



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

August 28, 2024

NAESB UPDATE CONFERENCE CALL

PRESENTATION BY ZANE MCDONALD WITH OHI: Mr. McDonald, Executive Director of the Open Hydrogen Initiative (OHI), provided a presentation overviewing the use of carbon intensity measurements within a sale and purchase contract for hydrogen. He stated that the Hydrogen Color Wheel, which is commonly used to classify categories of hydrogen, may be too limiting and that there is a need for a more precise and consistent methodology to fully account for all factors affecting the emissions profiles of hydrogen. Such a methodology could help better quantify carbon intensity, a primary value-driving factor the demand for hydrogen, and also could help facilitate infrastructure investments emissions-differentiated commodities. Mr. McDonald stated that OHI aims to enhance market infrastructure and incorporate best practices into policies and industrial strategies for better integration and education. He explained that as part of this effort, OHI convened a broad, comprehensive range of stakeholders to collaborate on the development of an analytical toolkit to assess the carbon intensity of hydrogen production, with technical contributions to the effort made by the U.S. Department of Energy's (DoE) National Energy Technology Lab. The open-sourced, publicly available toolkit is designed for use in the hydrogen markets and enables the calculation of carbon intensity at individual facilities, with a global cradle-to-gate scope that aligns with international standards and best practices. Mr. McDonald noted that there a public comment period on the OHI open-source toolkit beginning September 3, 2024 and that there are plans to expand the toolkit to include ammonia production and hydrogen transportation. Ms. Piracci asked if the methodology ensures accurate information is being provided, such as for facility-specific data. Mr. McDonald stated that the methodology includes verification requirements.

WEQ OASIS SUBCOMMITTEE ACTIVITIES: Mr. Wood, co-chair of the WEQ OASIS Subcommittee, provided the update. The WEQ OASIS Subcommittee currently is assessing Standards Request R24003, which proposes revisions to enhance the consistency and transparency of agent designations for point-to-point transmission service transactions on OASIS nodes. The proposed modifications include requiring documentation of the transmission customer-designated agent relationship on the OASIS node and establishing an approval process for these designations. The subcommittee last met on August 13, 2024 and plans to begin reviewing an initial proposal for draft standards at its next meeting, scheduled for September 17, 2024. Additionally, on August 13, 2024, the subcommittee voted to take no action regarding its 2024 WEQ Annual Plan assignment make any needed changes to the WEQ OASIS suite of Business Practice Standards based on operational experience since the implementation of WEQ Version 003.3, adopted by FERC in Order No. 676-J. The subcommittee determined that the modification identified through discussions on the annual plan item, clarity and consistency revisions to an illustrative diagram in the WEQ-013-OASIS Implementation Guide Business Practice Standards, would be better addressed through the minor correction process.

WGQ STANDARD CONTRACT FOR THE SALE AND PURCHASE OF HYDROGEN: Mr. Burks, Vice Chairman of NAESB, provided the update. On July 11, 2024, NAESB launched an industry-wide initiative to create a standardized contract for the sale and purchase of hydrogen. During the kickoff meeting, which drew over 50 participants from the natural gas, electric, and hydrogen sectors, there was a review of NAESB's standards development process as well as a presentation that highlighted the U.S. Department of Energy (DoE) initiatives as well as industry activities, such as those by the Open Hydrogen Initiative's (OHI) and the Association of International Energy Negotiators (AIEN). At a subsequent meeting held on August 5, 2024, participants reviewed a strawman proposal for the NAESB Base Contract for the Sale and Purchase of Hydrogen. The proposal leveraged language from the NAESB Base Contract for Sale and Purchase of Natural Gas (NAESB Base Contract), updated to reflect current best practices, such as the default options for payment, and also integrated provisions from the Certified Gas Addendum to the NAESB Base Contract regarding certification and certificate tracking. A thirty-day informal comment period on the strawman proposal began on August 5, 2024, and will conclude on September 6, 2024. The WGQ Contracts Subcommittee will review the feedback and begin to develop an initial draft of the hydrogen contract at its meeting scheduled for September 12, 2024.

WEQ/RMQ STANDARD CONTRACT FOR THE SALE AND PURCHASE OF DISTRIBUTION SERVICES FROM DER AGGREGATIONS: Ms. Sieg, co-chair of the NAESB WEQ Business Practices Subcommittee (BPS), provided the update. At the request of the U.S. Department of Energy, NAESB is developing a new standard contract, the NAESB Base Contract for the Sale and Purchase of Distribution Services from DER Aggregation. This contract



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supports transactions between distribution utilities and distributed energy resources (DER) aggregators and help encourage distribution and wholesale interaction coordination, enabling more seamless participation for DER aggregators also seeking to participate in wholesale market consistent with FERC Order No. 2222 requirements. The contract is designed to increase consistency, minimize uncertainties, and reduce negotiation costs by incorporating standard terms and conditions. The Joint RMQ/WEQ BPS anticipates voting on a recommendation during its next meeting, scheduled for September 6, 2024. Feedback received during an informal comment period led to the development of the NAESB Distribution Services Base Contract Conditions Precedent Addendum and a NAESB Distribution Services Base Contract Frequently Asked Questions document. The NAESB Distribution Services Base Contract Conditions Precedent Addendum to support scenarios in which parties may be engaging in the contracting process prior to the start or before the completion of the DER aggregator's registration with the distribution utility. The optional addendum allows parties to specify the requirements that must be met before a DER aggregator can begin providing distribution services under the contract. The contract development process has leveraged terms and conditions from existing NAESB standard contracts and the U.S. DoE Standard Distribution Services Contract White Paper.

WEQ/WGQ/RMQ CYBERSECURITY ACTIVITIES: Mr. Buccigross, Chair of the WGQ Executive Committee Subcommittee, provided the update. On August 22, 2024, the WGQ EDM and RMQ IR/TEIS held a joint meeting to initiate the annual review of their cybersecurity standards. The discussions focused on the communication protocols and encryption methodologies referenced within the standards and the identification of legacy data fields and functionalities that could be removed to mitigate potential cybersecurity vulnerabilities. The joint participants identified minor changes to be made to the WGQ Cybersecurity Related Business Practice Standards. On August 1, 2024, the WEQ Cybersecurity Subcommittee voted out a no action recommendation on similar annual plan assignments to conduct a yearly review of the WEQ Business Practice Standards and make necessary changes to address evolving market conditions and support cybersecurity initiatives by FERC and NERC. As part of the review, the subcommittee discussed FERC Order No. 893 Incentives for Advanced Cybersecurity Investment and the 2024 National Security Memo on Critical Infrastructure Security and Resilience. The subcommittee agreed to continue to monitor these activities but noted that changes are not needed at this time. Later this year, the WEQ and RMQ plan to reconvene to continue discussions on a joint annual plan assignment to consider cybersecurity protections, including public key infrastructure, needed to secure electronic communications between DER aggregators, utilities, and system operators.

WEQ/WGQ/RMQ GAS-ELECTRIC COORDINATION: Mr. Phillips, Chair of the WEQ Executive Committee, provided the update. During the joint meeting held on July 19, 2024, the subcommittees voted out a recommendation proposing new and revised WGQ Business Practice Standards. These proposed standards will (1) establish a new area on an interstate pipeline's informational posting web sites called "Gas Electric Coordination" where scheduled quantity data will be posted for pipelines that are directly connected to natural gas-fired power plants and (2) require interstate natural gas pipelines to include geographic information of impacted areas, locations, or pipeline facilities when issuing a Critical Notice. The industry comment period on the recommendation ended on August 19, 2024, and the recommendation and submitted industry comments will be considered by the WGQ Executive Committee in October 2024. In total, the Joint WEQ/WGQ/RM BPS held ten meetings between January and July 2024 to evaluate possible areas of standards development for consideration. During these meetings, the participants identified several other categories of potential standards development such as (1) local distribution company, end user, and pipeline forecast information sharing, (2) communication protocols for upstream natural gas entities, and (3) the types of data that could enhance the level of awareness industry tools may provide, specifically regarding upstream natural gas production forecasting in advance of storms and production impacts during weather events. While standards proposals expanding on these ideas were not offered by participants, there was recognition that there could be possible future development efforts in these areas.

BOARD AND REGULATORY ACTIVITIES UPDATE: Mr. Booe, NAESB Executive Vice President and Chief Operating Officer, provided the update. He stated that FERC issued a Notices of Proposed Rulemaking (NOPR) regarding both Version 4.0 of the WGQ Business Practice Standards and Version 004 of the WEQ Business Practice Standards. During the NOPR comment periods, NAESB made additional informational filings with the Commission regarding the correction of inadvertent typographical errors had been made in the application of standards changes that were adopted and ratified by NAESB prior to the publication of WGQ Version 4.0 and WEQ Version 004. NAESB made an errata filing for the WGQ on May 21, 2024 and the WEQ on July 5, 2024. The filings detail the minor



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correction process initiated in response to the discovery to align the standards with the ratified language. The Board Revenue Committee and Board Strategy Committee will meet next on August 29, 2024. The Board Revenue Committee will discuss recent communication activities, the NAESB membership and leadership roster, publication statuses, and the organization’s revenue streams. The Board Strategy Committee, as part of its meeting, plans to continue to discuss recommendations to propose for consideration by the Board of Directors to help ensure that NAESB continues to remain active in areas that support energy industry objectives in response to the Board Strategy Committee’s Survey. The next meeting of the NAESB Board of Directors is scheduled for September 5, 2024 in Houston, Texas. Guest speakers for the meeting include representatives of the National Petroleum Council who will provide an overview of two recently published reports, Charting the Course: Reducing Green House Gas Emission for the U.S. Natural Gas Supply Chain and Harnessing Hydrogen: A Key Element of the U.S. Energy Future. This meeting also serves as the organization’s Annual Meeting of the Members and Strategic Session and feature a panel of Advisory Council members and other invited guest speakers who will provide thoughts and recommendations regarding NAESB’s strategic direction.

NEXT CONFERENCE CALL: The next NAESB Update Call is scheduled for October 16, 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	
August 28, 2024 1:00 – 2:00 PM Central	
Name	Organization
Wes Barber	Southern Company
Jonathan Booe	NAESB
Jim Buccigross	Group 8760
Christopher Burden	Enbridge
Cade Burks	Big Data Energy
Jim Busch	BP
Zachary Buus	Bonneville Power Administration
Donald Coffin	Green Button Alliance
Melissa Crosby	Northwestern Corporation
Emma Fazio	Minnesota PUC
April Gregory	Northern Natural Gas
Cory Herbolsheimer	NV Energy
Sheila Hong	Portland General Electric
Brian Jordan	SMUD
Samantha Joyce	Philadelphia Gas Works
Tom Kraft	ONEOK
Darren Lamb	CAISO
Scott Lewter	Duke Energy



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Tara Liscombe	Castleton Commodities Merchant
Bethany Loveless	ONEOK
Hayden Maples	Evergy
Zane McDonald	GTI Energy
Saranga Mudiyansele	Manitoba Hydro
Scott Murphy	Colorado Springs Utilities
Amrit Nagi	NAESB
Sheldan Perry	OATI
Joshua Phillips	Southwest Power Pool
L Glenise Pike	ONEOK
Jamila Piracci	Roos Innovations
Ken Quimby	Southwest Power Pool
Lisa Russo	National Fuel
Sarah Shaffer	Equitrans
Aparna Sharma	Portland General Electric
Sara Shepherd	Northwestern Corporation
Lisa Sieg	LG&E and KU
Lisa Simpkins	Constellation
Sarah Stabley	Duke Energy
Karen Stampfli	Tennessee Valley Authority
Carolyn Stone	Cascade Natural Gas
Caroline Trum	NAESB
Kim Van Pelt	Kinder Morgan
David Van Wagener	GTI Energy
Johnnie Walker	BP
Sandy Walker	Tennessee Valley Authority
Sam Watson	National Association of Regulatory Utility Commissioners
JT Wood	Southern Company
Kenneth Yagelski	Southern Company
Thomas Zermeno	SSL.com