

1 RULES OF PROCEDURE

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3 **I. Introduction**

4 The North American Energy Standards Board (NAESB), established in
5 January 2002, is the successor to the Gas Industry Standards Board.¹ NAESB
6 supports all four quadrants of the gas and electric industries—wholesale gas,
7 wholesale electricity, retail gas, and retail electricity—and recognizes the ongoing
8 convergence of the gas and electric businesses by ensuring that its standards
9 receive the input of all industry quadrants when appropriate.

10 NAESB is governed by its Board of Directors and officers. While government
11 agencies often provide guidance to NAESB by requesting that standards be
12 adopted, it is the industry itself that develops the standards the industry will
13 implement. This relationship between NAESB and government agencies
14 constitutes an effective public-private partnership that benefits both government
15 and industry.

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18 **II. Mission and Guiding Principles**

19 NAESB’s certificate of incorporation states, “The objects and purposes of
20 NAESB are to propose and adopt voluntary standards and model business
21 practices³ designed to promote more competitive and efficient natural gas and
22 electric service, as such standards apply to electronic data interchange (EDI)
23 record formats and communications protocols and related business practices
24 that streamline the transactional processes of the natural gas and electric
25 industries.”

26 The following principles guide NAESB’s activities⁴:

27 *Independence.* NAESB is an independent body. While it may have informal
28 liaisons with trade associations, other standards organizations, and government
29 agencies, it is a separately incorporated, fully independent organization.

30 *Openness.* NAESB conducts its activities in the open. Openness applies to all
31 aspects of its governance, elections, and standards development procedures,
32 including work products and related meetings. Meetings, agendas, and items
33 set for discussion and/or vote are publicly noticed, and interested parties,

¹ The Gas Industry Standards Board (GISB) was incorporated in September 1994 to develop standards for the wholesale natural gas market. When NAESB was established in January 2002, GISB became the wholesale gas quadrant of the new organization and went out of existence as a separate entity.

³ For purposes of the discussion herein, “standards” and “model business practices are used interchangeably. They are defined the same in Section 1.1 of the Bylaws.

⁴ The explanation provided herein is intended to acquaint interested persons with how NAESB operates in a straightforward non-legalese way. In the event there is an inconsistency between the substance of what is stated herein and the certificate and bylaws of NAESB, the terms of the certificate and bylaws control.

34 regardless of whether they are NAESB members, have the opportunity to
35 participate.

36 *Voluntary.* Participation in NAESB is voluntary and adherence to its
37 standards, from NAESB's perspective, is also voluntary. Membership in NAESB
38 is not dependent on whether a company implements NAESB standards, and
39 NAESB does not have an enforcement mechanism.

40 *Balance of Interests.* Voting with respect to governance, standards, and
41 operating procedures provides for balance among industry quadrants and
42 segments so that no interest group or groups have undue influence over any
43 decision.

44 *Inclusivity.* All interested parties have the opportunity to participate in and
45 join NAESB. All participants should be associated with a segment and quadrant.

46 *Consensus-Based Decisions.* NAESB's voting rules encourage consensus-
47 based decisions. In addition, requirements that standards need supermajorities
48 and minimum votes per segment in order to be passed ensure that quadrant
49 and segment interests are protected.

50 *No Advocacy.* NAESB does not take advocacy positions on its standards as a
51 party to any proceeding before a government agency. NAESB's duly authorized
52 representatives, however, are not precluded from communicating with or
53 educating anyone about NAESB's procedures and/or work products.

54 *Industry Driven.* NAESB is industry driven. Standards may be proposed by
55 any interested party. Staff members have neither a vote nor a role with respect
56 to conducting NAESB affairs other than to perform administrative functions.

57 *Develop Practices, Not Policy.* NAESB's committees, subcommittees, and task
58 forces avoid creating policy in their standards development activities absent a
59 request by the Board.

60 *Incorporate Best Practices.* To the extent reasonable, NAESB standards reflect
61 the best practices among existing and reasonably anticipated policies and
62 procedures.

63 *Broad Applicability.* Standards are structured, to the extent reasonable, to be
64 applicable to both the electric and the natural gas industries, and the industries
65 work together to develop joint standards where appropriate. However, where
66 operating requirements dictate the need for different approaches, standards are
67 established separately by quadrant(s).

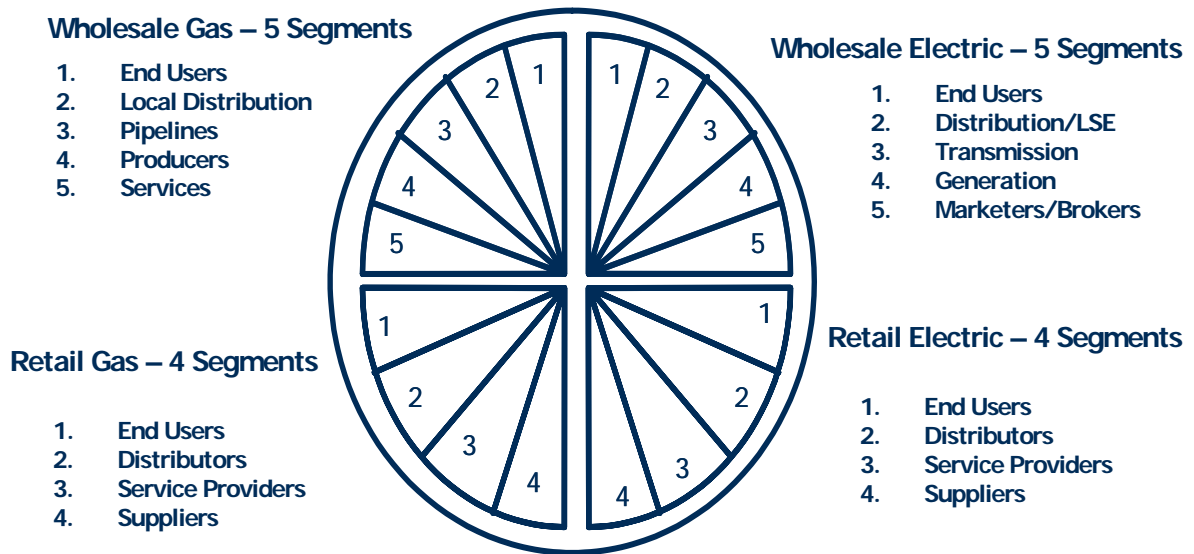
68 *ANSI Accreditation.* NAESB is an accredited American National Standards
69 Institute Standards Development Organization.

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72 **III. Description of the Organization**

73 NAESB is organized by quadrants and, within quadrants, by segments. Each
74 NAESB member belongs to one or more of the four quadrants: wholesale electric
75 (WEQ), wholesale gas (WGQ), retail electric (REQ), and retail gas (RGQ). Each
76 quadrant determines the number and composition of its segments and how
77 many representatives it will have on the Board of Directors and Executive
78 Committee.



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82 A. Board of Directors

83 The Board of Directors meets en banc throughout the year. It determines
 84 and approves the annual budget of NAESB and its quadrants, sets the overall
 85 strategic direction of the organization, approves each quadrant's annual plan for
 86 standards development and maintenance, and determines all governance issues.

87 Currently, the Board has a maximum of ninety-five members and includes
 88 five members from each of the five segments of the WGQ, for a total of twenty-
 89 five; four members from each of the four segments of the REQ, for a total of
 90 sixteen; six members from each of the four segments of the RGQ, for a total of
 91 twenty-four; and six members from each of the five segments of the WEQ, for a
 92 total of thirty.

93 The proceedings of all Board meetings are transcribed. All decisions by the
 94 Board are made en banc; at the Board level, the quadrants do not operate
 95 separately. Each quadrant represented on the Board has 25 percent of the
 96 decision-making authority, regardless of the actual number of Board members
 97 that represent the quadrant. For all decisions other than changes to the
 98 certificate or bylaws, a simple majority is needed for passage. For approval of
 99 changes to the certificate or bylaws, there must be a 75 percent affirmative vote
 100 from each of the quadrants and a 40 percent affirmative vote from each of the
 101 segments within the quadrants. All Board votes are recorded and posted.

102 Board members are selected in accordance with applicable quadrant and
 103 segment procedures. Generally, a Board member:

- 104
- Must represent a segment and quadrant.
 - 105 • Should have a broad understanding of the segment he or she
 106 represents and sufficient authority to make decisions on behalf of his
 107 or her organization. For example, a director representing a corporate
 108 member should be an officer of the corporation.
 - 109 • Must have a working knowledge of NAESB Board processes.

- 110 • Must be willing to commit the time and resources necessary to fulfill
111 the obligations of a Board member and meet the minimum threshold
112 of participation and attendance established in the NAESB bylaws
113 [Section 9.7 (f)].

114 The Board of Directors currently has two standing committees: the Managing
115 Committee and the Parliamentary Committee. , In addition, the Board has
116 responsibilities for the Joint Interface Committee with NERC and the ISO-RTO
117 Council. The Board may create ad hoc committees as needed.

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119 B. Executive Committee

120 The Executive Committee (EC) has responsibility for implementing the
121 NAESB annual plan; directing standards development and maintenance efforts
122 and voting on standards development and maintenance; and directing standards
123 interpretation efforts and voting on such interpretations.

124 Like the Board of Directors, the EC currently has a maximum of ninety-five
125 members and includes five members from each of the five segments of the WGQ,
126 for a total of twenty-five; four members from each of the four segments of the
127 REQ, for a total of sixteen; six members from each of the four segments of the
128 RGQ, for a total of twenty-four; and six members from each of the five segments
129 of the WEQ, for a total of thirty.

130 The EC approves and may modify recommendations from the Triage
131 Subcommittee on subcommittee assignments for standards development,
132 including the relative urgency of the work; approves and may modify standards
133 that have been recommended by the standards development subcommittees;
134 and monitors subcommittee progress on standards development.

135 The proceedings of all EC meetings are transcribed. Decisions by the EC may
136 be by quadrant if it is determined that the recommended standard applies to a
137 specific quadrant or quadrants rather than the organization as a whole. Each
138 quadrant represented on the EC has 25 percent of the decision-making
139 authority, regardless of the actual number of EC members that represent the
140 quadrant. For all decisions other than on standards issues, a simple majority of
141 each quadrant is needed for passage. For approval of standards issues, there
142 must be a 67 percent affirmative vote from each of the quadrants and a 40
143 percent affirmative vote from each of the segments within the quadrants. All EC
144 votes are recorded and posted.

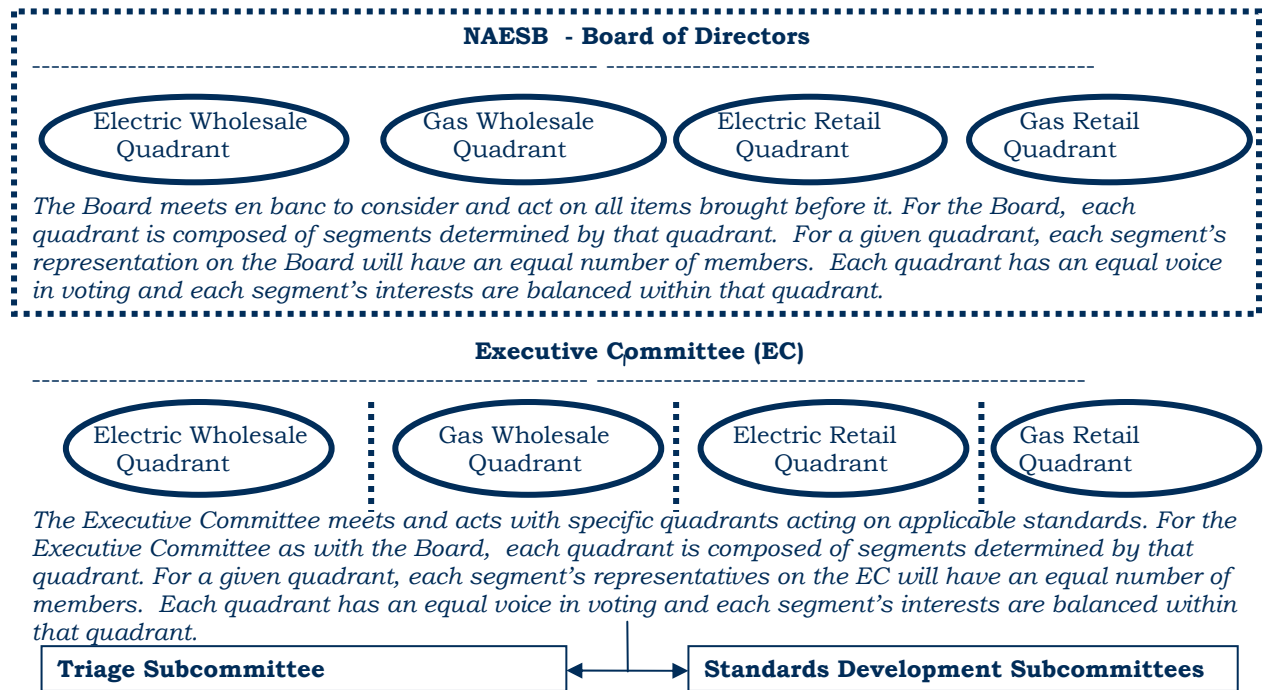
145 EC members are selected in accordance with applicable quadrant and
146 segment procedures. Generally, an EC member:

- 147 • Must represent a segment and quadrant.
- 148 • Should have a broad understanding of the segment he or she
149 represents and sufficient authority to make decisions on behalf of his
150 or her organization.
- 151 • Must have a working knowledge of NAESB standards development
152 processes.
- 153 • Must be willing to commit the time and resources necessary to fulfill
154 the obligations of an EC member and meet the minimum threshold of
155 participation and attendance established in the NAESB bylaws
156 [Section 10.4(j)].

157 The EC has several standing subcommittees, including the Triage
 158 Subcommittee and the Annual Plan Subcommittee, as well as several standards
 159 development subcommittees and task forces. It may create ad hoc
 160 subcommittees as needed for tasks specific to standards development and
 161 standards maintenance.

162 The chart below illustrates the interaction of the Board of Directors and the
 163 EC.

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168 **III. Standards Development Process**

169 NAESB is focused on proposing, considering, and adopting voluntary
 170 standards and model business practices that will have a significant and lasting
 171 impact on all aspects of the natural gas and electricity marketplaces. As a result
 172 of the standards NAESB adopts, it is expected that the industry will operate
 173 more efficiently and effectively, benefiting both the industry and its customers.
 174 At the same time, it must be acknowledged that NAESB standards may
 175 constitute a change in the way parties do business, with an accompanying effect
 176 on the use and allocation of resources.

177 NAESB's policy is to move at a deliberate pace, consistent with its annual
 178 plan(s), thus permitting those affected by its standards, especially those
 179 standards adopted as regulations by the Federal Energy Regulatory Commission
 180 (FERC) or other regulatory bodies, to assimilate them as part of their business
 181 practices. To this end, NAESB will carefully consider whether proposed
 182 standards are both timely and necessary. In particular, it will try to avoid
 183 adopting and implementing new standards, however beneficial, before the
 184 industry is able to reasonably make use of them.

185 The standards development process is governed by the annual plan, and
186 items can be included in the plan or modified only with Board approval. The
187 plan typically reflects requests from NAESB members, government agencies, and
188 other interested parties. In approving the annual plan, the Board considers the
189 availability of resources, including the NAESB budget and staff and the
190 availability of industry volunteers. New requests received throughout the year
191 are either considered part of the existing annual plan or as new items that
192 require Board approval.

193 The standards development process begins with an annual plan item or a
194 triaged and approved request. Triage is a process used by each quadrant of the
195 EC to determine whether a request is within scope, which quadrant(s) it applies
196 to, which subcommittee(s) it should be referred to, and what priority it should be
197 assigned. Triage is carried out by EC members appointed by the EC chair. Triage
198 recommendations are submitted to the en banc EC and require EC approval,
199 and may also require Board approval if there are scope questions or if a
200 modification of the annual plan is required.

201 If the triage process yields a request that is assigned to the WEQ, either
202 solely or as part of a joint assignment, that request is forwarded to the Joint
203 Interface Committee (JIC), a group created from the Memorandum of
204 Understanding signed by NAESB, the North American Electric Reliability
205 Council (NERC) and the ISO-RTO Council on May 15, 2003. The JIC then
206 determines if the request more appropriately belongs with NERC because of
207 reliability issues, NAESB because of commercial issues, or should not be
208 assigned to either because of outstanding policy issues. If the request is
209 assigned to NAESB, then NAESB addresses the request through its standards
210 development process process. If the JIC does not assign the request to NAESB
211 and NAESB agrees, then the efforts of the WEQ within NAESB for the request
212 are concluded. If the JIC does not assign the request to NAESB, and NAESB
213 disagrees, NAESB then continues to address the request through its standards
214 development process.

215 Once the triage process is completed, the subcommittees—more than one
216 are normally involved in standards recommendations—review the request,
217 compare it to existing standards, and prepare recommendations that may take
218 the form of new or modified standards or interpretations. Participation in EC
219 subcommittees is open to any interested party regardless of membership status.
220 All subcommittee participants may vote; voting is balanced by segment and
221 quadrant. All votes are public.

222 When the recommendation is complete, it is made available for a thirty-day
223 industry comment period. The recommendation and comments are then
224 forwarded to the EC, which considers the recommendation, makes any changes
225 it deems necessary, and takes a vote. As noted above, a recommendation must
226 receive an affirmative vote of at least 67 percent from each applicable quadrant
227 EC and 40 percent from each of the segments of the applicable quadrant(s).

228 After passage by the EC, the recommendation must be ratified by the NAESB
229 members. An affirmative vote of 67 percent of the members of the applicable
230 quadrant(s) is required for ratification. After ratification, standards and
231 modifications are considered final actions and will be published in the next
232 version of NAESB standards.

233 The foregoing process has been followed by the WGQ since 1994 and has
234 been used to develop more than five hundred standards that have been
235 incorporated by reference into federal regulations. The standards that apply to
236 electronic delivery mechanisms have been endorsed by several state regulatory

237 bodies and have also been adopted by the automotive, insurance, and health
238 care industries.

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North American Energy Standards Board Standards Development Process Flow Chart

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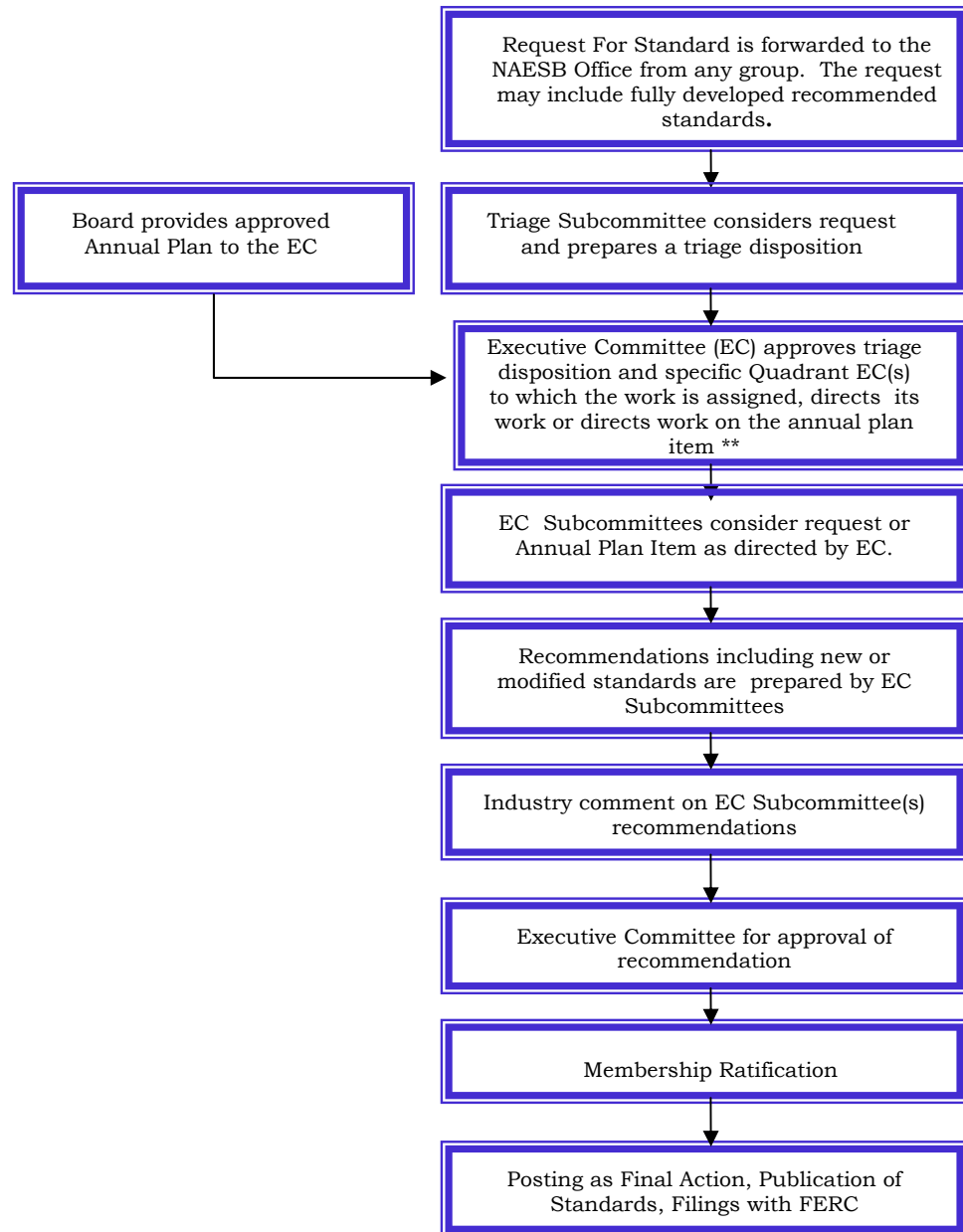
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** -- For those requests assigned to the WEQ, a separate process is employed for review of the request by the Joint Interface Committee, as described in the Memorandum of Understanding signed by NAESB, NERC and the IRC on May 15, 2003.

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278 A. Flexibility

279 NAESB recognizes that flexibility is necessary as standards are developed to
280 address regional concerns or to incorporate variances to accommodate
281 operational or structural differences. For example, as the WGQ drafted
282 standards for nomination and scheduling of transportation, it realized that there
283 were three models for transportation. Accordingly, the standards that address
284 these models have three parts, with each specifying the standard for each
285 model. This flexibility is also found in the associated information standards,
286 which note which data elements are needed for which model and whether these
287 data elements are required or optional.

288 There is a high threshold for incorporating such variances in a standard; the
289 subcommittee(s) in drafting the standard, the EC in approving the subcommittee
290 recommendation, and the membership in approving the standard must all agree
291 that such variance is necessary. Nonetheless, NAESB procedures are well suited
292 to take into account operational and regional differences.

293

294 B. Transparency

295 All NAESB meetings are open for attendance and participation by any
296 interested party, with the exception of executive sessions of the Board or
297 Managing Committee for purposes of discussing personnel, compensation or
298 legal issues. Meeting announcements and agendas are posted in advance to
299 permit the widest possible participation. Conference-calling capability is
300 available for all meetings. Those intending to attend a meeting in person or by
301 telephone are asked to notify NAESB by a specific date to permit adequate
302 meeting planning.

303 Transcripts are made of all Board of Directors- and EC meetings, and may
304 also be made of other meetings that are expected to be controversial. Transcripts
305 are maintained in the NAESB office and are provided to regulatory agencies for
306 their internal use. All other interested parties can purchase transcripts from the
307 relevant transcription service.

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317 **IV. Operating Procedures of the North American Energy Standards Board**

318 These general operating procedures apply to all NAESB quadrant activities
319 unless otherwise noted. The procedures complement the NAESB certificate and
320 bylaws and are not inconsistent with either governing document. The NAESB
321 operating procedures (NAESBOPs) may be amended by the Board of Directors.

322 The procedures that follow are:

- 323 A. Executive Committee Subcommittees
- 324 B. Balanced Voting Procedures for EC Subcommittees and Task
325 Forces
- 326 C. Standards Development and Maintenance
- 327 D. Minor Clarifications and Corrections to Standards
- 328 E. Interpretation of Standards
- 329 F. Standards Appeal Procedure
- 330 G. Standards Publication Cycle
- 331 H. Communicating with Regulatory and Other Government Agencies

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333 A. Executive Committee Subcommittees

334 The following are general procedures of NAESB EC subcommittees and are
335 intended to guide the operations of such subcommittees. Where the EC, in
336 coordination with the Parliamentary Committee, has approved specific
337 procedures for a particular subcommittee, those procedures apply in lieu of
338 these generally applicable procedures.

339

340 1. Establishment of Subcommittees

341 The EC as a whole, as well as quadrant ECs, shall have the general authority
342 to adopt resolutions establishing subcommittees and task forces within
343 subcommittees for the specific purpose of developing and maintaining standards
344 and model business practices. After the establishment of a subcommittee by the
345 EC or quadrant ECs, the subcommittee may establish working groups as needed
346 to address ad hoc issues. Subcommittees, task forces within the subcommittees,
347 and working groups shall comply with the NAESBOPs in all respects.

348 In addition, the EC may request authorization of the Managing Committee of
349 the Board to establish other subcommittees and task forces within
350 subcommittees not covered by the preceding paragraph, and only upon such
351 authorization being granted shall the said subcommittees and task forces within
352 subcommittees come into existence. The Managing Committee may delegate the
353 authority to develop additional subcommittees to the Parliamentary Committee
354 of the Board.

355 Subject to the foregoing, subcommittees are voluntary committees set up at
356 the pleasure of the EC or quadrant ECs to perform various functions as set forth
357 in the bylaws and as may be determined by the EC or quadrant ECs. The scope
358 and activities of any subcommittee shall be determined by the EC or quadrant
359 ECs.

360 When establishing a subcommittee, the EC or quadrant EC shall prepare a
361 written statement containing the name and the purpose of the subcommittee
362 and the tasks it will accomplish. The EC or quadrant EC shall also select one of
363 its members to serve as temporary chair of the subcommittee; the temporary
364 chair shall serve only until the subcommittee is organized and elects its own
365 chair.

366 The temporary chair of the subcommittee shall make arrangements through
367 the office of the executive director for the initial meeting of the subcommittee,
368 including drafting a notice of the meeting and the meeting agenda and
369 determining the time and place of the meeting. The meeting notice should
370 include:

- 371 a. The name and purpose statement of the new subcommittee
- 372 b. A public invitation to serve on the subcommittee
- 373 c. The procedure for selecting a subcommittee chair
- 374 d. The procedure for determining the need for a cochair or vice chair.

375 The notice of the initial meeting shall be provided in advance to the public,
376 NAESB participants, and interested trade association staff for distribution to
377 their members so that attendance is encouraged. Emergency meetings, however,
378 may be called without the foregoing notice.

379

380 2. Order of Business for Initial Subcommittee Meeting

381 At the initial meeting of a subcommittee:

- 382 a. The temporary chair should welcome participants, ask participants to
383 identify themselves by quadrant and segment, and give the antitrust
384 advice.
- 385 b. The temporary chair should review the name, objectives, and task
386 assignment(s) as directed by the EC or quadrant EC.
- 387 c. The subcommittee should prepare a mission statement that should be
388 approved by the subcommittee by a balanced vote and then submitted to
389 the EC or quadrant EC for approval.
- 390 d. The subcommittee should determine, if necessary, the term of the chair
391 and other subcommittee positions, as applicable, and elect the chair and
392 vice chair or cochair as applicable pursuant to the voting process below.
393 The chair, vice chair, and all cochairs must be members of NAESB, and
394 the chair, vice chair, or one of the cochairs must be a member of the EC
395 or quadrant EC. Subcommittees may select cochairs by segments if they
396 so choose.
- 397 e. The subcommittee may conduct other organizational business as may be
398 necessary to implement a subcommittee structure and the processes
399 necessary to carry out the objectives of the EC or quadrant EC.
- 400 f. The subcommittee may take any other appropriate actions.

401

402 3. Participation in Subcommittees

403 Subcommittee participation is open to all interested persons, provided,
404 however, that for certain subcommittees, voting is limited to named members or
405 alternates. Participants may join as many subcommittees as they desire, and
406 may do so at any time.

407

408 4. Subcommittee Working Groups

409 A subcommittee established by the EC or a quadrant EC may establish
410 working groups to assist in the achievement of its objectives. A working group
411 should report to its parent subcommittee on a regular basis, and the proposed
412 actions and recommendations of the working group must be reviewed and
413 ratified by the subcommittee before they are forwarded to the EC or quadrant
414 EC.

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416 5. Meetings of Subcommittees, Task Forces, and Working Groups

417 Meetings of subcommittees and of task forces and working groups within
418 subcommittees shall be arranged and presided over by the subcommittee chair,
419 vice chair, or cochair and shall be open to all NAESB members and other
420 interested persons. Meetings shall be held at times and in places reasonably
421 selected for the convenience of subcommittee members. Notices of meetings
422 shall be posted on the NAESB website. With prior notification, a cost-based
423 meeting fee may be charged at the discretion of the executive director with
424 approval of the Managing Committee.

425 Notice of in-person group meetings should be given at least two weeks in
426 advance, although working groups may call meetings with less than two weeks'
427 notice. Notice of teleconference-only meetings should normally be given at the
428 preceding meeting of the subcommittee, task force, or working group, and notice
429 of such meetings should normally be posted on the NAESB website at least one
430 week in advance.

431 Unless an exception has been granted in advance by the Managing
432 Committee, all in-person meetings must provide for attendance by
433 teleconference. With prior notification, such attendance by teleconference may
434 be at the callers' expense. At an in-person meeting, the chair of the group shall
435 call the teleconference number by means of a speakerphone so as to admit the
436 teleconference attendees and permit interaction between the in-person and
437 teleconference attendees.

438 Agendas for all meetings should be prepared by the chair, vice chair, or
439 cochair of the applicable subcommittee, task force, or working group and posted
440 on the NAESB website sufficiently in advance of the meeting to allow those
441 accessing the NAESB website to identify the issues to be discussed.

442 B. Balanced Voting Procedures for EC Subcommittees and Task Forces

443 For nonadministrative motions, all EC subcommittees and task forces shall
 444 use balanced voting procedures whereby each segment of a quadrant holds two
 445 votes to be apportioned equally to those participants of the segment present at
 446 the meeting either in person or by phone. No individual may have more than one
 447 vote apportioned to him or her. The votes or fractions of votes are totaled across
 448 segments to determine the outcome of the motion under consideration. No
 449 notational or proxy votes are permitted.

450 The foregoing procedures, however, do not apply to EC subcommittees and
 451 task forces in which the membership is restricted to named members. Such
 452 subcommittees and task forces are already balanced in that only the named
 453 members vote, and the named members represent a balance of the segments
 454 within the quadrant. Notational votes are permitted in subcommittees and task
 455 forces with named members.

456 1. Examples of Balanced Voting for One Quadrant

457 At a meeting of the REQ Customer Processes Subcommittee, there is a vote
 458 on a proposed standard to be forwarded to the REQ EC as a recommendation for
 459 consideration. At the meeting, both in person and on the phone, the segments
 460 are represented as follows: five suppliers, three services, six distributors, and
 461 one end user. The balanced vote is calculated as follows:

<i>Segment</i>	<i>Votes Cast</i>		<i>Balanced Votes</i>	
	<i>Yes</i>	<i>No</i>	<i>Yes</i>	<i>No</i>
<i>Suppliers</i>	3	2	1.2	0.8
<i>Services</i>	3		2	
<i>End Users</i>		1		1
<i>Distributors</i>	4	2	1.3	0.7
<i>Total</i>	10	5	4.5	2.5

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

463 Similarly, at a meeting of the REQ Customer Processes Subcommittee, there
 464 is a vote on a proposed standard to be forwarded to the REQ EC as a
 465 recommendation for consideration. At the meeting, both in person and on the
 466 phone, the segments are represented as follows: fourteen suppliers, six services,
 467 six distributors, and one end user. The balanced vote is calculated as follows:

<i>Segment</i>	<i>Votes Cast</i>		<i>Balanced Votes</i>	
	<i>Yes</i>	<i>No</i>	<i>Yes</i>	<i>No</i>
<i>Suppliers</i>	14	0	2	0
<i>Services</i>	1	5	0.3	1.7
<i>End Users</i>		1		1
<i>Distributors</i>	3	3	1	1
<i>Total</i>	18	9	3.3	3.7

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

469

470 2. Example of Balanced Voting across Quadrants

471 In cases of joint-quadrant subcommittees, the representatives of each
472 quadrant share an equal portion of the vote. For example, in a joint RGQ-REQ
473 subcommittee, the RGQ and REQ each contribute 50 percent of the total vote. At
474 a meeting of the RGQ-REQ Customer Processes Subcommittee, there is a vote
475 on a proposed standard to be forwarded to the quadrant ECs as a
476 recommendation for consideration. At the meeting, both in person and on the
477 phone, the REQ segments are represented as follows: fourteen suppliers, six
478 services, six distributors, and one end user. The REQ balanced vote is calculated
479 as follows:

<i>Segment</i>	<i>Votes Cast</i>		<i>Balanced Votes</i>	
	<i>Yes</i>	<i>No</i>	<i>Yes</i>	<i>No</i>
<i>Suppliers</i>	14	0	2	0
<i>Services</i>	1	5	0.3	1.7
<i>End Users</i>		1		1
<i>Distributors</i>	3	3	1	1
<i>Total</i>	18	9	3.3	3.7

480 At the meeting, both in person and on the phone, the RGQ segments are
481 represented as follows: five suppliers, three services, six distributors, and one
482 end user. The RGQ balanced vote is calculated as follows:

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

483 Both the RGQ and the REQ contribute equally to the outcome. Under
484 balanced voting, the REQ contributes 47 percent in favor and 53 percent
485 opposed. The RGQ contributes 64 percent in favor and 36 percent opposed.
486 Using the balanced votes, the motion fails (fails at REQ, passes at RGQ).

487

488 C. Standards Development and Maintenance

489 Standards development and maintenance is a process by which a new
490 standard is created or an existing standard is revised or deleted. The process is
491 initiated either by the NAESB annual plan or by the submission of a request.
492 Requests should be submitted electronically on the NAESB form Request for
493 Standards Development and forwarded to the executive director for
494 consideration by the EC. In addition, the EC may itself initiate a standards
495 development and maintenance action based on legislative or regulatory events.

496

497 1. Action on Request

498 When a request for standards development or maintenance is submitted, the
499 following takes place:

- 500 a. The NAESB office assigns a request number to the form and posts the
501 request on the NAESB website.
- 502 b. The request is forwarded to the Triage Subcommittee for review at the
503 next meeting of that subcommittee.
- 504 c. The Triage Subcommittee makes a recommendation as to whether the
505 request is within scope of NAESB and, if so, to which quadrant(s) it
506 should be assigned. The members of the Triage Subcommittee
507 representing the assigned quadrant(s) then make a recommendation as
508 to whether the request is within the scope of the quadrant(s) and, if so, to
509 which subcommittee or task force it should be assigned and what level of
510 priority it should be given. The recommendations are then forwarded to
511 the EC.
- 512 d. The EC approves, amends, or rejects the recommendation that the
513 request is within the scope of NAESB. If the EC does not find the request
514 in scope, the recommendation is forwarded to the Board of Directors for
515 a final determination as to whether the request is in scope. If the EC
516 finds the request within scope, it then forwards the request to the EC
517 members representing the quadrant(s) to which the request has been
518 assigned.
- 519 e. The EC members consider whether the request is within the scope of the
520 assigned quadrant(s), whether the request has been assigned to the
521 correct subcommittee or task force, and whether it has been given the
522 correct priority. By a simple majority vote, the EC members approve or
523 amend the foregoing recommendations.
- 524 f. The results of the EC consideration are recorded in the minutes and
525 posted on the NAESB website.
- 526 g. For the Wholesale Electric Quadrant (WEQ), the EC shall determine that
527 the request has been assigned to the WEQ in all or in part, shall ensure
528 that the request adequately describes the standards to be developed or
529 modified, and shall forward the request to the Joint Interface Committee
530 for consideration. If the Joint Interface Committee affirms that the
531 request for standards development appropriately belongs within NAESB,
532 the subcommittee or task force shall continue its work. If the Joint
533 Interface Committee assigns the work to NERC, and NAESB supports
534 such assignment, then members of the NAESB WEQ are urged to
535 participate in the NERC development activities. If the Joint Interface
536 Committee assigns the work to NERC, and NAESB does not support such

537 assignment, and is not able to resolve the disagreement by either
538 redrafting and resubmitting the proposal to the Joint Interface
539 Committee or meeting with NERC to resolve the impasse, the WEQ EC
540 may continue its work on the standards request with approval of the
541 Board Managing Committee. .

- 542 h. The subcommittee or task force completes the assigned task.
- 543 i. Where appropriate the subcommittee or task force may forward the
544 request to other subcommittees or task forces to ensure that the work
545 product is considered fully staffed.
- 546 j. Once complete, the subcommittee or task force submits a
547 recommendation to the NAESB office based on the results of the group's
548 findings.
- 549 k. The recommendation is posted on the NAESB website for industry
550 comment for 30 days, although this period may be shortened by the EC.
- 551 l. To streamline joint quadrant consideration of proposed standards,
552 unless otherwise directed by the Board for annual plan items or the en
553 banc EC for triaged proposed standards, the following protocol shall
554 apply to joint consideration of proposed standards:
- 555 i. Any proposed standard that garners majority support of at least
556 one affected quadrant at the subcommittee level shall be put out
557 for industry comment and possible approval by that quadrant,
558 even if the proposed standard does not attract majority support of
559 all affected quadrants at the subcommittee level.
- 560 ii. If a proposed standard garners majority support of at least one
561 quadrant but does not have the support of all affected quadrants
562 at the subcommittee level, the subcommittee shall submit a
563 status report to the joint quadrant EC's, setting forth a
564 recommendation whether joint consideration of the proposed
565 standard should be terminated.
- 566 iii. Upon adoption of the subcommittee's recommendation that joint
567 consideration of a proposed standard be terminated, the EC of the
568 quadrant whose subcommittee members supported the standard
569 may proceed with a vote on adoption of the proposed standard,
570 provided it has been put out for industry comment.
- 571 For purposes of this provision, a "proposed standard" refers to any
572 standard-setting activity that requires a super majority vote at the
573 quadrant EC level.
- 574 m. The assigned quadrant(s) of the EC consider the recommendation, taking
575 into consideration the request and industry comments.

576

577 2. Subcommittee and Task Force Procedures

578 Subcommittees and task forces developing or modifying standards shall
579 follow these procedures:

- 580 a. Subcommittee and task force chairs are responsible for working with the
581 NAESB office to prepare meeting notices and agendas, which are
582 distributed by the NAESB office. Meeting notices should be issued so as
583 to give adequate notice to attendees who must travel from out of town.

- 584 b. Meetings, including ad hoc meetings and those held by telephone, should
585 be scheduled by first conferring with the NAESB office to ensure that
586 meetings involving the same participants have not been scheduled for the
587 same time.
- 588 c. All meetings are open and minutes are taken. All attendees should
589 provide contact information identifying themselves as attendees to the
590 meeting.
- 591 d. All votes should be recorded in the minutes. Balanced voting can be
592 requested in any subcommittee meeting where the subcommittee is not
593 already balanced by virtue of being a named-member subcommittee.
- 594 e. Minutes, working documents, meeting notices, agendas, and all other
595 documents used in the meeting should be forwarded in electronic form to
596 the NAESB office for posting on the NAESB website.
- 597 f. The group or representatives of the group should develop a
598 recommendation to be submitted to the EC outlining the proposed
599 standard or proposed modification to a standard.

600

601 3. Final Actions

602 The EC approves the recommendation as submitted, modifies the
603 recommendation, returns the recommendation to the subcommittee or task
604 force for further development, or rejects the recommendation. All standards,
605 additions to standards, or modifications to standards must be ratified by the
606 NAESB membership. Member-ratified actions are posted on the NAESB website.
607 Unless otherwise directed by the Board of Directors, the final actions are
608 published in the next edition of the NAESB standards manual.

609

610 D. Minor Clarifications and Corrections to Standards

611 Minor clarifications and corrections to existing standards include: (a)
612 clarifications or corrections made by a regulatory agency to standards that are of
613 a jurisdictional nature, or by the American National Standards Institute or its
614 successor; (b) clarifications or corrections to the format, appearance, or
615 descriptions of standards in standards documentation; (c) clarifications or
616 corrections to add code values to tables; and (d) clarifications and corrections
617 that do not materially change a standard.

618 Any request for a minor clarification or correction to an existing standard
619 should be submitted in writing to the executive director. This request shall
620 include a description of the minor clarification or correction and the reason the
621 clarification or correction should be implemented.

622

623 1. Processing of Requests

624 The executive director shall promptly notify the EC and any appropriate
625 subcommittee(s) of the receipt of the request. The members of the applicable
626 quadrant's EC shall promptly determine whether the request meets the
627 definition of a minor clarification or correction. Through the decision of the vice
628 chair of the applicable quadrant, this determination may be delegated to one of
629 the quadrant's subcommittees, with the concurrence of the subcommittee chair,
630 in which case the subcommittee shall make a prompt decision.

631 If the request is determined to meet the definition of minor clarification or
632 correction, the applicable quadrant's EC, with input from any subcommittee(s)
633 to which the request has been forwarded, shall act on the request within one
634 month of its receipt. A meeting to discuss the request is not required; the
635 decision may be made by notational vote. A simple majority of the votes received
636 shall determine the outcome. The members of the applicable quadrant's EC shall
637 be given at least three working days to consider and vote on the request.

638

639 2. Public Notice

640 The results of the vote on the request for a minor clarification or correction
641 shall be posted on the NAESB website and the members of the applicable
642 quadrant shall be notified of the request by e-mail. If the request has been
643 approved by the applicable quadrant's EC, the notification shall include a brief
644 description of the request, the contact name and number of the requester so
645 that further information can be obtained, and the proposed effective date of the
646 clarification or correction. The proposed effective date of the minor clarification
647 or correction shall normally be one month from the date of the public notice.
648 Any interested party shall have an opportunity to comment on the request, and
649 the comments shall be posted on the NAESB website. The comment period is
650 two weeks.

651

652 3. Final Disposition of Approved Requests

653 If no comments are received on an approved request, the standard shall be
654 clarified or corrected as specified in the approved request on the effective date
655 proposed. If comments are received, they shall be forwarded to the members of
656 the applicable quadrant's EC for consideration. Each comment requires a public

657 written response from the applicable quadrant's EC. The applicable quadrant's
658 EC shall determine whether changes are necessary as a result of the comments.
659 Members of the applicable quadrant's EC shall be given three working days to
660 consider the comments and determine the outcome, which shall be decided by a
661 simple majority of the votes received. A meeting to discuss the request is not
662 required; the decision may be made by notational vote. The standard shall be
663 clarified or corrected in accordance with the outcome of the vote, effective with
664 the completion of voting, and notice thereof shall be posted on the NAESB
665 website.

666

667 E. Interpretation of Standards

668 Interpretation of standards is a process by which an existing standard is
669 clarified as to its original intent or an existing interpretation is modified. Any
670 person may seek an interpretation by submitting a request for clarification or
671 interpretation electronically to the NAESB office. The NAESB office shall assign a
672 number to the request and post it on the NAESB website. The request shall then
673 be forwarded to the Interpretations Subcommittee(s) of the appropriate
674 quadrant(s); each quadrant is responsible for the interpretation of standards
675 that are applicable to it.

676 The request for interpretation shall be considered in a meeting of the
677 Interpretations Subcommittee(s). The subcommittee(s) shall prepare a draft
678 interpretation and forward it to the NAESB office, which shall post it on the
679 NAESB website for industry comment. The same procedures as outlined in
680 NAESBOP D, "Standards Development and Maintenance," are then followed.

681

682 F. Standards Appeal Procedure

683 Any interested person with a direct and material interest who has been or
684 may be adversely affected by a substantive or procedural action or inaction of
685 the EC shall have the right to appeal, by resort to the procedures below:

686 1. Such affected person may ask that any adopted NAESB standard of
687 proposed standard be amended, rejected, or reconsidered. A request for an
688 amendment to existing standards or reconsideration of a proposed standard that
689 was not adopted may be designated as appeals by the requesting party and filed
690 with the NAESB office. The requesting party shall state in its appeal the reasons
691 for its request and any proposed alternative language. Such requests shall be
692 treated as requests for new standards and processed accordingly; or

693 2. Such affected person may appeal using the procedures set forth in
694 Clause A.12 of the *ANSI Procedures for Development and Coordination of*
695 *American National Standards*. Appeals of actions shall be taken within 30 days
696 after the date of notification of action by the EC; appeals of inactions may be
697 taken at any time.

698

699

700 G. Standards Publication Cycle

701 NAESB standards shall be published every twenty-four months, beginning
702 with the release of version 1.7 of the WGQ standards in the summer of 2003.
703 Standards that are approved between the publication of one version of the
704 standards and the next shall be available on the NAESB website and shall be
705 referred to as final actions. If during any twenty-four-month publication cycle,
706 extraordinary circumstances arise that warrant the interim publication of new or
707 revised standards adopted since the previous version was published, the Board
708 of Directors will authorize and direct the executive director to publish such
709 standards as necessary during such interim period.

710

711 H. Communicating with Regulatory and Other Government Agencies

712 Should NAESB amend or issue an interpretation to an existing standard that
713 has previously been adopted by FERC or another government agency, the
714 executive director shall officially notify that government agency upon publication
715 of the version of NAESB standards that contains the amended standard or
716 interpretation, unless the NAESB Board of Directors or Managing Committee or
717 said government agency requests that notification be provided at the time of the
718 ratification of the amendment or interpretation of the standard.

719 When NAESB adopts a new standard, the executive director shall officially
720 notify applicable government agencies upon publication of the version of NAESB
721 standards that contains the standard, unless the NAESB Board of Directors or
722 Managing Committee or said government agencies request that notification be
723 provided at the time the standard is ratified.

724 When NAESB adopts a new standard that directly relates to the use, action,
725 or implementation of an existing NAESB standard that has been adopted by a
726 government agency or agencies, the executive director shall officially notify
727 applicable government agencies upon publication of the version of NAESB
728 standards that includes the new standard and transmit the new standard to the
729 government agency that has adopted the previous standard, unless the NAESB
730 Board of Directors or Managing Committee or said government agency requests
731 that notification be provided at the time the standard is ratified.

732 New versions of NAESB standards and other publications shall be forwarded
733 to any government agency requesting such publications. FERC and the National
734 Association of Regulatory Utility Commissioners (NARUC), through NARUC's
735 executive director, shall be provided with all publications, including standards
736 developed by all quadrants. These publications, if copyrighted, shall be made
737 available for (1) internal use and (2) placement in an agency's public reference
738 room and for submittal to the *Federal Register* for those publications with
739 standards incorporated by reference into the FERC's or other agency's
740 regulations, to the extent required by law and regulation, to permit
741 incorporation by reference.

742 In the period between the publication of standards manuals, the following
743 documents shall be made available, at no cost to the recipient, via the NAESB
744 website or other agreed-upon method, to any government agency requesting
745 such documents, including FERC and NARUC, through its executive director:

- 746 a. Final standards actions and member voting records
- 747 b. Final interpretations and member voting records
- 748 c. Board and EC meeting minutes and voting records
- 749 d. Meeting materials supporting Board and EC meeting minutes and
750 voting records
- 751 e. Transcripts of meetings for internal use by the government agency as
752 requested

753 All written communications between NAESB and government agencies must
754 be approved in advance by the Managing Committee. The EC may draft language
755 pertaining to its standards development activities for forwarding to government
756 agencies; those communications also require the approval of the Managing
757 Committee before they are forwarded by the NAESB office.

758 It is recognized that the NAESB office, officers, and chairs of the Board and
759 EC shall continue to follow the current convention of informal communications
760 with senior officials of FERC and other government agencies. These informal
761 communications are for informational purposes only and are not intended as a
762 substitute for formal communications with such government agencies. The
763 results of these informal communications shall be reported to the EC and Board.