##### August 14, 2023

**TO:** All Interested Parties

**FROM:** Elizabeth Mallett, Director, Wholesale Gas and Retail Markets Quadrants

**RE: Wholesale Gas Quadrant (WGQ) Contracts Subcommittee Activities**

Force Majeure Standards Request

On September 14, 2023, the WGQ Contracts Subcommittee, chaired by Keith Sappenfield of Corpus Christi Liquefaction, will hold a follow up to its July kick off meeting to continue to discuss and possibly vote on Standards Request R23001. The request proposes revisions to the *NAESB Base Contract for Sale and Purchase of Natural Gas* (NAESB Base Contract) to improve the clarity associated with its Force Majeure provisions. The requesters include CenterPoint Energy, MISO Energy, PJM Interconnection, Southwest Power Pool, Texas Competitive Power Advocates, and UGI Utilities.

Over one hundred people, representing about seventy companies participated in the July kick off meeting. Southwest Power Pool provided a presentation on the request and took comments from the participants. After reviewing its written comments in response to the standards request, Cheniere moved that the WGQ Contracts Subcommittee take no action on the request. As the meeting was merely a planning session, the vote was rescheduled for a future meeting date. Additionally, several participants indicated that they would need more time to discuss the request with others in their companies and/or associations.

At the request of the chair, an informal comment period is now underway on two items discussed during the July 25, 2023 WGQ Contracts Subcommittee meeting: (1) Standards Request R23001 – Proposed revisions to the NAESB Base Contract for Sale and Purchase of Natural Gas to improve the clarity associated with the force majeure provisions in the contract, and (2) the comments submitted by Cheniere proposing no action in response to Standards Request R23001. The informal comment period began on July 31, 2023 and concludes on September 5, 2023.

Technical Implementation for the NAESB Renewable Natural Gas and NAESB Certified Gas Addendums

In early-August, the WGQ Executive Committee approved two recommendations jointly developed by the WGQ Contracts Subcommittee, the WGQ Business Practices Subcommittee (BPS), and the WGQ Electronic Delivery Mechanisms (EDM) Subcommittees. The recommendations are now posted for a thirty-day ratification period that will conclude on mid-September. Both recommendations propose technical implementation for addendums to the *NAESB Base Contract for Sale and Purchase of Natural Gas* (NAESB Base Contract). The *NAESB Renewable Natural Gas Addendum* (NAESB RNG Addendum) for the NAESB Base Contract was developed by the subcommittees over the course of six meetings and approved by the subcommittees in early July. The proposed technical standards facilitate the use of the NAESB RNG Addendum on digital technologies and, if ratified, will be included in the NAESB WGQ Contracts Related Standards Manual. Looking back, the NAESB RNG Addendum that the proposed technical standards support was developed by the WGQ Contracts Subcommittee over the course of thirty-three meetings, spanning almost a two-year period, and ratified in March. Developed to improve the efficiencies in both the voluntary and regulated RNG transaction processes, the NAESB RNG Addendum establishes uniform terminology and model terms and conditions that serve as a starting point for negotiations between contracting parties.

In May, after five joint meetings, the joint WGQ subcommittees approved a recommendation containing technical implementation for the *NAESB Certified Gas Addendum*. Similar to the technical standards for the NAESB RNG Addendum, the technical standards facilitate the use of the NAESB Certified Gas Addendum on digital technologies. The NAESB CG Addendum, also developed by the WGQ Contracts Subcommittee, is intended to support the voluntary and nascent market for certified gas. The harmonization of industry definitions has played a large role in the development of the NAESB CG Addendum, as the product covered in the addendum has several names across the country, including: responsibly sourced gas, sustainably produced natural gas, certified natural gas, producer-certified gas, and differentiated gas. In the both efforts, the subcommittees leveraged the previous work to digitize the NAESB Base Contract as a template for the drafting of the technical standards.