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**RE:** Notes from the NAESB Advisory Council Meeting – February 10, 2018

**DATE:** March 12, 2018

**NORTH AMERICAN ENERGY STANDARDS BOARD ADVISORY COUNCIL MEETING NOTES**

**Renaissance Washington Hotel – Washington, DC**

**February 10, 2018 – 4:00 PM to 6:00 PM Eastern**

1. Welcome

Mr. Ellsworth opened the meeting and welcomed the Advisory Council members and observers. The Advisory Council and other participants introduced themselves, and Mr. Booe provided the NAESB antitrust and other meeting policies guidance. Mr. Ellsworth reviewed the agenda[[1]](#footnote-1) and Mr. Pearce moved to adopt it as drafted. Mr. DeBoissiere seconded the motion and the motion passed without opposition.

**2. Impact of the Advisory Council in Providing Direction to NAESB & NAESB Products**

Mr. Ellsworth provided a brief overview of the impact that the NAESB Advisory Council has had on the organization since its creation and requested that the members be active in discussions and make recommendations that NAESB should consider in 2018 and beyond. Mr. Booe provided a review of the NAESB standards and products developed to date and noted that in the last six months of 2017 NAESB published Version 3.2 of the Retail Model Business Practices, Version 3.1 of the Wholesale Gas Quadrant (WGQ) Business Practice Standards and Version 003.2 of the Wholesale Electric Quadrant (WEQ) Business Practice Standards. He specifically thanked Denise Rager and the rest of the NAESB staff for working to publish all three versions of standards in a very short timeframe. Mr. Booe also noted that NAESB offers a number of certification programs and hosts the Electric Industry Registry, a tool that supports wholesale electric market scheduling transactions. Ms. McQuade noted that NAESB may be required to support other industry tools in the future and this could be a source of revenue as well as providing a service to the markets.

**3. Current Projects**

Gas-Electric Coordination

Mr. Booe provided a report of NAESB’s efforts to develop standards in response to FERC Order No. 809 issued on April 16, 2015 and discussed in detail during the previous Advisory Council meeting. He stated that despite the Board of Director’s direction via the WEQ and WGQ annual plans, and the efforts of the WGQ Business Practice Subcommittee and the WGQ Information Requirements and Technical Subcommittees, the WGQ Executive Committee was unable to come to consensus on the four sets of standards developed in response to the Order and presented for its consideration. He noted that the standards specifically did not garner the necessary support of the Local Distribution Companies segment, and that a report summarizing the entire project had been filed with the Commission on March 30, 2017. In response to the report, interim Chairman, Cheryl LaFleur, sent Ms. McQuade a letter thanking her for NAESB’s efforts. He noted that the National Academy of Sciences issued a study during the summer of 2017 recommending that FERC and NAESB work together to support improved gas and electric market coordination. Mr. Peress stated that the continued focus on fuel security and resiliency will eventually lead to the industry being asked to standardize the electronic transactions that support scheduling transmission service and that NAESB will likely face the challenge again in the near future. Mr. Gee stated that the next time NAESB is requested to address gas and electric market coordination, it would be helpful if there was specific policy direction from the Commission. Ms. Hollis stated that the policy may be set by the courts if the industry does not take the opportunity to define the regulations itself. Mr. Desselle stated that direction may be provided as a result of the current FERC Notice of Proposed Rulemaking on resiliency.

Smart Grid and OpenFMB Efforts

Mr. Booe reviewed NAESB’s smart grid activities related to the Green Button initiative and the Open Field Message Bus (OpenFMB) standard. He stated that NAESB has entered into a memorandum of understanding with the Green Button Alliance to require compliance with the NAESB REQ.21 Energy Services Provider Interface Model Business Practices as part of their U.S. based certification process and has also worked closely with the Ontario Ministry of Energy to support their rulemaking process for adoption of the NAESB standard. It is expected that the each of the 77 utilities in the province of Ontario will be required to adopt a Green Button implementation consistent with the NAESB standard. Additionally, NAESB has continued to coordinate with the Smart Electric Power Alliance to support their efforts as a user group of the NAESB OpenFMB standard that will recommend potential updates and modifications to the standard as implementations evolve.

Mexico

Mr. Booe stated that NAESB has continued to coordinate and respond to the requests of the Mexican Comisión Reguladora de Energía (CRE) as they work to institute a complete regulatory reformation of their energy markets. He noted that NAESB completed the development of a Mexican addendum to the NAESB Base Contract for Purchase and Sale of Natural Gas (Base Contract) in the spring of 2017 at the request of the CRE and is now continuing discussions concerning other projects that would be of value to NAESB members and support the CRE’s efforts. He also stated that NAESB has translated the Base Contract and a number of addendums at the request of several members. Ms. Ogg asked if the English or Spanish version of the of the NAESB Base Contract would be controlling in the event of litigation over a translated version of the contract. Mr. Booe stated that the Spanish version includes a disclaimer that the English version is intended to control. Mr. Gee stated that consistent business practices would ensure that transactions across connected grid and pipeline points are efficient and would save the industry significant money. Ms. Ogg asked if Centro Nacional de Control de Energía (CENACE) had contacted NAESB about potential coordination. Mr. Booe stated that they have not contacted NAESB and that the CRE discussions have been natural gas focused thus far. She recommended that NAESB reach out to CENACE as there are many areas where coordination with NAESB standards would benefit their market. Mr. Desselle asked if the political climate is impacting connections or relationships between the U.S. and Mexican energy markets. Commissioner Spitzer and Ms. Ogg stated that significant investment has been made in the Mexican energy markets, and that despite discussions related to the renegotiation of NAFTA, activities in the market are moving forward.

Retail Model Considerations and Cybersecurity

Mr. Booe briefly reviewed the activities of the Retail Structure Review Committee to review the current status of the Retail Markets Quadrant (RMQ) and make recommendations to the Board of Directors to resolve the membership challenges that the quadrant is facing. During its discussions, the Committee acknowledged that both the cost of membership and the lack of interest in nationalized Electronic Data Interchange (EDI) standards have contributed to the decrease in membership and participation within the quadrant. The Committee will continue to meet and consider options that can be recommended to the board. Mr. Booe also noted that the Department of Energy has funded a surety assessment of the NAESB standards by Sandia National Laboratory, and that each quadrant has added a provisional item to their annual plans to consider any standards modifications that may be recommended as a result of the assessment. Mr. Booe thanked Mr. Freitas for his integral role in initiating the surety assessment.

**4. Tactical Plans**

Mr. Booe reviewed the 2018 annual plans for each of the three quadrants, noting the major activities planned for the year, and the publication schedule of each quadrant with the participants. He noted that any recommendations made by the Advisory Council will be reviewed by the Board of Directors and may be incorporated into the 2018 annual plans of the organization and would be considered by the Board Strategic Plan Task Force in the development of the biennial industry wide survey and 2019-2021 Strategic Plan.

**5. Liaisons with External Entities**

In the interest of time Mr. Booe briefly reviewed the liaison activities of NAESB and directed the participants to review the work paper that had been created for the agenda item for detail. The work paper can be found through the following hyperlink: <https://www.naesb.org/misc/naesb_liaisons_with_external_entities_feb_2018.docx>.

**6. Strategic Direction for 2018 and Beyond**

Mr. Ellsworth opened the floor to give the Council members to share their thoughts and comments on the discussion items presented or any other topics that they have identified. Through discussion the following recommendations and comments were made.

* Monitor transactive energy developments in the retail markets including microgrids, photovoltaic vehicles, solar and wind generation – specifically, monitor the California market
* Monitor customer to customer transactions and how blockchain technology supports those transactions
* Continue coordination with the CRE, CENEGAS and CENACE and collaborate with NERC and FERC on coordination
* Consider standards development to support the integration of blockchain technology into energy transactions, including how blockchain can improve resilience and supply chain integrity
* Consider standards development to support increased activity in the liquified natural gas markets
* Consider a review of existing gas quality standards in light of the shale gas revolution
* Consider whether standards can be developed to support transitioning multiple types of fuel through a single pipeline
* Monitor activities related to gas-electric coordination recommendations of 2017
* Continue activities to ensure the cybersecurity of the NAESB standards and consider areas where new cybersecurity standards should be developed
* Consider increasing efforts to market the activities NAESB through NARUC and utilities and support the adoption of the standards by regulators

Mr. Ellsworth thanked the participants for their participation and asked if there were any other ideas or suggestions from the floor for the Advisory Council to consider. Mr. Boswell made a motion to elect Mr. Ellsworth as Chair of the Advisory Council for 2018-2019 and Commissioner Simon seconded the motion. The motion passed unanimously.

**7.** **Adjournment**

The meeting was adjourned at 6:01 PM Eastern by consensus.

**8. Attendance**

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| **Advisory Council Members in Attendance** | | |
|  | **Bruce Ellsworth** | Chairman, NAESB Advisory Council & Former Commissioner, NH PUC & Past President of NARUC |
|  | Alex DeBoissiere | Senior Vice President, Government Relations, AVANGRID & Former General Counsel, NAESB |
|  | Christopher Freitas | Senior Program Manager Natural Gas Infrastructure, Office of Oil and Natural Gas, U.S. Department of Energy |
|  | Wayne Gardner | Former Commissioner, Pennsylvania Public Utility Commission |
|  | Robert Gee | President, Gee Strategies Group, LLC & Former Assistant Secretary, U.S. Dept. of Energy & Former Chair, Public Utility Commission of Texas |
|  | Sheila Hollis | Partner, Duane Morris LLP |
|  | John Hughes | President and CEO, Electricity Consumers Resource Council |
|  | Annabelle Lee | Cyber Security Specialist, Nevermore Security |
|  | Joelle Ogg | General Counsel, DC Energy & Former Interim Counsel to NAESB |
|  | Thomas Pearce | Technical Advisor, International Department, National Association of Regulatory Utility Commissioners, Former Senior Policy Advisor, Office of Energy Policy and Systems Analysis (EPSA), U.S. Department of Energy |
|  | Timothy Simon | TAS Strategies, Former Commissioner, California Public Utilities Commission |
|  | Marc Spitzer | Partner, Steptoe and Johnson, LLC & Former FERC Commissioner & Former Arizona Public Service Commission Commissioner |
|  | Andreas Thanos | Policy Specialist, Gas Division, Massachusetts Department of Public Utilities & Chair of the NARUC Subcommittee on Gas |
|  | Dr. David Wollman | Deputy Director, Smart Grid and Cyber-Physical Systems Program, and Manager, Smart Grid Standards and Research, National Institute of Standards and Technology |
| **Board Members and in Attendance** | | |
|  | Cade Burks | Big Data Energy Services |
|  | Valerie Crockett | Tennessee Valley Authority |
|  | Michael Desselle | Southwest Power Pool |
|  | Paul McCurley | NRECA |
|  | Pat McGovern | Georgia Transmission Corporation |
|  | Randy Parker | ExxonMobil |
|  | Jonathan Peress | EDF |
| **Guests in Attendance** | | |
|  | Susan Bergles | AGA |
|  | Jack Cashin | EPSA |
|  | Jane Sanchez | Library of Congress |
|  | Charles Yeung | Southwest Power Pool |
| **NAESB Staff in Attendance** | | |
|  | Jonathan Booe | NAESB Executive Vice President & CAO |
|  | Bill Boswell | NAESB General Counsel |
|  | Rae McQuade | NAESB President & COO |
|  | Veronica Thomason | NAESB Executive Assistant and Office Manager |

1. The agenda is available through the following hyperlink: <https://naesb.org/pdf4/advisory021018a.docx> [↑](#footnote-ref-1)