**via posting**

**TO:** NAESB Board Strategic Plan Task Force Members and Interested Industry Parties

**FROM:** Amrit Nagi, Staff Attorney

**RE:** Meeting Notes from theNAESB Board Strategy Committee Conference Call – November 12, 2024

**DATE:** November 26, 2024

Dear Board Strategy Committee Members,

A Board Strategy Committee conference call was held on Tuesday, November 12, 2024. The meeting was called to order at 1:00 PM Central. Mr. Desselle presided over the meeting. The notes and attachments below serve as a record for the meeting.

| **Notes from November 12, 2024 NAESB Board Strategy Committee Conference Call** | |
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| **Administrative** | Mr. Desselle opened the meeting and welcomed the participants. He reminded the participants that the [NAESB Antitrust and Other Meeting Policies](http://www.naesb.org/misc/antitrust_guidance.doc) were in effect. Mr. Desselle reviewed the draft agenda and the [meeting notes](https://naesb.org/pdf4/bd_strategy_062724mn.docx) from August 29, 2024 conference call with the participants. Mr. Burks moved to adopt the agenda, seconded by Ms. McKeever. The motion passed without opposition. Ms. McKeever moved to adopt the meeting notes, seconded by Mr. Thorn. The motion passed without opposition. |
| **Review the September 5, 2024 Strategic Session and Discuss any Activities the Board of Directors Should Consider in Response to the National Petroleum Council Reports** | Mr. Deselle provided an overview of the National Petroleum Council (NPC) Studies and asked the participants if there is anything that should be included from the Studies in the Annual Plans for 2025. Ms. McQuade emphasized the importance of reviewing the Studies and being responsive to the NPC. She explained that the NPC Studies have influenced past efforts and should continue to be evaluated by NAESB for potential action by the organization, with Board approval. Mr. Booe noted two key recommendations from *Charting the Course: Reducing GHG Emissions in the U.S. Natural Gas Value Chain* were related to activities that NAESB has undertaken, including the development of market-based mechanism that support greenhouse gas (GHG) emission reductions and facilitating the identification of lower GHG intensities in natural gas transactions. Mr. Deselle suggested that these recommendations be considered and developed into Annual Plan items, even as provisional, to show NAESB’s responsiveness.  Mr. Burk noted the complexity of tracking environmental attributes, such as GHG certifications, to support the requirements of differing countries and explained the need for NAESB to standardize the communication of environmental attributes needed for gas transactions, not the certification methods themselves. Mr. Thorn stated that from an international perspective, it is up to the buyer of gas, not the European Union (EU) Commission, to certify the cargo. He explained that the process returns to the US, where a standardized system must be developed to quantify emissions measurements. Mr. Thorn also noted that confidentiality will be a major concern, as countries may require detailed data to demonstrate how the gas is certified.  Mr. Booe stated that there have been discussions on how to take the next steps since the release of the Study with representatives from Williams that participated in the study. He explained that they have expressed interest in following up on specific recommendations from the Study, particularly those related to market mechanisms. Mr. Booe noted that representatives from Williams plan to join the next meeting to share their thoughts on what NAESB and the industry can do to help promote and move some of the Study recommendations forward. Mr. Deselle stated that the December Board of Director meeting will present an opportunity to update the participants on these discussions and continue the dialogue on the topic. Mr. Booe noted that the September Board meeting may have been the first time members have the chance to review the NPC reports, and since then, they have had time to consider them, and there may be recommendations to discuss.  Mr. Burks stated that one of the major challenges is the differing methods used by certifiers to measure and grade certified gas. He expressed that the interoperability between these methodologies will likely be confusing for the marketplace and noted that if the US has four different certification methods and there are 17 countries looking to purchase, this discrepancy will create significant issues. Mr. Desselle suggested that certifiers are likely invested in their own certification processes and will advocate for their adoption. He asked if it would be possible to bring these certifiers in together to discuss how to address interoperability concerns through the establishment of standards. Mr. Burks explained that MiQ, Equitable, and Project Canary all contributed to the development of the Certified Gas Addendum, each focusing on specific areas. He noted that from NAESB’s perspective, the focus should not be on determining which certification process is the best, but rather, on capturing the commercial attributes that are necessary for transactions, such as the certifier and well location. Mr. Burk stated that the goal would be to ensure that the data required for transaction is readily available and standardized through NAESB standards. Ms. McQuade noted the difficulty of getting certifiers to collaborate on these issues and suggested having certifiers provide enough information about their processes to ensure a level of transparency. Mr. Booe acknowledge that the U.S. Department of Energy (DoE) effort is working to define a framework for how Certified Gas should be measure, monitored, reported and verified. He stated that changes to the timing of the NAESB changes to the addendum should be dependent on the progress of the DoE effort to develop a framework,– currently slated to by the first quarter. He noted that those participating in the effort are working to identify a “schema owner” who will be responsible for maintaining the framework, the supporting standards, and hosting a registry.  Mr. Booe stated that there is a second NPC study, *Harnessing Hydrogen: A Key Element of the U.S. Energy Future,* and while not directly related to NAESB activities, given the ongoing work on the standardized contract for the sale and purchase of hydrogen, it could become an area of focus in the future. Mr. Sappenfield provided an overview of the hydrogen contracting effort and stated that the primary focus at the moment is on the contract, its scope, and the parameters that have been established. He noted that it will likely take until the first quarter of 2025 to determine if the contract will be workable. Mr. Sappenfield explained that while the markets for hydrogen are still developing, there is expected to be a market for gaseous hydrogen to be produced and transported to end users. He stated that a program similar to the one used for certified gas credits is already included, which provides necessary information to market participants and noted that carbon intensity of hydrogen will need to be tracked. Ms. McQuade suggested that NAESB respond to the NPC on both Studies. For hydrogen, the organization should explain our current progress on developing a hydrogen contract and the challenges that have arisen. Mr. Booe agreed and noted that while the hydrogen contract development was not specifically called out for action in the report, it would still be appropriate to include this information in the response. Mr. Deselle proposed that NAESB aim to provide and update to the NPC by the end of the fourth quarter. Ms. McQuade agreed and suggested that the update should include a commitment to continue to provide updates as NAESB progresses with the development of the contract and any activities to address the GHG reductions items that have been identified. |
| **Review Proposed 2025 Quadrant Annual Plans** | Mr. Booe provided an overview of the proposed 2025 WEQ Annual Plan. He explained that the WGQ moved their Gas Electric Harmonization (GEH) item to a provisional status and noted that it is not necessary for the WEQ to do the same unless they so choose. He recommended that it be discussed by interested Board members.  Next, he reviewed the 2025 WGQ Annual Plan. Mr. Sappenfield commented on Item 5, stating that NAESB had been advised that some recent rule changes may affect the Renewable Natural Gas (RNG) addendum and the need to review these changes and verify if the addendum is still supportive. Mr. Booe noted that the GEAR Working Group had extended its timeline to review the recommendations they are considering by an additional nine months. He also highlighted that AGA has been identified as an organization for providing natural gas reliability recommendations. Mr. Gee added that AGA plans to host a meeting in April to begin discussions on winter preparation and near-term planning.  Mr. Booe overviewed the 2025 RMQ Annual Plan. Mr. Desselle stated that unless there were any issues or concerns, he was comfortable confirming that all Annual Plan items are aligned with the 2023-2025 Strategic Direction. Mr. Simon made a motion, seconded by Mr. Burk, to find that the Proposed 2025 Annual Plans are in alignment with the current NAESB Strategic Plan. The motion passed a simple majority vote without opposition. |
| **Determine if any Activities Should be Recommended to the Board of Directors During its December Meeting** | Mr. Deselle stated that based on the discussion, the Strategy Committee flagged recommendations from the NPC as potential provisional items. However, he noted that they may need to wait until after the Advisory Council meeting to move forward with them. Ms. McQuade agreed and added that once the provisional items are determined, they can send letters to the NPC to update them on NAESB’s activities in response. Mr. Booe suggested that the Strategy Committee could hold another meeting to discuss these items in more detail and to talk with Williams about its efforts to move these recommendations forward. Mr. Desselle agreed. |
| **Other Business and Action Items** | No other business was discussed. |
| **Adjourn** | The meeting adjourned on a motion made by Mr. Simon, and seconded by Mr. Burk at 1:56 PM. |
| **Work Papers Provided for the Meeting:** | * **Agenda Item 1**: Antitrust Guidance: <http://www.naesb.org/misc/antitrust_guidance.doc> (antitrust), <https://naesb.org/pdf4/board_strategic_plan_taskforce_members.pdf> (roster), <http://www.naesb.org/pdf4/bd_strategy_111224a.docx> (agenda), <https://naesb.org/pdf4/bd_strategy_082924mn.docx> (notes) * **Agenda Item 2:** National Petroleum Council Studies: <https://chartingthecourse.npc.org/> (GHG Emissions); <https://harnessinghydrogen.npc.org/> (Hydrogen) * **Agenda Item 3:** Proposed 2025 Quadrant Annual Plans: <https://naesb.org/pdf4/weq_ec102324a3.docx> (Proposed WEQ AP); <https://naesb.org/pdf4/rmq_ec102424a3.docx> (Proposed RMQ AP); <https://naesb.org/pdf4/wgq_ec102424a3.docx> (Proposed WGQ AP) |

| **November 12, 2024 NAESB Board Strategy Committee Conference Call**  **BOARD STRATEGY COMMITTEE MEMBERS** | | | |
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| **+Name** | **Organization** | | **Attendance** |
| J. Cade Burks | Big Data Energy Services | | Present |
| David Darnell | Systrends, USA | |  |
| Michael Desselle (Chairman) | Southwest Power Pool | | Present |
| Mark G. Lauby | North American Electric Reliability Corporation | |  |
| Debbie McKeever | Oncor Electric Delivery Company LLC | | Present |
| Timothy Alan Simon | TAS Strategies | | Present |
| Paul Smith | Tennessee Valley Authority | | Present |
| Terence (Terry) Thorn | KEMA Gas Consulting | | Present |
| Sue Tierney | Analysis Group, Inc. | |  |
| **OTHER ATTENDEES** | | | |
| **Name** | | **Organization** | |
| Rakesh Agrawal | | Trellis Energy Software, Inc. | |
| Jonathan Booe | | NAESB | |
| Bob Gee | | Gee Strategies Group, LLC | |
| Paramy Graff | | Apache Corporation | |
| Brandon Guderian | | Devon Energy Corporation | |
| Steven McCord | | TC Energy | |
| Rae McQuade | | NAESB | |
| Amrit Nagi | | NAESB | |
| Joshua Phillips | | SPP | |
| Keith Sappenfield | | Corpus Christi Liquefaction | |
| Sarah Stabley | | Duke Energy | |
| Caroline Trum | | NAESB | |