Publication of NAESB Wholesale Gas Quadrant Business Practice Standards, Version 4.0

NAESB is pleased to announce the September 29, 2023 publication of Version 4.0 of the Wholesale Gas Quadrant (WGQ) Business Practice Standards. This marks the sixteenth publication of the WGQ Business Practice Standards which streamline communications and the transactional processes used to facilitate commercial wholesale gas transactions, promoting a more competitive and efficient marketplace. The standards support uniform and consistent industry implementation of various, necessary business processes, including some that address requirements promulgated by the Federal Energy Regulatory Commission (FERC) for jurisdictional entities, helping to reduce costs and administrative burdens for market participants. WGQ Version 4.0 incorporates approximately fifty-eight modifications to existing standards resulting from eleven final actions and twenty minor corrections approved by the WGQ between September 2020 and September 2023. The revisions enhance cybersecurity protections as well improve upon business processes addressed within the WGQ Additional Standards, Flowing Gas Related Standards, Invoicing Related Standards, and Capacity Release Related Standards. This version also adds new addendums to NAESB Base Contract for the Sale and Purchase of Natural Gas to support transactions for certified gas and renewable natural gas. As has been done in the past, an informational filing regarding WGQ Version 4.0 was made with the FERC the same day as publication.

Cybersecurity protections are integral to the WGQ Business Practice Standards, strengthening the cybersecurity practices of the wholesale gas industry through a focus on the mitigation of potential vulnerabilities and the use of secure communication and encryption methodologies. As part of WGQ Version 4.0, NAESB developed several cybersecurity-related modifications. First, the revised standards permit transportation service providers to implement multi-factor authentication requirements for users seeking to access customer activities websites. Additionally, WGQ Version 4.0 includes guidance encouraging the use of whitelisting by market participants for file-to-file transactions, such as those conducted via Electronic Data Interchange (EDI)/EDM and Flat File (FF)/EDM. Both of these modifications are incorporated into the WGQ Cybersecurity Related Business Practice Standards, a new suite of standards created through the reorganization of the existing cybersecurity-related business practices. Housing the cybersecurity-related standards in a singular location can help to expediate the processes to adopt and implement these standards, improving upon the industry’s ability to respond to new cybersecurity threats.

NAESB also made several modifications to existing standards that increase the efficiency of business processes used by parties to conduct commercial transactions within the wholesale gas market, helping to ensure the standards continue to evolve to meet industry needs. Within the WGQ Additional Standards, changes to business practices related to the reporting of storage balances allow data to be provided on a per cycle basis, making it easier to distinguish between individual transactions. Next, as part of the WGQ Flowing Gas Standards, the included modifications provide additional clarity in communications regarding the results of allocation processes by transportation service providers to the parties involved in a transaction. This version also includes revisions to the WGQ Invoicing Related Standards to increase flexibility for invoicing related processes, allowing customers to more easily ascertain the final charge amount. Additionally, through changes to the WGQ Capacity Release Related Standards, transportation service providers have the ability, as part of communications regarding contract information for capacity release transactions, to identify locations at which a discounted rate is offered.

Finally, as part of WGQ Version 4.0, NAESB developed two new addendums to the NAESB Base Contract for the Sale and Purchase of Natural Gas. The Renewable Natural Gas (RG) Addendum is intended to streamline the sale and purchase of renewable natural gas in both the voluntary and regulated markets while the Certified Gas (CG) Addendum supports transactions in the voluntary market for natural gas that has been certified as meeting certain standards set by a third party. Both addendums contain baseline terms and conditions relevant to conducting transactions for renewable natural gas and certified gas, respectively, and a model transaction confirmation. The RG Addendum also provides a uniform method by which parties can evidence the transfer of renewable natural gas. These addendums are accompanied by technical implementation standards that will support the use of digitalized versions of the documents, including on a distributed ledger.

Members can access the publication from the NAESB website at <https://naesb.org/wgq/Imp.asp> and non-members may purchase the publication by submitting a completed materials order form ([https://www.naesb.org//pdf/ordrform.pdf](https://www.naesb.org/pdf/ordrform.pdf)). If you or your colleagues have any questions or would like to access these standards, please do not hesitate to ask our office ([naesb@naesb.org](mailto:naesb@naesb.org) or 713-356-0060).