



National Energy Marketers Association

By CRAIG G. GOODMAN



States Should Lead With Uniform Business Rules

THE U.S. ENERGY INDUSTRY is in the process of historic changes. Many states have realized that true price competition for energy and related services, products and technologies will be a reality sooner rather than later, and they are reviewing options to reap the maximum benefits for consumers. The question no longer is whether competition will occur. Rather, the questions policymakers and regulators nationwide face are when, how and under what rules and operating procedures will competition occur? These same issues, however, pose enormous challenges to competing energy providers that must plan for, invest in, and build the customer service and information infrastructure necessary to deliver energy and related services to consumers across the country in the most cost-effective manner possible.

It is clear to me that federal legislation will not mandate the level of detail necessary for competitive retail energy suppliers to make the investments necessary to serve customers nationwide. For natural gas and electricity to flow freely in interstate commerce in the lowest-cost, most efficient manner possible, a far greater degree of standardization and coordination among state and federal regulations, tariffs, contractual standards, technology standards and operating procedures are vital.

When, how and under what rules *and operating procedures will competition occur?*

In addition to mandating comparable treatment of competing suppliers, the Federal Energy Regulatory Commission and state public utility commissions must implement commercially practical standards, practices, procedures and technologies to permit energy and related service providers to invest in and construct the massive infrastructure necessary to acquire, transport, meter, bill, and support the delivery of natural gas, electricity and related value-added services and technologies from coast to coast. These rules must be the most uniform, pragmatic, commercially feasible, low-cost business practices and solutions possible with sufficient flexibility to grow with the new marketplace.

Old technology, IT systems and business practices should be replaced. Given the cost of duplicating computer and other infrastructure investments, the country cannot afford to waste this important opportunity by replacing old inconsistent standards with new inconsistent standards. In this regard, seamless and cost-effective communication is not only the key to lowering the cost of providing energy services to

consumers, it is also the key to reliability. The time to implement uniform standards, processes, contract terms, technology platforms and procedures is now. The costs of delay or duplication can be great.

At press time, the National Energy Marketers Association (NEMA) is seeking to forge a broad-based consensus on standards to implement retail energy competition and striving to reach a consensus document on uniform business rules and practices during the first half of next year. Until then, there are several obvious and low-cost rules that can be standardized immediately, yielding significant public benefit.

Procedures for energy marketers to sign up new customers must be easy to understand, and customers should be permitted to consent to new service in writing, over the telephone or by electronic means (e.g., the Internet). Switching energy suppliers should not be more complicated than switching long-distance telecom providers.

Customer information must be available in a timely, accurate, low-cost and usable format. Historical, nonproprietary information must be available to the marketplace in a low- or no-cost manner. If historical usage data is unavailable or unusable, suppliers may over- or under-deliver energy on the peak days when energy is needed most. Timely and accurate information permits the marketplace to balance supply and demand at the lowest possible cost.

Consumers prefer one bill. Energy marketers should be able to use one billing format across multiple jurisdictions. Printing and mailing bills and related information is a specialized, full-time business for many competitive suppliers. Regulators, however, must be careful not to grant exclusive monopoly rights to new competitive businesses such as these that are needed to restructure the U.S. gas and electricity businesses.

Obvious, practical business rules and solutions like those mentioned above can be adopted quickly and yield significant benefits to the consuming public and the marketplace. NEMA is a national nonprofit trade association representing a regionally diverse cross-section of both wholesale and retail marketers of natural gas, electricity, and related services and technologies.

Anyone wishing to join our efforts to bring meaningful competition to U.S. energy markets may contact us at 202/333-3288 or www.energymarketers.com. ■

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