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

**FROM:** Caroline Trum, NAESB Director of Wholesale Electric Activities

**RE:** Final Minutes from Joint RMQ BPS and WEQ BPS Conference Call – October 10, 2024

**DATE:** October 11, 2024

**NORTH AMERICAN ENERGY STANDARDS BOARD**

**Joint RMQ/WEQ Business Practices Subcommittee**

**Conference Call with Webcasting**

**October 10, 2024 – 10:00 AM to 2:00 PM Central**

**FINAL MINUTES**

1. **Welcome**

Ms. Sieg welcomed the participants to the meeting. Ms. Trum provided the Antitrust and Other Meeting Policies reminder. Ms. Sieg reviewed the agenda. Mr. Watson moved, seconded by Mr. Sappenfield, to adopt the agenda as final. The motion passed a simple majority vote without opposition.

Ms. Sieg reviewed the September 6, 2024 and July 31, 2024 meeting draft minutes with the participants. No changes were offered. Mr. Sappenfield moved, seconded by Mr. Johnson, to adopt the draft minutes for both meetings as final. The motion passed a simple majority vote without opposition.

The final minutes for the September 6, 2024 meeting are available through the following hyperlink: <https://naesb.org/pdf4/weq_rmq_bps090624fm.docx>.

The final minutes for the July 31, 2024 meeting are available through the following hyperlink: <https://naesb.org/pdf4/weq_rmq_bps073124fm.docx>

1. **Review the Industry Comments Submitted in Response to the Recommendation to Support Standards Request R21004 and Develop Any Needed Revisions as Late Formal Comments from the Joint WEQ/RMQ BPS**

Ms. Sieg stated in response to the WEQ/RMQ BPS recommendation to support Standards Request R24001, formal comments were submitted by: (1) Cheniere proposing redlined modifications to [Attachment 1](https://naesb.org/member_login_check.asp?doc=weq_rmq_bps101024w1.docx), [Attachment 2](https://naesb.org/member_login_check.asp?doc=weq_rmq_bps101024w2.docx), and [Attachment 3](https://naesb.org/member_login_check.asp?doc=weq_rmq_bps101024w3.doc); (2) [CAISO](https://naesb.org/pdf4/weq_rmq_bps101024w4.docx); (3) [Concentric Energy Advisors](https://naesb.org/pdf4/weq_rmq_bps101024w5.docx); (4) on behalf of [Southern California Edison](https://naesb.org/pdf4/weq_rmq_bps101024w6.pdf) with additional comments proposing redlined modifications to [Attachment 1](https://naesb.org/member_login_check.asp?doc=weq_rmq_bps101024w9.docx) and [Attachment 2](https://naesb.org/member_login_check.asp?doc=weq_rmq_bps101024w10.docx); (5) on behalf of NARUC proposing redlined modifications to [Attachment 1](https://naesb.org/member_login_check.asp?doc=weq_rmq_bps101024w7.docx) and [Attachment 2](https://naesb.org/member_login_check.asp?doc=weq_rmq_bps101024w8.docx); and (6) on behalf of the [U.S. DoE](https://naesb.org/pdf4/weq_rmq_bps101024w13.docx), including proposed redline modifications to [Attachment 1](https://naesb.org/member_login_check.asp?doc=weq_rmq_bps101024w14.docx) and [Attachment 2](https://naesb.org/member_login_check.asp?doc=weq_rmq_bps101024w15.docx). She noted that [R24001 Rec. Attachment 1 Combined Comments](https://naesb.org/member_login_check.asp?doc=weq_rmq_bps101024w11.docx) and [R24001 Rec. Attachment 2 Combined Comments](https://naesb.org/member_login_check.asp?doc=weq_rmq_bps101024w12.docx) were posted was work papers for the meeting.

Ms. Sieg suggested that the participants begin discussion by reviewing R24001 Rec. Attachment 1 Combined Comments. Ms. Key stated that before potential revisions are discussed, it would be helpful to reach a consensus on the distribution services that are intended to be transacted for using the NAESB Base Contract for the Salen and Purchase of Distribution Services from DER Aggregations (NAESB Distribution Services Base Contract). She explained that the definition for Distribution Services in the NAESB Distribution Services Base Contract is broad and does not distinguish between distribution services that would be wholesale sales of FERC jurisdictional products and distribution services that would be sales of state/local-jurisdictional products intended to enhance a distribution system. She noted that as written, parties could use the contract to transact for both types of distributions services and asked if the intent is to address both types of sales. Mr. Murdock stated that, as identified in the comments submitted on behalf of the U.S. DoE, the intent is for the contract to only be used for transactions of distribution services provided by a DER aggregator to a distribution system operator for the operation of the distribution system under retail jurisdiction. He noted that to address this issue, the comments propose revisions to the definition for Distribution Services and the identification of four discrete services that would be included in this category.

Mr. Armstrong asked if the WEQ and RMQ Executive Committees have the ability to revise the contract or evaluate any modifications proposed by the WEQ/RMQ BPS. Mr. Phillips stated that per the NAESB process, Executive Committees consider the recommendations and all formal comments submitted in response, including any late formal comments such as those developed by a subcommittee proposing additional revisions. He explained that the Executive Committee can make changes to the recommendation and has the option to vote on adoption of the recommendation or, if needed, remand the recommendation back to the subcommittee for further discussion.

Ms. Key stated the additional comments to Attachment 1 submitted on behalf of Southern California Edison propose two possible solutions to clarify the scope of transactions addressed by the contract. She explained that the language could be revised to either narrowly tailor the types of distribution services or distinguish between distribution service providers that are considered exempt and non-exempt from FERC rate regulation and FERC regulation under the Federal Power Act or those selling to buyers located in ERCOT, Hawaii, or Alaska. Mr. Murdock stated that the preference would be to narrowly tailor the types of distribution services that can be transacted for using the contract. He explained that this would provide the greatest amount of clarity to users, noting that this effort was initiated in response to feedback from market participants who expressed an interest in the availability of a standard agreement or template for contracting. Ms. Sieg asked if there were any objections to proceeding in this manner and making conforming changes to the NAESB Distribution Services Base Contract. There were none offered.

The participants discussed the definition for Distribution Services and discussed the definitions proposed by the comments submitted on behalf of Southern California Edison and the U.S. DoE. Mr. Brooks suggested that if the definition is going to identify and define specific types of distribution services, the participants may want to reference REQ.30 – Distribution Services Supporting Retail Electric Interactions. He noted that these standards were developed in response to a request from the U.S. DoE. Mr. Villarreal stated that the definition for Distribution Capacity proposed by the comments on behalf of the U.S. DoE may better describe Distribution Deferral. He explained that the reference to non-wires alternatives in Distribution Capacity may inadvertently exclude services that could be used to increase distribution capacity, such as those provided by energy storage. The participants agreed to include Distribution Capacity Enhancement and Distribution Deferral as part of the definition. Mr. Villarreal offered to provide proposed language for Distribution Capacity Enhancement.

Mr. Murdock stated that acquiring distribution services from DER Aggregations is relatively new and the parties may not be as experienced as other market participants. He suggested that the participants consider expanding the FAQ document to include more information regarding applicable programs, governing documents, and dispute resolution processes.

Mr. Hubert stated that the definition for Alternative Damages should be revised to better conform to the pricing structure and penalties for distribution services and reflect that parties contracting to purchase distribution services are seeking a specific behavior from the seller, not necessarily and actual good. He noted that similar changes should be considered in Section 3 Performance Obligation, Section 6 Billing, Payment, and Audit, and Section 9 Financial Responsibility. Mr. Brooks stated that contracts for distribution services are seeking an obligation to perform and deliver a service at some specified point in time. The participants agreed to make changes throughout the contract to better reflect this concept, including renaming the defined term Contract Capability to Distribution Service Requirements, removing references to a buyer receiving distribution services, and revising performance obligation language included in Section 3.2.

Mr. Murdock stated that there is currently not a market to purchase distribution services and are transacted for through bilateral agreements. He explained that references to a cover standard and market price may be confusing and suggested the participants consider modifications to clarify that parties must agree, in advance, non-performance and early termination penalties. Ms. Sieg noted that in Section 9.3.1, parties have an option to come to designate how damages for nonperformance will be compensated and how liquidation costs will be calculated. Mr. Murdock suggested that these terms may need to be defined in more detail and noted that the contract should also address damages for partial nonperformance. The participants agreed to strike language referring to market value for early termination damages and other agreement setoffs. Ms. Key stated that Section 9 Financial Responsibility may be too detailed and complex for the state of the market. She suggested the consideration of replacing these provisions with general default and breach provisions. Ms. Sieg asked if there is suggested language that should be considered. Ms. Key responded that the Small Generator Interconnection Agreement may provide a starting point for consideration.

Mr. Murdock noted that the contract should include language in Section 6 to provide additional guidance on the use of performance evaluations and settlement methodologies as part of the billing and payment process. He stated that the four payment options identified in Section 6.2 could be generally applicable to transactions for distribution services but explained that the timeline does not accurately account for the length of the settlement process due to the validations that a buyer must perform.

Mr. Villarreal stated that Section 7 Title, Warrant, and Indemnity may not be applicable to all types of distribution services, which can include non-energy services and non-physical goods. Ms. Key agreed and suggested that the language be replaced with a general indemnification clause, similar to those found in transmission service agreements. Mr. Murdock suggested that the participants may want to consider terms modeled on the language included in the contract examples provided by the U.S. DoE. Ms. Sieg asked for participants to provide proposed language for specific provisions that should be considered. Mr. Phillips stated that it would be helpful if participants who would like specific changes made to the contract, addendum, and FAQ provide draft language for discussion at the next meeting. Ms. Sieg noted that areas of discussion included language to better clarify non-performance penalties and the use of performance evaluations and settlement methodologies as part of the billing and payment process, the inclusion of a services-related indemnity clause, and a more streamlined early termination process.

1. **Other Business**

The participants agreed to hold an additional meeting on Wednesday, October 16, 2024 from 2:00 – 5:00 PM Central to finalize modifications to propose as late formal comments from the WEQ/RMQ BPS.

1. **Adjourn**

The meeting adjourned at 2:00 PM Central on a motion by Mr. Robinson

1. **Attendance**

| **First Name** | **Last Name** | **Organization** |
| --- | --- | --- |
| Jack | Armstrong | Duke Energy |
| Briana | Ashiotes | Budderfly |
| Rebecca | Berdahl | BPA |
| Jonathan | Booe | NAESB |
| Dick | Brooks | Business Cyber Guardian |
| Tanner | Brier | BPA |
| Zachary | Buus | BPA |
| Thomas | Chamberlain | Entergy |
| Peter | Dotson-Westphalen | CPower Energy |
| Shawn | Grant | CAISO |
| Ben | Hammer | WAPA |
| Alan | Johnson | NRG |
| Brian | Jordan | SMUD |
| Jennifer | Key | Steptoe LLP Rep. Southern California Edison |
| Darren | Lamb | CAISO |
| Catherine | Meiners | ERCOT |
| Dale | Murdock | ICF Rep. U.S. DoE |
| Amrit | Nagi | NAESB |
| Chris | Norton | American Municipal Power |
| Joshua | Phillips | SPP |
| Farrokh | Rahimi | OATI |
| Ronald | Robinson | TVA |
| Cory | Samm | Hoosier Energy REC |
| Keith | Sappenfield | Cheniere Energy |
| Lisa | Sieg | LGE & KU Services |
| Karen | Stampfli | TVA |
| Scott | Stewart | BPA |
| Caroline | Trum | NAESB |
| Chris | Villarreal | Plugged In Strategies Rep. NARUC |
| Sam | Watson | North Carolina Utilities Commission Rep. NARUC |
| Bobbi | Welch | MISO |
| Selene | Willis | Southern California Edison |