



## NORTH AMERICAN ENERGY STANDARDS BOARD

801 Travis, Suite 1675 • Houston, Texas 77002 • Phone: (713) 356-0060 • Fax: (713) 356-0067  
email: [naesb@naesb.org](mailto:naesb@naesb.org) • Web Site Address: [www.naesb.org](http://www.naesb.org)

---

May 25, 2021

### FERC RELEASES FINAL ACTION ON NAESB WHOLESALE ELECTRIC QUADRANT BUSINESS PRACTICE STANDARDS, VERSION 003.3

Marking its eleventh adoption of the NAESB Wholesale Electric Quadrant (WEQ) Business Practice Standards over the past fifteen years, the Federal Energy Regulatory Commission (FERC or Commission) issued Order No. 676-J (Order) on May 20, 2021. In the Order, the Commission mandated, through the incorporation by reference process, that jurisdictional entities and those with reciprocity tariffs comply with the latest version of the NAESB WEQ Business Practice Standards (Version 003.3), with certain enumerated exceptions. Michael Desselle, Chairman of the NAESB Board of Directors and Vice President, Chief Compliance and Administrative Officer of Southwest Power Pool, said “We once again thank the Commission and their staff for adopting WEQ Version 003.3 of the NAESB Business Practice Standards, developed to address the final directives from FERC Order No. 890 and a request from the U.S. Department of Energy (DoE) as well as other industry initiated efforts. These standards establish new levels of transparency and efficiency for the wholesale electric marketplace by supporting the Available Transfer Capability (ATC) and Available Flowgate Capability (AFC) calculations and introducing the Parallel Flow Visualization (PFV) standards. The adoption of this version also will improve cybersecurity through enhancements to the standards recommended by the U.S. DoE’s sponsored surety assessment of the NAESB Business Practice Standards.”

NAESB has long-recognized the importance of cyber protections for the energy industry which is why cybersecurity requirements are a cornerstone of the NAESB Business Practice Standards. Through Order No. 676-J, the Commission has mandated compliance with the improved cybersecurity standards developed by NAESB to address recommendations resulting from the 2019 Surety Assessment sponsored by the U.S. DoE. In the Notice of Proposed Rulemaking (NOPR) addressing WEQ Version 003.3, the Commission identified the standalone nature of the cybersecurity related standards, and, in recognition of the U.S. Department of Energy’s request that NAESB expediate standards development in this area, proposed a separate implementation timeline. Consistent with the NOPR proposal, Order No. 676-J requires jurisdictional entities and those with reciprocity tariffs to submit compliance filings regarding the WEQ cybersecurity standards nine months following the Order’s publication in the Federal Register.

As mentioned above, highlighted in the Order are the adoption of standards resulting from several, multi-year projects. Of note are the standards addressing the final directives from FERC Order No. 890. Since the issuance of Order No. 890 in 2007, the industry has worked diligently through NAESB to address the approximate forty-seven directives for standards development. The new standards adopted by the FERC will serve to provide increased transparency through the posting of additional information on Open Access Same-Time Information System (OASIS) nodes regarding the curtailment of firm transmission service as well as third party offers of planning redispatch services.

FERC also adopted standards developed as part of long-term coordination efforts with the North American Electric Reliability Corporation (NERC). At the request of NERC to support the proposed retirement of the MOD A Reliability Standards, NAESB developed standards that address the commercially relevant requirements for the calculation of ATC, AFC, and other related values. In adopting the standards, the Commission urged NAESB to consider issues raised by NOPR commenters regarding two specific standards, WEQ-023-1.4 and WEQ-023-1.4.1, and stated that the industry, through the NAESB process, should continue to consider further refinement to the standards addressing ATC. NAESB has an annual plan item to address standards development in this area, ensuring a timely response by the organization and the industry to the Commission’s direction.



## NORTH AMERICAN ENERGY STANDARDS BOARD

801 Travis, Suite 1675 • Houston, Texas 77002 • Phone: (713) 356-0060 • Fax: (713) 356-0067  
email: [naesb@naesb.org](mailto:naesb@naesb.org) • Web Site Address: [www.naesb.org](http://www.naesb.org)

---

Finally, the NAESB PFV Standards, developed in coordination with the NERC and EIDSN, Inc., establish the framework for a much-anticipated update to the Eastern Interconnection congestion management process that incorporates the use of real-time data in curtailment and relief obligation calculations. Through a field trial conducted by EIDSN, Inc., the NAESB PFV Standards were shown to increase granularity and accuracy and provide a better understanding of the current operating state of the bulk electric system in the Eastern Interconnection through enhanced visibility of the source and magnitude of parallel interchange flows. Per the field trial data, the PFV congestion management process represents a considerable improvement over the current curtailment procedures. In response to industry requests for an expediated implementation timeline, the FERC mandated compliance filings regarding the NAESB PFV Standards be made nine months following the Federal Register publication of the Order.

NAESB published Version 003.3 of the WQ Business Practice Standards on March 30, 2020 and submitted an informational report regarding the standards on the same day to the Commission. The FERC issued a NOPR proposing adoption of the standards as part of its July 2020 open meeting. Order No. 676-J will become effective sixty days after publication in the Federal Register. With the exception of the WEQ cybersecurity related standards and PFV standards noted above, the Commission mandated compliance filings for all other WEQ Version 003.3 Standards adopted through the incorporation by reference process be made twelve months after the implementation of the WEQ Version 003.2 Standards, or no earlier than October 27, 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](http://www.naesb.org).*