**1. RECOMMENDED ACTION: EFFECT OF EC VOTE TO ACCEPT RECOMMENDED ACTION:**

|  |  |  |  |
| --- | --- | --- | --- |
| X | Accept as requested |  | Change to Existing Practice |
|  | Accept as modified below |  | Status Quo |
|  | Decline |  |  |

**2. TYPE OF DEVELOPMENT/MAINTENANCE**

|  |  |
| --- | --- |
| **Per Request:** | **Per Recommendation:** |
| X | Initiation | X | Initiation |
|  | Modification |  | Modification |
|  | Interpretation |  | Interpretation |
|  | Withdrawal |  | Withdrawal |
|  |  |  |  |
|  | Principle |  | Principle |
|  | Definition |  | Definition |
|  | Business Practice Standard |  | Business Practice Standard |
| X | Document | X | Document |
|  | Data Element |  | Data Element |
|  | Code Value |  | Code Value |
|  | X12 Implementation Guide |  | X12 Implementation Guide |
|  | Business Process Documentation |  | Business Process Documentation |

**3. RECOMMENDATION SUMMARY:**

On February 27, 2025, the WGQ Contracts Subcommittee (JTSC) voted to approve a recommendation under 2025 WGQ Annual Plan Item 4 (**Develop Business Practice Standards, as needed, to Support Purchase and Sale Transactions related to Hydrogen**). The vote on the Hydrogen Base Contract was conducted per the meeting notes at the February 27, 2025 meeting.

NAESB initiated an industry-wide effort on July 11, 2024, to create a standardized contract for hydrogen sales and purchases. This initiative followed a directive from the NAESB Board of Directors, which instructed the WGQ to begin standards development in this area during its meeting on April 4, 2024. More than 50 participants from the natural gas, electric, and hydrogen sectors attended the initial meeting, which included an overview of the NAESB standards development process, a comprehensive review of the hydrogen market, and a discussion of a basic framework for a hydrogen purchase and sale agreement.

As announced in NAESB August 22, 2024, press release, an informal industry-wide comment period commenced on the draft strawman document discussed by the WGQ Contracts Subcommittee. This document initiated the development of a standardized hydrogen contract and draws from existing NAESB frameworks, including the NAESB Base Contract for the Sale and Purchase of Natural Gas, provisions from the NAESB Certified Gas Addendum on certificate tracking, and references to Energy Attribute Certification (EAC). It also incorporates provisions from the NAESB Master Agreement for the Purchase, Sale, or Exchange of Liquid Hydrocarbons, addressing potential hydrogen transportation methods, and includes a placeholder for carbon intensity values.

The informal comment period closed on September 6, 2024, with seven sets of comments submitted by industry participants. The WGQ Contracts Subcommittee met on September 12, 2024, to review the feedback, with follow-up meetings held on 10/17/2024, 11/7/2024, 12/9/2024, 1/6/2025, 1/22/2025, and 2/11/2025.

Coordination of NAESB efforts include a few key market stakeholder organizations including:

**Open Hydrogen Initiative; Association of International Energy Negotiators; ISDA; Center for Houston’s Future Hydrogen Steering Committee (CHF); and HyVelocity (Gulf Coast Hydrogen Hub)**

* **Recommendation Attachment:**
* Att 1 Base Contract for Purchase and Sale of Hydrogen

**MOTION FOR RECOMMENDATION:**

Motion to approve the recommendation and the attachment as reviewed and modified on February 27, 2025 to be sent to the WGQ Executive Committee for review and adoption as a NAESB Standard.

 The SC vote on the motion passed.

**4. SUPPORTING DOCUMENTATION**

**a. Description of Request:**

2025 WGQ Annual Plan Item 4: Develop Business Practice Standards, as needed, to Support Purchase and Sale Transactions related to Hydrogen.

**b. Description of Recommendation:**

The recommendation contains the proposed NAESB Standard as set forth in the Attachment listed above with links to the NAESB website.

**c. Business Purpose:**

The new NAESB Base Contract for Purchase and Sale of Hydrogen will provide a key transaction tool to support the development of Hydrogen markets in North America.

**d. Commentary/Rationale of Subcommittee(s)/Task Force(s):**

**WGQ Contracts Subcommittee Meeting Minutes:**

The SC’s rationale for the development of the recommendation is found in the meeting minutes listed below with links to the NAESB website.

* [July 11, 2024](https://naesb.org/pdf4/wgq_contracts071124fm.doc)
* [August 5, 2024](https://naesb.org/pdf4/wgq_contracts080524fm.doc)
* [September 12, 2024](https://naesb.org/pdf4/wgq_contracts091224fm.doc)
* [October 17, 2024](https://naesb.org/pdf4/wgq_contracts101724fm.doc)
* [November 7, 2024](https://naesb.org/pdf4/wgq_contracts110724fm.doc)
* [December 9, 2024](https://naesb.org/pdf4/wgq_contracts120924fm.doc)
* [January 6, 2025](https://naesb.org/pdf4/wgq_contracts010625fm.doc)
* [January 22, 2025](https://naesb.org/pdf4/wgq_contracts012225fm.doc)
* [February 11,2025](https://naesb.org/pdf4/wgq_contracts021125dm.doc)
* February 27, 2025