

North American Energy Standards Board

Bylaws Addendum

Exhibit 3

Retail Markets Quadrant Procedures

1 **Section 1 – DEFINITIONS**

2 **Section 1.1 Definitions Included in the NAESB Bylaws**

3 All capitalized terms, if not defined in Section 1.2, shall have the same definitions as
4 specified in the NAESB Bylaws and Certificate of Incorporation.

5 **Section 1.2 Definitions for the Purposes of this Exhibit**

6 A. "NAESB Office" means the administrative office of the Secretary of NAESB.

7 B. "RMQ" means the Retail Markets Quadrant.

8 C. "Designated Alternates" is defined as a person named by a Segment of the Retail
9 Markets Quadrant, submitted to the NAESB office, to serve in place of a RMQ
10 EC Member who is unable to attend an EC meeting.

11 D. "RMQ EC" means the Executive Committee of the RMQ.

12 E. "RMQ Members" means the Voting Members of the Retail Markets Quadrant of
13 NAESB that satisfy the requirements of membership set forth in Section 5.1.

14 F. "RMQ Segment" means one of the four co-equal Segments of the Retail Markets
15 Quadrant of NAESB.

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17 **Section 2 – PURPOSES, SCOPE, ACTIVITIES, AND POLICIES**

18 **Section 2.1 Purpose, Scope & Activities**

19 A. Purpose

20 The purpose of the RMQ of NAESB is to propose, develop and adopt voluntary model
21 business practices or standards to promote more competitive, efficient and reliable
22 service in the retail energy industry.

23 B. Scope & Activities

24 The RMQ is concerned with and tasked to handle energy related issues and practices that
25 are within the scope of NAESB and typically addressed at the retail energy distribution
26 level. The RMQ shall work closely with other NAESB Quadrants to mitigate
27 inconsistencies where proposed standards and model business practices affect those other
28 Quadrants.

29 **Section 2.2 Policies**

30 The Retail Markets Quadrant shall comply with the policies and procedures laid out in
31 the NAESB Bylaws and the Certificate of Incorporation.

32 **Section 2.3 Segment Organization**

33 Each prospective Member shall declare the Segment with which they are to be identified.
34 What follows is a description of the RMQ organizational structure, including a listing of
35 RMQ Segments.

36 A. Retail Electric Service Providers/Suppliers

37 Persons engaged in the competitive sale of electricity and/or capacity to end users
38 including marketers, aggregators and producers or that provide services to
39 participants in the retail electric industry, including equipment manufacturers,
40 equipment and service vendors, software providers, energy consultants, and other
41 companies or individuals not otherwise eligible for membership in another
42 Segment.

43 B. Retail Electric Utilities

44 Persons engaged in the local distribution of electricity.

45 C. Retail Electric End Users/Public Agencies
46 Persons that consume electricity, represent consumers of electricity or are
47 employed by a public agency associated with the retail electric industry.

48 D. Retail Gas Market Interests
49 Persons participating in the retail natural gas market that can be considered a
50 service provider, supplier, distributor, marketer, aggregator, producer, asset
51 manager, pipeline, equipment manufacturer, equipment and service vendors,
52 software providers, energy consultants, law firms, end users, public agencies, or
53 consumer advocates.

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55 **Section 3 – RESERVED**

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57 **Section 4 – RESERVED**

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59 **Section 5 – RMQ MEMBERS**

60 **Section 5.1 RMQ Voting Members**

61 Membership and voting rights in the RMQ of NAESB shall be open to any person that
62 meets the following requirements:

63 A. The person has a significant business interest¹ in the retail energy market (or is a
64 representative or Agent of such person), as determined by a simple majority of the
65 Segment Membership, if challenged.

¹ As used in this section, "significant business interest" specifically includes the interests of statutorily appointed consumer advocates.

- 66 B. Representatives designated by any person in any Segment should have the
67 authority to represent the interests of the person seeking to be a Segment Member.
- 68 C. Memberships in multiple Segments of the RMQ are permissible for any person
69 provided each membership is filed and declared with NAESB and the person
70 meets the membership requirements of each Segment joined.
- 71 D. Only one membership per Segment is permissible for any person.
- 72 E. The person may be a trade association or an advocacy group representing a group
73 of prospective members.

74 **Section 5.2 Removal of Members**

75 Segment Members who do not have a significant business interest pertaining to the
76 descriptions contained in Section 2.3 may be removed from Segment Membership by a
77 simple majority vote of their declared Segment Membership.

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79 **Section 6 – RESERVED**

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81 **Section 7 – BOARD**

82 **Section 7.1 Board Representation**

83 The RMQ shall elect Directors to the Board from each Segment in accordance with
84 Section 7.3.

85 **Section 7.2 Qualifications of Directors**

86 A. Eligibility

87 To be eligible to serve as a representative on the NAESB Board of Directors, the
88 Member's representative must:

- 89 1. be willing to commit the time and resources necessary;
- 90 2. have the authority to fulfill the obligations as a RMQ Director;
- 91 3. be willing to meet the minimum threshold of participation and attendance
92 established in the NAESB Bylaws, Section 9.7(f), and any other applicable
93 provisions, as set forth in the NAESB Bylaws;
- 94 4. have a broad understanding of the energy industry and have sufficient authority to
95 make decisions on behalf of the organization represented; for example, a
96 representative of a corporate entity should ideally be an executive of that
97 corporation;
- 98 5. have a working knowledge of the NAESB process; and
- 99 6. disclose their interest, or their employer's interest, in the energy industry and the
100 relationship with other entities with which the employer may be affiliated.

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

102 A. Number of Directors

103 The RMQ shall elect twenty-four (24) NAESB Directors and each Segment of the
104 Quadrant will elect six (6) Directors.

105 B. Election of Directors

106 Nominations for and election of all Directors will be as follows:

- 107 1. When Directors' terms approach expiration the NAESB office will ask those
108 Board members if they will consider an additional term.
- 109 2. The NAESB office will send out a request for candidates letter to all Members of
110 the Segment for the open seats or seats with term limits. In that communication,
111 if the existing Board member is interested in holding the seat or if other Segment

112 Members have noted their willingness to be considered as a candidate, they are so
113 noted as candidates.

114 3. The nomination period is a minimum of two weeks but can extend to one month.
115 Interested Members of the Segment for the seat in question can self-nominate or
116 nominate others through communication to the NAESB office.

117 4. If there are contested seats, an election is held for a period of two weeks.
118 Members of the Segment are eligible to vote and receive a ballot via email.

119 5. The ballot can be forwarded to the office in email or fax communication. The
120 tally takes place at the conclusion of the balloting period, and the candidate
121 receiving the most votes wins.

122 6. In case of a tie, the candidates are approached to resolve the matter.

123 7. For vacancies, the same steps noted above are followed with the exception that
124 the existing Board member is not approached to determine if he is interested in
125 serving additional terms.

126 **Section 7.4 Term of Office**

127 A. Terms

128 Directors shall be elected for two-year terms, with half of the terms expiring in
129 alternating years.

130 1. Three Directors will be elected from each Segment each year to fill expiring
131 terms.

132 2. Group A Director terms will expire in odd numbered years.

133 3. Group B Director terms will expire in even numbered years.

134 4. Term expiration will be in conjunction with the end of the operating year of
135 NAESB or as otherwise defined by the Board, Certificate of Incorporation or
136 Bylaws, as amended.

137 B. Limit on Number of Terms of Office

138 Directors elected from the RMQ may run for re-election without restriction on the
139 number of terms held.

140 C. Change of Affiliation

141 In the event that the Director

142 1. changes affiliation to another Member within the same industry Segment, the
143 Director's term will continue until its natural expiration, provided that there is no
144 other Director already representing the Director's new affiliation, in which case
145 the Director changing affiliation will vacate the seat for election of a new
146 Director;

147 2. is no longer affiliated with the electing industry Segment, the Director will vacate
148 the seat for election of a new Director.

149 **Section 7.5 RESERVED**

150 **Section 7.6 Removal of Directors**

151 In addition to being subject to removal from office by the NAESB Board of Directors,
152 Directors may also be removed from office for cause. The RMQ Segment shall give the
153 Director at least a 30-day notice of the proposed action and an opportunity to respond. A
154 67% majority of the applicable RMQ Segment Membership shall be required to remove a
155 Director.

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Section 8 – RESERVED

Section 9 – RESERVED

Section 10 – EXECUTIVE COMMITTEE

Section 10.1 RMQ EC Representation

The RMQ shall elect representatives to the RMQ EC from each Segment in accordance with Section 10.3.

Section 10.2 Qualifications of RMQ EC Members

A. Eligibility

To be eligible to serve as a representative on the RMQ EC, the representative must:

1. be willing to commit the time and resources necessary;
2. have the authority to fulfill the obligations as a RMQ EC Member;
3. be willing to meet the minimum threshold of participation and attendance established in the NAESB Bylaws, Section 9.7(f), and any other applicable provisions, as set forth in the NAESB Bylaws;
4. have a broad understanding of the energy industry and have sufficient authority to make decisions on behalf of the organization represented; for example, a representative of a corporate entity should ideally be in senior leadership of that corporation;
5. have a working knowledge of the NAESB process; and
6. disclose their interest, or their employer's interest, in the energy industry and the relationship with other entities with which the employer may be affiliated.

180 **Section 10.3 Number and Election of RMQ EC Members**

181 A. Number of RMQ EC Members

182 The RMQ shall elect twenty-four (24) EC Members and each Segment of the Quadrant
183 will elect six (6) Representatives.

184 B. Election of RMQ EC Members

185 Nominations for and election of all RMQ EC Members will be as follows:

- 186 1. When Representatives' terms approach expiration the NAESB office will ask
187 those RMQ EC Members if they will consider an additional term.
- 188 2. The NAESB office will send out a request for candidates letter to all Members of
189 the Segment for the open seats or seats with term limits. In that communication,
190 if the existing RMQ EC Member is interested in holding the seat or if other
191 Segment Members have noted their willingness to be considered as a candidate,
192 they are so noted as candidates.
- 193 3. The nomination period is a minimum of two weeks but can extend to one month.
194 Interested Members of the Segment for the seat in question can self-nominate or
195 nominate others through communication to the NAESB office.
- 196 4. If there are contested seats, an election is held for a period of two weeks.
197 Members of the Segment are eligible to vote and receive a ballot via email.
- 198 5. The ballot can be forwarded to the office in email or fax communication. The
199 tally takes place at the conclusion of the balloting period, and the candidate
200 receiving the most votes wins.
- 201 6. In case of a tie, the candidates are approached to resolve the matter.

202 7. For vacancies, the same steps noted above are followed with the exception that
203 the existing RMQ EC Member is not approached to determine if he is interested
204 in serving additional terms.

205 **Section 10.4 Term of Office**

206 A. Terms

207 RMQ EC Members shall be elected for three-year staggered terms of office and will end
208 in conjunction with end of the operating year of NAESB or as otherwise defined by the
209 Board of Directors, Certificate of Incorporation or Bylaws, as amended.

210 B. Limit on Number of Terms of Office

211 RMQ EC Members from the RMQ may run for re-election without restriction on the
212 number of terms held.

213 C. Change of Affiliation

214 In the event that the RMQ EC Member

215 1. changes affiliation to another Member within the same industry Segment, the
216 RMQ EC Member's term will continue until its natural expiration, provided that
217 there is no other RMQ EC Member already representing the RMQ EC Member's
218 new affiliation, in which case the RMQ EC Member changing affiliation will
219 vacate the seat for election of a new RMQ EC Member.

220 2. is no longer affiliated with the electing industry Segment, the RMQ EC Member
221 will vacate the seat for election of a new RMQ EC Member.

222 **Section 10.5 Vacancies**

223 In the event that an RMQ EC Member resigns or otherwise vacates the seat, and more
224 than 120 days remain in the term of office, the Segment will hold an election within 60

225 days to fill the vacant seat, and a Designated Alternate will serve until a new RMQ EC
226 Member is elected.

227 **Section 10.6 Removal of RMQ EC Members**

228 In addition to being subject to removal from office by the NAESB Board of Directors,
229 RMQ EC Members may also be removed from office for cause. The RMQ Segment shall
230 give the RMQ EC Member at least a 30-day notice of the proposed action and an
231 opportunity to respond. A 67% majority of the applicable RMQ Segment Membership
232 shall be required to remove an RMQ EC Member. The vacant seat is to be refilled in
233 accordance with the requirements of Section 10.5.

234 **Section 10.7 Designated Alternates**

235 A. Authority

236 Any person presenting themselves at an RMQ EC meeting as a Designated Alternate will
237 be accepted as a participant provided that:

- 238 1. An RMQ EC Member from that Segment either indicates to the NAESB Office,
239 EC Chair or Vice-Chair that they will be absent, or is in fact absent and remains
240 absent, and
- 241 2. The name of the Designated Alternate is on a list of approved Designated
242 Alternates selected by the appropriate Segment Membership, and on file with the
243 NAESB Office.

244 B. Election of Designated Alternates

245 Each Segment will annually select Designated Alternates.

246 **Section 10.8 RMQ EC Meetings**

247 A. RMQ EC Meetings

248 RMQ EC meetings shall be held at times and locations determined by the Chair or Vice-
249 Chair of the RMQ EC. RMQ EC Members may participate and vote by means of tele-
250 conference or other electronic means unless in-person attendance is required of all RMQ
251 EC Members by both the Chair and Vice-Chair of the RMQ EC, and subject to the
252 attendance requirements of Article 10, Section 10.4(j) of the Bylaws.

253 B. Joint RMQ EC Meetings

254 In the event that the RMQ EC of the RMQ meets jointly with an EC of another NAESB
255 Quadrant, the choice of Quadrant EC Chair presiding over the joint meeting will be
256 determined by the precedence established in the order of rotation of EC Vice-Chairs as
257 specified in the NAESB Bylaws.

258 **Section 10.9 RMQ EC Subcommittees**

259 A. Establishing Subcommittees & Task Forces

260 The RMQ EC of the RMQ shall set up its own subcommittees and task forces to deal
261 with RMQ-specific issues. The RMQ EC may establish voluntary standing
262 subcommittees or special purpose task forces to perform various functions required of the
263 organization.

264 1. The Executive Committee will prepare a written statement of the purpose of the
265 subcommittee or task force and the tasks to be performed, name the subcommittee
266 or task force, and appoint a Temporary Chair.

267 2. The Temporary Chair will be a Member of the RMQ EC willing to perform the
268 required startup tasks and to continue chairing the subcommittee / task force if
269 elected by the Members after its first meeting.

270 3. The Temporary Chair shall

- 271 a) set up the first meeting of the subcommittee or task force.
- 272 b) prepare a meeting notice that:
- 273 (i) states the name and purpose of the subcommittee / task force,
- 274 (ii) solicits participation in the subcommittee / task force, and
- 275 (iii) announces the agenda for the first meeting.
- 276 c) post the meeting notice to all Members and non-members via the NAESB
- 277 website.
- 278 d) post the notice at least two weeks prior to the meeting date. Shorter time
- 279 periods for notices of subsequent meetings will be permitted by a 75%
- 280 vote of the participants attending a duly scheduled meeting.
- 281 4. All meeting notices shall be posted on the NAESB website and transmitted in
- 282 writing, facsimile, or other electronic means to parties who have indicated an
- 283 interest in the duly scheduled meeting.

284 B. Meeting Minutes

285 In the event that an individual from the NAESB Office is unavailable to take minutes, the

286 Chair of any subcommittee / task force meeting will designate an individual to take

287 minutes and forward them to the NAESB Office.

288 C. Reporting

289 Each RMQ EC subcommittee or task force will report to the RMQ EC at no less than

290 quarterly intervals, on a schedule to be defined by the RMQ EC for as long as the

291 subcommittee or task force continues to exist.

292 **Section 11 – RESERVED**

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Section 12 – RESERVED

Section 13 – RESERVED

Section 14 – RESERVED

Section 15 – RESERVED

Section 16 – RESERVED

Section 17 – RESERVED

Section 18 – AMENDMENTS

Section 18.1 Amendments

In order for these RMQ Procedures to be amended, upon petition of at least five (5) RMQ Members, the Vice Chair of the RMQ EC for the RMQ shall announce an RMQ meeting. Such announcement shall provide for at least a 30-day notice. In order to transact business at the RMQ meeting, there shall be a quorum consisting of at least 33% of the RMQ Membership. Following such meeting, the proposed resolution adopted at the meeting shall be sent out for comment, and the comments shall be distributed to all RMQ Members in advance of a notational vote. Any RMQ Member not choosing to vote shall be considered to have voted in favor of the proposed resolution. In order for a proposed

316 resolution to take effect, it must be approved by at least 67% majority of RMQ Members
317 and 40% of each RMQ Segment's Membership.