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North American Energy Standards Board, Wholesale Gas Quadrant

Via Electronic Mail

Re: Standardized Contract, Responsibly Sourced Natural Gas

June 14, 2022

To Whom It May Concern:

Thank you for the opportunity to comment on the addendum for responsibly sourced natural gas as part of the *NAESB Base Contract for Sale and Purchase of Natural Gas*. Argus Media looks forward to working with your members to provide natural gas price index data as the market for responsibly sourced gas (RSG) continues to develop.

Argus is a worldwide publisher of price indexes for energy and other commodities. We are aware of the meticulous precision employed by your members in delivering trade data to index publishers, known globally as price reporting agencies (PRAs). We wish to continue to make that process as easy as possible.

Argus already publishes indexes for many environmental certificate markets and is likely to publish a growing number of indexes for renewable natural gas (RNG) and RSG. While we understand that RSG is a nascent market, it is unclear from the Chair Workpaper of 06/02/22 if RSG certificates themselves will be traded, or if RSG has a different value and trades in a different market than legacy natural gas.

For example, there is a reference in the Chair Workpaper to an “RSG Spot Price.” While it may be outside of the scope of the WGQ to define this spot market, it is unclear if the “RSG Spot Price” is: a) the value of gas under existing trading regimes plus a certificate value; or b) a separately negotiated value based on the environmental attributes of gas that is certified.

To pose the question another way, it can be assumed that the statement of RSG environmental attributes on Exhibit A in the Chair Workpaper simply restate the terms of the certificate. Does the certificate itself function as a price adder, or do the environmental attributes simply allow the commodity to be traded in an RSG spot market?

The WGQ has shown considerable foresight by including a definition for Disqualified RSG in the Chair Workpaper. Argus looks forward to learning how gas that had received a certificate could later be disqualified.

Argus also would recommend that that differences between the addendums for Renewable Natural Gas and Responsibly Sourced Gas be exceptionally clear, to avoid any confusion between them.

The Wholesale Gas Quadrant has said that the addendum for responsibly source gas will include standards that will enable additional efficiencies through the use of distributed ledger technologies and smart contracts.

As the RSG market develops, Argus would appreciate being made aware of follow-up meetings and opportunities to comment. You may direct questions and responses to me below.

Sincerely,

David Givens

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