



North American Energy Standards Board

Operating Procedures

NAESB Operating Practices

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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. "Act" means the Delaware General Corporation Law, as amended.
- B. "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.
- C. "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 rules and 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.
- D. "Board" means the Board of Directors of NAESB.
- E. "Certificate" means the Certificate of Incorporation, as amended from time to time, of the NAESB.

- 23 F. "Director" means an individual serving on the Board.
- 24 G. "EC" means the Executive Committee of NAESB, Inc. (in whole, as a Quadrant EC, or
25 any combination of the Quadrant EC(s)).
- 26 H. "EC Subcommittee" means a subcommittee established by the EC pursuant to Section
27 10.5 of these Bylaws.
- 28 I. "Exhibit" means an attachment to these Bylaws.
- 29 J. "Majority" means a simple majority of each of the applicable Quadrants for the
30 purposes of voting.
- 31 K. "Members" means individuals and entities that satisfy the requirements for membership
32 set forth in Article 5 of the Bylaws, and includes Voting Members and Non-Voting
33 Members.
- 34 L. "Model Business Practice" means a protocol or procedure for the conduct of specified
35 acts or transactions. The term "Model Business Practice" does not imply enforceability
36 by NAESB.
- 37 M. "NAESB" means the North American Energy Standards Board, Inc.
- 38 N. "Operating Procedures" means the policies and rules that govern the behavior and
39 operation of committees, subcommittees and task forces of NAESB, as established and
40 maintained by the Parliamentary Committee of the Board, (as established in Section
41 7.8(b)). They apply equally to all Quadrants and Segments.
- 42 O. "Quadrant" means any one of the following industry sectors that make up NAESB: gas
43 wholesale, electric wholesale, gas retail, and electric retail. A particular Quadrant may
44 be referred to as the "Wholesale Gas Quadrant," "Wholesale Electric Quadrant,"
45 "Retail Gas Quadrant," or "Retail Electric Quadrant."
- 46 P. "Reconsideration" means a review of a proposed Standard or proposed Model
47 Business Practice subsequent to adoption by the EC and prior to ratification, as
48 described in Section 10.3(h) of these Bylaws.

- 49 . Q. "Segment" means one of the co-equal member groupings of a given Quadrant, as
50 defined by that Quadrant and approved by the Board as an Exhibit to these Bylaws.
- 51 R. "Standard" means a protocol or procedure for the conduct of specified acts or
52 transactions. The term "Standard" does not imply enforceability by NAESB.
- 53 S. "Triage Process" refers to the actions taken from the time a request for a proposed
54 Standard or a proposed Model Business Practice is received by the NAESB office,
55 through consideration by the Triage Subcommittee, and until such time as the EC
56 assigns the request for consideration.
- 57 T. "Voting Member" means an individual, partnership, firm, corporation or other entity
58 whose NAESB dues are current and who meets the requirements for membership of a
59 given Segment(s) within a Quadrant(s), and who has joined such Quadrant(s) and
60 Segment(s). A Voting Member may only be a member of multiple Quadrants and
61 Segments if it has paid dues in each such Quadrant and Segment.

62 63 64 **ARTICLE 2 - PURPOSES, SCOPE, ACTIVITIES AND POLICIES**

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

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

67 **Section 2.2 Policies**

- 68 (a) As expressed in Article IV, Section 1 of the Certificate, NAESB's policy is to encourage
69 a widely-based membership of diverse stakeholders whose business interests are
70 directly affected by the adoption of Standards and Model Business Practices for their
71 commercial activities. Consistent with this approach, NAESB's policy is that all
72 meetings of NAESB, including those of its Members, Board, EC, Advisory Council (as
73 established in Section 7.9), Board committees, EC Subcommittees and task forces,

74 shall be open to any member of the public and the minutes thereof shall be available to
75 the public, except as provided in Section 9.1 of these Bylaws.

76 (b) The principles governing NAESB are:

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

80 **Openness** -- NAESB should conduct its activities in the open. Openness should
81 apply to all aspects of its organizational governance, elections and Standards or Model
82 Business Practices development processes, including work products and related
83 meetings. The meetings, agendas and items set for discussion and/or possible vote
84 should be publicly noticed, and interested parties, regardless of membership should
85 have the opportunity to participate.

86 **Voluntary** -- Participation in NAESB should be voluntary and adherence to its
87 Standards and Model Business Practices should, from NAESB's perspective, also be
88 voluntary. Membership should not be dependent upon whether the company seeking
89 membership implements the Standards and Model Business Practices. NAESB will not
90 maintain any type of enforcement activity.

91 **Balance of Interests** – The voting with respect to governance, Standards, Model
92 Business Practices, and Operating Procedures should provide for balance among
93 industry Segments and Quadrants participating in NAESB so as to avoid any one
94 interest group or group of interests having the ability to exert undue influence over any
95 decision.

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

99 **Consensus-Based Decisions** -- The voting rules should be constructed so that
100 decisions based upon consensus are encouraged. In addition, with respect to voting

101 upon the Standards or Model Business Practices issued or to be issued by NAESB,
102 energy Quadrants and their Segments should be assured that each energy Quadrant and
103 its Segments can protect its interests by requiring both super-majorities and a minimum
104 per Segment, and that a per Quadrant threshold be achieved for passage of such
105 Standards and Model Business Practices by NAESB.

106 **No Advocacy** – NAESB should be prohibited from taking advocacy positions on its
107 Standards or Model Business Practices as a party to any proceeding before a
108 governmental agency. This is not intended to preclude NAESB’s duly authorized
109 representatives from educating or communicating with any group as to NAESB’s
110 procedures and/or work product(s).

111 **Membership Driven** – NAESB should be membership driven. The paid staff should
112 perform administrative functions to support NAESB’s activities. Requests for
113 Standard(s) or Model Business Practices should be proposed by identified persons and
114 not by NAESB or its committees and subcommittees. NAESB’s staff should neither
115 have a vote nor a role with respect to conducting the affairs of NAESB other than to
116 provide ministerial functions.

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

120 **Incorporate Best Practices** – To the extent reasonable, the Standards and Model
121 Business Practices to be established should reflect standardization and streamlining of
122 activities chosen as best practices from among existing and reasonably anticipated
123 policies and practices.

124 **Broad Applicability** – To the extent reasonable, the Standards and Model Business
125 Practices to be established should be structured such that they can be applicable to both
126 the electric and natural gas industries. The two industries should work together to
127 develop Standards and Model Business Practices when joint Standards and Model

128 Business Practices are appropriate. However, where operating requirements dictate the
129 need for different approaches, discrete Standards and Model Business Practices will be
130 established separately by Quadrant(s).

131 **ANSI Accreditation** – NAESB will actively seek to transfer to itself the current Gas
132 Industry Standards Board accreditation as an American National Standards Institute
133 Standards Development Organization.

134 (c) It is the policy of NAESB to comply to the fullest extent possible with both the letter
135 and spirit of all applicable federal and state laws and regulations, including the antitrust
136 laws. The purpose of the antitrust laws is to preserve and promote competition. Any
137 conduct that violates Federal or State antitrust laws is detrimental to the best interests of
138 NAESB and its Members, and is, therefore, contrary to NAESB policy. No officer,
139 employee or member of NAESB is authorized by NAESB to act contrary to this policy.

140 **Section 2.3 Quadrants and Segments**

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

144 In order to have representation on the Board or the EC, a Quadrant shall have at least forty
145 Voting Members and at least four Segments. Each Segment shall have at least five Voting Members.
146 This minimum representation requirement shall be reconsidered by the Board prior to March 31, 2003
147 and biannually thereafter.

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149 **ARTICLE 3 - OFFICES**

150 **Section 3.1 Offices**

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

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ARTICLE 4 - SEAL

Section 4.1 Seal

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

ARTICLE 5 - MEMBERS

Section 5.1 Voting Members

- (a) The general requirements for Voting Membership are set forth in Article IV, Section 1 and 2 of the Certificate. Individuals, partnerships, firms or corporations shall join as Members through application for Voting Membership in one or more Quadrants and Segments. The membership requirements for each Quadrant and Segment are set forth in Exhibits 1 through 4.
 - (i) Each Voting Member shall be entitled to one (1) vote in person or by proxy, and shall designate in writing the individual authorized to cast that vote.
 - (ii) Each Voting Member may vote by proxy. Every proxy shall be executed in writing by the Voting Member or by such Voting Member's duly authorized attorney in fact and filed with the Secretary of NAESB. A proxy shall be revocable at will, notwithstanding any other agreement or any provision in the proxy to the contrary. The revocation of a proxy shall not be effective until notice thereof has been given to the Secretary of NAESB. A proxy shall not be revoked by the death or incapacity of the maker unless, before the vote is counted or the authority is exercised, written notice of such death or incapacity is given to the Secretary of NAESB. No proxy shall be valid after three (3) years from the date of its execution unless otherwise provided in the proxy.
 - (iii) As described in Article IV, Section 2 of the Certificate, each Voting Member is required, as a condition of membership, to execute a revocable appointment, in a proxy form approved by the Board, authorizing a designated proxy to vote in

181 favor of any of the proposals described in Article V, Section 3 of the Certificate;
182 provided, however, that any Voting Member shall have the right to cast its vote,
183 in lieu of such revocable proxy, either in favor of or in opposition to any such
184 proposal. This proxy shall not expire until revoked by the Voting Member.

185 (iv) A trade association may join as a non-voting member. A trade association may
186 become a Voting Member only if there are no other Voting Members of
187 NAESB that can represent the interests of the trade association's membership,
188 or if the Quadrant determines that the trade association's membership is
189 otherwise under-represented by Voting Members. A trade association shall not
190 be eligible to hold a seat on either the Board or the EC, except as an Agent of
191 an eligible Voting Member.

192 (b) The Board may, by resolution, determine (a) the amount of the membership fee
193 described in Article VII, Section 1 of the Certificate to be assessed to each Voting
194 Member, and (b) the time and method of payment. Delinquency in payment of
195 membership fees has the effect on voting rights specified in Article IV, Section 2 of the
196 Certificate.

197 (c) Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any
198 action required or permitted to be taken by the members at any annual or special
199 meeting may be taken without a meeting, without prior notice and without a vote, if a
200 consent or consents in writing, setting forth the action so taken, shall be signed by the
201 members having not less than the minimum number of votes that would be necessary to
202 authorize or take such action at a meeting at which all members having a right to vote
203 thereon were present and voted. Such written consents shall be delivered to NAESB
204 by delivery to its registered office in the State of Delaware, its principal place of
205 business, or an officer or agent of NAESB having custody of the book in which
206 proceedings of meetings of members are recorded. Delivery made to NAESB's
207 registered office shall be by hand or by certified or registered mail, return receipt
208 requested. Every written consent shall bear the date of signature of each member who

209 signs the consent, and no written consent shall be effective to take the corporate action
210 referred to therein unless, within sixty days of the earliest dated consent delivered to
211 NAESB in the manner required by this Section 5.1(f), written consents signed by a
212 sufficient number of members to take action are delivered to NAESB by delivery to its
213 registered office in the State of Delaware, its principal place of business, or an officer or
214 agent of the Corporation having custody of the book in which proceedings of meetings
215 of members are recorded. Delivery made to NAESB's registered office shall be by
216 hand or by certified or registered mail, return receipt requested. Prompt notice of the
217 taking of the corporate action without a meeting by less than unanimous written consent
218 shall be given to those members who have not consented in writing. In the event that
219 the action which is consented to is such as would have required the filing of a certificate
220 by law, if such action had been voted on by members at a meeting thereof, the
221 certificate filed shall state, in lieu of any statement required by law concerning any vote
222 of members, that written consent has been given in accordance with the Delaware
223 General Corporation Law, and that written notice has been given.

224 **Section 5.2 Non-Voting Members**

225 As provided in Article IV, Section 3 of the Certificate, Non-Voting Members ~~shall~~ may include,
226 but not be limited to, federal, state and local agencies; non-profit research organizations,; and similar
227 entities.

228 **Section 5.3 Nontransferable**

229 Membership in NAESB is not transferable to another corporation or entity, although member
230 organizations may transfer representation from one individual to another upon written notice to the
231 Secretary. Such transfer of representation shall not extend to transfer of Board or EC seats.

232 **Section 5.4 Resignation**

233 Any Member may resign from membership by written notice to the Secretary, whereupon that
234 Member's NAESB voting rights and member benefits shall cease.

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ARTICLE 6 - MEETINGS OF MEMBERS

Section 6.1 Place of Meetings

238
239 Meetings of the Members shall be held at such place as may be fixed by the Board. If no place
240 is fixed by the Board, meetings of the Members shall be held at the registered office of NAESB.

Section 6.2 Annual Meeting

241
242 Unless the Board provides by resolution for a different time, the Annual Meeting of the
243 Members shall be held in September, October, November or December of each year on the date
244 specified by the Board in the notice of annual meeting.

Section 6.3 Special Meetings of Members

245
246 Special meetings of the Members may be called at any time by the Board Chair, by a Majority
247 of the Board or by a Majority of Voting Members. Upon written request of any person entitled to call a
248 special meeting, the Secretary shall (a) fix the date and time of the meeting, which shall be held not less
249 than ten (10) days nor more than sixty (60) days after receipt of the request, and (b) give notice thereof
250 in accordance with Article 11. If the Secretary neglects or refuses to fix the meeting date or give notice,
251 the person or persons calling the meeting may do so.

Section 6.4 Determination of Members of Record

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253 The Board may fix a time, not more than sixty (60) days prior to the date of any meeting of the
254 Members or any adjournment thereof, as a record date for the determination of the Members entitled to
255 notice of, or to vote at, such meeting. The Board may similarly fix a record date for the determination of
256 the Members of record for any other purpose. When a determination of the Members of record has
257 been made for purposes of a meeting, the determination shall apply to any adjournment thereof unless
258 the Board fixes a new record date for the adjourned meeting.

Section 6.5 Notice of Meetings of Members

259
260 Notice of meetings of Members and meetings of Quadrants and Segments to elect or remove
261 Directors or EC Members, or to amend their Exhibits, shall be given in the manner described in Article

262 11 of the Bylaws. When a meeting of the Members is adjourned, it shall not be necessary to give any
263 notice of the adjourned meeting or of the business to be transacted at an adjourned meeting, other than
264 by announcement at the meeting at which such adjournment is taken, unless the Board fixes a new
265 record date for the adjourned meeting or the Act requires notice of the business to be transacted and
266 such notice has not previously been given.

267 **Section 6.6 Quorum**

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

274 **Section 6.7 Adjournment**

275 Adjournments of any meeting of the Members may be taken.

276 **Section 6.8 Organization**

277 At every meeting of the Members, the Board Chair, or in his or her absence, the Board Vice
278 Chair, or in the absence of the Board Chair and the Board Vice Chair, the Board Second Vice Chair or
279 the Board Third Vice Chair, respectively, together representing each of the Quadrants within the Board,
280 or a chair chosen by the Members, shall act as chair. The Secretary, or in his or her absence, a person
281 appointed by the chair, shall act as secretary.

282 **Section 6.9 Voting on Particular Issues**

283 Article V, Sections 3 and 4 of the Certificate describe the voting procedures and the number of
284 votes required for adoption and approval for particular issues with respect to NAESB.

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ARTICLE 7 - BOARD

Section 7.1 Board

288 The business and affairs of NAESB shall be managed by the Board. The powers of NAESB
289 shall be exercised by, or under the authority of, the Board except as otherwise provided by statute, the
290 Certificate or these Bylaws. Specific powers and duties are delegated to the EC by Article III, Section
291 5 of the Certificate. The Board may delegate such other powers to the EC, as it deems appropriate if
292 such delegation is consistent with the Certificate.

Section 7.2 Qualifications of Directors

294 Each Director shall be a natural person at least eighteen (18) years of age who need not be a
295 resident of Delaware and who shall be a Voting Member, or a partner in, or an officer, employee or
296 agent of, a Voting Member.

Section 7.3 Number and Election of Directors

298 The Board shall consist of representatives of the Quadrants, each Quadrant determining the
299 number of Directors who shall occupy seats on the Board, except that every Segment of a Quadrant
300 shall be represented by at least one Director. Regardless of the number of Directors elected from each
301 Quadrant, no Quadrant shall be entitled to cast a vote greater than the percentage that its Quadrant
302 represents in relation to the total number of Quadrants represented on the Board at a given time. Each
303 Segment within a Quadrant shall be represented by an equal number of Directors, to be determined by
304 that Quadrant. The procedures for electing the Directors shall be as specified in each Quadrant's
305 Exhibit. Each Quadrant shall communicate the timing of its election of Directors.

Section 7.4 Term of Office

- 307 (a) The term of office of a Director shall be for a period set by the Quadrant, not less than
308 1 year, not to exceed three years. Quadrants may elect Directors for varying terms.
309 Directors may be reelected to subsequent terms.
- 310 (b) Each Director shall hold office during his or her term until the earliest of: (i) the
311 expiration of the term for which he or she was elected and until his or her successor has

312 been elected and qualified, (ii) the Director's resignation of his or her Voting
313 Membership (if the Director is the Voting Member as an individual) or the lapse of the
314 Director's Voting Membership for delinquency in membership fee payment, (iii) the
315 resignation or lapse (through delinquency in membership fee payment) of Voting
316 Membership of the entity of which the Director is a partner, officer, employee or agent,
317 or (iv) the Director's death, resignation, or removal.

318 **Section 7.5 Vacancies**

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

322 **Section 7.6 Removal of Directors**

323 Procedures for removal of Directors representing a Quadrant and Segment are contained in the
324 pertinent Exhibit.

325 **Section 7.7 Resignations**

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

329 **Section 7.8 Board Committees**

330 (a) The Board, by Majority vote of the entire Board, may establish, by means of resolutions
331 to be attached hereto, committees of the Directors. The resolutions shall describe the
332 powers and authorities of each committee, require each committee to adopt
333 procedures, and provide opportunity for Directors from each Quadrant and Segment to
334 participate in the committee's work.

335 (b) There shall be a Parliamentary Committee, consisting of members of the Board with at
336 least two Directors from each Quadrant. The function of the Parliamentary Committee
337 is to address issues related to corporate governance, including, but not limited to, the

338 Certificate of Incorporation, the Bylaws and the Operating Procedures. Members of
339 the Parliamentary Committee shall be appointed by the Chair of the Board, who shall
340 serve as the chair of this committee.

341 **Section 7.9 Advisory Council**

342 The Board shall establish a standing Advisory Council, to be known as the "NAESB Advisory
343 Council." The Advisory Council shall be composed of not more than twenty-five (25) persons who
344 shall be knowledgeable about the issues involved in carrying out the purposes, scope and activities of
345 NAESB. The membership of the Advisory Council should be rotated from time to time, and should
346 reflect participation by federal, state and local agencies; public interest groups; non-profit research
347 organizations; and similar organizations. The Advisory Council shall develop its own procedures
348 consistent with the general guidance of the Board and not inconsistent with the Certificate. The
349 Advisory Council shall advise both the Board and EC.

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351 **ARTICLE 8 - OFFICERS**

352 **Section 8.1 Number**

353 The officers of NAESB shall include a Chair, and up to three Vice Chairs (each representing a
354 different Quadrant within the Board), a Secretary, a Treasurer, an Assistant Treasurer, and an Executive
355 Director. The officers may include one or more Assistant Secretaries, other Assistant Treasurers, and
356 such other officers as the Board may determine by resolution. Any number of offices may be held by
357 the same person.

358 **Section 8.2 Qualifications of Officers of NAESB**

359 The officers shall be natural persons at least eighteen (18) years of age who are Directors,
360 except that the Executive Director, Secretary, Assistant Secretaries and Assistant Treasurers need not
361 be Directors.

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

363 The officers of NAESB shall be elected by the Board at any meeting of the Board. Each officer
364 except for the Executive Director, Assistant Secretaries and Assistant Treasurers shall serve for a term
365 of one (1) year and until his or her successor begins his or her term, or until his or her earlier death,
366 resignation, or removal, or lapse of Director status pursuant to Subsections 7.4(b)(ii),(iii) or (iv) or
367 Section 7.6. On expiration of the terms of the officers of NAESB, the Vice Chair shall become the
368 Chair, the Second Vice Chair shall become the Vice Chair, the Third Vice Chair shall become the
369 Second Vice Chair, and the Board shall elect a new Third Vice Chair. The new Third Vice Chair shall
370 be elected in the following order of rotation, which shall be repeated indefinitely: Gas Wholesale,
371 Electric Retail, Electric Wholesale, and Gas Retail. If no Director representing a Quadrant is willing to
372 serve as Third Vice Chair when the rotation turns to that Quadrant, the Board shall elect a Third Vice
373 Chair from among its remaining Directors, and the rotation shall continue thereafter as though a Director
374 representing the Quadrant had in fact served as Third Vice Chair.

375 **Section 8.4 Removal of Officers**

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

379 **Section 8.5 Resignations**

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

383 **Section 8.6 The Chair**

384 The Chair shall be the chief executive officer of NAESB and shall have general supervision over
385 the business and operations of NAESB, subject to the control of the Board. The Chair shall chair all
386 meetings of the Board and the Members. The Chair shall execute in the name of NAESB, deeds,
387 mortgages, bonds, contracts, and other instruments to the extent authorized by the Board, except in
388 cases where the execution thereof shall be expressly delegated by the Board to some other officer or

389 agent of NAESB. In general, the Chair shall perform all duties incident to the office of Chair and such
390 other duties as may be assigned by the Board.

391 **Section 8.7 The Vice Chairs**

392 There shall be not more than three Vice Chairs. In the absence or disability of the Chair or
393 when so directed by the Chair, a Vice Chair (in order of precedence) may perform all the duties of the
394 Chair, and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the
395 Chair. The Vice Chairs shall perform such other duties as may be assigned by the Board or the Chair.

396 **Section 8.8 The Secretary**

397 (a) Unless the Board directs otherwise, the Executive Director shall be the Secretary of
398 NAESB.

399 (b) The Secretary shall attend all meetings of the Board and of the Members. The
400 Secretary shall record all votes of the Board, EC and the Voting Members and the
401 minutes of the meetings of the Board, EC and of the Members in a book or books
402 belonging to NAESB to be kept for that purpose. The Secretary shall see that required
403 notices of meetings of the Board and of the Members are given and that all records and
404 reports are properly kept and filed by NAESB. The Secretary shall be the custodian of
405 the seal of NAESB and shall see that it is affixed to all documents to be executed on
406 behalf of NAESB under its seal. In general, the Secretary shall perform all duties
407 incident to the office of Secretary and such other duties as may be assigned by the
408 Board or the Chair.

409 (c) In the absence or disability of the Secretary or when so directed by the Secretary, any
410 Assistant Secretary may perform all the duties of the Secretary, and, when so acting,
411 shall have all the powers of, and be subject to all the restrictions upon, the Secretary.
412 Each Assistant Secretary shall perform such other duties as may be assigned by the
413 Board, the Chair, or the Secretary.

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

416 **Section 8.9 The Treasurer**

417 (a) Unless the Board directs otherwise, the Second Vice Chair shall be the Treasurer. The
418 Executive Director shall be an Assistant Treasurer.

419 (b) The Treasurer shall be responsible for corporate funds and securities and shall keep full
420 and accurate accounts of receipts and disbursements in books belonging to NAESB.
421 The Treasurer shall have full authority to receive and give receipts for all money due and
422 payable to NAESB, and to endorse checks, drafts, and warrants in its name and on its
423 behalf and to give full discharge for the same. The Treasurer shall deposit all funds of
424 NAESB, except such as may be required for current use, in such banks or other places
425 of deposit as the Board may designate. In general, the Treasurer shall perform all duties
426 incident to the office of Treasurer and such other duties as may be assigned by the
427 Board or the Chair.

428 (c) In the absence or disability of the Treasurer or when so directed by the Treasurer, any
429 Assistant Treasurer may perform all the duties of the Treasurer, and, when so acting,
430 shall have all the powers of, and be subject to all the restrictions upon, the Treasurer.
431 Each Assistant Treasurer shall perform such other duties as may be assigned by the
432 Board, the Chair, or the Treasurer.

433 **Section 8.10 The Executive Director**

434 The Executive Director shall be the chief operating officer of NAESB, and be subject to the
435 control of the Board. The Executive Director shall have all powers and duties necessary for managing
436 the day-to-day operating and business affairs of NAESB and directing all activities of NAESB as
437 prescribed by the Board. Unless the Board directs otherwise, the Executive Director shall be the
438 Secretary of NAESB. The compensation of the Executive Director shall be fixed by the Board.

439

440 **ARTICLE 9 - MEETINGS OF DIRECTORS**

441 **Section 9.1 Place of Meetings**

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

446 **Section 9.2 Organization**

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

451 **Section 9.3 Annual Meeting**

452 Unless the Board provides by resolution for a different time, the annual meeting of the Board
453 shall take place immediately after the annual meeting of the Members. The newly constituted Board
454 shall meet without prior notice at the place where the meeting of the Members was held, or at any other
455 place and time designated in a notice given as provided in Article 11, for the purposes of organization,
456 election of officers, and the transaction of other business.

457 **Section 9.4 Regular Meetings**

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

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

464 The Chair or at least one-third of the Directors may call special meetings of the Board, which
465 shall be held at such time and place as shall be designated in the call for the meeting. Ten (10) days'

466 notice of any special meeting shall be given to each Director pursuant to Article 11 or by telephone.
467 Such notice shall state the time and place of such special meeting and state the matters to be discussed
468 at the special meeting. Action taken at special meetings shall be limited to the matters described in the
469 meeting notice.

470 **Section 9.6 Quorum**

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

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

474 (a) One (1) or more Directors may participate in a meeting of the Board or a committee
475 thereof by means of conference telephone or similar communications equipment by
476 means of which all persons participating in the meeting can hear each other.

477 (b) Each Director shall be entitled to one (1) vote.

478 (c) Article V, Sections 1 and 3 of the Certificate describe the voting procedures and the
479 number of votes required for adoption or approval for particular issues with respect to
480 NAESB.

481 (d) No substitutes shall be permitted to vote at Board meetings.

482 (e) Notational voting by Directors is proper in the following circumstances and pursuant to
483 the following procedures:

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

489 (ii) During meetings: Notational votes from a Director not in attendance shall be
490 accepted and counted at a Board meeting with respect to any resolutions
491 circulated in writing in advance of a Board meeting; provided, however, that if

492 substantive changes are made in a resolution at the Board meeting such advance
493 notational votes shall not be counted with respect to that resolution, but the
494 procedures specified in (iii) below should be used.

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

498 (f) While Board Members may participate and vote by means of teleconference or other
499 electronic means, eligibility to continue serving as a Board member is dependent upon
500 in-person attendance at no less than 25% of scheduled Board Meetings and
501 participation in at least 75% of such meetings. Such attendance/participation threshold
502 shall be reviewed at March 31 and September 30 of each year for the preceding twelve
503 months.

504

505 **ARTICLE 10 - EXECUTIVE COMMITTEE**

506 **Section 10.1 Duties and Responsibilities**

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

509 **Section 10.2 EC Members**

510 (a) The EC shall consist of representatives of the Quadrants, with each Quadrant
511 determining the number of EC Members representing that Quadrant. Regardless of the
512 number of EC members elected from each Quadrant, no Quadrant shall be entitled to
513 cast a vote greater than the percentage that its Quadrant represents in relation to the
514 total number of Quadrants represented on the EC. Each Segment within a Quadrant
515 shall be represented by an equal number of EC Members, to be determined by that
516 Quadrant. The procedures followed for electing the EC members shall be those
517 specified in that Quadrant's Exhibit.

- 518 (b) The term of office of an EC member shall be for a period set by the Quadrant, not less
519 than 1 year, not to exceed three years. Each Quadrant will determine the terms for their
520 EC members. EC member terms may vary between Quadrants. EC members may be
521 reelected to subsequent terms. Each EC Member shall hold office during his or her
522 term until the earliest of: (i) the expiration of the term for which he or she was elected
523 and until his or her successor has been elected and qualified, (ii) the EC Member's
524 resignation of his or her Voting Membership (if the EC Member is the Voting Member
525 as an individual) or the lapse of the EC Member's Voting Membership for delinquency
526 in membership fee payment, (iii) the resignation or lapse (through delinquency in
527 membership fee payment) of Voting Membership of the entity of which the EC Member
528 is a partner, officer, employee or agent, or (iv) the EC Member's death, resignation, or
529 removal.
- 530 (c) Each EC Member shall be a natural person at least eighteen (18) years of age who need
531 not be a resident of Delaware and who shall be a Voting Member, or a partner in, or an
532 officer, employee or agent of, a Voting Member.
- 533 (d) Vacancies in the EC resulting from the circumstances described in Subsections 10.2
534 (b)(ii), (iii), or (iv) above or described in Section 10.2(d) below shall be filled by the
535 Segment in which the vacancy occurs, in accordance with the procedures specified in
536 that Quadrant's Exhibit.
- 537 (e) Procedures for removal of EC Members representing a Segment are contained in the
538 pertinent Quadrant's Exhibit.
- 539 (f) Any EC Member may resign at any time by giving written notice to NAESB. The
540 resignation shall be effective upon receipt by the Secretary or at such subsequent time
541 as may be specified in the notice of resignation.

542 **Section 10.3 EC Organization**

- 543 (a) The EC shall elect from among its members an EC Chair, and up to three vice-chairs
544 (each representing a different Quadrant within the EC). Each of these officers shall

- 545 serve for a term of one (1) year and until his or her successor has been elected and
546 qualified, or until his or her earlier death, resignation, or removal. The EC may appoint
547 a secretary.
- 548 (b) Every meeting of the EC shall be presided over by the EC Chair, an EC Vice Chair (in
549 order of precedence) or, in the absence of the EC Chair and EC Vice Chairs, a chair
550 chosen by a Majority of the EC Members present.
- 551 (c) A majority of the EC may remove the EC Chair or an EC Vice Chair from his or her
552 position whenever in its judgment the best interests of the EC or NAESB will be served
553 thereby.
- 554 (d) The EC Chair and EC Vice Chairs may resign at any time by giving written notice to the
555 NAESB Secretary. The resignation shall be effective upon receipt by the NAESB
556 Secretary or at such subsequent time as may be specified in the notice of resignation.
- 557 (e) The EC shall divide itself into Quadrants to consider Standards and Model Business
558 Practices. The number of Quadrants considering a particular Standard or a particular
559 Model Business Practice shall be determined by the EC as a whole, acting upon
560 requests presented to it through the Triage Process.
- 561 (f) By a Majority vote, the EC shall assign responsibility to one or more Quadrants to
562 address each request for a proposed Standard or a proposed Model Business Practice,
563 at the conclusion of the Triage Process. The Quadrant(s) assigned such responsibility
564 shall process the request and vote on the ultimate recommendation. Only the members
565 of the Quadrant(s) to which the request has been assigned may vote to ratify actions
566 taken to approve a Standard or a Model Business Practice. Any Standard or Model
567 Business Practice adopted by a Quadrant(s) shall apply only to the activities of the
568 energy sector covered by that Quadrant(s).
- 569 (g) As part of the Triage Process, the EC may direct that two or more Quadrants jointly
570 consider a request for proposed Standards or proposed Model Business Practices. In
571 such event, the indicated Quadrants of the EC shall jointly act on the recommendation

572 (and in so doing, may appoint joint subcommittees or task forces to assist in such
573 consideration) and, if applicable, the members of the affected Quadrants shall act on
574 ratification of the Standards or Model Business Practices. To the extent that multiple
575 Quadrants, having jointly considered Standards or Model Business Practices, cannot
576 reach agreement on such Standards or Model Business Practices, the EC
577 representatives of any of the participating Quadrants may, by a Majority vote, instruct
578 the subcommittee to provide a status report. After receiving the status report, the EC
579 representatives from any of the participating Quadrants may request the EC to re-triage
580 the request for a proposed Standard or proposed Model Business Practice to allow a
581 Quadrant(s) to proceed independently.

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

585 (i) Within 30 days after the publication of the meeting minutes recording the EC
586 vote to approve a proposed Standard or Model Business Practice, any
587 Quadrant(s) that believes itself to be affected by such action shall so indicate in
588 a resolution adopted by a Majority vote of the EC of such Quadrant(s), which
589 shall be forwarded by the NAESB office to the EC Chair and the entire EC.

590 (ii) Within 30 days of notice to the EC of such affirmative vote, the EC shall enter a
591 Reconsideration action on the agenda for its next meeting. A Reconsideration
592 action shall pass if a Majority of each Quadrant of the EC that did not vote to
593 adopt the recommended Standard or Model Business Practice now votes in
594 favor of Reconsideration.

595 (iii) In the event the Reconsideration action passes, an affected Quadrant and any
596 other Quadrants that were assigned the request for a proposed Standard or
597 proposed Model Business Practice as a result of the initial Triage Process shall
598 jointly consider such request for a proposed Standard or a proposed Model
599 Business Practice as described in Section 103 (g) of these Bylaws.

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

604 (i) The ratification of a Standard or Model Business Practice requires a 67% approval of
605 the members of each of the applicable Quadrant(s) returning ballots.

606 (j) Minutes shall be kept of all EC and EC Subcommittee meetings and forwarded to the
607 NAESB Secretary.

608 **Section 10.4 Meetings**

609 (a) The EC as a whole, or the EC for individual Quadrant(s), may hold regular meetings at
610 such place and time as shall be designated by resolution of the EC as a whole or the EC
611 for individual Quadrants, as applicable.

612 (b) Quadrant ECs will make all reasonable efforts to coordinate the times and locations of
613 their meetings such that meetings which occur on concurrent or consecutive days will be
614 in close physical proximity, facilitating attendance of multiple meetings by EC members,
615 individual NAESB members of any Quadrant, or other interested parties.

616 (c) The EC Chair or at least one-third of the EC members may call special meetings of the
617 EC which shall be held at such time and place as shall be designated in the call for the
618 meeting. At least five (5) days' notice of any special meeting shall be given to each EC
619 Member pursuant to Section 11.1 or by telephone. Such notice shall state the time and
620 place of such special meeting and state the matters to be discussed at the special
621 meeting. Action taken at special meetings shall be limited to the matters described in the
622 meeting notice.

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

625 (e) Each EC Member shall be entitled to one (1) vote.

- 626 (f) Article V, Section 4 of the Certificate describes the EC voting procedures and number
627 of votes required for adoption or approval for particular issues with respect to NAESB.
- 628 (g) Each EC Member may participate and vote in EC meetings by proxy. Every proxy
629 shall be executed in writing by the EC Member or by his or her duly authorized attorney
630 in fact and filed with the Secretary of NAESB. A proxy shall be revocable at will,
631 notwithstanding any other agreement or any provision in the proxy to the contrary. The
632 revocation of a proxy shall not be effective until notice thereof has been given to the
633 Secretary of NAESB. A proxy shall not be revoked by the death or incapacity of the
634 maker unless, before the vote is counted or the authority is exercised, written notice of
635 such death or incapacity is given to the Secretary of NAESB. Proxies may be limited in
636 scope to the specific matters described in the agenda for the meeting. The voting
637 directions contained in a proxy shall be read by the EC Chair at the beginning of the
638 meeting.
- 639 (h) One (1) or more EC Members may participate in a meeting of the EC or a committee
640 thereof by means of conference telephone or similar communications equipment by
641 means of which all persons participating in the meeting can hear each other.
- 642 (i) No substitutes shall be permitted to vote at EC meetings. However, a Designated
643 Alternate may vote at meetings of the EC in place of an absent EC Member from a
644 given Segment. A Designated Alternate is defined as a person named in a list by the
645 Segment that is received by the EC Secretary at least five (5) days prior to the pertinent
646 meeting of the EC. Each Segment's list shall be developed, amended and structured in
647 the manner described in that Quadrant's Exhibit. A Designated Alternate has all voting
648 rights of the EC Member in whose place he or she serves, except for those matters on
649 which the EC Member has already voted by proxy prior to the beginning of a meeting.
- 650 (j) While EC Members may participate and vote by means of teleconference or other
651 electronic means, eligibility to continue serving as an EC member is dependent upon in-
652 person attendance at no less than 25% of scheduled EC Meetings and participation in at

653 least 75% of such meetings. Such attendance/participation threshold shall be reviewed
654 at March 31 and September 30 of each year for the preceding twelve months..

655 (k) Notational voting by EC Members is proper in the following circumstances and
656 pursuant to the following procedures:

657 (i) In lieu of meeting: The EC Chair may request that any vote or action be taken
658 by the EC without a meeting and without unanimous consent, and such action
659 may be taken if approved by the appropriate voting levels specified in Article V
660 of the Certificate. Notice of the EC Chair's request shall be given to all EC
661 Members in the manner specified in Article II of these Bylaws.

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

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

671 **Section 10.5 EC Subcommittees**

672 (a) The EC may establish subcommittees to be comprised of Members and other interested
673 parties who have the opportunity to participate. Each EC Subcommittee shall employ
674 Balanced Voting. Each EC Subcommittee shall report to, and serve at the pleasure of,
675 the EC. EC Subcommittees shall each:

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

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

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

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

684 (b) There shall be a Triage Subcommittee of the EC with one representative from each
685 Segment within each Quadrant. The Triage Subcommittee shall review and recommend
686 disposition of each request received by NAESB for a Standard, or Model Business
687 Practice. Disposition shall mean scope, priority consistent with the Annual Plan, and
688 assignment to a Quadrant(s) and subcommittee(s) for action. The Chair of the EC shall
689 consult with individual Segments to appoint the members of the Triage Subcommittee
690 and shall as also appoint its chair.

691

692

ARTICLE 11 - NOTICE

693 **Section 11.1 Written Notice**

694 (a) Whenever written notice is required to be given to any person, it may be given to the
695 person, either personally or by sending a copy by first class or express mail, postage
696 prepaid, or courier service, charges prepaid, or by telegram (with messenger service
697 specified), telex or TWX (with answer back received), electronic mail (or its
698 equivalent), or by facsimile transmission, to his or her address or to his or her telex,
699 TWX, electronic mail address or facsimile number appearing on the books of NAESB,
700 in the case of Directors or EC Members, supplied by him or her to NAESB for the
701 purpose of notice. If the notice is sent by mail, telegraph or courier service, it shall be
702 deemed to have been given when deposited in the United States mail or with a telegraph
703 office or courier service for delivery to that person or, in the case of telex or TWX,
704 when dispatched. A notice of meeting shall specify the place, day and hour of the
705 meeting and any other information required by the Act. Except as otherwise provided
706 by the Act or these Bylaws, when a meeting is adjourned, it shall not be necessary to

707 give any notice of the adjourned meeting, or of the business to be transacted at an
708 adjourned meeting, other than by announcement at the meeting at which such
709 adjournment is taken.

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

712 **Section 11.2 Waiver by Writing**

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

716 **Section 11.3 Waiver by Attendance**

717 Attendance of a person at any meeting shall constitute a waiver of notice of the meeting except
718 where a person attends a meeting for the express purpose of objecting, at the beginning of the meeting,
719 to the transaction of any business because the meeting was not lawfully called or convened.

720

721 **ARTICLE 12 - CONFLICTS OF INTEREST**

722 **Section 12.1 Interested Directors and Officers**

723 No contract or transaction between NAESB and one (1) or more of its Members, Directors, or
724 officers or between NAESB and any other corporation, partnership, association, or other organization
725 in which one (1) or more of its Directors or officers are directors or officers, or have a financial interest,
726 shall be void or voidable solely for such reason, or solely because the Member, Director, or officer is
727 present at or participates in the meeting of the Board or committee thereof which authorizes the contract
728 or transaction, or solely because his, her, or their votes are counted for that purpose, if:

729 (a) the material facts as to the relationship or interest and as to the contract or transaction
730 are disclosed or are known to the Board or the committee thereof and the Board or
731 committee thereof in good faith authorizes the contract or transaction by the affirmative

732 votes of a majority of the disinterested Directors even though the disinterested Directors
733 are less than a quorum;

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

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

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

743

744

ARTICLE 13 - LIMITATION OF LIABILITY; INSURANCE

Section 13.1 Limitation of Liability

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

Section 13.2 Insurance

752 NAESB shall purchase and maintain insurance on behalf of any person who is or was a
753 NAESB Director or NAESB Officer and, to the extent approved by the Board, on behalf of EC
754 Members, employees or agents of NAESB or on behalf of persons now or previously serving at the
755 request of NAESB as a director, officer, employee or agent of another domestic or foreign corporation
756 for profit or not-for-profit, partnership, joint venture, trust, or other enterprise against any liability
757 asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her

758 status as such, whether or not NAESB would have the power to indemnify him or her against that
759 liability under the Act.

760

761 **ARTICLE 14 - INDEMNIFICATION**

762 **Section 14.1 Representative Defined**

763 For purposes of Article 14, "representative" means any Director, officer, employee, or agent of
764 NAESB.

765 **Section 14.2 Third-Party Actions**

766 NAESB shall indemnify, to the full extent not prohibited by law, any person who was or is a
767 party or is threatened to be made a party to any threatened, pending or completed action, suit or
768 proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right
769 of NAESB), by reason of the fact that he or she is or was a representative of NAESB, or is or was
770 serving at the request of NAESB as a representative of another domestic or foreign corporation for
771 profit or not-for-profit, partnership, joint venture, trust, or other enterprise, against expenses (including
772 attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by
773 him or her in connection with the action, suit or proceeding if he or she acted in good faith and in a
774 manner he or she reasonably believed to be in, or not opposed to, the best interests of NAESB and,
775 with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct
776 was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, or
777 conviction or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption
778 that the person did not act in good faith and in a manner that he or she reasonably believed to be in, or
779 not opposed to, the best interests of NAESB and, with respect to any criminal action or proceeding,
780 had reasonable cause to believe that his or her conduct was unlawful.

781 **Section 14.3 Derivative and Corporate Actions**

782 NAESB shall indemnify, to the full extent not prohibited by law, any person who was or is a
783 party, or is threatened to be made a party, to any threatened, pending or completed action or suit by or
784 in the right of NAESB to procure a judgment in its favor by reason of the fact that he or she is or was a

785 representative of NAESB or is or was serving at the request of NAESB as a representative of another
786 domestic or foreign corporation for profit or not-for profit, partnership, joint venture, trust, or other
787 enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by him or her in
788 connection with the defense or settlement of the action or suit if he or she acted in good faith and in a
789 manner he or she reasonably believed to be in, or not opposed to, the best interests of NAESB.
790 Indemnification shall not be made under Section 14.3 in respect of any claim, issue or matter as to
791 which the person has been adjudged to be liable to NAESB unless and only to the extent that the Court
792 of Chancery or the court in which the action or suit was brought determines upon application that,
793 despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly
794 and reasonably entitled to indemnity for such expenses that the Court of Chancery or other court shall
795 deem proper.

796 **Section 14.4 Procedure for Effecting Indemnification**

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

- 801 (a) by the Board by a majority vote of a quorum consisting of Directors who were not
802 parties to the action, suit or proceeding; or
- 803 (b) if such a quorum is not obtainable or if obtainable a quorum of disinterested Directors
804 so directs, by independent legal counsel in a written opinion.

805 **Section 14.5 Advancing Expenses**

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

811 **Section 14.6 Supplementary Coverage**

812 The indemnification and advancement of expenses provided by or granted pursuant to Article
813 14 shall not be deemed exclusive of any other rights to which a person seeking indemnification or
814 advancement of expenses may be entitled under any bylaw, agreement, vote of the Members or
815 disinterested Directors, or otherwise, both as to action in his or her official capacity and as to action in
816 another capacity while holding that office. Section 12.1 (relating to interested Directors or officers) shall
817 be applicable to any bylaw, contract, or transaction authorized by the Directors under this Section 14.6.

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

819 The indemnification and advancement of expenses provided by or granted pursuant to Article
820 14 shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased
821 to be a representative of NAESB and shall inure to the benefit of the heirs and personal representatives
822 of that person.

823 **Section 14.8 Reliance and Modification**

824 Each person who shall act as a representative of NAESB shall be deemed to be doing so in
825 reliance upon the rights provided by Article 14. The duties of NAESB to indemnify and to advance
826 expenses to a representative provided in Article 14 shall be in the nature of a contract between NAESB
827 and the representative. No amendment or repeal of any provision of this Article shall alter, to the
828 detriment of the representative, his or her right to the advance of expenses or indemnification related to
829 a claim based on an act or failure to act which took place prior to such amendment or repeal.

830

831 **ARTICLE 15 - ANNUAL REPORT**

832 **Section 15.1 Annual Report**

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

- 836 (a) The assets and liabilities, including the trust funds, of NAESB as of the end of the fiscal
837 year immediately preceding the date of the report.
- 838 (b) The principal changes in assets and liabilities, including the trust funds, during the year
839 immediately preceding the date of the report.
- 840 (c) The revenue or receipts of NAESB, both unrestricted and restricted to particular
841 purposes, for the year immediately preceding the date of the report, including separate
842 data with respect to each trust fund held by or for NAESB.
- 843 (d) The expenses or disbursements of NAESB, for both general and restricted purposes,
844 during the year immediately preceding the date of the report, including separate data
845 with respect to each trust fund held by or for NAESB.
- 846 (e) The number of Members of NAESB as of the date of the report, together with a
847 statement of increase or decrease in such number during the year immediately preceding
848 the date of the report, and a statement of the place where the names and addresses of
849 the current Members may be found.

850 The annual report of the Board shall be filed with the minutes of the meetings of the Members.

851

852 **ARTICLE 16 - TRANSACTION OF BUSINESS**

853 **Section 16.1 Real Property**

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

858 **Section 16.2 Negotiable Instruments**

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

861

862

ARTICLE 17 - CORPORATE RECORDS

Section 17.1 Corporate Records

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

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872

ARTICLE 18 - AMENDMENTS

Section 18.1 Amendments

874 The Bylaws of NAESB may be amended by the Board in the manner described in the
875 Certificate. ~~.; provided, however, Each that each~~ Quadrant's Exhibit may be adopted or amended by
876 majority vote of the Directors representing that Quadrant or as may be specified ~~under~~ in the procedures
877 contained in that Quadrant's Exhibit. Votes on consistency of Quadrant procedures with the Certificate
878 and Bylaws are in the manner described in Article V, Section 5 of the Certificate.

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ARTICLE 19 – TRANSITION PROCEDURES

Section 19.1 Officers of the Board

882 NAESB will be going through a transition process during the period immediately after adoption
883 of these Bylaws. To ease such transition, executive authority shall be exercised by the existing officers
884 of NAESB until such time as the newly constituted Board shall meet and determine upon a different
885 organization, consistent with these Bylaws. In the absence of affirmative action on the part of a fully

886 constituted Board (consisting of at least three Quadrants), the existing officers shall remain in their
887 positions until new officers are installed following the next scheduled election.

888 **Section 19.2 Officers of the EC**

889 EC authority shall be exercised by the existing EC officers until such time as the newly
890 constituted EC shall meet and elect a different slate of officers in accordance with these Bylaws. In the
891 absence of a change of officers by a fully constituted EC (consisting of at least three Quadrants), the
892 existing officers shall remain in their positions until new officers are installed following the next scheduled
893 election.

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

895 Both the Board and the EC will be expanded to include the elected representatives of new
896 Quadrants within 30 days of the completion of the following Quadrant formation activities:

- 897 (a) Approval of Quadrant and Segment By-laws or procedures by the existing Board.
- 898 (b) Completion of a minimum of 30 day recruiting period to solicit and enroll new members.
- 899 (c) An initial meeting of the membership of a Quadrant.
- 900 (d) Election of Board and EC representatives by the Quadrant.

901

CERTIFICATE OF INCORPORATION
OF THE
NORTH AMERICAN ENERGY STANDARDS BOARD, INC.

under the General Corporation Law of the State of Delaware (hereinafter, the "Statute"), adopt this Certificate of Incorporation.

Article I

Name, Duration, and Registered Agent

Section 1. The name of the corporation is the **NORTH AMERICAN ENERGY STANDARDS BOARD, INC.** (hereinafter referred to as "NAESB"). NAESB is a non-stock corporation.

Section 2. The period of duration of NAESB is PERPETUAL. NAESB may be dissolved at any time in the manner provided in the Statute; provided, however, that no later than December 31, 2004, NAESB's Board of Directors shall submit to the members a resolution recommending whether NAESB shall continue. An affirmative vote of both the Board of Directors and the members, as defined in Article V of this Certificate, shall be required to continue NAESB.

Section 3. Reserved.

Section 4. No later than October 1, 1996, the Board of Directors shall submit to the membership a proposal on whether to consolidate the functions of the Board of Directors and the Executive Committee. An affirmative vote of both the Board of Directors and the members, as defined in Article V of this Certificate, shall be required to consolidate the functions of the Board of Directors and the Executive Committee. If the functions of the Board of Directors and the Executive Committee are consolidated, the surviving entity shall become the Board of Directors.

Section 5. NAESB is not organized for pecuniary profit or for the pecuniary profit of its members, or to engage in a regular business ordinarily carried on for profit. No part of the net earnings of NAESB shall inure to the benefit of any member or members or other private persons. During its functioning life, and in the event of its dissolution, all net earnings of NAESB and its assets shall be devoted solely to the objects and purposes stated in this

Certificate. Upon dissolution of NAESB, its assets may be distributed in any manner consistent with this Section and with the applicable provisions of law.

Section 6. The registered office and registered agent of NAESB is The Prentice-Hall Corporation System, Inc., 32 Loockerman Square, Suite L-100, Dover, Kent County, Delaware, 19904.

Article II

Purposes and Scope

Section 1. The objects and purposes of NAESB are to propose and adopt voluntary standards and model business practices designed to promote more competitive and efficient natural gas and electric service, as such standards apply to electronic data interchange ("EDI") record formats and communications protocols and related business practices that streamline the transactional processes of the natural gas and electric industries.

Section 2. NAESB shall engage in any lawful activities necessary or desirable to achieve the objectives and purposes of NAESB set forth in Section 1 of this Article II to the extent consistent with the provisions of Section 501(c)(6) of the Internal Revenue Code of 1986 (or any corresponding provision of any future revenue law) and the regulations promulgated thereunder (as they now exist or as they may be amended in the future, the "Code").

Section 3. NAESB shall be a non-profit organization qualifying under Section 501 (c) (6) of the Code and shall not have the authority to issue capital stock.

Section 4. NAESB shall not have any formal relationship with any regulatory agency. NAESB shall not have an advocacy role regarding its standards before the FERC or any other regulatory agency.

Article III

Organization and Management

Section 1. The business and affairs of NAESB shall be managed by the Board of Directors except to the extent that specific powers and duties are conferred upon the Executive Committee by this Certificate. The Board of Directors may delegate additional powers to the Executive Committee, provided that the Board of Directors may not delegate its power to approve an amendment of the Certificate of Incorporation, a merger or consolidation, a sale of substantially all the assets or dissolution of NAESB, or amendment of the By-Laws.

Section 2. The Board of Directors and Executive Committee members shall be elected for such terms as provided in the By-Laws. The number of members of the Board of Directors and Executive Committee shall as provided in the By-Laws. There may be as many as four Quadrants and each Quadrant shall be composed of industry Segments. The members of each Segment shall vote separately for the election of Directors and Executive Committee members for such Segment pursuant to procedures set forth in the By-Laws.

Section 3. Each representative of the Board of Directors and the Executive Committee shall have one vote. Neither the Board of Directors nor the Executive Committee shall allow substitutes for any member thereof at their respective meetings; provided, however, that, as provided in the By-Laws, the Executive Committee may have designated alternates as selected by their segment. The Board of Directors and Executive Committee shall further establish procedures for notational voting, attendance by telephone or video conferencing, and determination of quorums. These procedures shall be included in, or attached to, the By-Laws. The Board of Directors and the Executive Committee shall each elect a chairman from among their own members. The Chairman of the Board of Directors may request that any vote or action be taken by the Board of Directors without a meeting and without unanimous consent, and such action may be taken if approved by the appropriate voting levels specified in Article V. The Chairman of the Executive Committee may request that any vote or action be taken by the Executive Committee without a meeting and without unanimous consent, and such action may be taken if approved by the appropriate voting levels specified in Article V.

Section 4. Among its other duties of governance, the ~~The~~ Board of Directors shall be responsible for approving the budget and Annual Plan(s), initiating and recommending charter changes, maintaining contacts within the natural gas and electric industries and with government agencies, and selecting counsel and the external auditor for NAESB. The Board of Directors shall also have the authority to adopt and amend the By-Laws pursuant to Section 5 of Article V.

Section 5. (a) The Executive Committee, ~~which shall also exercise general supervision of NAESB's affairs, shall establish NAESB's policies. The Executive Committee~~ shall be responsible for ~~establishment of procedures which will:~~—(1) ~~facilitate~~ the development and formation of NAESB technical standards that are based upon broad industry consensus and recognize the particular needs of each Segment, (2) ~~consider~~ considering and coordinating its ~~the~~ work with ~~of~~ existing standards-setting organizations and with regard to standards already developed, and (3) ~~establishing~~ ~~establish~~ an accessible library of transactions developed by members of NAESB for future consideration by NAESB in the standards development process.

(b) In addition, the Executive Committee shall be responsible for: (1) recommending the initiation, maintenance, and approval of standards-related activities; (2) establishing working committees as it deems necessary to perform NAESB's standards development functions pursuant to procedures set forth in the By-Laws; (3) preparing recommendations to the Board on the ~~budget~~ Annual Plan; (4) setting priorities for standards to be developed or modified pursuant to the Annual Plan; and ~~;(5) overseeing the NAESB staff; and (6)~~ directing activities for reviewing standards interpretation pursuant to the appropriate voting levels specified in Article V.

Section 6. The personal liability of the members of the Board of Directors and the Executive Committee, and such other persons acting for NAESB, to the extent applicable under the Statute, is hereby eliminated to the fullest extent permitted by Section 102(b)(7) of the Statute, as the same may be amended and supplemented.

Any person who is or was a director, officer, agent, or employee of NAESB, or is or was serving, at the request of NAESB, as a director, officer, agent, or employee of another corporation, trust, or enterprise, shall be entitled to be indemnified by NAESB to the fullest extent now or hereafter permitted by the Statute in connection with any actual or threatened action or proceeding (including civil, criminal, administrative or investigative proceedings) arising out of their service to such entity. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which an indemnified person may be entitled under any by-law, agreement, insurance policy, or otherwise.

Section 7. The Chairman of the Board of Directors shall be the Chief Executive Officer of NAESB. An Executive Director shall be selected by the Board of Directors and shall exercise the duties of the chief operating officer of NAESB.

Section 8. Advisory Committee. The Board of Directors shall establish a permanent, standing advisory committee to be composed of representatives of federal, state, and local agencies; public interest groups; non-profit research organizations; and similar organizations, selected pursuant to procedures set forth in the By-Laws. The Board of Directors and the Executive Committee shall seek the advice of this committee as either deems appropriate.

Section 9. NAESB shall have no standing relationships with any technical or trade association; provided, however, NAESB may establish an appropriate relationship with the American National Standards Institute (ANSI) for the purpose of seeking ANSI adoption of its standards, and further provided, however, that any Board-approved arrangement for financial support of NAESB by any technical or trade association shall not be deemed to create a

prohibited standing relationship. NAESB may work with such associations on an ad hoc basis. Furthermore, any such association may become a non-voting member of NAESB.

Article IV

Membership

Section 1. NAESB shall have two classes of members, voting members and non-voting members. The requirements for becoming a member of NAESB shall facilitate to the greatest extent possible a wide based membership consistent with NAESB's fiscal requirements and shall be consistent with all applicable law. Membership criteria for each Segment shall be established separately and set forth in or attached to the By-Laws; provided that the adoption of the requirements for membership in any Segment and any amendment thereof must first be approved by a majority of the Directors representing such Segment.

Section 2. Voting members. The voting members of NAESB shall be individuals, partnerships, firms or corporations, which shall apply for membership in one or more Segments and are in good standing in accordance with the procedures of their Segment(s). As a condition of membership, each voting member will be required to execute a revocable appointment, in a form approved by the Board of Directors, authorizing a designated proxy to vote in support of any of the proposals adopted by the Board of Directors described in Article V, Section 3 of this Certificate of Incorporation which may be submitted to a vote of the general membership. Any voting member may resign from NAESB by written notice to the Executive Director, whereupon that member's participation in all NAESB activities shall cease.

A voting member which is delinquent in the payment of its dues shall continue as a member, but shall not be allowed to vote until it is current in the payment of its dues.

Section 3. Non-voting members. Non-voting members shall include ~~, but not be limited to, federal, state, and local agencies; non-profit research organizations, trade and industry organizations; consumer advocate groups; and similar entities.~~ any person or entity, including a governmental entity, that has a legitimate business interest in a Quadrant of NAESB and desires to join as a non-voting member.

Article V

Voting

Section 1. All actions within the respective responsibilities of the Board and the Executive Committee, as the case may be, shall be by majority vote, except as otherwise provided in this Certificate of Incorporation. A quorum shall be a majority of the Board or Executive Committee, respectively.

Section 2. Voting members shall be entitled to one vote each at meetings of members, except that procedures attached to the By-Laws may provide for weighted or limited voting for members of any Segment, if such By-Law provision is first approved by a majority of the Directors representing such Segment. The quorum for meetings of members shall be one-third of the total number of votes eligible to be cast unless a different number is established by this Certificate.

Section 3. An affirmative vote of at least seventy-five percent (75%) from the Board, including an affirmative vote of at least forty percent (40%) from Directors representing each Segment within each Quadrant, which vote must be ratified by a ninety percent (90%) affirmative vote of the general membership, shall be required to approve an amendment of this Certificate, including NAESB's scope and purposes described in Article II, to continue NAESB pursuant to Section 2 of Article I, to expand or contract the activities of NAESB pursuant to Section 3 of Article I and to consolidate the functions of the Board of Directors and the Executive Committee pursuant to Section 4 of Article I. No quorum of the members shall be required for such votes.

Section 4. An affirmative vote of at least sixty-seven percent (67%) from each of the applicable Quadrant(s) of the Executive Committee, including an affirmative vote of at least forty percent (40%) from representatives of each Segment within each of the applicable Quadrant(s), which vote must be ratified by a sixty-seven percent (67%) affirmative vote of those members of the applicable Quadrants of the general membership voting, shall be required to adopt, promulgate, amend, revise, modify, interpret, or rescind a standard. No quorum of the members shall be required for such vote.

Section 5. The By-Laws may be adopted or amended by the Board on an affirmative vote of at least seventy-five percent (75%) from the Board, including an affirmative vote of at least forty percent (40%) from Directors representing each Segment within each Quadrant. The ~~-, provided that~~ procedures of ~~pertaining to any Segment separately~~ Quadrant ~~that are~~ attached to the By-laws ~~Laws must first~~ as an Exhibit, or any amendment of such procedures, may be ~~approved~~ accepted for consistency by the Board by a simple majority vote ~~of the Directors representing such Segment.~~

Section 6. A vote of at least seventy-five percent (75%) from the Board, including an affirmative vote of at least forty percent (40%) from the Directors representing each Segment within each Quadrant, shall be required to determine how to fund a budget deficit or to establish or modify a promotional dues program.

Article VI

Meetings

Section 1. The Board of Directors and Executive Committee shall meet as often as necessary to consider matters within their respective responsibilities. Notice of such meetings, which shall be appropriate under the circumstances and comply with all applicable statutory requirements, shall be given.

Section 2. The Board of Directors shall instruct the Executive Director to call such meetings of the general membership of NAESB as are required by statute or are necessary to transact the business of NAESB. Meetings of NAESB may also be called by a majority of the members of NAESB or by a majority of the members of the Board of Directors. Between meetings of NAESB, votes of the membership may be taken by written ballot.

Section 3. Written notice of the annual meeting of NAESB shall be given in such manner as is prescribed by Statute, but not less than ten (10) nor more than sixty (60) days prior to the date of the annual meeting. Notice of other meetings shall be given in a manner as may reasonably permit attendance at such meeting, but in any event in a time and manner sufficient to satisfy any statutory requirements.

Article VII

Funding

Section 1. The funds necessary to conduct the business of NAESB shall be determined by the NAESB Board of Directors. The NAESB Board of Directors shall determine the amount of the membership fee to be assessed to each member on the year prior to its assessment, provided that except for promotional dues, the dues shall be the same for all voting members. NAESB may elect to receive funds from non-dues sources to the extent authorized by the Board of Directors and permitted by law and NAESB's bylaws. The Executive Director of NAESB shall ensure that NAESB expenditures in any year shall not exceed the sum of: (x) the aggregate amount of membership fees received (or projected to be collected) during the year to which

such annual budget relates and (y) all other monies or income received (or projected to be received) by NAESB from whatever source during such year.

Article VIII

Amendment of Certificate of Incorporation

Section 1. The provisions contained in this Certificate of Incorporation may be amended by the adoption of a resolution pursuant to the voting procedures set forth at Article V.



North American Energy Standards Board

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Home Page: www.naesb.org

Originally Approved February 16, 1995

Revised April 16, 1998

Revised April 18, 2002

NORTH AMERICAN ENERGY STANDARDS BOARD OPERATING PRACTICE

Procedures for NAESB Executive Committee Subcommittees

The following are general procedures of NAESB Executive Committee Subcommittees and are intended to guide such subcommittee operations. Where specific procedures for a subcommittee exist and have been approved by the Executive Committee, the applicable, specific procedures are intended to guide the operations of the subcommittee in lieu of these generally applicable procedures.

I. Establishment of Subcommittees

- A.** Subcommittees are voluntary committees set up at the pleasure of the Executive Committee ("EC") to perform various functions as set forth in the Bylaws and as may be determined by the EC from time to time. The scope and activities of any Subcommittee shall be determined by the EC.
- B.** The EC will prepare a written statement concerning the purpose and tasks to be accomplished by the Subcommittee, the name of the Subcommittee and will select a member of the EC to act as temporary Chair of said Subcommittee.
- C.** The role of the temporary Chair is to make arrangements through the office of the Executive Director for the initial meeting, including drafting a notice of the meeting and agenda, determining time and place and issuing the notice, agenda and venue information to all NAESB members. The temporary Chair shall serve only until such time as the Subcommittee is organized and elects its own Chair.
- D.** The notice for the meeting should include: a) a copy of the name and purpose statement of the "to be formed" Subcommittee; b) an invitation to NAESB members to volunteer to serve on the Subcommittee; c) a proposal that the acting Subcommittee Chair be selected as the Chair, with the option for NAESB members serving on the Subcommittee to recommend another EC member to perform the Chair functions for the ongoing Subcommittee (if there are alternates proposed, a vote would be taken at the first meeting to select the Chair); and, d) the suggestion that the Subcommittee also consider the need for a co-chair or vice chair and recording member.



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II. **Order of Business - Initial Meeting**

- A.** At the initial meeting of a Subcommittee the following organizational matters will be addressed by those present:
- 1.** Adopt the proposed agenda, with additions, if any.
 - 2.** Review the name, objectives and task assignment(s) for the Subcommittee as contemplated and directed by the EC.
 - 3.** Determine, if necessary, the term of the Chair (and other committee positions, as applicable). Elect/ratify the Chair (and other committee positions as applicable) and Vice Chair pursuant to the Voting process outlined below. The Chair or co-chair of a NAESB EC Subcommittee must be a member of the EC.
 - 4.** Other organizational business as may be necessary to implement a committee structure and procedures necessary to carry out the EC objectives.
 - 5.** Take any other actions, as may be appropriate.
- B.** It is understood that the organizational actions of adoption, ratification and election shall be accomplished at the initial meeting by simple majority vote of NAESB members present and volunteering to serve on the Subcommittee. Substantive business of the Subcommittee shall be subject to quorum and majority rules as set forth below.

III. **Subcommittee Membership**

- A.** Subcommittee membership is open to all interested parties.
- B.** A party may join as many Subcommittees as they desire, and may do so at any time.

IV. **Majority and Minority Recommendations to the EC**

In the absence of consensus and following a vote of the Subcommittee, those members voting in the minority will be reminded by the Chair of their right to forward their proposal directly to the EC and of the date when the Subcommittee's majority proposal is to be discussed and addressed by the EC.

V. **Establishment of Subcommittee Task Forces**

A Subcommittee established by the EC may establish, at its discretion, a Task Force or Task Forces to assist in the achievement of its objectives and tasks. Provided however, said Task Force(s) shall report to the Subcommittee on a regular basis and all proposed actions and recommendations of said Task Force(s) must be reviewed and ratified, adopted and/or voted on by the full Subcommittee prior to advancement to the EC.

VI. **Classification of NAESB Group Charges**

NAESB Operating Practice -- Executive Committee Subcommittee Procedures
Approved on February 16, 1995 and Amended on April 16, 1998 and July 16, 1998
Revised April 18, 2002



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There are four kinds of groups.

Group 1

Groups which are established by the EC that are assigned specific topic(s) and given a business practice review and business practice recommendation(s) charge within such topic(s).

Examples are:

- a) Intraday Task Force,
- b) Title Transfer Tracking Task Force, and
- c) Other topic-oriented groups established by the EC and given a similar business practice charge.



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Group 2

Groups which are established by the EC with a request-oriented and ancillary matters business practice review and business practice recommendation(s) charge, (i.e., conforming changes, standards maintenance and clean-up).

Examples are:

- a) Business Practice Subcommittee (BPS),
- b) Contracts Subcommittee,
- c) Task Force(s) established under the Subcommittees established by the EC,

Examples are:

- i) Model Trading Partner Agreement Task Force,
- ii) Funds Transfer Agreement Task Force,
- iii) Short-Term Gas Purchase Agreement Task Force, and
- d) Any future group formed at the direction of the EC and charged with resolving request-oriented business practice issues within the subject matter of their charge from the EC.

Group 3:

Groups which are established by the EC with a request-oriented and ancillary matters charge but without a business practice charge; or, are charged with "full staffing" of business practice issues which have been addressed by a duly constituted group (i.e. Groups 1 and 2 above).

Examples are:

- a) Information Requirements Subcommittee,
- b) Technical Subcommittee,
- c) Common Codes Task Force,
- d) Task Forces established by other Group 3 Subcommittees (e.g. Future Technology Task Force), and
- e) Such other group(s) as may be constituted by the EC and not charged with the resolution of business practice issues.

Group 4:

Interpretations Subcommittee (ISC) which is established by the EC and is charged with the interpretation or clarification of NAESB Standards which may impact business practices. The ISC is not charged with the creation of new business practices. Rather, it is charged with interpreting the applicability of NAESB Standards to current business practices. Additionally, while the ISC may determine that one or more business practices are not in keeping with a



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NAESB Standard(s) (and that other(s) are), it may not propose (as an interpretation response) new NAESB business practice standards (i.e., X.1.X, X.2.X, X.3.X, or X.4.X standards).

VII. Meetings of the Subcommittee

- A.** The notice of an initial meeting of a NAESB Executive Committee (EC) Subcommittee, NAESB EC Task Force, or NAESB Task Force under a NAESB EC Subcommittee will be distributed at least two weeks in advance of the meeting to all NAESB members.
- B.** Meetings of the Subcommittee are arranged and presided over by the Chair, or Vice Chair, in the event of the Chair's absence.
- C.** Meetings of the Subcommittee are open to all members of NAESB and other interested persons.
- D.** Meetings will be held at times and in places reasonably selected for the convenience of Subcommittee members. Meetings may be held by teleconference. Meetings will be noticed by means of the NAESB Home Page.
- E.** Subcommittees will proceed, as far as possible, on a consensus basis. The Subcommittee Chair may call a vote to determine the course of action to be taken or the nature of the Subcommittee's recommendation to the EC. Each participating company is permitted one vote. The EC may approve alternative subcommittee procedures which indicate who shall be entitled to vote to determine the course of action to be taken or the nature of the specific Subcommittee's recommendation to the EC.
- F.** In-person group meetings normally should be noticed at least two weeks in advance of the meeting. Teleconference-only meetings normally should be noticed at the preceding meeting. All teleconference-only meetings should normally be noticed at least two business days in advance.
- G.** Where reasonable, in-person meetings should provide for attendance by teleconference at the callers' expense. At an in-person meeting, the chair of the group, will also call-in (or open) the teleconference number (via a speakerphone) so as to admit the teleconference attendees by phone and permit interaction between the in-person attendees and the by teleconference attendees.
- H.** Agendas for all NAESB meetings should be generated by the NAESB Chair(s) and posted on the NAESB Home Page sufficiently in advance of the meeting to allow persons accessing the Home Page on a daily basis to identify the issues to be discussed (by or associated with a Request or Clarification Number) and be able to attend. Exceptions to this may be granted by the indulgence of the Executive Committee (EC).



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VIII. Work by a Group on a matter not Assigned a specific NAESB Request Number:

- A.** Should any group with a business practice charge (Groups 1 and 2 above), find itself discussing an ancillary matter which has not been assigned a NAESB Request or Clarification number, yet which is within the charge of the group and reasonably determined by the chair to be within the subject matter before it, it may continue with the discussion of the matter (without reaching a resolution) during the subject meeting. Such discussion and any action items related to such matter will be recorded in the minutes of the group. Should it be determined that further discussion is warranted or a resolution is desired, the Chair(s) of the group, with a majority consent of the members of the group, may place the item on subsequent agenda(s) of the group and process the matter(s) to resolution. Absent a majority consent of the group to so process the matter, the group will await receipt of i) a Request for Standard, ii) a Request for Clarification or Interpretation, iii) other instruction from the EC, or iv) majority consent of the group before processing the matter further.
- B.** Should any group not having a business practice charge, (Group 3) find itself discussing an ancillary matter which has not been assigned a NAESB Request number, it may continue with the discussion of the matter (without reaching a resolution) during the subject meeting. Such discussion and any action items related to such matter will be recorded in the minutes of the group. The Committee will await receipt of a Request For Standard or a recommendation requiring full staffing for further discussion of the matter.
- C.** Should the Interpretations Subcommittee find itself discussing an ancillary matter which has not been assigned a NAESB Clarification number, it may continue with the discussion of the matter (without reaching a resolution) during the subject meeting. Such discussion and any action items related to such matter will be recorded in the minutes of the Interpretations Subcommittee. The Committee will await a receipt of Request For Clarification Or Interpretation for further discussion of the matter.
- D.** Those participants in discussions referred to above are encouraged to attend and participate in the deliberations of the group to which a Request for Clarification or Interpretation was assigned.

IX. Standard Alternative Subcommittee Procedures



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- A.** Pursuant to Section VII.E, above, the EC is authorized to establish alternative voting procedures for subcommittees when it deems such to be appropriate.
- B.** As stated in Section VII.E, voting in subcommittees and task forces shall proceed on a consensus basis **unless** specific written subcommittee or task force voting procedures are currently in place or unless otherwise determined by the EC to use one of the alternatives set forth below ("balanced voting" or "named members")
- 1) "Balanced Voting" means each segment has maximum of two (2) countable votes, regardless of the number of members present from a segment. If there are two or more members from a segment in attendance, countable votes are determined by dividing the total number of votes cast by members of a segment by the total number of that segment's voters present and voting, and multiplying the result by two. Where there are two or fewer segment members present, each vote counts as one countable vote. A simple majority is required to decide issues and abstentions are not counted. The chair shall be selected from among the members of the group, or appointed by the EC, as the EC may determine.
 - 2) "Named Members" means individual NAESB members are specifically assigned by the EC to the subcommittee or task force. There will be an equal number of members from each segment, and each member shall have one vote. One designated alternate is allowed to represent a named segment member in the event that one of the named segment members does not attend a subcommittee or task force meeting, and notational voting is not permitted. A simple majority is required to decide issues and abstentions are not counted. The chair shall be selected from among the members of the group, or appointed by the EC, as the EC may determine.



**NORTH AMERICAN ENERGY STANDARDS BOARD
OPERATING PRACTICE**

**EXECUTIVE COMMITTEE ACTIONS ON STANDARDS AND RELATED
MATTERS**

August 18, 1997
Revised April 18, 2002

- 1.0 Subcommittee and task force recommendations will be set forth in simple declarative language. The text will be in bold face type, and will clearly indicate whether the proposal is a new principle or standard, a modification of an existing principle, standard of definition, or otherwise related to the implementation or interpretation of an existing principle or standard. Proposed modifications shall clearly indicate the existing principle, definition or standard being modified.
- 2.0 The subcommittee or task force shall state the business purpose supported by any proposed change, and why the proposed change is superior to existing NAESB standards, principles, definitions or procedures. The subcommittee or task force shall also indicate the "sense of the room," and, if requested at its meeting, a segment check, with respect to its recommendation to the EC. In addition, should the subcommittee or task force consider other clarifying commentary to be necessary, it shall set forth such commentary following the recommendation, the business purpose, and the "sense of the room". Commentary shall be labeled as such, and shall reflect the subcommittee's or task force's rationale for the recommendation.
- 3.0 Should the subcommittee or task force have consulted with another NAESB subcommittee or task force as a part of the process of making a recommendation to the EC, it shall so indicate in the commentary. Moreover, at the time the chair of the subcommittee or task force determines to request input from another subcommittee or task force, the chair shall notify the NAESB office.
- 4.0 For the purposes of voting the original request and any subsequent commentary shall be set forth in an appendix, and shall be cross-referenced to the recommendation upon which EC action is expected.



- 5.0 Following the recommendation (and, if necessary, the clarifying commentary) there shall be set forth a line item indicating the effect of an EC vote to accept the recommendation. The line item is limited to one of the following:
 - a. change to existing practice
 - b. status quo'
- 6.0 The business practices of ad hoc subcommittees and task forces, (e.g., Title Transfer Tracking, EBB Internet Implementation, Imbalances, Notices, Confirmations and Cross Contract Ranking), will be voted upon by the Executive Committee prior to being fully staffed. Upon passing by the required number of votes, the business practices will go to the Information Requirements Subcommittee and Technical Subcommittee, as appropriate, for implementation. Other committees and task forces may also elect to bring proposed business practices to the Executive Committee prior to fully staffing.
- 7.0 Standards and certain other matters are adopted by the Executive Committee following a minimum of 17 affirmative votes including two votes from each segment. Once such a proposed action receives the minimum required number of votes, it has passed, and shall be forwarded to the membership for ratification.
- 8.0 If a matter has passed at a meeting, Executive Committee member who were neither present in person, nor represented by an alternate, or who did not otherwise vote at the meeting in question, will be offered the opportunity to state their vote. Statements of votes received before the next scheduled Executive Committee meeting will be noted as being for informational purposes only.
- 9.0 If a required minimum "17 and 2" vote cannot be achieved at a meeting due to a lack of a sufficient number of votes from Executive Committee members in attendance at the meeting, and votes from absent members could result in the passage of the matter a notational vote shall follow. In such event, those Executive Committee members not present in person; not submitting a notational ballot which was counted at the meeting; or not represented by an alternate shall be asked to vote notationally.
- 10.0 Once a sufficient number of votes has been received following such notational vote, the standard or other matter shall be deemed passed and shall be sent to the membership for ratification. However, all notational votes shall be recorded, as long as they are received prior to the deadline established for the notational vote. Votes received after the deadline but before the next scheduled Executive Committee meeting will be noted as being for informational purposes only.



July 10, 1997

Revised April 18, 2002

NAESB OPERATING PRACTICE INTERPRETATION SUBCOMMITTEE MISSION AND PROCEDURES

Interpretations Subcommittee Mission

The Interpretations Subcommittee is a segment balanced subcommittee of NAESB whose mission is to receive Requests for Interpretation or Clarification of NAESB Standards; to solicit input as to the source and nature of the circumstances giving rise to the Request for Clarification or Interpretation; and, working in conjunction with other subcommittees within NAESB, to develop clarifications; or, other recommendations with respect to the processing of a Request for Clarification or Interpretation, in response to such requests; for review and determination by the NAESB Executive Committee.

Composition of the Interpretations Subcommittee

The Interpretations Subcommittee is comprised of two members of each of the four NAESB Quadrant's segment representatives. These members are selected by the EC Members for each respective Quadrant, which Quadrant's representative(s) are communicated to the NAESB office are communicated time to time. The Interpretations Subcommittee members are NAESB members with dues paid and serve on the Interpretations Subcommittee at the pleasure of the NAESB segment EC Members for their respective segment. The Interpretations Subcommittee shall be chaired by a member of the Subcommittee chosen by the EC from time to time. The Interpretations Subcommittee shall have a Vice-chair also chosen by the EC from time to time.

Interpretations Subcommittee Procedures

Meetings and Voting:

The Interpretations Subcommittee will meet on a regularly scheduled basis, if outstanding requests merit meeting, with a preference for telephone conferences. The schedule of meetings will be noticed on the NAESB home page and will be open to any participant. When votes are taken, the members of the Interpretations Subcommittee are the voting members of the subcommittee. Votes with respect to interpretations and recommendations are to be



recorded by polling each member of the Interpretations Subcommittee. Members not present at the time of a vote will be polled notationally to ascertain their voting position upon all interpretations and recommendations.



Processing Requests for Interpretation/Clarification:

1. A Request for Clarification or Interpretation shall be submitted to the NAESB Office, given a designation number (beginning with a "C" and the last two digits of the year and then beginning with 001, 002 etc.) and forwarded to the voting members of the Interpretations Subcommittee for review.
2. Each Request for Clarification or Interpretation shall be noticed by posting on the NAESB home page and will be discussed during at least one meeting. During the first meeting to discuss a Request for Clarification or Interpretation the subcommittee members and participants will discuss the matter under consideration and seek from the requester and other interested parties their views on the matter and the circumstances giving rise to the request. Issues and potential resolutions will be discussed and recorded in the minutes of the subcommittee.
3. During this first meeting in which a request is discussed, the subcommittee, in conjunction with the requester, may determine that:
 - 3.1 The request has been satisfied through the discussion and the requester determines to withdraw the request pursuant to paragraph 5.5 below;
 - 3.2 A proposed interpretation be drafted and posted for discussion at the next scheduled meeting of the Interpretations Subcommittee;
 - 3.3 Additional information, research, or input is needed from the requester or other knowledgeable parties including other NAESB subcommittees or task forces before proceeding with processing the Request for Clarification or Interpretation; or
 - 3.4 The Request for Clarification or Interpretation is better handled as a request for standard.

In the event of a determination under 3.4 above, the Interpretations Subcommittee will draft a suggestion to the EC that the EC can refer the request to another NAESB Subcommittee or task force with passage of the appropriate minutes and any appropriate work papers.

In the event of a determination under 3.3 above, a) the Interpretations Subcommittee member(s) seeking additional information may solicit material from sources of their choosing (including but not limited to NAESB meeting minutes and transcripts); and/or b) the Chair may request of the NAESB office



that a formal request for information be forwarded to the chair(s) of the applicable NAESB Subcommittee or task force.

Processing Draft Interpretations:

4. In the event of a determination under 3.2 above, the draft interpretation will be generated and posted sufficiently in advance of the next scheduled meeting of the Interpretations Subcommittee so that interested parties may have an opportunity to review the draft interpretation and provide comment (written or verbal) at the next scheduled meeting of the Interpretations Subcommittee. Meeting minutes will close with the agenda of proposed items for discussion at the next scheduled meeting.
 - 4.1 Proposed interpretations will be discussed during at least one meeting of the Interpretations Subcommittee. If the Interpretations Subcommittee determines at that time that a draft (including the first draft) of an interpretation is ready for EC review and determination, a vote will be taken. If the matter passes by simple majority (including a count of notational votes), the interpretation shall be posted for industry comment and the matter forwarded to the EC to be added to the next EC agenda following the close of the comment period (which comment period, absent an EC determination to shorten, would not be less than two weeks).
 - 4.2 If there are changes to a draft (including the first draft) of an interpretation which changes are agreed to by the members of the Interpretations Subcommittee, another draft will be done, posted with the minutes of the meeting and discussion upon the second (or subsequent) draft scheduled for the next meeting of the Interpretations Subcommittee.
 - 4.3 The Interpretations Subcommittee may, upon review of a draft interpretation, determine that the matter under review should be handled pursuant to 3.3 or 3.4 above. In which case the draft interpretation will be “held” in its draft state until: a) resolution (or lack thereof) under 3.4, or b) the receipt of additional material; and, c) further review and vote by the Interpretations Subcommittee.
 - 4.4 All draft interpretations which are being “held” in their draft state under Section 4.3 are open for discussion during an Interpretations Subcommittee meeting but may not move to final draft without a determination during one meeting that the matter will be placed on the Agenda for the next scheduled meeting at which time the Interpretations Subcommittee will address the drafting (and potential resolution by vote) of the “held” interpretation request.



Completion of the Interpretations Process:

5. Action by the EC determines whether or not a Request for Clarification or Interpretation has been processed to completion by the Interpretation Subcommittee.

5.1 The EC, at any scheduled EC meeting may, by a majority vote, discharge a draft interpretation from the Interpretations Subcommittee. Upon such vote to discharge, the EC may place the matter on its next agenda for review and a determination by the EC. The matter so discharged pursuant to this section 5.1 will be posted for industry comment in advance of the EC meeting at which it will be discussed.

5.2 The EC, upon receipt of a matter from the Interpretations Subcommittee pursuant to section 3.4 may accept or modify the suggestion; and if so, the matter shall be deemed to have been processed to completion.

5.3 The EC, upon receipt of a matter from the Interpretations Subcommittee pursuant to section(s) 4.1 or 5.1 may determine to accept, modify or reject the draft interpretation; and if so, the matter shall be deemed to have been processed to completion.

5.4 The EC, upon receipt of a matter from the Interpretations Subcommittee pursuant to section 4.1 or 3.4 may determine to refer the matter back to the Interpretations Subcommittee with instructions; and if so, the matter shall be deemed to be an open matter requiring further processing by the Interpretations Subcommittee.

5.5 The requester of an interpretation may withdraw their Request for Clarification or Interpretation. Upon withdrawal, work upon that numbered request shall cease without prejudice to subsequent action on a request pertaining to the same or related subject matter. Notice of withdrawal should be made a) in writing at or following the meeting of the interpretations subcommittee (and included in the minutes thereof); b) at a meeting of the EC where it is scheduled for resolution or discussion (and included in the minutes thereof); or c) in writing to the NAESB Office which shall forward such notice to the Interpretations Subcommittee and/or EC as applicable. Requests for Clarification or Interpretation may not be withdrawn after a final vote of the EC upon the matter.

5.6 A Request for Clarification or Interpretation shall be deemed to have been processed to completion upon the occurrence of a) a vote of the EC pursuant to section(s) 5.2 or 5.3; or b) the receipt and recording of a notice of withdrawal pursuant to section 5.5.



Business Practice Subcommittee Mission

The Business Practice Subcommittee is a subcommittee of NAESB whose mission is to receive those Requests for Standards and other requests for action pertaining to potential change to or adoption of a NAESB Standard involving an existing or proposed business practice standard as forwarded to it by the NAESB Executive Committee; to solicit input as to the source and nature of the circumstances giving rise to the Request for Standard or EC formulated request for action; and, working in conjunction with other subcommittees within NAESB, to develop standards; or, other recommendations (with respect to the processing of such matter forwarded to it for processing) for review and determination by the NAESB Executive Committee. The Business Practices Subcommittee is primarily tasked with assessing and addressing those Requests for Standards or portions thereof involving the "what", "whether", "who" and "why" questions of a business practice nature.

Composition of the Business Practice Subcommittee

The Business Practice Subcommittee is comprised of members of the industry interested in participating in meetings to discuss the resolution and disposition of the matters referred to the Business Practice Subcommittee by the EC. There is no requirement that a member of the Business Practices Subcommittee be a NAESB Member. The Business Practices Subcommittee has Co-chairs; from each of the four NAESB Quadrants. These Co-Chairs are NAESB Members with dues paid; are selected from time to time by the Executive Director from among those persons who are NAESB Board Members, NAESB EC Members and/or NAESB EC Alternates; and continue to serve thereafter at the pleasure of the EC Members of their respective Quadrants. Meetings of the Business Practice Subcommittee shall be chaired by one or more of the Co-chairs as determined by the Co-Chairs from time to time.

Business Practice Subcommittee Procedures

Meetings and Voting:

The Business Practice Subcommittee will meet on a regularly scheduled basis, if outstanding requests merit meeting, with a preference for telephone conferences. The schedule of meetings will be noticed on the NAESB home page and will be open to any participant. When votes are taken, the members of the Business Practice Subcommittee are the voting members of the subcommittee. Votes with respect to Standards and recommendations are to be recorded by polling each member of the Business Practice Subcommittee then present during the meeting. Members not present at the time of a vote will not have their vote counted. Upon request of any member of the Business Practice Subcommittee at any time reasonably proximate to a vote, a segment check will be performed. A segment check tallies the previous or upcoming vote on a vote-by-segment-basis. All votes will be recorded in the minutes and all votes for which there has been requested a segment check will be recorded by individual, company, segment and yea, nay, absent, or not voting. All voting, whether by means of segment check or not are on a one-company (as same is recorded on the sign-in sheet) one-vote basis. In the event of a vote, each company is entitled to have one person in attendance at the meeting cast one vote on any issue.



Processing Requests for Standard:

1. A Request for Standard once forwarded by the EC to the Business Practice Subcommittee shall be noticed by posting on the NAESB home page and will be discussed during at least one meeting. During the first meeting to discuss a Request for Standard, the subcommittee members and participants will discuss the matter under consideration and seek from the requester and other interested parties their views on the matter and the circumstances giving rise to the request. Issues and potential resolutions will be discussed and recorded in the minutes of the subcommittee.
2. During this first meeting in which a request is discussed, or during any subsequent meeting when the subject request has been noticed as being on the agenda, the subcommittee may determine:
 - 2.1 In conjunction with the requester, that the request has been satisfied through the discussion and the requester determines to withdraw the request pursuant to section 6.5,
 - 2.2 That a proposed standard be drafted and if so drafted and voted upon, will be posted on the NAESB home page and, where requested by a member of the Business Practices Subcommittee, may also be added to the next agenda of the Business Practices Subcommittee for discussion and disposition at the next scheduled meeting of the Business Practice Subcommittee;
 - 2.3 That a proposed recommendation, having been fully staffed by the BPS and approved by a majority of the members present and voting, will be posted on the NAESB home page for comment and will be added to the agenda of the next scheduled EC meeting following a reasonable comment period specified; or,
 - 2.4 That additional information, research, or input is needed from the requester or other knowledgeable parties including other NAESB subcommittees or task forces before proceeding with processing the Request for Standard (in which event the item remains within the purview of the Business Practice Subcommittee and may be placed upon the agenda with reasonable notice via posting on the NAESB home page).
3. Once a draft of a proposed standard has been posted on the NAESB home page and added to the agenda of the next scheduled meeting of the Business Practices Subcommittee; during the first meeting following the posting; or, during any subsequent meeting when the subject request has been noticed as being on the agenda, the subcommittee may determine:
 - 3.1 In conjunction with the requester, that the request has been satisfied through the discussion and the requester determines to withdraw the request, in writing to the NAESB Office;
 - 3.2 That the draft of a proposed standard be adopted, amended or rejected by a vote of the members of the subcommittee and forwarded to the EC pursuant to the procedures in 3.4 below; or,



- 3.3 That additional information, research, or input is needed from the requester or other knowledgeable parties including other NAESB subcommittees or task forces before proceeding with processing the Request for Standard; and,
 - 3.4 Where so voted upon pursuant to 3.2 above, and upon having been fully staffed, the recommendation will be posted on the NAESB home page for industry comment (regardless of the outcome of the vote); and, the matter will be added to the agenda of the next scheduled EC meeting following a reasonable comment period.
4. In the event of a determination under 2.4 or 3.3 above, a) the Business Practice Subcommittee member(s) seeking additional information may solicit material from sources of their choosing (including but not limited to NAESB meeting minutes and transcripts); and/or b) a Chair may request of the NAESB office that a formal request for material be forwarded to the chair(s) of the applicable NAESB Subcommittee or task force.
 5. In the event of a determination under 2.2 above, the draft standard will be generated and posted sufficiently in advance of the next scheduled meeting of the Business Practice Subcommittee that it is reasonable that interested parties may have an opportunity to review the draft standard and provide comment (written or verbal) at the next scheduled meeting of the Business Practice Subcommittee. Meeting minutes will close with the agenda of proposed items for discussion at the next scheduled meeting.

Completion of the Request for Standards Process:

6. Action by the EC determines whether or not a Request for Standard has been processed to completion.
- 6.1 The EC, at any scheduled EC meeting may, by a majority vote, discharge a draft proposed standard or a Request for Standard from the Business Practice Subcommittee. Upon such vote to discharge, the EC may place the matter on its next agenda for review and a determination by the EC. The matter so discharged pursuant to this section 6.1 will be posted for industry comment in advance of the EC meeting at which it will be discussed.
- 6.2 The EC, upon receipt of a matter from the Business Practice Subcommittee pursuant to section 3.3 may accept or modify the recommendation; and if so, the matter shall be deemed to have been processed to completion.
- 6.3 The EC, upon receipt of a matter from the Business Practice Subcommittee pursuant to section(s) 3.2 or 6.1 may determine to accept, modify or reject the draft recommendation; and if so, the matter shall be deemed to have been processed to completion.
- 6.4 The EC, upon receipt of a matter from the Business Practice Subcommittee pursuant to section 2.3 or 3.2 may determine to refer the matter back to the Business Practice Subcommittee for clarifications, further review or with guidance; and if so, the matter shall



be deemed to be an open matter requiring further processing by the Business Practice Subcommittee.

- 6.5 The requester of a standard may withdraw their Request for Standard. Upon withdrawal, work upon that numbered request shall cease without prejudice to subsequent action on a request pertaining to the same or related subject matter. Notice of withdrawal should be made a) at a meeting of the Business Practice Subcommittee (and included in the minutes thereof); b) at a meeting of the EC where it is scheduled for resolution or discussion (and included in the minutes thereof); or c) in writing to the NAESB Office which shall forward such notice to the Business Practice Subcommittee and/or EC as applicable. Requests for Standard may not be withdrawn after a final vote of the EC upon the matter.
- 6.6 A Request for Standard shall be deemed to have been processed to completion upon the occurrence of a) a vote of the EC pursuant to section(s) 6.2 or 6.3; or b) the receipt and recording of a notice of withdrawal pursuant to section 6.5.



Triage Subcommittee Mission

The Triage Subcommittee is a subcommittee of NAESB whose mission is to receive those Requests for Standards as forwarded to it by the NAESB Office; to solicit input as to the source and nature of the circumstances giving rise to the Request for Standard; and, to make a recommendation to the Executive Committee of NAESB as to the manner in which the Request for Standard should be processed, including 1) any questions which should be addressed by the requester at the meeting(s) during which the request is processed; 2) the priority for action with which the request should be addressed; and 3) a recommended "completion of action" or "report as to progress" date. These recommendations shall be in writing and forwarded to the NAESB Executive Committee for its review and determination. The Triage Subcommittee is primarily tasked with assessing and addressing the best manner for processing Requests for Standards submitted to NAESB.

Composition of the Triage Subcommittee:

The Triage Subcommittee is comprised of the five Co-Chairs of the Business Practices Subcommittee. Members of the industry interested in participating in meetings to discuss the recommended disposition of the matters referred to the Triage Subcommittee are invited to do so. There is no requirement that a participant in the meetings of the Triage Subcommittee be a NAESB Member. Meetings of the Triage Subcommittee shall be chaired by one or more of the Co-chairs as determined by the Co-Chairs from time to time.

Triage Subcommittee Procedures

Meetings and Voting:

The Triage Subcommittee will meet at least once prior to each regularly scheduled Executive Committee meeting, if there are new outstanding requests, and at other times as reasonably necessary to process new Requests for Standard(s) in advance of an Executive Committee meeting to determine the manner of processing of such Requests. The preferred manner of conducting the meetings of the Triage Subcommittee is by means of telephone conferences. Unless otherwise requested by the Executive Committee, the schedule of meetings will be noticed on the NAESB homepage and will be open to any participant. When votes are taken, the members of the Triage Subcommittee are the voting members of the subcommittee. Votes with respect to Standards and recommendations are to be recorded by polling each member of the Triage Subcommittee then present during the meeting. Absence of at least three votes in favor of a particular recommendation will require a polling of the member(s) not present at the time of a vote; and, such member(s) will vote by notational ballot or by voice vote delivered to the NAESB Executive Director and recorded at the NAESB Office with the minutes of the Triage Subcommittee meeting at which the subject request(s) were disposed of.



Processing Requests for Standard:

The Executive Committee may adopt, modify or reject a recommendation of the Triage Subcommittee. In the event of a rejection, the Executive Committee will make its own determinations as to the processing of a Request for Standard. The Executive Committee may also refer the recommendation back to the Triage Subcommittee with instructions. In the event of such referral, the Triage Subcommittee will then process that Request for Standard prior to the next Executive Committee meeting and formulate a recommendation taking consideration of the instructions of the Executive Committee.



**NAESB Operating Procedures
with respect to NAESB Affiliated Group Meetings, Agendas
and the working of a NAESB Affiliated Group on matter(s)
not yet assigned a Request Number**

Applicable to: All NAESB Subcommittees, NAESB Task Forces, or NAESB Task Forces under a NAESB Subcommittee (hereafter a NAESB Affiliated Group),

Meetings: NAESB Affiliated Group(s) in-person meetings should be noticed at least a week in advance of the meeting and teleconference-only meetings should be noticed at the preceding meeting and least a business day in advance of the meeting. Where a teleconference-only meeting was not noticed at the preceding meeting of the NAESB Affiliated Group, a notice period of several business days is requested.

Where possible, in-person meetings should provide for attendance by teleconference. Teleconferences may be arranged by notifying the NAESB Office and obtaining a teleconference call-in number. At an in-person meeting, the chair of the NAESB Affiliated Group, will also call-in to the teleconference number (via a speakerphone) so as to admit the teleconference attendees by phone and permit interaction between the in-person attendees and the by teleconference attendees.

Agendas: Agendas for all NAESB Affiliated Groups' meetings should be generated by the NAESB Affiliated Group's Chair(s) and posted on the NAESB Homepage sufficiently in advance of the meeting to allow persons accessing the Homepage on a daily basis to identify the existence of the meeting, identify the issues to be discussed (by Request number) and be able to attend. Exceptions to this may be granted by the indulgence of the Executive Committee.

**Work by a NAESB Affiliated Group on a matter not related to a specific
NAESB Office-assigned Request Number:**

There are three kinds of NAESB Affiliated Groups. Those with a business practice review and recommendation charge, those without such a charge, and the Interpretations Subcommittee. Examples of the first of these, Groups assigned to identify and resolve business practice issues, (Type 1) are: a) the Business Practice Subcommittee (the BPS) (or any joint meeting of the BPS with any other NAESB Affiliated Group and/or, established under the BPS, i.e., the Definitions Task Force); b) the Title Transfer Tracking Task Force; c) the Intra-day Task Force; d) the Contracts Subcommittee (and under same, the Model Trading Partner Agreement Task Force, the Funds Transfer Agreement Task Force, and the Short-term Gas Purchase Agreement Task Force); plus e) any future NAESB Affiliated Group formed at the direction of the Executive Committee (the EC) and charged with resolving business practice issues within the scope of their charge from the EC.

The second of these NAESB Affiliated Groups are those assigned to receive requests for which there are no new business practice issues or with respect to which the



business practice issues have been addressed by a duly constituted business practice review committee (a thru e above) and which matter is then slated to be "Fully Staffed" prior to its circulation for industry comment and return to the EC for final vote. Examples of this second type of NAESB Affiliated Group (Type 2) are: 1) the Information Requirements Subcommittee, 2) the Technical Subcommittee, 3) the Future Technology Task Force, 4) the Common Codes Task Force, 5) the Standards Adoption and Testing Procedures Task Force (proposed), and such other NAESB Affiliated Group as constituted by the EC and not charged with the resolution of business practice issues.

The third of these NAESB Affiliated Groups is the Interpretations Subcommittee. While it deals with the interpretations of NAESB Standards, which standards may impact business practices, it is not charged with the creation of new business practices. Rather, it is charged with interpreting the applicability of NAESB Standards to current business practices, and conversely, the conformity of existing business practices with NAESB Standards. Additionally, while the interpretations Subcommittee may determine that one or more business practices are not in keeping with a NAESB Standard(s) (and that other(s) are), it may not propose (as an Interpretation response) new NAESB business practice standards (i.e., X.1.X, X.2.X, X.3.X, or X.4.X standards).

Should any NAESB Affiliated Group with a business practice charge (Type 1 above), find itself discussing a matter which has not been assigned a NAESB Request number yet which is within the charge of the group, it may continue with the discussion of the matter (without reaching a resolution) during the subject meeting. Such discussion and any action items related to such matter will be recorded in the minutes of the NAESB Affiliated Group. Should it be determined that further discussion is warranted or a resolution is desired, the Chair(s) of the NAESB Affiliated Group, with a majority consent of the members of the NAESB Affiliated Group, may place the item on subsequent agenda(s) of the Group and process the matter(s) to resolution. Absent a majority consent of the group to so process the matter, the NAESB Affiliated Group Chair(s) may determine to draft a Request for Standard (or a Request for Clarification or Interpretation, as applicable) and submit same to the NAESB Office. In the event such a drafting of a Request for Standard and/or Interpretation is the selected course of action, further discussion of the matter will then await processing by the NAESB Office and/or the Executive Committee, as applicable.

Should any NAESB Affiliated Group not having a business practice charge, (Type 2 above) find itself discussing a matter which has not been assigned a NAESB Request number, it may continue with the discussion of the matter (without reaching a resolution) during the subject meeting. Such discussion and any action items related to such matter will be recorded in the minutes of the NAESB Affiliated Group. Should it be determined that further discussion is warranted or a resolution is desired, the Chair(s) of the NAESB Affiliated Group, may determine to draft a Request for Standard (or a Request for Clarification or Interpretation, as applicable) and submit same to the NAESB Office. In the event such a drafting of a Request for Standard and/or Interpretation is the selected course of action, further discussion of the matter will then await processing by the NAESB Office and/or the Executive Committee, as applicable.

Should the Interpretations Subcommittee find itself discussing a matter which has not been assigned a NAESB Clarification number, it may continue with the discussion of the matter (without reaching a resolution) during the subject meeting. Such discussion and any



action items related to such matter will be recorded in the minutes of the Interpretation Subcommittee. Should it be determined that further discussion is warranted or a resolution is desired, the Chair(s) of the Interpretation Subcommittee, may determine to draft a Request for Clarification or Interpretation and submit same to the NAESB Office. In the event such a drafting of a Request for Clarification or Interpretation is the selected course of action, further discussion of the matter will then await processing by the NAESB Office. Absent the drafting of such a request by the Chair(s) or other person(s), the matter will not be placed on the agenda nor otherwise discussed at a subsequent meeting of the Interpretations Subcommittee. Thus, the Interpretation Subcommittee will follow the request generation practices of the non-business practice NAESB Affiliated Groups with respect to any interpretation response not related to a matter which was referred to it for resolution. This means that a matter not related to a current request before the Interpretations Subcommittee will await the drafting of a specific Request for Clarification or Interpretation prior to further processing of the matter.

Should any matter arising within the discussions of a NAESB Affiliated Group be submitted as a Request to the NAESB Office and processed in such a manner as it is referred to a NAESB Affiliated Group other than the NAESB Affiliated Group initiating the request, members of the subject Group are encouraged to attend and participate in the deliberations of the Group to which it was assigned.

NAESB Affiliated Group-Initiated Requests for Standard(s) or Clarification/Interpretation:

Upon assignment by the NAESB Office of a Request Number to such a request, the NAESB Office will refer such request to the appropriate NAESB Subcommittee (Triage or Interpretations). Such request will be then handled in the same manner as all other similar requests.



**Executive Committee Resolution
Regarding Voting Procedures for Subcommittees or Task Forces**

We as an Executive Committee adopt a principle of balanced voting in Executive Committee Subcommittees or Task Forces with the number of votes per segment to be determined by the Executive Committee for both current subcommittees and task forces and newly created subcommittees and task forces from one vote per segment to unlimited votes per segment. The votes, or fractions of votes would be totaled across segments to determine the outcome of the motion under consideration. No notational or proxy votes would be permitted except for subcommittees or task forces with named members. Without Executive Committee action, newly formed subcommittees and task forces would have unlimited votes per segment. No member of a subcommittee or task force in attendance would have more than one vote. The Executive Committee through a simple majority vote would have the discretion to modify the voting procedures for its subcommittees and task forces.

June 11, 1998



**EXECUTIVE COMMITTEE
SUBCOMMITTEES & TASK FORCES VOTING PRACTICES**

Subcommittee/Task Force	Co-Chairs	Balanced Voting	Named Members	Simple Majority
Allocation Grid Data Team	In Active			✓
ANSI Compliance Team	Kim Van Pelt,			✓
Business Practices Subcommittee	Kim Van Pelt, Mike Novak, Greg Lander, Tina Patton	✓		
Common Codes Subcommittee	In Active			✓
Contracts Subcommittee	Cary Metz, Diane McVicker			✓
Cross Contracts Ranking	In Active	✓		
EBB-Internet Implementation Task Force	In Active	✓		
Electronic Delivery Mechanisms Subcommittee	Leigh Spangler, Dick Brooks, Carl Caldwell			✓
Future Technology Task Force	Mike Shahan			✓
Imbalances Subcommittee	In Active	✓		
Information Requirements Subcommittee	Pete Whatley, Suzanne Calcagno, Dale Davis			✓
Interpretations Subcommittee	Greg Lander, Bill Boswell		✓	
Technical Subcommittee	Kim Van Pelt,			✓
Title Transfer Tracking	In Active	✓		
Triage	Jim Buccigross		✓	



May 13, 1997
Revised April 18, 2002

NAESB Board of Directors

Resolution Regarding NAESB Activities

During the past year, NAESB has taken great strides in proposing, considering and adopting standards which will have a significant and lasting impact on all aspects of the natural gas industry. A significant percentage of the standards adopted by NAESB likewise have been adopted by FERC and incorporated into the tariffs of pipelines regulated by that body.

The effects of the standards adopted are not known at this time, although all parties expect and hope that the industry will be able to operate more effectively and efficiently to the benefit of itself and its customers. At the same time, it must be acknowledged that the standards adopted, as well as future standards, constitute a change in the way many parties have been doing business, with accompanying impact on the use and allocation of resources amount those affected.

The Board wishes it to be clearly known that, as a matter of policy, NAESB will move at a deliberate pace, consistent with its annual plan(s), which will permit those affected by its standards (especially those which have been adopted as FERC standards) to assimilate them as a part of their business practices. To this end, NAESB will carefully consider whether proposed additional standards are timely and needed. Specifically, NAESB will endeavor to avoid the adoption and implementation of new standards, however beneficial, prior to the time when the industry is in a position to reasonably make use of them.



**NORTH AMERICAN ENERGY STANDARDS BOARD
OPERATING PRACTICE**

PROCEDURES FOR ADOPTING STANDARDS

August 18, 1997
Revised April 18, 2002

1.0 REVIEW OF STANDARDS

1.1 Revisions of Standards

Revisions to existing standards adopted by NAESB shall be initiated, as warranted, in accordance with the procedures set forth herein.

Standards may be revised as frequently as necessary in line with indicated safety needs, industry developments or current state of the art.

1.2 Continuity of Standards

Existing standards shall remain in effect until revised or withdrawn in accordance with the same procedures governing adoption of standards. Consideration of withdrawal may be initiated at any time.

2.0 DEVELOPMENT OF STANDARDS

2.1 Initiation of Standards or Standards Revisions

2.1.1 Requests: Any written request or recommendation relative to developing or adopting a standard or revising an existing standard shall be submitted to the Executive Director. Such request or recommendation shall include information sufficient to meet the form requirements established by the Executive Committee and/or other appropriate subcommittee(s).

2.1.2 Disposition of Requests: The Executive Director shall refer the request or recommendation to the Executive Committee. The Executive Committee shall determine whether the requested standard is within NAESB's scope, and, if so, may refer the request for further processing to the appropriate subcommittee(s) of the Executive Committee, or to the Executive Committee itself, if no appropriate subcommittee(s) exists. In the latter



case, the Executive Committee may elect to establish a subcommittee or an ad hoc task force to consider the request. Where established, such task forces shall operate under the procedures set forth herein applicable to authorized subcommittees of the Executive Committee.

2.1.3 Meetings: Executive Committee and subcommittee meetings relating to the initiation or revision of standards shall be scheduled at such time as there are a reasonable number of business items to consider or when an item of business requiring expeditious consideration cannot be handled by correspondence.

2.1.4 Public Notice: Notice of meetings of the Executive Committee or authorized subcommittee relating to the development or review of standards shall be provided to all NAESB Members and shall be published in an industry trade journal or other public medium intended to reach persons reasonably expected to have an interest in the standards. Such notice shall be provided at least six weeks prior to a regularly scheduled meeting. The notice shall include a brief description of the purpose of the meeting and the name, address and telephone number of the Executive Director or his or her designated representative who can provide further information on the meeting or activity.

2.1.5 Open Meetings: Executive Committee or subcommittee meetings relating to the development or review of standards shall be open to all NAESB members and other interested persons. The public notice of Executive or subcommittee meetings may request that interested persons planning to attend the meeting notify the Executive Director or his or her designated representative in advance of the meeting to ensure that adequate meeting facilities are available.

2.1.6 Meeting Agenda: Meeting agenda shall be prepared for all pending business items. The originators of agenda items shall be advised of the time and place of the meeting so they, or their representative, may attend the meeting to present their views.

2.1.7 Drafting Standards: The Executive Committee shall direct an authorized subcommittee to develop or review draft standards or draft revisions to existing standards, as deemed necessary.

2.2 DISTRIBUTION FOR COMMENT

2.2.1 Preparation of Standards Proposals: Before the Executive Committee may consider the adoption of any standards, a draft standards proposal setting forth the details of proposed draft standards, recommended comment period, appropriate business documentation and the reasons for the proposed standards shall be prepared by an



authorized subcommittee for distribution for comment.

2.2.2 Distribution of Standards Proposals: All draft standards proposals prepared by an authorized subcommittee shall be distributed by the Executive Director for comment to all interested persons, and copies shall be made available upon request to all NAESB members. The notice distributing a draft standards proposal shall establish a date not less than 30 days after the date of distribution for the submission of written comments, except that where a redistribution is made pursuant to section 2.3.2.b, the Executive Director in consultation with the EC officers and the authorized subcommittee may establish a reasonable time period of less than 30 days for comments on the revised proposal.

2.2.3 Comments on Standards Proposals: All persons interested in submitting comments on a proposal to adopt a new standard or revise or withdraw an existing standard shall submit their written comments to the Executive Director on or before the date specified in the distribution notice. All comments proposing any modification to a draft standards proposal must include: (1) a mark-up of the proposed standard showing the specific language to be included in or deleted from the proposed standard; and (2) a detailed explanation of the need for the proposed modifications.

2.2.4 Compilation of comments Received: All comments received on a draft standards proposal, as a result of its distribution, shall be compiled by the Executive Director and distributed to an authorized subcommittee for consideration

2.3 Consideration of Comments

2.3.1 Reconsideration of Proposals: An authorized subcommittee shall reconsider each standards proposal in light of comments received. All comments accepted by the subcommittee and all comments rejected by the subcommittee shall be discussed in the subcommittee's report specifying the action to be taken on a standards proposal under Section 2.3.2. The report also shall inform persons whose comments have been rejected of their right to have their comments heard by the Executive Committee.

2.3.2 Action on Proposals and Comments: As a result of considering all comments received, an authorized subcommittee shall, within ninety (90) days of receipt of the comments, either:

- a. Submit the proposal(s), which may include clarifications and corrections for approval by the Executive Committee in accordance with Section 3.1, below;
- b. Substantively revise the proposal(s) and redistribute the revised proposal's for comment in accordance with Section 2.2; or



c. Not approve the proposal(s) if it is concluded that there is a lack of consensus for the proposal(s).

2.3.3 Report of Action on Proposals and Comments: An authorized subcommittee shall prepare and transmit to the Executive Committee a report describing and explaining its decision to take an action provided under Section 2.3.2. Such report shall be made available to all NAESB members.

3.0 **ADOPTION OF STANDARDS**

3.1 Executive Committee Consideration of Standards:

The Executive Committee shall consider the proposed standards, standards revisions and withdrawals, and any comments made to the Executive Committee on standards proposals. The Executive Committee shall determine, in accordance with the voting procedures under Article V, Section 4 of the Certificate of Incorporation, if the standards proposal is to be recommended for consideration and ratification by NAESB voting Members. Submitters of comments rejected by the Executive Committee shall be advised in writing of the reasons for the rejection and that they may seek a reconsideration of the action of the Executive Committee.

If the Executive Committee determines not to submit a proposal for ratification by NAESB Voting Members, but determines to return the proposal to an authorized subcommittee or concerned submitting group for review and action as indicated, the Executive Committee shall state its reason for such action in sufficient detail to enable the group to deal with the matter in a satisfactory manner.

3.2 NAESB Voting Member Approval of Standards

3.2.1 Submittal for Review: Standards proposals approved by the Executive Committee for submittal to NAESB Voting Members for ratification shall be submitted for review, in proper form, by the Executive Director to NAESB Members of record as of the date the proposal is submitted to NAESB Members at least 30 days prior to the deadline for registering votes.

3.2.2 NAESB Member Approval: NAESB Members with voting rights shall vote on standards submitted for their approval in accordance with the procedures set forth in Article V, Section 4 of NAESB's Certificate of Incorporation.



4.0 **PUBLICATION OF STANDARDS**

Following approval of a standards proposal by NAESB Members, the Executive Director shall publish and issue it as either a new standard, an amendment to an existing standard or a new edition of an existing standard, as appropriate.

5.0 **INTERPRETATION OF STANDARDS**

5.1 Requests for Interpretation of Standards: Any person may seek an interpretation of an existing standard adopted by NAESB by submitting to the Executive Director a written request for interpretation. Such request shall identify the standard(s) as to which interpretation is sought, and shall state with specificity the nature of the interpretation sought.

5.2 Transmittal to Authorized Subcommittee: The Executive Director shall transmit all proper requests for interpretation to the authorized subcommittee responsible for the development of the standards as to which an interpretation is sought. The authorized subcommittee shall, within 90 days after receiving the request, prepare a report to the Executive Committee recommending a disposition of the request.

5.3 Action by Executive Committee: The Executive committee shall consider the report of the authorized subcommittee and, subject to compliance with the voting procedures set forth in Article V, Section 4, of NAESB's Certificate of Incorporation, shall take action on the interpretation.



**NORTH AMERICAN ENERGY STANDARDS BOARD
OPERATING PRACTICES**

**ADOPTING MINOR CLARIFICATIONS AND CORRECTIONS TO
STANDARDS**

Revised April 26, 2002

1.0 PROCEDURES; DEFINITIONS

1.1 Procedures

Minor clarifications and corrections to standards adopted by NAESB shall be initiated, as warranted, and processed in accordance with the procedures set forth herein. Substantive revisions to standards adopted by NAESB shall be handled in accordance with "Procedures for Adopting Standards".

1.2 Definition of Minor Clarifications or Corrections

Minor clarifications or corrections to an existing standard include: (a) clarifications or corrections made by a regulatory agency for standards that are of a jurisdictional nature, or by ANSI or its successor; (b) clarifications or corrections to the format or appearance or descriptions in the standard documentation, (c) clarifications or corrections to add code values to table, and (d) clarifications or corrections that do not materially change the standard.

2.0 PROCESSING OF REQUESTS FOR MINOR CLARIFICATIONS AND CORRECTIONS

2.1 Requests

Any written request for a minor clarification or correction relative to any existing NAESB standard shall be submitted to the Executive Director. Such request shall include information sufficient to describe the minor clarification or correction, and the reasons for implementing such minor improvements or corrections.

2.2 Disposition of Requests

a. The Executive Director shall promptly notify the Executive Committee, the Standards Development Subcommittee, and other appropriate subcommittees of the receipt of the request. The Executive Committee shall promptly determine if the request meets the definition of minor clarification or correction. The Executive Committee,



through the decision of the chair or vice chair, may delegate this determination to a subcommittee with the concurrence of the chair of said subcommittee, in which case the determination shall be made promptly.

b. If the request meets the definition of minor clarification or correction, the Executive Committee will act on the request, with input from the authorized subcommittee, within one month of its receipt. A meeting for discussion on the request is not necessary - the decision can be made through notational vote. A simple majority of the votes received will determine the outcome. The Executive Committee will be given a minimum of three working days to consider and vote on the request.

2.3 Public Notice

a. The results of the vote on the request will be issued in the NAESB Standards Action Bulletin. The bulletin will be distributed to all NAESB members in good standing. The bulletin will be distributed monthly, or more often, as the Executive Committee determines. The public notice through the NAESB Standards Action Bulletin should be within one month of the Executive Committee vote on the request.

b. If the Executive Committee approves the request as a minor clarification or correction, it will be noticed in the Standards Action Bulletin, and distributed to all NAESB members. A brief description of the approved request, the contact name and number of the requester for further information and the proposed effective date of the clarification or correction will be included. NAESB members will have an opportunity to comment on the approved request - the bulletin will indicate where to send comments, and the deadline for submitting them. The proposed effective date will normally be within one month from the date of the public notice.

2.4 Final Disposition of Approved Requests

a. If no comments are received on an approved request, the standard will be clarified or corrected as specified in the approved request on the effective date proposed in the Standards Action Bulletin.

b. If comments are received, they will be forwarded to the Executive Committee, or its designee, for consideration. Each comment will require a public written response from the Executive Committee, or its designee. The Executive Committee will determine whether changes are necessary as a result of the comments. A simple majority of the votes received will determine the outcome. The Executive Committee will be given a minimum of three working days to consider the comments and determine the outcome. A meeting for the discussion on the request is not necessary - the decision can be made through notational vote. The standard shall be clarified or corrected in accordance with the outcome of the vote, effective with the completion of voting, and notice thereof shall be given in the Standards Action Bulletin.



**NORTH AMERICAN ENERGY STANDARDS BOARD
OPERATING PRACTICE**

PROCEDURES FOR COMMUNICATION WITH THE FERC

August 18, 1997
Revised April 26, 2002

1.0 AMENDMENTS TO EXISTING STANDARDS WHICH HAVE BEEN ADOPTED BY FERC

Should NAESB amend one of its existing standards, which standard shall previously have been adopted by the FERC, the Executive Director shall officially notify the FERC upon ratification of the amendment.

2.0 INTERPRETATION OF EXISTING STANDARDS WHICH HAVE BEEN ADOPTED BY FERC

Should NAESB agree upon the issuance of an interpretation of one of its FERC-adopted standards, upon completion of all steps necessary to effectuate the interpretation, the Executive Director shall officially notify the FERC.

3.0 ADOPTION OF NEW STANDARDS

a. Where NAESB shall adopt a new standard the Executive Director, upon ratification, shall transmit the new standard to the FERC.

b. Where NAESB shall adopt a new standard which directly relates to the use, action, or implementation of an existing NAESB standard which is also a FERC standard, upon ratification the Executive Director shall transmit the new standard to the FERC. Any commentary in the transmittal shall require the prior approval of the Executive Committee through a vote of a minimum of 17 affirmative votes, with at least two affirmative votes from each segment; however, actions with respect to commentary in the transmittals, including the resulting vote, shall be reported to the FERC.

4.0 PUBLICATION SCHEDULE FOR STANDARDS

a. The standards manuals and standards booklets shall be updated and new versions published no more than twice per year.



b. In the interim period between publication of standards manuals, it is recognized that, the following documents will be sent to the Secretary of the FERC no more than six times per year:

- 1) Final Standards Actions and member ratified voting record
- 2) Final Interpretations and member ratified voting record
- 3) Standards Request Log
- 4) Clarifications Log

5.0 **NAESB INFORMAL COMMUNICATIONS WITH THE FERC**

It is recognized that the NAESB office, officers and subcommittee chairs of the Executive Committee and Board of Directors will continue to follow the current convention of informal communications with the Commissioners and FERC Commission staff. The informal communications are for informational purposes only, and are not intended as a substitute for formal communications with the FERC. The current convention on reporting the results of these informal communications to the Executive Committee will continue.



**NORTH AMERICAN ENERGY STANDARDS BOARD
OPERATING PRACTICES**

PROCEDURES FOR STANDARDS DEVELOPMENT AND MAINTENANCE

August 18, 1997
Revised April 18, 2002

1.0 **INITIATION**

Standards Development and Maintenance is initiated by a request (NAESB form 'Request for Standards Maintenance') forwarded to the Executive Director of NAESB for consideration of the Executive Committee or the Executive Committee may itself initiate an action, based on regulatory or legislative events. All requests for a standard or modification to an existing standard must be processed through the Executive Committee in compliance with Section 5.0 of the NAESB Operating Practices- "

2.0 **ACTION**

- 2.1. Requested submitted electronically to the NAESB office using the approved form.
- 2.2. NAESB office assigns a request number to the form and posts the request on the NAESB home page.
- 2.3. Request, by request number, is noticed in the next issue of the NAESB Standards Action Bulletin and is posted in the Request Log on the NAESB Home Page.
- 2.4. Request is sent to members of the Triage Subcommittee for review at the next meeting of that subcommittee.
- 2.5. Triage Subcommittee submits recommended Subcommittee or Task Force assignment and recommended priority to Executive Committee for consideration at next Executive Committee meeting.
- 2.6. Executive Committee determines the status of the request through a simple majority vote (1) determination of whether the request is in scope (2) assignment to a NAESB Subcommittee or Task Force and (3) time frame in which request will be addressed.



- 2.7 The results of the Executive Committee review are noticed in the next issue of the NAESB Standards Action Bulletin and is posted in the Request Log on the NAESB Home Page.
- 2.8 The subcommittee or task force complete the task assigned.
- 2.9 Where appropriate, the subcommittee or task force forwards instructions to the Technical Subcommittee for updates to the technical instructions to be drafted.
- 2.10 The subcommittee or task force submits a recommendation to the Executive Committee based on the results of the group's findings (NAESB form Recommendation to NAESB Executive Committee).
- 2.11 The recommendation is posted on the NAESB Home Page for industry comment for 30 days prior to the Executive Committee taking action on the recommendation. The 30-day comment period may be shortened by the Executive Committee.
- 2.12 The Executive Committee considers the request, recommendation and industry comments in taking final action.

3.0 **PROCEDURES**

Subcommittees or Task Forces developing or modifying standards will adhere to the following procedures:

- 3.1 Chairs of the groups are responsible for working with the NAESB office to define meeting notices and agendas, which are distributed through the NAESB office. Meeting notices should have adequate advance notice to attendees who are required to travel to the meeting.
- 3.2 All meetings are open. Executive Sessions are only used by the Board and Executive Committee in determining administrative issues, not activities related to standards development or maintenance.
- 3.3 Meetings, including those held via telephone conference and ad hoc meetings, should be scheduled by first conferring with the NAESB office to ensure that meetings for groups with common members are not scheduled concurrently. This determination is made by the NAESB office.



3.4 During the meetings, minutes are to be taken. All attendees should sign an attendance sheet including name, company name, segment affiliation, phone number, fax number and e-mail address.

3.5 When decisions are made and a sense of the room is taken, it should be recorded in the minutes. If no sense of the room is taken, the chair should inform the meeting participants that the decision is recorded as unanimous. Segments checks can be requested by any one in the meeting. Segment checks should be recorded in the meeting minutes.

3.6 Minutes working documents, meeting notices and agendas should be prepared electronically and forwarded to the NAESB office for posting on the home page.

3.7 The group or representatives of the groups should develop a recommendation to submit to the Executive Committee using NAESB form, 'Recommendation to NAESB Executive Committee'. The recommendation should comply with instructions for that form.

4.0 **RESULTS**

The Executive Committee action will have one of the following results:

4.1 The recommendation is approved as submitted.

4.2 The recommendation is approved as modified by the Executive Committee.

4.3 The original request is approved by the Executive Committee

4.4 The recommendation is returned to the Subcommittee or Task Force for further development.

4.5 The recommendation is rejected.

All additions to or modifications to standards must obtain membership ratification before becoming a NAESB standard.

Member ratified actions will be posted on the Final Action page of the NAESB Home Page. Two times per year, these actions will be incorporated into the implementation manuals.



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Revised April 18, 2002

**NORTH AMERICAN ENERGY STANDARDS BOARD OPERATING PRACTICE
APPEALS PROCEDURES**

- I.** Any person may ask that any adopted NAESB standard or proposed standard be amended, not adopted or be reconsidered.
- II.** Requests for amendments to existing standards or reconsideration of a proposed standard not adopted may be captioned as "appeals" by the requesting party.
- III.** The requesting party shall state in its request (or appeal) the reason or reasons it disagrees with the standard, and shall propose its preferred alternative language.
- IV.** Such requests shall be filed with the NAESB office and treated as requests for new standards and processed accordingly.