

North American Energy Standards Board
Wholesale Electric Quadrant Procedures
As Amended and Approved by the NAESB WEQ Membership – August 4, 2003

Attachment A

**NAESB WHOLESALE ELECTRIC QUADRANT
PROPOSED INITIAL QUADRANT PROCEDURES
JULY 10, 2002**

The NAESB Wholesale Electric Quadrant will be composed of five segments. Each segment will have six seats on the Board of Directors and the Executive Committee. The organization for the segments is shown below:

- **Transmission:** Any entity engaged in the activity of owning, operating or controlling bulk electric transmission facilities in North America.

Sub-segments:	Muni/Coop	Number of Seats:	1
	Fed/State/Provincial		1
	IOU		2
	ITC		2

- **Generation:** Any entity engaged in the activity of owning and/or operating wholesale electric generation facilities in North America.

Sub-segments:	Muni/Coop	Number of Seats:	1
	Fed/State/Provincial		1
	IOU		2
	Merchant		2

- **Marketers/Brokers:** Any entity engaged in the activity of buying and selling wholesale electric power in North America on a physical or financial basis.

Sub-segments:	Muni/Coop	Number of Seats:	1
	Fed/State/provincial		1
	Not IOU affiliated		2
	IOU Affiliated		2

- **Distribution/Load Serving Entities:** Any entity engaged in the activity of electric power sales and/or delivery to end use customers in North America, or any entity designated to represent a distribution utility.

Sub-segments:	Muni/Coop	Number of Seats:	2
	IOU		2
	Competitive Retailer		1
	<i>(not available to muni/coop, IOU or IOU affiliates)</i>		
	Other		1
	<i>(not available to muni/coop, IOU or IOU affiliates)</i>		

- **End Users:** Any entity in North America that is an end use consumer of electricity, engages in electricity regulation, or represents customer interests, or any entity designated to represent an end user.

Sub-segments:	End Use (also in another segment)	Number of Seats:	1
	Regulator		1
	Residential/Commercial		1
	Large Industrial (not in other segments)		2
	End Use (Self Generation)		1

IOU Definition: An investor owned entity who has substantial business interest in owning and/or operating any two of the following three asset categories --- generation, transmission, distribution.

Attachment A (cont.)

Procedural Elements:

1. Entities may participate in multiple segments within WEQ.
2. “Sunrise .” Sub-segment principles will continue. Sub-segments may be revisited at any time, but no later than three years. Changes to sub-segments require 75% affirmative from with segment, subject to other minimum participation and deadline requirements.
3. RTO/ISO/IMO participation. All RTOs/ISOs and comparable Canadian entities are strongly encouraged to participate in the Standards drafting process from conception through drafting to the ratification stage. Furthermore, a Technical Advisory Council comprising those jurisdictionally-approved entities will be formed to provide technical support and counsel to the NAESB Board and EC. The Council will have the obligation to provide a technical assessment, evaluation and recommendation to the EC on all Standards relevant to the grid system and RTO market operations. Furthermore, the Council has an affirmative obligation to apprise the EC of a given Standard’s feasibility.
4. Fixed Annual Payment. All WEQ participants will pay a fixed annual payment. Annual payment should provide for required budget to administer the process to develop Standards. Exceptions must be approved by the NAESB Board.
5. Sub-segment population. NAESB WEQ will establish minimum number for populating sub-segments within a segment, including a deadline for such population.
6. Consultants. Contract consultants may be considered as an option for Standards drafting, contingent on identification of need and availability of sufficient funding.

Final comprehensive affirmation. This vote *[the vote taken by the Wholesale Electric Quadrant Formation Group on July 10 to endorse this package for forwarding to the NAESB Board of Directors for approval]* will reflect only the elements of this settlement. No changes of any kind can be made to this agreement without prior agreement of parties