##### February 14, 2017

**TO:** All Interested Parties

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

**RE: Update on Activities Related to Mexican Energy Market Reform**

On February 23, 2017, the WGQ Executive Committee will discuss and consider a no action recommendation for 2017 WGQ Annual Plan Item 5.a – Consider and determine if a need for a Mexican Addendum or Base Contract, and 2017 WGQ Annual Plan Item 5.b – Develop the Mexican Addendum or Base Contract according to the analysis completed in Item 5.a. Just before the winter holidays, the WGQ Contracts Subcommittee held a conference call to begin the discussion on the annual plan item. After citing a lack of participation and support during the meeting for the development of either a Mexican Addendum to the NAESB Base Contract for Sale and Purchase of Natural Gas or an entirely new contract for the Mexican market, the subcommittee voted out a no action recommendation.

Per the NAESB process, the recommendation was posted for a thirty day formal industry comment period that began on January 24, 2017 and concluded on February 22, 2017. To date, one comment has been submitted from Tennessee Valley Authority. That comment emphasizes that the U.S. gas and electric markets would benefit from the strengthening of a relationship between NAESB and Mexico’s Comisión Reguladora de Energía (CRE), an agency that has expressed interest in the development of the contract or addendum. Further, the comment requests that the WGQ Contracts meeting be rescheduled in coordination with those parties who expressed interest in the effort before adopting the no action recommendation.

Driven by queries from several entities interested in the newly reformed Mexican environment, NAESB has attained a verbatim Spanish translation of three of its WGQ Contracts. The NAESB WGQ 6.3.1 - NAESB Base Contract for Sale and Purchase of Natural Gas; the NAESB WGQ 6.3.1.CA - Canadian Addendum; and the NAESB WGQ 6.5.3 - NAESB WGQ Model Credit Support Addendum are now available to NAESB members and for nonmember purchase. The contracts may be accessed on the NAESB website.