##### October 7, 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**

As announced in the September 12, 2024 press release, NAESB has completed a recommendation for a new standard contract at the request of the U.S. Department of Energy (DoE). The NAESB Base Contract for the Sale and Purchase of Distribution Services (NAESB Distribution Service Base Contract) will improve efficiency and consistency in transactions between utilities and distributed energy resource (DER) aggregators for the procurement of distribution services through the inclusion of boilerplate terms and conditions that can 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. To address this, the NAESB Distribution Services Base Contract provides a practical framework that can be used across multiple jurisdictions and incorporates provisions with broad applicability and flexibility.

The NAESB Distribution Services Base Contract was developed with input from a variety of industry entities, including participants representing DER aggregators, electric utilities, independent system operators, and regional transmission organizations as well as the National Association of Regulatory Utility Commissioners. At the suggestion of these participants, the NAESB Conditions Precedent Addendum was included as part of the recommendation for consideration. This optional addendum helps facilitate negotiations between DER aggregators and distribution utilities before the aggregator completes its registration process with the utility. It allows parties to specify any regulatory, testing, certification, or other requirements that must be met before carrying out transactions under the NAESB Distribution Services Base Contract. Additionally, through the addendum, parties can identify additional applicable agreements that must be executed and establish mutually agreed-upon milestone dates and deadlines for completing the stipulated conditions.

The recommendation for the NAESB Distribution Services Base Contract and NAESB Conditions Precedent Addendum went out for an industry-wide comment period on September 6, 2024 and ended on October 7, 2024. The WEQ/RMQ Business Practices Subcommittee will be holding a meeting on October 10, 2024 to review the submitted comments and consider if any changes should be made prior to consideration by the WEQ and RMQ Executive Committee.