

Market Participant Interactions

Model Business Practices

(Title Page)

Note to Reader:

This document represents a re-formatting of the CUBR/EEI Uniform Business Practice Chapter VIII., as red-lined at the October 23, 2003 REQ/RGQ SUIS meeting in Pensacola.

The author of this version, Bill Newbold, has made a variety of additions based on his interpretation of the intent of the original document. These are shown in red text and are intended to provide a starting point for discussion. They have not been reviewed by SUIS and the author is solely responsible for their content.

One of the decisions for the December 3, 2003 SUIS Conference Call will be whether or not this document is appropriate to use as a starting point for comments to be collected prior to and discussed at the January 13 SUIS meeting in Atlanta.

*Bill Newbold
November 5, 2003*

Version Notes

(To be completed)

Introduction

(To be completed)

Executive Summary

(To be completed)

Business Process and Practices

A. Overview

(Kept for the time-being at Oct 23, 2003 SUIS Meeting)

This chapter presents an overview of topics that provide support for the interactions among Market Participants outlined in the other sections. Successful development and operation of competitive energy markets require that all market participants have a clear understanding of their roles and the obligations. Role definition incorporates not only the processes and functions to be performed, but also describes interactions and communications necessary among Market Participants to enable the market to function efficiently.

Expectations and the obligations associated with the roles will be defined by applicable laws, regulations, agreements executed between market participants, and operational or procedures manuals—collectively referred to here as “Governing Documents”. Where the roles and responsibilities of the market participants create financial risks and/or obligations among Market Participants, the establishment of creditworthiness requirements between the parties may be appropriate. Performance Standards should be established for key processes and transactions to ensure that all parties fulfill their roles. Performance targets established by these standards should reflect the market’s maturity and recognize the need for tolerance to accommodate extraordinary events. Performance standards agreed to by the market participants should be recorded in the governing documents including any remedies for failing to meet the standards.

The participants recognize that documents and performance standards will vary depending on the jurisdiction, but suggest that key elements outlined in this section need to be in place for all parties to be aware of their responsibilities. An outline for a **Distribution Company-Supplier Service Agreement** that would capture applicable agreements and obligations between the Distribution Company and the Supplier is provided to establish direction when developing these market-tools.

Principles

The Governing Documents developed for a given geographical market area should be comprehensive so that all market participants have a clear understanding of their roles and the obligations.

This role definition should include, not only the processes and functions to be performed, but also describe interactions and communications necessary among Market Participants to enable the market to function efficiently.

The Applicable Regulatory Authority and the Market Participants should strive to minimize the number of and complexity of Governing Documents.

Performance Standards should be established for key processes and transactions to ensure that all parties fulfill their roles.

A uniform “certification” process is desirable to ensure that new entrants to a market are qualified to perform their roles.

Definitions

Applicable Regulatory Authority: The state regulatory agency or other local governing body that provides oversight, policy guidance, and direction to any parties involved in the process of providing energy to retail access Customers through regulations and orders.

Customer: Any entity that takes gas and/or electric service for its own consumption.

Distribution Company: A regulated entity which provides distribution services and may provide energy and/or transmission/transportation services in a given area.

Distribution Company Operational Manuals: Documents prepared and published by Distribution Companies that describe in detail operating processes/procedures it will use with Suppliers to perform retail access functions, so that Suppliers are aware of, and can fulfill, their responsibilities.

Distribution Company-Supplier Service Agreement: A bi-lateral contractual agreement between the Distribution Company and the Supplier that determines the parties’ roles, responsibilities, and interactions in serving retail access Customers. Usually this will be the “master” agreement that will cover most aspects of providing retail access service. There may be one or more subsidiary agreements, covering specific functional areas.

Governing Documents: Documents that determine the interactions among parties, including, but not limited to, regulatory documents (e.g., tariffs, rules,

regulations), contractual agreements, and Distribution Company Operational Manuals.

Market Participant: Parties engaged in the process of providing competitive retail energy to end-use customers including, but not limited to, the Distribution Company, the Supplier, the Registration Agent, the settlement agent, the transmission/transportation provider, and the meter reading entity.

Market Participant Service Agreement: Bi-lateral contractual agreements between Market Participants that determine the parties' roles, responsibilities, and interactions in serving retail access Customers. These include the Distribution Company-Supplier Service Agreement and any other agreements executed between a pair of Market Participants to facilitate retail access (for example: a contract between a meter reading entity and the Supplier detailing how usage data will be provided).

Registration Agent: An entity facilitating switches and performing record-keeping for a specified geographical area.

Regulatory Documents: Tariffs, rules, and regulations established by the Applicable Regulatory Authority that provide the policy framework for Retail Access. Regulatory documents create a legal obligation to the state.

B. Model Business Practices

3.1 Overall

3.1.1 Model Business Practices

3.1.1.1 xx.

3.1.1.2 xxd.

3.1.1.3 y.

3.1.2 Datasets

None

3.1.3 Models

None

3.2 Governing Documents

3.2.1 Model Business Practices

3.2.1.1 Governing Documents should have the following hierarchy:

- Regulatory Documents
- Contractual agreements (Distribution Company-Supplier Service Agreement, other Market Participant Service Agreements)
- Distribution Company Operation Manuals

3.2.1.2 Requirements, processes, and procedures specified in subsequent levels of this hierarchy should be consistent with requirements established at preceding levels. (e.g. Operation Manuals should be consistent with contractual agreements which should be in conformance with Regulatory Documents)

3.2.1.3 **The Governing Documents should be comprehensive in scope, covering all needed interactions between the parties.** At a minimum, the following operational items should be addressed in Governing Documents, as applicable:

- Any fees or charges (to Supplier);
- Switching; (what constitutes customer authorization?)
- Imbalances;
- Load Profiles;
- Scheduling;
- Customer Billing; (and payments)
- Metering; (incl. meter reading, interval data (how made available to suppliers))
- Retail Settlements; (incl. Determination of hourly load)
- Scheduling Coordinators;
- Losses;
- Customer Information; (what constitutes customer authorization, confidentiality of customer information)
- Dispute Resolution Process;
- Standard operating rules;
- Performance Incentives and Standards; (and remedies)
- Creditworthiness, [and](#)
- Uniform Electronic Transaction Standards.
- Additional items
- Disconnection of service, [and](#)
- Customer service, inquiries, complaints,

3.2.1.4 **The level of Governing Document where particular topics are addressed may vary as needed to meet the requirements of the Applicable Regulatory Authority, to meet the needs of the Market Participants involved, or to meet the needs of the specific subject matter (such as meter reading).**

3.2.1.5 **Detailed processes and procedures should be addressed in the lowest level governing document possible to facilitate changes to keep up with future market developments.**

3.2.2 Datasets

None

3.2.3 Models.

None

3.3 Regulatory Documents

3.3.1 Model Business Practices

- 3.3.1.1 Market Participants will depend on Regulatory Documents established by the Applicable Regulatory Authority to provide the policy framework for retail access, including the following:
- All fees and/or credits required for regulated services,
 - Definitions of roles and responsibilities, including what has to be done, by when and by whom,
 - Definitions of regulatory policy in such areas as, billing options available, metering options available, creditworthiness standards and Load Profiling eligibility.

- 3.3.1.2 The content of contractual agreements between Market Participants and Distribution Company Operation Manuals should adhere to the policies set in Regulatory Documents.

3.3.2 Datasets

None

3.3.3 Models.

None

3.4 Contractual Agreements

3.4.1 Model Business Practices

- 3.4.1.1 Market Participants should execute contractual agreements with one another to establish the legal relationship and obligations between the parties in providing retail access service to Customers.
- 3.4.1.2 At a minimum, the Distribution Company and the Supplier should execute at Distribution Company-Supplier Service Agreement encompassing, either directly or through subsidiary agreements, all aspects of providing retail access service where these parties depend upon one another.

3.4.1.3 To the extent that some functions required for retail access service are performed by third parties, other than a Distribution Company or Supplier, this third party should execute Market Participant Service Agreements with the Distribution Company or Supplier, as applicable, for the service(s) provided.

3.4.1.4 At a minimum, Market Participants should execute:

- Trading Partner Agreements
- Metering Service Agreements
- Billing Service Agreements (if Consolidated Billing is used)

3.4.1.5 In addition to specifying the roles and responsibilities, the Market Participant Service Agreement should also:

- Define the communication process between the parties,
- Set forth performance expectations,
- Define data required to interact,
- Specify the optional services, such as billing method or metering options that one party will supply to the other along with the relevant terms and conditions, and
- Define the dispute resolution process.

3.4.2 Datasets

None

3.4.3 Models.

3.4.3.1 Outline of a Distribution Company-Supplier Service Agreement

3.4.3.2 Outlines of subsidiary/other Market Participant Service Agreements

3.4.3.2.1 Billing Services Agreement

- REQ/RGQ CPS -- Model Billing Service Agreement

3.4.3.2.2 Metering Services Agreement (TBD)

3.4.3.2.3 Trading Partner Agreement (TBD)

3.5 Distribution Company Operational Manuals

3.5.1 Model Business Practices

- 3.5.1.1 Detailed Distribution Company processes and procedures regarding retail access not covered in Regulatory Documents or contractual agreements should be stated in Distribution Company Operational Manuals.
- 3.5.1.2 Operational manuals should be:
 - Be nondiscriminatory;
 - Be publicly available;
 - Be collaboratively developed and modified; and
 - Be acknowledged by the Applicable Regulatory Authority.

3.5.2 Datasets

None

3.5.3 Models.

None

3.6 Performance Standards

3.6.1 Model Business Practices

- 3.6.1.1 Performance standards should be developed for key retail access processes and should be published in the Governing Documents.
- 3.6.1.2 Market performance should be monitored, compared to these standards, and appropriate actions taken to achieve performance that meets the standards.
- 3.6.1.3 Performance standards should be:
 - Be nondiscriminatory;
 - Be publicly available;
 - Be collaboratively developed and modified; and
 - Be acknowledged by the Applicable Regulatory Authority.

- 3.6.1.4 Performance standards may be considered for the following operational items, as well as others:
- Customer Information Exchange
 - Customer information request responses issued within the appropriate time frame (indication of problems accessing and/or transmitting Customer information).
 - Customer Switching
 - rejected Switch Requests (indication of problems obtaining necessary validation data from Customer and/or passing data from Supplier to Distribution Company);
 - Customer notification letters issued within the appropriate time frame (indication that Customers are notified of Switching activity in time to take action if appropriate);
 - Customer rescissions (indication of Customer confusion, misinformation, and/or unauthorized Switching); and
 - Switch responses to valid Switch Requests (or Drop responses to valid Drop Requests) within specified time frame (indication of degree of automation and/or accuracy of Switching systems and ability to implement Customer choices).
 - Meter Usage and Meter Attributes Data Transfer
 - meter data provided within appropriate time frame (indication of degree of automation and/or accuracy of meter data management systems); and
 - estimated/missing data (indication of degree of automation and/or accuracy of meter reading and meter data management systems).
 - Billing
 - Bill Ready charges provided in the appropriate time frame (indication of problems receiving, calculating and/or transmitting bill-ready billing information within the billing window);
 - consolidated bills issued with all appropriate charges (indication that Customers are receiving timely and accurate consolidated bills); and
 - time to render bills after receipt of the non-billing party charges (indication that consolidated bills are issued promptly).
 - Payments
 - Customer payments provided by billing party to non-billing party within appropriate time frame (indication of problems exchanging cash transactions between the parties); and
 - purchased receivable payments made by the billing to the non-billing party within the appropriate time frame (indication of problems exchanging cash transactions between the parties).

3.6.2 Datasets

3.6.3 Models.

3.7 *Supplier Certification*

3.7.1 Model Business Practices

- 3.7.1.1 Distribution Companies should have a process to certify a Supplier's, or other Market Participant's, ability to perform the roles required of them in that Distribution Company's service area.
- 3.7.1.2 Distribution Companies should apply the certification process in a non-discriminatory manner to all parties who have met all statutory/regulatory requirements for the relevant jurisdiction (e.g. they have obtained a license, if Supplier licensing is required).
- 3.7.1.3 Certification requirements should be met prior to enrolling customers (if a Supplier) or prior to providing a service (other Market Participants providing services such as meter reading or billing).
- 3.7.1.4 Key elements of certification include:
 - Demonstrating the ability to exchange data and conduct business via the Uniform Electronic Transactions that have been developed for use in the jurisdiction.
 - Demonstrating of the ability to handle reasonably expected volumes of transactions accurately while meeting performance standards applicable to the market area.
- 3.7.1.5 Certification requirements should be published so that all potential Market Participants know what is expected
- 3.7.1.6 Demonstrations of required abilities should be in the form of standardized tests, such as the successful transfer of test data and a "penny test" to ensure funds transfers occur as planned.

3.7.2 Datasets

3.7.3 Models.

3.7.3.1