

Final draft Clean of response to Request for Interpretation C02003

Text of Request:

The processing of “title transfer tracking” transportation nominations for parties other than shippers or shipper’s agents would seem to run counter to the Commission’s “shipper-must-have-title” policy. A TSP could file a tariff service that among other things, would ensure that a 3PAD in its role as TTTSP would conduct its operations in a manner consistent with the “shipper-must-have-title” policy.

Please clarify that language in Standard 1.3.66 is not intended to prohibit a TSP from defining its relationship with a 3PAD under its tariff. Additionally, please clarify that where the TSP is the TTTSP, Standard 1.3.66 does not obligate the TSP to process transportation nominations from a party that is not a shipper under an effective service agreement or a party authorized by the shipper to act as its agent for purposes of making nominations.

Restated Request:

Part 1. If a Transportation Service Provider (TSP) is the Title Transfer Tracking Service Provider (TTTSP) how does the “shipper must have title” rule come into play?

Part 2. Where the TSP is interacting with a Third Party Account Administrator (3PAD) how does the “shipper must have title” rule come into play.

Part 3. Does NAESB WGQ Standard 1.3.66 permit a TSP to define its relationship with a 3PAD under its tariff?

Related Standards

Text of Interpretation:

NAESB WGQ Standard 1.3.66 states:

All Third Party Account Administrators (3PADS) wishing to provide title transfer tracking services shall so notify the Transportation Service Provider (TSP). All coordination between 3PADS and a TSP should be performed under a contract between the parties. Where the TSP is a Title Transfer Tracking Service Provider on its system, tariff provisions (terms, conditions and rates) or general terms and conditions of the TSP, may take the place of a contract.

Parts 1 and 2:

As the name suggests, TTT is the process of tracking title as it progresses from Account Holder to Account Holder, and therefore, it is appropriate to require that Account Holders hold the title to the gas that they are transferring to another party. A TTT nomination, while it does not cause “transportation” from one location to another, should

still be governed by the same intent as the “shipper must have title“ rule, whether the TTTSP is the TSP or a designated 3PAD. However, similar to a TSP, a 3PAD is only a facilitator to the TTT process for its Account Holders and therefore, is not a “shipper.” As is the case with a TSP, the 3PAD should not be subject to the “shipper must have title“ rule, unless the 3PAD is also assuming the role of an Account Holder.

Part 3:

There is nothing in NAESB WGQ Standard 1.3.66 that precludes a TSP from defining its role with respect to a 3PAD under its tariff. The standard however does require that there be a contract between the parties. It would seem that much like a tariff defines the roles and responsibilities of others (ex. Service Requesters) with contracts (ex. Transportation Service Agreements) with the TSP, that the tariff could also define the respective roles and responsibilities of the 3PAD and the TSP with respect to their interactions consistent with the TTT standards.