##### April 25, 2022

**TO:** All Interested Parties

**FROM:** Elizabeth Mallett

**RE: Renewable Natural Gas (RNG) Addendum Update**

During its May 5, 2022 call, the WGQ Contract Subcommittee will continue its efforts to develop an addendum to the *NAESB Base Contract for Sale and Purchase of Natural Gas*. The addendum is intended to support the sale and purchase transactions of renewable natural gas (RNG) in both regulated and voluntary markets. On April 14th, the NAESB Board of Directors took action to modify the 2022 WGQ Annual Plan, moving an item calling for the development of a Sustainably Produced Natural Gas Master Agreement from the provisional to the active annual plan. Later that day, the WGQ Contracts Subcommittee held a conference call and determined that the RNG Addendum would not include any terms and conditions solely meant to support sustainably produced natural gas.

Since its kick off call in February of 2021, the subcommittee has held twenty-one meetings to develop the addendum. The process began with education sessions and discussion on proposed paths for standards development. As a result of those meetings, the subcommittee determined that an addendum, rather than a full contract, would be most useful to the industry. Next, the participants identified the terms and definitions commonly used in RNG sale and purchase transactions, with an eye towards harmonizing the various terms used in different regions and markets. The effort then progressed to the current development of the general terms and conditions section of the RNG Addendum. Throughout this process, the subcommittee has leveraged the previous standards development effort to digitalize the *NAESB Base Contract for the Sale and Purchase of Natural Gas* in order to expedite the work. Moving forward, that work will continue to be utilized as a template for the technical standards which will enable the digitalization of the RNG addendum. The subcommittee is now on track to wrap up this effort by the anticipated completion date within 2022.

As background, the NAESB Board of Directors took action to include renewable natural gas contracting as part of WGQ Annual Plan in response to a recommendation from the Board Task Force on Renewable and Sustainably Produced Natural Gas. The task force, created by the Chair of the Board, was asked to explore the potential for standards development in support of renewable natural gas and sustainably produced natural gas, as this was an area of interest for NAESB to pursue as indicated by industry responses to the 2020 NAESB Standards Development Survey. Over the course of several meetings, the task force developed a scope of work and proposed the renewable natural gas standard development item that resulted in the Addendum standards development efforts discussed above.