

# ByLaws

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# Welcome

This work, "NFE Bylaws", works as the operating agreement for Watt Works Foundation Limited and is a derivative of "Ampled ByLaws and East Bay Permanent Real Estate Cooperative Bylaws" by thesehc.org, used under CC BY-SA 4.0.

## Our Bylaws

This is the guidebook for NFE. This document explains how shared ownership model works, how decisions are made, and how profit is shared.

These Bylaws provide guidance for Watt Works Foundation Limited (dba NFE), our desire is to empower each other to steward NFE's vision well and go beyond simply following the letter of the bylaws.

We think having the ByLaws in place can be a helpful safety net when conflict inevitably arises but we expect and encourage 1:1 conversational deliberations rooted in our values to be the first tool we reach for to resolve conflicts peacefully.

# Mission and Values

## Mission

We are here to advance energy resilience using community owned sustainable energy microgrids.

## Values

### Collaboration

We are better Together: If you want to go quickly, go alone but if you want to go far, go together

### Curiosity

Always learning, frequently questioning and listening.

### Community

Default to Openness. We want to learn and build in public so that others who care about what we are working on can also learn and consider contributing to our mission. They'll be a few things that need to be private like our customers contact information but we aim to be open about how and what we are working on. So when in doubt, just share it.

### People first

Relationships count most, invest in them. We want to give each other room to center our lives around family and friends, not our jobs.

### Managers of One

People need to be reminded more often than they need to be instructed. What it means to be [a manager of one](#).

## Five dysfunctions

Our values also help us to prevent the [five dysfunctions](#):

1. **Fear of conflict** Seeking artificial harmony over constructive passionate debate => *prevented by transparency, specifically Managers of One and Collaboration.*
2. **Absence of trust** Unwilling to be vulnerable within the group => *prevented by Collaboration, specifically People first.*

3. **Avoidance of accountability** Ducking the responsibility to call peers on counterproductive behavior which sets low standards => *prevented by Community.*
4. **Inattention to results** Focusing on personal success, status, and ego before team success => *prevented by Managers of One*
5. **Lack of commitment** Feigning buy-in for group decisions creates ambiguity throughout the organization => *prevented by Community and Managers of One*

Some dysfunctions are not addressed directly by our values; for example, trust is not one of our values. Similar to happiness, trust is something that is an outcome, not something you can strive for directly. We hope that the way we work and our values will instill trust, instead of mandating it from people; trust is earned, not given

# Ownership

NFE is owned by the community of people contributing to NFE's mission.

## Owners or Members

*Owner-member* is the term we use to refer to people NFE recognizes as owners or members of the NFE co-operative.

- Each ownership category elects at least 1 and a maximum of 2 representatives on the NFE board. Each board member serves a 2 year term, they serve for a maximum of 2 terms.
- Owner-members take on 3 main categories. Some members can be recognized within more than one category.

## Workers

- Workers contribute by investing time and skills to NFE activities they are hired to complete.
- They make most decisions about the day to day operations of NFE but their board representatives vote on the major decisions
- Becoming a Worker-Owner requires 3 things
  - Work and report at least 240 hours or 6 months, whichever comes first. This work needs to be regular ie at least 5 hours per month.
  - Agreement to the NFE ByLaws
  - Approval of at least 2/3 our current worker-owners

## Funders

- Funders contribute money to an NFE microgrid project.
- Their board representatives vote on major decisions
- Becoming a Funder-Owner requires 3 things
  - Fund at least 10% of the cost Phase 1 of a given microgrid
  - Agreement to the NFE ByLaws
  - Approval of at least 2/3 our current funder-owners

## Customers

- Customers contribute by using and paying for energy via NFE's microgrids
- Their board representatives vote on major decisions
- Becoming a Customer-Owner requires 3 things
  - Contributing for at least 12 consecutive months

- Agreement to the NFE ByLaws
- Approval of at least 2/3 our current customer-owners

Please note that NFE membership voluntary. Individuals or organizations can be funders, workers or customers and chose not to apply for member/ownership.

## Responsibilities of Owner-Members

- Active participation in NFE activities as prescribed by their membership category
- Voting on admission of new members

## Benefits of Owner-Members

- Influencing Major NFE and NFE microgrid decision
- Annual Surplus sharing
  - Workers - equal share of NFE's surplus (NFE is a worker-member of every microgrid we operate)
  - Customers - proportional share of respective microgrid's surplus, proportional to their contribution
  - Funders - proportional share of funded entity's surplus, proportional to their contribution.
- Existing owners get right of refusal to opportunities for new membership as workers, customers or funders.

## Suspending Membership

- Ownership is suspended if an owner-member stops contributing and is given at least one warning.
- Ownership is suspended if an owner-member dies or is dissolved or closed in the case of an organization owner.
- The Board otherwise expels an Owner on grounds of actions contrary to the mission and values, as long as the Board uses a consistent, fair, and reasonable procedure for expulsion (provided in writing to the Owners) that gives an Owner a reasonable period of time in which to explain or correct a problem.

## Non Owner Community Members

Not all our stakeholders are currently eligible for becoming members but are still part of the community so theoretically could be owners in the future.

- Suppliers - NFE partners with organizations like UEDCL (Macrogrid operator in Uganda), Calinmeter Co a metering supplier and Linux and EnAccess foundations are key software

partners. We would like to include them as members but are get to craft a model to that effect.

- Regulators - Electricity Regulatory Authority (ERA) and Uganda National Beurou of Standards (UNBS) are also key stakeholders and part of our community but are currently not eligible for membership.
- Advisors - We have a board of advisors who provide guidance on our business, technology and people model. We may compensate these advisors for their time but they are currently not eligible for membership.

# Board of Directors

This group are the guardians of the NFE mission. They help steer and make all major decisions.

## Board Members

- All board members except the CEO are elected by the owner-members
- The Board generally stewards the process by which work is carried out, as opposed to directing the substance of the work.
- CEO is hired by NFE workers and approved by the board

## Responsibilities

- Regularly reviewing financials and financial decisions, changes to employee compensation, and periodic budget review.
- Monitoring compliance with the law.
- Reviewing internal policies adopted by Workers.
- Providing feedback and guidance to workers and Making reasonable inquiry into any concerning activities or decisions by workers.
- Intervening when the NFE's members engage in overly risky or illegal activity

## Board Elections

- Happen every time a board position is open.
- Board terms are a minimum of 1 year and a maximum of 2 years.
- Members will serve for at most 2 consecutive terms.

## Board member removal

- A board member may be removed by the members that elected that particular board member
- A board member may be removed if they die or the organization is closed or dissolved.
- CEO may be removed by a simple majority of the board members.

## Binding NFE

The Secretary or Chairperson or CEO may sign a document or make a binding commitment on behalf of NFE. The Board may designate other people through a board resolution, to do the same.

# Directly Responsible Individuals

NFE is a community owned organization but we rely very little on consensus to make most decisions. Directly Responsible Individuals (DRIs) at NFE own particular projects, initiatives, or activity and make most decisions concerning those areas.

## What is a directly responsible individual?

[Apple coined the term](#) “directly responsible individual” (DRI). The idea is that every project is assigned a DRI who is ultimately held accountable for the success (or failure) of that project.

They likely won't be the only person working on their assigned project, but it's [“up to that person to get it done or find the resources needed.”](#)

DRIs may be a lead or senior or associate worker. The selection of a DRI and their specific role will vary based on their own skillset and the requirements of their assigned task. What's most important is that they're empowered.

While the DRI is the individual who is ultimately held accountable for the success or failure of any given project, they are not necessarily the individual that does the tactical project work. The DRI should **consult and collaborate** with all teams and stakeholders involved to ensure they have all relevant context, to gather input/feedback from others, and to divide action items and tasks amongst those involved.

## Empowering DRIs

It is important to understand that DRIs do not owe anyone an explanation for their decisions. If you force a DRI to explain too much, you'll create incentives to ship projects under the radar. The fear of falling into a perpetual loop of explaining can [derail a DRI](#), and cause people to defer rather than working with a bias for action.

We would much rather foster a culture where DRIs are willing to put their ideas in the open. This enables feedback from a broad range of diverse perspectives, which the DRI can take into account and choose how (if at all) it shapes their thinking.

## Communication and feedback

A DRI should be able to articulate the objectives, check progress and give and receive feedback. This will ensure the DRI can change direction or plan ahead to avoid any setbacks.

At NFE we communicate and work [asynchronously](#), you can read more about it on [this page](#).

One thing to consider when a DRI needs to give or receive feedback is that they may not be the actual manager of the other members of the team.

## DRI, Consulted, Informed (DCI)

Different organizations use different methods of assigning responsibility; one of the most popular is the [RACI Matrix](#), which outlines who the Responsible-Accountable-Consulted-Informed people should be on a decision or project.

GitLab's implementation of a DRI for decision-making means that we have evolved the RACI matrix to DCI (DRI, Consulted, Informed).

The **Responsible** and **Accountable** person is the **DRI**, the **Consulted** people are those whose opinions are sought, typically subject-matter experts; and with whom there is two-way communication. and **Informed** people are those who are kept up-to-date on progress, often only on completion of the task or deliverable; and with whom there is just one-way communication.

## Circumstances Requiring the Rare Need for Approvals

- Decisions that impact more than a single project
- Could have large financial impact
- Could present significant risk to the business
- Have business reputation considerations
- Decisions regarding approval or removal of NFE members, NFE project members and their respective board members as

# Surplus Sharing

## What and why

- After the end of every fiscal year, NFE shall do the following:
- Determine available surpluses for each project for reallocation.
- Allocate some or all surpluses to members, following the procedures described under “How Surplus Is distributed”.

If, instead of surpluses, there are losses, the losses will be allocated in any manner that the Board determines to be fair and equitable, in consideration of the circumstances leading to the loss.

## How Surplus is Distributed

- Books are balanced for each project under NFE as well as NFE itself.
- NFE will propose to the board on how to invest the surplus in any of 3 ways in order of priority
  - Every project will first pay back the principal contribution from all it's funders.
  - The project will then consider how much to reinvest back in the project expansion
  - Remaining surplus per project is distributed to it's members equally (workers) or proportionally to contributions for funders and customers.

# Will & Testament

## How NFE will close

Any proposal to sell, dissolve, or liquidate NFE or its projects must be approved by 2/3 of the board. In such an event, after paying or adequately providing for all debts, liabilities, and repayment to contributors, NFE shall make payments in following the procedures described under “Surplus Sharing”

### Defending and Compensating members

NFE shall have the power to indemnify its Workers, Customers, Funders and their agents to the fullest extent permitted by law. NFE shall compensate a Worker, Customer or Funder for any expenses incurred from lawsuits, penalties, fines, and costs of defense if the person incurred these expenses in connection with fulfilling their duties as a Worker, Customer or Funder. This is also called “indemnification.”

However, NFE is not obligated to “indemnify” a person if such expenses arose from a situation where the person stole funds, knowingly received funds they were not entitled to, intentionally committed a crime, or recklessly or intentionally harmed NFE or its members.

# Changing Bylaws

Prior to the first Board election, these Bylaws may be changed by approval of a majority of Initial Worker-Owners.

Once a Board has been elected, with exceptions listed below or on a specific Bylaws page, these Bylaws may be changed by approval of 2/3 of Board at a duly called Owner meeting, or by 2/3 of those voting by electronic ballot duly submitted to Owners, so long as a quorum participates. All elections should provide at least 15 days prior notice.

## **Exceptions include:**

- Changes to the Bylaws (including formatting changes) not affecting the decision-making power or financial rights of Members may be made by approval of 2/3 of the Board.
- Each time a page in the Bylaws is amended, the Board Secretary will email a copy of the new Bylaws to all Owners, and will put the Bylaws on the NFE Library. The Library will include an archive of all old Bylaws. NFE's Library software (bookstack) will be used to maintain revision history and comments for more context on why each change was made.