



North American Energy Standards Board

1415 Louisiana, Suite 3460, Houston, Texas 77002
Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: naesb@naesb.org
Home Page: www.naesb.org

February 27, 2024

NAESB UPDATE CONFERENCE CALL

PRESENTATION BY CHRIS PSIHOULES WITH NORTON ROSE FULBRIGHT US LLP: Mr. Psihoules, Senior Associate with Norton Rose Fulbright US LLP provided an overview on hydrogen, the potential impact of recent policy decisions and legislation on the energy industry, and possible considerations regarding purchase and sale transaction contracts for hydrogen. He stated that while hydrogen has been categorized through a color-coded system, recent legislation and policy decisions are focused on carbon intensity, explaining that the established requirements for a clean hydrogen tax credit are emission rates not greater than 4 kilograms of carbon-dioxide per kilogram of hydrogen produced. Mr. Psihoules stated that the U.S. Department of Energy has awarded money to seven hydrogen hubs located across the country and noted there will be increased infrastructure needs to transport the hydrogen. Next, Mr. Psihoules provided information on the types of hydrogen contracts, including modified versions of the NAESB Base Contract for Sale and Purchase of Natural Gas (NAESB Base Contract), sale and purchase agreements, and tolling agreements. He stated that the adapted versions of the NAESB Base Contract for hydrogen are similar to the NAESB Renewable Natural Gas Addendum. Mr. Psihoules identified several areas of consideration in developing a hydrogen contract, including: the treatment of off-specification hydrogen, required environmental attributes, bundling tax credits with the sale of hydrogen, force majeure, and how the contract terms will be impacted by future changes in law. Finally, Mr. Psihoules stated that regulatory certainty can encourage investment in a hydrogen pipeline grid and noted that there are avenues for FERC to assert jurisdiction in this area under the Natural Gas Act.

NAESB STANDARDIZED DISTRIBUTION SERVICES CONTRACT FOR DER AGGREGATIONS: Mr. Phillips, co-chair of the NAESB WEQ Business Practices Subcommittee (BPS) provided the update on the joint WEQ/RMQ effort to develop a standardized distribution services contract for distributed energy resource (DER) aggregations. On February 7, 2024, NAESB held a kick-off meeting to begin addressing a request for standards development, R24001, jointly submitted by the U.S. Department of Energy (DoE). The request proposes NAESB develop a standardized contract for acquiring distribution services from distributed energy resource (DER) aggregations and is supportive of the U.S. DoE's effort to work with the electric industry to proactively address grid transformation issues as part of the Distribution Grid Transformation Program. During the kick-off meeting, requesters provided background on the U.S. DoE Distribution Grid Transformation Program activities that led to the request and described how a model contract can provide clarity to the contracting process and enhance the scalability of DER projects. The U.S. DoE identified three objectives a standard distribution services contract for DER aggregations will support: (1) more consistent and transparent processes for the use of DERs and aggregations to meet the needs of distribution utilities; (2) clarity as to the roles and responsibilities of parties prior to, during, and after the contracting process; and (3) enhance the ability of DER aggregations to more seamlessly participate in both distribution markets and wholesale market FERC Order No. 2222 participation models. The next meeting will be held on March 12, 2024 from 1:00 – 4:00 PM Central.

WEQ COORDINATION INTERCHANGE: Mr. Buus, co-chair of the WEQ Coordinate Interchange Scheduling Subcommittee (CISS), provided the update. The subcommittee held its first meeting of the year on February 14, 2024. During the meeting, the WEQ CISS voted out a no action recommendation in support of 2024 WEQ Annual Plan Item 2.b – Consider and potentially develop modifications to WEQ-004 Coordinate Interchange and/or the NAESB Electronic Tagging Functional Specification to require that all entities actively approve e-Tags. Based on discussion during the meeting, the participants determined that there was not a way to modify the standards to guaranty action prior to the end of the approval window and general agreement that the issue would likely be better addressed through customer education and outreach. The subcommittee has two other assignments as part of the 2024 WEQ Annual Plan and will meet next on March 13, 2024 from 1:00 – 4:00 PM Central.

WEQ COORDINATION ACTIVITIES WITH NERC: Ms. Trum, NAESB Director, Wholesale Electric, provided the update. NAESB staff is continuing to communicate with NERC staff regarding gas-electric coordination, including the current NAESB effort as well as NERC's efforts to develop reliability standards to



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address recommendations from the FERC, NERC, and Regional Entity Joint Staff Report: The February 2021 Cold Weather Outages in Texas and the South Central United States. In support of coordination between NAESB and NERC, the WEQ BPS has an assignment as part of the 2024 WEQ Annual Plan to review the reliability standards and create, as needed, complementary business practices to support the industry. The WEQ Standards Review Subcommittee (SRS) actively reviews NERC development projects to identify areas where there may be a need for coordination between the NERC Reliability Standards and the NAESB Business Practice Standards. In February, the WEQ SRS reviewed modifications proposed by NERC to the Glossary of Terms used in the NERC Reliability Standards. The participants noted that a number of the defined terms with revised definitions are also used in the WEQ Business Practice Standards and is evaluating the need for similar modifications to the NAESB standards.

WEQ/WGQ/RMQ CYBERSECURITY ACTIVITIES: Mr. Buccigross, chair of the WEQ Cybersecurity Subcommittee, provided the update. Currently, the WEQ Cybersecurity Subcommittee is monitoring activities of the Certificate Authority/Browser (CA/B) Forum to increase the security mechanisms for PKI digital certificates. The CA/B Forum is a voluntary group comprised of certificate authorities and vendors of internet browser software that develop baseline guidance for the issuance and management of digital certificates. The subcommittee participants are evaluating the CA/B Forum's effort to determine if any of the changes will impact how a PKI digital certificate is issued by a certificate authority or used by a certificate holder. The WEQ, WGQ, and RMQ all have items as part of the 2024 Annual Plans to proactively evaluate existing cybersecurity standards and make any needed modifications. Within the WEQ, this includes a review of the current NERC Critical Infrastructure Protection Standards and FERC and NERC activities related to cybersecurity. The WGQ and RMQ effort involves a review of the data fields identified within the standards to remove any legacy functionalities in order to limit potential cybersecurity vulnerabilities as well as an assessment of communication and encryption methodologies.

JOINT WEQ/WGQ/RMQ GAS-ELECTRIC COORDINATION: Mr. Schoene, co-chair of the WGQ BPS, provided the update. In December, the NAESB Board of Directors created a three-part annual plan item, jointly assigned to the WEQ, WGQ, and RMQ Business Practice Subcommittees (BPS) to support gas-electric coordination: the development of new and/or modified standards to improve coordination communications in order to enhance situational awareness during extreme cold weather events, including information related to operational issues and aggregated volume data or confirmed scheduled quantities for key upstream receipt points on the pipeline system. The NAESB Board of Directors created the annual plan items in response to a recommendation by FERC and NERC in the Inquiry into Bulk-Power System Operations During December 2022 Winter Storm Elliott asking NAESB to convene natural gas infrastructure entities, electric grid operators, and local distribution companies to identify improvements in communication during extreme cold weather events to enhance situational awareness. The joint subcommittees have held two meetings and identified a number of topics for additional discussion: including greater consistency in data sharing practices, the inclusion of additional information, such as locational data, to help assess the potential impact of a critical notice and operational flow order issued by a natural gas pipeline, tools to support more efficient data aggregation, sharing forecasting information between natural gas pipelines and local distribution companies, new coordination and communication paths, and the identification of the types of information and advanced notices from upstream entities that would be beneficial for electric market participants. During the most recent meeting on February 15, 2024, presentations were provided by the NAESB WGQ Pipeline Segment overviewing natural gas pipeline fundamentals as well as Argonne National Laboratory regarding its NGinsight tool. The next meeting of the Joint WEQ, WGQ, RMQ BPS is scheduled for February 29, 2024.

BOARD AND REGULATORY ACTIVITIES UPDATE: Mr. Booe, Executive Vice President and Chief Operating Officer for NAESB, provided the update. The NAESB Board of Directors last met on December 14, 2024, taking action to approve the 2024 Annual Plans, 2024 budget and 2023 – 2025 NAESB Strategic Plan, and adopt minor revisions to the Board Certification Process for ACAs to reflect the publication of the new version of the WEQ Business Practice Standards. FERC Chairman Phillips provided opening remarks. The next meeting is scheduled for April 4, 2024. The WEQ, WGQ, and RMQ Executive Committees will be meeting March 20 – 21, 2024. The meetings will be hosted by Oncor in Dallas, Texas. In developing the 2023 – 2025 NAESB Strategic Plan, the Board Strategy Committee discussed holding additional meetings to evaluate the strategic direction of the organization to ensure that its mission and work continue to be relevant and supportive of the energy industry during



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and after this transitional period. During the most recent meeting on January 25, 2024, the committee discussed initiating active development on standards efforts to support hydrogen transactions. The U.S. Department of Energy has agreed to provide NAESB members and other interested parties with a presentation on the current status of the developments of the Regional Clean Hydrogen Hubs (H2Hubs) and the activities of the newly selected consortium created to accelerate demand-side mechanisms supportive of a clean hydrogen market. The presentation is intended to bring the industry and NAESB members up to speed as NAESB considers the initiation of a project to develop a standardized contract to support hydrogen transactions, similar to the NAESB Base Contract for Sale and Purchase of Natural Gas. The webinar is scheduled for March 13, 2024 from 1:00 – 2:00 PM Central.

NEXT CONFERENCE CALL: The next NAESB Update Call is scheduled for April 24, 2024 from 2:00 PM - 3:00 PM Central. The agenda and any work papers will be posted on the NAESB Update Call page of the NAESB website, accessible at the following link: http://www.naesb.org/monthly_update.asp. We hope you can join us. If there are particular topics you would like to see covered or if you would like to receive additional information, please contact the NAESB Office by phone at (713) 356-0060 or email at naesb@naesb.org.



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NAESB Monthly Update Conference Call, Participant List	
FEBRUARY 21, 2024 2:00 PM EASTERN	
Name	Organization
Demi Arenas	United Energy Trading
Nany Bagot	EPSA
Rebecca Berdahl	BPA
Jonathan Booe	NAESB
Derek Brown	Eergy
Jim Buccigross	Group 8760
Jim Busch	BP Energy Company
Zachary Buss	BPA
Christopher Burden	Enbridge (U.S.) Inc.
Donald Coffin	Green Button Alliance
Andrea Coon	WECC
Michelle Coon	OATI
Emma Fazio	Minnesota Public Utilities Commission
Tina Gary	Portland General Electric
Amaani Hamid	Kraken
Mike Kraft	Basin Electric Power Cooperative
Tom Kraft	ONEOK
Debbie Kupczyk	National Fuel Gas Supply Corporation
Jennifer Marinelli	DTE Energy
Lief Mattson	WBI Energy
Scott Murphy	Colorado Springs Utilities
Chris Norton	American Municipal Power
Sheldon Perry	OATI
Joshua Phillips	SPP
Chris Psihoules	Norton Rose Fulbright
Ronald Robinson	Tennessee Valley Authority
Lissa Russo	National Fuel Gas Supply Corporation
Keith Sappenfield	Corpus Christi Liquefaction



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Name	Organization
Lindsey Saunders	Quorum Software
Sarah Shaffer	Equitrans, L.P.
Sarah Stabley	Piedmont Natural Gas
Karen Stampfli	Tennessee Valley Authority
Greg Staton	Spire, Inc.
Carolyn Stone	Cascade Natural Gas Corporation
Bill Sullivan	ACES
Sarah Tomalty	BP Energy Company
Caroline Trum	NAESB
Kimberly Van Pelt	Boardwalk Pipelines
Barbie Zankpah	PJM
Thomas Zermeno	SSL.com