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BYLAWS
Of
NORTH AMERICAN ENERGY STANDARDS BOARD, INC. (NAESB)
A Delaware Non-Stock, Non-Profit Corporation

ARTICLE 1 - DEFINITIONS

Section 1.1 Definitions

The following terms used in these Bylaws shall have the meanings set forth below.

- A. “Agent” means an individual, partnership, firm, corporation or other entity representing the interests of a Member of NAESB, but who, itself, is not necessarily a Member of NAESB.
- B. “Balanced Voting” means that, in the context of EC Subcommittees and task forces, with respect to Standards/Model Business Practices development, voting is governed by NAESB Operating Procedures that provide for balance of interests among industry Segments and Quadrants participating in NAESB so as to avoid having any one interest exert undue influence over any decision.
- C. “Board” means the Board of Directors of NAESB.
- D. “Certificate” means the NAESB Certificate of Incorporation, as amended from time to time.
- E. “Contribution” is defined as any idea, procedure, process, system, method of operation, concept, principle, or discovery conveyed during the standards

24 development process, as well as the tangible form of expression of any of the
25 foregoing and any other tangible forms of expression created during the
26 development of NAESB Standards or Model Business Practices.

27 F. “Director” means an individual serving on the Board.

28 G. “EC” means the Executive Committee(s) of NAESB, Inc. (or any combination of
29 the Quadrant ECs).

30 H. “EC Subcommittee” means a subcommittee established by the EC pursuant to
31 Section 10.5 of these Bylaws.

32 I. “Exhibit” means an attachment to these Bylaws.

33 J. “Majority” means a simple majority of each applicable Quadrant’s EC for the
34 purposes of voting.

35 K. “Members” means individuals and entities that satisfy the requirements for
36 membership set forth in Article 5 of these Bylaws, and includes Voting Members
37 and Non-Voting Members.

38 L. “Model Business Practice” means a protocol or procedure for the conduct of
39 specified acts or transactions. The term “Model Business Practice” does not imply
40 enforceability by NAESB.

41 M. “NAESB” means the North American Energy Standards Board, Inc.

42 N. “Non-Voting Member” shall include any individual or entity, including a
43 governmental entity, that has a legitimate business interest in a Quadrant of NAESB
44 and desires to join as a non-voting member.

45 O. “Operating Procedures” means the policies and rules that govern the behavior and
46 operation of committees, subcommittees and task forces of NAESB, as established
47 and maintained by the Parliamentary Committee of the Board, as established in
48 Section 7.8(c) of these Bylaws. They apply equally to all Quadrants and Segments.

- 49 P. “Quadrant” means any one of the industry sectors that make up NAESB, whose
50 name has been assigned by the Board, for example, wholesale gas, wholesale
51 electric, and retail markets.
- 52 Q. “Reconsideration” means a review of a proposed Standard or proposed Model
53 Business Practice subsequent to adoption by the EC and prior to ratification, as
54 described in Section 10.3(h) of these Bylaws.
- 55 R. “Segment” means one of the co-equal Member groupings of a given Quadrant, as
56 defined by that Quadrant and approved by the Board as an Exhibit to these Bylaws.
- 57 S. “Standard” means a protocol or procedure for the conduct of specified acts or
58 transactions. The term “Standard” does not imply enforceability by NAESB.
- 59 T. “Triage Process” refers to the actions taken from the time a request for a proposed
60 Standard or a proposed Model Business Practice is received by the NAESB office,
61 through consideration by the EC, and until such time as the EC assigns the request
62 for consideration.
- 63 U. “Voting Members” means individuals, partnerships, firms, governmental entities,
64 or corporations, which shall apply for membership in one or more Segments and
65 are in good standing in accordance with the procedures of their Segment(s). As a
66 condition of membership, each Voting Member will be required to execute a
67 revocable appointment, in a form approved by the Board, authorizing a designated
68 proxy to vote in support of any of the proposals adopted by the Board, described in
69 Article V, Section 3 of the Certificate, which may be submitted to a vote of the
70 general membership. Any Voting Member may resign from NAESB by written
71 notice to the President.

ARTICLE 2 - PURPOSES, SCOPE, ACTIVITIES AND POLICIES

Section 2.1 Purposes, Scope and Activities

The purposes, scope and activities of NAESB are set forth in Article II of the Certificate.

76 **Section 2.2 Policies**

77 (a) As expressed in Article IV, Section 1 of the Certificate, NAESB's policy is to
78 encourage a widely-based membership of diverse stakeholders whose business
79 interests are directly affected by the adoption of Standards and Model Business
80 Practices for their commercial activities. Consistent with this approach, NAESB's
81 policy is that all meetings of NAESB, including those of its Members, Board, EC,
82 Advisory Council (as established in Section 7.9 of the Bylaws), Board committees,
83 EC Subcommittees and task forces, shall be open to any member of the public and
84 the minutes thereof shall be available to the public, except as provided in Section
85 9.1 of these Bylaws.

86 (b) The principles governing NAESB are:

87 **Independence** – NAESB should be an independent body. While it may have
88 informal liaisons to trade associations, other standards organizations and
89 government agencies, it should be a separately incorporated, fully independent,
90 organization.

91 **Openness** – NAESB should conduct its activities in the open. Openness should
92 apply to all aspects of its organizational governance, elections and Standards or
93 Model Business Practices development processes, including work products and
94 related meetings. The meetings, agendas and items set for discussion and/or
95 possible vote should be publicly noticed, and interested parties, regardless of
96 membership should have the opportunity to participate.

97 **Voluntary** – Participation in NAESB should be voluntary and adherence to its
98 Standards and Model Business Practices should, from NAESB's perspective, also
99 be voluntary. Membership should not be dependent upon whether the company
100 seeking membership implements the Standards and Model Business Practices.
101 NAESB will not maintain any type of enforcement activity.

102 **Balance of Interests** – The voting with respect to governance, Standards, Model
103 Business Practices, and Operating Procedures should provide for balance among
104 industry Segments and Quadrants participating in NAESB so as to avoid any one

105 interest group or group of interests having the ability to exert undue influence over
106 any decision.

107 **Inclusivity** – All interested parties have the opportunity to participate in the
108 activities of the standards organization and to join NAESB. All participants should
109 be identified and associated with a Segment and Quadrant.

110 **Consensus-Based Decisions** – The voting rules should be constructed so that
111 decisions based upon consensus are encouraged. In addition, with respect to voting
112 upon the Standards or Model Business Practices, Quadrants and their Segments
113 should be assured that each Quadrant and its Segments can protect its interests by
114 requiring both super-majorities and a minimum per Segment, and that a per
115 Quadrant threshold be achieved for passage of such Standards and Model Business
116 Practices by NAESB.

117 **No Advocacy** – NAESB should be prohibited from taking advocacy positions on
118 its Standards or Model Business Practices as a party to any proceeding before a
119 governmental agency. This is not intended to preclude NAESB’s duly authorized
120 representatives from educating or communicating with any group as to NAESB’s
121 Operating Procedures and/or work product(s).

122 **Membership Driven** – NAESB should be membership driven. The paid staff
123 should perform administrative functions to support NAESB's activities. Requests
124 for Standards or Model Business Practices should be proposed by identified persons
125 and not by NAESB or its committees and subcommittees. NAESB’s staff should
126 neither have a vote nor a role with respect to conducting the affairs of NAESB other
127 than to provide ministerial functions.

128 **Develop Practices, Not Policy** – The committees, subcommittees and task forces
129 of NAESB should endeavor not to create policy in their Standards or Model
130 Business Practices development activities absent being requested to do so by the
131 Board.

132 **Incorporate Best Practices** – To the extent reasonable, the Standards and Model
133 Business Practices to be established should reflect standardization and streamlining

134 of activities chosen as best practices from among existing and reasonably
135 anticipated policies and practices.

136 **Broad Applicability** – To the extent reasonable, the Standards and Model Business
137 Practices to be established should be structured such that they can be applicable to
138 both the electric and natural gas industries. The two industries should work
139 together to develop Standards and Model Business Practices when joint Standards
140 and Model Business Practices are appropriate. However, where operating
141 requirements dictate the need for different approaches, discrete Standards and
142 Model Business Practices will be established separately by Quadrant(s).

143 **ANSI Accreditation** – NAESB will retain accreditation as an American National
144 Standards Institute Standards Development Organization.

145 (c) It is the policy of NAESB to comply to the fullest extent possible with both the
146 letter and spirit of all applicable federal and state laws and regulations, including
147 the antitrust laws. The purpose of the antitrust laws is to preserve and promote
148 competition. Any conduct that violates Federal or State antitrust laws is detrimental
149 to the best interests of NAESB and its Members, and is, therefore, contrary to
150 NAESB policy. No officer, employee or Member of NAESB is authorized by
151 NAESB to act contrary to this policy.

152 **Section 2.3 Quadrants and Segments**

153 The procedures of each Quadrant and Segment, respectively, shall conform to the policies
154 of NAESB as stated in the Certificate and these Bylaws. The Board shall have authority to enforce
155 these NAESB policies with regard to the procedures of the Quadrants and Segments.

156 In order to have representation on the Board or the EC, a Quadrant shall have at least forty
157 Voting Members and at least four Segments. Each Segment shall have at least five Voting
158 Members. If minimum representation requirements are not met, then the Board will review the
159 minimum representation biannually. Without limitation, and in addition to the other options it
160 may choose, the Board may combine Quadrants, either for operational purposes or administrative
161 purposes (including voting at the Board or the EC), or both, and may add new Quadrants.

162 A fully populated segment is one which has eighty percent (80%) of the seats filled on the
163 Board (for a vote at the Board) or one hundred percent (100%) for the EC (for a vote at the EC).

164

165 **ARTICLE 3 - OFFICES**

166 **Section 3.1 Offices**

167 The registered office of NAESB shall be located in Delaware. NAESB may have any
168 number of other offices at such places as the Board may determine.

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170 **ARTICLE 4 - SEAL**

171 **Section 4.1 Seal**

172 NAESB may use a Corporate Seal. The Corporate Seal shall bear the name of NAESB,
173 the year of its incorporation and the words "Corporate Seal, Delaware."

174

175 **ARTICLE 5 - MEMBERS**

176 **Section 5.1 Voting Members**

177 (a) The general requirements for Voting Membership are set forth in Article IV,
178 Sections 1 and 2 of the Certificate. Individuals, partnerships, firms, governmental
179 entities, or corporations shall join as Members through application for Voting
180 Membership in one or more Quadrants and Segments. The membership
181 requirements for each Quadrant and Segment are set forth in Exhibits 1 through 3
182 of these Bylaws.

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

185 (ii) Each Voting Member may vote by proxy. Every proxy shall be executed in
186 writing by the Voting Member or by such Voting Member's duly authorized
187 attorney in fact and filed with the Secretary of NAESB. A proxy shall be
188 revocable at will, notwithstanding any other agreement or any provision in

189 the proxy to the contrary. The revocation of a proxy shall not be effective
190 until notice thereof has been given to the Secretary. A proxy shall not be
191 revoked by the death or incapacity of the maker unless, before the vote is
192 counted or the authority is exercised, written notice of such death or
193 incapacity is given to the Secretary of NAESB. No proxy shall be valid
194 after three years from the date of its execution unless otherwise provided in
195 the proxy.

196 (iii) As described in Article IV, Section 2 of the Certificate, each Voting
197 Member is required, as a condition of membership, to execute a revocable
198 appointment, in a proxy form approved by the Board, authorizing a
199 designated proxy to vote in favor of any of the proposals described in Article
200 V, Section 3 of the Certificate; provided, however, that any Voting Member
201 shall have the right to cast its vote, in lieu of such revocable proxy, either in
202 favor of or in opposition to any such proposal. This proxy shall not expire
203 until revoked by the Voting Member.

204 (iv) A trade association may join as a Non-Voting Member. A trade association
205 may become a Voting Member only if there are no other Voting Members
206 of NAESB that can represent the interests of the trade association's
207 membership, or if the Quadrant determines that the trade association's
208 membership is otherwise under-represented by Voting Members. A trade
209 association shall not be eligible to hold a seat on either the Board or the EC,
210 except as an Agent of an eligible Voting Member.

211 (b) The Board may, by resolution, determine (a) the amount of the membership fee
212 described in Article VII, Section 1 of the Certificate to be assessed to each Voting
213 Member, and (b) the time and method of payment.

214 (c) Unless otherwise restricted by the Certificate or these Bylaws, any action required
215 or permitted to be taken by the Members at any annual or special meeting may be
216 taken without a meeting, without prior notice and without a vote, if a consent or
217 consents in writing, setting forth the action so taken, shall be signed by the
218 Members having not less than the minimum number of votes that would be

219 necessary to authorize or take such action at a meeting at which all Members having
220 a right to vote thereon were present and voted. Such written consents shall be
221 delivered to NAESB by delivery to its registered office in the State of Delaware, its
222 principal place of business, or an officer or Agent of NAESB having custody of the
223 book in which proceedings of meetings of Members are recorded. Delivery made
224 to NAESB's registered office shall be by hand or by certified or registered mail,
225 return receipt requested. Every written consent shall bear the date of signature of
226 each Member who signs the consent, and no written consent shall be effective to
227 take the corporate action referred to therein unless, within sixty days of the earliest
228 dated consent delivered to NAESB in the manner required by this Section 5.1,
229 written consents signed by a sufficient number of Members to take action are
230 delivered to NAESB by delivery to its registered office in the State of Delaware, its
231 principal place of business, or an officer or Agent of the Corporation having
232 custody of the book in which proceedings of meetings of Members are recorded.
233 Delivery made to NAESB's registered office shall be by hand or by certified or
234 registered mail, return receipt requested. Prompt notice of the taking of the
235 corporate action without a meeting by less than unanimous written consent shall be
236 given to those Members who have not consented in writing. In the event that the
237 action which is consented to is such as would have required the filing of a certificate
238 by law, if such action had been voted on by Members at a meeting thereof, the
239 certificate filed shall state, in lieu of any statement required by law concerning any
240 vote of Members, that written consent has been given in accordance with the
241 Delaware law, and that written notice has been given.

242 **Section 5.2 Reserved**

243 **Section 5.3 Nontransferable**

244 Membership in NAESB is not transferable to another corporation or entity, although
245 member organizations may transfer representation from one individual(s) to another upon written
246 notice to the Secretary. Such transfer of representation shall not extend to transfer of Board or EC
247 seats.

248 **Section 5.4 Resignation**

249 Any Member may resign from membership by written notice to the Secretary, whereupon
250 the voting rights and Member benefits of the Member shall cease.

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252 **ARTICLE 6 - MEETINGS OF MEMBERS**

253 **Section 6.1 Place of Meetings**

254 Meetings of the Members shall be held at such place as may be fixed by the Board. If no
255 place is fixed by the Board, Meetings of the Members shall be held at the registered office of
256 NAESB.

257 **Section 6.2 Annual Meeting**

258 Unless the Board provides by resolution for a different time, the annual Meeting of the
259 Members shall be held in September, October, November or December of each year on the date
260 specified by the Board in the notice of annual meeting.

261 **Section 6.3 Special Meetings of Members**

262 Special Meetings of the Members may be called at any time by the Board Chair, by a
263 majority of the Board or by a majority of Voting Members. Upon written request of any person
264 entitled to call a special meeting, the Secretary shall (a) fix the date and time of the meeting, which
265 shall be held not less than ten days nor more than sixty days after receipt of the request, and (b)
266 give notice thereof in accordance with Article 11 of these Bylaws. If the Secretary neglects or
267 refuses to fix the meeting date or give notice, the person or persons calling the meeting may do so.

268 **Section 6.4 Determination of Members of Record**

269 The Board may fix a time, not more than sixty days prior to the date of any Meeting of the
270 Members or any adjournment thereof, as a record date for the determination of the Members
271 entitled to notice of, or to vote at, such meeting. The Board may similarly fix a record date for the
272 determination of the Members of record for any other purpose. When a determination of the
273 Members of record has been made for purposes of a meeting, the determination shall apply to any
274 adjournment thereof unless the Board fixes a new record date for the adjourned meeting.

275 **Section 6.5 Notice of Meetings of Members**

276 Notice of meetings of Members and meetings of Quadrants and Segments to elect or
277 remove Directors or EC Members, or to amend their Exhibits, shall be given in the manner
278 described in Article 11 of these Bylaws. When a Meeting of the Members is adjourned, it shall
279 not be necessary to give any notice of the adjourned meeting or of the business to be transacted at
280 an adjourned meeting, other than by announcement at the meeting at which such adjournment is
281 taken, unless the Board fixes a new record date for the adjourned meeting or the Delaware law
282 requires notice of the business to be transacted and such notice has not previously been given.

283 **Section 6.6 Quorum**

284 The quorums for meetings of Voting Members shall be as described in Article V, Section
285 2 of the Certificate. The quorums may be determined by counting attendance in person or by
286 proxy. The Voting Members present at a duly organized meeting can continue to do business until
287 adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum. If
288 a meeting cannot be organized because a quorum has not attended, those present may, except as
289 otherwise provided in the Delaware law, adjourn the meeting to such time and place as they may
290 determine.

291 **Section 6.7 Adjournment**

292 Adjournments of any Meeting of the Members may be taken.

293 **Section 6.8 Organization**

294 The Board Chair shall chair the Meeting of the Members. In absence of the Board Chair,
295 one of the Board Vice Chairs shall act as Chair. The Secretary, or in his or her absence, a person
296 appointed by the chair, shall act as secretary.

297 **Section 6.9 Voting on Particular Issues**

298 Article V of the Certificate describes the voting procedures and the number of votes
299 required for adoption and approval for particular issues with respect to NAESB.

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301

ARTICLE 7 - BOARD

Section 7.1 Board

303 The business and affairs of NAESB shall be managed by the Board. The powers of NAESB
304 shall be exercised by, or under the authority of, the Board except as otherwise provided by statute,
305 the Certificate or these Bylaws. Specific powers and duties are delegated to the EC by Article III,
306 Section 5 of the Certificate. The Board may delegate such other powers to the EC, as it deems
307 appropriate if such delegation is consistent with the Certificate.

Section 7.2 Qualifications of Directors

309 Each Director shall be a natural person at least eighteen years of age who need not be a
310 resident of Delaware and who shall be a Voting Member, or a partner in, or an officer, employee
311 or Agent of, a Voting Member.

312 To be eligible to serve as a representative on the NAESB Board of Directors, the Member's
313 representative must:

- 314 1. be willing to commit the time and resources necessary;
- 315 2. have the authority to fulfill the obligations as a Director;
- 316 3. be willing to meet the minimum threshold of participation and attendance established in
317 the NAESB Bylaws, Section 9.7(f), and any other applicable provisions, as set forth in the
318 NAESB Bylaws; have a broad understanding of the energy industry and have sufficient
319 authority in the member company organization to make decisions in the best interest of
320 NAESB;
- 321 4. have a working knowledge of the NAESB process; and
- 322 5. disclose their interest, or their employer's interest, in the energy industry and the
323 relationship with other entities with which the employer may be affiliated.

Section 7.3 Number and Election of Directors

325 The Board shall consist of representatives of the Quadrants, each Quadrant determining the
326 number of Directors who shall occupy seats on the Board, except that every Segment of a Quadrant

327 shall be represented by at least one Director. Regardless of the number of Directors elected from
328 each Quadrant, no Quadrant shall be entitled to cast a vote greater than the percentage that its
329 Quadrant represents in relation to the total number of Quadrants represented on the Board at a
330 given time. Each Segment within a Quadrant shall be represented by an equal number of Directors,
331 to be determined by that Quadrant. The procedures for electing the Directors shall be as specified
332 in each Quadrant's Exhibit. Each Quadrant shall communicate the timing of its election of
333 Directors.

334 **Section 7.4 Term of Office**

335 (a) The term of office of a Director shall be for a period set by the Quadrant, not less
336 than one year, not to exceed three years. Quadrants may elect Directors for varying
337 terms. Directors may be reelected to subsequent terms.

338 (b) Each Director shall hold office during his or her term until the earliest of: (i) the
339 expiration of the term for which he or she was elected and until his or her successor
340 has been elected and qualified, (ii) the Director's resignation of his or her Voting
341 Membership (if the Director is the Voting Member as an individual) or the lapse of
342 the Director's Voting Membership for delinquency in membership fee payment,
343 (iii) the resignation or lapse (through delinquency in membership fee payment) of
344 Voting Membership of the entity of which the Director is a partner, officer,
345 employee or Agent, or (iv) the Director's death, resignation, or removal.

346 **Section 7.5 Vacancies**

347 Vacancies in the Board resulting from the circumstances described in Subsections
348 7.4(b)(ii), (iii) or (iv) above shall be filled by the Quadrant and Segment in which the vacancy
349 occurs, in accordance with the procedures specified in that Quadrant's Exhibit.

350 **Section 7.6 Removal of Directors**

351 Directors shall act in the best interest of NAESB consistent with Delaware law. Directors
352 may be removed for malfeasance, misfeasance or nonfeasance by simple majority vote at any
353 meeting of the Board, or by notational ballot, pursuant to the NAESB Operating Procedures.

354 **Section 7.7 Resignations**

355 Any Director may resign at any time by giving written notice to the Secretary. The
356 resignation shall be effective upon receipt by the Secretary or at such subsequent time as may be
357 specified in the notice of resignation.

358 **Section 7.8 Board Committees**

359 (a) The Board, by majority vote of the entire Board, may establish, by means of
360 resolutions to be attached hereto, committees of the Board. The resolutions shall
361 describe the powers and authorities of each committee, require each committee to
362 adopt procedures, and provide opportunity for Directors from each Quadrant and
363 Segment and Advisory Council members to participate in the committee's work.
364 The Chair of the Board may also establish committees of the Directors as needed.

365 (b) There shall be a Managing Committee, consisting of the chair, the vice chairs of
366 each Quadrant, the past chairs (if a Member of the Board), the Chair of the Advisory
367 Council, the President, and the General Counsel. It shall have the authority of the
368 Board between Board meetings, subject to the limitations placed upon it by the
369 Board; however, it shall have no authority to amend the Certificate or the Bylaws.
370 The President and the General Counsel shall be Non-Voting Members of the
371 committee.

372 (c) There shall be a Parliamentary Committee, consisting of Members of the Board
373 with at least two Directors from each Quadrant. The function of the Parliamentary
374 Committee is to address issues related to corporate governance, including, but not
375 limited to, the Certificate, the Bylaws and the Operating Procedures. Members of
376 the Parliamentary Committee shall be appointed by the Chair of the Board, who
377 shall serve as the chair of this committee.

378 **Section 7.9 Advisory Council**

379 The Board shall establish a standing Advisory Council, to be known as the "NAESB
380 Advisory Council." The Advisory Council shall be composed of persons who shall be
381 knowledgeable about the issues involved in carrying out the purposes, scope and activities of
382 NAESB. The membership of the Advisory Council should be rotated from time to time, and should

383 reflect participation by federal, state and local agencies; public interest groups; non-profit research
384 organizations; and similar organizations. The Advisory Council shall advise both the Board and
385 EC.

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387

ARTICLE 8 - OFFICERS

388 **Section 8.1 Number**

389 The officers of NAESB shall include a Chair, and up to three Vice Chairs (each
390 representing a different Quadrant within the Board), a Secretary, a Treasurer, and a President. The
391 officers may include other officers as the Board may determine by resolution. Any number of
392 offices may be held by the same person.

393 **Section 8.2 Qualifications of Officers of NAESB**

394 The officers shall be natural persons at least eighteen years of age who are Directors, except
395 that the President and Secretary need not be Directors.

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

397 The officers of NAESB shall be elected by the Board at any meeting of the Board. Each
398 officer, except for the President, shall serve until his or her successor begins his or her term, or
399 until his or her death, resignation, or removal, or lapse of Director status pursuant to Subsections
400 7.4(b)(ii),(iii) or (iv) or Section 7.6 of these Bylaws. The Vice Chairs shall rotate in succession in
401 the following order: Wholesale Gas, Retail Markets, and Wholesale Electric. If no Director
402 representing a Quadrant is willing to serve as Vice Chair when the rotation turns to that Quadrant,
403 the Board shall elect a Vice Chair from among its remaining Directors, and the rotation shall
404 continue thereafter as though a Director representing the Quadrant had in fact served as Vice Chair.

405 **Section 8.4 Removal of Officers**

406 Any officer may be removed by action of a majority of the Directors whenever in their
407 judgment the best interests of NAESB will be served. Such removal shall be without prejudice to
408 the contract rights, if any, of any person so removed.

409 **Section 8.5 Resignations**

410 Any officer may resign at any time by giving written notice to the Secretary. The
411 resignation shall be effective upon receipt by the Secretary or at such subsequent time as may be
412 specified in the notice of resignation.

413 **Section 8.6 The Chair**

414 The Chair shall be the Chief Executive Officer of NAESB and shall have general
415 supervision over the business and operations of NAESB, subject to the control of the Board. The
416 Chair shall chair all meetings of the Board and the Members. In general, the Chair shall perform
417 all duties incident to the office of Chair and such other duties as may be assigned by the Board.

418 **Section 8.7 The Vice Chairs**

419 There shall be a Vice Chair for each Quadrant. In the absence of other Quadrant
420 procedures, the Vice Chair of each Quadrant shall be selected by a simple majority of its respective
421 Quadrant Board Members. In the absence or disability of the Chair or when so directed by the
422 Chair, a Vice Chair (in order of precedence) may perform all the duties of the Chair, and, when so
423 acting, shall have all the powers of, and be subject to all the restrictions upon, the Chair. The Vice
424 Chairs shall perform such other duties as may be assigned by the Chair.

425 **Section 8.8 The Secretary**

- 426 (a) Unless the Board directs otherwise, the President shall be the Secretary of NAESB.
- 427 (b) The Secretary shall attend all meetings of the Board and of the Members. The
428 Secretary shall record all votes of the Board, EC and the Voting Members and the
429 minutes of the meetings of the Board, EC and of the Members in a book or books
430 belonging to NAESB to be kept for that purpose. The Secretary shall see that
431 required notices of meetings of the Board and of the Members are given and that
432 all records and reports are properly kept and filed by NAESB. The Secretary shall
433 be the custodian of the seal of NAESB and shall see that it is affixed to all
434 documents to be executed on behalf of NAESB under its seal. In general, the
435 Secretary shall perform all duties incident to the office of Secretary and such other
436 duties as may be assigned by the Board or the Chair.

437

438 (c) To the extent not provided for by the EC, the Secretary shall appoint persons to take
439 minutes of EC Meetings and EC Subcommittee meetings.

440 **Section 8.9 The Treasurer**

441 (a) The Treasurer shall be responsible for corporate funds and securities and shall keep
442 full and accurate accounts of receipts and disbursements in books belonging to
443 NAESB. In general, the Treasurer shall perform all duties incident to the office of
444 Treasurer and such other duties as may be assigned by the Chair. The President
445 shall be an Assistant Treasurer.

446 (b) In the absence or disability of the Treasurer or when so directed by the Treasurer,
447 any Assistant Treasurer may perform all the duties of the Treasurer, and, when so
448 acting, shall have all the powers of, and be subject to all the restrictions upon, the
449 Treasurer. Each Assistant Treasurer shall perform such other duties as may be
450 assigned by the Chair or the Treasurer.

451 **Section 8.10 The President**

452 The President shall be the Chief Operating Officer of NAESB, and be subject to the control
453 of the Board. The President shall have all powers and duties necessary for managing the day-to-
454 day operating and business affairs of NAESB and directing all activities of NAESB as prescribed
455 by the Board. Unless the Board directs otherwise, the President shall be the Secretary of NAESB.
456 The compensation of the President shall be fixed by the Board.

457

458 **ARTICLE 9 - MEETINGS OF DIRECTORS**

459 **Section 9.1 Place of Meetings**

460 The Board may hold its meetings at such places as the Board may appoint or as may be
461 designated in the notice of the meeting. Meetings or portions of meetings may be closed to the
462 public only (and the pertinent minutes withheld from the public) for discussion of paid NAESB
463 employees or their compensation and for litigation matters involving NAESB as a corporate entity.

464 **Section 9.2 Organization**

465 Every meeting of the Board shall be presided over by the Chair, or in the absence of the
466 Chair, a Vice Chair in order of precedence, or in the absence of the Chair and the Vice Chairs, a
467 chair chosen by a majority of the Directors present. The Secretary, or in his or her absence, a
468 person appointed by the chair, shall act as secretary.

469 **Section 9.3 Annual Meeting**

470 Unless the Board provides by resolution for a different time, the annual meeting of the
471 Board shall take place immediately after the annual Meeting of the Members. The newly
472 constituted Board shall meet without prior notice at the place where the Meeting of the Members
473 was held, or at any other place and time designated in a notice given as provided in Article 11 of
474 these Bylaws, for the purposes of organization, election of officers, and the transaction of other
475 business.

476 **Section 9.4 Regular Meetings**

477 The Board may hold its regular meetings at such place and time as shall be designated by
478 resolution of the Board. If the date fixed for any regular meeting is a legal holiday under the laws
479 of the state in which the meeting will be held, the meeting shall be held on the next succeeding
480 business day or at such other time as may be determined by resolution of the Board. The Board
481 shall transact such business as may properly be brought before its meetings.

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

483 The Chair or at least one-third of the Directors may call special meetings of the Board,
484 which shall be held at such time and place as shall be designated in the call for the meeting. Ten
485 days' notice of any special meeting shall be given to each Director pursuant to Article 11 of these
486 Bylaws or by telephone. Such notice shall state the time and place of such special meeting and
487 state the matters to be discussed at the special meeting. Action taken at special meetings shall be
488 limited to the matters described in the meeting notice.

489 **Section 9.6 Quorum**

490 The quorum necessary for a meeting of the Board is a majority of the Directors, as
491 described in Article V, Section 1 of the Certificate.

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

493 (a) One or more Directors may virtually participate in a meeting of the Board or a
494 committee thereof by means of which all persons participating in the meeting can
495 hear each other.

496 (b) Each Director shall be entitled to one vote.

497 (c) Article V of the Certificate describes the voting procedures and the number of votes
498 required for adoption or approval for particular issues with respect to NAESB.

499 (d) In the event that a weighted vote is requested pursuant to Article V, Section 6 of
500 the Certificate, the following process shall be followed:

501 (i) Any vote that passes by a weighted majority of the Board and also obtains
502 a simple majority of each Quadrant shall be deemed to be a final vote.

503 (ii) Any vote that passes by a weighted majority of the Board but does not
504 obtain a simple majority of Director's votes from each Quadrant shall be
505 deemed to be a preliminary vote.

506 (iii) In the event of a preliminary vote the Chair shall appoint a committee of
507 Directors, which shall also include Directors not supporting the proposal.
508 The committee shall, within the period set by the Chair, but not to exceed
509 thirty days from the date of appointment, attempt to draft a substitute
510 proposal.

511 (iv) If the committee drafts a substitute proposal, it shall be presented to the
512 Board for a notational ballot when received by the NAESB office. If the
513 revised proposal receives a greater weighted majority vote of the Board than
514 did the original proposal, the revised proposal shall become the final action
515 of the Board. If the committee fails to present a revised proposal within the
516 indicated time frame, or the revised proposal does not receive a greater

517 weighted majority vote of the Board than did the original proposal, the
518 original proposal upon which there was a preliminary vote shall be
519 presented to the Board for a final weighted vote of the Board.

520 (e) No substitutes shall be permitted to vote at Board meetings.

521 (f) Notational voting by Directors is proper in the following circumstances and
522 pursuant to the following procedures:

523 (i) In lieu of meeting: The Chair may request that any vote or action be taken
524 by the Board without a meeting and without unanimous consent, and such
525 action may be taken if approved by the appropriate voting levels specified
526 in Article V of the Certificate. Notice of the Chair's request shall be given
527 to all Directors in the manner specified in Article II of the Bylaws.

528 (ii) During meetings: Notational votes from a Director not in attendance shall
529 be accepted and counted at a Board meeting with respect to any resolutions
530 circulated in writing in advance of a Board meeting; provided, however,
531 that if substantive changes are made in a resolution at the Board meeting
532 such advance notational votes shall not be counted with respect to that
533 resolution, but the procedures specified in (iii) below should be used.

534 (iii) Following a meeting: The Board shall indicate whether, and if so for how
535 long, notational votes will be accepted after a meeting relating to particular
536 issues voted on at that meeting.

537 (g) Board Members may participate and vote by means of teleconference or other
538 electronic means, eligibility to continue serving as a Board Member is dependent
539 upon in-person attendance at a minimum of one scheduled Board Meeting per year
540 and participation in at least two such meetings per year. Such
541 attendance/participation shall be reviewed annually.

542

543 **ARTICLE 10 - EXECUTIVE COMMITTEE**

544 **Section 10.1 Duties and Responsibilities**

545 The EC shall have the duties and responsibilities described in Article III, Section 5 of the
546 Certificate.

547 **Section 10.2 EC Members**

548 (a) The EC shall consist of representatives of the Quadrants, with each Quadrant
549 determining the number of EC Members representing that Quadrant. Regardless of
550 the number of EC Members elected from each Quadrant, no Quadrant shall be
551 entitled to cast a vote greater than the percentage that its Quadrant represents in
552 relation to the total number of Quadrants represented on the EC. Each Segment
553 within a Quadrant shall be represented by an equal number of EC Members, to be
554 determined by that Quadrant. The procedures followed for electing the EC
555 Members shall be those specified in that Quadrant's Exhibit to these Bylaws.

556 (b) The term of office of an EC Member shall be for a period set by the Quadrant, not
557 less than one year, not to exceed three years. Each Quadrant will determine the
558 terms for their EC Members. EC Member terms may vary between Quadrants. EC
559 Members may be reelected to subsequent terms. Each EC Member shall hold
560 office during his or her term until the earliest of: (i) the expiration of the term for
561 which he or she was elected and until his or her successor has been elected and
562 qualified, (ii) the EC Member's resignation of his or her Voting Membership (if the
563 EC Member is the Voting Member as an individual) or the lapse of the EC
564 Member's Voting Membership for delinquency in membership fee payment, (iii)
565 the resignation or lapse (through delinquency in membership fee payment) of
566 Voting Membership of the entity of which the EC Member is a partner, officer,
567 employee or Agent, or (iv) the EC Member's death, resignation, or removal.

568 (c) Each EC Member shall be a natural person at least eighteen years of age who need
569 not be a resident of Delaware and who shall be a Voting Member, or a partner in,
570 or an officer, employee or Agent of, a Voting Member.

- 571 (d) Vacancies in the EC resulting from the circumstances described in Subsections
572 10.2(b)(ii), (iii), or (iv) above or described in Section 10.2(e) below shall be filled
573 by the Segment in which the vacancy occurs, in accordance with the procedures
574 specified in that Quadrant's Exhibit to these Bylaws.
- 575 (e) Procedures for removal of EC Members representing a Segment are contained in
576 the pertinent Quadrant's Exhibit to these Bylaws.
- 577 (f) Any EC Member may resign at any time by giving written notice to NAESB. The
578 resignation shall be effective upon receipt by the Secretary or at such subsequent
579 time as may be specified in the notice of resignation.

580 **Section 10.3 EC Organization**

- 581 (a) The EC shall elect from among its members an EC Chair, and a Vice Chair. Each
582 of these officers shall serve for a term of one year and until his or her successor has
583 been elected and qualified, or until his or her earlier death, resignation, or removal.
584 The EC may appoint a secretary.
- 585 (b) Every meeting of the EC shall be presided over by the EC Chair, an EC Vice Chair
586 or, in the absence of the EC Chair and EC Vice Chairs, a chair chosen by a majority
587 of the EC Members present.
- 588 (c) A majority of the EC may remove the EC Chair or an EC Vice Chair from his or
589 her position whenever in its judgment the best interests of the EC or NAESB will
590 be served thereby.
- 591 (d) The EC Chair and EC Vice Chairs may resign at any time by giving written notice
592 to the Secretary. The resignation shall be effective upon receipt by the Secretary
593 or at such subsequent time as may be specified in the notice of resignation.
- 594 (e) The EC considers Standards and Model Business Practices, acting upon requests
595 presented to it through the Triage Process or as set by the annual plan.
- 596 (f) By a majority vote, the EC shall assign responsibility to one or more Quadrants to
597 address each request for a proposed Standard or a proposed Model Business
598 Practice, at the conclusion of the Triage Process. The Quadrant(s) assigned such
599 responsibility shall process the request and vote on the ultimate recommendation.

600 Only the members of the Quadrant(s) to which the request has been assigned may
601 vote to ratify actions taken to approve a Standard or a Model Business Practice.
602 Any Standard or Model Business Practice adopted by a Quadrant(s) shall apply
603 only to the activities of the energy sector covered by that Quadrant(s).

604 (g) As part of the Triage Process, the EC may direct that two or more Quadrants jointly
605 consider a request for proposed Standards or proposed Model Business Practices.
606 In such event, the indicated Quadrants of the EC shall jointly act on the
607 recommendation (and in so doing, may appoint joint subcommittees or task forces
608 to assist in such consideration) and, if applicable, the members of the affected
609 Quadrants shall act on ratification of the Standards or Model Business Practices.
610 To the extent that multiple Quadrants, having jointly considered Standards or
611 Model Business Practices, cannot reach agreement on such Standards or Model
612 Business Practices, the EC representatives of any of the participating Quadrants
613 may, by a Majority vote, instruct the subcommittee to provide a status report. After
614 receiving the status report, the EC representatives from any of the participating
615 Quadrants may request that the EC to repeat the Triage Process for a proposed
616 Standard or proposed Model Business Practice to allow a Quadrant(s) to proceed
617 independently.

618 (h) Any Quadrant(s) that believes that it is affected by a Standard or Model Business
619 Practice adopted by any other Quadrant(s) EC may seek Reconsideration of the
620 assignment of such proposed Standard or Model Business Practice.

621 (i) Within thirty days after the publication of the meeting minutes recording
622 the EC vote to approve a proposed Standard or Model Business Practice,
623 any Quadrant(s) that believes itself to be affected by such action shall so
624 indicate in a resolution adopted by a Majority vote of the EC of such
625 Quadrant(s), which shall be forwarded by the NAESB office to the EC Chair
626 and the entire EC.

627 (ii) Within thirty days of notice to the EC of such affirmative vote, the EC shall
628 enter a Reconsideration action on the agenda for its next meeting. A
629 Reconsideration action shall pass if a Majority of each Quadrant of the EC

630 that did not vote to adopt the recommended Standard or Model Business
631 Practice now votes in favor of Reconsideration.

632 (iii) In the event the Reconsideration action passes, an affected Quadrant and
633 any other Quadrants that were assigned the request for a proposed Standard
634 or proposed Model Business Practice as a result of the initial Triage Process
635 shall jointly consider such request for a proposed Standard or a proposed
636 Model Business Practice as described in Section 10.3(g) of these Bylaws.

637 (iv) If the Reconsideration action fails, the Quadrant(s) that adopted the
638 recommendation for a proposed Standard or a proposed Model Business
639 Practice shall proceed with ratification of such proposals by the members
640 of such Quadrant(s).

641 (i) The ratification of a Standard or Model Business Practice requires a sixty-seven
642 percent (67%) approval of the members returning ballots of each of the applicable
643 Quadrant(s).

644 (j) Minutes shall be kept of all EC and EC Subcommittee meetings and forwarded to
645 the Secretary.

646 **Section 10.4 Meetings**

647 (a) The EC may hold regular meetings at such place and time as shall be designated by
648 resolution of the EC as a whole or the EC.

649 (b) The EC will make all reasonable efforts to coordinate the times and locations of
650 their meetings such that meetings which occur on concurrent or consecutive days
651 will be in close physical proximity, facilitating attendance of multiple meetings by
652 EC Members, individual NAESB members of any Quadrant, or other interested
653 parties.

654 (c) The EC Chair or at least one-third of the EC Members may call special meetings of
655 the EC which shall be held at such time and place as shall be designated in the call
656 for the meeting. At least five days' notice of any special meeting shall be given to
657 each EC Member pursuant to Section 11.1 of these Bylaws or by telephone. Such
658 notice shall state the time and place of such special meeting and state the matters to

659 be discussed at the special meeting. Action taken at special meetings shall be
660 limited to the matters described in the meeting notice.

661 (d) The quorum necessary for EC meetings is a majority, as set forth in Article V of
662 the Certificate.

663 (e) Each EC Member shall be entitled to one vote.

664 (f) Article V, Section 4 of the Certificate describes the EC voting procedures and
665 number of votes required for adoption or approval for particular issues with respect
666 to NAESB.

667 (g) One or more EC Members may virtually participate in a meeting of the EC or a
668 committee thereof by means of which all persons participating in the meeting can
669 hear each other.

670 (h) No substitutes shall be permitted to vote at EC meetings. However, a Designated
671 Alternate may vote at meetings of the EC in place of an absent EC Member from a
672 given Segment. A Designated Alternate is defined as a person named in a list by
673 the Segment that is received by the Secretary at least five days prior to the pertinent
674 meeting of the EC. Each Segment's list shall be developed, amended and structured
675 in the manner described in the procedures for selection of executive committee
676 designated alternates. A Designated Alternate has all voting rights of the EC
677 Member in whose place he or she serves, except for those matters on which the EC
678 Member has already voted by notational ballot prior to the beginning of a meeting.

679 (i) EC Members may participate and vote by means of teleconference or other
680 electronic means; eligibility to continue serving as an EC Member is dependent
681 upon attendance at one meeting per year. Such attendance/participation shall be
682 reviewed annually for the preceding twelve months.

683 (j) Notational voting by EC Members is proper in the following circumstances and
684 pursuant to the following procedures:

685 (i) In lieu of meeting: The EC Chair may request that any vote or action be
686 taken by the EC without a meeting and without unanimous consent, and
687 such action may be taken if approved by the appropriate voting levels

688 specified in Article V of the Certificate. Notice of the EC Chair's request
689 shall be given to all EC Members in the manner specified in Article II of
690 these Bylaws.

691 (ii) During meetings: Notational votes from an EC Member that is not present
692 shall be accepted and counted at an EC meeting with respect to any
693 resolutions circulated in writing in advance of an EC meeting; provided,
694 however, that if substantive changes are made in a resolution at the EC
695 meeting such advance notational votes shall not be counted with respect to
696 that resolution, but the procedures specified in (iii) below should be used.

697 (iii) Following a meeting: The EC shall indicate whether, and if so for how long,
698 notational votes will be accepted after a meeting relating to particular issues
699 voted on at that meeting. Notational ballots will be distributed to EC
700 members and EC alternates.

701 **Section 10.5 EC Subcommittees**

702 (a) The EC may establish subcommittees to be comprised of Members and other
703 interested parties who have the opportunity to participate. Each EC Subcommittee
704 shall employ Balanced Voting when requested. Each EC Subcommittee shall
705 report to, and serve at the pleasure of, the EC. EC Subcommittees shall each:

706 (i) elect a chair or co-chair, which shall be an EC Member and will serve until
707 removed by the subcommittee's membership;

708 (ii) carry out its work in accordance with the procedures adopted by the EC for
709 EC Subcommittees; and

710 (iii) keep regular minutes of its proceedings and provide copies of these minutes
711 promptly to the Secretary.

712 Any task forces established by EC Subcommittees shall be comprised of Members
713 and other interested parties.

714 (b) The Triage Subcommittee shall review and recommend disposition of each request
715 received by NAESB for a Standard, or Model Business Practice. Disposition shall

716 mean scope, priority consistent with the Annual Plan, and assignment to a
717 Quadrant(s) and subcommittee(s) for action.

718

719 **ARTICLE 11 - NOTICE**

720 **Section 11.1 Written Notice**

721 (a) Whenever written notice is required to be given to any person, it may be given to
722 the person, either personally or by sending a copy by first class or express mail,
723 postage prepaid, or courier service, charges prepaid, or by telegram (with
724 messenger service specified), electronic mail (or its equivalent), or by facsimile
725 transmission, to his or her address or to his or her electronic mail address or
726 facsimile number appearing on the books of NAESB, in the case of Directors or EC
727 Members, supplied by him or her to NAESB for the purpose of notice. If the notice
728 is sent by mail, telegraph or courier service, it shall be deemed to have been given
729 when deposited in the United States mail or with a telegraph office or courier
730 service for delivery to that person. A notice of meeting shall specify the place, day
731 and hour of the meeting and any other information required by the Delaware law.
732 Except as otherwise provided by Delaware law or these Bylaws, when a meeting is
733 adjourned, it shall not be necessary to give any notice of the adjourned meeting, or
734 of the business to be transacted at an adjourned meeting, other than by
735 announcement at the meeting at which such adjournment is taken.

736 (b) Notices given shall comply with the provisions of Article VI, Sections 1 and 3 of
737 the Certificate.

738 **Section 11.2 Waiver by Writing**

739 Whenever any written notice is required to be given, a waiver in writing, signed by the
740 person or persons entitled to the notice, whether before or after the time stated, shall be deemed
741 equivalent to the giving of the notice.

742 **Section 11.3 Waiver by Attendance**

743 Attendance of a person at any meeting shall constitute a waiver of notice of the meeting
744 except where a person attends a meeting for the express purpose of objecting, at the beginning of

745 the meeting, to the transaction of any business because the meeting was not lawfully called or
746 convened.

747

748 **ARTICLE 12 - CONFLICTS OF INTEREST**

749 **Section 12.1 Interested Directors and Officers**

750 No contract or transaction between NAESB and one or more of its Members, Directors, or
751 officers or between NAESB and any other corporation, partnership, association, or other
752 organization in which one or more of its Directors or officers are directors or officers, or have a
753 financial interest, shall be void or voidable solely for such reason, or solely because the Member,
754 Director, or officer is present at or participates in the meeting of the Board or committee thereof
755 which authorizes the contract or transaction, or solely because his, her, or their votes are counted
756 for that purpose, if:

757 (a) the material facts as to the relationship or interest and as to the contract or
758 transaction are disclosed or are known to the Board or the committee thereof and
759 the Board or committee thereof in good faith authorizes the contract or transaction
760 by the affirmative votes of a majority of the disinterested Directors even though the
761 disinterested Directors are less than a quorum;

762 (b) the material facts as to his or her relationship or interest and as to the contract or
763 transaction are disclosed or are known to the Members entitled to vote thereon, if
764 any, and the contract or transaction is specifically approved in good faith by vote
765 of such Members; or

766 (c) the contract or transaction is fair as to NAESB as of the time it is authorized,
767 approved, or ratified by the Board or the Members.

768 Common or interested Directors may be counted in determining the presence of a quorum
769 at a meeting of the Board or of a committee thereof, which authorizes the contract or transaction.
770 NAESB's adoption of a Standard shall not constitute a "contract or transaction" within the meaning
771 of this Section.

772

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

774 **Section 13.1 Limitation of Liability**

775 Article III, Section 6 of the Certificate contains limits on personal liability of Directors, EC
776 Members and other persons acting for NAESB, and these limitations are incorporated herein by
777 reference. Any repeal or amendment of Section 13.1 of these Bylaws shall be prospective only
778 and shall not increase, but may decrease, a Director's liability with respect to actions or failures to
779 act occurring prior to such change.

780 **Section 13.2 Insurance**

781 NAESB shall purchase and maintain insurance on behalf of any person who is or was a
782 NAESB Director or NAESB Officer and, to the extent approved by the Board, on behalf of EC
783 Members, employees or Agents of NAESB or on behalf of persons now or previously serving at
784 the request of NAESB as a director, officer, employee or Agent of another domestic or foreign
785 corporation for profit or not-for-profit, partnership, joint venture, trust, or other enterprise against
786 any liability asserted against him or her and incurred by him or her in any such capacity, or arising
787 out of his or her status as such, whether or not NAESB would have the power to indemnify him or
788 her against that liability under the Delaware law.

789

790 **ARTICLE 14 - INDEMNIFICATION**

791 **Section 14.1 Representative Defined**

792 For purposes of Article 14 of these Bylaws, "representative" means any Director, officer,
793 employee, or Agent of NAESB.

794 **Section 14.2 Third-Party Actions**

795 NAESB shall indemnify, to the full extent not prohibited by law, any person who was or
796 is a party or is threatened to be made a party to any threatened, pending or completed action, suit
797 or proceeding, whether civil, criminal, administrative or investigative (other than an action by or
798 in the right of NAESB), by reason of the fact that he or she is or was a representative of NAESB,
799 or is or was serving at the request of NAESB as a representative of another domestic or foreign
800 corporation for profit or not-for-profit, partnership, joint venture, trust, or other enterprise, against

801 expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and
802 reasonably incurred by him or her in connection with the action, suit or proceeding if he or she
803 acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the
804 best interests of NAESB and, with respect to any criminal action or proceeding, had no reasonable
805 cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding
806 by judgment, order, settlement, or conviction or upon a plea of nolo contendere or its equivalent
807 shall not of itself create a presumption that the person did not act in good faith and in a manner
808 that he or she reasonably believed to be in, or not opposed to, the best interests of NAESB and,
809 with respect to any criminal action or proceeding, had reasonable cause to believe that his or her
810 conduct was unlawful.

811 **Section 14.3 Derivative and Corporate Actions**

812 NAESB shall indemnify, to the full extent not prohibited by law, any person who was or
813 is a party, or is threatened to be made a party, to any threatened, pending or completed action or
814 suit by or in the right of NAESB to procure a judgment in its favor by reason of the fact that he or
815 she is or was a representative of NAESB or is or was serving at the request of NAESB as a
816 representative of another domestic or foreign corporation for profit or not-for profit, partnership,
817 joint venture, trust, or other enterprise, against expenses (including attorneys' fees) actually and
818 reasonably incurred by him or her in connection with the defense or settlement of the action or suit
819 if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not
820 opposed to, the best interests of NAESB. Indemnification shall not be made under Section 14.3
821 of these Bylaws in respect of any claim, issue or matter as to which the person has been adjudged
822 to be liable to NAESB unless and only to the extent that the Court of Chancery or the court in
823 which the action or suit was brought determines upon application that, despite the adjudication of
824 liability but in view of all the circumstances of the case, such person is fairly and reasonably
825 entitled to indemnity for such expenses that the Court of Chancery or other court shall deem proper.

826 **Section 14.4 Procedure for Effecting Indemnification**

827 Unless ordered by a court, any indemnification under Section 14.2 or Section 14.3 of these
828 Bylaws shall be made by NAESB only as authorized in the specific case upon a determination that
829 indemnification of the representative is proper in the circumstances because he or she has met the
830 applicable standard of conduct set forth in those Sections. The determination shall be made:

831 (a) by the Board by a majority vote of a quorum consisting of Directors who were not
832 parties to the action, suit or proceeding; or

833 (b) if such a quorum is not obtainable or if obtainable a quorum of disinterested
834 Directors so directs, by independent legal counsel in a written opinion.

835 **Section 14.5 Advancing Expenses**

836 Expenses (including attorneys' fees) incurred in defending any action, suit or proceeding
837 referred to in Article 14 of these Bylaws may be paid by NAESB in advance of the final disposition
838 of the action, suit or proceeding upon receipt of an undertaking by or on behalf of the representative
839 to repay the amount if it is ultimately determined that he or she is not entitled to be indemnified
840 by NAESB as authorized in this Article or otherwise.

841 **Section 14.6 Supplementary Coverage**

842 The indemnification and advancement of expenses provided by or granted pursuant to
843 Article 14 of these Bylaws shall not be deemed exclusive of any other rights to which a person
844 seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement,
845 vote of the Members or disinterested Directors, or otherwise, both as to action in his or her official
846 capacity and as to action in another capacity while holding that office. Section 12.1 of these
847 Bylaws (relating to interested Directors or officers) shall be applicable to any bylaw, contract, or
848 transaction authorized by the Directors under this Section 14.6.

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

850 The indemnification and advancement of expenses provided by or granted pursuant to
851 Article 14 of these Bylaws shall, unless otherwise provided when authorized or ratified, continue
852 as to a person who has ceased to be a representative of NAESB and shall inure to the benefit of
853 the heirs and personal representatives of that person.

854 **Section 14.8 Reliance and Modification**

855 Each person who shall act as a representative of NAESB shall be deemed to be doing so in
856 reliance upon the rights provided by Article 14 of these Bylaws. The duties of NAESB to
857 indemnify and to advance expenses to a representative provided in Article 14 shall be in the nature
858 of a contract between NAESB and the representative. No amendment or repeal of any provision
859 of this Article shall alter, to the detriment of the representative, his or her right to the advance of

860 expenses or indemnification related to a claim based on an act or failure to act which took place
861 prior to such amendment or repeal.

862

863 **ARTICLE 15 - ANNUAL REPORT**

864 **Section 15.1 Annual Report**

865 The Board shall present annually to the Members a report, verified by the Board Chair and
866 Treasurer or by a majority of the Board, describing the activities and accomplishments of NAESB
867 and containing a financial report addressing at least the following matters:

868 (a) The assets and liabilities, including the trust funds, of NAESB as of the end of the
869 fiscal year immediately preceding the date of the report.

870 (b) The principal changes in assets and liabilities, including the trust funds, during the
871 year immediately preceding the date of the report.

872 (c) The revenue or receipts of NAESB, both unrestricted and restricted to particular
873 purposes, for the year immediately preceding the date of the report, including
874 separate data with respect to each trust fund held by or for NAESB.

875 (d) The expenses or disbursements of NAESB, for both general and restricted purposes,
876 during the year immediately preceding the date of the report, including separate
877 data with respect to each trust fund held by or for NAESB.

878 (e) The number of Members of NAESB as of the date of the report, together with a
879 statement of increase or decrease in such number during the year immediately
880 preceding the date of the report, and a statement of the place where the names and
881 addresses of the current Members may be found.

882 The annual report of the Board shall be filed with the minutes of the Meetings of the
883 Members.

884

885 **ARTICLE 16 - TRANSACTION OF BUSINESS**

886 **Section 16.1 Real Property**

887 NAESB shall make no purchase of real property nor sell, mortgage, lease away or
888 otherwise dispose of its real property, unless authorized by the vote of the Board. If the real
889 property is subject to a trust, the conveyance away shall be free of trust and the trust shall be
890 impinged upon the proceeds of such conveyance.

891 **Section 16.2 Negotiable Instruments**

892 All checks or demands for money and notes of NAESB shall be signed by such officer or
893 officers as the Board may designate.

894

895 **ARTICLE 17 - CORPORATE RECORDS**

896 **Section 17.1 Corporate Records**

897 NAESB shall keep at its registered office or at its principal place of business: (a) a copy
898 of the Certificate, including all amendments thereto; (b) the original or a copy of its Bylaws,
899 including all amendments thereto to date, certified by the Secretary; (c) an original or duplicate
900 record of the proceedings of the Board; (d) an original or duplicate record of the proceedings of
901 the EC; (e) an original or a duplicate membership register showing the names of the Members,
902 their respective addresses, and other details of membership, and (f) appropriate, complete, and
903 accurate books or records of account.

904

905 **ARTICLE 18 - AMENDMENTS**

906 **Section 18.1 Amendments**

907 The Bylaws of NAESB may be amended by the Board in the manner described in the
908 Certificate. Each Quadrant's Exhibit may be adopted or amended by majority vote of the Directors
909 representing that Quadrant or as may be specified in the procedures contained in that Quadrant's
910 Exhibit to these Bylaws. Votes on consistency of Quadrant procedures with the Certificate and
911 Bylaws are in the manner described in Article V, Section 5 of the Certificate.

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ARTICLE 19 - CONTRIBUTIONS TO STANDARDS AND MODEL BUSINESS PRACTICES

Section 19.1 Assignment of Rights in Contributions

All NAESB Members and other interested parties shall be allowed to participate in the creation of NAESB Standards and Model Business Practices. Participation in the creation of NAESB Standards and Model Business Practices requires service on a subcommittee that serves at the pleasure of, and reports to, the EC. The procedures and requirements for contributing to Standards and Model Business Practices shall conform to the policies of NAESB as stated in the NAESB Intellectual Property Rights Policy Concerning Contributions and Comments, NAESB Intellectual Property Rights Policy Concerning Patents, and the NAESB Operating Procedures. At the request of NAESB, participants in the development of a NAESB Standard or Model Business Practice shall execute a document assigning to NAESB any intellectual property interest that the individual has in any Contribution. To the extent a participant’s Contributions are made within the scope of the participant’s employment, the participant’s employer shall assign to NAESB its rights in the employee’s Contributions to the Standards or Model Business Practices. As standards are copyrighted by NAESB, the NAESB “Copyright Procedure Regarding Member and Purchaser Self-Executing Waiver” is available for self-executing waivers for use of the NAESB copyright material by Members and entities who have purchased the standards.

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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 MARKETS QUADRANT PROCEDURES

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