

Standards Development Request Concerning Gas Quality Role of Board Managing Committee Regarding Scope Determination

The undersigned members of the NAESB Board of Directors are seriously troubled by the NAESB management and Board Managing Committee actions surrounding the Florida Power and Light standards request pertaining to gas quality (R03035) and the authority delegated to the Board Managing Committee particularly on matters of such great importance to the industry and many NAESB member companies.

The Triage Committee and Wholesale Gas Quadrant (“WGQ”) Executive Committee both found at least part of the Florida Power and Light natural gas quality request to be out of scope for NAESB. A Board Managing Committee decision contrary to the Triage and Executive Committee findings without voting representation from the industry segments behind the Triage and Executive Committee decision highlights a fundamental flaw in the “NAESB process.” The limited composition of the Board Managing Committee did not adequately represent the interests of all affected industry segments, much less the segment ultimately responsible for burnertip safety, local distribution companies, and thus, cannot appropriately make the decision of this magnitude on behalf of the full Board of Directors that is followed-up simply with a notational ballot. The Board Managing Committee actions in this matter are a clear indication that the “NAESB process” with respect to the authority of the Board Managing Committee must be re-evaluated to limit the scope of authority.

To have this decision stand, until overturned by a notational ballot, without providing the Board of Directors with an opportunity to fully discuss the issues is a misguided use of the authority entrusted to the Board Managing Committee and one not envisioned by the LDC board members.

A modification to the NAESB Bylaws is being proposed as a first step towards fixing this fundamental flaw in the NAESB process. Clearly, other issues comparable to gas quality will be presented to NAESB in the future, potentially affecting other quadrants in a manner comparable to gas quality’s impact upon WGQ. It is critical for our organization to maintain due process, especially on the tough issues. This is a natural step in the evolution of NAESB; checks and balances are critical to developing consensus standards.

Sincerely,

**NAESB Board of Directors Resolution
Modifying the NAESB Bylaws**

WHEREAS, the Operating Procedures of the North American Energy Standards Board (NAESBops), Standards Development and Maintenance, Action on Request provides that when a request for standards development or maintenance is submitted, following a recommendation as to whether the request is within the scope of NAESB, the Executive Committee (EC) approves, amends or rejects the recommendation that the request is within the scope of NAESB, and

WHEREAS, pursuant to the same section of the NAESBops, if the EC does not find the request in scope, the recommendation is forwarded to the Board of Directors (Board) for a final determination as to whether the request is in scope, and

WHEREAS, the Resolution Establishing Board Managing Committee provides that the Managing Committee may act on matters which would require Board approval, except for those matters specifically reserved to the full Board by the Bylaws, and

WHEREAS, the scope of NAESB is such that rejection of a standards development or maintenance request should be an extraordinary event supported by detailed discussions and a quadrant/segment voting record, and

WHEREAS, such detailed discussions and quadrant/segment voting record cannot be replicated within the Managing Committee due to the limited composition of said committee,

NOW, THEREFORE, the Bylaws of North American Energy Standards Board, Inc (Bylaws) – Section 8, shall be modified to reserve scope determinations, on the occasions that the EC does not find a request within scope, to the full Board to be discussed at Regular Meetings as described in Section 9.4 of the Bylaws, and

FURTHER, for the purpose of such scope determinations, the Board shall divide itself into quadrants as described in section 10.3 of the Bylaws and process the request in the same manner as the EC would such that a quadrant/segment voting record may be developed.