



## North American Energy Standards Board

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via email and posting

**TO:** Wholesale Electric Quadrant Drafting Collaborative Task Force<sup>1</sup>, Wholesale Electric Quadrant Membership and Interested Parties

**FROM:** Rae McQuade, Executive Director

**RE:** Process to Adopt Revised WEQ Procedures

**DATE:** May 9, 2003

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Dear WEQ Members, WEQ Drafting Collaborative and Interested Parties,

Attached please find the revised WEQ procedures which were a consensus product of several meetings of the WEQ Drafting Collaborative. Please review these procedures and provide comments to the NAESB office in electronic format on May 23, should the document not reflect the consensus of the group. The comments will be posted and provided to the WEQ Board of Directors along with the procedures.

The WEQ Board of Directors will consider the comments and vote to approve the revised WEQ procedures on June 23. For the amendments to be adopted, 75% affirmative vote of the WEQ Board members with a minimum of 40% affirmative vote from each segment will be required. If approved, the procedures will be forwarded for ratification to the WEQ membership. For the amendments to be ratified, a minimum of 75% of the WEQ members returning ballots should vote affirmatively.

Best Regards,

Rae McQuade  
Executive Director, NAESB

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<sup>1</sup> WEQ Procedures Drafting Collaborative: Barbara Radous, Michael Desselle, Allen Mosher, Andy Dotterweich, Gloria Ogenyi, John Anderson, Ed Davis, Mark Bennett, Barry Lawson, Jim Hicks, LouAnn Westerfield, Charles Yeung, Marjorie Perlman, Tony Reed, Dave Dworzak, Cindy Bogorad, Steve Cobb, Marvin Rosenberg, Sherry Barklind, Charlie Acquard, Gary Jackson, Tom McGrath, Bill Irish, Karl Tammar, Sheri Monteith

## 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 (Certificate) of NAESB.

### 1.2 Definitions for the Purposes of this Exhibit

- A** "Entity" - an individual, partnership, firm, corporation or organization who is a Member of the WEQ.
- B** "IOU" - an investor owned entity with substantial business interest in owning and/or operating any two of the following three asset categories --- generation, transmission, distribution.
- C** "Segment Membership" - the Segment Members collectively.
- D** "Segment Procedures" - the procedures that may be attached to this document as exhibits for each of the Segments, as amended.
- E** "Services" - providers of services to participants in the wholesale electric industry, which would include, but not be limited to, software providers, consultants and other Entities not otherwise considered to be a Transmission, Generation, Marketer/Broker, Distribution/Load-Serving Entity or End-User.
- F** "Sub-Segment" - the allocation of Board and EC seats as shown on Attachment A.
- G** "Sub-Segment Principles" - the principles described in Section 2.4 of these Procedures.
- H** "Sunrise" - Sub-Segments may be revisited at any time, but no later than three (3) years from WEQ formation approval by the NAESB Board. .
- I** "WEQ" - the Wholesale Electric Quadrant.
- J** "WEQ Designated Alternates" - the group of WEQ Memberships selected by each WEQ Membership Segment's Sub-Segment to serve in the stead of WEQ EC Members who are unable to attend EC meetings.
- K** "WEQ EC" - the Executive Committee of the WEQ.
- L** "WEQ Membership" - the Voting Members of the WEQ collectively.
- M** "WEQ Segment" - one of five (5) equal Membership Segments of the NAESB WEQ, representing the following **functions** that exist in the operation of the wholesale electric industry: **Transmission; Generation; Marketers/Brokers; Distribution/Load Serving Entities; End User.**

## 2 Purpose, Scope, Activities and Policies

### 2.1 Purpose, Scope and Activities

#### A Purpose

The purpose of the WEQ of NAESB is to propose, evaluate and adopt voluntary Standards that apply to business practice Standards, Model Business Practices and communication protocols including, but not limited to, electronic data interchange ("EDI") record formats. All Standards shall be designed to promote more competitive, efficient and reliable wholesale electric service.

#### B Scope and Activities

The WEQ is concerned with activities necessary or desirable to achieve the objectives and purposes of the commercial aspects of the wholesale electric industry, and are appropriate to the operation of the wholesale electric market.

The WEQ will work closely with other NAESB Quadrants to strive for consistency where proposed business practice Standards, Model Business Practices and communication protocols affect those other Quadrants.

**2.2 Policies**

The WEQ shall comply with the policies and procedures specified in the Bylaws and Certificate of NAESB.

**2.3 Segment Organization and Description**

The WEQ shall be composed of five Segments: (1) Transmission, (2) Generation, (3) Marketers/Brokers, (4) Distribution/Load Serving Entities and (5) End Users. Each prospective Member of the WEQ shall declare the Segment(s), and if applicable, the Sub-Segment, with which they have a legitimate business interest and are to be identified.

**A Transmission**

Any Entity engaged in the activity of owning, operating or controlling bulk electric transmission facilities in North America.

**B Generation**

Any Entity engaged in the activity of owning and/or operating wholesale electric generation facilities in North America.

**C Marketers/Brokers**

Any Entity engaged in the activity of buying and selling wholesale electric power in North America on a physical or financial basis.

**D Distribution/Load-Serving Entities**

Any Entity engaged in the activity of electric power sales and/or delivery to end use customers in North America, or any Entity designated to represent a distribution utility.

**E End Users**

Any Entity in North America that is an end use consumer of electricity, engages in electricity regulation, or represents customer interests, or any Entity designated to represent an end user.

**2.4 Sub-Segment Principles**

The WEQ shall use the following principles to develop Sub-Segments for each Segment. These principles shall continue to be used for future Sub-Segment development. Sunrise rules will apply to the Sub-Segments. Changes to Sub-Segments require a 75% affirmative vote of the WEQ Membership from that Segment of which that Sub-Segment is a part and a 67% affirmative vote of the WEQ Membership as a whole. In both cases, the percentages are calculated based on those members who return ballots. Appeals of the changes to Sub-Segments should be addressed by the aggrieved Sub-Segment to the NAESB Office. The appeals will be considered by the NAESB Board of Directors members who represent the WEQ, and will be resolved through a 75% affirmative vote of the NAESB Board of Directors members representing the WEQ, and a minimum 40% affirmative vote of each of the NAESB Board of Directors members representing the WEQ for each of the WEQ Segments. As noted earlier, the percentages are calculated based on those members who vote.

The Segment organization will operate under the following Sub-Segment Principles:

**A** No single business interest can by itself pass a Standard.

**B** All appropriate interests are represented.

**C** No Sub-Segment may alone block action.

**2.5 Sub-Segment Organization**

See Attachment A. Attachment A "Procedural Elements" are not intended to conflict with the WEQ Quadrant Procedures. As of January 2003, the Sub-Segments and seats held on the Board of Directors and Executive Committee per Segment are:

<b>Transmission:</b> Sub-segments:	Muni/Coop	Number of Seats:	1
	Fed/State/Provincial		1
	IOU		2
	ITC		2

North American Energy Standards Board

Wholesale Electric Quadrant Procedures

Draft Approved by the WEQ formation Drafting Collaborative as of January 27, 2003 with comments reflected as of 2-14-03

<b>Generation:</b>	Muni/Coop	1
	Fed/State/Provincial	1
	IOU	2
	Merchant	2
<b>Marketers/Brokers:</b>	Muni/Coop	1
	Fed/State/Provincial	1
	Non- IOU Affiliated	2
	IOU Affiliated	2
<b>Distribution/Load Serving Entities:</b>	Muni/Coop	2
	IOU	2
	Competitive Retailer	1
	<i>(not available to muni/coop, IOU or IOU affiliates)</i>	
	Other	1
	<i>(not available to muni/coop, IOU or IOU affiliates)</i>	
<b>End Users:</b>	End Use <i>(also in another segment)</i>	1
	Regulator	1
	Residential/Commercial	1
	Large Industrial (not in other segments)	2
	End Use (Self Generation)	1

**3 Reserved**

**4 Reserved**

**5 Members**

**5.1 Voting Members**

**A Membership**

Membership and voting rights in the WEQ shall be open to any person or legal Entity that:

- 1 Has an active, significant business interest in the wholesale electric market or is the representative or Agent of such a person or Entity, and
- 2 Is current in payment of its membership dues.

**B Multiple Memberships Per Quadrant**

Memberships in multiple Segments of the WEQ are permissible for any Entity, provided each membership is filed and declared with NAESB, the Entity meets the membership requirements of each Segment joined, membership dues are paid for each Segment and different company personnel are used for each Segment's activities.

**C Segment and Sub-Segment Qualification**

Upon joining the NAESB WEQ, the Voting Member must identify a Segment and within that Segment, only one Sub-Segment, in accordance with Section 2.3 and the Sub-Segment allocation shown in Attachment A, that it feels most closely aligns with its business interest.

If membership in the Segment is challenged, participation by this Voting Member can be barred by a 67% affirmative vote of that Segment. If a Voting Member is disallowed, the Voting Member has 60 days to appeal the decision to the Board of Directors, and upon receipt of the appeal, the Board of Directors will take action within 60 days. If the Voting Member does not appeal the disallowal or if the Board of Directors upholds the disallowal action in the case of an appeal, reselection of Segment and Sub-Segment will be required. In the case of an appeal, the Voting Member will remain a Voting Member in the Segment and Sub-Segment pending the resolution of the appeal by the Board of Directors.

If membership in the Sub-Segment is challenged, participation by this Voting Member can be barred by a 67% affirmative vote of that Sub-Segment. If a Voting Member is disallowed, the Voting Member has 60 days to appeal the decision to the Board of Directors, and upon receipt of the appeal, the Board of Directors will take action within 60 days. If the Voting Member does not appeal the disallowal or if the Board of Directors upholds the disallowal action in the case of an appeal, reselection of Segment and Sub-Segment will be required. In the case of an appeal, the Voting Member will remain a Voting Member in the Segment and Sub-Segment pending the resolution of the appeal by the Board of Directors.

**D Multiple Corporate Memberships**

An Entity may join and vote in all Segments for which it is qualified and for which its membership dues are current. Multiple companies under common control within a corporate organization that desire to become Voting Members must join individually. Members cannot extend their WEQ Membership to their parent company, affiliates, or subsidiaries.

**E Service Entities**

Service Entities will be viewed as having a legitimate business interest in any Segment and Sub-Segment to which they directly provide service by contracting primarily with Entities that would qualify for Segment and Sub-Segment Membership

**6 Meetings of the Members**

All meetings held in association with the NAESB organization, or the WEQ, are open to any interested Entity and will be held in accordance with the NAESB Operating Procedures. From time to time, there may be joint meetings of the WEQ with other Quadrants within NAESB, and Segments may meet jointly to transact Quadrant business. Only the EC, Board and the WEQ Membership ratification processes are limited to Voting Members.

**7 Board**

**7.1 Board Representation**

The membership of each WEQ Sub-Segment shall elect representatives to the Board from its Sub-Segment in accordance with the NAESB Bylaws, Certificate, and these WEQ Procedures.

**7.2 Qualifications of Board Members**

**A Eligibility**

To be eligible to serve as a NAESB Board Member from the WEQ, a nominee must:

- 1** Have a working knowledge of the NAESB process,
- 2** Be willing to commit the time and resources necessary,
- 3** Have the authority to fulfill the obligations as a Board representative,
- 4** 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 and
- 5** Be a Voting Member or a partner, an officer, an employee or an agent of a Voting Member of the WEQ.

**B One Member, One Seat Per Segment**

No two Board Members from the same or affiliated companies can be elected to the Board from the same Segment.

**C One Office Per Member Representative**

No Board Member elected from the WEQ may hold both a Board seat and an EC seat concurrently in the WEQ or any other NAESB Quadrant. If a WEQ EC Member is elected as a Board Member from the WEQ, the WEQ EC seat is vacated immediately upon the EC Member's assumption of the Board position.

### **7.3 Number and Election of Board Members**

#### **A Number of Board Members**

The WEQ shall elect thirty (30) Board Members. Each Segment of the WEQ will elect six (6) Board Members, in accordance with the Sub-Segment allocation shown in Attachment A of the WEQ Procedures. Vacant seats are subject to Section 7.5 C of these WEQ Procedures.

#### **B Election of Board Members**

Nominations for and election of Board Members will be in accordance with the Sub-Segment allocation shown in Attachment A. Only Voting Members of the particular Sub-Segment for which the Board seat is being sought are allowed to vote in this process.

#### **C Board Election Procedures**

In preparation for any election of Board Members, other than initial Board Members:

- 1** Nominations may be made at or prior to the close of the WEQ nomination period by any appropriate Sub-Segment Member by submitting the candidate names to the NAESB Office in accordance with the NAESB Operating Procedures.
- 2** All Board nominees shall meet the personal and membership eligibility requirements set out in these WEQ Procedures. NAESB shall confirm that a nominee meets the Board eligibility requirements.
- 3** All eligible nominees shall state in writing their willingness to accept the responsibility of serving as a Board Member, prior to the submission of their names to the Sub-Segment WEQ Membership at the election.
- 4** The WEQ Board nomination period shall end two weeks prior to the commencement of the election period. This deadline may be extended. All nominations will be in writing or by electronic communications.
- 5** Any WEQ Sub-Segment Voting Member who is current in the payment of its membership dues is eligible to one vote per open Sub-Segment seat. The ballot shall contain the names of all eligible nominees
- 6** The candidates receiving the greatest number of votes shall be elected.
- 7** In the event of a tie, a runoff election will be held to resolve the tie. In the event of another tie, the candidate chosen by lot will be announced as the newly elected Board member. The NAESB Office will conduct the lottery required to resolve the tie.

#### **D Timing of Elections**

The election of Board Members shall occur concurrently for all Segments of the WEQ.

### **7.4 Term of Office**

#### **A Terms**

Initially, Board Members shall be elected for two-year terms, with half of the terms expiring in alternating years. All subsequent elections for other than filling vacancies during a term, are for two year terms.

#### **B Limit on Number of Terms of Office**

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

#### **C Change of Affiliation**

In the event that a WEQ Board Member changes member or company affiliation, the Board seat will become vacant and open for re-election as prescribed in Section 7.5 of these WEQ Procedures.

### **7.5 Vacancies**

- A** A person shall cease to be a member of the Board upon (1) the Board Member's resignation, removal, or death; (2) term expiration; or (3) the resignation or lapse, through a delinquency in payment of the membership dues, of the Segment Membership of the

Entity that the Board Member represents. A vacancy shall be filled for the remainder of that term in accordance with Section 7.5 B & C of these WEQ Procedures.

- B** In the event that a Board Member resigns or otherwise vacates a seat, and less than 90 days remain in the term of office, the Board seat will remain vacant until the next election period.
- C** If any seat on the Board becomes vacant and more than 90 days remain in the term of that seat, the respective Sub-Segment will conduct nominations and elections to fill that seat.
  - 1.** If the seat is vacant after ninety (90) days, that seat will be designated an "At Large" seat and the Segment will hold elections to fill that seat conforming to the Sub-Segment Principles.
  - 2.** If the seat is vacant after 180 days, the voting rights of that "At Large" seat will be suspended and the Segment will be expected to re-organize with new Sub-Segments consistent with the six (6) Board seats, six (6) EC seats, and Sub-Segment Principles. The new sub-segmentation will become effective on approval by 75% of the Segment and then 67% of the WEQ Membership. The percentage will be based on those members voting. The Segment will then conduct elections for its Board and EC members with the rights of the Board Members effective under the new Sub-Segment designations.
  - 3.** If, after 270 days of the original vacancy, the Segment is unable to develop new Sub-Segments, an affirmative vote of 67% of the WEQ Membership is needed within the next ninety (90) days to develop and approve the new Sub-Segments for the Segment consistent with the Sub-Segment Principles. New Segment elections will be conducted as outlined above.
  - 4.** At any time during the vacancy of the seat, the Sub-Segment in question elects a Board member to fill the vacancy, no further Sub-Segment actions are necessary.

#### **7.6 Reserved**

#### **7.7 Resignation of Members of the Board**

A Member of the Board may resign his or her position by submitting a letter to the Secretary of NAESB with a copy to the Board Chair stating that he or she is resigning and giving the effective date of the resignation.

### **8 Election of WEQ Board Vice Chair**

#### **8.1 Eligibility**

Any Board member who is a member of the WEQ may be nominated for the WEQ Board Vice Chair position.

#### **8.2 Election Process**

After a two week process where Board members can nominate, (including self-nomination), the NAESB office will run an election for the office of the WEQ Board Vice Chair and the candidate receiving the most votes from among the WEQ Board members will be announced as the WEQ Board Vice Chair. The WEQ Board Vice Chair may run for re-election at the conclusion of his/her term.

#### **8.3 Term**

The WEQ Board Vice Chair will remain in office until the earlier of: the conclusion of the two year term, or he/she no longer holds a Board seat.

**9 Reserved.**

**10 Executive Committee**

**10.1 EC Representation**

The membership of each WEQ Sub-Segment shall elect representatives to the EC from its Sub-Segment in accordance with the NAESB Bylaws, Certificate, and these WEQ Procedures.

**10.2 Qualifications of EC Members**

**A Eligibility**

To be eligible to serve as a NAESB EC Member from the WEQ, a nominee must:

- 1** Have a working knowledge of the NAESB process
- 2** Be willing to commit the time and resources necessary,
- 3** Have the authority to fulfill the obligations as an EC representative,
- 4** 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 and
- 5** Be a Voting Member, or a partner, an officer, employee or an agent of a Voting Member of the WEQ.

**B One Member, One Seat Per Segment**

No two EC Members from the same or affiliated Entities can be elected to the EC from the same Segment.

**C One Office Per Member Representative**

No EC Member elected from the WEQ may hold both a Board seat and an EC seat concurrently in the WEQ or any other NAESB Quadrant. If a WEQ EC Member is elected as a Board Member from the WEQ, the WEQ EC seat is vacated immediately upon the EC Member's assumption of the Board position.

**10.3 Number and Election of EC Members**

**A Number of EC Members**

The WEQ shall elect thirty (30) EC Members. Each Segment of the WEQ will elect six (6) EC Members, in accordance to the Sub-Segment allocation shown in Attachment A of the WEQ Procedures. Vacant seats are subject to Section 10.5 C of these WEQ Procedures.

**B Election of EC Members**

Nominations for and election of all EC Members will be in accordance with the Sub-Segment allocation shown in Attachment A. Only Voting Members of the particular Sub-Segment for which the EC seat is being sought are allowed to vote in this process.

**C Election Procedures**

In preparation for any election of EC Members:

- 1** Nominations may be made at or prior to the close of the WEQ nomination period by any appropriate Sub-Segment Member by submitting the candidate names to the NAESB Office in accordance with the NAESB Operating Procedures
- 2** All EC nominees shall meet the personal and membership eligibility requirements set out in these WEQ Procedures. NAESB shall confirm that a nominee meets the EC eligibility requirements
- 3** All eligible nominees shall state in writing their willingness to accept the responsibility of serving as an EC Member, prior to the submission of their names to the Sub-Segment WEQ Membership at the election.
- 4** The WEQ EC nomination period shall end two weeks prior to the commencement of the election period. This deadline may be extended. All nominations shall be in writing or electronically communicated.

- 5 Any WEQ Sub-Segment Voting Member who is current in the payment of its membership dues is eligible to vote per open Sub-Segment seat. The ballot shall contain the names of all eligible nominees.
- 6 The candidates receiving the greatest number of votes shall be elected.
- 7 In the event of a tie, a runoff election will be held to resolve the tie. In the event of another tie, the candidate chosen by lot will be announced as the newly elected EC member. The NAESB Office will conduct the lottery required to resolve the tie.

**D Timing of Elections**

The election of EC Members shall occur concurrently for all Segments of the WEQ.

**E Officers of the WEQ EC**

The WEQ EC shall elect a vice chair of the EC, and may elect a second vice chair who shall serve for a period of one (1) calendar year. The Vice Chair, and in his or her absence the Second Vice Chair, shall preside over the meetings of the WEQ EC.

**1 Eligibility**

Any EC member who is a member of the WEQ quadrant may be nominated for the WEQ EC Vice Chair position or Second Vice Chair position. It is encouraged but not required that the WEQ EC Vice Chair position and Second Vice Chair represent different segments of the WEQ.

**2 Election Process**

After a two week nomination process where WEQ EC members can nominate including self-nomination, the NAESB office will run an election and the candidates receiving the most votes from among the WEQ EC members will be announced the as the officers of the WEQ EC..

**10.4 Term of Office**

**A Terms**

Initially, EC Members shall be elected for two-year terms, with half of the terms expiring in alternating years. All subsequent elections for other than filling vacancies during a term, are for two years.

**B Limit on Number of Terms of Office**

EC Members from the WEQ may run for re-election without restriction on the number of terms held, provided that the position of the EC Vice Chair and Second Vice Chair shall have a term limit of one year each.

**C Change of Affiliation**

In the event that the EC Member changes member or company affiliation, the EC seat will become vacant and open for re-election as prescribed Section 10.5 of these WEQ Procedures.

**10.5 Vacancies**

- A A person shall cease to be a member of the EC upon (1) the EC Member's resignation, removal, or death; (2) term expiration; or (3) the resignation or lapse, through a delinquency in payment of the membership dues, of the Segment Membership of the Entity that the EC Member represents. A vacancy shall be filled for the remainder of that term in accordance with Sections 10.5B & C of these WEQ Procedures.
- B In the event that an EC Member resigns or otherwise vacates a seat with less than 90 days remaining in the term of office, the EC seat will remain vacant until the next election period and the respective Sub-Segments Designated Alternate will serve until a new EC Member is elected.
- C If any seat on the EC becomes vacant and more than 90 days remain in the term of that seat, the respective Sub-Segment will conduct nominations and elections to fill that seat.

1. If, after ninety (90) days the seat is still vacant, that seat will be designated an "At Large" seat and the Segment will hold elections to fill that seat conforming to the Sub-Segment Principles.
2. If, after 180 days of the vacancy, that seat is still vacant, the voting rights of the "At Large" seat will be suspended and the Segment will be expected to re-organize with new Sub-Segments consistent with the six (6) EC seats, six (6) Board seats, and Sub-Segment Principles. The new sub-segmentation will become effective on approval by 75% of the Segment and then 67% of the WEQ Membership. The percentage will be based on those members voting. The Segment will then conduct elections for its Board and EC members with the rights of the Board Members and EC Members effective under the new Sub-Segment designations.
3. If, after 270 days of the original vacancy, the Segment is unable to develop new Sub-Segments, an affirmative vote of 67% of the WEQ Membership is needed within the next 90 days to develop and approve the new Sub-Segments for the Segment consistent with the Sub-Segment Principles.
4. At any time during the vacancy of the seat, the Sub-Segment in question elects a Board member to fill the vacancy, no further Sub-Segment actions are necessary.

#### **10.6 Reserved**

#### **10.7 Resignation of Members of the EC**

A Member of the WEQ EC may resign his or her position by submitting a letter to the Secretary of NAESB with a copy to the WEQ EC Vice-chair stating that he or she is resigning and giving the effective date of the resignation.

#### **10.8 Designated Alternates**

Each Segment's Sub-Segment of the WEQ may develop and approve a list of individuals to serve as Designated Alternates and will give such list to the NAESB office in accordance with the NAESB Bylaws.

##### **A Authority**

Persons presenting themselves at an EC meeting as Designated Alternates will be accepted as a participant provided that:

- 1 No two EC Members and Designated Alternates from the same Voting Member can represent a Segment at an EC meeting.
- 2 He or she has been designated to attend by an absent EC Member from his/her Segment's Sub-Segment.
- 3 The WEQ EC Member from that Segment either indicates to the NAESB Office, EC Chair or Vice Chair that the EC Member will be absent, or is in fact absent and remains absent, and
- 4 The name of the Designated Alternate is on a list of approved Designated Alternates selected by the appropriate Sub-Segment Membership according to these WEQ Procedures, and is on file with the NAESB Office.

##### **B Election of Designated Alternates**

Each Sub-Segment may select Designated Alternates. In selecting Designated Alternate, the items below should be followed:

- 1 EC representative of Sub-Segment submits the list to NAESB office.
- 2 Alternates are members or agents of members of NAESB in good standing.
- 3 Alternates may not be presiding EC representatives (in any Segment or Sub-Segment) in the WEQ.
- 4 The Sub-Segment may provide a list that is considered approved if no objection from the Sub-Segment is raised. If objection is raised and not accommodated by the EC member providing the list, a vote of the Sub-Segment members is taken to approve the list with a 67% affirmative vote of those Sub-Segment members required for approval.

5 Alternates List may be revised.

**10.9 EC Meetings**

**A WEQ EC Meetings**

- 1 WEQ EC meetings shall be held at times and locations determined by the EC Vice Chair or Second Vice Chair of the WEQ EC. The capability to participate by telephone is required for all WEQ EC meetings.
- 2 The NAESB Office shall record the minutes of EC meetings.

**B Notices**

The NAESB Office shall post advance meeting notices and agendas on the NAESB website and transmit same in writing, by facsimile, e-mail, or other electronic means to all WEQ EC Members. Unless under extreme circumstances, meeting notices shall provide at least 10 days notice of the meeting.

**C Voting**

- 1 The WEQ EC shall practice Balanced Voting and record voting results.
- 2 Each WEQ EC Member may participate and vote in EC meetings by notational ballot. Every notational ballot shall be executed in writing by the WEQ EC Member or by his or her duly authorized attorney in fact and filed with the Secretary of NAESB. The notational ballot may be mailed, sent via facsimile or sent via electronic mail to the NAESB Office.
- 3 Notational voting shall be permitted in accordance with the NAESB Bylaws, Section 10.4 (k)(i-iii).

**D Joint EC Meetings**

In the event that the EC of the WEQ meets jointly with an EC of another NAESB Quadrant, the choice of Quadrant EC Vice 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.

**10.10 EC Subcommittees & Task Forces**

**A Establishing Subcommittees & Task Forces**

The EC of the WEQ shall set up its own subcommittees and task forces to deal with WEQ-specific issues for standards development as described in the WEQ Annual Plan. The WEQ EC chair may assign or solicit volunteers from the EC to co-chair the subcommittee or task force. The subcommittees and task forces will proceed in accordance with the relevant NAESB Operating Practices.

**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 WEQ 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.

**11 Reserved**

**12 Reserved**

**13 Reserved**

**14 Reserved**

North American Energy Standards Board

Wholesale Electric Quadrant Procedures

Draft Approved by the WEQ formation Drafting Collaborative as of January 27, 2003 with comments reflected as of 2-14-03

**15 Reserved**

**16 Reserved**

**17 Reserved**

**18 Amendments**

**18.1** Any interested party may request a change to the WEQ Procedures by forwarding a request in writing to the NAESB Office.

**18.2** The WEQ Procedures Drafting Collaborative Task Force is charged with drafting amendments to the quadrant procedures. The changes will be reviewed by NAESB Counsel to ensure that the amendments are not inconsistent with the organization's certificate and bylaws. After such assessment, the procedures will be reviewed for adoption by the WEQ membership. The NAESB Office will forward proposed amendments with a notational ballot to all WEQ Board members. The notational balloting period shall be 30 days. For the amendments to be adopted, 75% affirmative vote of the WEQ Board members with a minimum of 40% affirmative vote from each segment will be required. After the WEQ Board vote is taken and passes, the amendments must also be ratified by WEQ membership. For the amendments to be ratified, a minimum of 75% of the WEQ members returning ballots should vote affirmatively.

**18.3** The foregoing notwithstanding, any actions taken under Section(s) 2.4, 7.5, or 10.5c of the WEQ Procedures shall be approved only in accordance with the provisions set forth in those Section(s); once so approved, such actions shall not be subject to, or require, any other or additional consideration under Section 18 of the WEQ Procedures.

**19 Reserved**

Attachment A

**NAESB WHOLESALE ELECTRIC QUADRANT  
 PROPOSED INITIAL QUADRANT PROCEDURES  
 JULY 10, 2002**

The NAESB Wholesale Electric Quadrant will be composed of five segments. Each segment will have six seats on the Board of Directors and the Executive Committee. The organization for the segments is shown below:

- **Transmission:** Any entity engaged in the activity of owning, operating or controlling bulk electric transmission facilities in North America.
 

Sub-segments:	Muni/Coop	Number of Seats:	1
	Fed/State/Provincial		1
	IOU		2
	ITC		2
  
- **Generation:** Any entity engaged in the activity of owning and/or operating wholesale electric generation facilities in North America.
 

Sub-segments:	Muni/Coop	Number of Seats:	1
	Fed/State/Provincial		1
	IOU		2
	Merchant		2
  
- **Marketers/Brokers:** Any entity engaged in the activity of buying and selling wholesale electric power in North America on a physical or financial basis.
 

Sub-segments:	Muni/Coop	Number of Seats:	1
	Fed/State/provincial		1
	Not IOU affiliated		2
	IOU Affiliated		2
  
- **Distribution/Load Serving Entities:** Any entity engaged in the activity of electric power sales and/or delivery to end use customers in North America, or any entity designated to represent a distribution utility.
 

Sub-segments:	Muni/Coop	Number of Seats:	2
	IOU		2
	Competitive Retailer		1
	<i>(not available to muni/coop, IOU or IOU affiliates)</i>		
	Other		1
	<i>(not available to muni/coop, IOU or IOU affiliates)</i>		
  
- **End Users:** Any entity in North America that is an end use consumer of electricity, engages in electricity regulation, or represents customer interests, or any entity designated to represent an end user.
 

Sub-segments:	End Use (also in another segment)	Number of Seats:	1
	Regulator		1
	Residential/Commercial		1
	Large Industrial (not in other segments)		2
	End Use (Self Generation)		1

IOU Definition: An investor owned entity who has substantial business interest in owning and/or operating any two of the following three asset categories --- generation, transmission, distribution.

**Attachment A (cont.)**

Procedural Elements:

1. Entities may participate in multiple segments within WEQ.
2. "Sunrise ." Sub-segment principles will continue. Sub-segments may be revisited at any time, but no later than three years. Changes to sub-segments require 75% affirmative from with segment, subject to other minimum participation and deadline requirements.
3. RTO/ISO/IMO participation. All RTOs/ISOs and comparable Canadian entities are strongly encouraged to participate in the Standards drafting process from conception through drafting to the ratification stage. Furthermore, a Technical Advisory Council comprising those jurisdictionally-approved entities will be formed to provide technical support and counsel to the NAESB Board and EC. The Council will have the obligation to provide a technical assessment, evaluation and recommendation to the EC on all Standards relevant to the grid system and RTO market operations. Furthermore, the Council has an affirmative obligation to apprise the EC of a given Standard's feasibility.
4. Fixed Annual Payment. All WEQ participants will pay a fixed annual payment. Annual payment should provide for required budget to administer the process to develop Standards. Exceptions must be approved by the NAESB Board.
5. Sub-segment population. NAESB WEQ will establish minimum number for populating sub-segments within a segment, including a deadline for such population.
6. Consultants. Contract consultants may be considered as an option for Standards drafting, contingent on identification of need and availability of sufficient funding.

Final comprehensive affirmation. This vote *[the vote taken by the Wholesale Electric Quadrant Formation Group on July 10 to endorse this package for forwarding to the NAESB Board of Directors for approval]* will reflect only the elements of this settlement. No changes of any kind can be made to this agreement without prior agreement of parties