##### June 5, 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 Kick-Off Meeting

On July 25, 2023, the WGQ Contracts Subcommittee, chaired by Keith Sappenfield of Corpus Christi Liquefaction, will hold the first of a series of meetings to address a new 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 the Force Majeure provisions in the contract. The request was submitted to NAESB from CenterPoint Energy, MISO Energy, PJM Interconnection, Southwest Power Pool, Texas Competitive Power Advocates, and UGI Utilities. As stated in the request, the submitters have three primary areas of concern: clarity regarding repeated claims of Force Majeure for an avoidable situation, requirements that parties claiming force majeure should take actions to prevent the condition, and additional specificity regarding the Force Majeure events. Following the July 25, 2023 meeting, additional meeting times will be announced.

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

On June 22nd and July 6th, the WGQ Contracts Subcommittee will continue to hold joint meetings with the WGQ Business Practices Subcommittee (BPS), and the WGQ Electronic Delivery Mechanisms (EDM) Subcommittees to discuss the technical implementation for the *NAESB Renewable Natural Gas Addendum* (NAESB RNG Addendum) for the NAESB Base Contract. To date, the subcommittees have held six joint meetings to develop the implementation that will allow for the use of the NAESB RNG Addendum on digital technologies, such as distributed ledger technologies.

In early-February, the NAESB membership ratified two recommendations containing addendums to the NAESB Base Contract – the NAESB RNG Addendum and the *NAESB Certified Gas Addendum* (NAESB CG Addendum). During the March WGQ Executive Committee meeting, it was determined that the subcommittees would first complete the supporting technical standards for the NAESB CG Addendum and subsequently address the standards to support the NAESB RNG Addendum. On May 11, 2023, the joint subcommittees approved a recommendation containing technical implementation for the NAESB CG Addendum, allowing for the use of the addendum on digital technologies, such as blockchain. That recommendation was posted for a thirty-day formal industry comment period that concluded in mid-June. 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. As stated, the subcommittees are now completing the work on the RNG technical implementation and anticipate a vote on the draft recommendation in mid-July.

Looking back, 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 was developed to improve the efficiencies in both the voluntary and regulated RNG transaction processes. With the establishment of uniform terminology and model terms and conditions, the NAESB RNG Addendum serves 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. As stated, the next joint WGQ Contracts, EDM, and BPS subcommittee meetings are scheduled for June 22, 2023 and July 6, 2023 to complete the technical standards for the NAESB RNG Addendum. As always, NAESB meetings are open to all interested parties.