



NORTH AMERICAN ENERGY STANDARDS BOARD

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NAESB RELEASES STANDARD DISTRIBUTION SERVICES CONTRACT FOR INDUSTRY-WIDE COMMENT PERIOD

NAESB is pleased to announce its completion of a recommendation for a new standard contract, drafted at the request of the U.S. Department of Energy (DOE), that will increase efficiency and consistency in transactions between utilities and distributed energy resource (DER) aggregators in the procurement of distribution services. The NAESB Base Contract for the Sale and Purchase of Distribution Services (NAESB Distribution Services Base Contract) establishes boilerplate terms and conditions that will minimize uncertainties in contracting terms and help reduce costs associated with counterparty negotiations. As identified by the U.S. DOE in its request to NAESB, the lack of a standard contract specifying discrete services and related performance expectations has been a significant market barrier inhibiting the acquisition of distribution services from DER aggregations. The NAESB Distribution Services Base Contract can be used across multiple jurisdictions and incorporates provisions with broad applicability and flexibility so parties can adapt the contract to their unique circumstances as well as easily accommodate future contracting efforts. Per the U.S. DOE's proposal, the contract contains terms and conditions to help encourage greater operational and market coordination across distribution and wholesale interactions. These include provisions to support the disclosure of information between contracting parties that could enable more seamless participation for DER aggregators seeking to participate in wholesale markets consistent with FERC Order No. 2222 requirements.

Throughout the development of the NAESB Distribution Services Base Contract, there has been participation from a broad array of industry entities representing DER aggregators, electric utilities, independent system operators and regional transmission organizations. Additionally, representatives of the National Association of Regulatory Utility Commissioners contributed to the drafting process. At the suggestion of these participants, an addendum to the contract, the NAESB Conditions Precedent Addendum, is included as part of the recommendation for consideration. The optional addendum will facilitate DER aggregator and distribution utility contract negotiations prior to the aggregator completing its registration process with the utility by allowing parties to specify any regulatory, testing, certification or other requirements that must be met prior to carrying out transactions under the NAESB Distribution Services Base Contract. Through the addendum, parties can also identify additional applicable agreements that must be executed and establish mutually agreed upon milestone dates and deadlines for completing the stipulated conditions.

Following the NAESB process, the recommendation for the NAESB Distribution Services Base Contract and NAESB Conditions Precedent Addendum is the subject of an industry-wide comment period, which began September 6, 2024 and will conclude on October 7, 2024. Any interested party, regardless of membership within NAESB, may review the recommendation and submit comments for consideration. All submitted comments will be reviewed and considered by the NAESB Executive Committee prior to a final vote on the recommendation.

For more information, please contact Jonathan Booe, NAESB Executive Vice President and Chief Operating Officer (713) 356-0060.

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.
