (7) Non-Affiliated Directors elected by the WECC Members as a whole~~
44 ~~(which may include the Chief Executive Officer), and 3) one Mexican Director~~
45 ~~elected according to Section 6.2.2. As indicated in Section 6.2.1, if there is no~~

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~~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. At all times, subject to temporary vacancies, the Board of Directors shall include at least three directors who have at least ten years of experience in the utility industry, preferably in the Western Interconnection, including at least one director who has transmission operations experience, at least one director who has transmission planning experience, and at least one director who has generation operations experience. At any time where the membership of the Member Advisory Committee (MAC) is modified, as may be provided in other provisions of these bylaws, to include representation for Entities of the two Canadian Provinces of British Columbia and Alberta and the Mexican State of Baja California, at least one Director, elected subsequent to such MAC representation, shall have international experience corresponding to such geographic area(s) and/or representation in the MAC.~~

6.2.2 The remaining members of the Board of Directors shall be selected in an effort to ensure diversity of background and experience. Desirable categories of experience may include: regulatory or legal; accounting, finance or economics; environmental; end-user advocacy; information technology; compliance or standards; public sector; and international.

6.2.2.1 Transmission operations experience shall preferably include experience in control center operations at the senior management or officer level.

6.2.2.2 Transmission planning experience shall preferably include experience in modeling and/or planning transmission facilities, including economic and reliability modeling at the senior management or officer level.

6.2.2.3 Generation operations experience shall preferably include experience in development or operation of generation facilities, including economic and reliability modeling at the senior management or officer level.

6.2.2.4 Regulatory or legal experience shall preferably include at least one of the following types of experience: state, provincial or federal industry regulation; significant litigation experience ideally at the appellate level; evaluation of complex legal arguments; and advising clients with respect to settlements.

6.2.2.5 Accounting, finance or economic experience shall preferably include experience as a Chief Financial Officer, a Chief Account Officer, a Corporate Risk Officer, a Certified Public Accountant, or the equivalent thereof.

6.2.2.6 Environmental experience shall preferably include experience advocating environmental interests before local, state or federal agencies or boards.

1 and/or leadership experience in representing environmental interests in
2 relation to energy issues.

3
4 6.2.2.7 End-user advocacy experience shall preferably include experience
5 advocating end-user economic interests before local, state or federal
6 ratemaking agencies or boards.

7
8 6.2.2.8 Information technology experience shall preferably include experience as
9 a senior level manager responsible for integrating information technology
10 services with organizational needs in areas such as capacity planning,
11 budget and finance, acquisition and deployment, operations, change
12 management, application development, trade ally relationships, user
13 support, data quality, security and similar areas.

14
15 6.2.2.9 Compliance or standards experience shall preferably include experience
16 as a senior level officer or manager for corporate compliance with
17 internally and/or externally imposed requirements, rules or standards.

18
19 6.2.2.10 Public sector experience shall preferably include experience representing
20 the public interests with respect to energy issues.

21
22
23 6.2.2.11 International experience shall preferably include experience as described
24 in the previously listed experience categories, but in the Canadian
25 provinces of British Columbia or Alberta, or the Mexican state of Baja
26 California.

27
28 6.2.3 Director Affiliation Restrictions. A Director may not be a full time employee of a
29 Registered Entity. Nor may a Director be affiliated with any Member or
30 Registered Entity operating in the Western Interconnection, nor a Director of an
31 entity performing the function of Reliability Coordinator in the Western
32 Interconnection.

33
34 6.2.3.1 For the purposes of this section, “affiliated” shall mean (1) an employee
35 of, (2) a contractor for, (3) an employee of a contractor for, or (4) an
36 equity owner of Registered Entity or Member. For purposes of
37 determining whether a Director is “affiliated” the term “Director” shall
38 include a spouse and/or minor child of the Director.

39
40 6.2.3.2 A Director with an equity interest in private or publicly traded companies
41 that are end-users of electricity in the Western Interconnection but are not
42 otherwise “affiliated” pursuant to the restrictions set forth in Section 6.2.2
43 shall not be considered to be “affiliated”.

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6.2.3.3 A Director with an equity ownership in a broadly diversified mutual fund which may from time to time include interests in one of the types of organizations described in Section 6.2.2, shall “not be considered to be affiliated, provided that such equity interest cannot confer a controlling interest in a Member or Registered Entity within the Western Interconnection.

6.2.3.4 A Director receiving post-employment compensation, which compensation is not indexed to the success of the disbursing entity shall not be considered “affiliated”.

6.2.3.5 A Director shall not be considered “affiliated” solely by having a contractual relationship with a state government that has one or more agencies that are Members, provided that the Director cannot be affiliated with the Member agency or agencies.

6.2.3.6 A Director shall not be considered “affiliated” for being a residential or small business end-user of electricity or for being affiliated with, a member of, or a contributor to 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 interests or the environment, but a Director shall be considered “affiliated” if the Director is an employee of, or serves as a director, trustee, or officer or in any other policy-setting capacity with respect to any such organization.

6.2.3.7 The affiliation restrictions set forth in this Section are not all encompassing. Candidates and Board members are expected to disclose all known potential financial or relationship conflicts, including any known relationships between companies they have affiliation with and/or entities described in Section 6.2.2. Furthermore, any Nominating Committee will be expected to investigate and evaluate all potential conflicts, whether financial or otherwise.

~~6.1.1~~6.2.4 In addition, the Board may provide for the Chief Executive Officer (“CEO”) of WECC to be a voting, additional tenth, 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. The CEO may not serve as the Chair or Vice-Chair of the Board.

~~6.1.2 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~~

1 least one of these Canadian Directors must be affiliated with each of Member Classes 1, 3, and 5.
2 Members of the Canadian Delegation shall vote for Directors in this Class 6 and shall not vote in
3 other Member Class elections. In the initial election of these four Class 6 Directors, one shall
4 have a term of four years, one shall have a term of three years, one shall have a term of two
5 years, and one shall have a term of one year. Thereafter all Canadian Directors will serve a term
6 of three years. Class 6 will also elect a fifth Canadian Director if, following the election of Non-
7 Affiliated Directors at the Annual Meeting, there is no Non-Affiliated Director qualified by
8 virtue of background and experience in Canadian industry or government to provide Board
9 expertise on Canadian interests. This fifth Canadian Director shall serve until the earlier of: 1)
10 the end of a three-year term (provided that this provision will remain in effect and may continue
11 to cause the election of an additional Director); or 2) the election by the Members of a Non-
12 Affiliated Director with the background and experience described in this Section.

13
14 ~~6.1.3 Mexican Interests. Whenever there are at least two (2) Members whose head~~
15 ~~offices and principal place of business are in Mexico or there is one such Member that operates a~~
16 ~~portion of the Western Interconnection and has signed the Reliability Management System~~
17 ~~agreement or has agreed to abide by any successor standards compliance system and no person~~
18 ~~has been elected to the Board by the Classes or Members whose experience or affiliation reflects~~
19 ~~Mexican interests, the number of Class Member Directors will be expanded by one (1) and the~~
20 ~~additional Member Class Director will be elected by the Mexican Delegation. This Mexican~~
21 ~~Director will serve until the earlier of: 1) the end of a three-year term (provided that this~~
22 ~~provision will remain in effect and may continue to cause the election of an additional Director);~~
23 ~~or 2) the election by the Members or a Member Class of a person with the experience or~~
24 ~~affiliation described in this Section.~~

25 ~~6.26.3~~ **Term of Office.**

26 ~~Each~~ Directors will hold office for staggered terms of three (3) years, three Directors'
27 terms ending each year. ~~For Directors elected at the Annual Membership Meeting, e~~Each
28 three (3) year term shall commence upon the adjournment of the portion of the Annual
29 Member Meeting provided for in Section 5.3, in which all Members are counted for
30 purposes of determining a quorum. Similarly, the three year terms of outgoing Directors
31 shall end upon the adjournment of that portion of the Annual Member Meeting in which
32 all Members are counted for purposes of determining a quorum, whether that results in a
33 longer or shorter term than exactly three years.

34 **6.4 Nomination, Selection and Compensation of Member Class Directors.**

35 ~~6.2.1~~

36
37
38
39
40 6.4.1 Nominating Committee. ~~Selection of Member Class Directors. With the exception~~
41 ~~of Class 7, each Member Class shall be eligible to elect Member Class Directors.~~
42 ~~Member Class Directors will be elected by Members of their respective Classes of~~
43 ~~Membership. Each Member Class eligible to elect Member Class Directors may~~
44 ~~develop its own list of Director candidates or it may ask the Governance and~~
45 ~~Nominating Committee to develop a list of candidates. If the Governance~~
46 ~~Nominating Committee is used, it will select at least two (2) candidates for each~~

1 vacancy for Member Class Director. In addition, in identifying candidates for
2 Member Class Director positions, the Governance and Nominating Committee
3 will seek to produce a slate of candidates who, together with the Directors from
4 all Member Classes standing for election and continuing in office, will reflect the
5 diversity of regional interests and characteristics within the Western
6 Interconnection. The proposed slate of candidates will be mailed to the Members
7 of the Class at least sixty (60) days before each Member Class Meeting at which
8 the elections are to be held. Additional candidates may be added to the slate upon
9 the submittal of a nomination to the Chief Executive Officer signed by three (3)
10 Members of the Class, or ten percent (10%) of the total number of Members of
11 the Class, whichever is greater. The Chief Executive Officer must receive such
12 nominations at least thirty (30) days before the Member Class Meeting. All
13 candidates identified by the Class (as provided above) or by the Governance and
14 Nominating Committee will be submitted to the Class for election at the Member
15 Class Meeting. Candidates will provide reasonable background information
16 regarding their qualifications and a disclosure statement regarding any affiliations
17 with Electric Line of Business Entities in the Western Interconnection to the
18 Members before each election. The Director candidate(s) receiving the highest
19 number of votes cast by Members of the Class will be elected to the position of
20 Director. Candidates for a Director position shall be nominated by a Nominating
21 Committee. The Nominating Committee shall consist of seven members. Three
22 members shall be Directors, not standing for re-election, designated by the Board
23 Chair. The remaining four Nominating Committee members shall be designated
24 by the Member Advisory Committee and come from individuals serving on the
25 Member Advisory Committee, with two (2) members being from Classes 1, 2,
26 and/or 3, and two (2) members being from Classes 4 and/or 5.

27
28 6.4.1.1 If the Member Advisory Committee does not designate MAC members to
29 serve on the Nominating Committee within 30 days of being notified of
30 the Board Chair's designation of the three Directors to serve on the
31 Nominating Committee, the Board Chair may designate MAC members to
32 serve.

33
34 6.4.1.2 A Nominating Committee shall be formed each year not less than 180
35 days prior to the Annual Meeting. A Nominating Committee will continue
36 to function until a replacement Nominating Committee is formed, but may
37 not continue for a period longer than twelve (12) months from its creation,
38 provided however, that the Board, by resolution, may authorize a
39 Nominating Committee to function beyond twelve (12) months as the
40 Board may determine is necessary.

41
42 6.4.2 Member Class Director Candidate NominationsQualifications. Member Classes
43 eligible to elect Member Class Directors may elect any person as a Member Class
44 Director, provided that no Member or group of Affiliated Members may have more than
45 one Director associated with them. Nothing in this Section regarding the election of
46 Directors by Classes of Members is intended to limit, qualify or alter in any manner the

1 fiduciary obligation of Directors to WECC set forth in Section 6.10.1. A Member Class
2 Director shall notify all Members of the Class from which the Director was elected of any
3 significant change in employment or other significant change in circumstances relevant to
4 the Director's qualifications. Such notice shall be provided in writing as soon as possible
5 and not later than sixty (60) days following the change.
6

7 6.4.2.1 The Nominating Committee shall develop candidate pools and make
8 candidate nominations to the Members. The Nominating Committee may
9 consider any qualified applicant in developing the candidate pool, and
10 may identify applicants through the following process: (1) selecting and
11 utilizing an independent search firm to provide the Nominating Committee
12 with a list of qualified applicants for each Director position subject to
13 election; (2) consider an incumbent Director who is willing to stand for
14 reelection, including a review of such Director's tenure on the Board of
15 Directors; (3) consider external nominations.
16

17 6.4.2.2 External parties, including but not limited to Members and Western
18 Interconnection stakeholders, may recommend candidates (self
19 recommendations and third party recommendations) to the Nominating
20 Committee for consideration, by submitting the following: the candidate's
21 resume, a summary of the candidate's relevant experience, a disclosure
22 statement from the candidate, and a letter of interest from the candidate.
23 All recommendations from external parties must be submitted to the
24 Nominating Committee within sufficient time for the Nominating
25 Committee to evaluate the candidate prior to the notification required in
26 Section 6.4.2.5.
27

28 6.4.2.3 The Nominating Committee shall review the qualifications of the potential
29 candidates and put forth one nominee for each Director position up for
30 election.
31

32 6.4.2.4 Five (5) affirmative votes of the Nominating Committee shall be necessary
33 to put forth a nominee to the Members.
34

35
36 6.4.2.5 At least sixty (60) days in advance of the Annual Meeting, the Nominating
37 Committee shall notify the Board Chair whether or not it has finalized all
38 Director nominations. If the Committee fails to put forth a nomination for
39 an open position, then the Board Chair may form a new Nominating
40 Committee with different Board and Member Advisory Committee
41 members, who shall be tasked with developing any remaining nominations
42 for open Director positions.
43

44 ~~6.2.1-16.4.2.6~~ 6.4.2.6 Each nominee, put forth by the Nominating Committee, shall be
45 presented for separate election by the Members.
46

1 6.4.3 Director Elections. Members will vote for each vacant Director position
2 separately. A candidate will be elected to the Board upon majority vote of the Members
3 as a whole in addition to a majority of the Classes (three of the five) having a majority
4 vote from the Members of the individual Class.

5
6 6.2.26.4.4 Should a candidate fail to receive the required vote of the Members or
7 Member Classes, the Board may:

8
9 6.4.4.1 conduct a new election of an alternate candidate put forward by the
10 Nominating Committee, if any, or the Board may ask the Chair to
11 establish a new Nominating Committee to recommence the nomination
12 and election process. Where a candidate has not received the required
13 vote of the Members and Member Classes, the director position shall
14 remain vacant until a candidate is elected, except as provided in Section
15 6.7.2.

16 ~~6.2.3 Minimum Number of Class Members. Each Class eligible to elect Member Class Directors must~~
17 ~~have at least four (4) Members to be qualified to nominate and elect representatives to the Board of~~
18 ~~Directors. If a Class eligible to elect Member Class Directors contains less than four (4) members, then~~
19 ~~the Director positions for that Class will remain vacant until the first Annual Meeting at which the Class~~
20 ~~has the minimum number of members, at which time two of the vacant positions will be filled by~~
21 ~~election to three year terms and two by election to two year terms. If a Class eligible to elect Member~~
22 ~~Class Directors falls below the minimum number of members after having elected Directors, such~~
23 ~~Directors will continue to serve out their terms. However, upon expiration of their terms, the Director~~
24 ~~positions will remain vacant until such time as the Class contains sufficient members.~~

25
26 ~~6.2.4 Member Class Director Compensation. Member Class Directors will not be~~
27 ~~compensated for their service by WECC. WECC will reimburse Member Class Directors~~
28 ~~for reasonable and actual out of pocket expenses (such as travel and lodging) that are not~~
29 ~~subject to reimbursement from any Member or other source.~~

30
31 ~~6.4.5 Selection and Annual Compensation of Non-Affiliated Directors. Every two~~
32 ~~years, or sooner if, in the discretion of the CEO, a new survey is required, the CEO shall~~
33 ~~contract with an appropriate firm to conduct a national compensation survey, which shall~~
34 ~~provide an independent review of the compensation paid independent directors. The~~
35 ~~latest survey so procured shall be used by the Nominating Committee to make an annual~~
36 ~~recommendation for the compensation of Directors for the following year. Any such~~
37 ~~recommendation shall require five (5) affirmative votes of Nominating Committee~~
38 ~~members. This recommendation shall be presented to the MAC no later than one~~
39 ~~hundred fifty (150) days prior to the Annual Meeting. The MAC shall set the~~
40 ~~compensation for the Directors at least one hundred and twenty (120) days prior to the~~
41 ~~Annual Meeting. When making this decision, the MAC shall consider the~~
42 ~~recommendation of the Nominating Committee and any other material relevant to setting~~
43 ~~Director compensation. If the Nominating Committee is unable to reach the five (5) vote~~
44 ~~majority necessary to make a compensation recommendation, the MAC shall make no~~
45 ~~changes to the compensation paid Directors for the following year.~~

1 ~~6.2.5 Non-Affiliated Director Qualifications:~~

2
3 ~~6.2.5.1 Non-Affiliation. The Non-Affiliated Directors of the Board may not be affiliated with~~
4 ~~any Entity that is a Member of WECC or is eligible for membership in Classes 1 through 3 of~~
5 ~~WECC, provided that status as a residential electricity customer will not disqualify a person from~~
6 ~~sitting as a Director. A candidate will not be qualified to serve as a Director if the candidate, or~~
7 ~~the spouse or a minor child of the candidate, derives any of his or her annual income from a~~
8 ~~Member of WECC, an Entity that is eligible for membership in Classes 1 through 3, or a bulk~~
9 ~~power user in the Western Interconnection. WECC shall maintain a list of such Members and~~
10 ~~Entities which shall be updated periodically. Non-Affiliated Directors, candidates and others~~
11 ~~shall be entitled to rely upon the list to determine compliance with these requirements.~~

12
13 ~~6.2.5.1.1 Notwithstanding the provisions of Section 6.5.1.1, a candidate for Non-Affiliated~~
14 ~~Director will not be disqualified for owning shares in a mutual fund that owns an interest in a~~
15 ~~Member or an Affiliate of a Member as long as the mutual fund does not specialize exclusively~~
16 ~~or predominantly in the energy sector. The disqualification standards described in Section 6.5.1.1~~
17 ~~will not disqualify a candidate who is receiving payments from a pension plan of a Member or an~~
18 ~~Affiliate of a Member in a form other than securities of such Member or Affiliate and the~~
19 ~~pension plan payments bear no relationship to the economic performance of the Member or~~
20 ~~Affiliate.~~

21
22 ~~6.2.5.1.2 The disqualification standards described in Section 6.5.1.1 will not apply to~~
23 ~~disqualify a candidate solely by virtue of an employment or contractual relationship with a state~~
24 ~~that has one or more agencies that are eligible to be Members of Class 5 of WECC, provided~~
25 ~~that:~~

- 26
27 ~~1. In the case of a candidate's employment relationship, the employer is not a member of WECC;~~
28
29 ~~2. In the case of a candidate's contractual relationship with a state agency, no member or employee~~
30 ~~of the state agency is a member of the WECC Board;~~
31
32 ~~3. In the case of a candidate's employment relationship with a contractor to a state agency, no~~
33 ~~member or employee of the state agency is a member of the WECC Board; and~~
34
35 ~~4. In the case of a candidate's employment or contractual relationship with a state agency which is~~
36 ~~a WECC Member or employs a WECC Board member, if the Governance and Nominating~~
37 ~~Committee determines that the candidate's employment duties do not include significant work~~
38 ~~for or representation of that state agency.~~

39
40 ~~6.2.5.1.3 Notwithstanding the provisions of this Section 6.5.1.1, a candidate for Non-~~
41 ~~Affiliated Director will not be disqualified for being affiliated with an organization that~~
42 ~~represents a substantial number of end users or a substantial number of persons interested in the~~
43 ~~impacts of electric systems on the public interest or the environment.~~

44
45 ~~6.2.5.2 Expertise. The Governance and Nominating Committee will nominate Non-Affiliated~~
46 ~~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~~

1 Committee will also have the objective of nominating persons with: 1) experience in corporate
2 leadership at the senior management or board of directors level; 2) leadership experience in law,
3 finance, economics, accounting, engineering, regulation, natural resources or commercial
4 commodity markets and associated risk management; 3) experience representing a substantial
5 number of end users or a substantial number of persons interested in the impacts of electric
6 systems on the public or the environment; 4) a well developed understanding of the distinct
7 operational, resource, political, and interest based characteristics of various regions within the
8 Western Interconnection; and 5) a well developed understanding of Canadian power systems or
9 Canadian regulatory issues.

11 ~~6.2.6 Selection of Non-Affiliated Directors.~~

12
13 ~~6.2.6.1 Selection of Non-Affiliated Directors.— After the initial election of Non-Affiliated~~
14 ~~Directors, the Governance and Nominating Committee will make nominations. Before the end of~~
15 ~~each Non-Affiliated Director's term, the Governance and Nominating Committee may select an~~
16 ~~independent search firm to provide the Governance and Nominating Committee with a list of~~
17 ~~qualified candidates for each vacant position. Incumbent Directors, if qualified and willing to~~
18 ~~serve, may be considered for nomination by the Governance and Nominating Committee. The~~
19 ~~Governance and Nominating Committee will consider each candidate for Non-Affiliated~~
20 ~~Director to determine whether that candidate is qualified to stand for election to the Board. From~~
21 ~~the list of candidates accepted by the Governance and Nominating Committee to stand for~~
22 ~~election, the Governance and Nominating Committee will select a slate of candidates for the~~
23 ~~vacant Non-Affiliated Director positions. The Governance and Nominating Committee's slate of~~
24 ~~candidates will be e-mailed to the Members no later than sixty (60) days prior to the Annual~~
25 ~~Meeting. Additional candidates may be added to the slate upon the submittal of a nomination to~~
26 ~~the Chief Executive Officer signed by no fewer than 10 Members, including at least 3 from each~~
27 ~~of two different Member Classes. The Chief Executive Officer must receive such nomination at~~
28 ~~least thirty (30) days before the Annual Meeting. The Chief Executive Officer will place such~~
29 ~~nominations before the Members for possible election unless he or she determines in writing that~~
30 ~~a proposed nominee does not meet the criteria for eligibility to be a Non-Affiliated Director in~~
31 ~~these Bylaws.~~

32
33 ~~6.2.6.2 Disclosure Statement.— Candidates for Non-Affiliated Director will provide to the~~
34 ~~Governance and Nominating Committee and, if nominated, to the Members, a statement~~
35 ~~describing their expertise and disclosing any present or past affiliations, relationships or~~
36 ~~associations relevant to their qualification to serve as a Non-Affiliated Director. A candidate for~~
37 ~~Non-Affiliated Director will be required to disclose any economic interest in any Member of~~
38 ~~WECC or any Entity eligible for membership in Classes 1 through 3 of WECC held by~~
39 ~~themselves, their spouse or their children as well as any such interest known to the candidate~~
40 ~~held by the candidate's parents, siblings, aunts, uncles, or first cousins.~~

41
42 ~~6.2.6.3 Election.— The number of Non-Affiliated Director candidate(s) corresponding to the~~
43 ~~number of vacant positions receiving the highest number of votes cast at the Annual Meetings of~~
44 ~~the Members will be elected to the position of Non-Affiliated Director.~~

1 ~~6.2.7 Non-Affiliated Director Compensation. The Non-Affiliated Directors will receive a level~~
2 ~~of compensation as determined from time to time by the Member Class Directors.~~

3 ~~**6.3 Tie Vote.**~~

4 ~~In the event of an inability to select Directors due to a tie vote, a second vote will be taken to~~
5 ~~determine the placement of the tied candidates. The second vote will be limited to the tied~~
6 ~~candidates, with the candidate(s) receiving the highest number of votes being selected. If~~
7 ~~another tie vote results, additional votes will be taken (after the elimination of any candidate~~
8 ~~receiving fewer votes than the tied candidates) until a candidate can be selected. If a tie cannot~~
9 ~~be resolved pursuant to the foregoing procedures, it will be resolved by lot. For the purpose of~~
10 ~~such second (and subsequent) votes, absentee ballots shall allow voters to list all candidates in~~
11 ~~order of preference such that absentee ballots may be counted by striking those candidates not~~
12 ~~participating in the run-off. Absentee ballots that express an order of preference for fewer than~~
13 ~~all candidates will be counted if the ballot demonstrates clear preference among the runoff~~
14 ~~candidates.~~

15 ~~**6.4.5 Removal of Directors.**~~

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

18
19
20
21
22 ~~6.4.16.5.1 Removal by the Members. Member Class Directors may be removed at~~
23 ~~will by a vote of at least sixty percent (60%) of the Members of the Class that~~
24 ~~elected that Director. Non-Affiliated Directors may be removed only for gross~~
25 ~~negligence, violation of local, state, provincial, or federal laws, gross misconduct,~~
26 ~~or failure to meet the fiduciary obligations of Directors.~~

27
28 ~~6.4.16.5.1.1 Removal of a Non-Affiliated Director will be by a vote of at least~~
29 ~~fifty percent (50%) a majority of all the entire WECC Members membership, not~~
30 ~~just those Members voting, including a vote of at least fifty percent (50%) of each~~
31 ~~Class in addition to a majority of the Classes (three of the five) having a majority~~
32 ~~vote from the Members of the individual Class. Removal may only take place at a~~
33 ~~meeting called for that purpose by notice provided in accordance with the notice~~
34 ~~requirements for member meetings. A vote, by all Members, to consider removal~~
35 ~~of a Director will occur based upon a petition, for such an all-Member vote,~~
36 ~~supported by twenty percent (20%), each, of the Members of three of the five~~
37 ~~Member Classes.~~

38
39 ~~6.4.26.5.2 Removal by the Board. The Board may remove any Director for gross~~
40 ~~negligence, violation of local, state, provincial, or federal laws, gross misconduct,~~
41 ~~or failure to meet the fiduciary obligations of Directors. Such removal will only~~
42 ~~occur upon the affirmative vote of not less than twenty one (21) six (6) Directors.~~

43
44 ~~**6.5.6 Resignation.**~~

45 Any Director may resign from ~~his or her office or their~~ position at any time by written
46 notice to the Board by delivery to the Chair. ~~Pursuant to Sections 4.1 and 4.8.2, a~~

1 | ~~Director employed by a withdrawing or expelled Member will be deemed to have~~
2 | ~~resigned.~~ The acceptance of a resignation will not be required to make it effective.
3 |

4 | **6.6.7 Procedures for Filling Vacant Director Positions.**
5 |

6 | ~~6.6.1 Member Class Director Vacancies. If the position of any Director elected by a~~
7 | ~~Member Class becomes vacant, the remaining Directors elected by the same Class~~
8 | ~~will promptly choose a successor to that position who will serve until the next~~
9 | ~~Annual Meeting.~~
10 |

11 | 6.7.1 ~~Non-Affiliated~~ Director Vacancies. If the position of any ~~Non-Affiliated~~ Director
12 | becomes vacant prior to its normal term expiration, the remaining Directors may
13 | charge the ~~Governance and~~ Nominating Committee with selecting a successor
14 | immediately. The ~~Governance and~~ Nominating Committee will follow the
15 | requirements set out in Sections ~~6.5.2-6.2.1 and 6.2.2~~ in its selection of any
16 | successor ~~Non-Affiliated~~ Director. Alternatively, if less than one (1) year remains
17 | in the term of that Director, the remaining Directors may choose to leave the
18 | position vacant for the remainder of the term.
19 |

20 | 6.7.2 Holdover to Cure Procedural Vacancies. Whenever an incumbent Director is a
21 | candidate for a vacancy in any Member Class or Non-Affiliated Director position
22 | and a vacancy would be created due to expiration of ~~a the~~ Director's term
23 | ~~combined with a lack of a quorum or other procedural inability to elect a new~~
24 | ~~Director, the expired Director's term shall be extended may continue to serve, for~~
25 | up to an additional 12 months, until such time as an proper election of ~~a new the~~
26 | Director's position can be conducted, provided the vacancy arises from a lack of
27 | quorum or other procedural inability to elect a candidate for the Director position.
28 |

29 | ~~6.6.2~~6.7.3 Should the number of serving Directors fall below seven (7), the Board
30 | may appoint one or more individuals to serve as temporary Directors until such
31 | time as replacement Directors can be elected by the Members.
32 |

33 | ~~6.6.2-6.7.3.1~~ In appointing temporary Directors, the Board shall select
34 | individuals who meet the requirements of Section 6.6.2.
35 |

36 | **6.7.8 Duties of Directors.**
37 |

38 | The Directors will have the following duties:
39 |

40 | ~~6.7.1~~6.8.1 Fiduciary Obligation to WECC: All Directors, ~~including Member Class~~
41 | ~~Directors~~, will have a fiduciary obligation to WECC consistent with the
42 | requirements for Directors of Utah non-profit corporations. ~~Notwithstanding any~~
43 | ~~affiliation with individual Members or Class of membership,~~ Members of the
44 | Board will at all times act in conformance with such requirements, these Bylaws
45 | and the Standards of Conduct set forth in Appendix A.
46 |

1 | ~~6.7.2~~6.8.2 Preserve Non-Affiliated Status: Throughout their terms, ~~Non-Affiliated~~
2 | Directors will have a duty to avoid any affiliation that is inconsistent with the
3 | ~~standards for Non-Affiliated qualifications for~~ Directors in Section ~~6.5.1.1~~6.2.2 of
4 | these Bylaws. If a ~~Non-Affiliated~~ Director becomes aware of any ~~such~~
5 | ~~affiliation~~intervening disqualification, he/she must either resign or eliminate the
6 | ~~affiliation~~disqualification (e.g., dispose of securities) within ~~six (6) months~~sixty
7 | ~~(60) days~~(60) days.

8 |
9 | **6.8.9 Powers of Directors.**

10 | The management of all the property and affairs of WECC will be vested in the Board of
11 | Directors. The Board will hold annual elections to select a Board Chair and to fill any
12 | other Board officer positions that may be created by the Board or required by applicable
13 | law. The Board may exercise all the powers of WECC and do all lawful acts and things
14 | (including the adoption of such rules and regulations for the conduct of its meetings, the
15 | exercise of its powers and the management of WECC) as are consistent with these
16 | Bylaws and the Articles of Incorporation. The Board will give serious consideration to
17 | the Member Advisory Committee's and the Western Interconnection Regional Advisory
18 | Board's (or any successor) recommendations. The Board will respond to Member
19 | Advisory Committee and Western Interconnection Regional Advisory Board
20 | recommendations through a means which the Board determines appropriate.

21 |
22 | **6.9.10 Delegation of Board Authority.**

23 | The Board may delegate to the Chief Executive Officer or to any Board Committee
24 | formed pursuant to Section ~~7.7.3~~3 any or all of its powers and authority except: 1) any
25 | power which it may not delegate pursuant to applicable Utah law; 2) the power to adopt
26 | any reliability standard; 3) the power to determine when to exercise the Backstop
27 | Authority of WECC; 4) the power to approve budgets; 5) the power to form committees;
28 | 6) the power to amend the Bylaws; 7) the power to elect the Chair and other officers of
29 | the Board; and 8) the power to hire, fire or set the terms of employment of the Chief
30 | Executive Officer. The Board may also delegate to any Member committee the power to
31 | make specific decisions, subject to the right of any Member to appeal any of such
32 | decisions to the Board within 30 days of the committee vote on the decision by writing a
33 | letter to the Chief Executive Officer that describes in reasonable detail the grounds for
34 | appeal, and requests that the appeal be considered by the Board at its next regularly
35 | scheduled meeting, subject to applicable notice requirements. Delegation will be by
36 | express decision and will require the affirmative vote of not less than ~~twenty (20)~~a
37 | majority of the Directors. Any Director may call for a vote to rescind such delegation at
38 | any time and such delegation will be rescinded if ~~eight (8) or more~~a majority of the
39 | Directors vote to do so.

40 |
41 | ~~6.9.1~~6.10.1 Notice to Members. Within seven (7) days of any decision delegated
42 | pursuant to Section ~~6.12~~6.10, except for routine decisions of the Chief Executive
43 | Officer, Members will be notified of the decision by electronic mail, posting on
44 | the WECC website and any other means determined appropriate by the Board.
45 | Routine decisions of the Chief Executive Officer will be noticed in periodic

1 reports to the Board and Members as determined by the Board, which will be sent
2 to Members by electronic mail and posted on the WECC website.

3
4 ~~6.9-26.10.2~~ Board Review of Delegated Decisions. Decisions delegated pursuant to
5 Section ~~6.12-10~~ will be reviewed by the Board at the request of any Director,
6 provided such request is lodged with the Secretary within thirty (30) days of the
7 notice. Whenever it determines that a matter requires an urgent decision, the
8 Board may shorten the deadline for requests for review, provided that: 1) the
9 notice and opportunity for review will be reasonable under the circumstances; and
10 2) notices to Members will always contain clear notification of the procedures and
11 deadlines for Board review. A request for review of a decision will stay the effect
12 of the decision pending review unless the Board in making the delegation
13 expressly determines otherwise.
14

15 7. Procedures for Board Decisions.

16 7.1 Quorum.

17 No business will be conducted by the Board unless at least ~~seventeen (17) Directors are~~
18 ~~present, including at least three (3) Non-Affiliated Directors and at least one Director~~
19 ~~elected by each of not less than four (4) of the Member Classes; provided, that if all~~
20 ~~Member Class Director positions for a Class are vacant, or if a Class is not entitled to~~
21 ~~elect Member Class Directors, then no Director elected by such Class will be required to~~
22 ~~be present for the Board to conduct business five (5) Directors are present, or six (6)~~
23 ~~Directors if the CEO is counted to determine a Board quorum.~~
24

25 7.2 Majority Vote.

26 A decision of the Board will require an affirmative vote of a majority of Directors present
27 and not abstaining; ~~provided that no decision of the Board shall be made with fewer than~~
28 ~~three (3) affirmative votes, or four (4) affirmative votes if the CEO is counted to~~
29 ~~determine a Board quorum.~~ Directors may not vote by proxy or by absentee ballot, but
30 Directors may participate in Board meetings by telephone as provided in Section 7.3 of
31 these Bylaws.
32

33 7.3 Attendance at Board Meetings by Teleconference.

34 Any or all of WECC's Directors may participate in any meeting of the Board by
35 telephone conference or any other means of communication that enable all Directors
36 participating in the meeting to simultaneously hear one another. Every Director
37 participating in a meeting in the manner described in the preceding sentence will be
38 deemed to be present in person at that meeting.
39

40 7.4 Board Action by Unanimous Consent.

41
42 7.4.1 Action Without a Meeting. Unless WECC's Articles of Incorporation or
43 applicable law provides otherwise, action required or permitted to be taken at a
44 meeting of the Board may be taken without a meeting through one or more
45 written consents describing the action taken. Any Board action taken by written
46 consent must be signed by all Directors in office at the time the action is taken.

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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.

~~7.3.1~~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 ~~6.12-10~~ (limiting the power to delegate) and ~~13~~12.1 (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.

7.4.5 Notice of Board Meetings.

~~7.4.1~~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.

~~7.4.2~~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

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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.

7.4.37.5.3 **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.

7.5.7.6 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.

7.5.17.6.1 **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.

7.5.17.6.1.1 **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.

7.5.17.6.1.2 **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.

1 | ~~7.5.1.3~~ 7.6.1.3 Confidentiality of Closed Session. All Directors and others present
2 | will maintain the confidentiality of discussions and decisions made in
3 | closed session. The Board will appoint a secretary for closed session to
4 | keep a minute book for the purpose of recording the subject matter
5 | discussed in closed session and any actions taken in closed session. After
6 | a closed session has ended, the Board Chair shall provide the public a
7 | general description of the business conducted during the closed session,
8 | without breaching the confidentiality of the information used in the
9 | session.

10 | 7.6.7.7 Board Committees.

11 | ~~7.6.1~~ 7.7.1 Governance ~~and Nominating~~ Committee. The Chair will appoint a
12 | Governance ~~and Nominating~~ Committee that shall: ~~1) return slates of candidates~~
13 | ~~as required by these Bylaws; 2) oversee implementation and amendment of these~~
14 | ~~Bylaws; and 3) address such other issues pertinent to Governance as the Board~~
15 | ~~may choose to delegate to it. The Governance and Nominating Committee will~~
16 | ~~consist of one five (5) Directors from each of the six Member Classes eligible to~~
17 | ~~elect such Directors and one Non-Affiliated Director.~~ The Chair will designate one
18 | of the appointed Directors to be the Chair of the Governance ~~and Nominating~~
19 | Committee.
20 |
21 |

22 | 7.7.2 Nominating Committee. Constituted as described in Section 6.4.1 of these
23 | Bylaws.
24 |

25 | 7.7.3 Other Board Committees. The Board may appoint such Board committees as it
26 | deems necessary from time to time to carry out its business affairs. In appointing
27 | such committees, the Board will specify their purpose, membership, voting, notice
28 | and meeting procedures and such other direction as the Board may deem
29 | appropriate. The Board may appoint one or more Members or other persons to
30 | participate in Board committees as full voting members or as non-voting advisory
31 | members.
32 |

33 | 7.7.4 Standards of Conduct for Board Committee Members. Members of Board
34 | committees shall comply with the Board Member Standards of Conduct set forth
35 | in Appendix A.
36 |

37 | 8. Member Committees.

38 | 8.1 Purpose.

39 | WECC will have committees composed of its Members to advise and make
40 | recommendations to the Board. Such committees will include both standing committees
41 | required by these Bylaws and such other committees as the Board may choose to create.
42 |

43 | 8.2 Standing Committees.

44 | WECC will have the following standing committees:
45 |
46 |

1
2 8.2.1 Member Advisory Committee. This committee is comprised of Member
3 representatives elected by the Member Classes, or subclasses, as set forth herein.

4
5 8.2.1.1 The committee shall advise the Board on any matters the Board requests
6 the committee to evaluate or consider; and advise the Board on matters as
7 the committee deems appropriate.

8
9 8.2.1.2 The committee's Chair or designee will attend the Board's meetings to
10 provide advice, clarifications or respond to Directors' questions. The
11 Board Chair and committee Chair shall develop guiding principles and
12 procedures as necessary, to ensure open, effective, and efficient dialog
13 between the MAC and Board. Such guiding principles and procedures
14 may be amended by the Board and committee's Chairs.

15
16
17 8.2.2 WECC Standards Committee. This committee will oversee the process for
18 responding to requests for Regional Reliability Standards and Regional Criteria in
19 accordance with the Reliability Standards Development Procedures. The WECC
20 Standards Committee is responsible for determining if a request for a Regional
21 Reliability Standard or a Regional Criteria is within the scope of WECC's
22 activities, and for overseeing the drafting, comment and voting process for a
23 Regional Reliability Standard or Regional Criteria. The WECC Standards
24 Committee shall also oversee the process for responding to requests for
25 interpretations of Regional Reliability Standards and Regional Criteria. The
26 WECC Standards Committee shall consist of one member from each of the
27 WECC Standards Voting Sectors set forth in Section 8.6.5.2, and a member of the
28 WECC Board who shall act as chair of this committee. The WECC Board shall
29 approve a Charter for the WECC Standards Committee that describes the WECC
30 Standards Committee membership selection process.

31
32 ~~8.2.1~~8.2.3 Planning Coordination Committee. This committee will advise and make
33 recommendations to the Board on all matters within the jurisdiction of WECC
34 pertaining to maintaining reliability through evaluating generation and load
35 balance and the adequacy of the physical infrastructure of the interconnected ~~bulk~~
36 Bulk electric-Electric systems-System within the Western Interconnection.

37
38 ~~8.2.2~~8.2.4 Operating Committee. This committee will advise and make
39 recommendations to the Board on all matters within the jurisdiction of WECC
40 pertaining to maintaining reliability through the operation and security of the
41 interconnected ~~bulk Bulk western electric-Electric systems-System~~ in the Western
42 Interconnection.

43
44 ~~8.2.3~~8.2.5 Market Interface Committee. This committee will advise and make
45 recommendations to the Board on the development of consistent Market Interface
46 practices and compatible commercial practices within the Western

1 Interconnection. It will consider matters pertaining to the impact of WECC's
2 reliability standards, practices, and procedures on the commercial electricity
3 market in the Western Interconnection, and facilitate analysis of the impact of
4 electricity market practices on electric system reliability.
5

6 **8.3 Other Committees.**

7
8 8.3.1 The Board may create such other committees as it may desire from time to time.
9 The Board will specify the functions, duties and responsibilities of any such
10 committee at the time of its creation. The Board will also specify the membership
11 rules, quorum requirements, voting levels and meeting and notice requirements at
12 the time of creation. Any changes in the membership rules, quorum requirements,
13 or voting levels of a committee, once established by the Board, will require a
14 seventy-five percent (75%) vote of the Board to alter. The specific function or
15 sunset date for a committee will be designated by the Board at the time of the
16 committee's creation. The committee will terminate its activities upon the
17 completion of its function or the expiration of the date set by the Board.
18

19 ~~8.3.2 The WECC Standards Committee is the committee that will oversee the process for~~
20 ~~responding to requests for Regional Reliability Standards and Regional Criteria in~~
21 ~~accordance with the Reliability Standards Development Procedures. The WECC~~
22 ~~Standards Committee is responsible for determining if a request for a Regional Reliability~~
23 ~~Standard or a Regional Criteria is within the scope of WECC's activities, and for~~
24 ~~overseeing the drafting, comment and voting process for a Regional Reliability Standard~~
25 ~~or Regional Criteria. The WECC Standards Committee shall also oversee the process for~~
26 ~~responding to requests for interpretations of Regional Reliability Standards and Regional~~
27 ~~Criteria. The WECC Standards Committee shall consist of one member from each of the~~
28 ~~WECC Standards Voting Sectors set forth in Section 8.5.5.2, and a member of the WECC~~
29 ~~Board who shall act as chair of this committee. The WECC Board shall approve a Charter~~
30 ~~for the WECC Standards Committee that describes the WECC Standards Committee~~
31 ~~membership selection process.~~
32

33 **8.4 [Repealed] Assessment of Standing Committee Activities.**

34 ~~Within eighteen months of the Federal Energy Regulatory Commission (FERC)~~
35 ~~approval of Section 6 establishing an independent Board, and, thereafter, within no longer~~
36 ~~than a five year period after the previous review, the Board of Directors will conduct a~~
37 ~~thorough review of the activities of each of WECC's standing committees to assess~~
38 ~~whether they are effectively furthering WECC's purposes in a manner that is consistent~~
39 ~~with: 1) the provisions of Section 2.2 of these Bylaws; and 2) the then-current state and~~
40 ~~the expected future evolution of the electric power industry within the Western~~
41 ~~Interconnection. The Board's review will assess whether there are any aspects of the~~
42 ~~standing committees' functions or procedures that impede development of WECC~~
43 ~~standards, obligations, processes, and decisions that are timely, fair, effective, and~~
44 ~~reasonable in view of the commercial, legal, regulatory, and economic needs and~~
45 ~~objectives of the affected Members. The Board will propose to the membership, at the~~
46 ~~Members' annual meeting held after completion of a review required by this Section 8.4.~~

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1 any changes to standing committee structures, functions, or procedures that the Board
2 determines are warranted by its review.

3 ~~8.4~~

4
5 **8.5 Procedures for Committee Decision-Making.**

6
7 8.5.1 Member Advisory Committee (MAC). The committee shall be comprised of
8 three representatives from each of the five (5) Member Classes, for a total of
9 fifteen (15) members.

10
11 8.5.1.1 The Board, by resolution, may create up to three additional representative
12 positions on the MAC, to include representation for Entities of the
13 Canadian Provinces of British Columbia, and/or Alberta, and/or the
14 Mexican State of Baja California. The Board resolution shall set forth the
15 terms through which Canadian or Mexican representatives shall be
16 selected and serve.

17
18 8.5.2 MAC Member Elections. At the Annual Members Meeting, each Member Class
19 shall conduct elections to elect Class member representatives for the committee.
20 As set forth herein, each Class may subdivide into up to three subclasses for
21 purposes of electing a Class' MAC members.

22
23 8.5.2.1 Committee member terms. Each committee member will serve a three
24 year term. Terms shall be staggered such that one of each Class'
25 representative committee member's terms ends each year. Class
26 committee members may have term limits as determined appropriate by
27 the Class or subclass electing such committee member.

28
29 8.5.2.2 Subclasses. Each Class will determine the need for diversity within the
30 Class (e.g., geographic, stakeholder issues, etc.) which may lead to the
31 establishment of subclasses. A Class may subdivide into up to three
32 subclasses. Each Class shall determine to establish or discontinue its
33 subclasses, if any, by majority vote of the members in the Class.

34
35 8.5.2.3 Committee member nominations and elections. Only members of each
36 Class, or subclass, if applicable, may nominate and vote on candidates for
37 election as a MAC member representative for their respective Class or
38 subclass.

39
40 8.5.2.3.1 A Class or subclass candidate need not be a member of the Class
41 or subclass, neither an employee of a Class or subclass member.

42
43 8.5.2.3.2 A quorum of a majority of the members of a Class or subclass
44 must be present in order to elect a MAC member for the Class or
45 subclass; election shall be by simple majority of votes cast.

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8.5.2.3.3 Where there are more candidates for election than positions to fill, absentee ballots shall allow voters to order the candidates by order of preference so that their wishes may be honored in case a runoff is required. Absentee ballots shall be counted in the first ballot based on the top choice, or the top two or three choices if more than one seat is being filled. In any runoff election, absentee ballots shall be counted based on the highest preferences indicated for the candidates who remain in the runoff election.

8.5.2.3.4 Other nomination and election procedures, beyond those contained in these bylaws, may be proposed for a Class or subclass. Contingent upon their approval, by the General Counsel, for their submission to Members, they may be adopted for implementation by majority vote of the Member Class or subclass.

8.5.3 MAC Member Vacancy by Resignation or Removal

8.5.3.1 Resignation. At any time, any MAC member may resign from their position by providing written notice of resignation to the MAC Chair. Such notice shall be effective as of the date the notice is submitted to the MAC chair.

8.5.3.2 Removal. The MAC or the Member Class or subclass which elected a MAC member may remove the MAC member prior to completion of the Mac member's term of office as set forth herein:

8.5.3.2.1 Removal by the MAC. The MAC may remove any MAC member for gross negligence, gross misconduct, violation of local, state, provincial, or federal law, or gross failure to carry out the duties of a MAC member. Such removal will only occur after the affirmative vote of at least two-thirds (2/3) of the MAC members.

8.5.3.2.2 Removal by the Electing Class or Subclass. The electing Member Class or subclass may remove any MAC member representing that respective Class or subclass. Such removal will occur after the affirmative vote of a majority of the Members of the electing Class or subclass.

8.5.3.3 Vacancy. Whenever a MAC vacancy occurs, the MAC Chair shall conduct a proper and effective election, allowing for a reasonable period to select candidates and to organize such an election.

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2 8.5.3.3.1 Whenever a MAC vacancy occurs, the MAC Chair shall, as
3 promptly as feasible, conduct an election consistent with these
4 Bylaws for the Member Class or subclass from which the
5 vacancy arose, allowing for a reasonable period to select
6 candidates and to organize such an election.
7

8 8.5.3.3.2 Until an election can be held, the MAC Chair may appoint an
9 interim MAC member to fill the vacancy as may be required to
10 meet the MAC quorum requirements of 8.5.8. The appointee
11 shall serve until an effective election can be held. Any interim
12 appointment must come from Members of the same Class or
13 subclass from which the vacancy arose.
14

15 8.5.4 MAC officers. At the Annual Meeting, after incoming MAC members have been
16 duly elected by the Member Classes or subclasses, if applicable, the MAC will
17 elect the MAC Chair and MAC Vice-Chair from the MAC members. The Chair
18 and Vice-Chair must represent different Classes, and shall serve one year terms,
19 measured from the Annual Meeting to the next Annual Meeting. In the event of
20 the resignation or removal of the Chair or Vice-Chair, the MAC members shall, at
21 their next regular or special meeting, whichever is sooner, elect a new MAC Chair
22 or MAC Vice-Chair, respectively.
23

24 8.5.5 MAC Member Duties. All MAC members shall have a duty to represent
25 the interests of their Member Class or subclass. All MAC members shall
26 maintain regular contact with the members of their Member Class as issues are
27 considered by the MAC, and shall make reasonable good faith efforts to present
28 and discuss both majority and minority opinions from their Member Class on
29 matters before the MAC.
30

31 8.5.6 Regular and Special Meetings.
32

33 8.5.6.1 Regular meetings. All regular business of the MAC shall occur at
34 MAC meetings which are noticed pursuant to Section 8.5.7. The MAC
35 shall meet in person not less than two times per year, including once in
36 conjunction with the Annual Meeting. The MAC shall establish a regular
37 meeting schedule, which will be made available to the Members and
38 Directors electronically, and available to the public through posting on the
39 WECC website.
40

41 8.5.6.2 Special Meetings. Whenever the MAC Chair finds, or upon request to the
42 MAC Chair from any five (5) MAC Members, that there is urgent
43 business requiring MAC consideration or action prior to the next regularly
44 scheduled meeting, then a special meeting shall be called with notice
45 given in accordance with Section 8.5.7.
46

1 8.5.3-8.5.7 Notice.

2
3 8.5.3-18.5.7.1 Regular Meetings. All regular meetings of the MAC shall require
4 at least twenty-one (21) days written notice to the MAC members, the
5 Directors, and the Members. Such notice shall specify the time and place
6 of the meeting, and an agenda of the business to be conducted including
7 those matters upon which a vote will be taken. Notice of regular MAC
8 meetings shall be effective upon electronic distribution, and shall be
9 posted to the WECC website within one (1) business day of electronic
10 distribution.

11
12 8.5.7.2 Special Meetings. Any special meetings of the MAC shall require at least
13 ten (10) days written notice to the MAC members, the Directors, and the
14 Members. Such notice shall specify the time and place of the meeting,
15 and an agenda of the business to be conducted, including those matters
16 upon which a vote will be taken. Notice of special MAC meetings shall
17 be effective upon electronic distribution, and shall be posted to the WECC
18 website within one (1) business day of electronic distribution.

19
20 8.5.8 Quorum. No business shall be conducted by the MAC unless a majority of the
21 MAC members is present, including at least one MAC member from each
22 Member Class which elects MAC members (not including subclass designations).

23
24 8.5.9 Majority Vote. A decision of the MAC shall be upon a simple majority vote of
25 committee members voting unless otherwise required in other bylaw provisions.

26
27 8.5.10 Remote Participation at MAC Meetings. Any or all of the MAC members may
28 participate in any meeting of the MAC electronically or by telephone, or by any
29 other means of communications which enables the MAC members to
30 simultaneously hear one another. Every MAC member participating in a meeting
31 in this manner will be deemed to be present in person at the meeting.

32
33 8.5.11 Reporting to the Board. The MAC Chair, or designee, shall provide a report to
34 the Board at each Board meeting detailing the business carried out by the MAC,
35 and advising the Board of MAC recommendations on matters as set forth in
36 Section 8.2.1 herein. In the event that there are dissenting MAC member opinions
37 regarding a matter on which the MAC is advising or providing recommendations
38 to the Board, the MAC Chair, or designee, shall present dissenting opinions and
39 rationales in conjunction with the respective MAC advice or recommendations.

40
41 8.5.12 Open Meetings. Except as provided in Section 8.5.13, all regular and special
42 meetings of the MAC will be open to observation by any Member, Director,
43 and/or any member of the public.

44
45 8.5.4-8.5.13 Closed Session. Notwithstanding the provisions of Section 8.5.12, after a
46 quorum has been established at any MAC meeting and upon an affirmative vote

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of two-thirds (2/3) of the MAC members present, the MAC may close an open meeting and reconvene in closed session in the following instances: (1) to receive and/or discuss confidential attorney-client privileged information from WECC's counsel; or (2) to receive and discuss any other information which is privileged, confidential, proprietary, trade secret, or otherwise protected from public disclosure by law.

8.5.13.1 Attendance by an Affected MAC Member. Closed sessions of the MAC may not be attended by a MAC member under the following circumstances: (1) when the qualification or performance of the MAC member is being discussed; (2) when the MAC member is employed by an entity that is or is likely to become a party to the litigation or legal issue being discussed; or (3) when the MAC Chair determines that the MAC member would have a conflict of interest by becoming privy to the privileged or confidential information that is to be presented to or discussed by the MAC in closed session.

8.5.13.2 Attendance by Directors. Any member of the Board may attend a closed session of the MAC unless the topic considered by the MAC concerns the Director.

8.5.13.3 Announcement and Adjournment of Closed Session. Prior to adjourning to a closed session, the MAC Chair 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 privileged, confidential or otherwise sensitive personal information. The closed session then shall be limited in scope to the publicly stated purpose of the closed session. After the closed session has ended, the MAC Chair shall provide the public a general description of the business conducted during the closed session, without breaching the confidentiality of the information used in the session.

8.5.13.4 Confidentiality of Closed Session. All MAC members and any others present at a closed session shall maintain the confidentiality of the information, discussions, and decisions made in closed session. Unless otherwise required, all MAC members and closed session attendees shall execute an appropriate confidentiality agreement provided by WECC's General Counsel. The MAC Chair will appoint a secretary for the closed session to take minutes of the closed session, which shall be delivered to the WECC Corporate Secretary. Minutes of the closed session will be maintained confidential by the Corporate Secretary.

8.5.14 MAC Committees. The MAC may appoint such subcommittees and working groups as it deems necessary from time to time to carry out its business affairs. In appointing such subcommittees or working groups, the MAC will specify, in a charter, their purpose, membership, voting, notice and meeting procedures, and

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1 other such direction as the MAC deems appropriate. The MAC may appoint one
2 or more MAC members or other persons to participate in MAC subcommittees or
3 working groups as full voting members or as non-voting advisory members.

4
5 8.5.15 MAC meetings and activities will be self funded by Members with respect to
6 labor and travel expenses. However, WECC and WECC staff will provide
7 facilitation and coordination support, including payment for the expenses of
8 meeting facilities. A MAC member may seek reimbursement, from WECC, for
9 reasonable and actual travel expenses arising from attendance at MAC meetings,
10 consistent with WECC employee travel expense reimbursements, where such
11 MAC member's travel expenses are not reimbursed by any Member or other
12 source.

13 8.6 Procedures for Committees other than the Member Advisory Committee.

14
15
16 8.5.58.6.1 Reports to Board of Directors. Action by a committee will be in the form
17 of a recommendation for Board action except in those instances in which the
18 Board has, by resolution, specifically delegated to a committee the power to take
19 action subject to an appeal to the Board by any Member. The recommendation of
20 a committee must be forwarded to the Board for its action along with any
21 minority or dissenting reports filed with the committee Chair or Vice-Chair.
22

23 8.6.2 Subcommittees, Task Forces and Ad Hoc Groups. Any Board or member
24 committee may create such subcommittees, task forces or other ad hoc groups
25 ("subcommittee") as it deems appropriate to carry out the committee's
26 responsibilities consistent with these Bylaws and the direction of the Board. The
27 composition, responsibilities and procedures of such groups shall be specified by
28 the committee as appropriate; provided, however that: 1) the committee may only
29 delegate to such subcommittee responsibilities that are within the scope of the
30 committee's responsibilities pursuant to these Bylaws and direction of the Board;
31 and 2) the subcommittee may only make recommendations to the committee. A
32 committee may create a subcommittee without prior approval of the Board;
33 provided, however, that the committee shall promptly inform the Board in writing
34 and at the next Board meeting regarding the creation of the subcommittee. The
35 notification to the Board shall include a charter for the subcommittee that
36 describes how members of the subcommittee will be selected, the duties of the
37 subcommittee, and whether the committee has established a sunset date for review
38 of (1) the need for the subcommittee and (2) the charter of the subcommittee.
39

40 8.5.68.6.3 Committee Officers. The Board will appoint the Chair and Vice-Chair of
41 each committee. The Committee Chair or Vice-Chair will preside over all
42 meetings of the committee and will report recommendations of the committee to
43 the Board of Directors. The Chair and Vice-Chair will be responsible for
44 informing the Board regarding minority opinions and other information required
45 by the Board along with overall committee recommendations. Whenever the
46 committee elects to form a subcommittee to represent regions or address specific

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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.

~~8.5.7~~8.6.4 Committee Membership. Except as provided in Sections ~~8.32~~8.32.2 and ~~8.56~~8.56.4.1, 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.

~~8.5.7~~~~18~~8.6.4.1 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.

~~8.5.8~~8.6.5 Committee Voting and Classes.

~~8.5.8~~~~18~~8.6.5.1 Classes. For purposes of voting, committees, excluding the WECC Standards Committee ~~and the Member Advisory Committee~~, will have three classes of membership:

~~8.5.8.1~~~~18~~8.6.5.1.1 Transmission Provider Members;

~~8.5.8.1~~~~28~~8.6.5.1.2 Transmission Customer Members; and

~~8.5.8.1~~~~38~~8.6.5.1.3 States and Provincial Members (Member Class 5).

~~8.5.8~~~~28~~8.6.5.2 WECC Standards Voting Sectors. For purposes of voting on Regional Reliability Standards and Regional Criteria, a Ballot Body consisting of five registered sectors (~~8.56~~8.56.5.2.1 through ~~8.56~~8.56.5.2.5) and three non-registered sectors (~~8.55~~8.55.5.2.6 through ~~8.56~~8.56.5.2.8) shall be established. If an Entity is eligible for a registered sector, then that Entity

1 may be eligible for more than one registered sector. An Entity can only be
2 in one non-registered sector. An Entity cannot be in both a registered and a
3 non-registered sector. The first five sectors (8.56.5.2.1 through 8.56.5.2.5)
4 shall be limited to Entities which are listed in the North American Electric
5 Reliability Corporation (“NERC”) compliance registry and to those
6 Canadian and Mexican Entities that perform functions that, if performed
7 in the United States, would allow these Entities to be registered for
8 compliance in the NERC compliance registry. A WECC member or
9 Participating Stakeholder who wishes to participate in voting on
10 Reliability Standards and Regional Criteria shall apply for membership in
11 the Ballot Body in any or all of the registered WECC Standards Voting
12 Sector(s) for which it believes it is eligible, or one of the three non-
13 registered sectors. WECC staff shall confirm Participating Stakeholder’s
14 eligibility for such Sector(s). Decisions of the staff to approve, deny, or
15 restrict the admission of an entity to a voting sector may be appealed to the
16 Governance and Nominating Committee. Decisions of the Governance
17 and Nominating Committee to affirm or reverse such decisions of staff
18 may be appealed to the Board. The following sectors are established:
19

20 ~~8.5.8.2.1~~8.6.5.2.1 Transmission Sector. This sector consists of
21 Western Interconnection Entities registered in the NERC
22 compliance registry as transmission owners, transmission
23 operators, transmission service providers, or transmission
24 planners;⁴
25

26 ~~8.5.8.2.2~~8.6.5.2.2 Generation Sector. This sector consists of Western
27 Interconnection Entities registered in the NERC compliance
28 registry as generation owners or generation operators;
29

30 ~~8.5.8.2.3~~8.6.5.2.3 Marketers and Brokers Sector. This sector consists
31 of Western Interconnection Entities registered in the NERC
32 compliance registry as purchasing-selling Entities;
33

34 ~~8.5.8.2.4~~8.6.5.2.4 Distribution Sector. This sector consists of Western
35 Interconnection Entities registered in the NERC compliance
36 registry as distribution providers or load-serving Entities;
37

38 ~~8.5.8.2.5~~8.6.5.2.5 System Coordination Sector. This sector consists of
39 Western Interconnection Entities registered in the NERC
40 compliance registry as balancing authorities, reserve sharing
41 groups, planning authorities, resource planners, interchange

⁴ 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.

1 authorities, or reliability coordinators. WECC may cast a vote in
2 this sector;

3
4 ~~8.5.8.2.6~~ 8.6.5.2.6 End Use Representative Sector. This sector consists
5 of non-registered members of WECC Member Class Four;

6
7 ~~8.5.8.2.7~~ 8.6.5.2.7 State and Provincial Representatives Sector. This
8 sector consists of non-registered WECC members of WECC
9 Member Class Five;

10
11 ~~8.5.8.2.8~~ 8.6.5.2.8 Other non-registered WECC Members and
12 Participating Stakeholders Sector. This sector consists of
13 consultants and other members of WECC Member Class
14 ~~Seven~~ Three, or interested stakeholders who qualify for
15 Participating Stakeholder status but are not registered in the
16 NERC compliance registry.

17
18 ~~8.5.8.3~~ 8.6.5.3 Voting. Except as provided in Section 4.5.2 and ~~8.5.6~~ 8.6.5.4, each
19 committee member will have one vote. In order for a recommendation to
20 be made to the Board, such recommendation must receive a simple
21 majority vote of both: 1) committee members present and voting from the
22 Transmission Provider Class; and 2) committee members present and
23 voting from Transmission Customer Class. The Board will adopt voting
24 and record-keeping procedures to ensure that committee voting is
25 conducted consistent with these Bylaws. This requirement will also apply
26 where decision making power has been delegated to a committee pursuant
27 to Section ~~6.4~~ 29.1.

28
29 ~~8.5.8.3.1~~ 8.6.5.3.1 State and Provincial Votes. The position of the state
30 and provincial Class committee members must be recorded, but the
31 failure of a proposed recommendation or decision to obtain a
32 simple majority vote of the state and provincial committee
33 members will not prevent the recommendation or decision from
34 being posted for due process comment or sent to the Board of
35 Directors.

36
37 ~~8.5.8.4~~ 8.6.5.4 Voting on Regional Reliability Standards and Regional Criteria.
38 Whenever the WECC Standards Committee determines that a draft
39 Regional Reliability Standard or Regional Criteria is ready for
40 consideration by the Ballot Body, it shall be presented for a vote.
41 Members of the Ballot Body shall be provided an opportunity to opt into a
42 Ballot Pool formed for purposes of voting on each of the proposed
43 Regional Reliability Standards or Regional Criteria as described in the
44 Reliability Standards Development Procedures. A two-thirds quorum of
45 the specially formed Ballot Pool is required for a valid vote. Members of
46 the Ballot Pool shall cast their vote in the WECC Standard Voting Sectors

1 listed in 8.56.5.2. When members of the Ballot Body who are eligible to
2 vote in more than one of the sectors defined in 8.56.5.2 join the Ballot
3 Pool, they may cast one vote in each voting sector in which they are
4 eligible. Calculation of the vote by the WECC Standard Voting Sectors
5 will be pursuant to a weighted sector voting formula as described in the
6 Reliability Standards Development Procedures. If the Ballot Pool
7 approves a proposed Regional Reliability Standard or Regional Criteria,
8 then that proposed Regional Reliability Standard or Regional Criteria will
9 be recommended to the WECC Board. The process of approving proposed
10 Regional Reliability Standards and Regional Criteria is further guided by
11 the Reliability Standards Development Procedures.

12
13 ~~8.5.9~~8.6.6 Notice and Review of Committee Recommendations and Decisions (Due
14 Process). Committee recommendations or decisions delegated to a committee
15 pursuant to Section 6.~~42-9.1~~ will be subject to the due process provisions of this
16 Section. Following a committee's development of a proposed recommendation or
17 decision, the committee will post the proposed recommendation or decision on the
18 WECC website for review and comment by other WECC Members, and other
19 interested parties. The committee will provide all Members e-mail notification of
20 the posting and will allow at least thirty (30) days for comment on the proposal.
21 The committee will consider all such additional input before reaching its final
22 recommendation or decision. If the committee's recommendation or decision
23 changes significantly as a result of comment received, the committee will post the
24 revised recommendation or decision on the website, provide e-mail notification to
25 Members and provide no less than ten (10) days for additional comment before
26 reaching its final recommendation or decision. Upon reaching its final
27 recommendation or decision, the committee will forward it to the Board.
28 Whenever it determines that a matter requires an urgent decision, the Board may
29 shorten any time period set forth in this Section, provided that: 1) notice and
30 opportunity for comment on recommendations or decisions will be reasonable
31 under the circumstances; and 2) notices to Members will always contain clear
32 notification of the procedures and deadlines for comment.

33 34 **8.6.7 Procedures for Developing and Voting on Reliability Standards.**

35
36 ~~8.6.1~~8.7.1 Rights and Obligations of WECC Members and Participating
37 Stakeholders. All WECC Members and Participating stakeholders are entitled to
38 participate in the development of and to vote on Reliability Standards, Regional
39 Criteria or revisions, subject to any applicable obligations, limitations and
40 conditions set forth in these Bylaws, and in accordance with the WECC
41 Reliability Standards Development Procedures.

42
43 ~~8.6.1~~8.7.1.1 Participation. The right to participate in Reliability Standards and
44 Regional Criteria development and voting includes the right to request the
45 development or revision of a Reliability Standard, the right to receive
46 notice of, attend and participate in related WECC discussions, the right to

1 review information relevant to a Reliability Standard or revision, the right
2 to provide written comments on a proposed Reliability Standard, Regional
3 Criteria, or revision, the right to participate in voting on a Reliability
4 Standard, Regional Criteria, or revision and the right to file an appeal
5 requesting review of any decision on a Reliability Standard, Regional
6 Criteria, or revision.
7

8 | ~~8.6.1.2~~8.7.1.2 Voting. The procedures and conditions for voting by WECC
9 Members and Participating Stakeholders are set forth in the Reliability
10 Standards Development Procedures and in Sections ~~8.56~~.5.2 and ~~8.56~~.5.4
11 of these Bylaws. A Participating Stakeholder may only vote on a proposed
12 Reliability Standard or revision if they have applied for and been granted
13 Participating Stakeholder status in accordance with Section ~~8.67~~.2 below.
14 A Participating Stakeholder is only entitled to vote on Reliability
15 Standards and revisions, and may only vote on Regional Criteria if the
16 proposed Regional Criteria could result in sanctions to a non-WECC
17 member. A Participating Stakeholder is not entitled to vote in any other
18 WECC committee balloting process or in elections for WECC Directors.
19

20 | ~~8.6.1.3~~8.7.1.3 Special Procedures to Address Regulatory Directives. If the Board
21 determines that the procedures for drafting and voting on Reliability
22 Standards did not result in a proposed Reliability Standard that addresses a
23 directive issued by an Applicable Regulatory Authority, the Board shall
24 have authority to take certain actions as described in the Reliability
25 Standards Development Procedures to ensure that a Reliability Standard
26 responsive to an Applicable Regulatory Authority's directive is drafted,
27 approved and/or submitted to the Applicable Regulatory Authority. In the
28 event that a Reliability Standard or revision that is proposed in response to
29 an Applicable Regulatory Authority's directive fails to achieve a majority
30 vote of the Ballot Pool, or if a quorum of the Ballot Pool was not
31 established upon re-ballot of a proposed Reliability Standard, then the
32 Board has the authority to take appropriate actions, as described in the
33 Reliability Standards Development Procedures, to ensure that a Reliability
34 Standard responsive to a regulatory directive can be submitted to NERC
35 and FERC with a request that it be made effective. To exercise such
36 authority, the Board must find that the proposed Reliability Standard or
37 revision is just, reasonable, not unduly discriminatory or preferential, and
38 in the public interest, considering (among other things) whether it is
39 helpful to reliability, practical, technically sound, technically feasible, and
40 cost-justified. If the Board is unable to make this finding, then the Board
41 may direct that the proposed Reliability Standard be filed with the
42 Applicable Regulatory Authority as a compliance filing in response to the
43 regulatory directive, along with a recommendation that the standard not be
44 made effective and an explanation of the basis for the recommendation.
45

1 The Chief Executive Officer will be employed by the Board of Directors and will serve at
2 the Board's pleasure. Any contract of employment with a Chief Executive Officer will
3 permit the Board to dismiss the officer with or without cause.
4

5 **9.5 Chief Executive Officer's Duties.**

6 Subject to the Board's direction, the Chief Executive Officer or his/her designees will
7 have the following duties, among others:
8

9 9.5.1 Execute policies at the direction of the Board and be responsible to the Board for
10 the performance of the WECC functions described in Section 2;
11

12 9.5.2 Hire and fire staff within the constraints of the annual budget;
13

14 9.5.3 Perform administrative duties, such as preparing annual budgets for the approval
15 of the Board, making employment decisions and ensuring conformance with
16 regulatory requirements;
17

18 9.5.4 Develop and implement employment policies and standards of conduct; and
19

20 9.5.5 Accept or reject membership applications in accordance with the criteria of these
21 Bylaws.
22

23 **9.6 Secretary's Duties.**

24 9.6.1 Maintain Member and Affiliates Lists. The Secretary will maintain continuously
25 updated lists of all Members and Affiliates.
26

27 9.6.2 Maintain Official Records. The Secretary will keep minutes of all WECC Board
28 and Member meetings and will receive and maintain minutes of committee
29 meetings and all other official records of WECC. Within five (5) business days
30 after any vote taken by Members, the Board, a Class or any committee, the
31 Secretary will provide notice to all Members and Participating Stakeholders (if
32 applicable) of the results of such a vote through postings on the website, email
33 and/or other means of communication.
34

35 9.6.3 Maintain Website. The Secretary will oversee the creation, maintenance, and
36 updating of the WECC's website and the information published through it.
37
38

39 ~~10. — Transmission Service Obligations.~~

40 ~~10.1 — Non-Discriminatory Transmission Access.~~

41 ~~All Members owning, controlling or operating Transmission Facilities, or possessing~~
42 ~~rights to transmission capacity through contract, will provide interconnection and access~~
43 ~~to available transmission capacity to all other Members in a non-discriminatory manner~~
44 ~~through one of the following mechanisms: 1) a Regional Transmission Organization~~
45 ~~approved by the FERC in accordance with FERC Order 2000 and any successor order(s);~~
46

1 2) submission of an Open Access Tariff to the FERC; or 3) provision of non-
2 discriminatory service in accordance with this Section 10.
3

4 ~~10.1.1 Regional Transmission Organizations.—A Member that is a Regional Transmission Organization~~
5 ~~approved by the FERC in accordance with FERC Order 2000 and any successor order(s), or a Member~~
6 ~~whose transmission capacity is controlled or operated by such a Regional Transmission Organization,~~
7 ~~will be deemed to be in compliance with Section 10 by virtue of its compliance with FERC Order 2000~~
8 ~~and any successor order(s) and is exempt from Sections 10.2 through 10.4. Such a member will use the~~
9 ~~dispute resolution process specified in the bylaws, contracts, or tariffs of the applicable Regional~~
10 ~~Transmission Organization or other Local Regional Entity, provided that nothing in these Bylaws will~~
11 ~~prevent such a Member from using the dispute resolution process set forth in Section 11 where~~
12 ~~authorized or required by the bylaws, contracts, or tariffs of the applicable Regional Transmission~~
13 ~~Organization.~~
14

15 ~~10.1.2 Members with Open Access Tariffs Filed with FERC.—A Member which is not exempt pursuant~~
16 ~~to Section 10.1.1, but which has an Open Access Tariff which has been accepted for filing by the FERC,~~
17 ~~will be deemed to be in compliance with this Section 10 by virtue of its compliance with applicable~~
18 ~~FERC requirements governing its Open Access Tariff. Such Member is exempt from Sections 10.2 and~~
19 ~~10.3; provided, however, that such Member must resolve transmission access disputes with other~~
20 ~~Member(s) in accordance with Sections 10.4, 10.5.2 and 11 of these Bylaws.~~
21

22 ~~10.1.3 Other Members.—Any Member subject to Section 10.1, but not eligible for exemption pursuant to~~
23 ~~Sections 10.1.1 or 10.1.2, will provide non-discriminatory interconnection and transmission access to~~
24 ~~other Members in accordance with Sections 10.2 through 10.5 of these Bylaws.~~
25

26 ~~10.1.4 Canadian and Mexican Members.—At the request of any Canadian or Mexican Member, the~~
27 ~~Board may adopt alternative provisions to this Section 10 applicable to the requesting Member provided~~
28 ~~that: 1) the alternative provisions differ from this Section 10 to the minimum extent necessary to respect~~
29 ~~the laws and regulatory authorities governing the requesting Member; and 2) the alternative provisions~~
30 ~~require the requesting Member to provide interconnection and transmission service to other Members~~
31 ~~that is substantively equivalent to that required by this Section 10.~~
32

33 ~~10.2—Service to be Provided.~~

34 ~~Members described in Section 10.1.3 will provide non-discriminatory interconnection~~
35 ~~and transmission service to other Members comparable to that which would be required~~
36 ~~of an entity subject to Sections 210 through 213 of the Federal Power Act. The provision~~
37 ~~of service may be pursuant to an agreement negotiated between such Members, or, if~~
38 ~~applicable, pursuant to a service agreement under a tariff filed in accordance with Section~~
39 ~~10.3. In no event will these Bylaws require a Member to provide transmission service that~~
40 ~~FERC is precluded from ordering under Sections 212(g) and 212(h) of the Federal Power~~
41 ~~Act. However, nothing in these Bylaws will be construed as prohibiting any Member~~
42 ~~from providing retail wheeling voluntarily or pursuant to a state statute or a lawful~~
43 ~~decision of a regulatory agency or court of law. Nothing in this section is intended to~~
44 ~~imply that any non-jurisdictional entity Member is subject to FERC jurisdiction.~~
45

46 ~~10.3—Open Access Tariffs.~~

1 Except as provided in Section 10.3.1, Members described in Section 10.1.3 will file an
2 Open Access Tariff or Tariffs consistent with Section 10.2 with the Secretary within sixty
3 (60) days of becoming a Member. Upon the request of any Member, a Member subject to
4 this Section 10.3 will provide a copy of its Open Access Tariff or Tariffs. Additionally,
5 any change in any Open Access Tariff or Tariffs previously filed with the Secretary will
6 be promptly filed with the Secretary after its adoption.
7

8 ~~10.3.1 Petition for Exemption. Any Member described in Section 10.1.3 may petition the Board for an
9 exemption from Section 10.3. The Board may grant such petition only if it finds that such Member is
10 unlikely to receive a transmission service request. The granting of such a petition will not relieve the
11 Member from the requirement to provide non-discriminatory access pursuant to Section 10.2 if the
12 Member receives a transmission service request. If a Member has been granted an exemption from the
13 filing of an Open Access Tariff by a Local Regional Entity based on criteria equivalent to this Section,
14 such Member will be exempt from Section 10.3 of these Bylaws without the filing of a petition unless
15 the Board determines otherwise.~~

16
17 **~~10.4—Requests Involving Members of Regional Entities:~~**

18 If a request for transmission service involves only Members who are also members of the
19 same Local Regional Entity and the tariffs or governing documents of such Local
20 Regional Entity provide for a process for requesting interconnection or transmission
21 service, the process of the Local Regional Entity, as opposed to that set forth in this
22 Section 10, will be followed. To the extent the governing documents of the Local
23 Regional Entity establish different principles regarding the provision of interconnection
24 or transmission service than those of WECC, the principles of the Local Regional Entity
25 will govern as among members of the Local Regional Entity; provided, however, that
26 Members who are members of Regional Entities who receive requests for interconnection
27 or transmission service from Members who are not members of the same Local Regional
28 Entity will not be precluded from substantively responding to such requests in a manner
29 consistent with the tariffs or governing documents of such Local Regional Entity,
30 provided that such responses will be subject to the dispute resolution provisions of
31 Section 11.
32

33 **~~10.5—Request Process and Dispute Resolution:~~**

34 Members requesting interconnection or transmission service from Members described in
35 Section 10.1.1 or 10.1.2 will do so in accordance with the applicable tariffs of the
36 Member receiving the request. Members requesting such service from Members
37 described in Section 10.1.3 will do so in accordance with this Section 10.5 in lieu of
38 filing for such service pursuant to Sections 210 through 213 of the Federal Power Act.
39

40 ~~10.5.1 Request Process and Interpretation of FERC Policy. Members described in Section 10.1.3
41 receiving requests from another Member for interconnection or transmission service pursuant to these
42 Bylaws will respond to such requests in an expeditious and good faith manner. The Board may adopt
43 procedural requirements regarding the processing of such requests to the extent it deems necessary and
44 appropriate; provided, however, that the Board may not impose substantive obligations for the provision
45 of interconnection or transmission service that are different from the substantive policies of the FERC
46 applicable to such Members pursuant to Section 10.2. For the general guidance of arbitrators and~~

1 ~~Members and as it deems necessary, the Board may either request statements of policy from the FERC~~
2 ~~or adopt its own interpretations of FERC policy which will be subject to appeal to the FERC.~~

3
4 ~~10.5.2 Dispute Resolution.— Except as otherwise provided in Section 10.4, Members described in~~
5 ~~Sections 10.1.2 and 10.1.3, and any Member requesting interconnection or transmission service from~~
6 ~~such a Member, will resolve disputes regarding such requests in accordance with Section 11.~~

7
8 **~~11.10.~~ Dispute Resolution.**

9 Except as may be otherwise provided herein, and subject to the conditions set forth in Appendix
10 C, Section A.1, disputes between Members and/or WECC will be resolved pursuant to the
11 WECC Dispute Resolution Procedures set forth in Appendix C. Matters subject to the
12 jurisdiction of the WECC Compliance Hearing Body are not subject to the procedures in
13 Appendix C.
14

15 **~~12.11.~~ Costs and Finances.**

16
17 **~~12.11.1~~ Funding of Reliability Activities.**

18
19 ~~12.11.1~~ **11.1.1** U.S. Statutory Funding. WECC shall fund all activities undertaken
20 pursuant to Section 215 of the Federal Power Act in accordance with the funding
21 provisions and procedures of that law and related FERC regulations and orders.
22 The Board shall approve a budget for such activities in time for submission to the
23 ERO and to the FERC for approval of such funding in accordance with applicable
24 requirements.
25

26 **11.1.2** ~~International Funding.— WECC shall fund reliability activities undertaken pursuant~~
27 ~~to any agreements with appropriate Canadian or Mexican authorities in~~
28 ~~accordance with the provisions of those agreements.~~ International Funding.
29 WECC shall fund reliability activities undertaken in accordance with any
30 agreements it enters into with Canadian or Mexican Entities. Specifically:

31
32 (a) Subject to (b), in the event that a Canadian or Mexican Entity seeks
33 membership in the WECC, that Entity may elect to negotiate an agreement with
34 WECC that provides the terms upon which that Entity will become a Member
35 and, among other things, participate in and/or fund WECC. In such a case and
36 unless agreed otherwise, the Canadian or Mexican Entity shall not be a Member
37 of WECC and shall not have an obligation to fund activities undertaken by the
38 WECC until the terms of such agreement are executed.

39
40 (b) Section 11.1.2(a) shall not apply to any Canadian or Mexican Entity that is a
41 Member as of the date of the approval of these WECC Bylaws. Existing
42 Canadian or Mexican Members shall continue as Members in accordance with the
43 terms and conditions of their membership as of the date of the approval of the
44 WECC Bylaws, including the terms and conditions of any agreements in place as
45 of the date of the approval of these WECC Bylaws. Nothing in the Section
46 precludes existing Canadian or Mexican Members from negotiating an agreement

1 | with WECC that modifies the terms of its participation in and funding of WECC
2 | at any time.

3 |
4 | **11.1.3** Equitable Allocation of Funding. In adopting budgets for the costs of reliability
5 | activities, the Board shall endeavor to achieve an equitable allocation as between
6 | funding through Sections ~~1211~~.1.1 and ~~1211~~.1.2 based upon the net energy to load
7 | and other relevant factors consistent with applicable law, the Delegation
8 | Agreement and any International Reliability Agreements.

9 |
10 | **~~12.2~~11.2 Dues.**

11 | The Board may require Members and Participating Stakeholders to pay nominal annual
12 | dues consistent with applicable FERC requirements (or those of International Reliability
13 | Agreements as applicable) to cover reasonable costs of membership and/or participation
14 | in standards development that are not funded through Sections ~~1211~~.1.1 or ~~1211~~.1.2.
15 | Initial dues of a Member or Participating Stakeholder will be submitted with a completed
16 | application for membership or Participating Stakeholder status and will be for the
17 | prorated share of the full annual amount based on the Member's or Participating
18 | Stakeholder's actual months of membership or participation in the calendar year. In
19 | determining nominal dues, the Board may consider all relevant factors including, but not
20 | limited to, the ability of different classes of membership or Participating Stakeholders to
21 | pay such dues. The Board may also reduce, defer or eliminate the dues obligation of an
22 | individual Member or Participating Stakeholder for good cause shown.

23 |
24 | **~~12.3~~11.3 Funding of Non-Statutory Activities.**

25 | To the extent that WECC elects to fund any activities not eligible for funding pursuant to
26 | Sections ~~1211~~.1.1 and ~~1211~~.1.2, it shall do so through the use of service fees, charges or
27 | dues applicable to the persons or entities that voluntarily participate in such activities.
28 | Participation in or funding of such activities shall not be a condition of membership in
29 | WECC.

30 |
31 | **~~13.12~~ Amendments to these Bylaws.**

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

34 |
35 | **~~13.12.1~~ Amendment by the Board.**

36 | Except for those provisions described below, the Board may approve an amendment of the
37 | Bylaws after providing not less than thirty (30) days' notice of the proposed amendment to
38 | all Members. Approval of such an amendment requires the affirmative votes of not less
39 | than two-thirds (2/3) of the Directors in office. Such amendment will become effective
40 | sixty (60) days after its approval by the Board (1) unless the vote is appealed to the
41 | Members prior to that time the sixtieth day, or (2) subsequent regulatory approval is
42 | required. Such an A Member appeal shall be sufficient to hold implementation of an
43 | amendment if will occur whenever a majority of any Class files a petition with the
44 | Secretary seeking appeal of such amendment. If such an appeal is received, the
45 | membership will A-vote on whether to rescind the Board approved amendment the appeal
46 | will occur at the next Annual Meeting unless the Board calls a special meeting of the

1 Members beforehand. Upon appeal, the amendment will be deemed approved unless a An
2 appeal will only be successful if a majority of all Members and a majority (three of five)
3 of Member Classes vote to rescind the amendment. If the appeal vote is not successful,
4 then the amendment will be deemed approved as of the day of the failed Membership
5 vote. If subsequent regulatory approval is required for the amendment, then the
6 amendment shall be effective upon the effective date of such approval.

7
8 12.1.1 -Notwithstanding the foregoing, both the Board and Member may not amend
9 approval is required to amend Sections 6.2 through 6.10 of the Bylaws, Section
10 8.4 provisions of these Bylaws concerning Sections 1.1 and 1.2; Section 4.2;
11 Sections 6.2 through 6.8, inclusive; Section 7.2; Section 10; Sections 12.1 through
12 12.4, inclusive; ~~or~~ Appendix C, and any other sections as may be required by
13 Utah law, or this Section 13.1 without submitting such amendment(s) first being
14 submitted to the Members, with or without a Board recommendation, for approval
15 by to the Members. Approval by the Members shall be, for their prior approval by
16 majority vote of Members which vote upon a proposed amendment and a majority
17 (three of the five) of the Member Classes. In such case, the Board shall first vote
18 on the proposed amendment. If approved by the Board by the majority specified
19 in Section 12.1 necessary to attain Board approval, the amendment must then be
20 noticed to Members at least sixty (60) days prior to the Annual Meeting or a
21 Special Member Meeting at which the Member vote will occur. The amendment
22 will then be approved if approved by two thirds (2/3) or more of the Members
23 who vote upon such amendment.

24 ~~Should a proposed amendment, which must first be approved by the Members pursuant to~~
25 ~~Section 12.1.1, be approved by two thirds (2/3) or more of the Members which vote upon such~~
26 ~~amendment, the amendment will be made to the Bylaws without further Member or Board actions.~~
27 ~~Should a proposed amendment not receive such two thirds (2/3) approval, but still receive majority~~
28 ~~support from the Members voting and the majority of Member Classes, the Board of Directors may~~
29 ~~consider such proposed amendment and it will be made to the Bylaws upon a majority vote of the~~
30 ~~Directors.~~

31 ~~13.1.1 Proposed amendments, which must first be approved by the Members pursuant to Section~~
32 ~~12.1.1, must be noticed to Members at least sixty (60) days prior to the Annual Meeting or a~~
33 ~~Special Member Meeting. Subsequent to Members' approval, the Board may consider and vote~~
34 ~~upon such amendment(s), provided that the Board has received written notice of such~~
35 ~~amendment(s) sixty (60) days prior to such a vote. Notice to the Members and the Board of~~
36 ~~amendments under this Section 12.1.3 may run concurrently.~~

37
38 **13.212.2 Amendment by the Members.**

39 Upon petition filed with the Secretary by any Member or Director, at any Annual
40 Meeting the Members may amend any provision of these Bylaws; provided: 1) the
41 proposed amendment has first been presented to the Board and not adopted (this
42 provision will not apply to amendments which the Board is prohibited from adopting); 2)
43 Members have received not less than sixty (60) days' notice of the proposed amendment,
44 the reasons there for and a statement of the Board's position regarding it; and 3) the
45 amendment receives the affirmative votes of not less than two-thirds (2/3) of all Members
46 and a majority of Member Classes.

1
2 | **13.312.3 Amendments in Response to Mandatory Membership.**

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

6
7 | **13.412.4 Amendments proposed by FERC.**

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

10
11 | **14.13 Termination of Organization.**

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

17 | **15.14 Miscellaneous Provisions.**

18
19 | **15.114.1 Limitation on Liability.**

20 It is the express intent, understanding and agreement of the Members that the remedies for
21 nonperformance expressly included in Section 4.8 hereof shall be the sole and exclusive
22 remedies available hereunder for any nonperformance of obligations under these Bylaws.
23 Subject to any applicable state or federal law which may specifically limit a Member's
24 ability to limit its liability, no Member, its directors, members of its governing bodies,
25 officers or employees shall be liable to any other Member or Members or to third parties
26 for any loss or damage to property, loss of earnings or revenues, personal injury, or any
27 other direct, indirect, or consequential damages or injury which may occur or result from
28 the performance or nonperformance of these Bylaws, including any negligence, gross
29 negligence, or willful misconduct arising hereunder. This Section ~~15.14~~.1 of these Bylaws
30 applies to such liability as might arise between Members under these Bylaws. This
31 Section ~~15.14~~.1 does not apply to parties to the Agreement Limiting Liability Among
32 Western Interconnected Systems ("WIS Agreement") with respect to matters covered by
33 the WIS Agreement and does not apply to any liability provision in any other agreement.

34
35 | **15.214.2 Indemnification.**

36 WECC shall indemnify and hold harmless its Directors, officers, employees, agents and
37 advisors against any and all damages, losses, fines, costs and expenses (including
38 attorneys' fees and disbursements), resulting from or relating to, in any way, any claim,
39 action, proceeding or investigation, instituted or threatened, arising out of or in any way
40 relating to any action taken or omitted to have been taken (or alleged to have been taken
41 or omitted to have been taken) by such person in connection with actions on behalf of
42 WECC, and against any and all damages, losses, fines, costs and expenses (including
43 attorneys' fees and disbursements) incurred in connection with any settlement of any
44 such claim, action, proceeding or investigation unless such action of such person is
45 determined to constitute fraud, gross negligence, bad faith or willful misconduct with
46 respect to the matter or matters as to which indemnity is sought.

1
2 | **15.314.3 No Third Party Beneficiaries.**

3 Nothing in these Bylaws shall be construed to create any duty to, any standard of care
4 with reference to or any liability to any third party.
5

6 | **15.414.4 Informal Inquiries for Information.**

7 Nothing in these Bylaws shall preclude: 1) a Member from making an informal inquiry
8 for information outside of the procedures outlined in Section 4.6.~~13-11~~ hereof to another
9 Member and 2) that other Member from responding voluntarily to that informal inquiry,
10 provided, however, that any such response to an informal inquiry for information shall
11 not be binding upon that other Member and shall be used by the Member making the
12 informal inquiry for informational purposes only.
13

14 | **16.15. Incorporation.**

15 WECC shall organize itself as a non-profit corporation pursuant to the laws of the state of
16 Utah regarding non-profit corporations under the name "Western Electricity Coordinating
17 Council." All Members agree to take no actions that would contravene the ability of
18 WECC to maintain its status as a non-profit corporation existing pursuant to the Utah
19 Act. The Board shall adopt these Bylaws as the Bylaws of WECC as a non-profit
20 corporation.
21

22 WECC is intended to qualify as an organization described in Section 501(c)(~~64~~) of the
23 Internal Revenue Code. No part of any net earnings of WECC shall inure to the benefit
24 of any Member or individual. Upon liquidation, to the extent consistent with the Internal
25 Revenue Code and Utah law, any monies remaining from assessments paid by Members
26 for the costs of WECC shall be rebated to Members in proportion to their payments. Any
27 remaining assets of WECC shall be transferred to another organization exempt from tax
28 under Section 501(a) of the Internal Revenue Code, or government agency, promoting the
29 same purposes as WECC, as designated by the Board.
30

31 | **17.16. Governing Law.**

32 Unless otherwise agreed, if any conflict of law arises under these Bylaws among the Members,
33 the laws of the United States of America shall govern, as applicable. The venue for any legal
34 action initiated under these Bylaws ~~which concerns a specific request for transmission service~~
35 ~~shall be the city and state (or province) in which the headquarters of the Member providing the~~
36 ~~service is located. The venue for any other legal action initiated under these Bylaws~~ shall be the
37 city and state (or province) in which the headquarters of WECC is located.
38

39 | **17. WECC Transition**

40 **18.** ~~The provisions of this Section shall apply to that period of time and activities~~
41 ~~associated with the transition of WECC from a hybrid Board of Directors to an independent~~
42 ~~Board of Directors with a Member Advisory Committee.~~
43

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4.25" + 4.75" + 5.5" + 6" + 6.5" + 7"

1 **17.1 Board of Directors transition.**

2
3 17.1.1 The transition of WECC governance from a hybrid Board to an independent
4 Board of Directors will be effective upon the effective date of Federal Energy
5 Regulatory Commission approval of Section 6.1 establishing an independent
6 Board ("Effective Date"). The non-affiliated directors of WECC, whose terms
7 extend past the Effective Date, so willing to continue to serve, shall form part of
8 the initial cadre of independent Directors. These continuing Directors shall be
9 entitled to serve the remainder of their respective three-year terms of office.

10 **17.2 Transition Exceptions**

11 The nomination, election and term of additional independent Directors shall be in
12 conformance with the requirements of these bylaws, as amended, except:

13
14
15 ~~18.1.1~~ 17.2.1 The requirement that the Nominating Committee notify the Board Chair
16 of the committee's nominations sixty (60) days prior to an Annual Meeting shall
17 not apply.

18
19 ~~18.1.2~~ 17.2.2 Appointments of Member Advisory Committee members to the
20 Nominating Committee shall be made such that no one class can occupy more
21 than one seat at a time and cannot have a representative on the committee more
22 than two years in a row.

23
24 ~~18.1.3~~ 17.2.3 Director positions of non-affiliated directors of WECC, whose terms
25 extend beyond the Effective Date, but whose directors resign or indicate they will
26 resign prior to the Effective Date, will be filled through the same nomination and
27 election process used to select additional independent directors as provided above.

28
29 17.2.4 Those Directors first elected as a result of this transition from a hybrid to an
30 independent Board will draw lots to determine their term length determined to
31 achieve the staggered terms required by Section 6.3.

32
33 17.2.5 The nomination and election of a number of additional Directors needed to seat
34 the entire Independent Board as described in section 6.4 as of the Effective Date
35 may occur prior to the Effective Date. While the nomination and election of an
36 individual to a director position may occur prior to the Effective Date, such
37 nomination and election shall have the full force and effect of these bylaws after
38 the Effective Date.

39
40 **17.3 Member Advisory Committee transition**

41
42 ~~18.1.4~~ 17.3.1 Initial Formation. When there is a meeting where Members vote to amend
43 the WECC bylaws to provide for a Member Advisory Committee (MAC), the
44 MAC will initially be constituted through elections conducted in conjunction with
45 the same meeting.

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~~18.1.5~~17.3.2 Election of the initial MAC member representatives shall be as provided in these bylaws, as amended, except:

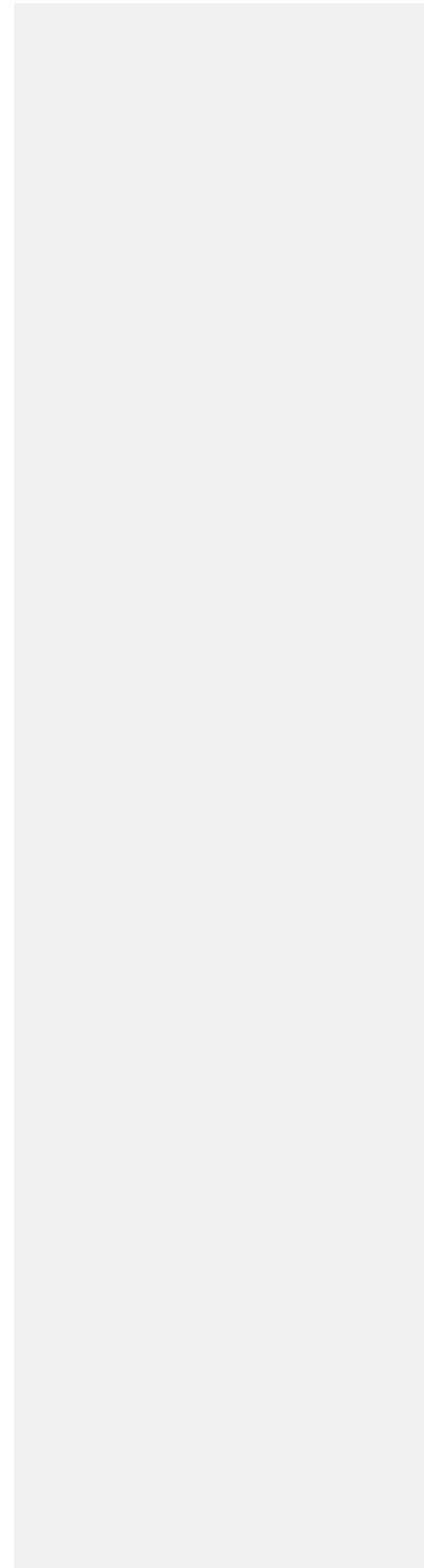
~~18.1.6~~17.3.3 Where what had been the Class Seven membership category is combined with the Class Three membership category, Class Seven Members will indicate, prior to the meeting, whether they intend to continue participation in WECC as a member of the newly combined Class Three category. Entities so indicating will be considered members of Class Three for purposes of the initial formation of the MAC and shall be entitled to participate in elections for Class Three member representatives of the MAC.

~~18.1.7~~17.3.4 Member Classes will not be allowed to subdivide into subclasses for purposes of electing class representative MAC members at the meeting where the MAC is initially formed and where initial MAC member elections are conducted.

17.3.5 The terms of each Class' three (3) initial Class representative members on the MAC shall be allocated, by the drawing of lots, such that the intended staggered terms for MAC members will be obtained, with one of a Class' initial MAC member representatives serving an initial term of one year, another two years, and another three years.

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

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.

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 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

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.

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;~~ (ba) 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 (eb) 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 an 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~~Bulk ~~power~~Electric systems~~System~~ 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 C – Regional Standard Development Procedure

Exhibit C shall set forth WECC’s standards development procedure, which NERC agrees meets the following common attributes:

COMMON ATTRIBUTE 1

Proposed regional reliability standards shall be subject to approval by NERC, as the electric reliability organization, and by FERC before becoming mandatory and enforceable under Section 215 of the FPA in the United States. In Canada and Mexico, regional standards must be approved by applicable governmental authorities before becoming mandatory in those respective jurisdictions. No regional reliability standard shall be effective within the WECC area unless filed by NERC with FERC, and any applicable authorities in Canada and Mexico, and approved by FERC and any applicable authorities in Canada and Mexico.

COMMON ATTRIBUTE 2

WECC regional reliability standards shall provide for as much uniformity as possible with reliability standards across the interconnected bulk power system of the North American continent. A WECC reliability standard shall be more stringent than a continent-wide reliability standard, including a regional difference that addresses matters that the continent-wide reliability standard does not, or shall be a regional difference necessitated by a physical difference in the bulk power system. A regional reliability standard that satisfies the statutory and regulatory criteria for approval of proposed North American reliability standards, and that is more stringent than a continent-wide reliability standard, would generally be acceptable.

COMMON ATTRIBUTE 3

WECC regional reliability standards, when approved by FERC and applicable authorities in Canada and Mexico, shall be made part of the body of NERC reliability standards and shall be enforced upon all applicable bulk power system owners, operators, and users within the WECC area, regardless of membership in the region.

COMMON ATTRIBUTE 4

Requester — The requester is the sponsor of the regional reliability standard request and may assist in the development of the standard. Any member of WECC, or group within WECC, shall be allowed to request that a regional reliability standard be developed, modified, or withdrawn. Additionally, any entity (person, organization, company, government agency, individual, etc.) that is directly and materially affected by the

reliability of the bulk power system in the WECC area shall be allowed to request a regional reliability standard be developed, modified, or withdrawn.

COMMON ATTRIBUTE 5

Standards Committee and Standing Committees — The WECC Standards Committee (WSC) manages the standards development process. The WSC will consider which requests for new or revised standards shall be assigned for development (or existing standards considered for deletion). The WSC, with assistance from the standing committees, will advise the WECC board on standards presented for adoption.

COMMON ATTRIBUTE 6

Ballot body — The ballot body consists of WECC members and non-members that have been determined eligible for the WECC Standard Voting Sectors. Each member of the ballot body is eligible to vote on Regional Reliability Standards and Regional Criteria. The WSC is responsible for voting on each standard.

COMMON ATTRIBUTE 7

WECC will coordinate with NERC such that the acknowledgement of receipt of a standard request identified in step 2, notice of comment posting period identified in step 4, and notice for vote identified in step 6 below are concurrently posted on both the WECC and NERC websites.

COMMON ATTRIBUTE 8

An acceptable standard request shall contain a description of the proposed regional reliability standard subject matter containing sufficiently descriptive detail to clearly define the purpose, scope, impacted parties, and other relevant information of the proposed standard.

COMMON ATTRIBUTE 9

Within 14 days of receipt of a completed standard request, the WSC shall determine the disposition of the standard request.

COMMON ATTRIBUTE 10

The WSC may take one of the following actions:

- Accept the standard request as a candidate for development of a new standard, revision of an existing standard, or deletion of an existing standard. The WSC may, at its discretion, expand or narrow the scope of the standard request under consideration.
- Reject the standard request. If the WSC rejects a standard request, a written explanation for rejection will be delivered to the requester within 14 days of the decision.
- Remand the standard request back to the requester for additional work. The standards process manager will make reasonable efforts to assist the requester in addressing the deficiencies identified by the WSC. The requester may then resubmit the modified standard request using the process above. The requester may choose to withdraw the standard request from further consideration prior to acceptance by the WSC.

COMMON ATTRIBUTE 11

Any standard request that is accepted by the WSC for development of a standard (or modification or deletion of an existing standard) shall be posted for public viewing on the WECC website within 30 days of acceptance by the committee.

COMMON ATTRIBUTE 12

The WSC will select members of the drafting team.

COMMON ATTRIBUTE 13

At the direction of the WSC, the standards process manager shall facilitate the posting of the draft standard on the WECC website, along with a draft implementation plan and supporting documents, for a no less than a 45-day comment period. The standards process manager shall provide notice to WECC stakeholders and other potentially interested entities, both within and outside of the WECC area, of the posting using communication procedures then currently in effect or by other means as deemed appropriate.

COMMON ATTRIBUTE 14

The WSC, with assistance from the drafting team as it requests, shall prepare a summary of the comments received and the changes made to the proposed standard as a result of

these comments. The WSC shall summarize comments that were rejected by the WSC and the reason(s) that these comments were rejected, in part or whole. The summary, along with a response to each comment received will be posted on the WECC website within 30 days of the close of the comment period.

COMMON ATTRIBUTE 15

Upon recommendation of the WSC, the standards process manager shall post the proposed standard and implementation plan for ballot and shall announce the vote to approve the standard, including when the vote will be conducted and the method for voting. Once the notice for a vote has been issued, no substantive modifications may be made to the proposed standard unless the revisions are posted and a new notice of the vote is issued.

COMMON ATTRIBUTE 16

The standards process manager shall schedule a vote by the WECC lead standing committee]. The vote shall commence no sooner than [30] days following the issuance of the notice for the vote. Voting shall begin no sooner than [7] calendar days following the Joint Session of the Standing Committees at which the draft standard was considered.

COMMON ATTRIBUTE 17

The WECC ballot pool shall consist of Ballot Body entities that have opted to vote on a specific standard. The ballot pool shall be able to vote on the proposed standard during a period of not less than 15 business days.

COMMON ATTRIBUTE 18

All Ballot Body members are eligible to participate in voting on proposed new standards, standard revisions or standard deletions.

COMMON ATTRIBUTE 19

A weighted majority vote of the Ballot Pool is required for a draft standard to be approved by the WECC membership and Participating Stakeholders. Abstentions and non-responses shall not count toward the results but will be counted in determining whether a quorum of the Ballot Pool is achieved.

COMMON ATTRIBUTE 20

The WECC Board may only substantively modify the proposed regional reliability standard in accordance with its backstop authority as authorized by the WECC Bylaws.

COMMON ATTRIBUTE 21

Once a regional reliability standard is approved by the board, the standard will be submitted to NERC for approval and filing with FERC and applicable authorities in Canada and Mexico.

COMMON ATTRIBUTE 22

- **Open** - Participation in the development of a regional reliability standard shall be open to all organizations that are directly and materially affected by the WECC bulk power system reliability. There shall be no undue financial barriers to participation. Participation shall not be conditioned upon membership in WECC, and shall not be unreasonably restricted on the basis of technical qualifications or other such requirements. Meetings of drafting teams shall be open to the WECC members and others.

COMMON ATTRIBUTE 23

- **Balanced** - The WECC standards development process strives to have an appropriate balance of interests and shall not be dominated by any two interest categories and no single interest category shall be able to defeat a matter.

COMMON ATTRIBUTE 24

- **Inclusive** — Any entity (person, organization, company, government agency, individual, etc.) with a direct and material interest in the bulk power system in the WECC area shall have a right to participate by: a) expressing a position and its basis, b) having that position considered, and c) having the right to appeal.

COMMON ATTRIBUTE 25

- **Fair due process** — The regional reliability standards development procedure shall provide for reasonable notice and opportunity for public comment. At a minimum, the procedure shall include public notice of the intent to develop a

standard, a public comment period on the proposed standard, due consideration of those public comments, and a ballot of Participating Stakeholders.

COMMON ATTRIBUTE 26

- **Transparent** — All actions material to the development of regional reliability standards shall be transparent. All standards development meetings shall be open and publicly noticed on the regional entity’s Web site.

COMMON ATTRIBUTE 27

- Does not unnecessarily delay development of the proposed reliability standard.

COMMON ATTRIBUTE 28

Each standard shall enable or support one or more of the reliability principles, thereby ensuring that each standard serves a purpose in support of the reliability of the regional bulk power system. Each standard shall also be consistent with all of the reliability principles, thereby ensuring that no standard undermines reliability through an unintended consequence.

COMMON ATTRIBUTE 29

While reliability standards are intended to promote reliability, they must at the same time accommodate competitive electricity markets. Reliability is a necessity for electricity markets, and robust electricity markets can support reliability. Recognizing that bulk power system reliability and electricity markets are inseparable and mutually interdependent, all regional reliability standards shall be consistent with NERC’s market interface principles. Consideration of the market interface principles is intended to ensure that standards are written such that they achieve their reliability objective without causing undue restrictions or adverse impacts on competitive electricity markets.

COMMON ATTRIBUTE 30

To ensure uniformity of regional reliability standards, a regional reliability standard shall consist of the elements identified in this section of the procedure. These elements are intended to apply a systematic discipline in the development and revision of standards. This discipline is necessary to achieving standards that are measurable, enforceable, and consistent.

COMMON ATTRIBUTE 31

All mandatory requirements of a regional reliability standard shall be within the standard. Supporting documents to aid in the implementation of a standard may be referenced by the standard but are not part of the standard itself.

COMMON ATTRIBUTE 32

Applicability	<p>Clear identification of the functional classes of entities responsible for complying with the standard, noting any specific additions or exceptions.</p> <p>If not applicable to the entire WECC area, then a clear identification of the portion of the bulk power system to which the standard applies. Any limitation on the applicability of the standard based on electric facility requirements should be described.</p>
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COMMON ATTRIBUTE 33

Measure(s)	<p>Each requirement shall be addressed by one or more measures. Measures are used to assess performance and outcomes for the purpose of determining compliance with the requirements stated above. Each measure will identify to whom the measure applies and the expected level of performance or outcomes required demonstrating compliance. Each measure shall be tangible, practical, and as objective as is practical. It is important to realize that measures are proxies to assess required performance or outcomes. Achieving the measure should be a necessary and sufficient indicator that the requirement was met. Each measure shall clearly refer to the requirement(s) to which it applies.</p>
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COMMON ATTRIBUTE 34

Compliance Monitoring Process	<p>Defines for each measure:</p> <ul style="list-style-type: none">• The specific data or information that is required to measure performance or outcomes.• The entity that is responsible for providing the data or information for measuring performance or
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	<p>outcomes.</p> <ul style="list-style-type: none">• The process that will be used to evaluate data or information for the purpose of assessing performance or outcomes.• The entity that is responsible for evaluating data or information to assess performance or outcomes.• The time period in which performance or outcomes is measured, evaluated, and then reset.• Measurement data retention requirements and assignment of responsibility for data archiving.
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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

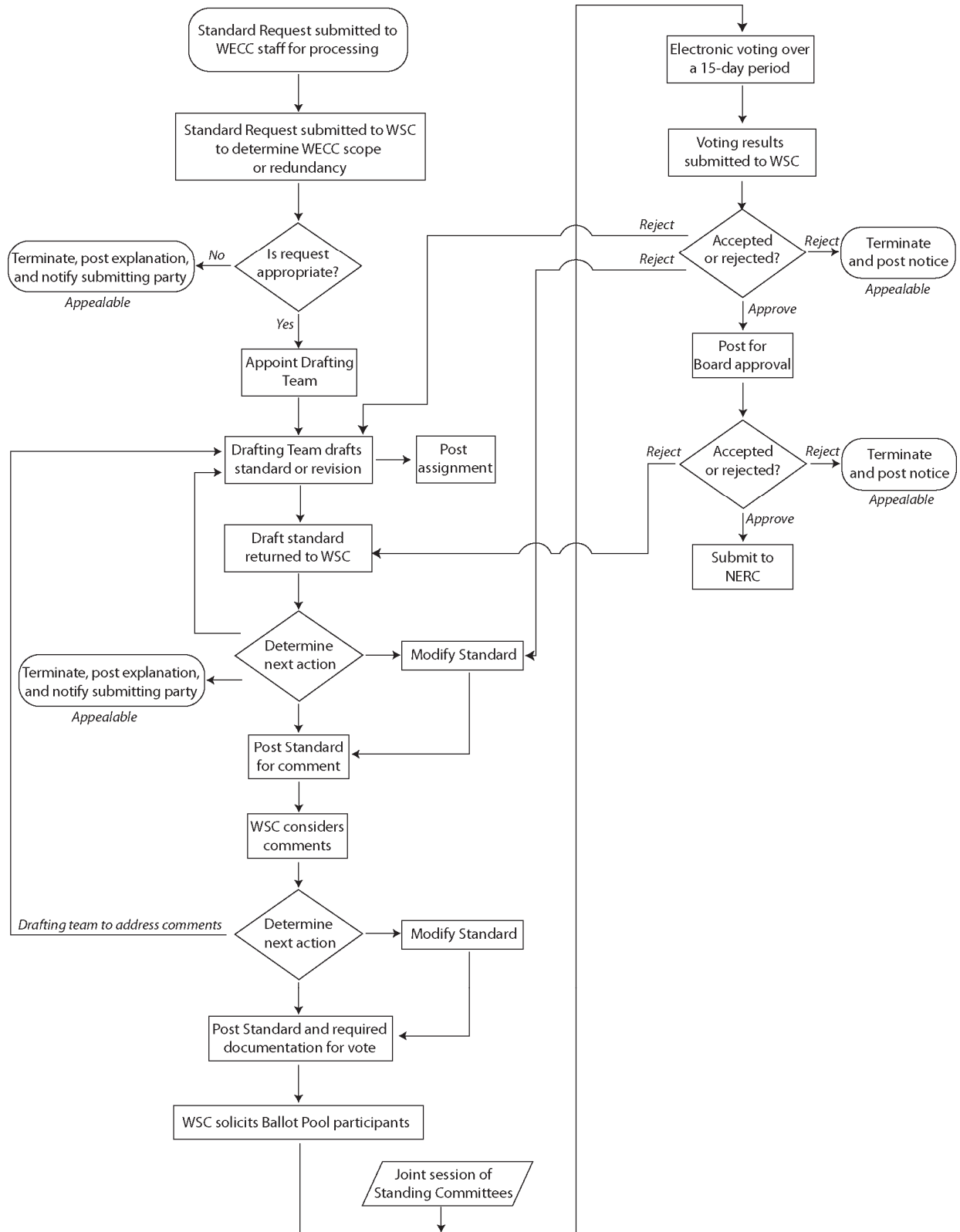


EXHIBIT D – COMPLIANCE MONITORING AND ENFORCEMENT PROGRAM

1.0 REGIONAL COMPLIANCE MONITORING AND ENFORCEMENT PROGRAM

WECC will implement the NERC Compliance Monitoring and Enforcement Program, Appendix 4C to the NERC Rules of Procedure (which for purposes of this section 1.0 shall not include Attachment 2, Hearing Procedures), to monitor and enforce compliance with Reliability Standards by the owners, operators, and users within **WECC's** geographic or electrical boundaries, and such other scope, set forth on **Exhibit A** of this Agreement; provided, however, that Section 5.3(vii) of the WECC Compliance Monitoring and Enforcement Program refers to Section 1.5.1 in Attachment 2, Hearing Procedures rather than Section 1.3.2.

2.0 REGIONAL HEARING OF COMPLIANCE MATTERS

WECC shall establish and maintain a hearing body with authority to conduct and render decisions in compliance hearings in which a Registered Entity may contest a finding of alleged violation, proposed penalty or sanction, or a proposed mitigation plan, which shall be either **WECC's** board or a balanced compliance panel reporting directly to **WECC's** board. **WECC's** hearing body is the Compliance Hearing Body, as established under the WECC Compliance Hearing Body Charter.

Under the Compliance Hearing Body Charter, the Compliance Hearing Body consists of Class A and Class B members. Class A members are WECC non-affiliated directors, personnel employed by WECC Members who are not engaged in the Electric Line of Business, and consultants who meet the same standards of independence required by the WECC Bylaws for non-affiliated directors. Class B members are personnel employed by WECC Members engaged in the Electric Line of Business or who are otherwise affiliated with such Members. For each hearing, the Chair of the Compliance Hearing Body selects a five-member Hearing Panel (or a three-member Hearing Panel if the parties to the hearing agree) with a majority consisting of Class A members, with at least two members (one member of a three-member Hearing Panel) having technical knowledge of electric industry systems.

WECC shall conduct all compliance hearings in which a Registered Entity may contest a proposed registration, finding of alleged violation, proposed penalty or sanction, proposed Mitigation Plan, or a proposed Remedial Action Directive, in accordance with the Attachment to this Exhibit D.

3.0 OTHER DECISION-MAKING BODIES

None. The WECC Compliance Committee provides general oversight and policy guidance but does not have decision-making authority with respect to compliance matters.

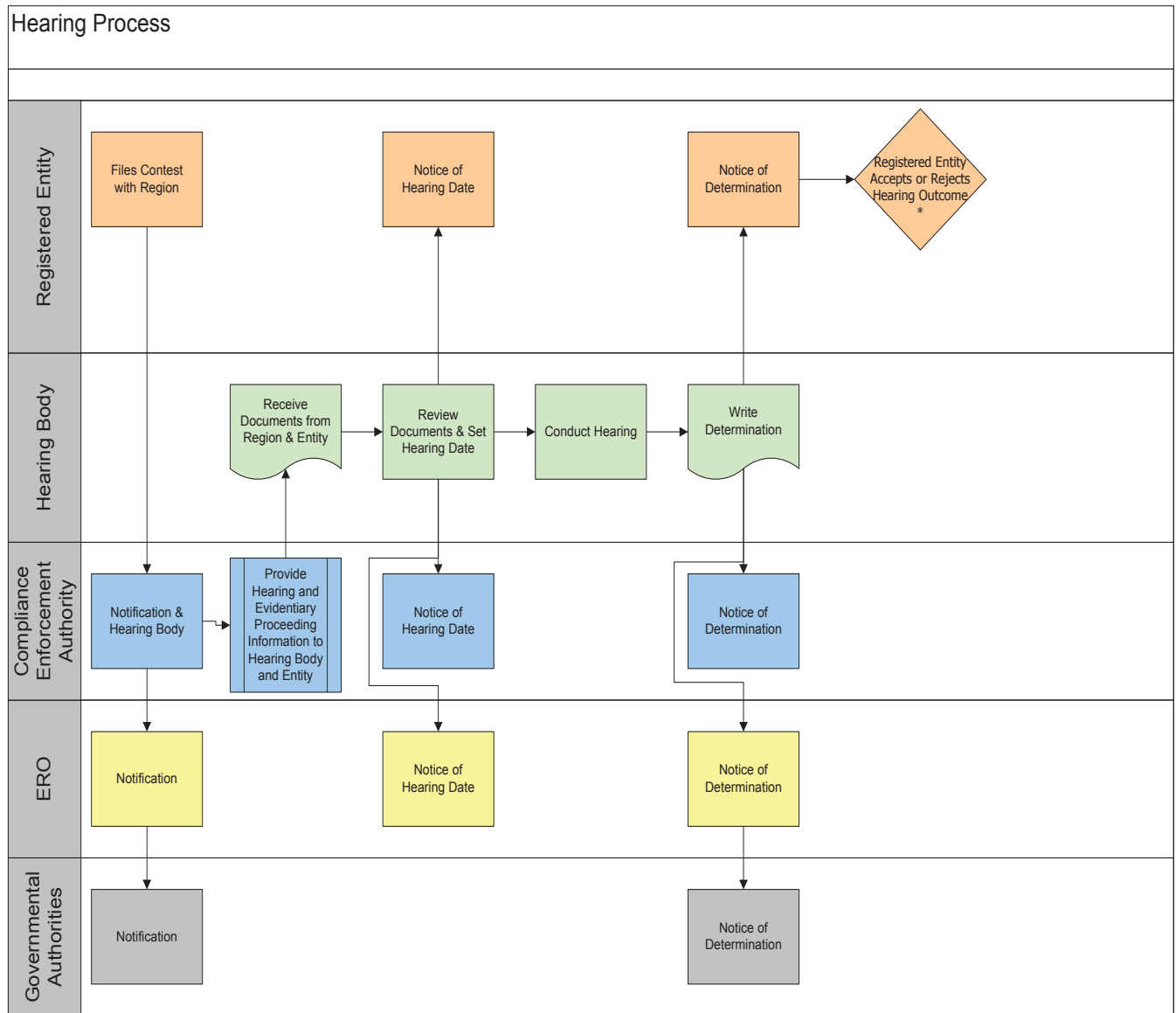
ATTACHMENT 2

COMPLIANCE ENFORCEMENT AUTHORITY HEARING PROCEDURES

This **Attachment 2** sets forth the procedures to be followed to conduct compliance hearings. In this **Attachment 2**, the Compliance Enforcement Authority and the Registered Entity are sometimes referred to as the “parties.” Subject to the authority of the hearing body to alter or extend any time periods or deadlines specified in this **Attachment 2** and to hold such numbers of conferences and hearings as are necessary, it shall be the objective of the hearing process to complete the steps specified herein for formal compliance hearings within ninety (90) days following the issuance of written notice that the hearing body is convened.

Figure ATT-2 shows the hearing process steps.

Figure ATT-2 –Hearing Process



*This merges with the Compliance Monitoring & Enforcement Program flow diagram at the Registered Entity Accepts or Rejects Hearing Outcome decision box

1.0 HEARING PROCEDURES

1.1 APPLICABILITY, DEFINITIONS AND INTERPRETATION

1.1.1 Procedure Governed

These Hearing Procedures shall govern the procedure before the Western Electricity Coordinating Council (“WECC”) in proceedings concerning (i) disputes regarding whether any entity should be or has been properly registered or certified, (ii) whether Registered Entities within WECC’s area of responsibility have violated Reliability Standards, (iii) if so, to determine the appropriate Mitigation Plans as well as any remedial actions, penalties or sanctions in accordance with the NERC *Sanction Guidelines* and other applicable penalty guidelines

approved by FERC pursuant to 18 C.F.R. Section 39.7(g)(2), or (iv) any other dispute that relates to enforcement of reliability standards properly before the WECC.

The standard of proof in any proceeding under these Hearing Procedures shall be by a preponderance of the evidence. The burden of persuasion on the merits of the proceedings shall rest upon the Compliance Staff alleging noncompliance with a Reliability Standard, proposing a penalty, opposing a Registered Entity's Mitigation Plan, or requiring compliance with a Remedial Action Directive.

1.1.2 Deviation

To the extent permitted by law, any provision in these Hearing Procedures may be waived, suspended or modified by the Hearing Officer or the Hearing Panel for good cause shown, either upon the Hearing Officer's or the Hearing Panel's own motion or upon the motion of any Party.

1.1.3 Standards for Discretion

These Hearing Procedures, and any discretion exercised hereunder, shall be interpreted in a manner intended to ensure just and reasonable proceedings and to effectuate the following Standards for Discretion:

- a) Integrity of the Fact-Finding Process - The principal goal of the hearing process is to assemble a complete factual record to serve as a basis for a correct and legally sustainable ruling, decision or order.
- b) Fairness - Persons appearing in WECC proceedings should be treated fairly. To this end, Parties should be given fair notice and opportunity to present explanations, factual information, documentation and legal argument. Action shall be taken as necessary to eliminate any disadvantage or prejudice to a Party that would otherwise result from another Party's failure to act diligently and in good faith.
- c) Independence - The hearing process should be tailored to protect against undue influence from any Person, Party or interest group.
- d) Balanced Decision-Making - Decisions should be based solely on the facts and arguments of record in a proceeding and by individuals who satisfy the conflict of interest provisions of section 1.8.4 of these Hearing Procedures.
- e) Impartiality - Persons appearing before the Hearing Panel should not be subject to discriminatory or preferential treatment. Registered Entities should be treated consistently unless a reasonable basis is shown in any particular proceeding to depart from prior rulings, decisions or orders.
- f) Administrative Efficiency and Expedition - Proceedings shall be brought to a conclusion as swiftly as is possible in keeping with the other goals of the hearing process.

1.1.4 Definitions and Interpretation

Unless otherwise defined, capitalized terms shall have the meanings described in the WECC Compliance Monitoring and Enforcement Program. Unless the context otherwise requires, the singular of a term used herein shall include the plural and the plural of a term shall include the singular. To the extent the text of a rule is inconsistent with its caption, the text of the rule shall control.

The following terms shall have the following meanings:

“Adjudicatory Officer,” means any person serving as a member of the Hearing Panel, Hearing Officer or Technical Advisor with respect to any proceeding.

“Clerk” means the person designated by WECC to receive filings and serve documents issued by or on behalf of, and otherwise provide support for, the Hearing Panel and Hearing Officer.

“Compliance Hearing Body,” is as defined in the WECC Compliance Hearing Body Charter.

“Critical Energy Infrastructure Information,” as defined in Section 1501 of the NERC Rules of Procedure.

“Critical Energy Infrastructure Information,” as defined in Section 1501 of the NERC Rules of Procedure, means specific engineering, vulnerability, or detailed design information about proposed or existing critical infrastructure that: (1) relates to details about the production, generation, transportation, transmission, or distribution of energy; (2) could be useful to a person in planning an attack on critical infrastructure; (3) is exempt from mandatory disclosure under the Freedom of Information Act, 5 U.S.C. 552 (2000); and (4) does not simply give the general location of the critical infrastructure.

“Cybersecurity Incident,” as defined in 18 C.F.R. § 39.1.

“Director of Compliance” means the Director of Compliance of WECC, who is responsible for the management and supervision of Staff.

“Document” means, in addition to the commonly understood meaning of the term as information written or printed on paper, any electronically stored information, including writings, drawings, graphs, charts, photographs, sound recordings, images and other data or data compilations stored in any medium from which information can be obtained, and shall be translated by the producing party into reasonably usable form.

“ERO” means the Electric Reliability Organization, currently the North American Electric Reliability Corporation, or any successor organization, certified by FERC pursuant to 18 C.F.R. Section 39.3.

“FERC” means the Federal Energy Regulatory Commission.

“Hearing Panel” means the persons assigned to render a final decision in matters requiring a determination under these Hearing Procedures.

“NERC” means North American Electric Reliability Corporation.

“Notice of Proceeding” means (1) a request for a hearing by a Registered Entity to contest an Alleged Violation, a proposed Penalty or a Remedial Action Directive, (2) a request for hearing by a Registered Entity or the Staff concerning a dispute as to whether the entity should be registered or certified, (3) a request for hearing by a Registered Entity in response to a Staff rejection of a proposed revised Mitigation Plan submitted after Compliance Staff rejected the Registered Entity’s initial proposed Mitigation Plan, or (4) any other notice that a proceeding has been properly commenced.

“Penalty” as used herein includes all penalties and sanctions, including but not limited to a monetary or non-monetary penalty; a limitation on an activity, function, operation or other appropriate sanction; or the addition of the Registered Entity to a reliability watch list composed of major violators.

“Person” means any individual, partnership, corporation, limited liability company, governmental body, association, joint stock company, public trust, organized group of persons, whether incorporated or not, or any other legal entity.

“Service List,” means the list maintained by the Clerk identifying the name, address, telephone number, and facsimile number and email address, if available, of each Party, the Hearing Officer, the Director of Compliance, the Registered Entity’s designated agent for service and any other individuals designated for service by a Party.

“Staff” means individuals employed or contracted by WECC who have the authority, among other things, to make initial determinations as to need for registration, compliance or violation with Reliability Standards by Registered Entities and associated Penalties, Mitigation Plans, and Remedial Action Directives.

“WECC’s area of responsibility” means WECC’s corporate region.

1.2 FILING AND SERVICE

1.2.1 Form and Content of Filings

All filings shall include (1) a caption that sets forth the title and docket number (if any) of the proceeding, (2) a heading that describes the filing and the Party on whose behalf the filing is made, (3) the name, address, telephone number and email address of the Party’s representative of the making, and (4) the service list. All filings shall be signed by an authorized representative of the Party on whose behalf the filing is made. The signature constitutes a certificate that the signer has read the filing, that the contents are true to the best of the signer’s knowledge and belief, and that service required by these Hearing Procedures has been made. Each filing shall include a service list identifying the Parties and authorized representatives served.

All filings shall be typewritten, printed, reproduced or prepared using a computer or other word or data processing equipment on white paper 8½ inches by 11 inches with inside text margins of not less than one inch. Page numbers shall be centered and have a bottom margin of not less than ½ inch. Line numbers, if any, shall have a left-hand margin of not less than ½ inch. Typeface shall be either Arial or Times New Roman font, black type on white background, and at least 12-point (at least 10-point for footnotes). Written testimony shall include continuous line numbers on the left-hand side of each page of text. Attachments shall, whenever practical,

conform to these requirements, except that any typeface shall be at least 8-point. Confidential documents shall comply with the requirements of any Protective Order issued under Section 1.10.

1.2.2 Submission of Filings

The original and five copies of any filing shall be made with the Clerk of WECC during WECC business hours (0800-1630 Mountain Time) each day except Saturday, Sunday, legal holidays and any other day declared by the WECC. Filing is complete when date stamped by the Clerk or received in the electronic mail by the Clerk.

Unless as otherwise provided, a filing may be effected by electronic mail if the filed documents are in pdf format and the requisite number of copies are delivered to the Clerk's office within seven business days thereafter.

1.2.3 Service

A copy of each filing must served on each person listed on the service list, by personal delivery, email (with paper copy to follow), United States mail (first class or registered) mail or deposit with an express courier service. The Clerk shall provide copies of all issuances of the Hearing Officer and Hearing Panel by similar means to each person listed on the service list and each member of the Hearing Panel, provided that the Initial and Final Decisions shall be served electronically and by certified mail on the Registered Entity and the Staff. Service is effective immediately if by personal delivery or email, upon deposit in the U.S. mail, or upon delivery to an express courier service.

1.2.4 Time

The time in which any action is required to be done shall be computed by excluding the day of the act or event from which the time period begins to run, and by including the last day of the time period, unless the last day is a Saturday, Sunday, legal holiday or any other day upon which the Office of WECC is closed, in which event the last day shall be the first succeeding day that is not such a day. Any Party requesting an extension of time after the expiration of the period prescribed shall demonstrate circumstances sufficient to justify the failure to act in a timely manner. Unless otherwise provided, whenever a Party has the right or is required to do some act within a prescribed period after the service, four days shall be added to the prescribed period when served by mail and the period until the next business day shall be added if served by courier.

1.3 PLEADINGS, MOTIONS AND OTHER FILINGS

1.3.1 Initiation of a Proceeding

A proceeding is initiated by a Notice of Proceeding. Any Notice of Alleged Violation or other action triggering a right to a hearing shall clearly state (as applicable) that the Registered Entity has the right to contest proposed registration or certification, that the Registered Entity has a right to a hearing, and shall describe or include (as applicable) the alleged violation, the proposed Penalty, the Staff's rejection of the proposed Mitigation Plan, or the issuance of a Remedial Action Directive. Upon receipt of a Notice of Proceeding, the Clerk shall issue a notice of

hearing, which identifies the Hearing Panel and, if applicable, the Hearing Officer assigned to the proceeding, and assigns a docket number that includes (separated by dashes) (1) the last two digits of the month and year, (2) the letters “[Regional Entity designation]”, and (3) a four digit number that is assigned sequentially beginning January 1 of each year (e.g., 0707-WECC-0001).

Within five business days after the issuance of a Notice of Proceeding, WECC staff shall file and serve the notice of the Alleged Violation, the sanction originally provided to the Registered Entity and copies of any documents gathered and reviewed by WECC in the course of determining an Alleged Violation has occurred and in determining the proposed sanction or penalty. Within twenty days after the issuance of the Notice of Proceeding, (1) the Registered Entity shall file (as applicable) an explanation of why the Alleged Violation is in error, why the registration determination is in error, why the proposed penalty or sanction is inappropriate and/or the Registered Entity’s proposed Mitigation Plan, together with copies of all documents relied on by the Registered Entity to support its position, and (2) (if applicable) the Staff shall file its explanation why the Registered Entity’s proposed Mitigation Plan was not accepted, and copies of all documents relied on by the Registered Entity to support its position.

1.3.2 Amendments

Amendments to any filings initiating a proceeding or requesting a hearing may be allowed by the Hearing Officer or the Hearing Panel upon motion made within a reasonable time after the basis for the amendment became apparent, on such terms and conditions as are deemed to be just and reasonable.

1.3.3 Requirements for Motions

Unless otherwise provided, a Party may at any time seek any relief provided for under these Hearing Procedures or otherwise applicable authority by filing a motion in writing (or orally if during a hearing). All motions shall include a plain and concise statement of any facts upon which the motion is based, citations to the record or other sources, if available, any required verification under oath by a person having knowledge of the matters set forth in the filing, a description of the specific relief sought, and the authority that supports the request for relief. Unless otherwise provided, any responses to motions shall be filed within 14 business days after service of the motion, and replies to responses shall be filed within seven business days after service of the responses.

The Hearing Panel or Hearing Officer, in their discretion, may elect to hold oral argument on any matters in dispute.

1.3.4 Intervention; Consolidation of Related Proceedings

No interventions shall be permitted except upon approval of FERC. The Hearing Panel or Hearing Officer may, upon motion or their own initiative, order two or more matters partially or fully consolidated for any or all purposes if (1) events giving rise to the proceeding are the subject of another proceeding involving another Registered Entity, (2) it appears likely that consolidation is necessary to obtain all information necessary for decision and (3) reasonable procedures can be developed to prevent inappropriate disclosure of confidential information. Consolidation shall not be ordered unless all Parties in all proceedings have been provided notice and opportunity to be heard

1.3.5 Summary Disposition

The Hearing Panel or Hearing Officer may, upon motion or their own initiative, order summary disposition, in whole or in part, if there are no genuine issues of material fact with respect to the matters subject to summary disposition and the Party is entitled to summary disposition as a matter of law. Any factual allegations contained in a motion for Summary Disposition shall be supported by affidavit.

1.3.6 Interlocutory Review

Where the ruling for which interlocutory review is sought (1) presents an extraordinary circumstance which makes prompt review necessary to prevent prejudice to a Participant's ability to present its position in the proceeding or (2) involves a requirement that a non-Party produce information or testimony, a Party or person subject to the ruling may seek interlocutory review of any Hearing Officer ruling within 14 business days after the ruling. The Hearing Panel may affirm, reverse, remand, decline to act or take any other action on the Hearing Officer's ruling.

1.3.7 Pre-Evidentiary Hearing Submission of Testimony and Evidence

With the exception of examination of an adverse witness and of testimony and documents of a non-Party subject to an order to compel, all witness testimony, exhibits, and any documents intended to be introduced in connection with cross-examination, shall be filed at least five business days in advance of the evidentiary hearing pursuant to a schedule adopted for the proceeding.

1.3.8 Pre-Evidentiary Hearing Memorandum

Upon request of the Hearing Officer or the Hearing Panel, the Parties may be required to submit a memorandum prior to hearing describing the Party's position on the issue(s) in dispute, the key facts and arguments, and the applicable Reliability Standard, rules, orders or other authority. A Party will not be deemed to have waived any issue, fact or argument that is not set forth in a pre-evidentiary hearing memorandum.

1.4. DOCUMENT PRODUCTION

1.4.1 Inspection and Copying of Documents in Possession of Staff

(a) Documents to be Available for Inspection and Copying

Within five (5) business days of the initiation of the proceeding, the Staff shall make available to the Registered Entity for inspection and copying, all documents prepared by the Staff or obtained from the WECC, the Registered Entity or other sources, through or in connection with any compliance process that led to the institution of proceedings and not previously made available, including but not limited to all requests for information and responses, transcripts and transcript exhibits. Documents shall be made available during normal business hours at the WECC office where the documents are ordinarily maintained, or at such other office as the Hearing Panel or Hearing Officer, in his or her discretion, shall designate, or the Parties otherwise agree. The Registered Entity shall be responsible for the cost of photocopying, which shall be at a

reasonable rate. Documents received by the Staff thereafter shall be made available to the Registered Entity within 14 business days after receipt or as soon as possible if within 14 business days of the evidentiary hearing. In cases involving more than one Party other than the Staff, the Hearing Officer or Hearing Panel shall determine the extent to which, and conditions governing the provision of, documents relating to one Party shall be made available to another Party.

(b) Documents That May Be Withheld

The following documents are not subject to disclosure:

(1) Documents subject to a privilege available to the Staff or constituting attorney work-product of Staff's counsel (in applying this provision, the attorney-client privilege shall be recognized as absolute and any demand for production of attorney work product shall be granted only after a showing of substantial need by the Respondent);

(2) Documents that would disclose (i) an examination, investigatory or enforcement technique or guideline of WECC, a federal, state, or foreign regulatory authority, or a self-regulatory organization; (ii) the identity of a source, including a federal, state, or foreign regulatory authority or a self-regulatory organization that furnished information or was furnished information on a confidential basis regarding an investigation, an examination, an enforcement proceeding, or any other type of civil or criminal enforcement action; or (iii) an examination, an investigation, an enforcement proceeding, or any other type of civil or criminal enforcement action under consideration by, or initiated by, WECC, a federal, state, or foreign regulatory authority, or a self-regulatory organization;

(3) Documents containing confidential information, to the extent that disclosure would violate any applicable confidentiality requirement; or

(4) Documents not relevant to the subject matter of the proceeding or, upon order of the Adjudicatory Officer, for other good cause shown.

Provided, however, that nothing in Subparagraphs 1.4.1(b)(2), (3), (4) authorizes Staff to withhold a document, or part thereof, that contains exculpatory evidence, and nothing in Subparagraph (b)(1) requires Staff to withhold a document from disclosure.

The Staff shall provide to the Registered Entity, at the time the documents are provided, a list of documents withheld. Upon motion based on reasonable belief of a violation of these provisions or on their own motion, the Hearing Panel or Hearing Officer may require Staff (1) to submit any withheld document and (2) disclose to Registered Entity any document not meeting the standards of this subsection.

1.4.2 Other Discovery Procedures

In addition to the production of documents by Staff for inspection and copying by Registered Entity pursuant to Subparagraph 1.4.1(a), the Parties shall be entitled to utilize all other methods for obtaining information provided for in Rules 402 through 409 of the FERC Rules of Practice and Procedure, 18 C.F.R. §385.402 through 385.409, including data requests, written interrogatories and requests for production of documents or things, depositions by oral examination, requests for inspection of documents and other property, requests for admission and orders to compel (with respect to references to subpoenas, and which may be directed to non-

Party Registered Entities as well as Parties). Unless otherwise directed by the Hearing Officer or Hearing Panel upon motion by a Party or by the Hearing Officer, or by the Hearing Panel on its own motion, such discovery, and the resolution of any disputes concerning such discovery, shall be conducted in accordance with the provisions of Rules 402 through 410 and 510(e) of the FERC Rules of Practice and Procedure, 18 C.F.R. §385.402 through 385.410 and 510(e), which are hereby incorporated by reference into these Hearing Procedures, subject to the following limitations and modifications to such Rules:

- 1) The provisions of Subparagraph 1.4.1(b) shall apply to any such discovery.
- 2) Rule 403(b)(2) (18 C.F.R. §385.403(b)(2)) and Rule 410(d)(2) (18 C.F.R. §385.410(b)(2)) shall not be applicable.
- 3) The Hearing Officer and the Hearing Panel have the authority to issue orders to compel the appearance by, or production of documents or information by, only a Person that is a Party or a Registered Entity that is not a Party. The Hearing Officer and the Hearing Panel do not have authority to require a United States marshal or deputy marshal to serve any order to compel.
- 4) A list of documents withheld shall be provided, by the deadline for production of the documents, to the Adjudicatory Officer and each Party entitled to receive the documents.
- 5) References to the “Commission” in Rules 402 through 408 and 410 and 510(e) shall be to FERC except as follows: (i) the references in Rules 402(a), 404(b)(1) and 405(b), the second reference in Rule 410(d) and the references in Rule 510(e)(1) and (2) shall be deemed to be to the Hearing Panel, and (ii) the reference in Rule 385.406(b)(4) to “Commission trial staff” shall be deemed to be to Staff, and the reference in Rule 510(e)(3) shall be deemed to be to the Adjudicatory Officer.
- 6) Unless otherwise ordered by the Hearing Officer or Hearing Panel, a data request, set of interrogatories, request for production of documents or things, request for inspection of documents or other property, request for admissions, or order to produce or provide documents, information or testimony, shall not specify a due date or response date that is fewer than 21 days from the date of service of the request or the date of the order.
- 7) Unless otherwise ordered by the Hearing Officer or Hearing Panel, all such discovery shall be requested, scheduled and conducted so as to be completed within six (6) months following the date of the initial prehearing conference held pursuant to Paragraph 1.5.3; and
- 8) Notwithstanding (6), however, if the shortened hearing procedure in Paragraph 1.5.1 is used in a proceeding, the Hearing Officer, on his or her own motion or on motion of a Participant, shall establish a schedule for discovery, including response periods for responding to discovery requests, that are consistent with the expedited nature of the proceeding contemplated by the shortened hearing procedure.”The Hearing Officer’s ruling on all motions relating to disputes concerning such

discovery shall consider the following objectives: (i) full disclosure of all relevant documents and information; (ii) the exercise of due diligence in the conduct of discovery by a Participant; and (iii) disallowing use of discovery as a means to delay the proceeding or to harass or burden any other Participant.

1.5 HEARINGS AND CONFERENCES

1.5.1 Shortened Hearing Procedure

The shortened hearing procedure shall be as set forth in this Paragraph. The rules applicable to the full hearing procedure shall apply to the shortened hearing procedure unless the context of such a rule is inconsistent with the procedure set forth in this Paragraph or otherwise renders it inapplicable to the shortened hearing procedure. The rules concerning ex parte communications in Paragraph 1.8.5 are hereby expressly made applicable to the shortened hearing procedure under this Paragraph.

WECC may utilize a Hearing Officer to preside over the shortened hearing procedure in accordance with Paragraph 1.8.2. But, no evidentiary hearing will be held in the shortened hearing procedure and the Participants will not present witness testimony or file briefs, except that briefs on exceptions and briefs in reply to exceptions may be allowed pursuant to Subparagraph (g). Instead, the following events shall take place within the following periods:

- a) The Prehearing Conference shall be held within seven (7) days after the date on which the notice of hearing is issued. In addition to any other matters set forth in Paragraph 1.5.3 that may apply, the prehearing conference will be used to develop a schedule for the preparation and submission of comments in accordance with Subparagraphs (c) through (e).
- b) Within five (5) days after the date on which the notice of hearing is issued, Staff shall make documents available to the Registered Entity for inspection and copying pursuant to Paragraph 1.4.1.
- c) Within twenty-one (21) days after the prehearing conference, the Staff shall file:
 - 1) initial comments stating Staff's position on all issues and the rationale in support of its position, including all factual and legal argument;
 - 2) all documents that Staff seeks to introduce in support of its position that have not already been submitted in the proceeding; and
 - 3) a verification attesting to the truthfulness of the facts alleged in the filing.
- d) Within fourteen (14) days of Staff's initial comment filing pursuant to Subparagraph (c), the Registered Entity shall file:
 - 1) responsive comments stating the Registered Entity's position on all issues and the rationale in support of its position, including all factual and

- legal argument, which comment also may respond to Staff's initial comments;
- 2) all documents that the Registered Entity seeks to introduce in support of its position that have not already been submitted in the proceeding; and
 - 3) a verification attesting to the truthfulness of the facts alleged in the filing.
- e) Within seven (7) days after the Registered Entity's responsive comment filing pursuant to Subparagraph (d), Staff shall file reply comments that shall be limited in scope to responding to the Registered Entity's responsive comments and be supported by a verification attesting to the truthfulness of the facts alleged in the filing. Staff shall not submit any additional documents in support of its position as part of this filing except upon motion and good cause shown. If Staff is allowed to file additional documents in support of its position based upon such a motion, the Registered Entity shall have the right to file additional documents in support of its position that are responsive to the additional documents that Staff is allowed to file provided that any additional Registered Entity filing also shall be verified.
 - f) The Hearing Officer shall issue an initial opinion within twenty-one (21) days after the Staff's reply comments filing or any additional filing by the Registered Entity pursuant to Subparagraph (e).
 - g) If either Participant requests, the Hearing Officer shall allow each Participant to file, within seven (7) days after the Hearing Officer's initial opinion, exceptions to the Hearing Officer's initial opinion in a brief designated "brief on exceptions" in accordance with Paragraph 1.6.1 and within seven (7) days thereafter, a reply brief designated "Brief in Reply to Exceptions."
 - h) The Hearing Panel shall strive, but is not required, to issue a final order within ninety (90) days of the notice of hearing.

The Hearing Officer or Hearing Panel may modify any time period set forth within this Paragraph as warranted by the circumstances but it will be the objective of the Hearing Panel to issue the final order within ninety (90) days of the notice of hearing.

1.5.2 General Hearing Procedure

The Clerk shall issue a notice for each conference and hearing, which shall identify the matter(s) to be considered, the person(s) comprising the Hearing Panel or Hearing Officer, and the date, time and place of the hearing or conference. Unless otherwise ordered, all hearings and conferences shall be held during normal business hours at the principal office of WECC. Hearings need not be held on consecutive days.

All hearings, conferences, and other meetings shall be closed to the public, and all notices, rulings, orders or any other issuances of the Hearing Officer or Hearing Panel shall be nonpublic and held in confidence by the Parties unless the ERO (within the U.S., in accordance with the authorization previously granted by FERC to release information about a non-public proceeding) or FERC (in the case of U.S.-related information) or another Applicable Governmental Authority (in the case of non-U.S.-related information) determines that public release is appropriate. Only the Adjudicatory Officers, representatives of the Parties, and other necessary personnel (such as court reporters) shall be allowed to participate in or obtain information relating to the proceeding.

Upon a request, the Hearing Panel or Hearing Officer may permit Parties to appear and witnesses to testify via videoconference or teleconference at any conference or hearing if necessary to avoid undue expense or undue delay in the proceeding.

All hearings and (at the discretion of the Hearing Panel or Hearing Officer) all conferences shall be transcribed verbatim by a certified court reporter. A Party may request corrections to the transcript within 35 days after receipt of the transcript and any responses shall be filed within ten business days thereafter. Each Party is responsible for the costs of a copy of any transcript ordered by it.

1.5.3 Prehearing and Status Conferences

A prehearing conference shall be held within a thirty days after initiation of a proceeding, to identify issues then known to the Parties, establish a schedule and to address any other relevant matter. Any Party may request, and the Hearing Panel or Hearing Officer may call, a status conference at any time subsequent to the Prehearing Conference to address any issues that have arisen. The Hearing Panel or Hearing Officer may summarize actions taken in a memorandum.

1.5.4 Evidentiary Hearings

A Party has the right to present such evidence, to make such objections and arguments, and to conduct such cross-examination as may be necessary to assure the true and full disclosure of the facts. All testimony shall be under oath.

Evidence is admissible if it is of a type commonly relied upon by reasonably prudent persons in the conduct of their affairs, but may be excluded if immaterial or unduly repetitious or prejudicial. The Hearing Panel or Hearing Officer may exclude material from the record only in response to a motion or objection by a Party.

Upon 14 business days' advance notice and subject to the objection by another Party, any Party may call and cross-examine as an adverse witness, any other Party, or any employee or agent thereof or Registered Entity that has been subject to an order to compel.

Upon motion, the Hearing Panel or Hearing Officer may take official notice of and the type of information any of the following:

- 1) Rules, regulations, administrative rulings and orders, and written policies of governmental bodies and Regional Entities, including WECC;

- 2) Municipal and other ordinances;
- 5) Generally recognized scientific or technical facts within the specialized knowledge of WECC;
- 4) Other facts not reasonably subject to dispute; and
- 6) All other matters of which the courts of the United States may take judicial notice.

Any document, and any item officially noticed that exists in document form, shall be introduced into the record in the form of an exhibit.

The Hearing Panel or (prior to issuance of an Initial Decision) the Hearing Officer may allow oral argument, and also may reopen the evidentiary record and hold additional hearings if warranted by any changes in fact or law since the hearing.

1.5.5 The Record

The record shall include the following:

- 1) The filing(s) that initiated the proceeding, responsive documents, and a list of all documents comprising the record;
- 2) Notices, rulings, orders, decisions and other issuances of the Hearing Officer and Hearing Panel;
- 3) All motions, briefs and other filings;
- 4) All prefiled testimony, exhibits, other evidence, information excluded from evidence, transcripts and matters officially noticed;
- 5) All Notices of *ex parte* communications and any notifications of recusal and motions for disqualification of any Adjudicatory Officer and any responses or replies thereto;
- 6) The Hearing Officer's Initial Decision, and exceptions thereto; and
- 7) The Hearing Panel's Final Decision and any Notice of Penalty therewith.

1.5.6 Briefs and Other Post-Hearing Pleadings

At the close of the evidentiary hearing, Parties may file initial briefs, proposed findings of fact and reply briefs. Absent good cause shown, post-hearing pleadings shall not seek to introduce additional evidence into the record after the hearing has ended.

1.6 DECISIONS

1.6.1 Initial Decisions

The Hearing Officer shall issue an Initial Decision that shall include (1) a statement of each finding and conclusion, and the reasons or basis therefore, for all material issues of fact, law or

discretion presented on the record, and (2) appropriate proposed orders to dispose of the proceeding, including any Penalty, sanction, remedial action or Mitigation Plan required. Any proposal for a Penalty shall include a proposed Notice of Penalty. The Initial Decision shall note if the subject of the proceeding has been deemed to involve a Cybersecurity Incident or if any information in the proceeding was deemed to be Critical Energy Infrastructure Information protected pursuant to Paragraph 1.10. The Initial Decision shall normally be issued within thirty days following the submission of post-hearing briefs, or, if waived, following the conclusion of the hearing.

Any Party may file exceptions to the Initial Decision and replies consistent with any deadlines established in the proceeding.

1.6.2 Hearing Panel Final Decision

The Hearing Panel shall issue a Final Decision following the receipt of (1) the Initial Decision, any exceptions and replies thereto, and oral argument, if any, (where a Hearing Officer has been appointed) or (2) the briefs and reply briefs (where no Hearing Officer was appointed). The Hearing Panel shall strive, but shall not be required, to issue its Final Decision within thirty (30) days after the matter is ready for decision.

In cases where a Hearing Officer is appointed, the Final Decision may adopt, modify, amend or reject the initial opinion in its entirety or in part. The Final Decision shall include (1) a statement of each finding and conclusion, and the reasons or basis therefore, for all material issues of fact, law or discretion presented on the record, and (2) appropriate orders to dispose of the proceeding, including any Penalty, sanction, remedial action or Mitigation Plan required. If the Final Decision imposes a Penalty, it shall be entitled Final Order and Notice of Penalty. The Final Order shall note if the subject of the proceeding has been deemed to involve a Cybersecurity Incident or if any information in the proceeding was deemed to be critical energy infrastructure information protected pursuant to Paragraph 1.5.9.

When the Hearing Panel serves the Final Decision, it will inform the Parties of their appeal rights. The Clerk shall transmit the documents identified in Section 1.5.5, which shall constitute the record for purposes of 18 C.F.R. § 39.7(d)(5), to the ERO at the time it serves the ERO with the Final Decision.

1.6.3 Appeal

A Final Decision of the Hearing Panel may be appealed to NERC in accordance with NERC's Rules of Procedure, Section 410. The Clerk shall transmit the record of any docket to NERC that is the subject of an appealed Final Order.

1.6.4 Settlement

Settlement Agreements may be entered into at any time including prior to the issuance of a Notice of Proceeding or during an appeal at the ERO, until a Notice of Confirmed Violation, Notice of Penalty, Notice of Mitigation Plan or Remedial Action Directive, whichever is applicable, is filed with the appropriate regulatory authority. All Settlement Agreements entered into prior to the issuance of a Final Decision shall be subject to approval of the Hearing Panel.

Any rejected Settlement Agreement shall not be admissible into evidence and the proceedings shall continue as if the Settlement Agreement had not been filed.

1.7 PARTIES AND APPEARANCES

1.7.1 Parties

The Parties shall include: the Registered Entity who is subject of the Notice of Alleged Violation, contested Mitigation Plan or contested Remedial Action Directive that is the basis for the proceeding, whichever is applicable; the Staff and any other person allowed or required by FERC to participate as an intervenor in a proceeding conducted pursuant to these Hearing Procedures.

1.7.2 Appearances

Parties shall file written appearances within seven (7) business days after service of the filing initiating the proceeding. A Party's written appearance shall identify the name(s) of each individual authorized to represent the Party in the proceeding exclusive of witnesses. An individual may appear on his or her own behalf. A corporation, association, partnership or governmental body may appear by an attorney or any *bona fide* officer or designee who has the authority to act on behalf of the Party.

A Party's written appearance shall state, with respect to each individual that the Party identifies for service, the individual's name, address, telephone number, and facsimile number and email address, if available, where service shall be made.

A Party may withdraw any individual from the Party's representation or otherwise change the identity of individuals authorized to represent the Party in a proceeding by filing a notice of a change in service list.

Any attorney appearing on behalf of a Party shall be licensed to practice and in good standing before the Supreme Court of the United States or the highest court of any State, territory of the United States or the District of Columbia.

1.7.3 Confidentiality

All participants in any proceeding before the Hearing Panel shall be take all actions necessary to be bound by confidentiality obligations consistent with NERC Rule of Procedure 1504.

1.8 RESPONSIBILITIES OF ADJUDICATORY OFFICERS

1.8.1 Hearing Panel

The Hearing Panel shall be selected from the Compliance Hearing Body, as provided in the WECC Compliance Hearing Body Charter, and the composition of the Hearing Panel shall assure that no two industry segments may control, and no single industry segment may veto, any decision by the Hearing Panel. The Hearing Panel is vested with all necessary the authority to preside over all matters relating to a proceeding, including the following:

1. To establish the scope of the proceeding, including segregation of issues into separate phases of the proceeding and consolidation of related proceedings;
2. Take such action as necessary to assure the confidentiality of the proceeding and documents produced in connection with the proceeding;
3. Establish and modify the schedule for the proceeding, and modify any deadline or required interval;
4. Supervise discovery and rule on any disputes relating thereto;
5. Preside over prehearing conferences, status hearings, oral arguments and evidentiary hearings, including administering oaths and affirmations, ruling on evidentiary matters, requiring the introduction of additional evidence;
6. Issue a Final Decision and rule upon all motions and all other requests for relief;
7. Take other actions necessary and appropriate for the adjudication of the proceeding.

All actions (including all rulings, orders and determinations) of the Hearing Panel shall require a quorum consisting of a majority of the persons assigned to the Hearing Panel, unless waived by the Parties in a particular circumstance, subject in all events to the requirement that no two industry segments may control, and no single industry segment may veto, Hearing Panel actions. All rulings, orders and determinations of the Hearing Panel shall require the vote of a majority of the persons constituting a quorum. Where necessary, one or more persons assigned to the Hearing Panel may participate by teleconference as long as a majority are present in person; provided that all persons assigned to the Hearing Panel may participate by teleconference with respect to a Remedial Action Directive hearing. All rulings, orders and determinations shall be recorded in a written ruling or in a transcript and shall be designed to promote the conduct of a full, fair and impartial proceeding and to effectuate the standards of discretion.

1.8.2 Hearing Officer

WECC may designate one or more Staff members, third-party contractors, or industry stakeholders to serve as Hearing Officers and may thereby preside over any aspect of the proceeding to the same extent as the Hearing Panel, except that the Hearing Officer will issue an Initial Decision and the Final Decision or other order finally disposing of the proceeding or issues within the proceeding must be issued by the Hearing Panel.

1.8.3 Technical Advisor

The Hearing Officer and/or the Hearing Panel may designate one or more Staff members, third-party contractors, or industry stakeholders to serve as Technical Advisors to assist in any proceeding by providing technical advice.

1.8.4 Conflict of Interest

A person shall be disqualified from serving as an Adjudicatory Officer in any proceeding if (1) he or she has been involved in or consulted at any time in regard to any Staff investigation, initial

determination of violation or Penalty, or assessment of a Registered Entity's proposed Mitigation Plan relating to the proceeding or (2) his or her participation would violate WECC's applicable conflict of interest policies. An Adjudicatory Officer shall recuse himself or herself from serving in proceeding if disqualified.

Any Adjudicatory Officer shall disclose to the Service List his or her identity, employment history and professional affiliations within two business days of assignment to the proceeding.

1.8.5 *Ex Parte* Communications

No Adjudicatory Officer assigned to a proceeding may communicate concerning any matter relating to the proceeding, directly or indirectly with any Person who is not an Adjudicatory Officer with respect to a proceeding, except after reasonable notice to all Parties and opportunity to participate.

Any Adjudicatory Officer who makes or receives an *ex parte* communication shall, within seven (7) business days, file and serve on the Parties a description of the date, time, place, substance of and a list of each person making or receiving the *ex parte* communication, and include any written *ex parte* communication.

1.8.6 Motion for Disqualification

Any Party may move to disqualify an Adjudicatory Officer on the basis of conflict of interest, or on the basis of a prohibited *ex parte* communication or other circumstances that could interfere with the impartial performance of his or her duties. The motion shall describe the underlying facts by affidavit and shall be filed within fifteen days after the Party learns of the facts believed to constitute the basis for disqualification or reasonably in advance of any hearing, whichever is earlier. The ruling on a motion to disqualify an Adjudicatory Officer shall be made by the Hearing Panel, provided that the ruling on a motion to disqualify a Hearing Panel member shall be made by the Hearing Panel without participation by the member subject to the motion. Any challenge to a disqualification ruling by a Hearing Officer is waived if no interlocutory appeal has been filed within five business days of the ruling. Any disqualified Adjudicatory Officer shall be replaced as soon as practicable.

1.9 REMEDIAL ACTION DIRECTIVES

1.9.1 Initiation of Remedial Action Directive Hearing

Staff may issue a Remedial Action Directive to a Registered Entity at any time, including during any proceeding related to an alleged violation of a Reliability Standard. Notice of the Remedial Action Directive shall not be effective until actual receipt by the Registered Entity, as provided in Section 7.0 of the Compliance Monitoring and Enforcement Program. WECC will notify NERC within two (2) business days after its Staff issues a Remedial Action Directive.

The Registered Entity may contest the Remedial Action Directive by filing a written notice with the Clerk of the WECC that states that the Registered Entity contests the Remedial Action Directive and that the Registered Entity requests a Remedial Action Directive hearing. The Registered Entity shall attach a copy of the Remedial Action Directive to its written notice. The Registered Entity must provide such notice within two (2) business days following actual receipt

of the Remedial Action Directive. If the Registered Entity does not give written notice to WECC within the required time period, the Registered Entity shall be deemed to have waived its right to contest the Remedial Action Directive.

The Clerk shall assign a docket number, and issue a Notice of Hearing.

1.9.2 Remedial Action Directive Procedure

Proceedings to address Remedial Action Directives shall be conducted only under the expedited hearing process set forth in this Paragraph 1.9.2. All other provisions of the Hearing Procedures shall apply to the Remedial Action Directive hearing unless inconsistent with or inapplicable to the procedures set forth in this paragraph.

The Remedial Action Directive hearing will be conducted according to the following guidelines:

- a) The Hearing Panel or Hearing Officer will hold a prehearing conference within two (2) business days after receipt of the Registered Entity's request for a hearing.
- b) An evidentiary hearing will be conducted on the matter, in person or by teleconference, within seven (7) business days after the prehearing conference. The provisions in Section 1.4 concerning document production shall not apply.
- c) At the evidentiary hearing, Staff and the Registered Entity shall have the opportunity to present oral witness testimony and evidence, which shall be rendered under oath, and to conduct cross-examination.
- d) At the evidentiary hearing, the Parties shall have the opportunity to make opening and closing statements, but shall not file any briefs or draft opinions, and oral argument shall not be held.
- e) The Hearing Panel shall issue a summary written decision within ten (10) business days following the hearing, stating whether the Registered Entity shall (upon receipt of the decision) or shall not be required to comply with the Remedial Action Directive and identifying any modifications to the Remedial Action Directive that it finds appropriate. In the event a Hearing Officer has been appointed, the Initial Decision will be issued within a timeframe that permits review and comment by the Parties and issuance of a summary written decision within the ten-day deadline.
- f) Within thirty (30) days following issuance of its summary written decision, the Hearing Panel shall issue a full written decision. The written decision shall state the conclusions of the Hearing Panel with respect to the Remedial Action Directive, and shall explain the reasons for the Hearing Panel's conclusions.
- g) The Final Decision may be appealed to NERC pursuant to section 1.6.3.

1.10. PROTECTIVE ORDERS

- a) At any time during a proceeding, including in connection with document production under section 1.4, on the Hearing Officer's or the Hearing Panel's own motion or on the motion of any Party, an order may be entered to designate as proprietary and protect the

confidential, proprietary or trade secret nature of any data, information or studies, or any other information the public release of which may cause a security risk or harm to a Party.

- b) The following types of information will be considered entitled to protection through a Protective Order: (i) confidential business and market information, including information that is proprietary, commercially valuable, or competitively sensitive; (ii) critical energy infrastructure information; (iii) information related to a Cybersecurity Incident; (iv) personnel information that identifies or could be used to identify a specific individual, or that reveals personnel, financial, medical or other personal information; (v) audit work papers; or (vi) investigative files that would disclose investigative techniques. Nothing in this Subparagraph shall require Staff to produce any documents it is entitled to withhold under Subparagraph 1.4.1(b)
- c) A Party submitting a motion for a protective order shall specify the proposed expiration date for the proprietary status of the data, information or studies, if any, and shall propose requirements or safeguards to be met for individuals participating in the proceeding to review the protected information.
- d) A document submitted and marked as proprietary, or a statement made at a hearing and identified as proprietary, shall be afforded proprietary treatment pending the timely submission of a motion to protect the confidential, proprietary or trade secret nature of that document or statement and a ruling on such a motion by the Hearing Officer or Hearing Panel.
- e) The protective order shall identify the data, information or studies that will be accorded proprietary treatment; the individuals participating in the proceeding, by category or otherwise, entitled to view the proprietary information; and the requirements, conditions or safeguards that must be met before an individual may view the information. The order shall also specify any required indications of confidentiality, such as colored paper or notation.
- f) A public redacted version of each document and transcript that contains information that is protected pursuant to this Paragraph must be filed with the proprietary version and must be served on each Party for distribution to those individuals participating in the proceeding who are not entitled to view the proprietary information.
- g) Should it be necessary to address proprietary information during a hearing, the Hearing Officer or Hearing Panel shall exclude from the hearing all individuals other than those entitled to access to the proprietary information in accordance with the protective order.

Exhibit E — Funding

1. Scope of activities funded through the ERO funding mechanism

WECC shall include in its annual budget submission to NERC amounts for costs it will incur in performing its delegated functions and related activities as described in Sections 5, 6 and 7 of the Agreement. These activities shall include:

- Reliability Standards Development
- Compliance Monitoring and Enforcement
This category encompasses WECC's Compliance Monitoring and Enforcement Program, including activities under the WECC Reliability Management System
- Organization Registration and Certification
- Reliability Assessment and Performance Analysis (including necessary data gathering activities)
This category includes WECC's Transmission Expansion Planning Program, Loads and Resources Activities, and all necessary supporting activities
- Event Analysis and Reliability Improvement
- Training and Education
This category includes WECC's Training Programs
- Situation Awareness
~~This category includes WECC's Reliability Coordinator Functions, Western Interconnection Synchrophasor Program, WECC Interchange Tool, and all necessary supporting activities.~~
- Infrastructure Security

2. Preparation of Annual Business Plan and Budget Plan and Budget

(a) NERC and WECC, in conjunction with the other Regional Entities, shall collaboratively develop an annual schedule for the development, submission, review and approval of WECC's business plan and budget. The annual schedule for the preparation of business plans and budgets shall require WECC (i) to submit to NERC draft(s) of WECC's proposed business plan and budget and other preliminary documents and information, and (ii) to submit a final proposed business plan and budget that has been

approved by WECC Board of Trustees to NERC by July 1 or such other agreed date as provides sufficient time for NERC's review, approval and submission of WECC's business plan and budget to the Commission 130 days in advance of the beginning of each fiscal year. The WECC business plan and budget submission shall include supporting materials, including WECC's complete business plan and organization chart, explaining the proposed collection of all assessments, dues, fees and charges, the proposed expenditure of the funds to be collected in sufficient detail to justify the requested budgeted expenditures and assessments. WECC's business plan and budget and proposed assessments shall provide for reasonable reserve mechanisms for unforeseen and extraordinary expenses and other contingencies, consistent with generally accepted accounting principles.

(b) NERC shall review and approve WECC's proposed business plan and budget and proposed assessments for performing the delegated functions and related activities described in Sections 5, 6 and 7 of this Agreement and listed above in Section 1 of this **Exhibit E**, or shall direct WECC to make such revisions as NERC deems appropriate prior to approval. NERC shall submit WECC's approved business plan and budget and proposed assessments to the Commission for approval as part of NERC's overall business plan and budget submission, in accordance with the ERO Regulations.

3. Allocation of Costs

Assessments to fund the costs of WECC's delegated functions and related activities pursuant to the Agreement shall be allocated among all load-serving entities on the basis of Net Energy for Load, unless a different method(s) of allocating and calculating such assessments has been submitted to and approved by NERC and the Commission in accordance with Section 9(b) of the Agreement. WECC shall submit to NERC annually at the same time it submits its budget request a list of the load-serving entities or designees within its geographic boundaries that shall be responsible for paying WECC's assessment and the load-serving entities' proportionate Net Energy for Load, and such other data and information as is necessary to allocate and calculate the allocation of the assessment to the load-serving entities or designees under the method(s) of allocation and calculation that will be used.

Entities on the list of LSEs or Balancing Authorities will be responsible for collection and/or payment of charges through the mechanism described in either Option 1 or 2 below. Each Balancing Authority will inform WECC by June 1st of each year of its choice of Option 1 or 2, and will give WECC at least 90 days notice of its intention to change from one option to the other.

a. OPTION 1 -- The Balancing Authority will provide WECC a list of all LSEs located within its area, including each LSE's name, contact information, and Net Energy for Load. This information will be updated annually and provided to WECC no later than June 1st of each year. WECC will use this list to bill each LSE for all costs on an annual basis.

b. OPTION 2 -- WECC will bill the Balancing Authority for all costs on an annual basis. The Balancing Authority will be responsible for equitably allocating WECC costs among the LSEs in its area (if applicable) on the basis of Net Energy for Load, collecting the funds, and ensuring that WECC receives full payment on an annual basis.

4. Collection of Funding

(a) NERC and WECC agree that WECC shall act as the billing and collection agent on behalf of NERC to bill and collect WECC's the NERC, WECC, and WIRAB assessments from load-serving entities and designees (or such other entities as agreed by NERC and WECC). WECC agrees that it shall (i) issue all invoices to each LSE or Balancing Authority (depending on the Balancing Authority's choice of Option 1 or 2 above) in a prompt and timely manner after receipt from NERC of the information needed to issue invoices, but no later than November 15th each year; (ii) exercise commercially reasonable efforts to collect invoices that are not paid as of the due date(s); and (iii) transfer all funds collected to NERC in a timely manner, as follows: Once per week until all billings are collected, WECC will electronically transfer to NERC, in immediately available funds, all payments received by WECC from load-serving entities or other entities for the payment of the NERC, WECC, and WIRAB assessments billed on the annual invoices. In the event that (1) WECC includes Reliability Coordination Company ("RCCo") assessments (or assessments of a differently named company performing the same functions) on the annual invoices; (2) a payment received is less than the total

amount billed for the NERC, WECC, WIRAB, and RCCo assessments; and (3) WECC does not know and, after due inquiry with the entity submitting the underpayment and consultation with NERC, is unable to determine which invoiced item accounts for the shortfall, WECC shall be permitted to prorate the shortfall among all assessments received from that entity. On the same day that WECC makes each electronic transfer of funds to NERC, WECC shall send an e-mail to the Chief Financial Officer or Controller of NERC detailing the collections being transmitted, including a listing of the load-serving entities or other entities from which payments were collected and the amount collected from each entity and the breakdown of the total payments collected among NERC statutory funding, WECC statutory funding, and WIRAB statutory funding.

WECC agrees that it shall not in any way use its position as billing and collection agent for NERC to attempt to influence NERC's policies or decisions on matters relating to adoption of Reliability Standards (including Regional Reliability Standards and Regional Variances), administration of the Compliance Monitoring and Enforcement program and other compliance and enforcement matters, determination and imposition of penalties and sanctions, budgeting matters including review and approval of WECC's budgets and business plans, or any other NERC decisions, including by issuing invoices, engaging in collection activities or transferring funds collected to NERC in an untimely manner or other than in accordance with this Agreement. To the extent WECC uses another entity as collection agent, it will incorporate these safeguards in the arrangements with the collection agent.

Within three (3) business days following receipt of an electronic transfer of collected assessments from WECC in accordance with Section 4(a) of this Exhibit E, NERC will electronically transfer (i) to WECC, in immediately available funds, the portion of the payment received from WECC constituting WECC statutory funding, and (ii) to WIRAB, in immediately available funds, the portion of the payment received from WECC constituting WIRAB statutory funding.

(b) NERC shall pursue any non-payments of assessment amounts constituting NERC, WECC, and WIRAB statutory funding and shall request assistance from ERO

Governmental Authorities as necessary to secure collection. To the extent reasonably practicable, WECC shall assist NERC in pursuing and collecting any non-payments. Notwithstanding the foregoing, WECC is not responsible and does not assume any liability for recovering non-payments or underpayments of assessment amounts. NERC shall retain sole responsibility for recovering non-payments or underpayments of assessment amounts constituting NERC, WECC, and WIRAB statutory funding. NERC shall add the amount of any non-payments by end-users or designees within WECC's region, that are reasonably determined to be uncollectible, to NERC's assessments for a subsequent year with the amount of such non-payments to be allocated to end-users within WECC's region.

5. Application of Penalties

Except as otherwise approved by the Commission, all penalty monies received by WECC, other than penalty monies received from an operational function or division or affiliated entity of WECC, shall be applied as a general offset to WECC's budget requirements for U.S.-related activities under this Agreement for a subsequent fiscal year. Funds from financial penalties shall not be directly applied to any program maintained by the investigating entity. Except as otherwise approved by the Commission, any penalty monies received by NERC from an operational function or division or affiliated entity of WECC shall be transmitted to or retained by NERC and shall be used by NERC as a general offset to NERC's budget for its activities as the ERO under the Act for the following year.

6. Budget and Funding for WECC's Non-Statutory Activities

In addition to its delegated functions and related activities, as specified in Sections 5, 6 and 7 of the Agreement and in Section 1 of this **Exhibit E** (such delegated functions and activities referred to in this Section 6 as "statutory activities"), WECC performs the following other functions and activities (such other functions and activities being referred to in this Section 6 as "non-statutory activities"): Western Renewable Generation Information System ("WREGIS").

WECC shall employ the following methods and procedures to (i) keep its funding mechanisms for its statutory activities separate from its funding mechanisms for its non-statutory activities, and (ii) record the costs it incurs in the performance of its non-statutory functions separately from the costs it incurs in the performance of its statutory functions: WECC utilizes a fund accounting system with capabilities to segregate receipts and expenses based on function or activity. WECC has segregated non-statutory activities by assigning a separate fund code to those receipts and expenses. All expenditures or receipts that are entered into WECC's accounting system must include a fund code identifying whether the transaction is related to statutory or non-statutory activities. General and administrative costs are allocated to non-statutory activities based on an FTE ratio that is consistent with NERC's accounting methodology for allocation of overhead to statutory activities. For these reasons, time records are not necessary for WECC to properly allocate costs between statutory and non-statutory activities.

WECC shall provide its budget for such non-statutory activities to NERC at the same time that WECC submits its proposed annual business plan and budget for statutory activities to NERC pursuant to Section 9 of the Agreement. WECC's budget for non-statutory activities that is provided to NERC shall contain a detailed list of WECC's non-statutory activities and a description of the funding sources for the non-statutory activities. WECC agrees that no costs (which shall include a reasonable allocation of WECC's general and administrative costs) of non-statutory activities are to be included in the calculation of WECC's assessments, dues, fees, and other charges for its statutory activities.

7. Amended or Supplemental Business Plans and Budgets

During the course of the fiscal year, if WECC determines it does not or will not have sufficient funds to carry out its delegated functions and related activities, WECC shall submit to NERC one or more proposed amended or supplemental business plans and budgets and requests for approval of supplemental assessments, reflecting costs, cost increases or funding shortfalls not provided for in WECC's approved business plan and budget for the fiscal year. NERC shall review and approve the proposed amended or supplemental business plan and budget and proposed supplemental assessment, or shall direct WECC to make such revisions as NERC deems appropriate prior to approval.

NERC shall submit WECC's approved amended or supplemental business plan and budget and proposed supplemental assessment to the Commission for approval.

8. NERC Review of Regional Entity Financial Records

Upon a request made to WECC with reasonable notice, NERC shall have access to and may review all financial records of WECC, including records used to prepare WECC's financial statements. NERC shall conduct reviews of the quarterly and annual financial statements submitted by WECC pursuant to Section 9(h) and (i) of the Agreement.

WECC shall provide supporting documentation for the quarterly and annual audited financial statements as reasonably requested by NERC.