



NORTH AMERICAN ENERGY STANDARDS BOARD

801 Travis, Suite 1675 • Houston, Texas 77002 • Phone: (713) 356-0060 • Fax: (713) 356-0067
email: naesb@naesb.org • Web Site Address: www.naesb.org

July 16, 2021

FEDERAL ENERGY REGULATORY COMMISSION ACTION ON WGQ VERSION 3.2 STANDARDS

Dear Members of the Wholesale Gas Quadrant,

Yesterday, the Federal Energy Regulatory Commission (Commission) issued FERC Order No. 587-Z, *Standards for Business Practices of Interstate Natural Gas Pipelines*, in Docket No. RM96-1-042 (Order).¹ In the Order, the Commission modified its regulations to incorporate by reference the NAESB WGQ Version 3.2 Business Practice Standards, with certain enumerated exceptions, as proposed in the related Notice of Proposed Rulemaking (NOPR).² The new and modified standards included in WGQ Version 3.2 were developed between September 2017 and August 2020, and are representative of the significant industry investment of time and resources committed to NAESB's mission. This version of standards includes updates to existing cybersecurity-related standards that were developed in response to the Department of Energy sponsored cybersecurity surety assessment and are intended to enhance the security measures of the transactions addressed by the NAESB WGQ Business Practice Standards. In order to provide greater transparency and clarity to the industries' business transactions, Version 3.2 includes updates to the Nominations Related Standards and the Quadrant Electronic Delivery Mechanism Standards, as well as modifications to the data sets that support Nominations, Additional Standards, Flowing Gas, and Capacity Release. Additionally, new and modified standards were incorporated to support the use of distributed ledger technologies when trading the NAESB Base Contract for Sale and Purchase of Natural Gas. As in past orders, the FERC declined to incorporate by reference the NAESB model contracts and e-Tariff related standards.

Per the Order, interstate natural gas pipelines are required to make compliance filings with the Commission by November 12, 2021 and comply with the standards incorporated by reference by June 1, 2022. FERC Order No. 587-Z will become effective sixty days after publication in the Federal Register.

NAESB is extremely grateful for the many, many hours of work contributed by the volunteers that developed these standards and for the leadership of our members to support the development of WGQ Version 3.2.

With Best Regards,

Valerie Crockett, Vice Chair of the Wholesale Gas Quadrant, North American Energy Standards Board

cc: Ms. Rae McQuade, President & COO, North American Energy Standards Board
Mr. William P. Boswell, General Counsel, North American Energy Standards Board
Mr. Jonathan Booe, Executive Vice President & CAO, North American Energy Standards Board
Mr. Michael Desselle, Chairman of the Board of Directors, North American Energy Standards Board

¹ FERC Order No. 587-Z, *Standards for Business Practices of Interstate Natural Gas Pipelines*, was issued on July 15, 2021 in Docket No. RM96-1-042. The order can be accessed at the following link: https://www.naesb.org/pdf4/ferc071521_final_rule_order587z.pdf

² The NOPR regarding Version 3.2 of the WGQ Business Practice Standards was issued on February 18, 2021 in Docket No. RM96-1-042. The NOPR can be accessed at the following link: https://www.naesb.org/pdf4/ferc021821_nopr_naesb_wgq_v3.2_rm96-1-042.pdf