##### April 18, 2023

**TO:** All Interested Parties

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

**RE: Renewable and Certified Gas Contract**

In early-February, the NAESB membership ratified two recommendations containing addendums to the *NAESB Base Contract for Sale and Purchase of Natural Gas* (NAESB Base Contract) – *NAESB Renewable Natural Gas Addendum* (NAESB RNG Addendum) and the *NAESB Certified Gas Addendum* (NAESB CG Addendum). Following the February single-topic WGQ Executive Committee meeting in which the addendums were adopted, the WGQ Contracts Subcommittee kicked off a series of joint meetings with the WGQ Business Practices Subcommittee (BPS) and the WGQ Electronic Delivery Mechanisms (EDM) Subcommittee to begin development on the technical implementation and any needed modifications to the NAESB Base Contract to support the use of each of the addendums on digital technologies, including blockchain. During the March WGQ Executive Committee meeting, discussion on the standards determined that the subcommittees will first complete the supporting standards for the NAESB CG Addendum and subsequently address standards to support the NAESB RNG Addendum. The subcommittees will leverage past work to digitize the NAESB Base Contract as a template for the drafting of the technical standards which are scheduled to be completed this year.

With the intent to improve the efficiencies in both the voluntary and regulated RNG transaction processes, the NAESB RNG Addendum was developed by the WGQ Contracts Subcommittee over the course of thirty-three meetings, spanning almost a two-year period. The NAESB RNG Addendum establishes uniform terminology and model terms and conditions that serve as a starting point for negotiations between contracting parties. 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. Ultimately, the subcommittee unanimously approved the term Certified Gas be used in the addendum.

The joint WGQ Contracts, BPS, and EDM Subcommittee will hold two meetings in early May on the 2nd and 11th to complete the technical standards for the NAESB CG Addendum and additional meetings will be scheduled to address the NAESB RNG Addendum. As always, NAESB meetings are open to all interested parties.