

Call for Industry Comments on NAESB Retail End-User Segment Procedures

Dear All:

By this note I am requesting other organizations forward this email to their members and contacts that may have an interest in providing comments. I apologize in advance to those persons that receive more than one copy of this note.

The accompanying documents represent the current draft of the End-User Segment Procedures document governing supplier segment operations of the soon-to-be created NAESB Retail Electric Quadrant and NAESB Retail Gas Quadrant. The current version reflects comments received on earlier written comments and verbal comments expressed in the Joint Retail Quadrants meetings hosted by AGA on January 17th and 29th. Written comments on prior versions of the quadrant and segment documents are summarized in the tracking spreadsheet that is also included in this package, and review of that tracking document may help your understanding of this draft.

As you read through the draft, you'll quickly see that unresolved issues are highlighted in 'notes' for the reader. I ask for specific responses to questions placed within the notes. Please take the time to consider each point and provide, to the degree you can, your thoughts in writing. All timely responses will be considered in finalizing the document, and our intent is to review them in the Joint Quadrants and Segments meeting on February 20th.

You are asked to provide your responses by 5pm EST on Thursday, February 14th. Status of responses will be reviewed in our REQ and RGQ call the following day, and the actual comments will be sorted and catalogued over the weekend in preparation for the meeting on the 20th. Responses sent after February 15th are not likely to make it into a written comparison to be considered by prospective REQ and RGQ End-User Segment members.

My contact information for comments on the Retail End-User Segment procedures is:

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My role is to manage the receipt and recording of comments and keeper of the document to reflect such comments. The Initial Draft is based on the Retail Services Segment Procedures document with appropriate revisions to reflect Retail End-User Segment differences. Our goal is to minimize the differences in wording among the Services, Supplier and End-User Segment Procedures.

To assist commentaries on the Retail End-User Segment Procedures I have also attached the following related governance documents:

- A. NAESB Amended and Restated Certificate of Incorporation (FINAL)
- B. NAESB Bylaws approved by NAESB Board on 12/5/2002 (FINAL)
- C. Retail Electric Quadrant (REQ) Procedures (latest version is REQ Procedures draft v2.3 text format.doc)
- D. Retail Gas Quadrant (RGQ) Procedures (latest version is NAESB_Retail_Gas_Quadrant_Procedures_02-07-02_DRAFT.pdf)

Thank you for your interest, your time in responding, and your timely review effort.

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NORTH AMERICAN ENERGY STANDARDS BOARD

BYLAWS ADDENDUM

EXHIBIT 4-D

**RETAIL ELECTRIC QUADRANT END-USER SEGMENT
PROCEDURES**

General Note to all parties reviewing the draft REQ End-User Segment Procedures:

This version 4.0 of the document incorporates notes to assist the reviewer in understanding what items remain unresolved or at issue, as well as explanatory notes to assist the reader. These notes appear in italic throughout the document. In some instances, the reviewer is asked to provide specific feedback on a preferred solution for the issue.

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1.0 Definitions

All capitalized terms shall have the same definitions as specified in the Bylaws of NAESB or in the Retail Electric Quadrant (REQ) procedures.

2.0 Purpose, Scope, Principles and Policies

2.1 Purpose & Scope

A. Purpose

To contribute to the proposal, evaluation, and adoption of voluntary standards and model business practices as described in the REQ quadrant procedures from the perspective of the End-User Segment membership. [defined term in REQ procedures]

B. Scope

The End-User Segment of the REQ is to address issues and practices as described in the REQ quadrant procedure from the perspective of the End-User Segment membership.

Issues may also be addressed in conjunction with other segments within the REQ and/or Retail Gas Quadrant (RGQ) when such issues are common to multiple segments and/or both electric and gas distribution in the retail market.

2.2 Policies

A. Meetings of the REQ End-User Segment

1. Open Meetings

All meetings held in association with the End-User Segment of REQ are open to any interested company or organization. Only Segment Members, however, shall have a right to vote at such meetings.

2. Meeting Minutes

Minutes of all meetings, including voting results, are to be reported by the Chair, the Vice-Chair, or the Secretary, at the Chair's discretion, to the NAESB Office for publication within 15 days of the date of the meeting.

2.3 Membership Requirements

A. Segment Description

The End-User Segment of the Retail Electric Quadrant of the North American Energy Standards Board ("NAESB") is one of four (4) co-equal segments comprising the retail electric market. The End-User Segment membership is comprised of persons that consume electricity, including consumer advocacy organizations

or retail consumer groups.

This language reflects the general consensus of the attendees at the joint REQ and RGQ meeting of January 29th at AGA's offices. Please advise if you feel this provision is not acceptable. If it is not acceptable please provide alternate language for consideration.

B. End-User Segment Membership Requirements

Membership in the End-User Segment of the Retail Electric Quadrant of the NAESB shall be open to any person that meets the following requirements:

1. The person meets the general membership criteria set forth in the Bylaws (Article 5) and the Certificate of Incorporation (Article IV, Sections 1 & 2) and Section 2.3 of the REQ quadrant Procedures.
2. The person meets the membership requirements specific to the REQ of NAESB.
3. The person consumes electricity, including a consumer advocacy organization or retail consumer groups in the retail electric industry.
4. ~~The person is not otherwise declared in another segment.~~
5. The person has submitted an application to the NAESB Office declaring End-User Segment affiliation in the REQ.
6. Corporate Members do not extend their membership to their parent company, affiliates or subsidiaries. Separate corporate entities within a corporate organization may hold multiple memberships in the End-User Segment, but each must join individually and pay a membership fee.

3.0 – 4.0 As described in the NAESB Bylaws and REQ quadrant procedures.

5.0 Removal of Members

Members who do not have a legitimate business interest pertaining to the End-User Segment may be removed from End-

User Segment Membership by a simple majority vote of the declared End-User Segment Membership.

6.0 As described in the NAESB Bylaws and REQ quadrant procedures.

7.0 Board

7.1 Representation

The End-User Segment of the REQ shall be represented on the Board.

7.2 Qualification of Directors

To be eligible to serve as a End-User Segment representative on the NAESB Board of Directors, the individual must

- A. be a End-User Segment Member;
- B. have a working knowledge of the NAESB process;
- C. be willing to commit the time and resources necessary to fulfill the obligations as a NAESB Board member and to meet the minimum threshold of participation and attendance established in the NAESB Bylaws; and
- D. disclose the legal name for the employer and, if applicable, its ownership.

7.3 Number and Election of Directors

A. Number of Directors

Four (4) persons who are individual Segment Members will represent the End-User Segment on the REQ Board of Directors. At the completion of each election at least one End-User Segment Director shall be a person that represents the interests of residential customers; provided such person is nominated for election. This retail residential customer representative requirement shall not apply if such persons are not nominated for election.

The highlighted text is inserted to reflect comments on possible designated number of representatives for persons representing

residential consumers. Please comment first on whether you feel subgroup designations are necessary (for example: one Director or EC member designated for residential consumers) If you feel Director or EC Supplier Segment designation for residential consumers is appropriate please comment on the proposed language how many should be designated. This issue also applies to sections 7.3 B. 4. c., 10.3 A., 10.3 B. 4. c. and 19.1 B.

B. Election of Directors

1. The End-User Segment of the REQ shall elect individuals to serve on the Board as required by Article 7 of the NAESB Bylaws and in this Exhibit 4 to those Bylaws. Interested individuals duly authorized to represent a Segment Member and eligible to serve on the Board of Directors shall submit their names to the NAESB Office in a form as specified in NAESB Operating Procedures or, if such requirements are not provided for in the NAESB Operating Procedures, interested individuals shall submit a written statement to the NAESB Office that provides their name, title and affiliation (if any), business mail and email addresses, business telephone, a statement that they accept the conditions referred to in subsection 7.2 C., and the statement required in subsection 7.2 D. above.
2. In preparation for any election of Directors representing the End-User Segment of the REQ (other than initial Directors, as provided for in Section 19.1), a Nominating Committee consisting of five (5) Board or EC members of the REQ End-User Segment may be appointed by the End-User Segment Chair. This committee will develop a slate of candidates from interested members of the Segment Membership. Other nominations may be made at or prior to the close of the REQ End-User Segment nominating period by any Segment Member in accordance with the requirements in subsection 1) above. All nominations must be made and conveyed in

writing to the NAESB Secretary no less than 31 days prior to the election date.

3. The election process for REQ End-User Segment Directors shall be:
 - a. coordinated by the Vice-Chair of the Segment with appropriate coordination with the NAESB Office, and
 - b. announced by formal notice to the Segment Membership no less than 30 days prior to the date of the election, with such notice indicating the name and affiliation of all candidates.
4. Elections for REQ End-User Segment Directors shall be subject to the following provisions:
 - a. Any End-User Segment Member of the REQ with dues current is eligible to have one duly authorized representative cast the Member's vote;
 - b. End-User Segment Members shall cast votes for candidates in a number not exceeding the number of Director seats open for election by the End-User Segment;
 - c. The candidates receiving the greatest numbers of votes shall be elected; provided the End-User Segment Directors serving on the Board at the end of each election includes at least one End-User Segment Director representing the interests of retail residential customers, including advocacy organizations or retail customer groups. This retail residential customer representative requirement shall not apply if such persons are not nominated for election;
 - d. Results of the elections for the REQ Directors, including the returned ballots, shall be forwarded to the NAESB Office, for the purpose of public record and validation of voting results, upon conclusion of any election.

7.4 Term of Office

A. Term of Office

Each Director from the End-User Segment of the REQ shall serve a term of two years on the NAESB Board, as described in the REQ quadrant procedures except as provided for in Section 19.1 of this procedure.

B. Limit on Number of Terms of Office

There is no limit on the number of terms any End-User Segment Member may serve on the Board.

Some interested parties have commented that they would like to see limit on number of terms served. Possible alternatives include limiting number of terms to 3 or limiting number of consecutive terms. Please indicate your preference

C. Change of Affiliation

In the event that the End-User Segment Director changes affiliation to another Member within the End-User Segment, the Director's term will continue until its natural expiration, provided that there is no other Director already representing the same Member, in which case the Director changing his or her affiliation will vacate their seat for election of a new Director.

7.5 Vacancies

Any Director seats becoming vacant shall be filled in accordance with REQ Procedures as specified in this Exhibit 4 to the Bylaws, or if such provisions are lacking, by a special election subject to the following provisions:

- A. If the vacancy occurs with less than 125 days remaining in the Director's term of office, the seat will remain vacant until filled by election of a new Director to a term commencing in the next operating year, and a Designated Alternate will serve until expiration of the term.
- B. All other vacancies will be filled by special election; such special elections are to be formally noticed to the Segment Membership by the Segment Vice-Chair or Chair within 15 days of when the creation of the vacancy becomes known and held within 60 days of the

creation of the vacancy. Candidates will be designated by the nomination process. . Candidates elected to fill the vacancy will serve the remainder of the term, and may stand for re-election.

7.6 Removal of Directors

A. A NAESB Director shall cease to hold that position upon:

1. the resignation of REQ End-User Segment Membership by the company of which the Director serves as a representative;
2. the lapse of the NAESB Membership dues of the Member for which the Director serves as a representative;
3. the Director's resignation, removal, or death; or
4. the first day of the NAESB operating year following an election for the seat held by the Director, wherein the Director was not re-elected by the Segment Membership as declared by the NAESB Secretary.

B. Receipt by the NAESB Secretary of a rescission letter indicating that the individual no longer represents the Member does not constitute grounds for removal of the Director if all three of the following conditions are satisfied:

1. the individual continues activity or employment in the End-User Segment of the electric industry with another End-User Segment Member;
2. the individual's new employer is a End-User Segment Member with no representatives holding seats on the Board; and
3. the Board determines that completion of the Director's term of office is in the best interest of NAESB.

C. A vacancy resulting from removal of a Director shall be filled for the remainder of that term in accordance with Section 7.5 of these Procedures.

7.7 Resignation of Directors

A Director may resign his or her position by submitting a letter to the NAESB Office with a copy to the Chair of the End-User Segment of the REQ stating that he or she is resigning and giving the effective date of the resignation.

8.0 Officers

The End-User Segment Members shall elect Members of the End-User Segment to the following administrative and governance positions:

8.1 End-User Segment Chair

The End-User Segment Chair will preside over all meetings of the general End-User Segment Membership separate from meetings of the REQ.

8.2 End-User Segment Secretary

The Chair will appoint a Secretary of the meeting(s) who will take meeting minutes and record votes. This may be a standing position or a NAESB Office representative may perform this function.

8.3 End-User Segment Vice Chair

The Service Segment Vice-Chair will assist the End-User Segment Chair in presiding over all meetings of the general End-User Segment. The Vice-Chair will organize and conduct all Segment elections once the Segment has commenced operation.

8.4 Term of Office & Succession

The term of office of the End-User Segment Chair is one year concurrent with the operating year of NAESB. The End-User Segment Chair will be succeeded in the following year by the End-User Segment Vice-Chair, with a new End-User Segment Vice-Chair elected to fill the vacant End-User Segment Vice-Chair position.

9.0 As described in the NAESB Bylaws and REQ quadrant procedures.

10.0 Executive Committee (EC)

10.1 Duties and Responsibilities Within Segment EC

The End-User Segment of the REQ shall be represented on the EC.

10.2 Qualifications

To be eligible to serve as a End-User Segment representative on the EC, the individual must

- A. be a Segment Member;
- B. have a working knowledge of the NAESB process;
- C. be willing to commit the time and resources necessary to fulfill their obligations as a NAESB EC member and to meet the minimum threshold of participation and attendance established in the NAESB Bylaws; and
- D. disclose the legal name for their employer and if applicable, its ownership.

10.3 Number and Election of EC Members

A. Number of EC Members

Four (4) persons who are individual Segment Members will represent the End-User Segment on the REQ EC. At the completion of each election at least one End-User Segment Member on the REQ EC shall be a person that represents the interests of residential customers. This retail residential customer representative requirement shall not apply if such persons are not nominated for election

In reviewing this subsection, see also the discussion regarding issues in Subsection 10.3 A and Section 19 of the REQ Quadrant Procedures, and the provisions contained in the draft RGQ document. RGQ is proposing 24 EC representatives from their Quadrant, on the belief that having more seats available attracts greater membership. Having different numbers of EC Members from each Segment within a Quadrant would require a change to the Bylaws. Please indicate your preference as well as your suggested rewording, if applicable.

B. Election of EC Members

The End-User Segment of the REQ shall be represented on the NAESB EC by individuals who shall be elected, as required by Article 10 of the NAESB Bylaws and in this Exhibit 4 to those Bylaws.

1. Interested individuals duly authorized to represent a End-User Segment Member and eligible to serve on the EC shall submit their names to the NAESB Office in a form as specified in NAESB Operating Procedures or, if such requirements are not provided for in the NAESB Operating Procedures, interested individuals shall submit a written statement to the NAESB Office that provides their name, title and affiliation (if any), business mail and email addresses, business telephone, a statement that they accept the conditions referred to in subsection 10.2 C., and the statement required in subsection 10.2 D. of this segment procedure.
2. In preparation for any election of EC members representing the End-User Segment of the REQ (other than initial EC members, as provided for in Section 19.2), a Nominating Committee consisting of five (5) Board or EC members of the REQ End-User Segment, may be appointed by the End-User Segment Chair. This committee will develop a slate of candidates from interested members of the Segment Membership. Other nominations may be made at or prior to the close of the REQ End-User Segment nominating period by any Segment Member in accordance with the requirements in subsection (1) in above. All nominations must be made and conveyed in writing to the NAESB Secretary no less than 31 days prior to the election date.
3. The election process for REQ End-User Segment representatives to the REQ EC shall be
 - a. coordinated by the Vice-Chair of the Segment with appropriate coordination with the NAESB Office and;
 - b. announced by formal notice to the Segment Membership no less than 30 days prior to

the date of the election, with such notice indicating the name and affiliation of all candidates.

4. Elections for REQ End-User Segment EC members shall be subject to the following provisions:
 - a. Any End-User Segment Member of the REQ with dues current is eligible to have one duly authorized representative cast the Member's vote;
 - b. End-User Segment Members shall cast votes for candidates in a number not exceeding the number of EC seats open for election by the End-User Segment;
 - c. The candidates receiving the greatest numbers of votes shall be elected; provided the End-User Segment Directors serving on the Board at the end of each election includes at least one End-User Segment Director representing the interests of retail residential customers, including advocacy organizations or retail customer groups. This retail residential customer representative requirement shall not apply if such persons are not nominated for election;
 - d. Results of the elections for the REQ EC, including the returned ballots, shall be forwarded to the NAESB Office, for the purpose of public record and validation of voting results, upon conclusion of any election;

C. Term of Office

Each EC Member from the End-User Segment of the REQ shall serve a term of two years on the REQ EC, as described in the REQ quadrant procedures except as provided for in Section 19.2 of this procedure.

1. Members elected in a year ending in an odd digit (i.e., 2003), whose term would expire in a year ending in an odd digit (i.e., 2005), will serve as

Group A representatives; there will be two Group A representative seats at any given time.

2. Members elected in a year ending in an even digit, whose term would expire in a year ending in an even digit, will serve as Group B representatives; there will be two Group B representative seats at any given time.

D. Change of Affiliation

In the event that the End-User Segment EC Member changes affiliation to another Member within the End-User Segment, the EC Member's term will continue until its natural expiration, provided that there is no other EC Member already representing the same Member, in which case the EC Member changing his or her affiliation will vacate their seat for election of a new EC Member.

10.4 As described in the NAESB Bylaws and REQ quadrant procedures.

10.5 As described in the NAESB Bylaws and REQ quadrant procedures.

10.6 Removal of EC Members

- A. Receipt by the NAESB Secretary of a rescission letter indicating that the individual no longer represents the Member does not constitute grounds for removal of the End-User Segment EC Member if all three of the following conditions are satisfied:
 1. the individual continues activity or employment in the End-User Segment of the Electric industry with another End-User Segment Member,
 2. the individual's new employer is a Segment Member with no representatives holding seats on the EC, and
 3. the EC determines that completion of the EC Member's term of office is in the best interest of NAESB
- B. Upon request by a Segment Member that the EC Member does not meet the qualifications as described

in Section 10.2 above, a End-User Segment vote for removal of the EC Member can be called. EC Members may be removed from office by the Segment Membership at any time upon a 51% vote.

- C. A vacancy resulting from removal of an EC Member shall be filled for the remainder of that term in accordance with Section 10.7 of these segment procedures.

10.7 Vacancies

Any EC seats becoming vacant shall be filled in accordance with REQ Procedures as specified in this Exhibit 4 to the Bylaws, or if such provisions are lacking, by a special election subject to the following provisions

- A. If the vacancy occurs with less than 125 days remaining in the EC member's term of office, the seat will remain vacant until filled by election of a new EC member to a term commencing in the next operating year, and a Designated Alternate will serve until expiration of the term.
- B. All other vacancies will be filled by special election; such special elections are to be formally noticed to the Segment Membership by the Segment Vice-Chair or Chair within 15 days of when the creation of the vacancy becomes known and held within 60 days of the creation of the vacancy. Candidates will be designated by the normal nomination process. Candidates elected to fill the vacancy will serve the remainder of the term, and may stand for re-election.

Until an election is held and a new EC member is elected, a Designated Alternate will serve in the open EC seat.

10.8 As described in the NAESB Bylaws and REQ quadrant procedures.

10.9 Designated Alternates

- A. Selection of Designated Alternates: The End-User Segment will select no more than three (4), and no less than one Designated Alternate EC representative

in each election year, allowing for up to three (4) Designated Alternates overall.

- B. Designated Alternates will be selected by the same election that determines End-User Segment EC members, with those unsuccessful End-User Segment EC member candidate(s) receiving the greatest number of votes becoming a Designated Alternate in the event that there already are or are expected to be less than three Designated Alternates from the End-User Segment in the coming year.
- C. The first, second, third, and fourth Designated Alternate will be determined by the order of voting results of the most recent End-User Segment EC election.
- D. A Designated Alternate will attend and vote at meetings of the EC of the REQ or of the larger EC of NAESB, when one or more regular End-User segment EC Members from the End-User Segment are unable to attend a meeting of the EC and when the absent member, the Chair, or the Vice-Chair of the REQ EC requests their attendance as a Designated Alternate. Selection of which Alternate will serve will proceed through the order of first, second, third, or fourth Designated Alternate, with each indicating whether they can or cannot fulfill the requirement to serve at the subject meeting.

10.10 Resignation of EC Members

An End-User Segment EC Member may resign his or her position by submitting a letter to the NAESB Office with a copy to the Chair of the End-User Segment of the REQ stating that he or she is resigning and giving the effective date of the resignation.

11.0 – 17.0 As described in the NAESB Bylaws and REQ quadrant procedures.

18.0 Amendments

The Directors representing the End-User Segment on the Board shall recommend to the Segment Membership amendments to these Procedures. Each proposed amendment shall be offered as

a separate amendment, except in those situations in which an amendment will affect more than one section of these Procedures. If a proposed amendment will affect more than one section, then all affected sections will be identified.

A majority vote of the Segment Membership returning ballots shall be required to approve an amendment to these procedures.

19.0 Transitional Procedures

19.1 Initial Election of End-User Segment Directors

- A. The initial End-User Segment Directors shall be elected at the first meeting of the End-User Segment called by the NAESB office.
- B. The candidates receiving the greatest number of votes shall be elected. At the completion of the election at least one End-User Segment Director shall be a person that represents the interests of residential customers; provided such person is nominated for election. This retail residential customer representative requirement shall not apply if such persons are not nominated for election.
- C. Term of Office of Initial End-User Segment Directors

The two (2) initial End-User Segment Directors receiving the greatest number of votes shall serve for two years in Group B positions as described in Section 7.4 A. 3. of the REQ quadrant procedure. The remaining two (2) initial End-User Segment Directors shall serve for one year in Group A positions as described in Section 7.4 A. 2. of the REQ quadrant procedure.

Currently this section is addressed in the quadrant level procedures and the terms are 2 and 3 years as opposed to 1 and 3. Please indicate your preference for a) including these procedures at the segment or quadrant level and b) term of 2 and 1 or 2 and 3 years.

19.2 Initial Election of End-User Segment EC Members

- A. The initial End-User Segment EC Members be elected at the first meeting of the Segment.

B. The candidates receiving the greatest number of votes shall be elected. At the completion of this election at least one End-User Segment Director shall be a person that represents the interests of residential customers; provided such person is nominated for election. This retail residential customer representative requirement shall not apply if such persons are not nominated for election.

C. Term of Office of Initial End-User Segment EC Members

The two (2) initial End-User Segment EC Members receiving the greatest number of votes shall serve for two years in Group B positions as described in Section 10.3 D. 3. of the REQ quadrant procedure. The remaining two (2) initial End-User Segment EC Members shall serve for one year in Group A positions as described in Sections 10.3 D. 2. of this procedure.

DRAFT

Retail Electric Quadrant Procedures

Comments Regarding Draft Versions 1 & 2.1, and Their Disposition In Versions 2.2 & 2.3 (Bylaws Format)

Item	Ref V. 1	Ref V. 2.1	applicable section in V 2.2 / 2.3	Comment Made on Version 1	From	Affiliation & Segment	Disposition In Version 2.1	Additional Comment or Explanatory Note
1	1.1	1.1	2.1 (A)	[having a Purpose section is good]	W. Boswell	Chairman, NAESB	no change	Latest draft of RGQ Procedures (1-4-02) under development by AGA-GRGS incorporates very similar wording
2	1.1	1.1	used, but no longer defined in V2.2	phrase "voluntary standards and model business practices" should be revised (throughout the document) to refer only to "model business practices"	B. Alexander	NASUCA & AARP / End Users	no change	this issue has been debated during several Plenary meetings, with the resolution being to continue to offer "voluntary standards" which states may or may not choose to adopt in their jurisdiction
3	1.2	1.2	2.1(B) + explanatory note	first paragraph is good; second paragraph is redundant with NAESB Bylaws and unnecessary	W. Boswell	Chairman, NAESB		
4	1.2	1.2	2.2(B)	second paragraph does contain Quadrant specific provisions	J. Unruh	Reliant / Suppliers		
5	1.2	1.2	explanatory note revised	closing statement in second paragraph may raise a red flag with state agencies	B. Alexander	NASUCA & AARP / End Users	Comments 3-5 have been addressed by a) retention of the first sentence of the second paragraph, b) rewriting the closing sentence of the former second paragraph, and c) conversion of the bulk of the former second paragraph into an explanatory note (in italics).	
6	1.3	1.3	see item #7	This [Principles] section is fully redundant with the Bylaws and is not needed.	W. Boswell	Chairman, NAESB		
7	1.3	1.3		[Having this section here may be redundant, but is helpful to readers unfamiliar with the NAESB Bylaws and the history of this effort]	J. Unruh	Reliant / Suppliers	Comments 6 & 7 addressed by converting former Section 1.3 into an expansion of the explanatory note cited above.	Latest draft of RGQ Procedures (1-4-02) addresses these points in a generally similar explanatory paragraph
8	2.0	2.0	see item #9	[some definitions listed are redundant with the Bylaws and need not be here]	W. Boswell	Chairman, NAESB		

Retail Electric Quadrant Procedures

Comments Regarding Draft Versions 1 & 2.1, and Their Disposition In Versions 2.2 & 2.3 (Bylaws Format)

Item	Ref V. 1	Ref V. 2.1	applicable section in V 2.2 / 2.3	Comment Made on Version 1	From	Affiliation & Segment	Disposition In Version 2.1	Additional Comment or Explanatory Note
9	2.0	2.0	no redundant def's now	[flagged several redundant definitions as helpful in reading the document, recommending that they be kept for now]	J. Unruh	Reliant / Suppliers	comments 8 & 9 addressed by retaining several definitions in italics in V2.1; all redundant definitions are now removed	
10	2.0	2.0	1.0(B)	change {"End User Segment Member" means an entity (e.g., corporation, partnership, proprietorship, or individual) engaged in the consumption of electricity ..} to {"End User Segment Member" means a person or legal entity that consumes electricity ..}	B. Alexander	NASUCA & AARP / End Users	now refers reader to Segment Procedures to find the definition	NAESB has adopted the position that the legal definition of "person" includes individuals, corporations and other entities. See also comments 15, 16 & 17
11	2.0	2.0	1.0(C)	"NAESB Office" does not appear to be a correct definition	J. Unruh	Reliant / Suppliers	no change	Defined for the purposes of the document as written; need to resolve whether the NAESB Office, as defined will have the role stated within its new roles in NAESB
12	2.0	2.0	deleted	part a) of definition shown for Quorum is not needed	W. Boswell	Chairman, NAESB		
13	2.0	2.0	see Item #12	[purpose of Quorum definition part a) is unclear]	J. Unruh	Reliant / Suppliers	Resolution of #12 & #13: Entire definition removed as Quorum is defined adequately in Certificate of Incorporation	
14	2.0	2.0	1.0(G) & (H)	amend definition of Services Segment Member, and possibly Supplier Segment Member, to include individuals	K. Sappenfield	PanCanadian Energy/ Suppliers	now refers reader to Segment Procedures to find the definition	Is this appropriate for the Supplier definition as well?
15	3.0	3.0	2.3(A)	change "... Members of the REQ are entities which meet" to "Members of the REQ are individuals or legal entities which meet"	B. Alexander	NASUCA & AARP / End Users		
16	various	various	various	[reword sections that use "entities"]	K. Sappenfield	PanCanadian Energy/ Suppliers		

Retail Electric Quadrant Procedures

Comments Regarding Draft Versions 1 & 2.1, and Their Disposition In Versions 2.2 & 2.3 (Bylaws Format)

Item	Ref V. 1	Ref V. 2.1	applicable section in V 2.2 / 2.3	Comment Made on Version 1	From	Affiliation & Segment	Disposition In Version 2.1	Additional Comment or Explanatory Note
17	various	various	various	[substitute 'person' for 'entity' throughout the document]	B. Alexander	NASUCA & AARP / End Users		
18	3.0 & 3.1	3.0 & 3.1	various	NAESB uses "person" as the legal equivalent of individuals, corporations, and any other entity with legal standing.	W. Boswell	Chairman, NAESB	comments 15, 16, 17 & 18 originally resolved by using "person" or "persons" where applicable; elimination of most definitions from this V2.3 resolves nearly all situations.	
19	3.1	3.1	2.3(A)	delete the term "Entities" and replace it with "Parties" at the beginning of each description	K. Sappenfield	PanCanadian Energy/Suppliers	descriptions rewritten for all four Segments to simplify the construction	
20	3.2	3.2	5.2	add to requirement (a) the statement: "as determined by a simple majority of the Segment Membership"	J. Unruh	Reliant / Suppliers	added for consistency with requirement (b)	
21	3.2	3.2	5.2	replace "individual or legal entity", "person or entity" and "entity" in 3.2, 3.2(a) & (b) with "Member"	K. Sappenfield	PanCanadian Energy/Suppliers	change made and lines revised to accommodate	
22	3.2	3.2	5.2(2)(b)(iii)	change requirement (b)(ii)(c) to read: "provides a letter of authorization from the group"	W. Boswell	Chairman, NAESB	change made	further comment to the effect that NAESB agrees with the need to require periodic reconfirmation of right to represent the group
23	3.2	3.2	5.2(1)	in (b)(ii)(c) delete the phrase: "by the representative"	W. Boswell	Chairman, NAESB	change made	
24	3.2	3.2		proposed language providing for reduction of membership fee for residential end user segment Members to a maximum of \$500 per annum.	B. Alexander	NASUCA & AARP / End Users		issue currently being explored; unresolved
25	3.2, 3.3 & 3.4	3.2, 3.3 & 3.4	deleted	3.2(b)(iii), 3.3 and 3.4 are all redundant with the Bylaws	W. Boswell	Chairman, NAESB	pertinent parts of Sections 3.2 & 3.3 converted to explanatory notes; see also comment 33 resolution	

Retail Electric Quadrant Procedures

Comments Regarding Draft Versions 1 & 2.1, and Their Disposition In Versions 2.2 & 2.3 (Bylaws Format)

Item	Ref V. 1	Ref V. 2.1	applicable section in V 2.2 / 2.3	Comment Made on Version 1	From	Affiliation & Segment	Disposition In Version 2.1	Additional Comment or Explanatory Note
26	3.4	3.3		(in reference to comment 25); Section 3.4 provides helpful clarifying details not specified in the Bylaws and therefore unique to the Quadrant; retain this section.	J. Unruh	Reliant / Suppliers	see above	
27	3.5	3.4	5.1(A)	What is the purpose of this section?	J. Unruh	Reliant / Suppliers		Purpose of current Section 3.4 is to declare the intent of the Quadrant regarding the desired qualifications of representatives; specifically, persons representing members should have first hand knowledge of the business issues, operating authority to speak for the member and authority to cast a vote in meetings without consultation with the member on minor issues.
28	3.6	3.6		remove closing statement following item (b) as it is redundant with the Bylaws	W. Boswell	Chairman, NAESB	change made	
29	3.6	3.6		add (c) removal for failure to attend requisite number of meetings	J. Unruh	Reliant / Suppliers	not added, as Bylaws provide for removal of EC or Board members for failure to attend meetings, but there is no minimum number of meetings a member must attend	
30	4.0	4.0	various	substitute the defined NAESB term of 'Director' instead of 'Board members', 'Board representation' and 'member of the Board'.	K. Sappenfield	PanCanadian Energy/Suppliers	changes made	
31	4.1(b)	4.1(b)	7.3(A)	clarify to state that each Segment will elect four directors	K. Sappenfield	PanCanadian Energy/Suppliers	changes made	
32	4.1(f)	4.1(f)	7.4(B)	do not agree with unlimited terms of office	J. Unruh	Reliant / Suppliers	see Note in text	This provision needs to be confirmed or removed by agreement of the prospective Quadrant Membership

Retail Electric Quadrant Procedures

Comments Regarding Draft Versions 1 & 2.1, and Their Disposition In Versions 2.2 & 2.3 (Bylaws Format)

Item	Ref V. 1	Ref V. 2.1	applicable section in V 2.2 / 2.3	Comment Made on Version 1	From	Affiliation & Segment	Disposition In Version 2.1	Additional Comment or Explanatory Note
33	4.1(f)	4.1(f)		fix some typos and a word deletion suggested	J. Unruh	Reliant / Suppliers	changes made	
34	4.1(g)	4.1(g)	7.2(B)	add 'REQ' to clarify to that an REQ representative may not be both a Director and and EC member at the same time	K. Sappenfield	PanCanadian Energy/ Suppliers	change made	
35	4.1(g)	4.1(g)	7.2(B)	replace the word "accepts" with "seats"	W. Boswell	Chairman, NAESB	change made	
36	4.1(g)	4.1(g)	7.2(B)	replace the word "them" with "him/her"	J. Unruh	Reliant / Suppliers	change made	
37	4.1(h)	4.1(h)		as written, violates Labor Law; rephrase to say "No two Directors elected by the REQ may be employees of the same Member entity"	W. Boswell	Chairman, NAESB	change made	
38	4.1(h)	4.1(h)	7.2(A); clarifying example found in V2.1 has been deleted	expands on comment 37, to further change following language to: "... same Member entity, where an entity holds Membership in multiple Segments..", and adds the phrase "in both situations" later in the paragraph; also requested a clarifying example	J. Unruh	Reliant / Suppliers	changes made	The provisions, as written, need to be confirmed or changed by agreement of the prospective Quadrant Membership

Retail Electric Quadrant Procedures

Comments Regarding Draft Versions 1 & 2.1, and Their Disposition In Versions 2.2 & 2.3 (Bylaws Format)

Item	Ref V. 1	Ref V. 2.1	applicable section in V 2.2 / 2.3	Comment Made on Version 1	From	Affiliation & Segment	Disposition In Version 2.1	Additional Comment or Explanatory Note
39	4.1(i)	4.1(j)	7.3(B)	Why will the EC coordinate the election of Directors?	J. Unruh	Reliant / Suppliers	see Note within the text	Somebody within NAESB will have to coordinate various elections; having the Vice-Chair of the Quadrant EC responsible for coordinating all Quadrant level elections (as provided for within the draft) defines a specific role for the Vice-Chair and removes some vagueness on how elections would be accomplished. This provision does not exist in the current NAESB operating procedures or Bylaws. Adoption of this approach over some other approach needs to be discussed and agreed upon by prospective Quadrant Membership.
40		4.1(i) + others	7.3(B) & (C); and 19.1	comment regarding draft End User Segment Procedures indicating that provisions regarding elections actually belong in the Quadrant document	W. Boswell	Chairman, NAESB	further agreed to in Jan 29th meeting; see Notes in text	The provisions, as written, need to be confirmed or changed by agreement of the prospective Quadrant Membership
41	4.1(j)	4.1(k)	7.6	need to confirm the chosen percentages for majority voting	W. Boswell	Chairman, NAESB		The provisions, as written, need to be confirmed or changed by agreement of the prospective Quadrant Membership
42	4.1(k)	4.1(l)	deleted	redundant with Bylaws	W. Boswell	Chairman, NAESB	actually in conflict with Bylaws	
43	4.1(k)	4.1(l)	deleted	regarding comment 43; second sentence is Quadrant specific and should be kept	J. Unruh	Reliant / Suppliers	first sentence deleted, subsequent parts kept as subsection 4.1(l)	deletion of the rest of the section may still be appropriate; subject to further discussion
44	4.1(l)	4.1(m)	7.4(C)	change "their" to "his/her"	J. Unruh	Reliant / Suppliers	change made	
45	4.2	4.2	10	[changes were suggested to conform the structure of this section to that of Section 4.1]	J. Unruh	Reliant / Suppliers	restructuring entire document into Bylaws numbering format was consistent with intent of comment	

Retail Electric Quadrant Procedures

Comments Regarding Draft Versions 1 & 2.1, and Their Disposition In Versions 2.2 & 2.3 (Bylaws Format)

Item	Ref V. 1	Ref V. 2.1	applicable section in V 2.2 / 2.3	Comment Made on Version 1	From	Affiliation & Segment	Disposition In Version 2.1	Additional Comment or Explanatory Note
46	4.2	4.2	10.3(E)	do not agree with unlimited terms of office	J. Unruh	Reliant / Suppliers		This provision needs to be confirmed or removed by agreement of the prospective Quadrant Membership
47	4.2	4.2	10	change "their" to "his/her" in several locations within the section	J. Unruh	Reliant / Suppliers	changes made	
48	4.2(g)	4.2(g)	10.2(A) & Note	section prohibits Members from holding a seat on both Board and EC from REQ Segment simultaneously; AGA-GRGS draft RGQ Procedures prohibit only a representative from doing both.	M. Scheel	Dynegy / Suppliers		This provision needs to be confirmed or modified by agreement of the prospective Quadrant Membership
49	4.2(h)	4.2(h)	10.2(B)	same as comment #38	W. Boswell	Chairman, NAESB	change made	
50	4.2(h)	4.2(h)	10.2(B)	same as comment #39	J. Unruh	Reliant / Suppliers	change made	The provisions, as written, need to be confirmed or changed by agreement of the prospective Quadrant Membership
51	4.2(i)	4.2(j)	19.2(A)	[there is no existing EC when the Quadrant is first formed to carry out the provisions of this subsection]	J. Unruh	Reliant / Suppliers	added language to Section 19 to provide a proposed means of dealing with the issue	The provisions, as written, need to be confirmed or changed by agreement of the prospective Quadrant Membership
52	4.2(j)	4.2(k)	10.6(C)	same as comment #41	W. Boswell	Chairman, NAESB		
53	4.2(k)			redundant with Bylaws	W. Boswell	Chairman, NAESB	subsection was deleted	
54	4.2(m)	4.2(m)	10.3(F)	change "their" to "his/her"	J. Unruh	Reliant / Suppliers	changes made	
55	4.2(n)(iii)	4.2(n)(ii)	10.1(B) & Note	how does the Secretary provision work given GISB's past practice?	J. Unruh	Reliant / Suppliers	revised to focus on existing practice within NAESB vs. needs	provisions still need to be discussed and agreed upon by prospective Quadrant Membership & NAESB
56	4.3(b)	4.2(n)(i)	10.1(A)	first sentence is redundant with Bylaws, second belongs in Section 4.2	W. Boswell	Chairman, NAESB	first sentence deleted; second provision moved	
57	4.3(c)	4.3(b)	deleted; redundant	should apply to REQ EC Chair and Vice-Chair	J. Unruh	Reliant / Suppliers	correction made	

Retail Electric Quadrant Procedures

Comments Regarding Draft Versions 1 & 2.1, and Their Disposition In Versions 2.2 & 2.3 (Bylaws Format)

Item	Ref V. 1	Ref V. 2.1	applicable section in V 2.2 / 2.3	Comment Made on Version 1	From	Affiliation & Segment	Disposition In Version 2.1	Additional Comment or Explanatory Note
58	4.3(d)	4.3(c)	10.4(B)(1)	this proposed procedure resolves a problem that had been recognized by the Board	W. Boswell	Chairman, NAESB	no change required	
59	4.3(d)	4.3(d)	10.4(B)(2)	how is the meeting Secretary determined under this situation?	J. Unruh	Reliant / Suppliers	see Note in text	
60	4.3(e)	4.3(e)	10.4(A)(1)	replace "in person" with "held"	W. Boswell	Chairman, NAESB	change made	past GISB practice has included numerous EC meetings held by means of telecommunications
61	4.3(e)	4.3(e)	10.3(A)	wording suggested to simplify the paragraph	J. Unruh	Reliant / Suppliers	change made	
62	4.3(f)	4.3(f)	10.6(A)(1)-(b)	Why is there a vote? Should be automatic removal	J. Unruh	Reliant / Suppliers		The provisions, as written, need to be confirmed or changed by agreement of the prospective Quadrant Membership
63	4.4	4.4	10.5	Section 4.4 belongs in the "NAESB Operating Procedures (NAESBops)" rather than in the Quadrant document, fulfilling a recognized need for such procedures	W. Boswell	Chairman, NAESB	V2.3 includes note that provisions may belong in NAESBops rather than REQ document	
64	4.4	4.4	10.5	regarding comment 64; this section should remain in the document as it is quadrant specific since there are no NAESBops at this time	J. Unruh	Reliant / Suppliers	left in the document at the present time, with an added note that this section may be more appropriate in NAESBops	Needs to be resolved in discussions with NAESB
65	4.4(a)(i)	4.4(a)(i)	10.5(A)(1)	add the provision that the EC will also designate whether balanced voting will be applicable in establishing a specific working group	K. Sappenfield	PanCanadian Energy/Suppliers	change made	
66	4.4(a)(iii)-(3)	4.4(a)(iii)-(3)	10.5(A)(3)-(d)	[revise to permit shorter notice periods for meetings once the working group/task force is established]	K. Sappenfield	PanCanadian Energy/Suppliers	changes made	
67	[formerly 4.5]			this section covers topics that are only appropriate to the Bylaws for all of NAESB, as the Triage Committee only functions on that level.	W. Boswell	Reliant / Suppliers	section deleted	

Retail Electric Quadrant Procedures

Comments Regarding Draft Versions 1 & 2.1, and Their Disposition In Versions 2.2 & 2.3 (Bylaws Format)

Item	Ref V. 1	Ref V. 2.1	applicable section in V 2.2 / 2.3	Comment Made on Version 1	From	Affiliation & Segment	Disposition In Version 2.1	Additional Comment or Explanatory Note
68	[formerly 5.1]			this subsection is neither needed nor correct, as Section 5.3 covers the issues	W. Boswell	Reliant / Suppliers	section deleted	
69	6.1(b)	6.1(b)	2.2(C)	this subsection belongs in NAESBops or the Bylaws as it is an issue for all Quadrants	W. Boswell	Chairman, NAESB	left in the document at the present time, with an added note that this section may be more appropriate in NAESBops	Needs to be resolved in discussions with NAESB
70	6.1(b)	6.1(b)	2.2(C)	regarding comment 69; this section should remain in the document as it is quadrant specific since there are no NAESBops at this time and the Bylaws do not reflect the issue	J. Unruh	Reliant / Suppliers	left in the document at the present time, with an added note that this section may be more appropriate in the Bylaws or NAESBops	Needs to be resolved in discussions with NAESB
71	6.1(b)	6.1(b)	2.2(C)	rewrite to clarify limitations / requirements	K. Sappenfield	PanCanadian Energy/Suppliers	left in the document at the present time, with an added note that this section may be more appropriate in the Bylaws or NAESBops	not rewritten; other changes bring into question whether this section is needed at all; see note in the text
72	6.1(c)			this provision is not necessary under current GISB EC practice	J. Unruh	Reliant / Suppliers	section deleted	
73	7.1			as written, the section is inconsistent with unwritten GISB practice that will carry over into NAESB	W. Boswell	Chairman, NAESB	section deleted	Agreed in discussing the comment that NAESB needs to formally document the voting practices for a Ratification ballot in all Quadrants, so this belongs either in NAESBops or the Bylaws
74	7.1			as written, the rules are too complex to be workable	J. Unruh	Reliant / Suppliers	(section deleted)	
75	7.1			provisions for designating alternates needs to be in the Segment Procedures	M. Scheel	Dynegy / Suppliers	(section deleted)	
76	7.1			rewrite to address two different comments	K. Sappenfield	PanCanadian Energy/Suppliers	(section deleted)	
77	7.2	7.1	10.9(A)	add provision to allow EC member to notify NAESB Office of absence	K. Sappenfield	PanCanadian Energy/Suppliers	change made	

Retail Electric Quadrant Procedures

Comments Regarding Draft Versions 1 & 2.1, and Their Disposition In Versions 2.2 & 2.3 (Bylaws Format)

Item	Ref V. 1	Ref V. 2.1	applicable section in V 2.2 / 2.3	Comment Made on Version 1	From	Affiliation & Segment	Disposition In Version 2.1	Additional Comment or Explanatory Note
78	8.0	8.0	19	provisions of this section need further clarification; a minor wording change also suggested	W. Boswell	Chairman, NAESB		
79	8.0	8.0	19	provisions of this section need further clarification, particularly regarding balanced voting	M. Scheel	Dynergy / Suppliers		

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF THE
NORTH AMERICAN ENERGY STANDARDS BOARD, INC.

Article I

Name, Duration, and Registered Agent

Section 1. The name of the corporation is the **NORTH AMERICAN ENERGY STANDARDS BOARD, INC.** (hereinafter referred to as "NAESB"). NAESB is a non-stock corporation.

Section 2. The period of duration of NAESB is PERPETUAL. NAESB may be dissolved at any time in the manner provided in the Statute; provided, however, that no later than December 31, 2004, NAESB's Board of Directors shall submit to the members a resolution recommending whether NAESB shall continue. An affirmative vote of both the Board of Directors and the members, as defined in Article V of this Certificate, shall be required to continue NAESB.

Section 3. Reserved.

Section 4. No later than October 1, 1996, the Board of Directors shall submit to the membership a proposal on whether to consolidate the functions of the Board of Directors and the Executive Committee. An affirmative vote of both the Board of Directors and the members, as defined in Article V of this Certificate, shall be required to consolidate the functions of the Board of Directors and the Executive Committee. If the functions of the Board of Directors and the Executive Committee are consolidated, the surviving entity shall become the Board of Directors.

Section 5. NAESB is not organized for pecuniary profit or for the pecuniary profit of its members, or to engage in a regular business ordinarily carried on for profit. No part of the net earnings of NAESB shall inure to the benefit of any member or members or other private persons. During its functioning life, and in the event of its dissolution, all net earnings of NAESB and its assets shall be devoted solely to the objects and purposes stated in this

Certificate. Upon dissolution of NAESB, its assets may be distributed in any manner consistent with this Section and with the applicable provisions of law.

Section 6. The registered office and registered agent of NAESB is The Prentice-Hall Corporation System, Inc., 32 Lookerman Square, Suite L-100, Dover, Kent County, Delaware, 19904.

Article II

Purposes and Scope

Section 1. The objects and purposes of NAESB are to propose 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 data interchange ("EDI") record formats and communications protocols and related business practices that streamline the transactional processes of the natural gas and electric industries.

Section 2. NAESB shall engage in any lawful activities necessary or desirable to achieve the objectives and purposes of NAESB set forth in Section 1 of this Article II to the extent consistent with the provisions of Section 501(c)(6) of the Internal Revenue Code of 1986 (or any corresponding provision of any future revenue law) and the regulations promulgated thereunder (as they now exist or as they may be amended in the future, the "Code").

Section 3. NAESB shall be a non-profit organization qualifying under Section 501 (c) (6) of the Code and shall not have the authority to issue capital stock.

Section 4. NAESB shall not have any formal relationship with any regulatory agency. NAESB shall not have an advocacy role regarding its standards before the FERC or any other regulatory agency.

Article III

Organization and Management

Section 1. The business and affairs of NAESB shall be managed by the Board of Directors except to the extent that specific powers and duties are conferred upon the Executive Committee by this Certificate. The Board of Directors may delegate additional powers to the Executive Committee, provided that the Board of Directors may not delegate its power to approve an amendment of the Certificate of Incorporation, a merger or consolidation, a sale of substantially all the assets or dissolution of NAESB, or amendment of the By-Laws.

Section 2. The Board of Directors and Executive Committee members shall be elected for such terms as provided in the By-Laws. The number of members of the Board of Directors and Executive Committee shall as provided in the By-Laws. There may be as many as four Quadrants and each Quadrant shall be composed of industry Segments.. The members of each Segment shall vote separately for the election of Directors and Executive Committee members for such Segment pursuant to procedures set forth in the By-Laws.

Section 3. Each representative of the Board of Directors and the Executive Committee shall have one vote. Neither the Board of Directors nor the Executive Committee shall allow substitutes for any member thereof at their respective meetings; provided, however, that, as provided in the By-Laws, the Executive Committee may have designated alternates as selected by their segment. The Board of Directors and Executive Committee shall further establish procedures for notational voting, attendance by telephone or video conferencing, and determination of quorums. These procedures shall be included in, or attached to, the By-Laws. The Board of Directors and the Executive Committee shall each elect a chairman from among their own members. The Chairman of the Board of Directors may request that any vote or action be taken by the Board of Directors without a meeting and without unanimous consent, and such action may be taken if approved by the appropriate voting levels specified in Article V. The Chairman of the Executive Committee may request that any vote or action be taken by the Executive Committee without a meeting and without unanimous consent, and such action may be taken if approved by the appropriate voting levels specified in Article V.

Section 4. The Board of Directors shall be responsible for approving the budget, initiating and recommending charter changes, maintaining contacts within the natural gas and electric industries and with government agencies, and selecting counsel and the external auditor for NAESB. The Board of Directors shall also have the authority to adopt and amend the By-Laws pursuant to Section 5 of Article V.

Section 5. (a) The Executive Committee, which shall also exercise general supervision of NAESB's affairs, shall establish NAESB's policies. The Executive Committee shall be responsible for establishment of procedures which will: (1) facilitate the formation of NAESB technical standards that are based upon broad industry consensus and recognize the particular needs of each Segment, (2) consider the work of existing standards-setting organizations and standards already developed, and (3) establish an accessible library of transactions developed by members of NAESB for future consideration by NAESB in the standards development process.

(b) In addition, the Executive Committee shall be responsible for: (1) recommending the initiation, maintenance, and approval of standards-related activities; (2) establishing working committees as it deems necessary to perform NAESB's functions pursuant to procedures set forth in the By-Laws; (3) preparing the budget; (4) setting priorities for standards to be developed or modified; (5) overseeing the NAESB staff; and (6) directing activities for reviewing standards interpretation pursuant to the appropriate voting levels specified in Article V.

Section 6. The personal liability of the members of the Board of Directors and the Executive Committee, and such other persons acting for NAESB, to the extent applicable under the Statute, is hereby eliminated to the fullest extent permitted by Section 102(b)(7) of the Statute, as the same may be amended and supplemented.

Any person who is or was a director, officer, agent, or employee of NAESB, or is or was serving, at the request of NAESB, as a director, officer, agent, or employee of another corporation, trust, or enterprise, shall be entitled to be indemnified by NAESB to the fullest extent now or hereafter permitted by the Statute in connection with any actual or threatened action or proceeding (including civil, criminal, administrative or investigative proceedings) arising out of their service to such entity. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which an indemnified person may be entitled under any by-law, agreement, insurance policy, or otherwise.

Section 7. The Chairman of the Board of Directors shall be the Chief Executive Officer of NAESB. An Executive Director shall be selected by the Board of Directors and shall exercise the duties of the chief operating officer of NAESB.

Section 8. Advisory Committee. The Board of Directors shall establish a permanent, standing advisory committee to be composed of representatives of federal, state, and local agencies; public interest groups; non-profit research organizations; and similar organizations, selected pursuant to procedures set forth in the By-Laws. The Board of Directors and the Executive Committee shall seek the advice of this committee as either deems appropriate.

Section 9. NAESB shall have no standing relationships with any technical or trade association; provided, however, NAESB may establish an appropriate relationship with the American National Standards Institute (ANSI) for the purpose of seeking ANSI adoption of its standards, and further provided, however, that any Board-approved arrangement for financial support of NAESB by any technical or trade association shall not be deemed to create a prohibited standing relationship. NAESB may work with such associations on an ad hoc basis. Furthermore, any such association may become a non-voting member of NAESB.

Article IV

Membership

Section 1. NAESB shall have two classes of members, voting members and non-voting members. The requirements for becoming a member of NAESB shall facilitate to the greatest extent possible a wide based membership consistent with NAESB's fiscal requirements and shall be consistent with all applicable law. Membership criteria for each Segment shall be established separately and set forth in or attached to the By-Laws; provided that the adoption of the requirements for membership in any Segment and any amendment thereof must first be approved by a majority of the Directors representing such Segment.

Section 2. Voting members. The voting members of NAESB shall be individuals, partnerships, firms or corporations, which shall apply for membership in one or more Segments and are in good standing in accordance with the procedures of their Segment(s). As a condition of membership, each voting member will be required to execute a revocable appointment, in a form approved by the Board of Directors, authorizing a designated proxy to vote in support of any of the proposals adopted by the Board of Directors described in Article V, Section 3 of this Certificate of Incorporation which may be submitted to a vote of the general membership. Any voting member may resign from NAESB by written notice to the Executive Director, whereupon that member's participation in all NAESB activities shall cease.

A voting member which is delinquent in the payment of its dues shall continue as a member, but shall not be allowed to vote until it is current in the payment of its dues.

Section 3. Non-voting members. Non-voting members shall include, but not be limited to, federal, state, and local agencies; non-profit research organizations, trade and industry organizations; consumer advocate groups; and similar entities.

Article V

Voting

Section 1. All actions within the respective responsibilities of the Board and the Executive Committee, as the case may be, shall be by majority vote, except as otherwise provided in this Certificate of Incorporation. A quorum shall be a majority of the Board or Executive Committee, respectively.

Section 2. Voting members shall be entitled to one vote each at meetings of members, except that procedures attached to the By-Laws may provide for weighted or limited voting for members of any Segment, if such By-Law provision is first approved by a majority of the Directors representing such Segment. The quorum for meetings of members shall be one-third of the total number of votes eligible to be cast unless a different number is established by this Certificate.

Section 3. An affirmative vote of at least seventy-five percent (75%) from the Board, including an affirmative vote of at least forty percent (40%) from Directors representing each Segment within each Quadrant, which vote must be ratified by a ninety percent (90%) affirmative vote of the general membership, shall be required to approve an amendment of this Certificate, including NAESB's scope and purposes described in Article II, to continue NAESB pursuant to Section 2 of Article I, to expand or contract the activities of NAESB pursuant to Section 3 of Article I and to consolidate the functions of the Board of Directors and the Executive Committee pursuant to Section 4 of Article I. No quorum of the members shall be required for such votes.

Section 4. An affirmative vote of at least sixty-seven percent (67%) from each of the applicable Quadrant(s) of the Executive Committee, including an affirmative vote of at least forty percent (40%) from representatives of each Segment within each of the applicable Quadrant(s), which vote must be ratified by a sixty-seven percent (67%) affirmative vote of those members of the applicable Quadrants of the general membership voting, shall be required to adopt, promulgate, amend, revise, modify, interpret, or rescind a standard. No quorum of the members shall be required for such vote.

Section 5. The By-Laws may be adopted or amended by the Board on an affirmative vote of at least seventy-five percent (75%) from the Board, including an affirmative vote of at least forty percent (40%) from Directors representing each Segment within each Quadrant, provided that procedures pertaining to any Segment separately that are attached to the By-Laws must first be approved by a majority of the Directors representing such Segment.

Section 6. A vote of at least seventy-five percent (75%) from the Board, including an affirmative vote of at least forty percent (40%) from the Directors representing each Segment within each Quadrant, shall be required to determine how to fund a budget deficit or to establish or modify a promotional dues program.

Article VI

Meetings

Section 1. The Board of Directors and Executive Committee shall meet as often as necessary to consider matters within their respective responsibilities. Notice of such meetings, which shall be appropriate under the circumstances and comply with all applicable statutory requirements, shall be given.

Section 2. The Board of Directors shall instruct the Executive Director to call such meetings of the general membership of NAESB as are required by statute or are necessary to transact the business of NAESB. Meetings of NAESB may also be called by a majority of the members of NAESB or by a majority of the members of the Board of Directors. Between meetings of NAESB, votes of the membership may be taken by written ballot.

Section 3. Written notice of the annual meeting of NAESB shall be given in such manner as is prescribed by Statute, but not less than ten (10) nor more than sixty (60) days prior to the date of the annual meeting. Notice of other meetings shall be given in a manner as may reasonably permit attendance at such meeting, but in any event in a time and manner sufficient to satisfy any statutory requirements.

Article VII

Funding

Section 1. The funds necessary to conduct the business of NAESB shall be determined by the NAESB Board of Directors. The NAESB Board of Directors shall determine the amount of the membership fee to be assessed to each member on the year prior to its assessment, provided that except for promotional dues, the dues shall be the same for all voting members. NAESB may elect to receive funds from non-dues sources to the extent authorized by the Board of Directors and permitted by law and NAESB's bylaws. The Executive Director of NAESB shall ensure that NAESB expenditures in any year shall not exceed the sum of: (x) the aggregate amount of membership fees received (or projected to be collected) during the year to which such annual budget relates and (y) all other monies or income received (or projected to be received) by NAESB from whatever source during such year.

Article VIII

Amendment of Certificate of Incorporation

Section 1. The provisions contained in this Certificate of Incorporation may be amended by the adoption of a resolution pursuant to the voting procedures set forth at Article V.

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BYLAWS
Of
NORTH AMERICAN ENERGY STANDARDS BOARD, INC. (NAESB)
A Delaware Non-Stock, Non-Profit Corporation

ARTICLE 1 - DEFINITIONS

Section 1.1 Definitions

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

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

- 24 G. "EC" means the Executive Committee of NAESB, Inc. (in whole, as a Quadrant
25 EC, or any combination of the Quadrant EC(s)).
- 26 H. "EC Subcommittee" means a subcommittee established by the EC pursuant to
27 Section 10.5 of these Bylaws.
- 28 I. "Exhibit" means an attachment to these Bylaws.
- 29 J. "Majority" means a simple majority of each of the applicable Quadrants for the
30 purposes of voting.
- 31 K. "Members" means individuals and entities that satisfy the requirements for
32 membership set forth in Article 5 of the Bylaws, and includes Voting Members
33 and Non-Voting Members.
- 34 L. "Model Business Practice" means a protocol or procedure for the conduct of
35 specified acts or transactions. The term "Model Business Practice" does not
36 imply enforceability by NAESB.
- 37 M. "NAESB" means the North American Energy Standards Board, Inc.
- 38 N. "Operating Procedures" means the policies and rules that govern the behavior and
39 operation of committees, subcommittees and task forces of NAESB, as
40 established and maintained by the Parliamentary Committee of the Board, (as
41 established in Section 7.8(b)). They apply equally to all Quadrants and Segments.
- 42 O. "Quadrant" means any one of the following industry sectors that make up
43 NAESB: gas wholesale, electric wholesale, gas retail, and electric retail. A
44 particular Quadrant may be referred to as the "Wholesale Gas Quadrant,"
45 "Wholesale Electric Quadrant," "Retail Gas Quadrant," or "Retail Electric
46 Quadrant."
- 47 P. "Reconsideration" means a review of a proposed Standard or proposed Model
48 Business Practice subsequent to adoption by the EC and prior to ratification, as
49 described in Section 10.3(h) of these Bylaws.

50 . Q. "Segment" means one of the co-equal member groupings of a given Quadrant, as
51 defined by that Quadrant and approved by the Board as an Exhibit to these
52 Bylaws.

53 R. "Standard" means a protocol or procedure for the conduct of specified acts or
54 transactions. The term "Standard" does not imply enforceability by NAESB.

55 S. "Triage Process" refers to the actions taken from the time a request for a proposed
56 Standard or a proposed Model Business Practice is received by the NAESB office,
57 through consideration by the Triage Subcommittee, and until such time as the EC
58 assigns the request for consideration.

59 T. "Voting Member" means an individual, partnership, firm, corporation or other
60 entity whose NAESB dues are current and who meets the requirements for
61 membership of a given Segment(s) within a Quadrant(s), and who has joined such
62 Quadrant(s) and Segment(s). A Voting Member may only be a member of
63 multiple Quadrants and Segments if it has paid dues in each such Quadrant and
64 Segment.

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67 **ARTICLE 2 - PURPOSES, SCOPE, ACTIVITIES AND POLICIES**

68 **Section 2.1 Purposes, Scope and Activities**

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

70 **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 over
100 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 prior to
155 March 31, 2003 and biannually thereafter.

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157 **ARTICLE 3 - OFFICES**

158 **Section 3.1 Offices**

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

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ARTICLE 4 - SEAL

163 Section 4.1 Seal

164 NAESB may use a Corporate Seal. The Corporate Seal shall bear the name of NAESB,
165 the year of its incorporation and the words "Corporate Seal, Delaware."

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ARTICLE 5 - MEMBERS

168 Section 5.1 Voting Members

169 (a) The general requirements for Voting Membership are set forth in Article IV,
170 Section 1 and 2 of the Certificate. Individuals, partnerships, firms or corporations
171 shall join as Members through application for Voting Membership in one or more
172 Quadrants and Segments. The membership requirements for each Quadrant and
173 Segment are set forth in Exhibits 1 through 4.

174 (i) Each Voting Member shall be entitled to one (1) vote in person or by
175 proxy, and shall designate in writing the individual authorized to cast that
176 vote.

177 (ii) Each Voting Member may vote by proxy. Every proxy shall be executed
178 in writing by the Voting Member or by such Voting Member's duly
179 authorized attorney in fact and filed with the Secretary of NAESB. A
180 proxy shall be revocable at will, notwithstanding any other agreement or
181 any provision in the proxy to the contrary. The revocation of a proxy shall
182 not be effective until notice thereof has been given to the Secretary of
183 NAESB. A proxy shall not be revoked by the death or incapacity of the
184 maker unless, before the vote is counted or the authority is exercised,
185 written notice of such death or incapacity is given to the Secretary of
186 NAESB. No proxy shall be valid after three (3) years from the date of its
187 execution unless otherwise provided in the proxy.

188 (iii) As described in Article IV, Section 2 of the Certificate, each Voting
189 Member is required, as a condition of membership, to execute a revocable

190 appointment, in a proxy form approved by the Board, authorizing a
191 designated proxy to vote in favor of any of the proposals described in
192 Article V, Section 3 of the Certificate; provided, however, that any Voting
193 Member shall have the right to cast its vote, in lieu of such revocable
194 proxy, either in favor of or in opposition to any such proposal. This proxy
195 shall not expire until revoked by the Voting Member.

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

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

208 (c) Unless otherwise restricted by the Certificate of Incorporation or these Bylaws,
209 any action required or permitted to be taken by the members at any annual or
210 special meeting may be taken without a meeting, without prior notice and without
211 a vote, if a consent or consents in writing, setting forth the action so taken, shall
212 be signed by the members having not less than the minimum number of votes that
213 would be necessary to authorize or take such action at a meeting at which all
214 members having a right to vote thereon were present and voted. Such written
215 consents shall be delivered to NAESB by delivery to its registered office in the
216 State of Delaware, its principal place of business, or an officer or agent of NAESB
217 having custody of the book in which proceedings of meetings of members are
218 recorded. Delivery made to NAESB's registered office shall be by hand or by

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

237 **Section 5.2 Non-Voting Members**

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

241 **Section 5.3 Nontransferable**

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

246 **Section 5.4 Resignation**

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

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ARTICLE 6 - MEETINGS OF MEMBERS

Section 6.1 Place of Meetings

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

Section 6.2 Annual Meeting

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

Section 6.3 Special Meetings of Members

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

Section 6.4 Determination of Members of Record

269 The Board may fix a time, not more than sixty (60) days prior to the date of any meeting
270 of the Members or any adjournment thereof, as a record date for the determination of the
271 Members entitled to notice of, or to vote at, such meeting. The Board may similarly fix a record
272 date for the determination of the Members of record for any other purpose. When a
273 determination of the Members of record has been made for purposes of a meeting, the

274 determination shall apply to any adjournment thereof unless the Board fixes a new record date for
275 the adjourned meeting.

276 **Section 6.5 Notice of Meetings of Members**

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

284 **Section 6.6 Quorum**

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

292 **Section 6.7 Adjournment**

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

294 **Section 6.8 Organization**

295 At every meeting of the Members, the Board Chair, or in his or her absence, the Board
296 Vice Chair, or in the absence of the Board Chair and the Board Vice Chair, the Board Second
297 Vice Chair or the Board Third Vice Chair, respectively, together representing each of the
298 Quadrants within the Board, or a chair chosen by the Members, shall act as chair. The Secretary,
299 or in his or her absence, a person appointed by the chair, shall act as secretary.

300 **Section 6.9 Voting on Particular Issues**

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

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ARTICLE 7 - BOARD

305 **Section 7.1 Board**

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

311 **Section 7.2 Qualifications of Directors**

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

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

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

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

325 **Section 7.4 Term of Office**

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

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

337 **Section 7.5 Vacancies**

338 Vacancies in the Board resulting from the circumstances described in Subsections
339 7.4(b)(ii), (iii) or (iv) above shall be filled by the Quadrant and Segment in which the vacancy
340 occurs, in accordance with the procedures specified in that Quadrant's Exhibit.

341 **Section 7.6 Removal of Directors**

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

344 **Section 7.7 Resignations**

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

348 **Section 7.8 Board Committees**

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

354 (b) There shall be a Parliamentary Committee, consisting of members of the Board
355 with at least two Directors from each Quadrant. The function of the
356 Parliamentary Committee is to address issues related to corporate governance,
357 including, but not limited to, the Certificate of Incorporation, the Bylaws and the
358 Operating Procedures. Members of the Parliamentary Committee shall be
359 appointed by the Chair of the Board, who shall serve as the chair of this
360 committee.

361 **Section 7.9 Advisory Council**

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

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ARTICLE 8 - OFFICERS

372 **Section 8.1 Number**

373 The officers of NAESB shall include a Chair, and up to three Vice Chairs (each
374 representing a different Quadrant within the Board), a Secretary, a Treasurer, an Assistant
375 Treasurer, and an Executive Director. The officers may include one or more Assistant

376 Secretaries, other Assistant Treasurers, and such other officers as the Board may determine by
377 resolution. Any number of offices may be held by the same person.

378 **Section 8.2 Qualifications of Officers of NAESB**

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

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

383 The officers of NAESB shall be elected by the Board at any meeting of the Board. Each
384 officer except for the Executive Director, Assistant Secretaries and Assistant Treasurers shall
385 serve for a term of one (1) year and until his or her successor begins his or her term, or until his
386 or her earlier death, resignation, or removal, or lapse of Director status pursuant to Subsections
387 7.4(b)(ii),(iii) or (iv) or Section 7.6. On expiration of the terms of the officers of NAESB, the
388 Vice Chair shall become the Chair, the Second Vice Chair shall become the Vice Chair, the
389 Third Vice Chair shall become the Second Vice Chair, and the Board shall elect a new Third
390 Vice Chair. The new Third Vice Chair shall be elected in the following order of rotation, which
391 shall be repeated indefinitely: Gas Wholesale, Electric Retail, Electric Wholesale, and Gas
392 Retail. If no Director representing a Quadrant is willing to serve as Third Vice Chair when the
393 rotation turns to that Quadrant, the Board shall elect a Third Vice Chair from among its
394 remaining Directors, and the rotation shall continue thereafter as though a Director representing
395 the Quadrant had in fact served as Third Vice Chair.

396 **Section 8.4 Removal of Officers**

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

400 **Section 8.5 Resignations**

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

404 **Section 8.6 The Chair**

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

412 **Section 8.7 The Vice Chairs**

413 There shall be not more than three Vice Chairs. In the absence or disability of the Chair
414 or when so directed by the Chair, a Vice Chair (in order of precedence) may perform all the
415 duties of the Chair, and, when so acting, shall have all the powers of, and be subject to all the
416 restrictions upon, the Chair. The Vice Chairs shall perform such other duties as may be assigned
417 by the Board or the Chair.

418 **Section 8.8 The Secretary**

- 419 (a) Unless the Board directs otherwise, the Executive Director shall be the Secretary
420 of NAESB.
- 421 (b) The Secretary shall attend all meetings of the Board and of the Members. The
422 Secretary shall record all votes of the Board, EC and the Voting Members and the
423 minutes of the meetings of the Board, EC and of the Members in a book or books
424 belonging to NAESB to be kept for that purpose. The Secretary shall see that
425 required notices of meetings of the Board and of the Members are given and that
426 all records and reports are properly kept and filed by NAESB. The Secretary shall
427 be the custodian of the seal of NAESB and shall see that it is affixed to all
428 documents to be executed on behalf of NAESB under its seal. In general, the
429 Secretary shall perform all duties incident to the office of Secretary and such other
430 duties as may be assigned by the Board or the Chair.

- 431 (c) In the absence or disability of the Secretary or when so directed by the Secretary,
432 any Assistant Secretary may perform all the duties of the Secretary, and, when so
433 acting, shall have all the powers of, and be subject to all the restrictions upon, the
434 Secretary. Each Assistant Secretary shall perform such other duties as may be
435 assigned by the Board, the Chair, or the Secretary.
- 436 (d) To the extent not provided for by the EC, the Secretary shall appoint persons to
437 take minutes of EC Meetings and EC Subcommittee meetings.

438 **Section 8.9 The Treasurer**

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

455 **Section 8.10 The Executive Director**

456 The Executive Director shall be the chief operating officer of NAESB, and be subject to
457 the control of the Board. The Executive Director shall have all powers and duties necessary for
458 managing the day-to-day operating and business affairs of NAESB and directing all activities of

459 NAESB as prescribed by the Board. Unless the Board directs otherwise, the Executive Director
460 shall be the Secretary of NAESB. The compensation of the Executive Director shall be fixed by
461 the Board.

462

463 **ARTICLE 9 - MEETINGS OF DIRECTORS**

464 **Section 9.1 Place of Meetings**

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

470 **Section 9.2 Organization**

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

475 **Section 9.3 Annual Meeting**

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

481 **Section 9.4 Regular Meetings**

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

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

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

494 **Section 9.6 Quorum**

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

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

498 (a) One (1) or more Directors may participate in a meeting of the Board or a
499 committee thereof by means of conference telephone or similar communications
500 equipment by means of which all persons participating in the meeting can hear
501 each other.

502 (b) Each Director shall be entitled to one (1) vote.

503 (c) Article V, Sections 1 and 3 of the Certificate describe the voting procedures and
504 the number of votes required for adoption or approval for particular issues with
505 respect to NAESB.

506 (d) No substitutes shall be permitted to vote at Board meetings.

507 (e) Notational voting by Directors is proper in the following circumstances and
508 pursuant to the following procedures:

509 (i) In lieu of meeting: The Chair may request that any vote or action be taken
510 by the Board without a meeting and without unanimous consent, and such
511 action may be taken if approved by the appropriate voting levels specified
512 in Article V of the Certificate. Notice of the Chair's request shall be given
513 to all Directors in the manner specified in Article II of the Bylaws.

514 (ii) During meetings: Notational votes from a Director not in attendance shall
515 be accepted and counted at a Board meeting with respect to any resolutions
516 circulated in writing in advance of a Board meeting; provided, however,
517 that if substantive changes are made in a resolution at the Board meeting
518 such advance notational votes shall not be counted with respect to that
519 resolution, but the procedures specified in (iii) below should be used.

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

523 (f) While Board Members may participate and vote by means of teleconference or
524 other electronic means, eligibility to continue serving as a Board member is
525 dependent upon in-person attendance at no less than 25% of scheduled Board
526 Meetings and participation in at least 75% of such meetings. Such
527 attendance/participation threshold shall be reviewed at March 31 and September
528 30 of each year for the preceding twelve months.

529

530 **ARTICLE 10 - EXECUTIVE COMMITTEE**

531 **Section 10.1 Duties and Responsibilities**

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

534 **Section 10.2 EC Members**

535 (a) The EC shall consist of representatives of the Quadrants, with each Quadrant
536 determining the number of EC Members representing that Quadrant. Regardless
537 of the number of EC members elected from each Quadrant, no Quadrant shall be
538 entitled to cast a vote greater than the percentage that its Quadrant represents in
539 relation to the total number of Quadrants represented on the EC. Each Segment
540 within a Quadrant shall be represented by an equal number of EC Members, to be

541 determined by that Quadrant. The procedures followed for electing the EC
542 members shall be those specified in that Quadrant's Exhibit.

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

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

558 (d) Vacancies in the EC resulting from the circumstances described in Subsections
559 10.2 (b)(ii), (iii), or (iv) above or described in Section 10.2(d) below shall be filled
560 by the Segment in which the vacancy occurs, in accordance with the procedures
561 specified in that Quadrant's Exhibit.

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

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

567 **Section 10.3 EC Organization**

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

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

625 Standard or proposed Model Business Practice as a result of the initial
626 Triage Process shall jointly consider such request for a proposed Standard
627 or a proposed Model Business Practice as described in Section 103 (g) of
628 these Bylaws.

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

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

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

637 **Section 10.4 Meetings**

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

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

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

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

681 except for those matters on which the EC Member has already voted by proxy
682 prior to the beginning of a meeting.

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

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

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

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

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

706 **Section 10.5 EC Subcommittees**

707 (a) The EC may establish subcommittees to be comprised of Members and other
708 interested parties who have the opportunity to participate. Each EC

709 Subcommittee shall employ Balanced Voting. Each EC Subcommittee shall
710 report to, and serve at the pleasure of, the EC. EC Subcommittees shall each:

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

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

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

726

727

ARTICLE 11 - NOTICE

728 **Section 11.1 Written Notice**

- 729 (a) Whenever written notice is required to be given to any person, it may be given to
730 the person, either personally or by sending a copy by first class or express mail,
731 postage prepaid, or courier service, charges prepaid, or by telegram (with
732 messenger service specified), telex or TWX (with answer back received),
733 electronic mail (or its equivalent), or by facsimile transmission, to his or her
734 address or to his or her telex, TWX, electronic mail address or facsimile number
735 appearing on the books of NAESB, in the case of Directors or EC Members,
736 supplied by him or her to NAESB for the purpose of notice. If the notice is sent

737 by mail, telegraph or courier service, it shall be deemed to have been given when
738 deposited in the United States mail or with a telegraph office or courier service for
739 delivery to that person or, in the case of telex or TWX, when dispatched. A notice
740 of meeting shall specify the place, day and hour of the meeting and any other
741 information required by the Act. Except as otherwise provided by the Act or these
742 Bylaws, when a meeting is adjourned, it shall not be necessary to give any notice
743 of the adjourned meeting, or of the business to be transacted at an adjourned
744 meeting, other than by announcement at the meeting at which such adjournment is
745 taken.

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

748 **Section 11.2 Waiver by Writing**

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

752 **Section 11.3 Waiver by Attendance**

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

757

758 **ARTICLE 12 - CONFLICTS OF INTEREST**

759 **Section 12.1 Interested Directors and Officers**

760 No contract or transaction between NAESB and one (1) or more of its Members,
761 Directors, or officers or between NAESB and any other corporation, partnership, association, or
762 other organization in which one (1) or more of its Directors or officers are directors or officers, or
763 have a financial interest, shall be void or voidable solely for such reason, or solely because the
764 Member, Director, or officer is present at or participates in the meeting of the Board or

765 committee thereof which authorizes the contract or transaction, or solely because his, her, or their
766 votes are counted for that purpose, if:

767 (a) the material facts as to the relationship or interest and as to the contract or
768 transaction are disclosed or are known to the Board or the committee thereof and
769 the Board or committee thereof in good faith authorizes the contract or transaction
770 by the affirmative votes of a majority of the disinterested Directors even though
771 the disinterested Directors are less than a quorum;

772 (b) the material facts as to his or her relationship or interest and as to the contract or
773 transaction are disclosed or are known to the Members entitled to vote thereon, if
774 any, and the contract or transaction is specifically approved in good faith by vote
775 of such Members; or

776 (c) the contract or transaction is fair as to NAESB as of the time it is authorized,
777 approved, or ratified by the Board or the Members.

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

782

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

784 **Section 13.1 Limitation of Liability**

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

790 **Section 13.2 Insurance**

791 NAESB shall purchase and maintain insurance on behalf of any person who is or was a
792 NAESB Director or NAESB Officer and, to the extent approved by the Board, on behalf of EC

793 Members, employees or agents of NAESB or on behalf of persons now or previously serving at
794 the request of NAESB as a director, officer, employee or agent of another domestic or foreign
795 corporation for profit or not-for-profit, partnership, joint venture, trust, or other enterprise against
796 any liability asserted against him or her and incurred by him or her in any such capacity, or
797 arising out of his or her status as such, whether or not NAESB would have the power to
798 indemnify him or her against that liability under the Act.

799

800 **ARTICLE 14 - INDEMNIFICATION**

801 **Section 14.1 Representative Defined**

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

804 **Section 14.2 Third-Party Actions**

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

821 **Section 14.3 Derivative and Corporate Actions**

822 NAESB shall indemnify, to the full extent not prohibited by law, any person who was or
823 is a party, or is threatened to be made a party, to any threatened, pending or completed action or
824 suit by or in the right of NAESB to procure a judgment in its favor by reason of the fact that he or
825 she is or was a representative of NAESB or is or was serving at the request of NAESB as a
826 representative of another domestic or foreign corporation for profit or not-for profit, partnership,
827 joint venture, trust, or other enterprise, against expenses (including attorneys' fees) actually and
828 reasonably incurred by him or her in connection with the defense or settlement of the action or
829 suit if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not
830 opposed to, the best interests of NAESB. Indemnification shall not be made under Section 14.3
831 in respect of any claim, issue or matter as to which the person has been adjudged to be liable to
832 NAESB unless and only to the extent that the Court of Chancery or the court in which the action
833 or suit was brought determines upon application that, despite the adjudication of liability but in
834 view of all the circumstances of the case, such person is fairly and reasonably entitled to
835 indemnity for such expenses that the Court of Chancery or other court shall deem proper.

836 **Section 14.4 Procedure for Effecting Indemnification**

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

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

845 **Section 14.5 Advancing Expenses**

846 Expenses (including attorneys' fees) incurred in defending any action, suit or proceeding
847 referred to in Article 14 may be paid by NAESB in advance of the final disposition of the action,
848 suit or proceeding upon receipt of an undertaking by or on behalf of the representative to repay

849 the amount if it is ultimately determined that he or she is not entitled to be indemnified by
850 NAESB as authorized in this Article or otherwise.

851 **Section 14.6 Supplementary Coverage**

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

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

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

864 **Section 14.8 Reliance and Modification**

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

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873 **ARTICLE 15 - ANNUAL REPORT**

874 **Section 15.1 Annual Report**

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

- 878 (a) The assets and liabilities, including the trust funds, of NAESB as of the end of the
879 fiscal year immediately preceding the date of the report.
- 880 (b) The principal changes in assets and liabilities, including the trust funds, during the
881 year immediately preceding the date of the report.
- 882 (c) The revenue or receipts of NAESB, both unrestricted and restricted to particular
883 purposes, for the year immediately preceding the date of the report, including
884 separate data with respect to each trust fund held by or for NAESB.
- 885 (d) The expenses or disbursements of NAESB, for both general and restricted
886 purposes, during the year immediately preceding the date of the report, including
887 separate data with respect to each trust fund held by or for NAESB.
- 888 (e) The number of Members of NAESB as of the date of the report, together with a
889 statement of increase or decrease in such number during the year immediately
890 preceding the date of the report, and a statement of the place where the names and
891 addresses of the current Members may be found.

892 The annual report of the Board shall be filed with the minutes of the meetings of the
893 Members.

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895 **ARTICLE 16 - TRANSACTION OF BUSINESS**

896 **Section 16.1 Real Property**

897 NAESB shall make no purchase of real property nor sell, mortgage, lease away or
898 otherwise dispose of its real property, unless authorized by the vote of the Board. If the real

899 property is subject to a trust, the conveyance away shall be free of trust and the trust shall be
900 impinged upon the proceeds of such conveyance.

901 **Section 16.2 Negotiable Instruments**

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

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905 **ARTICLE 17 - CORPORATE RECORDS**

906 **Section 17.1 Corporate Records**

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

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915 **ARTICLE 18 - AMENDMENTS**

916 **Section 18.1 Amendments**

917 The Bylaws of NAESB may be amended by the Board in the manner described in the
918 Certificate; provided, however, that each Quadrant's Exhibit may be adopted or amended by
919 majority vote of the Directors representing that Quadrant or as may be specified under the
920 procedures contained in that Quadrant's Exhibit.

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ARTICLE 19 – TRANSITION PROCEDURES

Section 19.1 Officers of the Board

NAESB will be going through a transition process during the period immediately after adoption of these Bylaws. To ease such transition, executive authority shall be exercised by the existing officers of NAESB until such time as the newly constituted Board shall meet and determine upon a different organization, consistent with these Bylaws. In the absence of affirmative action on the part of a fully constituted Board (consisting of at least three Quadrants), the existing officers shall remain in their positions until new officers are installed following the next scheduled election.

Section 19.2 Officers of the EC

EC authority shall be exercised by the existing EC officers until such time as the newly constituted EC shall meet and elect a different slate of officers in accordance with these Bylaws. In the absence of a change of officers by a fully constituted EC (consisting of at least three Quadrants), the existing officers shall remain in their positions until new officers are installed following the next scheduled election.

Section 19.3 Procedures to Constitute Board & EC Representation

Both the Board and the EC will be expanded to include the elected representatives of new Quadrants within 30 days of the completion of the following Quadrant formation activities:

- (a) Approval of Quadrant and Segment By-laws or procedures by the existing Board.
- (b) Completion of a minimum of 30 day recruiting period to solicit and enroll new members.
- (c) An initial meeting of the membership of a Quadrant.
- (d) Election of Board and EC representatives by the Quadrant.

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EXHIBIT 1

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WHOLESALE GAS QUADRANT PROCEDURES

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EXHIBIT 2

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WHOLESALE ELECTRIC QUADRANT PROCEDURES

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EXHIBIT 3

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RETAIL GAS QUADRANT PROCEDURES

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EXHIBIT 4

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RETAIL ELECTRIC QUADRANT PROCEDURES

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North American Energy Standards Board

Bylaws Addendum

Exhibit 4

Retail Electric Quadrant Procedures

General Note to all parties reviewing the draft REQ Procedures:

This version 2.3 of the document incorporates notes to assist the reviewer in understanding what items remain unresolved or at issue, as well as explanatory notes to assist the reader. These notes appear in italics throughout the document. In some instances, the reviewer is asked to provide specific feedback on a preferred solution for the issue. There is a companion spreadsheet that also lists issues previously raised, and indicates whether those issues were resolved in this document or remain open items. Please use that in parallel when reviewing this document, as some issues raised in the spreadsheet are not addressed in this draft. Finally, please do not hesitate to provide your input, as resolution is needed soon to enable Quadrant formation. All voices need to be heard.

Section 1 Definitions

- A. "Distributor Segment Member" means a person that satisfies the requirements of the Bylaws of NAESB and the qualifications for Membership of the Retail Electric Quadrant as set forth in the Distributor Segment Procedures.
- B. "End User Segment Member" means a person that satisfies the requirements of the Bylaws of NAESB and the qualifications for Membership in the Retail Electric Quadrant as set forth in the End User Segment Procedures.
- C. "NAESB Office" means the office of the Secretary of NAESB.
- D. "REQ" means the Retail Electric Quadrant.
- E. "Segment" means one of the co-equal Membership Segments of the NAESB Retail Electric Quadrant representing the following four (4) segments of the retail electric industry: Suppliers, Distributors, End Users, and Services.
- F. "Segment Membership" means the Segment Members collectively.
- G. "Services Segment Member" means a person that satisfies the requirements of the Bylaws of NAESB and the qualifications for Membership in the Retail Electric Quadrant as set forth in the Services Segment Procedures.

- H. "Supplier Segment Member" means a person that satisfies the requirements of the Bylaws of NAESB and the qualifications for Membership in the Retail Electric Quadrant as set forth in the Supplier Segment Procedures.
- I. All other capitalized terms, if not defined in this Section 1.0, shall have the same definitions as specified in the Bylaws or Certificate of Incorporation of NAESB.

Note to potential REQ members:

Comments during the meetings of January 17th & 29th suggested replacing the definitions formerly listed under A, B, G & H here in versions 2.1 and 2.2 with some form of simplified definitions. Suggestions included the RGQ document's definitions, the definitions of Segments now shown in Section 2.4(C) of this document, and definitions specified in the Segment Procedures documents. This version of the document presumes that each Segment comes up with definitions they find acceptable. If you would prefer a different approach, please provide your suggestion of specific language for these definitions.

Section 2 Purposes, Scope, Principles & Policies

2.1 Purpose & Scope

A. Purpose

The purpose of the Retail Electric Quadrant of the North American Energy Standards Board (NAESB) is to propose, evaluate and adopt voluntary standards and model business practices to promote competitive, efficient and reliable service in the retail electric industry.

B. Scope

The Retail Electric Quadrant is to address issues and practices that are within the scope of NAESB and appropriate to electric usage at the individual consumer level—that is, usage by an individual, partnership, corporation, or other entity consuming electricity at one or more facilities served by an Electric Distributor.

Issues may also be addressed in conjunction with other Quadrants when such issues are common to both electric distribution at the individual consumer level and some combination of wholesale or retail activities in the electric or natural gas industries.

Explanatory Note from Version 2.1:

"The Retail Electric Quadrant would normally address issues and practices which are generally within the jurisdiction of state or local regulatory authorities. As such, the findings, recommendations and proposed standards or model business practices produced by this Quadrant of NAESB may be implemented in individual jurisdictions only to the extent that they are consistent with applicable law and regulation. Standards and model business practices that prove successful in those states that adopt them might well be adopted by additional jurisdictions if compatible with policies in their jurisdiction.

"Furthermore, the Retail Electric Quadrant will operate in conformance with the principles of NAESB as established in Section 2.2 (b) of the NAESB Bylaws, and in compliance with ANSI guidelines as codified therein. In keeping with these Principles, the Retail Electric Quadrant encourages membership from across the spectrum of the Retail Electric industry, reflecting the principle of inclusiveness. All Retail Electric Quadrant meetings, including those of its Members, Executive Committee (EC), subcommittees and task forces, shall be open to any interested member of the public and that all minutes thereof shall be available to the public in keeping with the principle of openness."

The above explanatory note would not appear in the final document, primarily because the points made here are redundant with the Bylaws. As you can see by comparison, the RGQ document also addresses this point, but provides language that will remain in the document in final form. IF you believe that the REQ document should contain these points, please indicate how you would like to see them appear.

2.2 Policies

A. Meetings of the Retail Electric Quadrant

All meetings held in association with the NAESB organization or the REQ are open to any interested person.

B. Joint Meetings

From time to time, there will be joint meetings of the REQ with other Quadrants within NAESB, and Segments will meet jointly to transact Quadrant business.

C. One Person, One Vote Requirement

1. Designation of the same individual as the duly authorized representative of the Member in multiple Segments of the REQ (including Agent representatives) is not permitted.

Note: This primarily impacts whatever Membership voting does occur; committee work would have a similar issue, but committees are open to non-members of NAESB. The RGQ Procedures draft addresses the point somewhat differently. Please indicate your preference for

language addressing this point: a) the current language, b) RGO approach, c) something else (provide your suggestion).

2. In the event that a duly authorized representative in one Segment also represents the Member in another Segment in any other NAESB Quadrant, and both affected Segments are engaged in a joint meeting requiring Member voting, then the person serving as representative in both Segments must choose the Segment and Quadrant in which they will vote on any given issue and may only cast one vote on each voting issue. To the extent that any other involved Quadrant's rule may differ on this point, the representative must still honor this Quadrant's rule for any such vote or designate a substitute representative for the entity's interests during the joint meeting.

Note: The provisions of this subsection deal with an issue applicable to all Quadrants and may be more appropriate for inclusion in either the Bylaws or NAESB Operating Procedures ("NAESBops"). In addition, since nearly all votes by a Member in NAESB will either be for election of officers or ratification, joint action with another Quadrant requiring Member voting should be very rare, and may never actually occur. RGO draft also addresses this general issue, but in a somewhat different way. Indicate whether you think this needs to be kept as is or modified, and whether to keep it in the REQ document or move it to NAESBops.

D. Ratification

Only REQ Voting Members have the right to ratify standards or model business practices adopted by the Quadrant EC. Ratification voting will be in accordance with the requirements of the NAESB Bylaws.

2.3 Segment Organization & Membership Requirements

Membership Requirements

The definition of Membership applies to all Segments within the REQ. Members of the REQ are persons who meet the following membership requirements in any one of the four Segments of this Quadrant. Upon applying for Voting Membership (as described in NAESB Bylaws Sections 1.1 and 5.1) in the REQ, each prospective Member shall declare the Segment with which they are to be identified.

1. Distributor Segment
Parties eligible for Membership in this Segment are engaged in the local distribution of electricity.
2. End User Segment
Parties eligible for Membership in this Segment consume electricity or represent consumers of electricity.
3. Suppliers Segment

Parties eligible for Membership in this Segment are service providers and marketers, engaged in the competitive sale of electricity to end-users

4. Services Segment

Parties eligible for Membership in this Segment provide services to participants in the retail electric industry, including equipment manufacturers, equipment vendors, software providers, consultants, and other companies or individuals not otherwise eligible for Membership in another Segment.

Note: *The draft RGO Procedures have similar requirements, and add another provision, consistent with Bylaws Section 2.3, stating that Segments have the flexibility to determine their own rules and procedures. Please consider whether a similar provision needs to be in the REQ Procedures in this subsection.*

Furthermore, a comment made during the Jan 17th meeting suggested that the word "local" should be dropped from the description of Distributor Segment Membership. Do you Agree / Disagree?

[Sections 3 & 4 are reserved for future use]

Section 5 Members

5.1 Membership

A. Member Representation

Representatives chosen by any person in any Segment should have, but are not required to have, corporate responsibility for the business interests causing the person to seek Membership in the Segment.

Note: *Is this a satisfactory statement, or should it be more specific?*

B. Removal of Members

Members who cease to have a significant business interest pertaining to the descriptions contained in Section 2.3 may be removed from Membership by either

1. a simple majority vote of their declared Segment Membership, or
2. resolution of the REQ Executive Committee.

Note: *Comments at Jan 17th meeting suggested a change of wording to "Members who do not have a "legitimate" business interest ..."; Change it or leave it as is?*

C. Multiple Memberships

Memberships in multiple Segments of the REQ are permissible for any person provided each Membership is filed and declared with NAESB, the person meets the Membership requirements of each Segment joined, and Membership dues are paid for each Segment.

1. Only one Membership per Segment is permissible for any person.
2. Multiple companies under common control within a corporate organization that desire to become Members must join individually. Members cannot extend their Membership to their parent company, affiliates, or subsidiaries.

5.2 Voting Members

Membership and voting rights in the REQ of NAESB shall be open to any Member that meets the following requirements:

1. The Member has a significant business interest¹ in the retail electric market (or is a representative or Agent of such person), as determined by a simple majority of the segment Membership.
2. The Member may be a trade association or an advocacy group representing a group of prospective members, provided that
 - a) the group represents an interest that is identified within a Segment, yet is
 - (i) not represented, or
 - (ii) is underrepresentedin the judgement of a simple majority of the Segment Membership, and
 - b) the prospective representative's relationship to the group wishing to be represented in this manner is documented in one of the following ways:
 - (i) has statutorily or regulatory designated authority to represent the interests of the subject group
 - (ii) is generally recognized representative of the subject group for other transactions (e.g. provides group insurance, group buying of another product, etc.)
 - (iii) provides a letter of authorization from the group, including an expiration date for the letter of authorization
 - c) no more than two entities within the group represented subsequently join as full Members of the Segment, at which point the representative's authorization for representation and voting rights will be immediately voided unless reinstated by letter for the remainder of the operating year by the remaining members of the representative's constituency.

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

Notes:

RGQ document addresses Trade Associations differently.

From the Jan 17th meeting:

- a) Regarding 5.2(1), comment proposed replacing "significant" with "legitimate". [see also comment in section 5.1(B)]*
- b) Regarding 5.2(2), ELCON requested that these provisions be deleted in their entirety.*

From the Jan 29th meeting:

- c) The term "under-represented" is vague and should be more clearly defined.*

Subsection 5.2(2) was created to reflect the wishes of a number of potential REQ members as expressed in face-to-face meetings during 2001. The provisions are here in order to assure that no Trade Association could attempt to supercede the wishes of its individual members. NEMA also expressed concern regarding this provision in the Jan 29th meeting, but appeared satisfied with the explanation.

IF you feel changes need to be made to this section, please state what those changes are.

[Section 6 Reserved for future use]

Section 7 Board

7.1 Board Representation

The REQ shall elect Directors to the Board from each Segment.

7.2 Qualifications of Directors

A. One Member, One Seat Per Quadrant

No two Directors elected by the REQ may be employees of the same Member holding Membership in multiple Segments within the Quadrant. This restriction does not prohibit election of two Directors from two affiliated companies within a holding company which each have individual Member status, or from two companies with a parent-subsidiary relationship, provided that the two Directors from companies with such a relationship represent Members of differing Segments.

B. One Office Per Member Representative

Directors elected from the REQ may not hold both a Board seat and a seat on the EC at any point in time. If an EC Member is elected as a Director from the REQ, their EC seat is vacated when the Board seats them as a Director.

Note: No other requirements have been proposed regarding qualifications to be a REQ Director; the draft RGQ document addresses additional requirements:

- *a Member of the Quadrant;*
- *an executive of the organization represented*
- *having a broad understanding of the industry*
- *having a working knowledge of the NAESB process*
- *willing to commit the time and resources necessary to*
- *fulfill the requirements of NAESB Bylaws Section 9.7(f);*
- *disclosing of their interest, or their employer's interests in*
- *the industry*

Does the REQ membership wish to add provisions similar to those proposed by the RGQ? If so, which one, and how should they be stated?

7.3 Number and Election of Directors**A. Number of Directors**

The REQ shall elect sixteen (16) NAESB Directors, subject to the provisions of Section 19 of these Procedures. Each Segment of the Quadrant will elect four (4) Directors, subject to the provisions of Section 19 of these Procedures.

*Note: Unresolved question is:
"How many directors from the REQ?"*

In reviewing this subsection, see also the discussion regarding issues in Section 19, and the provisions contained in the draft RGQ document. RGQ is proposing 24 Directors for their Quadrant, on the belief that having more seats available attracts greater membership. A greater number of Directors also addresses the problem of Directors having no substitutes permitted for meetings; small numbers could create problems on any voting issue with Quorum requirements and concentrations of power. Having differing numbers of Directors from each Quadrant is not a violation of the Bylaws.

Please indicate your preference on this issue, and your suggestion for rewording, if applicable.

B. Election of Directors

Nominations for and election of all Directors will be in accordance with Segment Procedures, or in the absence of Segment Procedures, as follow.

In preparation for any election of NAESB Directors (other than initial Directors, as provided for in Section 19),

1. a nominating committee consisting of five EC Members of the REQ comprised of one Member from each Segment plus the EC Vice-Chair, shall develop a slate of candidates from the Segment Membership.
2. other nominations may be made at or prior to the close of the REQ End User Segment nomination period by any Segment Member eligible to serve on the Board of Directors by submitting their name(s) to the NAESB Office in a form as specified in NAESB Operating Procedures if such requirements exist.
3. all nominations must be made and conveyed in writing to the NAESB Secretary no less than 31 days prior to the election date.

Note: General agreement in the Jan 29th meeting would move the election mechanisms shown here in 7.3(B) to the Segment Procedures documents. See also the additional provisions contained in the RGQ draft document. Please indicate your preference regarding the mechanisms and language stated above or some other mechanism / language to those individuals drafting your Segment Procedures.

C. **Timing of Elections**

Subject to the provisions of Section 19, election of Directors shall occur in the same month for all Segments of the REQ, and shall be coordinated by the Executive Committee. The EC will ensure that the requirements of this Section are satisfied by each Segment's slate of candidates prior to any actual voting by any Segment.

Note: General agreement in the Jan 29th meeting would move the election mechanisms shown here to either NAESBops or the Segment Procedures documents.

- a) *The timing of elections is an issue for all four Quadrants.*
- b) *Current NAESB / former GISB practice is to have the NAESB Office coordinate all elections rather than the EC.*

Please indicate your preference regarding these provisions and include your Segment representatives in your response.

7.4 **Term of Office**

A. **Term of Office**

Directors shall be elected for two-year terms, with half of the terms expiring in alternating years, subject to the provisions of Section 19.

1. Two Directors will be elected from each Segment each year to fill expiring terms.
2. Group A Directors will have their terms expire in odd numbered years.
3. Group B Director terms will expire in even numbered years.

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

Note: RGQ is proposing a 3 year term of office. Preference?

B. **Limit on Number of Terms of Office**

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

Note: Do you want to restrict the number of terms an individual representing a member may serve?

C. **Change of Affiliation**

In the event that the Director changes affiliation

1. to another Member within his/her industry Segment, the Director's term will continue until its natural expiration, provided that there is no other Director already representing the same Member, in which case the Director changing his or her affiliation will vacate their seat for election of a new Director;
2. and is no longer affiliated with their electing industry Segment, the Director will vacate their seat for election of a new Director.

Note: Per the discussion on Jan 29th, the provisions of 7.4(C) belong in Segment Procedures. Per discussion on Jan 17th, these provisions are different from past practice of GISB, but not in conflict with the Bylaws and could differ from Quadrant to Quadrant or Segment to Segment. Do you want to use GISB past practice or these provisions in your Segment?

7.5 **Vacancies**

In the event that a Director resigns or otherwise vacates their Board seat, the Quadrant will hold an election within 60 days to fill the vacant seat with a candidate from the same Segment as the original Director.

Note: draft of RGQ Procedures consider other conditions which create a vacancy and which should be addressed in the REQ Procedures. Please consider whether to adopt RGQ's language, as follows

"A NAESB Director shall cease to be a Director upon 1) the resignation of the Quadrant Membership of the entity of which the Director is a partner, director, officer, agent; 2) the lapse of the Quadrant Membership of the entity of which the Director is a partner, director, officer, agent or employee, through delinquent NAESB dues for the Quadrant Membership; or (3) the Director's resignation, removal, or death."

... or provide your own suggested language.

7.6 Removal of Directors

In addition to being subject to removal from office by the NAESB Board of Directors, Directors may also be removed from office by the Quadrant Membership at any time upon a 75% majority vote of the Quadrant Membership and a simple majority (51%) of each of the Segments of the REQ. The vacant seat is to be refilled in accordance with the requirements of Section 7.5.

Note: Should the Quadrant Membership voting percentage be 75%, 67%, some other %, or should this only be an issue for the Segment Membership and moved to Segment Procedures? Please indicate your preference(s).

[SECTIONS 8 & 9 - Reserved for future use]

SECTION 10 EXECUTIVE COMMITTEE

10.1 Duties and Responsibilities Within Quadrant EC

A. Chair Rotation

The REQ EC shall elevate the prior year Vice Chair of the Quadrant EC to Chair of the REQ EC at its first meeting in the new operating year and elect a new Vice Chair. If the Vice Chair is vacant at the time of the first meeting of a new operating year, both a Chair and Vice-Chair will be elected.

B. Meeting Minutes

The REQ EC shall designate an EC Secretary responsible for production of meeting minutes per NAESB Operating Procedures. This may involve an individual assigned this responsibility on a permanent basis, or an agreement on how to designate a person or persons responsible for recording minutes of each meeting.

Note: Past GISB practice has been to have the NAESB Office take minutes and distribute them. Provisions in A(2) would possibly relieve the Office of the problem of dealing with simultaneous meetings in multiple quadrants, possibly at different locations, and might allow them to focus upon minutes distribution. Please indicate whether you would prefer that the NAESB Office continues past practice, or have the Quadrant EC determine how to deal with meeting minutes.

10.2 Qualifications of EC Members

A. One Office Per Representative

EC Members elected from the REQ may not hold both a Board seat and a seat on the Executive Committee at any point in time. If an EC Member is elected to the Board from the REQ, their EC seat is vacated when the Board seats them as a Director.

Note: Should the above be amended to "EC Member representatives"? As written, can be interpreted that no Member may hold both an EC seat and a Board seat, whereas the intent is that no Member representative can hold both.

B. One EC Seat per Member

No two EC Members elected by the REQ may be employees of the same Member holding Membership in multiple Segments within the Quadrant. This restriction does not prohibit election of two EC Members from two affiliated companies within a holding company which each have individual Member status, or from two companies with a parent-subsidary relationship, provided that the two EC Members from companies with such a relationship represent Members of differing Segments.

Note: No other requirements have been proposed regarding qualifications to be an EC representative; the draft RGQ document addresses additional requirements similar to those noted in the discussion of Section 7.2:

- *a Member of the Quadrant;*
- *a "functional manager" in the organization represented*
- *a broad understanding of the industry*
- *a working knowledge of the NAESB process*
- *willing to commit the time and resources necessary to*
- *fulfill the requirements of NAESB Bylaws*
- *disclosing of their interest, or their employer's interests in*
- *the industry*

Does the prospective REQ membership wish to add provisions similar to those proposed by the RGQ? If so, which ones and how should they be stated?

10.3 Number and Election of EC Members

A. Number of EC Members

The REQ shall elect sixteen (16) EC Members, subject to Section 19 of these Procedures, with each Segment electing four (4) of these EC Members, pursuant to procedures established by that Segment. All EC representation from the REQ will be comprised of an equal number of representatives elected from each Segment of the Quadrant.

Note: Unresolved question is:
"How many EC representatives from the REQ?"

In reviewing this subsection, see also the discussion regarding issues in Section 19, and the provisions contained in the draft RGQ document. RGQ is proposing 24 EC representatives from their Quadrant, on the belief that having more seats available attracts greater membership. Having different numbers of EC Members from each Quadrant is not a violation of the Bylaws. Please indicate your preference as well as your suggested rewording, if applicable.

B. Election of EC Members

Nominations for and election to an EC seat will be in accordance with Segment Procedures, and the following requirements

In preparation for any election of EC Members (other than initial EC Members, as provided for in Section 19,

1. a nominating committee consisting of five EC Members of the REQ comprised of one Member from each Segment plus the EC Vice-Chair, shall develop a slate of candidates from the Segment Membership;
2. other nominations may be made at or prior to the close of the REQ End User Segment nomination period by any Segment Member eligible to serve on the EC by submitting their name(s) to the NAESB Office in a form as specified in NAESB Operating Procedures if such requirements exist;
3. all nominations must be made and conveyed in writing to the NAESB Secretary no less than 31 days prior to the election date.

Note: General agreement in the Jan 29th meeting would move the election mechanisms shown here in 10.3(B) to the Segment Procedures documents. See also the additional provisions contained in the RGQ draft document. Please indicate your preference regarding the mechanisms and language stated above or some other mechanism / language to those individuals drafting your Segment Procedures.

C. Timing of Elections

Subject to the provisions of Section 19, election of EC Members shall occur in the same month for all Segments of the REQ, and shall be coordinated by the existing REQ Executive Committee. The EC will ensure that the requirements of this Section are satisfied by each Segment's slate of candidates prior to any actual voting by any Segment.

Note: General agreement in the Jan 29th meeting would move the election mechanisms shown here to either NAESBops or the Segment Procedures documents.

- a) **The timing of elections is an issue for all four Quadrants.**
- b) **Current NAESB / former GISB practice is to have the NAESB Office coordinate all elections rather than the EC.**

Please indicate your preference regarding these provisions and include your Segment representatives in your response.

D. Term of Office

EC Members shall be elected for two-year terms, with half of the terms expiring in alternating years.

1. Subject to the provisions of Section 19, two EC Members will be elected from each Segment each year to fill expiring terms.
2. Group A EC Members will have their terms expire in odd numbered years.
3. Group B EC Member terms will expire in even number years.
4. Terms of office will end in conjunction with end of the operating year of NAESB or as otherwise defined by the Board of Directors, Certificate of Incorporation or Bylaws, as amended.

Notes:

The equivalent of this subsection regarding Directors falls within Section 7.4 to be aligned with Bylaws section numbering; there is no equivalent section in the Bylaws for this topic with the EC. The remainder of this section is numbered to achieve alignment with Article 10 of the Bylaws.

RGQ is proposing a 3 year term of office. Do you have a preference on this?

E. Limit on Number of Terms of Office

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

Note: Do you want to restrict the number of terms an individual representing a member may serve?

F. Change of Affiliation

In the event that the EC Member

1. changes affiliation to another Member within his/her industry Segment, the EC Member's term will continue until its natural expiration, provided that there is no other EC Member already representing the EC Member's new affiliation, in which case the EC Member changing affiliation will resign their seat for election of a new EC Member.
2. is no longer affiliated with their electing industry Segment, the EC Member will vacate their seat and a new EC Member will be elected to fill the seat.

10.4 EC Meetings**A. REQ EC Meetings**

1. REQ EC meetings shall be held at times and locations determined by the Chair or Vice-Chair of the REQ EC. EC Members may participate and vote by means of tele-conference or other electronic means unless

in-person attendance is required of all EC Members by both the Chair and Vice-Chair of the EC, and subject to the attendance requirements of Article 10, Section 10.4(j) of the Bylaws.

2. Attendance records shall be reviewed by the person acting as Secretary of the EC during the course of each Quadrant EC meeting for compliance with NAESB Bylaws for the term of office served by each current Quadrant EC Member. The Secretary shall advise any EC Members of their status regarding risk for failure to comply with the Bylaws participation requirement.

Note: These provisions may be better positioned in NAESBops than in Quadrant Procedures, as the issues are common to all Quadrants. Please indicate whether you feel these belong in the Bylaws, NAESBops, or this document.

B. **Joint EC Meetings**

1. In the event that the EC of the REQ meets jointly with an EC of another NAESB Quadrant, the choice of Quadrant EC Chair presiding over the joint meeting will be determined by the precedence established in the order of rotation of Vice-Chairs as specified in the NAESB Bylaws.
2. In the event that the REQ EC Chair or Vice-Chair is presiding over a joint meeting, recording and preparing meeting minutes will be in accordance with normal procedures adopted by the REQ EC for all REQ EC meetings.

Note: These provisions may be better positioned in NAESBops than in Quadrant Procedures, as the issues are common to all Quadrants. Please indicate whether you feel these belong in the Bylaws, NAESBops, or this document.

10.5 EC Subcommittees

A. **Establishing Subcommittees & Task Forces**

The EC of the REQ shall set up its own subcommittees and task forces to deal with REQ-specific issues.

The Executive Committee may establish voluntary standing subcommittees or special purpose task forces to perform various functions required of the organization.

1. The Executive Committee will prepare a written statement of the purpose of the subcommittee or task force and the tasks to be performed, name the subcommittee or task force, state if balanced voting among the Segments is applicable, and appoint a temporary chair.

2. The Temporary Chair may be a Member of the Executive Committee or any REQ Member willing to perform the required startup tasks and to continue chairing the subcommittee / task force if elected by the Members its first meeting.
3. The Temporary Chair shall
 - a) set up the first meeting of the subcommittee or task force, and
 - b) prepare a meeting notice that:
 - (i) states the name and purpose of the subcommittee / task force,
 - (ii) solicits participation in the subcommittee / task force,
 - (iii) announces the agenda for the first meeting, and
 - c) send the meeting notice to all Members and non-members who have participated in Quadrant activities in the last twelve months.
 - d) send the notice at least two weeks prior to the meeting date. Shorter time periods for notices of subsequent meetings will be permitted by a 75% vote of the participants attending a duly scheduled meeting.
4. All meeting notices shall be posted on the NAESB website and transmitted in writing, facsimile, or other electronic means to parties who have indicated an interest in the duly scheduled meeting.
5. The permanent subcommittee / task force Chair may be any REQ Member.
6. Participation on subcommittees or task forces is open to any interested party.

B. Meeting Minutes

Each EC subcommittee or task force will designate a meeting Secretary responsible for recording and reporting voting results, keeping regular minutes of its proceedings and providing copies of those minutes promptly to the NAESB Executive Director's office in accordance to reporting criteria established by the EC.

C. Reporting

Each EC subcommittee or task force will report to the EC at no less than a quarterly basis, on a schedule to be defined by the EC for as long as the subcommittee or task force continues to exist.

D. Balanced Representation

Each EC subcommittee / task force will strive for balanced representation and balanced voting between Segments, and participation shall be open to all NAESB Members and other interested parties, without regard to whether the participant is a paid Member of NAESB in good standing.

Note: General consensus of the Jan 29th meeting was that the entire subsection 10.5 belongs in NAESBops. It is kept here to preserve it until this is agreed upon by NAESB.

10.6 - Removal of EC Members

A. Nonparticipation

1. Failure to meet the Bylaws in-person attendance requirements [Article 10, Section 10.4(j)] for reasons other than hospitalization or temporary disability requires:
 - a) issuing a notice of non-compliance to the Quadrant Membership and
 - b) a vote for removal of the Executive Committee Member from their seat within 30 days of failing to comply.
2. If the REQ Membership does not vote for removal of the EC Member, the Secretary or EC Chair may call for another removal vote by the Quadrant Membership following the next EC review of participation records if the EC Member's attendance record still does not satisfy the Bylaws requirements.

B. Resignation or Ineligibility

An EC Member shall cease to be a Member of the EC upon any of the following:

1. The resignation of REQ End User Segment Membership by the Member whom they represent;
2. The lapse of the Segment Membership dues of the Member whom they represent;
3. The EC Member's resignation, removal, or death;
4. The first day of the NAESB operating year following an election for the seat held by the EC Member, wherein the EC Member was not re-elected by the Segment Membership as declared by the NAESB Secretary;
5. Receipt by the NAESB Secretary of a rescission letter indicating that the individual no longer represents the Segment Member.
6. Election of the EC Member to a Board seat, and seating of the EC Member as a Director.

C. Other Cause

EC Members may be removed from office by the Quadrant Membership at any time upon a 75% majority vote of the Quadrant Membership and a simple majority (51%) of each of the Segments of the REQ. The vacant seat is to be refilled in accordance with Section 10.7.

Notes:

- a) *Discussions on Jan 29th would have portions of Section 10.6 as written above relocated to the individual Segment Procedures. Please indicate your preference on this, and if you agree, which provisions should go to the Segments.*
- b) *RGQ document provides for a 30 day notice period to the EC Member of intent to vote for removal, and providing an opportunity to respond. Please indicate your preference on including such a provision.*

- c) *should the vote for removal be a 75% majority, 67%, some other %, a simple majority of the Quadrant, or should only the Segment vote for removal and at what % majority? Please indicate your preference on this point.*

10.7 Vacancies

In the event that an EC Member resigns or otherwise vacates their seat, the Quadrant will hold an election within 60 days to fill the vacant seat with a candidate from the same Segment as the original EC Member, subject to the following provisions:

1. If the vacancy occurs with less than 125 days remaining in the EC Member's term of office, the seat will remain vacant until filled by election of a new EC Member to a term commencing in the next operating year, and a Designated Alternate will serve until expiration of the term.
2. All other vacancies will be filled by special election; such special elections are to be formally noticed to the Segment Membership by the Segment Vice-Chair or Chair within 15 days of when the creation of the vacancy becomes known and held within 60 days of the creation of the vacancy. Candidates will be designated by the normal nomination process or selected by the remaining EC Members of the Segment from Segment Membership. Candidates elected to fill the vacancy will serve the remainder of the term, and may stand for re-election.

Until an election is held and a new EC Member is elected, a Designated Alternate will serve in the open EC seat.

10.8 Voting

Only Members of the REQ EC shall have the right to vote to adopt standards or model business practices for the REQ. Quadrant voting procedures will be in accordance with NAESB Bylaws.

10.9 Designated Alternates

A. Authority

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

1. An EC Member from that Segment either indicates to the NAESB Office, EC Chair or Vice-Chair that they will be absent, or is in fact absent and remains absent, and

2. The name of the Designated Alternate is on a list of approved Designated Alternates selected by the appropriate Segment Membership according to these Procedures or Segment Procedures, and on file with both the NAESB Office and the EC.

B. Election of Designated Alternates

1. Each Segment will select no more than three (3), and no less than one Designated Alternate EC representative in each election year, allowing for up to twelve (12) Designated Alternates overall.
2. Designated Alternates will be selected annually by the same election that determines new EC Members, with those unsuccessful EC Member candidate(s) receiving the greatest number of votes becoming a Designated Alternate in the event that there already are or are expected to be less than three Designated Alternates from the Segment in the coming year.

Note: Discussion on Jan 29th suggested that election of Designated Alternates should be defined in Segment Procedures, thus this subsection should be found there in some equivalent form. The question remains open as to how they should be designated or elected. RGQ draft proposes a separate election rather than the mechanism shown here. As explained in the discussions on Jan 17th, that approach may be more successful in attracting people to serve as Designated Alternates and should be considered in place of the provisions shown here. Please indicate your preference to your Segment representatives.

3. A Designated Alternate will attend and vote at meetings of the EC of the REQ or of the larger EC of NAESB, when one or more regular EC Members from the Segment are unable to attend a meeting of the EC and when the absent EC Member or the Vice-Chair of the REQ EC requests their attendance as a Designated Alternate.

Note: RGQ goes further and states that "a Designated Alternate holds identical voting rights as the EC Member in whose place he or she serves, except for those matters on which the EC Member has already voted by notational ballot prior to the beginning of the meeting". Similar provision probably should also appear in this document, and could logically replace the current subsection (B)(2) if it moves to Segment Procedures. Please indicate your agreement or disagreement with this change.

[SECTIONS 11 – 18 Reserved for future use]

SECTION 18 AMENDMENTS

Note: Amending this document once it is adopted by the Board was not addressed in prior drafts, and is needed. Proposal is to adopt the

RGQ language for this section. Please either indicate your agreement or provide alternative language to deal with this issue.

SECTION 19 TRANSITION PROCEDURES

The requirements of the NAESB Bylaws for a minimum of 5 Members per Segment and 40 Members per Quadrant do not provide for enough Members to satisfy the REQ requirements for election of Directors and EC Members as stated in Sections 7 and 10 of these Procedures. Consequently, until a Segment of the Quadrant has at least eight (8) Members, the number of Directors and EC Members elected by the Segment Membership will be halved, to 2 Directors and 2 EC Members per Segment and Segment balanced voting will remain intact by adjusting the weight of all votes to achieve balance between Segments in the REQ. The following provisions in this Section 19 will apply and supercede the requirements of Sections 7 and 10 until the REQ Segment achieves a minimum of eight (8) Members.

Note: The exact transition mechanisms incorporated in this section need to be carefully considered, and do not need to be the same as that used in other Quadrants. In particular, while reviewing this section, consider the impact of having only two Directors or EC representatives, rather than a larger number. Since the Certificate of Incorporation (Art. V) requires a 75% overall vote & 40% vote by Segment in favor at the Board level and a 67%/40% vote in favor at the EC level for issues before each, having only 2 Directors or EC representatives in any Segment provides one person with de facto veto power on any given issue.

The RGQ document has now incorporated a draft transition mechanism that requires a minimum of 4 Directors and EC representatives per Segment, increasing to their proposed 6 of each per Segment over specified time intervals. NAESB Bylaws do not prohibit operation with empty seats on either the Board or EC. Please consider whether the REQ should require 2, 3, 4, 5 or 6 Directors and EC representatives overall per Segment (see also Sections 7.2 & 10.2). Then please consider how many should be required to begin Quadrant activities, and provide your viewpoint in a written response.

19.1 Initial Election of Directors

A. Selection

Acceptance of the REQ by the Board will involve seating of the REQ Directors at the NAESB Board meeting at which an acceptance vote is cast. This requires that there be REQ Directors who may be seated.

The founding membership of the REQ will elect Directors of their choosing by means that are reasonably consistent with NAESB Bylaws and the requirements of Section 7 of these Procedures, subject to the conditions

addressed by this Section. Selection of candidates and their election will be by procedures agreed to by consensus or voting methods adopted by the group. Such elected representatives will be presented to the NAESB Board for acceptance as Directors of the REQ, and acceptance by the Board will place all the requirements and restrictions of the Bylaws, including these Procedures, upon those individuals.

B. Term of Office of Initial Directors

1. In the event that Directors are elected from a Segment with at least five (5), but less than eight (8) Members, two Directors will be elected, each to serve a 3 year term, and both will be either Group A or Group B directors as determined by the expiration year of their original term.
2. In the event that a Segment has eight (8) or more Members, four Directors will be elected. The two candidates having the most votes will serve three (3) year terms. The remaining two Directors elected by lesser vote counts will serve two year terms.

C. Interim Elections of Directors

In the event that any Segment within the Quadrant achieves a minimum membership of eight Members after operating with less for a period of time after an election held under the requirements of Section 19.1(B), then

1. a second election of Directors shall be held within 60 days of the addition of the eighth Member of the Segment in order to select two additional Directors from that Segment to serve alongside the initially elected Directors;
2. the term of office of the second group elected at this time will expire one year prior to the term of the initially elected Directors, thereby allowing for two Group A and two Group B Directors from each Segment.

Note: This subsection should include an expiration for it's provisions of less than 2 years beyond acceptance of the Quadrant into NAESB. Elections held during the second year under these provisions would result in the second group of Directors serving for a single year before standing for re-election.

In addition to stating your preference for how many interim directors should be elected, also indicate the time limit you feel is appropriate for the transition procedures: 1 year, 18 months, 2 years, other ...

19.2 Initial Election of Executive Committee

A. Selection

Acceptance of the REQ by the Board will involve seating of the REQ Directors at the NAESB Board meeting at which an acceptance vote is cast. Initial operation of the REQ will require that an Executive Committee be in place.

The founding membership of the REQ will elect an EC of their choosing by means that are reasonably consistent with NAESB Bylaws and the requirements of Section 10 of these Procedures, subject to the conditions addressed by subsection B of this Section 19.2. Selection of candidates and their election will be by procedures agreed to by consensus or voting methods adopted by the group. Such elected representatives will be presented to the NAESB Board for acceptance as representatives of the REQ, and acceptance by the Board will place all the requirements and restrictions of these Procedures upon those individuals.

B. Term of Office of Initial EC Members

The initial group of EC Members will serve a 2 year term of office as either Group A or Group B Members, as determined by the expiration year of their original term of office.

1. In the event that EC Members are elected from a Segment with at least five (5), but less than eight (8) Members, two EC Members will be elected, each to serve a 3 year term, and both will be either Group A or Group B EC Members as determined by the expiration year of their original term. The candidate with the greatest number of votes will be designated the EC Chair; in the event of a tie vote, a coin toss will determine the EC Chair and Vice-Chair positions.
2. In the event that a Segment has eight (8) or more Members, four EC Members will be elected. The two candidates having the most votes will serve a three (3) year term. The remaining two EC Members elected by lesser vote counts will each serve a two year term. A separate election within the EC will determine which Member becomes the Chair and which becomes the Vice-Chair, by vote of the four EC Members.

C. Interim Elections of EC Members

In the event that the Segment achieves a minimum Membership of eight Members after operating with less for a period of time following an election held under the provisions of Section 19.2(B), then

1. A second election of EC Members shall be held within 60 days of the addition of the eighth Member of the Segment in order to select two additional EC Members from the Segment to serve alongside the initially elected EC Members;
2. The term of office of the second group elected at this time will expire one year prior to the term of the initially elected EC Members, thereby allowing for two Group A and two Group B EC Members from each Segment.
3. The previously elected Chair and Vice-Chair of the Quadrant EC will continue in their official role until the end of the operating year. Chair rotation will proceed per the requirements of Section 10.1.

Note: Again, please consider how long these transition provisions should remain in place and provide your view in your comments.

19.3 Balanced Voting During the Transition Period

Any Segment which has elected Directors or EC Members under the provisions of this section will retain the full Segment votes entitled to it under the Balanced Voting principle of the Bylaws, and its representatives' votes will count for either one or two Segment votes as is appropriate to the situation.

1 THIS DOCUMENT IS A DRAFT PROPOSAL FOR DISCUSSION PURPOSES, THE FINAL FORM OF
2 WHICH SHOULD MATERIALIZE ONLY AFTER ALL STAKEHOLDERS AGREE ON THE
3 PROCEDURES WITHIN.
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6 Note: *This draft of the RGQ Procedures includes revisions based on comments received*
7 *during Retail Quadrants meetings of January 17 and 29 and the conference call of*
8 *January 22, 2002.*
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11 NORTH AMERICAN ENERGY STANDARDS BOARD

12 BYLAWS ADDENDUM

13 EXHIBIT 3

14 RETAIL GAS QUADRANT PROCEDURES

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1 - DEFINITIONS

Section 1.1 Definitions Included in the NAESB Bylaws

Capitalized terms, when used in this Exhibit to the NAESB Bylaws, shall have the meanings set forth in Section 1.1 of the NAESB Bylaws.

Section 1.2 Definitions for the Purposes of this Exhibit

The following terms have not been defined in Section 1.1 of the NAESB Bylaws and when used in this Exhibit, shall have the meanings set forth below:

- A. “RGQ” means the Retail Gas Quadrant of NAESB.
- B. “RGQ Designated Alternate” is defined as a person named by a Segment of the Retail Gas Quadrant Segment, submitted to the NAESB office, to serve in place of a RGQ EC Member who is unable to attend an EC meeting.
- C. “RGQ EC” means the Executive Committee of the Retail Gas Quadrant of NAESB.
- D. “RGQ EC Subcommittee” means a subcommittee established by the Executive Committee of the Retail Gas Quadrant of NAESB.
- E. “RGQ Members” means Voting Members of the Retail Gas Quadrant of NAESB that satisfy the requirements of membership set forth in Section 5.1 and, if applicable, in the respective Segment Procedures in this Exhibit.
- F. “RGQ Segment” means one of the four co-equal Segments of the Retail Gas Quadrant of NAESB.

2 – PURPOSES, SCOPE, ACTIVITIES, AND POLICIES

Section 2.1 Purposes, Scope and Activities

The purpose of the Retail Gas Quadrant (RGQ) of NAESB is to propose and adopt voluntary model business practices or standards to promote more competitive, efficient and reliable service in the

40 retail natural gas industry. The Retail Gas Quadrant is concerned with and tasked to handle natural gas
41 related issues and practices that are within the scope of NAESB and typically addressed at the retail
42 natural gas distribution level. The Retail Gas Quadrant shall work closely with other NAESB Quadrants
43 to mitigate inconsistencies where proposed standards and model business practices affect those other
44 Quadrants.

45 **Section 2.2 Policies**

46 The Retail Gas Quadrant shall comply with the policies and procedures laid out in the bylaws
47 and the certificate of incorporation of NAESB. Further, the Retail Gas Quadrant intends to operate in
48 conformance with the principles of the umbrella organization, as established in Section 2.2 (b) of the
49 NAESB Bylaws and in compliance with ANSI guidelines. As such, the Retail Gas Quadrant encourages
50 a widely based membership and has identified Segments, which reflect this principle of inclusiveness.
51 Also consistent with this approach, the Retail Gas Quadrant shall ensure that all meetings, including
52 those of its Members, Executive Committee (EC), and Subcommittees and Task Forces, shall be open to
53 all persons and that all minutes thereof shall be available to the public.

54 **Section 2.3 RGQ Segments**

55 What follows is a description of the Retail Gas Quadrant organizational structure, including a
56 listing of RGQ Segments.

- Suppliers: Persons, other than Distributors, engaged in the sale of natural gas and/or pipeline capacity, including marketers (retail, wholesale), aggregators, producers, asset managers and pipelines.
- Distributors: Persons engaged in the regulated or publicly owned local distribution of natural gas.
- End Users: Persons that consume natural gas, including consumer advocacy organizations and retail customer groups.
- Service Providers: Persons that provide services to the participants in the retail natural gas industry, including equipment manufacturers, equipment and service vendors, software providers, energy consultants, and other companies not otherwise declared in any other Segment.

57 Each RGQ Segment shall have the flexibility to determine its own Segment rules and procedures
58 and to elect or select its own representatives to the NAESB Board and to the RGQ EC, as long as those
59 rules and procedures conform with NAESB Bylaws and the Retail Gas Quadrant procedures in this
60 Exhibit.

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3 - RESERVED

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5 – RGQ MEMBERS

67 **Section 5.1 Voting Members**

68 The definition of Membership applies to all RGQ Segments. RGQ Members are persons with
69 legitimate business interest¹ in the retail natural gas market and which meet the definitions of one of the
70 four RGQ Segments. Upon applying for Voting Membership (as described in NAESB Bylaws Sections

¹ “Legitimate business interest” in this section specifically includes the interests of statutorily appointed consumer advocates.

71 1.1 and 5.1), each prospective RGQ Member shall declare the RGQ Segment with which they are to be
72 identified. Voting Membership in the Retail Gas Quadrant of NAESB shall be open to all persons that
73 meet all of the following requirements:

- 74 - The person has a legitimate business interest in the retail natural gas market (or is a
75 representative or Agent of such person).
- 76 - The person meets the description of one of the co-equal industry Segments identified by the
77 Retail Gas Quadrant of NAESB.
- 78 - The person has declared its affiliation to one, and only one, of the RGQ Segments.
- 79 - Through special application, which includes a recommendation by its RGQ Segment and an
80 affirmative vote of at least 50% of the RGQ EC, a trade association may join the RGQ
81 Membership if it represents an interest that is identified within an RGQ Segment yet is not
82 represented, or is underrepresented, in the RGQ. The membership status of such trade
83 associations shall be considered on an annual basis and may be voted upon through
84 notational vote by the RGQ EC.

85 Only RGQ EC Members shall have the right to vote to adopt model business practices or
86 standards affecting only the Retail Gas Quadrant.

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88 **6 – MEETINGS OF RGQ MEMBERS**

89 All meetings held in association with the NAESB Retail Gas Quadrant shall be open to all
90 interested persons.

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7 – BOARD

Section 7.1 RGQ Representatives to the NAESB Board

The Retail Gas Quadrant shall have representatives to the NAESB Board of Directors, with each RGQ Segment electing or selecting an equal number of these representatives, pursuant to the procedures specified by the respective RGQ Segment in this Exhibit.

Section 7.2 Qualifications of RGQ Directors

To be eligible to serve as representative on the NAESB Board of Directors:

- The person must be a Member of the Retail Gas Quadrant;
- The person must be an executive of the organization represented, where applicable, and have broad understanding of the natural gas industry;
- The person must have a working knowledge of the NAESB process;
- The person must be willing to commit the time and resources necessary to fulfill their obligations as a NAESB Director and to meet the minimum threshold of participation and attendance established in the NAESB Bylaws [Section 9.7 (f)];
- The person must disclose their interest, or their employer's interest, in the natural gas industry and the relationship with other entities with which the employer may be affiliated; and
- Once elected to serve as Director on the NAESB Board, the individual may hold not more than one directorship, representing only one Segment within the Retail Gas Quadrant.

Section 7.3 Number and Election of Directors

(a) The Retail Gas Quadrant of NAESB shall be represented on the NAESB Board of Directors by twenty-four (24) persons who shall be elected, from time to time, as required by Article 7 of the NAESB Bylaws and in this Exhibit to those Bylaws. The NAESB office shall coordinate the election process for the Retail Gas Quadrant representatives to the NAESB

117 Board during the second week of November of each year.

118 (b) The elections of RGQ representatives to the NAESB Board shall be subject to the following
119 provisions:

120 - Any RGQ Member who is current in the payment of its dues is eligible to vote; and

121 - The candidates receiving the greatest numbers of votes shall be elected.

122 **Section 7.4 Term of Office**

123 The initial Retail Gas Quadrant Directors on the NAESB Board shall be divided into two
124 groups within each RGQ Segment. Group A Directors shall serve for an initial term of three
125 years, while Group B Directors shall serve for an initial term of two years. Each RGQ Segment
126 shall have an equal number of Group A Directors and an equal number of Group B Directors.
127 Upon the completion of the initial terms of both groups of Directors, succeeding Directors shall
128 thereafter be elected for terms of three (3) years, consistent with NAESB Bylaws.

129 **Section 7.5 Vacancies**

130 A NAESB Director shall cease to be a Director upon 1) the resignation of the RGQ Membership
131 of the entity of which the Director is a partner, director, officer, or agent; 2) the lapse of the RGQ
132 Membership of the entity of which the Director is a partner, director, officer, agent or employee, through
133 delinquent NAESB dues for the RGQ Membership; or (3) the Director's resignation, removal, or death.
134 A Director vacancy shall be filled for the remainder of that term in accordance with the procedures
135 specified in the respective Segment Procedures in this Exhibit.

136 **Section 7.6 Removal of Directors**

137 Each RGQ Segment shall have the authority to remove a Director for cause. Prior to voting on
138 such resolution to remove a Director for cause, the RGQ Segment shall give the Director at least 30-day
139 notice of the proposed action and an opportunity to respond. A simple majority of the RGQ Segment
140 Membership shall be required to remove a Director.

141 **Section 7.7 Resignations**

142 A Director may resign his or her directorship by submitting a letter to the Secretary of NAESB,
143 stating that he or she is resigning and giving the effective date of the resignation.

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145 **8 – RESERVED**

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147 **9 – RESERVED**

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149 **10 - EXECUTIVE COMMITTEE**

150 **Section 10.1 Duties and Responsibilities**

151 The Retail Gas Quadrant shall have an Executive Committee (EC), which shall also participate in the
152 larger NAESB EC body, consisting of representatives from each RGQ Segment, with each RGQ Segment
153 electing an equal number of these RGQ EC Members, pursuant to procedures specified by the respective
154 Segment in this Exhibit. Only Voting Members of the Retail Gas Quadrant have the right to ratify model
155 business practices and standards that were adopted by the RGQ EC and that affect only the Retail Gas
156 Quadrant. No substitutes are permitted to vote at Retail Gas Quadrant meetings; however, an RGQ
157 Designated Alternate may vote at EC meetings in place of an absent RGQ EC Member from a given
158 RGQ Segment. An RGQ Designated Alternate holds identical voting rights as the RGQ EC Member in
159 whose place he or she serves, except for those matters on which the RGQ EC Member has already voted
160 by notational ballot prior to the beginning of the meeting.

161 **Section 10.2 RGQ EC Members**

162 (a) Number and Election of RGQ EC Members: The Retail Gas Quadrant of NAESB shall be
163 represented on the RGQ EC by twenty-four (24) persons who shall be elected, from time to
164 time, as required by Article 10 of the NAESB Bylaws and in this Exhibit to those Bylaws.

165 The NAESB office shall coordinate the election process for RGQ EC Members during the
166 second week of November of each year. The elections of RGQ EC Members shall be subject
167 to the following provisions:

- 168 - Any RGQ Member who is current in the payment of its dues is eligible to vote; and
- 169 - The candidates receiving the greatest numbers of votes shall be elected.

170 (b) Term of Office: The initial RGQ EC Members shall be divided into two groups within each
171 Segment. Group A RGQ EC Members shall serve for an initial term of three years, and
172 Group B RGQ EC Members shall serve for an initial term of two years. Each RGQ Segment
173 shall have an equal number of Group A RGQ EC Members and an equal number of Group B
174 RGQ EC Members. Upon the completion of the initial terms of both groups of RGQ EC
175 Members, succeeding RGQ EC Members shall thereafter be elected for terms of three years,
176 consistent with NAESB Bylaws.

177 (c) Qualifications of RGQ EC Members: To be eligible to serve as a RGQ EC Member:

- 178 - The person should have broad understanding of the natural gas industry and be at least a
179 functional manager of the organization represented;
- 180 - The person should have a working knowledge of the NAESB process;
- 181 - The person must be willing to commit the time and resources necessary to fulfill their
182 obligations as a RGQ EC Member and to meet the minimum threshold of participation
183 and attendance established in the NAESB Bylaws [Section 9.7 (f)]; and
- 184 - The person must disclose their interest, or their employer's interest, in the natural gas
185 industry and the relationship with other entities with which the employer may be
186 affiliated; and
- 187 - Once elected to serve as RGQ EC Member, the individual may hold not more than one
188 EC seat, representing only one Segment within the Retail Gas Quadrant.

189 (d) Vacancies: Vacancies in the RGQ EC may occur upon 1) the resignation of the RGQ

190 Membership of the entity of which the RGQ EC Member is a partner, director, officer, or
191 agent; 2) the lapse of the RGQ Membership of the entity of which the RGQ EC Member is a
192 partner, director, officer, agent or employee, through a delinquency in payment of NAESB
193 dues for the RGQ Membership; or (3) the RGQ EC Member's resignation, removal, or death.
194 An RGQ EC Member vacancy shall be filled for the remainder of that term in accordance
195 with the procedures specified by the respective Segment Procedures in this Exhibit.

196 (e) Removal of RGQ EC Members: Each RGQ Segment shall have the authority to remove an
197 RGQ EC Member for cause. Prior to voting on such resolution to remove an RGQ EC
198 Member for cause, the RGQ Segment shall give the RGQ EC Member at least 30-day notice
199 of the proposed action and the opportunity to respond. A simple majority of the RGQ
200 Segment Membership shall be required to remove an RGQ EC Member.

201 (f) Resignations: A RGQ EC Member may resign from the RGQ EC by submitting a letter to
202 the Secretary of NAESB, stating that he or she is resigning and giving the effective date of
203 the resignation.

204 **Section 10.3 Reserved**

205 **Section 10.4 Reserved**

206 **Section 10.5 RGQ EC Subcommittees**

207 While there may be Subcommittees and Task Forces established by the NAESB EC, to be
208 comprised of NAESB Members and other interested parties, the Retail Gas Quadrant shall set up its own
209 Subcommittees and Task Forces to deal with Retail Gas Quadrant-specific issues. Each RGQ EC
210 Subcommittee shall report to the RGQ EC and each shall:

- 211 - elect a chair who shall be an RGQ EC Member and who shall serve until removed by the
212 RGQ Subcommittee's membership;
- 213 - carry out its work in accordance with procedures adopted by the NAESB EC for EC
214 Subcommittees;

- 215 - provide notice of meetings and agendas;
- 216 - practice balanced voting and record voting results; and
- 217 - keep regular minutes of its proceedings and provide copies of these minutes promptly to the
- 218 NAESB office.

219 Any task force established by RGQ EC Subcommittees shall be open to all NAESB Members
220 and other interested parties. At NAESB joint Subcommittee or joint Task Force meetings, the same
221 individual may represent different Segments from different NAESB Quadrants, as long as that individual
222 declares prior to the joint meeting the NAESB Quadrant and Segment for which he or she is casting a
223 vote. At RGQ Subcommittee or Task Force meetings, the same individual may represent different RGQ
224 Segments, as long as that individual declares prior to the meeting the RGQ Segment for which he or she
225 is casting a vote.

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227 **11 – RESERVED**

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229 **12 – RESERVED**

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18 - AMENDMENTS

Section 18.1 Amendments

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19 – TRANSITIONAL PROCEDURES

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Section 19.1 Transitional Voting Threshold

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Each Segment may populate up to six seats on the NAESB Board or RGQ EC. Recognizing that the RGQ Segments might fill their allotted seats at varying rates, a Transitional Voting Period shall be established, whereby the voting threshold for RGQ representatives on the NAESB Board and on the RGQ EC will be tiered into two phases. During Phase I, to end no later than December 31, 2002, the Transitional Voting Threshold will be set to four, and during Phase II of the Transitional Voting Period, to end no later than December 31, 2003, the Transitional Voting Threshold will be set to five. Upon expiration of the Phase II of the Transitional Voting Period, no Transitional Voting Threshold will be in

262 effect and this Section shall expire.

263 **Section 19.2 Transitional Voting Multiplier**

264 Each RGQ Segment will determine the number of seats on the NAESB Board or RGQ EC it
265 intends to populate and inform the NAESB office of this number. A Transitional Voting Multiplier shall
266 be calculated for each RGQ Segment by dividing the number of populated seats in the largest RGQ
267 Segment by the greater of the number of seats populated in that RGQ Segment or the applicable
268 Transitional Voting Threshold. The following example is used to illustrate this: A given RGQ Segment
269 populates four seats during Phase I of the Transitional Voting Period, while the largest RGQ Segment in
270 this case populates six. To determine the Transitional Voting Multiplier for the smaller RGQ Segment in
271 this example, the number of seats in the largest RGQ Segment (which in this case is 6) would be divided
272 by the Phase I Transitional Voting Threshold (which is 4) to arrive at 1.5 as the Transitional Voting
273 Multiplier for the smaller RGQ Segment in this case.

274 **Section 19.3 Application**

275 When non-procedural votes are tallied at NAESB Board or EC meetings, each of the voters
276 present will have their votes weighted by the Transitional Voting Multiplier applicable to that voter's
277 RGQ Segment. Where applicable, NAESB balanced voting rules will be applied after votes have been
278 weighted. Thus in the example given in Section 19.2, if all four representatives from the smaller RGQ
279 Segment vote, the tally of their votes would be 6.

280 **Section 19.4 Limitation on Transitional Voting Multiplier**

281 To the extent that the number of individuals identifying with a RGQ Segment at a sub-committee
282 or task force meeting is less than or equal to the number of RGQ EC seats populated, the Transitional
283 Voting Multiplier may be used to weight votes prior to the application of balanced voting rules.

284 **Section 19.5 Early Threshold Expiration**

285 Should all RGQ Segments populate the NAESB Board or the RGQ EC seats in excess of the
286 Transitional Voting Threshold prior to the expiration of Phase I of the Transitional Voting Period, Phase

287 I shall expire immediately and the Transitional Voting Threshold for Phase II shall apply. Should all
288 RGQ Segments during Phase II of the Transitional Voting Period populate the NAESB Board or the
289 RGQ EC seats in excess of the Transitional Voting Threshold, Phase II shall expire immediately, no
290 Transitional Voting Threshold will be in effect, and this Section shall expire.

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RETAIL GAS QUADRANT SUPPLIERS SEGMENT PROCEDURES

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[To be provided by the RGQ Suppliers Segment]

295 **RETAIL GAS QUADRANT DISTRIBUTORS SEGMENT PROCEDURES**

296 *[To be provided by the RGQ Distributors Segment]*

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RETAIL GAS QUADRANT END USER SEGMENTS PROCEDURES

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[To be provided by the RGQ End Users Segment]

299 **RETAIL GAS QUADRANT SERVICE PROVIDERS SEGMENT PROCEDURES**

300 *[To be provided by the RGQ Service Providers Segment]*