



North American Energy Standards Board

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Home Page: www.naesb.org

February 26, 2020

NAESB UPDATE CONFERENCE CALL

WEQ/WGQ/RMQ SANDIA NATIONAL LABORATORIES SURETY ASSESSMENT: Ms. Trum, NAESB Deputy Director, provided the update. The WEQ, WGQ, and RMQ Executive Committees have all recently adopted recommendations proposing new and revised standards to address the security issues and several of the additional findings or considerations included in the 2019 Sandia National Laboratories Surety Assessment Report. During its February 18, 2020 meeting, the WEQ Executive Committee adopted revisions to the WEQ OASIS suite of Business Practice Standards to remove legacy functionality, update the minimum encryption and security protocols, and revise implementation requirements to incorporate industry best practices for areas such as software/hardware patching, business continuity and disaster recovery exercises, firewalls, and password management and authentication. The WEQ Executive Committee also approved modifications to the NAESB Accreditation Requirements for Authorized Certification Authorities to modify key lengths and encryption methods to reflect current industry guidelines and best practices, remove legacy functionality, and update references to the most recent Federal Information Processing Standards Security Requirements for Cryptographic Models. On February 20, 2020, the WGQ Executive Committee approved modifications to the WGQ Business Practice Standards establish timelines for the adoption of security patches and the notification to trading partners of security related issues, to incorporate specific and broad adoption of system security measures, to eliminate legacy functionality, and to update key and encryption methodologies. The RMQ Executive Committee approved similar modifications to the RMQ Model Business Practices during its December 2, 2019 meeting, with the changes ratified by membership and included in RMQ Version 3.3, published on January 30, 2020. The Board Critical Infrastructure Committee has scheduled a meeting for February 28, 2020 to prepare a report regarding NAESB's response to the surety assessment.

RMQ/WEQ RENEWABLE ENERGY CERTIFICATE ACTIVITIES: Mr. Brooks, Co-Chair of the WEQ BPS, provided the update. On February 27, 2020, the RMQ Business Practices Subcommittee (BPS) and the WEQ BPS will hold a conference call to continue discussion on the development of a standardized contract for Renewable Energy Certificates (RECs) for the voluntary REC market, along with accompanying business practices. This effort began in 2019 when the RMQ and WEQ Executive Committees created the RMQ and WEQ Executive Committee DLT Task Forces to review the current industry REC processes in order to determine whether distributed ledger technology (DLT) business practice standards were needed. Over the course of several joint conference calls, the task forces determined that a model contract and business practices to address data standardization would be beneficial. Rather than focusing on a specific technology, such as distributed ledger technology, the task forces agreed to identify areas in the voluntary REC process and data sets that could benefit from standardization. During their October meetings, the WEQ and RMQ Executive Committees reviewed the work of the task forces and provided direction to the WEQ and RMQ BPS to begin standards development.

WGQ CONTRACTS DISTRIBUTED LEDGER EFFORT: Ms. Buccigross, Chair of the WGQ Executive Committee, delivered the update. Currently, the WGQ BPS, WGQ Contracts Subcommittee, and WGQ Electronic Delivery Mechanism Subcommittee are completing the second part of the recommendation that will culminate in a standard digital representation of natural gas trade events consistent with NAESB WGQ Standard No. 6.3.1 – NAESB Base Contract for Sale and Purchase of Natural Gas. The subcommittees anticipate that the recommendation will contain additional definitions, standards and supporting documents that were not included in the first recommendation. The initial recommendation as approved by the WGQ Executive Committee on October 17, 2019. WGQ membership ratified the modifications to convert the NAESB Base Contract for Sale and Purchase of Natural Gas into a digital “smart” contract that can be used with distributed ledger technology as well as standards related to technical implementation supporting the use of the digital contract on November 21, 2019.

WEQ COORDINATION WITH NERC: Ms. Trum, NAESB Deputy Director, provided the update. WEQ Version 003.3, scheduled for publication on March 30, 2020, will contain a number of standards developed through close coordination efforts between NAESB and NERC. These include standards developed in support of two requests for standards development submitted by NERC to NAESB as a result of coordination between staff related to the NERC Standards Efficiency Review and the resulting retirements in the NERC Interchange Scheduling and Coordination Reliability Standards and the NERC Modeling, Data, and Analysis (MOD-A) Reliability Standards. The



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recommendations resulted in a new suite of standards, WEQ-023 Modeling, and revisions to WEQ-004 Coordinate Interchange to help ensure industry implementation of electronic tagging requirements align with the reliability and commercial requirements established by NERC and NAESB, respectively. On January 23, 2020, the FERC issued a Notice of Proposed Rulemaking (NOPR) concerning the proposal by NERC to retire reliability standards as part of the NERC Standards Efficiency Review, including the standards which were the subject of the two standards requests submitted by NERC to NAESB. As part of the NOPR, the Commission noted that the NERC MOD-A Reliability Standards are expected to be replaced by equivalent business practice standards developed by NAESB and indicated its intention to co-ordinate the effective dates of the retirement of the reliability standards with the successor business practices.

WEQ PARALLEL FLOW VISUALIZATION EFFORT: Mr. Phillips Chair of the WEQ Executive Committee, provided the update. On February 18, 2020, the WEQ Executive Committee adopted the recommendation from the WEQ Business Practices Subcommittee (BPS) in support of the Parallel Flow Visualization (PFV) enhanced congestion management process (2019 WEQ Annual Plan Items 1.a and 1.b). The adoption of the recommendation by the WEQ Executive Committee ended the full-staffing period, and the standards are currently out for membership ratification. The ratification period ends on March 20, 2020. Any ratified standards will be incorporated into Version 3.3 of the WEQ Business Practice Standards and filed with the Commission. NAESB staff has been coordinating with both NERC and EIDSN, Inc. leadership throughout the PFV effort. As demonstrated during the PFV field trial, conducted by EIDSN, Inc. this enhanced congestion management process leads to increased granularity in the factors contributing to congestion and will provide reliability coordinators with a better view of the current operating state of the bulk electric system which results in more accurate assignments of relief obligations.

WEQ OASIS SUBCOMMITTEE ACTIVITIES: Mr. Quimby, Co-Chair of the WEQ OASIS Subcommittee, provided the update. During its February 18, 2020 meeting, the WEQ Executive Committee took action to adopt several recommendations developed by the WEQ OASIS Subcommittee. The new and revised standards address the remaining directives from FERC Order No. 890, specifically requirements to develop a detailed template for the posting of additional information on OASIS regarding firm transmission curtailments. Additionally, the adopted recommendations revise the Network Integration Transmission Service (NITS) related standards to address needed modifications identified based on implementation and operational experience since the industry adoption of the NITS-related standards and revisions to address recommendations from the 2019 Sandia National Laboratories Surety Assessment.

NAESB DIGITAL REPORT: Mr. Booe, NAESB Executive Vice President and Chief Administrative Officer, delivered the update. During its February 24, 2020 meeting, the Board Digital Committee reviewed an updated draft to its inaugural report, to be presented to the NAESB Board of Directors. The report is intended to provide guidance concerning the digital transformation occurring within the energy industries and describes the cursory findings and recommendations developed through a series of conference calls and surveys. The report addresses technologies in eleven identified areas: distributed ledger, cybersecurity, cloud computing, deployable shareware, 5G technologies and implementation, energy usage data, data governance requirements, distributed energy resources, RECs/credit tracking, the internet of things, and data analytics.

REGULATORY AND BOARD ACTIVITIES UPDATE: Mr. Booe, NAESB Executive Vice President and Chief Administrative Officer, delivered the update. The next Board of Directors meeting is scheduled for April 23, 2024. As part of the meeting, the Board of Directors will discuss the yearend accomplishments, financials and membership status as well as current year financials and membership status. Additionally, the Parliamentary Committee continues to meet to discuss its effort to review and modify, where necessary, the NAESB Governance Documents – NAESB Certificate of Incorporation, NAESB Bylaws, and NAESB Operating Practices – to ensure consistency with Delaware Corporate Law, with each other, and with the original intent of the adopted provision and procedures, among other goals.

NEXT CONFERENCE CALL: The next NAESB Update Conference Call is scheduled for April 15, 2020 from 1:00 PM - 2:00 PM Central. The agenda and any work papers will be posted on the NAESB Update Call page of the NAESB website, accessible at the following link: http://www.naesb.org/monthly_update.asp. We hope you can join us. If there are particular topics you would like to see covered or if you would like to receive additional information, please contact



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the NAESB Office by phone at (713) 356-0060 or email at naesb@naesb.org.

NAESB Update Conference Call Participant List	
February 26, 2020 1:00 PM Central	
Name	Organization
Jason Adams	TVA
Rebecca Berdahl	BPA
Jonathan Booe	NAESB
Michelle Brocklesby	Latitude Technologies
Dick Brooks	Reliable Energy Analytics
Zack Buus	BPA
Joseph Ciabattoni	PJM
Chuck Cook	Chevron Natural Gas
Andrea Coon	WECC
Michelle Coon	OATI
Chip Couch	DCP Midstream
Brad Cox	Tenaska
David Crabtree	Tampa Electric
Connor Curson	Powerex Corp.
Debbie Curry	SPP
Blair Fink	Georgia PSC Staff
Karen Frank	MISO
Lindsey Fritz	Sabine Pass Liquefaction
Roy Hiller	Southern Company Services
Tom Kraft	ONEOK
Elizabeth Mallett	NAESB
Paul McCurley	NRECA
Bridget Metzger	NV Energy
Brian Owens	WEC Energy Group
Joshua Phillips	SPP
Ken Quimby	SPP
Jill Rummel	Basin Electric Power Cooperative
Lisa Russo	National Fuel Gas Supply
Keith Sappenfield	Corpus Christi Liquefaction
Sarah Shaffer	EQM Midstream Partners
Lisa Simpkins	Exelon Generation
Carolyn Stone	Cascade Natural Gas Corporation



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