

June 14, 2022

VIA EMAIL

Attn: Chair
Contracts Subcommittee
Wholesale Gas Quadrant
North American Energy Standards Board

Dear Chairperson:

RE: Draft Responsibly Sourced Gas Addendum to the NAESB Base Contract for Sale and Purchase of Natural Gas

I am writing on behalf of Emera Energy Services Inc. (“Emera Energy”) to offer comments on the NAESB WGQ draft Responsibly Sourced Gas (“RSG”) Addendum (the “Draft RSG Addendum”).¹ Emera Energy appreciates NAESB’s focus on this rapidly developing area of the wholesale gas industry.

Emera Energy is a leading natural gas and power wholesale marketing and trading company. Our trading counterparties include local distribution companies, gas producers, independent power producers, other industrial customers, and others. We are a wholly owned subsidiary of Emera Inc. (TSX:EMA).

We are submitting a mark-up of the Draft RSG Addendum with this letter, and in addition we would like to make the following general comments:

1. We support NAESB’s approach of being “standard-agnostic”. The Draft RSG Addendum would allow market participants to specify the certification authority and rating they want to use, which provides a necessary degree of flexibility as this market develops.
2. The lack of widespread adoption by market participants of one or more registries / digital tracking systems for RSG is a current impediment to completing RSG transactions, and may therefore also impede the adoption of the NAESB RSG Addendum. This tracking infrastructure is being developed (for example Xpansiv’s

¹ Chair Workpaper 06/02/2022.

Digital Natural Gas product), and market participants will benefit from the ability to securely track and transfer RSG. We note that the Draft RSG Addendum does not appear to contemplate the use of any digital registries or tracking system(s) in order to transfer title to RSG or its environmental attributes. We hope that NAESB plans to accommodate this development.

3. A key goal for the developing RSG market should be to enable unbundled transactions, i.e. it should be possible to separate the environmental attributes of RSG from the associated natural gas and track and transact them separately. We expect that the tracking system(s) and registries discussed in (2) above will enable this. Again, we hope that NAESB will be proactive in developing or adapting standards to accommodate this development.

I would be pleased to discuss any of our comments in more detail if that would be helpful. You can reach me at keith.sutherland@emeraenergy.com or 902.474.2195.

Yours truly,

Keith Sutherland
Sr. Legal Counsel