##### June 9, 2020

**TO:** All Interested Parties

**FROM:** Elizabeth Mallett, NAESB Deputy Director

**RE:** Wholesale Gas Quadrant **(**WGQ) Distributed Ledger Technology (DLT) Update

Chaired by Sylvia Munson of 44 Farris, the WGQ BPS, Contracts Subcommittee, and Electronic Delivery Mechanism (EDM) Subcommittee (WGQ Joint Subcommittees) voted out the R18007-B recommendation on May 14, 2020. This recommendation is Part B of a two-part effort containing proposed standards that facilitate the conversion of the NAESB Base Contract for Sale and Purchase of Natural Gas (NAESB Base Contract) into a digital “smart” contract that can be used with distributed ledger technologies (DLT), such as blockchain.

Currently out for a thirty-day formal comment period that concludes on June 17, 2020, the recommendation for R18007-B contains a modified Executive Summary to the WGQ Contracts Standards and Models Manual, a Modified 6.4.1 Contracts Data Set, a Sale and Purchase Invoice Data Set, and a Sale and Purchase Invoice Response Data Set. Additionally, modifications were made to the NAESB Base Contract, the Mexican and Canadian Addendums, and the FAQ document for the NAESB Base Contract to allow for the new version. Following the thirty-day formal comment period, the WGQ Executive Committee will consider the recommendation during its next conference call.

On November 21, 2019, Part A of the recommendation for R18007-A was ratified by the WGQ membership. The modifications in Part A included updates to the Executive Summary of the NAESB 6.0 WGQ Contracts Standards and Models Manual, new standards and definitions, a paper sample of the electronic contract, and the Technical Implementation of Business Process, Data Dictionary, and Code Values for the Contracts Data Set. The recommendation for Part A was voted out of the Joint WGQ Subcommittees on September 23, and was subsequently posted for a thirty-day comment period that concluded in mid-October. The recommendation for R18007-B was approved by the WGQ Executive Committee in November 2019.

The NAESB DLT efforts began after the Advisory Council suggested that NAESB consider standards development to support the integration of blockchain technology into energy transactions, including how blockchain can improve resilience and supply chain integrity. Further, the Advisory Council recommended that NAESB monitor customer-to-customer transactions and how blockchain technology supports those transactions. Some months later, in 2018, Big Data Energy Services, Adjoint Inc., Pariveda, American Electric Power Service, Tennessee Valley Authority, and JKM Energy & Environmental Consulting jointly submitted Standards Request R18007 proposing that NAESB develop a standard digital representation of natural gas trade events consistent with the NAESB Base Contract for Sale and Purchase of Natural Gas. The request was jointly assigned to the WGQ BPS, Contracts Subcommittee, and EDM Subcommittee which kicked-off standard development efforts in October 2018.