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NORTH AMERICAN ENERGY STANDARDS BOARD

BYLAWS ADDENDUM

EXHIBIT 1

WHOLESALE GAS QUADRANT PROCEDURES

11 **1 - DEFINITIONS**

12 **Section 1.1 Definitions Included in the NAESB Bylaws**

13 All capitalized terms, if not defined in Section 1.2, shall have the same definitions as specified in
14 the NAESB Bylaws and Certificate of Incorporation.

15 **Section 1.2 Definitions for the Purposes of this Exhibit**

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

- 18 A. “NAESB Office” means the administrative office of the Secretary of NAESB.
- 19 B. “WGQ” means the Wholesale Gas Quadrant of NAESB.
- 20 C. “WGQ Designated Alternate” is defined as a person named by a Segment of the Wholesale
21 Gas Quadrant Segment, submitted to the NAESB office, to serve in place of a WGQ EC
22 Member who is unable to attend an EC meeting.
- 23 D. “WGQ EC” means the Executive Committee of the Wholesale Gas Quadrant of NAESB.
- 24 E. “WGQ EC Subcommittee” means a subcommittee established by the Executive Committee of
25 the Wholesale Gas Quadrant of NAESB.
- 26 F. “WGQ Members” means Voting Members of the Wholesale Gas Quadrant of NAESB that
27 satisfy the requirements of membership set forth in Section 5.1 and, if applicable, in the
28 respective Segment Procedures in this Exhibit.
- 29 G. “WGQ Segment” means one of the five co-equal Segments of the Wholesale Gas Quadrant of
30 NAESB.
- 31 H. “Segment Procedures” means the procedures attached to this document as exhibits for each of
32 the Segments, as amended.
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2 – PURPOSES, SCOPE, ACTIVITIES, AND POLICIES

Section 2.1 Purposes, Scope and Activities

A. Purpose

The purpose of the WGQ of NAESB is to propose and adopt voluntary model business practices or standards to promote more competitive, efficient and reliable service in the wholesale natural gas industry.

B. Scope & Activities

The WGQ is concerned with and tasked to handle natural gas related issues and practices that are within the scope of NAESB and typically addressed at the wholesale natural gas transportation level on either an interstate basis or are generally subject to the pre-emptive jurisdiction of the federal government. The Gas Industry Standard Board’s (GISB) original work can be thought of as being work conducted within the WGQ. The WGQ shall work closely with other NAESB Quadrants to mitigate inconsistencies where proposed standards and model business practices affect those other Quadrants.

Section 2.2 Policies

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

57 **Section 2.3 WGQ Segment Organization**

58 What follows is a description of the WGQ organizational structure, including a listing of WGQ
59 Segments.

<u>Distributors:</u>	Entities that are primarily engaged in the local distribution of natural gas.
<u>End Users:</u>	Entities that consume natural gas.
<u>Pipelines:</u>	Entities that are primarily engaged in the transmission of natural gas.
<u>Producers:</u>	Entities that are primarily engaged in the production of natural gas for sale to others.
<u>Services</u>	Entities engaging in (a) gathering (b) processing, (c) marketing, (d) gas storage, and/or (e) information services.

60 Each WGQ Segment shall have the flexibility to determine its own Segment rules and procedures
61 and to elect or select its own representatives to the NAESB Board and to the WGQ EC, as long as those
62 rules and procedures conform with NAESB Bylaws and the WGQ procedures in this Exhibit.

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5 – WGQ MEMBERS

69 **Section 5.1 WGQ Voting Members**

70 The definition of Membership applies to all WGQ Segments. WGQ Members are persons with
71 legitimate business interest in the wholesale natural gas market and which meet the definitions of one of
72 the five WGQ Segments. Upon applying for Voting Membership (as described in NAESB Bylaws
73 Sections 1.1 and 5.1), each prospective WGQ Member shall declare the WGQ Segment with which they
74 are to be identified. Voting Membership in the WGQ of NAESB shall be open to all persons that meet all

75 of the above requirements.

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7 – BOARD

80 **Section 7.1 Board Representation**

81 The WGQ shall have representatives on the NAESB Board of Directors, with each WGQ
82 Segment electing or selecting an equal number of these representatives, pursuant to the procedures
83 specified by the respective WGQ Segment in this Exhibit.

84 **Section 7.2 Qualifications of WGQ Directors**

85 **A. Eligibility**

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

- 87 1. The person must be a Member of the WGQ;
- 88 2. The person should have broad understanding of the natural gas industry and have sufficient
89 authority to make decisions on behalf of the organization represented;
- 90 3. The person must have a working knowledge of the NAESB process;
- 91 4. The person must be willing to commit the time and resources necessary to fulfill their
92 obligations as a NAESB Director and to meet the minimum threshold of participation and
93 attendance established in the NAESB Bylaws [Section 9.7 (f)].

94 **B. One Member, One Seat Per Quadrant**

95 Once elected to serve as Director on the NAESB Board by their WGQ segment, the
96 individual may not concurrently hold any other NAESB directorship.

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

98 **A. Number of Directors**

99 The WGQ of NAESB shall be represented on the NAESB Board of Directors by twenty-
100 five (25) persons who shall be elected, from time to time, as required by Article 7 of the NAESB
101 Bylaws and in this Exhibit to those Bylaws.

102 **B. Election of Directors**

103 The procedures for the election of Directors shall be established by the members of each
104 segment of the WGQ and outlined in each of the Segment Procedures documents

105 **Section 7.4 Term of Office**

106 All Directors shall be elected for two (2) year terms consistent with the NAESB By-laws.

107 **Section 7.5 Vacancies**

108 The procedures for filling vacancies of Directors shall be established by the members of each
109 segment of the WGQ and outlined in each of the Segment Procedures documents.

110 **Section 7.6 Removal of Directors**

111 The procedures for the removal of Directors shall be established by the members of each segment
112 of the WGQ and outlined in each of the Segment Procedures documents.

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10 - EXECUTIVE COMMITTEE

119 **Section 10.1 EC Representation**

120 The WGQ shall have an Executive Committee (EC), which shall also participate in the larger
121 NAESB EC body, consisting of representatives from each WGQ Segment, with each WGQ Segment
122 electing an equal number of these WGQ EC Members, pursuant to the procedures specified by the

123 respective WGQ Segment in this Exhibit.

124 **Section 10.2 Qualifications of WGQ EC Members**

125 **A. Eligibility**

126 To be eligible to serve as a WGQ EC Member:

- 127 1. The person must be a Member of the WGQ;
- 128 2. The person should have broad understanding of the natural gas industry and have sufficient
129 authority to make decisions on behalf of the organization represented;
- 130 3. The person should have a working knowledge of the NAESB process;
- 131 4. The person must be willing to commit the time and resources necessary to fulfill their
132 obligations as a WGQ EC Member and to meet the minimum threshold of participation and
133 attendance established in the NAESB Bylaws [Section 9.7 (f)].

134 **B. One Member, One Seat Per Quadrant**

135 Once elected to serve as WGQ EC Member, the individual may hold not more than one
136 EC seat, representing only one Segment within the WGQ.

137 **Section 10.3 Number and Election of WGQ EC Members**

138 **A. Number of EC Members**

139 The WGQ of NAESB shall be represented on the WGQ EC by twenty-five (25) persons
140 who shall be elected, from time to time, as required by Article 10 of the NAESB Bylaws and in this
141 Exhibit to those Bylaws.

142 **B. Election of EC Members**

143 The procedures for the election of WGQ EC Members shall be established by the
144 members of each segment of the WGQ and outlined in each of the Segment Procedures
145 documents.

146 **C. Vacancies**

147 The procedures for filling vacancies of WGQ EC Members shall be established by the

148 members of each segment of the WGQ and outlined in each of the Segment Procedures
149 documents.

150 **D. Officers of the WGQ EC**

151 The WGQ EC shall elect a Vice-Chair of the EC, and may elect a second Vice-Chair,
152 who shall serve for a period of one (1) calendar year. The Vice-Chair and, in his absence, the
153 Second Vice-Chair, shall preside over the meetings of the WGQ EC. Any EC member who is a
154 member of the WGQ quadrant may be nominated for the WGQ EC Vice-Chair position or
155 Second Vice-Chair position. It is encouraged, but not required, that the WGQ EC Vice-Chair and
156 Second Vice-Chair represent different segments of the WGQ. After a two week nomination
157 process where WGQ EC members can nominate, including self-nomination, the NAESB Office
158 shall run an election and the candidates receiving the most votes from among the WGQ EC
159 members will be announced as the officers of the WGQ EC.

160 **Section 10.4 Term of Office**

161 All EC Members shall be elected for three (3) year terms consistent with the NAESB By-laws.

162 **Section 10.5 Removal of WGQ EC Members**

163 The procedures for the removal of WGQ EC Members shall be established by the members of
164 each segment of the WGQ and outlined in each of the Segment Procedures documents.

165 **Section 10.6 WGQ EC Subcommittees**

166 While there may be Subcommittees and Task Forces established by the NAESB EC, to be
167 comprised of NAESB Members and other interested parties, the WGQ shall set up its own Subcommittees
168 and Task Forces to deal with WGQ-specific issues. Each WGQ EC Subcommittee and Task Force shall
169 report to the WGQ EC and each shall:

- 170 1. Elect at least one chair who shall be a WGQ EC Member and who shall serve until he or she
171 resigns or is removed by the WGQ Subcommittee's or Task Force's membership;

- 172 2. Carry out its work in accordance with procedures adopted by the NAESB EC for EC
173 Subcommittees and Task Forces;
- 174 3. Provide notice of meetings and agendas;
- 175 4. Practice balanced voting and record voting results; and
- 176 5. Keep regular minutes of its proceedings and provide copies of these minutes promptly to the
177 NAESB office.

178 In addition, any Task Force established by WGQ EC Subcommittees shall be open to all NAESB
179 Members and other interested parties.

180 At NAESB joint Subcommittee or joint Task Force meetings, the same individual may represent
181 different Segments from different NAESB Quadrants, as long as that individual declares prior to the joint
182 meeting the NAESB Quadrant and Segment for which he or she is casting a vote. At WGQ
183 Subcommittee or Task Force meetings, the same individual may represent different WGQ Segments, as
184 long as that individual declares prior to the meeting the WGQ Segment for which he or she is casting a
185 vote.

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18 - AMENDMENTS

202 **Section 18.1 Amendments**

203 In order for these WGQ Procedures to be amended, upon petition to either the WGQ Vice Chair
204 of the Board of Directors or the Secretary of NAESB by a WGQ Member, the WGQ Vice Chair will
205 convene a Task Force. The Task Force shall be made up of at least one (1) representative from each of
206 the WGQ Segments, as chosen by their segment. The Task Force shall announce an initial meeting and
207 provide for at least a 2-week notice of such meeting. Following completion of the meeting(s), the
208 proposed amendment(s) shall be posted and sent via email by the NAESB Office to all WGQ Members
209 for a 30-day comment period. In advance of a vote by the WGQ Directors, the comments shall be
210 distributed to all WGQ Members, including Directors. If passed, the proposed resolution will be sent to
211 all WGQ Members for ratification. Any WGQ Member not choosing to vote shall be considered to have
212 voted in favor of the proposed resolution. In order for a proposed resolution to take effect, it must be
213 approved by at least 75% majority of WGQ Members and 40% of each Segment's Membership.

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