

# Retail Electric Quadrant Formation Effort

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Conectiv Power Delivery

## Current Status of REQ Effort

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- Governance Design
  - REQ Procedures v3.4 (*Bylaws Exhibit 4*) are offered to the Board for approval
  - REQ Segment Procedures Status
    - Distributor document (v5) nearly ready
    - End User document (v5) nearly ready
    - Services document (v5) nearly ready
    - Suppliers document (v5) nearly ready

## Current Status of REQ Effort

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- Election of Directors & EC Members
  - Segments expect to hold elections as soon as possible
    - recruitment must first achieve membership thresholds
  - Target: Seat Directors in June

## Current Status of REQ Effort

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- Recruitment
  - Segments are actively recruiting prospective members
  - Letters of Intent are being sent directly to the NAESB Office
  - End User Segment may be slowest to populate to 5 Member minimum

## Current Status of REQ Effort

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### ■ Annual Plan

- REQ Segments are at various stages of thinking about Annual Plan
- Expect development of draft by June
- Anticipate coordinating some issues with RGQ

## REQ Requests of NAESB Board

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- ① Approval of REQ Procedures
- ② 11 Items Needing Clarification or Action by the NAESB Board
- ③ Prospective REQ & RGQ jointly propose consideration of promotional dues

## 11 Items For Clarification

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- One individual, one vote?
- Timing of elections
- Member removal
- Parallel construction of Bylaws
- Meeting procedures
- Removal for 'cause'
- Election of Designated Alternates
- NAESBops creation
- SubComm/TF Chair
- EC chair & vice chair rotation
- Segment Procedures & elections timing

## Residential End User Dues

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- NASUCA proposal
  - “Promotional” dues of \$500 for a limited number of memberships for a limited period
  - REQ & RGQ both support consideration of the NASUCA proposal

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- The prospective members of the REQ look forward to beginning work on new NAESB standards & model business practices

North American Energy Standards Board  
Bylaws Addendum

Exhibit 4

Retail Electric Quadrant Procedures

## **Section 1 Definitions**

### **1.1 Definitions Included In NAESB Bylaws**

All capitalized terms, if not defined in Section 1.2, shall have the same definitions as specified in the Bylaws or Certificate of Incorporation of NAESB.

### **1.2 Definitions for the Purposes of this Exhibit**

- A.** "EC Member" means a Member or its representative serving on the EC.
- B.** "NAESB Office" means the administrative office of the Secretary of NAESB.
- C.** "REQ" means the Retail Electric Quadrant.
- D.** "REQ Designated Alternates" mean the group of individuals selected by each REQ Segment Membership to serve in the stead of REQ EC representatives who are unable to attend EC meetings.
- E.** "REQ EC" means the Executive Committee of the REQ.
- F.** "REQ Membership" means the Voting Members of the REQ collectively.
- G.** "REQ Segment" means one of the co-equal membership Segments of the NAESB Retail Electric Quadrant representing the following four (4) segments of the retail electric industry: Distributors, End Users, Services, and Suppliers.
- H.** "Segment Membership" means the Segment Members collectively.
- I.** "Segment Procedures" means the procedures attached to this document as exhibits for each of the Segments, as amended.

## **Section 2 Purposes, Scope, Activities & Policies**

### **2.1 Purposes, Scope & Activities**

#### **A. Purpose**

The purpose of the REQ of the North American Energy Standards Board (NAESB) is to propose, evaluate and adopt voluntary standards and model business practices to promote competitive, efficient and reliable service in the retail electric industry.

#### **B. Scope & Activities**

The REQ is concerned with and tasked to address issues and practices that are within the scope of NAESB and appropriate to electric usage at the individual consumer level; that is, usage by an individual, partnership, corporation, or other entity consuming electricity at one or more facilities served by an electric distributor.

The REQ shall work closely with other NAESB Quadrants to strive for consistency where proposed Standards and Model Business Practices affect those other Quadrants.

### **2.2 Policies**

The Retail Electric Quadrant shall comply with the policies and procedures laid out in the Bylaws and the Certificate of Incorporation of NAESB.

### **2.3 Segment Organization & Membership Requirements**

Each prospective Member shall declare the Segment with which they are to be identified.

#### **A. Distributors**

Persons engaged in the local distribution of electricity.

#### **B. End Users**

Persons that consume electricity, or who represent consumers of electricity.

#### **C. Services**

Persons that provide services to participants in the retail electric industry, including equipment manufacturers, equipment vendors, software providers, consultants, and other companies or individuals not otherwise eligible for membership in another Segment.

#### **D. Suppliers**

Persons engaged in the competitive sale of electricity to end users.

**[There are no additional requirements in these procedures other than those stated in Sections 3 & 4 of the NAESB Bylaws]**

## **Section 5 Members**

### **5.1 Voting Members**

Membership and voting rights in the REQ of NAESB shall be open to any person that meets the following requirements:

**A. Business Interest**

The person has a significant business interest<sup>1</sup> in the retail electric market (or is a representative or Agent of such person), as determined by a simple majority of the Segment Membership, if challenged.

**B. Authority**

Representatives designated by any person in any Segment should have the authority to represent the interests of the person seeking to be a Segment Member.

**C. Multiple Memberships Per Quadrant**

Memberships in multiple Segments of the REQ are permissible for any person provided each membership is filed and declared with NAESB, the person meets the membership requirements of each Segment joined, and membership dues are paid for each Segment.

**D. Memberships Per Segment**

Only one membership per Segment is permissible for any person.

**E. Multiple Corporate Memberships**

Multiple companies under common control within a corporate organization that desire to become Members must join individually. Members cannot extend their membership to their parent company, affiliates, or subsidiaries.

**F. Trade Associations**

The person may be a trade association or an advocacy group representing a group of prospective members, provided that the trade association or advocacy group meets the requirements defined by its declared Segment in Segment Procedures.

**[There are no additional requirements in these procedures other than those stated for Sections 5.2 through 5.4 of the NAESB Bylaws]**

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<sup>1</sup> As used in this section, "significant business interest" specifically includes the interests of statutorily appointed consumer advocates.

## **5.5 Removal of Members**

Segment Members who do not have a significant business interest pertaining to the descriptions contained in Section 2.3 may be removed from Segment Membership by a simple majority vote of their declared Segment Membership.

## **Section 6 Meetings of the Members**

All meetings held in association with the NAESB organization or the REQ are open to any interested person. From time to time, there may be joint meetings of the REQ with other Quadrants within NAESB, and Segments may meet jointly to transact Quadrant business.

## **Section 7 Board**

### **7.1 Board Representation**

The REQ shall elect Directors to the Board from each Segment in accordance with Segment Procedures.

### **7.2 Qualifications of Directors**

#### **A. Eligibility**

To be eligible to serve as a representative on the NAESB Board of Directors, the Member or its representative must

1. be willing to commit the time and resources necessary,
2. have the authority to fulfill the obligations as a REQ Director, and
3. be willing to meet the minimum threshold of participation and attendance established in the NAESB Bylaws, Section 9.7(f), and any other applicable provisions, as set forth in the NAESB Bylaws.

#### **B. One Member, One Seat Per Quadrant**

No two Directors elected by the REQ may be employees of the same Member holding membership in multiple Segments within the Quadrant. This restriction does not prohibit election of two Directors from two affiliated companies within a holding company having individual Member status, or from two companies with a parent-subsidiary relationship, provided that the two Directors from companies with such a relationship represent Members of differing Segments.

**C. One Office Per Member Representative**

Directors elected from the REQ may not hold both a Board seat and a seat on the REQ EC at any point in time. If an REQ EC Member is elected as a Director from the REQ, the REQ EC seat is vacated when the Board seats the EC Member as a Director.

**7.3 Number and Election of Directors****A. Number of Directors**

The REQ shall elect sixteen (16) NAESB Directors, subject to the provisions of Section 19 of these Procedures. Each Segment of the Quadrant will elect four (4) Directors, subject to the provisions of Section 19 of these Procedures.

**B. Election of Directors**

Nominations for and election of all Directors will be in accordance with Segment Procedures, as follows:

In preparation for any election of NAESB Directors (other than initial Directors, as provided for in Section 19),

1. A nominating committee of five REQ EC Members of the REQ consisting of one Member from each Segment plus the REQ EC Vice Chair, shall identify a slate of potential candidates from the Segment Membership.
2. Other nominations may be made at or prior to the close of the REQ nomination period by any Segment Member eligible to serve on the Board of Directors by submitting the candidate names to the NAESB Office in a form as specified in NAESB Operating Procedures, if such requirements exist.
3. All nominations must be made and conveyed in writing to the NAESB Office no less than 31 days prior to the election date.

**7.4 Term of Office****A. Terms**

Directors shall be elected for two-year terms, with half of the terms expiring in alternating years.

1. Two Directors will be elected from each Segment each year to fill expiring terms.
2. Group A Director terms will expire in odd numbered years.
3. Group B Director terms will expire in even numbered years.
4. Term expiration will be in conjunction with the end of the operating year of NAESB or as otherwise defined by the Board, Certificate of Incorporation or Bylaws, as amended.

**B. Limit on Number of Terms of Office**

Directors elected from the REQ may run for re-election without restriction on the number of terms held.

**C. Change of Affiliation**

In the event that the Director

1. changes affiliation to another Member within the same industry Segment, the Director's term will continue until its natural expiration, provided that there is no other Director already representing the Director's new affiliation, in which case the Director changing affiliation will vacate the seat for election of a new Director;
2. is no longer affiliated with the electing industry Segment, the Director will vacate the seat for election of a new Director.

**7.5 Vacancies**

In the event that a Director resigns or otherwise vacates the Board seat, and more than 120 days remain in the term of office, the Segment will hold an election within 60 days to fill the vacant seat.

**7.6 Removal of Directors**

In addition to being subject to removal from office by the NAESB Board of Directors, Directors may also be removed from office for cause. The REQ Segment shall give the Director at least a 30-day notice of the proposed action and an opportunity to respond. A 67% majority of the applicable REQ Segment Membership shall be required to remove a Director. The vacant seat is to be refilled in accordance with the requirements of Section 7.5.

**[There are no additional requirements in these procedures other than those stated in Sections 8 & 9 of the NAESB Bylaws]**

**SECTION 10 EXECUTIVE COMMITTEE****10.1 EC Representation**

The REQ shall have an Executive Committee (REQ EC), which shall also participate in the larger NAESB EC. The REQ shall elect representatives to the REQ EC from each Segment in accordance with Segment Procedures.

## **10.2 Qualifications of EC Members**

### **A. Eligibility**

To be eligible to serve as an EC Member, the Member's representative must

1. be willing to commit the time and resources necessary,
2. have the authority to fulfill the obligations as an EC representative, and
3. be willing to meet the minimum threshold of participation and attendance established in the NAESB Bylaws, Section 10.4(j), and any other applicable provisions, as set forth in the NAESB Bylaws.

### **B. One Member, One Seat Per Quadrant**

No two EC Members elected by the REQ may be employees of the same Member holding membership in multiple Segments within the Quadrant. This restriction does not prohibit election of two EC Members from two affiliated companies within a holding company having individual Member status, or from two companies with a parent-subsidiary relationship, provided that the two EC Members from companies with such a relationship represent Members of differing Segments.

### **C. One Office Per Member Representative**

Directors elected from the REQ may not hold both a Board seat and a seat on the REQ EC at any point in time. If an REQ EC Member is elected as a Director from the REQ, the REQ EC seat is vacated when the Board seats the EC Member as a Director.

## **10.3 Number and Election of EC Members**

### **A. Number of EC Members**

The REQ shall elect sixteen (16) EC Members, subject to the provisions of Section 19 of these Procedures. Each Segment of the Quadrant will elect four (4) EC Members, subject to the provisions of Section 19 of these Procedures.

### **B. Election of EC Members**

Nominations for and election of all EC Members will be in accordance with Segment Procedures, as follows:

In preparation for any election of EC Members, other than initial EC Members as provided for in Section 19),

1. A nominating committee of five EC Members of the REQ consisting of one Member from each Segment plus the EC Vice Chair, shall identify a slate of potential candidates from the Segment Membership.
2. Other nominations may be made at or prior to the close of the REQ nomination period by any Segment Member eligible to serve on the EC by submitting the candidate names to the NAESB Office in a form as specified in NAESB Operating Procedures, if such requirements exist.

3. All nominations must be made and conveyed in writing to the NAESB Office no less than 31 days prior to the election date.

**C. Timing of Elections**

Subject to the provisions of Section 19, election of EC Members shall occur in the same month for all Segments of the REQ, and shall be coordinated by the NAESB Office.

**D. Chair Rotation**

The REQ EC shall elevate the prior year Vice Chair of the REQ EC to Chair of the REQ EC at its first meeting in the new operating year and elect a new Vice Chair. If the Vice Chair is vacant at the time of the first meeting of a new operating year, both a Chair and Vice Chair will be elected.

**E. Meeting Minutes**

In the event that an individual from the NAESB Office is unavailable to take minutes, the Chair of any REQ EC meeting will designate an individual to take minutes and forward them to the NAESB Office.

#### **10.4 Term of Office**

**A. Terms**

EC Members shall be elected for two-year terms, with half of the terms expiring in alternating years.

1. Subject to the provisions of Section 19, two EC Members will be elected from each Segment each year to fill expiring terms.
2. Group A EC Member terms will expire in odd numbered years.
3. Group B EC Member terms will expire in even number years.
4. Terms of office will end in conjunction with end of the operating year of NAESB or as otherwise defined by the Board of Directors, Certificate of Incorporation or Bylaws, as amended.

**B. Limit on Number of Terms of Office**

EC Members from the REQ may run for re-election without restriction on the number of terms held.

**C. Change of Affiliation**

In the event that the EC Member

1. changes affiliation to another Member within the same industry Segment, the EC Member's term will continue until its natural expiration, provided that there is no other EC Member already representing the EC Member's new affiliation, in which case the EC Member changing affiliation will vacate the seat for election of a new EC Member.
2. is no longer affiliated with the electing industry Segment, the EC Member will vacate the seat for election of a new EC Member.

## **10.5 Vacancies**

In the event that an EC Member resigns or otherwise vacates the seat, and more than 120 days remain in the term of office, the Segment will hold an election within 60 days to fill the vacant seat, and a Designated Alternate will serve until a new EC Member is elected.

## **10.6 - Removal of EC Members**

In addition to being subject to removal from office by the NAESB Board of Directors, EC Members may also be removed from office for cause. The REQ Segment shall give the EC Member at least a 30-day notice of the proposed action and an opportunity to respond. A 67% majority of the applicable REQ Segment Membership shall be required to remove an EC Member. The vacant seat is to be refilled in accordance with the requirements of Section 10.5.

## **10.7 Designated Alternates**

### **A. Authority**

Any person presenting themselves at an EC meeting as a Designated Alternate will be accepted as a participant provided that:

1. An EC Member from that Segment either indicates to the NAESB Office, EC Chair or Vice Chair that the EC Member will be absent, or is in fact absent and remains absent, and
2. The name of the Designated Alternate is on a list of approved Designated Alternates selected by the appropriate Segment Membership according to Segment Procedures, and is on file with the NAESB Office.

### **B. Election of Designated Alternates**

Each Segment will annually select Designated Alternates according to Segment Procedures.

## **10.8 EC Meetings**

### **A. REQ EC Meetings**

REQ EC meetings shall be held at times and locations determined by the Chair or Vice Chair of the REQ EC. EC Members may participate and vote by means of tele-conference or other electronic means unless in-person attendance is required of all EC Members by both the Chair and Vice Chair of the EC, and subject to the attendance requirements of Article 10, Section 10.4(j) of the Bylaws.

**B. Joint EC Meetings**

In the event that the EC of the REQ meets jointly with an EC of another NAESB Quadrant, the choice of Quadrant EC Chair presiding over the joint meeting will be determined by the precedence established in the order of rotation of EC Vice Chairs as specified in the NAESB Bylaws.

**10.9 EC Subcommittees****A. Establishing Subcommittees & Task Forces**

The REQ EC shall set up its own subcommittees and task forces to deal with REQ-specific issues.

The REQ EC may establish voluntary standing subcommittees or special purpose task forces to perform various functions required of the organization.

1. The REQ EC will prepare a written statement of the purpose of the subcommittee or task force and the tasks to be performed, name the subcommittee or task force, and appoint a temporary chair.
2. The Temporary Chair will be a Member of the REQ EC willing to perform the required startup tasks and to continue chairing the subcommittee / task force if elected by the Members after its first meeting.
3. The Temporary Chair shall
  - a) set up the first meeting of the subcommittee or task force.
  - b) prepare a meeting notice that:
    - (i) states the name and purpose of the subcommittee / task force,
    - (ii) solicits participation in the subcommittee / task force, and
    - (iii) announces the agenda for the first meeting.
  - c) post the meeting notice to all Members and non-members via the NAESB website.
  - d) post the notice at least two weeks prior to the meeting date. Shorter time periods for notices of subsequent meetings will be permitted by a 75% vote of the participants attending a duly scheduled meeting.
4. All meeting notices shall be posted on the NAESB website and transmitted in writing, facsimile, or other electronic means to parties who have indicated an interest in the duly scheduled meeting.

**B. Meeting Minutes**

In the event that an individual from the NAESB Office is unavailable to take minutes, the Chair of any subcommittee / task force meeting will designate an individual to take minutes and forward them to the NAESB Office.

**C. Reporting**

Each REQ EC subcommittee or task force will report to the REQ EC at no less than quarterly intervals, on a schedule to be defined by the REQ EC for as long as the subcommittee or task force continues to exist.

**[There are no additional requirements in these procedures other than those stated in Sections 11-17 of the NAESB Bylaws]**

## **SECTION 18 AMENDMENTS**

In order for these REQ Procedures to be amended, upon petition of at least five (5) REQ Members, the Vice Chair of the REQ EC shall announce a REQ meeting. Such announcement shall provide for at least a 30-day notice. In order to transact business at the REQ meeting, there shall be a quorum consisting of at least 33% of the REQ Membership. Following such meeting, the proposed resolution adopted at the meeting shall be sent out for comment, and the comments shall be distributed to all REQ Members in advance of a notational vote. Any REQ Member not choosing to vote shall be considered to have voted in favor of the proposed resolution. In order for a proposed resolution to take effect, it must be approved by at least 67% majority of REQ Members and 40% of each REQ Segment's Membership.

## **SECTION 19 TRANSITION PROCEDURES**

During the initial startup of the REQ, the Quadrant and Segments may operate with vacant Board and EC seats in a transitional period in accordance with the following provisions.

### **19.1 Initial Election of Directors**

The founding membership of the REQ will elect no less than three (3) Directors per Segment by means that are consistent, to the extent practical, with NAESB Bylaws and the requirements of Section 7 of these Procedures. Selection of candidates and their election will be by procedures agreed to by consensus or voting methods adopted by the founding group. Such elected representatives will be presented to the NAESB Board for acceptance as Directors of the REQ. Acceptance by the Board will place all the requirements and restrictions of the Bylaws, including these Procedures, upon those individuals. Elections will be held as needed by any Segment to fill any vacant seats until all four Segment seats are filled for the first time.

### **19.2 Initial Election of Executive Committee**

The founding membership of the REQ will elect no less than three (3) EC Members per Segment by means that are consistent with NAESB Bylaws and the requirements of Section 10 of these Procedures to the extent practical. Selection of candidates and their election will be by procedures agreed to by consensus or voting methods adopted by the founding group. Such elected

representatives will be presented to the NAESB Board for acceptance as representatives of the REQ. Acceptance by the Board will place all the requirements and restrictions of these Procedures upon those individuals. Elections will be held as needed by any Segment to fill any vacant seats until all four Segment seats are filled for the first time.

### **19.3 Balanced Voting During the Transition Period**

#### **A. Transitional Voting Multiplier**

Recognizing that the REQ Segments might fill their allotted Board and EC seats at varying rates, a Transitional Voting Multiplier mechanism will be used to ensure balanced voting between Segments until all Board and EC seats are filled.

1. During the period when a Segment is initially operating with three seats filled rather than four, each Director or EC Member from the Segment shall be allocated 1.33 votes, so that the weighted votes total four and are equal to the votes of all other REQ Segments.
2. Once all four of a Segment's seats on the Board or the EC have been populated at least once, the Transitional Voting Multiplier will no longer be needed or used for either the Board or EC (whichever applies). Subsequent vacancies on the Board or the EC will not re-institute use of the Transitional Voting Multiplier mechanism.

#### **B. Application**

When non-procedural votes are tallied at NAESB Board or EC meetings, each of the voters present will have their votes weighted by the Transitional Voting Multiplier applicable to that voter's REQ Segment. Where applicable, NAESB balanced voting rules will be applied after votes have been weighted. Thus in the example given in Section 19.3(A), if all three representatives from the smaller REQ Segment vote, the tally of their votes would be 4.

March 7, 2002

To: North American Energy Standards Board

Subject: Accommodation of Residential End Users In Retail Quadrants

The formation teams for the Retail Electric Quadrant and Retail Gas Quadrant, jointly submit this request for consideration by the NAESB Board of Directors on behalf of the prospective members of the End User Segments of each of the retail quadrants.

Prospective End User members have indicated they face difficulty in raising the NAESB annual dues of \$5000 per Segment Membership, as established by the Board per the requirements of Article VII, Section 1 of the Certificate of Incorporation. As a result, these potential members may not be able to join NAESB. Discussions with officers of NAESB have indicated that there is a precedent established early in NAESB's historical predecessor GISB for making available temporary promotional membership rates on a limited basis.

The teams are of the belief that participation of end users, and in particular some representation of residential end users, in the standards setting process is widely viewed as important to establishing credibility of the process and in the product of NAESB's retail quadrant effort. ~~If this is true~~ Therefore, it is important to ensure that residential, ~~and perhaps small commercial,~~ end users are represented in the retail Quadrants during development of NAESB's initial voluntary retail standards and model business practices. ~~However, at this time, prospective residential End User interests are balking at the level of the annual membership fee.~~ Other prospective End User Segment members and the prospective membership of all other Segments of the retail Quadrants are unwilling

to directly subsidize an unknown number of residential end user memberships at this time.

Therefore, formation teams for the Retail Electric Quadrant and Retail Gas Quadrant request that the NAESB Board consider the following proposal:

For a period of two years, NAESB shall establish promotional dues of no more than \$500 for no more than three representatives of residential end users to become Voting Members of the End User Segment in each Retail Quadrant. Promotional dues shall be available on a first-come, first-served basis to membership organizations which represent residential end user customers.

Respectfully submitted,

Joint Electric & Gas Retail Working Group

Michael E. Novak, Co-Chair

Charles L. Driggs, Co-Chair

## Addendum

Issues Which Prospective REQ Membership Believe  
Need To Be Addressed By The NAESB Board

## 1. One Individual, One Vote

NAESB's Certificate of Incorporation provides Members with voting rights as follows:

**Article V. Section 2.**

*Voting members shall be entitled to one vote each at meetings of members, except that procedures attached to the By-Laws may provide for weighted or limited voting for members of any Segment, if such By-Law provision is first approved by a majority of the Directors representing such Segment. ...*

Members also select their representatives per the requirements of Section 5.1 of the Bylaws:

*( i ) Each Voting Member shall be entitled to one (1) vote in person or by proxy, and shall designate in writing the individual authorized to cast that vote.*

Both of these NAESB governance documents entitle a voting member to one vote. However, there are several scenarios (below) which require clarification when a single individual or Agent represents a Person in multiple Segments and multiple Quadrants.

- A. If a single individual represents a Person holding separate memberships in multiple Segments of a single Quadrant, what are the limitations on voting for this individual when working in subcommittees or task forces?
- B. If a single individual represents a Person holding memberships in differing Segments in multiple Quadrants, what are the limitations on voting for this individual when working in joint subcommittees or task forces?
- C. If a single individual represents a Person holding memberships in the same Segment across multiple Quadrants, what are the limitations on voting for this individual when working in joint subcommittees or task forces?
- D. If a single Agent represents multiple Members in a single Segment of a single Quadrant, or if the Agent represents multiple Members in situations equivalent to A-C above, what are the limitations on voting for this

individual (ie. does the Agent get a single vote or multiple votes?) Are there any restrictions when voting in joint subcommittees or task forces?

The current practice of the NAESB Wholesale Gas Quadrant addresses Scenario A by requiring that an individual that represents a Person with memberships in multiple segments to designate which segment affiliation they will be representing prior to voting. Having such a limitation is reasonable for situations in which the same individual could represent a Person in different Segments of a single or multiple Quadrants. In these scenarios (A, B & D), the individual could have conflicting interests and should be required to designate their segment affiliation prior to voting. However, we suggest that this same restriction should not be established for an individual representing a Person that holds memberships in the equivalent segment in different quadrants in a situation when multiple Quadrants work jointly on a Standard or Model Business Practice (Scenario C). In this case, since the individual represents the common interests of the same Person(s) in the same segments, the conflict of interest identified above does not exist. Also, permitting the same individual to cast multiple votes in this case is also cost effective and encourages participation.

## 2. Timing of Elections

Election of Directors and EC representatives should occur in the same month for all Segments of the REQ, and should be coordinated by the NAESB Office for consistency. The prospective REQ members propose that NAESBops specify that all NAESB elections

- a) be held in the same month, with
- b) term expirations on the same date, and
- c) with all elections coordinated by the NAESB Office.

## 3. Member Removal

If Segment drops a Member, does the Board need to consider provisions in the Bylaws to move the member to another Segment, or is that Member gone from NAESB altogether?

## 4. Parallel Construction of Bylaws

The REQ Procedures document does not parallel the Bylaws in Section 10 specifically because Article 7 / Section 7 of the Bylaws does not parallel the construction of Article 10 / Section 10 of the Bylaws. Our prospective members have found this lack of consistency confusing, and recommend that in the next round of Bylaws amendments the inconsistent construction is remedied, preferably using Article 7 / Section 7 as the guideline.

## 5. Meeting Procedures

Sections 10.8 and 10.9 of the current version of the REQ Procedures document address rules and procedures that are needed for both single Quadrant EC meetings and multiple Quadrant EC meetings. Some procedures stated in these sections are reportedly unwritten rules of procedure that were followed in GISB. One of the issues addressed in these sections is the issue of who takes meeting minutes. The group has not presumed that past practice of having the NAESB (GISB) Office staff perform this task necessarily follows as the organization expands from one to four quadrants. However, most prospective Members would prefer that Office staff continue to perform this function. Such meeting rules, or similar such rules, are needed particularly in the instance where the ECs of two or three Quadrants must convene a joint meeting.

The prospective REQ Members ask that the Board consider adopting these proposed rules in whole or in part within NAESBops.

## 6. Removal "for cause"

Prospective REQ members considered an issue which we understand has never actually been faced in the history of either NAESB or GISB: removal for cause. The issue arises because the Bylaws are silent on what would constitute "cause", yet as this organization grows there may come a time when the issue must be faced.

Our attempts to define cause as applied to EC Members came after recognition of the issue of nonparticipation as required by the Bylaws and recognition of removal due to becoming ineligible or by resignation. Prior drafts included the following enumeration of circumstances, but debate on the issues eventually led us to conclude that these sections were relatively straightforward and unnecessary in the Quadrant Procedures. We deleted them accordingly, and they are presented here as background to the remaining issue.

### A. *Nonparticipation*

1. *Failure to meet the Bylaws in-person attendance requirements [Article 10, Section 10.4(j)] for reasons other than hospitalization or temporary disability requires:
  - a) *issuing a notice of non-compliance to the Quadrant Membership and*
  - b) *a vote for removal of the Executive Committee Member from their seat within 30 days of failing to comply.**
2. *If the REQ Membership does not vote for removal of the EC Member, the Secretary or EC Chair may call for another removal vote by the Quadrant Membership following the next EC review*

*of participation records if the EC Member's attendance record still does not satisfy the Bylaws requirements.*

**B. Resignation or Ineligibility**

*An EC Member shall cease to be a Member of the EC upon any of the following:*

- 1. The resignation of REQ End User Segment Membership by the Member whom they represent;*
- 2. The lapse of the Segment Membership dues of the Member whom they represent;*
- 3. The EC Member's resignation, removal, or death;*
- 4. The first day of the NAESB operating year following an election for the seat held by the EC Member, wherein the EC Member was not re-elected by the Segment Membership as declared by the NAESB Secretary;*
- 5. Receipt by the NAESB Secretary of a rescission letter indicating that the individual no longer represents the Segment Member.*
- 6. Election of the EC Member to a Board seat, and seating of the EC Member as a Director.*

The Bylaws may be silent regarding removal "for cause" specifically because it is difficult to delineate what constitutes "cause". We ask that the Board consider this issue, and decide whether or not the Bylaws need to be amended to provide guidance on what constitutes "cause".

**7. Election of Designated Alternates**

The prospective REQ Members differed on whether elections of Designated Alternates should be consistent between all Segments or each Segment should be allowed to follow their own procedures. At a minimum, it appeared that a consistent policy on when to elect Designated Alternates and how long they would serve in that capacity would be beneficial if applied across all Quadrants. The prospective REQ Members therefore request the Board to consider incorporating Designated Alternate procedures in the NAESBops.

**8. Creation of NAESBops**

The prospective REQ Members urge the Board not to delay creation of the procedures known in concept as NAESBops any longer than is procedurally necessary. As indicated by this list of issues for your consideration, there are many aspects of NAESB operations that are not yet documented in clearly stated guidelines for the Members of NAESB.

**9. Subcommittee / Task Force Chairs**

The Bylaws requires and EC Member to chair all subcommittees or task forces. While the logic is relatively self-evident for this, several participants in the REQ formation process who have participated in GISB in the past indicated that at times this requirement makes it difficult to find a subcommittee chair. The suggestion to the Board is to reconsider whether this Bylaws requirement is a necessary requirement, or whether there might be an exception added to the Bylaws.

#### 10. EC Meeting Chair & Vice-Chairs Rotation

Section 8.3 of the Bylaws is specific regarding rotation of the Chair and Vice-Chairs of the Board using a defined order of rotation of Quadrants. Section 10.3(a) also requires election of a Chair and Vice-Chairs from each Quadrant. Section 10.3(b) refers to an order of precedence for deciding who chairs a joint Quadrant meeting, which is not clearly specified (presumably referring to 1<sup>st</sup>, 2<sup>nd</sup>, or 3<sup>rd</sup> Vice-Chair; see also Section 10.8 B of the REQ Procedures).

Section 10.3(a) of the Bylaws also indicates that the elected individuals will serve in the various EC chair positions for one year, but is not specific about rotation of these positions in any mechanism that parallel the Board. If no rotation is intended, this needs to be confirmed as it impacts the meaning of Section 10.8(B) of the REQ Procedures and a revision is likely needed. Given that Sections 10.8 & 10.9 are proposed for relocation to NAESBops (see item 5 above), that sub-issue probably can be resolved within the REQ Procedures in conjunction with development of NAESBops. If rotation is intended, it might also impact REQ election procedures specified in Section 10.3(D) of the REQ Procedures, and that needs to be considered and resolved.

The mechanisms and interrelationships between NAESB EC and Quadrant EC members and their election therefore need to be looked at and clarified. This may involve a clarification to the Bylaws or provisions in NAESBops.

#### 11. Completion of Segment Procedures & Election of Officers

Segment Procedures are not finalized as of the March Board meeting (3/7), and Segment Procedures contain the election mechanisms. These procedures should therefore be reviewed by NAESB's General Counsel and accepted by the Board prior to elections of Directors and EC Members. The REQ proposes the following schedule of actions to complete these aspects:

- Segments complete their documents and submit them for General Counsel review by the end of March
- Following General Counsel review, the NAESB Board conducts a notational ballot regarding acceptance of the Segment Procedures by mid-April
- Segments hold elections in the first half of May
- NAESB Board seats Directors at the June Board meeting