**1. RECOMMENDED ACTION: EFFECT OF EC VOTE TO ACCEPT RECOMMENDED ACTION:**

|  |  |  |  |
| --- | --- | --- | --- |
| X | Accept as requested |  | Change to Existing Practice |
|  | Accept as modified below |  | Status Quo |
|  | Decline |  |  |

**2. TYPE OF DEVELOPMENT/MAINTENANCE**

|  |  |  |  |
| --- | --- | --- | --- |
| **Per Request:** | | **Per Recommendation:** | |
| X | Initiation | X | Initiation |
|  | Modification |  | Modification |
|  | Interpretation |  | Interpretation |
|  | Withdrawal |  | Withdrawal |
|  |  |  |  |
|  | Principle |  | Principle |
|  | Definition |  | Definition |
|  | Business Practice Standard |  | Business Practice Standard |
| X | Document | X | Document |
|  | Data Element |  | Data Element |
|  | Code Value |  | Code Value |
|  | X12 Implementation Guide |  | X12 Implementation Guide |
|  | Business Process Documentation |  | Business Process Documentation |

**3. RECOMMENDATION SUMMARY (Revised per WGQ EC remand as noted in bold underline text):**

On February 27, 2025, the WGQ Contracts Subcommittee voted to approve a recommendation under 2025 WGQ Annual Plan Item 5 (**Develop Business Practice Standards, as needed, to Support Purchase and Sale Transactions related to Hydrogen**). A vote on the Hydrogen Base Contract was conducted per the meeting notes at the February 27, 2025 meeting.

NAESB initiated an industry-wide effort on July 11, 2024, to create a standardized contract for hydrogen sales and purchases. This initiative followed a directive from the NAESB Board of Directors, which instructed the WGQ to begin standards development in this area during its meeting on April 4, 2024. More than 50 participants from the natural gas, electric, and hydrogen sectors attended the initial meeting, which included an overview of the NAESB standards development process, a comprehensive review of the hydrogen market, and a discussion of a basic framework for a hydrogen purchase and sale agreement.

As announced in NAESB August 22, 2024, press release, an informal industry-wide comment period commenced on the draft strawman document discussed by the WGQ Contracts Subcommittee. This document initiated the development of a standardized hydrogen contract and draws from existing NAESB frameworks, including the NAESB Base Contract for the Sale and Purchase of Natural Gas, provisions from the NAESB Certified Gas Addendum on certificate tracking, and references to Energy Attribute Certification (EAC). It also incorporates provisions from the NAESB Master Agreement for the Purchase, Sale, or Exchange of Liquid Hydrocarbons, addressing potential hydrogen transportation methods, and includes a placeholder for carbon intensity values.

The informal comment period closed on September 6, 2024, with seven sets of comments submitted by industry participants. The WGQ Contracts Subcommittee met on September 12, 2024, to review the feedback, with follow-up meetings held on 10/17/2024, 11/7/2024, 12/9/2024, 1/6/2025, and 2/6/2025.

Coordination of NAESB efforts include a few key market stakeholder organizations including:

Alliance Risk Group; Open Hydrogen Initiative; Association of International Energy Negotiators; ISDA; and Hy Velocity (Gulf Coast Hydrogen Hub)

**During the WGQ Executive Committee (WGQ EC) meeting on June 26, 2025, the recommendation on the proposed Hydrogen Base Contract was reviewed. After discussion of industry comments and concerns (see WGQ EC Meeting Minutes), the WGQ EC adopted a resolution to remand to the WGQ Contract Subcommittee the proposed Hydrogen Base Contract for further work on the industry comments including the development of a FAQ and a Canadian Addendum for the Hydrogen Base Contract.**

* **Recommendation Attachment:**
* **Att 1 Revised Base Contract for Purchase and Sale of Hydrogen**
  + [**https://naesb.org/member\_login\_check.asp?doc=wgq\_2025\_api\_4\_rec2\_090325\_attach1a.docx**](https://naesb.org/member_login_check.asp?doc=wgq_2025_api_4_rec2_090325_attach1a.docx)
  + **Redlined:** [**https://naesb.org/member\_login\_check.asp?doc=wgq\_2025\_api\_4\_rec2\_090325\_attach1b.docx**](https://naesb.org/member_login_check.asp?doc=wgq_2025_api_4_rec2_090325_attach1b.docx)
* **Att 2 Frequently Asked Questions (FAQs) for the Base Contract for Purchase and Sale of Hydrogen**
  + [**https://naesb.org/member\_login\_check.asp?doc=wgq\_2025\_api\_4\_rec2\_090325\_attach2.docx**](https://naesb.org/member_login_check.asp?doc=wgq_2025_api_4_rec2_090325_attach2.docx)
* **Att 3 Canadian Addendum to the Base Contract for Purchase and Sale of Hydrogen**
  + [**https://naesb.org/member\_login\_check.asp?doc=wgq\_2025\_api\_4\_rec2\_090325\_attach3.docx**](https://naesb.org/member_login_check.asp?doc=wgq_2025_api_4_rec2_090325_attach3.docx)

**MOTION FOR RECOMMENDATION:**

**Motion to approve the recommendation and the attachments as reviewed and modified on September 3, 2025 to be sent to the WGQ Executive Committee for review and adoption as a NAESB Standard.**

The SC vote on the motion passed.

**4. SUPPORTING DOCUMENTATION**

**a. Description of Request:**

2025 WGQ Annual Plan Item 5: Develop Business Practice Standards, as needed, to Support Purchase and Sale Transactions related to Hydrogen.

**b. Description of Recommendation:**

The recommendation contains the proposed NAESB Standards as set forth in the Attachments listed above with links to the NAESB website.

**c. Business Purpose:**

**The new NAESB Base Contract for Purchase and Sale of Hydrogen, Canadian Addendum and FAQs will provide key transaction tools to support the current and future Hydrogen markets in North America.**

**d. Commentary/Rationale of Subcommittee(s)/Task Force(s):**

**WGQ Contracts Subcommittee Meeting Minutes:**

**The SC’s rationale for the development of the recommendation is found in the meeting minutes listed below with links to the NAESB website.**

* [July 11, 2024](https://naesb.org/pdf4/wgq_contracts071124fm.doc)
* [August 5, 2024](https://naesb.org/pdf4/wgq_contracts080524fm.doc)
* [September 12, 2024](https://naesb.org/pdf4/wgq_contracts091224fm.doc)
* [October 17, 2024](https://naesb.org/pdf4/wgq_contracts101724fm.doc)
* [November 7, 2024](https://naesb.org/pdf4/wgq_contracts110724fm.doc)
* [December 9, 2024](https://naesb.org/pdf4/wgq_contracts120924fm.doc)
* [January 6, 2025](https://naesb.org/pdf4/wgq_contracts010625fm.doc)
* [February 11,2025](https://naesb.org/pdf4/wgq_contracts021125fm.doc)
* [February 27, 2025](https://naesb.org/pdf4/wgq_contracts022725fm.doc)
* [**July 24, 2025 (remand meeting)**](https://naesb.org/pdf4/wgq_contracts072425fm.doc)
* [**August 7, 2025 (remand meeting)**](https://naesb.org/pdf4/wgq_contracts080725fm.doc)
* [**August 21, 2025 (remand meeting)**](https://naesb.org/pdf4/wgq_contracts082125dm.doc)
* **September 3, 2025 (remand meeting)**