##### December 4, 2024

**TO:** All Interested Parties

**FROM:** Caroline Trum, Director of Wholesale Electric Activities

**RE: WEQ/RMQ DER Update**

NAESB is pleased to announce that NAESB Base Contract for the Sale and Purchase of Distribution Grid Services from DER Aggregations (NAESB Distribution Grid Services Contract), developed at the request of the U.S. Department of Energy (DoE), has been ratified by membership and is now available for industry use. This new contract contains standard terms and conditions and incorporates flexible, broadly applicable provisions that enable the NAESB Distribution Grid Services Contract to be used across the country to conduct transactions subject to state or local jurisdiction. As identified by the U.S. DoE in its request to NAESB, the lack of a standard contract has acted as a market barrier inhibiting the acquisition of distribution grid services from DER aggregations. Use of the NAESB Distribution Grid Services Contract can enhance the efficiency and consistency of these transactions and minimize uncertainties in contract negotiations, helping to reduce associated costs for parties.

In taking action to adopt the NAESB Distribution Grid Services Contract, the RMQ Executive Committee made several revisions, in response to industry formal comments, to revise ambiguous language that did not distinguish between transactions for distribution grid services that are under FERC’s jurisdiction and those under state or local jurisdiction. These changes clarify that the NAESB Distribution Grid Services Contract is limited to transactions for distribution grid services subject to the jurisdiction of an applicable retail regulatory authority. As confirmed by the U.S. DoE, these revisions align the contract with the intent of the request submitted to NAESB. The WEQ Executive Committee considered a similar recommendation but determined that the contract would be more appropriate as an RMQ standard and a motion proposing adoption did not receive the necessary super majority support. The RMQ Executive Committee’s adoption of the NAESB Distribution Grid Services Contract also included approval of two accompanying documents, created as part of the standards effort at the suggestion of participants. First, the NAESB Conditions Precedent Addendum can help to facilitate contract negotiations between the DER aggregator and distribution utility before the aggregator has completed the registration process with the utility. The NAESB Distribution Grid Services Base Contract Frequently Asked Questions (FAQ) provides information generally applicable to all NAESB contracts as well as specific details regarding the use of the NAESB Distribution Grid Services Base Contract and the addendum.

As you may recall, the WEQ and RMQ paused its work on the consideration of DER-related cybersecurity business practice standards to address the request from the U.S. DoE. Now that this effort is complete, the WEQ and RMQ have resumed work in this area, focusing on development of standards that identify electronic communication protocols used by a DER aggregator and distribution utility to conduct transactions for distribution grid services and the cybersecurity protections needed to protect these data exchanges. Additionally, the 2025 RMQ and WEQ Annual Plans include jointly assigned efforts to consider the development of business practice standards to promote interoperability in the integration of DER management systems, which can be used to aggregate and centralize management of DERs, and other industry tools that facilitate access to DER data, such as registries.