



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

June 17, 2024

NAESB UPDATE CONFERENCE CALL

PRESENTATION BY LAUREN PEROTTI WITH NERC: Ms. Perotti, Assistant General Counsel with the North American Electric Reliability Corporation (NERC), provided an overview of NERC standards development in response to FERC Order No. 901. She stated that the Order was issued in October 2023 and addressed a broad spectrum of reliability considerations related to the growth of IBRs on the bulk-power system, including directives for NERC to complete related reliability standards development by November 2026. Ms. Perotti stated that the order directs the development of reliability standards in four main areas: (1) data sharing, (2) model validation, (3) planning and operational studies, and (4) performance requirements. She noted that FERC standards development directives differ, depending on if the IBR is connected to the bulk-power system and registered with NERC for compliance purposes, connected to the bulk-power system but not registered with NERC, or connected to the distribution system and, in the aggregate, has a material impact on the bulk-power system. Ms. Perotti stated that to address the 2022 FERC Order in Docket No. RD22-4-000, Registration of Inverter Based Resources, which required NERC to register owners and operators of IBRs connected to the bulk-power system, NERC will create new registration categories for generator operators and generator owners, with the registration process to be completed by May 2026. In response to FERC Order No. 901 directives, NERC has initiated six standards projects. Ms. Perotti noted that distributed energy resources (DERs) and IBRs are topics of ongoing coordination between NERC and NAESB, and that NERC will continue to engage with NAESB as it begins to develop reliability standards in this area. Mr. Phillips stated that there have been some discussions within NAESB on possibly expanding the Electric Industry Registry to accommodate the registration of DERs or creating a DER registry. He asked if such a registry could support NERC's reliability activities related to IBRs. Ms. Perotti stated that under FERC Order No. 901, distribution providers will not have to register individual DERs with NERC for compliance purposes but will be required to provide some data, such as estimates of aggregation capacity. She noted that a DER registry could be helpful to support identification and validation of such data.

WEQ OASIS SUBCOMMITTEE ACTIVITIES: Mr. Wood, co-chair of the WEQ OASIS Subcommittee, provided the update. Currently, the WEQ OASIS Subcommittee is reviewing Standards Request R243003, submitted by Open Access Technology International, Inc., proposing modifications to the WEQ OASIS Suite of Business Practice Standards to allow transmission customers to designate an agent for point-to-point transactions, similar to the process for Network Integration Transmission Services (NITS) requests. Additionally, the WEQ OASIS Subcommittee is continuing to review 2024 WEQ Annual Plan Item 2.a to consider revisions to the WEQ OASIS Business Practice Standards based on operational experiences since the adoption of WEQ Version 003.3. The next meeting of the subcommittee is scheduled for July 9, 2024.

WGQ STANDARD CONTRACT FOR THE SALE AND PURCHASE OF HYDROGEN: Mr. Sappenfield, chair of the WGQ Contracts Subcommittee, provided the update. The WGQ Contracts Subcommittee has scheduled a kick off meeting for July 11, 2024 from 1:00 PM to 2:30 PM Central. This is in response to 2024 WGQ Annual Plan Item 5 which directs the development of business practice standards, as needed, to support purchase and sale transactions related to hydrogen. During the meeting, the subcommittee will overview the NAESB process for standards development, discuss a draft outline that has been developed as a work paper for the meeting by the Chair of the Contracts Subcommittee, and review the next steps that the subcommittee will take to address the new assignment.

WEQ/RMQ STANDARD CONTRACT FOR THE SALE AND PURCHASE OF DISTRIBUTION SERVICES FROM DER AGGREGATIONS: Ms. Sieg, co-chair of the WEQ Business Practices Subcommittee (BPS), provided the update on the joint WEQ/RMQ effort to develop a NAESB Base Contract for the Sale and Purchase of Distribution Services from DER Aggregations. During the June 11, 2024 meeting, the WEQ/RMQ BPS completed an initial draft of the contract. The subcommittee has been meeting biweekly since the February 7, 2024 to address Standard Development Request R42001, submitted by the U.S. Department of Energy (DoE). To create the initial draft, the WEQ/RMQ BPS leveraged boilerplate terms and conditions from the NAESB Base Contract of the Sale and Purchase of Voluntary Renewable Energy Certificates and used the U.S. DoE Standard Distribution Services Contract White Paper as an initial guide to identify additional relevant contract framework principles to consider. The subcommittees are holding an informal comment period to seek industry feedback regarding the draft contract. Any interested party can provide comments for consideration. The submitted responses will be reviewed by the WEQ/RMQ BPS participants and used to develop a final contract draft. The WEQ/RMQ BPS intends to vote out a recommendation in the 3rd Quarter,

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2024.

WEQ/WGQ/RMQ CYBERSECURITY ACTIVITIES: Ms. Trum, NAESB Director of Wholesale Electric Activities, provided the update. The WEQ Cybersecurity Subcommittee held an initial meeting on May 8, 2024, to review the WEQ Business Practice Standards and evaluate the need for any modifications to meet changing market conditions or support cybersecurity-related activities by FERC and NERC. The subcommittee participants have identified a number of areas to assess for potential impact to the WEQ Business Practice Standards, including NERC projects to develop revisions to the NERC Critical Infrastructure Protection (CIP) Reliability Standards and FERC Order No. 893 – Incentives for Advanced Cybersecurity Investment. During the meeting, the participants also reviewed and discussed the National Security Memorandum on Critical Infrastructure Security and Resilience and are monitoring several ongoing industry activities related to the issuance of digital certificates by a certificate authority. At this time, the subcommittee has not identified anything that should be addressed and is considering a no action recommendation. In addition, the WEQ and RMQ have a jointly assigned item to continue discussions regarding cybersecurity protection necessary to secure communications between Distributed Energy Resource (DER) aggregators, utilities, and system operators. The subcommittees intend to resume discussion following the completion of the standard contract for the sale and purchase of distribution services from DER aggregations. Later this year, the WGQ and RMQ will be meeting to begin their yearly reviews of the cybersecurity-related standards impacting the wholesale gas and retail markets, respectively. These efforts include evaluations of the data fields identified within standards and removal of legacy functionalities to help limit potential cybersecurity vulnerabilities as well as an assessment of the communication protocols and encryption methodologies referenced within the standards.

WEQ/WGQ/RMQ GAS-ELECTRIC COORDINATION: Mr. Phillips, co-chair of the WEQ Executive Committee and co-chair of the WEQ Business Practice Subcommittee (BPS) provided the update. The Joint WEQ/WGQ/RMQ BPS continues to meet to discuss the development of business practice standards intended to improve gas-electric market coordination communications during critical events. As discussed during the May 5, 2024 meeting, an informal comment period was held at the request of the WEQ/WGQ/RMQ BPS Chairs regarding questions formulated by the chairs through a gap analysis of communications between various market participants leading up to and during cold weather events, with a focus on circumstances that might result in a party invoking force majeure. The WEQ/WGQ/RMQ BPS Chairs, based on meeting participant recommendations, worked with parties representing a number of different companies from across the natural gas and electric industries, including natural gas producers, ISOs/RTOs, natural gas pipelines, natural gas-fired generators, and local distribution companies, outside of the NAESB process, to gather relevant information and develop the communications gap analysis to assist the subcommittees in identifying areas of possible standards development. The Joint WEQ/WGQ/RMQ BPS Chairs Scenario Based Communication Gap Analysis Work Paper identifies six possible gaps: (1) lack of communication during extreme weather events of upstream supply issues, including invocations of force majeure, by parties with direct knowledge to critical stakeholders that are not part of the transactional and operational chain; (2) timely communications to all stakeholders regarding critical events impacting natural gas supply; (3) the inclusion of specific location information as part of informational postings by interstate pipelines; (4) timely communications to stakeholders regarding recovery timelines and expectations when natural gas supply is lost due to weather and/or operational disruptions; (5) timely communications of natural gas consumption that deviates from contractual commitments; and (6) improved understanding of pipeline-initiated confirmation and/or nominations reductions not captured by operational flow orders and/or underperformance notices. The next meeting of the Joint WEQ, WGQ, RMQ BPS is scheduled for June 14 2024 to review the informal comments.

BOARD AND REGULATORY ACTIVITIES UPDATE: Mr. Booe, NAESB Executive Vice President and Chief Operating Officer, and Ms. Trum, NAESB Director of Wholesale Electric Activities, provided the update. On March 21, 2024, FERC issued a Notice of Proposed Rulemaking (NOPR) in Docket No. RM96-1-043 proposing to incorporate by reference, with certain enumerated exceptions, NAESB WGQ Business Practice Standards Version 4.0, published on September 29, 2023. During the NOPR comment period, which concluded on June 4, 2024. NAESB made an errata filing regarding a minor correction made to WGQ Version 4.0 to incorporate standards changes previously adopted and ratified by NAESB but inadvertently omitted from WGQ Version 3.2 and 4.0. The same day the report was filed by NAESB, May 21, 2024, FERC issued a Notice of Minor Correction proposing to include the standards changes as a part of its NOPR incorporation by reference proposal. On April 25, 2024, FERC issued NOPR in Docket No. RM05-5-031 proposing to incorporate by reference, with certain enumerated exceptions, NAESB WEQ



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Business Practice Standards Version 004 published on July 31, 2023. The NOPR comment period ends on July 5, 2024. On September 5, 2024, the NAESB Board of Directors will hold an in-person meeting in Houston, Texas. This meeting will include the annual Meeting of the Members and Strategic Session. Guest speakers for the meeting will include representatives of the National Petroleum Council who will provide an overview of recently published reports, Charting the Course: Reducing GHG Emission for the U.S. Natural Gas Supply Chain and Harnessing Hydrogen: A Key Element of the U.S. Energy Future. The Board Strategy Committee will meet on June 27, 2024 to discuss the results of the Board Strategy Committee and Advisory Council Survey. Since the beginning of the year, the Board Strategy Committee has held a series of meetings to review the strategic position of the organization and ensure its mission and work continues to be aligned with the evolving energy markets. The survey was distributed to Board Strategy Committee and Advisory Council members at the request of the Chairman of the Board of Directors to solicit thoughts, ideas, and/or recommendations in a number of areas related to specific standards development and general questions concerning future activities for NAESB. The results of the survey will be used by the committee to develop a report for the Strategic Session of the September Board of Directors Meeting.

NEXT CONFERENCE CALL: The next NAESB Update Call is scheduled for August 28, 2024 from 1:00 PM - 2:00 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.

NAESB Monthly Update Conference Call, Participant List	
June 12, 2024 1:00 PM- 2:00 PM Central	
Name	Organization
Denise Adams	ONEOK
Charlie Bass	Kinder Morgan
Teresa Baumann	Chesapeake Energy Marketing
Ronald Bender	Nebraska Public Power District
Jonathan Booe	NAESB
Christopher Burden	Enbridge
Zachary Buus	BPA
Donald Coffin	Green Button Alliance
Pete Connor	American Gas Association
Daniel Diaz	Southern Co
Jay Dibble	Chevron
Tony Eddleman	Nebraska Public Power District
John Fitzgerald	TVA
Mark Gracey	Kinder Morgan
April Gregory	Northern Natural Gas
Ben Hammer	WAPA



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Name	Organization
Samantha Joyce	Philadelphia Gas Works
Tom Kraft	ONEOK
Mike Kraft	Basin Electric Power Cooperative
Scott Lewter	Duke Energy
Nichole Lopez	Kinder Morgan
Bethany Loveless	ONEOK
Leif Mattson	WBI Energy
Nichole Mulchay	Nebraska Public Service Commission
Chris Plante	WEC Energy Group
Amrit Nagi	NAESB
Chris Norton	American Municipal Power
Lauron Perotti	NERC
Sheldan Perry	OATI
Joshua Phillips	SPP
Christopher Plante	WEC
Ken Quimby	SPP
Farrokh Rahimi	OATI
Daniel Rendon	SSL.com
Nicole Russell	Trading Counsel Solutions
Lisa Russo	National Fuel
Keith Sappenfield	Corpus Christi Liquefaction
Lindsey Saunders	Quorum Software
Lisa Sieg	LG&E and KU Services Company
Danielle Smith	SMUD
Sarah Stabley	Duke Energy
Carolyn Stone	Cascade Natural Gas
Sarah Tomalty	BP
Caroline Trum	NAESB
Kim Van Pelt	Boardwalk Pipelines
Sandy Walker	TVA
Jason Williams	Southern Co.
JT Wood	Southern Co.



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Name	Organization
Pam Wu	Morgan Lewis
Barbie Zankpah	PJM
Thomas Zermeno	SSL.com