



CONSTITUTION

Energy Regulators Regional Association

Article I Introductory Provisions

Section 1. Name of the Association: Energy Regulators Regional Association

Section 2. Abbreviation of the Association: ERRA

Section 3. Applicable Law: The present Constitution was originally prepared based on the Act on Associations No. II 1989 of the Republic of Hungary and amended based on the Act 22 of 2013 on the Hungarian Energy and Public Utility Regulatory Authority

Section 4. Status: The Association is an inter-institutional, non-profit legal entity.

Section 5. Principal Office: The Seat of the Association is Logodi utca 44/B, Budapest 1012, Hungary.

Section 6. Definitions: The following words, when used in this Constitution, shall have the following meanings:

- (a) The word "Regulator" shall mean the national regulatory commission, office, agency, council, authority or inspectorate with autonomy and authority that has responsibility for Regulation with primary responsibility for energy and water service areas.
- (b) The words "Regulation" shall mean one or more of the following activities for electricity, gas, district heating or water utility: the legal authority to collect information and to establish or propose rates or prices; to perform licensing functions; and to address consumer rights issues.
- (c) The words "Senior Personnel" of an Energy Regulator shall mean the Chairman, Director, President, Commissioner, Deputy Director or other Senior Manager.
- (d) The words "Regulatory Staff" shall mean the individuals employed by a Regulator.
- (e) The words "Association Staff" shall mean the individuals employed by the Association, which individuals may also be employees of Full Members.

Article II Purpose & Objectives

Section 1. Purpose: The purpose of the Association is to:

- (a) improve national energy regulation in member countries (including enhancing regulatory methods and practices);
- (b) foster development of stable Regulators with autonomy and authority; and
- (c) improve cooperation among Regulators.

Section 2. Objectives: The objectives of the Association are to:

- (a) increase communication, and the exchange of information, research and experience among Members, and
- (b) increase access to energy regulatory information and experience around the world and promote opportunities for training.
- (c) provide educational and training programs related to the purpose the Association.

Section 3. Operation: In order to achieve its goals, the Association may use donations, grants, Membership Dues, and conference fees, and may engage in non-profit entrepreneurial work or endow foundations to cover the costs of its operation. The Association does not carry out entrepreneurial activity primarily, does not have an interest in profit making, uses its revenues with the sole aim to serve the interests of the Association, and cannot endanger its purpose.

Article III Membership

Section 1. Membership: Member admittance shall be through application to the General Assembly. Decisions about membership admittance, category, and status are decided by two-thirds vote of the General Assembly. The General Assembly may adopt procedures and guidelines that define further the criteria for membership and rights and responsibilities of members as well as govern membership applications. Even if all conditions of the present Constitution are fulfilled, the General Assembly is free to decide on member admission.

Section 2. Full Members: Energy Regulators with primary responsibility for electricity regulation. Only one Energy Regulator from each country may be a Full Member of the Association. Each country has one vote in General Assembly.

Section 3. Associate Members:

- (a) Additional National or Regional Utility Regulators (with primary responsibility for energy and water service areas).
- (b) Associations of Utility Regulators.
- (c) State authorities who are not Utility Regulators but who have responsibilities related to public energy and water sector regulation.
- (d) Organizations that qualify as Full Membership but choose Associate Membership status.

Section 4. Honorary Members: All former Presidents, Chairmen, Commissioners, Directors, or Senior Personnel of Full Members and such other former Energy Regulatory Staff of Full Members as the General Assembly may accept.

Section 5. Founding Members: The Founding Members are the Electricity Regulatory Authority of the Republic of Albania, Energy Commission of the Republic of Armenia, State Energy Regulatory Commission of the Republic of Bulgaria, Energy Market Inspectorate of the Republic of Estonia, Georgian National Energy Regulatory Commission, Hungarian Energy Office, Agency of the Republic of Kazakhstan for Natural Monopoly Regulation, Competition Protection and Small Business Support, State Energy Agency under the Government of the Kyrgyz Republic, Energy Regulation Council of the Republic of Latvia, National Control Commission for Prices and Energy of the Republic of Lithuania, National Energy Regulatory Agency of the Republic of Moldova, Energy Regulatory Authority of the Republic of Poland, Romanian Electricity and Heat Regulatory Authority, Federal Energy Commission of Russian Federation, and National Electricity Regulatory Commission of Ukraine. As Founding Members, these Energy Regulators are conferred Full Member status.

Article IV Rights and Obligations of Members

Section 1. Full Members:

- (a) have all the rights – including active and passive voting rights - and must fulfill all the obligations provided to them in the present Constitution;
- (b) are entitled to designate Representatives to and to be elected to the organs of the Association;
- (c) are entitled to put forward suggestions or proposals and/or initiate actions for adoption by the General Assembly or Presidium;
- (d) are obliged to pay all Annual Membership Dues imposed by the Association in compliance with the terms of this Constitution.

Section 2. Associate and Honorary Members:

- (a) are entitled to attend all the events organized by the Association;
- (b) are entitled to put forward suggestions or proposals for consideration by the General Assembly;
- (c) are required to fulfill obligations imposed by this Constitution or the General Assembly;
- (d) are not entitled to vote and cannot be nominated for officers of the Association.

Section 3. Annual Membership Dues: The Annual Membership Dues of the Association for the first year for Full Members is the Hungarian Forint equivalent of USD 1 000 (one thousand) - which should be paid in one amount when entering the Association. Annual Membership Dues for the following years for the Association shall be established by the General Assembly as provided in this Constitution.

Section 4. Obligation to Promote Association Objectives: It is the obligation of all Members to promote the purpose and objectives of the Association through participation in its activities and otherwise.

Section 5. Membership Termination: Membership terminates on the basis of:

- (a) a written request for withdrawal by the member; or
- (b) termination of the membership of a deactivated member for nonpayment of Annual Membership Dues, according to Article XI, Section 2; or
- (c) cessation of the organization's operation or existence without designation of a legal successor; or
- (d) death of the individual person in the case of an individual membership.

Article V Structure of the Association

Section 1. General Assembly: The Association's supreme body shall be the General Assembly, comprised of all Full Members. The Association will consist of a General Assembly and a Presidium.

Section 2. Presidium: The executive and representative body of the Association is the Presidium.

Section 3. Financial Committee: The General Assembly has the authority to establish a Financial Committee responsible for the financial audit of the Association.

Section 4. Secretariat: The daily activities of the Association are managed by the Secretariat

Section 5. General Secretary: The General Secretary is a senior energy regulatory expert and assists the technical and professional work of the ERRA Chairman, Presidium and Secretariat. He/she performs his/her duties at the Association's headquarters. This position is only fulfilled if the Chairman of the Association is not based in the Seat of the Association.

Article VI General Assembly

Section 1. Assembly: The Association's supreme body shall be the General Assembly, comprised of all Full Members. The Assembly shall supervise the activities and affairs of the Association, including matters of program and objective definition.

The Assembly shall elect a Chairman, Vice-Chairman, and Presidium from among its Representatives.

Section 2. Assembly Functions and Authority: The Assembly has the exclusive authority to:

- (a) make membership application and termination decisions;
- (b) establish and amend this Constitution;
- (c) review and direct actions of the Chairman or Presidium and establish guidelines to instruct their decisions and actions;
- (d) adopt Guidelines and Procedures that are consistent with this Constitution for the conduct of the Association's affairs;
- (e) oversee the finances of the Association – adoption of an Annual Budget, establishment of Annual Membership Dues levels, and acceptance of the Annual Report of the Presidium;
- (f) merge the Association with another non-profit organization or decide upon dissolution of the Association.

Section 3. Assembly Representatives: The General Assembly shall consist of each Full Member of the Association. Every Full Member is restricted to one vote only on matters that come before the Assembly. A Full Member is entitled to designate a maximum of two Representatives from its Senior Personnel to attend and participate in Assembly Meetings. The number of the Assembly Representatives may not influence the number of the votes. Each Full Member is entitled to one vote, irrespective of the number of its Representatives present at the Assembly Meeting.

Section 4. Assembly Officers: The General Assembly shall elect a Chairman and Vice Chairman from among its Representatives by majority vote. The election of Assembly Officers shall be by secret ballot. The Chairman and Vice Chairman are not remunerated, and shall each serve two-year terms.

- (a) The Chairman shall call and preside at Assembly and Presidium Meetings, schedule votes of the Assembly and Presidium, and prepare the agenda for the meetings of each with the assistance of Association Staff. In case of extended incapacity or departure from the position of the Chairman, he/she is replaced by the Vice Chairman and is designated as Acting Chairman. The Presidium with a vote of simple majority appoints one of its Members to serve as Acting Vice Chairman. The Acting Chairman and/or Acting Vice Chairman shall serve in their capacities until the next annual General Assembly whereupon elections will be scheduled for a new Chairman and/or Vice Chairman to serve a two-year term. The Chairman has the right to make decisions and to act on all matters that do not fall into the exclusive authority of the Presidium or General Assembly as provided by this Constitution, but all such decisions or actions may be reviewed or modified by the Presidium or General Assembly.
- (b) The Chairman shall also oversee, subject to Assembly and Presidium review, the financial, budget, and cash management functions and activities of the Association; shall report on the Association's financial status at an Assembly Meeting at least once per year; and shall initiate requests before the Assembly to establish an Annual Budget, propose Annual Membership Dues for Members, and state the termination of membership status by deleting the member from the registry. The Chairman shall be assisted in his/her duties by Association Staff.
- (c) The Chairman is the lawful representative of the Association in one person. He/she has the right to allot from the banking account of the Association and enter into contractual agreements with parties of the Association. He/she employs association staff. The Head of the Secretariat is a

representative of the Association with limited rights for financial transactions and contractual agreements. These rights shall be spelled out in detail by the ERRA Financial Rules.

Section 5. Assembly Meetings: The Assembly shall meet at least once a year. All the Full Members and Officers shall be invited to the Assembly Meeting. Those who are invited are entitled to make comments and recommendations for any question. A minute recorder, a minute certifier who is an Assembly Representative of a Full Member and a voting moderator shall be elected by the Assembly prior to discussions. Minutes must be taken at each meeting, which shall be signed by the Chairman, the recorder, and the minute certifier.

- (a) An Assembly Meeting shall be held at the Annual Conference in conjunction with the Standing Committee Meetings, while the second and any further meetings shall be held when called by the Chairman or the Presidium. In addition, the Chairman shall also call an Extraordinary Assembly Meeting to be held within thirty days whenever he/she is presented with a Petition signed by one-third of Assembly Representatives requesting that a meeting be held or upon order of the Court.
- (b) No Assembly Meeting shall take place unless a quorum of at least two-thirds of the Association's Full Members have a Representative present.
- (c) The Chairman shall call an Extraordinary Assembly Meeting in case of any unplanned expenditure (without any expected return) exceeding 50% of the annual budget.

Section 6. Notice and Voting Procedures for Assembly Meetings. All measures require a majority vote of the Assembly for adoption, unless a two-thirds vote is specified in this Constitution.

- (a) Thirty days written notice and an agenda must be provided for each Assembly Meeting. Notice of Assembly Meetings and the agenda must include a statement of each matter that is proposed to come before the Assembly for decision at that Meeting. The Assembly may act upon matters not included in the Agenda by a two-thirds vote except those matters as set forth in Article VI, Section 6 (d) may be acted upon only after due and proper notice has been given as required in this Constitution.
- (b) The requirement for thirty days written notice and agenda for Extraordinary Meetings can be waived (as defined in Article VI, Section 5 (a)) with a two-thirds vote of Full Members. The Chairman and those Assembly Members requesting such an Extraordinary Meeting shall provide the agenda and notice fifteen days prior to the meeting.
- (c) Each Full Member shall have one vote. Voting at Assembly Meetings shall be an open vote by voice unless a secret ballot is requested by five Full Members through their Assembly Representative(s). In the case of a tie vote, the vote of the Full Member represented by the Chairman shall be decisive.
- (d) The following require a two-thirds vote by the Assembly: changes to this Constitution; new member approval; adoption of the Annual Budget and associated Annual Membership Dues; change in Seat of the Association; termination of membership for nonpayment of Annual Membership Dues; waiver of termination of membership for nonpayment of Annual Membership Dues; and dissolution or merger of the Association.

Article VII Presidium

Section 1. Presidium: A Presidium shall be established to act upon the Assembly's behalf respecting Association operations and planning during the period between Assembly Meetings. The Presidium is the representative and executive body of the Association. It is subordinated directly to the Assembly.

Section 2. Presidium Functions and Authority: The Presidium has the authority to:

- (a) act as the Association's administrative body and representative towards third parties;
- (b) employ Head of Secretariat upon proposal of the Chairman;
- (c) transfer its representative rights to Association Staff with regard to limited and specifically defined matters as per the ERRA Constitution; the ERRA Operating Guidelines and the ERRA Financial Rules;
- (d) propose actions or decisions to the Assembly for its adoption on matters which fall within the Assembly's exclusive authority;
- (e) pass decisions in all questions which do not fall into the exclusive authority of the General Assembly as provided by this Constitution;
- (f) review the financial and cash management functions and activities of the Association;
- (g) report on the Association's financial status at an Assembly Meeting at least once per year;
- (h) initiate requests before the Assembly to establish an Annual Budget; and
- (i) propose Annual Membership Dues for Members;
- (j) establish the date and place of the Annual Conference of the Association;
- (k) establish Standing and other Committees;
- (l) approve the Financial Rules;
- (m) authorize the Chairman for re-allocation of the Annual Budget
- (n) appoint the Head of Secretariat;
- (o) appoint the General Secretary.

Section 3. Presidium Members: The Presidium shall include the Chairman and Vice Chairman and shall consist of five-six additional Assembly Representatives (each from separate Full Members) elected by secret ballot, majority vote of the General Assembly. The Presidium Members serve for a two-year period from the date of election and are eligible for re-election. One member of the Presidium must be from the same country as the Seat of the Association. It is expected that Presidium members will make every reasonable effort to attend all Presidium meetings and participate in the body's decision making process, either in person or by other means of communication.

Section 4. Presidium Meetings: The Chairman can convene a meeting of the Presidium with fifteen days notice. The Presidium shall meet at least once each year and shall meet if requested by three of its Members. The Presidium sets its own procedures and agenda. The Presidium shall report on its activities to the Assembly at least once a year or more often if required by the Assembly and shall act only consistent with any guidelines established for it by the Assembly. A quorum of Presidium members is present if the Chairman or Vice Chairman and three additional Members are present. In the case of a tie vote, the vote of the Chairman shall be decisive. The General Secretary has the right to attend the Presidium Meetings without the right to vote.

Section 5. Presidium Voting Procedures: The Presidium shall act upon a majority vote of its members when a quorum is present. The Presidium is entitled to vote in a written format. The written format of voting can be initiated by the Chairman by faxing ballots to each Presidium Member which letters shall explain the matters upon which a vote is requested and provide a means of indicating the Presidium Member's vote. The ballots should be answered by Presidium Members within five days of their receipt by faxing the signed ballot with the vote indicated to the Chairman.

Article VIII Secretariat

Section 1. Secretariat: For the proper fulfilment of tasks defined by its objectives, the Association has its Secretariat organ. The Secretariat operates under the direct supervision of the Presidium. The Secretariat shall be located in the same city as the Seat of the Association. The Secretariat's annual budget and staffing shall be determined by the General Assembly.

Section 2. Functions: The Secretariat has the mandate:

- (a) to provide for the continuous operation and availability of the Association
- (b) to serve as the communicational, organizational, project-, document- and record management organ,
- (c) to support the work of the Presidium
- (d) to carry out any other activity defined by the Presidium.

Section 3. Head of Secretariat: The Secretariat is governed by the Head of Secretariat, who is appointed by the Presidium and employed by the Association upon the proposal of the Chairman. Other employees of the Association may be designated on the recommendation of the Head of Secretariat. The Head of Secretariat shall attend the meetings of the Presidium. The Head of Secretariat shall follow the Chairman's instructions while he/she instructs the other employees of the Secretariat.

Section 4. Further functions: The functions of the Secretariat and the responsibilities of the Head of Secretariat may be further defined precisely by the Operating Guidelines of the Association.

Article IX General Secretary

Section 1. General Secretary: The professional work of the Association is assisted by the General Secretary. The General Secretary fills the position upon a mandate agreement of the Presidium if the Chairman is not from the Seat of the organisation. His/her honorarium or compensation and other allowances are determined by the Presidium. The General Secretary carries out his/her duties under the guidance of the Chairman and the Presidium.

Section 2. Functions: The General Secretary has the following core mandate in accordance with the approval of the Chairman and/or the Presidium:

- (a) provide technical advice on regulatory and institutional issues, at the request of the Presidium;
- (b) promote international contacts and the reputation of the Association;
- (c) prepare and evaluate professional materials;
- (d) represent the Association in international events, if requested by the Chairman.

On the basis of occasional request the General Secretary 's duties may include participation in professional conferences, under specific delegation by the Chairman and/or the Presidium.

The further duties of the General Secretary are defined in the Operating Guidelines of the Association.

Article X Activities of the Association

Section 1. Activities: The activities of the Association shall be planned each year in advance by the Assembly, may reflect the recommendations of all Members, and shall be set forth in a written annual workplan which shall be provided to all Full Members. Association activities may include but are not limited to the following:

- (a) Annual Conference (as defined below in Section 3);
- (b) Standing Committee meetings and development of issues papers, analyses and publications;
- (c) Educational and training programs related to the purpose of the Association.
- (d) regulatory study tours;
- (e) newsletter;
- (f) website and Internet communications;
- (g) technical conferences (for non-regulators);
- (h) maintenance of Directory of Members; and
- (i) other matters which advance the objectives of the Association.

Section 2. Standing Committees: The Association may have one or more Standing Committees. Standing Committees shall include one individual from each Full Member as a voting member, and may include additional non-voting individuals if approved by the Committee Chair. The Assembly shall encourage each Full Member to appoint member(s) to the Standing Committees to promote continuity and stability over a period of time.

Standing Committees shall define their activities and adopt a workplan consistent with the Association's objectives and any guidelines adopted by the Assembly, and shall elect the Committee Chairman. Each Standing Committee shall meet at least once per year (at the Annual Conference) and shall prepare an annual report and/or analytical paper. The Chairman shall provide at least thirty days written notice of a committee meeting and an agenda.

The Committee may adopt its own internal operating procedures not inconsistent with this Constitution and/or other Association Guidelines and Procedures.

Section 3. Annual Conference: The Association shall have an Annual Conference at which the General Assembly and Standing Committees shall meet. The Annual Conference shall include all categories of Association Members.

Article XI Finances of the Association

Section 1. Annual Budget: The Presidium, assisted by Association Staff shall prudently manage the finances of the Association and make the arrangements for the preparation of the Annual Budget.

- (a) At each Annual Conference, the Chairman shall present the Assembly with a proposal for an Annual Budget, including the level of Annual Membership Dues for the coming year. The Assembly shall adopt or modify the Annual Budget with a two-thirds vote.
- (b) The Association may seek to supplement its income from Annual Membership Dues with grants obtained from Foundations, Donors, or other sources and may seek to establish an endowment to support its activities and objectives. Establishment of an endowment for the Association and specification of its management structure shall be adopted by a majority of the Assembly.
- (c) All funds of the Association shall be promptly deposited to the credit of the Association in the banks selected by the Presidium that comply with the International Accounting Standards.
- (d) In order to obtain financial, bookkeeping, legal, insurance and other services, the Association is entitled to enter into contracts with third parties.

Section 2. Annual Membership Dues Assessment, De-activation and Membership Termination for Nonpayment:

- (a) The Assembly shall assess Annual Membership Dues upon each Full and Associate Member and instruct the Association staff to issue invoices requesting payment by the due date specified by the Assembly.
- (b) The membership status of those members who fail to pay their Annual Membership Dues within twelve months of the due date (despite receiving written notice of it) shall be automatically de-activated until such Annual Membership Dues are paid. De-activated members shall not exercise any membership rights defined in Article IV, Section 1. This provision can be waived in part or in its entirety by a two-thirds vote of the Assembly. The Association shall provide written notice to said members of their de-activated status and shall reverse said de-activated status immediately upon payment of the amount due.
- (c) The Presidium shall advise the Assembly at annual meetings of any de-activated Members with an overdue balance of Annual Membership Dues, which have remained overdue for more than a three-year period. The Assembly may vote to terminate the membership status of such de-activated Members from the Association in accordance with the written notice and right to reinstatement provided in item (b) above.

Article XII Closing Provisions

Section 1. Required Signatures: All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association shall be signed by the Chairman and the Head of Secretariat as per the ERRA Financial Rules.

Section 2. Maintenance of Books and Records & Annual Report: The books and records of the Association shall be overseen by the Presidium. The Association's fiscal year shall be from May 1 to April 30. An Annual Report stating the financial condition of the Association and its principal activities during the prior twelve months shall be prepared. Minutes shall be maintained for all Assembly and Presidium Meetings.

Section 3. Language. All legal documents required for submission to Hungarian authorities shall be in Hungarian, with translation provided into English and Russian for Members. The activities of the Association shall be conducted in English and Russian.

Section 4. Dissolution & Merger; Disposition of Assets:

As specified by Article 5/B § (6) and (7) of Act XXII. of 2013 on the Hungarian Energy and Public Utility Regulatory Authority, the Association may decide about its merger with another association or its cessation without legal successor. In the case of cessation without legal successor, the property and assets – after the payment of creditors – shall fall under the provisions of the Constitution, or, if there are no such regulations, it shall be the decision of its general assembly. The issues of assets shall be arranged by a commissioner responsible for the asset nominated by the Association, or, if there is no such person, the Minister of Foreign Affairs and Trade shall nominate one. If there are no provisions made by the Association or its general assembly regarding its property, it shall be divided – after the payment of creditors – among its members based on the proportion of their financial contribution. All Association liabilities of whatever kind shall be paid from the value of the assets of the Association. Members are collectively responsible for the unpaid assets to creditors.

Section 5. Association Liability: Association Members shall not be required to pay on account of any Association liability, debts, obligation, fee, court judgement, or other governmental obligation any sum or monies from their own assets or funds as long as the Association's assets cover such liabilities. All such Association liabilities of whatever kind shall be paid primarily from the value of the assets of the Association.

Budapest, December 11, 2000

Modified February 23, 2001

Modified May 6, 2003 by the ERRA General Assembly

Modified May 17, 2006 by the ERRA General Assembly

Modified May 23, 2007 by the ERRA General Assembly

Modified April 23, 2008 by the ERRA General Assembly

Modified April 8, 2009 by the ERRA General Assembly

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Modified October 19, 2016 by the ERRA General Assembly

Modified May 22, 2017 by the ERRA General Assembly

Modified April 15, 2019 by the ERRA General Assembly

Mart Ots
Chairman