



NORTH AMERICAN ENERGY STANDARDS BOARD

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FERC RELEASES FINAL ACTION ON NAESB WHOLESALE GAS QUADRANT BUSINESS PRACTICE STANDARDS, VERSION 3.2

On July 15, the Federal Energy Regulatory Commission (FERC or Commission) issued FERC Order No. 587-Z, *Standards for Business Practices of Interstate Natural Gas Pipelines* (Order). In the Order, the Commission adopted into its regulations the latest version of the NAESB WGQ Business Practice Standards (Version 3.2), with certain enumerated exceptions. As the Commission explains, the adopted standards “will promote the additional efficiency and reliability of the natural gas industries’ operations...” and the “data requirements will provide an additional transparency [...] and will improve communication standards.” Additionally, the Commission noted that NAESB revised the NAESB Base Contract for Sale and Purchase of Natural Gas along with the Mexican and Canadian Addendums in order to enable the use of current and future technologies for natural gas transactions. However, consistent with past actions, the Commission declined to adopt the WGQ Model Contracts and the eTariff-related standards.

The new and modified standards included in WGQ Version 3.2 were developed between September 2017 and August 2020, and are representative of the significant industry investment of time and resources committed to NAESB’s mission. The Order highlights modifications made to the cybersecurity-related standards, at the request of the U.S. Department of Energy, that enhance the security measures of the transactions addressed by the NAESB WGQ Business Practice Standards as well as additional revisions to multiple standards and data sets to support industry practices.

Valerie Crockett, Chair of the NAESB Wholesale Gas Quadrant stated that “[t]he commercial business practices adopted through Order No. 587-Z are the result of significant efforts that could only be achieved through the commitment of the industry to consensus-based standards development and the dedication of numerous volunteers. NAESB and its volunteers should be commended for the efficiency of the cybersecurity standard development efforts in response to the DOE-sponsored cybersecurity surety assessment of the NAESB standards.”

NAESB published Version 3.2 of the WGQ Business Practice Standards on August 15, 2020 and submitted an informational report regarding the standards on to the Commission on August 17, 2020. The FERC issued a NOPR proposing adoption of the standards as part of its February 2021 open meeting. Order No. 587-Z will become effective sixty days after publication in the Federal Register. The Order requires interstate natural gas pipelines to file compliance filings with the Commission by November 12, 2021 and to comply with the standards incorporated by reference on June 1, 2022.

For more information, contact Jonathan Booe, NAESB Executive Vice President and Chief Administrative Officer, (713) 356-0060.

The North American Energy Standards Board (NAESB) serves as an industry forum for the development and promotion of standards which will lead to a seamless marketplace for wholesale and retail natural gas and electricity, as recognized by its customers, business community, participants, and regulatory entities. It is composed of three hundred corporate members in the energy industry and many more non-member volunteers who contribute to the drafting and adopting of NAESB standards. To learn more about NAESB, go to www.naesb.org.