***DRAFT RECOMMENDATION***

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

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

**2. TYPE OF DEVELOPMENT/MAINTENANCE**

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

**3. RECOMMENDATION**

**SUMMARY:**

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| Per NAESB Request R18007 submitted by Big Data Energy Services, American Electric Power Service Corp., Adjoint Inc., Tennessee Valley Authority, Pariveda, and JKM Energy & Environmental Consulting (Blockchain Requesters) and the 2019 WGQ Annual Plan Item 5.a. – Develop a standard digital representation of natural gas trade events, consistent with NAESB WGQ Standard No. 6.3.1 – NAESB Base Contract for Sale and Purchase of Natural Gas (Base Contract), in order to capitalize on smart contract and distributed ledger technologies (Blockchain Request), a Joint BPS, EDM and Contacts Subcommittee (Joint SC) was formed to process the Blockchain Request.  The Joint SC held 12 meetings from October 2018 to September 2019 to review and discuss the Blockchain Request and recommended new standards, data dictionaries and code values be developed for electronic versions of the Base Contract and associated transaction confirmations and invoices.  As a result of the review and discussions, on September 12, 2019 the Joint SC recommended 6 new definitions, 9 new standards including associated data dictionary and code values for the electronic version of the Base Contract. The Joint SC also prepare a Technical Implementation of Business Process (TIBP) document to assist counterparties in their implementation of electronic versions of the new definitions, standards, data dictionary and code values.  The Joint SC will continue to work to develop definitions, standards and associated data dictionary and code values for electronic versions of the transaction confirmation and invoice related to the Base Contract by the end of 2nd quarter 2020. |
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**STANDARDS LANGUAGE:**

**4. SUPPORTING DOCUMENTATION**

**a. Description of Request:**

On July 9, 2018, Blockchain Requesters proposed Develop a standard digital representation of natural gas trade events, consistent with NAESB WGQ Standard No. 6.3.1 – NAESB Base Contract for Sale and Purchase of Natural Gas (Base Contract), in order to capitalize on smart contract and distributed ledger technologies.

**b. Description of Recommendation:**

**Joint WGQ BPS/EDM/Contracts Subcommittee (Joint SC)**

The Joint SC held 12 meetings on October 24, 2018 (initial meeting); November 16, 2018; January 17, 2019; February 13, 2019; April 3, 2019; April 15, 2019; June 19, 2019; July 12, 2019; July 31, 2019; August 7, 2019; August 22-23, 2019, and September 11-12, 2019 to review and discuss the Blockchain Request and recommended new standards, data dictionaries and code values be developed for electronic versions of the Base Contract and associated transaction confirmations and invoices.

As a result of the prior meetings and the discussion of September 12, 2019 the Joint SC voted on the recommendation for the NAESB WGQ Executive Committee to adopt 6 new definitions and 7 new standards including associated data dictionary and code values for the electronic version of the Base Contract as set forth in Exhibit A (Definitions and Standards), Exhibit B (Data Dictionary), Exhibit C (Code Values), and Exhibit D (TIBP).

The results of the SC vote on the recommendation was:

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**c. Business Purpose:**

See Meeting minutes set forth in item b. above.

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

See Meeting minutes set forth in item b. above.