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2 **BYLAWS**

3 **Of**

4 **NORTH AMERICAN ENERGY STANDARDS BOARD, INC. (NAESB)**

5 **A Delaware Non-Stock, Non-Profit Corporation**

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8 **ARTICLE 1 - DEFINITIONS**

9 **Section 1.1 Definitions**

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

- 11 A. "Act" means the Delaware General Corporation Law, as amended.
- 12 B. "Agent" means an individual, partnership, firm, corporation or other entity
13 representing the interests of a member of NAESB, but who, itself, is not
14 necessarily a member of NAESB.
- 15 C. "Balanced Voting" means that, in the context of EC Subcommittees and task
16 forces, with respect to Standards/Model Business Practices development, voting is
17 governed by rules and procedures that provide for balance of interests among
18 industry Segments and Quadrants participating in NAESB so as to avoid having
19 any one interest exert undue influence over any decision.
- 20 D. "Board" means the Board of Directors of NAESB.
- 21 E. "Certificate" means the Certificate of Incorporation, as amended from time to
22 time, of the NAESB.

- 23 F. "Contribution" is defined as any tangible form of expression created during the
24 development of, and used in, the final NAESB Standards or Model Business
25 Practices ("NAESB Standards").
- 26 G. "Director" means an individual serving on the Board.
- 27 H. "EC" means the Executive Committee of NAESB, Inc. (in whole, as a Quadrant
28 EC, or any combination of the Quadrant EC(s)).
- 29 I. "EC Subcommittee" means a subcommittee established by the EC pursuant to
30 Section 10.5 of these Bylaws.
- 31 J. "Exhibit" means an attachment to these Bylaws.
- 32 K. "Majority" means a simple majority of each of the applicable Quadrants for the
33 purposes of voting.
- 34 L. "Members" means individuals and entities that satisfy the requirements for
35 membership set forth in Article 5 of the Bylaws, and includes Voting Members
36 and Non-Voting Members.
- 37 M. "Model Business Practice" means a protocol or procedure for the conduct of
38 specified acts or transactions. The term "Model Business Practice" does not
39 imply enforceability by NAESB.
- 40 N. "NAESB" means the North American Energy Standards Board, Inc.
- 41 O. "Operating Procedures" means the policies and rules that govern the behavior and
42 operation of committees, subcommittees and task forces of NAESB, as
43 established and maintained by the Parliamentary Committee of the Board, (as
44 established in Section 7.8(b)). They apply equally to all Quadrants and Segments.
- 45 P. "Quadrant" means any one of the industry sectors that make up NAESB, whose
46 name has been assigned by the Board, for example, gas wholesale, electric
47 wholesale, ~~and retail markets~~~~gas retail, and electric retail.~~

- 48 Q. "Reconsideration" means a review of a proposed Standard or proposed Model
49 Business Practice subsequent to adoption by the EC and prior to ratification, as
50 described in Section 10.3(h) of these Bylaws.
- 51 R. "Segment" means one of the co-equal member groupings of a given Quadrant, as
52 defined by that Quadrant and approved by the Board as an Exhibit to these
53 Bylaws.
- 54 S. "Standard" means a protocol or procedure for the conduct of specified acts or
55 transactions. The term "Standard" does not imply enforceability by NAESB.
- 56 T. "Triage Process" refers to the actions taken from the time a request for a proposed
57 Standard or a proposed Model Business Practice is received by the NAESB
58 office, through consideration by the Triage Subcommittee, and until such time as
59 the EC assigns the request for consideration.
- 60 U. "Voting Member" means an individual, partnership, firm, corporation or other
61 entity whose NAESB dues are current and who meets the requirements for
62 membership of a given Segment(s) within a Quadrant(s), and who has joined such
63 Quadrant(s) and Segment(s). A Voting Member may only be a member of
64 multiple Quadrants and Segments if it has paid dues in each such Quadrant and
65 Segment.

ARTICLE 2 - PURPOSES, SCOPE, ACTIVITIES AND POLICIES

Section 2.1 Purposes, Scope and Activities

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

Section 2.2 Policies

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

76 Advisory Council (as established in Section 7.9), Board committees, EC
77 Subcommittees and task forces, shall be open to any member of the public and the
78 minutes thereof shall be available to the public, except as provided in Section 9.1
79 of these Bylaws.

80 (b) The principles governing NAESB are:

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

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

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

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

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

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

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

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

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

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

130 **Broad Applicability** – To the extent reasonable, the Standards and Model
131 Business Practices to be established should be structured such that they can be
132 applicable to both the electric and natural gas industries. The two industries

133 should work together to develop Standards and Model Business Practices when
134 joint Standards and Model Business Practices are appropriate. However, where
135 operating requirements dictate the need for different approaches, discrete
136 Standards and Model Business Practices will be established separately by
137 Quadrant(s).

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

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

148 **Section 2.3 Quadrants and Segments**

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

152 In order to have representation on the Board or the EC, a Quadrant shall have at least
153 forty Voting Members and at least four Segments. Each Segment shall have at least five Voting
154 Members. This minimum representation requirement shall be reconsidered by the Board
155 biannually. Without limitation, and in addition to the other options it may choose, the Board
156 may combine Quadrants, either for operational purposes or administrative purposes (including
157 voting at the Board or the EC), or both, and may add new Quadrants.

158 A fully populated segment is one which has eighty percent (80%) of the seats filled on
159 the Board (for a vote at the Board) or one hundred percent (100%) for the EC (for a vote at the
160 EC), and only a fully populated segment may exercise the affirmative voting rights provided in
161 Article V of the Certificate, for actions taken by the Board or the EC, as the case may be.

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ARTICLE 3 - OFFICES

Section 3.1 Offices

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

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, Sections 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

189 NAESB. A proxy shall not be revoked by the death or incapacity of the
190 maker unless, before the vote is counted or the authority is exercised,
191 written notice of such death or incapacity is given to the Secretary of
192 NAESB. No proxy shall be valid after three (3) years from the date of its
193 execution unless otherwise provided in the proxy.

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

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

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

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

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

243 **Section 5.2 Non-Voting Members**

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

247 **Section 5.3 Nontransferable**

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

252 **Section 5.4 Resignation**

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

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256 **ARTICLE 6 - MEETINGS OF MEMBERS**

257 **Section 6.1 Place of Meetings**

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

261 **Section 6.2 Annual Meeting**

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

265 **Section 6.3 Special Meetings of Members**

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

273 **Section 6.4 Determination of Members of Record**

274 The Board may fix a time, not more than sixty (60) days prior to the date of any meeting
275 of the Members or any adjournment thereof, as a record date for the determination of the
276 Members entitled to notice of, or to vote at, such meeting. The Board may similarly fix a record
277 date for the determination of the Members of record for any other purpose. When a
278 determination of the Members of record has been made for purposes of a meeting, the
279 determination shall apply to any adjournment thereof unless the Board fixes a new record date
280 for the adjourned meeting.

281 **Section 6.5 Notice of Meetings of Members**

282 Notice of meetings of Members and meetings of Quadrants and Segments to elect or
283 remove Directors or EC Members, or to amend their Exhibits, shall be given in the manner
284 described in Article 11 of the Bylaws. When a meeting of the Members is adjourned, it shall not
285 be necessary to give any notice of the adjourned meeting or of the business to be transacted at an
286 adjourned meeting, other than by announcement at the meeting at which such adjournment is
287 taken, unless the Board fixes a new record date for the adjourned meeting or the Act requires
288 notice of the business to be transacted and such notice has not previously been given.

289 **Section 6.6 Quorum**

290 The quorums for meetings of Voting Members shall be as described in Article V, Section
291 2 of the Certificate. The quorums may be determined by counting attendance in person or by
292 proxy. The Voting Members present at a duly organized meeting can continue to do business
293 until adjournment, notwithstanding the withdrawal of enough Members to leave less than a
294 quorum. If a meeting cannot be organized because a quorum has not attended, those present
295 may, except as otherwise provided in the Act, adjourn the meeting to such time and place as they
296 may determine.

297 **Section 6.7 Adjournment**

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

299 **Section 6.8 Organization**

300 At every meeting of the Members, the Board Chair, or in his or her absence, the Board
301 Vice Chair, or in the absence of the Board Chair and the Board Vice Chair, the Board Second
302 Vice Chair or the Board Third Vice Chair, etc., respectively, together representing each of the
303 Quadrants within the Board, or a chair chosen by the Members, shall act as chair. The Secretary,
304 or in his or her absence, a person appointed by the chair, shall act as secretary.

305 **Section 6.9 Voting on Particular Issues**

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

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309 **ARTICLE 7 - BOARD**

310 **Section 7.1 Board**

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

316 **Section 7.2 Qualifications of Directors**

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

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

321 The Board shall consist of representatives of the Quadrants, each Quadrant determining
322 the number of Directors who shall occupy seats on the Board, except that every Segment of a
323 Quadrant shall be represented by at least one Director. Regardless of the number of Directors
324 elected from each Quadrant, no Quadrant shall be entitled to cast a vote greater than the
325 percentage that its Quadrant represents in relation to the total number of Quadrants represented
326 on the Board at a given time. Each Segment within a Quadrant shall be represented by an equal

327 number of Directors, to be determined by that Quadrant. The procedures for electing the
328 Directors shall be as specified in each Quadrant's Exhibit. Each Quadrant shall communicate the
329 timing of its election of Directors.

330 **Section 7.4 Term of Office**

331 (a) The term of office of a Director shall be for a period set by the Quadrant, not less
332 than 1 year, not to exceed three years. Quadrants may elect Directors for varying
333 terms. Directors may be reelected to subsequent terms.

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

342 **Section 7.5 Vacancies**

343 Vacancies in the Board resulting from the circumstances described in Subsections
344 7.4(b)(ii), (iii) or (iv) above shall be filled by the Quadrant and Segment in which the vacancy
345 occurs, in accordance with the procedures specified in that Quadrant's Exhibit.

346 **Section 7.6 Removal of Directors**

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

349 **Section 7.7 Resignations**

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

353 **Section 7.8 Board Committees**

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

359 (b) There shall be a Managing Committee, consisting of the chair, the vice chairs of each
360 Quadrant, the past chairs (if a member of the Board), the Executive Director, and the
361 General Counsel. It shall have the authority of the Board between Board meetings,
362 subject to the limitations placed upon it by the Board; however it shall have no
363 authority to amend the Certificate or the Bylaws. The Executive Director and the
364 General Counsel shall be non-voting members of the committee.

365 (c) There shall be a Parliamentary Committee, consisting of members of the Board with
366 at least two Directors from each Quadrant. The function of the Parliamentary
367 Committee is to address issues related to corporate governance, including, but not
368 limited to, the Certificate of Incorporation, the Bylaws and the Operating Procedures.
369 Members of the Parliamentary Committee shall be appointed by the Chair of the
370 Board, who shall serve as the chair of this committee.

371 **Section 7.9 Advisory Council**

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

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381 **ARTICLE 8 - OFFICERS**

382 **Section 8.1 Number**

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

388 **Section 8.2 Qualifications of Officers of NAESB**

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

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

393 The officers of NAESB shall be elected by the Board at any meeting of the Board. Each
394 officer except for the Executive Director, Assistant Secretaries and Assistant Treasurers shall
395 serve for a term of one (1) year and until his or her successor begins his or her term, or until his
396 or her earlier death, resignation, or removal, or lapse of Director status pursuant to Subsections
397 7.4(b)(ii),(iii) or (iv) or Section 7.6. On expiration of the terms of the officers of NAESB, the
398 Vice Chair shall become the Chair, the Second Vice Chair shall become the Vice Chair, the
399 Third Vice Chair shall become the Second Vice Chair, and the Board shall elect a new Third
400 Vice Chair. The new Third Vice Chair shall be elected in the following order of rotation, which
401 shall be repeated indefinitely: Gas Wholesale, ~~Electric Retail~~ Markets Retail, and Electric
402 Wholesale, ~~and Gas Retail~~. If no Director representing a Quadrant is willing to serve as Third
403 Vice Chair when the rotation turns to that Quadrant, the Board shall elect a Third Vice Chair
404 from among its remaining Directors, and the rotation shall continue thereafter as though a
405 Director representing the Quadrant had in fact served as Third Vice Chair.

406 **Section 8.4 Removal of Officers**

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

Draft NAESB Bylaws Amended Modification [Retail Restructure] by the Board of
Directors Parliamentary Committee
September 5, 2013 July 23, 2014

410 **Section 8.5 Resignations**

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

414 **Section 8.6 The Chair**

415 The Chair shall be the chief executive officer of NAESB and shall have general
416 supervision over the business and operations of NAESB, subject to the control of the Board. The
417 Chair shall chair all meetings of the Board and the Members. The Chair shall execute in the
418 name of NAESB, deeds, mortgages, bonds, contracts, and other instruments to the extent
419 authorized by the Board, except in cases where the execution thereof shall be expressly delegated
420 by the Board to some other officer or agent of NAESB. In general, the Chair shall perform all
421 duties incident to the office of Chair and such other duties as may be assigned by the Board.

422 **Section 8.7 The Vice Chairs**

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

430 **Section 8.8 The Secretary**

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

433 (b) The Secretary shall attend all meetings of the Board and of the Members. The
434 Secretary shall record all votes of the Board, EC and the Voting Members and the
435 minutes of the meetings of the Board, EC and of the Members in a book or books
436 belonging to NAESB to be kept for that purpose. The Secretary shall see that
437 required notices of meetings of the Board and of the Members are given and that
438 all records and reports are properly kept and filed by NAESB. The Secretary

Draft NAESB Bylaws Amended Modification [Retail Restructure] by the Board of
DirectorsParliamentary Committee
September 5, 2013July 23, 2014

439 shall be the custodian of the seal of NAESB and shall see that it is affixed to all
440 documents to be executed on behalf of NAESB under its seal. In general, the
441 Secretary shall perform all duties incident to the office of Secretary and such
442 other duties as may be assigned by the Board or the Chair.

- 443 (c) In the absence or disability of the Secretary or when so directed by the Secretary,
444 any Assistant Secretary may perform all the duties of the Secretary, and, when so
445 acting, shall have all the powers of, and be subject to all the restrictions upon, the
446 Secretary. Each Assistant Secretary shall perform such other duties as may be
447 assigned by the Board, the Chair, or the Secretary.
- 448 (d) To the extent not provided for by the EC, the Secretary shall appoint persons to
449 take minutes of EC Meetings and EC Subcommittee meetings.

450 **Section 8.9 The Treasurer**

- 451 (a) Unless the Board directs otherwise, the Second Vice Chair shall be the Treasurer.
452 The Executive Director shall be an Assistant Treasurer.
- 453 (b) The Treasurer shall be responsible for corporate funds and securities and shall
454 keep full and accurate accounts of receipts and disbursements in books belonging
455 to NAESB. The Treasurer shall have full authority to receive and give receipts
456 for all money due and payable to NAESB, and to endorse checks, drafts, and
457 warrants in its name and on its behalf and to give full discharge for the same. The
458 Treasurer shall deposit all funds of NAESB, except such as may be required for
459 current use, in such banks or other places of deposit as the Board may designate.
460 In general, the Treasurer shall perform all duties incident to the office of
461 Treasurer and such other duties as may be assigned by the Board or the Chair.
- 462 (c) In the absence or disability of the Treasurer or when so directed by the Treasurer,
463 any Assistant Treasurer may perform all the duties of the Treasurer, and, when so
464 acting, shall have all the powers of, and be subject to all the restrictions upon, the
465 Treasurer. Each Assistant Treasurer shall perform such other duties as may be
466 assigned by the Board, the Chair, or the Treasurer.

467 **Section 8.10 The Executive Director**

468 The Executive Director shall be the chief operating officer of NAESB, and be subject to
469 the control of the Board. The Executive Director shall have all powers and duties necessary for
470 managing the day-to-day operating and business affairs of NAESB and directing all activities of
471 NAESB as prescribed by the Board. Unless the Board directs otherwise, the Executive Director
472 shall be the Secretary of NAESB. The compensation of the Executive Director shall be fixed by
473 the Board.

474

475 **ARTICLE 9 - MEETINGS OF DIRECTORS**

476 **Section 9.1 Place of Meetings**

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

482 **Section 9.2 Organization**

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

487 **Section 9.3 Annual Meeting**

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

493 **Section 9.4 Regular Meetings**

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

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

500 The Chair or at least one-third of the Directors may call special meetings of the Board,
501 which shall be held at such time and place as shall be designated in the call for the meeting. Ten
502 (10) days' notice of any special meeting shall be given to each Director pursuant to Article 11 or
503 by telephone. Such notice shall state the time and place of such special meeting and state the
504 matters to be discussed at the special meeting. Action taken at special meetings shall be limited
505 to the matters described in the meeting notice.

506 **Section 9.6 Quorum**

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

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

- 510 (a) One (1) or more Directors may participate in a meeting of the Board or a
511 committee thereof by means of conference telephone or similar communications
512 equipment by means of which all persons participating in the meeting can hear
513 each other.
- 514 (b) Each Director shall be entitled to one (1) vote.
- 515 (c) Article V, Sections 1 and 3 of the Certificate describe the voting procedures and
516 the number of votes required for adoption or approval for particular issues with
517 respect to NAESB.
- 518 (d) No substitutes shall be permitted to vote at Board meetings.
- 519 (e) Notational voting by Directors is proper in the following circumstances and
520 pursuant to the following procedures:

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- 521 (i) In lieu of meeting: The Chair may request that any vote or action be taken
522 by the Board without a meeting and without unanimous consent, and such
523 action may be taken if approved by the appropriate voting levels specified
524 in Article V of the Certificate. Notice of the Chair's request shall be given
525 to all Directors in the manner specified in Article II of the Bylaws.
- 526 (ii) During meetings: Notational votes from a Director not in attendance shall
527 be accepted and counted at a Board meeting with respect to any
528 resolutions circulated in writing in advance of a Board meeting; provided,
529 however, that if substantive changes are made in a resolution at the Board
530 meeting such advance notational votes shall not be counted with respect to
531 that resolution, but the procedures specified in (iii) below should be used.
- 532 (iii) Following a meeting: The Board shall indicate whether, and if so for how
533 long, notational votes will be accepted after a meeting relating to
534 particular issues voted on at that meeting.
- 535 (f) While Board Members may participate and vote by means of teleconference or
536 other electronic means, eligibility to continue serving as a Board member is
537 dependent upon in-person attendance at a minimum of one scheduled Board
538 Meeting per year and participation in at least two such meetings per year. Such
539 attendance/participation threshold shall be reviewed annually.

541 **ARTICLE 10 - EXECUTIVE COMMITTEE**

542 **Section 10.1 Duties and Responsibilities**

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

545 **Section 10.2 EC Members**

- 546 (a) The EC shall consist of representatives of the Quadrants, with each Quadrant
547 determining the number of EC Members representing that Quadrant. Regardless
548 of the number of EC members elected from each Quadrant, no Quadrant shall be

549 entitled to cast a vote greater than the percentage that its Quadrant represents in
550 relation to the total number of Quadrants represented on the EC. Each Segment
551 within a Quadrant shall be represented by an equal number of EC Members, to be
552 determined by that Quadrant. The procedures followed for electing the EC
553 members shall be those specified in that Quadrant's Exhibit.

554 (b) The term of office of an EC member shall be for a period set by the Quadrant, not
555 less than 1 year, not to exceed three years. Each Quadrant will determine the
556 terms for their EC members. EC member terms may vary between Quadrants.
557 EC members may be reelected to subsequent terms. Each EC Member shall hold
558 office during his or her term until the earliest of: (i) the expiration of the term for
559 which he or she was elected and until his or her successor has been elected and
560 qualified, (ii) the EC Member's resignation of his or her Voting Membership (if
561 the EC Member is the Voting Member as an individual) or the lapse of the EC
562 Member's Voting Membership for delinquency in membership fee payment, (iii)
563 the resignation or lapse (through delinquency in membership fee payment) of
564 Voting Membership of the entity of which the EC Member is a partner, officer,
565 employee or agent, or (iv) the EC Member's death, resignation, or removal.

566 (c) Each EC Member shall be a natural person at least eighteen (18) years of age who
567 need not be a resident of Delaware and who shall be a Voting Member, or a
568 partner in, or an officer, employee or agent of, a Voting Member.

569 (d) Vacancies in the EC resulting from the circumstances described in Subsections
570 10.2(b)(ii), (iii), or (iv) above or described in Section 10.2(d) below shall be filled
571 by the Segment in which the vacancy occurs, in accordance with the procedures
572 specified in that Quadrant's Exhibit.

573 (e) Procedures for removal of EC Members representing a Segment are contained in
574 the pertinent Quadrant's Exhibit.

575 (f) Any EC Member may resign at any time by giving written notice to NAESB. The
576 resignation shall be effective upon receipt by the Secretary or at such subsequent
577 time as may be specified in the notice of resignation.

578 **Section 10.3 EC Organization**

- 579 (a) The EC shall elect from among its members an EC Chair, and up to three vice-
580 chairs (each representing a different Quadrant within the EC). Each of these
581 officers shall serve for a term of one (1) year and until his or her successor has
582 been elected and qualified, or until his or her earlier death, resignation, or
583 removal. The EC may appoint a secretary.
- 584 (b) Every meeting of the EC shall be presided over by the EC Chair, an EC Vice
585 Chair (in order of precedence) or, in the absence of the EC Chair and EC Vice
586 Chairs, a chair chosen by a Majority of the EC Members present.
- 587 (c) A majority of the EC may remove the EC Chair or an EC Vice Chair from his or
588 her position whenever in its judgment the best interests of the EC or NAESB will
589 be served thereby.
- 590 (d) The EC Chair and EC Vice Chairs may resign at any time by giving written notice
591 to the NAESB Secretary. The resignation shall be effective upon receipt by the
592 NAESB Secretary or at such subsequent time as may be specified in the notice of
593 resignation.
- 594 (e) The EC shall divide itself into Quadrants to consider Standards and Model
595 Business Practices. The number of Quadrants considering a particular Standard
596 or a particular Model Business Practice shall be determined by the EC as a whole,
597 acting upon requests presented to it through the Triage Process.
- 598 (f) By a Majority vote, the EC shall assign responsibility to one or more Quadrants to
599 address each request for a proposed Standard or a proposed Model Business
600 Practice, at the conclusion of the Triage Process. The Quadrant(s) assigned such
601 responsibility shall process the request and vote on the ultimate recommendation.
602 Only the members of the Quadrant(s) to which the request has been assigned may
603 vote to ratify actions taken to approve a Standard or a Model Business Practice.
604 Any Standard or Model Business Practice adopted by a Quadrant(s) shall apply
605 only to the activities of the energy sector covered by that Quadrant(s).

- 606 (g) As part of the Triage Process, the EC may direct that two or more Quadrants
607 jointly consider a request for proposed Standards or proposed Model Business
608 Practices. In such event, the indicated Quadrants of the EC shall jointly act on the
609 recommendation (and in so doing, may appoint joint subcommittees or task forces
610 to assist in such consideration) and, if applicable, the members of the affected
611 Quadrants shall act on ratification of the Standards or Model Business Practices.
612 To the extent that multiple Quadrants, having jointly considered Standards or
613 Model Business Practices, cannot reach agreement on such Standards or Model
614 Business Practices, the EC representatives of any of the participating Quadrants
615 may, by a Majority vote, instruct the subcommittee to provide a status report.
616 After receiving the status report, the EC representatives from any of the
617 participating Quadrants may request the EC to re-triage the request for a proposed
618 Standard or proposed Model Business Practice to allow a Quadrant(s) to proceed
619 independently.
- 620 (h) Any Quadrant(s) that believes that it is affected by a Standard or Model Business
621 Practice adopted by any other Quadrant(s) of the EC may seek Reconsideration of
622 the assignment of such proposed Standard or Model Business Practice.
- 623 (i) Within 30 days after the publication of the meeting minutes recording the
624 EC vote to approve a proposed Standard or Model Business Practice, any
625 Quadrant(s) that believes itself to be affected by such action shall so
626 indicate in a resolution adopted by a Majority vote of the EC of such
627 Quadrant(s), which shall be forwarded by the NAESB office to the EC
628 Chair and the entire EC.
- 629 (ii) Within 30 days of notice to the EC of such affirmative vote, the EC shall
630 enter a Reconsideration action on the agenda for its next meeting. A
631 Reconsideration action shall pass if a Majority of each Quadrant of the EC
632 that did not vote to adopt the recommended Standard or Model Business
633 Practice now votes in favor of Reconsideration.
- 634 (iii) In the event the Reconsideration action passes, an affected Quadrant and
635 any other Quadrants that were assigned the request for a proposed
636 Standard or proposed Model Business Practice as a result of the initial

637 Triage Process shall jointly consider such request for a proposed Standard
638 or a proposed Model Business Practice as described in Section 103(g) of
639 these Bylaws.

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

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

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

648 **Section 10.4 Meetings**

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

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

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

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

- 666 (e) Each EC Member shall be entitled to one (1) vote.
- 667 (f) Article V, Section 4 of the Certificate describes the EC voting procedures and
668 number of votes required for adoption or approval for particular issues with
669 respect to NAESB.
- 670 (g) Each EC Member may participate and vote in EC meetings by proxy. Every
671 proxy shall be executed in writing by the EC Member or by his or her duly
672 authorized attorney in fact and filed with the Secretary of NAESB. A proxy shall
673 be revocable at will, notwithstanding any other agreement or any provision in the
674 proxy to the contrary. The revocation of a proxy shall not be effective until notice
675 thereof has been given to the Secretary of NAESB. A proxy shall not be revoked
676 by the death or incapacity of the maker unless, before the vote is counted or the
677 authority is exercised, written notice of such death or incapacity is given to the
678 Secretary of NAESB. Proxies may be limited in scope to the specific matters
679 described in the agenda for the meeting. The voting directions contained in a
680 proxy shall be read by the EC Chair at the beginning of the meeting.
- 681 (h) One (1) or more EC Members may participate in a meeting of the EC or a
682 committee thereof by means of conference telephone or similar communications
683 equipment by means of which all persons participating in the meeting can hear
684 each other.
- 685 (i) No substitutes shall be permitted to vote at EC meetings. However, a Designated
686 Alternate may vote at meetings of the EC in place of an absent EC Member from
687 a given Segment. A Designated Alternate is defined as a person named in a list
688 by the Segment that is received by the EC Secretary at least five (5) days prior to
689 the pertinent meeting of the EC. Each Segment's list shall be developed, amended
690 and structured in the manner described in that Quadrant's Exhibit. A Designated
691 Alternate has all voting rights of the EC Member in whose place he or she serves,
692 except for those matters on which the EC Member has already voted by proxy
693 prior to the beginning of a meeting.

694 (j) While EC Members may participate and vote by means of teleconference or other
695 electronic means, eligibility to continue serving as an EC member is dependent
696 upon in-person attendance at no less than 25% of scheduled EC Meetings and
697 participation in at least 75% of such meetings. Such attendance/participation
698 threshold shall be reviewed at March 31 and September 30 of each year for the
699 preceding twelve months.

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

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

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

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

717 **Section 10.5 EC Subcommittees**

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

- 722 (i) elect a chair or co-chair, which shall be an EC Member and will serve
723 until removed by the subcommittee's membership;
- 724 (ii) carry out its work in accordance with the procedures adopted by the EC
725 for EC Subcommittees; and
- 726 (iii) keep regular minutes of its proceedings and provide copies of these
727 minutes promptly to the Secretary.

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

- 730 (b) There shall be a Triage Subcommittee of the EC with one representative from
731 each Segment within each Quadrant. The Triage Subcommittee shall review and
732 recommend disposition of each request received by NAESB for a Standard, or
733 Model Business Practice. Disposition shall mean scope, priority consistent with
734 the Annual Plan, and assignment to a Quadrant(s) and subcommittee(s) for action.
735 The Chair of the EC shall consult with individual Segments to appoint the
736 members of the Triage Subcommittee and shall as also appoint its chair.

737 738 **ARTICLE 11 - NOTICE**

739 **Section 11.1 Written Notice**

- 740 (a) Whenever written notice is required to be given to any person, it may be given to
741 the person, either personally or by sending a copy by first class or express mail,
742 postage prepaid, or courier service, charges prepaid, or by telegram (with
743 messenger service specified), telex or TWX (with answer back received),
744 electronic mail (or its equivalent), or by facsimile transmission, to his or her
745 address or to his or her telex, TWX, electronic mail address or facsimile number
746 appearing on the books of NAESB, in the case of Directors or EC Members,
747 supplied by him or her to NAESB for the purpose of notice. If the notice is sent
748 by mail, telegraph or courier service, it shall be deemed to have been given when
749 deposited in the United States mail or with a telegraph office or courier service for
750 delivery to that person or, in the case of telex or TWX, when dispatched. A

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751 notice of meeting shall specify the place, day and hour of the meeting and any
752 other information required by the Act. Except as otherwise provided by the Act
753 or these Bylaws, when a meeting is adjourned, it shall not be necessary to give
754 any notice of the adjourned meeting, or of the business to be transacted at an
755 adjourned meeting, other than by announcement at the meeting at which such
756 adjournment is taken.

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

759 **Section 11.2 Waiver by Writing**

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

763 **Section 11.3 Waiver by Attendance**

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

768
769 **ARTICLE 12 - CONFLICTS OF INTEREST**

770 **Section 12.1 Interested Directors and Officers**

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

- 778 (a) the material facts as to the relationship or interest and as to the contract or
779 transaction are disclosed or are known to the Board or the committee thereof and
780 the Board or committee thereof in good faith authorizes the contract or transaction
781 by the affirmative votes of a majority of the disinterested Directors even though
782 the disinterested Directors are less than a quorum;
- 783 (b) the material facts as to his or her relationship or interest and as to the contract or
784 transaction are disclosed or are known to the Members entitled to vote thereon, if
785 any, and the contract or transaction is specifically approved in good faith by vote
786 of such Members; or
- 787 (c) the contract or transaction is fair as to NAESB as of the time it is authorized,
788 approved, or ratified by the Board or the Members.

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

793

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

795 **Section 13.1 Limitation of Liability**

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

801 **Section 13.2 Insurance**

802 NAESB shall purchase and maintain insurance on behalf of any person who is or was a
803 NAESB Director or NAESB Officer and, to the extent approved by the Board, on behalf of EC
804 Members, employees or agents of NAESB or on behalf of persons now or previously serving at
805 the request of NAESB as a director, officer, employee or agent of another domestic or foreign

806 corporation for profit or not-for-profit, partnership, joint venture, trust, or other enterprise against
807 any liability asserted against him or her and incurred by him or her in any such capacity, or
808 arising out of his or her status as such, whether or not NAESB would have the power to
809 indemnify him or her against that liability under the Act.

810

811 **ARTICLE 14 - INDEMNIFICATION**

812 **Section 14.1 Representative Defined**

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

815 **Section 14.2 Third-Party Actions**

816 NAESB shall indemnify, to the full extent not prohibited by law, any person who was or
817 is a party or is threatened to be made a party to any threatened, pending or completed action, suit
818 or proceeding, whether civil, criminal, administrative or investigative (other than an action by or
819 in the right of NAESB), by reason of the fact that he or she is or was a representative of NAESB,
820 or is or was serving at the request of NAESB as a representative of another domestic or foreign
821 corporation for profit or not-for-profit, partnership, joint venture, trust, or other enterprise,
822 against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement
823 actually and reasonably incurred by him or her in connection with the action, suit or proceeding
824 if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not
825 opposed to, the best interests of NAESB and, with respect to any criminal action or proceeding,
826 had no reasonable cause to believe his or her conduct was unlawful. The termination of any
827 action, suit or proceeding by judgment, order, settlement, or conviction or upon a plea of nolo
828 contendere or its equivalent shall not of itself create a presumption that the person did not act in
829 good faith and in a manner that he or she reasonably believed to be in, or not opposed to, the best
830 interests of NAESB and, with respect to any criminal action or proceeding, had reasonable cause
831 to believe that his or her conduct was unlawful.

832 **Section 14.3 Derivative and Corporate Actions**

833 NAESB shall indemnify, to the full extent not prohibited by law, any person who was or
834 is a party, or is threatened to be made a party, to any threatened, pending or completed action or

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835 suit by or in the right of NAESB to procure a judgment in its favor by reason of the fact that he
836 or she is or was a representative of NAESB or is or was serving at the request of NAESB as a
837 representative of another domestic or foreign corporation for profit or not-for profit, partnership,
838 joint venture, trust, or other enterprise, against expenses (including attorneys' fees) actually and
839 reasonably incurred by him or her in connection with the defense or settlement of the action or
840 suit if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not
841 opposed to, the best interests of NAESB. Indemnification shall not be made under Section 14.3
842 in respect of any claim, issue or matter as to which the person has been adjudged to be liable to
843 NAESB unless and only to the extent that the Court of Chancery or the court in which the action
844 or suit was brought determines upon application that, despite the adjudication of liability but in
845 view of all the circumstances of the case, such person is fairly and reasonably entitled to
846 indemnity for such expenses that the Court of Chancery or other court shall deem proper.

847 **Section 14.4 Procedure for Effecting Indemnification**

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

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

856 **Section 14.5 Advancing Expenses**

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

862 **Section 14.6 Supplementary Coverage**

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

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

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

875 **Section 14.8 Reliance and Modification**

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

883

884

ARTICLE 15 - ANNUAL REPORT

885 **Section 15.1 Annual Report**

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

- 889 (a) The assets and liabilities, including the trust funds, of NAESB as of the end of the
890 fiscal year immediately preceding the date of the report.
- 891 (b) The principal changes in assets and liabilities, including the trust funds, during the
892 year immediately preceding the date of the report.
- 893 (c) The revenue or receipts of NAESB, both unrestricted and restricted to particular
894 purposes, for the year immediately preceding the date of the report, including
895 separate data with respect to each trust fund held by or for NAESB.
- 896 (d) The expenses or disbursements of NAESB, for both general and restricted
897 purposes, during the year immediately preceding the date of the report, including
898 separate data with respect to each trust fund held by or for NAESB.
- 899 (e) The number of Members of NAESB as of the date of the report, together with a
900 statement of increase or decrease in such number during the year immediately
901 preceding the date of the report, and a statement of the place where the names and
902 addresses of the current Members may be found.

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

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906 **ARTICLE 16 - TRANSACTION OF BUSINESS**

907 **Section 16.1 Real Property**

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

912 **Section 16.2 Negotiable Instruments**

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

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916 **ARTICLE 17 - CORPORATE RECORDS**

917 **Section 17.1 Corporate Records**

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

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926 **ARTICLE 18 - AMENDMENTS**

927 **Section 18.1 Amendments**

928 The Bylaws of NAESB may be amended by the Board in the manner described in the
929 Certificate. Each Quadrant's Exhibit may be adopted or amended by majority vote of the
930 Directors representing that Quadrant or as may be specified in the procedures contained in that
931 Quadrant's Exhibit. Votes on consistency of Quadrant procedures with the Certificate and
932 Bylaws are in the manner described in Article V, Section 5 of the Certificate.

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934 **ARTICLE 19 - CONTRIBUTIONS TO STANDARDS AND MODEL BUSINESS**
935 **PRACTICES**

936 **Section 19.1 Assignment of Rights in Contributions**

937 All NAESB Members and other interested parties shall be allowed to participate in the
938 creation of NAESB Standards and Model Business Practices. Participation in the creation of
939 NAESB Standards and Model Business Practices requires service on a subcommittee that serves
940 at the pleasure of, and reports to, the EC. The procedures and requirements for contributing to
941 Standards and Model Business Practices shall conform to the policies of NAESB as stated in the

942 NAESB Intellectual Property Rights Policy Concerning Contributions and Comments and
943 NAESB's Operating Practices. At the request of NAESB, participants in the development of a
944 NAESB Standard or Model Business Practice shall execute a document assigning to NAESB any
945 intellectual property interest that the individual has in any Contribution. To the extent a
946 participant's Contributions are made within the scope of the participant's employment, the
947 participant's employer shall assign to NAESB its rights in the employee's Contributions to the
948 Standards or Model Business Practices. As standards are copyrighted by NAESB, the NAESB
949 "Copyright Procedure Regarding Member and Purchaser Self-Executing Waiver" is available for
950 self-executing waivers for use of the NAESB copyright material by members and entities who
951 have purchased the standards.

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EXHIBIT 1
WHOLESALE GAS QUADRANT PROCEDURES

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EXHIBIT 2
WHOLESALE ELECTRIC QUADRANT PROCEDURES

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EXHIBIT 3

RETAIL GAS MARKETS QUADRANT PROCEDURES

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EXHIBIT 4

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~~RETAIL ELECTRIC QUADRANT PROCEDURES~~

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