##### April 19, 2021

**TO:** All Interested Parties

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

**RE: WGQ Renewable Natural Gas Contract Update**

On April 28, 2021, the NAESB WGQ Contracts Subcommittee will hold its third meeting to evaluate the existing NAESB Base Contract for Sale and Purchase of Natural Gas (NAESB Base Contract) and develop modifications or a new standardized contract to support renewable natural gas sale and purchase transactions. This February, the subcommittee held a kick-off meeting with numerous participants from every segment of the wholesale gas markets in attendance. During that first call, the participants were provided with a brief presentation on the NAESB standards development process, discussed a proposed path for the new standards development effort, and reviewed a Chair’s work paper that provided a draft addendum as a starting point for discussion within the subcommittee. Several other posted work papers were examined, including white papers, example gas agreements, and a definition for “biomethane.” Additionally, a determination was made that the wholesale gas industry would find the development of an addendum to the NAESB Base Contract that facilitates renewable natural gas beneficial.

Following a call to the industry for comments on the Chair’s work paper, the WEQ OASIS subcommittee held a second call in March to continue the discussion and settle on the creation of an addendum to the NAESB Base Contract to support renewable natural gas transactions. Following the March meeting, the WGQ Contracts Subcommittee reached out to the industry once again, calling for any work papers that should be considered as part of this effort and comments on the Chair’s work paper. In April, the participants will discuss the work paper submitted and continue with the development of the addendum. This effort has a completion date scheduled within 2021 on the WGQ Annual Plan. All interested parties are welcome to participate.

As background, during the September Strategic Session of the NAESB Board of Directors meeting, the participants reviewed the results of the 2020 NAESB Standards Development Survey and a recommendation from the Board Strategy Committee to consider standards development in the area of renewable and sustainably produced gas. As a result of the discussion during that meeting, the Chair of the Board created the Board Task Force on Renewable and Sustainably Produced Natural Gas to further explore the potential for standards development in support of renewable natural gas and sustainably produced natural gas. While the task force discussed the possibility of developing renewable natural gas and sustainably produced natural gas standards concurrently, it was determined that the two items should be addressed separately, as originally contemplated. Over the course of three meetings, the task force met to develop a scope of work and proposed the resulting annual plan item was assigned to the WGQ Contracts Subcommittee during the December Board of Director’s meeting.