RULES OF PROCEDURE

I. Introduction

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

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

II. Mission and Guiding Principles

NAESB’s Certificate of Incorporation (the Certificate) states, “the objects and purposes of NAESB are to propose, develop 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 record formats and communications protocols and related business practices that streamline the transactional processes of the natural gas and electric industries.”²

The following principles guide NAESB’s activities³:

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

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

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

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

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

¹ The Gas Industry Standards Board (GISB) was incorporated in September 1994 to develop Standards for the wholesale natural gas market. When NAESB was established in January 2002, GISB became the Wholesale Gas Quadrant of the new organization and went out of existence as a separate entity.
² For purposes of the discussion herein, “Standards” and “Model Business Practices” are used interchangeably. They are defined the same in Section 1.1 of the Bylaws.
³ NAESB Certificate, Article II, Section 1.
⁴ The explanation provided herein is intended to acquaint interested persons with how NAESB operates in a straightforward non-legalasle way. In the event there is an inconsistency between the substance of what is stated herein and the Certificate and Bylaws, the terms of the Certificate and Bylaws control.
Consensus-Based Decisions. NAESB’s voting rules encourage consensus-based decisions. In addition, requirements that Standards need supermajorities and minimum votes per Segment in order to be passed ensure that Quadrant and Segment interests are protected.

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

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

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

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

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

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

III. Description of the Organization

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

A. Board of Directors

The Board meets en banc throughout the year. It determines and approves the annual budget of NAESB and its Quadrants, sets the overall strategic direction of the organization, approves each Quadrant’s annual plan for standards development and maintenance, and determines all governance issues.
The proceedings of all Board meetings are transcribed. All decisions by the Board are made en banc; at the Board level, the Quadrants do not operate separately. Each Quadrant represented on the Board has thirty-three and a third percent (33 1/3%) of the decision-making authority, regardless of the actual number of Board Members that represent the Quadrant. For all decisions other than changes to the certificate or bylaws, a simple majority is needed for passage. For approval of changes to the Certificate or the NAESB Bylaws (the Bylaws), there must be a seventy-five percent (75%) affirmative vote from each of the Quadrants and a forty percent (40%) affirmative vote from each of the fully populated Segments within the Quadrants. All Board votes are recorded and posted.

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

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

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

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

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

B. Executive Committee

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

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

The proceedings of all EC meetings are transcribed. For all decisions, other than on Standards issues, a simple majority of each Quadrant is needed for passage. For approval of Standards issues, there must be a sixty-seven percent (67%) affirmative vote from the EC Members and a forty percent
(40%) affirmative vote from each of the fully populated Segments within the Quadrant. All EC votes are recorded and posted.

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

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

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

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

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### III. Standards Development Process

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

NAESB’s policy is to move at a deliberate pace, consistent with its annual plan(s), thus permitting those affected by its Standards, especially those Standards adopted as regulations by the
Federal Energy Regulatory Commission (FERC) or other regulatory bodies, to assimilate them as part of their business practices. To this end, NAESB will carefully consider whether proposed Standards are both timely and necessary. In particular, it will try to avoid adopting and implementing new Standards, however beneficial, before the industry is able to reasonably make use of them.

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

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

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

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

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

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

The foregoing process has been followed since 1994 and has been used to develop Standards that have been incorporated by reference into federal regulations. The Standards that apply to electronic delivery mechanisms have been endorsed by several state regulatory bodies and have also been adopted by the automotive, insurance, and health care industries.
** -- For those requests assigned to the WEQ, a separate process may be employed in addition to the one outlined here, for joint development with the North American Electric Reliability Corporation.
A. Flexibility

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

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

B. Transparency

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

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

IV. Operating Procedures of the North American Energy Standards Board

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

The procedures that follow are:

A. Executive Committee Subcommittees
B. Balanced Voting Procedures for EC Subcommittees and Task Forces
C. Standards Development and Maintenance
D. Minor Clarifications and Corrections to Standards
E. Notational Ballots
F. Appeal Procedures
G. Standards Publication Cycle
H. Communicating with Regulatory and Other Government Agencies
I. Treatment of Executive Committee Abstentions
A. Executive Committee Subcommittees

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

1. Establishment of Subcommittees

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

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

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

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

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

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

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

2. Order of Business for Initial Subcommittee Meeting

At the initial meeting of a subcommittee:

a. The temporary chair should welcome participants, ask participants to identify themselves by Quadrant and Segment, and give the antitrust advice.
b. The temporary chair should review the name, objectives, and task assignment(s) as directed by the EC.
c. The subcommittee should prepare a mission statement that should be approved by the subcommittee by a Balanced Vote and then submitted to the EC for approval.
d. The subcommittee should determine, if necessary, the term of the chair and other subcommittee positions, as applicable, and elect the chair and vice chair or co-chair as
The subcommittee may conduct other organizational business as may be necessary to implement a subcommittee structure and the processes necessary to carry out the objectives of the EC.

e. The subcommittee may take any other appropriate actions.

3. Participation in Subcommittees

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

4. Subcommittee Working Groups

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

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

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

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

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

Agendas for all meetings should be prepared by the chair, vice chair, or co-chair of the applicable subcommittee, task force, or working group and posted on the NAESB website sufficiently in advance of the meeting to allow those accessing the NAESB website to identify the issues to be discussed.
B. Balanced Voting Procedures for EC Subcommittees and Task Forces

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

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

1. Examples of Balanced Voting for One Quadrant

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

<table>
<thead>
<tr>
<th>Segment</th>
<th>Votes Cast</th>
<th>Balanced Votes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Retail Electric Service Providers/Suppliers</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Retail Electric Utilities</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Retail Electric End Users/Public Agencies</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Retail Gas Market Interests</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>5</td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th>Segment</th>
<th>Votes Cast</th>
<th>Balanced Votes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Retail Electric Service Providers/Suppliers</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Retail Electric Utilities</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Retail Electric End Users/Public Agencies</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Retail Gas Market Interests</td>
<td>4</td>
<td>2</td>
</tr>
</tbody>
</table>
As the Balanced Vote is 3.68 to 4.12, the motion fails.

2. Example of Balanced Voting across Quadrants

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

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

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

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

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

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

1. Action on Request

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

a. The NAESB office assigns a request number to the form and posts the request on the NAESB website.

b. The request is forwarded to the Triage Subcommittee for review at the next meeting of that subcommittee.

c. The Triage Subcommittee makes a recommendation as to whether the request is within scope of NAESB and, if so, to which Quadrant(s) it should be assigned. The members of the Triage Subcommittee representing the assigned Quadrant(s) then make a recommendation as to whether the request is within the scope of the Quadrant(s) and, if so, to which subcommittee or task force it should be assigned and what level of priority it should be given. The recommendations are then forwarded to the EC.

d. The EC approves, amends, or rejects the recommendation that the request is within the scope of NAESB. If the EC does not find the request in scope, the recommendation is forwarded to the Board for a final determination as to whether the request is in scope. If the EC finds the request within scope, it then forwards the request to the EC Members representing the quadrant(s) to which the request has been assigned.

e. The EC Members consider whether the request is within the scope of the assigned Quadrant(s), whether the request has been assigned to the correct subcommittee or task force, and whether it has been given the correct priority. By a simple majority vote, the EC Members approve or amend the foregoing recommendations.

f. The results of the EC consideration are recorded in the minutes and posted on the NAESB website.

g. For the Wholesale Electric Quadrant (WEQ), if executive management determines that the development requires coordination with the North American Electric Reliability Corporation (NERC), or NERC executive management requests such coordination, the joint development process developed by both NAESB and NERC will be employed in addition to the NAESB processes.

h. The subcommittee or task force completes the assigned task.

i. Where appropriate the subcommittee or task force may forward the request to other subcommittees or task forces to ensure that the work product is considered fully staffed.

j. Once complete, the subcommittee or task force submits a recommendation to the EC based on the results of the group’s findings.

k. The recommendation is posted on the NAESB website for industry comment for thirty days, although this period may be shortened or extended by the EC.

l. To streamline joint Quadrant consideration of Proposed Standards, unless otherwise directed by the Board for annual plan items or the EC for triaged Proposed Standards, the following protocol shall apply to joint consideration of Proposed Standards:
i. Any such Proposed Standard that garners majority support of at least one affected Quadrant at the subcommittee level shall be put out for industry comment and possible approval by that Quadrant, even if the Proposed Standard does not attract majority support of all affected Quadrants at the subcommittee level.

ii. If such a Proposed Standard garners majority support of at least one Quadrant but does not have the support of all affected Quadrants at the subcommittee level, the subcommittee shall submit a status report to the joint Quadrant ECs, setting forth a recommendation whether joint consideration of the Proposed Standard should be terminated.

iii. Upon adoption of the subcommittee’s recommendation that joint consideration of such a Proposed Standard be terminated, the EC of the Quadrant whose subcommittee members supported the Standard may proceed with a vote on adoption of the Proposed Standard, provided it has been put out for industry comment.

m. The assigned Quadrant(s) of the EC consider the recommendation, taking into consideration the request and industry comments.

2. Subcommittee and Task Force Procedures

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

a. Subcommittee and task force chairs are responsible for working with the NAESB office to prepare meeting notices and agendas, which are distributed by the NAESB office. Meeting notices should be issued so as to give adequate notice to attendees who must travel from out of town.

b. Meetings, including ad hoc and virtual meetings, should be scheduled by first conferring with the NAESB office to ensure that meetings involving the same participants have not been scheduled for the same time.

c. All meetings are open and minutes are taken. All attendees should provide contact information identifying themselves as attendees to the meeting.

d. All votes should be recorded in the minutes. Balanced Voting can be requested in any subcommittee meeting where the subcommittee is not already balanced by virtue of being a named-member subcommittee.

e. Minutes, working documents, meeting notices, agendas, and all other documents used in the meeting should be forwarded in electronic form to the NAESB office for posting on the NAESB website.

f. The group or representatives of the group should develop a recommendation to be submitted to the EC outlining the proposed Standard or proposed modification to a Standard.

3. Full Staffing

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

This process is applied when the technical Standards developed to support business practices may require changes to the business practices, or it is impractical to implement the business practices without the supporting technical Standards completed. The business practices are adopted by the EC, but they are not ratified until the technical Standards are complete. In this manner, there is an opportunity to change the business practices if needed, and an indication of industry support is attained through the EC vote on the business practices prior to undertaking the technical development.
Similarly, implementation of business practices that may be dependent on other organization’s or other Quadrant’s work products can use the process of full staffing to approve the business practices yet begin the ratification process after the dependent activity is complete, thus providing an opportunity for the business practices to be modified to take into account the other organization’s or Quadrant’s work products.

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

4. Final Actions

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

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

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

1. Processing of Requests

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

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

2. Public Notice

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

3. Final Disposition of Approved Requests

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

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

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

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

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

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

1. Standards Appeal Procedure

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

a. Such affected person may ask that any adopted NAESB Standard or proposed Standard be amended, rejected, or reconsidered. A request for an amendment to existing Standards or Reconsideration of a proposed Standard that was not adopted may be designated as an appeal by the requesting party and filed with the NAESB office. Appeals of actions shall be taken within thirty days after the date of notification of action by the EC; appeals of inactions may be taken at any time. The requesting party shall state in its appeal the reasons for its request and any proposed alternative language. Such requests shall be treated as requests for new Standards and processed accordingly; or

b. Such affected person may appeal using the procedures set forth in Clause A.12 of the ANSI Procedures for Development and Coordination of American National Standards.

2. Process Appeal Procedure

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

a. Such affected person carries the burden of presenting clear and convincing evidence that a Standard adopted by the EC was invalidly adopted as a matter of process. Such evidence must overcome the rebuttable presumption that a Standard adopted by the EC is valid and was validly adopted.

b. The complaining party must clearly identify the specific procedural defects alleged and how they relate to existing NAESB policy regarding the adoption of Standards and to the Standard in question.

c. All such complaints must be directed to the NAESB office on a form specified by them.

d. The NAESB office shall first refer the matter to the NAESB General Counsel, who shall promptly review the complaint and advise the NAESB office and the Managing Committee whether the complaint states a prima facie clear and valid cause for appeal.

e. If the Managing Committee determines that the complaint does not state a prima facie clear and valid cause for appeal then the NAESB office will so advise the complaining party. The complaining party shall have an opportunity to revise its complaint application within ten calendar days from the date of notification by the NAESB office. Following the reapplication, if the Managing Committee again determines that the complaint does not state a prima facie clear and valid cause for appeal then the NAESB office shall advise the complaining party. A report shall be made to the Board as a matter of information only at the next meeting.

f. If the Managing Committee determines that the complaint does state a prima facie clear and valid cause for appeal then the complaining party becomes the appealing party, the complaint becomes an appeal and the Managing Committee shall promptly refer the matter to the Parliamentary Committee for review and decision. The Parliamentary Committee may meet in person or otherwise, and may consider the matter based upon the written filing and may request supplemental information from the appealing party. It shall also request input from the EC leadership and shall review the record of EC proceedings as the Parliamentary Committee deems necessary.
g. The Parliamentary Committee thereafter shall promptly forward its decision to the Board through the Managing Committee.

h. If the Parliamentary Committee determines that the EC action was procedurally defective, the Parliamentary Committee shall promptly notify the NAESB office and the NAESB office shall promptly so advise the EC and direct the EC to take action to reconsider the Standard. The action taken shall be in the form of a revote of the appealed Standard using NAESB practices.

i. If the Parliamentary Committee determines that the EC action was not procedurally defective then the Parliamentary Committee shall promptly notify the NAESB office and the NAESB office shall promptly so advise the appealing party.

j. The Parliamentary Committee shall endeavor to complete its work, make its decision and communicate same to the Managing Committee within sixty calendar days of the Managing Committee’s referral of the matter to the Parliamentary Committee for review and decision.

k. At the next Board meeting following final action by the Parliamentary Committee with respect to the appeal, the Managing Committee shall report the Parliamentary Committee’s decision to the Board as a matter of information only.

l. Should the appealing party be a member of the Managing Committee or the Parliamentary Committee, to avoid conflict of interest, the appealing party is barred from voting on the appeal.
G. Standards Publication Cycle

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

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

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

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

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

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

- Final standards actions and Member voting records
- Board and EC meeting minutes and voting records
- Meeting materials supporting Board and EC meeting minutes and voting records
- Transcripts of meetings for internal use by the government agency as requested

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

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

I. Treatment of Executive Committee Abstentions

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