##### December 2, 2020

**TO:** All Interested Parties

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

**RE: WGQ Distributed Ledger Technology (DLT) Update**

Next year, three WGQ Subcommittees – the WGQ Contracts Subcommittee, the WGQ Business Practices Subcommittee, and the WGQ Electronic Delivery Mechanisms Subcommittee – anticipate revisiting the DLT standards that were included in Version 3.2 of the WGQ Business Practice Standards to respond to any feedback received from industry implementation and testing. One testing effort in particular has been spearheaded by Tennessee Valley Authority (TVA) and is occurring outside of the NAESB process. Recently, TVA designed a test that will run its current process and a process using the NAESB DLT Standards, in parallel, in order to assess the efficiency of the DLT standards. Any industry feedback provided to NAESB will be reviewed by the three subcommittees as part of 2021 Annual Plan Item 4.

As you may remember, on August 17, 2020, NAESB submitted an informational filing containing Version 3.2 of the NAESB WGQ Business Practice Standards with the Federal Energy Regulatory Commission (FERC). Among other items, this filing contained two recommendations that facilitate the conversion of the NAESB Base Contract for Sale and Purchase of Natural Gas into a digital contract that can be used with distributed ledger technology. The two recommendations were developed under Standards Request R18007 and were included in the August 15, 2020 publication of the NAESB WGQ Business Practice Standards.

To provide some background, 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. 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.

Standards Request R18007 was jointly assigned to the WGQ BPS, Contracts Subcommittee, and EDM Subcommittee– chaired by Sylvia Munson from 44 Farris, Leigh Spangler from Latitude Technologies, and Keith Sappenfield from Cheniere Corpus Christi Liquefaction. The subcommittees kicked-off the standards development efforts in October of 2018 and, after two years of multi-day meetings and conference calls, voted out the new business practice standards.