North American Energy Standards Board (NAESB) Overview of Retail Electric and Gas Quadrant Procedures

The following summary of Retail Electric and Gas Quadrant procedures for creating or modifying Model Business Practices should not be interpreted as being either comprehensive or specific. The NAESB Certificate of Incorporation, Bylaws and Operating Practices are the Governing Documents and detail the authorized procedures followed by the Retail Electric and Retail Gas Quadrants. In the event of any discrepancy between the procedures in this document and those in the Governing Documents, the Governing Documents take precedence over this document. The Governing Documents can be accessed from the NAESB web site.

General Rules for Writing Model Business Practices

1. Model Business Practices always use the word "should" rather than "shall", "must", or "will". This indicates that the Model Business Practice is optional rather than mandatory.

2. For clarity, acronyms should not be used within the verbiage of a Model Business Practice.

3. Information should be "sent" rather than "forwarded", "submitted", or "provided".

4. When electronic information is sent to a party, the words "via Uniform Electronic Transaction" should follow the name of the transaction or information and before the name of the party receiving the information.

5. Development of Model Business Practices should begin with the creation of process flows, which subsequently become Models to ensure that the total process is accounted for, and no gaps exist. Following this, Model Business Practice language should be developed matching the process flow. It may be necessary to cycle back and forth between the process flow and the Model Business Practices to ensure that the process is complete.

6. The final process flow (Model) should include the Model Business Practice number in each step of the process.

Retail Electric and Gas Procedures

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

2. NAESB's policy is to move at a deliberate pace, consistent with its annual plan(s), thus permitting those affected by its Model Business Practices, especially those Model Business Practices adopted by regulatory bodies, to assimilate them as part of their business practices. To this end, NAESB will carefully consider whether proposed Model Business Practices are both timely and necessary. In particular, it will try to avoid adopting and implementing new Model Business Practices, however beneficial, before the industry is able to reasonably make use of them.

3. The Model Business Practice development process is governed by the Annual Plan, and items can be included in the Plan or modified only with Board of Directors approval. The Plan typically reflects requests from NAESB members, government agencies, and other interested parties. In approving the Annual Plan, the Board considers the availability of resources, including the NAESB budget and staff and the availability of industry volunteers. New requests received throughout the year are either considered part of the existing Annual Plan or as new items that require Board approval. The Annual Plan for the Retail Gas and Electric Quadrants can be accessed from the NAESB web site.

4. A number of committees and subcommittees exist in the Retail Electric and Gas Quadrants. A listing of these committees and subcommittees can be found on the NAESB web site under one of the two Retail Quadrants' pages. A Leadership Roster containing contact information for all of these committees and subcommittees can also be found on one of the two Retail Quadrants' pages.

5. The Model Business Practice development process begins with an Annual Plan item or a triaged and approved request. The request may contain fully-developed Model Business Practices. Triage is a process used by each quadrant of the Executive Committee to determine whether a request is within scope, which quadrant(s) it applies to, which subcommittee(s) it should be referred to, and what priority it should be assigned. Triage is carried out by Executive Committee members appointed by the Executive Committee Chair. Triage recommendations are submitted to the en banc Executive Committee and require Executive Committee approval, and may also require Board approval if there are scope questions or if a modification of the Annual Plan is required.
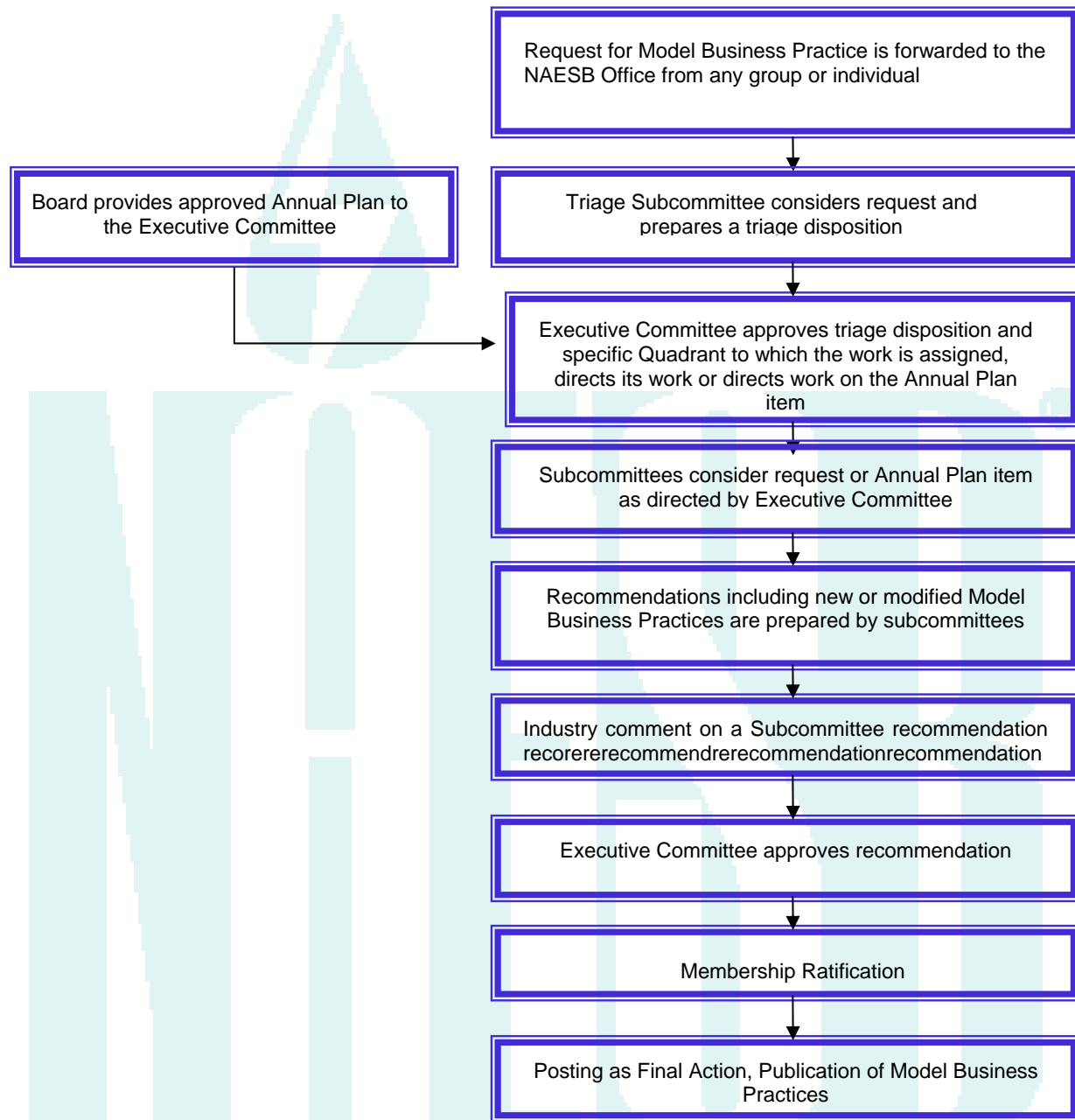
6.　Once the triage process is completed, the subcommittees—more than one are normally involved in Model Business Practice recommendations—review the request, compare it to existing Model Business Practices, and prepare recommendations that may take the form of new or modified Model Business Practices. Participation in subcommittees is open to any interested party regardless of membership status within NAESB. All subcommittee participants may vote; voting is balanced by segment and quadrant. All votes are public. Comments may be provided along with the votes and those comments will become part of the record.

    a.　If Model Business Practices are required, then the request or Annual Plan item is assigned to the Business Practices Subcommittee or a specially designated subcommittee.

    b.　If a term is identified which requires a definition, it is sent to the Glossary Subcommittee along with a suggested definition. The Glossary Subcommittee will finalize the definition including ensuring consistency and avoidance with other existing definitions.

    c.　Once the Glossary Subcommittee votes to approve the definition, the approved definition is forwarded to the appropriate Wholesale Quadrant subcommittee for review to determine if there are any inconsistencies. If a conflict does exist, then a Joint Retail Glossary/Wholesale Quadrant Subcommittee meeting is held to establish a consistent definition. The term and final definition is then returned to the Business Practices Subcommittee or other subcommittee to be included in the appropriate Book.

    d.　Upon completion of development of the Model Business Practices and upon being voted out of subcommittee, the Model Business Practices are sent to the Executive Committee for approval.

    e.　The Executive Committee determines whether development of a Technical Implementation section should be initiated for the proposed Model Business Practices. If technical implementation is required, the Executive Committee will determine if there is a time constraint for publishing the Model Business Practices.

    (i)　If there is a time constraint, the Executive Committee will vote on the Model Business Practice Recommendation (See Paragraph 8 below). At the same time the Executive Committee, will send the Model Business Practices to the Information Requirements Subcommittee to identify the data elements which are required in the Uniform Electronic Transactions.

    (ii)　If there is not a time constraint, the Executive Committee will send the Model Business Practices to the Information Requirements Subcommittee to identify the data elements which are required in the Uniform Electronic Transactions.

    f.　When the Information Requirements Subcommittee identifies the data elements which are required in the Uniform Electronic Transactions and votes out the required data elements, the Information Requirements Subcommittee sends the data elements to the Technical Electronic Implementation Subcommittee for completion of technical implementation development.

g. At any time the Information Requirements Subcommittee or the Technical Electronic Implementation Subcommittee discovers a gap in the Model Business Practices, a notice should be sent to the Business Practices Subcommittee, or other subcommittee, for resolution.

h. Upon completion of the Technical Implementation section and prior to submission to the Executive Committee, the Technical Electronic Implementation Subcommittee should present their work product to the Business Practices Subcommittee to ensure that the direction and scope of the Model Business Practices has been achieved.

7. Once the subcommittee(s) completes its work, the recommendation is voted out of the subcommittee through either a simple majority by objection or a balanced subcommittee vote. Balanced voting is used when consensus cannot be achieved. Under a balanced vote, each segment of a Quadrant holds two votes to be apportioned equally to those participants of the segment present at the meeting either in person or by phone. No individual may have more than one vote apportioned to him or her. The votes or fractions of votes are totaled across segments to determine the outcome of the motion under consideration. No notational or proxy votes are permitted. Examples of the balanced voting process are found on the NAESB Operating Practices document under the Governance Documents link on the NAESB website home page.

8. When the recommendation is voted out of the subcommittee(s), it is made available for a thirty-day industry comment period. The recommendation and comments are then forwarded to the assigned Quadrant(s) Executive Committee, which considers the recommendation, makes any changes it deems necessary, and takes a vote. A recommendation must receive an affirmative vote of at least 67 percent from each applicable Quadrant and 40 percent from each of the fully populated segments of the applicable Quadrant(s). An abstention is treated as a vote in opposition, unless an Alternate can be placed in the abstaining party's seat and can vote either in favor or opposed.

9. After passage by the Executive Committee, the recommendation must be ratified by the NAESB members. An affirmative vote of 67 percent of the members of the applicable quadrant(s) is required for ratification. After ratification, Model Business Practices and modifications are considered Final Actions and will be published in the next version of NAESB Model Business Practices. Depending on the Model Business Practices developed, the Final Actions may be forwarded individually to the National Association of Regulatory Commissioners (NARUC) or they may stay as Final Actions without forwarding to the NARUC until a full version is published.

a. Both the Final Actions and the published Model Business Practices can be found on the NAESB web site under one of the two Retail Quadrants' pages. A listing of all the available documents is shown by clicking on either the Standards, or Final Actions link. However, these documents are password protected. To obtain a password, contact the NAESB office. Passwords are available without charge for NAESB members. Nonmembers may purchase the Model Business Practices and should contact the NAESB office for purchase information.

b.   Many of the Model Business Practice Books contain Process Flows. These Process Flows are also available as separate documents from the Books, but are also password protected. Contact the NAESB office for access to the Process Flows.

10.   The process for making minor corrections to ratified Model Business Practices is detailed in the NAESB Operating Practices.

11.   The Certificate of Incorporation, Bylaws and NAESB Operating Practices can be accessed from the NAESB web site. These documents provide much more detail on the standard and Model Business Practice development procedures followed by NAESB. A detailed process flow for the development of Model Business Practices is available as a separate Model, titled "Development of Model Business Practices Process Flow." The high level Model Business Practice Development Process Flow follows:

North American Energy Standards Board
Model Business Practice Development Process Flow

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│ Request for Model Business Practice is forwarded to the
│ NAESB Office from any group or individual        │
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│ Board provides approved  │  │ Triage Subcommittee considers request and
│ Annual Plan to the       │  │ prepares a triage disposition │
│ Executive Committee      │  └──────────────────────────┘
└──────────────────────────┘                │
              │                              ▼
              └──────────────▶ ┌────────────────────────────────────────┐
                               │ Executive Committee approves triage disposition and
                               │ specific Quadrant to which the work is assigned,
                               │ directs its work or directs work on the Annual Plan
                               │ item                                    │
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                               │ Subcommittees consider request or Annual Plan item
                               │ as directed by Executive Committee       │
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                               │ Recommendations including new or modified Model
                               │ Business Practices are prepared by subcommittees │
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                               │ Industry comment on a Subcommittee recommendation
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                               ┌────────────────────────────────────────┐
                               │ Executive Committee approves recommendation │
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                               ┌────────────────────────────────────────┐
                               │ Membership Ratification                  │
                               └────────────────────────────────────────┘
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                               │ Posting as Final Action, Publication of Model Business
                               │ Practices                                │
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12. Flexibility: NAESB recognizes that flexibility is necessary as Model Business Practices are developed to address regional concerns or to incorporate variances to accommodate operational or structural differences. There is a high threshold for incorporating such variances in Model Business Practices; the subcommittee(s) in drafting the Model Business Practices, the Executive Committee in approving the subcommittee recommendation, and the Quadrant membership in approving the Model Business Practices must all agree that such variance is necessary.

13. Transparency: All NAESB meetings are open for attendance and participation by any interested party, with the exception of executive sessions of the Board or Managing Committee for purposes of discussing personnel, compensation or legal issues. Meeting announcements and agendas are posted in advance to permit the widest possible participation. Conference-calling capability is available for all meetings and web casting is available for most. Those intending to attend a meeting in person or by telephone are asked to notify NAESB by a specific date to permit adequate meeting planning. Transcripts are made of all Board of Directors and Executive Committee meetings, and may also be made of other meetings that are expected to be controversial. Transcripts are maintained in the NAESB office and are provided to regulatory agencies for their internal use. All other interested parties can purchase transcripts from the relevant transcription service. Contact information is posted on the NAESB website for each meeting transcribed.

14. All of NAESB's Final Actions are copyrighted. It would be an infringement of the copyright to publically disclose the final Model Business Practices. Waivers of the copyright policy are considered on a case-by-case basis. Contact the NAESB office to request such a waiver.