



NORTH AMERICAN ENERGY STANDARDS BOARD

801 Travis, Suite 1675 • Houston, Texas 77002 • Phone: (713) 356-0060 • Fax: (713) 356-0067
email: naesb@naesb.org • Web Site Address: www.naesb.org

June 9, 2017
Submitted Electronically

RE: NAFTA Negotiations; Docket No. USTR-2017-0006

Dear Mr. Trade Secretary Lighthizer,

NAESB appreciates the opportunity to offer these comments concerning the negotiation of objectives regarding modernization of the North American Free Trade Agreement with Canada and Mexico in Docket No. USTR-2017-0006. These comments are submitted solely for informational purposes, and are not intended to advocate for any particular position regarding the North American Free Trade Agreement or any negotiations undertaken by the Office of the United States Trade Representative in the future. At your request, we are available to answer any questions or provide additional information at any time.

With Best Regards,

Rae McQuade, President, NAESB

cc: Michael Desselle, Chairman of the NAESB Board of Directors
William P. Boswell, NAESB General Counsel
Jonathan Booe, Executive Vice President and Chief Administrative Officer, NAESB



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Comments of the North American Energy Standards Board

As stated in the attached cover letter, these comments are submitted solely for informational purposes, and are not intended to advocate for any particular position regarding the North American Free Trade Agreement or any negotiations undertaken by the Office of the United States Trade Representative now or in the future. Additionally, these informational comments do not represent the views or positions of the individual companies holding membership within NAESB.

The North American Energy Standards Board (NAESB) is an ANSI accredited, non-profit standards development organization created for the purpose of developing voluntary standards and model business practices that streamline the transactional processes of the wholesale and retail natural gas and electric markets. Over the last twenty-three years, NAESB and its predecessor organization, the Gas Industry Standards Board, have developed nearly four-thousand voluntary, consensus based standards that promote more competitive, efficient and transparent processes for the natural gas and electric industries. This history of successful standards development has been made possible with strong support of the Federal Energy Regulatory Commission (FERC), the U.S. Department of Energy and many other governmental and energy industry agencies and organizations at both the federal and state level. With very few exceptions, all NAESB wholesale market standards have been adopted by the FERC and mandated as federal regulation for federally jurisdictional entities, and many of the NAESB retail market standards have served as a basis for regulations adopted by various state commissions. NAESB maintains a membership of over three hundred corporate members that represent interests in the wholesale gas, wholesale electric, retail gas and retail electric markets. In addition, NAESB has more than two-thousand member and non-member participants active in various standards development efforts that address a wide range of subjects and levels of technical detail.

As the United States initiates negotiations with Canada and Mexico regarding the modernization of the North American Free Trade Agreement (NAFTA), NAESB would like to make the Office of the United States Trade Representative (USTR) aware of its current discussions and activities involving Mexico's Comisión Reguladora de Energía (CRE). As demonstrated by NAESB's previous and ongoing engagement with Canadian and Mexican companies, NAESB believes that the common application of energy information and energy standards is vital to support the North-South energy axis that has developed over the last two decades and is instrumental in the economic success of all three countries. Clear, standardized communication between markets is of the utmost importance as energy sales across our common border markets and new electric and pipeline infrastructure projects are at historic levels. Industry participants currently following industry standards are realizing reduced transaction costs as standardization of transactions, particularly electronic transactions, is implemented, and on a larger scale, entire market interests realize greater savings and efficiency when standards are endorsed as a whole. Such industry standards have resulted in a strong marketplace for services and off-the-shelf software – giving market participants choices, where before, the choice was to provide the service or product inhouse and train the needed personnel, or hire consulting firms to provide services or products customized for one client.

In 2016, NAESB and Mexico's CRE began a dialogue regarding how NAESB could be supportive of the activities underway at the CRE and the newly reformed Mexican market. Together, NAESB and the CRE identified three areas where sharing additional information may be helpful for all parties:

- 1.) **Contracts:** Additional standardization of special terms used in existing contracts that support the cross-border purchase and sale of natural gas may be helpful and could support the release of PEMEX contracts.



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- 2.) Nomination Processes: Education and/or standardization in the processes used to nominate and confirm gas in the U.S. and Mexico would be helpful for companies engaging in cross border transactions without prior experience.
- 3.) Grid Codes: Sharing information about how common locations codes for pipeline points are used in the U.S. and Mexico.

In response to this coordination effort, and using the NAESB Canadian Addendum to the widely used NAESB Base Contract for the Purchase and Sale of Natural Gas as a starting point, NAESB is currently working to finalize a similar addendum to the contract to support the Mexican market before the end of 2017, if not sooner.

Moving ahead, NAESB looks forward to continuing cross border coordination and anticipates supporting future efforts with Mexico's CRE, Canadian regulators and industry participants in order to develop standards which will lead to a seamless marketplace for wholesale and retail natural gas and electricity, as recognized by its customers, business community, participants, and regulatory entities. NAESB appreciates the opportunity to respectfully submit these comments. Please feel free to contact NAESB, at naesb@naesb.org or 713-356-0060, at any time should you have any questions or need additional information.