##### June 15, 2022

**TO:** All Interested Parties

**FROM:** Elizabeth Mallett

**RE: Wholesale Gas Quadrant (WGQ) Addenda Update**

Sustainably Produced Gas Addendum

On June 2, the NAESB Wholesale Gas Quadrant (WGQ) Contracts Subcommittee, chaired by Keith Sappenfield of Cheniere Corpus Christi Liquefaction, held its first meeting to begin work on supporting transactions involving reasonably sourced gas (RSG), also known as sustainably produced natural gas, certified gas, and differentiated gas. During the meeting, the participants reviewed the NAESB Standards Development Process, viewed a scope document, discussed the creation of an RSG Addendum to the *NAESB Base Contract for Purchase and Sale of Natural Gas*, and reviewed a draft work paper containing proposed terms and conditions. The WGQ Contracts Subcommittee called for any preliminary comments on the draft work paper to be submitted by June 14 for discussion during the June 16, 2022 meeting. To date, the NAESB office has received comments from BP, MiQ, Sequent Energy Management, Eversheds Sutherland, Project Canary, Emera Energy, Environmental Defense Fund, and Argus Media. As stated, the comments will be reviewed and discussed by the subcommittee during the June 16, 2022 WGQ Contracts Subcommittee meeting from 2:00 AM to 4:00 PM Central.

Renewable Natural Gas Addendum

During its June 9th call, the WGQ Contracts Subcommittee continued its separate efforts to develop a Renewable Natural Gas (RNG) Addendum to the *NAESB Base Contract for Sale and Purchase of Natural Gas*. The RNG addendum is intended to support the sale and purchase transactions of RNG in both regulated and voluntary markets. Since its kick-off call in February of 2021, the subcommittee has held about twenty-three meetings to develop the addendum. The process began with education sessions and discussion on proposed paths for standards development. Next, the participants identified the terms and definitions commonly used in RNG sale and purchase transactions, with an eye towards harmonizing the various terms used in different regions and markets. The effort then progressed to the current development of the general terms and conditions section of the RNG Addendum. Throughout this process, the subcommittee has leveraged the previous standards development effort to digitalize the *NAESB Base Contract for the Sale and Purchase of Natural Gas* in order to expedite the work. Moving forward, that work will continue to be utilized as a template for the technical standards which will enable the digitalization of the RNG addendum. The subcommittee is now on track to wrap up this effort by the anticipated completion date within 2022.

As background on both these items, the NAESB Board of Directors took action to include renewable natural gas contracting as part of WGQ Annual Plan in response to a recommendation from the Board Task Force on Renewable and Sustainably Produced Natural Gas. The task force, created by the Chair of the Board, was asked to explore the potential for standards development in support of renewable natural gas and sustainably produced natural gas, as this was an area of interest for NAESB to pursue as indicated by industry responses to the 2020 NAESB Standards Development Survey. Over the course of several meetings, the task force developed a scope of work and proposed the renewable natural gas and responsibly sourced gas (RSG) standard development items discussed above.