##### December 5, 2022

**TO:** All Interested Parties

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

**RE: Agenda Item Renewable Natural Gas and Certified Gas Addenda Updates**

In late-October, the WGQ Contracts Subcommittee voted out a recommendation containing the *NAESB Renewable Natural Gas Addendum* (NAESB RNG Addendum) for the *NAESB Base Contract for Sale and Purchase of Natural Gas* (NAESB Base Contract). In late November, the thirty-day formal comment period concluded with one comment, divided into three parts, submitted from Cheniere. Cheniere proposed formatting and consistency revisions to both the addendum itself and the accompanying FAQ Document. The NAESB RNG Addendum facilitates the sale and purchase transactions in both the voluntary and regulated markets and was developed over the course of thirty-three meetings of the WGQ Contracts Subcommittee. Spurred on by a recommendation from the Board Task Force on Renewable and Sustainably Produced Natural Gas, the NAESB Board of Directors included the development of an addendum to address RNG as an item on the 2021 WGQ Annual Plan as step one in a two-step effort.

Step two of this effort is included on the proposed 2023 WGQ Annual Plan and calls for the development of technical implementation and any necessary modifications to the NAESB Base Contract to enable the use of the NAESB RNG Addendum on digital technologies, such as blockchain. The subcommittees assigned to the proposed annual plan item – the WGQ Contracts Subcommittee, the WGQ Electronic Delivery Mechanisms Subcommittee, and the WGQ Business Practices Subcommittee – will leverage the previous work performed within the WGQ to digitize the NAESB Base Contract as a template for the drafting of the technical implementation.

Along with the NAESB RNG Addendum, another effort will be reviewed by the WGQ Executive Committee during its next meeting - the *NAESB Certified Gas Addendum* (NAESB CG Addendum) for the NAESB Base Contract. Since its June kick-off meeting, the participants have refined the scope of the document through discussion of its terms and conditions and current industry practices. The harmonization of industry definitions has played a large role in the development of the NAESB CG Addendum, as the product covered in its terms and conditions has several names across the country, including: responsibly sourced gas, sustainably produced natural gas, certified natural gas, and differentiated gas. In late-November, the WGQ Contracts Subcommittee participants reached consensus on the term “Certified Gas” through a simple majority vote and anticipate concluding the contract by the end of the year.

Meetings on this topic have proven popular with substantive comments received for subcommittee review before each meeting from numerous entities, including: Argus Media, BP, Cheniere Corpus Christi Liquefaction, ConocoPhillips, Emera Energy, the Environmental Defense Fund, Equitable Origin, MiQ, NRG and Eversheds Sutherland, Project Canary, Sabine Pass Liquefaction, and Sequent Energy Management. In an identical manner to the process used to develop the NAESB RNG Addendum discussed above, the proposed 2023 WGQ Annual Plan contains an item to support automation of the new NAESB CG Addendum and necessary modifications to the NAESB Base Contract. The technical implementation efforts for both the NAESB CG Addendum and the NAESB RNG Addendum are scheduled to be completed within 2023.