##### August 21, 2024

**TO:** All Interested Parties

**FROM:** Amrit Nagi, Staff Attorney

**RE: WEQ/RMQ Standard Contract for the Sale and Purchase of Distribution Services from DER Aggregations**

In an effort initiated at the request of the U.S. Department of Energy (DoE), NAESB is continuing to develop the NAESB Base Contract for the Sale and Purchase of Distribution Services from DER Aggregation (NAESB Distribution Services Base Contract) and the accompanying NAESB Distribution Services Base Contract Conditions Precedent Addendum. The effort is currently being reviewed jointly by the RMQ and WEQ Business Practice Subcommittees (BPS), which is close to finalizing a recommendation. As proposed by the U.S. DoE in the standards request, the NAESB Distribution Services Base Contract will support transactions between distribution utilities and DER aggregators and help encourage distribution and wholesale interaction coordination, enabling more seamless participation for DER aggregators also seeking to participate in wholesale market consistent with FERC Order No. 2222 requirements. The Joint RMQ/WEQ BPS leadership anticipates voting out a recommendation during its next meeting, scheduled for September 6, 2024.

The NAESB Distribution Services Base Contract is an umbrella agreement under which parties can conduct multiple transactions and designed to be used across multiple jurisdictions. By incorporating boilerplate terms and conditions and standard terminology, the contract will help increase consistency, minimize uncertainties, and reduce negotiation costs for the contracting process. For the past several meetings, the Joint RMQ/WEQ BPS have been reviewing and making modifications to contract to address feedback received as part an informal comment period on the initial draft, held from June 14, 2024 to July 12, 2024. This feedback included comments and proposed revisions from participants representing DER aggregators, utilities, ISOs/RTOs, and the National Association of Regulatory Utility Commissioners (NARUC).

Based on meeting discussions and in response to participant suggestions, the Joint RMQ/WEQ BPS participants have developed two accompanying documents to the NAESB Distribution Services Base Contract. First, the participants developed the NAESB Distribution Services Base Contract Conditions Precedent Addendum to support scenarios in which parties may be engaging in the contracting process prior to the start or before the completion of the DER aggregator’s registration with the distribution utility. The optional addendum allows parties to specify the requirements that must be met before a DER aggregator can begin providing distribution services under the contract. Additionally, the participants developed a NAESB Distribution Services Base Contract FAQ. This document incorporates general information that is included in FAQs for other NAESB standard contracts as well as information on the use and applicability of the addendum and the data exchange interactions addressed within the contract.

The WEQ and RMQ BPS have been meeting biweekly since February, holding 12 meetings to date to address the U.S. DoE’s request. To develop the contract, the participants have leveraged generally applicable terms and conditions from existing NAESB standard contracts, including the NAESB Base Contract for Sale and Purchase of Voluntary Renewable Energy Certificates and the NAESB Base Contract for Retail Sale and Purchase of Natural Gas or Electricity. Additionally, the subcommittees used the U.S. DoE Standard Distribution Services Contract White Paper, submit as an attachment to the request, as an initial reference to identify the terms and conditions specifically applicable to transactions for distribution services from DER aggregations that should be included as part of the contract, such as operational coordination and data accessibility.