



NORTH AMERICAN ENERGY STANDARDS BOARD

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July 7, 2023

INDUSTRY TO REVIEW FORCE MAJEURE PROVISIONS IN NAESB BASE CONTRACT FOR SALE AND PURCHASE OF NATURAL GAS

On Tuesday, July 25th, NAESB will host the first in a series of meetings to review and consider revisions to the *NAESB Base Contract for Sale and Purchase of Natural Gas* (NAESB Base Contract). This effort is being undertaken in response to a [request](#) submitted to NAESB from CenterPoint Energy, MISO Energy, PJM Interconnection, Southwest Power Pool, Texas Competitive Power Advocates, and UGI Utilities. The request asks industry participants, working through the NAESB standards development process, to review and potentially revise the Force Majeure provisions of the NAESB Base Contract in order to provide additional clarity concerning the ability to invoke Force Majeure during weather events and the designation of a specific source of natural gas supply.

Developed by NAESB's predecessor, the Gas Industry Standards Board (GISB), in 1996, the NAESB Base Contract quickly gained acceptance within the industry and is widely used today. Over the decades, the NAESB Base Contract has been updated to meet industry needs and numerous addendums have expanded the use of its terms and conditions, including Canadian and Mexican addendums and addendums to support transactions for certified and renewable natural gas. The language of the NAESB Force Majeure provisions has emerged as an area of specific focus in the industry as the result of recent extreme weather events that triggered the use of the terms in multiple contracts and subsequent litigation. Additionally, the NAESB Force Majeure language was identified during discussions in the NAESB Gas-Electric Harmonization Forum as a potential mechanism to encourage weatherization in the industry.

Keith Sappenfield, Chair of the NAESB Wholesale Gas Quadrant Contracts Subcommittee, stated that, "This effort will provide the industry with the opportunity to review the critical Force Majeure provisions within the NAESB Base Contract and reflect on what we have learned over the past twenty-seven years of its extensive use by all segments of the natural gas industry. We appreciate the confidence that the industry continues to place in the NAESB standards development process."

This meeting is anticipated to be well-attended, as the ANSI-accredited NAESB standards development process receives input from a broad spectrum of the wholesale and retail gas and electric industries. For more information, please contact Jonathan Booe, NAESB Executive Vice President and Chief Operating Officer (713) 356-0060.

The North American Energy Standards Board (NAESB) serves as an industry forum for the development and promotion of standards which will lead to a seamless marketplace for wholesale and retail natural gas and electricity, as recognized by its customers, business community, participants, and regulatory entities. It is composed of about three hundred corporate members in the energy industry and many more non-member volunteers who contribute to the drafting and adopting of NAESB standards. To learn more about NAESB, go to www.naesb.org.
