

# The **ENERGY** Report

## Marketers group says lack of standards is enormous barrier to energy commerce

The National Energy Marketers Assn. is aiming to complete a comprehensive set of proposals this fall to establish uniform rules for doing business throughout North America for marketers of electricity, natural gas and related services.

NEMA President Craig Goodman said present rules that vary from utility to utility are an enormous barrier to competition and will rob customers of billions of dollars in potential savings, unless they are replaced with uniform standards.

"It is incredibly important — I can't tell you how important it is, not only for our members but to consumers in terms of the cost of delivering energy to have uniform tariff provisions to effectuate a national energy delivery system," said Goodman, whose association represents producers, generators, transporters, and marketers of energy services and related technologies.

He said his 200-member organization's proposals are far broader and more detailed than the efforts by the Coalition for Uniform Business Rules and (CUBR) Edison Electric Institute. NEMA started its work last October.

He said EEI and NEMA have a joint effort to standardize wholesale power contracts and that CUBR has a very solid, but narrow group of rules that are important to NEMA members who include such heavyweights as Dynegy, Duke Energy, Entergy Power Marketing Corp, Sempra Energy Solutions as well as regional businesses.

However, NEMA said there is far more work to be done to bring standardization across the hundreds of investor-owned utility service areas in the United States and Canada as well as thousands of municipal service areas.

"We are hoping our efforts, together with other organizations could bring uniformity to these rules much quicker than a GISB type of effort by FERC or other organization," Goodman said, referring to the Gas Industry Standards Board of gas industry-oriented companies, which frequently advises the Federal Energy Regulatory Commission on electronic data exchange matters. "The more we can agree on, the easier it is going to be to get these standards implemented, he continued, referring to the efforts of other industry groups.

The rules will determine to what extent competition unfolds in North America in the gas and electric industries and how much customers save, Goodman said, which is the primary reason laws are being passed to allow competitive sales of power, gas and energy services.

"Delivering power and gas to the retail customer is so difficult because of the enormous infrastructure that's necessary due to the lack of uniform business rules," he

continued, referring to the software programs and office support that must be set up.

While uniform national standards will allow marketers to sign up coast-to-coast commercial store, hotel and restaurant franchises and other multisite energy users, the ability to bring cheaper energy and services to residential and small business users would be even more pronounced, he said.

The simplest example of changes NEMA is seeking, Goodman said, involves signing up customers. "One utility might require you to nominate a customer every day or it won't be your customer at all. Another utility will want the nomination on the 10<sup>th</sup> of each month," he explained. "One state may have five or more ways of telling a utility that a specific customer is yours, not the utility's."

Due dates for bills and when customers get the first bill and last bill and when the meter is turned on and off are other basic examples. "You could have 35 or 40 permutations on just one variable. Each would require different software applications," Goodman said.

"Each service territory has its own home-grown way of doing business that goes back a long time. To require uniformity in all 300 of these jurisdictions will lower the cost of energy and doing business for everybody," he said.

Whether a customer can be signed up over the Internet, metering procedures, and customer record-keeping and access to those records are among many other issues in which rules vary from utility to utility.

"We have to actively seek to implement uniform rules in every single jurisdiction our members want to do business," Goodman said. "And our members are national energy marketers. It is an enormous undertaking to make sure the retail details are in place."

NEMA will hold a conference Nov. 11 in San Antonio with national uniform business standards as a major topic. It will follow NARUC's Annual Conference, which starts on Nov. 7, also in San Antonio.

While some utilities have been resistant to change and see their tariff rules as a way to keep competition for their customers to a minimum, utility marketing affiliates are more inclined to see the value of uniform standards, Goodman said.

"Utility affiliates realize that the growth is outside their utility service area, and it is just as vexing for them as for an independent marketer. We are finding our utility affiliates are so frustrated trying to do business outside their territories that they are among our boldest and most aggressive leaders in this effort," Goodman said.