

Articles of Organization for Cross-regional Coordination of Transmission Operators, Japan

Chapter 1 General Provisions

(Name)

Article 1

1. The name of this corporation shall be Denryoku Koikiteki Un-ei Suishin Kikan.
2. The English name of this corporation shall be the Organization for Cross-regional Coordination of Transmission Operators, Japan (hereinafter “Organization”).

(Location of principal office)

Article 2

The office of the Organization shall be located in Koto-ku, Tokyo.

(Purpose)

Article 3

The purposes of the Organization shall be to promote cross-regional coordination of electric business operations through supervision of the supply-demand situation of electricity related to the business of the operators of Electric Power Companies, and through instructions to the operators of Retail Companies, General Transmission and Distribution Companies and Specified Transmission and Distribution Companies, the Organization shall supply other operators when supply-demand situation of electricity has deteriorated as well as through other measures.

(Governing law for incorporation)

Article 4

This Organization is incorporated under the Electricity Business Act (Act no. 170 of 1964, hereinafter “Act”).

(Business outline)

Article 5

This Organization shall conduct the following business to achieve the purpose specified in Article 3.

- i. Supervise the supply-demand situation of electricity related to electric business by members of the Organization
- ii. Issue the instructions prescribed in Paragraph 1, Article 28-44 of the Act
- iii. Draft Network Codes
- iv. Review and deliver as prescribed in Paragraph 2, Article 29 of the Act (including the cases where applied mutatis mutandis pursuant to Paragraph 4 of the same article)
- v. Maintain electric facilities through generator procurement, solicit operators of the facilities, and conduct other business to promote installation of electric facilities for power generation (hereinafter “Safeguard measures for generator procurement”).
- vi. Issue instructions and advice to Electric Power Suppliers and conduct other business

as necessary for the efficient transmission and distribution of electricity or otherwise secure the stable supply of electricity

- vii. Handle complaints from Electric Power Suppliers and resolve disputes related to the transmission and distribution of electricity
- viii. Provide information, liaise, and coordinate with respect to the transmission and distribution of electricity
- ix. Conduct the business necessary to achieve the purpose described in Article 3, in addition to the businesses prescribed in the preceding each item

(Operational Rules)

Article 6

- 1. This Organization shall set forth the rules on matters related to the businesses described in the preceding article and its operation in the Operational Rules.
- 2. When the Organization amends the Operational Rules, such amendments shall be implemented after a resolution adopted at a General Meeting and approved by the Minister of Economy, Trade and Industry.

(Terms)

Article 7

- 1. The terms used in these Articles of Organization shall have the same meaning specified in the Act, except as defined in these Articles of Organization.
- 2. In this Article, the meanings of the terms listed in the following items are as provided for by each respective item:
 - i. "Corporation" shall mean juridical person, association and other business entity pursuant to.
 - ii. "Parent Corporation" shall mean a corporation who owns majority of the investment ratio of other corporation.
 - iii. "Subsidiary Corporation" means a corporation of which a majority of investment ratio is held by a single operator. And a corporation of which a majority of investment ratio is held by such a single operator and its subsidiary corporation or by such a subsidiary corporation of the operator shall be considered as a subsidiary of such an operator.
 - iv. "Parent/Subsidiary Corporation" means a parent corporation or subsidiary corporation of the corresponding parent corporation.
 - v. "Transmission and Distribution Facilities" means electric lines, substations, and switching stations.
 - vi. "Transmission Systems" means transmission and distribution facilities maintained and operated by members who are General Transmission and Distribution Companies or Transmission Companies.
 - vii. "Intra-regional Bulk Transmission Lines" means transmission lines of which service voltage is within 2 classes from the highest voltage (or the highest voltage, if the highest voltage in the regional service area is less than 250 kV).
 - viii. "Interconnection Lines" means transmission lines with 250 kV or more and AC/DC convertors that firmly connect regional service areas of the members who are General Transmission and Distribution Companies.

- ix. “Cross-regional Interconnection System” means transmission and distribution facilities specified in the following items.
 - a. Interconnection lines
 - b. Intra-regional bulk transmission lines
 - c. Bus-bar of which service voltage is within 2 classes from the highest voltage (or the highest, if the highest voltage in the regional service area is less than 250 kV)
 - d. Transformer which interconnects lines of which service voltage is within 2 classes from the highest voltage (this will not apply when the highest voltage of the supply area is less than 250 kV)
- x. “Interconnection” means a series of works to build new or additional generation facilities or demand facilities to electrically connect them to the transmission and distribution facilities, or a series of works to change the contents or operations of already connected generation facilities or demand facilities and to electrically affect the transmission and distribution facilities.
- xi. “Network Access Business” means business such as receiving applications of preliminary system impact study, system impact study and contracts from persons who seek interconnection with transmission systems, and confirmation of results of the study, inspection and response and other business.

Chapter 2 Membership

(Eligibility)

Article 8

Persons who are eligible to become members of the Organization are limited to the operators of Electric Power Companies who meet any of the following conditions.

- i. General Transmission and Distribution Companies
- ii. Transmission Companies
- iii. Specified Transmission and Distribution Companies
- iv. Retail Companies
- v. Generation Companies

(Participation)

Article 9

1. Any person who seeks to participate in the Organization shall complete the appropriate procedure by submitting a written application for participation to the Organization in accordance with the provision of Paragraph 2, Article 28-11 of the Act.
2. Any person who has completed the procedure described in the preceding paragraph will be given member status on any of the following day according to the classification of electric power companies:
 - i. Retail Companies: On a day when their electric business is registered by the Minister of Economy, Trade and Industry
 - ii. General Transmission and Distribution Companies and Transmission Companies: On a day when approval for the electric business license is issued by the Minister of Economy, Trade and Industry

- iii. Specified Transmission and Distribution Companies and Generation Companies: On a day when the notice of the electric business is received by the Minister of Economy, Trade and Industry
3. Any person meeting any of the following criteria shall acquire member status on any of the following days. In such cases, the person who acquired member status shall immediately report such acquisition and the reasons for participation to the Organization.
- i. As for a person who is assigned the whole electric business (or each electric business, in case of split of corporation operating several electric business, hereinafter, the same shall apply) on a day when such assignment of business becomes effective
 - ii. A corporation that survived a merger of corporations operating an electric business, a corporation established by a merger, or a corporation that succeeded the whole business after a corporate split, on the day when such merger or split becomes effective
 - iii. An assignee who succeeds the position of operator of Electric power companies, on the day of such succession

(Disaffiliation)

Article 10

1. Members of the Organization shall be deprived of their member status, when they cease to be electric power companies for any of the following reasons.
- i. In the event the registration given in Paragraph 2, Article 2 of the Act is retracted according to the provision of Paragraph 1, Article 2-9 of the Act
 - ii. In the event the approval given in Article 3 of the Act is retracted according to the provision of Paragraph 1 or 2, Article 15 of the Act
 - iii. In the event the approval prescribed in Article 27-4 of the Act is retracted according to the provision of Paragraphs 1 to 3, Article 27-8 of the Act.
 - iv. In the event the notice prescribed in Paragraph 1, Article 2-8 of the Act is given (limited to notice related to an abolishment of the retail electric business)
 - v. In the event the approval specified in Paragraph 1, Article 14 of the Act is given (limited to an approval related to an abolishment of the whole electric business of the General Transmission and Distribution Companies)
 - vi. In the event the approval (limited to the approval related to an abolishment of the whole business of power transmission) prescribed in Paragraph 1, Article 14 of the Act applied mutatis mutandis pursuant to Article 27-12 of the Act is given.
 - vii. In the event the notice (limited to the notice related to an abolishment of the whole business of the specified transmission and distribution) prescribed in Paragraph 1, Article 27-25 of the Act is given.
 - viii. In the event the notice (limited to the notice related to an abolishment of power generation business) prescribed in Paragraph 1, Article 27-25 of the Act applied mutatis mutandis pursuant to Article 27-29 of the Act is given.
 - ix. In the event the members assigned their electric business or the business is succeeded.
2. Members may disaffiliate from the Organization only as described above.

(Responsibility of members)

Article 11

1. Members of the Organization shall strive to exercise their right to vote and other rights given to them in a bona-fide manner.
2. Members of the Organization shall be responsible for complying with the following items to achieve the purpose of the Organization.
 - i. When the Organization issues instructions or advice based on Item 5, Article 28-40 of the Act, members shall follow such instructions or advice.
 - ii. When the Organization asks for submission of reports or documents based on Article 28-42 of the Act, members shall respond to such requests without delay.
 - iii. Members shall keep providing information to the Organization on electric energy generated by their electric power generating facilities for business use based on Article 28-43 of the Act and on the frequency of electric power supplied by them and other information defined by the Operational Rules.
 - iv. When the supply-demand situation of electricity related to the retail electric business operated by the members who are Retail Companies, general power transmission and distribution business operated by the members who are General Transmission and Distribution Companies or specified power transmission business operated by the members who are Specified Transmission Companies worsens or will possibly worsen, such member shall follow the instructions that are given by the Organization in accordance with the provisions of the Operational Rules when the Organization considers such situation has to be improved, based on Article 28-44 of the Act.
3. When the member meets any of the following conditions, such a member shall immediately notify the Organization in writing.
 - i. When the member meets any of the provisions of Paragraph 1 of the preceding article
 - ii. When there are any changes in member's trade name (including corporation name), location of the principal office, name of representative or class of operators of Electric Power Companies prescribed in Article 8
 - iii. When the member becomes a subsidiary or parent corporation of any electric power companies, or loses a position as such a subsidiary or parent corporation.

(Sanction to the members)

Article 12

1. The Organization may impose sanctions on members by a resolution adopted by the Board of Directors when it considers such a member meets any of the following conditions:
 - i. When the member does not follow the instructions or advice described in Item i, Paragraph 2 of the preceding article.
 - ii. When the member does not submit reports or documents described in Item ii, Paragraph 2 of the preceding article.
 - iii. When the member does not give information described in Item iii, Paragraph 2 of the preceding article
 - iv. When the member does not follow the instructions described in Item iv, Paragraph 2 of the preceding article
 - v. When the member gives false information to the Organization

- vi. When the member breaches any laws, the Articles of Organization, the Operational Rules, the Network Codes or other rules defined by the Organization
 - vii. Other than the acts in the items above, when the member conducts any acts that are deemed to disturb significantly the smooth transmission and distribution of electricity
2. Sanctions provided in the preceding paragraph shall be an official reprimand, imposition of a financial penalty, and suspension or restriction of voting rights and other rights of such members.
 3. The amount of the financial penalty in the preceding paragraph shall not be more than three million yen. Provided, however, that claims for any damages that the Organization may exercise against such a member are not precluded even in a case where such penalty money is imposed.
 4. As for the sanction provided in Paragraph 1, penalty money may be imposed along with suspension or restriction of voting rights and other rights of the member.
 5. Even when the member is imposed sanctions of suspension or restriction of his/her rights based on the provision of Paragraph 1, such a member must redeem his/her all responsibilities as a member provided in Paragraph 1 to 3 of the preceding article during such sanctions.

(Deliberation and decision on sanctions)

Article 13

1. When the Organization imposes sanctions on any members based on the provision of Paragraph 1 of the preceding article, it shall deliberate the validity and details of the sanction at the Disciplinary Board meeting described in Article 62.
2. Disciplinary Board meetings in the preceding paragraph shall make a decision on the sanctions and report to the President.
3. The President who received the report in the preceding paragraph shall convene the Board of Directors without delay and immediately impose such sanctions if the Board decides to impose such sanctions on the relevant members as a result of the deliberation.

(Opportunity to explanation)

Article 14

1. When the Organization deliberates according to the paragraph 1 or 3 of the preceding article, it shall notify the relevant member subject to such deliberation of sanction in advance and give such member or representative the opportunity to attend and explain at the Disciplinary Board meeting or Board of Directors that deliberates such sanctions.
2. When the member or representative given opportunities to explain in the preceding paragraph does not attend the Disciplinary Board or Board of Directors without justifiable reasons, the Board of Directors may determine the sanction without regard to the provision of the preceding paragraph.

(Notice and disclose of sanctions)

Article 15

1. When the Organization makes the decision to impose sanctions on the member according to the provision of Paragraph 3 of Article 13, it shall notify the member of the decision with its reason in writing without delay.
2. When the Organization made a decision to impose sanctions to the member according to the provision of Paragraph 3 of Article 13, it shall disclose such member's name or trade name, the content of sanction and its reason without delay. Provided, however, that when an objection is filed according to the provisions of Paragraph 1 or 4 of the next article, such disclosure shall be conducted after the validity and the details of the sanction are confirmed by the Board of Directors or the General Meeting.

(Filing of objections)

Article 16

1. When the member who has an objection to the sanctions imposed, said member may file an objection in writing to the Disciplinary Board within 10 days from the receiving day of the notice described in Paragraph 1 of the preceding article to the extent that any of the following situations are applied to him/her.
 - i. When any facts or evidence that had not been revealed before the sanction is determined subsequently and when such facts or evidence has a major influence on the decision to impose a sanction
 - ii. When there have been failures in the decision-making process to impose a sanction
2. When the Disciplinary Board receives an objection according to the provision above, it shall re-deliberate the validity and the details of the sanction and decide how to deal with the situation and report to the President. The President who received such report shall convene the Board of Directors without delay and make a decision on the validity and the details of the sanctions.
3. The provision in Paragraph 1 of the preceding article shall be applied mutatis mutandis to the case where the Organization made a decision to impose sanctions based on the preceding paragraph.
4. Paragraphs 1 and 2 of this article and Paragraph 1 of the preceding article shall be applied mutatis mutandis to the case where the member has an objection to the sanction from the Board of Directors according to the provision of the paragraph 2. In such a case, the phrase, "receiving day of the notice described in Paragraph 1 of the preceding article" shall be replaced by the phrase, "receiving day of the notice described in Paragraph 1 of the preceding article applied mutatis mutandis according to the preceding paragraph," and the "Disciplinary Board" shall be replaced by "Board of Directors," and the "Board of Directors" shall be replaced by the "General Meeting."

Chapter 3 General Meeting

(General Meeting)

Article 17

1. General Meeting of the Organization shall be composed of an Ordinary General Meeting and an Extraordinary General Meeting.
2. An Ordinary General Meeting shall be held within one month before the end of each

fiscal year and within three months from the end of each fiscal year.

3. An Extraordinary General Meeting shall be held in the following case.
 - i. When the provision of Paragraph 1 of Article 19 is applied
 - ii. Other occasions where the President considers that the meeting is necessary
4. All members including members who lost their voting rights based on the Paragraph 4 of Article 24 may attend and express their opinion at the General Meeting.

(Matters to be discussed)

Article 18

1. The following matters shall be decided at the General Meeting.
 - i. Amendment of the Articles of Organization
 - ii. Determination and alteration of budget
 - iii. Amendment of the Operational Rules
 - iv. Account settlement
 - v. Election and dismissal of board members
 - vi. Business plans and business reports
 - vii. The pros and cons of sanctions and the contents of such sanctions on members who raised an objection based on Paragraph 1 of Article 16 applied mutatis mutandis pursuant to Paragraph 4 of the same Article.
 - viii. Except for the matters specified in each preceding items and matters determined to be necessary by the Board of Directors
2. The following matters shall be reported to the General Meeting.
 - i. Drawing-up and amendment of the Network Codes
 - ii. In addition to the preceding item, matters determined to be necessary by the Board of Directors
3. At the General Meeting, matters may be decided only when such matters are notified in advance according to Paragraph 2 or 3 of Article 20.

(Request for holding of an Extraordinary General Meeting)

Article 19

1. When not less than one-fifth of all members or members who have one-fifth or more of all voting rights of the members in aggregate request an Extraordinary General Meeting by presenting the matters subject to the meeting, the President shall convene the meeting.
2. The President shall convene an Extraordinary General Meeting within 30 days from the day such request is presented according to the preceding paragraph.

(Calling of the meeting)

Article 20

1. The General Meeting shall be convened by the President.
2. To convene the General Meeting, the President shall send written notices to the members by specifying the matters to be discussed, and time and date and location of the meeting one week prior to such a meeting.
3. The President may send a notification by electromagnetic measures as a substitute for written notice according to the preceding paragraph after gaining approval from the members.

(Quorum and exercise of voting rights)

Article 21

1. The General Meeting may be held and decisions may be made only when not less than one-half of all the members attend the meeting.
2. Decisions at the General Meeting are made by a majority of the voting rights of the members present at the meeting, and in case of a tie vote, the chairperson of the meeting shall make a decision; provided, however, that decisions on matters described in Items i and iii of Paragraph 1 of Article 18 shall be made by not less than two-thirds of the voting rights of the members present at the meeting.

(Chairperson)

Article 22

1. The President shall be the chairperson of the General Meeting and preside over the meeting; provided, however, that when the President is absent or prevented from attending the meeting, one of other Executive Vice President shall be the chairperson according to the order predefined by the Board of Directors.
2. The chairperson of the General Meeting may expel persons who do not follow the directions of the chairperson or disturb the good order of the General Meeting.

(Voting rights)

Article 23

1. Members as of 30 days prior to the General Meeting shall be members with voting rights. Provided, however, that this provision shall not apply to such members whose voting rights have been forfeited according to the Paragraph 3 of this article or Paragraph 4 of the next Article, or whose voting rights have been restricted or suspended according to Paragraph 4 of Article 12.
2. Notwithstanding the foregoing paragraph, the Organization may treat the all or part of persons who became members after a lapse of such 30 days specified in Paragraph 1 as members with voting rights, where necessary.
3. When any decisions about a relationship between the Organization and a specific member are made at the meeting, such a member may not cast a vote at the relevant meeting.

(Allocation of voting rights)

Article 24

1. After classifying all the members as of 30 days prior to the General Meeting with voting rights into the following groups, voting rights of the members shall be allocated so that the total number of the voting rights of each group becomes equal.
 - i. A group of Transmission and Distribution Companies (which are General Transmission and Distribution Companies, Transmission Company or Specified Transmission and Distribution Companies)
 - ii. A group of Retail Companies (which are Retail Companies or Registered Specified Transmission, Distribution and Retail Companies)
 - iii. A group of Generation Companies (Generation Companies)

2. When classifying the members into the groups specified in each item of the preceding paragraph, members who operate several electric business shall be classified into the several groups according to the description of their business. Provided, however, that if the member does not give notice specified in Item iv, Paragraph 3 of Article 11, such a member does not need to be classified into a group of electric business newly registered or approved, or electric business of which notices are newly accepted.
3. Allocation in percentage of voting rights of each group of the preceding paragraph shall be specified in each item.
 - i. Group of Retail Companies and Group of Generation Companies: Total voting rights of each group shall be divided into equal numbers among each member
 - ii. Group of Transmission and Distribution Companies
 - a. Transmission Companies and Specified Transmission and Distribution Companies
Voting rights equivalent to the total numbers of voting rights of groups of the Retail Companies and the Generation Companies of General Transmission and Distribution Companies which operate business of both groups of the Retail Companies and the Generation Companies (which means, among both groups, General Transmission and Distribution Companies with voting rights possessed by themselves or by their parent corporations, and hereinafter such General Transmission and Distribution Companies and their parent corporations belonging such two groups shall be collectively referred to as "Multi-business operators") shall be allocated equally among each member.
 - b. General Transmission and Distribution Companies
The total number of voting rights of the group of Transmission and Distribution Companies less the sum of the voting rights allocated to the group of Transmission Companies and the group of Specified Transmission and Distribution Companies shall be allocated equally among each member.
4. Notwithstanding the foregoing paragraph, the entire membership shall be counted as one member in cases of the following items, and one of such members shall have a voting right and other members do not have voting rights according to the next paragraph.
 - i. When there are parent corporations and their subsidiary corporations as members in one group
 - ii. When there are more than one subsidiary corporations that have the same parent corporation and there is no corresponding parent corporation in one group
5. In the case of the proviso of the preceding paragraph, and when the members prescribed in each item of the preceding paragraph submit any forms of notification specifying name of one member among such members to the Organization in their joint names by one day before the General Meeting, such one member shall have voting rights, and when such notification failed to be submitted by one day before the General Meeting, a parent corporation in the case of Item i of the preceding paragraph or a subsidiary corporation whose amount of capital or investment is the biggest (if there are more than one such corporations, a corporation whose name appears first in the list of members) shall have voting rights in the case of the Item ii of the preceding paragraph.

(Methods of exercising voting rights in writing)

Article 25

1. Members who have voting rights and do not attend the General Meeting may vote in writing. Members who vote in writing in this case shall be deemed to attend the General Meeting.
2. Members who have voting rights may exercise voting rights by appointing a member who attends the General Meeting as a proxy. In such cases, members or representatives who delegate voting rights must submit a power of attorney representing votes on matters to be discussed at the meeting to the chairperson prior to the meeting.
3. Regardless of the provision of the preceding paragraph, when the attorney-in-fact is not specified in the power of attorney submitted to the chairperson, selection of such an attorney is delegated to the chairperson, and when votes on the agenda are not represented in the letter, such member is deemed to cast an affirmative vote to an original proposal.

(Meeting minutes)

Article 26

As for the minutes of the General Meeting, the minutes recording the proceeding and the outcome of the meeting shall be prepared and signed/sealed by the chairperson and three signees elected at the General Meeting and disclosed.

(Attendance by entities other than designated personnel and members)

Article 27

Members of the Organization, personnel designated by the Minister of Economy, Trade and Industry as well as business entities that use transmission lines other than the members of the Organization may attend the General Meeting and express their opinions.

Chapter 4 Board Member

(Quorum of board member)

Article 28

1. The Organization shall have one President and four or less Executive Vice President and two or less Auditor as board members.
2. A President and Executive Vice President shall be full-time positions.

(Function and authorities of board members)

Article 29

1. A President shall be appointed from persons who do not represent the interests of specific members or business entities that have a close relationship with the members or associations related to the members and shall represent the Organization and manage the whole business of the Organization.
2. Executive Vice President shall take control of the business while supporting the

President and, when the President is prevented from attending his/her duties, shall cover for such duties in the order predefined by the Board of Directors, and when the President is absent, shall attend the duties of his/hers.

3. When the Executive Vice President is appointed from persons who have been board members of companies belonging to any of the group specified in each item of Paragraph 1 of Article 24, one person from each group shall be appointed. The number of persons who can be appointed to the Executive Vice Presidents of the Organization from the board members of the same one company or the Multi-business operator shall be two or more.
4. The Organization may authorize the Executive Vice President to represent the Organization by a resolution of the Board of Directors, when the Organization considers it is necessary.
5. The Auditor shall audit the businesses of the Organization.
6. The Auditor may conduct any of the following depending on the needs of audit.
 - i. To attend a Board of Directors, a Board of Councilors and every other meetings of the Organization and express their opinions.
 - ii. To ask questions to board members (other than Auditor) and personnel or ask them to explain or for submission of documents
7. The Auditor may submit their opinions to President or the Minister of Economy, Trade and Industry when it is found to be necessary based on the results of audit.

(Code of Conduct for board members)

Article 30

1. Any person who is or was a board member shall comply with the Code of Conduct for Board Member specified in the Exhibit.
2. Board members shall sign a pledge promising compliance with the Code of Conduct prescribed in the preceding paragraph upon assumption or resignation of/from office.
3. When any person who is or was a board member breaches the Code of Conduct in Paragraph 1, or otherwise when the Organization considers it is necessary, the Organization shall take the necessary steps by applying the provisions of Article 13 through 16 mutatis mutandis. In such a case, the “members” in Article 13 through 16 shall be replaced by the “persons who are or were board members.”

(Causes for disqualification of board member)

Article 31

Person who falls under any of the following may not become a board member.

- i. An employee of the national or local government (except a part-time employee)
- ii. Any person who has been sentenced to imprisonment or more severe punishment and for whom two years have not elapsed since the date when the execution of the sentence was completed or the date when he/she ceased to be amenable to the execution of the sentence
- iii. Any person who has been sentenced to a fine for violation of laws or orders based upon the laws and for whom two years have not elapsed since the date when the execution of the sentence was completed or the date when he/she ceased to be amenable to the execution of the sentence

(Election and dismissal of board members)

Article 32

1. Board members shall be elected by a resolution adopted at a General Meeting.
2. The Organization must dismiss any board member who meets the criteria for any of the causes for disqualification prescribed in each item of the preceding article by a resolution adopted at the General Meeting.
3. Except for the case in the preceding paragraph, the Organization may dismiss board members when there are reasonable causes by a resolution adopted at the General Meeting.
4. Election and dismissal of board members according to the preceding three paragraphs shall not become effective until such election or dismissal gains an approval from the Minister of Economy, Trade and Industry.

(Board member's term of office)

Article 33

1. Board member's term of office shall be two years.
2. The number of re-election of board members shall be limited to twice.

(Prohibition of holding multiple offices)

Article 34

1. Board members may not become officers of any profit-making associations or engage in profit-making businesses without the approval of the Minister of Economy, Trade and Industry.
2. Board members may not enter into employment contracts with other members.
3. Auditors may not hold concurrently an office of either a President, Executive Vice President, Councilor, or employees of the Organization.
4. Board members may not become officers or equivalent persons or important employees (hereinafter "Officers") of any corporations until a resolution adopted at the General Meeting is passed with regard to ensuring of neutrality of the Organization through security measures or other measures that confirm that such a corporation does not engage in the electric power industry or that regulates that such board members shall not engage in the decision-making process of the electric business and the business closely related to the electric business operated by such a corporation.
5. Matters listed in the preceding paragraph shall pass through a resolution of the Board of Directors, as well as the deliberation and resolution by the Board of Councilors prior to a resolution adopted at the General Meeting.
6. The board members shall not become officers who engage in the decision-making of any electric businesses and the businesses that are closely related to the electric businesses of corporations that engage in the electric business after their resignation from offices. When the board member was an officer of a corporation that operates electric business before taking an office of the Organization, such a board member may not become an officer of such a corporation or its subsidiary or parent corporation operating electric business after his/her resignation.

(Restriction of representation right)

Article 35

As for matters in which there are conflicts of interest between the Organization and the President or the Executive Vice President, the relevant parties may not vote on such matters. When a President and all Executive Vice President do not have representative rights, Auditor shall represent the Organization.

Chapter 5 Board of Directors

(Composition and function of the Board of Directors)

Article 36

1. The Organization shall have a Board of Directors.
2. A Board of Directors is composed of a President and Executive Vice President.
3. Auditor may attend the Board of Directors and express their opinions.
4. A President shall be a chairperson of the Board of Directors; provided, however, that if there are justifiable reasons, one of the Executive Vice President shall be a chairperson in the order predefined by the board.
5. A Board of Directors shall make decisions on the following matters.
 - i. Matters to be discussed at the General Meeting and matters on calling of the General Meeting
 - ii. Matters on organization and system of offices
 - iii. Matters on development plans of the cross-regional interconnection system
 - iv. Matters on amendment of the premise of the demand forecast
 - v. Matters on aggregating electric supply plans and offering opinions to the Minister of Economy, Trade and Industry
 - vi. Matters on drafting and amendments to the Network Codes
 - vii. Matters on safeguard measures of generator procurement
 - viii. Matters on drawing-up and amendment of various rules
 - ix. Matters on the Network Access business
 - x. Basic matters on appointment and dismissal of personnel, working conditions, disposition of board members and other employment management
 - xi. Matters on sanction on the members, instructions and advice to the members
 - xii. Matters on appointment and dismissal of Councilors
 - xiii. Matters on the attitude toward opinions submitted from the Councilors
 - xiv. Matters on membership fees and special membership fees
 - xv. In addition to the matters described in each preceding item, matters on critical decision making

(Calling of the Board of Directors)

Article 37

1. The Board of Directors shall be called by a President, or if there are justifiable reasons, called by Executive Vice President in the order defined by the Board of Directors, more than once a month, in principle, based on the needs.
2. The Board of Directors may be held upon agreement by all the board members without

going through a proceeding of calling.

(Request for holding of the Board of Directors)

Article 38

When two or more persons from the Executive Vice President and the Auditor requested a Board of Directors by presenting an agenda and reasons for the request, the President shall immediately call a meeting.

(Proceedings of the Board of Directors)

Article 39

1. The Board of Directors may not be held and decisions may not be made at the meeting without attendance of the President and a majority of the Executive Vice President.
2. The President and Executive Vice President shall each have one voting right for the Board of Directors.
3. Matters to be discussed at the Board of Directors shall be decided by a majority of the votes of the President and the Executive Vice President, and in a case of a tie vote, the President shall decide the matters.
4. When the President or the Executive Vice President has special interests on the matters to be decided at the Board of Directors, such a President or an Executive Vice President may not cast a vote on such matters.

(Duty to respect Councilors' decisions)

Article 40

1. A Board of Directors shall respect the results of deliberation by the Board of Councilors upon its decision-making.
2. Matters related to the Articles of Organization, budget, the Operational Rules, account settlement, business plans and business reports among the matters described in Item i, Paragraph 5, Article 36 or matters described in Item ii to vii of the same paragraph shall be subject to a resolution of the Board of Councilors prior to a resolution of the Board of Directors.

(Committee)

Article 41

1. The Organization may have committees by a resolution adopted by the Board of Directors.
2. The committee shall respond to the Board of Directors' request for advice or shall express its opinions on important matters or matters that require professional knowledge of the business operation.
3. The committee shall be composed of more than one officer. The number, qualification and term of office of the committee members, procedures for appointment and dismissal, and other necessary matters for operation of the committee shall be defined by the Board of Directors for each committee.

(Minutes of the Board of Directors)

Article 42

As for matters to be discussed at the Board of Directors, minutes recording the proceedings and the outcome of the meeting (including the way of reflection of results of deliberation by the Board of Councilors and opinions submitted from the Board of Councilors on the decision by the Board of Directors) shall be prepared and signed/sealed by a chairperson, Executive Vice President, and Auditor at the meeting, and such minutes shall be disclosed.

Chapter 6 Board of Councilors

(Establishment of Board of Councilors)

Article 43

1. The Organization shall establish a Board of Councilors to discuss important matters on its operation from an objective viewpoint independent from the members.
2. The Board of Councilors shall deliberate and make decisions on the following matters.
 - i. Amendment of the Articles of Organization
 - ii. Determination or alteration of budget
 - iii. Amendment of the Operational Rules
 - iv. Account settlement
 - v. Matters on organization and system of offices
 - vi. Matters on development plans on cross-regional interconnection system
 - vii. Matters on amendment of the premise of the demand forecast
 - viii. Matters on offering opinions on aggregation of electric supply plans specified in Paragraph 2, Article 29 of the Act
 - ix. Matters on safeguard measures of generator procurement(excluding emergency case)
 - x. Drawing-up and amendment of the Network Codes (except for subtle amendment defined by an order of the Ministry of Economy, Trade and Industry)
 - xi. Matters on business plans and business reports
 - xii. In addition to the matters specified in each preceding item, or matters decided to be necessary by the Board of Directors
3. The Board of Councilors shall confirm the following matters at regular intervals and present its opinions to the President according to necessity based on Article 47.
 - i. Matters on instructions to the members, direction, and advice to Electric Power Suppliers, Network Access business, and other activities of the Board of Directors
 - ii. Matters on the handling of complaints from Electric Power Suppliers and dispute resolution
 - iii. Matters on the evaluation of securing of appropriate supply capacities correspond to the demand in transmission and distribution company's regional service area and across the country
 - iv. State of implementation of the business aiming at the streamlining of procedures upon switching of suppliers of electricity by users themselves
 - v. State of construction progress or operation of generators maintained and operated by successful bidders according to generator procurement
 - vi. In addition to the matters described in each preceding item or matters determined

to be necessary by the Board of Directors

(Composition of Board of Councilors)

Article 44

1. The Board of Councilors shall have a chairperson mutually selected by the Board of Councilors.
2. The chairperson shall preside over the business of the board.

(Proceeding of the Board of Councilors)

Article 45

1. The Board of Councilors may not deliberate and make decisions unless a majority of all the Councilors attends the board.
2. Councilors shall each have one vote at the Board of Councilors.
3. A resolution shall be made by a majority vote of the Councilors attending the board, and in the case of a tie vote, the chairperson shall make a decision on the relevant matters; provided, however, that dissenting opinions may be added in a written decision according to necessity.
4. Regardless of the provision of the preceding paragraph, matters on demanding of resignation of Councilors described in Article 51 shall be decided by not less than three-fourths of affirmative votes of all the Councilors.

(Calling of the Board of Councilors)

Article 46

1. The chairperson shall call the Board of Councilors meeting quarterly in each fiscal year and other times when necessary.
2. When one-fourth or more of the Councilors request for the holding of the Board of Councilors, the chairperson shall decide on the validity and, when considered necessary, call the meeting.

(Opinions to the President)

Article 47

1. The Board of Councilors may express its opinions to the President by adopting a resolution.
2. Opinions in the preceding paragraph shall be disclosed; provided, however, that parts of such opinions where include personal information, information of individual companies, or contract information may be redacted.
3. The chairperson of the Board of Councilors may explain the opinions to the President at the Board of Directors according to necessity.

(Appointment of Councilors)

Article 48

1. Councilors shall be elected by the Board of Directors from persons other than members of the Organization and who have relevant knowledge and experience in the electric power industry (including users of Electric Power Companies) and appointed by the President after gaining an approval from the Minister of Economy, Trade and Industry.

2. The number of the Councilors shall be 20 or less.

(Councilors' term of office)

Article 49

1. Councilor's term of office shall be two years.
2. The number of re-election of the Councilors shall be limited to twice, in principle.

(Resignation of Councilors)

Article 50

1. When a Councilor resigns from office, notice shall be issued to the President at least three months before the resignation, except for justifiable reasons.
2. The President who received the notice according to the preceding paragraph shall report to the Minister of Economy, Trade and Industry.

(Demanding of resignation of Councilors)

Article 51

When a Councilor conducts any acts deemed to be illegal, the Board of Councilors may demand such Councilor to resign from office.

(Minutes of the Board of Councilor)

Article 52

As for the minutes of the Board of Councilor meeting, the minutes recording the proceeding and the outcome of the meeting shall be prepared and signed/sealed by the chairperson and two Councilors who attended the meeting and shall be disclosed.

(Remuneration)

Article 53

Remuneration for Councilors shall be determined by a resolution of the Board of Directors.

Chapter 7 Membership fee

(Membership fee)

Article 54

1. Members must pay the membership fee for every fiscal year within one month from receiving notice of membership fee payment.
2. The amount of the membership fee shall be equal among the members, and decided by a resolution adopted by the Board of Directors based on expenses for holding the General Meeting and for administrative circular and the number of the members or other matters.
3. The Organization will not refund the already-paid membership fees.

(Special membership fees)

Article 55

1. A member who is a General Transmission and Distribution Company must pay special membership fees for every fiscal year separately from the membership fees described in the preceding article.
2. The amount of the special membership fee shall be defined by a resolution of the Board of Directors based on the total amount of capital necessary for operation of the Organization less revenue from the membership fee in the preceding article and surplus provided in Article 59, and also based on the energy demand in the service area of the relevant member who is a General Transmission and Distribution Company.
3. The Organization will not refund the already-paid special membership fees.

(Monetary compensation for generator procurement)

Article 56

1. The Organization may solicit monetary compensation for generator procurement (hereinafter “Monetary compensation for generator procurement”) from the members who are General Transmission and Distribution Companies.
2. The amount, payment deadline and other matters related to payment measures of the monetary compensation for generator procurement shall be defined by a resolution of the Board of Directors for each procurement.
3. Members who are General Transmission and Distribution Companies must pay the monetary compensation for generator procurement by the due date designated according to the request from the Organization based on each item of the preceding paragraph.

(Handling of the delinquent)

Article 57

When a member fails to pay or illegally reduces the amount of the membership fee, the special membership fee or the compensation for generator procurement, the Organization may disclose such member’s name by a resolution adopted by the Board of Directors.

Chapter 8 Finance and Accounting

(Fiscal year)

Article 58

The fiscal year of the Organization shall be from April 1 of each year to March 31 of the next year.

(Surplus)

Article 59

If there are surplus in the end of the fiscal year, such surplus shall be used to compensate the loss forwarded from the previous fiscal year, then the remnant of such surplus shall be forwarded to the next fiscal year.

(Budget)

Article 60

The Organization shall prepare a budget and business plan for every fiscal year and shall gain an approval from the Minister of Economy, Trade and Industry before the beginning of the relevant fiscal year (or without delay when such a fiscal year includes a day of establishment of the Organization). The same shall apply when such a plan is amended.

(Submission of financial statements)

Article 61

The Organization shall prepare an inventory of assets, a balance sheet, a profit-and-loss statement, business reports and settlement of accounts (hereinafter “financial statements”) of previous fiscal year within three months from the first date of each fiscal year and submit to the Minister of Economy, Trade and Industry for an approval with a written opinion of the Auditor.

(Disciplinary Board)

Article 62

When the Organization discusses the propriety and content of sanctions of members according to Paragraph 1 of Article 12, it shall establish a Disciplinary Board of academic experts and lawyers other than board members.

(Dispute Resolution Panel)

Article 63

When the Organization resolves disputes on the transmission and distribution of electricity defined in item 6, article 28-40 of the Act among electric power suppliers, and when it takes a private dispute resolution procedure defined in the Act on Promotion of Use of Alternative Dispute Resolution (Act no. 151, 2004), it shall establish a Dispute Resolution Panel of academic experts and lawyers other than the board members as a dispute resolution provider defined in the paragraph 2, article 2 of the same Act.

(Rules)

Article 64

In addition to the provisions in these Articles of Organization and the Operational Rules, rules necessary for operation of the Organization shall be separately provided by a resolution of the Board of Directors.

(Amendment of the Articles of Organization)

Article 65

Amendment of these Articles of Organization shall become effective upon approval by the Minister of Economy, Trade and Industry.

(Method of public notification)

Article 66

Public notification of this Organization shall be carried out by publication in the Official Gazette or electronic public notification except when laws require otherwise.

Additional Clause

Article 1

These Articles of Organization shall be effective from the date of establishment of the Organization.

Article 2

Regardless of the provision of Article 58, the first fiscal year of the Organization shall begin on the date of establishment and end on March 31 in 2016.

Article 3

Regardless of the provision of Paragraph 2 of Article 9, a person who becomes an operator of Electric power companies before the date of establishment of the Organization will gain member status in the Organization on such date of establishment by notifying the founder of the Organization of its intention to become a member and submitting a written notification specifying the following matters.

- i. His/her name or trade name
- ii. Name of representative
- iii. Address
- iv. Telephone number
- v. Class of operator (class of operators of electric utilities prescribed in each item of Article 8)

Article 4

Expenses for incorporation of the Organization attributable to the Organization shall be not more than 400 million yen.

Additional clause (April, 1, 2016)

(Effective Date)

Article 1

These Articles of Organization shall become effective on the later of the date of April 1, 2016, or the date of approval by the Ministry of Economy, Trade and Industry.

Article 2

Persons who lost their status as Electric Power Companies due to the enforcement of the Act on the Partial Revision of the Electricity Business Act (Act no. 72, 2014) will lose their membership regardless of Article 10 of these Articles of Organization.

Article 3

Members of the Organization as of the effective date of the Act on the Partial Revision of the Electricity Business Act (Act no. 72, 2014) (hereinafter, "Effective Date" in this

Article) shall be classified into groups of the Retail Companies, the Generation Companies or the Transmission and Distribution Companies specified in Paragraph 1 of Article 24 as of the Effective Date in accordance with the following item.

- i. Members who are Vertically Integrated Power Companies as of the Effective Date
 - a. Group of Retail Companies
 - b. Group of Generation Companies
 - c. Group of Transmission and Distribution Companies
- ii. Members who are Wholesale Electric Power Companies as of the Effective Date
 - a. Group of Generation Companies
 - b. Group of Transmission and Distribution Companies (limited to companies which should gain approval specified in Article 27-4 of the Electricity Business Act amended pursuant to the Act on the Partial Revision of the Electricity Business Act (Act no. 72, 2014) (hereinafter “New Electricity Business Act” in this Article))
- iii. Members who are Specified Electric Power Companies as of the Effective Date
 - a. Group of Retail Companies
 - b. Group of Generation Companies
 - c. Group of Transmission and Distribution Companies
- iv. Members who are Specified Scale Electric Power Companies
 - a. Group of Retail Companies
 - b. Group of Transmission and Distribution Companies (limited to the companies that have been registered according to Article 27-15 of the New Electricity Business Act based on the Paragraph 2, Article 7 of the additional clause of the same Act as of the Effective date)

Additional clause (March, 31, 2017)

(Effective Date)

These Articles of Organization shall become effective on the date of approval by the Ministry of Economy, Trade and Industry.

Exhibit: Code of Conduct for Board Members

Article 1

Board members of the Organization shall fully understand the purpose of the Organization and strictly comply with all relevant laws, the Articles of Organization, and the Operational Rules and make an every effort to secure, maintain, and improve its social reliability, as well as always act with the highest morality and common sense.

Article 2

Board members shall not leak or fraudulently use confidential information gained through the course of business. The same shall apply even after retirement from office.

Article 3

Board members shall properly gain personal information on system users and use such information within the scope of purpose of use and shall take necessary and proper steps for safety management of such personal information including prevention of leakage, loss, or destruction of the information.

Article 4

Board members shall properly protect the rights in the intellectual assets of the Organization developed through its business.

Article 5

Board members shall not conduct any acts that create advantages or disadvantages to specific stakeholders or deal with them discriminatorily during all business operations.

Article 6

1. Board members may not newly acquire or dispose of valuable securities issued by any of the members during their tenure.
2. When a board member has knowledge of important facts that are expected to significantly affect the decision for an investment into valuable securities including information on operation, business, or assets of a corporation in the course of business, such board member shall not newly acquire or dispose of such valuable securities during their tenure.
3. The provision of Paragraph 2 shall not preclude an acquisition by inheritance.

Article 7

Given the fact that a board member is deemed to be a person who engages in the public business in respect of the application of penalties of Penal Code (Law no. 45, 1907) and other laws based on Article 28-30 of the Act, and in consideration of National Public Service Ethics Code (Code no. 101, 2000) and other laws, a board member shall act properly at all times.