

NAESB Retail Quadrants Open Industry Meetings

January 29, 2002

Washington DC



NAESB Retail Quadrants Open Industry Meeting
Washington DC – January 29, 2002
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TAB 1

WELCOME & OPENING REMARKS



Please Save the Date

**January 17, 2002 and January 29, 2002
NAESB Retail Quadrants Open Industry Meeting
9:30 AM - 5:00 PM EDT**

Two meetings will be held in January in Washington DC, hosted by AGA, for all industry stakeholders to coordinate efforts related to the creation of the North American Energy Industry Standards Board (NAESB). The meetings will focus on structure and governance for the Retail Gas Quadrant, the Retail Electric Quadrant and the Segments of each of the two Quadrants. These efforts are aimed at organizing the two Quadrants of NAESB by March 2002.

January 17, 2002: The purpose is 1) to introduce interested participants to the bylaws of NAESB and the Retail Gas Quadrant Procedures proposed by AGA and APGA and the Retail Electric Quadrant proposed UBP-RSB; and 2) to develop consensus on Quadrant procedures.

January 29, 2002: The objective of this meeting would be to 1) work on developing Retail Gas and Retail Electric Quadrants procedures; 2) review and incorporate Segment procedures for each of the Retail Quadrants; and 3) discuss the transition process toward forming the two Retail Quadrants of NAESB.

All stakeholders and interested parties are invited to attend and/or participate. Teleconferencing capabilities will be offered to those unable to attend in person. Included in this packet is a summary of recent developments related to this endeavor, a preliminary agenda, registration form, and information on meeting logistics. Dial-in specifics, a final meeting agenda, and other meeting materials will be distributed to registrants by the close of business, January 4, 2002.

Please RSVP by January 4, 2002. Please return the attached registration form to Lucy Castaneda-Land by FAX at 202-824-7087. We hope to see you in Washington DC in January.

Meeting Location:

**American Gas Association
400 N. Capitol Street, 4th Floor
Washington DC 20001
Phone: 202-824-7126 FAX: 202-824-7087**

Background on Recent Developments Leading up to this Meeting

On December 5, 2001 the GISB Board of Directors approved bylaws for the new North American Energy Standards Board (NAESB), which will be formed on January 1, 2002. The NAESB bylaws provide for four industry branches to operate within the new organization, representing quadrants of the energy industry—wholesale gas, retail gas, wholesale electric, and retail electric. By passing this resolution, the GISB Directors expect to have both Retail Gas and Retail Electric quadrants formed by March 2002 and operating by June 2002. Thus to meet the March 2002 deadline, all stakeholders of the Retail Gas Quadrant and of the Retail Electric Quadrant will have to complete the following steps:

- 1. All stakeholders will complete Quadrant procedures as addendum to the NAESB bylaws, which the NAESB Board would consider for approval at its March 2002 meeting.**
- 2. The Segments of each Quadrant (e.g. Suppliers, Distributors, End Users and Service Providers) will develop Segment procedures, to be incorporated into the Quadrant addendum.**
- 3. Each of the Quadrants, with the NAESB office, will conduct a 30-day Membership recruitment drive.**
- 4. Once a minimum threshold of Members is attained (that being, forty per Quadrant and five per Segment, according to the NAESB bylaws), the Segments of each Quadrant will elect their representatives to the Quadrant Executive Committee and to the NAESB Board of Directors.**
- 5. The newly elected NAESB Board members are expected to join their counterparts from the Wholesale Gas Quadrant to approve Quadrant and Segment Procedures at the March 2002 Board meeting, or during a conference call soon after.**

To meet those milestones for a Retail Gas and Retail Electric quadrant within the timeline envisioned by the GISB leadership, two open industry meetings will be held, on January 17 and January 29, 2002, in Washington DC. The meetings will allow stakeholders to begin coordinating activities for forming the two NAESB retail quadrants.

NAESB Retail Quadrants Open Industry Meeting
Washington DC - AGA Offices
January 29, 2002 9:30 AM - 5:00 PM EDT

Proposed Agenda

A conference bridge will be provided to meeting registrants who are unable to attend in person.

Meeting Purpose: 1) Review Retail Gas and Retail Electric Quadrants procedures; 2) present Segment procedures for each of the Retail Quadrants; and 3) discuss the transition process toward forming the two Retail Quadrants of NAESB. Jim Buccigross, Vice President - Energy Industry, Group 8760 LLC, will moderate the meeting.

9:30 a.m. Registration and Continental breakfast

9:45 a.m. Welcome & Administrative Matters

- Antitrust Guidelines
- Participant/caller guidelines
- Brief Introductions

10:00 a.m. Brief Review of January 17, 2002 NAESB Retail Quadrants Industry Meeting

10:30 a.m. Review Retail Gas Quadrant Procedures Document (comments and revisions to the document since 1/17/02 meeting)

Noon Working lunch

12:30 p.m. Review Retail Electric Quadrant Procedures Document (comments and revisions to the document since 1/17/02 meeting)

2:00 p.m. Break out Session by Segment Stakeholders

- Discussion and Review of Segment Procedures for the Retail Gas Quadrant and for the Retail Electric Quadrant

4:00 p.m. Transition Issues and Next steps

5:00 p.m.* Adjourn

Hotels within the Vicinity of AGA

Following is a list of hotels within a one-block radius of the AGA offices. Please request the AGA rate when reserving rooms. The rates reflect a negotiated volume rate that will be in effect through December 2002.

Hyatt Regency Capitol Hill **\$199 single/double**
400 New Jersey Avenue, NW
Washington, DC
(202) 737-1234
(800) 233-1234

The Hotel George **\$184 single \$209 double**
15 E Street, NW
Washington, DC 20001
(202) 347-4200
(800) 576-8331
e-mail: rooms@hotelgeorge.com

Phoenix Park Hotel **\$179 single \$199 double**
20 North Capitol Street, NW
Washington, DC 20001
(202) 638-6900
(800) 824-5419

Hotel availability in the Capitol Hill area is very tight for the evenings of Monday and Tuesday because most Congressional visits are on Tuesday or Wednesday morning. March, April and May are very tight because many associations hold legislative conferences during that time. September and October are also very tight months due to citywide meetings.

Directions to AGA

For driving directions, please see the AGA web site: aga.org/AboutAGA/DirectionstoAGA.

Walking from Union Station Metro Stop to AGA: AGA is located diagonally across from the Union Station Metro Stop—five minutes by foot. Use the Union Station Shops Exit to leave the station. Walk 0.21 miles or 1 block west/right on Massachusetts Ave., NE, until you reach the corner of the Post Office/Postal museum. Turn left on N. Capitol St. NW, walk 2 blocks S. on N. Capitol St., NW.

Directions from National Airport (DCA) via Metro: The National Airport Metro Stop is on site at the airport. Take the Yellow Line in the direction of Mount Vernon Square. Get off 5 stops later at Gallery Place/China Town Metro Stop. Go up to the upper level. Take the Red Line train in the direction of Glenmont. Get off 2 stops later at Union Station Stop. Approximate travel time: 30 minutes.

Directions from Dulles Airport (IAD) via Washington Flyer Shuttle and Metro: Take the Washington Flyer shuttle to Union Station from the airport to West Falls Church Metro Stop (Frequency: Every half-hour). Take the Orange line train in the direction of New Carrollton. Get off 10 stops later at Metro Center station. Go up to the upper level. Take the Red Line train in the direction of Glenmont. Get off 3 stops later at Union Station Metro Stop. Approximate travel time: 1 hour & 20 minutes.

Directions from Baltimore Washington International Airport (BWI) via Marc train:

- A) Take the free airport shuttle from BWI to the BWI Airport train station (10-minute ride). Take the Marc train Penn Line toward Washington DC. Get off at Union Station train stop in Washington DC.**
- B) Or take the SuperShuttle van from BWI to AGA. Van travels door-to-door, with several stops along the way.**

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AMERICAN GAS ASSOCIATION ANTITRUST COMPLIANCE GUIDELINES

Introduction

The American Gas Association and its member companies are committed to full compliance with all laws and regulations, and to maintaining the highest ethical standards in the way we conduct our operations and activities. Our commitment includes strict compliance with federal and state antitrust laws, which are designed to protect this country's free competitive economy.

Responsibility for Antitrust Compliance

Compliance with the antitrust laws is a serious business. Antitrust violations may result in heavy fines for corporations, and in fines and even imprisonment for individuals. While the General Counsel's Office provides guidance on antitrust matters, you bear the ultimate responsibility for assuring that your actions and the actions of any of those under your direction comply with the antitrust laws.

Antitrust Guidelines

In all AGA operations and activities, you must avoid any discussions or conduct that might violate the antitrust laws or even raise an appearance of impropriety. The following guidelines will help you do that:

- **Do** consult counsel about any documents that touch on sensitive antitrust subjects such as pricing, market allocations, refusals to deal with any company, and the like.
- **Do** consult with counsel on any non-routine correspondence that requests an AGA member company to participate in projects or programs, submit data for such activities, or otherwise join other member companies in AGA actions.
- **Do** use an agenda and take accurate minutes at every meeting. Have counsel review the agenda and minutes before they are put into final form and circulated.

- **Do not** have discussions with other member companies about:
 - ◆ your company's prices for products or services, or prices charged by your competitors
 - ◆ costs, discounts, terms of sale, profit margins or anything else that might affect those prices
 - ◆ the resale prices your customers should charge for products you sell them
 - ◆ allocating markets, customers, territories or products with your competitors
 - ◆ limiting production
 - ◆ whether or not to deal with any other company
 - ◆ any competitively sensitive information concerning your own company or a competitor's.
- **Do not** stay at a meeting, or any other gathering, if those kinds of discussions are taking place.
- **Do not** discuss any other sensitive antitrust subjects (such as price discrimination, reciprocal dealing, or exclusive dealing agreements) without first consulting counsel.
- **Do not** create any documents or other records that might be misinterpreted to suggest that AGA condones or is involved in anticompetitive behavior.

We're Here to Help

Whenever you have any question about whether particular AGA activities might raise antitrust problems, contact the General Counsel's Office.

American Gas Association
Office of General Counsel
and Corporate Secretary
December 1997

TAB 2

REVIEW OF 1/17/02 MEETING

**NAESB Retail Gas Quadrants Open Industry Meeting
Washington DC - AGA Offices
January 17, 2002 9:30 AM - 5:00 PM EDT***

Proposed Agenda

A conference bridge will be provided to meeting registrants who are unable to attend in person.

Meeting Purpose: 1) To introduce interested participants to the bylaws of NAESB and the Retail Gas Quadrant Procedures proposed by AGA and APGA and the Retail Electric Quadrant proposed UBP-RSB; and 2) to develop consensus on Quadrant procedures. Jim Buccigross, Vice President - Energy Industry, Group 8760 LLC, will moderate the meeting.

9:30 a.m. Registration and Continental Breakfast

10:00 a.m. Welcome & Administrative Items (Jim Buccigross)

- Antitrust Guidelines
- Housekeeping Items and Participant/Caller Guidelines
- Introductions

10:15 a.m. NAESB Update (Bill Boswell, McGuire Woods LLP)

- Introduction to the NAESB Bylaws
- Implications of the GISB Board Resolution of 12/5/01 in Terms of Milestones and Timelines
- Q&A/Discussion

Noon Working Lunch

12:30 p.m. Review of Retail Gas Quadrant Procedures and Retail Electric Quadrant Procedures (Jim Buccigross)

Q&A with the Panel (Bill Boswell, for Dominion; Charlie Driggs; Conectiv, Rose Lennon, Washington Gas; Mike Novak, National Fuel Gas Distribution; and Keith Sappenfield, PanCanadian Energy Services Inc.)

3:00 p.m. Initial Comments on and Revisions to the Retail Gas Quadrant and Retail Electric Quadrant Procedures

4:45 p.m. Preview of January 29 Meeting and Next Steps in Preparation

- Input and Comments on the Retail Gas Quadrant Procedures Document
- Input and Comments on the Retail Electric Quadrants Procedures
- Segment Procedures to be Drafted by the Individual Segments

5:00 p.m.* Adjourn

**The meeting will be extended to 6:00 PM if the discussion warrants.*

NAESB Retail Quadrants Meeting Participants — January 17, 2002

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NAESB Retail Quadrants Meeting Minutes
Washington DC - January 17, 2002 10:00 AM – 5:00 PM EDT

Interested participant in the Retail Gas and Retail Electric Quadrants of the newly formed North American Energy Standards Board (NAESB) met today to review the proposals for operating procedures of each of the two Quadrants. The meeting was moderated by Jim Buccigross (Group 8760), and a four-member panel of the following individuals was available to answer questions: Bill Boswell (Dominion), Charlie Driggs (Conectiv), Mike Novak (National Fuel), and Keith Sappenfield (PanCanadian Energy). Rae McQuade (NAESB Executive Director) was also available to answer questions. Upon reviewing the antitrust guidelines, the meeting participants completed the following business:

- **LISTENED TO A PRESENTATION BY MR. BOSWELL** (NAESB Board Chair) on the NAESB organization, its structure, principles, and its governance provisions. Mr. Boswell also discussed the timelines and milestones involved in setting up NAESB as a fully-populated and functioning organization and mentioned the upcoming meetings on the wholesale electric quadrant to be held at FERC and DOE on January 24 and 29, respectively.
- **LISTENED TO A PRESENTATION BY MR. BUCCIGROSS** (Executive Committee Chair, NAESB Wholesale Gas Quadrant), which explained the difference between the role of the NAESB Board and that of the NAESB Quadrants' Executive Committees (EC). Mr. Buccigross also briefly explained the difference between the various governance and procedural documents related to NAESB, the Quadrants, and the Segments. Finally, Mr. Buccigross made the following points:
 - The meeting's objective today is to review the Retail Gas Quadrant Procedures proposal and the Retail Electric Quadrant Procedure proposal in order to 1) ensure consistency with the NAESB Bylaws; 2) strive for consistency and harmony between the procedures of the two Quadrants, but NOT make them identical; and 3) begin to identify—but NOT debate—the issues of import to the various stakeholders.
 - Any comments and recommendations suggested by meeting participants today are NOT binding on any party in the discussion until the UBP-RSB and GRGS Task Force each reach consensus on the issues within their group.
- **REVIEWED AND MADE RECOMMENDATIONS ON THE TWO QUADRANTS' PROPOSALS** by comparing the two proposals, beginning with the differences, using as a starting point a work paper that compared the two proposals. The stakeholders were able to identify about ten or more differences/or issues at the meeting today. *(A summary on the differences identified, the recommendations and suggestions made, and the issues that were mentioned will be distributed to meeting participants, the GRGS membership and the UBP-RSB membership).*
- **STARTED A DIALOGUE AMONG THE VARIOUS STAKEHOLDERS** on issues of pertinence to each, which familiarized other participants with the different perspectives and concerns.
- **DISCUSSED THE PURPOSE OF THE JANUARY 29 RETAIL QUADRANTS MEETING AND AGREED ON NEXT STEPS** as follows:
 - Agreed to create a joint Retail Electric & Retail Gas Quadrants task force. A number of people volunteered at the meeting. Charlie Driggs (UBP-RSB Governance Committee Chair) and Mariam Arnaut (for the AGA-GRGS Task Force) agreed to recruit more volunteers to achieve balanced representation within the task force. Participants were asked to notify Mr. Driggs or Ms. Arnaut of their interest.
 - The task of this joint subcommittee will be to revise the proposals of both Quadrants to 1) make them consistent where applicable; 2) simplify them where possible (i.e. remove language that is already addressed in the NAESB Bylaws); and 3) ensure that the language conforms with the provisions in the NAESB Bylaws. This "REQ-RGQ task force" would then present their recommendations (i.e. the revised drafts) for consideration by all stakeholders at the January 29 meeting.
 - To conduct its business, this task force will convene via conference call and e-mail to conduct its business.
 - The first conference call will be next **Tuesday, January 22 at 10 AM EDT.**
- **ADJOURNED AT 4:45 PM.**

Summary of Comments Provided During the January 17, 2002 Retail Quadrants Open Industry Meeting

The following summarizes the comments provided by meeting participants during the January 17, 2002 meeting on the Retail Electric Quadrant Procedures and the Retail Gas Quadrant Procedures. Each recommendation is followed a note that characterizes the sense of the room on each suggestion, as noted by the meeting facilitator, Jim Buccigross, during the meeting.

Comments and Suggestions:

- Made the organization and format of the two proposals consistent, including the same headings and subsections in the same order. Give them identical “look.” ⇨ [GENERAL AGREEMENT](#).
- Delete language that is already contained in the NAESB Bylaws. The Quadrants are supposed to conform with the NAESB Bylaws, so it is not necessary to repeat the provisions. What’s important is to ensure the procedures determined by the Quadrants are consistent with the NAESB principles and rules. ⇨ [GENERAL AGREEMENT](#).
- Suggestion to use one or the other of the terms “Model business practices” and “standards”—not both. ⇨ [SUGGESTION NOT ACCEPTED. It was deemed necessary to use both.](#)
- Clarification: The explanatory notes and italicized language will be removed from the final version of the REQ Procedures.
- Make the definitions sections within the two Quadrants’ documents convergent: i.e. same terms defined; same definitions. ⇨ [GENERAL AGREEMENT](#).
- Several of the definitions in the two documents are already defined in the NAESB Bylaws. Therefore keep the terms in the document but replace the actual definitions with a reference to the NAESB Bylaws. ⇨ [GENERAL AGREEMENT](#).
- Capitalize all terms in the document that are defined terms in the NAESB Bylaws. e.g. Members, Segments, Quadrants, etc. However, this is not applicable in all instances, depending on the context with which the term is used. ⇨ [GENERAL AGREEMENT](#).
- Include a separate section to the Retail Electric Quadrant (REQ) Procedures that defines each Segment, because Segment definitions are determined by each Quadrant and tie into eligibility for membership in a given Segment. ⇨ [GENERAL AGREEMENT](#).
- For ease of reference, in the Retail Gas Quadrant (RGQ) Procedures, move Section 6.0 (Retail Gas Quadrant Industry Segments) up to make, where it become Section 3. ⇨ [GENERAL AGREEMENT](#).
- The definitions of Segments ought to be identical in the two Quadrants’ procedures. ⇨ [SUGGESTION NOT ACCEPTED](#).
- Definition of Quorum:
 - ⇨ [AGREED](#) to remove the definition of Quorum in the REQ Procedures as it is currently written because the definition as it relates to the Executive Committee (EC) contradicts the NAESB Bylaws, which require a minimum attendance threshold for a supermajority vote to be taken. majority of the EC Member and a minimum-per-Segment threshold in attendance for a supermajority vote be taken (which is the case in the business of passing standards--the minimum being a majority of the EC Members and a minimum per-Segment threshold). Clarification: This requirement does not apply to votes on procedural matters, which require a simple majority vote of those in attendance. The GISB precedent on the matter was given as an illustration: 13 out of the 25 EC Members *AND* 2 per Segment (out of the 5) were required to be in attendance for business to be conducted (i.e. passing standards). Clarification: If the sufficient number of notional votes are submitted prior to a meeting, then the vote carries. However, often during meetings EC Members make motions to modify the recommendation for a standard/business practice. In such a case, notional ballots are distributed to the absent EC Members following the meeting.
 - ⇨ [AGREED](#) that it may be necessary to have the same definition of Quorum for both Quadrants for the purpose of conducting joint-Quadrant meetings.
- There are many references to members in both documents and in the NAESB Bylaws. The NAESB Bylaws distinguish between Voting and Non-voting Members. Need to distinguish between Voting Members and Non-Members within Segments as well (*not sure if tat was exactly the point.*)

Note: The following table was extracted from the meeting work paper comparing the two proposals. Comments on the 13 comparison points are in red font.

SEEMINGLY DIFFERENT APPROACH OR PERSPECTIVE

REQ Proposal	RGQ Proposal
1. Definition of Agent: Definition is specific to the Segment (Section 2.0, line 91)	1. Definition of Agent is excluded because it's already defined in the NAESB Bylaws and as such applies to all Members of all Quadrants and Segments (Section 1.0, starts on line 30).
2. Consumer advocacy groups are required to show proof of their eligibility status upon application, to be approved by the REQ (through a simple majority of the Membership). (Section 3.2.b ii, lines 191-206)	2. The RGQ proposal does not include this stipulation for consumer advocacy groups.
3. The approval criteria for trade associations differ in the REQ and the RGQ proposals. In the REQ proposal, the approval criteria include: a) specific documentation to establish the legal status of the group (specific legal documents or a dated letter of authorization from the Segment); b) defines the threshold of "underrepresented" as two Members in the Segment; and c) a simple majority affirmative vote of the Segment membership is necessary; and d) immediate disqualification upon exceeding the association's constituents exceeding the two-Members-per-Segment threshold unless requested by its constituency in writing. (Section 3.2.b, lines 183-206).	3. The RGQ approval criteria for trade associations: a) A special application with a recommendation from its Segment; b) "affirmative vote of % of the Quadrant EC ;" c) an annual review with an EC notational vote on "under-representation" status of the association's constituents. (Section 2.0, lines 55-60). ⇨ Two viewpoints: 1) Must have criteria and approval process; just not to decide on a consistent approach. Agreement: 2) Exception is ELCON: Eliminate criteria or eligibility requirements.
4. Consumer advocacy groups are required to show proof of their eligibility status upon application, to be approved by the REQ (through a simple majority of the Membership). (Section 3.2.b ii, lines 191-206)	4. No such requirements in RGQ proposal Same issue as #3.
5. While both Quadrant in general require individuals to declare Segment affiliation, the REQ approach more clear than . REQ says that the duly authorized representative of the Member in multiple Segments must be designated to only one Segment; which implies that the individuals cannot represent one Segment during one meeting and another during a different meeting. Section 8.0, Line 221-224 ⇨ Issue: Some companies are structured as separate entities operating within the different Segments; However, some companies do operate within the different Segments within the same quadrant of the energy industry.	5. RGQ: RGQ says must declare Segment affiliation prior to a meeting. ⇨ A representative cannot represent more than one Segment in any given meeting. ⇨ A company can join multiple Segments: however, an individual cannot represent more than one Segment within the same Quadrant.
6. Designated Alternates: REQ: Unsuccessful candidates for EC seats with the greatest number of votes automatically become Designated Alternates. ⇨ KeySpan & National Fuel believe you need to elect Alternates because they will have to commit to the duties required.	6. RGQ: All Designated Alternates are elected separately; no provision for EC candidates to automatically be selected as Alternates. ⇨ This is a case where it could be left to the Quadrant.
7. Election of Designated Alternates: REQ: Each will elect no more than 3/no less than 1 per EC Member with a maximum number of 12.	7. RGQ: Alternates discussed in Segment Procedures. 8 is the number. ⇨ This is a Segment procedure to be dealt with there.
8. Number of Alternates: REQ: no more than 3 etc.	8. Discussed in Distributor Segment Procedures ⇨ Same as above: at Segment level.
9. REQ: Election rules for Directors determined at the Quadrant level. No details.	9. RGQ: Election rules very detailed. Same provision for EC. Section 4.0, Line 110 ⇨ Note the terms of EC and Board can be different in each Quadrant and may be staggered differently.

<p>10. REQ: Directors and EC Members serve a two-year term</p> <p>⇒ No problem with having terms of two. This does not have to be identical for both Quadrants. NAESB Bylaws state that the term can be 1 to 3 years.</p>	<p>10. RGQ: three years. Same provision for EC. Section 3.1, Line 77-79 & Section 4.1.a, Line 115-117</p>
<p>11. REQ: Directors and EC Members serve a two-year term</p> <p>This is not an issue.</p>	<p>11. RGQ: three years. Same provision for EC. Section 3.2, Line 87-89 & Section 5.1, Line 167-169</p>
<p>12. Terms of Initial Directors: REQ: If Segment Membership is at 5 but hasn't reached 8; then the terms of the 2 initial Directors from each Segment will be two-years. If the Segment Membership reaches the 8-member threshold, then the terms 2 of the 4 elected Directors from the Segment will serve 3 years (greater number of votes) and the other 2 will serve a term of two years. Same provision for EC</p> <p>⇒ The language needs to be clarified to show that ALL segments will have an equal number of representatives; therefore, all the Segments must attain the 8 Member-threshold to elect 4 per Segment within 60 days. This does not violate NAESB Bylaws to have an interim period where you have only 2 representatives per Segment and 2 vacant seats.</p> <p>⇒ KeySpan: Does anyone object to having a different number of representatives per Segment in each Quadrant as long as there's balanced voting?</p> <p>⇒ NASUCA: Would like to think it over before deciding.</p> <p>⇒ PPL Services: Believes that both Quadrants need to discuss this before deciding. NatFuel agrees.</p> <p>⇒ NASUCA: The transition language ought to be the same for both Quadrants.</p>	<p>12. RGQ: No provisions on this.</p>
<p>13. Interim Directors: REQ: This requires a new election to select additional Directors to be held within 60 days of a Segment reaching the 8 Member threshold. Same provision for EC.</p>	<p>13. RGQ: No provision.</p>
<p>⇒ Many definitions regarding Membership (Voting versus nonvoting and so on) in NAESB Bylaws. They do not make it clear that consumer advocacy groups can be members of the End User Segment within NAESB. Must have provision that allows representatives of consumers be Members of NAESB. Language in REQ addresses NASUCA's concern, except for Membership dues. NAESB does not define End User; the individual Quadrants do. No prohibition in language of Bylaws.</p>	<p>⇒ Solution that satisfies NASUCA: Change or eliminate definition of End User in section 2 and revert to language in 3.1.b regarding Voting Membership.</p>
<p>⇒ ELCON: Does not agree with treatment of trade associations. Also agrees with NASUCA on the dues. Disagrees with definition of trade associations as being underrepresented. ⇒ Bylaws issues. ⇒ Bylaws leaves it up to the Quadrants to determine status of trade associations (whether their members are un-represented or under-represented). Requests REQ to eliminate 3.2.b definition. Will take under advisement. ⇒ IMP: Nonmembers can attend all subcommittee and task force meetings and vote; the exception is at the EC and Board level.</p>	<p>⇒ Also it is up to the Quadrant to decide what "under-represented" or "un-represented" mean.</p>

<p>⇒ Exo Link (Services – EDI etc.): 3.2.b What does “significant business interest “ mean? Brings possibility of exclusion from membership by other competitive members.</p> <p>⇒ ELCON: Strongly suggests replacing “significant” (in RGQ) and “substantial” (in REQ) with “legitimate.”</p>	<p>⇒ Voting to accept Memberships is a simple majority vote. It's up to the Segment Membership to vote affirmatively (simple majority) to deny membership. Also votes are recorded. NAESB principle: inclusiveness.</p> <p>⇒ This provision was included to ensure that participants did actually have an interest in the retail gas versus the retail electric industry or both.</p>
<p>⇒ Transition question. Answer: Submit application and pay dues considered member, unless otherwise determined.</p>	
<p>⇒ NASUCA/AARP: Membership dues issue. \$5,000 is too high to request of consumer advocacy groups. Also cannot represent all state consumer agencies in one voice. Recommendation: That both Retail Quadrants make the provision to allow such organizations to pay a \$500 membership fee for municipals and local consumer agencies.</p>	<p>⇒ You may very active and involved in the development of the standards without paying dues.</p> <p>⇒ Cannot resolve this issue today.</p>

TAB 3

**JOINT RETAIL ELECTRIC & RETAIL GAS WORKING GROUP
ACTIVITY SUMMARY**

**Joint Retail Electric & Retail Gas Working Group
Participants List**

As of 1/22/02

Eric Ackerman, Edison Electric Institute
Barbara Alexander, NASUCA/AARP
Rick Alston, Old Dominion Cooperative
Jeff Anthony, Wisconsin Electric – Wisconsin Gas
Mariam Arnaout, American Gas Association
Bill Barkas, Dominion Retail
Bill Boswell, Dominion Resources
Bill Bourbonnais, Wisconsin Public Service
Jim Buccigross, Group 8760
Andy Burnham, Consumers Energy
Carol Busto, Dominion Virginia Power
Ward Camp, US Power Solutions
Yvette Camp, Southern Company
Dolores Chezar, KeySpan
Michele Doyle, Consolidated Edison Company of New York
Charlie Driggs, Conectiv
Craig Goodman, National Energy Marketers Association
Karen Hill, American Gas Association
Misty Ann Khan, Telerx
Ruth Kiselewich, Baltimore Gas & Electric
Rose Lennon, Washington Gas
Mark Maassel, Nisource
Jean Mason, Ameren Services
Ann McGlynn, ComEd
Jim Minneman, PPL Service
Terry Moran, Public Service Electric & Gas
Les Nishida, Wisconsin Public Service
Mike Novak, National Fuel
Bill Oppenheim, Peco Energy Company
Stacey Rantala, National Energy Marketers Association
Anne Richert, New York State Electric & Gas
George Roberts, Schlumberger Sema North America
Keith Sappenfield, PanCanadian Energy
Richard Schneider, Public Service Electric & Gas
Marilyn Specht Adusei-Poku, Nisource Energy Distribution Companies
Julie Unruh, Reliant
Alonzo Weaver, Memphis Gas Light & Water
Marc Webster, New York State Electric & Gas
Eric Wylen, New York State Electric & Gas
Steve Zavodnick, Baltimore Gas & Electric

**Joint Retail Electric and Retail Gas Working Group
Conference Call – January 22, 2002, 10:00 AM EST**

Proposed Agenda

Charlie Driggs, with Conectiv and Chair of UBP-RSB Governance Committee, will lead the call.

- Roll Call; Review Antitrust Guidelines; Review Caller Etiquette
- Agree on Name for this Joint Task Force and Review its Role

The role of this joint group will be to revise the proposals of both Quadrants to 1) make them consistent where applicable; 2) simplify them where possible (i.e. remove language that is already addressed in the NAESB Bylaws); and 3) ensure that the language conforms with the provisions in the NAESB Bylaws. This "REQ-RGQ task force" would then present their recommendations (i.e. the revised drafts) for consideration by all stakeholders at the January 29 meeting. The task force will conduct its work via conference calls and e-mail. Its role is NOT to make the two documents identical.

- Review the Format and Organization of the Retail Electric Quadrant and the Retail Gas Quadrant Procedure Documents (*Please reference Workpaper 1*):
 - Make the organization and formatting of the two consistent where applicable
 - Review proposed organization—aligned with the NAESB Bylaws—submitted by Les Nishida and Bill Bourbonnais (Wisconsin Public Service) (*Please reference Workpaper 2*)
- Review Possible Next Steps (Tasks, Calls, Meetings)
 - For this joint task force
 - Possible meeting dates in February for the Retail Quadrants if needed

**Joint Retail Electric and Retail Gas Working Group
January 22, 2002 – 10:00 AM EST Conference Call Minutes**

Participants:

Eric Ackerman, Edison Electric Institute	Ruth Kiselewich, Baltimore Gas & Electric
Barbara Alexander, NASUCA/AARP	Rose Lennon, Washington Gas
Rick Alston, Old Dominion Cooperative	Jean Mason, Ameren Services
Mariam Arnaout, American Gas Association	Les Nishida, Wisconsin Public Service
Bill Barkas, Dominion Retail	Mike Novak, National Fuel Gas Distribution Company
Bill Bourbonnais, Wisconsin Public Service	Anne Richert, New York State Electric & Gas
Jim Buccigross, Group 8760	Richard Schneider, Public Service Electric and Gas
Andy Burnham, Consumers Energy	Marilyn Specht Adusei-Poku, Nisource Energy Distribution Companies
Carol Busto, Dominion Virginia Power	Marc Webster, New York State Electric & Gas
Ward Camp, US Power Solutions	David Wojick, Electricity Daily
Yvette Camp, Southern Company	Eric Wylen, New York State Electric & Gas
Michele Doyle, Consolidated Edison Company of New York	Steve Zavodnick, Baltimore Gas & Electric
Charlie Driggs, Conectiv	
Misty Ann Khan, Telerx	

This joint working group met via conference call to review the organization and formatting of the draft NAESB Retail Electric Quadrant (REQ) Procedures and the draft NAESB Retail Gas Quadrant (RGQ) Procedures documents. Charlie Driggs (Conectiv) led the call. Two documents were presented by Wisconsin Public Service as work papers. Upon reviewing the antitrust guidelines, the working group completed the following business:

- **AGREED TO THE NAME AND LIMITED ROLE** of this working group. Call participants agreed, for clarity purposes, to refer to this temporary working group as the Joint Retail Electric & Retail Gas Task Force. Participants also agreed that this joint working group would operate for a limited period to accomplish a limited purpose, which is to make the NAESB REQ Procedures and the NAESB RGQ Procedures consistent in organization and format, where possible.
- **AGREED TO USE THE ORGANIZATION AND FORMAT OF THE NAESB BYLAWS** to make the two documents more consistent. Call participants reviewed the work papers presented by Wisconsin Public Service and accepted the recommendation to follow the NAESB Bylaws format for both documents and to tag sections that do not apply to a given Quadrant with the term “RESERVED.”
- **IDENTIFIED MILESTONES FOR GETTING THE TWO NAESB RETAIL QUADRANTS UNDERWAY:**
 - Finalized: NAESB REQ Procedures and NAESB RGQ Procedures
 - Finalized: NAESB Retail Electric Segment Procedures and NAESB Retail Gas Segment Procedures
 - 30-day membership recruitment drive completed: For the NAESB REQ and for the NAESB RGQ
 - REQ populated (i.e. Members join NAESB and pay Membership fee)
 - RGQ populated (i.e. Members join NAESB and pay Membership fee)
 - NAESB Retail Electric Segments representatives elected to the NAESB Board and to the REQ Executive Committee (EC)
 - NAESB Retail Gas Segments representatives elected to the NAESB Board and to the RGQ EC
 - NAESB Board meeting - March 7th, 2002
 - NAESB Board adopts Retail Electric Quadrant Procedures and Retail Gas Quadrant Procedures (including Segments procedures)
 - NAESB Parliamentary Committee completes drafting the NAESB Operational Procedures
 - NAESB Board adopts NAESB Operational Procedures
- **AGREED THAT ALL PARTIES MUST PROCEED SWIFTLY—YET DELIBERATELY—TO ACCOMPLISH THE STEPS NECESSARY TO SET UP BOTH RETAIL QUADRANTS.** Participants acknowledged that it might NOT be feasible to complete all of the above steps in a thorough and satisfactory manner before March 7th. It was understood that in such case, the NAESB Board would schedule another meeting to approve the Exhibits to its Bylaws.

- **OUTLINED POSSIBLE NEXT STEPS** for NAESB Retail Electric and Retail Gas Quadrants **Outlined**

Stakeholders as follows:

1. Revise organization of Retail Electric Quadrant Procedures (Volunteers: Eric Ackerman; Bill Bourbonnais; Carol Busto; Charlie Driggs; Ruth Kiselewich; and Les Nishida)
2. Revise organization of the Retail Gas Quadrant Procedures (Volunteers: Mariam Arnaout, AGA; Bill Bourbonnais; Les Nishida; and Steve Zavodnick)
3. Complete procedures for Segments of the Retail Electric and of the Retail Gas Quadrants, respectively (To be presented during the 1/29/02 Retail Quadrants Open Industry Meeting)
4. Recruitment efforts
 - List of contacts for each of the eight Segments (Volunteers: REQ Suppliers, _____; REQ Distributors, Eric Ackerman; REQ End Users, _____; REQ Services, Jim Minneman and Misty Ann Khan; RGQ Suppliers, _____; RGQ Distributors, Mariam Arnaout; RGQ End Users _____; RGQ Services, Jim Minneman and Misty Ann Khan)
 - Recruitment tool proposed by Mike Novak and Charlie Driggs: Conceptual white paper, or options paper, outlining activities that might be undertaken during the first year of the two NAESB Retail Quadrants. To be discussed further during the 1/29/02 industry meeting.
5. Monitor and present comments on the drafting of the NAESB Operational Procedures (Both Quadrants and all Segments)

- **AGREED THAT MORE MEETINGS WILL BE NECESSARY IN FEBRUARY.** Mid-February and late-February were suggested as possible times to hold meetings.

1 (This document is an attempt to place the text of the Retail Electric Quadrant Procedures
2 into the same structure as the NAESB Bylaws. None of the original text was changed or
3 deleted but the original text was cut and moved to better fit the structure of the NAESB
4 Bylaws. All section numbers correspond to the Article numbers that appear in the
5 Bylaws. Sub-section numbers do not in all cases correspond to the section numbers of
6 the Bylaws. Sections 5 and 6 of the original text was split up with portions going into the
7 policy section of this document and part into the EC section of this document.)
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16 **NORTH AMERICAN ENERGY STANDARDS BOARD**
17 **BYLAWS ADDENDUM**

18 **EXHIBIT 4**

19 **RETAIL ELECTRIC QUADRANT PROCEDURES**
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Section 1.0 DEFINITIONS

- 1.1 "Distributor Segment Member" means a person (e.g., corporation or partnership) engaged in the local distribution of electricity, or its representative (e.g., employee, officer, director, agent, or partner) who is authorized to cast that Segment Member's vote, that satisfies the requirements for Membership set forth in Article 5 of the bylaws of NAESB, and Section 3 of these Procedures, and further satisfies the qualifications for Distributor Segment Membership of the Retail Electric Quadrant as set forth in the Distributor Segment Procedures.
- 1.2 "End User Segment Member" means a person (e.g., corporation, partnership, proprietorship, or individual) engaged in the consumption of electricity delivered by an Electric Distributor, or its representative (e.g., employee, officer, director, agent, or partner) who is authorized to cast that Segment Member's vote, that satisfies the requirements for Membership set forth in Article 5 of the Bylaws of NAESB, and Section 3 of these Procedures, and further satisfies the qualifications for End User Segment Membership of the Retail Electric Quadrant as set forth in the End User Segment Procedures. 119
- 1.3 "NAESB Office" means the office of the Secretary of NAESB
- 1.4 "Quorum" is defined, for the purposes of a Quadrant EC meeting, as a minimum of one EC member representative from each Segment within the Retail Electric Quadrant, and at least half of the currently serving Retail Electric Quadrant EC members overall, present either in person or via telecommunications. and as stated in Section 6.6 of the NAESB Bylaws in all other respects.
- 1.5 "REQ" means the Retail Electric Quadrant
- 1.6 "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: Suppliers, Distributors, End Users, and Services.
- 1.7 "Segment Membership" means the Segment Members collectively.
- 1.8 "Services Segment Member" means a person (e.g., corporation, partnership or proprietorship or individual) that provides services to participants in the retail electric industry or an entity not otherwise declared in another segment, or its representative (e.g., employee, officer, director, agent, or partner) who is authorized to cast that Segment Member's vote, that
 - a) satisfies the requirements for Membership set forth in Article 5 of the Bylaws of NAESB, and Section 3 of these Procedures, and
 - b) further satisfies the qualifications for Services Segment Membership of the Retail Electric Quadrant as set forth in the Services Segment Procedures.
- 1.9 "Supplier Segment Member" means a person (e.g., corporation, partnership, or proprietorship) engaged in the competitive sale of electricity to end-users, or its representative (e.g., employee, officer, director, agent, or partner) who is authorized to cast that Segment Member's vote, that
 - a) satisfies the requirements for Membership set forth in Article 5 of the Bylaws of NAESB and Section 3 of these Procedures, and

75 b) further satisfies the qualifications for Supplier Segment Membership of the
76 Retail Electric Quadrant as set forth in the Supplier Segment Procedures.
77

78 1.10 All other capitalized terms, if not defined in this Section 2.0, shall have the
79 same definitions as specified in the Bylaws or Certificate of Incorporation of
80 NAESB.
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82 Section 2.0 PURPOSES, SCOPE, ACTIVITIES AND POLICIES 83

84 2.1 Purpose 85

86 The purpose of the Retail Electric Quadrant of the North American Energy
87 Standards Board (NAESB) is to propose, evaluate and adopt voluntary standards
88 and model business practices to promote competitive, efficient and reliable
89 service in the retail electric industry.
90

91 2.2 Scope 92

93 The Retail Electric Quadrant is to address issues and practices that are within the
94 scope of NAESB and appropriate to electric usage at the individual consumer
95 level—that is, usage by an individual, partnership, corporation, or other entity
96 consuming electricity at one or more facilities served by an Electric Distributor.
97

98 Issues may also be addressed in conjunction with other Quadrants when such
99 issues are common to both electric distribution at the individual consumer level
100 and some combination of wholesale or retail activities in the electric or natural
101 gas industries.
102

103 *Explanatory Note:*

104 *The Retail Electric Quadrant would normally address issues and practices which*
105 *are generally within the jurisdiction of state or local regulatory authorities. As*
106 *such, the findings, recommendations and proposed standards or model business*
107 *practices produced by this Quadrant of NAESB may be implemented in individual*
108 *jurisdictions only to the extent that they are consistent with applicable law and*
109 *regulation. Standards and model business practices that prove successful in those*
110 *states that adopt them might well be adopted by additional jurisdictions if*
111 *compatible with policies in their jurisdiction.*
112

113 *Furthermore, the Retail Electric Quadrant will operate in conformance with the*
114 *principles of NAESB as established in Section 2.2 (b) of the NAESB Bylaws, and in*
115 *compliance with ANSI guidelines as codified therein . In keeping with these*
116 *Principles, the Retail Electric Quadrant encourages membership from across the*
117 *spectrum of the Retail Electric industry, reflecting the principle of inclusiveness.*
118 *All Retail Electric Quadrant meetings, including those of its Members, Executive*
119 *Committee (EC), subcommittees and task forces, shall be open to any interested*
120 *member of the public and that all minutes thereof shall be available to the public*
121 *in keeping with the principle of openness.*
122

123 2.3 Policy 124

125 a) All meetings held in association with the NAESB organization or the REQ are
126 open to any interested person.
127

128 b) From time to time, there will be joint meetings of the REQ with other
129 Quadrants within NAESB, and Segments will meet jointly to transact Quadrant
130 business.
131

132 (i) Designation of the same individual as the duly authorized representative of
133 the Member in multiple Segments of the REQ (including Agent
134 representatives) is not permitted.

135 (ii) In the event that a duly authorized representative in one Segment also
136 represents the Member in another Segment in any other NAESB Quadrant,
137 and both affected Segments are engaged in a joint meeting requiring
138 Member voting, then the person serving as representative in both
139 Segments must choose the Segment and Quadrant in which they will vote
140 on any given issue and may only cast one vote on each voting issue. To
141 the extent that any other involved Quadrant's rule may differ on this
142 point, the representative must still honor this Quadrant's rule for any such
143 vote or designate a substitute representative for the entity's interests
144 during the joint meeting.
145

146 *Note: The provisions of Section 2.3 b (ii) deal with an issue applicable to all*
147 *Quadrants and may be more appropriate for inclusion in either the Bylaws or*
148 *NAESB Operating Procedures. In addition, since nearly all votes by a Member in*
149 *NAESB will either be for election of officers or ratification, joint action with*
150 *another Quadrant requiring voting should be very rare, and may never actually*
151 *occur. Need to decide whether to keep or drop this.*
152

153 c) Only REQ Voting Members have the right to ratify standards or model
154 business practices adopted by the Quadrant EC. Ratification voting will be in
155 accordance with the requirements of the NAESB Bylaws.
156
157

158 **Section 5.0 MEMBERS**

159
160 The definition of Membership applies to all Segments within the REQ. Members of
161 the REQ are persons who meet the following membership requirements in any
162 one of the four Segments of this Quadrant. Upon applying for Voting Membership
163 (as described in NAESB Bylaws Sections 1.1 and 5.1) in the REQ, each
164 prospective Member shall declare the Segment with which they are to be
165 identified.
166

167 5.1 Segment Membership Eligibility

169 a) Distributor Segment

170 Parties eligible for membership in this Segment are engaged in the local
171 distribution of electricity.
172

173 b) End User Segment

174 Parties eligible for membership in this Segment consume electricity or
175 represent consumers of electricity.
176

177 c) Suppliers Segment

178 Parties eligible for membership in this Segment are service providers and
179 marketers, engaged in the competitive sale of electricity to end-users
180

- 181 d) Services Segment
182 Parties eligible for membership in this Segment provide services to
183 participants in the retail electric industry, including equipment manufacturers,
184 equipment vendors, software providers, consultants, and other companies or
185 individuals not otherwise eligible for membership in another Segment.
186

187 5.2 Voting Membership

188

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

- 191
- 192 a) The Member has a significant business interest ¹ in the retail electric market
193 (or is a representative or Agent of such person), as determined by a simple
194 majority of the segment membership (As used in this section, "significant business
195 interests" specifically includes the interests of statutorily appointed consumer advocates)
196
- 197 b) The Member may be a trade association or an advocacy group representing a
198 group of prospective members, provided that
199
- 200 (i) the group represents an interest that is identified within a Segment, yet is
201 (a) not represented, or
202 (b) is underrepresented in the judgement of a simple majority of the
203 Segment membership, and
204 (ii) The prospective representative's relationship to the group wishing to be
205 represented in this manner is documented in one of the following ways:
206 (a) Has statutorily or regulatory designated authority to represent the
207 interests of the subject group
208 (b) Is generally recognized representative of the subject group for other
209 transactions (e.g. provides group insurance, group buying of another
210 product, etc.)
211 (c) provides a letter of authorization from the group, including an
212 expiration date for the letter of authorization
213 (iii) no more than two entities within the group represented subsequently join
214 as full Members of the Segment, at which point the representative's
215 authorization for representation and voting rights will be immediately
216 voided unless reinstated by letter for the remainder of the operating year
217 by the remaining members of the representative's constituency.
218

219 *Note: Per provisions of the NAESB Bylaws, the voting rights of any REQ Member*
220 *shall be suspended if its dues are delinquent, and attendance of that delinquent*
221 *Member at any meeting shall not be counted in determination of a Quorum being*
222 *present.*
223

224 5.3 Multiple Memberships

225

226 Memberships in multiple Segments of the REQ are permissible for any person
227 provided each Membership is filed and declared with NAESB, the person meets
228 the membership requirements of each Segment joined, and Membership dues are
229 paid for each Segment.
230

- 231 a) Only one Membership per Segment is permissible for any person.

232 b) Multiple companies under common control within a corporate organization
233 that desire to become members must join individually. Members cannot
234 extend their membership to their parent company, affiliates, or subsidiaries.
235

236 5.4 Member Representation

237
238 Representatives chosen by any person in any Segment should have, but are not
239 required to have, corporate responsibility for the business interests causing the
240 person to seek membership in the Segment.
241

242 5.5 Removal of Members

243
244 Members who cease to have a significant business interest pertaining to the
245 descriptions contained in sections 3.1(a)-3.1(d) may be removed from
246 membership by either

- 247 a) a simple majority vote of their declared Segment membership, or
 - 248 b) resolution of the REQ Executive Committee
- 249

250 Section 7.0 BOARD

251
252 The REQ shall elect representatives to the Board of Directors of NAESB and elect
253 an Executive Committee (EC), which shall participate in the larger NAESB EC
254 body as well as govern the activities of the REQ.
255

256 7.1 Number and Election of Directors

257
258 a) The REQ shall elect sixteen (16) NAESB Directors, subject to the provisions of
259 Section 8 of these Procedures. All Directors from the REQ will be comprised of
260 an equal number of representatives elected from each Segment of the
261 Quadrant.
262

263 b) Each Segment of the Quadrant will elect four (4) Directors, subject to the
264 provisions of Section 8 of these Procedures. Nominations for and election of
265 all Directors will be in accordance with Segment Procedures.

266 c) In the event that a Director resigns or otherwise vacates their Board seat, the
267 Quadrant will hold an election within 60 days to fill the vacant seat with a
268 candidate from the same Segment as the original Director.

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

271 e) Subject to the provisions of Section 8, two Directors will be elected from each
272 Segment each year to fill expiring terms. Group A Directors will have their
273 terms expire in odd numbered years, and Group B Director terms will expire
274 in even numbered years, in conjunction with the end of the operating year of
275 NAESB or as otherwise defined by the Board, Certificate of Incorporation or
276 Bylaws, as amended.

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

279 g) Directors elected from the REQ may not hold both a Board seat and a seat on
280 the Executive Committee at any point in time. If an Executive Committee
281 member is elected as a Director from the REQ, their EC seat is vacated when
282 the NAESB Board seats them as a Director.

283 h) No two Directors elected by the REQ may be employees of the same Member
284 holding Membership in multiple Segments within the Quadrant. This

285 restriction does not prohibit election of two Directors from two affiliated
286 companies within a holding company which each have individual Member
287 status, or from two companies with a parent-subsidary relationship, provided
288 that the two Directors from companies with such a relationship represent
289 Members of differing Segments.

290 *[Example: In the LDC Segment, the Exelon Corporation might have interests*
291 *in multiple REQ Segments. If Exelon joins all segments as the Exelon, rather*
292 *than as its operating subsidiaries doing business in those Segments, Exelon*
293 *could only have one Board member elected from the REQ, period. If instead,*
294 *Exelon joined each Segment via its operating subsidiaries active in each*
295 *Segment's portion of the industry, one or more Board members representing*
296 *interests within the Exelon corporate structure could be elected from the REQ*
297 *Segments and serve concurrently. However, if multiple Exelon operating*
298 *subsidiaries joined one Segment (Commonwealth Edison and PECO Energy*
299 *joining the LDC Segment, for example), only one Board seat could be held by*
300 *representatives of that Segment. Intent is to prevent one company / member*
301 *from being able to "load" the Board in their favor, particularly in representing*
302 *the interests of a single Segment. The rule, as proposed, counts on the*
303 *diversity of market presence between Segments to tend to limit the number*
304 *of Board seats affiliated with a single holding company across Segments.]*

- 305 i) In preparation for any election of NAESB Directors (other than initial
306 Directors, as provided for in Section 8), a Nominating Committee consisting of
307 five EC members of the REQ comprised of one member from each Segment
308 plus the EC Vice-Chair, shall develop a slate of candidates from the Segment
309 Membership. Other nominations may be made at or prior to the close of the
310 REQ End User Segment nomination period by any Segment Member eligible to
311 serve on the Board of Directors by submitting their name(s) to the NAESB
312 Office in a form as specified in NAESB Operating Procedures if such
313 requirements exist. All nominations must be made and conveyed in writing to
314 the NAESB Secretary no less than 31 days prior to the election date.
- 315 j) Election of Directors shall occur in the same month for all Segments of the
316 REQ, and shall be coordinated by the Executive Committee. The EC will
317 ensure that the requirements of this Section are satisfied by each Segment's
318 slate of candidates prior to any actual voting by any Segment.
- 319 k) In addition to being subject to removal from office by the NAESB Board of
320 Directors, Directors may also be removed from office by the Quadrant
321 membership at any time upon a 75% majority vote of the Quadrant
322 membership and a simple majority (51%) of each of the Segments of the
323 REQ. The vacant seat is to be refilled in accordance with all of the
324 requirements of this Section 4.1.
- 325 l) Elected Directors may not declare a Designated Alternate for their seat for
326 any reason, and may not delegate their Board vote to another except by
327 Proxy to another Board member.
- 328 m) In the event that the Director changes affiliation to another Member within
329 his/her industry Segment, the Director's term will continue until its natural
330 expiration, provided that there is no other Director already representing the
331 same Member, in which case the Director changing his or her affiliation will
332 vacate their seat for election of a new Director. In the event that a Director is
333 no longer affiliated with their electing industry Segment, the Director will
334 vacate their seat for election of a new Director.
- 335 n) Meetings of Directors from the REQ will be in accordance with the NAESB
336 Bylaws.
337

338 **Section 10.0 EXECUTIVE COMMITTEE**

339
340 10.1 Number and Election of Executive Committee Members

- 341
342 a) The REQ shall elect sixteen (16) NAESB Executive Committee members,
343 subject to Section 8 of these Procedures, with each Segment electing four (4)
344 of these EC Members, pursuant to procedures established by that Segment.
345 All EC representation from the REQ will be comprised of an equal number of
346 representatives elected from each Segment of the Quadrant.
- 347 b) The REQ will elect four (4) EC members from each Segment, subject to the
348 provisions of Section 8 of these Procedures. Nominations for and election to
349 an EC seat will be in accordance with Segment Procedures.
- 350 c) In the event that an EC member resigns or otherwise vacates their seat, the
351 Quadrant will hold an election within 60 days to fill the vacant seat with a
352 candidate from the same Segment as the original EC member.
- 353 d) EC members shall be elected for two-year terms, with half of the terms
354 expiring in alternating years.
- 355 e) Subject to the provisions of Section 8, two EC members will be elected from
356 each Segment each year to fill expiring terms. Group A EC members will have
357 their terms expire in odd numbered years, and Group B EC member terms will
358 expire in even number years, in conjunction with end of the operating year of
359 NAESB or as otherwise defined by the Board of Directors, Certificate of
360 Incorporation or Bylaws, as amended.
- 361 f) EC members from the REQ may run for re-election without restriction on the
362 number of terms held.
- 363 g) EC members elected from the REQ may not hold both a Board seat and a seat
364 on the Executive Committee at any point in time. If an Executive Committee
365 member is elected to the Board from the REQ, their EC seat is vacated when
366 the NAESB Board accepts them as a member of the Board.
- 367 h) No two EC members elected by the REQ may be employees of the same
368 Member holding Membership in multiple Segments within the Quadrant. This
369 restriction does not prohibit election of two EC members from two affiliated
370 companies within a holding company which each have individual Member
371 status, or from two companies with a parent-subsidiary relationship, provided
372 that the two EC members from companies with such a relationship represent
373 Members of differing Segments.
- 374 i) In preparation for any election of EC Members (other than initial EC Members,
375 as provided for in Section 8), a Nominating Committee consisting of five EC
376 members of the REQ comprised of one member from each Segment plus the
377 EC Vice-Chair, shall develop a slate of candidates from the Segment
378 Membership. Other nominations may be made at or prior to the close of the
379 REQ End User Segment nomination period by any Segment Member eligible to
380 serve on the EC by submitting their name(s) to the NAESB Office in a form as
381 specified in NAESB Operating Procedures if such requirements exist. All
382 nominations must be made and conveyed in writing to the NAESB Secretary
383 no less than 31 days prior to the election date.
- 384 j) Election of EC members shall occur in the same month for all Segments of the
385 REQ, and shall be coordinated by the existing REQ Executive Committee. The
386 EC will ensure that the requirements of this Section are satisfied by each
387 Segment's slate of candidates prior to any actual voting by any Segment.
- 388 k) EC members may be removed from office by the Quadrant membership at
389 any time upon a 75% majority vote of the Quadrant membership and a

390 simple majority (51%) of each of the Segments of the REQ. The vacant seat
391 is to be refilled in accordance with all of the requirements of this Section 4.2.
392 l) Elected EC members may declare representation at an EC meeting by a
393 Designated Alternate named in accordance with Section 7 of these
394 Procedures, for any reason, subject to the EC participation requirements
395 contained in Section 10.4 of the NAESB Bylaws as applied to all Executive
396 Committee meetings.

397 m) In the event that the EC member changes affiliation to another Member
398 within his/her industry Segment, the EC member's term will continue until its
399 natural expiration, provided that there is no other EC member already
400 representing the EC member's new affiliation, in which case the EC member
401 changing affiliation will resign their seat for election of a new EC member. In
402 the event that an EC member is no longer affiliated with their electing
403 industry Segment, the EC member will vacate their seat and a new EC
404 member will be elected to fill the seat.

405 n) The REQ EC shall

406 (i) elevate the prior year Vice Chair of the Quadrant EC to Chair of the REQ
407 EC at its first meeting in the new operating year and elect a new Vice
408 Chair. If the Vice Chair is vacant at the time of the first meeting of a new
409 operating year, both a Chair and Vice-Chair will be elected, and

410 (ii) designate an EC Secretary responsible for production of meeting minutes
411 per NAESB Operating Procedures. This may involve an individual assigned
412 this responsibility on a permanent basis, or an agreement on how to
413 designate a temporary Secretary for the purpose of recording minutes of
414 each meeting.

415 o) An EC member shall cease to be a member of the EC upon

416 (i) the resignation of REQ End User Segment Membership by the Member
417 whom they represent

418 (ii) the lapse of the Segment Membership dues of the Member whom they
419 represent,

420 (iii) the EC member's resignation, removal, or death

421 (iv) the first day of the NAESB operating year following an election for the seat
422 held by the EC member, wherein the member was not re-elected by the
423 Segment Membership as declared by the NAESB Secretary

424 (v) receipt by the NAESB Secretary of a rescission letter indicating that the
425 individual no longer represents the Segment Member

426 p) A vacancy resulting from removal of an EC member shall be filled for the
427 remainder of that term in accordance with the following requirements

428 (i) Any EC seats becoming vacant shall be filled by a special election subject
429 to the following provisions

430 (ii) If the vacancy occurs with less than 125 days remaining in the EC
431 member's term of office, the seat will remain vacant until filled by election
432 of a new EC member to a term commencing in the next operating year,
433 and a Designated Alternate will serve until expiration of the term.

434 (iii) All other vacancies will be filled by special election; such special elections
435 are to be formally noticed to the Segment Membership by the Segment
436 Vice-Chair or Chair within 15 days of when the creation of the vacancy
437 becomes known and held within 60 days of the creation of the vacancy.
438 Candidates will be designated by the normal nomination process or
439 selected by the remaining EC members of the Segment from Segment
440 Membership. Candidates elected to fill the vacancy will serve the
441 remainder of the term, and may stand for re-election.

442 (iv) Until an election is held and a new EC member is elected, a Designated
443 Alternate will serve in the open EC seat.
444

445 10.2 EC Meetings 446

- 447 a) Meetings of EC members from the REQ will be in accordance with the NAESB
448 Bylaws.
- 449 b) The Quadrant EC Chair and Vice-Chair will serve in the roles defined for the
450 NAESB EC Chair and Vice-Chair positions in the NAESB Bylaws and chair all
451 Quadrant EC meetings.
- 452 c) In the event that the EC of the REQ meets jointly with an EC of another
453 NAESB Quadrant, the choice of Quadrant EC Chair presiding over the joint
454 meeting will be determined by the precedence established in the order of
455 rotation of Vice-Chairs as specified in the NAESB Bylaws.
- 456 d) In the event that the provisions of 4.3(c) result in the REQ EC Chair or Vice-
457 Chair presiding over a joint meeting, the actions taken to comply with Section
458 4.2(m)(ii) will determine what person is responsible for taking and preparing
459 meeting minutes.
- 460 e) Executive Committee Meetings shall be held at times and locations
461 determined by the Chair or Vice-Chair of the Quadrant Executive Committee.
462 Executive Committee Members may participate and vote by means of tele-
463 conference or other electronic means unless in-person attendance is required
464 of all members by both the Chair and Vice-Chair of the Executive Committee,
465 and subject to the attendance requirements of the NAESB Bylaws. Attendance
466 records shall be reviewed by the Secretary of the EC during the course of
467 each Quadrant EC meeting for compliance with NAESB Bylaws for the term of
468 office served by each current Quadrant EC member. The Secretary shall
469 advise any members at risk for failure to comply of their status.
- 470 f) Failure to meet the in-person attendance requirements for reasons other than
471 hospitalization or disability requires issuing a notice of non-compliance to the
472 Quadrant membership and a vote for removal of the Executive Committee
473 seat within 30 days of failing to comply. Election of a new member, if
474 necessary, will proceed as provided for in Section 3. If the membership does
475 not vote for removal of the EC member, the Secretary or EC Chair may call
476 for another removal vote by the Quadrant membership following the next EC
477 meeting if the EC member's attendance record still does not satisfy the
478 Bylaws requirements.
479

480 10.3 Voting for Adoption 481

482 Only Members of the REQ EC shall have the right to vote to adopt standards or
483 model business practices for the REQ. Quadrant voting procedures will be in
484 accordance with the NAESB Bylaws.
485

486 10.4 EC Subcommittees and Task Forces 487

488 *Note: The provisions of this Section 4.4 may actually be more appropriately*
489 *located within NAESB's Operating Procedures. Until such time as there is Board*
490 *agreement to adopt them for all of NAESB, they remain here as REQ provisions.*
491
492

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

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- a) The Executive Committee may establish voluntary standing subcommittees or special purpose task forces to perform various functions required of the organization.
 - (i) The Executive Committee 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, state if balanced voting among the Segments is applicable, and appoint a temporary chair.
 - (ii) The Temporary Chair may be a member of the Executive Committee or any REQ Member willing to perform the required startup tasks and to continue chairing the subcommittee / task force if elected by the members its first meeting.
 - (iii) The Temporary Chair shall set up the first meeting of the subcommittee or task force and prepare a meeting notice that:
 - (a) states the name and purpose of the subcommittee / task force,
 - (b) solicits participation in the subcommittee / task force,
 - (c) announces the agenda for the first meeting and shall send the meeting notice to all Members and non-members who have participated in Quadrant activities in the last twelve months. The notice shall be sent 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. 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. The permanent subcommittee / task force Chair may be any REQ member. Participation on subcommittees or task forces is open to any interested party.
- b) Each EC subcommittee or task force will designate a meeting Secretary responsible for recording and reporting voting results, keeping regular minutes of its proceedings and providing copies of those minutes promptly to the NAESB Executive Director's office in accordance to reporting criteria established by the EC.
- c) Each EC subcommittee or task force will report to the EC at no less than a quarterly basis, on a schedule to be defined by the EC for as long as the subcommittee or task force continues to exist
- d) Each EC subcommittee / task force will strive for balanced representation and balanced voting between Segments, and participation shall be open to all NAESB Members and other interested parties, without regard to whether the participant is a paid Member of NAESB in good standing.

536 **Section 19.0 QUADRANT STARTUP & TRANSITION**

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The requirements of the NAESB Bylaws for a minimum of 5 Members per Segment and 40 Members per Quadrant do not provide for enough members to satisfy the REQ requirements for election of Directors and EC members as stated in Sections 3 and 4. Consequently, until a Segment of the Quadrant has at least eight (8) Members, the number of Directors and EC Members elected by the Segment membership will be halved, to 2 Directors and 2 EC members per Segment and Segment balanced voting will remain intact by adjusting the weight of all votes to achieve balance between Segments in the REQ. The following provisions will apply and supercede the requirements of Sections 3 and 4 until the REQ Segment achieves a minimum of eight (8) members.

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19.1 Initial Election of Directors

Acceptance of the REQ by the Board will involve seating of the REQ Directors at the NAESB Board meeting at which an acceptance vote is cast. This requires that there be REQ Directors who may be seated.

The founding membership of the REQ will elect Directors of their choosing by means that are reasonably consistent with NAESB Bylaws and the requirements of Section 4.1 of these Procedures, subject to the conditions addressed by Section 8.2 this Section. Selection of candidates and their election will be by procedures agreed to by consensus or voting methods adopted by the group. Such elected representatives will be presented to the NAESB Board for acceptance as representatives of the REQ, and acceptance by the Board will place all the requirements and restrictions of these Procedures upon those individuals.

19.2 Term of Office of Initial Directors

- a) In the event that Directors are elected from a Segment with at least five (5), but less than eight (8) members, two Directors will be elected, each to serve a 3 year term, and both will be either Group A or Group B directors as determined by the expiration year of their original term.
- b) In the event that a Segment has eight (8) or more members, four Directors will be elected. The two candidates having the most votes will serve three (3) year terms. The remaining two Directors elected by lesser vote counts will serve two year terms.

19.3 Interim Elections of Directors

In the event that any Segment within the Quadrant achieves a minimum membership of eight Members after operating with less for a period of time after an election held under the requirements of Section 8.1, then

- a) a second election of Directors shall be held within 60 days of the addition of the eighth Member of the Segment in order to select two additional Directors from that Segment to serve alongside the initially elected Directors;
- b) the term of office of the second group elected at this time will expire one year prior to the term of the initially elected Directors, thereby allowing for two Group A and two Group B Directors from each Segment.

19.4 Initial Election of Executive Committee

Acceptance of the REQ by the Board will involve seating of the REQ Directors at the NAESB Board meeting at which an acceptance vote is cast. Initial operation of the REQ will require that an Executive Committee be in place.

The founding membership of the REQ will elect an Executive Committee of their choosing by means that are reasonably consistent with NAESB Bylaws and the requirements of Section 4.2 of these Procedures, subject to the conditions addressed by Sections 8.5 of this Section. Selection of candidates and their election will be by procedures agreed to by consensus or voting methods adopted by the group. Such elected representatives will be presented to the NAESB Board for acceptance as representatives of the REQ, and acceptance by the Board will

600 place all the requirements and restrictions of these Procedures upon those
601 individuals.
602

603 19.5 Term of Office of Initial Executive Committee Members 604

605 The initial group of EC members will serve a 2 year term of office as either Group
606 A or Group B members, as determined by the expiration year of their original
607 term of office.

- 608 a) In the event that EC members are elected from a Segment with at least five
609 (5), but less than eight (8) members, two EC members will be elected, each
610 to serve a 3 year term, and both will be either Group A or Group B EC
611 members as determined by the expiration year of their original term. The
612 candidate with the greatest number of votes will be designated the EC Chair;
613 in the event of a tie vote, a coin toss will determine the EC Chair and Vice-
614 Chair positions.
- 615 b) In the event that a Segment has eight (8) or more members, four EC
616 members will be elected. The two candidates having the most votes will serve
617 a three (3) year term. The remaining two EC members elected by lesser vote
618 counts will each serve a two year term. A separate election within the EC will
619 determine which member becomes the Chair and which becomes the Vice-
620 Chair, by vote of the four EC members.

621 622 19.6 Interim Elections of EC Members 623

624 In the event that the Segment achieves a minimum membership of eight
625 Members after operating with less for a period of time following an election held
626 under the provisions of Section 8.5, then

- 627 a) a second election of EC members shall be held within 60 days of the addition
628 of the eighth Member of the Segment in order to select two additional EC
629 members from the Segment to serve alongside the initially elected EC
630 members;
- 631 b) the term of office of the second group elected at this time will expire one year
632 prior to the term of the initially elected EC members, thereby allowing for two
633 Group A and two Group B EC members from each Segment.
- 634 c) The previously elected Chair and Vice-Chair of the Quadrant EC will continue
635 in their official role until the end of the operating year. Chair rotation will
636 proceed per the requirements of Section 4.2(m)(i).
637

638 19.7 Balanced Voting During The Transition Period 639

640 Any Segment which has elected Directors or EC members under the provisions of
641 this section will retain the full Segment votes entitled to it under the Balanced
642 Voting principle of the Bylaws, and its representatives' votes will count for either
643 one or two Segment votes as is appropriate to the situation.
644

645 **Section 20.0 EC DESIGNATED ALTERNATES** 646

647 20.1 EC Designated Alternate Authority 648

649 Any person presenting themselves at an EC meeting as a Designated Alternate
650 will be accepted as a participant provided that
651

- 652 a) An EC Member from that Segment either indicates to the NAESB Office, the
653 EC Chair or Vice-Chair that they will be absent, or is in fact absent and
654 remains absent,
655 b) The name of the Designated Alternate is on a list of approved Designated
656 Alternates selected by the appropriate Segment membership according to
657 these Procedures and on file with both the NAESB office and the EC.
658

659 20.2 Election of Designated Alternates
660

- 661 a) Each Segment will select no more than three (3), and no less than one
662 Designated Alternate EC representative in each election year, allowing for up
663 to twelve (12) Designated Alternates overall.
664 b) Designated Alternates will be selected annually by the same election that
665 determines new EC members, with those unsuccessful EC member
666 candidate(s) receiving the greatest number of votes becoming a Designated
667 Alternate in the event that there already are or are expected to be less than
668 three Designated Alternates from the Segment in the coming year.
669 c) A Designated Alternate will attend and vote at meetings of the EC of the REQ
670 or of the larger EC of NAESB, when one or more regular EC Members from the
671 Segment are unable to attend a meeting of the EC and when the absent
672 member or the Vice-Chair of the REQ EC requests their attendance as a
673 Designated Alternate.
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1 (This document is an attempt to place the text of the Retail Gas Quadrant Procedures into
2 the same structure as the NAESB Bylaws. None of the original text was changed or
3 deleted but the original text was cut and moved to better fit the structure of the NAESB
4 Bylaws. All section numbers correspond to the Article numbers that appear in the
5 Bylaws. Sub-section numbers correspond to the section numbers of the Bylaws. A
6 Section 20 was added in order to include the Selection of Alternates into the Retail Gas
7 Quadrant Procedures.)
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NORTH AMERICAN ENERGY STANDARDS BOARD

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BYLAWS ADDENDUM

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EXHIBIT 3

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RETAIL GAS QUADRANT PROCEDURES

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Section 1.0 Definitions

- 1.1 “Board” means the Board of Directors of NAESB.
- 1.2 “Bylaws” means the corporate bylaws of NAESB as amended from time to time.
- 1.2 “Designated Alternate” is defined as a person named by a Segment in a list, submitted to the NAESB office, to serve in place of an EC Member who is unable to attend an EC meeting.
- 1.4 “Director” means an individual serving on the NAESB Board.
- 1.5 Unless otherwise noted, the “EC” means the Executive Committee of the Retail Gas Quadrant.
- 1.6 “NAESB” means the North American Energy Standards Board, Inc.
- 1.7 All other capitalized terms, if not defined in this Section 1.0, shall have the same definitions as specified in the bylaws or certificate of incorporation of NAESB.

Section 2.0 Purposes, Scope, Activities and Policies

2.1 Purposes, Scope, and Activities

The purpose of the Retail Gas Quadrant of NAESB is to propose and adopt voluntary model business practices or standards to promote more competitive, efficient and reliable service in the retail natural gas industry. The Retail Gas Quadrant is concerned with and tasked to handle natural gas related issues and practices that are within the scope of NAESB and typically addressed at the retail natural gas distribution level.

The Retail Gas Quadrant shall work closely with other NAESB Quadrants to mitigate inconsistencies where proposed standards and model business practices affect those other Quadrants. The Retail Gas Quadrant shall comply with the policies and procedures laid out in the bylaws and the certificate of incorporation of NAESB. As such, the Retail Gas Quadrant encourages a widely based membership and has identified Segments, which reflect this principle of inclusiveness. Also consistent with this approach, the Retail Gas Quadrant shall ensure that all meetings, including those of its Members, Executive Committee (EC), and Subcommittees and Task Forces, shall be open to all persons and that all minutes hereof shall be available to the public. Further, the Retail Gas Quadrant intends to operate in conformance with the principles of the umbrella organization, as established in Section 2.2 (b) of the NAESB Bylaws, and in compliance with ANSI guidelines.

Each Segment of the Retail Gas Quadrant shall elect representatives from the Quadrant to the NAESB Board of Directors (Board). Also the Retail Gas Quadrant shall have an Executive Committee (EC), which shall also participate in the larger NAESB EC body.

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2.2 Policies

All meetings held in association with the NAESB Retail Gas Quadrant shall be open to all interested persons. Only Retail Gas Quadrant EC Members shall have the right to vote to adopt model business practices or standards affecting only the Retail Gas Quadrant. Only Retail Gas Quadrant Voting Members have the right to ratify model business practices and standards that were adopted by the Quadrant EC and that affect only the Retail Gas Quadrant.

At NAESB joint Subcommittee or joint Task Force meetings, the same individual may represent different Segments from different Quadrants, as long as that individual declares prior to the joint meeting the Quadrant and Segment for which he or she is casting a vote. At Retail Gas Quadrant Subcommittee or Task Force meetings, the same individual may represent different Segments, as long as that individual declares prior to the meeting the Retail Gas Quadrant Segment for which he or she is casting a vote. However, at the EC and Board level, an elected representative may hold not more than one seat, representing only one Segment within one Quadrant.

2.3 Quadrants and Segments

What follows is a description of the Retail Gas Quadrant organizational structure, including a listing of Retail Gas Quadrant Segments.

Suppliers: Persons, other than distributors, engaged in the sale of natural gas and/or pipeline capacity, including marketers (retail, wholesale), aggregators, producers, asset managers and pipelines.

Distributors: Persons engaged in the regulated local distribution of natural gas.

End Users: Persons that consume natural gas, including consumer advocacy organizations and retail customer groups.

Service Providers: Persons that provide services to the participants in the retail natural gas industry, including equipment manufacturers, equipment and service vendors, software providers, energy consultants, and other companies not otherwise declared in any other Segment.

Each Segment within the Retail Gas Quadrant shall have the flexibility to determine its own Segment rules and procedures, as long as they conform with NAESB Bylaws and Retail Gas Quadrant procedures and to elect or select its own representatives to the NAESB Board and the Retail Gas Quadrant EC.

Section 3.0 Offices – (Reserved)

Section 4.0 Seal – (Reserved)

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Section 5.0 Members

5.1 Voting Members

The definition of Membership applies to all Segments within the Retail Gas Quadrant. Members of the Retail Gas Quadrant are persons with significant interest in the retail natural gas market and which meet the definitions of one of the four Segments. Upon applying for Voting Membership (as described in NAESB Bylaws Sections 1.1 and 5.1), each prospective Member shall declare the Segment with which they are to be identified. Voting Membership in the Retail Gas Quadrant of NAESB shall be open to all persons that meet all of the following requirements:

- The person has a substantial interest in the retail natural gas market (or is a representative or Agent of such person).
- The person meets the description of one of the co-equal industry Segments identified by the Retail Gas Quadrant of NAESB.
- The person has declared its affiliation to one, and only one, of the Segments of the Retail Gas Quadrant.
- Through special application, which includes a recommendation by its Segment and an affirmative vote of _____% of the Quadrant EC, a trade association may join the Retail Gas Quadrant Membership if it represents an interest that is identified within a Segment yet is not represented, or is underrepresented, in the Quadrant Membership. The membership status of such trade associations shall be considered on an annual basis and may be voted upon through notational vote by the Quadrant EC.

5.2 Non-Voting Members – (Reserved)

5.3 Nontransferable – (Reserved)

5.4 Resignation – (Reserved)

Section 6.0 – Meetings of Members – (Reserved)

Section 7.0 Board

7.1 Board

The Retail Gas Quadrant shall have representatives to the NAESB Board of Directors, with each Segment electing or selecting an equal number of these representatives, pursuant to the procedures specified by that Segment. The initial Retail Gas Quadrant Directors on the NAESB Board shall be divided into two groups within each Segment. Group A Directors shall serve for an initial term of three years, while Group B Directors shall serve for an initial term of two years. Each Segment shall have an equal number of Group A Directors and an equal number of Group B Directors. Upon the completion of the initial terms of both groups of Directors, succeeding Directors shall thereafter be elected for terms of three years, consistent with NAESB Bylaws.

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7.2 Qualifications of Directors

To be eligible to serve as representative on the NAESB Board of Directors:

- The person must be a Member of the Retail Gas Quadrant;
- The person must be an executive of the organization represented and have broad understanding of the natural gas industry;
- The person must have a working knowledge of the NAESB process;
- The person must be willing to commit the time and resources necessary to fulfill their obligations as a NAESB Director and to meet the minimum threshold of participation and attendance established in the NAESB Bylaws [Section 9.7 (f)];
- The person must disclose their interest, or their employer's interest, in the natural gas industry and the relationship with other entities with which the employer may be affiliated; and

The individual serving on the NAESB Board shall not simultaneously serve on the Retail Gas Quadrant EC. *[DISCUSSION POINT]*

7.3 Number and Election of Directors

- a. The Retail Gas Quadrant of NAESB shall be represented on the NAESB Board of Directors by sixteen (16) persons who shall be elected, from time to time, as required by Article 7 of the NAESB Bylaws and in this Exhibit to those Bylaws.
- b. In preparation for an election of NAESB Directors representing the Retail Gas Quadrant, a slate of candidates shall be solicited and developed from interested Quadrant Members. The NAESB office shall administer the elections, and individual Segments shall specify a point of contact that shall provide the list of nominees.
- c. The NAESB office shall coordinate the election process for Retail Gas Quadrant representatives to the NAESB Board during the second week of November of each year. The elections, within the Segment, for Retail Gas Quadrant representatives to the NAESB Board shall be subject to the following provisions:
 - Any Member of the Retail Gas Quadrant who is current in the payment of its dues is eligible to vote.
 - Retail Gas Quadrant Members shall cast votes for candidates in a number not exceeding the number of vacant directorships.
 - No Quadrant Member shall cast more than one vote per vacant directorship.
 - The candidates receiving the greatest numbers of votes shall be elected.

7.4 Term of Office

After the initial Directors terms are completed, subsequent elected Directors from the Retail Gas Quadrant shall serve a term of three (3) years on the NAESB Board.

7.5 Vacancies

A NAESB Director shall cease to be a Director upon 1) the resignation of the Retail Gas Quadrant Membership of the entity of which the Director is a partner, director, officer, or agent; 2) the lapse of the Quadrant Membership of the entity of which the

216 Director is a partner, director, officer, agent or employee, through delinquent NAESB
217 dues for the Quadrant Membership; or (3) the Director's resignation, removal, or
218 death. A Director vacancy shall be filled for the remainder of that term in accordance
219 with the procedures specified in Section 4.1.
220

221 7.6 Removal of Directors 222

223 Each Segment shall have the authority to remove a Director for cause. Prior to voting
224 on such resolution to remove a Director for cause, the Segment shall give the Director
225 at least 30-day notice of the proposed action and an opportunity to respond. A simple
226 majority of the Segment Membership shall be required to remove a Director.
227

228 7.7 Resignations 229

230 A Director may resign his or her directorship by submitting a letter to the Secretary of
231 NAESB, stating that he or she is resigning and giving the effective date of the
232 resignation.
233

234 7.8 Board Committees – (Reserved) 235

236 7.9 Advisory Council – (Reserved) 237

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239 **Section 8.0 – Officers – (Reserved)** 240

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242 **Section 9.0 – Meetings of Directors – (Reserved)** 243

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245 **Section 10.0 Executive Committee** 246

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248 10.1 Duties and Responsibilities 249

250 The Retail Gas Quadrant shall have an Executive Committee, consisting of
251 representatives from each Segment, with each Segment electing an equal number of
252 these EC Members, pursuant to procedures established in Section 5. The initial EC
253 Members of the Retail Gas Quadrant shall be divided into two groups within each
254 Segment. Group A EC Members shall serve for an initial term of three years, and
255 Group B EC Members shall serve for an initial term of two years. Each Segment of
256 the Retail Gas Quadrant shall have an equal number of Group A EC Members and an
257 equal number of Group B EC Members. Upon the completion of the initial terms of
258 both groups of EC Members, succeeding EC Members shall thereafter be elected for
259 terms of three years, consistent with NAESB Bylaws. No substitutes are permitted to
260 vote at Retail Gas Quadrant meetings; however, a Designated Alternate may vote at
261 EC meetings in place of an absent EC Member from a given Segment. A Designated
262 Alternate holds identical voting rights as the EC Member in whose place he or she
263 serves, except for those matters on which the EC Member has already voted by
264 notational ballot prior to the beginning of the meeting.
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265 10.2 EC Members

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- a. The Retail Gas Quadrant of NAESB shall be represented on the Quadrant’s EC by sixteen (16) persons who shall be elected, from time to time, as required by Article 10 of the NAESB Bylaws and in this Exhibit to those Bylaws. After the initial terms of EC Members are completed, Retail Gas Quadrant EC Members shall serve a term of three (3) years. To be eligible to serve as a representative on the Retail Gas Quadrant EC:
- The person must have broad understanding of the natural gas industry and be at least a senior functional manager of the organization represented;
 - The person must have a working knowledge of the NAESB process;
 - The person must be willing to commit the time and resources necessary to fulfill their obligations as a Retail Gas Quadrant EC Member and to meet the minimum threshold of participation and attendance established in the NAESB Bylaws [Section 9.7 (f)];
 - The person must disclose their interest, or their employer's interest, in the natural gas industry and the relationship with other entities with which the employer may be affiliated; and
 - The individual serving on the Retail Gas Quadrant EC shall not simultaneously serve on the NAESB Board. *[DISCUSSION POINT]*
- b. In preparation for an election of Retail Gas Quadrant EC Members, a slate of candidates shall be solicited and developed from interested Quadrant Members. The NAESB office shall administer the elections, and individual Segments shall specify a point of contact that shall provide the list of nominees.
- c. The NAESB office shall coordinate the election process for Retail Gas Quadrant EC representatives during the second week of November of each year. The elections for representatives to the Retail Gas Quadrant EC shall be subject to the following provisions:
- Any Member of Retail Gas Quadrant who is current in the payment of its dues is eligible to vote.
 - Retail Gas Quadrant Members shall cast votes for candidates in a number not exceeding the number of vacant EC seats.
 - No Quadrant Member shall cast more than one vote per vacant EC seat.
 - The candidates receiving the greatest numbers of votes shall be elected.
- d. A Retail Gas Quadrant EC Member may resign from the EC by submitting a letter to the Secretary of NAESB, stating that he or she is resigning and giving the effective date of the resignation.
- e. A Retail Gas Quadrant EC Member shall cease to be an EC Member upon 1) the resignation of the Retail Gas Quadrant Membership of the entity of which the EC Member is a partner, director, officer, or agent; 2) the lapse of the Quadrant Membership of the entity of which the EC representative is a partner, director, officer, agent or employee, through a delinquency in payment of NAESB dues for the Quadrant Membership; or (3) the EC Member's resignation, removal, or death. An EC Member vacancy shall be filled for the remainder of that term in accordance with the procedures specified in Section 5.1.
- f. Each Segment shall have the authority to remove an EC Member for cause. Prior to voting on such resolution to remove an EC Member for cause, the Segment shall give the EC Member at least 30-day notice of the proposed action and the

315 opportunity to respond. A simple majority of the Segment Membership shall be
316 required to remove an EC Member.

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318 10.3 EC Organization – (Reserved)

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320 10.4 Meetings – (Reserved)

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322 10.5 EC Subcommittees

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324 While there may be Subcommittees and Task Forces established by the NAESB EC,
325 to be comprised of NAESB Members and other interested parties, the Retail Gas
326 Quadrant shall set up its own Subcommittees and Task Forces to deal with Retail Gas
327 Quadrant-specific issues. Each EC Subcommittee shall report to the EC and each
328 shall:

- 329
- 330 a. elect a chair who shall be an EC Member and who shall serve until removed by the
 - 331 Subcommittee’s membership;
 - 332 b. carry out its work in accordance with procedures adopted by the NAESB EC for EC
 - 333 Subcommittees;
 - 334 c. provide notice of meetings and agendas;
 - 335 d. practice balanced voting and record voting results; and
 - 336 e. keep regular minutes of its proceedings and provide copies of these minutes promptly to the
 - 337 NAESB office.
- 338

339 Any task force established by EC Subcommittees shall be open to all NAESB
340 Members and other interested parties.

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343 **Section 11.0 Notice – (Reserved)**

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346 **Section 12.0 Conflicts of Interest – (Reserved)**

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349 **Section 13.0 Limitation of Liability; Insurance – (Reserved)**

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352 **Section 14.0 Indemnification – (Reserved)**

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355 **Section 15.0 Annual Report – (Reserved)**

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358 **Section 16.0 Transaction of Business – (Reserved)**

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361 **Section 17.0 Corporate Records – (Reserved)**

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364 **Section 18.0 Amendments**

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366 In order for Retail Gas Quadrant Procedures to be amended, upon petition of at least
367 five (5) Members of the Quadrant, the Vice Chair of the EC for the Quadrant shall

368 announce a Quadrant meeting. Such announcement shall provide for at least 30-days
369 notice. In order to transact business at the Quadrant meeting, there shall be a quorum
370 consisting of at least 1/3 of the Quadrant Membership. Following such meeting, the
371 proposed resolution adopted at the meeting shall be sent out for comment, and the
372 comments shall be distributed to Quadrant members in advance of a notational vote.
373 Any Member not choosing to vote shall be considered to have voted in favor of the
374 proposed change. In order for a proposed change to take effect, it must be approved
375 by at least 2/3 of Retail Gas Quadrant Members and 40% of each Segment's
376 Membership.

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379 **Section 19.0 Transition Procedures – (Reserved)**

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382 **Section 20.0 Designated Alternates**

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384 20.1 Selection of Designated Alternates:

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386 a. The Distributors Segment will select not more than ten (10) Designated Alternates
387 to attend and vote at meetings of the Executive Committee when one or more
388 regular members of the Executive Committee are unable to attend a meeting of
389 the Executive Committee.
- 390
391 b. In preparation for any election of Designated Alternates for the EC, other than the initial
392 Designated Alternates for the EC, representing the Distributor Segment, a Nominating Committee,
393 which shall be comprised of five (5) Segment Members, shall select a slate of candidates from the
394 Segment Membership. Other nominations may be made at or before the Distributor Segment
395 meeting at which the election shall occur. Segment Members shall cast votes for candidates in a
396 number not exceeding the number of vacant positions for Designated Alternate for the EC. The
397 candidates receiving the greatest numbers of votes shall be elected Designated Alternates.
- 398
399 c. All persons selected by the Nominating Committee, or whose nomination is made in any other
400 manner, shall state in writing their willingness to accept the responsibility of serving as a
401 Designated Alternate prior to the submission of their names to the Segment Membership at the
402 election.
- 403
404 d. When designated by a member of the Executive Committee to attend a meeting of the EC, a
405 Designated Alternate shall do so unless he or she is unable to attend, in which case, the Designated
406 Alternate shall so advise the member of the EC, and the member of the EC shall select another
407 Designated Alternate. When attending a meeting of the EC, the Designated Alternate shall have
408 the full voting rights of the regular member of the EC, except as may be limited by that regular
409 member's notice in writing to the Chair of the EC, the Secretary of REQ (or the person designated
410 to serve as the secretary of the EC), and the Designated Alternate.
- 411
412 e. The Chairperson of the Distributor Segment will advise REQ's Secretary in writing of the names,
413 addresses, telephone and facsimile numbers of the Designated Alternates for the Distributor
414 Segment.

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416 20.2 Resignation of Designated Alternates:

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418 A Designated Alternated for the Executive Committee may resign his or her position by submitting a
419 letter to the Secretary of REQ with a copy to the Chairperson of the Distributor Segment stating that he
420 or she is resigning and giving the effective date of the resignation.

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20.3 Removal:

A Designated Alternate may be removed upon a majority vote of the Segment Members.

20.4 Vacancy:

A Designated Alternate shall cease to be a Designated Alternate upon (1) the resignation of his or her Segment Membership or lapse of his or her Segment Membership for delinquency in payment of the membership fee (if the Designated Alternate is an individual Segment Member); (2) the resignation or lapse (through a delinquency in payment of the membership fee) of the Segment Membership of the entity of which the Designated Alternate is a partner, director, officer, or employee; or (3) the Designated Alternate's resignation, removal, or death. A vacancy shall be filled for the remainder of that term in accordance with the procedures specified in Section 6.1 above.

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RETAIL GAS QUADRANT SUPPLIERS SEGMENT PROCEDURES

OUTLINE OF NAESB BYLAWS

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2 **Section 1.1 Definitions**

3 A. "Act"

4 B. "Agent"

5 C. "Balanced Voting"

6 D. "Board"

7 E. "Certificate"

8 F. "Director"

9 G. "EC"

10 H. "EC Subcommittee"

11 I. "Exhibit"

12 J. "Majority"

13 K. "Members"

14 L. "Model Business Practice".

15 M. "NAESB".

16 N. "Operating Procedures"

17 O. "Quadrant"

18 P. "Reconsideration"

19 Q. "Segment"

20 R. "Standard"

21 S. "Triage Process"

22 T. "Voting Member"

23 **ARTICLE 2 - PURPOSES, SCOPE, ACTIVITIES AND POLICIES**

24 **Section 2.1 Purposes, Scope and Activities**

25 **Section 2.2 Policies**

26 **Independence –**

27 **Openness --**

28 **Voluntary --**

29 **Balance of Interests –**

30 **Inclusivity –**

31 **Consensus-Based Decisions –**

32 **No Advocacy --**

33 **Membership Driven –**

34 **Develop Practices, Not Policy –**

35 **Incorporate Best Practices –**

36 **Broad Applicability –**

37 **ANSI Accreditation –**

38 **Section 2.3** **Quadrants and Segments**

39 **ARTICLE 3 - OFFICES**

40 **Section 3.1** **Offices**

41 **ARTICLE 4 - SEAL**

42 **Section 4.1** **Seal**

43 **ARTICLE 5 - MEMBERS**

44 **Section 5.1** **Voting Members**

45 **Section 5.2** **Non-Voting Members**

46 **Section 5.3** **Nontransferable**

47 **Section 5.4** **Resignation**

48 **ARTICLE 6 - MEETINGS OF MEMBERS**

49 **Section 6.1** **Place of Meetings**

50 **Section 6.2** **Annual Meeting**

51 **Section 6.3** **Special Meetings of Members**

52 **Section 6.4** **Determination of Members of Record**

53 **Section 6.5** **Notice of Meetings of Members**

54 **Section 6.6** **Quorum**

55 **Section 6.7** **Adjournment**

56 **Section 6.8** **Organization**

57 **Section 6.9** **Voting on Particular Issues**

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59 **ARTICLE 7 - BOARD**

60 **Section 7.1** **Board**

61 **Section 7.2** **Qualifications of Directors**

62 **Section 7.3 Number and Election of Directors**

63 **Section 7.4 Term of Office**

64 **Section 7.5 Vacancies**

65 **Section 7.6 Removal of Directors**

66 **Section 7.7 Resignations**

67 **Section 7.8 Board Committees**

68 **Section 7.9 Advisory Council**

69 **ARTICLE 8 - OFFICERS**

70 **Section 8.1 Number**

71 **Section 8.2 Qualifications of Officers of NAESB**

72 **Section 8.3 Election and Term of Office**

73 **Section 8.4 Removal of Officers**

74 **Section 8.5 Resignations**

75 **Section 8.6 The Chair**

76 **Section 8.7 The Vice Chairs**

77 **Section 8.8 The Secretary**

78 **Section 8.9 The Treasurer**

79 **Section 8.10 The Executive Director**

80 **ARTICLE 9 - MEETINGS OF DIRECTORS**

81 **Section 9.1 Place of Meetings**

82 **Section 9.2 Organization**

83 **Section 9.3 Annual Meeting**

84 **Section 9.4 Regular Meetings**

85 **Section 9.5 Special Meetings of the Board**

86 **Section 9.6 Quorum**

87 **Section 9.7 Participation and Voting in Meetings**

88 **ARTICLE 10 - EXECUTIVE COMMITTEE**

89 **Section 10.1 Duties and Responsibilities**

90 **Section 10.2 EC Members**

91 **Section 10.3 EC Organization**

92 **Section 10.4 Meetings**

93 **Section 10.5 EC Subcommittees**

94 **ARTICLE 11 - NOTICE**

95 **Section 11.1 Written Notice**

96 **Section 11.2 Waiver by Writing**

97 **Section 11.3 Waiver by Attendance**

98 **ARTICLE 12 - CONFLICTS OF INTEREST**

99 **Section 12.1 Interested Directors and Officers**

100 **ARTICLE 13 - LIMITATION OF LIABILITY; INSURANCE**

101 **Section 13.1 Limitation of Liability**

102

103 **Section 13.2 Insurance**

104 **ARTICLE 14 - INDEMNIFICATION**

105 **Section 14.1 Representative Defined**

106 **Section 14.2 Third-Party Actions**

107 **Section 14.3 Derivative and Corporate Actions**

108 **Section 14.4 Procedure for Effecting Indemnification**

109 **Section 14.5 Advancing Expenses**

110 **Section 14.6 Supplementary Coverage**

111 **Section 14.7 Duration and Extent of Coverage**

112 **Section 14.8 Reliance and Modification**

113 **ARTICLE 15 - ANNUAL REPORT**

114 **Section 15.1 Annual Report**

115 **ARTICLE 16 - TRANSACTION OF BUSINESS**

116 **Section 16.1 Real Property**

117 **Section 16.2 Negotiable Instruments**

118 **ARTICLE 17 - CORPORATE RECORDS**

119 **Section 17.1 Corporate Records**

120 **ARTICLE 18 - AMENDMENTS**

121 **Section 18.1 Amendments**

122 **ARTICLE 19 – TRANSITION PROCEDURES**

123 **Section 19.1 Officers of the Board**

124 **Section 19.2 Officers of the EC**

125 **Section 19.3 Procedures to Constitute Board & EC Representation**

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EXHIBIT 1

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WHOLESALE GAS QUADRANT PROCEDURES

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EXHIBIT 2

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WHOLESALE ELECTRIC QUADRANT PROCEDURES

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EXHIBIT 3

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RETAIL GAS QUADRANT PROCEDURES

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EXHIBIT 4

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RETAIL ELECTRIC QUADRANT PROCEDURES

TAB 4

PROPOSED NAESB RETAIL ELECTRIC QUADRANT PROCEDURES

**Draft V2.2 Retail Electric Quadrant Procedures -
Restructured to Follow NAESB Bylaws**

Comment or Comparable Point in Gas Quadrant Draft

SECTION 1 - DEFINITIONS

- A. **"Distributor Segment Member"** means a person (e.g., corporation or partnership) engaged in the local distribution of electricity, or its representative (e.g., employee, officer, director, agent, or partner) who is authorized to cast that Segment Member's vote, that satisfies the requirements for Membership set forth in Article 5 of the bylaws of NAESB, and Section 2.3 of these Procedures, and further satisfies the qualifications for Distributor Segment Membership of the Retail Electric Quadrant as set forth in the Distributor Segment Procedures.
- B. **"End User Segment Member"** means a person (e.g., corporation, partnership, proprietorship, or individual) engaged in the consumption of electricity delivered by an Electric Distributor, or its representative (e.g., employee, officer, director, agent, or partner) who is authorized to cast that Segment Member's vote, that satisfies the requirements for Membership set forth in Article 5 of the Bylaws of NAESB, and Section 2.3 of these Procedures, and further satisfies the qualifications for End User Segment Membership of the Retail Electric Quadrant as set forth in the End User Segment Procedures.
- C. **"NAESB Office"** means the office of the Secretary of NAESB
- D. **"REQ"** means the Retail Electric Quadrant
- E. **"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: Suppliers, Distributors, End Users, and Services.

Comments during January 17th meeting suggested replacing the definitions listed here under 1.1, 1.2, 1.8 & 1.9 with the simplified definitions of the Segments provided in Ver. 2.1, Sec 3.1 (REQ Draft Procedures) derived from the UBP Governance Document, as now shown in Section 2.4(C) of this document.

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F.	"Segment Membership" means the Segment Members collectively.	
G.	<p>"Services Segment Member" means a person (e.g., corporation, partnership or proprietorship or individual) that provides services to participants in the retail electric industry or an entity not otherwise declared in another segment, or its representative (e.g., employee, officer, director, agent, or partner) who is authorized to cast that Segment Member's vote, that</p> <ul style="list-style-type: none"> a) satisfies the requirements for Membership set forth in Article 5 of the Bylaws of NAESB, and Section 2.3 of these Procedures, and b) further satisfies the qualifications for Services Segment Membership of the Retail Electric Quadrant as set forth in the Services Segment Procedures. 	
H.	<p>"Supplier Segment Member" means a person (e.g., corporation, partnership, or proprietorship) engaged in the competitive sale of electricity to end-users, or its representative (e.g., employee, officer, director, agent, or partner) who is authorized to cast that Segment Member's vote, that</p> <ul style="list-style-type: none"> a) satisfies the requirements for Membership set forth in Article 5 of the Bylaws of NAESB and Section 3 of these Procedures, and b) further satisfies the qualifications for Supplier Segment Membership of the Retail Electric Quadrant as set forth in the Supplier Segment Procedures. 	
I.	All other capitalized terms, if not defined in this Section 1.0, shall have the same definitions as specified in the Bylaws or Certificate of Incorporation of NAESB.	

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SECTION 2 – PURPOSES, SCOPE, PRINCIPLES AND POLICIES

2.1 - Purpose & Scope

A. **Purpose** - The purpose of the Retail Electric Quadrant 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** – The Retail Electric Quadrant is 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.

Issues may also be addressed in conjunction with other Quadrants when such issues are common to both electric distribution at the individual consumer level and some combination of wholesale or retail activities in the electric or natural gas industries.

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	<p><i>Explanatory Note from Version 2.1:</i> <i>The Retail Electric Quadrant would normally address issues and practices which are generally within the jurisdiction of state or local regulatory authorities. As such, the findings, recommendations and proposed standards or model business practices produced by this Quadrant of NAESB may be implemented in individual jurisdictions only to the extent that they are consistent with applicable law and regulation. Standards and model business practices that prove successful in those states that adopt them might well be adopted by additional jurisdictions if compatible with policies in their jurisdiction.</i></p> <p><i>Furthermore, the Retail Electric Quadrant will operate in conformance with the principles of NAESB as established in Section 2.2 (b) of the NAESB Bylaws, and in compliance with ANSI guidelines as codified therein. In keeping with these Principles, the Retail Electric Quadrant encourages membership from across the spectrum of the Retail Electric industry, reflecting the principle of inclusiveness. All Retail Electric Quadrant meetings, including those of its Members, Executive Committee (EC), subcommittees and task forces, shall be open to any interested member of the public and that all minutes thereof shall be available to the public in keeping with the principle of openness.</i></p>	<p><i>This Explanatory Note would be removed from the final REQ document. In comparison, the Jan-4-02 draft RGQ document addresses these points and others with language intended to remain in the document:</i></p> <p><i>"The Retail Gas Quadrant shall work closely with other NAESB Quadrants to mitigate inconsistencies where proposed standards and model business practices affect those other Quadrants.</i></p> <p><i>"The Retail Gas Quadrant shall comply with the policies and procedures laid out in the bylaws and the certificate of incorporation of NAESB. As such, the Retail Gas Quadrant encourages a widely based membership and has identified Segments, which reflect this principle of inclusiveness.</i></p> <p><i>"Also consistent with this approach, the Retail Gas Quadrant shall ensure that all meetings, including those of its Members, Executive Committee (EC), and Subcommittees and Task Forces, shall be open to all persons and that all minutes hereof shall be available to the public.</i></p> <p><i>"Further, the Retail Gas Quadrant intends to operate in conformance with the principles of the umbrella organization, as established in Section 2.2 (b) of the NAESB Bylaws, and in compliance with ANSI guidelines."</i></p>
2.2 - Policies		
A.	<p>Meetings Of The Retail Electric Quadrant All meetings held in association with the NAESB organization or the REQ are open to any interested person.</p>	

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B.	<p>Joint Meetings From time to time, there will be joint meetings of the REQ with other Quadrants within NAESB, and Segments will meet jointly to transact Quadrant business.</p>	
C.	<p>One Person, One Vote Requirement 1. Designation of the same individual as the duly authorized representative of the Member in multiple Segments of the REQ (including Agent representatives) is not permitted.</p>	<p><i>RGQ draft approaches this point differently: "At Retail Gas Quadrant Subcommittee or Task Force meetings, the same individual may represent different Segments, as long as that individual Declares prior to the meeting the Retail Gas Quadrant Segment for which he or she is casting a vote."</i></p>
	<p>2. In the event that a duly authorized representative in one Segment also represents the Member in another Segment in any other NAESB Quadrant, and both affected Segments are engaged in a joint meeting requiring Member voting, then the person serving as representative in both Segments must choose the Segment and Quadrant in which they will vote on any given issue and may only cast one vote on each voting issue. To the extent that any other involved Quadrant's rule may differ on this point, the representative must still honor this Quadrant's rule for any such vote or designate a substitute representative for the entity's interests during the joint meeting.</p>	<p><i>Note: The provisions of this subsection deal with an issue applicable to all Quadrants and may be more appropriate for inclusion in either the Bylaws or NAESB Operating Procedures. In addition, since nearly all votes by a Member in NAESB will either be for election of officers or ratification, joint action with another Quadrant requiring Member voting should be very rare, and may never actually occur. Need to decide whether to keep, modify or drop this.</i></p> <p><i>Jan-4-02 version of RGQ draft approaches this point differently in two different places: "At NAESB joint Subcommittee or joint Task Force meetings, the same individual may represent different Segments from different Quadrants, as long as that individual declares prior to the joint meeting the Quadrant and Segment for which he or she is casting a vote." ... and ... "However, at the EC and Board level, an elected representative may hold not more than one seat, representing only one Segment within one Quadrant."</i></p>

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D.	<p>Ratification Only REQ Voting Members have the right to ratify standards or model business practices adopted by the Quadrant EC. Ratification voting will be in accordance with the requirements of the NAESB Bylaws.</p>	<p><i>RGQ Procedures express this differently: "Only Retail Gas Quadrant EC Members shall have the right to vote to adopt model business practices or standards affecting only the Retail Gas Quadrant."</i></p>
Section 2.3 –Segment Organization & Membership Requirements		
A.	<p>Membership Requirements The definition of Membership applies to all Segments within the REQ. Members of the REQ are persons who meet the following membership requirements in any one of the four Segments of this Quadrant. Upon applying for Voting Membership (as described in NAESB Bylaws Sections 1.1 and 5.1) in the REQ, each prospective Member shall declare the Segment with which they are to be identified.</p> <ol style="list-style-type: none"> 1. Distributor Segment Parties eligible for Membership in this Segment are engaged in the local distribution of electricity. 2. End User Segment Parties eligible for Membership in this Segment consume electricity or represent consumers of electricity. 3. Suppliers Segment Parties eligible for Membership in this Segment are service providers and marketers, engaged in the competitive sale of electricity to end-users 4. Services Segment Parties eligible for Membership in this Segment 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 	<p><i>The draft RGQ Procedures have similar requirements, and add other provisions that generally correspond to Bylaws Section 2.3:</i></p> <p><i>"Each Segment within the Retail Gas Quadrant shall have the flexibility to determine its own Segment rules and procedures, as long as they conform with the NAESB Bylaws and the Retail Gas Quadrant procedures, and to elect, or select, its own representatives to the NAESB Board and to the Retail Gas Quadrant EC."</i></p> <p><i>REQ should consider whether similar provisions need to be in the REQ Procedures in this section.</i></p> <p><i>A comment made during the Jan 17th meeting suggested that the word "local" should be dropped from the description of Distributor Segment Membership. Agree / Disagree?</i></p>

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	Segment.	
SECTIONS 3 & 4 are reserved for future use		
SECTION 5 - MEMBERS		
Section 5.1 –Members		
A.	<p>Member Representation Representatives chosen by any person in any Segment should have, but are not required to have, corporate responsibility for the business interests causing the person to seek Membership in the Segment</p>	<i>Is this a satisfactory statement, or should it be more specific?</i>
B.	<p>Removal of Members Members who cease to have a significant business interest pertaining to the descriptions contained in Section 2.3 may be removed from Membership by either</p> <ol style="list-style-type: none"> 1. a simple majority vote of their declared Segment Membership, or 2. resolution of the REQ Executive Committee 	<i>Comments at Jan 17th meeting suggested change of wording to "Members <u>who do not have a legitimate business interest</u> ..."</i>
C.	<p>Multiple Memberships 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.</p> <ol style="list-style-type: none"> 1. Only one Membership per Segment is permissible for any person. 2. Multiple companies under common control within a corporate organization that desire to become Members 	

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	must join individually. Members cannot extend their Membership to their parent company, affiliates, or subsidiaries.	
Section 5.2 – Voting Members		
A.	<p>Voting Membership Membership and voting rights in the REQ of NAESB shall be open to any Member that meets the following requirements:</p> <ol style="list-style-type: none"> 1. The Member has a significant business interest¹ in the retail electric market (or is a representative or Agent of such person), as determined by a simple majority of the segment Membership. 2. The Member may be a trade association or an advocacy group representing a group of prospective members, provided that <ol style="list-style-type: none"> a) the group represents an interest that is identified within a Segment, yet is <ol style="list-style-type: none"> (i) not represented, or (ii) is underrepresented in the judgement of a simple majority of the Segment Membership, and b) the prospective representative's relationship to the group wishing to be represented in this manner is documented in one of the following ways: <ol style="list-style-type: none"> (i) has statutorily or regulatory designated authority to represent the interests of the subject group (ii) is generally recognized representative of the subject group for other transactions (e.g. provides group insurance, group buying of another product, etc.) (iii) provides a letter of authorization from the group, including an expiration date for the letter of 	<p><i>Regarding 5.2(A)(1), comment at Jan 17th meeting proposed replacing "significant" with "legitimate".</i></p> <p><i>Regarding 5.2(A)(2), ELCON requested that these provisions be deleted in their entirety.</i></p> <p><i>Jan 4th RGQ draft addresses Trade Associations differently:</i></p> <p><i>"Through special application, which includes a recommendation by its Segment and an affirmative vote of _____% of the Quadrant EC, a trade association may join the Retail Gas Quadrant Membership if it represents an interest that is identified within a Segment yet is not represented, or is underrepresented in the Quadrant Membership. The membership status of such trade associations shall be considered on an annual basis and may be voted upon through notational vote by the Quadrant EC."</i></p>

¹ as used in this section, "significant business interests" specifically includes the interests of statutorily appointed consumer advocates

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	<p>authorization</p> <p>c) no more than two entities within the group represented subsequently join as full Members of the Segment, at which point the representative's authorization for representation and voting rights will be immediately voided unless reinstated by letter for the remainder of the operating year by the remaining members of the representative's constituency.</p>	
SECTION 6 – Reserved for future use		
SECTION 7 - BOARD		
Section 7.1 – Board		
A.	<p>Board Representation The REQ shall elect Directors to the Board.</p>	<p><i>Draft RGQ Procedures go further, requiring: "each Segment electing or selecting an equal number of those representatives, pursuant to the procedures specified by that Segment."</i></p>
Section 7.2 – Qualification of Directors		
A.	<p>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 which each have 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.</p>	<p><i>Draft RGQ requirements are:</i> <i>"To be eligible to serve as representative on the NAESB Board of Directors:</i> <i>- The person must be a Member of the Retail Gas Quadrant;</i> <i>- The person must be an executive of the organization represented and have broad understanding of the natural gas industry;</i> <i>- The person must have a working knowledge of the NAESB process;</i> <i>- The person must be willing to commit the time and resources necessary to fulfill their obligations as a NAESB Director and to meet the minimum threshold of participation</i></p>
B.	<p>Directors elected from the REQ may not hold both a Board seat and a seat on the EC at any point in time. If an EC Member is</p>	

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	<p>elected as a Director from the REQ, their EC seat is vacated when the Board seats them as a Director.</p> <p><i>(Note: No other requirements have been proposed regarding qualifications to be a Director; Does the Quadrant membership wish to add provisions similar to those proposed by the RGQ?)</i></p>	<p><i>and attendance established in the NAESB Bylaws [Section 9.7 (f)];</i></p> <ul style="list-style-type: none"> <i>- The person must disclose their interest, or their employer's interest, in the natural gas industry and the relationship with other entities with which the employer may be affiliated.</i> <i>- The individual serving on the NAESB Board shall not simultaneously serve on the Retail Gas Quadrant EC."</i>
Section 7.3 – Number and Election of Directors		
A.	<p>Number of Directors</p> <p>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..</p>	<p><i>Note: RGQ is considering having 24 Directors. Having differing numbers of Directors from each Quadrant is not a violation of the Bylaws.</i></p>
B.	<p>Election of Directors</p> <p>Nominations for and election of all Directors will be in accordance with Segment Procedures, or in the absence of Segment Procedures, as follows:</p> <ol style="list-style-type: none"> 1. In preparation for any election of NAESB Directors (other than initial Directors, as provided for in Section 19), <ol style="list-style-type: none"> a) a nominating committee consisting of five EC Members of the REQ comprised of one Member from each Segment plus the EC Vice-Chair, shall develop a slate of candidates from the Segment Membership. b) other nominations may be made at or prior to the close of the REQ End User Segment nomination period by any Segment Member eligible to serve on the Board of Directors by submitting their name(s) to the NAESB Office in a form as specified in NAESB Operating Procedures if such requirements exist. c) all nominations must be made and conveyed in writing to 	<p><i>Note: Jan-4-02 draft of RGQ procedures propose to have the NAESB Office administer elections, and mechanism for developing a slate of candidates is not specified. Other RGQ provisions which differ from those shown in this draft REQ document are:</i></p> <p><i>"The elections, within the Segment, for Retail Gas Quadrant Representatives to the NAESB Board shall be subject to the following provisions:</i></p> <ul style="list-style-type: none"> <i>- Any Member of the Retail Gas Quadrant who is current in the payment of its dues is eligible to vote.</i> <i>- Retail Gas Quadrant Members shall cast votes for candidates in a number not exceeding the number of vacant directorships.</i> <i>- No Quadrant Member shall cast more than one vote per vacant directorship.</i> <i>- The candidates receiving the greatest numbers of votes</i>

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	the NAESB Secretary no less than 31 days prior to the election date.	<i>shall be elected."</i>
C.	<p>Timing of Elections Subject to the provisions of Section 19, election of Directors shall occur in the same month for all Segments of the REQ, and shall be coordinated by the Executive Committee. The EC will ensure that the requirements of this Section are satisfied by each Segment's slate of candidates prior to any actual voting by any Segment.</p>	<i>Note: This may be an issue that should be addressed in NAESBops rather than in Quadrant documents</i>
Section 7.4 – Term of Office		
A.	<p>Term of Office Directors shall be elected for two-year terms, with half of the terms expiring in alternating years, subject to the provisions of Section 19.</p> <ol style="list-style-type: none"> 1. Two Directors will be elected from each Segment each year to fill expiring terms. 2. Group A Directors will have their terms 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. 	<i>RGQ is proposing a 3 year term of office</i>
B.	<p>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.</p>	

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C.	<p>Change of Affiliation In the event that the Director changes affiliation</p> <ol style="list-style-type: none"> 1. to another Member within his/her industry Segment, the Director's term will continue until its natural expiration, provided that there is no other Director already representing the same Member, in which case the Director changing his or her affiliation will vacate their seat for election of a new Director; 2. and is no longer affiliated with their electing industry Segment, the Director will vacate their seat for election of a new Director. 	<p><i>Note: Per discussion on Jan 17th, these provisions are different from past practice of GISB, but not in conflict with Bylaws</i></p>
Section 7.5 - Vacancies		
A.	<p>In the event that a Director resigns or otherwise vacates their Board seat, the Quadrant will hold an election within 60 days to fill the vacant seat with a candidate from the same Segment as the original Director.</p>	<p><i>Jan-4-02 draft of RGQ Procedures consider other conditions which create a vacancy and which should be addressed in the REQ Procedures:</i></p> <p><i>"A NAESB Director shall cease to be a Director upon 1) the resignation of the Retail Gas Quadrant Membership of the entity of which the Director is a partner, director, officer, agent; 2) the lapse of the Quadrant Membership of the entity of which the Director is a partner, director, officer, agent or employee, through delinquent NAESB dues for the Quadrant Membership; or (3) the Director's resignation, removal, or death."</i></p>
Section 7.6 – Removal of Directors		
A.	<p>In addition to being subject to removal from office by the NAESB Board of Directors, Directors may also be removed from office by the Quadrant Membership at any time upon a 75%</p>	<p><i>RGQ approach:</i> <i>"Each Segment shall have the authority to remove a Director for cause. Prior to voting on such resolution to remove a</i></p>

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	majority vote of the Quadrant Membership and a simple majority (51%) of each of the Segments of the REQ. The vacant seat is to be refilled in accordance with the requirements of Section 7.5.	<i>Director for cause, the Segment shall give the Director at least 30-day notice of the proposed action and an opportunity to respond. A simple majority of the Segment Membership shall be required to remove a Director. "</i>
SECTIONS 8 & 9 - Reserved for future use		
SECTION 10 – EXECUTIVE COMMITTEE		
Section 10.1 – Duties and Responsibilities Within Quadrant EC		
A.	<p>The REQ EC shall</p> <ol style="list-style-type: none"> 1. elevate the prior year Vice Chair of the Quadrant 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, and 2. designate an EC Secretary responsible for production of meeting minutes per NAESB Operating Procedures. This may involve an individual assigned this responsibility on a permanent basis, or an agreement on how to designate a person or persons responsible for recording minutes of each meeting. 	A Designated Alternate holds identical voting rights as the EC Member in whose place he or she serves, except for those matters on which the EC Member has already voted by notational ballot prior to the beginning of the meeting.
Section 10.2 – Qualifications of EC Members		
A.	EC Members elected from the REQ may not hold both a Board seat and a seat on the Executive Committee at any point in time. If an EC Member is elected to the Board from the REQ, their EC seat is vacated when the Board seats them as a Director.	<p><i>Jan-4-02 draft of RGQ Procedures provide additional requirements regarding qualification to serve on the EC, and these requirements may need to be addressed in the REQ Procedures:</i></p> <p><i>"To be eligible to serve as a representative on the Retail Gas Quadrant EC:</i></p>

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B.	<p><i>Note: Should the above be amended to "EC Member representatives"? As written, can be interpreted that no Member may hold both an EC seat and a Board seat.</i></p> <p>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 which each have 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.</p>	<ul style="list-style-type: none"> - The person must have broad understanding of the natural gas industry and be at least a senior functional manager of the organization represented; - The person must have a working knowledge of the NAESB process; - The person must disclose their interest, or their employer's interest, in the natural gas industry and the relationship with other entities with which the employer may be affiliated; - The person must be willing to commit the time and resources necessary to fulfill their obligations as a the Retail Gas Quadrant EC Member and to meet the minimum threshold of participation and attendance established in the NAESB Bylaws [Section 9.7 (f)]"
Section 10.3 – Number and Election of EC Members		
A.	<p>Number of EC Members</p> <p>The REQ shall elect sixteen (16) EC Members, subject to Section 19 of these Procedures, with each Segment electing four (4) of these EC Members, pursuant to procedures established by that Segment. All EC representation from the REQ will be comprised of an equal number of representatives elected from each Segment of the Quadrant.</p>	<p><i>Note: RGQ is considering having up 24 EC Members, per comments at Jan 17th meeting</i></p>
B.	<p>Election of EC Members</p> <p>Nominations for and election to an EC seat will be in accordance with Segment Procedures, and the following requirements</p> <ol style="list-style-type: none"> 1. In preparation for any election of EC Members (other than initial EC Members, as provided for in Section 19, <ol style="list-style-type: none"> a) a nominating committee consisting of five EC Members of the REQ comprised of one Member from each Segment plus the EC Vice-Chair, shall develop a slate of candidates from the Segment Membership; 	<p><i>Note: Jan-4-02 draft of RGQ procedures propose to have the NAESB Office administer elections, and mechanism for developing a slate of candidates is not specified. Other RGQ provisions which differ from those shown in this draft REQ document are:</i></p> <p><i>"The elections, within the Segment, for Retail Gas Quadrant Representatives to the NAESB Board shall be subject to the following provisions:</i></p> <ul style="list-style-type: none"> - Any Member of the Retail Gas Quadrant who is current in the payment of its dues is eligible to vote.

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<p>C.</p> <p>D.</p> <p>E.</p>	<p>b) other nominations may be made at or prior to the close of the REQ End User Segment nomination period by any Segment Member eligible to serve on the EC by submitting their name(s) to the NAESB Office in a form as specified in NAESB Operating Procedures if such requirements exist;</p> <p>c) all nominations must be made and conveyed in writing to the NAESB Secretary no less than 31 days prior to the election date.</p> <p>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 existing REQ Executive Committee. The EC will ensure that the requirements of this Section are satisfied by each Segment's slate of candidates prior to any actual voting by any Segment.</p> <p>Term of Office EC Members shall be elected for two-year terms, with half of the terms expiring in alternating years.</p> <ol style="list-style-type: none"> 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 Members will have their terms expire in odd numbered years, and 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 <p>Limit on Number of Terms of Office EC Members from the REQ may run for re-election without</p>	<p><i>- Retail Gas Quadrant Members shall cast votes for candidates in a number not exceeding the number of vacant EC seats.</i></p> <p><i>- No Quadrant Member shall cast more than one vote per vacant EC seat.</i></p> <p><i>- The candidates receiving the greatest numbers of votes shall be elected."</i></p> <p><i>Note: This may be an issue that should be addressed in NAESBops rather than in Quadrant documents</i></p> <p><i>RGQ draft procedures specify the timing of EC elections as the second week of November</i></p> <p><i>Jan-4-02 draft RGQ Procedures incorporates a 3 year term of office</i></p>

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F.	<p>restriction on the number of terms held.</p> <p>Change of Affiliation In the event that the EC Member</p> <ol style="list-style-type: none"> 1. changes affiliation to another Member within his/her 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 resign their seat for election of a new EC Member; 2. is no longer affiliated with their electing industry Segment, the EC Member will vacate their seat and a new EC Member will be elected to fill the seat. 	
Section 10.4 - EC Meetings		
A.	<p>EC Meetings</p> <ol style="list-style-type: none"> 1. 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. 2. Attendance records shall be reviewed by the person acting as Secretary of the EC during the course of each Quadrant EC meeting for compliance with NAESB Bylaws for the term of office served by each current Quadrant EC Member. The Secretary shall advise any EC Members of their status regarding risk for failure to comply with the Bylaws participation requirement. 	<p><i>Note: These provisions may be better positioned in NAESBops.</i></p> <p><i>These subsections within Section 10.4 have been edited for greater compliance with the Bylaws.</i></p>

	Draft V2.2 Retail Electric Quadrant Procedures - Restructured to Follow NAESB Bylaws	<i>Comment or Comparable Point in Gas Quadrant Draft</i>
B.	<p>Joint EC Meetings</p> <p>1. 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 Vice-Chairs as specified in the NAESB Bylaws.</p> <p>2. In the event that the REQ EC Chair or Vice-Chair is presiding over a joint meeting, recording and preparing meeting minutes will be in accordance with normal procedures adopted by the REQ EC for all REQ EC meetings.</p>	<p><i>Note: These provisions may be better positioned in NAESBops.</i></p> <p><i>These subsections have been edited for greater compliance with the Bylaws.</i></p>
Section 10.5 – EC Subcommittees		
A.	<p>Establishing Subcommittees & Task Forces</p> <p>The EC of the REQ shall set up its own subcommittees and task forces to deal with REQ-specific issues.</p> <p>1. The Executive Committee may establish voluntary standing subcommittees or special purpose task forces to perform various functions required of the organization.</p> <p>a. The Executive Committee 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, state if balanced voting among the Segments is applicable, and appoint a temporary chair.</p> <p>b. The Temporary Chair may be a Member of the Executive Committee or any REQ Member willing to perform the required startup tasks and to continue chairing the subcommittee / task force if elected by the Members its first meeting.</p> <p>c. The Temporary Chair shall set up the first meeting of the subcommittee or task force and prepare a meeting</p>	<p><i>Note: These provisions may be better positioned in NAESBops.</i></p> <p><i>The RGQ draft document approaches this section differently:</i></p> <p><i>"While there may be Subcommittees and Task Forces established by the NAESB EC, to be comprised of NAESB Members and other interested parties, the Retail Gas Quadrant shall set up its own Subcommittees and Task Forces to deal with Retail Gas Quadrant-specific issues.</i></p> <p><i>"Each EC Subcommittee shall report to the EC and each shall:</i></p> <p><i>a. elect a chair, who shall be an EC Member and who shall serve until removed by the Subcommittee's membership;</i></p> <p><i>b. carry out its work in accordance with procedures adopted by the NAESB EC for EC Subcommittees;</i></p> <p><i>c. provide notice of meetings and agendas;</i></p> <p><i>d. practice balanced voting and record voting results;</i></p> <p><i>e. and keep regular minutes of its proceedings and provide</i></p>

	<p>Draft V2.2 Retail Electric Quadrant Procedures - Restructured to Follow NAESB Bylaws</p>	<p><i>Comment or Comparable Point in Gas Quadrant Draft</i></p>
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<p>B.</p> <p>C.</p>	<p>notice that:</p> <ul style="list-style-type: none"> i) states the name and purpose of the subcommittee / task force, ii) solicits participation in the subcommittee / task force, iii) announces the agenda for the first meeting. <p>and shall send the meeting notice to all Members and non-members who have participated in Quadrant activities in the last twelve months. The notice shall be sent 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. 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. The permanent subcommittee / task force Chair may be any REQ Member. Participation on subcommittees or task forces is open to any interested party.</p> <p>Meeting Minutes Each EC subcommittee or task force will designate a meeting Secretary responsible for recording and reporting voting results, keeping regular minutes of its proceedings and providing copies of those minutes promptly to the NAESB Executive Director's office in accordance to reporting criteria established by the EC.</p> <p>Reporting Each EC subcommittee or task force will report to the EC at no less than a quarterly basis, on a schedule to be defined by the EC for as long as the subcommittee or task force continues to exist.</p>	<p><i>copies of these minutes promptly to the NAESB office.</i></p> <p><i>"Any task force established by EC Subcommittees shall be open to all NAESB Members and other interested parties."</i></p>
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	Draft V2.2 Retail Electric Quadrant Procedures - Restructured to Follow NAESB Bylaws	<i>Comment or Comparable Point in Gas Quadrant Draft</i>
D.	<p>Balanced Representation Each EC subcommittee / task force will strive for balanced representation and balanced voting between Segments, and participation shall be open to all NAESB Members and other interested parties, without regard to whether the participant is a paid Member of NAESB in good standing.</p>	
Section 10.6 - Removal of EC Members		
A.	<p>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. c) 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.</p>	<p><i>The Jan-4-02 RGQ draft procedures consider the following causes for removal of an EC Member:</i></p> <p><i>"A Retail Gas Quadrant EC Member shall cease to be an EC Member upon 1) the resignation of the Retail Gas Quadrant Membership of the entity of which the EC Member is a partner, director, officer, or agent; 2) the lapse of the Quadrant Membership of the entity of which the EC representative is a partner, director, officer, agent or employee, through a delinquency in payment of NAESB dues for the Quadrant Membership; or (3) the EC Member's resignation, removal, or death."</i></p>
B.	<p>Resignation or Ineligibility An EC Member shall cease to be a Member of the EC upon 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</p>	

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<p>C.</p>	<p>declared by the NAESB Secretary;</p> <p>5. Receipt by the NAESB Secretary of a rescission letter indicating that the individual no longer represents the Segment Member.</p> <p>6. Election of the EC Member to a Board seat, and seating of the EC Member as a Director.</p> <p>Other Cause</p> <p>EC Members may be removed from office by the Quadrant Membership at any time upon a 75% majority vote of the Quadrant Membership and a simple majority (51%) of each of the Segments of the REQ. The vacant seat is to be refilled in accordance with Section 10.7.</p>	<p><i>Jan-4-02 draft RGQ provisions address the topic covered in part C of the REQ subsection differently:</i></p> <p><i>"Each Segment shall have the authority to remove an EC Member for cause. Prior to voting on such resolution to remove an EC Member for cause, the Segment shall give the EC Member at least 30-day notice of the proposed action and the opportunity to respond. A simple majority of the Segment Membership shall be required to remove an EC Member."</i></p>
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<p>Section 10.7 - Vacancies</p>		
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	<p>In the event that an EC Member resigns or otherwise vacates their seat, the Quadrant will hold an election within 60 days to fill the vacant seat with a candidate from the same Segment as the original EC Member.</p> <p>1. A vacancy resulting from removal of an EC Member shall be filled for the remainder of that term in accordance with the following requirements</p> <p>a. Any EC seats becoming vacant shall be filled by a special election subject to the following provisions</p> <p>b. If the vacancy occurs with less than 125 days remaining in the EC Member's term of office, the seat will remain vacant until filled by election of a new EC Member to a term commencing in the next operating year, and a Designated Alternate will serve until expiration of the term.</p>	
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	<p>c. All other vacancies will be filled by special election; such special elections are to be formally noticed to the Segment Membership by the Segment Vice-Chair or Chair within 15 days of when the creation of the vacancy becomes known and held within 60 days of the creation of the vacancy. Candidates will be designated by the normal nomination process or selected by the remaining EC Members of the Segment from Segment Membership. Candidates elected to fill the vacancy will serve the remainder of the term, and may stand for re-election.</p> <p>d. Until an election is held and a new EC Member is elected, a Designated Alternate will serve in the open EC seat.</p>	
Section 10.8 - Voting		
A.	<p>Only Members of the REQ EC shall have the right to vote to adopt standards or model business practices for the REQ. Quadrant voting procedures will be in accordance with NAESB Bylaws.</p>	
Section 10.9 - Designated Alternates		
A.	<p>Any person presenting themselves at an EC meeting as a Designated Alternate will be accepted as a participant provided that</p> <ol style="list-style-type: none"> 1. An EC Member from that Segment either indicates to the NAESB Office, EC Chair or Vice-Chair that they will be absent, or is in fact absent and remains absent, 2. The name of the Designated Alternate is on a list of approved Designated Alternates selected by the appropriate Segment Membership according to these Procedures or Segment Procedures, and on file with both the NAESB Office and the EC. 	

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B.	<p>Election of Designated Alternates</p> <ol style="list-style-type: none"> 1. Each Segment will select no more than three (3), and no less than one Designated Alternate EC representative in each election year, allowing for up to twelve (12) Designated Alternates overall. 2. Designated Alternates will be selected annually by the same election that determines new EC Members, with those unsuccessful EC Member candidate(s) receiving the greatest number of votes becoming a Designated Alternate in the event that there already are or are expected to be less than three Designated Alternates from the Segment in the coming year. 3. A Designated Alternate will attend and vote at meetings of the EC of the REQ or of the larger EC of NAESB, when one or more regular EC Members from the Segment are unable to attend a meeting of the EC and when the absent EC Member or the Vice-Chair of the REQ EC requests their attendance as a Designated Alternate. 	<p><i>Note: The proposed method of selecting Designated Alternates as found in the draft RGQ Procedures (Jan-4-02) provides for a separate election of Designated Alternates following the election of EC Members. As explained in the discussions on Jan 17th, that proposed approach may be more successful in attracting people to serve as Designated Alternates and should be considered in place of the provisions shown here.</i></p>
SECTIONS 11 – 18 Reserved for future use		
SECTION 18 - AMENDMENTS		
	<p><i>(Not addressed in prior drafts, and needed)</i></p>	<p><i>RGQ draft procedures include the following provisions for amendment of the Quadrant Procedures:</i></p> <p><i>"In order for Retail Gas Quadrant Procedures to be amended, upon petition of at least five (5) Members of the Quadrant, the Vice Chair of the EC for the Quadrant shall announce a Quadrant meeting. Such announcement shall provide for at least 30-days notice. In order to transact business at the Quadrant meeting, there shall be a quorum consisting of at</i></p>

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		<i>least 1/3 of the Quadrant Membership. Following such meeting, the proposed resolution adopted at the meeting shall be sent out for comment, and the comments shall be distributed to Quadrant Members in advance of a notational vote. Any Member not choosing to vote shall be considered to have voted in favor of the proposed change. In order for a proposed change to take effect, it must be approved by at least 2/3 of Retail Gas Quadrant Members and 40% of each Segment's Membership."</i>
SECTION 19 – TRANSITION PROCEDURES		
	<p>The requirements of the NAESB Bylaws for a minimum of 5 Members per Segment and 40 Members per Quadrant do not provide for enough Members to satisfy the REQ requirements for election of Directors and EC Members as stated in Sections 7 and 10 of these Procedures. Consequently, until a Segment of the Quadrant has at least eight (8) Members, the number of Directors and EC Members elected by the Segment Membership will be halved, to 2 Directors and 2 EC Members per Segment and Segment balanced voting will remain intact by adjusting the weight of all votes to achieve balance between Segments in the REQ. The following provisions in this Section 19 will apply and supercede the requirements of Sections 7 and 10 until the REQ Segment achieves a minimum of eight (8) Members.</p>	
Section 19.1 – Initial Election of Directors		
A.	<p>Acceptance of the REQ by the Board will involve seating of the REQ Directors at the NAESB Board meeting at which an acceptance vote is cast. This requires that there be REQ</p>	

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	<p>Directors who may be seated.</p> <p>The founding membership of the REQ will elect Directors of their choosing by means that are reasonably consistent with NAESB Bylaws and the requirements of Section 7 of these Procedures, subject to the conditions addressed by this Section. Selection of candidates and their election will be by procedures agreed to by consensus or voting methods adopted by the group. Such elected representatives will be presented to the NAESB Board for acceptance as Directors of the REQ, and acceptance by the Board will place all the requirements and restrictions of the Bylaws, including these Procedures, upon those individuals.</p>	
B.	<p>Term of Office of Initial Directors</p> <ol style="list-style-type: none"> 1. In the event that Directors are elected from a Segment with at least five (5), but less than eight (8) Members, two Directors will be elected, each to serve a 3 year term, and both will be either Group A or Group B directors as determined by the expiration year of their original term. 2. In the event that a Segment has eight (8) or more Members, four Directors will be elected. The two candidates having the most votes will serve three (3) year terms. The remaining two Directors elected by lesser vote counts will serve two year terms. 	<p><i>Per discussion on Jan 17th, RGQ approach is to designate the number of Directors when Quadrant is fully operational and begin operations with unfilled Board seats, if necessary.</i></p>
C.	<p>Interim Elections of Directors</p> <p>In the event that any Segment within the Quadrant achieves a minimum membership of eight Members after operating with less for a period of time after an election held under the requirements of Section 19.1(B), then</p> <ol style="list-style-type: none"> 1. a second election of Directors shall be held within 60 days of the addition of the eighth Member of the Segment in order to select two additional Directors from that Segment to serve alongside the initially elected Directors; 	<p><i>Note: This subsection should probably include an expiration for it's provisions of no more than 2 years beyond acceptance of the Quadrant into NAESB. Elections in the second year would result in the second group of Directors serving for a single year before standing for re-election.</i></p>

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	2. the term of office of the second group elected at this time will expire one year prior to the term of the initially elected Directors, thereby allowing for two Group A and two Group B Directors from each Segment.	
Section 19.2 – Initial Election of Executive Committee		
A.	<p>Acceptance of the REQ by the Board will involve seating of the REQ Directors at the NAESB Board meeting at which an acceptance vote is cast. Initial operation of the REQ will require that an Executive Committee be in place.</p> <p>The founding membership of the REQ will elect an EC of their choosing by means that are reasonably consistent with NAESB Bylaws and the requirements of Section 10 of these Procedures, subject to the conditions addressed by subsection B of this Section 19.2. Selection of candidates and their election will be by procedures agreed to by consensus or voting methods adopted by the group. Such elected representatives will be presented to the NAESB Board for acceptance as representatives of the REQ, and acceptance by the Board will place all the requirements and restrictions of these Procedures upon those individuals.</p>	
B.	<p>Term of Office of Initial EC Members</p> <p>The initial group of EC Members will serve a 2 year term of office as either Group A or Group B Members, as determined by the expiration year of their original term of office.</p> <p>1. In the event that EC Members are elected from a Segment with at least five (5), but less than eight (8) Members, two EC Members will be elected, each to serve a 3 year term, and both will be either Group A or Group B EC Members as determined by the expiration year of their original term. The candidate with the greatest number of votes will be</p>	

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	<p>designated the EC Chair; in the event of a tie vote, a coin toss will determine the EC Chair and Vice-Chair positions.</p> <p>2. In the event that a Segment has eight (8) or more Members, four EC Members will be elected. The two candidates having the most votes will serve a three (3) year term. The remaining two EC Members elected by lesser vote counts will each serve a two year term. A separate election within the EC will determine which Member becomes the Chair and which becomes the Vice-Chair, by vote of the four EC Members</p>	
C.	<p>Interim Elections of EC Members In the event that the Segment achieves a minimum Membership of eight Members after operating with less for a period of time following an election held under the provisions of Section 19.2(B), then</p> <ol style="list-style-type: none"> 1. A second election of EC Members shall be held within 60 days of the addition of the eighth Member of the Segment in order to select two additional EC Members from the Segment to serve alongside the initially elected EC Members; 2. The term of office of the second group elected at this time will expire one year prior to the term of the initially elected EC Members, thereby allowing for two Group A and two Group B EC Members from each Segment. 3. The previously elected Chair and Vice-Chair of the Quadrant EC will continue in their official role until the end of the operating year. Chair rotation will proceed per the requirements of Section 10.1 4.2(nm)(i). 	
Section 19.3 – Balanced Voting During the Transition Period		
	Any Segment which has elected Directors or EC Members	

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	under the provisions of this section will retain the full Segment votes entitled to it under the Balanced Voting principle of the Bylaws, and its representatives' votes will count for either one or two Segment votes as is appropriate to the situation.	

Retail Electric Quadrant Procedures

Comments Regarding Draft Version 1 & Their Disposition In Versions 2.1 & 2.2 (Bylaws Format)

Item	Ref V. 1	Ref V. 2.1	applicable section in V 2.2	Comment Made on Version 1	From	Affiliation & Segment	Disposition In Version 2.1	Additional Comment or Explanatory Note
1	1.1	1.1	2.1 (A)	[having a Purpose section is good]	W. Boswell	Chairman, NAESB	no change	Latest draft of RGQ Procedures (1-4-02) under development by AGA-GRGS incorporates very similar wording
2	1.1	1.1	used, but no longer defined in V2.2	phrase "voluntary standards and model business practices" should be revised (throughout the document) to refer only to "model business practices"	B. Alexander	NASUCA & AARP / End Users	no change	this issue has been debated during several Plenary meetings, with the resolution being to continue to offer "voluntary standards" which states may or may not choose to adopt in their jurisdiction
3	1.2	1.2	2.1(B) + explanatory note	first paragraph is good; second paragraph is redundant with NAESB Bylaws and unnecessary	W. Boswell	Chairman, NAESB		
4	1.2	1.2	2.2(B)	second paragraph does contain Quadrant specific provisions	J. Unruh	Reliant / Suppliers		
5	1.2	1.2	explanatory note revised	closing statement in second paragraph may raise a red flag with state agencies	B. Alexander	NASUCA & AARP / End Users	Comments 3-5 have been addressed by a) retention of the first sentence of the second paragraph, b) rewriting the closing sentence of the former second paragraph, and c) conversion of the bulk of the	
6	1.3	1.3	see item #7	This [Principles] section is fully redundant with the Bylaws and is not needed.	W. Boswell	Chairman, NAESB		
7	1.3	1.3		[Having this section here may be redundant, but is helpful to readers unfamiliar with the NAESB Bylaws and the history of this effort]	J. Unruh	Reliant / Suppliers	Comments 6 & 7 addressed by converting former Section 1.3 into an expansion of the explanatory note cited above.	Latest draft of RGQ Procedures (1-4-02) addresses these points in a generally similar explanatory paragraph
8	2.0	2.0	see item #9	[some definitions listed are redundant with the Bylaws and need not be here]	W. Boswell	Chairman, NAESB		
9	2.0	2.0	no redundant def's now	[flagged several redundant definitions as helpful in reading the document, recommending that they be kept for now]	J. Unruh	Reliant / Suppliers	comments 8 & 9 addressed by retaining several definitions in italics, indicating that these are already defined in the Bylaws and show in the current draft	

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Item	Ref V. 1	Ref V. 2.1	applicable section in V 2.2	Comment Made on Version 1	From	Affiliation & Segment	Disposition In Version 2.1	Additional Comment or Explanatory Note
10	2.0	2.0	1.0(B)	change {"End User Segment Member" means an entity (e.g., corporation, partnership, proprietorship, or individual) engaged in the consumption of electricity ..} to {"End User Segment Member" means a person or legal entity that consumes electricity }	B. Alexander	NASUCA & AARP / End Users	changed to: "End User Segment Member" means a person that consumes electricity	NAESB has adopted the position that the legal definition of "person" includes individuals, corporations and other entities. See also comments 15, 16 & 17
11	2.0	2.0	1.0(C)	"NAESB Office" does not appear to be a correct definition	J. Unruh	Reliant / Suppliers	no change	Defined for the purposes of the document as written; need to resolve whether the NAESB Office, as defined will have the role stated within its new roles in NAESB
12	2.0	2.0	deleted	part a) of definition shown for Quorum is not needed	W. Boswell	Chairman, NAESB	Entire definition removed from V2.2 as Quorum is defined	
13	2.0	2.0	see Item #12	[purpose of Quorum definition part a) is unclear]	J. Unruh	Reliant / Suppliers	resolution of comments 12 & 13 is that part a) has been deleted and the definition is	
14	2.0	2.0	1.0(G) & (H)	amend definition of Services Segment Member, and possibly Supplier Segment Member, to include individuals	K. Sappenfield	PanCanadian Energy/ Suppliers	change made to Services Segment Member definition	Is this appropriate for the Supplier definition as well?
15	3.0	3.0	2.3(A)	change "... Members of the REQ are entities which meet" to "Members of the REQ are individuals or legal entities which meet"	B. Alexander	NASUCA & AARP / End Users		
16	various	various	various	[reword sections that use "entities"]	K. Sappenfield	PanCanadian Energy/ Suppliers		
17	various	various	various	[substitute 'person' for 'entity' throughout the document]	B. Alexander	NASUCA & AARP / End Users		
18	3.0 & 3.1	3.0 & 3.1	various	NAESB uses "person" as the legal equivalent of individuals, corporations, and any other entity with legal standing.	W. Boswell	Chairman, NAESB	comments 15, 16, 17 & 18 resolved by using "person" or "persons" where applicable; this engendered many small changes in wording throughout the document: in some cases.	

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Comments Regarding Draft Version 1 & Their Disposition In Versions 2.1 & 2.2 (Bylaws Format)

Item	Ref V. 1	Ref V. 2.1	applicable section in V 2.2	Comment Made on Version 1	From	Affiliation & Segment	Disposition In Version 2.1	Additional Comment or Explanatory Note
19	3.1	3.1	2.3(A)	delete the term "Entities" and replace it with "Parties" at the beginning of each description	K. Sappenfield	PanCanadian Energy/ Suppliers	descriptions rewritten for all four Segments to simplify the construction	
20	3.2	3.2	5.2(A)	add to requirement (a) the statement: "as determined by a simple majority of the Segment Membership"	J. Unruh	Reliant / Suppliers	added for consistency with requirement (b)	
21	3.2	3.2	5.2	replace "individual or legal entity", "person or entity" and "entity" in 3.2, 3.2(a) & (b) with "Member"	K. Sappenfield	PanCanadian Energy/ Suppliers	change made and lines revised to accommodate	
22	3.2	3.2	5.2(A)(2)-(b)(iii)	change requirement (b)(ii)(c) to read: "provides a letter of authorization from the group"	W. Boswell	Chairman, NAESB	change made	further comment to the effect that NAESB agrees with the need to require periodic reconfirmation of right to represent the group
23	3.2	3.2	5.2(A)	in (b)(ii)(c) delete the phrase: "by the representative"	W. Boswell	Chairman, NAESB	change made	
24	3.2	3.2		proposed language providing for reduction of membership fee for residential end user segment Members to a maximum of \$500 per annum.	B. Alexander	NASUCA & AARP / End Users		issue currently being explored; unresolved
25	3.2, 3.3 & 3.4	3.2, 3.3 & 3.4	deleted	3.2(b)(iii), 3.3 and 3.4 are all redundant with the Bylaws	W. Boswell	Chairman, NAESB	pertinent parts of Sections 3.2 & 3.3 converted to explanatory notes; see also comment 33	
26	3.4	3.3	5.1(C)	(in reference to comment 26); Section 3.4 provides helpful clarifying details not specified in the Bylaws and therefore unique to the Quadrant; retain this section.	J. Unruh	Reliant / Suppliers	Section 3.4 kept for now as renumbered Section 3.3	
27	3.5	3.4	5.1(A)	What is the purpose of this section?	J. Unruh	Reliant / Suppliers		Purpose of current Section 3.4 is to declare the intent of the Quadrant regarding the desired qualifications of representatives; specifically, persons representing members should have first hand knowledge of the business issues, operating authority to speak for the member and authority to cast a vote in meetings without consultation with the member on minor issues.

Retail Electric Quadrant Procedures

Comments Regarding Draft Version 1 & Their Disposition In Versions 2.1 & 2.2 (Bylaws Format)

Item	Ref V. 1	Ref V. 2.1	applicable section in V 2.2	Comment Made on Version 1	From	Affiliation & Segment	Disposition In Version 2.1	Additional Comment or Explanatory Note
28	3.6	3.6	N/A	remove closing statement following item (b) as it is redundant with the Bylaws	W. Boswell	Chairman, NAESB	change made	
29	3.6	3.6		add (c) removal for failure to attend requisite number of meetings	J. Unruh	Reliant / Suppliers	not added, as Bylaws provide for removal of EC or Board members for failure to attend meetings, but there is no minimum number of meetings a	
30	4.0	4.0	various	substitute the defined NAESB term of 'Director' instead of 'Board members', 'Board representation' and 'member of the Board'.	K. Sappenfield	PanCanadian Energy/Suppliers	changes made	
31	4.1(b)	4.1(b)	7.3(A)	clarify to state that each Segment will elect four directors	K. Sappenfield	PanCanadian Energy/Suppliers	changes made	
32	4.1(f)	4.1(f)	7.4(B)	do not agree with unlimited terms of office	J. Unruh	Reliant / Suppliers		This provision needs to be confirmed or removed by agreement of the prospective Quadrant Membership
33	4.1(f)	4.1(f)		fix some typos and a word deletion suggested	J. Unruh	Reliant / Suppliers	changes made	
34	4.1(g)	4.1(g)	7.2(B)	add 'REQ' to clarify to that an REQ representative may not be both a Director and and EC member at the same time	K. Sappenfield	PanCanadian Energy/Suppliers	change made	
35	4.1(g)	4.1(g)	7.2(B)	replace the word "accepts" with "seats"	W. Boswell	Chairman, NAESB	change made	
36	4.1(g)	4.1(g)	7.2(B)	replace the word "them" with "him/her"	J. Unruh	Reliant / Suppliers	change made	
37	4.1(h)	4.1(h)		as written, violates Labor Law; rephrase to say "No two Directors elected by the REQ may be employees of the same Member entity"	W. Boswell	Chairman, NAESB	change made	
38	4.1(h)	4.1(h)	7.2(A); clarifying example in V2.1 has been deleted	expands on comment 37, to further change following language to: " ... same Member entity, where an entity holds Membership in multiple Segments..", and adds the phrase "in both situations" later in the paragraph; also requested a clarifying example	J. Unruh	Reliant / Suppliers	changes made; example added; may have been impacted by subsequent changes to eliminate "entity"	The provisions, as written, need to be confirmed or changed by agreement of the prospective Quadrant Membership

Retail Electric Quadrant Procedures

Comments Regarding Draft Version 1 & Their Disposition In Versions 2.1 & 2.2 (Bylaws Format)

Item	Ref V. 1	Ref V. 2.1	applicable section in V 2.2	Comment Made on Version 1	From	Affiliation & Segment	Disposition In Version 2.1	Additional Comment or Explanatory Note
39	4.1(i)	4.1(j)	7.3(B)	Why will the EC coordinate the election of Directors?	J. Unruh	Reliant / Suppliers	see also "comment" #40; as a result of comment #40, this subsection has become subsection 4.1(j)	Somebody within NAESB will have to coordinate various elections; having the Vice-Chair of the Quadrant EC responsible for coordinating all Quadrant level elections (as provided for within the draft) defines a specific role for the Vice-Chair and removes some vagueness on how elections would be accomplished. This provision does not exist in the current NAESB operating procedures or Bylaws. Adoption of this approach over some other approach needs to be discussed and agreed upon by prospective Quadrant Membership.
40		4.1(i) + others	7.3(B) & (C); and 19.1	comment regarding draft End User Segment Procedures indicating that provisions regarding elections actually belong in the Quadrant document need to confirm the chosen percentages for majority voting	W. Boswell	Chairman, NAESB	inserted a new subsection 4.1(i) here and new subsections 4.2(i), 4.2(o), 4.2(p) & new sections 8.1 and 8.2.	The provisions, as written, need to be confirmed or changed by agreement of the prospective Quadrant Membership
41	4.1(j)	4.1(k)	7.6(A)		W. Boswell	Chairman, NAESB		The provisions, as written, need to be confirmed or changed by agreement of the prospective Quadrant Membership
42	4.1(k)	4.1(l)	deleted	redundant with Bylaws	W. Boswell	Chairman, NAESB	actually in conflict with Bylaws	
43	4.1(k)	4.1(l)	deleted	regarding comment 43; second sentence is Quadrant specific and should be kept	J. Unruh	Reliant / Suppliers	first sentence deleted, subsequent parts kept as subsection 4.1(l)	deletion of the rest of the section may still be appropriate; subject to further discussion
44	4.1(l)	4.1(m)	7.4(C)	change "their" to "his/her"	J. Unruh	Reliant / Suppliers	change made	
45	4.2	4.2	10	[changes were suggested to conform the structure of this section to that of Section 4.1]	J. Unruh	Reliant / Suppliers	changes made	
46	4.2	4.2	10.3(E)	do not agree with unlimited terms of office	J. Unruh	Reliant / Suppliers		This provision needs to be confirmed or removed by agreement of the prospective Quadrant Membership
47	4.2	4.2	10	change "their" to "his/her" in several locations within the section	J. Unruh	Reliant / Suppliers	changes made	

Retail Electric Quadrant Procedures

Comments Regarding Draft Version 1 & Their Disposition In Versions 2.1 & 2.2 (Bylaws Format)

Item	Ref V. 1	Ref V. 2.1	applicable section in V 2.2	Comment Made on Version 1	From	Affiliation & Segment	Disposition In Version 2.1	Additional Comment or Explanatory Note
48	4.2(g)	4.2(g)	10.2(A) & 10.6(B)(6); note added	section prohibits Members from holding a seat on both Board and EC from REQ Segment simultaneously; AGA-GRGS draft RGQ Procedures prohibit only a representative from doing both.	M. Scheel	Dynergy / Suppliers		This provision needs to be confirmed or modified by agreement of the prospective Quadrant Membership
49	4.2(h)	4.2(h)	10.2(B)	same as comment #38	W. Boswell	Chairman, NAESB	change made	
50	4.2(h)	4.2(h)	10.2(B); V2.1 example deleted	same as comment #39	J. Unruh	Reliant / Suppliers	changes made; example added	The provisions, as written, need to be confirmed or changed by agreement of the prospective Quadrant Membership
51	4.2(i)	4.2(j)	19.2(A)	[there is no existing EC when the Quadrant is first formed to carry out the provisions of this subsection]	J. Unruh	Reliant / Suppliers	added language to Section 8 to provide a proposed means of dealing with the issue	The provisions, as written, need to be confirmed or changed by agreement of the prospective Quadrant Membership
52	4.2(j)	4.2(k)	10.6(C)	same as comment #41	W. Boswell	Chairman, NAESB		
53	4.2(k)			redundant with Bylaws	W. Boswell	Chairman, NAESB	subsection was deleted	
54	4.2(m)	4.2(m)	10.3(F)	change "their" to "his/her"	J. Unruh	Reliant / Suppliers	changes made	
55	4.2(n)(iii)	4.2(n)(ii)	10.1(A)(2); further clarified	how does the Secretary provision work given GISB's past practice?	J. Unruh	Reliant / Suppliers	subsection revised to better reflect existing practice within NAESB	provisions still need to be discussed and agreed upon by prospective Quadrant Membership
56	4.3(b)	4.2(n)(i)	10.1(A)(1)	first sentence is redundant with Bylaws, second belongs in Section 4.2	W. Boswell	Chairman, NAESB	first sentence deleted; second provision now resides in	
57	4.3(c)	4.3(b)	deleted; redundant	should apply to REQ EC Chair and Vice-Chair	J. Unruh	Reliant / Suppliers	correction made	
58	4.3(d)	4.3(c)	10.4(B)(1)	this proposed procedure resolves a problem that had been recognized by the Board	W. Boswell	Chairman, NAESB	no change required	
59	4.3(d)	4.3(d)	10.4(B)(2)	how is the meeting Secretary determined under this situation?	J. Unruh	Reliant / Suppliers	added a new subsection 4.3(d) to address this	
60	4.3(e)	4.3(e)	10.4(A)(1)	replace "in person" with "held"	W. Boswell	Chairman, NAESB	change made	past GISB practice has included numerous EC meetings held by means of telecommunications
61	4.3(e)	4.3(e)	10.3(A)(1)	wording suggested to simplify the paragraph	J. Unruh	Reliant / Suppliers	change made	

Retail Electric Quadrant Procedures

Comments Regarding Draft Version 1 & Their Disposition In Versions 2.1 & 2.2 (Bylaws Format)

Item	Ref V. 1	Ref V. 2.1	applicable section in V 2.2	Comment Made on Version 1	From	Affiliation & Segment	Disposition In Version 2.1	Additional Comment or Explanatory Note
62	4.3(f)	4.3(f)	10.6(A)(1)-(c)	Why is there a vote? Should be automatic removal	J. Unruh	Reliant / Suppliers		The provisions, as written, need to be confirmed or changed by agreement of the prospective Quadrant Membership
63	4.4	4.4	10.5	Section 4.4 belongs in the "NAESB Operating Procedures (NAESBops)" rather than in the Quadrant document, fulfilling a recognized need for such procedures	W. Boswell	Chairman, NAESB	V2.2 includes note that provisions may belong in NAESBops rather than REQ document	
64	4.4	4.4	10.5	regarding comment 64; this section should remain in the document as it is quadrant specific since there are no NAESBops at this time	J. Unruh	Reliant / Suppliers	left in the document at the present time, with an added note that this section may be more appropriate in NAESBops change made	Needs to be resolved in discussions with NAESB
65	4.4(a)(i)	4.4(a)(i)	10.5(A)(1)-(a)	add the provision that the EC will also designate whether balanced voting will be applicable in establishing a specific working group	K. Sappenfield	PanCanadian Energy/Suppliers		
66	4.4(a)(iii)-(3)	4.4(a)(iii)-(3)	10.5(A)(1)-(c)(iii)	[revise to permit shorter notice periods for meetings once the working group/task force is established]	K. Sappenfield	PanCanadian Energy/Suppliers	changes made	
67	[formerly 4.5]			this section covers topics that are only appropriate to the Bylaws for all of NAESB, as the Triage Committee only functions on that level.	W. Boswell	Reliant / Suppliers	section deleted	
68	[formerly 5.1]			this subsection is neither needed nor correct, as Section 5.3 covers the issues	W. Boswell	Reliant / Suppliers	section deleted	
69	6.1(b)	6.1(b)	2.2(C)	this subsection belongs in NAESBops or the Bylaws as it is an issue for all Quadrants	W. Boswell	Chairman, NAESB	left in the document at the present time, with an added note that this section may be more appropriate in NAESBops	Needs to be resolved in discussions with NAESB
70	6.1(b)	6.1(b)	2.2(C)	regarding comment 69; this section should remain in the document as it is quadrant specific since there are no NAESBops at this time and the Bylaws do not reflect the issue	J. Unruh	Reliant / Suppliers	left in the document at the present time, with an added note that this section may be more appropriate in the Bylaws or NAESBops	Needs to be resolved in discussions with NAESB

Retail Electric Quadrant Procedures

Comments Regarding Draft Version 1 & Their Disposition In Versions 2.1 & 2.2 (Bylaws Format)

Item	Ref V. 1	Ref V. 2.1	applicable section in V 2.2	Comment Made on Version 1	From	Affiliation & Segment	Disposition In Version 2.1	Additional Comment or Explanatory Note
71	6.1(b)	6.1(b)	2.2(C)	rewrite to clarify limitations / requirements	K. Sappenfield	PanCanadian Energy/Suppliers	left in the document at the present time, with an added note that this section may be more appropriate in the Bylaws section deleted	not rewritten; other changes bring into question whether this section is needed at all; see note in the text
72	6.1(c)			this provision is not necessary under current GISB EC practice	J. Unruh	Reliant / Suppliers	section deleted	
73	7.1			as written, the section is inconsistent with unwritten GISB practice that will carry over into NAESB	W. Boswell	Chairman, NAESB	section deleted	Agreed in discussing the comment that NAESB needs to formally document the voting practices for a Ratification ballot in all Quadrants, so this belongs either in NAESBops or the Bylaws
74	7.1			as written, the rules are too complex to be workable	J. Unruh	Reliant / Suppliers	(section deleted)	
75	7.1			provisions for designating alternates needs to be in the Segment Procedures	M. Scheel	Dynegy / Suppliers	(section deleted)	
76	7.1			rewrite to address two different comments	K. Sappenfield	PanCanadian Energy/Suppliers	(section deleted)	
77	7.2	7.1	10.9(A)	add provision to allow EC member to notify NAESB Office of absence	K. Sappenfield	PanCanadian Energy/Suppliers	change made	
78	8.0	8.0	19	provisions of this section need further clarification; a minor wording change also suggested	W. Boswell	Chairman, NAESB		
79	8.0	8.0	19	provisions of this section need further clarification, particularly regarding balanced voting	M. Scheel	Dynegy / Suppliers		
80	8.0	8.0	19	revise language as shown in redline comments throughout this section	K. Sappenfield	PanCanadian Energy/Suppliers		
81	8.0	8.0	19	provisions of this section need further clarification, particularly regarding balanced voting	J. Unruh	Reliant / Suppliers	(section revised extensively to respond to comments 78-81)	the provisions of this section do need further clarification and must be agreed to by prospective Quadrant Membership

1 *To the UBP-RSB membership, and other interested parties*

2

3 *The Governance Committee of UBP-RSB is issuing this document to you to assist you in*
4 *preparing for the Retail Quadrants meeting scheduled for January 17th in Washington DC.*

5

6 *The document that follows is a second draft of proposed Retail Electric Quadrant*
7 *Procedures, and should be reviewed along with a companion document (spreadsheet)*
8 *listing the comments received on Version 1 and their disposition within this document. The*
9 *proposed procedures within this document are not final, as several sections still contain*
10 *"placeholder" provisions that need discussion and approval by prospective members of the*
11 *Retail Electric Quadrant.*

12

13 *There are several locations in this document where it is suggested that the provisions*
14 *written are redundant with the Bylaws. The GC is retaining these sections in italics, and*
15 *noted as being there for explanatory purposes, until such time as the Quadrant Procedures*
16 *are formally adopted by NAESB. At that point, the document would be stripped of*
17 *explanatory sections as it will become an integral part of the NAESB Bylaws.*

18

19 *Please feel free to provide comments to your Governance Committee representatives. The*
20 *more comments we receive, the better we can reflect your issues, concerns and needs, and*
21 *the better the Quadrant Procedures will tend to be.*

22

23 *Thank you for your time, and your interest.*

24

25 *Charles L. Driggs*

26 *Chair, Governance Committee*

27

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NORTH AMERICAN ENERGY STANDARDS BOARD

40

BYLAWS ADDENDUM

41

42

EXHIBIT 4

43

44

45

RETAIL ELECTRIC QUADRANT PROCEDURES

46 **1.0 THE RETAIL ELECTRIC QUADRANT**

47

48 1.1 Purpose

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

53

54 1.2 Scope

55 The Retail Electric Quadrant is to address issues and practices that are within the
56 scope of NAESB and appropriate to electric usage at the individual consumer
57 level—that is, usage by an individual, partnership, corporation, or other entity
58 consuming electricity at one or more facilities served by an Electric Distributor.

59

60 Issues may also be addressed in conjunction with other Quadrants when such
61 issues are common to both electric distribution at the individual consumer level
62 and some combination of wholesale or retail activities in the electric or natural gas
63 industries.

64

65 *Explanatory Note:*

66 *The Retail Electric Quadrant would normally address issues and practices which*
67 *are generally within the jurisdiction of state or local regulatory authorities. As*
68 *such, the findings, recommendations and proposed standards or model business*
69 *practices produced by this Quadrant of NAESB may be implemented in individual*
70 *jurisdictions only to the extent that they are consistent with applicable law and*
71 *regulation. Standards and model business practices that prove successful in those*

72 *states that adopt them might well be adopted by additional jurisdictions if*
73 *compatible with policies in their jurisdiction.*

74

75 *Furthermore, the Retail Electric Quadrant will operate in conformance with the*
76 *principles of NAESB as established in Section 2.2 (b) of the NAESB Bylaws, and in*
77 *compliance with ANSI guidelines as codified therein . In keeping with these*
78 *Principles, the Retail Electric Quadrant encourages membership from across the*
79 *spectrum of the Retail Electric industry, reflecting the principle of inclusiveness.*
80 *All Retail Electric Quadrant meetings, including those of its Members, Executive*
81 *Committee (EC), subcommittees and task forces, shall be open to any interested*
82 *member of the public and that all minutes thereof shall be available to the public*
83 *in keeping with the principle of openness.*

84

85 **2.0 DEFINITIONS:**

86 *When final and adopted, this document becomes an Exhibit to the NAESB Bylaws,*
87 *and the Bylaws define a number of terms used throughout the Bylaws and the*
88 *Exhibits. Some definitions listed in this section at this time are shown only for*
89 *ease of reading this document in the absence of the NAESB Bylaws; definitions*
90 *included for this purpose are presented in italics.*

91 *"Agent" means an individual, partnership, firm, corporation, or other entity*
92 *representing the interests of a member of the End User Segment, but who, itself,*
93 *is not necessarily a member of the Segment.*

94 *"Board" means the Board of Directors of NAESB*

95 *"Bylaws" means the corporate bylaws of NAESB as amended from time to time.*

96 *"Designated Alternate" is defined as a person, specifically named by a Segment in*
97 *a list submitted to the NAESB office, designated to serve in place of an EC Member*
98 *who is unable to attend an EC meeting.*

99 *"Director" means an individual serving on the Board of Directors either from the*
100 *Retail Electric Quadrant or any other Quadrant.*

101 "Distributor Segment Member" means a person (e.g., corporation or partnership)
102 engaged in the local distribution of electricity, or its representative (e.g.,
103 employee, officer, director, agent, or partner) who is authorized to cast that
104 Segment Member's vote, that satisfies the requirements for Membership set forth
105 in Article 5 of the bylaws of NAESB, and Section 3 of these Procedures, and further
106 satisfies the qualifications for Distributor Segment Membership of the Retail
107 Electric Quadrant as set forth in the Distributor Segment Procedures.

108 *"EC" means the Executive Committee of NAESB or a subset of the Executive*
109 *Committee of NAESB consisting of members from the Retail Electric Quadrant, or*
110 *of the Retail Electric Quadrant and one or two other Quadrants in combination, as*
111 *appropriate to the context.*

112 "End User Segment Member" means a person (e.g., corporation, partnership,
113 proprietorship, or individual) engaged in the consumption of electricity delivered
114 by an Electric Distributor, or its representative (e.g., employee, officer, director,
115 agent, or partner) who is authorized to cast that Segment Member's vote, that
116 satisfies the requirements for Membership set forth in Article 5 of the Bylaws of
117 NAESB, and Section 3 of these Procedures, and further satisfies the qualifications
118 for End User Segment Membership of the Retail Electric Quadrant as set forth in
119 the End User Segment Procedures.

120 *"NAESB" means the North American Energy Standards Board, Inc.*

121 "NAESB Office" means the office of the Secretary of NAESB

122 "Quorum" is defined, for the purposes of a Quadrant EC meeting, as a minimum of
123 one EC member representative from each Segment within the Retail Electric
124 Quadrant, and at least half of the currently serving Retail Electric Quadrant EC
125 members overall, present either in person or via telecommunications. and as
126 stated in Section 6.6 of the NAESB Bylaws in all other respects.

127 "REQ" means the Retail Electric Quadrant

128 "Segment" means one of the co-equal Membership Segments of the NAESB Retail
129 Electric Quadrant representing the following four (4) segments of the retail electric
130 industry: Suppliers, Distributors, End Users, and Services.

131 "Segment Membership" means the Segment Members collectively.

132 "Services Segment Member" means a person (e.g., corporation, partnership or
133 proprietorship or individual) that provides services to participants in the retail
134 electric industry or an entity not otherwise declared in another segment, or its
135 representative (e.g., employee, officer, director, agent, or partner) who is authorized
136 to cast that Segment Member's vote, that

- 137 a) satisfies the requirements for Membership set forth in Article 5 of the
138 Bylaws of NAESB, and Section 3 of these Procedures, and
139 b) further satisfies the qualifications for Services Segment Membership of the
140 Retail Electric Quadrant as set forth in the Services Segment Procedures.

141 "Supplier Segment Member" means a person (e.g., corporation, partnership, or
142 proprietorship) engaged in the competitive sale of electricity to end-users, or its
143 representative (e.g., employee, officer, director, agent, or partner) who is
144 authorized to cast that Segment Member's vote, that

- 145 a) satisfies the requirements for Membership set forth in Article 5 of the
146 Bylaws of NAESB and Section 3 of these Procedures, and

147 b) further satisfies the qualifications for Supplier Segment Membership of the
148 Retail Electric Quadrant as set forth in the Supplier Segment Procedures.

149

150 All other capitalized terms, if not defined in this Section 2.0, shall have the same
151 definitions as specified in the Bylaws or Certificate of Incorporation of NAESB.

152

153 **3.0 MEMBERSHIP REQUIREMENTS**

154 The definition of Membership applies to all Segments within the REQ. Members of
155 the REQ are persons who meet the following membership requirements in any one
156 of the four Segments of this Quadrant. Upon applying for Voting Membership (as
157 described in NAESB Bylaws Sections 1.1 and 5.1) in the REQ, each prospective
158 Member shall declare the Segment with which they are to be identified.

159

160 **3.1 Segment Membership Eligibility**

161 a) Distributor Segment

162 Parties eligible for membership in this Segment are engaged in the local
163 distribution of electricity.

164 b) End User Segment

165 Parties eligible for membership in this Segment consume electricity or
166 represent consumers of electricity.

167 c) Suppliers Segment

168 Parties eligible for membership in this Segment are service providers and
169 marketers, engaged in the competitive sale of electricity to end-users

170 c) Services Segment

171 Parties eligible for membership in this Segment provide services to
172 participants in the retail electric industry, including equipment

173 manufacturers, equipment vendors, software providers, consultants, and
174 other companies or individuals not otherwise eligible for membership in
175 another Segment.

176

177 **3.2 Voting Membership**

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

180 a) The Member has a significant business interest¹ in the retail electric market
181 (or is a representative or Agent of such person), as determined by a simple
182 majority of the segment membership

183 b) The Member may be a trade association or an advocacy group representing
184 a group of prospective members, provided that

185 (i) the group represents an interest that is identified within a Segment,
186 yet is

187 (1) not represented, or

188 (2) is underrepresented

189 in the judgement of a simple majority of the Segment membership,
190 and

191 (ii) The prospective representative's relationship to the group wishing
192 to be represented in this manner is documented in one of the
193 following ways:

194 (a) Has statutorily or regulatory designated authority to
195 represent the interests of the subject group

¹ as used in this section, "significant business interests" specifically includes the interests of statutorily appointed consumer advocates

- 196 (b) Is generally recognized representative of the subject group
197 for other transactions (e.g. provides group insurance, group
198 buying of another product, etc.)
- 199 (c) provides a letter of authorization from the group, including
200 an expiration date for the letter of authorization
- 201 (iii) no more than two entities within the group represented
202 subsequently join as full Members of the Segment, at which point
203 the representative's authorization for representation and voting
204 rights will be immediately voided unless reinstated by letter for
205 the remainder of the operating year by the remaining members of
206 the representative's constituency.

207

208 *Note: Per provisions of the NAESB Bylaws, the voting rights of any REQ Member*
209 *shall be suspended if its dues are delinquent, and attendance of that delinquent*
210 *Member at any meeting shall not be counted in determination of a Quorum being*
211 *present.*

212

213 **3.3 Multiple Memberships**

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

- 218 a) Only one Membership per Segment is permissible for any person.
- 219 b) Multiple companies under common control within a corporate organization
220 that desire to become members must join individually. Members cannot

221 extend their membership to their parent company, affiliates, or
222 subsidiaries.

223

224 **3.4 Member Representation**

225 Representatives chosen by any person in any Segment should have, but are not
226 required to have, corporate responsibility for the business interests causing the
227 person to seek membership in the Segment.

228

229 **3.5 Removal of Members**

230 Members who cease to have a significant business interest pertaining to the
231 descriptions contained in sections 3.1(a)-3.1(d) may be removed from
232 membership by either

- 233 a) a simple majority vote of their declared Segment membership, or
- 234 b) resolution of the REQ Executive Committee

235

236 **4.0 ORGANIZATION OF THE RETAIL ELECTRIC QUADRANT:**

237 The REQ shall elect representatives to the Board of Directors of NAESB and elect
238 an Executive Committee (EC), which shall participate in the larger NAESB EC body
239 as well as govern the activities of the REQ.

240

241 **4.1 Directors**

- 242 a) The REQ shall elect sixteen (16) NAESB Directors, subject to the provisions
243 of Section 8 of these Procedures. All Directors from the REQ will be
244 comprised of an equal number of representatives elected from each
245 Segment of the Quadrant.

- 246 b) Each Segment of the Quadrant will elect four (4) Directors, subject to the
247 provisions of Section 8 of these Procedures. Nominations for and election
248 of all Directors will be in accordance with Segment Procedures.
- 249 c) In the event that a Director resigns or otherwise vacates their Board seat,
250 the Quadrant will hold an election within 60 days to fill the vacant seat
251 with a candidate from the same Segment as the original Director.
- 252 d) Directors shall be elected for two-year terms, with half of the terms
253 expiring in alternating years.
- 254 e) Subject to the provisions of Section 8, two Directors will be elected from
255 each Segment each year to fill expiring terms. Group A Directors will have
256 their terms expire in odd numbered years, and Group B Director terms will
257 expire in even numbered years, in conjunction with the end of the
258 operating year of NAESB or as otherwise defined by the Board, Certificate
259 of Incorporation or Bylaws, as amended.
- 260 f) Directors elected from the REQ may run for re-election without restriction
261 on the number of terms held.
- 262 g) Directors elected from the REQ may not hold both a Board seat and a seat
263 on the Executive Committee at any point in time. If an Executive
264 Committee member is elected as a Director from the REQ, their EC seat is
265 vacated when the NAESB Board seats them as a Director.
- 266 h) No two Directors elected by the REQ may be employees of the same
267 Member holding Membership in multiple Segments within the Quadrant.
268 This restriction does not prohibit election of two Directors from two
269 affiliated companies within a holding company which each have individual
270 Member status, or from two companies with a parent-subsidary

271 relationship, provided that the two Directors from companies with such a
272 relationship represent Members of differing Segments.

273 *[Example: In the LDC Segment, the Exelon Corporation might have*
274 *interests in multiple REQ Segments. If Exelon joins all segments as the*
275 *Exelon, rather than as its operating subsidiaries doing business in those*
276 *Segments, Exelon could only have one Board member elected from the*
277 *REQ, period. If instead, Exelon joined each Segment via its operating*
278 *subsidiaries active in each Segment's portion of the industry, one or more*
279 *Board members representing interests within the Exelon corporate*
280 *structure could be elected from the REQ Segments and serve concurrently.*
281 *However, if multiple Exelon operating subsidiaries joined one Segment*
282 *(Commonwealth Edison and PECO Energy joining the LDC Segment, for*
283 *example), only one Board seat could be held by representatives of that*
284 *Segment. Intent is to prevent one company / member from being able to*
285 *"load" the Board in their favor, particularly in representing the interests of*
286 *a single Segment. The rule, as proposed, counts on the diversity of market*
287 *presence between Segments to tend to limit the number of Board seats*
288 *affiliated with a single holding company across Segments.]*

289 i) In preparation for any election of NAESB Directors (other than initial
290 Directors, as provided for in Section 8), a Nominating Committee
291 consisting of five EC members of the REQ comprised of one member from
292 each Segment plus the EC Vice-Chair, shall develop a slate of candidates
293 from the Segment Membership. Other nominations may be made at or
294 prior to the close of the REQ End User Segment nomination period by any
295 Segment Member eligible to serve on the Board of Directors by submitting
296 their name(s) to the NAESB Office in a form as specified in NAESB

297 Operating Procedures if such requirements exist. All nominations must be
298 made and conveyed in writing to the NAESB Secretary no less than 31 days
299 prior to the election date.

300 j) Election of Directors shall occur in the same month for all Segments of the
301 REQ, and shall be coordinated by the Executive Committee. The EC will
302 ensure that the requirements of this Section are satisfied by each
303 Segment's slate of candidates prior to any actual voting by any Segment.

304 k) In addition to being subject to removal from office by the NAESB Board of
305 Directors, Directors may also be removed from office by the Quadrant
306 membership at any time upon a 75% majority vote of the Quadrant
307 membership and a simple majority (51%) of each of the Segments of the
308 REQ. The vacant seat is to be refilled in accordance with all of the
309 requirements of this Section 4.1.

310 l) Elected Directors may not declare a Designated Alternate for their seat for
311 any reason, and may not delegate their Board vote to another except by
312 Proxy to another Board member.

313 m) In the event that the Director changes affiliation to another Member within
314 his/her industry Segment, the Director's term will continue until its natural
315 expiration, provided that there is no other Director already representing
316 the same Member, in which case the Director changing his or her affiliation
317 will vacate their seat for election of a new Director. In the event that a
318 Director is no longer affiliated with their electing industry Segment, the
319 Director will vacate their seat for election of a new Director.

320 n) Meetings of Directors from the REQ will be in accordance with the NAESB
321 Bylaws.

322

323 **4.2 Executive Committee**

- 324 a) The REQ shall elect sixteen (16) NAESB Executive Committee members,
325 subject to Section 8 of these Procedures, with each Segment electing four
326 (4) of these EC Members, pursuant to procedures established by that
327 Segment. All EC representation from the REQ will be comprised of an
328 equal number of representatives elected from each Segment of the
329 Quadrant.
- 330 b) The REQ will elect four (4) EC members from each Segment, subject to the
331 provisions of Section 8 of these Procedures. Nominations for and election
332 to an EC seat will be in accordance with Segment Procedures.
- 333 c) In the event that an EC member resigns or otherwise vacates their seat,
334 the Quadrant will hold an election within 60 days to fill the vacant seat
335 with a candidate from the same Segment as the original EC member.
- 336 d) EC members shall be elected for two-year terms, with half of the terms
337 expiring in alternating years.
- 338 e) Subject to the provisions of Section 8, two EC members will be elected
339 from each Segment each year to fill expiring terms. Group A EC members
340 will have their terms expire in odd numbered years, and Group B EC
341 member terms will expire in even number years, in conjunction with end of
342 the operating year of NAESB or as otherwise defined by the Board of
343 Directors, Certificate of Incorporation or Bylaws, as amended.
- 344 f) EC members from the REQ may run for re-election without restriction on
345 the number of terms held.
- 346 g) EC members elected from the REQ may not hold both a Board seat and a
347 seat on the Executive Committee at any point in time. If an Executive

348 Committee member is elected to the Board from the REQ, their EC seat is
349 vacated when the NAESB Board accepts them as a member of the Board.

350 h) No two EC members elected by the REQ may be employees of the same
351 Member holding Membership in multiple Segments within the Quadrant.
352 This restriction does not prohibit election of two EC members from two
353 affiliated companies within a holding company which each have individual
354 Member status, or from two companies with a parent-subsidary
355 relationship, provided that the two EC members from companies with such
356 a relationship represent Members of differing Segments.

357 i) In preparation for any election of EC Members (other than initial EC
358 Members, as provided for in Section 8), a Nominating Committee
359 consisting of five EC members of the REQ comprised of one member from
360 each Segment plus the EC Vice-Chair, shall develop a slate of candidates
361 from the Segment Membership. Other nominations may be made at or
362 prior to the close of the REQ End User Segment nomination period by any
363 Segment Member eligible to serve on the EC by submitting their name(s)
364 to the NAESB Office in a form as specified in NAESB Operating Procedures
365 if such requirements exist. All nominations must be made and conveyed in
366 writing to the NAESB Secretary no less than 31 days prior to the election
367 date.

368 j) Election of EC members shall occur in the same month for all Segments of
369 the REQ, and shall be coordinated by the existing REQ Executive
370 Committee. The EC will ensure that the requirements of this Section are
371 satisfied by each Segment's slate of candidates prior to any actual voting
372 by any Segment.

- 373 k) EC members may be removed from office by the Quadrant membership at
374 any time upon a 75% majority vote of the Quadrant membership and a
375 simple majority (51%) of each of the Segments of the REQ. The vacant
376 seat is to be refilled in accordance with all of the requirements of this
377 Section 4.2.
- 378 l) Elected EC members may declare representation at an EC meeting by a
379 Designated Alternate named in accordance with Section 7 of these
380 Procedures, for any reason, subject to the EC participation requirements
381 contained in Section 10.4 of the NAESB Bylaws as applied to all Executive
382 Committee meetings.
- 383 m) In the event that the EC member changes affiliation to another Member
384 within his/her industry Segment, the EC member's term will continue until
385 its natural expiration, provided that there is no other EC member already
386 representing the EC member's new affiliation, in which case the EC
387 member changing affiliation will resign their seat for election of a new EC
388 member. In the event that an EC member is no longer affiliated with their
389 electing industry Segment, the EC member will vacate their seat and a new
390 EC member will be elected to fill the seat.
- 391 n) The REQ EC shall
- 392 (i) elevate the prior year Vice Chair of the Quadrant EC to Chair of
393 the REQ EC at its first meeting in the new operating year and
394 elect a new Vice Chair. If the Vice Chair is vacant at the time of
395 the first meeting of a new operating year, both a Chair and Vice-
396 Chair will be elected, and
- 397 (ii) designate an EC Secretary responsible for production of meeting
398 minutes per NAESB Operating Procedures. This may involve an

399 individual assigned this responsibility on a permanent basis, or
400 an agreement on how to designate a temporary Secretary for
401 the purpose of recording minutes of each meeting.

- 402 o) An EC member shall cease to be a member of the EC upon
- 403 (i) the resignation of REQ End User Segment Membership by the
 - 404 Member whom they represent
 - 405 (ii) the lapse of the Segment Membership dues of the Member whom
 - 406 they represent,
 - 407 (iii) the EC member's resignation, removal, or death
 - 408 (iv) the first day of the NAESB operating year following an election for
 - 409 the seat held by the EC member, wherein the member was not re-
 - 410 elected by the Segment Membership as declared by the NAESB
 - 411 Secretary
 - 412 (v) receipt by the NAESB Secretary of a rescission letter indicating that
 - 413 the individual no longer represents the Segment Member
- 414 p) A vacancy resulting from removal of an EC member shall be filled for the
- 415 remainder of that term in accordance with the following requirements
- 416 (i) Any EC seats becoming vacant shall be filled by a special election
 - 417 subject to the following provisions
 - 418 (ii) If the vacancy occurs with less than 125 days remaining in the EC
 - 419 member's term of office, the seat will remain vacant until filled by
 - 420 election of a new EC member to a term commencing in the next
 - 421 operating year, and a Designated Alternate will serve until
 - 422 expiration of the term.
 - 423 (iii) All other vacancies will be filled by special election; such special
 - 424 elections are to be formally noticed to the Segment Membership by

425 the Segment Vice-Chair or Chair within 15 days of when the
426 creation of the vacancy becomes known and held within 60 days of
427 the creation of the vacancy. Candidates will be designated by the
428 normal nomination process or selected by the remaining EC
429 members of the Segment from Segment Membership. Candidates
430 elected to fill the vacancy will serve the remainder of the term, and
431 may stand for re-election.

432 (iv) Until an election is held and a new EC member is elected, a
433 Designated Alternate will serve in the open EC seat.

434

435 **4.3 EC Meetings**

- 436 a) Meetings of EC members from the REQ will be in accordance with the
437 NAESB Bylaws.
- 438 b) The Quadrant EC Chair and Vice-Chair will serve in the roles defined for the
439 NAESB EC Chair and Vice-Chair positions in the NAESB Bylaws and chair all
440 Quadrant EC meetings.
- 441 c) In the event that the EC of the REQ meets jointly with an EC of another
442 NAESB Quadrant, the choice of Quadrant EC Chair presiding over the joint
443 meeting will be determined by the precedence established in the order of
444 rotation of Vice-Chairs as specified in the NAESB Bylaws.
- 445 d) In the event that the provisions of 4.3(c) result in the REQ EC Chair or
446 Vice-Chair presiding over a joint meeting, the actions taken to comply with
447 Section 4.2(m)(ii) will determine what person is responsible for taking and
448 preparing meeting minutes.
- 449 e) Executive Committee Meetings shall be held at times and locations
450 determined by the Chair or Vice-Chair of the Quadrant Executive

451 Committee. Executive Committee Members may participate and vote by
452 means of tele-conference or other electronic means unless in-person
453 attendance is required of all members by both the Chair and Vice-Chair of
454 the Executive Committee, and subject to the attendance requirements of
455 the NAESB Bylaws. Attendance records shall be reviewed by the Secretary
456 of the EC during the course of each Quadrant EC meeting for compliance
457 with NAESB Bylaws for the term of office served by each current Quadrant
458 EC member. The Secretary shall advise any members at risk for failure to
459 comply of their status.

460 f) Failure to meet the in-person attendance requirements for reasons other
461 than hospitalization or disability requires issuing a notice of non-
462 compliance to the Quadrant membership and a vote for removal of the
463 Executive Committee seat within 30 days of failing to comply. Election of a
464 new member, if necessary, will proceed as provided for in Section 3. If the
465 membership does not vote for removal of the EC member, the Secretary or
466 EC Chair may call for another removal vote by the Quadrant membership
467 following the next EC meeting if the EC member's attendance record still
468 does not satisfy the Bylaws requirements.

469

470 **4.4 EC Subcommittees and Task Forces**

471 *Note: The provisions of this Section 4.4 may actually be more appropriately*
472 *located within NAESB's Operating Procedures. Until such time as there is Board*
473 *agreement to adopt them for all of NAESB, they remain here as REQ provisions.*

474

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

- 477 a) The Executive Committee may establish voluntary standing subcommittees
478 or special purpose task forces to perform various functions required of the
479 organization.
- 480 (i) The Executive Committee will prepare a written statement of the
481 purpose of the subcommittee or task force and the tasks to be
482 performed, name the subcommittee or task force, state if balanced
483 voting among the Segments is applicable, and appoint a temporary
484 chair.
- 485 (ii) The Temporary Chair may be a member of the Executive Committee
486 or any REQ Member willing to perform the required startup tasks
487 and to continue chairing the subcommittee / task force if elected by
488 the members its first meeting.
- 489 (iii) The Temporary Chair shall set up the first meeting of the
490 subcommittee or task force and prepare a meeting notice that:
- 491 1) states the name and purpose of the subcommittee / task
492 force,
- 493 2) solicits participation in the subcommittee / task force,
- 494 3) announces the agenda for the first meeting.
- 495 and shall send the meeting notice to all Members and non-members
496 who have participated in Quadrant activities in the last twelve
497 months. The notice shall be sent at least two weeks prior to the
498 meeting date. Shorter time periods for notices of subsequent
499 meetings will be permitted by a 75% vote of the participants
500 attending a duly scheduled meeting. All meeting notices shall be
501 posted on the NAESB website and transmitted in writing, facsimile,
502 or other electronic means to parties who have indicated an interest

503 in the duly scheduled meeting. The permanent subcommittee /
504 task force Chair may be any REQ member. Participation on
505 subcommittees or task forces is open to any interested party.

506 b) Each EC subcommittee or task force will designate a meeting Secretary
507 responsible for recording and reporting voting results, keeping regular
508 minutes of its proceedings and providing copies of those minutes promptly
509 to the NAESB Executive Director's office in accordance to reporting criteria
510 established by the EC.

511 c) Each EC subcommittee or task force will report to the EC at no less than a
512 quarterly basis, on a schedule to be defined by the EC for as long as the
513 subcommittee or task force continues to exist

514 d) Each EC subcommittee / task force will strive for balanced representation
515 and balanced voting between Segments, and participation shall be open to
516 all NAESB Members and other interested parties, without regard to whether
517 the participant is a paid Member of NAESB in good standing.

518

519 **5.0 MEETINGS OF THE RETAIL ELECTRIC QUADRANT:**

520 All meetings held in association with the NAESB organization or the REQ are open
521 to any interested person.

522

523 **5.1 Voting for Adoption**

524 Only Members of the REQ EC shall have the right to vote to adopt standards or
525 model business practices for the REQ. Quadrant voting procedures will be in
526 accordance with the NAESB Bylaws.

527

528 **5.2 Ratification**

529 Only REQ Voting Members have the right to ratify standards or model business
530 practices adopted by the Quadrant EC. Ratification voting will be in accordance
531 with the requirements of the NAESB Bylaws.

532

533 **6.0 JOINT MEETINGS**

534 From time to time, there will be joint meetings of the REQ with other Quadrants
535 within NAESB, and Segments will meet jointly to transact Quadrant business.

536

537 **6.1 One Person, One Vote Requirement**

538 a) Designation of the same individual as the duly authorized representative of
539 the Member in multiple Segments of the REQ (including Agent
540 representatives) is not permitted.

541 b) In the event that a duly authorized representative in one Segment also
542 represents the Member in another Segment in any other NAESB Quadrant,
543 and both affected Segments are engaged in a joint meeting requiring
544 Member voting, then the person serving as representative in both
545 Segments must choose the Segment and Quadrant in which they will vote
546 on any given issue and may only cast one vote on each voting issue. To
547 the extent that any other involved Quadrant's rule may differ on this point,
548 the representative must still honor this Quadrant's rule for any such vote or
549 designate a substitute representative for the entity's interests during the
550 joint meeting.

551 *Note: The provisions of Section 6.1(b) deal with an issue applicable to all*
552 *Quadrants and may be more appropriate for inclusion in either the Bylaws*
553 *or NAESB Operating Procedures. In addition, since nearly all votes by a*
554 *Member in NAESB will either be for election of officers or ratification, joint*

555 *action with another Quadrant requiring voting should be very rare, and*
556 *may never actually occur. Need to decide whether to keep or drop this.*
557

558 **7.0 EC DESIGNATED ALTERNATES**

559 **7.1 EC Designated Alternate Authority**

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

- 562 a) An EC Member from that Segment either indicates to the NAESB Office, the
563 EC Chair or Vice-Chair that they will be absent, or is in fact absent and
564 remains absent,
- 565 b) The name of the Designated Alternate is on a list of approved Designated
566 Alternates selected by the appropriate Segment membership according to
567 these Procedures and on file with both the NAESB Office and the EC.

568

569 **7.2 Election of Designated Alternates**

- 570 a) Each Segment will select no more than three (3), and no less than one
571 Designated Alternate EC representative in each election year, allowing for
572 up to twelve (12) Designated Alternates overall.
- 573 b) Designated Alternates will be selected annually by the same election that
574 determines new EC members, with those unsuccessful EC member
575 candidate(s) receiving the greatest number of votes becoming a
576 Designated Alternate in the event that there already are or are expected to
577 be less than three Designated Alternates from the Segment in the coming
578 year.
- 579 c) A Designated Alternate will attend and vote at meetings of the EC of the
580 REQ or of the larger EC of NAESB, when one or more regular EC Members

581 from the Segment are unable to attend a meeting of the EC and when the
582 absent member or the Vice-Chair of the REQ EC requests their attendance
583 as a Designated Alternate.

584

585 **8.0 QUADRANT STARTUP & TRANSITION**

586 The requirements of the NAESB Bylaws for a minimum of 5 Members per Segment
587 and 40 Members per Quadrant do not provide for enough members to satisfy the
588 REQ requirements for election of Directors and EC members as stated in Sections
589 3 and 4. Consequently, until a Segment of the Quadrant has at least eight (8)
590 Members, the number of Directors and EC Members elected by the Segment
591 membership will be halved, to 2 Directors and 2 EC members per Segment and
592 Segment balanced voting will remain intact by adjusting the weight of all votes to
593 achieve balance between Segments in the REQ. The following provisions will
594 apply and supercede the requirements of Sections 3 and 4 until the REQ Segment
595 achieves a minimum of eight (8) members.

596

597 **8.1 Initial Election of Directors**

598 Acceptance of the REQ by the Board will involve seating of the REQ Directors at
599 the NAESB Board meeting at which an acceptance vote is cast. This requires that
600 there be REQ Directors who may be seated.

601

602 The founding membership of the REQ will elect Directors of their choosing by
603 means that are reasonably consistent with NAESB Bylaws and the requirements of
604 Section 4.1 of these Procedures, subject to the conditions addressed by Section
605 8.2 this Section. Selection of candidates and their election will be by procedures
606 agreed to by consensus or voting methods adopted by the group. Such elected

607 representatives will be presented to the NAESB Board for acceptance as
608 representatives of the REQ, and acceptance by the Board will place all the
609 requirements and restrictions of these Procedures upon those individuals.

610

611 **8.2 Term of Office of Initial Directors**

612 a) In the event that Directors are elected from a Segment with at least five
613 (5), but less than eight (8) members, two Directors will be elected, each to
614 serve a 3 year term, and both will be either Group A or Group B directors
615 as determined by the expiration year of their original term.

616 b) In the event that a Segment has eight (8) or more members, four Directors
617 will be elected. The two candidates having the most votes will serve three
618 (3) year terms. The remaining two Directors elected by lesser vote counts
619 will serve two year terms.

620

621 **8.3 Interim Elections of Directors**

622 In the event that any Segment within the Quadrant achieves a minimum
623 membership of eight Members after operating with less for a period of time after
624 an election held under the requirements of Section 8.1, then

625 a) a second election of Directors shall be held within 60 days of the addition
626 of the eighth Member of the Segment in order to select two additional
627 Directors from that Segment to serve alongside the initially elected
628 Directors;

629 b) the term of office of the second group elected at this time will expire one
630 year prior to the term of the initially elected Directors, thereby allowing for
631 two Group A and two Group B Directors from each Segment.

632

633

634 **8.4 Initial Election of Executive Committee**

635 Acceptance of the REQ by the Board will involve seating of the REQ Directors at
636 the NAESB Board meeting at which an acceptance vote is cast. Initial operation of
637 the REQ will require that an Executive Committee be in place.

638

639 The founding membership of the REQ will elect an Executive Committee of their
640 choosing by means that are reasonably consistent with NAESB Bylaws and the
641 requirements of Section 4.2 of these Procedures, subject to the conditions
642 addressed by Sections 8.5 of this Section. Selection of candidates and their
643 election will be by procedures agreed to by consensus or voting methods adopted
644 by the group. Such elected representatives will be presented to the NAESB Board
645 for acceptance as representatives of the REQ, and acceptance by the Board will
646 place all the requirements and restrictions of these Procedures upon those
647 individuals.

648

649 **8.5 Term of Office of Initial Executive Committee Members**

650 The initial group of EC members will serve a 2 year term of office as either Group
651 A or Group B members, as determined by the expiration year of their original term
652 of office.

- 653 a) In the event that EC members are elected from a Segment with at least
654 five (5), but less than eight (8) members, two EC members will be elected,
655 each to serve a 3 year term, and both will be either Group A or Group B EC
656 members as determined by the expiration year of their original term. The
657 candidate with the greatest number of votes will be designated the EC

658 Chair; in the event of a tie vote, a coin toss will determine the EC Chair
659 and Vice-Chair positions.

660 b) In the event that a Segment has eight (8) or more members, four EC
661 members will be elected. The two candidates having the most votes will
662 serve a three (3) year term. The remaining two EC members elected by
663 lesser vote counts will each serve a two year term. A separate election
664 within the EC will determine which member becomes the Chair and which
665 becomes the Vice-Chair, by vote of the four EC members.

666

667 **8.6 Interim Elections of EC Members**

668 In the event that the Segment achieves a minimum membership of eight Members
669 after operating with less for a period of time following an election held under the
670 provisions of Section 8.5, then

- 671 a) a second election of EC members shall be held within 60 days of the
672 addition of the eighth Member of the Segment in order to select two
673 additional EC members from the Segment to serve alongside the initially
674 elected EC members;
- 675 b) the term of office of the second group elected at this time will expire one
676 year prior to the term of the initially elected EC members, thereby allowing
677 for two Group A and two Group B EC members from each Segment.
- 678 c) The previously elected Chair and Vice-Chair of the Quadrant EC will
679 continue in their official role until the end of the operating year. Chair
680 rotation will proceed per the requirements of Section 4.2(m)(i).

681

682 **8.7 Balanced Voting During The Transition Period**

683 Any Segment which has elected Directors or EC members under the provisions of
684 this section will retain the full Segment votes entitled to it under the Balanced
685 Voting principle of the Bylaws, and its representatives' votes will count for either
686 one or two Segment votes as is appropriate to the situation.
687

TAB 5

PROPOSED NAESB RETAIL GAS QUADRANT PROCEDURES

1 **THIS DOCUMENT IS A DRAFT PROPOSAL FOR DISCUSSION PURPOSES, THE FINAL FORM OF**
2 **WHICH SHOULD MATERIALIZE ONLY AFTER ALL STAKEHOLDERS AGREE ON THE**
3 **PROCEDURES WITHIN.**

4

5

6

7

NORTH AMERICAN ENERGY STANDARDS BOARD

8

BYLAWS ADDENDUM

9

EXHIBIT 3

10

RETAIL GAS QUADRANT PROCEDURES

11

12

1 - DEFINITIONS

13

Section 1.1 Definitions Included in the NAESB Bylaws

14

Capitalized terms, when used in this Exhibit to the NAESB Bylaws, shall have the meanings set forth in Section 1.1 of the NAESB Bylaws.

16

Section 1.2 Definitions for the Purposes of this Exhibit

17

The following terms have not been defined in Section 1.1. of the NAESB Bylaws and when used in this Exhibit, shall have the meanings set forth below:

19

A. “RGQ Designated Alternate” is defined as a person named by a Segment of the Retail Gas Quadrant Segment, submitted to the NAESB office, to serve in place of a RGQ EC Member who is unable to attend an EC meeting.

20

21

22

B. “RGQ EC” means the Executive Committee of the Retail Gas Quadrant of NAESB.

23

24

D. “RGQ EC Subcommittee” means a subcommittee established by the Executive Committee of the Retail Gas Quadrant of NAESB.

25

26

C. “RGQ Members” means Voting Members of the Retail Gas Quadrant of NAESB that satisfy the requirements of membership set forth in Section 5.1 of this Exhibit.

27

28

D. “RGQ Segment” means one of the four co-equal Segments of the Retail Gas Quadrant of NAESB.

29

30

2 – PURPOSES, SCOPE, ACTIVITIES, AND POLICIES

31

Section 2.1 Purposes, Scope and Activities

32

The purpose of the Retail Gas Quadrant (RGQ) of NAESB is to propose and adopt voluntary model business practices or standards to promote more competitive, efficient and reliable service in the retail natural gas industry. The Retail Gas Quadrant is concerned with and tasked to handle natural gas related issues and practices that are within the scope of NAESB and typically addressed at the retail

33

34

35

36 natural gas distribution level. The Retail Gas Quadrant shall work closely with other NAESB Quadrants
37 to mitigate inconsistencies where proposed standards and model business practices affect those other
38 Quadrants.

39 **Section 2.2 Policies**

40 The Retail Gas Quadrant shall comply with the policies and procedures laid out in the bylaws
41 and the certificate of incorporation of NAESB. Further, the Retail Gas Quadrant intends to operate in
42 conformance with the principles of the umbrella organization, as established in Section 2.2 (b) of the
43 NAESB Bylaws and in compliance with ANSI guidelines. As such, the Retail Gas Quadrant encourages
44 a widely based membership and has identified Segments, which reflect this principle of inclusiveness.
45 Also consistent with this approach, the Retail Gas Quadrant shall ensure that all meetings, including
46 those of its Members, Executive Committee (EC), and Subcommittees and Task Forces, shall be open to
47 all persons and that all minutes thereof shall be available to the public. However, at the EC and Board
48 level, an elected representative may hold not more than one seat, representing only one RGQ Segment
49 within the RGQ.

51 **Section 2.3 RGQ Segments**

52 What follows is a description of the Retail Gas Quadrant organizational structure, including a
53 listing of Retail Gas Quadrant Segments.

- Suppliers: Persons, other than distributors, engaged in the sale of natural gas and/or pipeline capacity, including marketers (retail, wholesale), aggregators, producers, asset managers and pipelines.
- Distributors: Persons engaged in the regulated or publicly owned local distribution of natural gas.
- End Users: Persons that consume natural gas, including consumer advocacy organizations and retail customer groups.
- Service Providers: Persons that provide services to the participants in the retail natural gas industry, including equipment manufacturers, equipment and service vendors, software providers, energy consultants, and other companies not otherwise declared in any other Segment.

54 Each RGQ Segment shall have the flexibility to determine its own Segment rules and procedures,
 55 as long as they conform with NAESB Bylaws and the Retail Gas Quadrant procedures in this Exhibit and
 56 to elect or select its own representatives to the NAESB Board and to the RGQ EC.

57

58

3 - RESERVED

59

60

4 - RESERVED

61

62

5 – RGQ MEMBERS

Section 5.1 Voting Members

64 The definition of Membership applies to all RGQ Segments. RGQ Members are persons with
 65 legitimate business interest in the retail natural gas market and which meet the definitions of one of the
 66 four RGQ Segments. Upon applying for Voting Membership (as described in NAESB Bylaws Sections
 67 1.1 and 5.1), each prospective RGQ Member shall declare the RGQ Segment with which they are to be
 68 identified. Voting Membership in the Retail Gas Quadrant of NAESB shall be open to all persons that
 69 meet all of the following requirements:

- 70 - The person has a legitimate business interest in the retail natural gas market (or is a
71 representative or Agent of such person).
- 72 - The person meets the description of one of the co-equal industry Segments identified by the
73 Retail Gas Quadrant of NAESB.
- 74 - The person has declared its affiliation to one, and only one, of the RGQ Segments.
- 75 - Through special application, which includes a recommendation by its RGQ Segment and an
76 affirmative vote of at least 50% of the RGQ EC, a trade association may join the RGQ
77 Membership if it represents an interest that is identified within an RGQ Segment yet is not
78 represented, or is underrepresented, in the RGQ Membership. The membership status of
79 such trade associations shall be considered on an annual basis and may be voted upon
80 through notational vote by the RGQ EC.

81

82

6 – MEETINGS OF RGQ MEMBERS

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85

86

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All meetings held in association with the NAESB Retail Gas Quadrant shall be open to all interested persons. Only RGQ EC Members shall have the right to vote to adopt model business practices or standards affecting only the Retail Gas Quadrant. Only Voting Members of the Retail Gas Quadrant have the right to ratify model business practices and standards that were adopted by the RGQ EC and that affect only the Retail Gas Quadrant.

89

7 – BOARD

90

Section 7.1 Board

91

92

93

The Retail Gas Quadrant shall have representatives to the NAESB Board of Directors, with each RGQ Segment electing or selecting an equal number of these representatives, pursuant to the procedures specified by that RGQ Segment.

94 **Section 7.2 Qualifications of Directors**

95 To be eligible to serve as representative on the NAESB Board of Directors:

- 96 - The person must be a Member of the Retail Gas Quadrant;
- 97 - The person must be an executive of the organization represented and have broad
98 understanding of the natural gas industry;
- 99 - The person must have a working knowledge of the NAESB process;
- 100 - The person must be willing to commit the time and resources necessary to fulfill their
101 obligations as a NAESB Director and to meet the minimum threshold of participation and
102 attendance established in the NAESB Bylaws [Section 9.7 (f)]; and
- 103 - The person must disclose their interest, or their employer's interest, in the natural gas
104 industry and the relationship with other entities with which the employer may be affiliated.

105 **Section 7.3 Number and Election of Directors**

106 (a) The Retail Gas Quadrant of NAESB shall be represented on the NAESB Board of Directors
107 by twenty-four (24) persons who shall be elected, from time to time, as required by Article 7
108 of the NAESB Bylaws and in this Exhibit to those Bylaws.

109 (b) In preparation for an election of NAESB Directors representing the Retail Gas Quadrant, a
110 slate of candidates shall be solicited and developed from interested RGQ Members, and
111 individual RGQ Segments shall specify a point of contact that shall provide the list of
112 nominees to the NAESB office.

113 (c) The NAESB office shall coordinate the election process for Retail Gas Quadrant
114 representatives to the NAESB Board during the second week of November of each year. The
115 elections within the RGQ Segment Gas for representatives to the NAESB Board shall be
116 subject to the following provisions:

- 117 - Any RGQ Member who is current in the payment of its dues is eligible to vote.
- 118 - RGQ Members shall cast votes for candidates in a number not exceeding the number of

119 vacant directorships.

120 - No RGQ Member shall cast more than one vote per vacant directorship.

121 - The candidates receiving the greatest numbers of votes shall be elected.

122 **Section 7.4 Term of Office**

123 The initial Retail Gas Quadrant Directors on the NAESB Board shall be divided into two groups
124 within each RGQ Segment. Group A Directors shall serve for an initial term of three years, while Group
125 B Directors shall serve for an initial term of two years. Each RGQ Segment shall have an equal number
126 of Group A Directors and an equal number of Group B Directors. Upon the completion of the initial
127 terms of both groups of Directors, succeeding Directors shall thereafter be elected for terms of three (3)
128 years, consistent with NAESB Bylaws.

129 **Section 7.5 Vacancies**

130 A NAESB Director shall cease to be a Director upon 1) the resignation of the RGQ Membership
131 of the entity of which the Director is a partner, director, officer, or agent; 2) the lapse of the RGQ
132 Membership of the entity of which the Director is a partner, director, officer, agent or employee, through
133 delinquent NAESB dues for the RGQ Membership; or (3) the Director's resignation, removal, or death.
134 A Director vacancy shall be filled for the remainder of that term in accordance with the procedures
135 specified in Section 7.3 of this Exhibit.

136 **Section 7.6 Removal of Directors**

137 Each RGQ Segment shall have the authority to remove a Director for cause. Prior to voting on
138 such resolution to remove a Director for cause, the RGQ Segment shall give the Director at least 30-day
139 notice of the proposed action and an opportunity to respond. A simple majority of the RGQ Segment
140 Membership shall be required to remove a Director.

141 **Section 7.7 Resignations**

142 A Director may resign his or her directorship by submitting a letter to the Secretary of NAESB,
143 stating that he or she is resigning and giving the effective date of the resignation.

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8 – RESERVED

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9 - RESERVED

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10 - EXECUTIVE COMMITTEE

149 **Section 10.1 Duties and Responsibilities**

150 The Retail Gas Quadrant shall have an Executive Committee (EC), which shall also participate in
151 the larger NAESB EC body, consisting of representatives from each RGQ Segment, with each RGQ
152 Segment electing an equal number of these RGQ EC Members, pursuant to procedures established in
153 Section 10.2 of this Exhibit. No substitutes are permitted to vote at Retail Gas Quadrant meetings;
154 however, an RGQ Designated Alternate may vote at EC meetings in place of an absent RGQ EC Member
155 from a given RGQ Segment. An RGQ Designated Alternate holds identical voting rights as the RGQ EC
156 Member in whose place he or she serves, except for those matters on which the RGQ EC Member has
157 already voted by notational ballot prior to the beginning of the meeting.

158 **Section 10.2 RGQ EC Members**

159 (a) Number and Election of RGQ EC Members: The Retail Gas Quadrant of NAESB shall be
160 represented on the RGQ’s EC by twenty-four (24) persons who shall be elected, from time to
161 time, as required by Article 10 of the NAESB Bylaws and in this Exhibit to those Bylaws. In
162 preparation for an election of RGQ EC Members, a slate of candidates shall be solicited and
163 developed from interested RGQ Members, and individual RGQ Segments shall specify a
164 point of contact that shall provide the list of nominees. The NAESB office shall coordinate
165 the election process for RGQ EC Members during the second week of November of each
166 year. The elections of RGQ EC Members shall be subject to the following provisions:

- 167 - Any RGQ Member who is current in the payment of its dues is eligible to vote.

168 - RGQ Members shall cast votes for candidates in a number not exceeding the number of
169 vacant EC seats.

170 - No RGQ Member shall cast more than one vote per vacant EC seat.

171 - The candidates receiving the greatest numbers of votes shall be elected.

172 (b) Term of Office: The initial RGQ EC Members shall be divided into two groups within each
173 Segment. Group A RGQ EC Members shall serve for an initial term of three years, and
174 Group B RGQ EC Members shall serve for an initial term of two years. Each RGQ Segment
175 shall have an equal number of Group A RGQ EC Members and an equal number of Group B
176 RGQ EC Members. Upon the completion of the initial terms of both groups of RGQ EC
177 Members, succeeding RGQ EC Members shall thereafter be elected for terms of three years,
178 consistent with NAESB Bylaws.

179 (c) Qualifications of RGQ EC Members: To be eligible to serve as a RGQ EC Member:

180 - The person must have broad understanding of the natural gas industry and be at least a
181 senior functional manager of the organization represented;

182 - The person must have a working knowledge of the NAESB process;

183 - The person must be willing to commit the time and resources necessary to fulfill their
184 obligations as a RGQ EC Member and to meet the minimum threshold of participation
185 and attendance established in the NAESB Bylaws [Section 9.7 (f)]; and

186 - The person must disclose their interest, or their employer's interest, in the natural gas
187 industry and the relationship with other entities with which the employer may be
188 affiliated.

189 (d) Vacancies: Vacancies in the RGQ EC may occur upon 1) the resignation of the RGQ
190 Membership of the entity of which the RGQ EC Member is a partner, director, officer, or
191 agent; 2) the lapse of the RGQ Membership of the entity of which the RGQ EC Member is a
192 partner, director, officer, agent or employee, through a delinquency in payment of NAESB

193 dues for the RGQ Membership; or (3) the RGQ EC Member's resignation, removal, or death.
194 An RGQ EC Member vacancy shall be filled for the remainder of that term in accordance
195 with the procedures specified in Section 10 of this Exhibit.

196 (e) Removal of RGQ EC Members: Each RGQ Segment shall have the authority to remove an
197 RGQ EC Member for cause. Prior to voting on such resolution to remove an RGQ EC
198 Member for cause, the RGQ Segment shall give the RGQ EC Member at least 30-day notice
199 of the proposed action and the opportunity to respond. A simple majority of the RGQ
200 Segment Membership shall be required to remove an RGQ EC Member.

201 (f) Resignations: A RGQ EC Member may resign from the RGQ EC by submitting a letter to
202 the Secretary of NAESB, stating that he or she is resigning and giving the effective date of
203 the resignation.

204 **Section 10.3 Reserved**

205 **Section 10.4 Reserved**

206 **Section 10.5 RGQ EC Subcommittees**

207 While there may be Subcommittees and Task Forces established by the NAESB EC, to be
208 comprised of NAESB Members and other interested parties, the Retail Gas Quadrant shall set up its own
209 Subcommittees and Task Forces to deal with Retail Gas Quadrant-specific issues. Each RGQ EC
210 Subcommittee shall report to the RGQ EC and each shall:

- 211 (a) elect a chair who shall be an RGQ EC Member and who shall serve until removed by the
- 212 RGQ Subcommittee’s membership;
- 213 (b) carry out its work in accordance with procedures adopted by the NAESB EC for EC
- 214 Subcommittees;
- 215 (c) provide notice of meetings and agendas;
- 216 (d) practice balanced voting and record voting results; and

217 (e) keep regular minutes of its proceedings and provide copies of these minutes promptly to the
218 NAESB office.

219 Any task force established by RGQ EC Subcommittees shall be open to all NAESB Members
220 and other interested parties. At NAESB joint Subcommittee or joint Task Force meetings, the same
221 individual may represent different Segments from different NAESB Quadrants, as long as that individual
222 declares prior to the joint meeting the NAESB Quadrant and Segment for which he or she is casting a
223 vote. At RGQ Subcommittee or Task Force meetings, the same individual may represent different RGQ
224 Segments, as long as that individual declares prior to the meeting the RGQ Segment for which he or she
225 is casting a vote.

226 **Section 10.6 RGQ Designated EC Alternates**

227 Each RGQ Segment shall elect a number RGQ Designated EC Alternates to ensure that the
228 business of the EC is conducted uninterruptedly. The role and duties of a RGQ Designated EC Alternate
229 are as follows:

230 (a) When requested by an RGQ EC Member to attend an EC meeting, an RGQ Designated EC
231 Alternate shall do so unless he or she is unable to attend, in which case the RGQ Designated
232 EC Alternate shall so advise the RGQ EC Member, and the RGQ EC Member shall select
233 another RGQ Designated EC Alternate.

234 (b) When attending an EC meeting, the RGQ Designated EC Alternate shall have the full voting
235 rights of the RGQ EC Member, except as may be limited by that RGQ EC Member’s notice
236 in writing to the Chair of the EC, the Secretary of NAESB, and the RGQ Designated EC
237 Alternate.

238 (c) An RGQ Designated EC Alternate is required to attend at least 50% of all meetings for
239 which they are requested to attend with a least one week’s notice; however, the attendance
240 requirement would not exceed 50% of all EC meetings scheduled annually.

241 The same eligibility criteria that are required of RGQ EC Members under Section 10.2 (c) of the

242 Retail Gas Quadrant Procedures also apply to elected RGQ Designated EC Alternates. Following the
243 election of RGQ EC Members, each RGQ Segment will elect not more than eight (8) RGQ Designated
244 EC Alternates to attend and vote at RGQ or NAESB EC meetings, when one, or more, regular RGQ EC
245 Member is unable to attend a particular EC meeting.

246 In preparation for an election of RGQ Designated EC Alternates, a slate of candidates shall be
247 solicited and developed from interested RGQ Members, and individual RGQ Segments shall specify a
248 point of contact that shall provide the list of nominees to the NAESB office. The elected RGQ
249 Designated EC Alternates for each RGQ Segment shall be announced to the NAESB Office as soon as
250 possible after the election is complete. This written communication shall include the names, addresses,
251 telephone numbers, facsimile numbers, and e-mail addresses of RGQ Designated EC Alternates for each
252 RGQ Segment.

253 Once an RGQ EC Member obtains an agreement from an RGQ Designated EC Alternate to
254 substitute for them at an EC meeting, this designation shall be communicated in writing to the NAESB
255 office at least one day prior to the EC meeting.

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265 **15 – RESERVED**

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267 **16 – RESERVED**

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269 **17 – RESERVED**

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271 **18 - AMENDMENTS**

272 **Section 18.1 Amendments**

273 In order for Retail Gas Quadrant Procedures to be amended, upon petition of at least five (5)
274 RGQ Members, the Vice Chair of the EC for the RGQ shall announce an RGQ meeting. Such
275 announcement shall provide for at least 30-days notice. In order to transact business at the RGQ meeting,
276 there shall be a quorum consisting of at least 1/3 of the RGQ Membership. Following such meeting, the
277 proposed resolution adopted at the meeting shall be sent out for comment, and the comments shall be
278 distributed to all RGQ Members in advance of a notational vote. Any RGQ Member not choosing to vote
279 shall be considered to have voted in favor of the proposed change. In order for a proposed change to take
280 effect, it must be approved by at least 2/3 of RGQ Members and 40% of each RGQ Segment's
281 Membership.

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283 **19 - RESERVED**

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RETAIL GAS QUADRANT SUPPLIERS SEGMENT PROCEDURES

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[To be provided by the RGQ Suppliers Segment]

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RETAIL GAS QUADRANT DISTRIBUTORS SEGMENT PROCEDURES

288

[To be provided by the RGQ Distributors Segment]

289

RETAIL GAS QUADRANT END USER SEGMENTS PROCEDURES

290

[To be provided by the RGQ End Users Segment]

Summary of Revisions to NAESB RGQ Procedures 1-25-02

1. *Followed the NAESB Bylaws organization. Accordingly various sections and paragraphs have been moved within the document.*
2. *Tagged sections taken from the NAESB Bylaws that have no corollary in the RGQ with the term “RESERVED”*
3. *Updated the section numbers in references within the document to other sections.*
4. *Deleted all terms in Section 1.1, since most are defined in the NAESB Bylaws and added a reference to the Section in the Bylaws..*
5. *For those terms not defined in the Bylaws, added Section 1.2 to include those terms specific to Exhibit 3. They are “GRG Designated EC Alternate,” “RGQ EC,” “RGQ EC Subcommittee,” “RGQ Members,” and “RGQ Segment.”*
6. *Replaced terms in the document to reflect those new terms listed under #5.*
7. *Reviewed document to ensure that all terms that have been defined in the Bylaws or in this Exhibit are capitalized consistently throughout the document—when appropriate to the context.*
8. *Moved Section 6.0 (“Retail Gas Quadrant Industry Segments”) to Section 2.3*
9. *Replaced the term “substantial interest” with “legitimate business interest.”*
10. *In Section 5.1 (line 76), inserted “at least 50%” for the minimum threshold of votes required to approve a trade association as an RGQ Member.*
11. *Corrected the couple of instances where the term “representative(s) to the EC” was used instead of REQ EC Member(s). Retained the usage of the term “representatives to the NAESB Board.”*
12. *Inserted a new section (Section 10.6 Designated EC Alternates), which was moved from the RGQ Distributor Segment document to the Retail Gas Quadrant document.*
13. *Changed the number of representatives from the Retail Gas Quadrant on its EC and on the NAESB Board from 16 to 24.*

<u>Draft RGQ Procedures 01-04-02</u>	<u>Wisconsin Public Service Work Paper 2 (01-22-02)</u>	<u>DRAFT RGQ Procedures 01-25-02</u>
Introduction lines 14-18	Section 2.1 Purposes Scope and Activities, lines 41-56	Section 2.1 Purposes Scope, and Activities, lines 47-51
Introduction lines 19-20	2.1, 48-50	2.1, 51-52
Introduction lines 20-28	2.1, 48-59	2.2, 54-61, reorganized sentences
1.0 Definitions	1.0 Definitions	1.1 Definitions Included in the NAESB Bylaws
1.2, 1.4, 1.5, 1.6 (definitions)	1.2, 1.4, 1.5, 1.6	1.1 D, F, C, M
1.2 & 1.3 (definitions)	1.2 & 1.2	1.2 Definitions for the Purposes of this Exhibit (A & B)
		1.1 H, K, O <i>[new definitions as applicable to RGQ]</i>
1.7 (definition)	1.7	Deleted <i>[No longer necessary]</i>
2.0 Retail Gas Quadrant Membership lines 43-60	5.1 Voting Members, 119-140	5.1 Voting Members, 93-111
3.0 Organization of the Retail Gas Quadrant, lines 62-64	2.1, 61-64	Deleted <i>[Language repeated elsewhere]</i>
3.0, lines 64-66	2.3 Quadrants and Segments, 86-87	2.3 Quadrants and Segments, 80-81
3.0, lines 66-79	2.3, 103-106	2.3, 82-85
3.1 Retail Gas Quadrant Representatives to the NAESB Board of Directors, 71-73	7.1 Board, 156-157	7.1 Board, 132-134
3.1, 73-79	7.1 158-165	7.4 Term of Office, 169-174
3.2 Retail Gas Quadrant Executive Committee, 81-83	10.1 Duties and Responsibilities, 249-251	Deleted <i>[Language repeated elsewhere]</i>
3.2, 83-89	10.1, 252-258	10.2 EC Members: (b) Term of Office, 240-246
3.2, 89-94	10.1, 258-263	10.1 Duties and Responsibilities, 219-223
3.3 Retail Gas Quadrant EC Subcommittee and Task Forces, 96-109	10.5 EC Subcommittees, 324-340	10.5 EC Subcommittees, 278-291
4.1 Election of Directors: (a), 113-115	7.3 Number and Election of Directors: (a) 184-186	7.3 Number and Election of Directors: (a) 150-152
4.1 (a), 115-117	7.4 Term of Office, 207-208	Deleted <i>[Language repeated elsewhere]</i>
4.1 (a), 117-131	7.2 Qualifications of Directors, 169-180	7.2 Qualifications of Directors, 136-148
4.1 (b), 131-134	7.3 (b), 188-192	7.3 (b) 154-157 <i>[Edited]</i>
4.1 (c), 135-144	7.3 (c), 194-203	7.3 (c), 158-167 <i>[Edited & parts combined with 7.3 (b) to avoid repetitive language]</i>

4.2 Resignation of Directors	7.7 Resignations, 230-232	7.7 Resignations, 188-189
4.3 Vacancies Other Than Expirations, 149-155	7.5 Vacancies, 213-219	7.5 Vacancies, 176-181
4.4 Removal of Directors, 157-160	7.6 Removal of Directors, 223-226	7.6 Removal of Directors, 183-186
5.1 Election of Retail Gas Quadrant EC Members (a), 165-167	10.2 EC Members (a), 267-269	10.2 EC Members: (a) Number and Election of EC members, 225-228
5.1. (a), 167-169	10.2 (a), 269-271	Deleted [<i>Language repeated elsewhere</i>]
5.1 (a), 169-181	10.2 (a), 271-182	10.2 (c) Qualifications of EC Members, 247-259
5.2 (b), 182-185	10.2 (b), 284-287	10.2 (a) 228-230
5.2 (c), 186-195	10.2 (c), 289-297	10.2 (a) 231-239 [<i>Edited to avoid repetitive language</i>]
5.2 Resignation of Retail Gas Quadrant EC Members, 197-199	10.2 (d), 299-301	10.2 (f) Resignations, 272-274
5.3 Vacancies Other than Expirations, 201-207	10.2 (e), 303-310	10.2 (d) Vacancies, 260-266 [<i>First sentence edited for clarity.</i>]
5.4 Removal of Retail Gas Quadrant EC Members, 209-213	10.2 (f), 312-316	10.2 (e), 267-271
6.0 Retail Gas Quadrant Industry Segments, Table, line 214	2.3 Quadrants and Segments, 89-101	2.3 Quadrants and Segments, Table, line 81
7.0 Meetings of the Retail Gas Quadrant, 216-217	2.2 Policies, 68-69	6 – Meetings of Members [<i>edited a second clause to the sentence referencing policies in Section 2.2</i>]
7.0, 217-218	2.2, 69-71	2.2 Policies: (a) Voting to Adopt Standards, 62-63
7.0, 218-220	2.2, 71-73	2.2 Policies: (b) Ratification of Standards, 64-66
8.0 Joint Meetings of the Retail Gas and Other Quadrants, 222-224	2.2, 75-78	2.2 Policies: (c) Quadrant and Segment Representation at Joint Subcommittee Meetings, 67-70
8.0, 224-227	2.2, 78-81	2.2 Policies: (d) Segment Representation at Retail Gas Quadrant Subcommittee Meetings, 71-74
8.0, 227-228	2.2, 81-82	2.2 Policies: (e) Representation on the NAESB Board and the Retail Gas Quadrant Executive Committee, 75-77
9.0 Amendments to Retail Gas Quadrant Procedures, 230-239	18.0 Amendments, 366-376	18.1 Amendments, 326-334

Distributor Segment Procedures Document:		
3.1 Qualifications of Designated EC Alternates, 29-30	<i>Not included in this document</i>	20.2 Qualifications of Designated Alternates, 355-356
3.2 Election of Designated Alternates (a), 32-35	20.1 Selection of Designated Alternates <i>[The section is different than the provisions in the Distributor Segment document. e.g. “no more than 10 Designated Alternates”]</i> , 386-389	20.3 (a) Designated EC Alternates <i>[Inserted a general introductory sentence regarding the need for all segments to have Designated Alternates]</i> , 358-361
3.2 (b), 36-39	20.1 (b) 391-396 <i>[This section is different than what the original in the RGQ Distributor Segment document; I believe this section was extracted from the REQ Procedures]</i>	20.3 Number and Election (b), 362-365
3.2 (c), 40-43	20.1 (e), lines 412-414 <i>[This section is different than what the original in the RGQ Distributor Segment document; I believe this section was extracted from the REQ Procedures]</i>	20.3 (c), 366-369
3.2 (d), 44-47	20.1 (c), 399-402 <i>[This section is different than what the original in the RGQ Distributor Segment document; I believe this section was extracted from the REQ Procedures]</i>	20.3 (d), 370-372
3.3 Duties of Designated Alternates (a), 49-52	20.1 (d), 404-407	20.1 Designated EC Alternates (a), 345-347
3.3 (b), 53-56	20.1 (d), 407-410 <i>[This section is different and extracted from the REQ document; the RGQ does not have a Quadrant Chair]</i>	20.1 (b), 348-350
3.3 (b), 56-58	<i>Not included in this document</i>	20.1 (c), 351-353
4.0 Amendment of Segment Procedures, 61-62	<i>Not included in this document</i>	
	<i>Not included in this document</i>	
	20.2 Resignation of Designated Alternates <i>[Added to REQ Procedures]</i>	
	20.3 Removal <i>[Added to REQ Procedures]</i>	
	20.4 Vacancy <i>[Added to REQ Procedures]</i>	

1 THIS DOCUMENT IS A DRAFT PROPOSAL FOR DISCUSSION PURPOSES, THE FINAL
2 FORM OF WHICH SHOULD MATERIALIZE ONLY AFTER ALL STAKEHOLDERS AGREE ON
3 THE PROCEDURES WITHIN.

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NORTH AMERICAN ENERGY STANDARDS BOARD

10

BYLAWS ADDENDUM

11

EXHIBIT 3

12

RETAIL GAS QUADRANT PROCEDURES

13 **THE RETAIL GAS QUADRANT**

14 The purpose of the Retail Gas Quadrant of NAESB is to propose and adopt voluntary model business
15 practices or standards to promote more competitive, efficient and reliable service in the retail natural gas
16 industry. The Retail Gas Quadrant is concerned with and tasked to handle natural gas related issues and
17 practices that are within the scope of NAESB and typically addressed at the retail natural gas distribution
18 level.

19 The Retail Gas Quadrant shall work closely with other NAESB Quadrants to mitigate inconsistencies
20 where proposed standards and model business practices affect those other Quadrants. The Retail Gas
21 Quadrant shall comply with the policies and procedures laid out in the bylaws and the certificate of
22 incorporation of NAESB. As such, the Retail Gas Quadrant encourages a widely based membership and
23 has identified Segments, which reflect this principle of inclusiveness. Also consistent with this approach,
24 the Retail Gas Quadrant shall ensure that all meetings, including those of its Members, Executive
25 Committee (EC), and Subcommittees and Task Forces, shall be open to all persons and that all minutes
26 hereof shall be available to the public. Further, the Retail Gas Quadrant intends to operate in
27 conformance with the principles of the umbrella organization, as established in Section 2.2 (b) of the
28 NAESB Bylaws, and in compliance with ANSI guidelines.

29

30 1.0 **DEFINITIONS:**

31 1.1 “Board” means the Board of Directors of NAESB.

32 1.2 “Bylaws” means the corporate bylaws of NAESB as amended from time to time.

33 1.3 “Designated Alternate” is defined as a person named by a Segment in a list, submitted to the
34 NAESB office, to serve in place of an EC Member who is unable to attend an EC meeting.

35 1.4 “Director” means an individual serving on the NAESB Board.

36 1.5 Unless otherwise noted, the “EC” means the Executive Committee of the Retail Gas
37 Quadrant.

38 1.6 “NAESB” means the North American Energy Standards Board, Inc.

39 1.7 All other capitalized terms, if not defined in this Section 1.0, shall have the same definitions
40 as specified in the bylaws or certificate of incorporation of NAESB.

41

42 2.0 **RETAIL GAS QUADRANT MEMBERSHIP REQUIREMENTS:**

43 The definition of Membership applies to all Segments within the Retail Gas Quadrant. Members
44 of the Retail Gas Quadrant are persons with significant interest in the retail natural gas market
45 and which meet the definitions of one of the four Segments. Upon applying for Voting
46 Membership (as described in NAESB Bylaws Sections 1.1 and 5.1), each prospective Member
47 shall declare the Segment with which they are to be identified. Voting Membership in the Retail
48 Gas Quadrant of NAESB shall be open to all persons that meet all of the following requirements:

- 49 - The person has a substantial interest in the retail natural gas market (or is a representative or
50 Agent of such person).
- 51 - The person meets the description of one of the co-equal industry Segments identified by the
52 Retail Gas Quadrant of NAESB.
- 53 - The person has declared its affiliation to one, and only one, of the Segments of the Retail
54 Gas Quadrant.
- 55 - Through special application, which includes a recommendation by its Segment and an
56 affirmative vote of _____% of the Quadrant EC, a trade association may join the Retail Gas
57 Quadrant Membership if it represents an interest that is identified within a Segment yet is not
58 represented, or is underrepresented, in the Quadrant Membership. The membership status of
59 such trade associations shall be considered on an annual basis and may be voted upon
60 through notational vote by the Quadrant EC.

61 3.0 **ORGANIZATION OF THE RETAIL GAS QUADRANT:**

62 Each Segment of the Retail Gas Quadrant shall elect representatives from the Quadrant to the
63 NAESB Board of Directors (Board). Also the Retail Gas Quadrant shall have an Executive
64 Committee (EC), which shall also participate in the larger NAESB EC body. What follows is a
65 description of the Retail Gas Quadrant organizational structure, including a listing of Retail Gas
66 Quadrant Segments. Each Segment within the Retail Gas Quadrant shall have the flexibility to
67 determine its own Segment rules and procedures, as long as they conform with NAESB Bylaws
68 and Retail Gas Quadrant procedures and to elect or select its own representatives to the NAESB
69 Board and the Retail Gas Quadrant EC.

70 3.1 Retail Gas Quadrant Representatives to the NAESB Board of Directors:

71 The Retail Gas Quadrant shall have representatives to the NAESB Board of Directors, with
72 each Segment electing or selecting an equal number of these representatives, pursuant to the
73 procedures specified by that Segment. The initial Retail Gas Quadrant Directors on the
74 NAESB Board shall be divided into two groups within each Segment. Group A Directors
75 shall serve for an initial term of three years, while Group B Directors shall serve for an initial
76 term of two years. Each Segment shall have an equal number of Group A Directors and an
77 equal number of Group B Directors. Upon the completion of the initial terms of both groups
78 of Directors, succeeding Directors shall thereafter be elected for terms of three years,
79 consistent with NAESB Bylaws.

80 3.2 Retail Gas Quadrant Executive Committee:

81 The Retail Gas Quadrant shall have an Executive Committee, consisting of representatives
82 from each Segment, with each Segment electing an equal number of these EC Members,
83 pursuant to procedures established in Section 5. The initial EC Members of the Retail Gas
84 Quadrant shall be divided into two groups within each Segment. Group A EC Members shall

85 serve for an initial term of three years, and Group B EC Members shall serve for an initial
86 term of two years. Each Segment of the Retail Gas Quadrant shall have an equal number of
87 Group A EC Members and an equal number of Group B EC Members. Upon the completion
88 of the initial terms of both groups of EC Members, succeeding EC Members shall thereafter
89 be elected for terms of three years, consistent with NAESB Bylaws. No substitutes are
90 permitted to vote at Retail Gas Quadrant meetings; however, a Designated Alternate may
91 vote at EC meetings in place of an absent EC Member from a given Segment. A Designated
92 Alternate holds identical voting rights as the EC Member in whose place he or she serves,
93 except for those matters on which the EC Member has already voted by notational ballot
94 prior to the beginning of the meeting.

95 **3.3 Retail Gas Quadrant EC Subcommittees and Task Forces:**

96 While there may be Subcommittees and Task Forces established by the NAESB EC, to be
97 comprised of NAESB Members and other interested parties, the Retail Gas Quadrant shall
98 set up its own Subcommittees and Task Forces to deal with Retail Gas Quadrant-specific
99 issues. Each EC Subcommittee shall report to the EC and each shall:

- 100 a. elect a chair who shall be an EC Member and who shall serve until removed by the
101 Subcommittee's membership;
- 102 b. carry out its work in accordance with procedures adopted by the NAESB EC for EC
103 Subcommittees;
- 104 c. provide notice of meetings and agendas;
- 105 d. practice balanced voting and record voting results; and
- 106 e. keep regular minutes of its proceedings and provide copies of these minutes promptly to
107 the NAESB office.

108 Any task force established by EC Subcommittees shall be open to all NAESB Members and
109 other interested parties.

110 4.0 **ELECTION, RESIGNATION, AND REMOVAL OF NAESB DIRECTORS FROM THE**
111 **RETAIL GAS QUADRANT:**

112 4.1 Election of Directors:

113 a. The Retail Gas Quadrant of NAESB shall be represented on the NAESB Board of
114 Directors by sixteen (16) persons who shall be elected, from time to time, as required by
115 Article 7 of the NAESB Bylaws and in this Exhibit to those Bylaws. After the initial
116 Directors terms are completed, subsequent elected Directors from the Retail Gas
117 Quadrant shall serve a term of three (3) years on the NAESB Board. To be eligible to
118 serve as representative on the NAESB Board of Directors:

- 119 - The person must be a Member of the Retail Gas Quadrant;
- 120 - The person must be an executive of the organization represented and have broad
121 understanding of the natural gas industry;
- 122 - The person must have a working knowledge of the NAESB process;
- 123 - The person must be willing to commit the time and resources necessary to fulfill
124 their obligations as a NAESB Director and to meet the minimum threshold of
125 participation and attendance established in the NAESB Bylaws [Section 9.7 (f)];
- 126 - The person must disclose their interest, or their employer's interest, in the natural gas
127 industry and the relationship with other entities with which the employer may be
128 affiliated; and
- 129 - The individual serving on the NAESB Board shall not simultaneously serve on the
130 Retail Gas Quadrant EC. *[DISCUSSION POINT]*

131 b. In preparation for an election of NAESB Directors representing the Retail Gas Quadrant,
132 a slate of candidates shall be solicited and developed from interested Quadrant Members.
133 The NAESB office shall administer the elections, and individual Segments shall specify
134 a point of contact that shall provide the list of nominees.

135 c. The NAESB office shall coordinate the election process for Retail Gas Quadrant
136 representatives to the NAESB Board during the second week of November of each year.

137 The elections, within the Segment, for Retail Gas Quadrant representatives to the
138 NAESB Board shall be subject to the following provisions:

139 - Any Member of the Retail Gas Quadrant who is current in the payment of its dues is
140 eligible to vote.

141 - Retail Gas Quadrant Members shall cast votes for candidates in a number not
142 exceeding the number of vacant directorships.

143 - No Quadrant Member shall cast more than one vote per vacant directorship.

144 - The candidates receiving the greatest numbers of votes shall be elected.

145 **4.2 Resignation of Directors:**

146 A Director may resign his or her directorship by submitting a letter to the Secretary of
147 NAESB, stating that he or she is resigning and giving the effective date of the resignation.

148 **4.3 Vacancies Other than Expiration:**

149 A NAESB Director shall cease to be a Director upon 1) the resignation of the Retail Gas
150 Quadrant Membership of the entity of which the Director is a partner, director, officer, or
151 agent; 2) the lapse of the Quadrant Membership of the entity of which the Director is a
152 partner, director, officer, agent or employee, through delinquent NAESB dues for the
153 Quadrant Membership; or (3) the Director's resignation, removal, or death. A Director
154 vacancy shall be filled for the remainder of that term in accordance with the procedures
155 specified in Section 4.1.

156 **4.4 Removal of Directors:**

157 Each Segment shall have the authority to remove a Director for cause. Prior to voting on
158 such resolution to remove a Director for cause, the Segment shall give the Director at least
159 30-day notice of the proposed action and an opportunity to respond. A simple majority of

160 the Segment Membership shall be required to remove a Director.

161

162 5.0 **ELECTION, RESIGNATION, AND REMOVAL OF RETAIL GAS QUADRANT**

163 **EXECUTIVE COMMITTEE MEMBERS:**

164 5.1 Election of Retail Gas Quadrant EC Members:

165 a. The Retail Gas Quadrant of NAESB shall be represented on the Quadrant’s EC by
166 sixteen (16) persons who shall be elected, from time to time, as required by Article 10 of
167 the NAESB Bylaws and in this Exhibit to those Bylaws. After the initial terms of EC
168 Members are completed, Retail Gas Quadrant EC Members shall serve a term of three
169 (3) years. To be eligible to serve as a representative on the Retail Gas Quadrant EC:

- 170 - The person must have broad understanding of the natural gas industry and be at least
171 a senior functional manager of the organization represented;
- 172 - The person must have a working knowledge of the NAESB process;
- 173 - The person must be willing to commit the time and resources necessary to fulfill
174 their obligations as a Retail Gas Quadrant EC Member and to meet the minimum
175 threshold of participation and attendance established in the NAESB Bylaws [Section
176 9.7 (f)];
- 177 - The person must disclose their interest, or their employer's interest, in the natural gas
178 industry and the relationship with other entities with which the employer may be
179 affiliated; and
- 180 - The individual serving on the Retail Gas Quadrant EC shall not simultaneously serve
181 on the NAESB Board. *[DISCUSSION POINT]*

182 b. In preparation for an election of Retail Gas Quadrant EC Members, a slate of candidates
183 shall be solicited and developed from interested Quadrant Members. The NAESB office
184 shall administer the elections, and individual Segments shall specify a point of contact

185 that shall provide the list of nominees.

186 c. The NAESB office shall coordinate the election process for Retail Gas Quadrant EC
187 representatives during the second week of November of each year. The elections for
188 representatives to the Retail Gas Quadrant EC shall be subject to the following
189 provisions:

- 190 - Any Member of Retail Gas Quadrant who is current in the payment of its dues is
191 eligible to vote.
- 192 - Retail Gas Quadrant Members shall cast votes for candidates in a number not
193 exceeding the number of vacant EC seats.
- 194 - No Quadrant Member shall cast more than one vote per vacant EC seat.
- 195 - The candidates receiving the greatest numbers of votes shall be elected.

196 **5.2 Resignation of Retail Gas Quadrant EC Members:**

197 A Retail Gas Quadrant EC Member may resign from the EC by submitting a letter to the
198 Secretary of NAESB, stating that he or she is resigning and giving the effective date of the
199 resignation.

200 **5.3 Vacancies Other than Expiration:**

201 A Retail Gas Quadrant EC Member shall cease to be an EC Member upon 1) the resignation
202 of the Retail Gas Quadrant Membership of the entity of which the EC Member is a partner,
203 director, officer, or agent; 2) the lapse of the Quadrant Membership of the entity of which the
204 EC representative is a partner, director, officer, agent or employee, through a delinquency in
205 payment of NAESB dues for the Quadrant Membership; or (3) the EC Member's resignation,
206 removal, or death. An EC Member vacancy shall be filled for the remainder of that term in
207 accordance with the procedures specified in Section 5.1.

208 **5.4 Removal of Retail Gas Quadrant EC Members:**

209 Each Segment shall have the authority to remove an EC Member for cause. Prior to voting

210 on such resolution to remove an EC Member for cause, the Segment shall give the EC
211 Member at least 30-day notice of the proposed action and the opportunity to respond. A
212 simple majority of the Segment Membership shall be required to remove an EC Member.

213

214 6.0 **RETAIL GAS QUADRANT INDUSTRY SEGMENTS:**

Suppliers: Persons, other than distributors, engaged in the sale of natural gas and/or pipeline capacity, including marketers (retail, wholesale), aggregators, producers, asset managers and pipelines.

Distributors: Persons engaged in the regulated local distribution of natural gas.

End Users: Persons that consume natural gas, including consumer advocacy organizations and retail customer groups.

Service Providers: Persons that provide services to the participants in the retail natural gas industry, including equipment manufacturers, equipment and service vendors, software providers, energy consultants, and other companies not otherwise declared in any other Segment.

215 7.0 **MEETINGS OF THE RETAIL GAS QUADRANT:**

216 All meetings held in association with the NAESB Retail Gas Quadrant shall be open to all
217 interested persons. Only Retail Gas Quadrant EC Members shall have the right to vote to adopt
218 model business practices or standards affecting only the Retail Gas Quadrant. Only Retail Gas
219 Quadrant Voting Members have the right to ratify model business practices and standards that
220 were adopted by the Quadrant EC and that affect only the Retail Gas Quadrant.

221 8.0 **JOINT MEETINGS OF THE RETAIL GAS AND OTHER QUADRANT(S):**

222 At NAESB joint Subcommittee or joint Task Force meetings, the same individual may represent

223 different Segments from different Quadrants, as long as that individual declares prior to the joint
224 meeting the Quadrant and Segment for which he or she is casting a vote. At Retail Gas Quadrant
225 Subcommittee or Task Force meetings, the same individual may represent different Segments, as
226 long as that individual declares prior to the meeting the Retail Gas Quadrant Segment for which
227 he or she is casting a vote. However, at the EC and Board level, an elected representative may
228 hold not more than one seat, representing only one Segment within one Quadrant.

229 9.0 **AMENDMENTS TO RETAIL GAS QUADRANT PROCEDURES:**

230 In order for Retail Gas Quadrant Procedures to be amended, upon petition of at least five (5)
231 Members of the Quadrant, the Vice Chair of the EC for the Quadrant shall announce a Quadrant
232 meeting. Such announcement shall provide for at least 30-days notice. In order to transact
233 business at the Quadrant meeting, there shall be a quorum consisting of at least 1/3 of the
234 Quadrant Membership. Following such meeting, the proposed resolution adopted at the meeting
235 shall be sent out for comment, and the comments shall be distributed to Quadrant members in
236 advance of a notational vote. Any Member not choosing to vote shall be considered to have
237 voted in favor of the proposed change. In order for a proposed change to take effect, it must be
238 approved by at least 2/3 of Retail Gas Quadrant Members and 40% of each Segment's
239 Membership.

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RETAIL GAS QUADRANT SUPPLIERS SEGMENT PROCEDURES

244

[To be provided by the Suppliers Segment]

245

RETAIL GAS QUADRANT DISTRIBUTORS SEGMENT PROCEDURES

246

[To be provided by the Distributors Segment]

247

RETAIL GAS QUADRANT END USER SEGMENTS PROCEDURES

248

[To be provided by the End Users Segment]

249 **RETAIL GAS QUADRANT SERVICE PROVIDERS SEGMENT PROCEDURES**

250 *[To be provided by the Service Providers Segment]*

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TAB 6

PROPOSED NAESB SEGMENT PROCEDURES - RETAIL ELECTRIC QUADRANT

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Draft - For Review & Discussion

NORTH AMERICAN ENERGY INDUSTRY STANDARDS BOARD

RETAIL ELECTRIC QUADRANT EXHIBITS

SUPPLIER SEGMENT PROCEDURES

1.0 MEMBERSHIP REQUIREMENTS

- 1.1 The Supplier Segment of the Retail Electric Quadrant is comprised of those parties, including service providers and marketers engaged in the competitive sale of electricity to end-users. Any entity which is actively engaged in the above-listed activities which wants to join NAESB may join as a Supplier Segment member of the Retail Electric Quadrant.
- 1.2 NAESB Supplier Segment members become members by submitting their company name, contact name, qualifying business activities, and a statement of

22 intent to join to the Executive Director of NAESB . NAESB Supplier Segment
23 members of the Retail Electric Quadrant become voting members of the NAESB
24 by paying and maintaining on a current basis their NAESB membership dues,
25 and by executing the revocable proxy required by the NAESB incorporation
26 documents.

27

28 2.0 **PROCESS FOR ELECTING DIRECTORS AND EXECUTIVE COMMITTEE**

29 **MEMBERS**

30 2.1 Nominations

31 Each voting NAESB Supplier Segment organization may submit nominations to fill the
32 positions on the Board of Directors and nominations to fill the positions on the Executive
33 Committee Each nominee should be qualified to represent members who are participating
34 in the activities that comprise the Supplier Segment . To qualify, a nominee should
35 have (a) authorization from his or her organization to serve in the position and (b)
36 decision-making authority commensurate with the position's responsibilities.

37 Nominations shall be sent to the Supplier Segment's Nominating committee. The
38 Nominating committee will confirm each nominee's qualifications and willingness to
39 serve. The ballot will contain the names of all qualified nominees.

40 If a business activity of the Supplier Segment is not represented among the nominations,
41 the Nominating committee will endeavor to solicit a qualified nominee involved in that
42 activity, to be included in the ballot.

43 2.2. Voting

44 Voting will be a one-step process. Each NAESB Supplier Segment voting member

45 organization will be entitled to one ballot.

46 Each organization will have the same number of votes for members of the Board of
47 Directors and for members of the Executive Committee as there are vacancies. All
48 voting will be at-large. There will be no cumulative voting.

49 The nominee(s) who receive the highest number of votes for vacancies on the Board of
50 Directors and the Executive Committee, respectively, will serve for terms as determined
51 by the NAESB Retail Electric Quadrant Board of Directors and the Executive Committee
52 members. The next three (3) nominees to the Executive Committee who receive the
53 highest number of votes, after filling the vacancies above, will serve as alternates. The
54 Board of Directors shall have no alternates. At any given time, business activities of the
55 Supplier Segment may be represented more than once on the Board of Directors or the
56 Executive committee, or both. However, no member organization may have more than
57 one (1) representative among the Retail Electric Quadrant Supplier Segment positions
58 on the Board of Directors and Executive Committee at the same time.

59

60 3.0 **PROCEDURES FOR REMOVAL VACANCY, RESIGNATION OF SEGMENT**

61 **DIRECTORS AND EXECUTIVE COMMITTEE MEMBERS**

62 Replacement of Board of Directors or Executive Committee members for partial term of
63 office due to resignation or removal of current position holder.

64 3.1 **Board of Directors**

65 If a member resigns from a position on the Board of Directors, such member's resignation
66 shall be effective upon the later of the date the Executive Director of NAESB receives the
67 written notice of resignation or the effective date of the resignation set forth in the written

68 notice.

69 If a member of the Board of Directors dies, resigns, is terminated or transfers to another
70 organization not included in the Supplier Segment, such member's change in status shall
71 be automatic resignation and effective upon the date of such change.

72 If an individual member of the Board of Directors transfers to another organization
73 included in the Supplier Segment of the Retail Electric Quadrant, such individual
74 member shall be entitled to remain a member of the Board of Directors; provided the new
75 organization is a voting member of NAESB .

76 A replacement for the member resigning as set forth above shall be selected by the same
77 procedures as outlined earlier. That is, a nominating committee shall be formed,
78 nominees solicited from Supplier Segment organizations of the Retail Electric Quadrant,
79 nominees qualified by the nominating committee and ballots distributed to NAESB
80 Supplier Segment member organizations. Each member organization shall have one (1)
81 vote and the nominee receiving the most votes shall be elected to complete the then
82 current term. Such person shall be employed by an organization that is part of the
83 Supplier Segment and shall otherwise meet the qualification set forth in Section 2.A,
84 above. The term of such person shall be the remainder of the term of the replaced
85 member of the Board of Directors.

86 3.2 Executive Committee

87 If a member resigns from a position on the Executive Committee, such member's
88 resignation shall be effective upon the later of the date the Executive Director of NAESB
89 receives the written notice of resignation or the effective date of the resignation set forth
90 in the written notice.

91 If a member of the Executive Committee dies, retires, resigns, is terminated or is
92 transferred to another organization not included in the Supplier Segment, such member's
93 change in status shall be an automatic resignation and effective upon the date of such
94 change.

95 If an individual member of the Executive Committee transfers to another organization
96 included in the Supplier Segment of the Retail Electric Quadrant, such individual
97 member shall be entitled to remain a member of the Executive Committee; provided the
98 new organization is a voting member of NAESB.

99 A replacement for the member resigning as set forth above shall be selected by the same
100 procedures as outlined earlier. That is, a nominating committee shall be formed,
101 nominees solicited from Supplier Segment organizations, nominees qualified by the
102 nominations committee and ballots distributed to NAESB Supplier Segment members.
103 Each member organization shall have one (1) vote and the nominee receiving the most
104 votes shall be elected to complete the then current term. Such person shall be employed
105 by an organization that is part of the Supplier Segment of the Retail Electric Quadrant
106 and shall have a position similar to other members of the Executive Committee. The
107 term of such person shall be the remainder of the term of the replaced member of the
108 Executive Committee.

109

110 4.0 **SELECTION OF DESIGNATED ALTERNATES AND PROCESSES FOR THEIR**
111 **ASSUMPTIONS OF EXECUTIVE COMMITTEE MEMBER DUTIES**

112 4.1 Following each election within the Supplier Segment of the Retail Electric
113 Quadrant to fill an EC seat, the three highest vote getters not winning a seat will be

114 eligible to become a Supplier Segment EC Alternate. In the event there are less than
115 three runners-up to any election, the individuals eligible to be Supplier Segment EC
116 Alternates shall be selected from among the runner(s)-up from the just completed election
117 and those individuals serving as EC alternates at the time of the just completed election;
118 whereupon, the Supplier Segment EC Alternates shall be the three individuals from this
119 combined group whose vote tallies are the highest from the most recent election in which
120 they ran for an EC seat and were a runner-up. In the event of a tie for the position of
121 runner-up, the persons whose vote totals (from the most recent election in which they ran)
122 are tied shall have their names placed in a box and the Executive Director of NAESB
123 shall, in the presence of at least two Supplier Segment EC members, draw names from
124 the box until the three EC Alternate positions are filled.

125 4.2 An EC Alternate may resign at any time. The resignation of an EC Alternate shall
126 result in an open position until the time of the next election.

127 4.3 The Segment shall maintain the list of three EC Alternates and shall inform the
128 NAESB Office from time to time of the identities of the eligible individuals. Following
129 any election and at least five days tin advance of the next scheduled EC Meeting, the list
130 of eligible EC Alternates (including any revisions due to new elections or resignations),
131 shall be forwarded to the NAESB Office.

132 4.4 An EC Member not attending an EC Meeting (excluding by resignation) and not
133 submitting a notational ballot to the NAESB Office shall identify to NAESB and to their
134 designated EC Alternate (in writing or facsimile) the specific Alternate they designate to
135 sit and vote as an EC Member of the Supplier Segment at the identified EC Meeting.
136 Failure of an absent EC Member not submitting a notational ballot to so identify a

137 specific EC Alternate shall mean that those Supplier Segment EC Members attending the
138 subject EC Meeting may choose (an) individuals (s) from among the eligible Supplier
139 Segment EC Alternates in attendance to sit and vote as (an) EC Member(s) of the
140 Supplier Segment during the subject EC Meeting.

141 4.5 Failure of an EC Member to attend an EC Meeting by means of that EC Member's
142 resignation shall create a vacancy which may be filled during an EC Meeting by an
143 Alternate pursuant to the procedures in this paragraph 4.5 until an election has occurred.
144 A vacant position on the EC shall be filled as soon possible under the Supplier Segment
145 election procedures set forth from time to time. In the event resignation has occurred,
146 and, there has not been sufficient time to hold an election for the vacant position; and, a
147 scheduled EC Meeting is in session; then those Supplier Segment EC Members attending
148 the subject EC Meeting may choose (an) individual(s) from among the eligible Supplier
149 Segment EC Alternates in attendance to sit and vote as (an) EC Members(s) of the
150 Supplier Segment during the subject EC Meeting.

151

152 5.0 **PROCEDURES FOR AMENDING THESE SEGMENT PROCEDURES**

153 The Supplier Segment of the Retail Electric Quadrant has no established process for
154 amending these segment specific procedures but contemplates that changes, if deemed
155 necessary, would be initiated by the Supplier Segment's Board of Director members. The
156 Supplier Segment will promptly advise NAESB of any change to these procedures.

157

158 6.0 **COMMUNICATION PROCESSES FOR MEETING NOTICES**

159 The Supplier Segment intends to rely upon NAESB's own communication procedures

160 for the distribution of meeting notices. The Supplier Segment of the Retail Electric
161 Quadrant believes NAESB's use of an electronic bulletin board, regular newsletter,
162 other electronic means and adherence to standard notice procedures including distribution
163 of notices to all interested parties will be sufficient to advise Supplier Segment member
164 organizations of NAESB activities.

165

166 7.0 EXECUTIVE SUMMARY

167 7.1 To belong to the Supplier Segment, and be entitled to one (1) vote in Retail
168 Electric quadrant matters, a person or entity, including service providers and
169 marketers, must be engaged in the competitive sale of electricity to end-users.

170 7.2 Board, EC, and Alternates shall be elected by the vote of the Supplier Segment
171 membership. The slate of candidates shall be determined by a Nominating
172 Committee made up of Segment members.

173 7.3 Supplier Segment may have up to three (3) Designated Alternates for the EC.

174 7.4 The Board of Directors will have no Designated Alternates.

175 7.5 If an individual member of the EC or Board of Directors transfers to another
176 organization included in the Supplier Segment, such individual member shall be
177 entitled to remain a member of the EC or Board of Directors; provided the new
178 organization is a voting member of NAESB.

RETAIL ELECTRIC QUADRANT
DISTRIBUTOR SEGMENT PROCEDURES
~~September~~ December 2001

1.0 DEFINITIONS:

- 1.1 "NAESB" means the North American Energy Standards Board
- 1.2 "REQ" means the Retail Electric Quadrant of the NAESB.
- 1.3 "Segment" means one of the co-equal membership segments of REQ. As currently defined, REQ has the following four (4) segments of the retail electric market: Suppliers, Distributors, End-Users, and Service Providers.
- 1.4 "Bylaws" means the corporate bylaws of NAESB as amended from time to time.
- 1.5 "Board" means the Board of Directors of NAESB as defined in the NAESB bylaws.
- 1.6 "Director" means an individual serving on the Board.
- 1.7 "EC" means the Executive Committee of NAESB as defined in the NAESB bylaws.
- 1.8 "Segment Member" means an individual or entity (e.g., corporation, partnership) that satisfy the requirements for membership set forth in the Bylaws of REQ, and further satisfy the qualifications for Distributor Segment membership set forth in Section 3.1 of these procedures. If the Segment Member is not an individual, the term Segment Member shall include that entity's representative (employee, officer, director, or partner) who is authorized to cast that Segment member's vote.
- 1.9 "Segment Membership" means the Segment Members collectively.
- 1.10 All other capitalized terms, if not defined in this Section, shall have the same definitions as specified in the Bylaws of NAESB or in the REQ procedures.

2.0 DESCRIPTION OF DISTRIBUTOR SEGMENT:

- 2.1 The Distributor Segment is one of the four (4) co-equal segments comprising REQ.

- 2.2 The Distributor Segment represents the interests of individuals and entities engaged in the local distribution of electricity.
- a) The Distributor Segment shall meet the following criteria to ensure that the broad range of distributor interests are represented:
- 1) A minimum of ten paid members
 - 2) There are paid members representing electric distributors from at least four (4) [NERC Reliability regions](#) (as defined in 2001)

3.0 MEMBERSHIP REQUIREMENTS:

3.1 Segment Members:

Any individual or entity (e.g., corporations, partnerships) distributing electricity may elect to become a member of the Distributor Segment of REQ as long as that individual or entity pays the applicable membership fee required to be paid as set forth in Section 7.0 below. A Segment Member's voting rights shall be suspended for any period during which the member is delinquent in the payment of its membership fee.

Upon the approval of then current members of the Distributor Segment and subject to the general membership requirements of NAESB and the REQ, Trade Associations that represent the interests of electricity distributors not otherwise represented, may be admitted for membership. Such “representative” members shall have the same rights and responsibilities as any Segment Member. The criteria that Segment Members should use in evaluating such a party for membership is that by admitting the “representative” member, the interests of other Distributors who can’t participate directly (such as small Co-ops or municipals) will be represented. [Such approval needs to be reconfirmed every two \(2\) years.](#)

Members do not extend their membership to the parent company, affiliates or subsidiaries. Separate corporate entities within a corporate organization may hold multiple memberships in the Distributor Segment, but each must join individually and pay a membership fee. Members from a single corporate organization may hold only one Executive Committee and one Board of Directors seat from the Segment. In addition, a corporate organization may have only one member on the Board of Directors representing the REQ.

3.2 Meetings:

All meetings held in association with the NAESB, the REQ or the Distributor Segment of REQ are open to any interested person or entity. Only Segment Members, however, shall have a right to vote at such meetings.

3.3 Chairperson:

The Segment Members shall elect a chairperson, who shall serve a term of one year (from January 1 to December 31) and shall preside over Distributor Segment meetings.

4.0 ELECTION, RESIGNATION, AND REMOVAL OF MEMBERS OF THE BOARD OF DIRECTORS

4.1 Election of Directors

- a) The Distributor Segment will be represented on the Board by four (4) persons who shall be Segment Members.
- b) The initial Directors representing the Distributor Segment shall be elected at the first meeting of the Segment.
 - 1) The candidates receiving the greatest number of votes shall be elected, subject to a maximum of two Directors from a single NERC reliability region, as defined in 2001.
 - 2) The two (2) initial ~~directors~~ Directors receiving the greatest number of votes shall serve a maximum of one two years or until replaced by Directors elected in a the second regularly scheduled election as described below. The remaining two (2) initial Directors shall serve a maximum of one or until replaced by Directors elected in the first regularly scheduled election as described below.
- c) Scheduled Elections
 - 1) In preparation for any election of Directors, other than the initial Directors, representing the Distributor Segment, a Nominating Committee, which shall be comprised of five (5) Segment Members, shall select develop a slate of candidates from interested members of the Segment ~~Membership~~. Other nominations may be made at or before the Distributor Segment meeting at which the election shall occur.
 - 2) All persons selected by the Nominating Committee, or whose nomination is made in any other manner, expressing interest in being considered for election as

a Director shall ~~state in writing~~express their willingness to accept ~~the responsibility~~all responsibilities of serving as a Director, as described in the Bylaws, prior to the submission of their names to the Segment Membership at the election.

- 3) Segment Members shall cast votes for candidates in a number not exceeding the number of vacant directorships ~~and may cast only one vote per candidate~~. The candidates receiving the greatest numbers of votes shall be elected, subject to a maximum of two Directors from a single NERC reliability region, as defined in 2001.

4.2 Terms of Directors

Directors shall serve two-year terms. Terms will be staggered with two Director positions up for election in one year and two the next.

(Note: How do we align this with the built-in succession from third Vice-Chair to second, to first, to Chair in the By-laws? That would require four-year terms [at least] or the ability to replace the [first, second, third] Vice Chair with their replacement Director should they not be re-elected.)

4.3 Resignation of Directors

A Director may resign his or her directorship by submitting a letter to the Secretary of NAESB with a copy to the Chairperson of the Distributor Segment stating that he or she is resigning and giving the effective date of the resignation.

4.4 Removal:

A Director may be removed upon a majority vote of the Segment Members.

4.5 Vacancies other than Expiration of Term:

A Director shall cease to be a Director upon (1) the resignation of his or her Segment Membership or lapse of Director's Segment Membership for delinquency in payment of the membership fee (if the Director is an individual Segment Member); (2) the resignation or lapse (through a delinquency in payment of the membership fee) of the Segment Membership of the entity of which the Director is a partner, director, office, or employee; or (3) the Director's resignation, removal, conviction on a felony charge, or death. A Director vacancy shall be filled for the remainder of that term in accordance with the procedures specified in Section 4.1 (c) above.

5.0 ELECTION, RESIGNATION, AND REMOVAL OF MEMBERS OF THE EXECUTIVE COMMITTEE

- 5.1 Election of Members of the Executive Committee:
- a) The Distributor Segment will be represented on the EC by four (4) persons who shall be individual Segment Members.
 - b) The initial Directors representing the Distributor Segment shall be elected at the first meeting of the Segment.
 - 1) The candidates receiving the greatest number of votes shall be elected, subject to a maximum of two EC Members from a single NERC reliability region, as defined in 2001.
 - 2) The two (2) initial EC Members receiving the greatest number of votes shall serve a maximum of two years or until replaced by EC Members elected in the second regularly scheduled election as described below. The remaining two (2) initial EC Members shall serve a maximum of one year or until replaced by EC Members elected in a regularly scheduled election as described below.
 - c) Scheduled Elections
 - 1) In preparation for any election of EC Members, other than the initial EC Members, representing the Distributor Segment, a Nominating Committee, which shall be comprised of five (5) Segment Members, shall ~~select-develop~~ a slate of candidates from ~~the interested members of the Segment Membership~~. Other nominations may be made at or before the Distributor Segment meeting at which the election shall occur.
 - 2) All persons ~~selected by the Nominating Committee, or whose nomination is made in any other manner~~expressing interest in being elected to the Executive Committee, shall ~~state in writing~~express their willingness to accept the ~~responsibility~~responsibilities of serving as a EC Member as described in the Bylaws, prior to the submission of their names to the Segment Membership at the election.
 - 3) Segment Members shall cast votes for candidates in a number not exceeding the number of vacant EC Memberships and may cast only one vote per candidate. The candidates receiving the greatest

numbers of votes shall be elected, subject to a maximum of two EC Members from a single NERC reliability region, as defined in 2001.

d)

5.2 Terms of Executive Committee Members

Executive Committee Members shall serve two-year terms. Terms will be staggered with two EC positions up for election in one year and two the next.

5.3 Resignation of Members of the Executive Committee:

A member of the EC may resign his or her position by submitting a letter to the Secretary of NAESB with a copy to the Chairperson of the Distributor Segment stating that he or she is resigning and giving the effective date of the resignation.

5.4 Removal:

A member of the EC may be removed upon a majority vote of the Segment Members.

5.5 Vacancies other than Expiration of Term:

A member of the EC shall cease to be a member of the EC upon (1) the resignation of his or her Segment Membership or lapse of his or her Segment Membership for delinquency in payment of the membership fee (if the member of the EC is an individual Segment Member); (2) the resignation or lapse (through a delinquency in payment of the membership fee) of the Segment Membership of the entity of which the member of the EC is a partner, director, officer, or employee; or (3) the member of the EC's resignation, removal, conviction on a felony charge, or death. A vacancy shall be filled for the remainder of that term in accordance with the procedures specified in Section 5.1(c) above.

6.0 DESIGNATED ALTERNATES:

6.1 Selection of Designated Alternates:

- a) The Distributors Segment will select not more than ten (10) Designated Alternates to attend and vote at meetings of the Executive Committee when one or more regular members of the Executive Committee are unable to attend a meeting of the Executive Committee.
- b) In preparation for any election of Designated Alternates for the EC, other than the initial Designated Alternates for the EC, representing the Distributor Segment, a Nominating Committee, which shall be comprised of five (5) Segment Members, shall select a slate of candidates from the Segment Membership. Other nominations may be made at or before the Distributor Segment meeting at which the

election shall occur. Segment Members shall cast votes for candidates in a number not exceeding the number of vacant positions for Designated Alternate for the EC. The candidates receiving the greatest numbers of votes shall be elected Designated Alternates.

- c) All persons selected by the Nominating Committee, or whose nomination is made in any other manner, shall state in writing their willingness to accept the responsibility of serving as a Designated Alternate prior to the submission of their names to the Segment Membership at the election.
- d) When designated by a member of the Executive Committee to attend a meeting of the EC, a Designated Alternate shall do so unless he or she is unable to attend, in which case, the Designated Alternate shall so advise the member of the EC, and the member of the EC shall select another Designated Alternate. When attending a meeting of the EC, the Designated Alternate shall have the full voting rights of the regular member of the EC, except as may be limited by that regular member's notice in writing to the Chair of the EC, the Secretary of REQ (or the person designated to serve as the secretary of the EC), and the Designated Alternate.
- e) The Chairperson of the Distributor Segment will advise REQ's Secretary in writing of the names, addresses, telephone and facsimile numbers of the Designated Alternates for the Distributor Segment.

6.2 Resignation of Designated Alternates:

A Designated Alternated for the Executive Committee may resign his or her position by submitting a letter to the Secretary of REQ with a copy to the Chairperson of the Distributor Segment stating that he or she is resigning and giving the effective date of the resignation.

6.3 Removal:

A Designated Alternate may be removed upon a majority vote of the Segment Members.

6.4 Vacancy:

A Designated Alternate shall cease to be a Designated Alternate upon (1) the resignation of his or her Segment Membership or lapse of his or her Segment Membership for delinquency in payment of the membership fee (if the Designated Alternate is an individual Segment Member); (2) the resignation or lapse (through a delinquency in payment of the membership fee) of the Segment Membership of the entity of which the Designated Alternate is a partner, director, officer, or employee; or (3) the Designated Alternate's resignation, removal, or

death. A vacancy shall be filled for the remainder of that term in accordance with the procedures specified in Section 6.1 above.

7.0 DISTRIBUTOR SEGMENT FUNDING

The Distributor Segment shall be funded through allocation of the Segment's NAESB dues as established by the NAESB Board of Directors

8.0 COMMUNICATIONS PROCESSES:

- 8.1 The Distributor Segment will maintain a mailing list (and e-mail list) of it's members and will directly distribute information and notices on Segment issues to Distribution Segment Members.
 - a) The Distribution Segment will maintain a mailing list (and e-mail list) of parties who have participated in Segment proceedings during the last 12 months and will directly distribute information and notices on Segment issues these known interested parties.
 - b) The Distributor Segment will rely upon NAESB, NRECA, APPA, EEI, and other trade associations to distribute various information and notices to other interested parties.

9.0 AMENDMENT OF DISTRIBUTOR SEGMENT PROCESSES:

9.1 Procedure for Amendment:

The Directors representing the Distributor Segment on the Board shall recommend to the Segment Membership amendments to these Procedures. Each proposed amendment shall be offered as a separate amendment, except in those situations in which an amendment will affect more than one section of these Procedures. If a proposed amendment will affect more than one section, then all affected sections will be identified.

A majority vote of the Segment Membership shall be required to approve an amendment to these procedures.

9.2 Determination of Quorum:

A quorum, for purposes of these procedures only, shall be the Segment Members present at any meeting for which prior notice has been given even if the number of Segment Members present is less than a majority of the Segment Members.

10.0 EXECUTIVE SUMMARY

- 10.1 To belong to the Distributor Segment, and be entitled to one (1) vote in REQ matters, a person or entity must be engaged in the local distribution of electricity and pay the level of membership fees set out by REQ.
- 10.2 The Chairperson of the Distributors Segment shall serve a term of one (1) calendar year.
- 10.3 Board, EC, and Alternates shall be elected by the vote of the Segment membership. The slate of candidates shall be determined by a Nominating Committee made up of Segment members.
- 10.4 Distributor Segment may have up to ten (10) Designated Alternates.
- 10.5 The Segment shall be funded out of the REQ dues..
- 10.6 Majority vote of segment membership is required to amend these procedures.
- 10.7 A quorum is defined as those present at any meeting of the Distributor Segment

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DRAFT -- For Discussion

Bill Boswell's comments highlighted throughout

Barbara Alexander Edits 12/21/01

NORTH AMERICAN ENERGY STANDARDS BOARD

BYLAWS ADDENDUM

EXHIBIT 4-D

RETAIL ELECTRIC QUADRANT END USER SEGMENT PROCEDURES

14

15

16 **1.0 Description of the End User Segment**

17 The End User Segment of the Retail Electric Quadrant of the North
18 American Standards Board ("NAESB") is one of four (4) co-equal segments
19 comprising the retail electric market. The End User Segment membership
20 is comprised of businesses, organizations, government agencies, or
21 individuals that consume electricity at facilities served by Electric
22 Distributors, and parties who represent such consumers of electricity. The
23 End User Segment shall have a minimum of five paid members at all
24 times.

25

26 **2.0 DEFINITIONS** *[definitions highlighted are likely to be redundant with*
27 *both NAESB Bylaws and Quadrant Procedures, and need not be defined*
28 *here again, particularly if we move the closing statement for this Section*
29 *to the beginning]* *I think the document should be a "stand alone"*
30 *document that makes sense to outsiders and insiders. Therefore, I would*
31 *not delete the definitions and procedures that make sure that the*
32 *document "works" even if those provisions are duplicative of the NAESB*
33 *Bylaws or Quadrant Procedures.*

34 "Agent" means an individual, partnership, firm, corporation, or other entity
35 representing the interests of a member of the End User Segment, but who,
36 itself, is not necessarily a member of the Segment.

37 "Board" means the Board of Directors of NAESB as defined in the NAESB
38 bylaws.

39 "Bylaws" means the corporate bylaws of NAESB as amended from time to
40 time.

41 "EC" means the Executive Committee of the Retail Electric Quadrant or
42 NAESB, as appropriate to the context, as defined in the Bylaws and these
43 Retail Electric Quadrant Procedures.

44 "Electric Consumer" means an individual, partnership, corporation, or other
45 entity consuming electricity at one or more facilities served by an Electric
46 Distributor.

47 "Electric Distributor" means an individual, partnership, corporation, or
48 other entity engaged in the local distribution of electricity. Most often this
49 will be an investor owned utility, a municipal utility, or a cooperative utility.

50 "Director" means an individual serving on the Board.

51 "NAESB" means the North American Energy Standards Board

52 "NAESB Office" means the office of the Secretary of NAESB

53 "REQ" means the Retail Electric Quadrant of NAESB.

54 "Segment" means one of the co-equal membership segments of REQ. As
55 currently defined, REQ has the following four (4) segments of the retail
56 electric market: Suppliers, Distributors, End-Users, and Services.

57 "Segment Member" means an individual or entity (e.g., corporation,
58 government agency or partnership) that satisfy the requirements for
59 membership set forth in the Bylaws of REQ, and further satisfy the

60 qualifications for End User Segment membership set forth in Section 3 of
61 these procedures. If the Segment Member is not an individual, the term
62 Segment Member shall include that entity's representative (employee,
63 officer, director, or partner) who is authorized to cast that Segment
64 member's vote.

65 "Segment Membership" means the Segment Members collectively.

66

67 All other capitalized terms, if not defined in this Section, shall have the same
68 definitions as specified in the Bylaws of NAESB or in the REQ procedures. *[Good
69 general statement, maybe should be at the beginning of the Section.]*

70

71 3.0 MEMBERSHIP REQUIREMENTS

72 (a) Membership in the End User Segment of the Retail Electric Quadrant of
73 the NAESB shall be open to any person or legal entity (e.g. corporation,
74 partnership) that meets the follow requirements:

75 1)a)—The person or entity meets the general membership criteria set
76 forth in the Bylaws (Article 5) and the Certificate of Incorporation
77 (Article IV Sections 1 & 2);;

78 2)b) The person or entity meets the membership requirements specific to
79 the REQ of NAESB;;

80 3)c) The person or entity participates in the retail electricity marketplace
81 in one of the following ways:

82 (i) as a consumer of electricity delivered by either a regulated

83 investor owned or a municipal or cooperative electric
84 distribution company;

85 (ii) as a consumer of electricity delivered by an interstate
86 transmission line regulated by the Federal Energy Regulatory
87 Commission in the United States or the equivalent in other
88 nations; or

89 (iii) as a statutorily-appointed Federal, state, territorial or district
90 consumer advocate or agency; and

91 ~~e)4)~~ The person or entity has submitted an application to the Retail
92 Electricity Quadrant, declaring End User Segment affiliation and paid
93 the appropriate membership dues for the REQ End User Segment of
94 NAESB. An applicant for membership that represents residential
95 consumers may apply for a reduced dues in accordance with the
96 provisions of the REQ Procedures.

97 ~~e)~~ ~~The person or entity must have paid its membership dues for the~~
98 ~~REQ End User Segment of NAESB. A Segment Member's voting~~
99 ~~rights shall be suspended for any period during which the Member is~~
100 ~~delinquent in the payment of its membership dues. [redundant with~~
101 ~~Bylaws requirements; not needed here]~~

102 ~~f)b)~~ Upon the approval of current members of the End User Segment, and
103 subject to the requirements of NAESB and the REQ, Trade Associations
104 that represent the interests of electric consumers not otherwise
105 represented, may be admitted for membership. Such Trade Association

106 members shall have the same rights and responsibilities as any Segment
107 Member, except that their membership is subject to periodic
108 reconfirmation by the other Segment members. The criteria that Segment
109 Members should use in evaluating such a party for membership is that by
110 admitting such a member, the interests of other end users who can't
111 participate directly (such as individual residential customers) will be
112 represented. Approval of this Trade Association representation needs to
113 be reconfirmed every two (2) years at a minimum, if not otherwise
114 provided for in the REQ Procedures contained in this Exhibit 4 to the
115 Bylaws. *[Also discussed in REQ draft Procedures --- duplicative?]*

116 ~~g)c)~~ In the event that there are not five existing members of the End User
117 Segment, at least two of whom represent residential consumers,
118 membership approval may be granted and reconfirmed to Trade
119 Associations by the elected members of the REQ Executive Committee
120 until such time as there are five non-Trade Association members, at which
121 point the non-Trade Association members will assume responsibility for
122 reconfirmation of Trade Association rights to continued membership.

123 ~~h)d)~~ Corporate Members do not extend their membership to their parent
124 company, affiliates or subsidiaries. Separate corporate entities within a
125 corporate organization may hold multiple memberships in the End User
126 Segment, but each must join individually and pay a membership fee.

127 ~~i)e)~~ All representatives of any Segment Member must be duly authorized
128 by the Member entity in a letter to the Segment Chair, such

129 authorization is to be forwarded to the NAESB Office.

130 ~~j)f)~~ Representatives from a single corporate organization may hold no
131 more than one Executive Committee and one Board of Directors
132 seat from the Segment.

133 ~~k)g)~~ No Segment Member may have more than one representative from
134 their organization on the Board of Directors.

135

136 **4.0 END USER SEGMENT ORGANIZATION**

137 The End User Segment Members shall elect Members of the End User
138 Segment to the following administrative and governance positions:

139 a) Chair and Vice-Chair

140 The Chair and Vice-Chair will preside over all meetings of the
141 general Segment membership separate from meetings of the REQ.

142 The Chair will appoint a Secretary of the meeting(s), which may be
143 a standing position, to take meeting minutes and record votes.

144 Minutes of all meetings, including voting results, are to be reported
145 by the Chair, the Vice-Chair, or the Secretary at the Chair's
146 discretion, to the Members and transmitted to the NAESB Office for
147 publication within 15 days of the date of the meeting.

148 The Vice-Chair will organize and conduct all Segment elections once
149 the Segment has commenced operation. The method of initial
150 election of all officers is addressed in Section 6.8.

151 The term of office of the Chair is one year concurrent with the

152 operating year of NAESB. The Chair will be succeeded in the
153 following year by the Vice-Chair, with a new Vice-Chair elected to fill
154 the vacant Vice-Chair position. There is no limit on the number of
155 terms any End User Segment Member may serve either as Chair or
156 Vice-Chair.

157 b) Executive Committee members

158 The Segment Membership will elect two Group A or two Group B
159 Executive Committee members in alternating years as provided for
160 in the REQ Procedures.

161 c) Directors

162 The Segment Membership will elect two Group A or two Group B
163 Directors in alternating years as provided for in the REQ Procedures.

164

165 **5.0 MEETINGS**

166 All meetings held in association with NAESB, the REQ, or within the End
167 User Segment of REQ are open to any interested person or entity. Only
168 Segment Members, however, shall have a right to vote at such meetings
169 on behalf of [*having this phrase here is critical to this statement being*
170 *workable*] the End User Segment.

171

172 **5.1 Notices of meetings** [*drop; subsections 5.1 and 5.2 are both NAESBops*
173 *issues*]

174 Notices of meetings will be posted to the End User Segment membership

175 no less than seven (7) days prior to the date of the meeting, said notices
176 providing the location, date, times and agenda topics of the meeting.

177

178 **5.2 Notification Method**

179 Notification will be through the use of an electronic bulletin board, regular
180 newsletter, and adherence to standard notice a) The NAESB Office shall
181 advise REQ End User Segment Member organizations of NAESB activities.
182 As such the End User Segment intends to rely upon the NAESB Office to
183 distribute meeting notices, as required under Article 11 of the NAESB
184 Bylaws, to Segment Members and other interested parties as deemed
185 appropriate.

186 b) If the NAESB Office cannot perform this function, then the Segment
187 Membership will determine an agreed method of notification or
188 reconfirm the agreement at each first meeting of the operating year
189 of the Segment Membership.

190

191 **5.3 Notices of Elections** [*"OK"{CLD -- but probably now should be dropped* 192 *as it is covered in Section 6}*]

193 Notices of elections shall be posted as provided for in Section 6 of these
194 Procedures.

195

196 **6.0 ELECTION, RESIGNATION AND REMOVAL OF OFFICERS OF THE** 197 **END USER SEGMENT** [*Section 6 is an "awfully busy section", needs to*

198 *be simplified]*

199 6.1 Election of Directors:

200 a) The End User Segment of the REQ shall be represented on the
201 NAESB Board of Directors by four individuals who shall be elected,
202 from time to time, as required by Article 7 of the NAESB Bylaws and
203 in this Exhibit 4 to those Bylaws. At least one of these individuals

204 shall represent residential consumers.

205 b) Each Director from the End User Segment of the REQ shall serve a
206 term of two years on the NAESB Board, unless provided for
207 otherwise in the REQ Procedures.

208 (i) Directors elected in a year ending in an odd digit (i.e., 2003),
209 whose term would expire in a year ending in an odd digit
210 (i.e., 2005), will serve as Group A Directors; there will be two
211 Group A Director seats at any given time, subject to the
212 conditions specified in Section 6.8.

213 (ii) Directors elected in a year ending in an even digit, whose
214 term would expire in a year ending in an even digit, will serve
215 as Group B Directors; there will be two Group B Director seats
216 at any given time, subject to the conditions specified in
217 Section 6.8.

218 c) To be eligible to serve as an End User Segment representative on
219 the NAESB Board of Directors, the individual must

220 (i) be a Segment Member

- 221 (ii) have a working knowledge of the NAESB process;
- 222 (iii) be willing to commit the time and resources necessary to
- 223 fulfill their obligations as a NAESB Board member and to meet
- 224 the minimum threshold of participation and attendance
- 225 established in the NAESB Bylaws
- 226 (iv) disclose their interest, or their employer's interest, in the
- 227 electric industry and the relationship with other entities with
- 228 which the employer may be affiliated;
- 229 d) No individual representing any single Segment Member shall serve
- 230 on the Board of Directors and on the REQ Executive Committee
- 231 concurrently.
- 232 e) Interested individuals duly authorized to represent a Segment
- 233 Member and eligible to serve on the Board of Directors shall submit
- 234 their names to the NAESB Office in a form as specified in NAESB
- 235 Operating Procedures or,
- 236 (i) if such requirements are not provided for in the NAESB
- 237 Operating Procedures, interested individuals shall submit a
- 238 written statement to the NAESB Office that provides their
- 239 name, title and affiliation (if any), business mail and email
- 240 addresses, business telephone, a statement that they accept
- 241 the conditions referred to in subsection (c)-(iii) above, and
- 242 the statement required in subsection (c)-(iv) above.
- 243 f) In preparation for any election of NAESB Directors (other than initial

244 Directors, as provided for in Section 6.8) representing the End User
245 Segment of the REQ, a Nominating Committee consisting of five (5)
246 existing Board and EC members of the REQ End User Segment, shall
247 develop a slate of candidates from interested members of the
248 Segment Membership. Other nominations may be made at or prior
249 to the close of the REQ End User Segment nomination period by any
250 Segment Member in accordance with the requirements in subsection
251 (e) above. All nominations must be made and conveyed in writing
252 to the NAESB Secretary no less than 31 days prior to the election
253 date. *[this really belongs in the Quadrant Procedures to keep all*
254 *Segments working the same way as much as possible]*

255 g) The election process for REQ End User Segment representatives to
256 the NAESB Board shall be

257 (i) coordinated by the Vice-Chair of the Segment with
258 appropriate coordination with the Quadrant Executive
259 Committee and the NAESB Office such that elections occur
260 during the second week of November of each year

261 (ii) announced by formal notice to the Segment Membership no
262 less than 30 days prior to the date of the election, with such
263 notice indicating the name and affiliation of all candidates.

264 h) Elections for REQ End User Segment Directors shall be subject to
265 the following provisions:

266 (i) Any End User Segment Member of the REQ with dues current

267 is eligible to have one duly authorized representative cast the
268 Member's vote.

269 (ii) End User Segment Members shall cast votes for candidates in
270 a number not exceeding the number of Director seats open
271 for election from the End User Segment.

272 (iii) The candidates receiving the greatest numbers of votes shall
273 be elected.

274 (iv) Results of the REQ elections for the NAESB Board, including
275 the returned ballots, shall be forwarded to the Secretary of
276 NAESB, for the purpose of public record and validation of
277 voting results, upon conclusion of any election.

278 i) Any Director seats which become vacant shall be filled in accordance
279 with REQ Procedures as specified in this Exhibit 4 to the Bylaws, or if
280 such provisions are lacking, by special election, subject to the
281 following provisions

282 (i) If the vacancy occurs with less than 125 days remaining in
283 the Director's term of office, the seat will remain vacant until
284 filled by election of a new Director to a term commencing in
285 the next operating year.

286 (ii) All other vacancies will be filled by special election; such
287 special elections are to be formally noticed to the Segment
288 Membership by the Segment Vice-Chair or Chair within 15
289 days of when the creation of the vacancy becomes known and

290 held within 60 days of the creation of the vacancy.
291 Candidates will be designated by the normal nomination
292 process or selected by the remaining Board members of the
293 Segment from Segment Membership. Candidates elected to
294 fill the vacancy will serve the remainder of the term, and may
295 stand for re-election.

296

297 **6.2 Resignation of Directors**

298 A Director may resign his or her directorship by submitting a letter to the
299 Secretary of NAESB with a copy to the Chair of the End User Segment of
300 the REQ stating that he or she is resigning and giving the effective date of
301 the resignation.

302

303 **6.3 Removal of Directors**

- 304 a) A NAESB Director shall cease to be a Director upon
- 305 (i) the resignation of REQ End User Segment Membership by the
306 entity of which the Director serves as a representative
 - 307 (ii) the lapse of the Segment Membership dues of the entity
308 which the Director serves as a representative, or
 - 309 (iii) the Director's resignation, removal, or death
 - 310 (iv) the first day of the NAESB operating year following an
311 election for the seat held by the Director, wherein the
312 Director was not re-elected by the Segment Membership as

313 declared by the NAESB Secretary.

314 b) Receipt by the NAESB Secretary of a rescission letter indicating that
315 the individual no longer represents the Member does not constitute
316 grounds for removal of the Director if all three of the following
317 conditions are satisfied:

318 (i) the individual continues activity or employment in the End
319 User Segment of the Electric industry with another End User
320 Segment Member,

321 (ii) the individual's new employer is a Segment Member with no
322 representatives holding seats on the Board, and

323 (iii) the Board determines that completion of the Director's term
324 of office is in the best interest of NAESB

325 c) A vacancy resulting from removal of a Director shall be filled for the
326 remainder of that term in accordance with Section 6.1(i) of these
327 Procedures.

328 *[the contents of 6.3 should be probably be covered within the Quadrant*
329 *Procedures document, the Bylaws or NAESBops; good to lay it out, but not a*
330 *good thing to have individual Segments following significantly different*
331 *approaches on this]*

332

333 **6.4 Election of Executive Committee Members**

334 The End User Segment of the REQ shall be represented on the NAESB EC
335 by four individuals who shall be elected, from time to time, as required by

336 Article 10 of the NAESB Bylaws and in this Exhibit 4 to those Bylaws. At
337 least one of these individuals shall represent residential consumers.

338 a) Each EC member from the End User Segment of the REQ shall serve
339 a term of two years on the REQ EC, unless provided for otherwise in
340 the REQ Procedures.

341 (iii) Members elected in a year ending in an odd digit (i.e., 2003),
342 whose term would expire in a year ending in an odd digit
343 (i.e., 2005), will serve as Group A representatives; there will
344 be two Group A representative seats at any given time,
345 subject to the conditions specified in Section 6.8.

346 (iv) Members elected in a year ending in an even digit, whose
347 term would expire in a year ending in an even digit, will serve
348 as Group B representatives; there will be two Group B
349 representative seats at any given time, subject to the
350 conditions specified in Section 6.8.

351 b) To be eligible to serve as an End User Segment representative on
352 the EC, the individual must

353 (i) be a Segment Member

354 (ii) have a working knowledge of the NAESB process;

355 (iii) be willing to commit the time and resources necessary to
356 fulfill their obligations as a NAESB EC member and to meet
357 the minimum threshold of participation and attendance
358 established in the NAESB Bylaws

- 359 (iv) disclose their interest, or their employer's interest, in the
360 electric industry and the relationship with other entities with
361 which the employer may be affiliated;
- 362 c) No individual representing any single Segment Member shall serve
363 on the Board of Directors and on the REQ Executive Committee
364 concurrently.
- 365 d) Interested individuals duly authorized to represent a Segment
366 Member and eligible to serve on the EC shall submit their names to
367 the NAESB Office in a form as specified in NAESB Operating
368 Procedures or,
- 369 (i) if such requirements are not provided for in the NAESB
370 Operating Procedures, interested individuals shall submit a
371 written statement to the NAESB Office that provides their
372 name, title and affiliation (if any), business mail and email
373 addresses, business telephone, a statement that they accept
374 the conditions referred to in subsection (c)-(iii) above, and
375 the statement required in subsection (c)-(iv) above.
- 376 e) In preparation for any election of EC members (other than initial EC
377 members, as provided for in Section 6.8) representing the End User
378 Segment of the REQ, a Nominating Committee consisting of five (5)
379 Board or EC members of the REQ End User Segment, shall develop
380 a slate of candidates from interested members of the Segment
381 Membership. Other nominations may be made at or prior to the

382 close of the REQ End User Segment nominating period by any
383 Segment Member in accordance with the requirements in subsection
384 (e) above. All nominations must be made and conveyed in writing
385 to the NAESB Secretary no less than 31 days prior to the election
386 date.

387 f) The election process for REQ End User Segment representatives to
388 the REQ EC shall be

389 (iii) coordinated by the Vice-Chair of the Segment with
390 appropriate coordination with the REQ EC and the NAESB
391 Office such that elections occur during the second week of
392 November of each year

393 (iv) announced by formal notice to the Segment Membership no
394 less than 30 days prior to the date of the election, with such
395 notice indicating the name and affiliation of all candidates.

396 g) Elections for REQ End User Segment EC members shall be subject to
397 the following provisions:

398 (i) Any End User Segment Member of the REQ with dues current
399 is eligible to have one duly authorized representative cast the
400 Member's vote.

401 (ii) End User Segment Members shall cast votes for candidates in
402 a number not exceeding the number of EC seats open for
403 election by the End User Segment.

404 (iii) The candidates receiving the greatest numbers of votes shall

405 be elected.

406 (iv) Results of the elections for the REQ EC, including the returned
407 ballots, shall be forwarded to the Secretary of NAESB, for the
408 purpose of public record and validation of voting results, upon
409 conclusion of any election.

410 h) Any EC seats becoming vacant shall be filled in accordance with REQ
411 Procedures as specified in this Exhibit 4 to the Bylaws, or if such
412 provisions are lacking, by a special election subject to the following
413 provisions

414 (i) If the vacancy occurs with less than 125 days remaining in
415 the EC member's term of office, the seat will remain vacant
416 until filled by election of a new EC member to a term
417 commencing in the next operating year, and a Designated
418 Alternate will serve until expiration of the term.

419 (ii) All other vacancies will be filled by special election; such
420 special elections are to be formally noticed to the Segment
421 Membership by the Segment Vice-Chair or Chair within 15
422 days of when the creation of the vacancy becomes known and
423 held within 60 days of the creation of the vacancy.
424 Candidates will be designated by the normal nomination
425 process or selected by the remaining EC members of the
426 Segment from Segment Membership. Candidates elected to
427 fill the vacancy will serve the remainder of the term, and may

428 stand for re-election.

429 (iii) Until an election is held and a new EC member is elected, a
430 Designated Alternate will serve in the open EC seat.

431 *[the highlighted parts of this section are redundant with what should be in the*
432 *Quadrant Procedures; unnecessary]*

433

434 **6.5 Resignation of EC Representatives**

435 An EC member may resign his or her seat by submitting a letter to the
436 Secretary of NAESB with a copy to the Chair of the End User Segment of
437 the REQ stating that he or she is resigning and giving the effective date of
438 the resignation.

439 *[all of the remaining portions of Section 6 belong in the Quadrant Procedures so*
440 *that all Segments operate the same in regards to these issues]*

441

442 **6.6 Removal of EC Representatives**

- 443 a) An EC member shall cease to be a member of the EC upon
- 444 (i) the resignation of REQ End User Segment Membership by the
 - 445 entity of which the EC member serves as a representative
 - 446 (ii) the lapse of the Segment Membership dues of the entity
 - 447 which the EC member serves as a representative,
 - 448 (iii) the EC member's resignation, removal, or death
 - 449 (iv) the first day of the NAESB operating year following an
 - 450 election for the seat held by the EC member, wherein the

451 member was not re-elected by the Segment Membership as
452 declared by the NAESB Secretary

453 (iv) receipt by the NAESB Secretary of a rescission letter
454 indicating that the individual no longer represents the
455 Segment Member

456 b) A vacancy resulting from removal of an EC member shall be filled for
457 the remainder of that term in accordance with Section 6.4(h) of
458 these Procedures.

459

460 **6.7 Designation of Alternates for Executive Committee Members**

461 a) Selection of Designated Alternates:

462 The End User Segment will select no more than three (3), and no
463 les than one Designated Alternate EC representative in each election
464 year, allowing for up to three (3) Designated Alternates overall.

465 b) Designated Alternates will be selected by the same election that
466 determines EC members, with those unsuccessful EC member
467 candidate(s) receiving the greatest number of votes becoming a
468 Designated Alternate in the event that there already are or are
469 expected to be less than three Designated Alternates from the End
470 User Segment in the coming year.

471 c) The first, second and third Designated Alternate will be determined
472 by

473 (i) the order in which they become named as a Designated

474 Alternate, as indicated by the first year of their designation

475 and

476 (ii) the order of voting results.

477 d) A Designated Alternate will attend and vote at meetings of the EC of

478 the REQ or of the larger EC of NAESB, when one or more regular EC

479 Members from the End User Segment are unable to attend a

480 meeting of the EC and when the absent member or the Vice-Chair of

481 the REQ EC requests their attendance as a Designated Alternate.

482 Selection of which Alternate will serve will proceed through the order

483 of first, second or third Designated Alternate, with each indicating

484 whether they can or cannot fulfill the requirement to serve at the

485 subject meeting.

486

487 **6.8 Transitional Election of Segment Officers**

488 The requirements of the NAESB Bylaws for a minimum of 5 Members per

489 Segment and 40 Members per Quadrant do not provide for enough

490 members to satisfy the constraints on election of Directors and EC

491 members as stated in earlier subsections of this Section 6. Consequently,

492 until the End-User Segment has at least eight (8) Members, the number of

493 Directors and EC Members elected by the Segment Membership within the

494 Quadrant will be halved, to 2 Directors and 2 EC members with no dilution

495 of the Segment's balanced voting within the Quadrant.

496

497 The following provisions will apply and supercede the requirements of
498 Sections 6.1 through 6.6 until the End-User Segment has enrolled a
499 minimum of eight (8) members.

500

501 If not otherwise provided for in the REQ Procedures, the following
502 provisions will apply during the initial operating period of the End User
503 Segment until the Segment has at least eight (8) paid Members.

504 a) Term of Office of Initial Directors

505 The initial group of two (2) Directors will both serve a 2 year term of
506 office as either Group A or Group B Directors, as determined by the
507 expiration year of their original term of office.

508 b) Interim Elections of Directors

509 Within 60 days of receipt of notification from the NAESB Office that
510 the End-User Segment has achieved eight (8) members, an election
511 shall be held in order to select of two additional Directors to serve
512 alongside the initially elected Directors

513 (i) the term of office of the second group elected at this time will
514 expire one year later than the term of the initially elected
515 Directors, thereby allowing for two Group A and two Group B
516 Directors from the Segment.

517 c) Term of Office of Initial Executive Committee Members

518 The initial group of EC members will serve a 2 year term of office as
519 either Group A or Group B members, as determined by the
520 expiration year of their original term of office.

521 d) Interim Elections of EC Members

522 Within 60 days of receipt of notification from the NAESB Office that
523 the End-User Segment has achieved eight (8) members an election
524 shall be held in order to select of two additional EC Members to
525 serve alongside the initially elected Directors

526 (i) The term of office of the second group elected at this time will
527 expire one year later than the term of the initially elected EC
528 members, thereby allowing for two Group A and two Group B
529 EC members from each Segment.

530 (ii) The previously elected Chair and Vice-Chair of the Quadrant
531 EC will continue in their official role until either their re-
532 election at the end of their term or removal from office in
533 accordance with the NAESB Bylaws, Quadrant Procedures or
534 these Procedures.

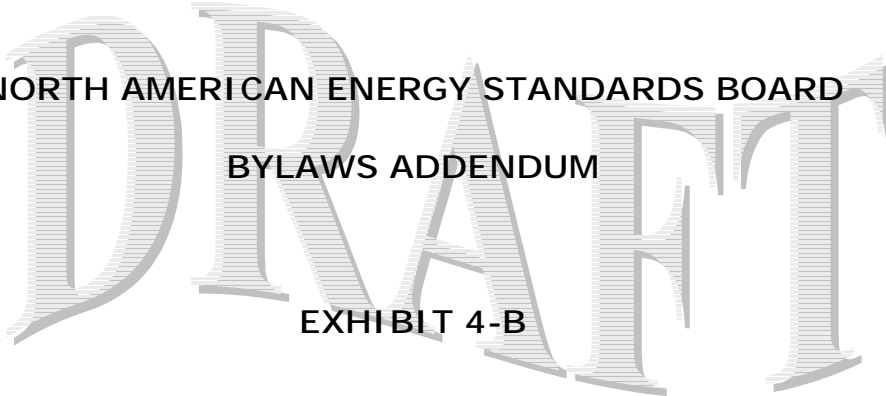
535

536 **7.0 AMENDMENT OF SEGMENT PROCEDURES**

537 Amendment of these REQ End User Segment Procedures shall be subject
538 to approval by a 90% majority of the Segment Members. *[at first blush,*
539 *this seemed awfully high to Bill; as we discussed the undesirability of*
540 *having Segments change their procedures frequently, he came around to*

541 *maybe 80-90% is an appropriate number; up to the Segment].*

NORTH AMERICAN ENERGY STANDARDS BOARD
BYLAWS ADDENDUM
EXHIBIT 4-B



RETAIL ELECTRIC QUADRANT SERVICES SEGMENT PROCEDURES

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2.0 Definitions

Board - means the Board of Directors of NAESB as defined in the NAESB bylaws.

Bylaws - means the corporate bylaws of NAESB as amended from time to time.

EC - means the Executive Committee of the Retail Electric Quadrant or NAESB, as appropriate to the context, as defined in the Bylaws and these Retail Electric Quadrant Procedures.

Director - means an individual serving on the Board.

NAESB - means the North American Energy Standards Board

NAESB Office - means the office of the Secretary of NAESB

REQ - means the Retail Electric Quadrant of NAESB.

Segment - means one of the co-equal membership segments of REQ. As currently defined, REQ has the following four (4) segments of the retail electric market: Suppliers, Distributors, End-Users, and Services.

Segment Member - means an individual or entity (e.g., corporation, government agency or partnership) that satisfies

the requirements for membership set forth in the Bylaws of REQ, and further satisfies the qualifications for Services Segment membership set forth in Section 3 of these procedures. If the Segment Member is not an individual, the term Segment Member shall include that entity's representative (employee, officer, director, or partner) who is authorized to cast that Segment member's vote.

Segment Membership - means the Segment Members collectively.

All other capitalized terms, if not defined in this Section, shall have the same definitions as specified in the Bylaws of NAESB or in the REQ procedures.

3.0 Description of the Services Segment

The Services Segment of the Retail Electric Quadrant of the North American Energy Standards Board ("NAESB") is one of four (4) co-equal segments comprising the retail electric market. The Services Segment membership is comprised of businesses that provide services to suppliers and distributors of electricity or an entity not otherwise declared in another segment. The Services Segment shall have a minimum of five paid members at all times.

4.0 Services Segment Membership Requirements

Membership in the Services Segment of the Retail Electric Quadrant of the NAESB shall be open to any entity (e.g., corporation, partnership or proprietorship) that meets the following requirements:

- a) The entity meets the general membership criteria set forth in the Bylaws (Article 5) and the Certificate of Incorporation (Article IV Sections 1 & 2).
- b) The entity meets the membership requirements specific to the REQ of NAESB.
- c) The entity provides services to participants in the retail electric industry.
- d) The entity is not otherwise declared in another segment.
- e) The entity has submitted an application to the REQ, declaring Services Segment affiliation.
- f) Corporate Members do not extend their membership to their parent company, affiliates or subsidiaries. Separate

corporate entities within a corporate organization may hold multiple memberships in the Services Segment, but each must join individually and pay a membership fee.

- g) All representatives of any Services Segment Member must be duly authorized by the Member entity in a letter to the Segment Chair, such authorization is to be forwarded to the NAESB Office.
- h) Representatives from a single corporate organization may hold no more than one Executive Committee and one Board of Directors seat from the Segment.
- i) No Segment Member may have more than one representative from their organization on the Board of Directors.
- j) The entity satisfies the requirements for Membership set forth in Article 5 of the Bylaws of NAESB, and Section 3 of the Retail Electric Quadrant Procedures.

5.0 Services Segment Funding

The Services Segment shall be funded through allocation of the Segment's NAESB dues as established by the NAESB Board of Directors

6.0 Services Segment Organization

The Services Segment Members shall elect Members of the Services Segment to the following administrative and governance positions:

6.1 Chair and Vice-Chair

The Chair and Vice-Chair will preside over all meetings of the general Services Segment membership separate from meetings of the REQ. The Chair will appoint a Secretary of the meeting(s), which may be a standing position, to take meeting minutes and record votes. Minutes of all meetings, including voting results, are to be reported by the Chair, the Vice-Chair, or the Secretary at the Chair's discretion, to the Members and transmitted to the NAESB Office for publication within 15 days of the date of the meeting.

The Vice-Chair will organize and conduct all Segment elections once the Segment has commenced operation. The method of initial election of all officers is addressed in Section 8.6

Transitional Election of Officers of this document.

The term of office of the Chair is one year concurrent with the operating year of NAESB. The Chair will be succeeded in the following year by the Vice-Chair, with a new Vice-Chair elected to fill the vacant Vice-Chair position. There is no limit on the number of terms any Services Segment Member may serve either as Chair or Vice-Chair.

6.2 Executive Committee (EC) Members

Four (4) persons who are individual Segment Members will represent the Services Segment on the REQ EC. The Segment Membership will elect Executive Committee members as provided for in the REQ Procedures and Section 10.2 Election of EC Members of this document.

6.3 Directors

Four (4) persons who are individual Segment Members will represent the Services Segment on the REQ Board of Directors. The Segment Membership will elect Directors as provided for in the REQ Procedures and Section 10.1 Election of Board of Directors of this document.

7.0 Determination of Quorum

A quorum for purposes of amending these procedures, electing officers, or voting on any other Services Segment issues shall be at least 51% of the Segment Members.

8.0 Meetings

All meetings held in association with the Services Segment of REQ are open to any interested company or organization. Only Segment Members, however, shall have a right to vote at such meetings.

9.0 Services Segment Notifications

9.1 Notices of Meetings

Notices of meetings will be posted to the Services Segment membership no less than seven (7) days prior to the date of the meeting, said notices providing the location, date, times and agenda topics of the meeting.

9.2 Notification Method

The Services Segment Chair will appoint a Segment Member to maintain a mailing list (and e-mail list) of Segment Members and will directly distribute information and notices on Segment meetings and issues to Services Segment Members.

Notification may additionally be provided by any of the means referenced in Article 11 of the NAESB Bylaws.

9.3 Notices of Elections

Notices of elections shall be posted as provided for in Sections 10.1 Election of Directors and 10.2 Election of EC Members of these Procedures.

10.0 Election, Resignation, and Removal of Services Segment Officers

10.1 Election of Directors

- a) The Services Segment of the REQ shall be represented on the NAESB Board of Directors by four individuals who shall be elected, from time to time, as required by Article 7 of the NAESB Bylaws and in this Exhibit 4 to those Bylaws.
- b) Each Director from the Services Segment of the REQ shall serve a term of two years on the NAESB Board, except as provided for in Section 10.6 Transitional Election of Officers of this procedure or unless provided for otherwise in the REQ Procedures.
 - (i) Directors elected in a year ending in an odd digit (i.e., 2003), whose term would expire in a year ending in an odd digit (i.e., 2005), will serve as Group A Directors; there will be two Group A Director seats at any given time.
 - (ii) Directors elected in a year ending in an even digit, whose term would expire in a year ending in an even digit, will serve as Group B Directors; there will be two Group B Director seats at any given time.
- c) To be eligible to serve as a Services Segment representative on the NAESB Board of Directors, the individual must
 - (i) be a Services Segment Member

- (ii) have a working knowledge of the NAESB process;
 - (iii) be willing to commit the time and resources necessary to fulfill their obligations as a NAESB Board member and to meet the minimum threshold of participation and attendance established in the NAESB Bylaws
 - (iv) disclose the legal name for their employer and if applicable, its ownership, sister companies also under the umbrella of its owner, and a list of other entities for which the employer is engaged in a legal partnership or joint venture.
 - (v) provide a copy of their employer's mission statement or a summary of their business objectives along with a brief statement regarding which segment these objectives best serve;
- d) No individual representing any single Segment Member shall serve on the Board of Directors and on the REQ Executive Committee concurrently.
- e) Interested individuals duly authorized to represent a Segment Member and eligible to serve on the Board of Directors shall submit their names to the NAESB Office in a form as specified in NAESB Operating Procedures or,
- (i) if such requirements are not provided for in the NAESB Operating Procedures, interested individuals shall submit a written statement to the NAESB Office that provides their name, title and affiliation (if any), business mail and email addresses, business telephone, a statement that they accept the conditions referred to in subsection (c)-(iii) above, and the statement required in subsection (c)-(iv) above.
- f) In preparation for any election of NAESB Directors (other than initial Directors, as provided for in Section 10.6) representing the Services Segment of the REQ, a Nominating Committee consisting of five (5) existing Board and EC members of the REQ Services Segment, shall be appointed by the Services Segment Chair. This committee shall develop a slate of candidates from interested members of the Segment Membership. Other nominations may be made at or prior to the

close of the REQ Services Segment nomination period by any Segment Member in accordance with the requirements in subsection (e) above. All nominations must be made and conveyed in writing to the NAESB Secretary no less than 31 days prior to the election date.

- g) The election process for REQ Services Segment representatives to the NAESB Board shall be
 - (i) coordinated by the Vice-Chair of the Segment with appropriate coordination with the Quadrant Executive Committee and the NAESB Office such that elections occur during the second week of November of each year
 - (ii) announced by formal notice to the Segment Membership no less than 30 days prior to the date of the election, with such notice indicating the name and affiliation of all candidates.
- h) Elections for REQ Services Segment Directors shall be subject to the following provisions:
 - (i) Any Services Segment Member of the REQ with dues current is eligible to cast a vote.
 - (ii) Services Segment Members shall cast votes for candidates in a number not exceeding the number of Director seats open for election from the Services Segment.
 - (iii) The candidates receiving the greatest numbers of votes shall be elected.
 - (iv) Results of the REQ elections for the NAESB Board, including the returned ballots, shall be forwarded to the Secretary of NAESB, for the purpose of public record and validation of voting results, upon conclusion of any election.
- i) Any Director seats which become vacant shall be filled in accordance with REQ Procedures as specified in this Exhibit 4 to the Bylaws, or if such provisions are lacking, by special election, subject to the following provisions
 - (i) If the vacancy occurs with less than 125 days remaining in the Director's term of office, the seat will remain vacant until filled by election of a new

Director to a term commencing in the next operating year.

- (ii) All other vacancies will be filled by special election; such special elections are to be formally noticed to the Segment Membership by the Segment Vice-Chair or Chair within 15 days of when the creation of the vacancy becomes known and held within 60 days of the creation of the vacancy. Candidates will be designated by the normal nomination process or selected by the remaining Board members of the Segment from Segment Membership. Candidates elected to fill the vacancy will serve the remainder of the term, and may stand for re-election.

10.2 Election of EC Members

- a) The Services Segment of the REQ shall be represented on the NAESB EC by four individuals who shall be elected, from time to time, as required by Article 10 of the NAESB Bylaws and in this Exhibit 4 to those Bylaws.
- b) Each EC member from the Services Segment of the REQ shall serve a term of two years on the REQ EC, unless provided for otherwise in the REQ Procedures.
 - (i) Members elected in a year ending in an odd digit (i.e., 2003), whose term would expire in a year ending in an odd digit (i.e., 2005), will serve as Group A representatives; there will be two Group A representative seats at any given time.
 - (ii) Members elected in a year ending in an even digit, whose term would expire in a year ending in an even digit, will serve as Group B representatives; there will be two Group B representative seats at any given time.
- c) To be eligible to serve as a Services Segment representative on the EC, the individual must
 - (i) be a Segment Member
 - (ii) have a working knowledge of the NAESB process;
 - (iii) be willing to commit the time and resources necessary to fulfill their obligations as a NAESB EC

member and to meet the minimum threshold of participation and attendance established in the NAESB Bylaws

- (iv) disclose the legal name for their employer and if applicable, its ownership, sister companies also under the umbrella of its owner, and a list of other entities for which the employer is engaged in a legal partnership or joint venture
- (v) provide a copy of their employer's mission statement or a summary of their business objectives along with a brief statement regarding which segment these objectives best serve;
- d) No individual representing any single Segment Member shall serve on the Board of Directors and on the REQ Executive Committee concurrently.
- e) Interested individuals duly authorized to represent a Segment Member and eligible to serve on the EC shall submit their names to the NAESB Office in a form as specified in NAESB Operating Procedures or,
 - (i) if such requirements are not provided for in the NAESB Operating Procedures, interested individuals shall submit a written statement to the NAESB Office that provides their name, title and affiliation (if any), business mail and email addresses, business telephone, a statement that they accept the conditions referred to in subsection (c)-(iii) above, and the statement required in subsection (c)-(iv) above.
- f) In preparation for any election of EC members (other than initial EC members, as provided for in Section 10.6) representing the Services Segment of the REQ, a Nominating Committee consisting of five (5) Board or EC members of the REQ Services Segment, shall be appointed by the Services Segment Chair. This committee will develop a slate of candidates from interested members of the Segment Membership. Other nominations may be made at or prior to the close of the REQ Services Segment nominating period by any Segment Member in accordance with the requirements in subsection (e) above. All nominations must be made and conveyed in writing to the NAESB

Secretary no less than 31 days prior to the election date.

- g) The election process for REQ Services Segment representatives to the REQ EC shall be
 - (i) coordinated by the Vice-Chair of the Segment with appropriate coordination with the REQ EC and the NAESB Office such that elections occur during the second week of November of each year
 - (ii) announced by formal notice to the Segment Membership no less than 30 days prior to the date of the election, with such notice indicating the name and affiliation of all candidates.
- h) Elections for REQ Services Segment EC members shall be subject to the following provisions:
 - (i) Any Services Segment Member of the REQ with dues current is eligible to have one duly authorized representative cast the Member's vote.
 - (ii) Services Segment Members shall cast votes for candidates in a number not exceeding the number of EC seats open for election by the Services Segment.
 - (iii) The candidates receiving the greatest numbers of votes shall be elected.
 - (iv) Results of the elections for the REQ EC, including the returned ballots, shall be forwarded to the Secretary of NAESB, for the purpose of public record and validation of voting results, upon conclusion of any election.
- i) Any EC seats becoming vacant shall be filled in accordance with REQ Procedures as specified in this Exhibit 4 to the Bylaws, or if such provisions are lacking, by a special election subject to the following provisions
 - (i) If the vacancy occurs with less than 125 days remaining in the EC member's term of office, the seat will remain vacant until filled by election of a new EC member to a term commencing in the next operating year, and a Designated Alternate will serve until expiration of the term.

- (ii) All other vacancies will be filled by special election; such special elections are to be formally noticed to the Segment Membership by the Segment Vice-Chair or Chair within 15 days of when the creation of the vacancy becomes known and held within 60 days of the creation of the vacancy. Candidates will be designated by the normal nomination process or selected by the remaining EC members of the Segment from Segment Membership. Candidates elected to fill the vacancy will serve the remainder of the term, and may stand for re-election.
- (iii) Until an election is held and a new EC member is elected, a Designated Alternate will serve in the open EC seat.

10.3 Resignation of Directors or EC Members

A Director or EC Member may resign his or her position by submitting a letter to the Secretary of NAESB with a copy to the Chair of the Services Segment of the REQ stating that he or she is resigning and giving the effective date of the resignation.

10.4 Removal of Directors or EC Members

- a) A NAESB Director or EC Member shall cease to hold that position upon
 - (i) the resignation of REQ Services Segment Membership by the company of which the Director or EC Member serves as a representative
 - (ii) the lapse of the Segment Membership dues of the entity which the Director or EC Member serves as a representative, or
 - (iii) the Director or EC Member's resignation, removal, or death
 - (iv) the first day of the NAESB operating year following an election for the seat held by the Director or EC Member, wherein the Director or EC Member was not re-elected by the Segment Membership as declared by the NAESB Secretary.
- b) Receipt by the NAESB Secretary of a rescission letter indicating that the individual no longer represents the

Member does not constitute grounds for removal of the Director if all three of the following conditions are satisfied:

- (i) the individual continues activity or employment in the Services Segment of the Electric industry with another Services Segment Member,
- (ii) the individual's new employer is a Segment Member with no representatives holding seats on the Board, and
- (iii) the Board determines that completion of the Director's term of office is in the best interest of NAESB

c) A vacancy resulting from removal of a Director shall be filled for the remainder of that term in accordance with Section 10.1(i) of these Procedures.

10.5 Designation of Alternates for EC

- a) Selection of Designated Alternates: The Services Segment will select no more than three (3), and no less than one Designated Alternate EC representative in each election year, allowing for up to three (3) Designated Alternates overall.
- b) Designated Alternates will be selected by the same election that determines EC members, with those unsuccessful EC member candidate(s) receiving the greatest number of votes becoming a Designated Alternate in the event that there already are or are expected to be less than three Designated Alternates from the Services Segment in the coming year.
- c) The first, second and third Designated Alternate will be determined by
 - (i) the order in which they become named as a Designated Alternate, as indicated by the first year of their designation and
 - (ii) the order of voting results.
- d) A Designated Alternate will attend and vote at meetings of the EC of the REQ or of the larger EC of NAESB, when one or more regular EC Members from the Services Segment are unable to attend a meeting of the EC and when the absent member or the Vice-Chair of

the REQ EC requests their attendance as a Designated Alternate. Selection of which Alternate will serve will proceed through the order of first, second or third Designated Alternate, with each indicating whether they can or cannot fulfill the requirement to serve at the subject meeting.

10.6 Transitional Election of Officers

- a) The initial Directors and EC Members representing the Services Segment shall be elected at the first meeting of the Segment.
- b) The candidates receiving the greatest number of votes shall be elected.
- c) The two (2) initial Directors and EC Members receiving the greatest number of votes shall serve for two years in Group B positions as described in Sections 10.1 (b) and 10.2 (b) of this procedure. The remaining two (2) initial Directors and EC Members shall serve for one year in Group A positions as described in Sections 10.1 (b) and 10.2 (b) of this procedure.

11.0 Amendment of Services Segment Procedures

The Directors representing the Services Segment on the Board shall recommend to the Segment Membership amendments to these Procedures. Each proposed amendment shall be offered as a separate amendment, except in those situations in which an amendment will affect more than one section of these Procedures. If a proposed amendment will affect more than one section, then all affected sections will be identified.

A majority vote of the Segment Membership shall be required to approve an amendment to these procedures.

TAB 7

PROPOSED NAESB SEGMENT PROCEDURES - RETAIL GAS QUADRANT

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Draft -- For Review & Discussion

NORTH AMERICAN ENERGY INDUSTRY STANDARDS BOARD

RETAIL GAS QUADRANT EXHIBITS

SUPPLIER SEGMENT PROCEDURES

1.0 MEMBERSHIP REQUIREMENTS

- 1.1 The Supplier Segment of the Retail Gas Quadrant is comprised of those parties, including service providers and marketers engaged in the competitive sale of gas to end-users. Any entity which is actively engaged in the above-listed activities which wants to join NAESB may join as a Supplier Segment member of the Retail Gas Quadrant.
- 1.2 NAESB Supplier Segment members become members by submitting their company name, contact name, qualifying business activities, and a statement of

22 intent to join to the Executive Director of NAESB . NAESB Supplier Segment
23 members of the Retail Gas Quadrant become voting members of the NAESB by
24 paying and maintaining on a current basis their NAESB membership dues, and by
25 executing the revocable proxy required by the NAESB incorporation documents.

26

27 2.0 **PROCESS FOR ELECTING DIRECTORS AND EXECUTIVE COMMITTEE**

28 **MEMBERS**

29 2.1 Nominations

30 Each voting NAESB Supplier Segment organization may submit nominations to fill the
31 positions on the Board of Directors and nominations to fill the positions on the Executive
32 Committee Each nominee should be qualified to represent members who are participating
33 in the activities that comprise the Supplier Segment . To qualify, a nominee should
34 have (a) authorization from his or her organization to serve in the position and (b)
35 decision-making authority commensurate with the position's responsibilities.

36 Nominations shall be sent to the Supplier Segment's Nominating committee. The
37 Nominating committee will confirm each nominee's qualifications and willingness to
38 serve. The ballot will contain the names of all qualified nominees.

39 If a business activity of the Supplier Segment is not represented among the nominations,
40 the Nominating committee will endeavor to solicit a qualified nominee involved in that
41 activity, to be included in the ballot.

42 2.2. Voting

43 Voting will be a one-step process. Each NAESB Supplier Segment voting member
44 organization will be entitled to one ballot.

45 Each organization will have the same number of votes for members of the Board of
46 Directors and for members of the Executive Committee as there are vacancies. All
47 voting will be at-large. There will be no cumulative voting.

48 The nominee(s) who receive the highest number of votes for vacancies on the Board of
49 Directors and the Executive Committee, respectively, will serve for terms as determined
50 by the NAESB Retail Gas Quadrant Board of Directors and the Executive Committee
51 members. The next three (3) nominees to the Executive Committee who receive the
52 highest number of votes, after filling the vacancies above, will serve as alternates. The
53 Board of Directors shall have no alternates. At any given time, business activities of the
54 Supplier Segment may be represented more than once on the Board of Directors or the
55 Executive committee, or both. However, no member organization may have more than
56 one (1) representative among the Retail Gas Quadrant Supplier Segment positions on the
57 Board of Directors and Executive Committee at the same time.

58

59 3.0 **PROCEDURES FOR REMOVAL VACANCY, RESIGNATION OF SEGMENT**

60 **DIRECTORS AND EXECUTIVE COMMITTEE MEMBERS**

61 Replacement of Board of Directors or Executive Committee members for partial term of
62 office due to resignation or removal of current position holder.

63 3.1 **Board of Directors**

64 If a member resigns from a position on the Board of Directors, such member's resignation
65 shall be effective upon the later of the date the Executive Director of NAESB receives the
66 written notice of resignation or the effective date of the resignation set forth in the written
67 notice.

68 If a member of the Board of Directors dies, resigns, is terminated or transfers to another
69 organization not included in the Supplier Segment, such member's change in status shall
70 be automatic resignation and effective upon the date of such change.

71 If an individual member of the Board of Directors transfers to another organization
72 included in the Supplier Segment of the Retail Gas Quadrant, such individual member
73 shall be entitled to remain a member of the Board of Directors; provided the new
74 organization is a voting member of NAESB .

75 A replacement for the member resigning as set forth above shall be selected by the same
76 procedures as outlined earlier. That is, a nominating committee shall be formed,
77 nominees solicited from Supplier Segment organizations of the Retail Gas Quadrant,
78 nominees qualified by the nominating committee and ballots distributed to NAESB
79 Supplier Segment member organizations. Each member organization shall have one (1)
80 vote and the nominee receiving the most votes shall be elected to complete the then
81 current term. Such person shall be employed by an organization that is part of the
82 Supplier Segment and shall otherwise meet the qualification set forth in Section 2.A,
83 above. The term of such person shall be the remainder of the term of the replaced
84 member of the Board of Directors.

85 3.2 Executive Committee

86 If a member resigns from a position on the Executive Committee, such member's
87 resignation shall be effective upon the later of the date the Executive Director of NAESB
88 receives the written notice of resignation or the effective date of the resignation set forth
89 in the written notice.

90 If a member of the Executive Committee dies, retires, resigns, is terminated or is

91 transferred to another organization not included in the Supplier Segment, such member's
92 change in status shall be an automatic resignation and effective upon the date of such
93 change.

94 If an individual member of the Executive Committee transfers to another organization
95 included in the Supplier Segment of the Retail Gas Quadrant, such individual member
96 shall be entitled to remain a member of the Executive Committee; provided the new
97 organization is a voting member of NAESB.

98 A replacement for the member resigning as set forth above shall be selected by the same
99 procedures as outlined earlier. That is, a nominating committee shall be formed,
100 nominees solicited from Supplier Segment organizations, nominees qualified by the
101 nominations committee and ballots distributed to NAESB Supplier Segment members.
102 Each member organization shall have one (1) vote and the nominee receiving the most
103 votes shall be elected to complete the then current term. Such person shall be employed
104 by an organization that is part of the Supplier Segment of the Retail Gas Quadrant and
105 shall have a position similar to other members of the Executive Committee. The term of
106 such person shall be the remainder of the term of the replaced member of the Executive
107 Committee.

108

109 4.0 **SELECTION OF DESIGNATED ALTERNATES AND PROCESSES FOR THEIR**
110 **ASSUMPTIONS OF EXECUTIVE COMMITTEE MEMBER DUTIES**

111 4.1 Following each election within the Supplier Segment of the Retail Gas Quadrant
112 to fill an EC seat, the three highest vote getters not winning a seat will be eligible to
113 become a Supplier Segment EC Alternate. In the event there are less than three runners-

114 up to any election, the individuals eligible to be Supplier Segment EC Alternates shall be
115 selected from among the runner(s)-up from the just completed election and those
116 individuals serving as EC alternates at the time of the just completed election;
117 whereupon, the Supplier Segment EC Alternates shall be the three individuals from this
118 combined group whose vote tallies are the highest from the most recent election in which
119 they ran for an EC seat and were a runner-up. In the event of a tie for the position of
120 runner-up, the persons whose vote totals (from the most recent election in which they ran)
121 are tied shall have their names placed in a box and the Executive Director of NAESB
122 shall, in the presence of at least two Supplier Segment EC members, draw names from
123 the box until the three EC Alternate positions are filled.

124 4.2 An EC Alternate may resign at any time. The resignation of an EC Alternate shall
125 result in an open position until the time of the next election.

126 4.3 The Segment shall maintain the list of three EC Alternates and shall inform the
127 NAESB Office from time to time of the identities of the eligible individuals. Following
128 any election and at least five days in advance of the next scheduled EC Meeting, the list
129 of eligible EC Alternates (including any revisions due to new elections or resignations),
130 shall be forwarded to the NAESB Office.

131 4.4 An EC Member not attending an EC Meeting (excluding by resignation) and not
132 submitting a notational ballot to the NAESB Office shall identify to NAESB and to their
133 designated EC Alternate (in writing or facsimile) the specific Alternate they designate to
134 sit and vote as an EC Member of the Supplier Segment at the identified EC Meeting.
135 Failure of an absent EC Member not submitting a notational ballot to so identify a
136 specific EC Alternate shall mean that those Supplier Segment EC Members attending the

137 subject EC Meeting may choose (an) individuals (s) from among the eligible Supplier
138 Segment EC Alternates in attendance to sit and vote as (an) EC Member(s) of the
139 Supplier Segment during the subject EC Meeting.

140 4.5 Failure of an EC Member to attend an EC Meeting by means of that EC Member's
141 resignation shall create a vacancy which may be filled during an EC Meeting by an
142 Alternate pursuant to the procedures in this paragraph 4.5 until an election has occurred.
143 A vacant position on the EC shall be filled as soon possible under the Supplier Segment
144 election procedures set forth from time to time. In the event resignation has occurred,
145 and, there has not been sufficient time to hold an election for the vacant position; and, a
146 scheduled EC Meeting is in session; then those Supplier Segment EC Members attending
147 the subject EC Meeting may choose (an) individual(s) from among the eligible Supplier
148 Segment EC Alternates in attendance to sit and vote as (an) EC Members(s) of the
149 Supplier Segment during the subject EC Meeting.

150

151 5.0 **PROCEDURES FOR AMENDING THESE SEGMENT PROCEDURES**

152 The Supplier Segment of the Retail Gas Quadrant has no established process for
153 amending these segment specific procedures but contemplates that changes, if deemed
154 necessary, would be initiated by the Supplier Segment's Board of Director members. The
155 Supplier Segment will promptly advise NAESB of any change to these procedures.

156

157 6.0 **COMMUNICATION PROCESSES FOR MEETING NOTICES**

158 The Supplier Segment intends to rely upon NAESB's own communication procedures
159 for the distribution of meeting notices. The Supplier Segment of the Retail Gas

160 Quadrant believes NAESB's use of an electronic bulletin board, regular newsletter,
161 other electronic means and adherence to standard notice procedures including distribution
162 of notices to all interested parties will be sufficient to advise Supplier Segment member
163 organizations of NAESB activities.

164

165 7.0 EXECUTIVE SUMMARY

166 7.1 To belong to the Supplier Segment, and be entitled to one (1) vote in Retail Gas
167 quadrant matters, a person or entity, including service providers and marketers,
168 must be engaged in the competitive sale of gas to end-users.

169 7.2 Board, EC, and Alternates shall be elected by the vote of the Supplier Segment
170 membership. The slate of candidates shall be determined by a Nominating
171 Committee made up of Segment members.

172 7.3 Supplier Segment may have up to three (3) Designated Alternates for the EC.

173 7.4 The Board of Directors will have no Designated Alternates.

174 7.5 If an individual member of the EC or Board of Directors transfers to another
175 organization included in the Supplier Segment, such individual member shall be
176 entitled to remain a member of the EC or Board of Directors; provided the new
177 organization is a voting member of NAESB.

1
2 **RETAIL GAS QUADRANT DISTRIBUTORS SEGMENT PROCEDURES**

3
4 **1.0 DESCRIPTION OF THE DISTRIBUTORS SEGMENT:**

5 The Distributors Segment of the Retail Gas Quadrant of the North American Energy Standards
6 Board (“NAESB”) is one of four (4) co-equal Segments comprising the retail natural gas market.
7 The Distributors Segment represents the interests of entities engaged in the regulated or publicly
8 owned local distribution of natural gas.

9
10 **2.0 DISTRIBUTORS SEGMENT MEMBERSHIP REQUIREMENTS:**

11 Membership in the Distributors Segment of the Retail Gas Quadrant of NAESB shall be open to
12 persons that meet the following requirements:

- 13 a. The person meets the general membership criteria set forth in the NAESB Bylaws (Article 5)
14 and the NAESB Certificate of Incorporation (Article IV Sections 1 & 2).
15 b. The person meets the membership requirements specific to the Retail Gas Quadrant of
16 NAESB.
17 c. The person is engaged in the regulated or publicly owned local distribution of natural gas.
18 d. The person has submitted an application to the Retail Gas Quadrant, declaring its Segment
19 affiliation.

20
21 **3.0 AMENDMENT OF SEGMENT PROCEDURES:**

22 Amendment of these Retail Gas Quadrant Distributors Segment Procedures shall be subject to
23 approval by 2/3 of the NAESB Retail Gas Quadrant Distributors Segment Members.

24
25 **4.0 DISSEMINATION OF INFORMATION:**

26 The Distributors Segment shall designate a point of contact for their Segment to disseminate

27 various information and notices to the Segment Membership, its Quadrant, other Quadrants, and
28 the NAESB office regarding issues specific to the Distributors Segment.

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DRAFT -- For Discussion

Bill Boswell's comments highlighted throughout

Barbara Alexander Edits 12/21/01

NORTH AMERICAN ENERGY STANDARDS BOARD

BYLAWS ADDENDUM

EXHIBIT 3-D

RETAIL NATURAL GAS QUADRANT END USER SEGMENT

PROCEDURES

15

16

17 **1.0 Description of the End User Segment**

18 The End User Segment of the Retail Natural Gas Quadrant of the North
19 American Standards Board ("NAESB") is one of four (4) co-equal segments
20 comprising the retail natural gas market. The End User Segment
21 membership is comprised of businesses, organizations, government
22 agencies, or individuals that consume natural gas at facilities served by
23 Natural Gas Distributors, and parties who represent such consumers of
24 natural gas. The End User Segment shall have a minimum of five paid
25 members at all times.

26

27 **2.0 DEFINITIONS** *[definitions highlighted are likely to be redundant with*
28 *both NAESB Bylaws and Quadrant Procedures, and need not be defined*
29 *here again, particularly if we move the closing statement for this Section*
30 *to the beginning]* *I think the document should be a "stand alone"*
31 *document that makes sense to outsiders and insiders. Therefore, I would*
32 *not delete the definitions and procedures that make sure that the*
33 *document "works" even if those provisions are duplicative of the NAESB*
34 *Bylaws or Quadrant Procedures.*

35 "Agent" means an individual, partnership, firm, corporation, or other entity
36 representing the interests of a member of the End User Segment, but who,
37 itself, is not necessarily a member of the Segment.

38 "Board" means the Board of Directors of NAESB as defined in the NAESB
39 bylaws.

40 "Bylaws" means the corporate bylaws of NAESB as amended from time to
41 time.

42 "EC" means the Executive Committee of the Retail Natural Gas Quadrant
43 or NAESB, as appropriate to the context, as defined in the Bylaws and
44 these Retail Natural Gas Quadrant Procedures.

45 "Director" means an individual serving on the Board.

46 "NAESB" means the North American Energy Standards Board

47 "NAESB Office" means the office of the Secretary of NAESB

48 "Natural Gas Consumer" means an individual, partnership, corporation, or
49 other entity consuming natural gas at one or more facilities served by a
50 Natural Gas Distributor.

51 "Natural Gas Distributor" means an individual, partnership, corporation, or
52 other entity engaged in the local distribution of natural gas. Most often
53 this will be an investor owned utility or a municipal utility.

54 "RGQ" means the Retail Natural Gas Quadrant of NAESB.

55 "Segment" means one of the co-equal membership segments of RGQ. As
56 currently defined, RGQ has the following four (4) segments of the retail
57 natural gas market: Suppliers, Distributors, End-Users, and Services.

58 "Segment Member" means an individual or entity (e.g., corporation,
59 government agency or partnership) that satisfy the Requirements for
60 membership set forth in the Bylaws of RGQ, and further satisfy the

61 qualifications for End User Segment membership set forth in Section 3 of
62 these procedures. If the Segment Member is not an individual, the term
63 Segment Member shall include that entity's representative (employee,
64 officer, director, or partner) who is authorized to cast that Segment
65 member's vote.

66 "Segment Membership" means the Segment Members collectively.

67

68 All other capitalized terms, if not defined in this Section, shall have the same
69 definitions as specified in the Bylaws of NAESB or in the RGQ procedures. *[Good
70 general statement, maybe should be at the beginning of the Section.]*

71

72 3.0 MEMBERSHIP REQUIREMENTS

73 (a) Membership in the End User Segment of the Retail Natural Gas
74 Quadrant of the NAESB shall be open to any person or legal entity (e.g.
75 corporation, partnership) that meets the following requirements:

76 1)a)—The person or entity meets the general membership criteria set
77 forth in the Bylaws (Article 5) and the Certificate of Incorporation
78 (Article IV Sections 1 & 2);;

79 2)b) The person or entity meets the membership Requirements specific
80 to the RGQ of NAESB;;

81 3)c) The person or entity participates in the retail natural gas
82 marketplace in one of the following ways:

83 (i) as a consumer of natural gas delivered by either a regulated

84 investor owned or a municipal natural gas distribution
85 company;

86 (ii) as a consumer of natural gas delivered by an interstate
87 transmission pipeline regulated by the Federal Energy
88 Regulatory Commission in the United States or the equivalent
89 in other nations; or

90 (iii) as a statutorily-appointed Federal, state, territorial or district
91 consumer advocate or agency; and

92 ~~e)4)~~ The person or entity has submitted an application to the Retail
93 Natural Gas Quadrant, declaring End User Segment affiliation and
94 paid the appropriate membership dues for the RGQ End User
95 Segment of NAESB. An applicant for membership that represents
96 residential consumers may apply for a reduced dues in accordance
97 with the provisions of the RGQ Procedures.

98 ~~e)~~ ~~The person or entity must have paid its membership dues for the~~
99 ~~RGQ End User Segment of NAESB. A Segment Member's voting~~
100 ~~rights shall be suspended for any period during which the Member is~~
101 ~~delinquent in the payment of its membership dues. [redundant with~~
102 ~~Bylaws Requirements; not needed here]~~

103 ~~f)b)~~ Upon the approval of current members of the End User Segment, and
104 subject to the Requirements of NAESB and the RGQ, Trade Associations
105 that represent the interests of natural gas consumers not otherwise
106 represented, may be admitted for membership. Such Trade Association

107 members shall have the same rights and responsibilities as any Segment
108 Member, except that their membership is subject to periodic
109 reconfirmation by the other Segment members. The criteria that Segment
110 Members should use in evaluating such a party for membership is that by
111 admitting such a member, the interests of other end users who can't
112 participate directly (such as individual residential customers) will be
113 represented. Approval of this Trade Association representation needs to
114 be reconfirmed every two (2) years at a minimum, if not otherwise
115 provided for in the RGQ Procedures contained in this Exhibit 4 to the
116 Bylaws. *[Also discussed in RGQ draft Procedures --- duplicative?]*

117 ~~g)c)~~ In the event that there are not five existing members of the End User
118 Segment, at least two of whom represent residential consumers,
119 membership approval may be granted and reconfirmed to Trade
120 Associations by the elected members of the RGQ Executive Committee
121 until such time as there are five non-Trade Association members, at which
122 point the non-Trade Association members will assume responsibility for
123 reconfirmation of Trade Association rights to continued membership.

124 ~~h)d)~~ Corporate Members do not extend their membership to their parent
125 company, affiliates or subsidiaries. Separate corporate entities within a
126 corporate organization may hold multiple memberships in the End User
127 Segment, but each must join individually and pay a membership fee.

128 ~~i)e)~~ All representatives of any Segment Member must be duly authorized
129 by the Member entity in a letter to the Segment Chair, such

130 authorization is to be forwarded to the NAESB Office.

131 ~~j)f)~~ Representatives from a single corporate organization may hold no
132 more than one Executive Committee and one Board of Directors
133 seat from the Segment.

134 ~~k)g)~~ No Segment Member may have more than one representative from
135 their organization on the Board of Directors.

136

137 **4.0 END USER SEGMENT ORGANIZATION**

138 The End User Segment Members shall elect Members of the End User
139 Segment to the following administrative and governance positions:

140 a) Chair and Vice-Chair

141 The Chair and Vice-Chair will preside over all meetings of the
142 general Segment membership separate from meetings of the RGO.

143 The Chair will appoint a Secretary of the meeting(s), which may be
144 a standing position, to take meeting minutes and record votes.

145 Minutes of all meetings, including voting results, are to be reported
146 by the Chair, the Vice-Chair, or the Secretary at the Chair's
147 discretion, to the Members and transmitted to the NAESB Office for
148 publication within 15 days of the date of the meeting.

149 The Vice-Chair will organize and conduct all Segment elections once
150 the Segment has commenced operation. The method of initial
151 election of all officers is addressed in Section 6.8.

152 The term of office of the Chair is one year concurrent with the

153 operating year of NAESB. The Chair will be succeeded in the
154 following year by the Vice-Chair, with a new Vice-Chair elected to fill
155 the vacant Vice-Chair position. There is no limit on the number of
156 terms any End User Segment Member may serve either as Chair or
157 Vice-Chair.

158 b) Executive Committee members

159 The Segment Membership will elect two Group A or two Group B
160 Executive Committee members in alternating years as provided for
161 in the RGQ Procedures.

162 c) Directors

163 The Segment Membership will elect two Group A or two Group B
164 Directors in alternating years as provided for in the RGQ Procedures.

165

166 **5.0 MEETINGS**

167 All meetings held in association with NAESB, the RGQ, or within the End
168 User Segment of RGQ are open to any interested person or entity. Only
169 Segment Members, however, shall have a right to vote at such meetings
170 on behalf of [*having this phrase here is critical to this statement being*
171 *workable*] the End User Segment.

172

173 **5.1 Notices of meetings** [*drop; subsections 5.1 and 5.2 are both NAESBops*
174 *issues*]

175 Notices of meetings will be posted to the End User Segment membership

176 no less than seven (7) days prior to the date of the meeting, said notices
177 providing the location, date, times and agenda topics of the meeting.

178

179 **5.2 Notification Method**

180 Notification will be through the use of an electronic bulletin board, regular
181 newsletter, and adherence to standard notice a) The NAESB Office shall
182 advise RGQ End User Segment Member organizations of NAESB activities.
183 As such the End User Segment intends to rely upon the NAESB Office to
184 distribute meeting notices, as required under Article 11 of the NAESB
185 Bylaws, to Segment Members and other interested parties as deemed
186 appropriate.

187 b) If the NAESB Office cannot perform this function, then the Segment
188 Membership will determine an agreed method of notification or
189 reconfirm the agreement at each first meeting of the operating year
190 of the Segment Membership.

191

192 **5.3 Notices of Elections** [*"OK" {CLD -- but probably now should be dropped* 193 *as it is covered in Section 6}*]

194 Notices of elections shall be posted as provided for in Section 6 of these
195 Procedures.

196

197 **6.0 ELECTION, RESIGNATION AND REMOVAL OF OFFICERS OF THE** 198 **END USER SEGMENT** [*Section 6 is an "awfully busy section", needs to*

199 *be simplified]*

200 6.1 Election of Directors:

201 a) The End User Segment of the RGQ shall be represented on the
202 NAESB Board of Directors by four individuals who shall be elected,
203 from time to time, as required by Article 7 of the NAESB Bylaws and
204 in this Exhibit 4 to those Bylaws. At least one of these individuals
205 shall represent residential consumers.

206 b) Each Director from the End User Segment of the RGQ shall serve a
207 term of two years on the NAESB Board, unless provided for
208 otherwise in the RGQ Procedures.

209 (i) Directors elected in a year ending in an odd digit (i.e., 2003),
210 whose term would expire in a year ending in an odd digit
211 (i.e., 2005), will serve as Group A Directors; there will be two
212 Group A Director seats at any given time, subject to the
213 conditions specified in Section 6.8.

214 (ii) Directors elected in a year ending in an even digit, whose
215 term would expire in a year ending in an even digit, will serve
216 as Group B Directors; there will be two Group B Director seats
217 at any given time, subject to the conditions specified in
218 Section 6.8.

219 c) To be eligible to serve as an End User Segment representative on
220 the NAESB Board of Directors, the individual must

221 (i) be a Segment Member

- 222 (ii) have a working knowledge of the NAESB process;
- 223 (iii) be willing to commit the time and resources necessary to
- 224 fulfill their obligations as a NAESB Board member and to meet
- 225 the minimum threshold of participation and attendance
- 226 established in the NAESB Bylaws
- 227 (iv) disclose their interest, or their employer's interest, in the
- 228 natural gas industry and the relationship with other entities
- 229 with which the employer may be affiliated;
- 230 d) No individual representing any single Segment Member shall serve
- 231 on the Board of Directors and on the RGQ Executive Committee
- 232 concurrently.
- 233 e) Interested individuals duly authorized to represent a Segment
- 234 Member and eligible to serve on the Board of Directors shall submit
- 235 their names to the NAESB Office in a form as specified in NAESB
- 236 Operating Procedures or,
- 237 (i) if such Requirements are not provided for in the NAESB
- 238 Operating Procedures, interested individuals shall submit a
- 239 written statement to the NAESB Office that provides their
- 240 name, title and affiliation (if any), business mail and email
- 241 addresses, business telephone, a statement that they accept
- 242 the conditions referred to in subsection (c)-(iii) above, and
- 243 the statement required in subsection (c)-(iv) above.
- 244 f) In preparation for any election of NAESB Directors (other than initial

245 Directors, as provided for in Section 6.8) representing the End User
246 Segment of the RGQ, a Nominating Committee consisting of five (5)
247 existing Board and EC members of the RGQ End User Segment,
248 shall develop a slate of candidates from interested members of the
249 Segment Membership. Other nominations may be made at or prior
250 to the close of the RGQ End User Segment nomination period by any
251 Segment Member in accordance with the Requirements in
252 subsection (e) above. All nominations must be made and conveyed
253 in writing to the NAESB Secretary no less than 31 days prior to the
254 election date. *[this really belongs in the Quadrant Procedures to
255 keep all Segments working the same way as much as possible]*

256 g) The election process for RGQ End User Segment representatives to
257 the NAESB Board shall be

258 (i) coordinated by the Vice-Chair of the Segment with
259 appropriate coordination with the Quadrant Executive
260 Committee and the NAESB Office such that elections occur
261 during the second week of November of each year

262 (ii) announced by formal notice to the Segment Membership no
263 less than 30 days prior to the date of the election, with such
264 notice indicating the name and affiliation of all candidates.

265 h) Elections for RGQ End User Segment Directors shall be subject to
266 the following provisions:

267 (i) Any End User Segment Member of the RGQ with dues current

268 is eligible to have one duly authorized representative cast the
269 Member's vote.

270 (ii) End User Segment Members shall cast votes for candidates in
271 a number not exceeding the number of Director seats open
272 for election from the End User Segment.

273 (iii) The candidates receiving the greatest numbers of votes shall
274 be elected.

275 (iv) Results of the RGQ elections for the NAESB Board, including
276 the returned ballots, shall be forwarded to the Secretary of
277 NAESB, for the purpose of public record and validation of
278 voting results, upon conclusion of any election.

279 i) Any Director seats which become vacant shall be filled in accordance
280 with RGQ Procedures as specified in this Exhibit 4 to the Bylaws, or
281 if such provisions are lacking, by special election, subject to the
282 following provisions

283 (i) If the vacancy occurs with less than 125 days remaining in
284 the Director's term of office, the seat will remain vacant until
285 filled by election of a new Director to a term commencing in
286 the next operating year.

287 (ii) All other vacancies will be filled by special election; such
288 special elections are to be formally noticed to the Segment
289 Membership by the Segment Vice-Chair or Chair within 15
290 days of when the creation of the vacancy becomes known and

291 held within 60 days of the creation of the vacancy.
292 Candidates will be designated by the normal nomination
293 process or selected by the remaining Board members of the
294 Segment from Segment Membership. Candidates elected to
295 fill the vacancy will serve the remainder of the term, and may
296 stand for re-election.

297

298 **6.2 Resignation of Directors**

299 A Director may resign his or her directorship by submitting a letter to the
300 Secretary of NAESB with a copy to the Chair of the End User Segment of
301 the RGQ stating that he or she is resigning and giving the effective date of
302 the resignation.

303

304 **6.3 Removal of Directors**

- 305 a) A NAESB Director shall cease to be a Director upon
- 306 (i) the resignation of RGQ End User Segment Membership by the
307 entity of which the Director serves as a representative
 - 308 (ii) the lapse of the Segment Membership dues of the entity
309 which the Director serves as a representative, or
 - 310 (iii) the Director's resignation, removal, or death
 - 311 (iv) the first day of the NAESB operating year following an
312 election for the seat held by the Director, wherein the
313 Director was not re-elected by the Segment Membership as

314 declared by the NAESB Secretary.

315 b) Receipt by the NAESB Secretary of a rescission letter indicating that
316 the individual no longer represents the Member does not constitute
317 grounds for removal of the Director if all three of the following
318 conditions are satisfied:

319 (i) the individual continues activity or employment in the End
320 User Segment of the natural gas industry with another End
321 User Segment Member,

322 (ii) the individual's new employer is a Segment Member with no
323 representatives holding seats on the Board, and

324 (iii) the Board determines that completion of the Director's term
325 of office is in the best interest of NAESB

326 c) A vacancy resulting from removal of a Director shall be filled for the
327 remainder of that term in accordance with Section 6.1(i) of these
328 Procedures.

329 *[the contents of 6.3 should be probably be covered within the Quadrant*
330 *Procedures document, the Bylaws or NAESBops; good to lay it out, but not a*
331 *good thing to have individual Segments following significantly different*
332 *approaches on this]*

333

334 **6.4 Election of Executive Committee Members**

335 The End User Segment of the RGQ shall be represented on the NAESB EC
336 by four individuals who shall be elected, from time to time, as RGQuired by

337 Article 10 of the NAESB Bylaws and in this Exhibit 4 to those Bylaws. At
338 least one of these individuals shall represent residential consumers.

339 a) Each EC member from the End User Segment of the RGQ shall serve
340 a term of two years on the RGQ EC, unless provided for otherwise in
341 the RGQ Procedures.

342 (iii) Members elected in a year ending in an odd digit (i.e., 2003),
343 whose term would expire in a year ending in an odd digit
344 (i.e., 2005), will serve as Group A representatives; there will
345 be two Group A representative seats at any given time,
346 subject to the conditions specified in Section 6.8.

347 (iv) Members elected in a year ending in an even digit, whose
348 term would expire in a year ending in an even digit, will serve
349 as Group B representatives; there will be two Group B
350 representative seats at any given time, subject to the
351 conditions specified in Section 6.8.

352 b) To be eligible to serve as an End User Segment representative on
353 the EC, the individual must

354 (i) be a Segment Member

355 (ii) have a working knowledge of the NAESB process;

356 (iii) be willing to commit the time and resources necessary to
357 fulfill their obligations as a NAESB EC member and to meet
358 the minimum threshold of participation and attendance
359 established in the NAESB Bylaws

- 360 (iv) disclose their interest, or their employer's interest, in the
361 natural gas industry and the relationship with other entities
362 with which the employer may be affiliated;
- 363 c) No individual representing any single Segment Member shall serve
364 on the Board of Directors and on the RGQ Executive Committee
365 concurrently.
- 366 d) Interested individuals duly authorized to represent a Segment
367 Member and eligible to serve on the EC shall submit their names to
368 the NAESB Office in a form as specified in NAESB Operating
369 Procedures or,
- 370 (i) if such Requirements are not provided for in the NAESB
371 Operating Procedures, interested individuals shall submit a
372 written statement to the NAESB Office that provides their
373 name, title and affiliation (if any), business mail and email
374 addresses, business telephone, a statement that they accept
375 the conditions referred to in subsection (c)-(iii) above, and
376 the statement required in subsection (c)-(iv) above.
- 377 e) In preparation for any election of EC members (other than initial EC
378 members, as provided for in Section 6.8) representing the End User
379 Segment of the RGQ, a Nominating Committee consisting of five (5)
380 Board or EC members of the RGQ End User Segment, shall develop
381 a slate of candidates from interested members of the Segment
382 Membership. Other nominations may be made at or prior to the

383 close of the RGQ End User Segment nominating period by any
384 Segment Member in accordance with the Requirements in
385 subsection (e) above. All nominations must be made and conveyed
386 in writing to the NAESB Secretary no less than 31 days prior to the
387 election date.

388 f) The election process for RGQ End User Segment representatives to
389 the RGQ EC shall be

390 (iii) coordinated by the Vice-Chair of the Segment with
391 appropriate coordination with the RGQ EC and the NAESB
392 Office such that elections occur during the second week of
393 November of each year

394 (iv) announced by formal notice to the Segment Membership no
395 less than 30 days prior to the date of the election, with such
396 notice indicating the name and affiliation of all candidates.

397 g) Elections for RGQ End User Segment EC members shall be subject
398 to the following provisions:

399 (i) Any End User Segment Member of the RGQ with dues current
400 is eligible to have one duly authorized representative cast the
401 Member's vote.

402 (ii) End User Segment Members shall cast votes for candidates in
403 a number not exceeding the number of EC seats open for
404 election by the End User Segment.

405 (iii) The candidates receiving the greatest numbers of votes shall

406 be elected.

407 (iv) Results of the elections for the RGQ EC, including the
408 returned ballots, shall be forwarded to the Secretary of
409 NAESB, for the purpose of public record and validation of
410 voting results, upon conclusion of any election.

411 h) Any EC seats becoming vacant shall be filled in accordance with RGQ
412 Procedures as specified in this Exhibit 4 to the Bylaws, or if such
413 provisions are lacking, by a special election subject to the following
414 provisions

415 (i) If the vacancy occurs with less than 125 days remaining in
416 the EC member's term of office, the seat will remain vacant
417 until filled by election of a new EC member to a term
418 commencing in the next operating year, and a Designated
419 Alternate will serve until expiration of the term.

420 (ii) All other vacancies will be filled by special election; such
421 special elections are to be formally noticed to the Segment
422 Membership by the Segment Vice-Chair or Chair within 15
423 days of when the creation of the vacancy becomes known and
424 held within 60 days of the creation of the vacancy.
425 Candidates will be designated by the normal nomination
426 process or selected by the remaining EC members of the
427 Segment from Segment Membership. Candidates elected to
428 fill the vacancy will serve the remainder of the term, and may

429 stand for re-election.

430 (iii) Until an election is held and a new EC member is elected, a

431 Designated Alternate will serve in the open EC seat.

432 *[the highlighted parts of this section are redundant with what should be in the*

433 *Quadrant Procedures; unnecessary]*

434

435 **6.5 Resignation of EC Representatives**

436 An EC member may resign his or her seat by submitting a letter to the

437 Secretary of NAESB with a copy to the Chair of the End User Segment of

438 the RGQ stating that he or she is resigning and giving the effective date of

439 the resignation.

440 *[all of the remaining portions of Section 6 belong in the Quadrant Procedures so*

441 *that all Segments operate the same in regards to these issues]*

442

443 **6.6 Removal of EC Representatives**

444 a) An EC member shall cease to be a member of the EC upon

445 (i) the resignation of RGQ End User Segment Membership by the

446 entity of which the EC member serves as a representative

447 (ii) the lapse of the Segment Membership dues of the entity

448 which the EC member serves as a representative,

449 (iii) the EC member's resignation, removal, or death

450 (iv) the first day of the NAESB operating year following an

451 election for the seat held by the EC member, wherein the

452 member was not re-elected by the Segment Membership as
453 declared by the NAESB Secretary

454 (iv) receipt by the NAESB Secretary of a rescission letter
455 indicating that the individual no longer represents the
456 Segment Member

457 b) A vacancy resulting from removal of an EC member shall be filled for
458 the remainder of that term in accordance with Section 6.4(h) of
459 these Procedures.

460

461 **6.7 Designation of Alternates for Executive Committee Members**

462 a) Selection of Designated Alternates:

463 The End User Segment will select no more than three (3), and no
464 les than one Designated Alternate EC representative in each election
465 year, allowing for up to three (3) Designated Alternates overall.

466 b) Designated Alternates will be selected by the same election that
467 determines EC members, with those unsuccessful EC member
468 candidate(s) receiving the greatest number of votes becoming a
469 Designated Alternate in the event that there already are or are
470 expected to be less than three Designated Alternates from the End
471 User Segment in the coming year.

472 c) The first, second and third Designated Alternate will be determined
473 by

474 (i) the order in which they become named as a Designated

475 Alternate, as indicated by the first year of their designation

476 and

477 (ii) the order of voting results.

478 d) A Designated Alternate will attend and vote at meetings of the EC of

479 the RGQ or of the larger EC of NAESB, when one or more regular EC

480 Members from the End User Segment are unable to attend a

481 meeting of the EC and when the absent member or the Vice-Chair of

482 the RGQ EC requests their attendance as a Designated Alternate.

483 Selection of which Alternate will serve will proceed through the order

484 of first, second or third Designated Alternate, with each indicating

485 whether they can or cannot fulfill the requirement to serve at the

486 subject meeting.

487

488 **6.8 Transitional Election of Segment Officers**

489 The Requirements of the NAESB Bylaws for a minimum of 5 Members per

490 Segment and 40 Members per Quadrant do not provide for enough

491 members to satisfy the constraints on election of Directors and EC

492 members as stated in earlier subsections of this Section 6. Consequently,

493 until the End-User Segment has at least eight (8) Members, the number of

494 Directors and EC Members elected by the Segment Membership within the

495 Quadrant will be halved, to 2 Directors and 2 EC members with no dilution

496 of the Segment's balanced voting within the Quadrant.

497

498 The following provisions will apply and supercede the requirements of
499 Sections 6.1 through 6.6 until the End-User Segment has enrolled a
500 minimum of eight (8) members.

501

502 If not otherwise provided for in the RGQ Procedures, the following
503 provisions will apply during the initial operating period of the End User
504 Segment until the Segment has at least eight (8) paid Members.

505 a) Term of Office of Initial Directors

506 The initial group of two (2) Directors will both serve a 2 year term of
507 office as either Group A or Group B Directors, as determined by the
508 expiration year of their original term of office.

509 b) Interim Elections of Directors

510 Within 60 days of receipt of notification from the NAESB Office that
511 the End-User Segment has achieved eight (8) members, an election
512 shall be held in order to select of two additional Directors to serve
513 alongside the initially elected Directors

514 (i) the term of office of the second group elected at this time will
515 expire one year later than the term of the initially elected
516 Directors, thereby allowing for two Group A and two Group B
517 Directors from the Segment.

518 c) Term of Office of Initial Executive Committee Members

519 The initial group of EC members will serve a 2 year term of office as
520 either Group A or Group B members, as determined by the
521 expiration year of their original term of office.

522 d) Interim Elections of EC Members

523 Within 60 days of receipt of notification from the NAESB Office that
524 the End-User Segment has achieved eight (8) members an election
525 shall be held in order to select of two additional EC Members to
526 serve alongside the initially elected Directors

527 (i) The term of office of the second group elected at this time will
528 expire one year later than the term of the initially elected EC
529 members, thereby allowing for two Group A and two Group B
530 EC members from each Segment.

531 (ii) The previously elected Chair and Vice-Chair of the Quadrant
532 EC will continue in their official role until either their re-
533 election at the end of their term or removal from office in
534 accordance with the NAESB Bylaws, Quadrant Procedures or
535 these Procedures.

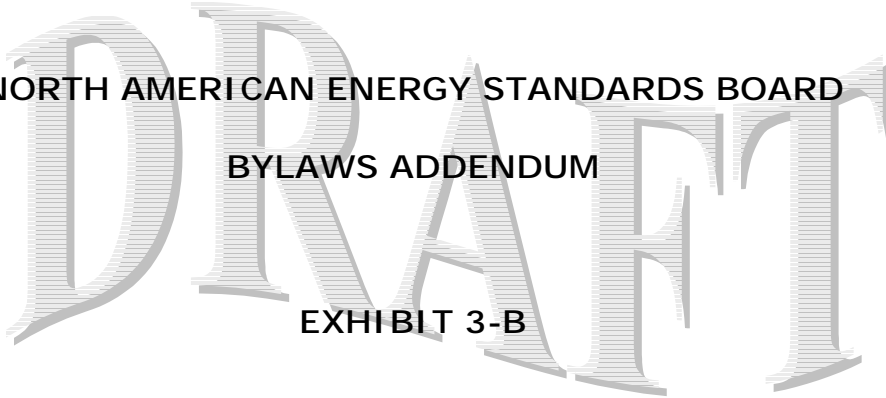
536

537 **7.0 AMENDMENT OF SEGMENT PROCEDURES**

538 Amendment of these RGQ End User Segment Procedures shall be subject
539 to approval by a 90% majority of the Segment Members. *[at first blush,*
540 *this seemed awfully high to Bill; as we discussed the undesirability of*
541 *having Segments change their procedures frequently, he came around to*

542 *maybe 80-90% is an appropriate number; up to the Segment].*

NORTH AMERICAN ENERGY STANDARDS BOARD
BYLAWS ADDENDUM
EXHIBIT 3-B



RETAIL GAS QUADRANT SERVICES SEGMENT PROCEDURES

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2.0 Definitions

Board - means the Board of Directors of NAESB as defined in the NAESB bylaws.

Bylaws - means the corporate bylaws of NAESB as amended from time to time.

EC - means the Executive Committee of the Retail Gas Quadrant or NAESB, as appropriate to the context, as defined in the Bylaws and these Retail Gas Quadrant Procedures.

Director - means an individual serving on the Board.

NAESB - means the North American Energy Standards Board

NAESB Office - means the office of the Secretary of NAESB

RGQ - means the Retail Gas Quadrant of NAESB.

Segment - means one of the co-equal membership segments of RGQ. As currently defined, RGQ has the following four (4) segments of the retail Gas market: Suppliers, Distributors, End-Users, and Services.

Segment Member - means an individual or entity (e.g., corporation, government agency or partnership) that satisfies

the requirements for membership set forth in the Bylaws of RGQ, and further satisfies the qualifications for Services Segment membership set forth in Section 3 of these procedures. If the Segment Member is not an individual, the term Segment Member shall include that entity's representative (employee, officer, director, or partner) who is authorized to cast that Segment member's vote.

Segment Membership - means the Segment Members collectively.

All other capitalized terms, if not defined in this Section, shall have the same definitions as specified in the Bylaws of NAESB or in the RGQ procedures.

3.0 Description of the Services Segment

The Services Segment of the Retail Gas Quadrant of the North American Energy Standards Board ("NAESB") is one of four (4) co-equal segments comprising the retail Gas market. The Services Segment membership is comprised of businesses that provide services to suppliers and distributors of gas or an entity not otherwise declared in another segment. The Services Segment shall have a minimum of five paid members at all times.

4.0 Services Segment Membership Requirements

Membership in the Services Segment of the Retail Gas Quadrant of the NAESB shall be open to any entity (e.g., corporation, partnership or proprietorship) that meets the following requirements:

- a) The entity meets the general membership criteria set forth in the Bylaws (Article 5) and the Certificate of Incorporation (Article IV Sections 1 & 2).
- b) The entity meets the membership requirements specific to the RGQ of NAESB.
- c) The entity provides services to participants in the retail Gas industry.
- d) The entity is not otherwise declared in another segment.
- e) The entity has submitted an application to the RGQ, declaring Services Segment affiliation.
- f) Corporate Members do not extend their membership to their parent company, affiliates or subsidiaries. Separate

corporate entities within a corporate organization may hold multiple memberships in the Services Segment, but each must join individually and pay a membership fee.

- g) All representatives of any Services Segment Member must be duly authorized by the Member entity in a letter to the Segment Chair, such authorization is to be forwarded to the NAESB Office.
- h) Representatives from a single corporate organization may hold no more than one Executive Committee and one Board of Directors seat from the Segment.
- i) No Segment Member may have more than one representative from their organization on the Board of Directors.
- j) The entity satisfies the requirements for Membership set forth in Article 5 of the Bylaws of NAESB, and Section 3 of the Retail Gas Quadrant Procedures.

5.0 Services Segment Funding

The Services Segment shall be funded through allocation of the Segment's NAESB dues as established by the NAESB Board of Directors

6.0 Services Segment Organization

The Services Segment Members shall elect Members of the Services Segment to the following administrative and governance positions:

6.1 Chair and Vice-Chair

The Chair and Vice-Chair will preside over all meetings of the general Services Segment membership separate from meetings of the RGQ. The Chair will appoint a Secretary of the meeting(s), which may be a standing position, to take meeting minutes and record votes. Minutes of all meetings, including voting results, are to be reported by the Chair, the Vice-Chair, or the Secretary at the Chair's discretion, to the Members and transmitted to the NAESB Office for publication within 15 days of the date of the meeting.

The Vice-Chair will organize and conduct all Segment elections once the Segment has commenced operation. The method of initial election of all officers is addressed in Section 8.6

Transitional Election of Officers of this document.

The term of office of the Chair is one year concurrent with the operating year of NAESB. The Chair will be succeeded in the following year by the Vice-Chair, with a new Vice-Chair elected to fill the vacant Vice-Chair position. There is no limit on the number of terms any Services Segment Member may serve either as Chair or Vice-Chair.

6.2 Executive Committee (EC) Members

Four (4) persons who are individual Segment Members will represent the Services Segment on the RGQ EC. The Segment Membership will elect Executive Committee members as provided for in the RGQ Procedures and Section 10.2 Election of EC Members of this document.

6.3 Directors

Four (4) persons who are individual Segment Members will represent the Services Segment on the RGQ Board of Directors. The Segment Membership will elect Directors as provided for in the RGQ Procedures and Section 10.1 Election of Board of Directors of this document.

7.0 Determination of Quorum

A quorum for purposes of amending these procedures, electing officers, or voting on any other Services Segment issues shall be at least 51% of the Segment Members.

8.0 Meetings

All meetings held in association with the Services Segment of RGQ are open to any interested company or organization. Only Segment Members, however, shall have a right to vote at such meetings.

9.0 Services Segment Notifications

9.1 Notices of Meetings

Notices of meetings will be posted to the Services Segment membership no less than seven (7) days prior to the date of the meeting, said notices providing the location, date, times and agenda topics of the meeting.

9.2 Notification Method

The Services Segment Chair will appoint a Segment Member to maintain a mailing list (and e-mail list) of Segment Members and will directly distribute information and notices on Segment meetings and issues to Services Segment Members.

Notification may additionally be provided by any of the means referenced in Article 11 of the NAESB Bylaws.

9.3 Notices of Elections

Notices of elections shall be posted as provided for in Sections 10.1 Election of Directors and 10.2 Election of EC Members of these Procedures.

10.0 Election, Resignation, and Removal of Services Segment Officers

10.1 Election of Directors

- a) The Services Segment of the RGQ shall be represented on the NAESB Board of Directors by four individuals who shall be elected, from time to time, as required by Article 7 of the NAESB Bylaws and in this Exhibit 4 to those Bylaws.
- b) Each Director from the Services Segment of the RGQ shall serve a term of two years on the NAESB Board, except as provided for in Section 10.6 Transitional Election of Officers of this procedure or unless provided for otherwise in the RGQ Procedures.
 - (i) Directors elected in a year ending in an odd digit (i.e., 2003), whose term would expire in a year ending in an odd digit (i.e., 2005), will serve as Group A Directors; there will be two Group A Director seats at any given time.
 - (ii) Directors elected in a year ending in an even digit, whose term would expire in a year ending in an even digit, will serve as Group B Directors; there will be two Group B Director seats at any given time.
- c) To be eligible to serve as a Services Segment representative on the NAESB Board of Directors, the individual must
 - (i) be a Services Segment Member

- (ii) have a working knowledge of the NAESB process;
 - (iii) be willing to commit the time and resources necessary to fulfill their obligations as a NAESB Board member and to meet the minimum threshold of participation and attendance established in the NAESB Bylaws
 - (iv) disclose the legal name for their employer and if applicable, its ownership, sister companies also under the umbrella of its owner, and a list of other entities for which the employer is engaged in a legal partnership or joint venture.
 - (v) provide a copy of their employer's mission statement or a summary of their business objectives along with a brief statement regarding which segment these objectives best serve;
- d) No individual representing any single Segment Member shall serve on the Board of Directors and on the RGQ Executive Committee concurrently.
- e) Interested individuals duly authorized to represent a Segment Member and eligible to serve on the Board of Directors shall submit their names to the NAESB Office in a form as specified in NAESB Operating Procedures or,
- (i) if such requirements are not provided for in the NAESB Operating Procedures, interested individuals shall submit a written statement to the NAESB Office that provides their name, title and affiliation (if any), business mail and email addresses, business telephone, a statement that they accept the conditions referred to in subsection (c)-(iii) above, and the statement required in subsection (c)-(iv) above.
- f) In preparation for any election of NAESB Directors (other than initial Directors, as provided for in Section 10.6) representing the Services Segment of the RGQ, a Nominating Committee consisting of five (5) existing Board and EC members of the RGQ Services Segment, shall be appointed by the Services Segment Chair. This committee shall develop a slate of candidates from interested members of the Segment Membership. Other nominations may be made at or prior to the

close of the RGQ Services Segment nomination period by any Segment Member in accordance with the requirements in subsection (e) above. All nominations must be made and conveyed in writing to the NAESB Secretary no less than 31 days prior to the election date.

- g) The election process for RGQ Services Segment representatives to the NAESB Board shall be
 - (i) coordinated by the Vice-Chair of the Segment with appropriate coordination with the Quadrant Executive Committee and the NAESB Office such that elections occur during the second week of November of each year
 - (ii) announced by formal notice to the Segment Membership no less than 30 days prior to the date of the election, with such notice indicating the name and affiliation of all candidates.
- h) Elections for RGQ Services Segment Directors shall be subject to the following provisions:
 - (i) Any Services Segment Member of the RGQ with dues current is eligible to cast a vote.
 - (ii) Services Segment Members shall cast votes for candidates in a number not exceeding the number of Director seats open for election from the Services Segment.
 - (iii) The candidates receiving the greatest numbers of votes shall be elected.
 - (iv) Results of the RGQ elections for the NAESB Board, including the returned ballots, shall be forwarded to the Secretary of NAESB, for the purpose of public record and validation of voting results, upon conclusion of any election.
- i) Any Director seats which become vacant shall be filled in accordance with RGQ Procedures as specified in this Exhibit 4 to the Bylaws, or if such provisions are lacking, by special election, subject to the following provisions
 - (i) If the vacancy occurs with less than 125 days remaining in the Director's term of office, the seat will remain vacant until filled by election of a new

Director to a term commencing in the next operating year.

- (ii) All other vacancies will be filled by special election; such special elections are to be formally noticed to the Segment Membership by the Segment Vice-Chair or Chair within 15 days of when the creation of the vacancy becomes known and held within 60 days of the creation of the vacancy. Candidates will be designated by the normal nomination process or selected by the remaining Board members of the Segment from Segment Membership. Candidates elected to fill the vacancy will serve the remainder of the term, and may stand for re-election.

10.2 Election of EC Members

- a) The Services Segment of the RGQ shall be represented on the NAESB EC by four individuals who shall be elected, from time to time, as required by Article 10 of the NAESB Bylaws and in this Exhibit 4 to those Bylaws.
- b) Each EC member from the Services Segment of the RGQ shall serve a term of two years on the RGQ EC, unless provided for otherwise in the RGQ Procedures.
 - (i) Members elected in a year ending in an odd digit (i.e., 2003), whose term would expire in a year ending in an odd digit (i.e., 2005), will serve as Group A representatives; there will be two Group A representative seats at any given time.
 - (ii) Members elected in a year ending in an even digit, whose term would expire in a year ending in an even digit, will serve as Group B representatives; there will be two Group B representative seats at any given time.
- c) To be eligible to serve as a Services Segment representative on the EC, the individual must
 - (i) be a Segment Member
 - (ii) have a working knowledge of the NAESB process;
 - (iii) be willing to commit the time and resources necessary to fulfill their obligations as a NAESB EC

member and to meet the minimum threshold of participation and attendance established in the NAESB Bylaws

- (iv) disclose the legal name for their employer and if applicable, its ownership, sister companies also under the umbrella of its owner, and a list of other entities for which the employer is engaged in a legal partnership or joint venture
- (v) provide a copy of their employer's mission statement or a summary of their business objectives along with a brief statement regarding which segment these objectives best serve;
- d) No individual representing any single Segment Member shall serve on the Board of Directors and on the RGQ Executive Committee concurrently.
- e) Interested individuals duly authorized to represent a Segment Member and eligible to serve on the EC shall submit their names to the NAESB Office in a form as specified in NAESB Operating Procedures or,
 - (i) if such requirements are not provided for in the NAESB Operating Procedures, interested individuals shall submit a written statement to the NAESB Office that provides their name, title and affiliation (if any), business mail and email addresses, business telephone, a statement that they accept the conditions referred to in subsection (c)-(iii) above, and the statement required in subsection (c)-(iv) above.
- f) In preparation for any election of EC members (other than initial EC members, as provided for in Section 10.6) representing the Services Segment of the RGQ, a Nominating Committee consisting of five (5) Board or EC members of the RGQ Services Segment, shall be appointed by the Services Segment Chair. This committee will develop a slate of candidates from interested members of the Segment Membership. Other nominations may be made at or prior to the close of the RGQ Services Segment nominating period by any Segment Member in accordance with the requirements in subsection (e) above. All nominations must be made and conveyed in writing to the NAESB

Secretary no less than 31 days prior to the election date.

- g) The election process for RGQ Services Segment representatives to the RGQ EC shall be
 - (i) coordinated by the Vice-Chair of the Segment with appropriate coordination with the RGQ EC and the NAESB Office such that elections occur during the second week of November of each year
 - (ii) announced by formal notice to the Segment Membership no less than 30 days prior to the date of the election, with such notice indicating the name and affiliation of all candidates.
- h) Elections for RGQ Services Segment EC members shall be subject to the following provisions:
 - (i) Any Services Segment Member of the RGQ with dues current is eligible to have one duly authorized representative cast the Member's vote.
 - (ii) Services Segment Members shall cast votes for candidates in a number not exceeding the number of EC seats open for election by the Services Segment.
 - (iii) The candidates receiving the greatest numbers of votes shall be elected.
 - (iv) Results of the elections for the RGQ EC, including the returned ballots, shall be forwarded to the Secretary of NAESB, for the purpose of public record and validation of voting results, upon conclusion of any election.
- i) Any EC seats becoming vacant shall be filled in accordance with RGQ Procedures as specified in this Exhibit 4 to the Bylaws, or if such provisions are lacking, by a special election subject to the following provisions
 - (i) If the vacancy occurs with less than 125 days remaining in the EC member's term of office, the seat will remain vacant until filled by election of a new EC member to a term commencing in the next operating year, and a Designated Alternate will serve until expiration of the term.

- (ii) All other vacancies will be filled by special election; such special elections are to be formally noticed to the Segment Membership by the Segment Vice-Chair or Chair within 15 days of when the creation of the vacancy becomes known and held within 60 days of the creation of the vacancy. Candidates will be designated by the normal nomination process or selected by the remaining EC members of the Segment from Segment Membership. Candidates elected to fill the vacancy will serve the remainder of the term, and may stand for re-election.
- (iii) Until an election is held and a new EC member is elected, a Designated Alternate will serve in the open EC seat.

10.3 Resignation of Directors or EC Members

A Director or EC Member may resign his or her position by submitting a letter to the Secretary of NAESB with a copy to the Chair of the Services Segment of the RGQ stating that he or she is resigning and giving the effective date of the resignation.

10.4 Removal of Directors or EC Members

- a) A NAESB Director or EC Member shall cease to hold that position upon
 - (i) the resignation of RGQ Services Segment Membership by the company of which the Director or EC Member serves as a representative
 - (ii) the lapse of the Segment Membership dues of the entity which the Director or EC Member serves as a representative, or
 - (iii) the Director or EC Member's resignation, removal, or death
 - (iv) the first day of the NAESB operating year following an election for the seat held by the Director or EC Member, wherein the Director or EC Member was not re-elected by the Segment Membership as declared by the NAESB Secretary.
- b) Receipt by the NAESB Secretary of a rescission letter indicating that the individual no longer represents the

Member does not constitute grounds for removal of the Director if all three of the following conditions are satisfied:

- (i) the individual continues activity or employment in the Services Segment of the Gas industry with another Services Segment Member,
- (ii) the individual's new employer is a Segment Member with no representatives holding seats on the Board, and
- (iii) the Board determines that completion of the Director's term of office is in the best interest of NAESB

c) A vacancy resulting from removal of a Director shall be filled for the remainder of that term in accordance with Section 10.1(i) of these Procedures.

10.5 Designation of Alternates for EC

- a) Selection of Designated Alternates: The Services Segment will select no more than three (3), and no less than one Designated Alternate EC representative in each election year, allowing for up to three (3) Designated Alternates overall.
- b) Designated Alternates will be selected by the same election that determines EC members, with those unsuccessful EC member candidate(s) receiving the greatest number of votes becoming a Designated Alternate in the event that there already are or are expected to be less than three Designated Alternates from the Services Segment in the coming year.
- c) The first, second and third Designated Alternate will be determined by
 - (i) the order in which they become named as a Designated Alternate, as indicated by the first year of their designation and
 - (ii) the order of voting results.
- d) A Designated Alternate will attend and vote at meetings of the EC of the RGQ or of the larger EC of NAESB, when one or more regular EC Members from the Services Segment are unable to attend a meeting of the EC and when the absent member or the Vice-Chair of

the RGQ EC requests their attendance as a Designated Alternate. Selection of which Alternate will serve will proceed through the order of first, second or third Designated Alternate, with each indicating whether they can or cannot fulfill the requirement to serve at the subject meeting.

10.6 Transitional Election of Officers

- a) The initial Directors and EC Members representing the Services Segment shall be elected at the first meeting of the Segment.
- b) The candidates receiving the greatest number of votes shall be elected.
- c) The two (2) initial Directors and EC Members receiving the greatest number of votes shall serve for two years in Group B positions as described in Sections 10.1 (b) and 10.2 (b) of this procedure. The remaining two (2) initial Directors and EC Members shall serve for one year in Group A positions as described in Sections 10.1 (b) and 10.2 (b) of this procedure.

11.0 Amendment of Services Segment Procedures

The Directors representing the Services Segment on the Board shall recommend to the Segment Membership amendments to these Procedures. Each proposed amendment shall be offered as a separate amendment, except in those situations in which an amendment will affect more than one section of these Procedures. If a proposed amendment will affect more than one section, then all affected sections will be identified.

A majority vote of the Segment Membership shall be required to approve an amendment to these procedures.

TAB 8
NEXT STEPS

[Letterhead of Prospective Member]

Ms. Rae McQuade
Executive Director
Gas Industry Standards Board
1100 Louisiana
Suite 3625
Houston, TX 77002

Re: Letter of Intent to Join North American Energy Standards Board

Dear Ms. McQuade:

[Name of company] hereby gives notice of its intent to join the North American Energy Standards Board (“NAESB”) in recognition of the following actions taken by the Board of Directors of the Gas Industry Standards Board (“GISB”):

1. Adoption of a resolution at its September 19, 2001 Board meeting changing the scope of GISB in its Certificate of Incorporation to include development of standards for wholesale and retail electric transactions;
2. Adoption of a resolution at its December 5, 2001 Board meeting changing the name of GISB to the North American Energy Standard Board to reflect the expanded mission of the organization as of January 1, 2002; and
3. Adoption of revised bylaws at its December 5, 2001 Board meeting to reflect the change of name and broader mission of the organization as NAESB in substantially the form provided to the GISB Board for the December 5, 2001 meeting, as published on GISB’s website.

[Name of company] agrees to tender its membership dues of \$5,000, along with a designation of a Quadrant and Segment in which it would like to be a member within 30 days of the date of this letter, upon the occurrence of: (a) ratification by the GISB membership of the changes to the GISB Certificate of Incorporation described in Items 1 and 2 above to transform the organization into NAESB, and (b) filing of such changes with the Secretary of State of Delaware. We understand that ratification should be completed by January 1, 2002 and that the filing of the

amended and restated Certificate of Incorporation of NAESB with the Secretary of State of Delaware will take place immediately thereafter.

Very truly yours,

(Name) _____

(Title) _____

(Name of Company) _____

**NORTH AMERICAN ENERGY STANDARDS BOARD
MEMBERSHIP APPLICATION**

Name of Membership: _____ Date of Membership _____
(Legal name for NAESB records)

Mailing Address: _____
City, State, Zip: _____

Name of Contact Person: _____ Title: _____
(Not applicable to personal memberships)

Mailing Address: _____ Telephone #: _____
(If different than above) _____ Fax #: _____

Email Address: _____

***Please indicate appropriate segment of industry covered by this membership: (one per membership fee)

Quadrant _____ Segment _____
(Wholesale Gas, Electric – Retail Gas, Electric)

Quadrant _____ Segment _____
(Wholesale Gas, Electric – Retail Gas, Electric)

***Membership Fee: billing in the amount of \$5000 (per membership) will be sent to you.
Payment is requested within 30 days of billing.

Mail to: North American Energy Standard Board, 1100 Louisiana, Suite 3625, Houston, Texas 77002
Fax to: 713-356-0067 – email: naesb@aol.com

OR: American Express ___ Visa ___ Master Card ___ Card # _____ Exp Date _____

Signature: _____ Date: _____

NOTICE: To complete this application, please execute and return the attached form of revocable proxy) required by Article IV, §2 of the Certificate of Incorporation of NAESB, which requires each voting member, "as a condition of membership, ... to execute a revocable appointment in a form approved by the Board of Directors authorizing a designated proxy to vote in support of any of the proposals adopted by the Board of Directors described in Article V, §3 of this Certificate of Incorporation which may be submitted to a vote of the general membership." Article V, §3 deals with votes to amend the Certificate of Incorporation or to determine the continuation of the corporation after December 31, 2004.

NORTH AMERICAN ENERGY STANDARDS BOARD, INC.

REVOCABLE PROXY

In accordance with Article IV, Section 2 of the Certificate of Incorporation of the North American Energy Standards Board, Inc., a Delaware non-stock corporation (the "Corporation"), the undersigned member of the Corporation hereby appoints the Chairman of the Board of Directors of the Corporation and/or its Executive Director ("Proxy") as the proxy for the undersigned, with full power of substitution, to attend any and all meetings of the members of the Corporation called for the purpose of voting on any proposals adopted by the Board of Directors described in Article V, Section 3, of the Corporation's Certificate of Incorporation (dealing with amendment of the Certificate of Incorporation or the continuation of the Corporation after December 31, 2004), and to vote in favor of any such proposals in the name of the undersigned at any and all meetings of the members or any adjournment thereof, except as provided below. The undersigned hereby revokes all prior proxies for such meetings, and ratifies and confirms all that the Proxy may lawfully do or cause to be done by virtue hereof.

This proxy shall be valid and in full force, and shall not terminate or expire, until revoked by the undersigned; provided, however, that the undersigned may attend any and all meetings of the members of the Corporation and vote in lieu of the Proxy on any proposals described in Article V, Section 3, of the Corporation's Certificate of Incorporation. If the undersigned is present and votes on any such proposals, such vote will be valid for all purposes but will not serve to revoke this proxy as to any subsequent vote of members on any proposal described in Article V, Section 3, of the Corporation's Certificate of Incorporation.

Executed this _____ day of _____ 2002.

ATTEST:

Name of Member Company

Secretary

Voting Representative's Signature

Print Name

Title

NAESB QUADRANTS & SEGMENTS FORMATION CONTACT

NAESB Quadrants

Retail Electric	Charlie Driggs 302-429-3194 charlie.driggs@conectiv.com
Wholesale Electric, Retail Electric Technology	Craig Goodman 202-333-3288 cgoodman@energymarketers.com
Retail Gas	Mariam Arnaout 202-824-7127 marnaout@aga.org
Wholesale Gas	Jim Buccigross 508-238-0345 jhb@8760.com

NAESB Retail Electric Segments

Retail Electric Suppliers	
Retail Electric Distributors	Eric Ackerman 202-508-5528 eackerman@eei.org
Retail Electric End Users	
Retail Electric Services	Misty Ann Khan 713-463-9661 khan@telerx.com Jim Minneman 610-774-5774 jmminneman@pplweb.com

NAESB Retail Gas Segments

Retail Gas Suppliers	
Retail Gas Distributors	Mariam Arnaout 202-824-7127 marnaout@aga.org
Retail Gas End Users	
Retail Gas Services	Misty Ann Khan 713-463-9661 khan@telerx.com Jim Minneman 610-774-5774 jmminneman@pplweb.com