



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

March 14, 2003

TO: **Parliamentary Council Named Members:** Bill Boswell, Jim Templeton, Lyn Maddox, Terry McGill, Cade Burks, Leonard Haynes, John Williams, Scott Brown, Dave McMillan, Joe Hartsoe, Michael Desselle, Dave Pfeifer, Greg Lander

FROM: Rae McQuade, NAESB Executive Director

RE: **Parliamentary Council Meeting - March 20, 2004**

Dear NAESB Parliamentary Council Members,

As previously announced, the Parliamentary Council meeting has been scheduled for March 20 in Washington D.C. at AGA's offices, following the Board of Directors meeting. The specifics of the meeting are:

Where: American Gas Association
400 North Capitol Street, NW
Washington D.C. 20001

Fourth Floor

AGA Main Phone Number: 202-824-7000

When: Thursday, March 20
1:30 p.m. to 4:00 p.m. Eastern

We look forward to seeing you at the meeting. Conference calling will be available should you be unable to attend in person. The draft agenda is attached and meeting materials should be prepared for you shortly, including the package of revised NAESBOps.

Best Regards,
Rae



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NAESB Parliamentary Committee Conference Call

Draft Agenda

Thursday, March 20, 2003 - 1:30 pm to 4:00 pm Eastern

- 1:30 p.m.
1. Welcome and Introductions
 2. Antitrust Guidance
 3. Adoption of Agenda
 4. Adoption of Draft February 25, 2003 Meeting Minutes
 5. Review of Revised NAESB Operating Practices and Format for Materials
 6. Bylaws Review of Minimum Representation Requirements for Quadrants and Segments
Section 2.3 Quadrants and Segments

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

In order to have representation on the Board or the EC, a Quadrant shall have at least forty Voting Members and at least four Segments. Each Segment shall have at least five Voting Members. This minimum representation requirement shall be reconsidered by the Board prior to March 31, 2003 and biannually thereafter.
 7. Next Steps and Other Business
- 4:00 p.m.
8. Adjourn



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TO: **Parliamentary Council Named Members:** Bill Boswell, Jim Templeton, Lyn Maddox, Terry McGill, Cade Burks, Leonard Haynes, John Williams, Scott Brown, Dave McMillan, Joe Hartsoe, Michael Desselle, Dave Pfeifer, Greg Lander
Posting for Interested Industry Participants

FROM: Todd Oncken, NAESB Staff

RE: NAESB Parliamentary Committee Meeting Draft Minutes – February 25, 2003

DATE: March 9, 2003

**NAESB Parliamentary Committee Meeting
Tuesday, February 25, 2003, 1:00 to 5:00 p.m. EST
Draft Minutes**

1. Welcome and Introductions

Mr. Boswell opened the meeting and welcomed participants. Meeting attendees introduced themselves.

2. Antitrust Guidance

Mr. Costan gave the antitrust advice.

3. Adoption of Agenda

Mr. Haynes moved, seconded by Mr. Templeton, to adopt the agenda as written. The agenda was adopted unanimously.

4. Adoption of Draft November 21, 2002 Meeting Minutes

Mr. McGill moved, seconded by Mr. Templeton, to adopt the draft November 21, 2002 meeting minutes as written. The draft November 21, 2002 meeting minutes were adopted unanimously.

5. Review of Revised NAESB Operating Practices

Mr. Boswell proposed the following guidelines for the Parliamentary Committee:

- Our job is to assure that NAESB's procedures permit us to operate effectively and efficiently in a transparent fashion as a standards development organization.
- Tasks get assigned to one or more Committee Members and they're responsible for getting the task done, providing drafts to the committee, and acting as sponsor for the work product at the Parliamentary Committee meetings.
- The responsible committee member may do the drafting himself, or with other Parliamentary Committee members, or with other NAESB members as he sees fit, but he alone is responsible for the final work product presented to this committee. That means get all the advice you want from whomever you want, but you're responsible for deciding what to present to the rest of the Parliamentary Committee.
- Nobody likes surprises. Members are responsible to get drafts out in advance of Parliamentary Committee meetings. I think two weeks is a good rule unless anyone objects. Our General Counsel should get the draft before it is circulated to the Parliamentary Committee to vet it for conflicts with the certificate and bylaws.
- Drafts should be black-lined wherever possible so the rest of the Parliamentary Committee can easily identify the proposed changes.



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- Our first job is to conform the existing NAESBOps to the new structure. Remember that we adopted the GISBOps wholesale with just a global name change.
- Once that's done, we'll discuss enhancement to existing practices. Enhancements may be suggested by anyone, but have to come in through a Parliamentary Committee member or through the NAESB office to the Parliamentary Committee chair. If the Parliamentary Committee wants to deal with the proposed change, the chair will assign the matter to one or more Parliamentary Committee members and the procedures outlined earlier apply.
- Once the Parliamentary Committee adopts a change, it will be forwarded to the NAESB Board for action. Unless there is urgency, that means it will be placed on the agenda for the next Board meeting. We will attempt to schedule Parliamentary Committee meetings sufficiently in advance of Board meetings so that any approved changes go out in the Board Book.
- As with other Board Book issues, the proposal will go to Managing Committee for its review. Except where the change is reserved to the Board, the Managing Committee may act to adopt the change it deems immediate action to be appropriate, or it may send the change out for a notational vote by the Board. All Managing Committee actions to adopt changes are subject to Board review at the next Board meeting.

Mr. Desselle moved, seconded by Mr. Hartsoe, to adopt the proposed Parliamentary Committee guidelines. The guidelines were adopted unanimously.

NAESBOps 1-4, Executive Committee Subcommittees

Mr. McGill presented the draft of NAESBOps 1-4. Mr. McGill noted that with the assistance of Ms. Corcoran, he held meetings and solicited comments on NAESBOps 1-4. Parliamentary Committee members generally discussed the nature of NAESBOps 1-4.

Of note, the establishment and cataloging of the mission statements for Executive Committee subcommittees was discussed. Ms. Corcoran confirmed that if the Parliamentary Committee approves the concept, each subcommittee would develop a mission statement to be approved by the Executive Committee and noted in the appendix to this NAESBop. Mr. Boswell stated all existing mission statement should be redrafted for scope and brevity. Mr. Costan questioned the need for mission statements. Ms. Corcoran stated mission statements have been historically used to keep participants focus on the task assigned to a subcommittee. Mr. Boswell noted the NAESBop would be forwarded to the Board for consideration without the Appendix.

Mr. Mucci submitted the following language regarding eligibility for leadership of NAESB subcommittees. Mr. Mucci proposed that Section II(A)(4) now include, "[T]he chair, vice-chair, and all co-chairs must be a member of NAESB." Mr. McGill agreed with the language addition.

Participants discussed the organizational structure of NAESB Executive Committee subcommittees, task forces, and working groups. As the NAESBop is proposed, a task force is established by the Quadrant Executive Committee and must report to a subcommittee. NAESBOps 1-4 introduced the concept of a working group, a short-term task specific group a subcommittee can establish. A working group would report to the subcommittee. The NAESB Office will prepare a diagram depicting the proposed organizational structure.

It was noted there is currently not a significant distinction between subcommittees and task forces, particularly in the Wholesale Gas Quadrant (WGQ). Mr. Novak stated the Retail Gas Quadrant (RGQ) also has task forces that report to the Executive Committee, namely the Gas Practices Inventory Task Force (GPITF). It was suggested the RGQ rename its existing task forces in line with proposed NAESBOps 1-4.



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Ms. Davis suggested Section IV be deleted from NAESBOps 1-4 and added to NAESBOps 7, 8, and 10, since NAESBOps 7, 8, and 10 address the comment process. It was agreed this modification was appropriate.

Please see attached redlined NAESBOps for language changes.

Mr. Templeton moved, seconded by Mr. Desselle, that the Parliamentary Committee adopt draft NAESBOps 1-4 as modified, subject to subsequent formatting, and recommend to the Board of Directors that NAESBOps 1-4 be adopted as final NAESB Operating Procedures. The motion passed unanimously.

NAESBOP 5, Balanced Voting

Mr. Williams presented NAESBOP 5. Participants reviewed the draft document and proposed minimal changes. Being that balanced voting does not pertain to named committees, participants discussed the nature of named committees. It was explained that named committees are balanced through their composition in that only named members are eligible to vote. Examples provided included WGQ Interpretations Subcommittee, Parliamentary Committee or a Quadrant Executive Committee.

Ms. Hess asked how balanced voting would apply to joint quadrant subcommittees or working groups, since the retail quadrants have expressed their intent to work jointly on some items. It was explained that the vote of each quadrant would be balanced and provide 50% of the total balanced vote. Ms. Hess and Mr. Novak requested NAESBOP 5 be modified to include an example of balanced voting for joint quadrant meetings.

Please see attached redlined NAESBOP for language changes.

Mr. Haynes moved, seconded by Mr. Desselle, that the Parliamentary Committee adopt draft NAESBOP 5 as modified, subject to subsequent formatting, and recommend to the Board of Directors that NAESBOP 5 be adopted as a final NAESB Operating Procedure. The motion passed unanimously.

NAESBOP 6, Standards Development Activities

Mr. Williams presented NAESBOP 6. Participants discussed the need for inclusion of NAESBOP 6. Ms. McQuade provided background for its original inclusion and noted it was intended to focus the organization on the industry. Mr. Brown stated NAESBOP 6 did not follow the same structure as the other draft NAESBOps, but instead read like a preface. Participants agreed selected text of NAESBOP 6 should be included in the executive summary.

NAESBOP 9, Communicating with Regulatory Agencies

Mr. Hartsoe presented NAESBOP 9. Mr. Hartsoe stated, as process, the drafters for NAESBOP 9 contacted several regulatory agencies and NARUC for input. Mr. Hartsoe noted the federal ethics officer has yet to approve the draft NAESBOP due to concerns regarding the value of a NAESB Standards Manual, and whether the submission of a standards manual would constitute a gift with a value greater than \$25.00.

During discussion, it was noted that both Federal and state regulatory bodies have expressed a desire to receive information of wholesale and retail standards development.

Please see attached redlined NAESBOP for language changes.

Mr. McMillan moved, seconded by Mr. Hartsoe, that the Parliamentary Committee adopt draft NAESBOP 9 as modified, subject to subsequent formatting, and recommend to the Board of Directors that NAESBOP 9 be adopted as final a NAESB Operating Procedure. The motion passed unanimously.



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NAESBOP 11, Terms of Officers

Mr. Templeton presented NAESBOP 11. Participants discussed whether this NAESBOP was necessary since this topic was captured in the NAESB Bylaws. Noting that the proposed language does not parallel existing NAESBOPs, Mr. Boswell suggested the issue of terms of officers be addressed through a Board resolution, if needed. Mr. Templeton concurred proposing this item as a Board resolution was appropriate.

Mr. Novak suggested that all Board resolutions detailing NAESB's operations be posted if not included in NAESBOPs. Ms. McQuade noted the resolutions are posted in the minutes of the Board meetings, but agreed to post Board resolutions affecting operations separately.

NAESBOP 12, Openness of Meetings

Mr. Templeton presented NAESBOP 12. Mr. Costan commented this topic was covered in the NAESB Bylaws, but the proposed language provides additional detail. Ms. McQuade expressed her desire that the NAESB policy regarding openness of meetings be specifically stated.

Participants discussed meeting openness in the context of the NERC/NAESB Joint Interface Committee (JIC). Ms. McQuade stated that for NAESB to participate in the JIC meeting, the meeting must be an open meeting with transcription, teleconference capability, and anti-trust counsel. Ms. McQuade noted there has been some conflict within the JIC regarding openness of meetings. Mr. Boswell expressed his opinion that the JIC should determine the level of openness of JIC meetings.

It was agreed to include the proposed language on transcription in the executive summary.

NAESBOP 13, Publication Cycle

Mr. Bray presented NAESBOP 13. Ms. McQuade noted Mr. Bray's proposal would be rewritten in the format of a NAESBOP. Please see attached redlined NAESBOP for language and formatting changes.

Mr. Desselle moved, seconded by Mr. Haynes that the Parliamentary Committee adopt draft NAESBOP 13, subject to subsequent formatting, and recommend to the Board of Directors that NAESBOP 13 be adopted as final a NAESB Operating Procedure. The motion passed unanimously.

NAESBOPs 7, 8, and 10, Standards Related Procedures

Mr. McMillan provided an update on the drafting efforts for NAESBOPs 7, 8, and 10. Mr. McMillan reported that he delegated the bulk of the drafting for NAESBOPs 7, 8, and 10 to Ms. Van Pelt, Ms. Davis, and Ms. Hess. Mr. McMillan stated the redrafting is progressing, but will require some additional time due to the amount of work entailed and the decision to combine two of the existing NAESBOPs into one. Mr. McMillan said the work completed to date was consistent with the spirit of the Parliamentary Committee guidelines adopted today. Mr. McMillan estimated a draft of NAESBOPs 7, 8, and 10 would be ready for counsel review by the end of March.

It was suggested the NAESB office prepare interim changes for NAESBOPs 7, 8, and 10, consistent with the guidelines adopted today. Specifically, the interim document would contain conforming changes to account for NAESB's new structure. It was asserted this approach would provide a complete package of NAESBOPs for Board consideration at the March 20 Board meeting, with the understanding that additional changes to NAESBOPs 7, 8, and 10 would be forthcoming. Mr. McMillan concurred with the proposed approach, but noted the ongoing work for NAESBOPs 7, 8, and 10 should be expressly stated. Once drafted, NAESBOPs 7, 8, and 10 will be forwarded to NAESB Counsel, and then circulated to the Parliamentary Committee members prior to the Board meeting.



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6. Next Steps and Other Business

No other business was discussed.

7. Adjourn

The Parliamentary Committee Meeting adjourned at 3:25 p.m. EST.



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8. Attendees

Wholesale Gas Quadrant Parliamentary Committee Members

Jim Templeton	Principal, Comprehensive Energy Services	Phone
Bill Boswell	Assistant Secretary, Dominion	Present
Terry McGill	Executive Vice President, Enbridge Energy Company, Inc.	Phone
Lyn Maddox	President & COO, PG&E Energy Group Trading	Absent

Retail Electric Quadrant Parliamentary Committee Members

Leonard Haynes	Executive Vice President and Chief Marketing Officer, Southern Company Services (SERC NERC Region)	Present
John Williams	Chief Executive Officer and Co-founder, 8760, Inc.	Phone
J Cade Burks	President, EC Power	Phone

Wholesale Electric Quadrant Parliamentary Committee Members

David McMillan	Director Market Design, Calpine	Phone
R. Scott Brown	Vice President and Director, Exelon Generation Power Team	Absent
Michael Desselle	Director Public Policy, American Electric Power	Phone
Joseph Hartsoe	Vice President and Associate General Counsel, American Electric Power Marketing, Inc.	Present

Retail Gas Quadrant Parliamentary Committee Members

Dave Pfeifer	Vice President - Energy, EnForm Consulting, LP	Absent
Greg Lander	Principal, CapacityCenter.com	Absent

NAESB Administrative

Rae McQuade	NAESB, Executive Director	Present
Todd Oncken	NAESB	Phone
James Costan	McGuireWoods, NAESB General Counsel	Phone

Observers

Mike Bray	Shell Gas Transmission	Present
Jim Buccigross	8760, Inc.	Present
Yvette Camp	Southern Company Services	Phone
Cynthia Corcoran	Enbridge	Phone
Dale Davis	Williams Gas Pipeline	Present
Andrew Dotterweich	Consumers Energy Company	Phone
Bill Griffith	Colorado Interstate Gas	Phone
Tom Gwilliam	Iroquois Gas Transmission System	Phone
Theresa Hess	Reliant Energy Retail Services	Present
Les Nishida	Wisconsin Public Service Corporation	Phone
Mike Novak	National Fuel Gas Distribution	Phone
Marjorie Perlman	Energy East Management Corporation	Phone
Kim Van Pelt	Panhandle Eastern Pipe lines	Phone

Rules of Procedure

Amended and Restated
Through <Date>

- Certificate of Incorporation of the
North American Energy Standards Board
- Bylaws of the
North American Energy Standards Board
- Operating Procedures of the
North American Energy Standards Board



North American Energy Standards Board
1301 Fannin, Suite 2350, Houston, Texas 77002

NORTH AMERICAN ENERGY STANDARDS BOARD

RULES OF PROCEDURE

As amended through <DATE>

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NORTH AMERICAN ENERGY STANDARDS BOARD¹

RULES OF PROCEDURE

I. Introduction

The North American Energy Standards Board (NAESB) was created in January 2002 as an outgrowth of the Gas Industry Standards Board.¹ In addition to supporting all four sectors of the gas and electric industries – wholesale and retail gas and electric market interests, NAESB recognizes the ongoing convergence of the gas and electric businesses, and implicitly ensures that its standards will receive the input of all industry sectors when appropriate.

The overall direction of NAESB is focused through its board and officers. Crucial guidance is provided from industry leaders through their interaction with the NAESB Board of Directors and from the government agencies through their requests for standards to be developed, but the industry itself develops the standards it will implement. In short, the companies that will be using the standards build them. This valuable partnership allows for an effective and healthy mechanism for information sharing between the industry and its government agencies benefiting all those who participate in NAESB.

II. Mission

The North American Energy Standards Board was created in January 2002 as an outgrowth of the Gas Industry Standards Board. Its mission as described in the certificate is: “The objects and purposes of NAESB are to propose and adopt voluntary standards and model business practices designed to promote more competitive and efficient natural gas and electric service, as such standards apply to electronic data interchange (“EDI”) record formats and communications protocols and related business practices that streamline the transactional processes of the natural gas and electric industries.”

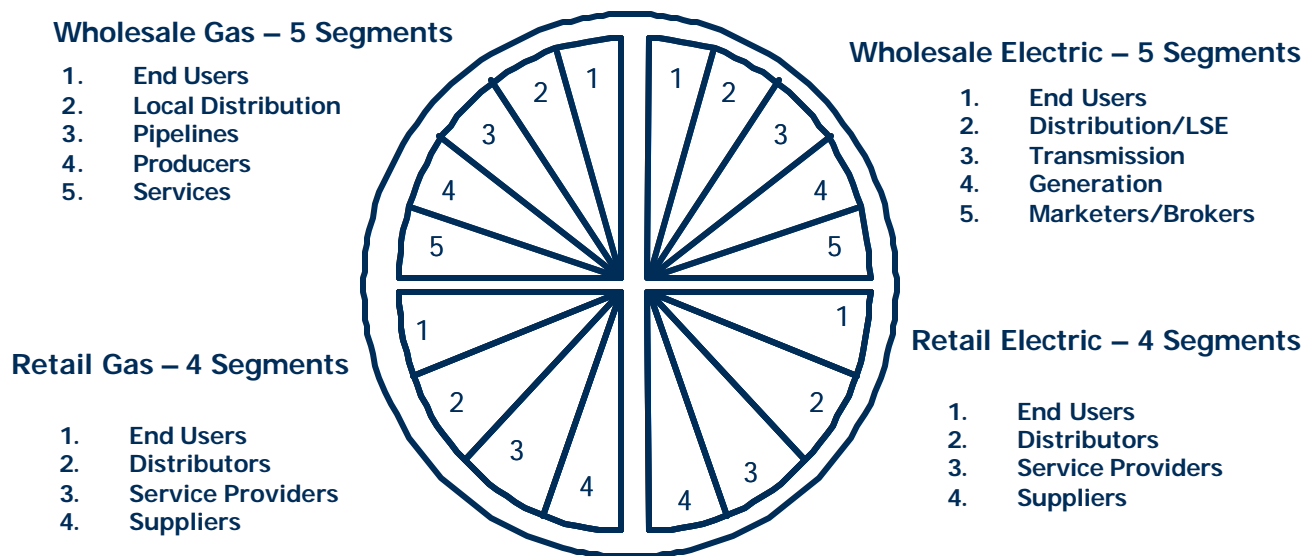
¹

¹ GISB was incorporated in September 1994 to develop standards with the focus primarily on the wholesale gas market. It is no longer in existence, being subsumed by NAESB into the wholesale gas quadrant. While GISB was NAESB’s precursor and has provided many processes for standards development and group decision-making, NAESB provides much more.

III. Description of the Organization

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

Chart 1 - Segment Breakdown in NAESB



THE BOARD OF DIRECTORS:

The Board of Directors has a maximum of 95 members, under the quadrant procedures accepted by NAESB and include:

1. 5 segments and 5 members from each segment of the WGQ, total of 25
2. 4 segments and 4 members from each segment of the REQ, total of 16
3. 4 segments and 6 members from each segment of the RGQ, total of 24
4. 5 segments and 6 members from each segment of the WEQ, total of 30.

The Board of Directors major duties and responsibilities include:

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

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

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

Generally, Board members:

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

The Board of Directors has several standing committees including the Parliamentary Committee, the Managing Committee and responsibilities for the Joint Interface Committee. It may create ad hoc committees as needed.

THE EXECUTIVE COMMITTEE:

The Executive Committee structure mirrors the Board structure, with a maximum of 95 members, under the quadrant procedures accepted by NAESB and include:

1. 5 segments and 5 members from each segment of the WGQ, total of 25
2. 4 segments and 4 members from each segment of the REQ, total of 16
3. 4 segments and 6 members from each segment of the RGQ, total of 24
4. 5 segments and 6 members from each segment of the WEQ, total of 30.

The major duties of the Executive Committee and its responsibilities include:

- Responsibility for carrying out the annual plan.
- Directing the efforts of standards development and maintenance and considering the work products of standards development maintenance for vote.
- Directing the efforts of interpretations of standards and considering the work products of such interpretations for vote.

The Executive Committee (EC): (1) approves and may modify the recommendations from the triage subcommittee on subcommittee assignments to develop standards including relative urgency for development;(2) approves and may modify standards that have been recommended by the standards development subcommittees; and, (3) monitors subcommittee progress on standards development. Decisions by the EC may be by quadrant if it is determined that the recommended standard applies to specific quadrant(s) rather than the organization as a whole. Each quadrant on the EC has 25% of the decision making, regardless of how many members they have seated. For all decisions other than standards approval a majority of each quadrant is needed for a decision rather than a simple majority across the EC. In this manner each quadrant's interests are protected. . A super majority with segment voting minimums is required for approval of standards (at least 67% affirmative from each of the EC quadrants and at least 40% affirmative from each of the segments within a EC quadrant). All votes are public and posted. All Executive Committee meetings are transcribed.

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

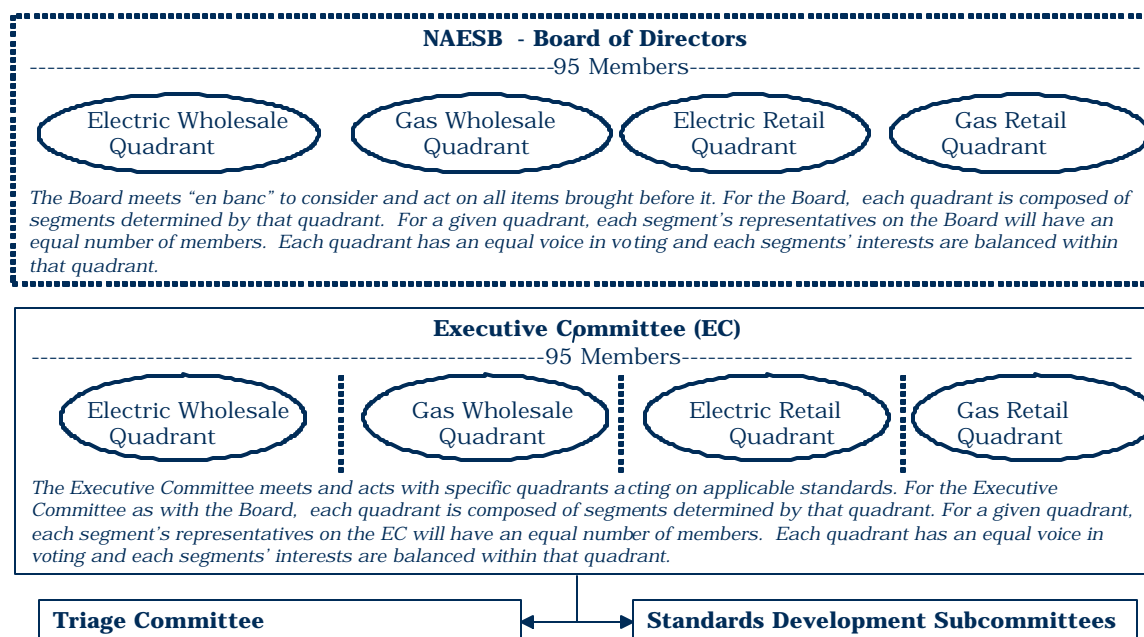
Generally, Executive Committee members:

- Must represent a Member of the segment and quadrant.
- Should have broad understanding of the energy segment they represent and have sufficient authority to make decisions on behalf of their organization.
- Must have a working knowledge of the NAESB standards development processes.
- Must be willing to commit the time and resources necessary to fulfill their obligations as a NAESB Executive Committee member and meet the minimum threshold of participation and attendance established in the NAESB Bylaws [Section 9.7 (f)].

The Executive Committee has several standing committees including the Triage Subcommittee and the Annual Plan Subcommittee, as well as several standards development subcommittees and task forces. It may create ad hoc subcommittees as needed.

The chart on the following page illustrates the interaction of the Board of Directors and the Executive Committee.

Chart 2 -NAESB Board of Directors and Executive Committee



PRINCIPLES THAT GUIDE THE NAESB ORGANIZATION:

Below are the principles that guide the activities of the organization:

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

Openness -- NAESB should conduct its activities in the open. Openness should apply to all aspects of its organizational governance, elections and standards development processes, including work products and related meetings. The meetings, agendas and items set for discussion and/or possible vote should be publicly noticed, and interested parties, regardless of membership should have the opportunity to participate.

Voluntary -- Participation in NAESB should be voluntary and adherence to its standards should, from NAESB's perspective, also be voluntary. Membership should not be dependent upon whether the company seeking membership implements the standards. NAESB will not maintain any type of enforcement activity.

Balance of Interests – The voting with respect to governance, standards and Operating Procedures should provide for balance among industry segments and quadrants participating in NAESB so as to avoid any one interest group or group of interests having the ability to exert undue influence over any decision.

Inclusivity – All interested parties have the opportunity to participate in the activities of the standards organization and to join NAESB. All participants should be identified and associated with a segment and quadrant.

Consensus-Based Decisions -- The voting rules should be constructed so that decisions based upon consensus are encouraged. In addition, with respect to voting upon the standards issued or to be issued by NAESB, quadrants and their segments should be assured that each quadrant and its segments can protect its interests by requiring both super-majorities and a minimum per segment, and that a per quadrant threshold be achieved for passage of such standards by NAESB.

No Advocacy – NAESB should be prohibited from taking advocacy positions on its standards as a party to any proceeding before a governmental agency. This is not intended to preclude NAESB's duly authorized representatives from educating or communicating with any group as to NAESB's procedures and/or work product(s).

Membership Driven – NAESB should be membership driven. The paid staff should perform administrative functions to support NAESB's activities. requests for standard(s) should be proposed by identified persons and not by NAESB or its committees and subcommittees. NAESB's staff should neither have a vote nor a role with respect to conducting the affairs of NAESB other than to provide ministerial functions.

Develop Practices, Not Policy – The committees, subcommittees and task forces of NAESB should endeavor not to create policy in their standards development activities absent being requested to do so by the Board.

Incorporate Best Practices – To the extent reasonable, the standards to be established should reflect standardization and streamlining of activities chosen as best practices from among existing and reasonably anticipated policies and practices.

Broad Applicability – To the extent reasonable, the standards to be established should be structured such that they can be applicable to both the electric and natural gas industries. The two industries should work together to develop standards when joint standards are appropriate. However, where operating requirements dictate the need for different approaches, discrete standards will be established separately by quadrant(s).

ANSI Accreditation – NAESB is an accredited American National Standards Institute Standards Development Organization.

THE STANDARDS DEVELOPMENT PROCESS:

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.

It is expected that as a result of the standards adopted, 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 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 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.

The standards development process is governed by the annual plan. Items are placed on the annual plan or modified only with Board approval. The plan typically reflects requests from members, government agencies, and other interested parties and is noted in the plan at a generic level. The Board approves annual plans with the resources available in mind. Those resources include the NAESB budget and staff and the availability of industry volunteers able to work on the plan items. New requests that come in through out the year are either considered part of the annual plan or are new items that require Board approval.

To step through the standards development process, the work begins either through an annual plan item or through a triaged and approved request. Triage is a process used by each quadrant of the Executive Committee to determine if the request is within scope, to which quadrants it applies, is it contained in the annual plan, to which subcommittees it should go, and which priority should be given for its development. Triage is accomplished by members of the Executive Committee appointed by the chair of the Executive Committee. The recommendations require Executive Committee approval and may also require Board approval if there are scope questions or if annual plan modifications are needed.

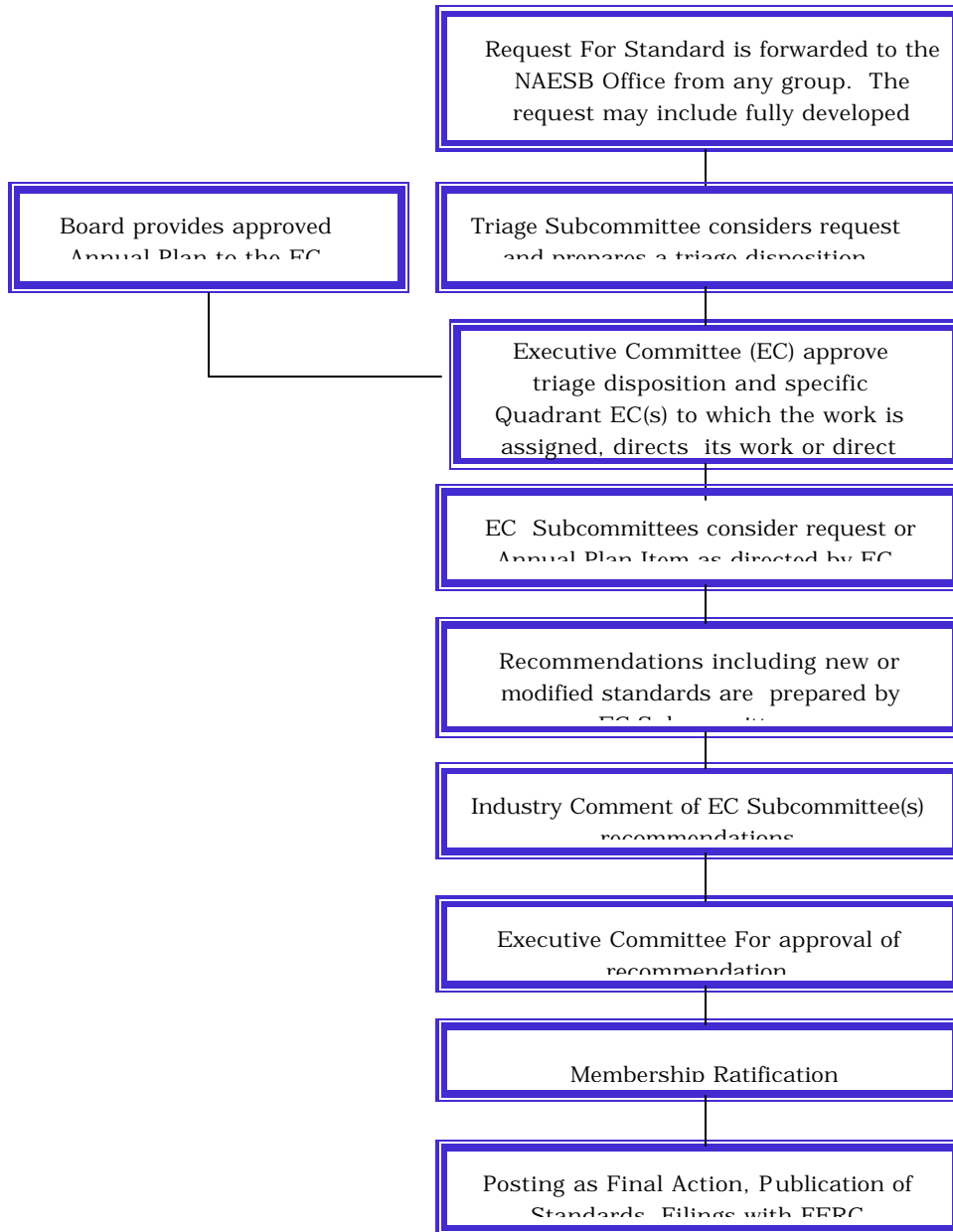
Once the triage process is complete and the work has been directed to one or more subcommittees, the subcommittees review the request, compare it to other standards developed, and then prepare recommendations which may take the form of new or modified standards or interpretations. The recommendations may be and normally are the product of several subcommittees. The Executive Committee subcommittee to which the work is assigned may choose to work with other Executive Committee subcommittees to prepare the recommendation. Participation in Executive Committee subcommittees is open to any interested party regardless of membership status. All subcommittee participants may vote and voting is balanced by segment and quadrant. All votes are public.

After the standard recommendation is complete, it is made available for an industry comment period of 30 days. All comments are forwarded to the Executive Committee along with the recommendation and the Executive Committee considers and votes on the recommendation. It may change the recommendation during its consideration. To pass, the recommendation should receive at least 67% affirmative votes from each applicable quadrant's Executive Committee members, and at least 40% from each of the segments.

After passing, the recommendation requires membership ratification. At least 67% affirmative votes from the members of the applicable quadrants are required for ratification. After ratification, the standards are considered final actions and will be published in the next version of the standards.

This process has been in effect for the wholesale gas quadrant since 1994, and has been used to develop more than 500 standards that have been incorporated by reference into federal regulations. The standards that apply to electronic delivery mechanisms have been endorsed by several state regulatory bodies and have also been adopted by the automotive, insurance and health industries. The process is shown below.

Chart 3 – Standards Development Process



THE FLEXIBILITY OF THE STANDARDS DEVELOPMENT PROCESS:

Flexibility is necessary as standards are developed to address regional concerns or for standards that incorporate necessary variances to represent operational or structural differences. NAESB has the flexibility built into the process such that if the subcommittees, the Executive Committee and the membership determine that a standard should contain variances to address regional or operational concerns, the standard can be written to do so.

For example, as the wholesale gas quadrant, formerly GISB, drafted standards for nomination and scheduling of transportation, it was realized that there were three models for transportation. As such, standards that address these models have three parts - one specifying the standard for each model. This level of variance is carried through the business practice standards to the information standards - noting which data elements are needed for which model, and if those data elements are required or optional.

The threshold is high as the determination is made to address variances in a standard. The subcommittees drafting the standards, the Executive Committee voting to approve the subcommittee's recommendations, and the membership in ratifying the standard all must agree that such variance is necessary. That said, the standards do take into account operational variances, and the same process would be used to address regional variances in standards.

TRANSPARENCY OF THE NAESB PROCESS

All NAESB meetings are open for participation and attendance by any interested party, with the exception of the executive sessions of the Board which may only be called to discuss compensatory or legal issues. 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. At a minimum all Board of Directors, Executive Committee and Joint Interface Committee meetings should be transcribed.

IV. Operating Procedures of the North American Energy Standards Board

The following are general operating procedures for NAESB and apply to all quadrant activities unless specifically noted otherwise. The procedures complement the certificate and bylaws, and are not inconsistent with either governing document. The NAESB Operating Procedures may be amended by the Board of Directors. The procedures are as follows:

1. Executive Committee Subcommittees
2. Balanced Voting
3. Procedures for Standards Development and Maintenance
4. Procedures for Adopting Standards
5. Adoption of Minor Clarifications and Corrections to Standards
6. Publication Cycle
7. Communicating with Regulatory and Other Government Agencies
8. Appeals Process



NAESB Operating Procedure X
Procedures for NAESB Executive Committee Subcommittees

Originally Approved February 16, 1995
Revision Date <DATE>

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.

**NAESB Operating Procedure
Procedures for NAESB Executive Committee Subcommittees**

- 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 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

**NAESB Operating Procedure
Procedures for NAESB Executive Committee Subcommittees**

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 (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. 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.

V. 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.

**NAESB Operating Procedure
Procedures for NAESB Executive Committee Subcommittees**

- 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, at the discretion of the Executive Director with approval of the Managing Committee, to attend the meeting with prior notification.
- E.** All subcommittees, task forces within the subcommittee, or working groups will proceed with balanced voting for other than administrative or procedural items. 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, 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 Subcommittee and Task Force Mission Statements

- A. Retail Electric Quadrant
 - 1. Customer Processes Subcommittee (Appendix A)
 - 2. Supplier-Utility Interface Subcommittee (Appendix B)
 - 3. Technical Electronic Implementation Subcommittee (Appendix C)

- B. Retail Gas Quadrant
 - 1. Customer Processes Subcommittee (being developed)
 - 2. Recruiting Task Force (being developed)
 - 3. Retail Gas Business Practice Inventory Task Force (being developed)
 - 4. Supplier-Utility Interface Subcommittee (being developed)
 - 5. Technical Electronic Implementation Subcommittee (being developed)

- C. Wholesale Electric Quadrant
 - 1. Contracts Subcommittee (being developed)
 - 2. Market Operations Subcommittee (being developed)
 - 3. Market Standards Subcommittee (being developed)
 - 4. Standards Review Subcommittee (being developed)

- D. Wholesale Gas Quadrant
 - 1. Business Practice Subcommittee (Appendix D)
 - 2. Contracts Subcommittee (needs development)
 - 3. Electronic Delivery Mechanisms Subcommittee (needs development)
 - 4. Information Requirements Subcommittee (needs development)
 - 5. Interpretations Subcommittee (Appendix E)
 - 6. Publication Process Review Task Force (needs development)
 - 7. Technical Subcommittee (needs development)
 - 8. ANSI Compliance Team (needs development)

- E. Joint Quadrant Committees
 - 1. Annual Plan Subcommittee (needs development)
 - 2. Triage Subcommittee (Appendix F)

- F. Board of Directors
 - 1. Board Managing Committee (needs development)
 - 2. Parliamentary Council (needs development)



NAESB Operating Procedure X
Balanced Voting Procedures for Executive Committee Subcommittees or Task Forces

Originally Approved <Date>

The following are general procedures for the application of balanced voting for Executive Committee Subcommittees, task forces and working groups.

I. Applicability of Balanced Voting

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.

II. Examples of Balanced Voting for one 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	1.3	.7
Total	7	5	4.5	2.5

As the balanced vote is 4.5 to 2.5, the motion passes.

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:

**NAESB Operating Procedures
Balanced Voting Procedures for Executive Committee Subcommittees or Task Forces
Originally Approved <DATE>**

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.

II. Examples of Balanced Voting Across Quadrants

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:

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

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:

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	1.3	.7
Total	7	5	4.5	2.5

Both the RGQ and REQ contribute equally to the outcome. Using the balanced votes, the REQ contributes 47% in favor and 53% opposed and the RGQ contributes 64% in favor and 36% opposed. Thus in combining the results where each quadrant contributes equally, the total votes are 55.5% in favor and 44.5% opposed, resulting in the motion passing.



NAESB Operating Procedure X
Procedures for Standards Development and Maintenance

Originally Approved August 18, 1997
Revised <DATE>

I. Initiation

Standards Development and Maintenance is initiated by a request (NAESB form 'Request for Standards Development or Maintenance') forwarded to the Executive Director of NAESB for consideration by the Executive Committee or the Executive Committee may itself initiate an action, based on regulatory or legislative events.

II. Action

- A. The request is submitted electronically to the NAESB office using the approved form.
- B. NAESB office assigns a request number to the form and posts the request on the NAESB Web site.
- C. The request is forwarded to the Triage Subcommittee for review at the next meeting of that subcommittee.
- E. Triage Subcommittee recommends assignment to a particular quadrant or quadrants and also recommends whether the request is within the scope of the organization. The members of the triage subcommittee representing the assigned quadrant(s) then recommended whether it is within the scope of the quadrant and if so, to which subcommittee it should be assigned and a level of priority. The recommendations are forwarded to the Executive Committee.
- F. The Executive Committee considers and approves or amends the recommended assignment to a given quadrant after considering and approving or amending whether the request is within the scope of the organization.
- G. If the Executive Committee does not find the request within the scope of the organization, the request is then forwarded to the Board of Directors for final approval that it is not within the scope of the organization.
- H. If the Executive Committee finds the request within the scope of the organization, it then forwards the request to the Executive committee members representing the given quadrant(s) to which it has assigned the request.

NAESB Operating Procedure X

Procedures for Standards Development and Maintenance

- I. The Executive Committee members representing the quadrants to which the request has been assigned considers the recommendation from the Triage Subcommittee to forward the request of a given subcommittee with a specific priority. Those members may amend the recommendation and approve it, thus acting to determine the status of the request through a simple majority vote for (1) determination of whether the request is within the scope of the assigned quadrant(s), (2) the assignment to a NAESB Subcommittee or Task Force and (3) time frame in which request will be addressed.
- J. The results of the Executive Committee consideration are made available via minutes and posted to the NAESB Web site.
- K. For the Wholesale Electric Quadrant, the subcommittee or task force to which it has been assigned ensures that the request adequately described the standards to be developed or modified and forwards the request to the Joint Interface Committee for consideration. If the Joint Interface Committee affirms that the request for standards development appropriately belongs within NAESB, the subcommittee or task force continues its work. If the Joint Interface Committee assigns the work to NERC and NAESB supports such assignment, then members of the NAESB WEQ subcommittee are urged to participate in the NERC development activities. If the Joint Interface Committee assigns the work to NERC and NAESB does not support such assignment, then the subcommittee or task force continues its work.
- L. The subcommittee or task force completes the task assigned.
- L. Where appropriate, the subcommittee or task force may forward the request on to other subcommittees or task forces to ensure that the work product is considered fully staffed.
- M. The subcommittee or task force submits a recommendation to the NAESB Office based on the results of the group's findings (NAESB form Recommendation to NAESB Executive Committee).
- N. The recommendation is posted on the NAESB Home Page for industry comment for 30 days prior to the assigned quadrant(s) of the Executive Committee taking action on the recommendation. The 30-day comment period may be shortened by the Executive Committee.
- O. The assigned quadrant(s) of the Executive Committee considers the request, recommendation and industry comments in taking final action.

NAESB Operating Procedure X
Procedures for Standards Development and Maintenance

III. Procedures

Subcommittees or Task Forces developing or modifying standards will adhere to the following procedures:

- A. Chairs of the groups are responsible for working with the NAESB office to define meeting notices and agendas, which are distributed through the NAESB office. Meeting notices should have adequate advance notice to attendees who are required to travel to the meeting.
- B. All meetings are open. Executive Sessions are only used by the Board of Directors in consideration of compensation issues and legal proceedings.
- C. Meetings, including those held via telephone conference and ad hoc meetings, should be scheduled by first conferring with the NAESB office to ensure that meetings for groups with common members are not scheduled concurrently. This determination is made by the NAESB office.
- D. During the meetings, minutes are to be taken. All attendees should sign an attendance sheet including name, company name, quadrant and segment affiliation, phone number, and e-mail address.
- E. When decisions are made and a sense of the room is taken, it should be recorded in the minutes. If no sense of the room is taken, the chair should inform the meeting participants that the decision is recorded as unanimous. Balanced voting can be requested in any subcommittee meeting where the subcommittee is not balanced by nature of being a named member subcommittee.
- F. Minutes, working documents, meeting notices and agendas should be prepared electronically and forwarded to the NAESB office for posting on the home page. All documents used in the meeting should be posted on the NAESB Web site.
- G. The group or representatives of the groups should develop a recommendation to submit to the Executive Committee using NAESB form, 'Recommendation to NAESB Executive Committee'. The recommendation should comply with instructions for that form.

IV. Results

- A. The Executive Committee action will have one of the following results:
 - 1. The recommendation is approved as submitted.
 - 2. The recommendation is approved as modified by the Executive Committee.

NAESB Operating Procedure X

Procedures for Standards Development and Maintenance

3. The original request, if it includes specific standards language, is approved by the Executive Committee.
 4. The recommendation is returned to the Subcommittee or Task Force for further development.
 5. The recommendation is rejected.
- B. All additions to or modifications to standards must obtain membership ratification before becoming a NAESB standard.
- C. Member ratified actions will be posted on the Final Action page of the NAESB Home Page. Unless otherwise directed by the Board of Directors, the final actions are published in standards manuals each 24 month period.



**NAESB Operating Procedure X
Procedures for Adopting Standards**

August 18, 1997
Revised <DATE>

I. Review of Standards

A. Revisions of Standards

Revisions to existing standards adopted by NAESB shall be initiated, as warranted, in accordance with the procedures set forth herein. Standards may be revised as frequently as necessary in line with industry developments or current state of the art.

B. Continuity of Standards

Existing standards shall remain in effect until revised or withdrawn in accordance with the same procedures governing adoption of standards. Consideration of withdrawal may be initiated at any time.

II. Development of Standards

A. Initiation of Standards or Standards Revisions

1. Requests: Any written request relative to developing or adopting a standard or revising an existing standard shall be submitted to the Executive Director using the request form posted on the NAESB web site as described in more detail below. .
2. Disposition of Requests: The Executive Director shall refer the request to the Triage Subcommittee, who will prepare recommendation on scope and the disposition of the request as noted in NAESB Operating Procedure X, "Procedures for Development and Maintenance of Standards." The Executive Committee shall act on the Triage Subcommittee recommendation as described if the above-mentioned NAESB Operating Procedure X.
3. Meetings: The quadrant(s) Executive Committee and subcommittee meetings relating to the initiation or revision of standards shall be scheduled at such time as there are a reasonable number of business items to consider.. Unless prior approval has been granted by the e Board of Directors via the Board Managing Committee, all meetings are to be accessible by conference call.

**NAESB Operating Procedure X
Procedures for Adopting Standards**

4. Drafting Standards: The quadrant(s) Executive Committee shall direct an authorized subcommittee to develop or review draft standards or draft revisions to existing standards, as deemed necessary.
- B. Distribution for Comment
1. Preparation of Standards Proposals: Before the Executive Committee may consider the adoption of any standards, a draft standards proposal setting forth the details of proposed draft standards, recommended comment period, appropriate business documentation and the reasons for the proposed standards shall be prepared by an authorized subcommittee for distribution for comment. The standards proposal prepared by the subcommittee shall be submitted to the NAESB Office using the NAESB form "Recommendation to NAESB Executive Committee."
 2. Distribution of Standards Proposals: All draft standards proposals prepared by an authorized subcommittee shall be posted on the NAESB web site and distributed by the Executive Director for comment by all interested persons. The notice distributing a draft standards proposal shall establish a date not less than 30 days after the date of distribution for the submission of written comments, except where the quadrant(s) Executive Committee has voted to shorten the comment period.
 3. Comments on Standards Proposals: All persons interested in submitting comments on a proposal to adopt a new standard or revise or withdraw an existing standard shall submit their written comments to the Executive Director on or before the date specified in the distribution notice. All comments proposing any modification to a draft standards proposal should include: (1) a mark-up of the proposed standard showing the specific language to be included in or deleted from the proposed standard; and (2) a detailed explanation of the need for the proposed modifications.
 4. Compilation of Comments Received: All comments received on a draft standards proposal, as a result of its distribution, shall be posted on the NAESB Web site and forwarded to the quadrant(s) Executive Committee to which the request was assigned.
- C. Consideration of Comments
1. Reconsideration of Proposals: The comments will be forwarded to the quadrant Executive Committee to which the standards request was assigned, who shall consider each standards proposal in light of comments received. All comments shall be discussed at the quadrant(s) Executive Committee meeting during which the standards proposal is considered.
 2. Action on Proposals and Comments: As a result of considering all comments received, the quadrant(s) Executive Committee shall either accept the standards proposal as recommended by the subcommittee, amend and accept the standards proposal as recommended by the

NAESB Operating Procedure X Procedures for Adopting Standards

subcommittee, assign the standards proposal to a subcommittee for additional development, or reject the standards proposal. This action shall occur within ninety (90) days of receipt of the comments.

III. Adoption of Standards

- A. **Executive Committee Consideration of Standards:** The quadrant(s) Executive Committee shall consider the proposed standards, standards revisions and withdrawals, and any comments made to the Executive Committee on standards proposals. The Executive Committee shall determine, in accordance with the voting procedures under Article V, Section 4 of the Certificate of Incorporation, if the standards proposal is to be recommended for consideration and ratification by NAESB voting Members.

If the quadrant(s) Executive Committee determines not to submit a proposal for ratification by NAESB Voting Members, but determines to return the proposal to an authorized subcommittee or concerned submitting group for review and action as indicated, the quadrant(s) Executive Committee shall state its reason for such action in sufficient detail to enable the group to deal with the matter in a satisfactory manner.

- B. **NAESB Voting Member Approval of Standards:**
1. Submittal for Review: Standards proposals approved by the Executive Committee for submittal to NAESB Voting Members for ratification shall be submitted for review, in proper form, by the Executive Director to NAESB Members of record as of the date the proposal is submitted to NAESB Members at least 30 days prior to the deadline for registering votes.
 2. NAESB Member Approval: NAESB Members with voting rights shall vote on standards submitted for their approval in accordance with the procedures set forth in Article V, Section 4 of NAESB's Certificate of Incorporation.

IV. Publication of Standards

Following approval of a standards proposal by NAESB Members, the Executive Director shall publish on the NAESB web site and issue it as either a new standard, an amendment to an existing standard or a new edition of an existing standard, as appropriate. NAESBOP **Standards Publication Cycle** shall govern the formal publication of each new version of the standards.

V. Interpretation of Standards

- A. **Requests for Interpretation of Standards:** Any person may seek an interpretation of an existing standard adopted by NAESB by submitting to the Executive Director a written request for interpretation pursuant to the form

**NAESB Operating Procedure X
Procedures for Adopting Standards**

posted on the NAESB web site entitled Request for Clarification or Interpretation

- B. Transmittal to Authorized Subcommittee: The Executive Director shall transmit all proper requests for interpretation to the authorized subcommittee responsible for the development of the standards as to which an interpretation is sought. The authorized subcommittee shall prepare a report to the quadrant(s) Executive Committee recommending a disposition of the request.
- C. Action by Executive Committee: The quadrant(s) Executive Committee shall consider the report of the authorized subcommittee and, subject to compliance with the voting procedures set forth in Article V, Section 4, of NAESB's Certificate of Incorporation, shall take action on the interpretation.



NAESB Operating Procedure X
Adoption of Minor Clarifications and Corrections to Standards

Revision Date <DATE>

I. Procedures and Definitions

A. Procedures

Minor clarifications and corrections to standards adopted by NAESB shall be initiated, as warranted, and processed in accordance with the procedures set forth herein. Substantive revisions to standards adopted by NAESB shall be handled in accordance with "Procedures for Adopting Standards".

B. Definition of Minor Clarifications or Corrections

Minor clarifications or corrections to an existing standard include: (a) clarifications or corrections made by a regulatory agency for standards that are of a jurisdictional nature, or by ANSI or its successor; (b) clarifications or corrections to the format or appearance or descriptions in the standard documentation, (c) clarifications or corrections to add code values to table, and (d) clarifications or corrections that do not materially change the standard.

II. Processing of Requests for Minor Clarifications and Corrections

A. Requests

Any written request for a minor clarification or correction relative to any existing NAESB standard shall be submitted to the Executive Director. Such request shall include information sufficient to describe the minor clarification or correction, and the reasons for implementing such minor improvements or corrections.

B. Disposition of Requests

1. The Executive Director shall promptly notify the Executive Committee and other appropriate subcommittees of the receipt of the request. The members of the applicable quadrant's Executive Committee shall promptly determine if the request meets the definition of minor clarification or correction. The members of the applicable quadrant's Executive Committee, through the decision of the vice chair of the applicable quadrant, may delegate this determination to one of its subcommittees with the concurrence of the chair of said subcommittee, in which case the determination shall be made promptly.
2. If the request meets the definition of minor clarification or correction, the members of the applicable quadrant's Executive Committee will act on the request, with input from the authorized subcommittee, within one

NAESB Operating Procedure X
Adoption of Minor Clarifications and Corrections to Standards

month of its receipt. A meeting for discussion on the request is not necessary - the decision can be made through notational vote. A simple majority of the votes received will determine the outcome. The members of the applicable quadrant's Executive Committee will be given a minimum of three working days to consider and vote on the request.

C. Public Notice

1. The results of the vote on the request will be posted on the NAESB Web site and the members of the applicable quadrant will be notified via email.
2. If the members of the applicable quadrant's Executive Committee approves the request as a minor clarification or correction, it will be posted on the NAESB Web site and the members of the applicable quadrant will be notified via email. A brief description of the approved request, the contact name and number of the requester for further information and the proposed effective date of the clarification or correction will be included. Any interested party will have an opportunity to comment on the approved request, and the comments will be posted on the NAESB Web site. The proposed effective date of the minor clarification or corrections will normally be within one month from the date of the public notice.

D. Final Disposition of Approved Requests

1. If no comments are received on an approved request, the standard will be clarified or corrected as specified in the approved request on the effective date proposed as posted on the NAESB Web site.
2. If comments are received, they will be forwarded to the members of the applicable quadrant's Executive Committee, for consideration. Each comment will require a public written response from the members of the applicable quadrant's Executive Committee. The members of the applicable quadrant's Executive Committee will determine whether changes are necessary as a result of the comments. A simple majority of the votes received will determine the outcome. The members of the applicable quadrant's Executive Committee will be given a minimum of three working days to consider the comments and determine the outcome. A meeting for the discussion on the request is not necessary - the decision can be made through notational vote. The standard shall be clarified or corrected in accordance with the outcome of the vote, effective with the completion of voting, and notice thereof shall be posted on the NAESB Web site.



**NAESB Operating Procedure
Standards Publication Cycle**

Approved <Date>

I. Standards Publication Cycle

NAESB standards will be published on a 24-month publication cycle, such cycle to commence with the publication cycle which begins immediately following the release of Version 1.7 Standards in the summer of 2003.

II. Accessibility of Standards Not Yet Published

Standards which are approved between publication cycles will be available on the NAESB Web site and will be referred to as final actions.

III. Interim Publication Cycles

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.



NAESB Operating Procedure X
Communicating With Regulatory and Other Government Agencies

Originally Approved <DATE>

I. 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.

II. 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.

III. 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

IV. Approval of External Communications

All written communications between NAESB and government agencies require prior



NAESB Operating Procedure X
Communicating With Regulatory and Other Government Agencies

approval from the Managing Committee. The Executive Committee may draft language pertaining to its standards 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.

V. Publication Schedule for Standards

- A. The standards manuals and standards booklets shall be updated and new 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 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 copies of 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.

VI. NAESB Informal Communications with the FERC and other government agencies

It is recognized that the NAESB office, officers and 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.