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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.

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

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

## ARTICLE 2 - PURPOSES, SCOPE, ACTIVITIES AND POLICIES

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

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

### **Section 2.2 Policies**

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

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

80 (b) The principles governing NAESB are:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

148 **Section 2.3 Quadrants and Segments**

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

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

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

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### ARTICLE 3 - OFFICES

#### Section 3.1 Offices

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

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### ARTICLE 4 - SEAL

#### Section 4.1 Seal

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

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### ARTICLE 5 - MEMBERS

#### Section 5.1 Voting Members

175 (a) The general requirements for Voting Membership are set forth in Article IV,  
176 Sections 1 and 2 of the Certificate. Individuals, partnerships, firms or  
177 corporations shall join as Members through application for Voting Membership in  
178 one or more Quadrants and Segments. The membership requirements for each  
179 Quadrant and Segment are set forth in Exhibits 1 through 4.

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

183 (ii) Each Voting Member may vote by proxy. Every proxy shall be executed  
184 in writing by the Voting Member or by such Voting Member's duly  
185 authorized attorney in fact and filed with the Secretary of NAESB. A  
186 proxy shall be revocable at will, notwithstanding any other agreement or  
187 any provision in the proxy to the contrary. The revocation of a proxy shall  
188 not be effective until notice thereof has been given to the Secretary of

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

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

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

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

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



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

243 **Section 5.2 Non-Voting Members**

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

247 **Section 5.3 Nontransferable**

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

252 **Section 5.4 Resignation**

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

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256 **ARTICLE 6 - MEETINGS OF MEMBERS**

257 **Section 6.1 Place of Meetings**

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

261 **Section 6.2 Annual Meeting**

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

265 **Section 6.3 Special Meetings of Members**

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

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

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

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

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

289 **Section 6.6 Quorum**

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

297 **Section 6.7 Adjournment**

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

299 **Section 6.8 Organization**

300 At every meeting of the Members, the Board Chair, or in his or her absence, the Board  
301 Vice Chair, or in the absence of the Board Chair and the Board Vice Chair, the Board Second

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

305 **Section 6.9 Voting on Particular Issues**

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

308

309 **ARTICLE 7 - BOARD**

310 **Section 7.1 Board**

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

316 **Section 7.2 Qualifications of Directors**

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

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

321 The Board shall consist of representatives of the Quadrants, each Quadrant determining  
322 the number of Directors who shall occupy seats on the Board, except that every Segment of a  
323 Quadrant shall be represented by at least one Director. Regardless of the number of Directors  
324 elected from each Quadrant, no Quadrant shall be entitled to cast a vote greater than the  
325 percentage that its Quadrant represents in relation to the total number of Quadrants represented  
326 on the Board at a given time. Each Segment within a Quadrant shall be represented by an equal  
327 number of Directors, to be determined by that Quadrant. The procedures for electing the  
328 Directors shall be as specified in each Quadrant's Exhibit. Each Quadrant shall communicate the  
329 timing of its election of Directors.

330 **Section 7.4 Term of Office**

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

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

342 **Section 7.5 Vacancies**

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

346 **Section 7.6 Removal of Directors**

347 Directors shall act in the best interest of NAESB consistent with Delaware law. Directors  
348 may be removed for malfeasance, misfeasance or nonfeasance by simple majority vote at any  
349 meeting of the Board, or by notational ballot, pursuant to the NAESB Operating Practices.

350 **Section 7.7 Resignations**

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

354 **Section 7.8 Board Committees**

355 (a) The Board, by Majority vote of the entire Board, may establish, by means of  
356 resolutions to be attached hereto, committees of the Directors. The resolutions shall  
357 describe the powers and authorities of each committee, require each committee to

358 adopt procedures, and provide opportunity for Directors from each Quadrant and  
359 Segment to participate in the committee's work.

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

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

372 **Section 7.9 Advisory Council**

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

381

382 **ARTICLE 8 - OFFICERS**

383 **Section 8.1 Number**

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

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

389 **Section 8.2 Qualifications of Officers of NAESB**

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

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

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

407 **Section 8.4 Removal of Officers**

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

411 **Section 8.5 Resignations**

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

415 **Section 8.6 The Chair**

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

423 **Section 8.7 The Vice Chairs**

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

431 **Section 8.8 The Secretary**

- 432 (a) Unless the Board directs otherwise, the Executive Director shall be the Secretary  
433 of NAESB.
- 434 (b) The Secretary shall attend all meetings of the Board and of the Members. The  
435 Secretary shall record all votes of the Board, EC and the Voting Members and the  
436 minutes of the meetings of the Board, EC and of the Members in a book or books  
437 belonging to NAESB to be kept for that purpose. The Secretary shall see that  
438 required notices of meetings of the Board and of the Members are given and that  
439 all records and reports are properly kept and filed by NAESB. The Secretary  
440 shall be the custodian of the seal of NAESB and shall see that it is affixed to all  
441 documents to be executed on behalf of NAESB under its seal. In general, the  
442 Secretary shall perform all duties incident to the office of Secretary and such  
443 other duties as may be assigned by the Board or the Chair.



444 (c) In the absence or disability of the Secretary or when so directed by the Secretary,  
445 any Assistant Secretary may perform all the duties of the Secretary, and, when so  
446 acting, shall have all the powers of, and be subject to all the restrictions upon, the  
447 Secretary. Each Assistant Secretary shall perform such other duties as may be  
448 assigned by the Board, the Chair, or the Secretary.

449 (d) To the extent not provided for by the EC, the Secretary shall appoint persons to  
450 take minutes of EC Meetings and EC Subcommittee meetings.

451 **Section 8.9 The Treasurer**

452 (a) Unless the Board directs otherwise, the Second Vice Chair shall be the Treasurer.  
453 The Executive Director shall be an Assistant Treasurer.

454 (b) The Treasurer shall be responsible for corporate funds and securities and shall  
455 keep full and accurate accounts of receipts and disbursements in books belonging  
456 to NAESB. The Treasurer shall have full authority to receive and give receipts  
457 for all money due and payable to NAESB, and to endorse checks, drafts, and  
458 warrants in its name and on its behalf and to give full discharge for the same. The  
459 Treasurer shall deposit all funds of NAESB, except such as may be required for  
460 current use, in such banks or other places of deposit as the Board may designate.  
461 In general, the Treasurer shall perform all duties incident to the office of  
462 Treasurer and such other duties as may be assigned by the Board or the Chair.

463 (c) In the absence or disability of the Treasurer or when so directed by the Treasurer,  
464 any Assistant Treasurer may perform all the duties of the Treasurer, and, when so  
465 acting, shall have all the powers of, and be subject to all the restrictions upon, the  
466 Treasurer. Each Assistant Treasurer shall perform such other duties as may be  
467 assigned by the Board, the Chair, or the Treasurer.

468 **Section 8.10 The Executive Director**

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

473 shall be the Secretary of NAESB. The compensation of the Executive Director shall be fixed by  
474 the Board.

475

476 **ARTICLE 9 - MEETINGS OF DIRECTORS**

477 **Section 9.1 Place of Meetings**

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

483 **Section 9.2 Organization**

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

488 **Section 9.3 Annual Meeting**

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

494 **Section 9.4 Regular Meetings**

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

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

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

507 **Section 9.6 Quorum**

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

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

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

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

516 (c) Article V, Sections 1, 3, 5 and 6 of the Certificate describe the voting procedures  
517 and the number of votes required for adoption or approval for particular issues  
518 with respect to NAESB.

519 (d) In the event that a weighted vote is requested pursuant to Article V, Section 6 of  
520 the Certificate, the following process shall be followed:

521 (i) Any vote that passes by a weighted majority of the Board and also obtains  
522 a simple majority of board members of each Quadrant shall be deemed to  
523 be a final vote,

524 (ii) Any vote that passes by a weighted majority of the Board but does not  
525 obtain a simple majority of board member votes from each Quadrant shall  
526 be deemed to be a preliminary vote,

- 527 (iii) In the event of a preliminary vote the Chairman shall appoint a committee  
528 of directors, which shall also include directors not supporting the proposal.  
529 The committee shall, within the period set by the Chairman, but not to  
530 exceed 30 days from the date of appointment, attempt to draft a substitute  
531 proposal.
- 532 (iv) If the committee drafts a substitute proposal, it shall be presented to the  
533 Board for a notational ballot when received by the NAESB office. If the  
534 revised proposal receives a greater weighted majority vote of the Board  
535 than did the original proposal, the revised proposal shall become the final  
536 action of the Board. If the committee fails to present a revised proposal  
537 within the indicated time frame, or the revised proposal does not receive a  
538 greater weighted majority vote of the Board than did the original proposal,  
539 the original proposal upon which there was a preliminary vote shall be  
540 presented to the Board for a final weighted vote of the Board.
- 541 (e) No substitutes shall be permitted to vote at Board meetings.
- 542 (f) Notational voting by Directors is proper in the following circumstances and  
543 pursuant to the following procedures:
- 544 (i) In lieu of meeting: The Chair may request that any vote or action be taken  
545 by the Board without a meeting and without unanimous consent, and such  
546 action may be taken if approved by the appropriate voting levels specified  
547 in Article V of the Certificate. Notice of the Chair's request shall be given  
548 to all Directors in the manner specified in Article II of the Bylaws.
- 549 (ii) During meetings: Notational votes from a Director not in attendance shall  
550 be accepted and counted at a Board meeting with respect to any  
551 resolutions circulated in writing in advance of a Board meeting; provided,  
552 however, that if substantive changes are made in a resolution at the Board  
553 meeting such advance notational votes shall not be counted with respect to  
554 that resolution, but the procedures specified in (iii) below should be used.

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

558 (g) While Board Members may participate and vote by means of teleconference or  
559 other electronic means, eligibility to continue serving as a Board member is  
560 dependent upon in-person attendance at a minimum of one scheduled Board  
561 Meeting per year and participation in at least two such meetings per year. Such  
562 attendance/participation threshold shall be reviewed annually.

563

## 564 **ARTICLE 10 - EXECUTIVE COMMITTEE**

### 565 **Section 10.1 Duties and Responsibilities**

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

### 568 **Section 10.2 EC Members**

569 (a) The EC shall consist of representatives of the Quadrants, with each Quadrant  
570 determining the number of EC Members representing that Quadrant. Regardless  
571 of the number of EC members elected from each Quadrant, no Quadrant shall be  
572 entitled to cast a vote greater than the percentage that its Quadrant represents in  
573 relation to the total number of Quadrants represented on the EC. Each Segment  
574 within a Quadrant shall be represented by an equal number of EC Members, to be  
575 determined by that Quadrant. The procedures followed for electing the EC  
576 members shall be those specified in that Quadrant's Exhibit.

577 (b) The term of office of an EC member shall be for a period set by the Quadrant, not  
578 less than 1 year, not to exceed three years. Each Quadrant will determine the  
579 terms for their EC members. EC member terms may vary between Quadrants.  
580 EC members may be reelected to subsequent terms. Each EC Member shall hold  
581 office during his or her term until the earliest of: (i) the expiration of the term for  
582 which he or she was elected and until his or her successor has been elected and  
583 qualified, (ii) the EC Member's resignation of his or her Voting Membership (if

584 the EC Member is the Voting Member as an individual) or the lapse of the EC  
585 Member's Voting Membership for delinquency in membership fee payment, (iii)  
586 the resignation or lapse (through delinquency in membership fee payment) of  
587 Voting Membership of the entity of which the EC Member is a partner, officer,  
588 employee or agent, or (iv) the EC Member's death, resignation, or removal.

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

592 (d) Vacancies in the EC resulting from the circumstances described in Subsections  
593 10.2(b)(ii), (iii), or (iv) above or described in Section 10.2(d) below shall be filled  
594 by the Segment in which the vacancy occurs, in accordance with the procedures  
595 specified in that Quadrant's Exhibit.

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

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

601 **Section 10.3 EC Organization**

602 (a) The EC shall elect from among its members an EC Chair, and up to three vice-  
603 chairs (each representing a different Quadrant within the EC). Each of these  
604 officers shall serve for a term of one (1) year and until his or her successor has  
605 been elected and qualified, or until his or her earlier death, resignation, or  
606 removal. The EC may appoint a secretary.

607 (b) Every meeting of the EC shall be presided over by the EC Chair, an EC Vice  
608 Chair (in order of precedence) or, in the absence of the EC Chair and EC Vice  
609 Chairs, a chair chosen by a Majority of the EC Members present.

610 (c) A majority of the EC may remove the EC Chair or an EC Vice Chair from his or  
611 her position whenever in its judgment the best interests of the EC or NAESB will  
612 be served thereby.

- 613           (d)     The EC Chair and EC Vice Chairs may resign at any time by giving written notice  
614                     to the NAESB Secretary. The resignation shall be effective upon receipt by the  
615                     NAESB Secretary or at such subsequent time as may be specified in the notice of  
616                     resignation.
- 617           (e)     The EC shall divide itself into Quadrants to consider Standards and Model  
618                     Business Practices. The number of Quadrants considering a particular Standard  
619                     or a particular Model Business Practice shall be determined by the EC as a whole,  
620                     acting upon requests presented to it through the Triage Process.
- 621           (f)     By a Majority vote, the EC shall assign responsibility to one or more Quadrants to  
622                     address each request for a proposed Standard or a proposed Model Business  
623                     Practice, at the conclusion of the Triage Process. The Quadrant(s) assigned such  
624                     responsibility shall process the request and vote on the ultimate recommendation.  
625                     Only the members of the Quadrant(s) to which the request has been assigned may  
626                     vote to ratify actions taken to approve a Standard or a Model Business Practice.  
627                     Any Standard or Model Business Practice adopted by a Quadrant(s) shall apply  
628                     only to the activities of the energy sector covered by that Quadrant(s).
- 629           (g)     As part of the Triage Process, the EC may direct that two or more Quadrants  
630                     jointly consider a request for proposed Standards or proposed Model Business  
631                     Practices. In such event, the indicated Quadrants of the EC shall jointly act on the  
632                     recommendation (and in so doing, may appoint joint subcommittees or task forces  
633                     to assist in such consideration) and, if applicable, the members of the affected  
634                     Quadrants shall act on ratification of the Standards or Model Business Practices.  
635                     To the extent that multiple Quadrants, having jointly considered Standards or  
636                     Model Business Practices, cannot reach agreement on such Standards or Model  
637                     Business Practices, the EC representatives of any of the participating Quadrants  
638                     may, by a Majority vote, instruct the subcommittee to provide a status report.  
639                     After receiving the status report, the EC representatives from any of the  
640                     participating Quadrants may request the EC to re-triage the request for a proposed  
641                     Standard or proposed Model Business Practice to allow a Quadrant(s) to proceed  
642                     independently.

- 643 (h) Any Quadrant(s) that believes that it is affected by a Standard or Model Business  
644 Practice adopted by any other Quadrant(s) of the EC may seek Reconsideration of  
645 the assignment of such proposed Standard or Model Business Practice.
- 646 (i) Within 30 days after the publication of the meeting minutes recording the  
647 EC vote to approve a proposed Standard or Model Business Practice, any  
648 Quadrant(s) that believes itself to be affected by such action shall so  
649 indicate in a resolution adopted by a Majority vote of the EC of such  
650 Quadrant(s), which shall be forwarded by the NAESB office to the EC  
651 Chair and the entire EC.
- 652 (ii) Within 30 days of notice to the EC of such affirmative vote, the EC shall  
653 enter a Reconsideration action on the agenda for its next meeting. A  
654 Reconsideration action shall pass if a Majority of each Quadrant of the EC  
655 that did not vote to adopt the recommended Standard or Model Business  
656 Practice now votes in favor of Reconsideration.
- 657 (iii) In the event the Reconsideration action passes, an affected Quadrant and  
658 any other Quadrants that were assigned the request for a proposed  
659 Standard or proposed Model Business Practice as a result of the initial  
660 Triage Process shall jointly consider such request for a proposed Standard  
661 or a proposed Model Business Practice as described in Section 103(g) of  
662 these Bylaws.
- 663 (iv) If the Reconsideration action fails, the Quadrant(s) that adopted the  
664 recommendation for a proposed Standard or a proposed Model Business  
665 Practice shall proceed with ratification of such proposals by the members  
666 of such Quadrant(s).
- 667 (i) The ratification of a Standard or Model Business Practice requires a 67% approval  
668 of the members of each of the applicable Quadrant(s) returning ballots.
- 669 (j) Minutes shall be kept of all EC and EC Subcommittee meetings and forwarded to  
670 the NAESB Secretary.



671 **Section 10.4 Meetings**

- 672 (a) The EC as a whole, or the EC for individual Quadrant(s), may hold regular  
673 meetings at such place and time as shall be designated by resolution of the EC as  
674 a whole or the EC for individual Quadrants, as applicable.
- 675 (b) Quadrant ECs will make all reasonable efforts to coordinate the times and  
676 locations of their meetings such that meetings which occur on concurrent or  
677 consecutive days will be in close physical proximity, facilitating attendance of  
678 multiple meetings by EC members, individual NAESB members of any Quadrant,  
679 or other interested parties.
- 680 (c) The EC Chair or at least one-third of the EC members may call special meetings  
681 of the EC which shall be held at such time and place as shall be designated in the  
682 call for the meeting. At least five (5) days' notice of any special meeting shall be  
683 given to each EC Member pursuant to Section 11.1 or by telephone. Such notice  
684 shall state the time and place of such special meeting and state the matters to be  
685 discussed at the special meeting. Action taken at special meetings shall be limited  
686 to the matters described in the meeting notice.
- 687 (d) The quorum necessary for EC meetings is a majority, as set forth in Article V of  
688 the Certificate.
- 689 (e) Each EC Member shall be entitled to one (1) vote.
- 690 (f) Article V, Section 4 of the Certificate describes the EC voting procedures and  
691 number of votes required for adoption or approval for particular issues with  
692 respect to NAESB.
- 693 (g) Each EC Member may participate and vote in EC meetings by proxy. Every  
694 proxy shall be executed in writing by the EC Member or by his or her duly  
695 authorized attorney in fact and filed with the Secretary of NAESB. A proxy shall  
696 be revocable at will, notwithstanding any other agreement or any provision in the  
697 proxy to the contrary. The revocation of a proxy shall not be effective until notice  
698 thereof has been given to the Secretary of NAESB. A proxy shall not be revoked  
699 by the death or incapacity of the maker unless, before the vote is counted or the

700 authority is exercised, written notice of such death or incapacity is given to the  
701 Secretary of NAESB. Proxies may be limited in scope to the specific matters  
702 described in the agenda for the meeting. The voting directions contained in a  
703 proxy shall be read by the EC Chair at the beginning of the meeting.

704 (h) One (1) or more EC Members may participate in a meeting of the EC or a  
705 committee thereof by means of conference telephone or similar communications  
706 equipment by means of which all persons participating in the meeting can hear  
707 each other.

708 (i) No substitutes shall be permitted to vote at EC meetings. However, a Designated  
709 Alternate may vote at meetings of the EC in place of an absent EC Member from  
710 a given Segment. A Designated Alternate is defined as a person named in a list  
711 by the Segment that is received by the EC Secretary at least five (5) days prior to  
712 the pertinent meeting of the EC. Each Segment's list shall be developed, amended  
713 and structured in the manner described in that Quadrant's Exhibit. A Designated  
714 Alternate has all voting rights of the EC Member in whose place he or she serves,  
715 except for those matters on which the EC Member has already voted by proxy  
716 prior to the beginning of a meeting.

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

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

725 (i) In lieu of meeting: The EC Chair may request that any vote or action be  
726 taken by the EC without a meeting and without unanimous consent, and  
727 such action may be taken if approved by the appropriate voting levels  
728 specified in Article V of the Certificate. Notice of the EC Chair's request

729 shall be given to all EC Members in the manner specified in Article II of  
730 these Bylaws.

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

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

740 **Section 10.5 EC Subcommittees**

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

745 (i) elect a chair or co-chair, which shall be an EC Member and will serve  
746 until removed by the subcommittee's membership;

747 (ii) carry out its work in accordance with the procedures adopted by the EC  
748 for EC Subcommittees; and

749 (iii) keep regular minutes of its proceedings and provide copies of these  
750 minutes promptly to the Secretary.

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

753 (b) There shall be a Triage Subcommittee of the EC with one representative from  
754 each Segment within each Quadrant. The Triage Subcommittee shall review and  
755 recommend disposition of each request received by NAESB for a Standard, or  
756 Model Business Practice. Disposition shall mean scope, priority consistent with  
757 the Annual Plan, and assignment to a Quadrant(s) and subcommittee(s) for action.

758 The Chair of the EC shall consult with individual Segments to appoint the  
759 members of the Triage Subcommittee and shall as also appoint its chair.

760

761 **ARTICLE 11 - NOTICE**

762 **Section 11.1 Written Notice**

763 (a) Whenever written notice is required to be given to any person, it may be given to  
764 the person, either personally or by sending a copy by first class or express mail,  
765 postage prepaid, or courier service, charges prepaid, or by telegram (with  
766 messenger service specified), telex or TWX (with answer back received),  
767 electronic mail (or its equivalent), or by facsimile transmission, to his or her  
768 address or to his or her telex, TWX, electronic mail address or facsimile number  
769 appearing on the books of NAESB, in the case of Directors or EC Members,  
770 supplied by him or her to NAESB for the purpose of notice. If the notice is sent  
771 by mail, telegraph or courier service, it shall be deemed to have been given when  
772 deposited in the United States mail or with a telegraph office or courier service for  
773 delivery to that person or, in the case of telex or TWX, when dispatched. A  
774 notice of meeting shall specify the place, day and hour of the meeting and any  
775 other information required by the Act. Except as otherwise provided by the Act  
776 or these Bylaws, when a meeting is adjourned, it shall not be necessary to give  
777 any notice of the adjourned meeting, or of the business to be transacted at an  
778 adjourned meeting, other than by announcement at the meeting at which such  
779 adjournment is taken.

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

782 **Section 11.2 Waiver by Writing**

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

786 **Section 11.3 Waiver by Attendance**

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

791

792 **ARTICLE 12 - CONFLICTS OF INTEREST**

793 **Section 12.1 Interested Directors and Officers**

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

801 (a) the material facts as to the relationship or interest and as to the contract or  
802 transaction are disclosed or are known to the Board or the committee thereof and  
803 the Board or committee thereof in good faith authorizes the contract or transaction  
804 by the affirmative votes of a majority of the disinterested Directors even though  
805 the disinterested Directors are less than a quorum;

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

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

812 Common or interested Directors may be counted in determining the presence of a quorum  
813 at a meeting of the Board or of a committee thereof, which authorizes the contract or transaction.

814 NAESB's adoption of a Standard shall not constitute a "contract or transaction" within the  
815 meaning of this section.

816

## 817 **ARTICLE 13 - LIMITATION OF LIABILITY; INSURANCE**

### 818 **Section 13.1 Limitation of Liability**

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

### 824 **Section 13.2 Insurance**

825 NAESB shall purchase and maintain insurance on behalf of any person who is or was a  
826 NAESB Director or NAESB Officer and, to the extent approved by the Board, on behalf of EC  
827 Members, employees or agents of NAESB or on behalf of persons now or previously serving at  
828 the request of NAESB as a director, officer, employee or agent of another domestic or foreign  
829 corporation for profit or not-for-profit, partnership, joint venture, trust, or other enterprise against  
830 any liability asserted against him or her and incurred by him or her in any such capacity, or  
831 arising out of his or her status as such, whether or not NAESB would have the power to  
832 indemnify him or her against that liability under the Act.

833

## 834 **ARTICLE 14 - INDEMNIFICATION**

### 835 **Section 14.1 Representative Defined**

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

### 838 **Section 14.2 Third-Party Actions**

839 NAESB shall indemnify, to the full extent not prohibited by law, any person who was or  
840 is a party or is threatened to be made a party to any threatened, pending or completed action, suit  
841 or proceeding, whether civil, criminal, administrative or investigative (other than an action by or

842 in the right of NAESB), by reason of the fact that he or she is or was a representative of NAESB,  
843 or is or was serving at the request of NAESB as a representative of another domestic or foreign  
844 corporation for profit or not-for-profit, partnership, joint venture, trust, or other enterprise,  
845 against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement  
846 actually and reasonably incurred by him or her in connection with the action, suit or proceeding  
847 if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not  
848 opposed to, the best interests of NAESB and, with respect to any criminal action or proceeding,  
849 had no reasonable cause to believe his or her conduct was unlawful. The termination of any  
850 action, suit or proceeding by judgment, order, settlement, or conviction or upon a plea of nolo  
851 contend ere or its equivalent shall not of itself create a presumption that the person did not act in  
852 good faith and in a manner that he or she reasonably believed to be in, or not opposed to, the best  
853 interests of NAESB and, with respect to any criminal action or proceeding, had reasonable cause  
854 to believe that his or her conduct was unlawful.

855 **Section 14.3 Derivative and Corporate Actions**

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

870 **Section 14.4 Procedure for Effecting Indemnification**

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

875 (a) by the Board by a majority vote of a quorum consisting of Directors who were not  
876 parties to the action, suit or proceeding; or

877 (b) if such a quorum is not obtainable or if obtainable a quorum of disinterested  
878 Directors so directs, by independent legal counsel in a written opinion.

879 **Section 14.5 Advancing Expenses**

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

885 **Section 14.6 Supplementary Coverage**

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

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

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



898 **Section 14.8 Reliance and Modification**

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

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907 **ARTICLE 15 - ANNUAL REPORT**

908 **Section 15.1 Annual Report**

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

- 912 (a) The assets and liabilities, including the trust funds, of NAESB as of the end of the  
913 fiscal year immediately preceding the date of the report.
- 914 (b) The principal changes in assets and liabilities, including the trust funds, during the  
915 year immediately preceding the date of the report.
- 916 (c) The revenue or receipts of NAESB, both unrestricted and restricted to particular  
917 purposes, for the year immediately preceding the date of the report, including  
918 separate data with respect to each trust fund held by or for NAESB.
- 919 (d) The expenses or disbursements of NAESB, for both general and restricted  
920 purposes, during the year immediately preceding the date of the report, including  
921 separate data with respect to each trust fund held by or for NAESB.
- 922 (e) The number of Members of NAESB as of the date of the report, together with a  
923 statement of increase or decrease in such number during the year immediately  
924 preceding the date of the report, and a statement of the place where the names and  
925 addresses of the current Members may be found.

926 The annual report of the Board shall be filed with the minutes of the meetings of the  
927 Members.

928

929 **ARTICLE 16 - TRANSACTION OF BUSINESS**

930 **Section 16.1 Real Property**

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

935 **Section 16.2 Negotiable Instruments**

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

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939 **ARTICLE 17 - CORPORATE RECORDS**

940 **Section 17.1 Corporate Records**

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

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949 **ARTICLE 18 - AMENDMENTS**

950 **Section 18.1 Amendments**

951 The Bylaws of NAESB may be amended by the Board in the manner described in the  
952 Certificate. Each Quadrant's Exhibit may be adopted or amended by majority vote of the

953 Directors representing that Quadrant or as may be specified in the procedures contained in that  
954 Quadrant's Exhibit. Votes on consistency of Quadrant procedures with the Certificate and  
955 Bylaws are in the manner described in Article V, Section 5 of the Certificate.

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957 **ARTICLE 19 - CONTRIBUTIONS TO STANDARDS AND MODEL BUSINESS**  
958 **PRACTICES**

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

960 All NAESB Members and other interested parties shall be allowed to participate in the  
961 creation of NAESB Standards and Model Business Practices. Participation in the creation of  
962 NAESB Standards and Model Business Practices requires service on a subcommittee that serves  
963 at the pleasure of, and reports to, the EC. The procedures and requirements for contributing to  
964 Standards and Model Business Practices shall conform to the policies of NAESB as stated in the  
965 NAESB Intellectual Property Rights Policy Concerning Contributions and Comments and  
966 NAESB's Operating Practices. At the request of NAESB, participants in the development of a  
967 NAESB Standard or Model Business Practice shall execute a document assigning to NAESB any  
968 intellectual property interest that the individual has in any Contribution. To the extent a  
969 participant's Contributions are made within the scope of the participant's employment, the  
970 participant's employer shall assign to NAESB its rights in the employee's Contributions to the  
971 Standards or Model Business Practices. As standards are copyrighted by NAESB, the NAESB  
972 "Copyright Procedure Regarding Member and Purchaser Self-Executing Waiver" is available for  
973 self-executing waivers for use of the NAESB copyright material by members and entities who  
974 have purchased the standards.

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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 MARKETS QUADRANT PROCEDURES**

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