##### June 4, 2024

**TO:** All Interested Parties

**FROM:** Caroline Trum, Director, Wholesale Electric Quadrant

**RE: WEQ/RMQ Standard Contract for the Sale and Purchase of Distribution Services from DER Aggregations**

Since February, the WEQ and RMQ Business Practice Subcommittees (BPS) have been meeting on a biweekly basis to address a [request](https://naesb.org/pdf4/r24001.docx) from the U.S. Department of Energy proposing NAESB develop a standard contract for the sale and purchase of distribution services from distributed energy resource (DER) aggregations. Leveraging the NAESB Base Contract for the Sale and Purchase of Voluntary Renewable Energy Certificates and using the [U.S. DoE Standard Distribution Services Contract White Paper](https://naesb.org/pdf4/R24001_attachment.docx) which accompanied the request as an initial guide to identify relevant contract framework principles to consider, the participants are close to completing a first draft of the contract. The NAESB Base Contract for the Sale and Purchase of Distribution Services from DER Aggregations (NAESB DS Base Contract) will support transactions for distribution services between a distribution utility and DER aggregator and is intended to increase consistency and minimize uncertainties in the contracting process. Beyond generally applicable contract terms and conditions, such as performance obligations, term, notice, and billing, payment, and audit, the participants are evaluating additional standard terms and conditions to address considerations unique to transactions for distribution services from DER aggregations, including operational coordination and data and visibility requirements.

The next meeting of the WEQ/RMQ BPS will be held on June 11, 2024 from 1:00 – 4:00 PM Central, during which the WEQ/RMQ BPS Chairs anticipate finalizing the initial draft. Once available, the subcommittees anticipate 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 draft of the contract. The WEQ/RMQ BPS intend to vote out a recommendation in early 3rd Quarter, 2024.

Per the U.S. DoE request, a significant market barrier inhibiting the provision of distribution services from DER aggregations is the lack of a standard contract that specifies discrete services and related performance expectations from aggregators. Currently, contracting practices can widely vary between jurisdictions and even utilities within the same state. The NAESB standard distribution services contract will incorporate terms and conditions, developed through a consensus-based process, that align with key aspects of state policies while providing flexibility for regulators and trading partners to adapt to unique circumstances. The intent is to create an agreement with broad applicability that will minimize uncertainties in the contracting process and reduce costs associated with counterparty negotiations.