



September 5, 2023

VIA E-mail: naesb@naesb.org

North American Energy Standards Board
Wholesale Gas Quadrant (WGQ) Contracts Subcommittee
1415 Louisiana, Suite 3460
Houston, Texas 77002

Re: Comments to (1) Standards Request R23001 and (2) the Comments Submitted by Cheniere in Response to Standards Request R23001

Dear Sir or Madam:

GPA Midstream Association ("**GPA Midstream**") appreciates this opportunity to submit comments regarding Standards Request R23001.

GPA Midstream has served the U.S. energy industry since 1921 and represents over 50 domestic corporate members that directly employ 55,000 employees that are engaged in the gathering, transportation, processing, treating, storage and marketing of natural gas, natural gas liquids (NGLs), crude oil and refined products, commonly referred to as "midstream activities." The work of our members indirectly creates or impacts an additional 400,000 jobs across the U.S. economy. In 2022, GPA Midstream members operated over 250,000 miles of gas pipelines, gathered over 85 Bcf/d of natural gas and operated over 375 natural gas processing facilities that delivered pipeline quality gas into markets across a majority of the U.S. interstate and intrastate pipeline systems.

GPA Midstream is interested in Standards Request R23001 because its members, many of whom are also members of North American Energy Standards Board, transact purchases and sales of natural gas and operate pipelines and processing facilities involved in the natural gas supply chain. Our members have historically used the NAESB Base Contract for Sale and Purchase of Natural Gas ("**Base Contract**"), appreciating its balanced approach regardless of whether a party is selling or purchasing natural gas. Our members regularly execute a single Base Contract under which they perform multiple Transaction Confirmations, simultaneously acting as a purchaser and as a seller. Our members have appreciated the Base Contract structure that provides for comprehensive and balanced general terms applicable to gas sales generally, specifies unique transaction terms within each Transaction Confirmation, and personalizes general terms as may be applicable between parties via Special Provisions. GPA Midstream opposes Standards Request R23001 because it upsets the NAESB Base Contract's balanced approach for sellers and purchasers of natural gas. The proposed changes eliminate a key benefit of the NAESB Base Contract -- its streamlined contracting process, instead tilting the form in favor of purchasers of natural gas.

The proposed changes assume that all sellers of natural gas construct, operate and maintain the physical facilities that the NAESB Gas-Electric Harmonization (GEH) Forum asserts require encouragement from market forces to weatherize. As the members of the WGQ are familiar, participants facilitating the sale of gas to the electricity market are diverse and perform independent

and discrete roles in the natural gas supply chain, including as producers, gatherers, processors, transporters, and marketers. Gas sales occur at the wellhead, at processing plant tailgates, at pipeline connections, within pipelines, at city gates, and more. The proposed modifications to the Base Contract complicate its form and shift risks to gas sellers regardless of their ability to effect the GEH Forum's desired goal. It is unsurprising that parties who are typically gas purchasers might favor the commercial benefits of such a shift, also likewise without regard for whether the risk shift may effect the GEH Forum's desired goal.

GPA Midstream agrees with the comments submitted by Sabine Pass Liquefaction, LLC on behalf of itself and Corpus Christi Liquefaction, LLC and Cheniere Creole Trail Pipeline, L.P. (collectively, "*Cheniere*") that the proposed revisions identify concepts "either generally already addressed in the General Terms and Conditions of the Base Contract for Sale and Purchase of Natural Gas, or they raise specific issues that should be negotiated between counterparties in the Special Provisions and/or Transaction Confirmation." We observe that the existing Base Contract already requires that a Force Majeure is a cause "not reasonably within the control of the party claiming suspension", that "Seller and Buyer shall make reasonable efforts to avoid the adverse impacts of a Force Majeure and to resolve the event or occurrence once it has occurred in order to resume performance", and that the relief is limited "to the extent and for the duration of Force Majeure." We echo Cheniere's observation that invalid Force Majeure declarations are addressed by objection of the declaration and demand for cover damages, concepts already well addressed in the Base Contract.

Therefore, GPA Midstream urges a no-action recommendation by the WGQ Contracts Subcommittee with regard to Standards Request R23001. We appreciate the opportunity to submit these comments and would be pleased to engage further on the topic.

Respectfully submitted,



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