

**BY-LAWS**  
**OF**  
**REGIONAL GREENHOUSE GAS INITIATIVE, INC.**

(A Delaware non-profit Corporation)

I certify that the attached is a full, true and correct copy of the By-laws of Regional Greenhouse Gas Initiative, Inc. adopted by all of the members of the Board of Directors as of the date hereof.

Clifton Below

Secretary

December 12, 2007

Date

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**BY-LAWS**  
**OF**  
**REGIONAL GREENHOUSE GAS INITIATIVE, INC.**

(the “Corporation”)

**ARTICLE I**

**PURPOSES**

The Corporation is an organization established as a result of a Memorandum of Understanding originally dated December 20, 2005 and thereafter amended (the “MOU”). The current signatories to the MOU are Connecticut, Delaware, Maine, New Hampshire, New Jersey, New York, Vermont, Maryland, Massachusetts and Rhode Island. As used in these By-laws, “Signatory States” shall refer to those states or other entities which, from time to time, are signatories to the MOU, or any amendment thereto, and have not formally withdrawn as a Signatory State as provided for in the MOU. The exclusive purposes for which the Corporation is formed are to provide technical and scientific advisory services to the Signatory States in the development and implementation of a multi-state cap and trade, greenhouse gas control program, known as the Regional Greenhouse Gas Initiative (“RGGI”) (or its successor), to reduce air pollutants that contribute to climate change, and to perform any other charitable or scientific function related to the reduction of greenhouse gas emissions or the increase in carbon sequestration on behalf of the Signatory States.

The activities of the Corporation in performing these purposes may include, but are not limited to, the following:

- (a) serving as a forum for collective deliberation and action among the Signatory States; and
- (b) acting on behalf of one or more of the Signatory States to develop, implement, and maintain a system to receive and store reported emissions data from sources subject to RGGI, and to track allowances for RGGI; and
- (c) acting on behalf of one or more of the Signatory States to develop, implement, and maintain a platform to provide for the auctioning of allowances by one or more states participating in RGGI; and
- (d) providing technical support to the Signatory States for the development of proposed changes to the RGGI program, including but not limited to the development of additional offsets standards for the program; and
- (e) conducting market monitoring related to the trading of emission allowances; and

(f) providing technical assistance to the Signatory States in reviewing and assessing applications for greenhouse gas emissions offset projects. Such technical assistance may include, but is not limited to, the development of model guidance documents for use by potential sponsors of offsets projects.

The Corporation is a non-stock, non-profit corporation. The purposes for which the Corporation is organized are exclusively religious, charitable, scientific, literary and/or educational within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as the same may be amended (the “Code”), or the corresponding provision of any future United States Internal Revenue law.

## **ARTICLE II**

### **MEMBERS**

The Corporation shall have no members. To the extent members are required by law, the directors holding office at any time shall be the Corporation’s members at that time and shall be deemed to have done such acts as are necessary to elect the directors and otherwise fulfill responsibilities as Members.

## **ARTICLE III**

### **SIGNATORY STATES**

A state or other entity which is a Signatory State pursuant to the MOU shall be a Signatory State pursuant to these By-laws so long as it is a Signatory State under the MOU, and its status hereunder as a Signatory State shall be governed by the terms of the MOU.

## **ARTICLE IV**

### **BOARD OF DIRECTORS**

**Section 1. Powers and Number.** The Corporation shall be managed by its Board of Directors (the “Board”).

The initial Board shall be as set forth in the Certificate of Incorporation and shall hold office until the directors shall have qualified as provided in this Section 1. As used in these By-laws, the term “Entire Board” means the total number of directors entitled to vote if there were no vacancies. The Board shall consist of two directors from each Signatory State, as follows: (1) the chair, or the commissioner designated by the chair, of the Signatory State’s energy regulatory agency; (2) the chief executive of the Signatory State’s environmental regulatory agency or department; or (3) in the event that the Governor of a Signatory State determines that a state official other than the aforementioned is the appropriate representative to act as a director, the Governor of that Signatory State shall so notify the Chair of the Corporation in writing and such other official shall be a director from that Signatory State. Each of the aforementioned officers shall serve as an *ex officio* director of the Corporation. Each such *ex officio* director

shall provide written notice to the Chair of his or her acceptance of the position of director of the corporation.

**Section 2. Alternates.** An *ex officio* director may at any time and from time to time appoint an alternate to act in his or her stead by a writing signed by the *ex officio* director and delivered to the Chair of the Corporation. The *ex officio* director may revoke the appointment at any time by a writing signed by the *ex officio* director and delivered to the Chair of the Corporation. An alternate director while acting as director is vested with all the rights and obligations of the *ex officio* director for whom the alternate is substituting as provided by law, the Certificate of Incorporation and these By-laws, provided that he or she may not designate an alternate director for herself or himself.

**Section 3. Term of Office.** Each director shall hold office as provided herein or until his or her death, resignation or removal. The term of office of each director shall begin when the Chair of the Corporation receives written notice of such director's acceptance of the office and shall conclude when such director's successor has qualified as provided herein.

**Section 4. Resignations.** Any director may resign from office at any time by delivering a letter of resignation to the Chair of the Corporation, and the acceptance of such resignation, unless required by the terms thereof, shall not be necessary to make such resignation effective.

**Section 5. Vacancies.** In the event that an *ex officio* directorship becomes vacant for any reason and a successor is not otherwise provided for herein, the Governor or the acting Governor of the Signatory State from which the *ex officio* director was appointed may appoint another individual to serve as its representative director, by written notice to the Chair of the Corporation. Such director shall be considered to be an alternate director and shall serve until the earlier of (a) the acceptance of the *ex officio* directorship by an appropriate official of the Signatory State as provided in Section 1 of this Article, or (b) the appointee's removal by the Governor who appointed him or her.

**Section 6. Meetings.** Meetings of the Board may be held at any place within or without the State of Delaware as the Board may from time to time fix, or as shall be specified in the notice or waivers of notice thereof. The annual meeting of the Board shall be held at such time as determined by the Board. Special meetings of the Board shall be held whenever called by a member of the Executive Committee or by any director upon written demand of not less than one third of the Entire Board. In each case, the person or persons calling the special meeting shall fix the time and place of the meeting.

**Section 7. Quorum and Voting.** Unless a greater proportion is required by law, a majority of the Entire Board shall constitute a quorum for the transaction of business. Except as otherwise provided by law or by these By-laws, the vote of a majority of the directors present at the time of the vote, if a quorum is present at such time, shall be an act of the Board.

**Section 8. Budget.** The vote of at least two-thirds of the directors present at the time of the vote, if a quorum is present, shall be required to approve or substantially modify the Corporation's budget.

**Section 9. Action Without a Meeting.** Any action required or permitted to be taken by the Board or any committee thereof may be taken without a meeting if all members of the Board or the committee consent in writing to the adoption of a resolution authorizing the action. For these purposes, a writing includes an electronic transmission. The resolution and the written consents thereto by the members of the Board or committee shall be filed with the minutes of the proceedings of the Board or committee.

**Section 10. Meeting by Use of Telecommunications.** Any one or more members of the Board or any committee thereof may participate in a meeting of the Board or committee by means of a conference telephone or similar telecommunications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting

**Section 11. Notice of Meetings; Waiver.** To the extent the Board has not predetermined meeting dates, notice of the time and place of each regular or special meeting of the Board shall be sent to each director, by mail, postage prepaid, or by confirmed telefax or e-mail, addressed to him or her at the address provided to the Secretary of the Corporation, or in default thereof, at his or her residence or usual place of business, not less than ten business days, or in the case of a special meeting, not less than three days, in advance of the day on which the meeting is to be held. The notice of any special meeting shall state the purpose or purposes for which the meeting is called. Notice of a meeting need not be given to any director who submits a signed waiver of notice before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to him or her.

**Section 12. Compensation of Directors.** Directors shall not receive any compensation for their services as directors. As authorized by the Board, a director may be reimbursed for his or her actual expenses incurred in furtherance of the Corporation's purposes.

**Section 13. Location of Principal Office.** The vote of at least two-thirds of the directors present at the time of the vote, if a quorum is present, shall be required to change the location of the Corporation's principal office.

**Section 14. Model Rule for Establishment of the CO2 Budget Trading Program.** The vote of at least two-thirds of the directors present at the time of the vote, if a quorum is present, shall be required to make recommendations to the Signatory States to modify the Model Rule.

## ARTICLE V

### OFFICERS, EMPLOYEES AND AGENTS

**Section 1. Officers: Number and Qualification.** The officers of the Corporation shall be a Chair, a Vice Chair, a Secretary, and a Treasurer and such other officers as the Board shall determine. Said officers shall be chosen from among the directors. Directors from the same Signatory State shall not hold more than one office.

**Section 2. Compensation of Officers.** Officers shall not receive any compensation for their services as officers. As authorized by the Board, an officer may be reimbursed for his or her actual expenses incurred in furtherance of the Corporation's purposes.

**Section 3. Election, Vacancies and Removal.** The officers shall be elected by the Board at its annual meeting, and any vacancy may be filled at any regular or special meeting and each officer shall serve until the next annual meeting, and until their successors are duly elected and qualified. No person shall hold one office for more than two consecutive terms. Any officer elected by the Board may be removed, with or without cause, at any time, by a vote of a majority of the Entire Board.

**Section 4. Chair: Powers and Duties.** The Chair shall preside at meetings of the Board, shall have general supervision of the affairs of the Corporation and shall keep the Board fully informed about the activities of the Corporation.

**Section 5. Vice Chair.** The Vice Chair shall, in the absence or disability of the Chair, perform the duties and exercise the powers of the Chair, and shall have such titles and powers and perform such duties as may from time to time be prescribed by the Board of Directors, the Chair, or by the Executive Committee, which duties may include powers elsewhere assigned or delegated to other officers. The Board may by resolution create such additional Vice Chairs for such purposes as it determines to be appropriate.

**Section 6. Secretary: Powers and Duties.** The Secretary shall act as secretary of all meetings of the Board. He or she shall keep or cause to be kept minutes of Board meetings in appropriate record books and shall be responsible for giving and serving all notices of the Corporation. He or she shall be custodian of the corporate records and of the corporate seal and affix the latter when required. All corporate records and documents shall be located in the office of the Executive Director. The Secretary shall perform all the duties customarily incident to the office of secretary, subject to the control of the Board, and shall perform such other duties as shall from time to time be assigned by the Board.

**Section 7. Treasurer: Powers and Duties.** The Treasurer shall keep or cause to be kept full and accurate accounts of receipts and disbursements of the Corporation, and shall deposit or cause to be deposited all moneys and other valuable effects of the Corporation in the name and to the credit of the Corporation in such depositories as the Board may designate. At the annual meeting of the Board and whenever else required by the Board, he or she shall render a statement of the Corporation's accounts. He or she shall at all reasonable times exhibit the Corporation's books and accounts to any officer or director of the Corporation and shall perform all duties incident to the office of treasurer subject to the control of the Board.

**Section 8. Officers: Miscellaneous Powers and Duties.** Subject always to the specific directions of the Board, the Chair, Vice Chair, Secretary or Treasurer shall have power to execute all needed receipts for monies due and payable to the Corporation from any source, including bequests, and to execute and deliver, and to affix the seal of the Corporation to, any and all other contracts, agreements or instruments to which the Corporation shall be a party, including all releases and waivers of issuance and service of citation or other process in any

Court. The Board may from time to time impose or confer upon any officer such additional duties and responsibilities as it sees fit.

**Section 9. Executive Director.** The Board shall appoint an Executive Director, by vote of at least two-thirds of the directors present at the time of the vote, if a quorum is present, to serve at the pleasure of the Board as the Chief Executive Officer of the Corporation to manage the day-to-day operations of the Corporation and to perform such other duties as the Board may from time to time direct. The Executive Director shall receive such reasonable compensation as the Board may from time to time determine.

**Section 10. Employees and Other Agents.** The Board may appoint from time to time such employees and other agents as it shall deem necessary, each of whom shall hold office at the pleasure of the Board, and shall have such authority, including that of any officer, and perform such duties and shall receive such reasonable compensation as the Board may from time to time determine. The Board may by resolution delegate these appointment powers to the Chair or other officers of the Corporation or to the Executive Director.

## ARTICLE VI

### COMMITTEES OF THE BOARD

**Section 1. Committees in General.** There shall be the following standing committees of the Board: an Executive Committee, a Finance Committee, and an Audit Committee. In addition, the Board may create or eliminate such other standing committees as it determines to be appropriate, each of which shall include two or more directors and may include persons who are not directors, and each of which shall have authority as determined by the Board. All standing committee members shall be appointed by the Board at the annual meeting to serve until the next annual meeting and until their successors are duly elected and qualified. The Board by resolution may create such special committees, which may include or be comprised of persons who are not directors as the Board determines, which shall have and may exercise such powers as shall be conferred or authorized by the resolution creating them. The Board shall have power to change the membership of any special committee, to fill vacancies and to discharge or eliminate any such committee.

**Section 2. Executive Committee.** The Executive Committee shall consist of at least four directors: the Chair, who shall also serve as chairperson of the Executive Committee, all Vice Chairs, the Treasurer, and the Secretary. The Board shall appoint additional directors to the Executive Committee if necessary to ensure that the membership of the Executive Committee includes at least one director from a Signatory State in the territory of each regional transmission operator or independent system operator in which a Signatory State is located. The Executive Committee shall have the authority to act for the Board between meetings of the Board except as to the following matters:

- (a) the filling of vacancies on the Board or on any standing committee or the creation or elimination of any standing committee;
- (b) the amendment or repeal of the By-Laws or the adoption of new By-Laws;

- (c) the amendment or repeal of any resolution of the Board; and
- (d) the fixing of compensation, if any, of the Directors for serving on the Board or any committee.

**Section 3. Finance Committee.** The Finance Committee shall consist of at least two directors, one of whom shall be the Treasurer, who shall serve as chairperson of such Committee. The Finance Committee shall advise the Treasurer and the Board as to the investments, budget, and general fiscal policy of the Corporation.

**Section 4. Audit Committee.** The Audit Committee shall consist of no fewer than two and no more than six independent non-compensated Board members. This Committee shall oversee the quality and integrity of the Corporation's accounting, auditing and reporting practices. The specific powers and responsibilities of the Audit Committee shall be specified in an Audit Committee Charter, which shall be adopted from time to time by the Board.

**Section 5. Committee Meetings.** Meetings of committees may be called at any time by the respective chairperson of each committee, or by the Chair. Reports of committee meetings shall be presented to the Board at its next regular meeting and each committee shall furnish copies thereof to the Secretary to be maintained with the records of the Corporation. Unless the Board shall otherwise provide, the Standing Committees shall have the power to establish their own rules of procedure and to determine the time and place of their meetings.

## **ARTICLE VII**

### **CHECKS, NOTES AND CONTRACTS**

The Board is authorized to select such depositories as it shall deem proper for the funds of the Corporation and shall determine who shall be authorized on behalf of the Corporation to sign bills, notes, receipts, acceptances, endorsements, checks, releases, contracts and documents.

## **ARTICLE VIII**

### **BOOKS**

Correct books of account of the activities and transactions of the Corporation, including a minute book, which shall contain a copy of the Certificate of Incorporation, a copy of these By-laws, minutes of all meetings of the Board and reports of the meetings of any committee thereof, shall be kept at the office of the Corporation.

## **ARTICLE IX**

### **FISCAL YEAR**

The fiscal year of the Corporation shall be the calendar year.

## **ARTICLE X**

## **INDEMNIFICATION AND INSURANCE**

**Section 1. Indemnification.** The Corporation shall, to the fullest extent now or hereafter permitted by law, indemnify any person made, or threatened to be made, a party to any action or proceeding by reason of the fact that he or she was a director, officer, employee or agent of the Corporation, and any other person whom it shall have the power to indemnify, against judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees. However, the Corporation shall not indemnify a person if doing so would constitute an act giving rise to any tax or sanction under the Internal Revenue Code of 1986, as the same may be amended, or the regulations thereunder.

**Section 2. Insurance.** The Corporation shall have the power to purchase and maintain insurance to indemnify the Corporation for any obligation which it incurs as a result of its indemnification of Directors, officers, employees or agents pursuant to Section 1 above, or to indemnify such persons in instances in which they may be indemnified pursuant to Section 1 above.

### **ARTICLE XI**

#### **AMENDMENTS**

Except as prohibited by the Certificate of Incorporation, these By-laws may be amended by the affirmative vote of two-thirds of the Entire Board, or by the affirmative vote of the Entire Board if it consists of fewer than three (3) directors, at any meeting of the Board, provided that notice of the proposed amendment has been included in the notice of meeting.

### **ARTICLE XII**

#### **LIMITATION**

The Corporation shall have no regulatory or enforcement authority with respect to any existing or future program of any Signatory State, and all such sovereign authority is reserved to each Signatory State.

### **ARTICLE XIII**

#### **REFERENCE TO CERTIFICATE OF INCORPORATION**

Reference in these By-Laws to the Certificate of Incorporation shall include all amendments thereto or changes thereof unless specifically excepted.