



## NORTH AMERICAN ENERGY STANDARDS BOARD

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### NAESB RELEASES STANDARD DISTRIBUTION GRID SERVICES CONTRACT

NAESB and the U.S. Department of Energy (DOE) Office of Electricity are pleased to announce the completion of an effort initiated at the request of the DOE to develop a standardized contract intended to add efficiency and certainty to the negotiation process for the acquisition of distribution grid services in the retail markets. The NAESB Base Contract for the Sale and Purchase of Distribution Grid Services from DER Aggregations (NAESB Distribution Grid Services Base Contract) establishes standard terms and conditions, developed through NAESB's consensus-based process, to support bilateral contract negotiations between distribution utilities and DER aggregators for transactions subject to the jurisdiction of state or local regulatory authorities across the country.

As identified by the DOE in its request to NAESB, the lack of an industry-agreed upon model agreement for these transactions has resulted in varying contracting practices that create a significant market barrier in the use of DER aggregations as part of electric distribution systems. In total, over 80 individuals from 50 different entities spanning the retail and wholesale electric industry, including utilities, DER aggregators, ISO/RTOs, and regulators, participated in the development of the NAESB Distribution Grid Services Contract. Given the diverse input from different market sectors across the country, parties using the NAESB Distribution Grid Services Contract can have confidence that the baseline provisions included in the contract represent viewpoints from a variety of stakeholder perspectives.

With industry adoption of the NAESB Distribution Grid Services Contract, it is anticipated that the contracting process timeline for grid services will be truncated and will introduce new cost-savings. In addition to the terms and conditions in the contract, participants in the standards development effort also created the NAESB Conditions Precedent Addendum which will support the DER aggregator's registration process with a utility to provide distribution grid services. The optional addendum allows parties to specify requirements that must be met before conducting transactions under the NAESB Distribution Grid Services Contract. Through the addendum, utilities can identify other applicable agreements that must be executed and any regulatory, testing, certification, or other requirements that must be met and establish mutually-agreed upon milestone dates and deadlines for completing the stipulated conditions.

NAESB's Chairman, Michael Desselle, stated that "NAESB has a long-history of using its standards development process to streamline and add efficiency to the business processes, including contract negotiation, required to execute transactions that support emerging technologies and services in the energy sector. Distributed energy resources will be an extremely important tool to support projected load growth over the coming decade, and any industry-led efforts, such as those conducted through NAESB, to facilitate the integration of such resources is a worthwhile endeavor."

DOE's Office of Electricity is working closely with the industry to report on best practices and guidelines associated with standardizing processes at the interface between utility operators and DER service providers. Joe Paladino, Senior Advisor within the U.S. Department of Energy's Office of Electricity, stated that "Working with the private sector to address key issues is one of the most satisfying aspects of our role as public servants. The opportunity to work with NAESB to develop this standard practice is an exceptional example of the potential of public-private partnerships to produce tangible and valuable results."

For more information, please contact Jonathan Booe, NAESB Executive Vice President and Chief Operating Officer (713) 356-0060. Also, additional materials developed by DOE on this subject are available at: [Distribution Grid Transformation | Department of Energy](#).

*The North American Energy Standards Board (NAESB) serves as an industry forum for the development and promotion of 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. It is composed of about three hundred corporate members in the energy industry and many more non-member volunteers who contribute to the drafting and adopting of NAESB standards. To learn more about NAESB, go to [www.naesb.org](http://www.naesb.org).*

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