November 21, 2024

Federal Energy Regulatory Commission Action on WEQ Version 004 Standards

Dear Members of the Wholesale Electric Quadrant,

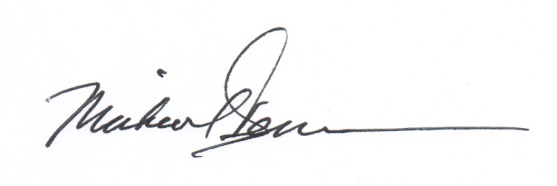
As you may know, on November 21, 2024, the Federal Energy Regulatory Commission (FERC or Commission) issued FERC Order No. 676-K, *Standards for Business Practices and Communication Protocols for Public Utilities*, in Docket No. RM05-5-031 (Order).[[1]](#footnote-1) The Order becomes effective sixty days after the date of publication in the Federal Register. In the Order, the Commission takes action to adopt as part of its regulations, through the incorporation by reference process, the NAESB WEQ Version 004 Business Practice Standards (Standards), with certain enumerated exceptions, as proposed in the related Notice of Proposed Rulemaking (NOPR).[[2]](#footnote-2) Developed between March 2020 and July, 2023, this body of Standards is the result of significant effort by the industry and made possible through the contributions of numerous participants representing a wide range of market interests. The resources and countless hours volunteered by these individuals signifies the industry’s continued commitment to promote a more competitive and efficient wholesale electric market through the development of consensus-based NAESB Business Practice Standards.

NAESB WEQ Version 004 makes enhancements to cybersecurity protections for the wholesale electric industry included within the Standards as well as reorganizes existing cybersecurity related standards into a new book, WEQ-024 Cybersecurity Business Practice Standards. As noted by the Commission in the NOPR, this consolidation should make its processes for revising NAESB cybersecurity business practice standards incorporated by reference “easier and faster, helping to match the fast pace of changes in cybersecurity practices.” This version also contains a number of new and revised standards to increase the efficiency and transparency of commercial scheduling and transmission management activities and support public utilities’ consistent and uniform implementation of requirements promulgated by the Commission as part of the *pro forma* Open Access Transmission Tariff (OATT). Additionally, NAESB WEQ Version 004 includes standards developed in response to directives from FERC Order Nos. 676-I and 676-J and modifications to complement the North American Electric Reliability Corporation Reliability Standards.

In the Order, the Commission directs public utilities whose tariffs do not automatically incorporate by reference all new Standards without modification to submit compliance filings no later than 120 days after the date of publication of the final rule in the Federal Register. The Commission also continues to require those entities with reciprocity tariffs to modify their tariffs to include the Standards that are incorporated by reference in the Order. As part of compliance filings, a public utility may make new waiver requests to comply with a part of the final rule or any request to preserve any existing waivers. Additionally, similar to FERC Order No. 676-J, the Commission establishes two implementation dates for the Standards. The Commission requires implementation of the NAESB cybersecurity business practice standards twelve months after the date of publication of the final rule in the Federal Register and, for the remainder of Standards adopted in the Order, eighteen months after the date of publication.

Similar to FERC Order Nos. 676-H, 676-I, and 676-J, in FERC Order No. 676-K, the Commission continues to incorporate by reference NAESB’s Smart Grid Standards (WEQ-016, WEQ-018, WEQ-019, and WEQ-020) as part of non-mandatory guidance in its regulations. As noted in the Order, the Commission supports NAESB’s standards development for grid services, however, declined to adopt WEQ-025 Grid Services Supporting Wholesale Electric Interactions to avoid confusion with similar terminology included in the *pro forma* OATT. Consistent with past actions, the Commission declined to adopt WEQ-010 Contracts Related Business Practice Standards, including the new NAESB Base Contract for the Sale and Purchase of Voluntary Renewable Energy Certificates, WEQ-009 Standards of Conduct for Electric Transmission Providers, and WEQ-014 WEQ/WGQ eTariff Related Business Practice Standards. NAESB previously reserved and redacted WEQ-009, WEQ-010 contains model contracts optional for industry use, and WEQ-014 serves as the basis for the Commission’s own standards and protocols for electronic tariff filings.

NAESB would like to thank our members for their support in the development of Version 004 of the WEQ Business Practice Standards as well as the numerous participants who contributed to this major industry effort.

With Best Regards,

Michael Desselle, Chairman of the Board of Directors, North American Energy Standards Board

cc: Ms. Rae McQuade, President, North American Energy Standards Board

Mr. William P. Boswell, General Counsel, North American Energy Standards Board

Mr. Jonathan Booe, Executive Vice President & COO, North American Energy Standards Board

1. FERC Order No. 676-K, *Standards for Business Practices and Communication Protocols for Public Utilities*, was issued on November 21, 2024 in Docket No. RM05-5-031. The order can be accessed at the following link: <https://naesb.org/pdf4/ferc112124_final_rule_order676K.pdf> [↑](#footnote-ref-1)
2. The NOPR regarding Version 004 of the WEQ Business Practice Standards was issued on April 25, 2024 in Docket No. RM05-5-031. The NOPR can be accessed at the following link: <https://naesb.org/pdf4/ferc042524_nopr_naesb_weq_v004_rm05-5-031.pdf> [↑](#footnote-ref-2)