



Submitted Via Email (naesb@naesb.org)

December 27, 2024

North American Energy Standards Board
1415 Louisiana Street, Suite 3460
Houston, Texas 77002

RE: Comments on Standards Request No. R24004 Concerning Distance Based Rates

NAESB Wholesale Gas Executive Committee:

The American Gas Association (“AGA”) appreciates the opportunity to provide these comments concerning Standards Request No. R24004 that proposes to add additional Data Elements to the North American Energy Standards Board (“NAESB”) WGQ Standard 3.4.1 Transportation/Sales Invoice dataset to accommodate the practice of charging Distance Based Rates for transportation services. AGA submits these comments to express concern about the adoption of non-common tariff provisions into NAESB standards.

I. Introduction

AGA, founded in 1918, represents more than 200 local energy companies that deliver clean natural gas throughout the United States. There are more than 78 million residential, commercial and industrial natural gas customers in the U.S., of which 95 percent — more than 74 million customers — receive their gas from AGA members. AGA is an advocate for natural gas utility companies and their customers and provides a broad range of programs and services for member natural gas pipelines, marketers, gatherers, international natural gas companies, and industry associates. Today, natural gas meets one-third of the United States’ energy needs.¹

II. Background

TC Energy Corporation (“TC Energy”) submitted a Standards Request to, “add additional Data Elements to the NAESB WGQ Standard 3.4.1 Transportation/Sales Invoice dataset to

¹ For more information, please visit www.aga.org.

Matthew Agen, Chief Regulatory Counsel, Energy, Office of General Counsel

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accommodate the practice of charging Distance Based Rates for transportation services.” The request was assigned No. R24004. The request was discussed during the October 8, 2024 and October 15, 2024 NAESB Business Practice Subcommittee (“BPS”) meetings. During those meetings, AGA raised an objection, noting that since TC Energy’s request involves a distance-based tariff provision that is not common for FERC-regulated pipelines. During a NAESB technical subcommittee meeting on October 24, 2024, AGA voted against advancing the Standards Request No. R24004 to the Executive Committee. On November 25, 2024, NAESB issued a notice seeking comments on Standards Request No. R24004 and established Friday, December 27, 2024 as the comment deadline.

III. Comments

AGA is concerned with the adoption of Standards Request No. R24004 because the request involves non-common distance-based tariff provisions, which do not raise to the level of industry standardization. Allowing Standards Request No. R24004 to become NAESB standards could set a precedent, whereby the expectation is that non-common tariff provisions can become an industry standard. Furthermore, if approved, Standards Request No. R24004 would create the false impression of commonality for the proposed distance-based rate mechanism, simply because such are in the NAESB standards.

While some FERC-regulated pipelines may have some manner of distance-based rates in the form described in Standards Request No. R24004, from discussions during several BPS meetings; however, it became apparent that distance-based rates of the type proposed in Standards Request No. R24004 are not common in FERC-approved tariffs. Furthermore, distance-based rates are even less likely to become common due to the increased prevalence of displacement or counter-flow transactions as pipelines adapt to changing supply and demand conditions.

Notably, previously other requests for uncommon provisions have not been adopted. In the past, albeit not often, BPS and the Executive Committee have denied requests to standardize unique Transportation Service Provider tariff provisions. Yet, those requesters went on to implement those same provisions without NAESB standardization, subject to approval from FERC and FERC’s regulatory process.

AGA has supported and assisted NAESB in the development of countless standards over the years, but AGA is not interested in supporting standardization for every provision of all Transportation Service Provider tariffs for a few reasons. First, while virtually any tariff provision would fall under the NAESB scope, too many standards will eventually become unmanageable. Second, adoption of such standards may impose additional programming and data storage planning requirements even for parties where such non-standard provisions are not applicable. Third, NAESB has a great reputation and rightly so. Thus, anything standardized by NAESB leaves the impression of additional commonality and industry acceptance whether it is broadly used or not, especially with regard to the distance-based rates in Standards Request No. R24004. Such tariff provisions are not common and do not rise to the need for NAESB standardization.

IV. Conclusion

The American Gas Association respectfully requests that the NAESB Wholesale Gas Executive Committee consider these comments on Standards Request No. R24004. AGA looks forward to continuing to work with NAESB on these important matters.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Matthew J. Agen", is positioned above a horizontal line.

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