Publication of NAESB Wholesale Electric Quadrant Business Practice Standards, Version 004

NAESB is pleased to announce that Version 004 of the Wholesale Electric Quadrant (WEQ) Business Practice Standards were published on July 31, 2023. The voluntary NAESB Business Practice Standards promote a more competitive and efficient marketplace by streamlining transactional processes and communications utilized by the wholesale and retail natural gas and electric industries to conduct commercial transactions. Specific to the wholesale electric market, the WEQ Business Practice Standards increase the transparency and consistency of commercial interactions and help facilitate uniform implementation of requirements promulgated by FERC in the *pro forma* Open Access Transmission Tariff (OATT). Use of the standards can reduce costs and administrative burdens for jurisdictional entities and the numerous market participants that interact with such entities, creating a more efficient marketplace. Additionally, NAESB and the North American Electric Reliability Corporation (NERC), through close coordination, ensure that the WEQ Business Practice Standards and NERC Reliability Standards are complementary, supporting cohesive implementation of the business practices and related mandatory reliability requirements for the industry.

Version 004 incorporates over four-hundred standard modifications or additions and revisions to the supporting abbreviations, acronyms, and defined terms used within the twenty-five suites of the WEQ Business Practice Standards. Several of these changes were made in response to standards development efforts that addressed Commission directives contained in FERC Order Nos. 676-I and 676-J. This version also includes two new suites of standards, WEQ-024 Cybersecurity Business Practice Standards and WEQ-025 Grid Services Supporting Wholesale Electric Interactions Business Practice Standards, and the creation of a new model contract to support transactions for renewable energy certificates (RECs) in the voluntary market. Additional changes support enhanced cybersecurity requirements as well as modifications made as part of coordination efforts with NERC.

Within Version 004, NAESB developed standards changes in response to three FERC directives. First, to address FERC Order No. 676-I, Version 004 modifies WEQ-001 OASIS Business Practice Standards, WEQ-002 OASIS Standards and Communication Protocols Business Practice Standards, and WEQ-013 OASIS Implementation Guide Business Practice Standards to support the Commission’s *Dynegy* policy. The revised standards provide greater specificity regarding the transmission reservation process, consistent with the Commission’s determination in the Order that the *Dynegy* policy protections are limited to scenarios where the parent reservation for a request for redirect is unconditional, as defined in section 13.2 of the *pro forma* OATT. Also, in response to FERC Order No. 676-I, Version 004 contains new standards as part of WEQ-006 Manual Time Error Correction Business Practice Standards regarding commercial requirements for interconnections calling manual time error corrections, consistent with NERC guidance in this area. NAESB developed these standards in response to the Commission’s request that the industry revisit the rationale for a previous determination to retire WEQ-006 in WEQ Version 003.2 and consider if the standards should be retained or revised. Finally, this version revises WEQ-023 Modeling Business Practice Standards to better support efficiencies in the transmission scheduling process in response to the Commission’s request in FERC Order No. 676-J that NAESB consider potential standards modifications to address issues raised by commenters during the notice of proposed rulemaking process for WEQ Version 003.2.

As noted above, Version 004 includes, for the first time, WEQ-024 Cybersecurity Business Practice Standards, created through the reorganization of thirteen existing cybersecurity standards that secure and protect access to OASIS nodes and the NAESB Electric Industry Registry as well as transactions conducted via electronic tagging (e-Tagging). By maintaining the cybersecurity-related standards in a singular suite, the industry can expediate the process by which it develops, adopts, and implements these standards, improving upon the ability to respond to any new cybersecurity threats. In creating WEQ Version 004, NAESB also revised the WEQ-012 Public Key Infrastructure (PKI) Business Practice Standards and the NAESB Accreditation Requirements for Authorized Certificate Authorities (ACAs) to strengthen the cybersecurity protections established by the NAESB PKI Certification Program. These changes ensure NAESB ACAs can continue to issue digital certificates in accordance with industry best practices as well as allow NAESB ACAs to issue code signing certificates. These types of digital certificates can be used to authenticate software and other executables from third parties, and the revisions were made in support of the NERC CIP-010 Cyber Security – Configuration Change Management and Vulnerability Assessments Reliability Standards that require verification of the identity of a software source.

The second new suite of standards, the WEQ-025 Grid Services Supporting Wholesale Electric Interactions Business Practice Standards, was developed in response to a request from the Department of Energy (DoE), Lawrence Berkeley National Laboratory, and Pacific Northwest National Laboratory. The request proposed NAESB define a list of common grid services for electric market interactions to support elements of the DoE’s Grid Modernization Laboratory Consortium efforts related to distributed energy resources. The new standards establish a technology-neutral framework for six categories of operations-based grid services and promote greater consistency and efficiency for flexible, grid-edge resources such as distributed energy resources, participating within the wholesale electric market. The standards may also allow regulators to more easily compare market information regarding the use of grid services across multiple jurisdictions.

Another new addition is the *NAESB Base Contract for Sale and Purchase of Renewable Energy Certificates* (NAESB REC Contract). The NAESB REC Contract provides standardized terms and conditions for trading RECs in the voluntary market and can serve as a starting point for contract negotiations, adding new efficiencies and reducing costs for the transaction process. As a companion to the contract, WEQ Version 004 revises WEQ-010 Contracts Related Business Practice Standards to include technical implementation requirements that enable the use of a digitalized version of the NAESB REC Contract and the automation of manual processes for creating, accounting, and retiring RECs.

Finally, WEQ Version 004 contains several modifications made in response to coordination efforts with NERC or to increase the transparency, consistency, and efficiency of commercial transactions. First, revisions were made to WEQ-005 Area Control Error (ACE) Equation Special Cases Business Practice Standards to clarify how commercial elements of a balancing authority’s ACE equation are accounted for and to ensure consistency with reliability guidance contained in the NERC Dynamic Transfer Reference Document. As a result of staff coordination efforts, NAESB also modified WEQ-000 Abbreviation, Acronyms, and Defined Terms Business Practice Standards to maintain complementary defined terms within the business practices and the NERC Reliability Standards. To support transactions conducted on OASIS nodes, WEQ Version 004 incorporates a number of revisions to the WEQ OASIS Suite of Standards (WEQ-001, WEQ-002, WEQ-003, and WEQ-013) that resulted from nine different standard development efforts. These changes include modifications to provide greater clarity regarding the preemption and competition process, new requirements to define the eligibility and treatment of rollover rights for Network Integration Transmission Service, and revisions to support parity between consolidated and non-consolidated transmission service requests. OASIS-related standards development efforts also led to the creation of two new mechanisms that improve the ability to track and audit transmission service reservations and any subsequent modifications. Additionally, to support e-Tagging transactions, WEQ Version 004 modifies WEQ-004 Coordinate Interchange Business Practice Standards to streamline the procedures entities follow in the event of a system failure for e-Tag communications and to add a new appendix that provides guidance for entities within the Eastern Interconnection seeking to automate the net scheduled interchange checkout process.

Members can access the publication from the NAESB website at <https://www.naesb.org/weq/weq_standards.asp>, and non-members may purchase the publication by submitting a completed materials order form ([https://www.naesb.org//pdf/ordrform.pdf](https://www.naesb.org/pdf/ordrform.pdf)). If you or your colleagues have any questions or would like to access these standards, please do not hesitate to ask our office ([naesb@naesb.org](mailto:naesb@naesb.org) or 713-356-0060). As with past versions of the WEQ Business Practice Standards, an informational filing was made with the Federal Energy Regulatory Commission regarding WEQ Version 004.