

North American Energy Standards Board

Bylaws Addendum

Exhibit 3

Retail Gas Quadrant Procedures

1 **Section 1 - DEFINITIONS**

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

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

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

6 A. “NAESB Office” means the administrative office of the Secretary of NAESB.

7 B. “RGQ” means the Retail Gas Quadrant.

8 C. “RGQ Designated Alternate” is defined as a person named by a Segment of the
9 Retail Gas Quadrant Segment, submitted to the NAESB office, to serve in place
10 of a RGQ EC Member who is unable to attend an EC meeting.

11 D. “RGQ EC” means the Executive Committee of the RGQ.

12 E. “RGQ Members” means Voting Members of the Retail Gas Quadrant of NAESB
13 that satisfy the requirements of membership set forth in Section 5.1.

14 F. “RGQ Segment” means one of the three co-equal Segments of the Retail Gas
15 Quadrant of NAESB.

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17 **Section 2 – PURPOSES, SCOPE, ACTIVITIES, AND POLICIES**

18 **Section 2.1 Purposes, Scope and Activities**

19 A. Purpose

20 The purpose of the RGQ of NAESB is to propose, develop and adopt voluntary model
21 business practices or standards to promote more competitive, efficient and reliable
22 service in the retail natural gas industry.

23 B. Scope & Activities

24 The RGQ is concerned with and tasked to handle natural gas related issues and practices
25 that are within the scope of NAESB and typically addressed at the retail natural gas
26 distribution level. The RGQ shall work closely with other NAESB Quadrants to mitigate
27 inconsistencies where proposed standards and model business practices affect those other
28 Quadrants.

29 **Section 2.2 Policies**

30 The RGQ shall comply with the policies and procedures laid out in the NAESB Bylaws
31 and the Certificate of Incorporation.

32 **Section 2.3 Segment Organization**

33 Each prospective Member shall declare the Segment with which they are to be identified.
34 What follows is a description of the RGQ organizational structure, including a listing of
35 RGQ Segments.

36 A. Service Providers/Suppliers

37 Persons engaged in the competitive sale of natural gas and/or capacity to end
38 users, including marketers, aggregators, producers, asset managers and pipelines
39 or that provide services to the participants in the retail natural gas industry,
40 including equipment manufacturers, equipment and service vendors, software
41 providers, energy consultants, and other companies or individuals not otherwise
42 eligible for membership in any other Segment.

43 B. Distributors

44 Persons engaged in the local distribution of natural gas.

45 C. End Users/Public Agencies

46 Persons that consume natural gas, represent consumers of natural gas or are
47 employed by a public agency associated with the retail electric industry.

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49 **Section 3 - RESERVED**

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51 **Section 4 - RESERVED**

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53 **Section 5 – RGQ MEMBERS**

54 **Section 5.1 RGQ Voting Members**

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

- 57 A. The person has a significant business interest¹ in the retail natural gas market (or
58 is a representative or Agent of such person), as determined by a simple majority
59 of the Quadrant Membership, if challenged;
- 60 B. Representatives designated by any person in any Segment should have the
61 authority to represent the interests of the person seeking to be a Segment Member.
- 62 C. Memberships in multiple Segments of the RGQ are permissible for any person
63 provided each membership is filed and declared with NAESB and the person
64 meets the membership requirements of each Segment joined.
- 65 D. Only one membership per Segment is permissible for any person.
- 66 E. The person may be a trade association or an advocacy group representing a group
67 of prospective members.

¹ As used in this section, “significant business interest” specifically includes the interests of statutorily appointed

68 **Section 5.2 Removal of Members**

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

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73 **Section 6 – RESERVED**

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75 **Section 7 – BOARD**

76 **Section 7.1 Board Representation**

77 The RGQ shall elect Directors to the Board from each Segment in accordance with
78 Section 7.3.

79 **Section 7.2 Qualifications of Directors**

80 A. Eligibility

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

- 83 1. be willing to commit the time and resources necessary;
- 84 2. have the authority to fulfill the obligations as a RGQ Director
- 85 3. be willing to meet the minimum threshold of participation and attendance
86 established in the NAESB Bylaws, Section 9.7(f), and any other applicable
87 provisions, as set forth in the NAESB Bylaws
- 88 4. have a broad understanding of the natural gas industry and have sufficient
89 authority to make decisions on behalf of the organization represented; for

consumer advocates.

90 example, a representative of a corporate entity should ideally be an executive of
91 that corporation;

92 5. have a working knowledge of the NAESB process; and

93 6. disclose their interest, or their employer's interest, in the natural gas industry and
94 the relationship with other entities with which the employer may be affiliated.

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

96 A. Number of Directors

97 The RGQ shall elect twelve (12) NAESB Directors and each Segment of the Quadrant
98 will elect four (4) Directors.

99 B. Election of Directors

100 Nominations for and election of all Directors will be as follows:

101 1. When Directors' terms approach expiration the NAESB office will ask those
102 Board members if they will consider an additional term.

103 2. The NAESB office will send out a request for candidates letter to all Members of
104 the Segment for the open seats or seats with term limits. In that communication,
105 if the existing Board member is interested in holding the seat or if other Segment
106 Members have noted their willingness to be considered as a candidate, they are so
107 noted as candidates.

108 3. The nomination period is a minimum of two weeks but can extend to one month.
109 Interested Members of the Segment for the seat in question can self-nominate or
110 nominate others through communication to the NAESB office.

111 4. If there are contested seats, an election is held for a period of two weeks.
112 Members of the Segment are eligible to vote and receive a ballot via email.

- 113 5. The ballot can be forwarded to the office in email or fax communication. The
114 tally takes place at the conclusion of the balloting period, and the candidate
115 receiving the most votes wins.
- 116 6. In case of a tie, the candidates are approached to resolve the matter.
- 117 7. For vacancies, the same steps noted above are followed with the exception that
118 the existing Board member is not approached to determine if he is interested in
119 serving additional terms.

120 **Section 7.4 Term of Office**

121 A. Terms

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

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

130 B. Limit on Number of Terms of Office

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

133 C. Change of Affiliation

134 In the event that the Director

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

140 2. is no longer affiliated with the electing industry Segment, the Director will vacate
141 the seat for election of a new Director.

142 **Section 7.5 RESERVED**

143 **Section 7.6 Removal of Directors**

144 In addition to being subject to removal from office by the NAESB Board of Directors,
145 Directors may also be removed from office for cause. The RGQ Segment shall give the
146 Director at least a 30-day notice of the proposed action and an opportunity to respond. A
147 67% majority of the applicable RGQ Segment Membership shall be required to remove a
148 Director.

149 **Section 8 – RESERVED**

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151 **Section 9 – RESERVED**

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153 **Section 10 - EXECUTIVE COMMITTEE**

154 **Section 10.1 EC Representation**

155 The RGQ shall elect representatives to the EC from each Segment in accordance with

156 Section 10.3.

157 **Section 10.2 Qualifications of RGQ EC Members**

158 A. Eligibility

159 To be eligible to serve as a representative on the RGQ EC, the representative must:

- 160 1. be willing to commit the time and resources necessary;
- 161 2. have the authority to fulfill the obligations as a RGQ EC Member;
- 162 3. be willing to meet the minimum threshold of participation and attendance
163 established in the NAESB Bylaws, Section 9.7(f), and any other applicable
164 provisions, as set forth in the NAESB Bylaws;
- 165 4. have a broad understanding of the natural gas industry and have sufficient
166 authority to make decisions on behalf of the organization represented; for
167 example, a representative of a corporate entity should ideally be in senior
168 leadership of that corporation;
- 169 5. have a working knowledge of the NAESB process; and
- 170 6. disclose their interest, or their employer's interest, in the natural gas industry and
171 the relationship with other entities with which the employer may be affiliated.

172 **Section 10.3 Number and Election of RGQ EC Members**

173 A. Number of EC Members

174 The RGQ shall elect twelve (12) EC Members and each Segment of the Quadrant will
175 elect four (4) Representatives.

176 B. Election of EC Members

177 Nominations for and election of all EC Members will be as follows:

- 178 1. When Representatives' terms approach expiration the NAESB office will ask

- 179 those EC Members if they will consider an additional term
- 180 2. The NAESB office will send out a request for candidates letter to all Members of
- 181 the Segment for the open seats or seats with term limits. In that communication,
- 182 if the existing EC Member is interested in holding the seat or if other Segment
- 183 Members have noted their willingness to be considered as a candidate, they are so
- 184 noted as candidates.
- 185 3. The nomination period is a minimum of two weeks but can extend to one month.
- 186 Interested Members of the Segment for the seat in question can self-nominate or
- 187 nominate others through communication to the NAESB office.
- 188 4. If there are contested seats, an election is held for a period of two weeks.
- 189 Members of the Segment are eligible to vote and receive a ballot via email.
- 190 5. The ballot can be forwarded to the office in email or fax communication. The
- 191 tally takes place at the conclusion of the balloting period, and the candidate
- 192 receiving the most votes wins.
- 193 6. In case of a tie, the candidates are approached to resolve the matter.
- 194 7. For vacancies, the same steps noted above are followed with the exception that
- 195 the existing EC Member is not approached to determine if he is interested in
- 196 serving additional terms.

197 **Section 10.4 Term of Office**

198 A. Terms

199 EC Members shall be elected for three-year staggered terms of office and will end in

200 conjunction with end of the operating year of NAESB or as otherwise defined by the

201 Board of Directors, Certificate of Incorporation or Bylaws, as amended.

202 B. Limit on Number of Terms of Office

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

205 C. Change of Affiliation

206 In the event that the EC Member

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

212 2. is no longer affiliated with the electing industry Segment, the EC Member will
213 vacate the seat for election of a new EC Member.

214 **Section 10.5 Vacancies**

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

218 **Section 10.6 Removal of RGQ EC Members**

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

225 **Section 10.7 Designated Alternates**

226 A. Authority

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

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

235 B. Election of Designated Alternates

236 Each Segment will annually select Designated Alternates.

237 **Section 10.8 EC Meetings**

238 A. RGQ EC Meetings

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

244 B. Joint EC Meetings

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

248 specified in the NAESB Bylaws.

249 **Section 10.9 EC Subcommittees**

250 A. Establishing Subcommittees & Task Forces

251 The EC of the RGQ shall set up its own subcommittees and task forces to deal with
252 RGQ-specific issues. The EC may establish voluntary standing subcommittees or special
253 purpose task forces to perform various functions required of the organization.

254 1. The Executive Committee will prepare a written statement of the purpose of the
255 subcommittee or task force and the tasks to be performed, name the subcommittee
256 or task force, and appoint a Temporary Chair.

257 2. The Temporary Chair will be a Member of the EC willing to perform the required
258 startup tasks and to continue chairing the subcommittee / task force if elected by
259 the Members after its first meeting.

260 3. The Temporary Chair shall

261 a) set up the first meeting of the subcommittee or task force.

262 b) prepare a meeting notice that:

263 (i) states the name and purpose of the subcommittee / task force,

264 (ii) solicits participation in the subcommittee / task force, and

265 (iii) announces the agenda for the first meeting.

266 c) post the meeting notice to all Members and non-members via the NAESB
267 website.

268 d) post the notice at least two weeks prior to the meeting date. Shorter time
269 periods for notices of subsequent meetings will be permitted by a 75%
270 vote of the participants attending a duly scheduled meeting.

271 4. All meeting notices shall be posted on the NAESB website and transmitted in
272 writing, facsimile, or other electronic means to parties who have indicated an
273 interest in the duly scheduled meeting.

274 B. Meeting Minutes

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

278 C. Reporting

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

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283 **Section 11 – RESERVED**

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285 **Section 12 – RESERVED**

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287 **Section 13 – RESERVED**

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289 **Section 14 – RESERVED**

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291 **Section 15 – RESERVED**

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293 **Section 16 – RESERVED**

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Section 17 – RESERVED

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Section 18 - AMENDMENTS

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Section 18.1 Amendments

298

299 In order for RGQ Procedures to be amended, upon petition of at least five (5) RGQ

300 Members, the Vice Chair of the EC for the RGQ shall announce an RGQ meeting. Such

301 announcement shall provide for at least a 30-day notice. In order to transact business at

302 the RGQ meeting, there shall be a quorum consisting of at least 33% of the RGQ

303 Membership. Following such meeting, the proposed resolution adopted at the meeting

304 shall be sent out for comment, and the comments shall be distributed to all RGQ

305 Members in advance of a notational vote. Any RGQ Member not choosing to vote shall

306 be considered to have voted in favor of the proposed change. In order for a proposed

307 resolution to take effect, it must be approved by at least 67% majority of RGQ Members

308 and 40% of each RGQ Segment's Membership.