

North American Energy Standards Board
Bylaws Addendum

Exhibit 4

Retail Electric Quadrant Procedures

March 1, 2002

Section 1 Definitions

1.1 Definitions Included In NAESB Bylaws

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

1.2 Definitions for the Purposes of this Exhibit

- A.** "EC Member" means a Member's representative serving on the EC.
- B.** "NAESB Office" means the administrative office of the Secretary of NAESB.
- C.** "REQ" means the Retail Electric Quadrant.
- D.** "REQ Designated Alternates" mean the group of individuals selected by each REQ Segment Membership to serve in the stead of REQ EC representatives who are unable to attend EC meetings.
- E.** "REQ EC" means the Executive Committee of the REQ.
- F.** "REQ Membership" means the Voting Members of the REQ collectively.
- G.** "REQ Segment" means one of the co-equal membership Segments of the NAESB Retail Electric Quadrant representing the following four (4) segments

of the retail electric industry: Distributors, End Users, Services, and Suppliers.

- H. "Segment Membership" means the Segment Members collectively.
- I. "Segment Procedures" means the procedures attached to this document as exhibits for each of the Segments, as amended.

Section 2 Purposes, Scope, Activities & Policies

2.1 Purposes , Scope & Activities

A. Purpose

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

B. Scope & Activities

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

The REQ shall work closely with other NAESB Quadrants to strive for consistency where proposed Standards and Model Business Practices affect those other Quadrants.

2.2 Policies

The Retail Electric Quadrant shall comply with the policies and procedures laid out in the Bylaws and the Certificate of Incorporation of NAESB.

2.3 Segment Organization & Membership Requirements

Each prospective Member shall declare the Segment with which they are to be identified.

1. Distributors
Persons engaged in the local distribution of electricity.
2. End Users

Persons that consume electricity, or who represent consumers of electricity.

3. Services
Persons that provide services to participants in the retail electric industry, including equipment manufacturers, equipment vendors, software providers, consultants, and other companies or individuals not otherwise eligible for membership in another Segment.
4. Suppliers
Persons engaged in the competitive sale of electricity to end users.

[There are no additional requirements in these procedures to those stated in Sections 3 & 4 of the NAESB Bylaws]

Section 5 Members

5.1 Voting Members

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

- A. The person has a significant business interest¹ in the retail electric market (or is a representative or Agent of such person), as determined by a simple majority of the Segment Membership, if challenged.
- B. Representatives designated by any person in any Segment should have the authority to represent the interests of the person seeking to be a Segment Member.
- C. Memberships in multiple Segments of the REQ are permissible for any person provided each membership is filed and declared with NAESB, the person meets the membership requirements of each Segment joined, and membership dues are paid for each Segment.
- D. Only one membership per Segment is permissible for any person.
- E. Multiple companies under common control within a corporate organization that desire to become Members must join individually. Members cannot extend their membership to their parent company, affiliates, or subsidiaries.
- F. The person may be a trade association or an advocacy group representing a group of prospective members, provided that the trade association or advocacy group meets the requirements defined by its declared Segment in Segment Procedures.

[There are no additional requirements in these procedures other than those stated for Sections 5.2 through 5.4 of the NAESB Bylaws]

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

5.5 Removal of Members

Segment Members who do not have a significant business interest pertaining to the descriptions contained in Section 2.3 may be removed from Segment Membership by a simple majority vote of their declared Segment Membership.

Section 6 Meetings of the Members

All meetings held in association with the NAESB organization or the REQ are open to any interested person. From time to time, there may be joint meetings of the REQ with other Quadrants within NAESB, and Segments may meet jointly to transact Quadrant business.

Section 7 Board

7.1 Board Representation

The REQ shall elect Directors to the Board from each Segment in accordance with Segment Procedures.

7.2 Qualifications of Directors

A. Eligibility

To be eligible to serve as a representative on the NAESB Board of Directors, the Member's representative must

- 1) be willing to commit the time and resources necessary,
- 2) have the authority to fulfill the obligations as a REQ Director, and
- 3) be willing to meet the minimum threshold of participation and attendance established in the NAESB Bylaws, Section 9.7(f), and any other applicable provisions, as set forth in the NAESB Bylaws.

B. One Member, One Seat Per Quadrant

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

C. One Office Per Member Representative

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

7.3 Number and Election of Directors

A. Number of Directors

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

B. Election of Directors

Nominations for and election of all Directors will be in accordance with Segment Procedures, as follows:

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

1. A nominating committee of five EC Members of the REQ consisting of one Member from each Segment plus the REQ EC Vice-Chair, shall identify a slate of potential candidates from the Segment Membership.
2. Other nominations may be made at or prior to the close of the REQ nomination period by any Segment Member eligible to serve on the Board of Directors by submitting the candidate names to the NAESB Office in a form as specified in NAESB Operating Procedures, if such requirements exist.
3. All nominations must be made and conveyed in writing to the NAESB Office no less than 31 days prior to the election date.

7.4 Term of Office

A. Terms

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

1. Two Directors will be elected from each Segment each year to fill expiring terms.
2. Group A Director terms will expire in odd numbered years.
3. Group B Director terms will expire in even numbered years.
4. Term expiration will be in conjunction with the end of the operating year of NAESB or as otherwise defined by the Board, Certificate of Incorporation or Bylaws, as amended.

B. Limit on Number of Terms of Office

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

C. Change of Affiliation

In the event that the Director

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

7.5 Vacancies

In the event that a Director resigns or otherwise vacates the Board seat, and more than 120 days remain in the term of office, the Segment will hold an election within 60 days to fill the vacant seat.

7.6 Removal of Directors

In addition to being subject to removal from office by the NAESB Board of Directors, Directors may also be removed from office for cause. The REQ Segment shall give the Director at least a 30-day notice of the proposed action and an opportunity to respond. A 67% majority of the applicable REQ Segment Membership shall be required to remove a Director. The vacant seat is to be refilled in accordance with the requirements of Section 7.5.

[There are no additional requirements in these procedures other than those stated in Sections 8 & 9 of the NAESB Bylaws]

SECTION 10 EXECUTIVE COMMITTEE

10.1 EC Representation

The REQ shall elect representatives to the EC from each Segment in accordance with Segment Procedures.

10.2 Qualifications of EC Members

A. Eligibility

To be eligible to serve as an EC Member, the Member's representative must

- 1) be willing to commit the time and resources necessary,
- 2) have the authority to fulfill the obligations as an EC representative, and

- 3) be willing to meet the minimum threshold of participation and attendance established in the NAESB Bylaws, Section 10.4(j), and any other applicable provisions, as set forth in the NAESB Bylaws.

B. One Member, One Seat Per Quadrant

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

C. One Office Per Member Representative

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

10.3 Number and Election of EC Members

A. Number of EC Members

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

B. Election of EC Members

Nominations for and election of all EC Members will be in accordance with Segment Procedures, as follows:

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

1. A nominating committee of five EC Members of the REQ consisting of one Member from each Segment plus the EC Vice-Chair, shall identify a slate of potential candidates from the Segment Membership.
2. Other nominations may be made at or prior to the close of the REQ nomination period by any Segment Member eligible to serve on the EC by submitting the candidate names to the NAESB Office in a form as specified in NAESB Operating Procedures, if such requirements exist.
3. All nominations must be made and conveyed in writing to the NAESB Office no less than 31 days prior to the election date.

C. Timing of Elections

Subject to the provisions of Section 19, election of EC Members shall occur in the same month for all Segments of the REQ, and shall be coordinated by the NAESB Office.

D. Chair Rotation

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

E. Meeting Minutes

In the event that an individual from the NAESB Office is unavailable to take minutes, the Chair of any REQ EC meeting will designate an individual to take minutes and forward them to the NAESB Office.

10.4 Term of Office

A. Terms

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

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

B. Limit on Number of Terms of Office

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

C. Change of Affiliation

In the event that the EC Member

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

10.5 Vacancies

In the event that an EC Member resigns or otherwise vacates the seat, and more than 120 days remain in the term of office, the Segment will hold an election within 60 days to fill the vacant seat, and a Designated Alternate will serve until a new EC Member is elected.

10.6 - Removal of EC Members

In addition to being subject to removal from office by the NAESB Board of Directors, EC Members may also be removed from office for cause. The REQ Segment shall give the EC Member at least a 30-day notice of the proposed action and an opportunity to respond. A 67% majority of the applicable REQ Segment Membership shall be required to remove an EC Member. The vacant seat is to be refilled in accordance with the requirements of Section 10.5.

10.7 Designated Alternates

A. Authority

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

1. An EC Member from that Segment either indicates to the NAESB Office, EC Chair or Vice-Chair that they will be absent, or is in fact absent and remains absent, and
2. The name of the Designated Alternate is on a list of approved Designated Alternates selected by the appropriate Segment Membership according to Segment Procedures, and on file with the NAESB Office.

B. Election of Designated Alternates

Each Segment will annually select Designated Alternates according to Segment Procedures.

10.8 EC Meetings

A. REQ EC Meetings

REQ EC meetings shall be held at times and locations determined by the Chair or Vice-Chair of the REQ EC. EC Members may participate and vote by means of tele-conference or other electronic means unless in-person attendance is required of all EC Members by both the Chair and Vice-Chair of the EC, and subject to the attendance requirements of Article 10, Section 10.4(j) of the Bylaws.

B. Joint EC Meetings

In the event that the EC of the REQ meets jointly with an EC of another NAESB Quadrant, the choice of Quadrant EC Chair presiding over the joint meeting will be determined by the precedence established in the order of rotation of EC Vice-Chairs as specified in the NAESB Bylaws.

10.9 EC Subcommittees

A. Establishing Subcommittees & Task Forces

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

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

1. The Executive Committee will prepare a written statement of the purpose of the subcommittee or task force and the tasks to be performed, name the subcommittee or task force, and appoint a temporary chair.
2. The Temporary Chair will be a Member of the EC willing to perform the required startup tasks and to continue chairing the subcommittee / task force if elected by the Members after its first meeting.
3. The Temporary Chair shall
 - a) set up the first meeting of the subcommittee or task force.
 - b) prepare a meeting notice that:
 - (i) states the name and purpose of the subcommittee / task force,
 - (ii) solicits participation in the subcommittee / task force,and
 - (iii) announces the agenda for the first meeting.
 - c) post the meeting notice to all Members and non-members via the NAESB website.
 - d) post the notice at least two weeks prior to the meeting date. Shorter time periods for notices of subsequent meetings will be permitted by a 75% vote of the participants attending a duly scheduled meeting.
4. All meeting notices shall be posted on the NAESB website and transmitted in writing, facsimile, or other electronic means to parties who have indicated an interest in the duly scheduled meeting.

B. Meeting Minutes

In the event that an individual from the NAESB Office is unavailable to take minutes, the Chair of any subcommittee / task force meeting will designate an individual to take minutes and forward them to the NAESB Office.

C. Reporting

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

[There are no additional requirements in these procedures other than those stated in Sections 11-17 of the NAESB Bylaws]

SECTION 18 AMENDMENTS

In order for these REQ Procedures to be amended, upon petition of at least five (5) REQ Members, the Vice Chair of the EC for the REQ shall announce an REQ meeting. Such announcement shall provide for at least a 30-day notice. In order to transact business at the REQ meeting, there shall be a quorum consisting of at least 33% of the REQ Membership. Following such meeting, the proposed resolution adopted at the meeting shall be sent out for comment, and the comments shall be distributed to all REQ Members in advance of a notational vote. Any REQ Member not choosing to vote shall be considered to have voted in favor of the proposed resolution. In order for a proposed resolution to take effect, it must be approved by at least 67% majority of REQ Members and 40% of each REQ Segment's Membership.

SECTION 19 TRANSITION PROCEDURES

During the initial startup of the REQ, the Quadrant and Segments may operate with vacant Board and EC seats in a transitional period in accordance with the following provisions.

19.1 Initial Election of Directors

The founding membership of the REQ will elect no less than three (3) Directors per Segment by means that are consistent, to the extent practical, with NAESB Bylaws and the requirements of Section 7 of these Procedures. Selection of candidates and their election will be by procedures agreed to by consensus or voting methods adopted by the founding group. Such elected representatives will be presented to the NAESB Board for acceptance as Directors of the REQ. Acceptance by the Board will place all the requirements and restrictions of the Bylaws, including these Procedures, upon those individuals. Elections will be held as needed by any Segment to fill any vacant seats until all four Segment seats are filled for the first time.

19.2 Initial Election of Executive Committee

The founding membership of the REQ will elect no less than three (3) EC Members per Segment by means that are consistent with NAESB Bylaws and the requirements of Section 10 of these Procedures to the extent practical. Selection of candidates and their election will be by procedures agreed to by consensus or voting methods adopted by the founding group. Such elected representatives will be presented to the NAESB Board for acceptance as representatives of the REQ. Acceptance by the Board will place all the requirements and restrictions of these Procedures upon those individuals.

Elections will be held as needed by any Segment to fill any vacant seats until all four Segment seats are filled for the first time.

19.3 Balanced Voting During the Transition Period

A. Transitional Voting Multiplier

Recognizing that the REQ Segments might fill their allotted Board and EC seats at varying rates, a Transitional Voting Multiplier mechanism will be used to ensure balanced voting between Segments until all Board and EC seats are filled.

1. During the period when a Segment is initially operating with three seats filled rather than four, each Director or EC Member from the Segment shall be allocated 1.33 votes, so that the weighted votes total four and are equal to the votes of all other REQ Segments.
2. Once all four of a Segment's seats on the Board or the EC have been populated at least once, the Transitional Voting Multiplier will no longer be needed or used for either the Board or EC (whichever applies). Subsequent vacancies on the Board or the EC will not re-institute use of the Transitional Voting Multiplier mechanism.

B. Application

When non-procedural votes are tallied at NAESB Board or EC meetings, each of the voters present will have their votes weighted by the Transitional Voting Multiplier applicable to that voter's REQ Segment. Where applicable, NAESB balanced voting rules will be applied after votes have been weighted. Thus in the example given in Section 19.3(A), if all three representatives from the smaller REQ Segment vote, the tally of their votes would be 4.