**via posting**

**TO:** NAESB Retail Markets Quadrant (RMQ) and Wholesale Electric Quadrant (WEQ) Business Practices Subcommittee (BPS) Participants and Interested Parties,

**FROM:** Caroline Trum, Director, Wholesale Electric Quadrant

**RE:** Draft Minutes from Joint RMQ BPS and WEQ BPS Conference Call – April 17, 2024

**DATE:** April 22, 2024

**NORTH AMERICAN ENERGY STANDARDS BOARD**

**Joint RMQ/WEQ Business Practices Subcommittee**

**Conference Call with Webcasting**

**April 17, 2024 – 1:00 PM to 4:00 PM Central**

**DRAFT MINUTES**

1. **Welcome**

Ms. Sieg welcomed the participants to the meeting. Ms. Trum provided the Antitrust and Other Meeting Policies reminder. Ms. Sieg reviewed the agenda. The agenda was adopted by a simple majority on a motion by Mr. Sappenfield, seconded by Mr. Watson. The motion passed a simple majority vote without opposition.

Ms. Sieg reviewed the draft minutes from the April 2, 2024 meeting with the participants. No modifications were offered. Mr. Sappenfield, seconded by Mr. Coffin, moved to adopt the draft minutes as final. The motion passed a simple majority vote without opposition. The final minutes for the meeting are available at the following link: <https://naesb.org/pdf4/weq_rmq_bps040224fm.docx>.

1. **Discuss Development of Standardized Terms and Conditions**

Ms. Sieg stated that, as discussed during the previous meeting, the [Chairs Work Paper: Standard Contract for the Sale and Purchase of Distribution Services from DER Aggregations](https://naesb.org/member_login_check.asp?doc=weq_rmq_bps041724w4.docx) leverages the NAESB Base Contract for the Sale and Purchase of Voluntary Renewable Energy Certificates (RECs) (NAESB REC Base Contract) as a template, supplemented with potentially applicable language from the NAESB Base Contract for Retail Sale and Purchase of Natural Gas or Electricity (NAESB Retail Base Contract). She explained that following the April 2, 2024 meeting, Mr. Patel provided feedback indicating that the U.S. DoE had identified U.S. DoE Contract Example 2 as the most commonly referenced by industry and noted that the work paper includes references from this contract as well. She stated that Mr. Sappenfield had submitted [comments](https://naesb.org/member_login_check.asp?doc=weq_rmq_bps041724w5.docx) to the work paper proposing potential revisions and asked him to review.

Mr. Sappenfield stated the developed base contract will need to define Distributed Services (DS) and suggested all references to REC, gas, electricity, or other product be changed to DS. He noted that the NAESB REC Base Contract uses the terms “seller” and “buyer” to identify the parties but that other documents use the terms “supplier” and “company” and suggested a first step for the participants should be attaining consensus on the terms used for the parties. Ms. Sieg asked for comments on preferred naming conventions. Mr. Robinson stated that terms “seller” and “buyer are preferred, explaining that this is consistent with a number of other NAESB standard contracts and helps to eliminate possible confusion if there is a need for the contract language to reference the terms company, customer, or supplier. Mr. Sappenfield agreed, stating that buyer and seller are more generic terms that are not entity specific and would not unintentionally limit the parties who could use the DS Base Contract. There was general agreement to use the terms buyer and seller to refer to the contracting parties. Ms. Sieg stated that the work paper would be updated to reflect this change.

Ms. Sieg suggested the participants review the categories of terms and conditions within the work paper and identify the areas which may need additional discussion by participants. Mr. Patel noted that the [U.S. DoE White Papers on Distribution Standard of Conduct](https://naesb.org/pdf4/weq_rmq_bps041724w6.pdf), [DER Aggregator Code of Conduct](https://naesb.org/pdf4/weq_rmq_bps041724w7.pdf), and [Bulk Power, Distribution, and Grid Edge Services Definitions](https://naesb.org/pdf4/weq_rmq_bps041724w8.pdf) had been posted as work papers for the meeting. He stated that these documents may contain definitions or language that could be leveraged to develop the standard contract.

The participants discussed the Data and Data Visibility Section. Mr. Coffin asked if this section would include provisions related to data protection and data safeguarding in addition to the identification of data to be shared under the contract and the communication process to convey the data. Mr. Patel suggested the participants may want to reference the [U.S. DoE White Paper - Standard Distribution Services Contract](https://naesb.org/pdf4/weq_rmq_bps041724w9.pdf), Section 3.4 Data and Visibility Requirements to identify potential provisions. The participants reviewed the white paper and agreed that the DS Base Contract should include the identification of data that a utility will require a distributed energy resource (DER) aggregator or DER owner to provide beyond telemetry requirements as well as provisions related to data access, including the party authorized to access the data and data privacy. Mr. Patel suggested that as part of the Data and Data Visibility Section, there be references to the data the DER aggregator will need to provide throughout the lifecycle of the contract term, including data related to performance requirements, performance evaluation, and settlement. He noted that the categories of data identified in the Data and Data Visibility Section can inform the provisions included in the relevant, corresponding terms and conditions. Mr. Sappenfield agreed. He stated that some of the needed data may also require the provision of data from parties other than the Buyer or Seller. It was noted that while the DS Base Contract can broadly identify the relevant types of data that will be required, the specificity of the needed data could be utility specific and dependent on the distribution service being provided as well as the DER type. Mr. Patel explained that while some of the data exchanges may be facilitated through additional documentation or agreements, such as those covering interconnection, registration, and settlement, the contract should, at a minimum, identify these documents.

Mr. Coffin stated that careful consideration would need to be given to the contract language addressing data disclosure and data confidentiality. He explained that the Green Button Association has observed recent expansions in the categories of resource-specific data industry participants identify as necessary to demonstrate compliance with state and federal programs related to carbon accounting and renewable portfolio standards. He suggested that the drafted language will need to balance the need for transactional data confidentiality while also ensuring that a utility is not contractually prevented from disclosing data pertaining to regulatory programs. Mr. Watson agreed, stating that the DS Base Contract should recognize an aggregator’s potential proprietary interest in its aggregation data while also protecting the rights of a customer or utility to access its own or otherwise relevant data. Mr. Coffin proposed that this could be achieved by differentiating data related to production versus consumption. Ms. Sieg suggested, as a starting point for discussions, creating defined terms for the different categories of data ownership, beginning with Seller Data and Buyer Data. There was general agreement.

Mr. Coffin stated that provisions addressing telemetry will relate to identification of the equipment and technology needed to measure data, not the data itself or how the data will be measured. He suggested that telemetry should be in its own section of terms and conditions. Mr. Patel agreed. He proposed the Telemetry section specifically reference the equipment and technology required for measurement and verification, the Performance Requirements/Obligation Section identify the specific performance requirements applicable to a distribution service that must be met in order to provide such service, and the Measurement & Verification Section identify how the performance requirements will be evaluated under the contract. There was general agreement among the participants.

The participants discussed the other identified new categories of terms and conditions, Conditions Precent, DER Aggregation Plan, Customer Interactions, Operational Coordination, Regulatory Oversight, Insurance, Cybersecurity, and Relevant Documents. Ms. Sieg suggested that Conditions Precedent become a new terms and conditions category and align with the description in the U.S. DoE Standard Distribution Services Contract White Paper. She proposed that, as identified in the U.S. DoE Standard Distribution Services Contract White Paper, the DER Aggregation Plan Section should address the aggregation rules, implementation plan, resource plan and schedule, installed capacity requirements, and customer engagement plan. Mr. Patel stated that provisions related to customer interactions be included as part of the DER Aggregation Plan Section. He proposed that these provisions should include the oversight from a utility and regulator on customer participation in the DER aggregation and communications by a DER aggregator to its customers. He noted that the DER Aggregation Section should reference the applicable provisions and requirements but that specifics on the aggregation plan and customer interactions will likely be detailed as part of separate documentation. There was general agreement from the participants.

Ms. Sieg suggested that Operational Coordination be a separate terms and conditions section and mirror the U.S. DoE Standard Distribution Services Contract White Paper. Mr. Patel stated that further discussion is needed in this area but included provisions could be similar to the operational coordination examples overviewed by NYISO in a past meeting. Ms. Sieg noted that the Regulatory Oversight Section may be duplicative with other existing categories of terms and conditions, such as audit-related provisions in the Billing, Payment, and Audit Section. Mr. Patel stated that further discussion is needed in this area. He explained that while there are some potential provisions that could overlap with other sections like Billing, Payments, and Audit and Condition Precedent, a Regulatory Oversight Section could also contain provisions that identify the role regulators may play in the contracting process.

Ms. Sieg stated insurance related requirements are likely company specific and may not be suitable for the DS Base Contract. The participants agreed that insurance should not be a separate terms and conditions section but that further discussion would be needed to determine if insurance should be referenced in the Performance Obligation Section as a protection against non-performance. Mr. Patel stated cybersecurity should be addressed as part of the Data and Data Visibility Section. Ms. Sieg noted that the participants will need to evaluate what areas of cybersecurity require contract provisions and what would be better addressed through the development of defined terms. She suggested that the participants further discuss the level of specificity needed for cybersecurity-related provisions. Ms. Sieg stated for a separate section for Relevant Documents may not be needed as the defined term and definition for Governing Documents could sufficiently describe other applicable documents.

The participants discussed the Transaction Confirmation and Attestation Exhibits. Mr. Patel asked if the Transaction Confirmation should define or identify the specific services being contracted for under the transaction. Ms. Sieg noted that the attestation is specific to the transfer of RECs and likely not needed but asked if there is a need for an exhibit that identifies the specific resources within an aggregation that will be providing the distribution service under the contract transactions. She stated that, similarly, the DS Base Contract does not need a separate section addressing the transfer of RECs but suggested that input is needed as to whether current contracts for distribution services address ownership and transfer of any RECs that may be created in the provision and delivery of the distribution service. The participants noted that there also needs to be further discussion as to if the DS Base Contract needs to specify provisions related to the distribution service delivery system and other interconnection requirements.

The participants discussed additional defined terms that should be included in the Defined Terms Section. Ms. Sieg suggested the creating Applicable Law and Applicable Regulatory Authority as defined terms. Mr. Patel suggested the participants develop a placeholder definition for Distribution Services. Mr. Coffin asked if Distribution Services should be defined as the specific product being contracted for or if the term should also include the process of delivering or selling products or services under the contract. The participants developed several definitions for consideration.

The participants agreed to include Resource, Portfolio and Resource Identifier and/or Portfolio Identifier as defined terms and created proposed definitions for consideration. Ms. Sieg asked if individual DERs have a type of unique identifier that will be referenced within the contract. Mr. Coffin stated that rather than an individual DER identifier, the more relevant identifier for the contract may be the location where the Seller is delivering the distribution service to the buyer. He explained that this identifier is important to communicate the point where performance obligations under the contract will be measured. Mr. Coffin asked if it will be necessary for the Seller to also identify the location of the individual DERs within the aggregation and how this location could be pinpointed for non-stationary DERs such as electric vehicles (EVs). Mr. Sappenfield stated that in developing the applicable defined terms and contract provisions, the participants may want to consider the most relevant use cases for the types of DERs that are currently being included as part of aggregations to provide distribution services. He noted that, as an example, given the current level of technology, it may be more likely that the resources included in aggregations are the stationary EV charging stations and not individual EVs. Mr. Sappenfield suggested that the DS Base Contract address the immediate needs of industry, explaining that the contract can be revised and updated as technology advances and different scenarios become more commonplace. Mr. Coffin asked if there is the DoE has any guidance in this area. Mr. Patel stated that he could look into this.

1. **Identify Next Steps and Action Items**

Ms. Sieg asked NAESB staff to make conforming revisions to the document as discussed during the meeting and post as a new subcommittee work paper. The Base Contract for the Sale and Purchase of Distribution Services from DER Aggregations Work Paper is available at the following link: <https://naesb.org/member_login_check.asp?doc=weq_rmq_bps041724a1.docx>.

1. **Discuss Future Meetings**

Ms. Sieg stated that the next meetings of the WEQ/RMQ BPS will be held April 30, 2024 from 1:00 to 4:00 PM Central and May 16, 2024 from 1:00 – 4:00 PM Central.

1. **Adjourn**

The meeting adjourned at 3:50 PM Central on a motion by Mr. Coffin, and seconded by Mr. Watson.

1. **Attendance**

| **First Name** | **Last Name** | **Organization** |
| --- | --- | --- |
| Rebecca | Berdahl | BPA |
| Tanner | Brier | BPA |
| Thomas | Chamberlain | Entergy |
| Donald | Coffin | Green Button Alliance |
| Deborah | Currie | SPP |
| Katie | Davis | BPA |
| Cory | Herbolsheimer | NV Energy |
| Kyo | Kelly | Southern Company |
| Darren | Lamb | CAISO |
| Katrina | McEvoy | Arizona Public Service Company |
| Amrit | Nagi | NAESB |
| Saumil | Patel | ICF Consulting |
| Joshua  | Phillips | SPP |
| Ronald | Robinson | TVA |
| Keith | Sappenfield | Corpus Christi Liquefaction, LLC |
| Lisa | Sieg | LG&E And KU Services Company |
| Kim | Sperry | MISO |
| Karen | Stampfli | TVA |
| Scott | Stewart | BPA |
| Caroline | Trum | NAESB |
| Sam | Watson | North Carolina Utilities Commission rep. NARUC |
| Charles | Yeung | SPP  |