**2022 NAESB WGQ Annual Plan Item: Responsibly Sourced Natural Gas Addendum**

**4/14/2022 NAESB Board of Director’s Motion Approved: Develop a Responsibly Sourced Natural Gas (RSG) Addendum to the NAESB Base Contract for various program offerings. (Underway)**

**11-17-2022:** NAESB WGQ Contracts Subcommittee (SC) initial meeting to define scope and start work.

Plan for development of draft Addendum (**11/17/2022**)

* 1. Meeting schedule (dates) at 2-4 PM.
     1. **Initial meeting held June 2, 2022**
     2. **Thursday, June 16, 2022**
     3. **Tuesday, June 28, 2022**
     4. **Thursday, July 21, 2022**
     5. **Tuesday, August 2, 2022**
     6. **Thursday, August 18, 2022**
     7. **Thursday September 15, 2022**
     8. **Thursday, September 29, 2022**
     9. **Thursday, October 6, 2022**
     10. **Thursday, October 25, 2022 (1:00 to 4:00 PM)**
     11. **Thursday, November 17, 2022 (1:00 to 4:00 PM)**
     12. **Tuesday, December 6, 2022 (1:00 to 4:00 PM) (if needed)**
  2. **November 17th** – Final meeting (1-4 PM) for review of Certified Gas Addendum, Exhibit A and FAQs and vote on recommendation.
  3. This discussion will take place after review of the addendum’s terms and conditions are updated on the **Parking Lot** on page 2. Comments and other items may require balance vote for resolution are organized under separate topics.
  4. After completion and adoption of addendum and related documents as standard, work to continue to develop electronic dataset version of addendum including associated Technical Implementation of Business Process (TIBP) instructions.

Next meeting work efforts:

* Anticipate Final Meeting November 17, 2022 with Balance Vote on recommendation for CG Addendum and Exhibit A.
* If an additional meeting is needed, confirm date/time **(December 6, (Tuesday), 2022, at 1-4 PM)**
* SC working documents for SC discussions will be posted for participants review approximately prior SC meeting.

**Parking Lot**:

* **NAME FOR ADDENDUM:** Discussion and possible Vote on name
  1. **EDF [10-24]:** Contractually Certified Gas” or “Independently Certified Gas.” Either of these terms would allow the parties flexibility in contracting while also making clear to customers, regulators, and investors that the commodity transacted is not subject to a mandatory and enforceable regulatory regime and in no way guarantees emissions reductions.
  2. **Project Canary:** “Responsibly Sourced Gas”
  3. **MiQ:** do not use term RSG (marketing hype, not neutral, leads to greenwashing accusations)
  4. Retain current placeholder: “Certified Gas”
* **FACILITIES:** Discussion and possible Vote on terms and conditions
  1. **MiQ:** Current definition of “Facility(ies)” definition 2. and Exhibit A
  2. **EDF [10-24]:** The definition of “Facilities” should cover all natural gas production equipment (including wells) in a producer’s operating basin, consistent with the existing definition of “facility” promulgated by the U.S. Environmental Protection Agency. See 40 C.F.R. § 98.238 (“Where a person or entity owns or operates more than one well in a basin, then all onshore petroleum and natural gas production equipment associated with all wells that the person or entity owns or operates in the basin would be considered one facility.”)**.**CG Exhibit A: If the definition of “Facilities” does not cover all natural gas production equipment, NAESB should include the following language on Exhibit A, under “Facility(ies) or Well(s) Information:” “The production of these assets represents a \_\_\_% share of the entire production portfolio of seller. The company-wide methane intensity of Seller’s production assets is \_\_\_%.”Review U.S. EPA definition ()
  3. **COP:** Facility(ies) should be narrowly defined to allow flexibility consistent with the applicable certification to be used.
  4. **COP:** The MiQ definition captured in the Oct. 25th Draft Addendum is appropriate.
  5. **COP:** Monitoring is adequately captured in the certificate, but COP doesn’t object to a checkbox section in the addendum if that level of transparency is desired.
* **Certificates, Certification, and Verification:** Discuss and possible vote on approach
  1. **EDF [10-24]:** Certification program needs verification from an independent third party, “Verification Provider.”
  2. **EDF [10-24]:** For a certification program to be deemed credible, there must be an appropriate degree of independence between the Certification Authority and (1) the Operator, (2) the technology or data provider, and (3) the auditor or validator.
  3. **MiQ:** Industry ‘best” practice for the CG transaction market:
     1. Addendum terms and conditions should require Certificates issued by a Certificate Authority,
     2. Certificates shall be verified by an independent third party, and
     3. Certificates **shall** be recorded in a “registry” or equivalent electronic database to track the certificate from initial creation/issuance by a Certification Authority, certificate transfers under a transaction, and ultimate retirement of a certificate, as applicable.
  4. **COP:** Addendum as strictly a **transactional tool** between buyers and sellers and structured in a way to maximize transactional possibilities.
     1. COP supports broader language to allow for transactions that utilize frameworks that provide measurement, reporting, and verification but don’t classify themselves as certifiers (e.g. OGMP). The currently contemplated draft forecloses the opportunity to utilize such frameworks and can unnecessarily pressure entities to use a narrow set of frameworks despite delivering the same or better results,
     2. **EDF [10-24]:** If the Addendum is strictly a transactional tool, the accompanying FAQ document must make clear that NAESB is not promulgating standards related to certified gas—it is simply aiming to facilitate transactions. Thus, if Certified Gas is to be used to meet federal or state certified gas programs, it would need to independently comply with the requirements and standards of those programs.
  5. Section 3.5 – CG Transaction identifying party responsible for Registry Tracking System, if applicable (option for Buyer/Seller no to specify any Registry Tracking System). Also Exhibit A – default YES, option under Registry Tracking System to designate “No”
     1. **EDF [10-24]:** The qualifying language “if applicable” should be removed. As made clear in the FAQ document, “registry tracking systems should be used since it is anticipated that CG transactions may require participation in a registry tracking system by buyers in the CG markets.” Requiring use of a registry will allow for more uniform and consistent tracking of CG transactions, and increased transparency will benefit this nascent market.
     2. **COP:** The “if applicable” condition should be maintained regarding the use of Registry Tracking System until registry is shown to be the market standard.
* **FAQs:**
  1. Review current FAQ document dated 20221117.
  2. **EDF [10-24]:** There should be an opportunity to discuss and vet the FAQ document. Add to recommendation for NAESB to commit to revisiting the addendum after two years of industry’s additional experience with the certified gas market. Annual Plan provisional item.
* **Additional Principles**
  1. **No principles proposed for review**