

1 **RULES OF PROCEDURE**

2 **I. Introduction**

3 The North American Energy Standards Board (NAESB), established in January 2002, is the  
4 successor to the Gas Industry Standards Board.<sup>1</sup> NAESB supports all markets of the gas and electric  
5 industries – wholesale gas, wholesale electricity, and retail markets – and recognizes the ongoing  
6 convergence of the gas and electric businesses by ensuring that its Standards receive the input of all  
7 industry Quadrants when appropriate.

8 NAESB is governed by its Board of Directors (Board) and officers. While government agencies  
9 often provide guidance to NAESB by requesting that Standards be adopted, it is the industry itself  
10 that develops the Standards the industry will implement. This relationship between NAESB and  
11 government agencies constitutes an effective public-private partnership that benefits both  
12 government and industry.

13 **II. Mission and Guiding Principles**

14 NAESB’s Certificate of Incorporation (the Certificate) states, “the objects and purposes of  
15 NAESB are to propose, develop and adopt voluntary Standards and Model Business Practices<sup>2</sup>  
16 designed to promote more competitive and efficient natural gas and electric service, as such  
17 standards apply to electronic record formats and communications protocols and related business  
18 practices that streamline the transactional processes of the natural gas and electric industries.”<sup>3</sup>

19 The following principles guide NAESB’s activities<sup>4</sup>:

20 *Independence.* NAESB is an independent body. While it may have informal liaisons with trade  
21 associations, other standards organizations, and government agencies, it is a separately incorporated,  
22 fully independent organization.

23 *Openness.* NAESB conducts its activities in the open. Openness applies to all aspects of its  
24 governance, elections, and Standards development procedures, including work products and related  
25 meetings. Meetings, agendas, and items set for discussion and/or vote are publicly noticed, and  
26 interested parties, regardless of whether they are NAESB Members, have the opportunity to  
27 participate.

28 *Voluntary.* Participation in NAESB is voluntary and adherence to its Standards, from NAESB’s  
29 perspective, is also voluntary. Membership in NAESB is not dependent on whether a company  
30 implements NAESB Standards, and NAESB does not have an enforcement mechanism.

31 *Balance of Interests.* Voting with respect to governance, Standards, and operating procedures  
32 provides for balance among industry Quadrant and Segment so that no interest group or groups have  
33 undue influence over any decision.

34 *Inclusivity.* All interested parties have the opportunity to participate in and join NAESB. All  
35 participants should be associated with a Segment and Quadrant.

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<sup>1</sup> The Gas Industry Standards Board (GISB) was incorporated in September 1994 to develop Standards for the wholesale natural gas market. When NAESB was established in January 2002, GISB became the Wholesale Gas Quadrant of the new organization and went out of existence as a separate entity.

<sup>2</sup> For purposes of the discussion herein, “Standards” and “Model Business Practices are used interchangeably. They are defined the same in Section 1.1 of the Bylaws.

<sup>3</sup> NAESB Certificate, Article II, Section 1.

<sup>4</sup> The explanation provided herein is intended to acquaint interested persons with how NAESB operates in a straightforward non-legalese way. In the event there is an inconsistency between the substance of what is stated herein and the Certificate and Bylaws, the terms of the Certificate and Bylaws control.

36 *Consensus-Based Decisions.* NAESB’s voting rules encourage consensus-based decisions. In  
37 addition, requirements that Standards need supermajorities and minimum votes per Segment in  
38 order to be passed ensure that Quadrant and Segment interests are protected.

39 *No Advocacy.* NAESB does not take advocacy positions on its Standards as a party to any  
40 proceeding before a government agency. NAESB’s duly authorized representatives, however, are  
41 not precluded from communicating with or educating anyone about NAESB’s procedures and/or  
42 work products.

43 *Industry Driven.* NAESB is industry driven. Standards may be proposed by any interested party.  
44 Staff members have neither a vote nor a role with respect to conducting NAESB affairs other than  
45 to perform administrative functions.

46 *Develop Practices, Not Policy.* NAESB’s committees, subcommittees, and task forces avoid  
47 creating policy in their standards development activities absent a request by the Board.

48 *Incorporate Best Practices.* To the extent reasonable, NAESB Standards reflect the best  
49 practices among existing and reasonably anticipated policies and procedures.

50 *Broad Applicability.* Standards are structured, to the extent reasonable, to be applicable to both  
51 the electric and the natural gas industries, and the industries work together to develop joint Standards  
52 where appropriate. However, where operating requirements dictate the need for different  
53 approaches, Standards are established separately by Quadrant(s).

54 *ANSI Accreditation.* NAESB is an accredited American National Standards Institute Standards  
55 Development Organization.

### 56 III. Description of the Organization

57 NAESB is organized by Quadrants and, within Quadrants, by Segments. Each NAESB member  
58 belongs to one or more of the three Quadrants: wholesale electric (WEQ), wholesale gas (WGQ),  
59 and retail markets (RMQ). Each Quadrant determines the number and composition of its Segments  
60 and how many representatives it will have on the Board and Executive Committee.

#### Wholesale Gas – 5 Segments

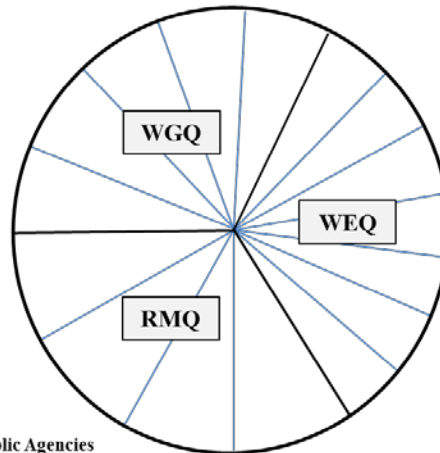
1. End Users
2. Local Distribution
3. Pipelines
4. Producers
5. Services

#### Wholesale Electric – 7 Segments

1. End Users
2. Distribution/LSE
3. Transmission
4. Generation
5. Marketers/Brokers
6. Independent Grid Operators/Planners
7. Technology and Services

#### Retail Markets – 4 Segments

1. Retail Electric End Users/Public Agencies
2. Retail Gas Market Interests
3. Retail Electric Utilities
4. Retail Electric Service Providers/Suppliers



61

#### 62 A. Board of Directors

63 The Board meets en banc throughout the year. It determines and approves the annual budget of  
64 NAESB and its Quadrants, sets the overall strategic direction of the organization, approves each  
65 Quadrant’s annual plan for standards development and maintenance, and determines all governance  
66 issues.

67 The proceedings of all Board meetings are transcribed. All decisions by the Board are made en  
68 banc; at the Board level, the Quadrants do not operate separately. Each Quadrant represented on the  
69 Board has thirty-three and a third percent (33<sup>1/3</sup>%) of the decision-making authority, regardless of  
70 the actual number of Board Members that represent the Quadrant. For all decisions other than  
71 changes to the certificate or bylaws, a simple majority is needed for passage. For approval of changes  
72 to the Certificate or the NAESB Bylaws (the Bylaws), there must be a seventy-five percent (75%)  
73 affirmative vote from each of the Quadrants and a forty percent (40%) affirmative vote from each  
74 of the fully populated Segments within the Quadrants. All Board votes are recorded and posted.

75 Board Members are selected in accordance with applicable Quadrant and Segment procedures.  
76 Generally, a Board Member:

- 77 • Must represent a Segment and Quadrant.
- 78 • Should have a broad understanding of the Segment he or she represents and sufficient  
79 authority to make decisions on behalf of his or her organization. For example, a  
80 Director representing a corporate Member should be an officer of the corporation.
- 81 • Must have a working knowledge of NAESB Board processes.
- 82 • Must be willing to commit the time and resources necessary to fulfill the obligations  
83 of a Board Member and meet the minimum threshold of participation and attendance  
84 established in Section 9.7(g) of the NAESB Bylaws.

85 Board Members may be removed in accordance with Section 7.6 of the Bylaws through the  
86 following process.

- 87 • Allegation(s) of conduct in violation of Section 7.6 of the Bylaws shall be presented  
88 to the Managing Committee by any Board Member for preliminary review, and, if the  
89 Managing Committee determines that there is a prima facie basis for the allegation(s),  
90 it shall promptly refer the matter to an ad hoc committee, consisting of Board Members  
91 from the Quadrant from which the charged Board Member was elected, to investigate  
92 the allegation(s). Preliminary review of the allegation(s) by the Managing Committee  
93 shall take place within ten business days of their presentation.
- 94 • The ad hoc committee shall investigate the matter and report its findings and  
95 recommendations to the Managing Committee within ten business days of referral  
96 from the Managing Committee. If the ad hoc committee recommends removal of the  
97 Director, the Managing Committee shall thereafter refer the matter to the Board for  
98 final action, either at a Board meeting or by notational ballot. If the ad hoc committee  
99 does not recommend removal, the matter shall be considered closed.
- 100 • Directors shall be removed by a simple majority of the Board.

101 The Board currently has two standing committees: the Managing Committee and the  
102 Parliamentary Committee. The Board may create ad hoc committees as needed.

### 103 B. Executive Committee

104 The Executive Committee (EC) has responsibility for implementing the NAESB annual plan;  
105 directing standards development and maintenance efforts and voting on standards development and  
106 maintenance.

107 The EC approves and may modify recommendations from the Triage Subcommittee on  
108 subcommittee assignments for standards development, including the relative urgency of the work;  
109 approves and may modify Standards that have been recommended by the standards development  
110 subcommittees; and monitors subcommittee progress on standards development.

111 The proceedings of all EC meetings are transcribed. For all decisions, other than on Standards  
112 issues, a simple majority of each Quadrant is needed for passage. For approval of Standards  
113 issues, there must be a sixty-seven percent (67%) affirmative vote from the EC Members and a forty percent

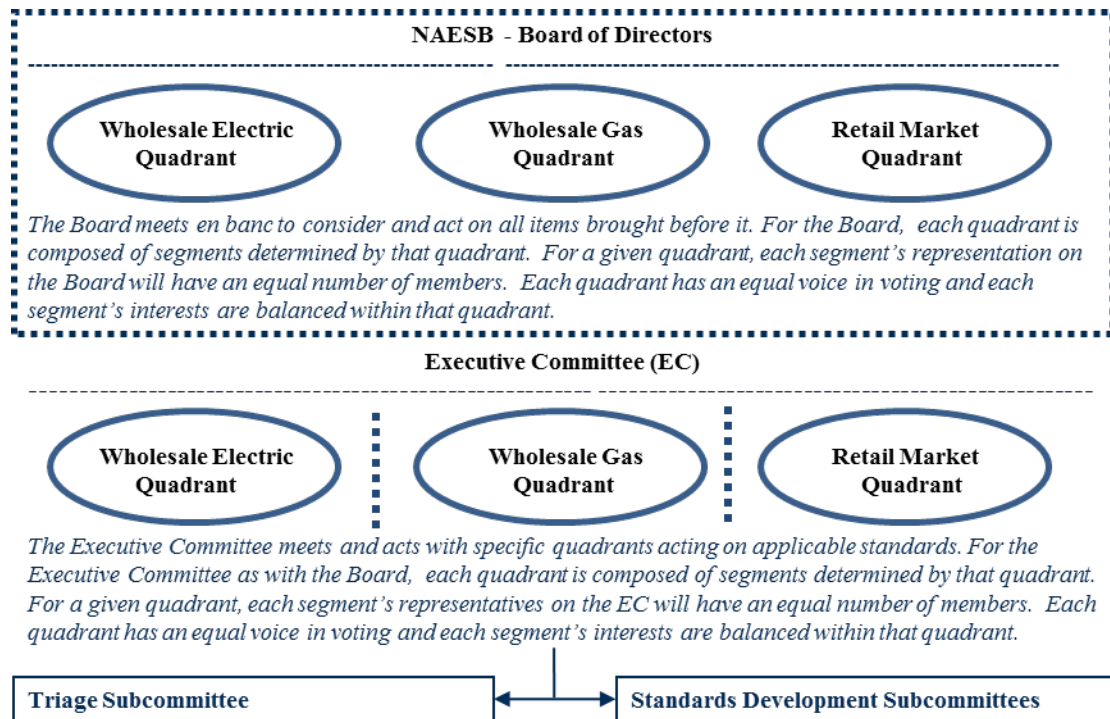
114 (40%) affirmative vote from each of the fully populated Segments within the Quadrant. All EC votes  
115 are recorded and posted.

116 EC Members are selected in accordance with applicable Quadrant and Segment procedures.  
117 Generally, an EC Member:

- 118 • Must represent a Segment and Quadrant.
- 119 • Should have a broad understanding of the Segment he or she represents and sufficient  
120 authority to make decisions on behalf of his or her organization.
- 121 • Must have a working knowledge of NAESB standards development processes.
- 122 • Must be willing to commit the time and resources necessary to fulfill the obligations  
123 of an EC Member and meet the minimum threshold of participation and attendance  
124 established in Section 10.4 (i) of the Bylaws.

125 The EC has several standing subcommittees, including the Triage Subcommittee and the  
126 Annual Plan Subcommittees, as well as several standards development subcommittees and task  
127 forces. It may create ad hoc subcommittees as needed for tasks specific to standards development  
128 and standards maintenance.

129 The chart below illustrates the interaction of the Board and the EC.



130

### 131 III. Standards Development Process

132 NAESB is focused on proposing, considering, and adopting voluntary Standards and Model  
133 Business Practices that will have a significant and lasting impact on all aspects of the natural gas  
134 and electricity marketplaces. As a result of the Standards NAESB adopts, it is expected that the  
135 industry will operate more efficiently and effectively, benefiting both the industry and its customers.  
136 At the same time, it must be acknowledged that NAESB Standards may constitute a change in the  
137 way parties do business, with an accompanying effect on the use and allocation of resources.

138 NAESB's policy is to move at a deliberate pace, consistent with its annual plan(s), thus  
139 permitting those affected by its Standards, especially those Standards adopted as regulations by the

140 Federal Energy Regulatory Commission (FERC) or other regulatory bodies, to assimilate them as  
141 part of their business practices. To this end, NAESB will carefully consider whether proposed  
142 Standards are both timely and necessary. In particular, it will try to avoid adopting and implementing  
143 new Standards, however beneficial, before the industry is able to reasonably make use of them.

144 The standards development process is governed by the annual plans, and items can be included  
145 in the plans or modified only with Board approval. The plans typically reflect requests from NAESB  
146 Members, government agencies, and other interested parties. In approving the annual plans, the  
147 Board considers the availability of resources, including the NAESB budget and staff and the  
148 availability of industry volunteers. New requests received throughout the year are either considered  
149 part of the existing annual plans or as new items that require Board approval.

150 The standards development process begins with an annual plan item or a triaged and approved  
151 request. The Triage Process is used by all Quadrants to determine whether a request is within scope,  
152 which Quadrant(s) it applies to, which subcommittee(s) it should be referred to, and what priority it  
153 should be assigned. Triage is carried out by EC Members. Triage recommendations are submitted  
154 to the en banc EC and are approved by the applicable EC, and may also require Board approval if  
155 there are scope questions or if a modification of the annual plan is required.

156 Once the Triage Process is completed, the subcommittees – more than one are normally  
157 involved in Standards recommendations – review the request, compare it to existing Standards, and  
158 prepare recommendations that may take the form of new or modified Standards. Participation in EC  
159 subcommittees is open to any interested party regardless of membership status. All subcommittee  
160 participants may vote consistent with Balanced Voting rules. Voting is balanced by Segment and  
161 Quadrant. All votes are public.

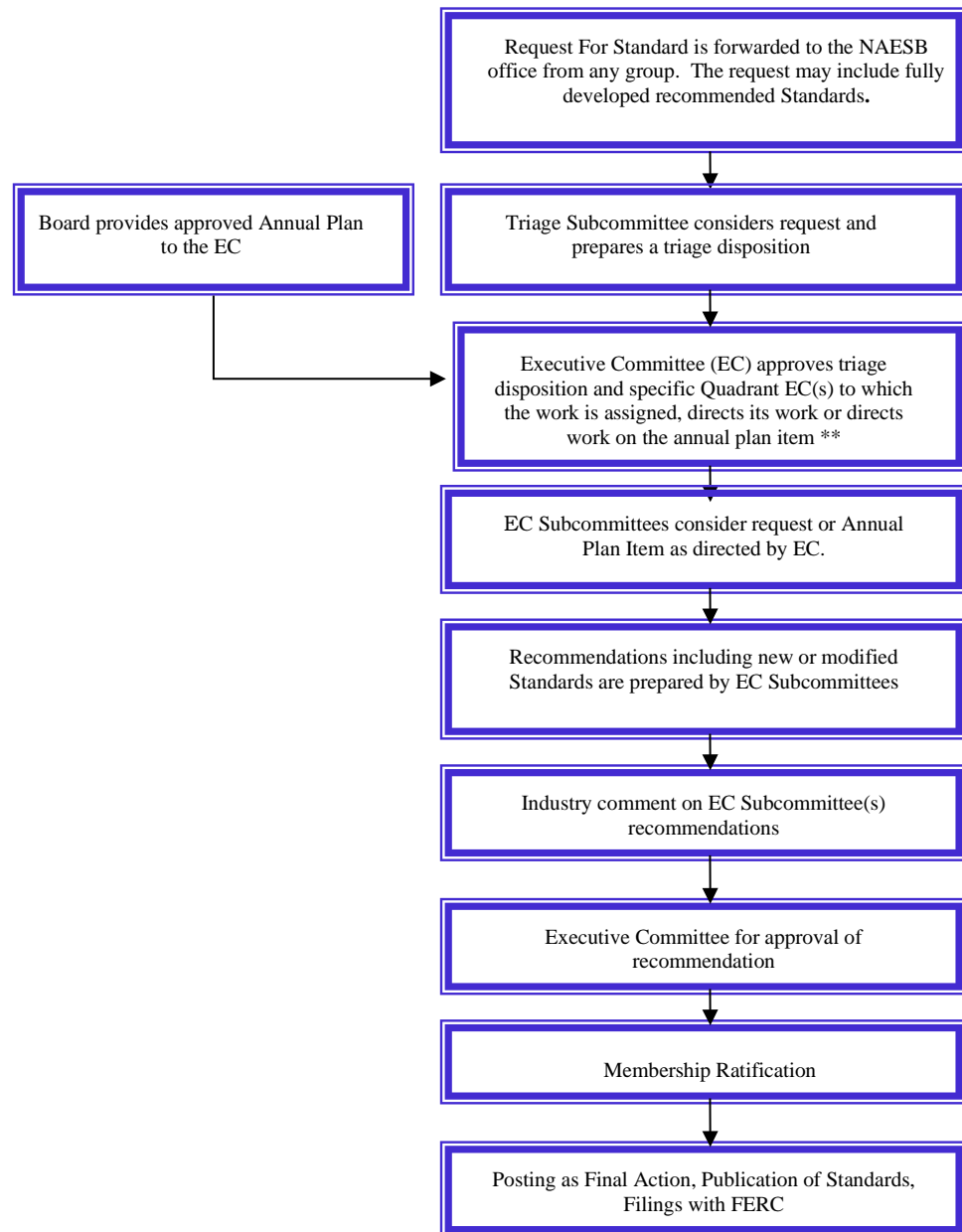
162 When the recommendation is complete, it is made available for a thirty-day industry comment  
163 period, unless shortened or extended by the applicable EC. All comments are provided at least three  
164 business days before the EC meeting at which they will be discussed, absent compelling reasons.  
165 Any party filing late comments has the responsibility to demonstrate such compelling reasons. The  
166 EC, by vote, shall determine whether to consider such late comments at that meeting. The  
167 recommendation and comments are then forwarded to the EC, which considers the recommendation,  
168 makes any changes it deems necessary, and takes a vote.

169 As noted above, a recommendation must receive an affirmative vote of at least sixty-seven  
170 percent (67%) from each applicable Quadrant EC and forty percent (40%) from each of the fully  
171 populated Segments of the applicable Quadrant(s) in accordance with the requirements set forth in  
172 Article V of the Certificate and Article 2, Section 2.3 of the Bylaws.

173 After passage by the EC, the recommendation must be ratified by the NAESB Members. An  
174 affirmative vote of sixty-seven percent (67%) of the Members of the applicable Quadrant(s) of the  
175 general membership voting is required for ratification. After ratification, Standards and  
176 modifications are considered final actions and will be published in the next version of the NAESB  
177 Standards.

178 The foregoing process has been followed since 1994 and has been used to develop Standards  
179 that have been incorporated by reference into federal regulations. The Standards that apply to  
180 electronic delivery mechanisms have been endorsed by several state regulatory bodies and have also  
181 been adopted by the automotive, insurance, and health care industries.  
182

North American Energy Standards Board  
Standards Development Process Flow Chart



184           \*\* -- For those requests assigned to the WEQ, a separate process may be employed in addition  
 185 to the one outlined here, for joint development with the North American Electric Reliability  
 186 Corporation.

187 A. Flexibility

188 NAESB recognizes that flexibility is necessary as Standards are developed to address regional  
189 concerns or to incorporate variances to accommodate operational or structural differences. For  
190 example, as the WGQ drafted Standards for nomination and scheduling of transportation, it realized  
191 that there were three models for transportation. Accordingly, the Standards that address these models  
192 have three parts, with each specifying the Standard for each model. This flexibility is also found in  
193 the associated information Standards, which note which data elements are needed for which model  
194 and whether those data elements are required or optional.

195 There is a high threshold for incorporating such variances in a Standard; the subcommittee(s)  
196 in drafting the Standard, the EC in approving the subcommittee recommendation, and the  
197 membership in approving the Standard, must all agree that such variance is necessary. Nonetheless,  
198 NAESB procedures are well suited to take into account operational and regional differences.

199 B. Transparency

200 All NAESB meetings are open for attendance and participation by any interested party, with  
201 the exception of executive sessions of the Board or Managing Committee for purposes of discussing  
202 personnel, compensation or legal issues. Meeting announcements and agendas are posted in  
203 advance to permit the widest possible participation. Virtual attendance capability is available for all  
204 meetings. Those intending to attend a meeting in person or virtually are asked to notify NAESB by  
205 a specific date to permit adequate meeting planning.

206 Transcripts are made of all Board and EC meetings, and may also be made of other meetings  
207 that are expected to be controversial. Transcripts are maintained in the NAESB office and are  
208 provided to regulatory agencies for their internal use. All other interested parties can purchase  
209 transcripts from the relevant transcription service.

210 **IV. Operating Procedures of the North American Energy Standards Board**

211 These general operating procedures apply to all NAESB Quadrant activities unless otherwise  
212 noted. The procedures complement the NAESB Certificate and the Bylaws and are not inconsistent  
213 with either governing document. The NAESB Operating Procedures (NAESBOPs) may be amended  
214 by the Board.

215 The procedures that follow are:

- 216 A. Executive Committee Subcommittees
- 217 B. Balanced Voting Procedures for EC Subcommittees and Task Forces
- 218 C. Standards Development and Maintenance
- 219 D. Minor Clarifications and Corrections to Standards
- 220 E. Notational Ballots
- 221 F. Appeal Procedures
- 222 G. Standards Publication Cycle
- 223 H. Communicating with Regulatory and Other Government Agencies
- 224 I. Treatment of Executive Committee Abstentions
- 225

226 A. Executive Committee Subcommittees

227 The following are general procedures of EC subcommittees and are intended to guide the  
228 operations of such subcommittees. Where the EC, in coordination with the Parliamentary  
229 Committee, has approved specific procedures for a particular subcommittee, those procedures apply  
230 in lieu of these generally applicable procedures.

231 1. Establishment of Subcommittees

232 The EC shall have the general authority to adopt resolutions establishing subcommittees and  
233 task forces within subcommittees for the specific purpose of developing and maintaining Standards  
234 and Model Business Practices. After the establishment of a subcommittee by the EC the  
235 subcommittee may establish working groups as needed to address ad hoc issues. Subcommittees,  
236 task forces within the subcommittees, and working groups shall comply with the NAESBOPs in all  
237 respects.

238 In addition, the EC may request authorization of the Managing Committee of the Board to  
239 establish other subcommittees and task forces within subcommittees not covered by the preceding  
240 paragraph, and only upon such authorization being granted shall the said subcommittees and task  
241 forces within subcommittees come into existence. The Managing Committee may delegate the  
242 authority to develop additional subcommittees to the Parliamentary Committee of the Board.

243 Subject to the foregoing, subcommittees are voluntary committees set up at the pleasure of the  
244 EC to perform various functions as set forth in the Bylaws and as may be determined by the EC.  
245 The scope and activities of any subcommittee shall be determined by the EC.

246 When establishing a subcommittee, the EC shall prepare a written statement containing the  
247 name and the purpose of the subcommittee and the tasks it will accomplish. The EC shall also select  
248 one of its Members to serve as temporary chair of the subcommittee; the temporary chair shall serve  
249 only until the subcommittee is organized and elects its own chair.

250 The temporary chair of the subcommittee shall make arrangements through the office of the  
251 President for the initial meeting of the subcommittee, including drafting a notice of the meeting and  
252 the meeting agenda and determining the time and place of the meeting. The meeting notice should  
253 include:

- 254 a. The name and purpose statement of the new subcommittee
- 255 b. A public invitation to serve on the subcommittee
- 256 c. The procedure for selecting a subcommittee chair
- 257 d. The procedure for determining the need for a cochair or vice chair.

258 The notice of the initial meeting shall be provided in advance to the public, NAESB  
259 participants, and interested trade association staff for distribution to their members so that  
260 attendance is encouraged. Emergency meetings, however, may be called without the foregoing  
261 notice.

262 2. Order of Business for Initial Subcommittee Meeting

263 At the initial meeting of a subcommittee:

- 264 a. The temporary chair should welcome participants, ask participants to identify themselves  
265 by Quadrant and Segment, and give the antitrust advice.
- 266 b. The temporary chair should review the name, objectives, and task assignment(s) as directed  
267 by the EC.
- 268 c. The subcommittee should prepare a mission statement that should be approved by the  
269 subcommittee by a Balanced Vote and then submitted to the EC for approval.
- 270 d. The subcommittee should determine, if necessary, the term of the chair and other  
271 subcommittee positions, as applicable, and elect the chair and vice chair or co-chair as



272 applicable pursuant to the voting process below. The chair, vice chair, and all co-chairs  
273 must be Members of NAESB, and the chair, vice chair, or one of the co-chairs must be a  
274 Member of the EC. Subcommittees may select co-chairs by Segments if they so choose.

275 e. The subcommittee may conduct other organizational business as may be necessary to  
276 implement a subcommittee structure and the processes necessary to carry out the objectives  
277 of the EC.

278 f. The subcommittee may take any other appropriate actions.

### 279 3. Participation in Subcommittees

280 Subcommittee participation is open to all interested persons, provided, however, that for certain  
281 subcommittees, voting is limited to named Members or alternates. Participants may join as many  
282 subcommittees as they desire, and may do so at any time.

### 283 4. Subcommittee Working Groups

284 A subcommittee established by the EC may establish working groups to assist in the  
285 achievement of its objectives. A working group should report to its parent subcommittee on a regular  
286 basis, and the proposed actions and recommendations of the working group must be reviewed and  
287 ratified by the subcommittee before they are forwarded to the EC.

### 288 5. Meetings of Subcommittees, Task Forces, and Working Groups

289 Meetings of subcommittees and of task forces and working groups within subcommittees shall  
290 be arranged and presided over by the subcommittee chair, vice chair, or co-chair and shall be open  
291 to all NAESB Members and other interested persons. Meetings shall be held at times and in places  
292 reasonably selected for the convenience of the subcommittee. Notices of meetings shall be posted  
293 on the NAESB website. With prior notification, a cost-based meeting fee may be charged at the  
294 discretion of the President with approval of the Managing Committee.

295 Notice of in-person group meetings should be given at least two weeks in advance, although  
296 working groups may call meetings with less than two weeks' notice. Notice of virtual meetings  
297 should normally be given at the preceding meeting of the subcommittee, task force, or working  
298 group, and notice of such meetings should normally be posted on the NAESB website at least one  
299 week in advance.

300 Unless an exception has been granted in advance by the Managing Committee, all in-person  
301 meetings must provide for virtual attendance. With prior notification, such virtual attendance may  
302 be at the callers' expense. At an in-person meeting, the chair of the group or a NAESB staff member  
303 shall log onto the virtual platform so as to admit the virtual attendees and permit interaction between  
304 the in-person and virtual attendees.

305 Agendas for all meetings should be prepared by the chair, vice chair, or co-chair of the  
306 applicable subcommittee, task force, or working group and posted on the NAESB website  
307 sufficiently in advance of the meeting to allow those accessing the NAESB website to identify the  
308 issues to be discussed.  
309

310 B. Balanced Voting Procedures for EC Subcommittees and Task Forces

311 For non-administrative motions, all EC subcommittees and task forces shall use Balanced  
 312 Voting procedures whereby each Segment of a Quadrant holds two votes to be apportioned equally  
 313 to those participants of the Segment present at the meeting either in person or by phone. No  
 314 individual may have more than one apportioned vote. The votes, or fractions of votes, are totaled  
 315 across Segments to determine the outcome of the motion under consideration. No notational or  
 316 proxy votes are permitted.

317 The foregoing procedures, however, do not apply to EC subcommittees and task forces in which  
 318 the membership is restricted to named Members. Such subcommittees and task forces are already  
 319 balanced in that only the named Members vote, and the named Members represent a balance of the  
 320 Segments within the Quadrant. Notational votes are permitted in subcommittees and task forces  
 321 with named Members.

322 1. Examples of Balanced Voting for One Quadrant

323 At a meeting of the RMQ Business Practices Subcommittee, there is a vote on a proposed  
 324 standard to be forwarded to the RMQ EC as a recommendation for consideration. At the meeting,  
 325 both in person and virtual, the Segments are represented as follows: five retail electric service  
 326 providers/suppliers, three retail electric utilities, one retail end users/public agencies, and six retail  
 327 gas market interests. The Balanced Vote is calculated as follows:

<i>Segment</i>	<i>Votes Cast</i>		<i>Balanced Votes</i>	
	<i>Yes</i>	<i>No</i>	<i>Yes</i>	<i>No</i>
<i>Retail Electric Service Providers/Suppliers</i>	3	2	1.2	0.8
<i>Retail Electric Utilities</i>	3		2	
<i>Retail Electric End Users/Public Agencies</i>		1		1
<i>Retail Gas Market Interests</i>	4	2	1.3	0.7
<i>Total</i>	10	5	4.5	2.5

328 As the Balanced Vote is 4.5 to 2.5, the motion passes.

329 Similarly, at a meeting of the RMQ Business Practices Subcommittee, there is a vote on a  
 330 proposed Standard to be forwarded to the RMQ EC as a recommendation for consideration. At the  
 331 meeting, both in person and virtual, the Segments are represented as follows: five retail electric  
 332 service providers/suppliers, six retail electric utilities, two retail electric end users/public agencies,  
 333 and six retail gas market interests. The Balanced Vote is calculated as follows:

<i>Segment</i>	<i>Votes Cast</i>		<i>Balanced Votes</i>	
	<i>Yes</i>	<i>No</i>	<i>Yes</i>	<i>No</i>
<i>Retail Electric Service Providers/Suppliers</i>	3	2	1.2	0.8
<i>Retail Electric Utilities</i>	4	2	1.33	0.66
<i>Retail Electric End Users/Public Agencies</i>		2		2
<i>Retail Gas Market Interests</i>	4	2	1.33	0.66

	<i>Votes Cast</i>		<i>Balanced Votes</i>	
<i>Total</i>	<i>11</i>	<i>8</i>	<i>3.68</i>	<i>4.12</i>

334 As the Balanced Vote is 3.68 to 4.12, the motion fails.

335 2. Example of Balanced Voting across Quadrants

336 In cases of joint-Quadrant subcommittees, the representatives of each Quadrant share an equal  
337 portion of the vote. For example, in a joint WGQ-WEQ subcommittee, the WGQ and WEQ each  
338 contribute fifty percent (50%) of the total vote. At a meeting of the WGQ-WEQ Business Practices  
339 Subcommittee, there is a vote on a proposed Standard to be forwarded to the Quadrant ECs as a  
340 recommendation for consideration. At the meeting, both in person and virtual, the WEQ Segments  
341 are represented as follows: fourteen transmission representatives; six generation representatives;  
342 six marketer/brokers representatives; four distribution/load serving entities representatives; one end  
343 user representative; six independent grid operators/planners representatives; and three technology  
344 and service representatives. The Balanced Vote for the WEQ is calculated as follows:

	<i>Votes Cast</i>		<i>Balanced Votes</i>	
<i>Segment</i>	<i>Yes</i>	<i>No</i>	<i>Yes</i>	<i>No</i>
<i>Transmission</i>	<i>14</i>	<i>0</i>	<i>2</i>	<i>0</i>
<i>Generation</i>	<i>5</i>	<i>1</i>	<i>1.66</i>	<i>0.33</i>
<i>Marketers/Brokers</i>	<i>3</i>	<i>3</i>	<i>1</i>	<i>1</i>
<i>Distribution/Load Serving Entities</i>	<i>3</i>	<i>1</i>	<i>1.5</i>	<i>0.5</i>
<i>End Users</i>	<i>1</i>	<i>0</i>	<i>1</i>	<i>0</i>
<i>Independent Grid Operators/Planners</i>	<i>3</i>	<i>3</i>	<i>1</i>	<i>1</i>
<i>Technology and Services</i>	<i>2</i>	<i>1</i>	<i>1.33</i>	<i>0.66</i>
<i>Total</i>	<i>26</i>	<i>14</i>	<i>9.49</i>	<i>3.49</i>

345 At the meeting, both in person and virtual, the WGQ Segments are represented as follows:  
346 seven producer representatives; twelve pipeline representatives; six LDC representatives; four end  
347 user representatives; and one services representative. The Balanced Vote for the WGQ is calculated  
348 as follows:

	<i>Votes Cast</i>		<i>Balanced Votes</i>	
<i>Segment</i>	<i>Yes</i>	<i>No</i>	<i>Yes</i>	<i>No</i>
<i>Producer</i>	<i>5</i>	<i>2</i>	<i>1.43</i>	<i>0.57</i>
<i>Pipeline</i>	<i>6</i>	<i>6</i>	<i>1</i>	<i>1</i>
<i>LDC</i>	<i>6</i>	<i>0</i>	<i>2</i>	<i>0</i>
<i>End User</i>	<i>1</i>	<i>3</i>	<i>0.5</i>	<i>1.5</i>
<i>Service</i>	<i>0</i>	<i>1</i>	<i>0</i>	<i>1</i>
<i>Total</i>	<i>20</i>	<i>10</i>	<i>4.93</i>	<i>4.07</i>

349 Both the WGQ and the WEQ contribute equally to the outcome. Under Balanced Voting, the  
350 WEQ contributes seventy-three percent (73%) in favor and twenty-seven percent (27%) opposed.  
351 The WGQ contributes fifty-five percent (55%) in favor and forty-five percent (45%) opposed. Using  
352 the Balanced Votes, the motion passes (passes at WGQ, passes at WEQ).  
353

354 C. Standards Development and Maintenance

355 Standards development and maintenance is a process by which a new Standard is created or an  
356 existing Standard is revised or deleted. The process is initiated either by the NAESB annual plans  
357 or by the submission of a request. Requests should be submitted electronically on the NAESB form  
358 Request for Initiation of a NAESB Business Practice Standard, Model Business Practice or  
359 Electronic Transaction or Enhancement of an Existing NAESB Business Practice Standard, Model  
360 Business Practice or Electronic Transactions and forwarded to the President for consideration by  
361 the EC. In addition, the EC may itself initiate a standards development and maintenance action based  
362 on legislative or regulatory events.

363 1. Action on Request

364 When a request for standards development or maintenance is submitted, the following takes  
365 place:

- 366 a. The NAESB office assigns a request number to the form and posts the request on the  
367 NAESB website.
- 368 b. The request is forwarded to the Triage Subcommittee for review at the next meeting of that  
369 subcommittee.
- 370 c. The Triage Subcommittee makes a recommendation as to whether the request is within  
371 scope of NAESB and, if so, to which Quadrant(s) it should be assigned. The members of  
372 the Triage Subcommittee representing the assigned Quadrant(s) then make a  
373 recommendation as to whether the request is within the scope of the Quadrant(s) and, if so,  
374 to which subcommittee or task force it should be assigned and what level of priority it  
375 should be given. The recommendations are then forwarded to the EC.
- 376 d. The EC approves, amends, or rejects the recommendation that the request is within the  
377 scope of NAESB. If the EC does not find the request in scope, the recommendation is  
378 forwarded to the Board for a final determination as to whether the request is in scope. If  
379 the EC finds the request within scope, it then forwards the request to the EC Members  
380 representing the quadrant(s) to which the request has been assigned.
- 381 e. The EC Members consider whether the request is within the scope of the assigned  
382 Quadrant(s), whether the request has been assigned to the correct subcommittee or task  
383 force, and whether it has been given the correct priority. By a simple majority vote, the EC  
384 Members approve or amend the foregoing recommendations.
- 385 f. The results of the EC consideration are recorded in the minutes and posted on the NAESB  
386 website.
- 387 g. For the Wholesale Electric Quadrant (WEQ), if executive management determines that the  
388 development requires coordination with the North American Electric Reliability  
389 Corporation (NERC), or NERC executive management requests such coordination, the  
390 joint development process developed by both NAESB and NERC will be employed in  
391 addition to the NAESB processes.
- 392 h. The subcommittee or task force completes the assigned task.
- 393 i. Where appropriate the subcommittee or task force may forward the request to other  
394 subcommittees or task forces to ensure that the work product is considered fully staffed.
- 395 j. Once complete, the subcommittee or task force submits a recommendation to the EC based  
396 on the results of the group's findings.
- 397 k. The recommendation is posted on the NAESB website for industry comment for thirty  
398 days, although this period may be shortened or extended by the EC.
- 399 l. To streamline joint Quadrant consideration of Proposed Standards, unless otherwise  
400 directed by the Board for annual plan items or the EC for triaged Proposed Standards, the  
401 following protocol shall apply to joint consideration of Proposed Standards:

- 402 i. Any such Proposed Standard that garners majority support of at least one affected  
403 Quadrant at the subcommittee level shall be put out for industry comment and  
404 possible approval by that Quadrant, even if the Proposed Standard does not attract  
405 majority support of all affected Quadrants at the subcommittee level.
- 406 ii. If such a Proposed Standard garners majority support of at least one Quadrant but  
407 does not have the support of all affected Quadrants at the subcommittee level, the  
408 subcommittee shall submit a status report to the joint Quadrant ECs, setting forth  
409 a recommendation whether joint consideration of the Proposed Standard should  
410 be terminated.
- 411 iii. Upon adoption of the subcommittee's recommendation that joint consideration of  
412 such a Proposed Standard be terminated, the EC of the Quadrant whose  
413 subcommittee members supported the Standard may proceed with a vote on  
414 adoption of the Proposed Standard, provided it has been put out for industry  
415 comment.
- 416 m. The assigned Quadrant(s) of the EC consider the recommendation, taking into  
417 consideration the request and industry comments.

## 418 2. Subcommittee and Task Force Procedures

419       Subcommittees and task forces developing or modifying Standards shall follow these  
420 procedures:

- 421 a. Subcommittee and task force chairs are responsible for working with the NAESB office to  
422 prepare meeting notices and agendas, which are distributed by the NAESB office. Meeting  
423 notices should be issued so as to give adequate notice to attendees who must travel from  
424 out of town.
- 425 b. Meetings, including ad hoc and virtual meetings, should be scheduled by first conferring  
426 with the NAESB office to ensure that meetings involving the same participants have not  
427 been scheduled for the same time.
- 428 c. All meetings are open and minutes are taken. All attendees should provide contact  
429 information identifying themselves as attendees to the meeting.
- 430 d. All votes should be recorded in the minutes. Balanced Voting can be requested in any  
431 subcommittee meeting where the subcommittee is not already balanced by virtue of being  
432 a named-member subcommittee.
- 433 e. Minutes, working documents, meeting notices, agendas, and all other documents used in  
434 the meeting should be forwarded in electronic form to the NAESB office for posting on  
435 the NAESB website.
- 436 f. The group or representatives of the group should develop a recommendation to be  
437 submitted to the EC outlining the proposed Standard or proposed modification to a  
438 Standard.

## 439 3. Full Staffing

440       The NAESB practice of full staffing is to be employed when there are interdependencies in the  
441 development of Standards that would require an iterative approach.

442       This process is applied when the technical Standards developed to support business practices  
443 may require changes to the business practices, or it is impractical to implement the business practices  
444 without the supporting technical Standards completed. The business practices are adopted by the  
445 EC, but they are not ratified until the technical Standards are complete. In this manner, there is an  
446 opportunity to change the business practices if needed, and an indication of industry support is  
447 attained through the EC vote on the business practices prior to undertaking the technical  
448 development.

449 Similarly, implementation of business practices that may be dependent on other organization's  
450 or other Quadrant's work products can use the process of full staffing to approve the business  
451 practices yet begin the ratification process after the dependent activity is complete, thus providing  
452 an opportunity for the business practices to be modified to take into account the other organization's  
453 or Quadrant's work products.

454 For the EC to use the full staffing process, first there will be a simple majority vote to determine  
455 if full staffing is required, which would imply a delay of ratification until the interdependent  
456 development is completed. Following the full staffing vote, the Business Practice Standards would  
457 be adopted pursuant to a super majority vote. Prior to ratification, should it be determined that  
458 additional changes are required to the EC adopted Standards, the changes would follow the existing  
459 process for standards development. At any time, the ECs can stop the full staffing process and begin  
460 the ratification process through a simple majority vote.

#### 461 4. Final Actions

462 The EC approves the recommendation as submitted, modifies the recommendation, returns the  
463 recommendation to the subcommittee or task force for further development, or rejects the  
464 recommendation. All Standards, additions to Standards, or modifications to Standards must be  
465 ratified by the NAESB membership. Member-ratified actions are posted on the NAESB website.  
466 Unless otherwise directed by the Board, the final actions are published in the next version of the  
467 NAESB Business Practice Standards manual.  
468

469 D. Minor Corrections to Standards

470 Minor corrections to existing Standards include: (a) corrections made by a regulatory agency  
471 to Standards that are of a jurisdictional nature, or by the American National Standards Institute or  
472 its successor; (b) corrections to the format, appearance, or descriptions of Standards in Standards  
473 documentation; (c) corrections to add code values to tables; and (d) corrections that do not materially  
474 change a Standard.

475 Any request for a minor correction to an existing Standard should be submitted in writing to  
476 the President. This request shall include a description of the minor correction and the reason the  
477 correction should be implemented.

478 1. Processing of Requests

479 The President shall promptly notify the EC and any appropriate subcommittees of the receipt  
480 of the request. The members of the applicable Quadrant's EC shall promptly determine whether the  
481 request meets the definition of a minor correction. Through the decision of the vice chair of the  
482 Quadrant, this determination may be delegated to one of the Quadrant's subcommittees, with the  
483 concurrence of the subcommittee chair, in which case the subcommittee shall make a prompt  
484 decision.

485 If the request is determined to meet the definition of a minor correction, the Quadrant's EC,  
486 with input from any subcommittees to which the request has been forwarded, shall act on the request  
487 within one month of its receipt. A meeting to discuss the request is not required; the decision may  
488 be made by notational vote. A simple majority of the votes received shall determine the outcome.  
489 The members of the Quadrant's EC shall be given at least three working days to consider and vote  
490 on the request.

491 2. Public Notice

492 The results of the vote on the request for a minor correction shall be posted on the NAESB website  
493 and the members of the applicable Quadrant shall be notified of the request by e-mail. If the request  
494 has been approved by the Quadrant's EC, the notification shall include a brief description of the  
495 request, the contact's name and number of the requester so that further information can be obtained,  
496 and the proposed effective date of the correction. Any interested party shall have an opportunity to  
497 comment on the request, and the comments shall be posted on the NAESB website. The comment  
498 period is two weeks.

499 3. Final Disposition of Approved Requests

500 If no comments are received on an approved request, the Standard shall be corrected, as  
501 specified in the approved request, on the effective date proposed. If comments are received, they  
502 shall be forwarded to the members of the EC for consideration. Each comment requires a public  
503 written response from the EC. The EC shall determine whether changes are necessary as a result of  
504 the comments. Members of the EC shall be given three working days to consider the comments and  
505 determine the outcome, which shall be decided by a simple majority of the votes received. A meeting  
506 to discuss the request is not required; the decision may be made by notational vote. The Standard  
507 shall be corrected in accordance with the outcome of the vote, effective with the completion of  
508 voting, and notice thereof shall be posted on the NAESB website. In the case of minor corrections  
509 which are discovered during the editorial review process of publication of a new version and are  
510 categorized as corrections under (b) or (c) above, the proposed effective date may be (i) two weeks  
511 from the date of public notice, following simple majority approval by the EC of the shortened  
512 effective date, or (ii) one month from the date of the public notice. For all others, the proposed  
513 effective date of the minor correction shall normally be one month from the date of the public notice  
514 upon simple majority approval of the EC.

515 E. Notational Ballots

516 Notational ballots are primarily a tool to permit parties to vote when they did not have the  
517 opportunity to do so at meetings where votes are taken but where there were insufficient votes cast  
518 at the meeting to determine the outcome of an issue. In the case of EC votes on standards, the  
519 Certificate and the Bylaws require specific voting thresholds for a standard to be passed; thus,  
520 notational ballots facilitate the process of adopting (or not adopting) standards. NAESB's practice  
521 is follows:

522 1. In a meeting where there are a sufficient number of Voting Members present (in person or  
523 through their alternates) to adopt a standard and the vote is announced on a motion, it is final as to  
524 that motion. In other words, no one may change their vote after the result is announced. The only  
525 way to do anything further is via a motion to reconsider.

526 2. In a meeting where there is an insufficient number of Voting Members present (in  
527 person/virtually or through alternates per the defined Designated Alternate Process) to adopt a  
528 standard and a notational ballot is required, the notational ballot will only be sent to those members  
529 who have not previously cast their votes, alternates that may cast a vote in their stead, and alternates  
530 who may cast a vote in lieu of an abstention. The votes cast at the meeting are final after that portion  
531 of the meeting is concluded and the only issue is counting the votes of the members who have been  
532 sent notational ballots. The standard is adopted or not based upon that vote count. In all other  
533 respects, the matter is handled in the same fashion as if all were at the meeting.

534 3. In the case of a complex matter, or for other good cause, the chair(s) have the discretion to  
535 announce that a vote will be taken by notational ballot. This announcement must precede the vote  
536 or be made during the meeting. As long as notice is given at the meeting and there is no objection  
537 by the group, the vote proceeds in that fashion and all may vote notationally until the announced  
538 close of the notational voting period.

539 4. The default process at NAESB is as described in 1 and 2. Item 3 is available in lieu of  
540 the default as indicated above.



541 F. Appeal Procedures

542 1. Standards Appeal Procedure

543 Any interested person with a direct and material interest who has been or may be adversely  
544 affected by a substantive or procedural action or inaction of the EC shall have the right to appeal,  
545 by resort to the procedures below. Section 1 applies to NAESB Standards and Section 2 applies to  
546 NAESB Standards that have been adopted by ANSI as ANSI Standards:

- 547 a. Such affected person may ask that any adopted NAESB Standard or proposed Standard be  
548 amended, rejected, or reconsidered. A request for an amendment to existing Standards or  
549 Reconsideration of a proposed Standard that was not adopted may be designated as an  
550 appeal by the requesting party and filed with the NAESB office. Appeals of actions shall  
551 be taken within thirty days after the date of notification of action by the EC; appeals of  
552 inactions may be taken at any time. The requesting party shall state in its appeal the reasons  
553 for its request and any proposed alternative language. Such requests shall be treated as  
554 requests for new Standards and processed accordingly; or
- 555 b. Such affected person may appeal using the procedures set forth in Clause A.12 of the ANSI  
556 Procedures for Development and Coordination of American National Standards.

557 2. Process Appeal Procedure

558 Any interested person with a direct and material interest who has been or reasonably may be  
559 adversely affected by a procedural action of the EC to adopt a Standard shall have the right to appeal,  
560 by resort to the procedures below, within thirty calendar days after the date of notification of action  
561 by the EC:

- 562 a. Such affected person carries the burden of presenting clear and convincing evidence that a  
563 Standard adopted by the EC was invalidly adopted as a matter of process. Such evidence  
564 must overcome the rebuttable presumption that a Standard adopted by the EC is valid and  
565 was validly adopted.
- 566 b. The complaining party must clearly identify the specific procedural defects alleged and  
567 how they relate to existing NAESB policy regarding the adoption of Standards and to the  
568 Standard in question.
- 569 c. All such complaints must be directed to the NAESB office on a form specified by them.
- 570 d. The NAESB office shall first refer the matter to the NAESB General Counsel, who shall  
571 promptly review the complaint and advise the NAESB office and the Managing Committee  
572 whether the complaint states a prima facie clear and valid cause for appeal.
- 573 e. If the Managing Committee determines that the complaint does not state a prima facie clear  
574 and valid cause for appeal then the NAESB office will so advise the complaining party.  
575 The complaining party shall have an opportunity to revise its complaint application within  
576 ten calendar days from the date of notification by the NAESB office. Following the  
577 reapplication, if the Managing Committee again determines that the complaint does not  
578 state a prima facie clear and valid cause for appeal then the NAESB office shall advise the  
579 complaining party. A report shall be made to the Board as a matter of information only at  
580 the next meeting.
- 581 f. If the Managing Committee determines that the complaint does state a prima facie clear  
582 and valid cause for appeal then the complaining party becomes the appealing party, the  
583 complaint becomes an appeal and the Managing Committee shall promptly refer the matter  
584 to the Parliamentary Committee for review and decision. The Parliamentary Committee  
585 may meet in person or otherwise, and may consider the matter based upon the written filing  
586 and may request supplemental information from the appealing party. It shall also request  
587 input from the EC leadership and shall review the record of EC proceedings as the  
588 Parliamentary Committee deems necessary.

- 589 g. The Parliamentary Committee thereafter shall promptly forward its decision to the Board  
590 through the Managing Committee.
- 591 h. If the Parliamentary Committee determines that the EC action was procedurally defective,  
592 the Parliamentary Committee shall promptly notify the NAESB office and the NAESB  
593 office shall promptly so advise the EC and direct the EC to take action to reconsider the  
594 Standard. The action taken shall be in the form of a revote of the appealed Standard using  
595 NAESB practices.
- 596 i. If the Parliamentary Committee determines that the EC action was not procedurally  
597 defective then the Parliamentary Committee shall promptly notify the NAESB office and  
598 the NAESB office shall promptly so advise the appealing party.
- 599 j. The Parliamentary Committee shall endeavor to complete its work, make its decision and  
600 communicate same to the Managing Committee within sixty calendar days of the  
601 Managing Committee's referral of the matter to the Parliamentary Committee for review  
602 and decision.
- 603 k. At the next Board meeting following final action by the Parliamentary Committee with  
604 respect to the appeal, the Managing Committee shall report the Parliamentary Committee's  
605 decision to the Board as a matter of information only.
- 606 l. Should the appealing party be a member of the Managing Committee or the Parliamentary  
607 Committee, to avoid conflict of interest, the appealing party is barred from voting on the  
608 appeal.  
609

610 G. Standards Publication Cycle

611 NAESB Standards shall be published every twenty-four months, beginning with the release of  
612 version 1.7 of the WGQ Standards in the Summer of 2003. Standards that are approved between the  
613 publication of one version and the next shall be available on the NAESB website and shall be  
614 referred to as final actions. If during any twenty-four-month publication cycle, extraordinary  
615 circumstances arise that warrant the interim publication of new or revised Standards adopted since  
616 the previous version was published, the Board will authorize and direct the President to publish such  
617 Standards as necessary during such interim period.  
618

619 H. Communicating with Regulatory and Other Government Agencies

620 Should NAESB amend an existing Standard that has previously been adopted by FERC or  
621 another government agency, the President shall officially notify that government agency upon  
622 publication of the version of NAESB Standards that contains the amended Standard, unless the  
623 NAESB Board or Managing Committee or said government agency requests that notification be  
624 provided at the time of the ratification of the Standard.

625 When NAESB adopts a new Standard, the President shall officially notify applicable  
626 government agencies upon publication of the version of NAESB Standards that contains the  
627 modified Standard, unless the Board or Managing Committee or said government agencies request  
628 that notification be provided at the time the Standard is ratified.

629 When NAESB adopts a new Standard that directly relates to the use, action, or implementation  
630 of an existing NAESB Standard that has been adopted by a government agency or agencies, the  
631 President shall officially notify applicable government agencies upon publication of the version of  
632 NAESB Standards that includes the new Standard and transmit the new Standard to the government  
633 agency that has adopted the previous Standard, unless the NAESB Board or Managing Committee  
634 or said government agency requests that notification be provided at the time the Standard is ratified.

635 New versions of NAESB Standards and other publications shall be forwarded to any  
636 government agency requesting such publications. FERC and the National Association of Regulatory  
637 Utility Commissioners (NARUC), through NARUC's President, shall be provided with all  
638 publications, including Standards developed by all Quadrants. These publications shall be made  
639 available for (1) internal use and (2) placement in an agency's public reference room and for  
640 submittal to the *Federal Register* for those publications with Standards incorporated by reference  
641 into the FERC's or other agency's regulations, to the extent required by law and regulation, to permit  
642 incorporation by reference.

643 In the period between the publication of Standards manuals, the following documents shall be  
644 made available, at no cost to the recipient, via the NAESB website or other agreed-upon method, to  
645 any government agency requesting such documents, including FERC and NARUC, through its  
646 President:

- 647 a. Final standards actions and Member voting records
- 648 b. Board and EC meeting minutes and voting records
- 649 c. Meeting materials supporting Board and EC meeting minutes and voting records
- 650 d. Transcripts of meetings for internal use by the government agency as requested

651 All written communications between NAESB and government agencies must be approved in  
652 advance by the Managing Committee. The EC may draft language pertaining to its standards  
653 development activities for forwarding to government agencies; those communications also require  
654 the approval of the Managing Committee before they are forwarded by the NAESB office.

655 It is recognized that the NAESB office, officers, and chairs of the Board and EC shall continue  
656 to follow the current convention of informal communications with senior officials of FERC and  
657 other government agencies. These informal communications are for informational purposes only  
658 and are not intended as a substitute for formal communications with such government agencies. The  
659 results of these informal communications shall be reported to the EC and Board.

660 I. Treatment of Executive Committee Abstentions

661 If a Member of the EC abstains from a vote such Member's right to vote shall pass to the  
662 designated Segment alternate to cast the vote. If the designated alternate abstains, the right to vote  
663 shall pass to the next designated Segment alternate, in succession, until a vote is cast. No less than  
664 one business day prior to the EC action requiring a vote, each segment shall inform the NAESB  
665 office in writing of the order in which its designated alternates shall vote in the case of abstentions;  
666 in the absence of such designation, the succession shall be upon the basis of seniority as an alternate.