

Final ~~irst~~ draft (redline) 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 and how does the 3PAD communicate with the TSP?

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.

Part 1:

A Title Transfer Tracking (TTT) nomination is not a transport nomination. Because there are transportation nominations before and after TTT but not during TTT, then the “shipper must have title” rule would always apply for transporting and not be affected by the occurrence of TTT in between the transportation nominations. Where the TSP is

performing in the role of a TTTSP, it can of course require that the Account Holders hold title to the extent they are participating in TTT activity with the TTTSP. In fact, as the name suggests, TTT is the process of tracking title as it progresses from Account Holder to Account Holder and it would be appropriate to require that Account Holders hold the title they are transferring.

Part 2:

Again, a TTT nomination is not a transport nomination. Because there are transportation nominations to the TSP involving transportation of gas to the TTT location (i.e., before the initiation of TTT activity) and involving transportation of gas away from the TTT location (i.e., after the conclusion of TTT activity) but there are no transportation nominations made to the TSP during the progress of the TTT activity, the “shipper must have title” rule is not implicated with respect to the TTT activity within the 3PADs purview. With regard to the process of tracking title as it progresses from Account Holder to Account Holder during the progress of TTT activity, it would be appropriate for the 3PAD to be required by the TSP to assure the TSP that the applicable Account Holder(s) hold the title they are transferring from the Service Requesters bringing gas to the TTT location as well as hold the title they are transferring to the Service Requesters transporting the gas away from the TTT location.

Part 3:

There is nothing in Standard 1.3.66 that precludes a TSP from defining its role with respect to a 3-PAD 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.