

September 26, 2022

RE: Comments on NAESB Certified Gas Draft Addendum Version 09.15.22

Equitable Origin is submitting these comments on the latest version of the NAESB Certified Gas Draft Addendum (09.15.2022) to be further discussed by the NAESB Wholesale Gas Quadrant Contracts Subcommittee on September 29, 2022. Thank you for the opportunity to provide these comments and for allowing our participation during the drafting of the addendum.

Our comments are specific to “**Exhibit A**” only. We have three main areas of comment:

1. Facility Description
2. Methane Intensity
3. Other ESG Attributes

Facility Description

This section is to specify which certified gas Facility that the buyer is purchasing certified gas from. It is our opinion that the following description is ambiguous and could be misinterpreted:

“For each Facility the percentage of CG production under the applicable Certificate
100 percent (%) (default) or ___ %”

We understand the intent of the following terminology is to highlight the amount of production that is certified in a given basin by an Operator, however as written, it could be interpreted in 3 possible ways:

1. % of production certified within a given Facility (as defined in the terms)
2. % of an operator’s corporate production that is certified across all operating basins
3. % of a Facility’s certified gas that is being purchased by the buyer at one certified Facility

Recommendation: While transparency around the scope of certification and the operator’s full corporate profile is important, including this information in a NAESB contract causes confusion. Our recommendation is to remove this sentence as it is not pertinent to the contract between a buyer and seller of certified gas. We further recommend keeping the definition 2.47 as “*Facility(ies) means all natural gas production equipment associated with all wells that the person or entity owns or operates in a basin shall be considered one facility.*”

Methane Intensity

Methane intensity definitions vary greatly between different certification programs. If this is to be included as a standard attribute, the formula that was used to calculate it, must be required to be included in the contract terms.

A key element of methane intensity is specifying which segment of the natural gas value chain is included. This needs to be clear when any methane intensity is specified as otherwise there will be no clear apples to apples comparison in the attribute. Methane intensity must be corrected to show an intensity of the Production segment, Gathering and Boosting segment, Processing segment, Transmission and Storage segment etc. Not specifying which segments are included in the methane intensity, will result in incomparable supplies, misleading claims, and misinformed buyers.

The check box “monitoring of CG” yes or no should be removed as well. This does not adequately describe the extent to which an Operator is addressing and controlling their methane emissions.

We also point out that not all buyers of certified gas are interested in specifying a methane intensity requirement. This should be optional in any contract.

Recommendation: Our recommendation is to either remove reference to methane intensity and “monitoring of CG” specifically and leave adequate space for buyer and seller to define their own terms of the supply arrangement **or** define methane intensity and add more prescriptive information (such as the table example provided below).

<u>Segment of Natural Gas Supply Chain Included</u>	<u>Included?</u>	<u>Methane Intensity (%)</u>	<u>Specify Quantification Protocol or Formula</u>
Production	✓		i.e. NGSi protocol, MiQ standard, OneFuture
Gathering and Boosting	X		
Processing	X		
Transmission and Storage	X		
LNG Liquefaction	X		

Other ESG Attributes

As currently written, the Other ESG attributes are specific to one certification body’s attributes. We would like to see this section written in a generic format to allow for the contract participants to lay out specific ESG attributes that are important to the contract that they are pursuing. The EO100™ Certification for example, has an overall grade achieved and also scores available on each of the 5 Principles:

1. Corporate Governance, Transparency and Ethics
2. Social Impacts, Human Rights and Community Engagement
3. Indigenous Peoples’ Rights
4. Fair Labor and Working Conditions

5. Environment: Further broken down into 15 different Objective categories some of which include greenhouse gases, land use, water impacts, air quality, ambient impacts, and chemical use.

An agreement between a buyer and seller may include reference to a specific overall grade that must be achieved and/or minimum scores on one or all of the 5 Principles of our Standard. The contract should be generic enough to allow for this to be laid out in terms that are suitable for each specific buyer and seller. Currently as written, there is no allowance for our categories as they do not fit into the categories specified.

Recommendation: Our recommendation is to remove all categories under “Other ESG Attributes” but leave adequate space for specific contract terms to be specified.

Sincerely,

Soledad Mills

A handwritten signature in black ink, appearing to read 'Soledad Mills', with a stylized, cursive script.

CEO, Equitable Origin