##### August 20, 2025

**TO:** All Interested Parties

**FROM:** Amrit Nagi, Staff Attorney

**RE: WGQ Contracts Subcommittee Activities**

The WGQ Executive Committee approved a recommendation in response to WGQ Annual Plan Item 5, which directed the subcommittee to review and update, as necessary, the Renewable Natural Gas Addendum (RNG) Addendum to address new regulations or new market developments related to RNG transactions under the NAESB Addendum to the NAESB Base Contract for the Sale and Purchase of Natural Gas. The WGQ Contracts Subcommittee met four times to align the RNG Addendum with the EPA’s Biogas Regulatory Reform Rule (BRRR), with updates including refined tracking mechanisms, Renewable Identification Number (RIN) generation, and compatibility with the EPA’s Moderated Transaction System (EMTS). The revisions introduce changes intended to improve the accuracy and reliability of RIN generation and tracking by shifting responsibility to RNG producers at the point of biogas conversion. The use of the EMTS is anticipated to reduce reliance on manual processes and may enhance auditability and transparency. The addendum also includes provisions that could offer greater flexibility in RIN transfers, such as allowing RINs to be moved prior to physical gas delivery, with pricing potentially tied to market-based credit values. Definitions have been updated to align with EPA terminology, outdated storage requirements have been removed, and optional carbon intensity terms have been added to accommodate evolving program needs. These changes aim to improve the addendum’s usability across a range of RNG transaction scenarios while maintaining consistency. The recommendation was ratified and became a final action on July 28, 2025.

Also, during the meeting in which the modifications to the RNG Addendum to the Base Contract were approved on June 26, 2025, the WGQ Executive Committee (EC) determined to remand the proposed NAESB Base Contract for the Sale and Purchase of Hydrogen back to the WGQ Contracts Subcommittee for further review. Specifically, the WGQ EC requested that the subcommittee consider the development of a FAQ Document to support the proposed contract, an additional addendum that can support transaction in the Canadian market, and potential revisions to address concerns raised as part of the formal comment process and during the meeting. In response, the subcommittee has held three meetings to date, to clarify some of the contract terms (e.g., carbon intensity and transaction types) requested by the WGQ EC, to begin drafting an FAQ to guide usage, and to consider how a Canadian Addendum with country-specific legal and tax provisions could support international transactions. The subcommittee is planning to finalize the revised recommendation by September 16, 2025 in time for the October 2025 Executive Committee.

The proposed contract was developed by the WGQ Contracts subcommittee over ten meetings, and was approved through a vote on February 27, 2025. Drawing from existing NAESB agreements, it incorporated terms and conditions from the NAESB Base Contract for the Sale and Purchase of Natural Gas, the Certified Gas Addendum for certificate tracking and references to Energy Attribute Certificates (EACs). Additionally, the draft included terms from the NAESB Master Agreement for Purchase, Sale, or Exchange of Hydrocarbons related to transportation and a placeholder for carbon intensity values. A March 2025 comment period yielded six comments, relating to how carbon intensity should be tracked and when it applies, how Energy Attribute Certificates (EACs) are handled, and the risks of endorsing a single CI protocol too early. These comments reflected a push to make the contract more flexible and easier to use, prompting the WGQ Executive Committee to remand the draft for further refinement.