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Submitted via Electronic Mail

June 28, 2023

North American Energy Standards Board
1415 Louisiana Street, Suite 3460
Houston, TX 77002

RE: Initial Comments of EQT Energy, LLC on NAESB GEH Forum Chairs' Strawman Recommendations

Dear NAESB GEH Forum Chairs:

EQT Energy, LLC ("EQT Energy") is a natural gas marketing company focused on the purchase and sale of natural gas in the Appalachian Basin, and EQT Energy's parent company, EQT Corporation ("EQT"), is the largest producer of natural gas in the United States. EQT Energy has a significant interest in the work currently underway within the North American Energy Standards Board's ("NAESB") Gas-Electric Harmonization Forum ("GEH Forum"), and in the strawman recommendations advanced by the GEH Forum Chairs. EQT Energy has reviewed the strawman recommendations and provides the following initial comments recommending elimination of Recommendations 14 and 18.

I. Recommendation 14

With Recommendation 14, the GEH Forum Chairs suggest that "[a]pplicable state authorities should consider the development of weatherization guidelines appropriate for their region to support the protection and continued operation of well-heads and processing and gathering facilities during extreme weather events, and require transparency concerning weatherization efforts of jurisdictional entities."

EQT Energy opposes as unnecessary the development of weatherization and winterization requirements or guidelines on a state-by-state basis for natural gas production facilities. As the Natural Gas Supply Association ("NGSA"), the Gas & Oil Association of West Virginia, Inc. ("GO-WV") and the Ohio Oil and Gas Association ("OOGA") explain in their survey responses, producers already have a strong economic incentive to take steps to weatherize their facilities to ensure production continues to flow during cold weather events.¹

EQT agrees with this assessment. For its part, EQT's main priority during extreme weather events, in addition to ensuring the safety of its personnel, is the continued production of natural gas for its customers—and their downstream customers. EQT has facilities located in the Northeast region of the United States, and has taken steps to ensure that its operations are able to withstand the winter season without interruption. Among other things, this includes winterization of production facilities and the creation of operational plans to implement when extreme weather

¹ See NGSA, GO-WV, and OOGA, GEH Forum Survey Responses at 18, 20, 23 (Apr. 24, 2023).

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may affect EQT's facilities or operations. EQT takes these proactive measures to prevent or minimize any weather-related impacts on its natural gas production.

EQT observes that it is not alone in this regard: other producers, too, have taken a proactive approach to weatherization, as evidenced by GO-WV's and OOGA's survey responses. GO-WV and OOGA explain that gas producers in the Appalachian Basin have for some time utilized methods to prevent freeze-offs during the colder winter months, including the use of heaters.²

EQT is also concerned that implementation of Recommendation 14 would lead to the creation of a complex patchwork of weatherization requirements or guidelines which may differ drastically from state-to-state. Given that it is not uncommon for producers to have facilities located in multiple states, such a piecemeal approach to developing weatherization and winterization requirements would needlessly complicate and potentially undermine producers' existing efforts to further weatherize facilities.

II. Recommendation 18

The GEH Forum Chairs, with Recommendation 18, propose to endorse the evaluation by the NAESB Wholesale Gas Quadrant ("WGQ") of a pending request for standards development to consider modifications to the force majeure provisions in the NAESB Base Contract for Sale and Purchase of Natural Gas ("Base Contract").

EQT Energy sees no reason for the inclusion of Recommendation 18 in the GEH Forum's final report. By virtue of this recent standards request, the topic of amending the Base Contract is no longer within the scope of the GEH Forum process. Any mention here could be misinterpreted as signaling a comment on the merits of this standards request and thus would be inappropriate.

EQT Energy nevertheless notes that it opposes the modifications to the Base Contract proposed by this standards development request. EQT Energy believes that the existing force majeure provisions in the Base Contract strike a fair balance between performance obligations and performance risk, and are appropriately structured to recognize that these provisions are intended to address circumstances beyond the parties' control.

EQT Energy believes that the commercial goals of sophisticated parties should continue to drive the need for any modifications to the established terms in the Base Contract, with any such agreed-upon modifications memorialized in the Base Contract's special provisions. This includes any modifications that the negotiating parties deem commercially appropriate to address, for instance, choosing to exclude freeze-offs as a force majeure event. Addressing such issues on a bilateral basis affords negotiating parties ample opportunity to evaluate any increased risks and costs associated with modifying the standard contract language. This approach reflects long-standing common practice within the industry, and EQT Energy believes it should be continued.

² GO-WV and OOGA, GEH Forum Survey Responses at 20, 23 (Apr. 24, 2023).

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EQT Energy appreciates this opportunity to provide input on the GEH Forum Chairs' strawman recommendations, and supports the GEH Forum's efforts to advance concrete, actionable recommendations to the Federal Energy Regulatory Commission and the North American Electric Reliability Corporation. In furtherance of this shared objective and for the reasons discussed above, EQT Energy does not support the inclusion of Recommendations 14 and 18 in the GEH Forum's final report.

Respectfully submitted,

DocuSigned by:



Keith Shoemaker

Senior Vice President, Commercial
EQT Energy, LLC