



North American Energy Standards Board

1100 Louisiana, Suite 3625, Houston, Texas 77002
Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: naesb@aol.com
Home Page: www.naesb.org

Originally Approved February 16, 1995
Revised April 16, 1998
Revised April 18, 2002

NORTH AMERICAN ENERGY STANDARDS BOARD OPERATING PRACTICE

Procedures for NAESB Executive Committee Subcommittees

The following are general procedures of NAESB Executive Committee Subcommittees and are intended to guide such subcommittee operations. Where specific procedures for a subcommittee exist and have been approved by the Executive Committee, the applicable, specific procedures are intended to guide the operations of the subcommittee in lieu of these generally applicable procedures.

I. Establishment of Subcommittees

The bylaws of NAESB assign to the Board and to NAESB's Parliamentary Committee the responsibility for developing and adopting matters involving corporate governance. Through the NAESB Operating Procedures (NAESBOPs) the Board has adopted procedures for the operation of committees, sub-committees and task forces within subcommittees, and may adopt other such procedures in the future. The Executive Committee (EC), as a whole and through the Quadrant ECs, properly may wish to create subcommittees and task forces within subcommittees for the purpose of discharging its standards-setting/standards maintenance and model business practice-setting/maintenance responsibilities.

The EC and the Quadrant ECs shall have the general authority to adopt resolutions establishing sub-committees and task forces within a subcommittee for the specific purposes of facilitating the development, establishment and maintenance of standards and model business practices. Subcommittees, task forces within the subcommittee, and working groups shall in their operation comply with the NAESBOPs in all respects.

In addition, the EC may request authorization from the Managing Committee of the Board to establish other subcommittees and task forces within a subcommittee not covered by the preceding paragraph, and only upon such authorization being granted shall the said subcommittees and task forces within subcommittees exist or come into being. The Managing Committee may delegate the authority to develop additional subcommittees to the Parliamentary Committee of the Board. The EC or Quadrant EC may, on its own motion or at the request of the subcommittee, approve task forces within a subcommittee to address issues that are expected to require action throughout the tenure of the subcommittee. After the establishment of a subcommittee by the EC or Quadrant ECs, or the EC on its own motion, the subcommittee may establish working groups as needed to address ad hoc issues.

- A.** Subject to the foregoing, subcommittees are voluntary committees set up at the pleasure of the EC or Quadrant EC to perform various functions as set forth in the Bylaws and as may be determined by the EC or Quadrant EC from time to

NAESB Operating Practice -- Executive Committee Subcommittee Procedures
Approved on February 16, 1995 and Amended on April 16, 1998 and July 16, 1998
Revised April 18, 2002



North American Energy Standards Board

1100 Louisiana, Suite 3625, Houston, Texas 77002
Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: naesb@aol.com
Home Page: www.naesb.org

time. The scope and activities of any subcommittee shall be determined by the EC or Quadrant EC.

- B. The EC or Quadrant EC will prepare a written statement concerning the purpose and tasks to be accomplished by the subcommittee, the name of the subcommittee and will select a member of the EC or Quadrant EC to act as temporary chair of said subcommittee.
- C. The role of the temporary Chair is to make arrangements through the office of the Executive Director for the initial meeting, including drafting a notice of the meeting and agenda, determining time and place and issuing the notice, agenda and venue information to all NAESB members. The temporary Chair shall serve only until such time as the subcommittee is organized and elects its own Chair.
- D. The notice for the meeting should include: a) a copy of the name and purpose statement of the "to be formed" subcommittee; b) a public invitation to volunteer to serve on the subcommittee; c) selection of the subcommittee chair; and, d) the consideration of the need for a co-chair or vice chair and recording member.

II. Order of Business - Initial Meeting

- A. At the initial meeting of a subcommittee the following organizational matters will be addressed by those present:
 - 1. Welcome participants, call the role of attendees by quadrant and segment, and give the antitrust advice.
 - 2. Adopt the proposed agenda, with modifications, if any.
 - 3. Review the name, objectives and task assignment(s) for the subcommittee as contemplated and directed by the EC or Quadrant EC. Based on such objectives and task assignments, the subcommittee shall prepare a Mission Statement that should be approved by the subcommittee through a balanced vote. The Mission Statement must be presented to the EC or Quadrant EC for approval. Attached, as Exhibits _____ are the Mission Statements from all existing subcommittees as of March 1, 2003. Additional Mission Statements adopted will be appended hereto.
 - 4. Determine, if necessary, the term of the Chair (and other committee positions, as applicable). Elect/ratify the Chair (and other committee positions as applicable) and Vice Chair or co-chair pursuant to the Voting process outlined below. The Chair, Vice Chair, or one of the co-chair(s) of a NAESB EC Subcommittee must be a member of the EC. Subcommittees may select co-chairs by segment if they so choose. [The Chair, Vice Chair, and all co-chairs must be members of NAESB.](#)
 - 5. Other organizational business as may be necessary to implement a committee structure and procedures necessary to carry out the EC or Quadrant EC objectives.
 - 6. Take any other actions, as may be appropriate.
- B. It is understood that the organizational actions of adoption, ratification and election shall be accomplished at the initial meeting by balanced vote of participants present

NAESB Operating Practice -- Executive Committee Subcommittee Procedures
Approved on February 16, 1995 and Amended on April 16, 1998 and July 16, 1998
Revised April 18, 2002



North American Energy Standards Board

1100 Louisiana, Suite 3625, Houston, Texas 77002
Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: naesb@aol.com
Home Page: www.naesb.org

(see NAESB Op No. ____ - Name < WITH DATE) and volunteering to serve on the subcommittee. Substantive business of the subcommittee shall be subject to quorum and majority rules as set forth below.

III. Subcommittee Participation

- A. Subcommittee participation is open to all interested participants, provided however, voting at certain subcommittees is limited to named members or alternates (eg. Quadrant ECs) (see NAESB Op No. 3 - Name < WITH DATE).
- B. A participant may join as many subcommittees as they desire, and may do so at any time.

~~IV. Majority and Minority Recommendations to the EC~~

~~In the absence of consensus and following a vote of the subcommittee, those members voting in the minority will be reminded by the chair of their right to forward their proposal directly to the EC or Quadrant EC and of the date when the subcommittee's majority proposal is to be discussed and addressed by the EC or Quadrant EC.~~

IV. Establishment of Subcommittee Working Groups

A subcommittee established by the EC or Quadrant EC may establish, at its discretion, a working group to assist in the achievement of its objectives and tasks. Provided however, said working group shall report to the subcommittee on a regular basis and all proposed actions and recommendations of said working group must be reviewed and ratified, adopted and/or voted on by the full subcommittee prior to advancement to the EC or Quadrant EC.

VI. Meetings of the Subcommittee, Task Force, or Working Group

- A. The notice of an initial meeting of a NAESB EC Subcommittee or task force within a NAESB EC Subcommittee will be made available at least three weeks in advance of the meeting to the public, NAESB participants and interested trade association staff for distribution to their members. Provided, however, an emergency meeting might be called. NAESB EC Subcommittee Working Groups may call meetings with less than two weeks notice.
- B. Meetings of the subcommittee, task force within the subcommittee, or working group are arranged and presided over by the Chair, Vice Chair, or co-chair.
- C. Meetings of the subcommittee, task force within the subcommittee, or working group are open to all members of NAESB and other interested participants.
- D. Meetings will be held at times and in places reasonably selected for the convenience of subcommittee members. Meetings may be held by teleconference. Meetings will be noticed by means of the NAESB Web-site. A cost-based fee may be charged, in the discretion of the Executive Director with approval of the Managing Committee, to attend the meeting with prior notification.



North American Energy Standards Board

1100 Louisiana, Suite 3625, Houston, Texas 77002
Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: naesb@aol.com
Home Page: www.naesb.org

- E.** All subcommittees, task forces within the subcommittee, or working groups will proceed with balanced voting for other than administrative or procedural items, ~~such as adoption of agendas or adoption of minutes.~~ The balanced voting procedure is described in NAESB Op No. ____ - [PUT NAME HERE ONCE IT IS APPROVED< WITH DATE]. Each participating company per segment is permitted one vote.
- F** In-person group meetings normally should be noticed at least two weeks in advance of the meeting. Teleconference-only meetings normally should be noticed at the preceding meeting, and all teleconference-only meetings should normally be noticed at least one week in advance through posting on the NAESB Web-site.
- G.** Unless prior approval of the Managing Committee of the Board of Directors has been granted, ~~a~~All in-person meetings should provide for attendance by teleconference, and may be scheduled at the callers' expense with prior notification. At an in-person meeting, the chair of the group, will also call-in (or open) the teleconference number (via a speakerphone) so as to admit the teleconference attendees by phone and permit interaction between the in-person attendees and the by teleconference attendees.
- H.** Agendas for all NAESB meetings should be generated by the chair(s), vice chair or co-chair of the applicable subcommittee, task force within the subcommittee or working group and posted on the NAESB Web-site sufficiently in advance of the meeting to allow persons accessing the NAESB Web-site on a daily basis to identify the issues to be discussed (by or associated with a Request or Clarification Number or Annual Plan item) and be able to attend. Exceptions to this may be granted by the indulgence of the EC.



**NAESB Operating Practice Procedures
Regarding Balanced Voting Procedures for Executive Committee Subcommittees or Task
Forces**

All Executive Committee Subcommittees or Task Forces use balanced voting regarding non-administrative motions, where each segment of a quadrant holds two votes to be equally apportioned to those participants of the segment present at the meeting either in person or by phone. No individual can have more than one vote apportioned to him. The votes, or fractions of votes would be totaled across segments to determine the outcome of the motion under consideration. No notational or proxy votes would be permitted except for subcommittees or task forces with named members.

The above procedures do not apply to Executive Committee Subcommittee or Task Forces, where the membership in the subcommittee or task force is restricted to named members. Executive Committee Subcommittees and Task Forces with named members are balanced as only the named members vote, and the named members represent a balance of the segments within the quadrant. .

As an example, the Retail Electric Quadrant (REQ) Customer Processes Subcommittee holds a meeting and votes on a proposed standard to be forwarded to the REQ Executive Committee as a recommendation for consideration. In the meeting, both on the phone and present in person, the segments have 5 suppliers, 3 services, 6 distributors and 1 end user. The balanced vote would be calculated as follows:

Segment	Votes Cast		Balanced Votes	
	Yes	No	Yes	No
Suppliers	3	2	1.2	0.8
Services	3		2	
End Users		1		1
Distributors	4	2	<u>1.32</u>	<u>.78</u>
Total	7	5	<u>4.54</u>	<u>2.56</u>

As the balanced vote is 4.54 to 2.56, the motion passes.



**NAESB Operating [Practice Procedures](#)
Regarding Balanced Voting Procedures for Executive Committee Subcommittees or Task
Forces**

Similarly, the Retail Electric Quadrant (REQ) Customer Processes Subcommittee holds a meeting and votes on a proposed standard to be forwarded to the REQ Executive Committee as a recommendation for consideration. In the meeting, both [on](#) the phone and present in person, the segments have 14 suppliers, 6 services, 6 distributors and 1 end user. The balanced vote would be calculated as follows:

Segment	Votes Cast		Balanced Votes	
	Yes	No	Yes	No
Suppliers	14	0	2	0
Services	1	5	.3	1.7
End Users		1		1
Distributors	3	3	1	1
Total	18	9	3.3	3.7

As the balanced vote is 3.3 to 3.7, the motion fails.



NAESB Operating Practice Procedures
Regarding Balanced Voting Procedures for Executive Committee Subcommittees or Task Forces

In cases of joint-quadrant subcommittees, each quadrant's representatives share an equal portion of the vote. For example, if the Retail Gas Quadrant (RGQ) and Retail Electric Quadrant (REQ) had a joint subcommittee, the RGQ and REQ each would contribute 50% of the final vote. If the RGQ/REQ Customer Processes Subcommittee holds a meeting and votes on a proposed standard to be forwarded to the Quadrant Executive Committees as a recommendation for consideration. In the meeting, both on the phone and present in person, the REQ segments have 14 suppliers, 6 services, 6 distributors and 1 end user. The REQ balanced vote would be calculated as follows:

<u>Segment</u>	<u>Votes Cast</u>		<u>Balanced Votes</u>	
	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>
<u>Suppliers</u>	<u>14</u>	<u>0</u>	<u>.2</u>	<u>0</u>
<u>Services</u>	<u>1</u>	<u>5</u>	<u>.3</u>	<u>1.7</u>
<u>End Users</u>		<u>1</u>		<u>1</u>
<u>Distributors</u>	<u>3</u>	<u>3</u>	<u>1</u>	<u>1</u>
<u>Total</u>	<u>18</u>	<u>9</u>	<u>3.3</u>	<u>3.7</u>

In the meeting, both on the phone and present in person, the RGQ segments have 5 suppliers, 3 services, 6 distributors and 1 end user. The RGQ balanced vote would be calculated as follows:

<u>Segment</u>	<u>Votes Cast</u>		<u>Balanced Votes</u>	
	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>
<u>Suppliers</u>	<u>3</u>	<u>2</u>	<u>1.2</u>	<u>0.8</u>
<u>Services</u>	<u>3</u>		<u>2</u>	
<u>End Users</u>		<u>1</u>		<u>1</u>
<u>Distributors</u>	<u>4</u>	<u>2</u>	<u>1.3</u>	<u>.7</u>
<u>Total</u>	<u>7</u>	<u>5</u>	<u>4.5</u>	<u>2.5</u>

As the combined balanced vote is 7.8 to 6.2, the motion passes.



**NAESB Operating Practice
Regarding Standards Development Activities**

The NAESBOP as modified below will become a part of the Executive Summary.

NAESB is focused on proposing, considering and adopting standards which will have a significant and lasting impact on all aspects of the natural gas and electricity marketplaces. ~~A significant percentage of the standards adopted by NAESB applicable to the wholesale gas market likewise have been adopted by FERC and incorporated into the tariffs of pipelines regulated by that body.~~

It is expected that as a result of the standards adopted, ~~t~~the industry will be able to operate more effectively and efficiently to the benefit of itself and its customers. At the same time, it must be acknowledged that the standards adopted, as well as future standards, constitute a change in the way many parties have been doing business, with accompanying impact on the use and allocation of resources ~~amount among~~ those affected.

As a matter of policy, NAESB will move at a deliberate pace, consistent with its annual plan(s), which will permit those affected by its standards (especially those which have been adopted as FERC ~~regulations standards~~ or have been adopted by other regulatory bodies) to assimilate them as a part of their business practices. To this end, NAESB will carefully consider whether proposed additional standards are timely and needed. Specifically, NAESB will endeavor to avoid the adoption and implementation of new standards, however beneficial, prior to the time when the industry is in a position to reasonably make use of them.



**NAESB Operating Practice
Procedures for Communicating With Regulatory and Other Government Agencies**

1.0 **AMENDMENTS TO EXISTING STANDARDS WHICH HAVE BEEN ADOPTED BY FERC OR OTHER GOVERNMENT AGENCIES**

Should NAESB amend one of its existing standards, which standard shall previously have been adopted by the FERC or other government agency, the Executive Director shall officially notify said government agency upon publication of the version that contains the amended standard, unless requested by the Board of Directors, the Managing Committee or said government agency to provide notification at the time of the ratification of the amendment to the standard.

2.0 **INTERPRETATION OF EXISTING STANDARDS WHICH HAVE BEEN ADOPTED BY FERC OR OTHER GOVERNMENT AGENCIES**

Should NAESB agree upon the issuance of an interpretation of one of its standards previously adopted by the FERC or other government agency, upon completion of all steps necessary to effectuate the interpretation, the Executive Director shall officially notify said government agency upon publication of the version that contains the interpretation, unless requested by the Board of Directors, the Managing Committee or said government agency to provide notification at the time of the ratification of the interpretation..

3.0 **ADOPTION OF NEW STANDARDS**

a. Where NAESB shall adopt a new standard the Executive Director, shall officially notify applicable government agencies upon publication of the version that contains the standard, unless requested by the Board of Directors, the Managing Committee or said government agencies to provide notification at the time of the ratification of the of standard.

b. Where NAESB shall adopt a new standard which directly relates to the use, action, or implementation of an existing NAESB standard which is also a standard adopted by a government agency, the Executive Director shall officially notify applicable government agencies upon publication of the version that contains the new standard and transmit the new standard to said government agency, unless requested by the Board of Directors, the Managing Committee or said government agency to provide the standard at the time of the ratification of the of standard.

4.0 All written communications between NAESB and government agencies require prior approval from the Managing Committee. The Executive Committee may draft language pertaining to its standard—s development activities for forwarding to government agencies, and those communications also require the approval of the Managing Committee, before the NAESB Office forwards such communications.

5.0 **PUBLICATION SCHEDULE FOR STANDARDS**

a. The standards manuals and standards booklets shall be updated and new



**NAESB Operating Practice
Procedures for Communicating With Regulatory and Other Government Agencies**

versions published no more than twice per year, unless the Board of Directors, upon a finding of extraordinary circumstances as determined by the Board, authorizes and directs the Executive Director to publish ~~more~~ one or more standards.

b. The publications will be forwarded to any government agency requesting such publication. The Federal Energy Regulatory Commission and NARUC, via its Executive Director, will be provided with all publications, which include standards developed by all quadrants. These publications, if copyrighted, will be made available for 1) internal use and 2) placement in an agency's public reference room and submittal to the Federal Register for those publications with standard incorporated by reference into the Federal Energy Regulatory Commission's or other agency's regulations, to the extent required by law and regulation to permit the incorporation by reference.

c. In the interim period between publication of standards manuals, it is recognized that, the following documents will be made available at no cost to the recipient via the NAESB web site or any other agreed upon method to any government agency requesting such documents, including the Federal Energy Regulatory Commission, and NARUC, through its Executive Director:

- 1) Final Standards Actions and member ratified voting record
- 2) Final Interpretations and member ratified voting record
- 3) Board and Executive Committee Meeting Minutes and Voting Records
- 4) Meeting Materials supporting Board and Executive Committee Meetings
- 5) Transcripts of meetings for internal use by the government agency as requested.

6.0 **NAESB INFORMAL COMMUNICATIONS WITH THE FERC AND OTHER GOVERNMENT AGENCIES**

It is recognized that the NAESB office, officers and ~~subcommittee~~ chairs of the Executive Committee and Board of Directors will continue to follow the current convention of informal communications with the senior officials and staff of the FERC or other government agencies. The informal communications are for informational purposes only, and are not intended as a substitute for formal communications with said government agencies. The results of these informal communications will be reported to the Executive Committee and the Board of Directors.

[Updated version no redline](#)



**NAESB Operating Practice
Regarding Openness of NAESB Meetings**

Participants agreed the language on transcription would be added to the Executive Summary rather than serve as an independent NAESBOP.

~~All~~ All Board of Directors Meetings, Board of Directors Committee Meetings, Advisory Council Meetings, Joint Interface Committee Meetings, Executive Committee Meetings and Executive Committee Subcommittees or Task Force meetings are open for participation and attendance by any interested party. All meetings should have agendas and announcements posted in sufficient time to permit participation. The participation should include conference calling capabilities for all meetings to ensure the broadest participation. Participants will be requested to indicate by a specific date their intent to attend by phone or in person, so that adequate meeting planning can occur.

Where the topic of the meeting is controversial and may impact corporate filings with regulatory agencies, transcripts should be taken. The transcripts will be maintained in the NAESB Office and provided to regulatory agencies for their internal use. All other interested parties may purchase the transcripts from the transcription service. By their nature, all Board of Directors, Executive Committee and Joint Interface Committee meetings should be transcribed.

March 20, 2003



**NAESB Operating Practice
Regarding Terms of Officers**

Participants agreed the following information would be offered as a Board Resolution rather than a NAESB Op.

The officers of the Board of Directors rotate into the chairmanship of the organization by a rotation indicated in the NAESB Bylaws. The term of the office is one calendar year, beginning on January 1 and ending on December 31, conforming with the term ending dates of the Directors or such time as the successor is seated. Officers can be re-elected by their quadrants with no restrictions. If an officer does not fulfill his term, the applicable quadrant's Board members will elect another vice chair prior to the next Board of Directors meeting.

March 20, 2003



**NAESB Operating Procedure
Regarding Wholesale Gas Quadrant Publication Cycle**

**~~RESOLUTION ADOPTING 24-MONTH PUBLICATION CYCLE FOR THE
WHOLESALE GAS QUADRANT~~**

~~WHEREAS, the Wholesale Gas Quadrant has already developed an extensive body of standards, and will need less frequent publication of new and revised standards in the future, and~~

~~WHEREAS, the Board of Directors wants to make the standards publication process as efficient and effective as possible for all entities impacted by and using NAESB standards, and~~

~~WHEREAS, the governmental agency most directly affected by Wholesale Gas Quadrant standards, the Federal Energy Regulatory Commission, has informally indicated their support for less frequent publication of such standards, and~~

~~WHEREAS, the Parliamentary Committee has recommended adoption of a 24-month publication cycle for the Wholesale Gas Quadrant, such cycle to begin later this year,~~

~~NAESB Wholesale Gas Quadrant (WGO) standards **NOW THEREFORE**, the Board of Directors of the North American Energy Standards Board hereby adopts will be published on a 24-month publication cycle for the Wholesale Gas Quadrant, such cycle to commence with the publication cycle which begins immediately following the release of Version 1.7 Standards in the summer of 2003, and~~

~~**FURTHER**, the Board of Directors resolves that, if during any subsequent 24-month publication cycle, extraordinary circumstances arise which warrant the interim publication of new or revised standards adopted since the previous Version was published, the Board of Directors will authorize and direct the Executive Director to publish such standards as necessary, during such interim period.~~

~~**AND FURTHER**, resolves that the Executive Director is authorized and directed to take such steps as are necessary to implement this 24-month publication cycle for the Wholesale Gas Quadrant immediately following the release of Version 1.7 Standards during the summer of 2003.~~



Parliamentary Committee
February 25, 2003