**via posting**

**TO:** NAESB Retail Markets Quadrant (RMQ) and Wholesale Electric Quadrant (WEQ) Business Practices Subcommittee (BPS) Participants and Interested Parties,

**FROM:** Elizabeth Mallett

**RE:** Draft Minutes from joint RMQ BPS and WEQ BPS Conference Call – July 27, 2020

**DATE:** July 29, 2020

**NORTH AMERICAN ENERGY STANDARDS BOARD**

**Joint RMQ/WEQ Business Practices Subcommittee**

**Conference Call with Webcasting**

**July 27, 2020 – 1:00 PM to 3:00 PM Central**

**DRAFT MINUTES**

1. **Welcome**

Mr. Brooks welcomed the participants to the meeting. Ms. Mallett provided the Antitrust and Other Meeting Policies reminder. The participants introduced themselves over the phone. Mr. Brooks reviewed the agenda and Ms. Crockett moved to adopt the agenda as final. Ms. Do seconded the motion. The motion passed a simple majority vote without opposition.

The participants reviewed the June 29, 2020 joint RMQ BPS and WEQ BPS draft meeting minutes. A typo corrected. Ms. Crockett moved to adopt the revised draft minutes as final. Ms. Do seconded the motion which passed without opposition.

The June 29, 2020 joint WEQ and RMQ BPS final meeting minutes can be accessed at the following link: <https://www.naesb.org/pdf4/weq_bps_rmq_bps062920fm.docx>.

1. **Discuss** **2020 RMQ Annual Plan Item 6.b and 2020 WEQ Annual Plan Item 7.b.ii – Develop a standard contract to improve and automate the current voluntary REC creation, accounting, and retirement processes**

The participants noted that Ms. Sieg posted a [work paper](https://www.naesb.org/member_login_check.asp?doc=weq_bps_rmq_bps072720w1.doc) containing revisions to the NAESB Base Contract for Sale and Purchase of Natural Gas (NAESB Base Contract) to apply to RECs. Ms. Do suggested that the title refer to “Renewable Energy Certificates”, rather than “Renewable Energy Credits”. Mr. Weinstein and Mr. Brooks agreed.

***Section 1.1:*** Ms. Mallett read the sentence and asked whether the participants wanted to refer to “product” or a more specific term. Mr. Weinstein asked what types of RECs the subcommittees were considering. Ms. Crockett stated that when the annual plan item was requested by TVA, the intent was to address voluntary RECs that are not bundled with energy products. She stated that TVA is looking to record the initiation and trade via attestations and retirements of RECs. Ms. Crockett stated that energy products could be an attachment to the REC, but the General Terms and Conditions page is meant to be a base. Ms. Do stated that the contract should cover as many scenarios as possible, but the focus is on voluntary RECs. Ms. Crockett agreed and stated that NAESB standards are accommodating as possible to the marketplace.

Mr. Weinstein stated that a party engages in an activity to generate electricity, the meter is read and reported to a generation system. Next, verifications using generator protocols and then the certificates are issued. He stated that the activity causes the environmental attribute and that attribute is certified. Ms. Utt stated that not every certificate is registered in a registry. She explained that registration is not what creates the certificate, it merely means the REC is registered. Ms. Utt stated that, in a voluntary jurisdiction, the utilities may assign the certificate numbers and ensure that the RECs are not double counted using attestation instead of registration. Mr. Brooks explained that the contract will not apply to renewable portfolio standards (RPS) jurisdictions. Ms. Utt stated that the subcommittees were seeking to adopt a policy neutral contract that would not affect state RPS policies. She added that it is not to exclude the jurisdictions and, if Mr. Weinstein wanted to make the contract marketable in those jurisdictions, he would need to add more to the contract with special provisions or a request to revise the contract. Mr. Weinstein stated that a voluntary buyer would not just look at attestations, and that they would want a registry certificate. Ms. Utt explained that, in a jurisdiction that is voluntary without RPS policies, several corporate buyers are not concerned with registration and prefer to not pay the added cost. She stated that corporate buyers have not been insistent upon the registration of RECs.

Mr. Brooks asked whether the contract would cover the scenario where he generates electricity through his wind farm and wants to sell his REC. Ms. Utt stated that, if TVA agreed to the deal, it would cover that scenario. Ms. Crockett suggested adding the question of whether “Voluntary” should be included in the title of the contract to the Parking Lot. The participants agreed and noted that the term “voluntary” should be defined to explain that it is a REC that is not being utilized in RPS jurisdictions. Mr. Weinstein explained that the word “voluntary” is related to the buyer and it should not matter whether there is a corporate or compliance buyer. Ms. Utt stated that the corporate voluntary buyer attestation is all that is required. She added that the REC would need to be registered if used in a compliance market, so it would shift from a TVA unique serial number to a registry number. The subcommittees agreed to replace the word “Product” with “REC” throughout the contract.

***Section 1.2:*** Mr. Weinstein asked whether an oral procedure was appropriate and strongly supported deleting the paragraph. Ms. Crockett stated that a note should be made on the Parking Lot to call Ms. Sieg’s attention to the potential deletion. Ms. Crockett stated that the word “facsimile” should be left in the contract where it appears and the initialism for “Electronic Data Interchange” should be deleted, as it does not apply. She added that “other mutually agreed means” would cover all the other forms of communication. Through discussion, the participants clarified that a utility, such as TVA, would be a party to the contract, attest to the generation, and issue the REC accordingly. Mr. Brooks stated that the transaction in Section 1.2 refers to the transaction being the issuance of the REC itself. Ms. Crockett stated that “transaction” refers to the purchase and sale of the REC.

Mr. Brooks asked whether the phrase “the business day following the date of the agreement” would be retained by the subcommittees. Ms. Crockett explained that, in gas, the NAESB Base Contract would have a date on it and, when it is transmitted by electronic means, it is dated again from one party to another. She stated that the close of the next day would be the business day following the date of the agreement. Mr. Brooks suggested that, if it is the date of the transmission rather than the contract, then the word “agreement” should be replaced with “transaction.” It was noted that the meaning of “fully executed” changes depending on what is being transmitted.

***Section 1.3:*** Mr. Brooks offered a scenario where he had contracted for 100 RECs, but only received 84. He asked whether, under this section, it would be his obligation to report the difference to TVA. Ms. Crockett stated that a “material difference” is a term referring to the understanding of the specifics of the deal, such as quantity, price, or time period; and not necessarily concerned with whether the generation and time period of the cover of the contract matches the date the deal is done. Ms. Crockett stated that the deal is done prior to the actual energy transaction happening. The participants put an item on the Parking Lot to review the language in Section 1.2 regarding the notification of material differences in a future conversation. Mr. Brooks asked the participants whether the hierarchy of priority described at the end of the section should be retained or modified. Ms. Crockett stated that the hierarchy should be retained, as it goes from specific to general.

***Section 1.4:*** Mr. Brooks noted that the references to oral transactions were deleted.

1. **Discuss Next Steps and Future Meetings**

The next joint RMQ BPS and WEQ BPS conference call has been scheduled for Monday, August 10, 2020 from 10:30 AM to 12:30 PM Central. During the call, the subcommittees will continue to address 2020 RMQ Annual Plan Item 6.b and 2020 WEQ Annual Plan Item 7.b.ii, beginning with a discussion on the Definitions section.

1. **Adjourn**

Ms. Crockett moved to adjourn the meeting. Ms. Argonne seconded the motion. The motion passed without opposition. The meeting adjourned at 2:55 PM Central.

1. **Attendance**

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| **First Name** | **Last Name** | **Organization** |
| Dawna | Aragon | Tennessee Valley Authority |
| Rebecca | Batchelder | BP Energy |
| Dick | Brooks | Reliable Energy Analytics  |
| Payten | Butler | Tennessee Valley Authority |
| Valerie | Crockett | Tennessee Valley Authority |
| Mary | Do | Znalytics |
| Patrick | Foley | NV Energy |
| Dinesh | Hande | Znalytics |
| Eva | Hunt | Avista Corporation |
| Elizabeth | Mallett | North American Energy Standards Board |
| Ben | Ohrt | Portland General Electric |
| Ken | Podgorski | Tennessee Valley Authority |
| Farrokh | Rahimi | OATI |
| Robin | Rebillard | Manitoba Hydro |
| Ben | Stander | OATI |
| Tracy | Townley | Avista Corporation |
| Caroline | Trum | North American Energy Standards Board |
| Karen | Utt | Tennessee Valley Authority |
| Jeremy | Weinstein | PacificCorp |