**via posting**

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

**FROM:** Elizabeth Mallett

**RE:** Draft Minutes from joint RMQ BPS and WEQ BPS Conference Call – September 1, 2020

**DATE:** September 1, 2020

**NORTH AMERICAN ENERGY STANDARDS BOARD**

**Joint RMQ/WEQ Business Practices Subcommittee**

**Conference Call with Webcasting**

**September 1, 2020 – 10:30 PM to 12:00 PM Central**

**DRAFT MINUTES**

1. **Welcome**

Ms. Do welcomed the participants to the meeting. Ms. Mallett provided the Antitrust and Other Meeting Policies reminder. The participants introduced themselves over the phone. Ms. Do reviewed the agenda and Ms. Crockett moved to adopt the agenda as final. Mr. Phillips seconded the motion. The motion passed a simple majority vote without opposition.

The participants reviewed the August 10, 2020 joint RMQ BPS and WEQ BPS draft meeting minutes. Ms. Crockett moved to adopt the draft minutes as final. Ms. Sieg seconded the motion which passed without opposition.

The August 10, 2020 joint WEQ and RMQ BPS final meeting minutes can be accessed at the following link:

<https://www.naesb.org/pdf4/weq_bps_rmq_bps081020fm.docx.>

1. **Discuss** **2020 RMQ Annual Plan Item 6.b and 2020 WEQ Annual Plan Item 7.b.ii – Develop a standard contract to improve and automate the current voluntary REC creation, accounting, and retirement processes**

The participants continued to develop the draft NAESB Master Agreement for the Sale and Purchase of RECs ([Draft NAESB REC Master Agreement](https://www.naesb.org/member_login_check.asp?doc=weq_bps_rmq_bps090120w2.doc)), using the format of the NAESB WGQ Standard No. 6.3.1 NAESB Base Contract for Sale and Purchase of Natural Gas ([NAESB Base Contract](https://www.naesb.org/member_login_check.asp?doc=base090406_080620.pdf)) as a template. Ms. Crockett stated that at the end of the last conference call, the subcommittees placed Sections 2.7 and 2.8 on the [Parking Lot](https://www.naesb.org/pdf4/weq_bps_rmq_bps090120w1.docx) for further discussion. She explained that the definitions may become clearer as the subcommittees work through the other sections. For this reason, the subcommittees began the review with Section 3 of the Draft NAESB REC Master Agreement, leaving the remaining definitions to be reviewed during a later conference call.

*Section 3.2* – Ms. Sieg asked whether the term “market value” should be used. She stated that, in most spot agreements, the price that is agreed upon controls. Mr. Weinstein asked whether market value or actual value is resold. He stated that if one entity is unable to replace, then some market price needs to be attached to potentially determine damages. Ms. Sieg proposed modifications indicating that the difference between the contract price and the market price would be considered. Ms. Crockett and Mr. Weinstein agreed with the proposed edits. Ms. Trum noted that she would replace the word “product” with “REC” and “Contract” with “Master Agreement” throughout the Draft NAESB REC Master Agreement. Also, the participants highlighted any references to sections that appear within other sections, in order to facilitate a review of those references during a later conference call.

*Section 3.3* – Mr. Weinstein stated that he agreed with the language as written.

*Section 3.4* – Mr. Weinstein stated that the termination of agreement provision may not be relevant, as RECs are not a critical commodity. Ms. Crockett asked whether there is a reason to not provide a termination agreement if the parties agree. Mr. Weinstein stated that the provision is unusual for the Master Agreement. Ms. Crockett stated that RECs are currently settled on a monthly basis; however, in the future the frequency may increase to daily or hourly, if tied to generation sites. She noted that the agreement is not mandated and suggested that the subcommittees retain the termination agreement for the Draft REC Master Agreement. Ms. Sieg offered minor edits to the section and noted that the provision does not appear in the GISB version of the NAESB Base Contract. Ms. Trum suggested an edit.

*Section 4.1* – A typo was fixed, changing the word “form” to “from.”

*Section 4.2* – A reference to a section was highlighted.

*Section 4.3* – No comments.

*Section 5* – Ms. Do noted that the title was changed to add “Fees.” Mr. Weinstein asked to review the definition of the term “Transaction Cost.” The participants reviewed the definition. Ms. Sieg noted that the definition includes the GIS fees and any tracking system fees.

*Section 6.1* – The subcommittees rejected the deletion of the word “and” in the first sentence.

*Section 6.2* – References to two sections were highlighted.

*Section 6.3* – Ms. Crockett suggested that the word “Prepayment” be lower-cased.

*Section 6.4* – A reference to Section 3.2 was highlighted.

*Sections 6.5 and 6.6* – Ms. Crockett stated that she approved of the language as written.

*Section 6.7* – A reference to Section 6 was highlighted. The word “of” was removed, resulting in the corrected phrase “two years after the REC delivery.”

*Section 6.8* – Section references were highlighted.

*Section 7.1* – A reference to Section 6 was highlighted.

*Section 7.2* – Mr. Weinstein stated that the last sentence would need to be reviewed for accuracy. He explained inclusions should be made to the warranty language. Mr. Weinstein asked whether the representation was considered to be made on the date thereof or the date of delivery. In response, Ms. Sieg suggested that the language be modified to state “in this Master Agreement” or this “in this Transaction Confirmation.” Mr. Weinstein stated that it could not be the case that there are no representations or warranties. He asked whether the term “Applicable Program” was used. Ms. Crockett stated that the subcommittees have not answered the questions surrounding “Applicable Programs” in the Parking Lot. Ms. Sieg suggested adding language stating “except as provided in the Master Agreement and Transaction Confirmation.” Mr. Weinstein and Ms. Crockett agreed with the proposed modification. The term “security interest” was pluralized.

*Section 7.3 –* Ms. Trum stated that the deletion of the number 7.3 will be rejected offline.

*Section 8.1* – Ms. Sieg noted that changes to the language concerning Secured Electronic Communications (ECS) were made in this section. The participants reviewed Section 9 of the NAESB Base Contract for any potential modifications.

*Section 8.2* – The subcommittees reviewed Section 9.2 in the NAESB Base Contract, as modified in the Version 3.2 publication of the WGQ Business Practice Standards. Section 8.2 of the Draft NAESB REC Master Agreement was modified for parallel construction. The sections referenced within were highlighted for further review.

*Section 8.3* – The updated language concerning ECS from Section 9.3 of the NAESB Base Contract was added to achieve parallel construction. Ms. Crockett offered a minor edit.

*Section 9.1 –* No comments.

*Section 9.2 –* No comments.

*Section 9.3* – No comments.

*Section 9.3.1* – No comments.

*Section 9.3.2* – Ms. Crockett asked whether the numbering for the Bilateral and Trilateral Set Off provisions should be reconsidered. Ms. Sieg stated that she left the provisions in the Draft REC Model Agreement as they appeared in the NAESB Base Contract, with both paragraphs having the same number. No modifications were made to the numbering.

*Sections9.4, 9.5, 9.6, and 9.7* – Ms. Crockett stated that she agreed with the language within the sections.

1. **Discuss Next Steps and Future Meetings**

The next joint RMQ BPS and WEQ BPS conference call has been scheduled for Tuesday, September 29, 2020 from 10:30 AM to 12:00 PM Central. During the call, the subcommittees will continue to address 2020 RMQ Annual Plan Item 6.b and 2020 WEQ Annual Plan Item 7.b.ii, beginning with a discussion on Section 10.

1. **Adjourn**

Ms. Crockett moved to adjourn the meeting at 11:58 AM Central. Ms. Sieg seconded the motion. The motion passed without opposition.

1. **Attendance**

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| **First Name** | **Last Name** | **Organization** |
| Kokou | Agbassekou | CAL ISO |
| Dawna | Aragon | Tennessee Valley Authority |
| Tim | Beach | CAL ISO/ RC West |
| Scott | Brown | Southwest Power Pool |
| Valerie | Crockett | Tennessee Valley Authority |
| David | Delparte | CAL ISO |
| Mary | Do | Znalytics |
| Cory | Herbolsheimer | NV Energy |
| Shauna | House | Tennessee Valley Authority |
| Jo | Johnson | Portland General Electric |
| Kim | Kramer | WEQ Energy Group |
| Elizabeth | Mallett | North American Energy Standards Board |
| Jim | Parker | Tennessee Valley Authority |
| Joshua | Phillips | Southwest Power Pool |
| Farrokh | Rahimi | OATI |
| Robin | Rebillard | Manitoba Hydro |
| Lisa | Sieg | LG&E and KU Energy |
| John | Spomer | CAL ISO |
| Caroline | Trum | North American Energy Standards Board |
| Karen | Utt | Tennessee Valley Authority |
| Jeremy | Weinstein | PacifiCorp |