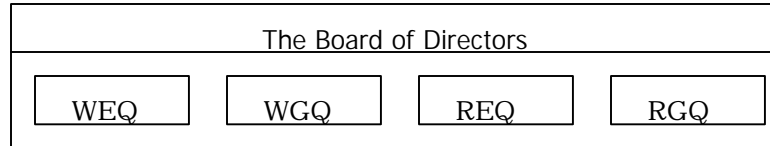


North American Energy Standards Board Board of Directors Description

NAESB is organized by quadrants, and within quadrants, by segments. All members belong to one or more of the four quadrants – wholesale electric (WEQ), wholesale gas (WGQ), retail electric (REQ) and retail gas (RGQ). The members of each quadrant determine their own segments and how many Board members will represent them.



At this time, the Board under the quadrant procedures accepted by NAESB would include:

1. 5 segments and 5 members from each segment of the WGQ, total of 25
2. 3 segments and 4 members from each segment of the REQ, total of 12
3. 3 segments and 4 members from each segment of the RGQ, total of 12
4. 7 segments and 7 members from each segment of the WEQ, total of 49

Board of Directors major duties and responsibilities include:

1. Determine and approve the annual budget for the entire NAESB organization and quadrants.
2. Determine the overall strategic direction of the organization.
3. Approves the annual plans of standards development and maintenance for each of the quadrants.
4. Determines all governance issues.
5. Meet en banc 4 times per year.

All decisions by the Board are made en banc. At the Board level, the quadrants do not operate separately. Each quadrant on the Board has 25% of the decision-making authority; regardless of how many members they have seated. Where a simple majority is needed for a decision (all but the governance issues), it is a simple majority of each quadrant – not a simple majority across the Board. In this manner each quadrant's interests are protected. A super majority with segment voting minimums is required for approval of governance issues (at least 75% affirmative from each of the Board quadrants at least 40% affirmative from each of the segments within a Board quadrant). All votes are public and posted.

Board Members are selected in accordance with the applicable quadrant and segment procedures. Generally, each segment of each quadrant under segment election procedures elects their Board members.

Generally, Board members:

1. Must represent a Member of the segment and quadrant.
2. Should have broad understanding of the energy segment they represent and have sufficient authority to make decisions on behalf of their organization. For example, a Director representing a corporate member should be an executive of the corporation.
3. Must have a working knowledge of the NAESB Board processes.
4. Must be willing to commit the time and resources necessary to fulfill their obligations as a NAESB Director and meet the minimum threshold of participation and attendance established in the NAESB Bylaws [Section 9.7 (f)].