



North American Energy Standards Board

1415 Louisiana Street, Suite 3460, Houston, Texas 77002
Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: naesb@naesb.org
Home Page: www.naesb.org

October 21, 2024

NAESB UPDATE CONFERENCE CALL

PRESENTATION ON THE DOE SUPPLY CHAIN CYBERSECURITY PRINCIPLES: Dr. Johnson, U.S. Department of Energy (DoE), Maggie O’Connell, Interstate Natural Gas Association of America (INGAA), and Dick Brooks, Business Cyber Guardian, delivered the presentation on DoE Supply Chain Cybersecurity Principles. Dr. Johnson provided an overview of the Cyber Sense program, which promotes enhancing the cybersecurity and resilience of critical infrastructure, including power systems. This is achieved through cyber vulnerability testing, forensic analysis, supply chain risk mitigation, application of classified threat intelligence, and improvements in the design, manufacturing, and procurement of digital components. Dr. Johnson stated that the Supply Chain Cybersecurity Principles define essential actions for strong cybersecurity in global supply chains for energy automation and industrial control systems, promoting shared responsibility between manufacturers and end users, outlining best practices, facilitating stakeholder communication, and offering a flexible framework adaptable to evolving standards and global coordination efforts. The ultimate goal of this program is to advance supply chain risk management for critical energy infrastructure. Ms. O’Connell provided an overview of INGAA’s endorsement of the Cybersecurity and Infrastructure Security Agency’s (CISA) Secure by Design and the U.S. DoE’s Air Safety and Security Supply Chain Principles. She explained that INGAA executives met with the leaders from TSA, CISA, and other agencies in May to discuss cybersecurity concerns. During this meeting, INGAA members supported the DoE and CISA Initiatives. On July 10, 2024, INGAA issued a letter urging hardware, software, and industrial control system technology and equipment providers to consider and take the CISA and DoE Pledges to manufacture their products securely. Ms. O’Connell explained that the letter serves as a call to action for INGAA members to use in their procurement processes, emphasizing the need for securely built products. She explained that while pipeline operators have regulatory responsibilities, vendors must be accountable for enhancing security measures. Mr. Brooks provided an overview of CISA’s Secure by Design goals and objectives. He explained that the initiative promotes a concept known as “Secure by Design,” which prioritizes customer security as a fundamental business requirement, aiming to reduce exploitable flaws in software significantly. The goal is to ensure that products are secure out of the box, eliminating the need for additional tweaks. Mr. Brooks outlined several fundamental principles under Secure by Design: (1) Transparency: Vendors must provide clear information about risks to help consumers make informed purchasing decisions; (2) Accountability: Both vendors and consumers share responsibility for safety; and (3) Commitment: Vendors are expected to support Secure by Design practices actively. In support of the Secure by Design Principles, CISA has developed a governance document and spreadsheet for identifying trustworthy products and vendors, and has released a Software Acquisition Guide created with input from various government agencies. Mr. Brooks stated that the next steps include CISA hosting seminars to provide further insights into these initiatives.

WEQ OASIS SUBCOMMITTEE ACTIVITIES: Mr. Quimby, co-chair of the Wholesale Electric Quadrant (WEQ) OASIS Subcommittee, provided an update. He stated that the WEQ OASIS is currently evaluating an industry-submitted request to enhance transparency and consistency within the WEQ OASIS Business Practices Standards. This request focuses on the process for transmission customers to designate third-party agents for point-to-point transmission services. During the September 17, 2024 meeting, the subcommittee reviewed draft standards language and is discussing which mechanisms are best suited to ensure the necessary level of transparency regarding the designation of an agent for point-to-point transmission service. In developing the recommendation, the subcommittee intends to leverage existing standards language addressing agent designation for Network Integration Service (NITS) requests made by transmission customers, where possible.

WGQ STANDARD CONTRACT FOR THE SALE AND PURCHASE OF HYDROGEN: Mr. Sappenfield, chair of the WGQ Contracts Subcommittee, provided the update. On August 5, 2024, NAESB held an industry-wide informal comment period regarding the draft strawman discussed by the WGQ Contracts Subcommittee to initiate the development of a standardized contract for the sale and purchase of hydrogen. The comment period ended on September 6, 2024, and the subcommittee received seven sets of comments from natural gas, electric, and hydrogen market participants. Mr. Sappenfield explained that the document included terms and conditions leveraged from the



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NAESB Base Contract for the Sale and Purchase of Natural Gas and provisions from the NAESB Certified Gas Addendum related to certificate tracking and references to Energy Attribute Certification (EAC). Additionally, it also incorporates provisions from the NAESB Master Agreement for the Purchase, Sale, or Exchange of Liquid Hydrocarbons regarding potential hydrogen transportation methods and includes a placeholder for the carbon intensity value. The subcommittee is actively working on developing the initial draft of the NAESB Base Contract for the Sale and Purchase of Hydrogen and the next meeting is scheduled for November 7, 2024.

WEQ/RMQ STANDARD CONTRACT FOR THE SALE AND PURCHASE OF DISTRIBUTION SERVICES FROM DER AGGREGATIONS: Ms. Sieg, co-chair of the WEQ BPS, provided the update. She stated that as announced in the September 12, 2024, press release, NAESB completed a recommendation for a new standard contract at the request of the U.S. DoE. The WEQ and RMQ BPS met on October 10, 2024 and October 16, 2024 to review the industry comments received and discuss possible changes, resulting in additional revisions. The comments addressed the scope of the contract to address transactions specifically for the distribution system facilities and exclude any distribution services that are wholesales sales of FERC jurisdictional products. During the October 16th meeting, the subcommittee finalized modifications to the NAESB Base Contract for the Sale and Purchase of Distribution Services from DER Aggregations, the NAESB Conditions Precedent Addendum that the RMQ/WEQ BPS proposed as late comments in response to Standards Request R24001.

WEQ/RMQ/WGQ CYBERSECURITY ACTIVITIES: Mr. Spangler, co-chair of the WGQ Electronic Delivery Mechanism (EDM) Subcommittee delivered the update. On October 24, 2024, the WGQ and RMQ Executive Committees will review recommendations related to cybersecurity business practices. Following a joint meeting on August 22, 2024, both committees evaluated communication protocols and encryption methodologies to identify potential vulnerabilities. Later this month, the RMQ and WEQ are reinitiating efforts to enhance cybersecurity protections for electronic communications involving distributed energy resources (DERs). Meetings held from October to December 2023 identified agreements and consensus on best practices for securing communication channels among DER aggregators, utilities, and system operators. Participants agreed that developing NAESB Business Practice Standards in this area would be beneficial. Earlier this year, the focus shifted to address a U.S. Department of Energy request for standardized contracts for DER distribution services, which has now been completed.

WEQ/RMQ/WGQ GAS-ELECTRIC COORDINATION: Mr. McCluskey, co-chair of the Wholesale Gas Quadrant (WGQ) Business Practices Subcommittee (BPS), delivered the update. On October 24, 2024, the WGQ Executive Committee will consider a recommendation voted out by the Joint WEQ, WGQ, and RMQ BPS support of the joint 2024 Annual Plan assignments regarding the consideration of standards to support enhanced gas-electric market coordination communication during critical events. A formal industry comment period ended on August 19, 2024, with comments submitted by the Interstate Natural Gas Association of America and the ISO/RTO Council Electric Gas Coordination Task Force, both in general support of the recommendation. Specific to the WEQ, the WEQ BPS is considering the need for complementary business practices standards focused on cold weather preparedness and create corresponding business practices that may be beneficial for the industry. NERC made these changes in response to the FERC-NERC-Regional Entity Staff Report on the February 2021 cold weather outages in Texas and the South Central United States. The WEQ BPS reviewed each requirement of the identified NERC Reliability Standards and determined that there is likely no need for complementary business practices standards at this time.

WEQ NERC COORDINATION: Ms. Trum, Director of the Wholesale Electric Activities, provided the update. On September 4, 2024, the WEQ Standards Review Subcommittee (SRS) finalized a recommendation for revisions to the WEQ Business Practices Standards in response to Standards Request R24002 submitted by NERC. This recommendation is intended to help ensure consistency in terminology between business practices and reliability requirements. The WEQ Executive Committee will consider this recommendation during its meeting on October 23, 2024. Additionally, during the upcoming WEQ Executive Committee meeting, the committee will consider two non-action recommendations developed by the WEQ Coordinate Interchange Scheduling Subcommittee (CISS) in



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support of NERC coordination efforts outlined in the 2024 WEQ Annual Plan. There was consensus among the participants that no changes are needed at this time and a no action recommendation was developed.

REGULATORY AND BOARD ACTIVITIES UPDATE: Mr. Booe, NAESB Executive Vice President and Chief Operating Officer, provided the update. FERC issued a final order September 19, 2024 in Docket No. RM96-1-043, proposing the adoption of Version 4.0 of the NAESB WGQ Business Practice Standards, published on September 29, 2023. On September 5, 2024, a Strategic Session of the Board of Directors was held, during which leadership from two National Petroleum Council (NPC) studies presented summaries of their findings. John Dabbar, Managing Director of Low Carbon Technology at ConocoPhillips, reviewed the findings and recommendations from *Charting the Course: Reducing GHG Emissions*. Darrin Rice, General Manager of Hydrogen Strategy & Marketing Insights at Chevron New Energies, and Mike Kerby, Senior Advisor for Corporate Strategic Planning at ExxonMobil, reviewed *Harnessing Hydrogen: A Key Element of the U.S. Energy Future*. The Board of Directors will meet on December 12, 2024, to consider the 2025 Annual Plans and vote on the 2025 budget.

NEXT CONFERENCE CALL: The next NAESB Update Conference Call is scheduled for December 11, 2024 from 1:00 PM - 2:00 PM Central. The agenda and any work papers will be posted on the NAESB Update 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 the NAESB Office by phone at (713) 356-0060 or email at naesb@naesb.org.



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October 16, 2024 1:00 PM Central	
Name	Organization
Karl Almquist	Tallgrass
Diane Antonelli	PJM
Jonathan Booe	NAESB
Dick Brooks	Business Cyber Guardian
Donald Coffin	Green Button Alliance
Michelle Coon	OATI
Jade Depalacios	
April Gregory	Northern Natural Gas
Shannon Hughes	U.S. Department of Energy
Tom Kraft	ONEOK
Bethany Loveless	ONEOK
Willis McCluskey	SRP
Carlos Moran	MISO
Saranga Mudiyansele	Manitoba Hydro
Amrit Nagi	NAESB
Chris Norton	AMP Partners
Jeff Ochester	MISO
Maggie O'Connell	INGAA
Sheldan Perry	OATI
Ken Quimby	SPP
Ronald Robinson	TVA
Keith Sappenfield	Corpus Christi Liquefaction
Lindsey Saunders	Quorum Software
Sara Shepard	Northwestern
Lisa Sieg	LG&E and KU
Leigh Spangler	Harbor Partners
Karen Stampfli	TVA
Greg Stanton	Spire Energy



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Name	Organization
Carolyn Stone	Cascade Natural Gas
Caroline Trum	NAESB
Johnnie Walker	BP
Sandy Walker	TVA
Sam Watson	National Association of Regulatory Utility Commissioners
JT Wood	Southern Company
Thomas Zermeno	SSL.com