WGQ Contracts Chair’s summary of industry comments and a response on Hydrogen Base Contract.

**Center for Houston’s Future (John Flory)**

Support for the NAESB Hydrogen Base Contract as evidenced by participants at the CERA WEEK presentation of the NAESB Hydrogen Base Contract, specifically its features on carbon intensity and the tradeable Energy Attribute Certificate. “The feedback we have received is that the NAESB Base Hydrogen contract is very timely and well designed for hydrogen marketplace development. “

**General Index (Daniel Burns)**

“NAESB is developing a sensible, logical, and market-ready physical contract that lays the foundation for the next phase of the hydrogen economy. The contract’s structure enables benchmark providers like General Index to begin developing comprehensive North American (and Global) hydrogen indices that reflect real-world market conditions and set a model for global markets to follow. “

**NAESB WGQ Contracts Chair review and minor corrections**

WGQ Contracts Chair comments are non-material and should be considered are minor corrections including cross-reference corrections, clarifications, spelling, and punctuation. NAESB Office reviewed the minor corrections and concur with the changes.

**NAESB WGQ Producer Segment**

“A recent media article reported that NAESB is set to release the Hydrogen Contract by the second quarter. The WGQEC Producers are thoughtfully considering the voting options and will take into consideration any comments that are filed and look forward to Executive Committee and Board discussions. The most prudent path may be to put this final draft aside until the hydrogen market shows signs of becoming liquid and experienced enough for the active market participants to finalize the template. This would preserve the efforts to date but avoid NAESB having to continually reinitiate the formal process to update the base contract or addendum as the market evolves. “

**Goldman Sachs (Leslie D. Biddle)**

“As a member of the Goldman Sachs commodities leadership team, I (and others) spent a decade trying to unwind bespoke natural gas contracts and re-do standardized contracts so that we could facilitate a liquid traded market. We don’t want to lose that decade with Hydrogen. Making the NAESB Standard Hydrogen Contract available now will help the industry keep from losing that decade for Hydrogen.”

**ABAXX Exchange PTE, Ltd, Singapore (Dan McElduff, President)**

“I am writing to express gratitude to NAESB for once again spearheading the effort to develop standardized physical contract terms for the world's energy markets. My Abaxx Exchange colleagues and I are no strangers to the challenges of working towards consensus on complex matters in developing markets. It takes a lot of work to drive to consensus, and nobody does it better than NAESB. …..

 Successful futures contracts require a robust spot market characterized by deep and diverse participation. That does not happen without the necessary level of standardization in business practices and contracting. “

**NAESB WGQ Contracts Chair response to comments**

Chair thanks all for submittal of comments on the NAESB Hydrogen Base Contract. The comments were favorable on NAESB’s development process with some concern expressed on timing of the effort. While not perfect, the NAESB Hydrogen Base Contract is a good transaction tool based on NAESB’s suite of contract documents including NAESB Base Contract for Purchase and Sale of Natural Gas, NGL Liquids Agreement, Renewal Energy Credits, Certified Natural Gas Addendum and Renewable Natural Gas Addendum. By incorporating appropriate provisions of this suite of contract documents, the proposed NAESB Hydrogen Base Contract provides Buyers and Sellers a very good understanding of their transactions that will reduced transaction risks and minimize any misunderstanding of terms of the transaction. To paraphrase NAESB’s (GISB) first Chair of Executive Committee, Mike Day: “Do not let perfect get in the way of the good.”