

Uniform Business Practices for the Retail Energy Market

Prepared for



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by



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UBP Sponsoring Organizations:

The Edison Electric Institute (EEI)
Coalition for Uniform Business Rules (CUBR)
National Energy Marketers Association (NEM)
The Electric Power Supply Association (EPSA)

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I. Introduction

In September 1999, the Edison Electric Institute (EEI), Coalition for Uniform Business Rules (CUBR), National Energy Marketers Association (NEM), and the Electric Power Supply Association (EPSA) announced that they had agreed to assemble an unprecedented partnership. The partnership would develop a consensus-driven set of national uniform business practices (UBP) for the retail energy market that would benefit all market participants. Business practices refer to the complex infrastructure of business operations and systems that underlie the retail energy market. Currently, practices are developed on a state-by-state or Utility-by-Utility basis, which creates an inherent barrier to the emergence of a truly national retail market.

The vision of this initiative, as developed by the participants involved in developing this document, has been to:

- a. Establish uniform “retail energy market” business practices that will benefit all market participants.
- b. Provide the retail energy marketplace direction to establish consistent operational practices.
- c. Utilize the experience and knowledge of the participants to provide recommended practices that will encourage innovation, competition, and increased options to benefit consumers.
- d. Provide all participants with a better understanding, knowledge and respect for each other, which will promote improvements in retail energy operations to the benefit of consumers.

The attached document presents a set of recommended business principles and practices to guide the interaction of various market participants where choice of a retail energy Supplier is being made available.

A. SCOPE OF THE UBP PROCESS

1. BACKGROUND

The design of the UBP process evolved from a series of EEI-sponsored regional meetings in the fall of 1999 to assess interest in developing national business practices, followed by a structure-setting meeting to organize a consensus UBP effort. Participants determined that the process should:

- a. Focus on practices, not policy;
- b. Focus on requirements, not responsibility for performing functions;
- c. Build on past experiences in the states and in earlier UBP efforts;
- d. Limit the scope to retail market processes, such as switching, billing, and metering, and not wholesale market functions;

- e. Include all market participants to the greatest degree possible, and utilize electronic communications (including an interactive web site and e-mail list server) to enable active participation by stakeholders unable to attend the workshops;
- f. Consider both gas and electric retail market practices;
- g. Encourage strong, non-adversarial working relationships between participants through the facilitation approach; and
- h. Recognize that the UBP initiative is likely to be the starting point for an ongoing retail business practices “standards” effort.

2. SPONSORSHIP AND FACILITATION

The UBP process is jointly sponsored by four prominent organizations within the electric industry:

- a. The Edison Electric Institute (EEI)¹
- b. Coalition for Uniform Business Rules (CUBR)²
- c. National Energy Marketers Association (NEM)³
- d. The Electric Power Supply Association (EPSA)⁴

This sponsorship indicates the industry-wide recognition of the importance of developing uniform business practices.

The sponsoring organizations have retained Navigant Consulting, Inc.⁵ to provide technical management and expertise and management of workshop materials and documentation. Prior to Navigant Consulting’s involvement in March 2000, EEI had retained Wayfinder Group, Inc. of Westborough, MA and CUBR had retained Kearns and West, of Washington, DC in similar capacities.

B. MARKET STRUCTURE ASSUMPTIONS

This UBP Report was developed assuming a structure of a Retail Access market whereby Customers may choose alternative energy Suppliers, but where Customers also remain Customers of the Utility for regulated delivery service. This general market structure is the most common structure in use today in North America. Alternative market models (e.g., a Single Retailer approach)⁶ are emerging. While it is expected that many of the practices in this report can be applied to alternative market models, some business practices may need to be different. Uniform business practices should be developed by market participants for such emerging models when additional market experience has been gained with such alternative market structures.

¹ For further information visit www.eei.org

² For further information visit www.cubr.org

³ For further information visit www.energymarketers.com

⁴ For further information visit www.epsa.org

⁵ For further information visit www.navigantconsulting.com

⁶ See Glossary for definition of Single Retailer.

C. STAKEHOLDER PARTICIPATION

The sponsors' support for the UBP effort was reinforced by strong stakeholder participation at each workshop, including Utilities, energy Suppliers, regulators, vendors, consumer advocates and trade organizations, among others. Those attending represented a wide breadth of knowledge and included some of the most experienced retail market practitioners. It is believed that such a group has never before been assembled.

In addition to those attending the workshops, others participated in the UBP effort through the list server. The list of registered organizations that participated in the effort is included later in this Section.

D. INVITATION FOR COMMENTS

UBP had solicited input from all interested parties in its March 2000 Interim Report so that they would be fully considered while still allowing progress to continue on developing further areas of uniform business practices within the project time frame. These comments were received and incorporated into those sections designated as Final Report UBPs in the August 2000 UBP report, which were:

- a. Preface
- b. Customer Information
- c. Customer Enrollment and Switching
- d. Load Profiling
- e. Billing and Payment Processing
- f. Glossary

There were additional sections that have been subsequently produced in Workshops in 2000, which were also included in the August 2000 UBP report, submitted for review and comment from August 1st through September 15, 2000. These additional Year 2000 UBPs were:

- g. Customer Inquiries
- h. Creditworthiness
- i. Supplier Licensing
- j. Disputes between the Utility and the Supplier
- k. Market Participant Interaction: Governing Documents and Performance

Standards

- l. Unbundled Metering
- m. Exhibit to Market Participant Interactions: Master Service Agreement
- n. Exhibit to Billing and Payment: Billing Services Agreement
- o. Appendix B to report: Single Retailer Model

These comments were subsequently reviewed in an October 2000 Workshop. As a consequence, Creditworthiness was dropped as a separate section and incorporated into Market Participant Interactions. Single Retailer Model was dropped as Appendix B, with a group decision to incorporate it as an alternate market model in Market Structure Assumptions in this Introduction.

The UBP Metering Group produced what is now Volume II of the UBP, "Unbundled Electricity Metering." This was a separate group that operated in parallel to the main UBP effort

and utilized a self-facilitation model in its workshops. The UBP Metering Group was made up of technical and business stakeholders from Utilities, Suppliers, manufacturers, regulators and service providers. They also submitted their document for review and comment during the August 2000 UBP review period, incorporating these comments during a Workshop concurrent with the plenary UBP Workshop in October 2000.

During both comment periods, interested parties were encouraged to produce annotated versions (redlined markups) of the progress drafts or provide comments separately as appropriate. Discrete teams were formed to address comments pertaining to each section. Electronic documents and comments were posted on the UBP list server, which can be found at the UBP web site (www.ubpnet.org).

Interested parties are encouraged to subscribe to both the UBP-metering group list servers and attend any future workshops to directly share their inputs with other stakeholders. An explanation of how to use the list server, instructions on subscribing and receiving periodic updates, as well as information regarding upcoming Workshops, can all be found on the UBP web site as well.

E. NEED FOR STANDARD-SETTING ORGANIZATION

The UBP participants recognize that, following the development of these business practices, the practices will need to be maintained and updated. Due to changing market conditions and experience gained over time by the retail energy industry, there will be a need for the establishment of an ongoing modification process. The maintenance, update and development of uniform business practices should be the responsibility of an organization, which provides for due process in the development and maintenance process, while also assuring adequate and equal representation of all market participants.

F. DISCLAIMER

The recommended business practices are the result of a collective, collaborative process and, as such, represent the general views of the group as a whole. As such, participation in the process should not be interpreted as an endorsement of every element of the document. Any individual retains the right to challenge any of the proposed business practices or to propose alternative business rules if deemed appropriate.

G. UNIFORM BUSINESS PRACTICES WORKING GROUP: ACTIVELY PARTICIPATING ORGANIZATIONS

Representatives from the following organizations worked to draft the set of recommended practices published here. Listed organizations participated in at least two or more workshops* to develop Uniform Business Practices for the retail electric industry. A separate group of UBP participants worked in a parallel effort to develop recommended practices on metering, which was addressed separately because of the technical nature of the subject. Participants in the metering workshops are listed in a separate table below.

UBP Working Group		
AARP	Duke Energy Corp.	Pennsylvania Power Co.
ABB	Duquesne Light Co.	Pennsylvania PUC Staff
AES NewEnergy	Dynegy Inc.	PG&E Energy Services
AGL Resources, Inc.	ElectricAmerica	PHASER
Allegheny Power	ENRON Corp.	PHB Hagler Bailly
Alliant Energy Corp.	Entergy Corp.	Portland General Electric Co.
Altra Energy Technologies, Inc.	Exelon Energy	Power System Engineering, Inc.
Ameren Services Company	FirstEnergy Corp.	PPL Corporation
American Electric Power	Florida Power & Light Co.	Public Service Co. of New Mexico
American Gas Association	Florida Power Corp.	Public Service Electric & Gas Co.
Andersen Consulting	Georgia Power Co.	Reliant Energy
Arizona Public Service Co.	GPU Energy	ReTX.Com, Inc.
Arthur Andersen	GreenMountain.com	Rochester Gas and Electric Corp.
Baltimore Gas & Electric Co.	Idaho Power Co.	SEMCO Energy, Inc.
Bangor Hydro-Electric Co.	IMServ	Sempra Energy
CAEM	Insite Services	Shell Energy Services
Carolina Power & Light Co.	ITRON	Sierra Pacific Power Co.
CellNet Data Systems, Inc.	KeySpan Energy	Southern California Edison Co.
Central and South West Services, Inc.	Laclede Gas Company	Southern Co.
Central Maine Power Co.	NASUCA	Strategic Energy L.L.C.
Cinergy Corp.	National Consumer Law Center	Tampa Electric Co.
Cleco Corp.	National Grid USA Service Co.	Texas-New Mexico Power Co.
Columbia Gas of Ohio	Nevada Power Co.	TXU
COM/Energy Services Co.	New England Power Service Co.	U.S. Department of Energy
Commonwealth Edison Co.	New York State D.P.S. Staff	UtiliCorp Energy Management
Conectiv	Nicor Energy, L.L.C.	UtiliCorp United
Consolidated Edison, Inc.	North Carolina EMC	Utility.com
Consumers Energy	Northeast Utilities	Dominion Virginia Power
CSC	Northern Indiana Public Service Co.	Virginia SCC Staff
Defense Energy Support Center	NRECA	Washington Gas Co.
Detroit Edison Co.	NSTAR	Wisconsin Electric Power Co.
Dominion Gas Distrib. Companies	NYSEG	Wisconsin Public Service Corp.
DTE Edison America	PECO Energy Co.	Total participants: 98

* One entity participated only in the last one-week workshop in which the report was finalized.

H. UBP METERING WORKING GROUP: ACTIVELY PARTICIPATING ORGANIZATIONS

The following organizations participated in two or more workshops to develop uniform business practices for retail electric metering.

UBP Metering Working Group		
ABB	Detroit Edison Co.	PECO Energy Co.
Alliant Energy Corp.	Duke Energy Corp.	PHASER
Ameren Services Company	Entergy Corp.	Potomac Electric Power Co.
American Electric Power	FirstEnergy Corp.	Power System Engineering, Inc.
Baltimore Gas & Electric Co.	Florida Power & Light Co.	Public Service Electric & Gas Co.
Carolina Power & Light Co.	Georgia Power Co.	Reliant Energy
CellNet Data Systems, Inc.	GPU Energy	Schlumberger Resource Mgmt. Svcs.
Cleco Corp.	IMServ	Southern California Edison Co.
Commonwealth Edison Co.	ITRON	Tipmont REMC
Computer Sciences Corporation	Nevada Power Co.	Wisconsin Public Service Corp.
Conectiv Power Delivery	Northeast Utilities	
Consolidated Edison, Inc.	Northern Indiana Public Service Co.	Total participants: 34

II. Preface

The attached document presents a set of recommended business principles and practices to guide the interaction of various market participants where Customer choice of competitive energy Suppliers is being made available. These recommended practices have been developed by a diverse group of parties¹, some with extensive experience in the implementation of Retail Access. These practices represent efforts by the participants to balance the interests of Customers, Suppliers and Utilities and cover a wide range of issues and processes necessary to establish a competitive retail energy marketplace and to implement Retail Access. There is a great deal of interaction amongst the practices described herein; therefore, adoption of individual practices may be inefficient or impractical without the adoption of other recommended practices. Accordingly, this document should be considered in its entirety.

A. LEGAL PRECEDENCE

The practices and rules provided in this document are not intended to supersede existing laws, regulations, or regulatory requirements and, to the extent that these practices and rules may be inconsistent with those existing requirements, the laws, regulations, and regulatory requirements shall continue to apply in all cases.

B. EXISTING PRACTICES

While the goal is to have uniform business practices used as widely as practicable, participants do not expect this document to be cause for immediate replacement of recently developed state-level practices, but instead, to serve as guidelines when those practices are reviewed in the course of time. Changes to existing practices should be made only after careful consideration of costs and benefits for all stakeholders, as well as applicable legislative policy.

C. IMPLEMENTATION OF THE PRACTICES

It is appropriate to include these recommended practices in the applicable governing documents as defined in Section VIII, entitled "*Market Participant Interactions.*" In that regard, it is recommended that tariff language, if appropriate, be of a summary or broad nature, leaving vehicles such as Supplier and Utility procedures manuals to handle the details. This will provide the parties with more freedom to make timely changes as technologies improve, Customer needs and concerns become known and markets develop during the period of transition that all will experience in varying ways, subject to the condition that any changes are consistent with orders and rules of the Applicable Regulatory Authority. The parties who developed these recommended practices recognize that, as with any other aspect of Retail Access, there may be incremental costs associated with implementation.

¹ See list of parties in Introduction.

D. COST RECOVERY²

The parties believe that, in order for these recommended practices to be implemented, recovery of the associated costs should be considered as with any other system or process imposed by the Applicable Regulatory Authority, in accordance with applicable legislation, settlements or local regulatory decisions. Also, for regulated entities that have already implemented Retail Access, adoption of these practices may entail incurring costs to modify systems and processes. The parties that advocate the implementation of these practices acknowledge that the prudently incurred, net incremental costs of those changes should be given full consideration for recovery by the method deemed appropriate by the Applicable Regulatory Authority body in that jurisdiction.

E. COST-EFFECTIVENESS

Many of the issues associated with adoption of recommended business practices are dependent on the resolution of matters of broad public policy. It is anticipated that these policy issues will be resolved at the state level based on the needs and objectives of each jurisdiction. Practices should be evaluated by the Applicable Regulatory Authority in light of local circumstances – including the pace of market opening, the size of the participants, and consideration of alternative approaches – to adopt a cost-effective approach to their implementation.

F. USE OF ELECTRONIC TRANSACTIONS

The exchange of Retail Access data in a uniform electronic format is generally desirable and has been recommended in several sections of this report. However, in some instances the expected volume of transactions may not be high enough to warrant the infrastructure investments necessary to facilitate the exchange of data in a uniform electronic form. The development of the actual details of these uniform transactions is beyond the scope of this report. However, the intent was to strive for a single or limited number of cross-jurisdictional, electronic transaction set(s) based on the best identifiable technology and practices. The development of these electronic data transaction sets must consider the market participants' resident technology and hardware along with the extent to which these existing systems can or should be leveraged.

G. REGULATORY POLICY

The emphasis of this document is to establish a framework to enable efficient working relationships between Utilities, Suppliers, and other parties to facilitate Retail Access and not to set the underlying social or regulatory policy. Many of the participants have varying views as to exactly what that Retail Access environment should look like and, as a result, the practices suggested here represent a compromise that should be workable in a variety of Retail Access constructs.

This in no way reduces the importance of the policy decisions that need to be made in each jurisdiction. Consumer protection policies and programs are typically addressed by state

² Certain consumer groups participating in this process do not believe that cost recovery should be a subject of this document.

regulators prior to or in conjunction with the development of business practices. Where the participants were able to reach general agreement, it is hoped that policymakers will give these findings appropriate weight when setting related policies. Where no general agreement was reached, there was often a regulatory policy issue underlying the practices under consideration. The participants have tried to identify these key policy issues in the discussion of business practices that follows. A summary of those key issues relating to each chapter is presented in the introductory section of that chapter to assist policymakers and regulators in understanding the context within which the business practices proposed in this report should be considered.

H. CONSUMER PROTECTIONS

The parties proposing these recommended business practices recognize that certain consumer protections are desirable to ensure that residential and small commercial consumers may benefit by the introduction of competitive services. These recommended business practices were developed with the expectation that implementation of Retail Access would be accompanied by consumer protections and by effective educational programs designed to inform consumers about Retail Access.

While many of the recommended business practices in this document embody specific consumer protections, e.g., use of Customer information, notification of enrollment, and anti-slamming protections, it is nonetheless helpful to emphasize several general principles relating to consumer protection that should guide the implementation and interpretation of these business practices. The following list is intended to summarize the key issues affecting residential and small commercial energy consumer protection that are typically addressed in policy decisions by policymakers and regulators prior to the adoption of Uniform Business Rules:

1. A simple enrollment and switching process that allows Customers to select Suppliers efficiently and in a manner that prevents “slamming.”
2. A Default Service³ that is available at reasonable rates and upon reasonable terms and conditions.
3. A requirement that Suppliers be licensed to do business within the state to assure technical and financial fitness commensurate with the scope of retail activity intended by the provider.
4. Disclosure requirements relating to terms of service and billing content that will assist Customers in understanding and comparing prices and other terms of service in a competitive market.
5. Policies and/or programs that recognize the needs of low-income Customers.
6. Protections from unfair, deceptive, fraudulent, and anti-competitive practices, including, but not limited to, activities such as slamming (unauthorized switching), cramming (unauthorized charges), unlawful discrimination, failure to respond in a reasonable time to Customer complaints, and dissemination of deceptive information regarding pricing and terms

³See glossary for definition of Default Service.

and conditions of services.

7. Protection of the privacy of Customer information, including practices to prevent the unauthorized release or use of Customer information.

8. Access to an administrative process, approved by the Applicable Regulatory Authority, that provides a simple, quick, effective, and impartial means of resolving disputes about service and bills should the Customer be unable to resolve these disputes directly with the Utility or Supplier.

9. Investigations of potential violations by an authority with both the ability to impose penalties appropriate to the severity of any confirmed violation and sufficient resources to oversee the requirements of the retail energy market.

10. A Consumer education program that helps consumers make informed decisions, by understanding the new market structure, the benefits of competition, their rights and responsibilities, and educates consumers on how to participate in a restructured market.

11. Elimination of barriers to aggregation of residential and small commercial Customers.

I. MODIFICATIONS TO THE DOCUMENT

It is recognized that the body of recommended practices in this document will require periodic maintenance and updating as market conditions change over time and practical experience is gained with promising new approaches. Changes to these practices should be made only through a recognized process that involves all market participants.

III. Customer Information

A. INTRODUCTION

The competitive market relies on accurate and timely Customer information. The necessary data include current Customer account information and historic consumption information, which may pertain to individual accounts or be aggregated to reflect classes of Customers or market segments. This section describes recommended practices for release of Customer information by Utilities (or their functional equivalent responsible for maintaining Customer information) to Suppliers and other authorized parties, as well as specifications for the information to be released. Key assumptions that apply generally to practices throughout this section include the following:

- a. Information should be easily accessible by all properly authorized market stakeholders.
- b. Customer information-sharing practices that involve the release of Customers' account information should require proper authorization as determined by the Applicable Regulatory Authority or legislature.
- c. Utilities and Suppliers demonstrating good faith efforts should be indemnified against claims relating to inadvertent release of data or data errors.
- d. The proper processing systems are in place to handle data transactions.

B. REGULATORY POLICY ISSUES

As described more fully in the Preface, there are a number of regulatory policy issues that affect the business practices addressed in this document. The key policy issues impacting Customer information practices are identified below, along with implementation issues that were not resolved by the participants. Regulators are encouraged to consider these issues before, or in conjunction with, considering the recommended business practices.

1. Confidentiality policy for Customer information, including form of Customer consent to provide access to Customer information.
2. Mass Customer lists – should a list be provided; what information should be included, for example, telephone number, Customer account number, usage data; method for Customers to authorize their inclusion on, or exclusion from the list; frequency of updating the list; sunset date for provision of the list; responsible party for soliciting Customer authorization and maintaining the list.
3. Whether the benefits of providing Validation and/or Customer lists outweigh the risks of providing Suppliers with those data elements needed to Switch a Customer.

4. The mandatory use of State Do-Not-Call lists for telemarketing of energy services.
5. Customer Information Use – how Customer information may be used, once obtained.
6. Customer Education – Proactive Customer education is acknowledged to be critical to avoid Customer confusion, inform Customers of the specific implications of their choices, and achieve high levels of Customer acceptance of the authorization process. The Customer education effort should therefore be synchronized with any efforts to obtain authorization for information releases.

C. CUSTOMER AUTHORIZATION PROCESS

1. KEY ELEMENTS

Recommended practices for consideration in any Customer authorization approach being adopted by the Applicable Regulatory Authority or legislation should include the following:

- a. Specify the information to be released;
- b. Identify parties to whom the information is to be made available;
- c. Describe the reasons the Customer might desire to release data to Suppliers and other authorized parties and describe the implications of authorizing such data release;
- d. Describe the time frame for which the authorization will remain in effect, absent Customer cancellation.
- e. Describe how the information will be made available, e.g., via password-protected Internet site;
- f. State the limitations on how the data may be used;
- g. Provide instructions on how to report suspected violations of applicable rules and how to contact the responsible enforcement agency;
- h. The method(s) of solicitation and obtaining needed authorizations should utilize the most cost-effective manner, e.g., advertising, bill messages, toll-free hotline, Internet sites, voice response units, etc. The method(s) utilized must also conform to all consumer protection rules adopted by the Applicable Regulatory Authority; and
- i. Customers should be presented with methods which minimize the number of contacts required to authorize information release, or retract an existing authorization.

2. TRANSACTIONAL INFORMATION REQUESTS

A Transactional Information Request is a request for information about a specific Customer by a party who has been specifically authorized by that Customer to receive the information. Customer authorization requirements for release of information in response to a valid pre-Switch Information Request or a valid Switch Request should be consistent and follow the practices described in this section.

a. The Supplier or other authorized party is responsible for obtaining written or other verifiable Customer authorization for release of information, using one or more of the methods specified in Customer Switching Section IV.C.8;

b. The Supplier or other authorized party should be responsible for retaining verifiable proof of each Customer's authorization to release information for a minimum of two (2) years. Verification records may be requested of the Supplier or other authorized party by the Applicable Regulatory Authority upon reasonable notice. The physical location of the verification records shall be at the discretion of the Supplier or other authorized party but such verification must be provided to the Applicable Regulatory Authority within five (5) business days of the request.

D. PRE-ENROLLMENT¹

1. CUSTOMER-SPECIFIC TRANSACTIONS

This section provides the recommended practices for handling individual Information Requests submitted by a Supplier or other authorized party via Uniform Electronic Transaction, where the Customer whose account information is to be released is not being switched at the same time.

a. Handling of Information Requests

(1) A properly authorized, and validated pre-Switch Customer Information Request submitted via a Uniform Electronic Transaction will receive in response the Customer Contact Information Set and the Billing Determinant Information Set (as defined below).

(2) The Utility will normally process an Information Request within three (3) business days of the receipt of the Request and will transmit a valid Information Response to the Supplier or other authorized party. Final disposition of exceptions may take up to five (5) business days.

(3) If, for any reason, the submitted Information Request is not valid, the Utility must send a Rejection of the Information Request, along with the reason for the rejection, to the Supplier or other authorized party via the appropriate Uniform Electronic Transaction. The Utility may reject an Information Request when the validation elements provided are incorrect, incomplete, or inactive.

¹ Including pre-market opening

b. Validation Elements

The Validation elements for an Information Request should be the same as those for validating a Customer Switch as contained in Section IV.F. In the future, as the industry continues to evolve, a unique service point and/or Customer identifier may be developed and could become the primary validation element.

c. Customer Contact Information Set

The following “Customer Contact Information Set” of data elements should be released to a Supplier or other authorized party assuming proper Customer authorization from the Customer or the Customer’s agent:

- (1) Name;
- (2) Service address;
- (3) Billing address;
- (4) Service delivery point identifier, if available;
- (5) Universal identifier, if available;
- (6) Utility account identifier;
- (7) Electric or Gas account;
- (8) Metering reading date or cycle;
- (9) Wholesale delivery point, if available, for example interstate or intrastate pipeline from which Customer is served.

d. Billing Determinant Information Set

The following “Billing Determinant Information Set” of data elements should be released to a Supplier or other authorized party assuming proper Customer authorization from the Customer or the Customer’s agent:

- (1) Rate class and subclass or rider, as applicable;
- (2) Load profile reference category, if not based on rate class;
- (3) Twelve (12) months of historic energy usage and demand information, if available. Where interval load data are available for a Customer account, twelve months of historical hourly (or other pre-determined time interval) usage data will also be provided in response to a properly authorized request via a Uniform Electronic Transaction for such data, unless the Supplier specifically requests not to receive such data. Either the most recently completed calendar year data, or the most recent rolling twelve months of data, may be supplied, at the Utility’s option. These data may be provided through a secured Web site or via other electronic means.

(4) Budget billing indicator (“Y”/“N”)²; and

(5) Current sales tax exemption indicator (“Y”/“N”). Yes indicates a full or partial sales tax exemption.

Other data elements may be specified locally where necessary to enable bill calculations (e.g., “Settlement Zone”). To the extent that such additional elements can be incorporated into Uniform Electronic Transactions, they should be incorporated.

2. CUSTOMER LISTS

It is recognized that the practice of compiling a “mass list” of Customers, each of whom has authorized the inclusion of certain Customer-specific information, is a practice that has been implemented in some jurisdictions for the purpose of “jump-starting” the marketing efforts of Suppliers. This issue has been controversial for many reasons including cost and how Customers authorize release of information; what kind of information is released; and how such information would be used. It is also recognized that the practice of providing a “validation list” could be used for the purpose of reducing data processing errors in the switching process that can sometimes delay the successful processing of a Switch Request. There was no consensus on whether the benefits of such practices warrant the costs or risks, and whether such practices should even be considered. Rather, the issue of whether such lists should be implemented was considered a public policy issue that must be addressed by the Applicable Regulatory Authority. The key policy decisions related to these mass lists are identified in the “Regulatory Policy Issues” section. In the event that the Applicable Regulatory Authority decides that either a “mass list” or a “mass validation list” should be implemented, this section provides recommended guidelines for implementation practices.

a. Mass Customer Lists

In the event that the Applicable Regulatory Authority decides that a mass Customer information listing should be implemented, then recommended practices relating to Customer authorization include the following:

(1) An educational program should be implemented which explains the implications to Customers of inclusion in the list, including full disclosure of the potential uses of the data;

(2) Customers may not authorize release of a subset of the defined information elements nor customize their individual listings (this does not preclude a Customer being on a “Do-Not-Call” list);

² The purpose of obtaining this information is to respond to the requirement by some Applicable Regulatory Authorities that Suppliers must offer Budget Billing, or to allow a Supplier to offer this option where not required. In addition, this indicator is limited to 12-month levelized payment plans and does not include other payment plans.

(3) Customers should not be required to periodically reauthorize release of their data and should be periodically reminded of their right to authorize or right to rescind, as applicable, via bill messages and other appropriate communication channels;

(4) Data should be posted via the most efficient electronic means. For example, an Internet-based approach which enables download of electronic data may be the most efficient means for mass data distribution, depending upon the size of the Customer base, allowing wide access by licensed Suppliers and other authorized parties. Other electronic means such as CD-ROM are acceptable by mutual agreement;

(5) An entity should be designated by the Applicable Regulatory Authority for administering the Customer authorization process and maintaining the listing;

(6) Customer account information to be released via the mass Customer information listing should include at a minimum the Customer Contact Information Set. Also, a mass Customer information listing could include data elements from the Billing Determinant Information Set.

b. Validation Lists

In the event that the Applicable Regulatory Authority decides that a validation list should be implemented, the validation list should be provided solely for the purpose of pre-validation of Switch Requests and should contain only the primary and secondary validation elements described in Switching Validation, Section IV.F. Provision of such a list should be exempt from Customer authorization requirements.

Access to the data should be restricted to licensed Suppliers and other market participants authorized by the Applicable Regulatory Authority;

E. SWITCH-RELATED INFORMATION

1. GENERAL PRACTICES

All Switch-related information requests are “Transactional Information Requests” as defined in Section III.C.2 above. The information requirements and processing of information releases associated with an initial Switch from the Utility to a different Supplier and a Supplier-to-Supplier Switch should be the same.

2. STANDARD CUSTOMER INFORMATION ELEMENTS FOR SWITCHING PURPOSES

The standard data elements, which should be provided upon receipt of a valid Switch Request, shall include the Customer Contact Information Set and the Billing Determinant Information Set as defined in Section III.D.1.c and D.1.d, and the Account Characteristics Information Set defined below. Both Information Sets should be processed with the Switch request as described in Section IV.H.4.

3. ACCOUNT CHARACTERISTICS INFORMATION SET

The following "Account Characteristics Information Set" of data elements should be included, if available, in the information released to the Supplier upon receipt of a valid Switch Request.

- a. Meter type, e.g., cumulative kWh register, diaphragm, rotary, orifice, and turbine;
- b. Meter constant, if applicable;
- c. Current monthly meter reading data and information;
- d. Interval data recorder (IDR) indicator, i.e., "Y" or "N" except where the IDR is installed for load survey purposes, if applicable.; and
- e. Automated meter reading (AMR) device indicator, i.e., "Y" or "N" and time interval setting (e.g., 15 minutes), if applicable.

4. SWITCH-RELATED INFORMATION HANDLING PROCEDURES

- a. Procedures for handling the information release associated with valid, properly authorized, individual Customer Switch Requests should be consistent with those outlined for pre-Switch purposes above in Section III.D.1.a.
- b. Receipt of a valid Switch Request from a Supplier via electronic transaction constitutes the Customer's authorization to release to the Supplier both information sets described herein, and authorizes the Supplier to receive ongoing usage data for the Customer's account until the Customer/Supplier relationship is ended.

5. TRANSMISSION

Transmission of Information Sets upon validation of Switch Requests should be via Uniform Electronic Transactions.

6. SPECIAL CONDITIONS

When Account Characteristics Information Set is provided, the presence of an interval data recorder (IDR) or automated meter reading (AMR) device which is installed by the Utility for load research purposes will not be identified, unless the IDR or AMR interval meter data are also used for billing purposes.

F. POST-CUSTOMER SWITCH

A post-Switch Customer information list, which is Supplier-specific, may be requested by either Utility or Supplier of the other for the purpose of maintaining synchronization of Customer account information between the parties. Any question regarding the list supplied should be raised within 30 days of the issuance of the list.

G. UNAUTHORIZED INFORMATION RELEASE

The Applicable Regulatory Authority should mandate a process to deal with instances in which unauthorized information requests are submitted, or Customer Information is released, used, transferred, or sold without proper authorization from the Customer. This process should include defined penalties for unauthorized information requests.

In compliance with applicable codes of conduct and laws, Suppliers and other authorized parties may not sell, disclose or otherwise provide Customer information provided by the Utility in accordance with this section, to others, including Affiliates, except as required to facilitate energy service to the Customer, unless specifically authorized by the Customer.

IV. Customer Enrollment and Switching

A. INTRODUCTION

This chapter presents business practices for receiving, processing, and fulfilling a Customer's request to change electric generation or natural gas (commodity) providers. It is not intended to, nor does it, present processes or procedures for a Customer to obtain other energy-related services.

In the following discussion, the process of Switching an energy Supplier is divided into two discrete steps:¹

"Customer Enrollment" is the process whereby a Customer accepts either electric or natural gas service from a new Supplier according to the terms and conditions of the offer. This transaction is between the Supplier and the Customer.

"Customer Switching" is the process involving the actual transition of the Customer's account to the one Supplier to initiate electric or natural gas service. This transaction is primarily between the Suppliers and the entity facilitating Switches and performing the overall record-keeping for a given jurisdiction. This entity is called the "Registration Agent" in this document. The Distribution Utility will often play this role. For purposes of this document, the Utility is assumed to be the Registration Agent unless otherwise stated.

The business practices for Enrollment and Switching presented here cover a number of situations in which a Customer change of Suppliers may occur. These include Switching from (1) one Supplier to another, (2) one Supplier to the Default Service Provider, and (3) the Default Service Provider to a new Supplier. In addition, the section also addresses the situations when a Customer drops a Supplier or a Supplier drops the Customer, as well as describing a "Seamless Move" (i.e., the Customer's current Supplier is retained during a physical move by the Customer with minimal Customer intervention).

B. REGULATORY POLICY ISSUES

As described more fully in the Preface, there are a number of regulatory policy issues that affect the business practices addressed in this document. The key policy issues impacting Customer Enrollment and Switching practices are identified below, along with implementation issues that were not resolved by the participants. Regulators and other policy-makers are encouraged to examine these issues before, or in conjunction with, considering the recommended business practices for a particular jurisdiction.

The key issues impacting Enrollment and Switching deal with balancing the need for a fast and efficient process to enable the market, vs. the need to protect Customer privacy and to prevent unauthorized Switching, or "slamming". These issues include:

1. Supplier lists – how and where lists will be made available to Customers; who is responsible for maintaining current, accurate lists.

¹ A description of how a phased-in approach and two-step Customer-Switching process may be implemented (e.g., Customers must sign up for Retail Access prior to Switching to a new Supplier) has been purposely excluded.

2. Guidelines or limitations placed on media and content used to convey the Supplier's offer to the Customer – including when, and in what form, specific terms and conditions of the offer should be communicated, required, or permitted; disclosure of fuels used/environmental impacts.

3. Methods of Enrollment and Verification requirements – the form of proof of a Customer's acceptance of a Supplier's offer that will be required (written contract, Internet Enrollment transaction, recording of telephone transaction, 3rd party verification, etc); who must retain it, and for how long; under what conditions and how quickly they might need to produce the verification.

4. Procedures, remedies, and penalties for unauthorized Switching or for falsifying, failing to obtain, or failing to maintain required verifications.

5. Natural Gas-Switching Procedures. The timing of the actual Customer Switch transactions in relationship to both the monthly nomination cycle and the next scheduled meter reading date.

6. Registration Agent – Selection of the Utility or an independent entity to serve as the information clearinghouse that facilitates Switching; identification of duties including responsibility and potential liabilities in connection with Switching.

7. Customer notifications and rescission periods – procedures and timing for notifying Customers of pending Switches; roles and responsibilities of the Registration Agent and the Supplier in this process; Customer(s) rights of rescission after such notification(s); whether notification and rescission periods can run concurrently.

8. "First-In" or "Last-In" processing of Switch Requests – Where multiple Switch Requests for the same Customer are received during the same meter reading cycle, whether the first valid Switch Request or the last valid Switch Request received before the cutoff date by the Registration Agent will be made effective.

9. Default Service – The provider, purpose, form, and pricing of default service. Providers of Default Service in a Retail Access environment incur many risks. Regulatory authorities may choose to recognize these risks in a variety of ways, including reflecting them in the price of service and addressing them in the terms and conditions of the service. Any additional Customer Switching restrictions to mitigate the risk to the Default Supplier are not addressed in this document.

The balance of the section presents business practices that the participants believe can be used to effectively implement Enrollment and Switching.

C. SUPPLIER OBLIGATIONS

Suppliers and their authorized agents may solicit Customers subject to the following:

1. The Supplier should comply with state and federal trade practices and/or laws and any rules adopted under such laws or by the Applicable Regulatory Authority.

2. The Supplier should require any person or agent with whom the Supplier contracts for marketing or solicitation purposes to adhere to the terms of all applicable rules and regulations relating to consumer protection and the Switching practices contained herein.

3. The Supplier should take all reasonable steps, including corrective actions, to insure that persons or entities hired by the Supplier for marketing or solicitation purposes adhere at all times to the terms of all applicable rules and regulations relating to consumer protection and the Customer Switching rules contained herein.

4. The Supplier remains responsible for the actions of its agents or any other parties with whom it contracts for marketing or solicitation services.

5. The Supplier should not state or in any way imply that it has been given preferential status by the incumbent Utility.

6. The Supplier should provide the Customer, within 3 days, a statement of the Supplier's terms and conditions that detail the Customer's rights and responsibilities, as well as the particulars of their contract with the Supplier (such as price, term, and services to be provided).

7. The specific method(s) used to obtain Customer authorization to Switch Suppliers should be the choice of the Supplier, based upon those methods approved by the Applicable Regulatory Authority.

8. The Supplier must obtain Customer authorization to Switch via any one or more of the following methods, subject to verification requirements outlined in Section IV.E:

a. written authorization bearing a Customer's signature (original document signed or a fax copy of signed document) in accordance with Exhibit 3 – Written Enrollment;

b. telephone authorization in accordance with Exhibit 1 - Telephonic Enrollment;

c. electronic authorization in accordance with Exhibit 2 – Internet Enrollment; or

d. any additional methods deemed reasonable by the Applicable Regulatory Authority. Once a Supplier has enrolled (contracted with) its Customer, it effectuates the Switch by submitting a Switch Request with the Registration agent, following the business practices described below.

D. SUPPLIER LISTS

1. Suppliers should provide notice in a timely fashion to the Applicable Regulatory Authority of their service status regarding Customer classes and geographic areas served (if less than entire Utility service area). The notice should be used only for the purpose of producing and maintaining the list of Suppliers. This requirement should not preclude the Supplier from serving classes or geographic areas other than those listed as long as all appropriate licensing requirements are satisfied and the Supplier does not engage in illegal discriminatory behavior in its selection and/or service of Customers.

2. The list of Suppliers should differentiate between Suppliers actively accepting new Customers by Customer Class and Suppliers not actively serving or accepting Customers in each Customer Class, and specify which Utility areas are covered by each Supplier.

3. The list should be maintained and updated by the Applicable Regulatory Authority.

4. Utilities should offer to provide new Customers a current list of Suppliers provided by the applicable governing body during the Customer's initial contact with the Utility. In addition, the Utility could make the current list of Suppliers available to any Customer upon request, at any time.

E. VERIFICATION

The Supplier should be responsible for retaining proof of verification of Customers' authorization to Switch Suppliers for a minimum of two (2) years following the original date of the Customer's effective date of service with the Supplier. Supplier verification records may be requested by the Applicable Regulatory Authority upon reasonable notice. The physical location of the Switching verification records should be at the Supplier's discretion, but such verification must be provided to the Applicable Regulatory Authority within five (5) business days of request.

F. SWITCHING VALIDATION

A simple validation system is needed to catch clerical errors, such as transposed account numbers, before Utilities and Suppliers spend time trying to process Switch Requests with errors. The minimum Switch validation elements should be the Utility Account Number and one of the secondary validation elements below:

1. Five-digit zip code of service address; or
2. First four (4) characters of the Customer or company name on the account, e.g., Henderson or Wal-Mart; or
3. Other field as determined by the Applicable Regulatory Authority.

In the future, as the industry continues to evolve, a unique service point and/or Customer identifier may be developed and could become the primary Switch validation element.

G. CUSTOMER NOTIFICATION

The Registration Agent will normally initiate notification to the Customer within one (1) business day of validating² a Switch Request from a Supplier. The notification can be in any form, i.e., letter, telephone call, electronic mail, etc., that has a high probability of reaching the Customer and will confirm the Customer's Supplier selection. The medium should be the same as that used for billing the Customer. In all cases, the Registration Agent will notify the Customer prior to the Switch. The Customer will be afforded at least seven (7) calendar days

² A valid request is defined as one in which the party receiving an electronic transaction verifies that the required data elements contained in the transaction are sufficient and successfully processes the request.

from the date notification is sent to notify the Registration Agent if the Switch is incorrect and request that the Switch be canceled. Upon such notification by the Customer, the Registration Agent should cancel the pending Switch transaction. The Registration Agent should immediately notify the Supplier of the cancellation via a Uniform Electronic Transaction. The Registration Agent should maintain, for two (2) years, a record of the Customer transaction stopping the Switch.

H. SWITCHING PROCEDURES

1. The Supplier should submit to the Registration Agent a Switch Request via Uniform Electronic Transaction, which includes at a minimum the Customer information necessary to identify the Utility, the Supplier, and the Customer in enough detail to enable setting up the account. If applicable, the Request should also include the necessary information to ascertain billing, metering and other service options being selected.

2. The Registration Agent will activate one (1) valid Switch Request per Customer per meter reading cycle³. Where multiple Switch Requests for the same Customer are received during the same meter reading cycle, the first valid Switch Request received by the Registration Agent, based on the time and date of the Uniform Electronic Transaction, will be processed and all other requests will be rejected. The rejection notice will be sent to each rejected Supplier via the appropriate Uniform Electronic Transaction.

3. Where the Customer has legal rights of rescission, the Supplier should hold the Switch Request until the legal rescission period has expired.

4. The Registration Agent will normally process⁴ a Switch Request within one (1) business day of the receipt of the Switch Request and will transmit a validated Switch Response to the Supplier. The Registration Agent should at the same time send to the Supplier currently serving the Customer, via the appropriate Uniform Electronic Transaction, notice that the Supplier's service is to be terminated, including the scheduled Customer Switch Date. In the event that the Customer or the new Supplier cancels the Switch before the effective date, the Registration Agent should send to the current Supplier and other appropriate parties, if any, via the appropriate Uniform Electronic Transaction, notice reinstating the current Supplier's service unless the current Supplier has submitted a transaction to terminate service to the Customer. Cut-off time for the receipt of Switch Requests should be specified in number of days in advance of the Customer's Switch Date. In the case of errors or omissions, final disposition of exceptions may take up to five (5) business days.

5. Other than situations where Switches require new meter installations, Customer Switches should be scheduled to take place on the scheduled meter reading date, but are effective on the actual meter reading date or the date of an estimated meter reading for billing purposes. New Supplier service should be effective on the next scheduled meter read date that is not less than eight (8) calendar days after the Switch Request has been validated by the Registration Agent⁵. The change of Suppliers should occur at midnight (00:00) at the beginning of the effective date for electric Switches and at the beginning of the Gas Day for gas Switches.

³ Switching recommendations in this document are based on a once-a-month Switching model, and a single Supplier.

⁴ The processing of a Switch Request results in a determination of whether it is "valid" or "invalid."

⁵ The indicated practices may not be appropriate for all gas utilities. See the policy section.

6. Off-cycle Switches may be allowed where the new Supplier or the Customer agrees to pay the cost for a special meter reading and other necessary expenses related to processing an off-cycle Switch in accordance with the provisions set forth in the Utility's tariff, provided the Meter Reading Data Provider supports such an option. Where a special meter reading can be made, the new Supplier Switch is effective on the day the meter reading is obtained.

I. REJECTION OF SWITCH REQUEST

If, for any reason, the Supplier's Switch Request is not valid, the Registration Agent must send a Rejection of the Switch Request to the Supplier via the appropriate Uniform Electronic Transaction, along with the reason for the rejection. The Registration Agent may reject a Switch Request under any of the following circumstances:

1. The Supplier-provided validation elements identified in Section F are incorrect, incomplete, or inactive;
2. The Supplier is not in compliance with the prerequisites for providing service in the specified territory;
3. The Customer's electric or gas service is not activated and service activation is not pending;
4. A valid Switch Request has been received and is pending; or
5. The Customer is ineligible to Switch per the terms of a regulated Utility supply tariff.

When any of the above occurs, the Registration Agent should not complete processing the Switch and will respond to the Supplier with a rejection of the Switch Request, normally within one (1) business day. Final disposition of exceptions may take up to five (5) days.

J. SEAMLESS MOVE WITHIN THE UTILITY SERVICE TERRITORY⁶

The goal of the Seamless Move process is to make it as convenient as possible for an end-use Customer, to move both its distribution and energy service when it physically moves from one service location to another. The following is the recommended process for supporting seamless move. It is also recognized that there are other approaches being currently utilized (i.e., does not require the Supplier to submit an Enrollment).

1. When an end-use Customer requests to move its electric service within the Utility's territory and wants to remain with its current Supplier, the Customer will need to call the Utility. The Utility's phone representative will inform the Customer that it (contingent on the Customer's approval) will send a notification to the Customer's current Supplier. The notification will be sent via the standard electronic format. The notification will include all the necessary information the Supplier will need to submit an Enrollment for the new location.

⁶ This section is one example of where a Single Retailer market model differs from the market model assumed in UBP.

2. For moves where overlapping service is acceptable, the Supplier will be responsible for supplying service at both locations

3. The Utility's phone representative will inform the Customer that the Supplier will be responsible for sending in an Enrollment for their new locations. If the Supplier does not want to continue serving the Customer at their new location, the Supplier will be responsible for contacting the Customer. If the Supplier is able to serve and elects to keep the Customer, an Enrollment will need to be sent to the Utility via the standard electronic format.

4. This process may be limited to:

a. Residential and small commercial Customers

b. Customers who do not change the responsible party on the account

K. SWITCH OF CUSTOMER TO DEFAULT SERVICE

1. The following process outlines the steps for a Customer to initiate a Switch to Default Service:

a. For a Customer initiating a Switch from a Supplier to Default Service, the business practices outlined herein should be equally applicable, with the exception that the method of complying with verification requirements outlined in Section IV.E may be left to the discretion of the Default Service provider.

b. Rules and conditions on Customers Switching to Default Service and any restrictions thereafter on their ability to Switch to a new Supplier need to be consistent across the state and clearly communicated to the Customer in writing. The Customer also must be provided appropriate time to take action to avoid any such restrictions.

c. Switching Rules and Procedures may be impacted by the terms for default service. This may require additional notices or modifications to the practices described herein.

2. The following process outlines the steps for a Customer to be Switched to Default Service due to circumstances beyond its immediate control, such as a Supplier's decision to drop the Customer, a Supplier's loss of license/certification or bankruptcy, or other situation which would interrupt the Customer's current arrangement for energy supply.

a. If the Supplier decides to drop an individual Customer (e.g., for non-payment, breach of contract, or end of term), then the Supplier should send a Drop Request via the appropriate Uniform Electronic Transaction to the Registration Agent consistent with the Switch Request procedure outlined in Section IV.H. First the Supplier must provide a minimum of thirty (30) days' notice before the scheduled meter read date that the drop is supposed to be effective that he or she is being dropped and provide a list of available options. The Customer is free to enroll with another Supplier during this 30-day period. Commercial and industrial Customers may elect to waive or modify this notice period in their contractual terms and conditions with Suppliers.

b. The Registration Agent will normally process a Drop Request via Uniform Electronic Transaction within one (1) business day of the receipt of the Drop Request and will transmit a validated Drop Response to the Supplier. Final disposition of exceptions may take up to five (5) days. Cut-off time for the receipt of Drop Requests should be consistent with the specified number of days' lead time for a Switch Request, as described in Section IV.H.4.

c. If, for any reason, the Supplier's Drop Request is not valid, the Registration Agent must send a Rejection of the Drop Request via the appropriate Uniform Electronic Transaction, along with the reason for the rejection. The Registration Agent may reject a Drop Request if any of the validation elements identified in Section IV. F provided are incorrect, incomplete, or inactive.

d. If the Customer does not enroll with another Supplier during the notice period, then the Registration Agent should notify the Customer regarding the Customer's Switch to Default Service. If a Switch to Default Service places restrictions on the Customer's right to choose, then the Default Service Supplier must provide adequate notice of these restrictions to the Customer.

3. Default Service should be scheduled to take place on the scheduled meter reading date, but is effective on the actual meter reading date or the date of an estimated meter reading for billing purposes. Default Service should be effective on the next scheduled meter read date that is not less than eight (8) calendar days after the Drop Request has been validated by the Registration Agent. The change should occur at midnight (00:00) at the beginning of the effective date for electric Switches and at the beginning of the Gas Day for gas Switches.

4. A Supplier that discontinues all services, discontinues servicing a Customer class or any other unique event outside the course of normal business that would lead to the transfer of a large number of Customers to another Supplier or to the Default Service Supplier will provide the Default Service Supplier, the affected Customers, and the appropriate regulatory authority with a minimum of 60 days' notice before the effective date of the event.⁷

L. UNAUTHORIZED CUSTOMER SWITCHING

The Applicable Regulatory Authority should mandate a process to deal with instances in which Switch Requests are submitted, or actual Switching occurs, without proper authorization from the Customer.

⁷ This section describes procedures for a Supplier's orderly exit from part of, or all of, a market, but not a sudden withdrawal.

IV. (1) Exhibit to Customer Enrollment and Switching: Telephonic Enrollment

Suppliers may telephonically enroll all Customers under the following conditions:

A. While engaged in a telephone conversation with the potential Customer, the Supplier must audio record or third-party verify (via either a live operator or interactive voice response [IVR]) the following information in order to substantiate the Customer Enrollment:

1. A statement that the telephonic Enrollment conversation between the Customer and the Supplier is being recorded.
2. A statement from the Customer acknowledging the date of the call.
3. A statement from the Customer agreeing to enroll with the Supplier.
4. A statement from the Customer acknowledging:
 - a. the Customer's name;
 - b. the Customer's service address; and
 - c. the Customer's Utility account number and secondary validation element, as described in Section IV.F.

(Note: any IVR system used for this purpose should clearly identify a path for the Customer to follow to talk with a live operator)

5. The Supplier may request additional information from the Customer to verify the Customer's identity.

B. For Customers who have not previously reviewed the terms and conditions of the offer, the Supplier should provide the terms and conditions as described in Section IV.C.6. If the consumer protection laws provide for a period for reconsideration during which the Customer can rescind the Enrollment, then the terms and conditions should include a toll-free telephone number for the Customer to exercise such rescission and specify the time frame for doing so.

1. The Supplier or third party conducting the telephone conversation has an obligation to conduct the conversation in the same language in which the marketing or sales materials are written or presented, and to speak clearly and in a manner that is likely to be understood by the Customer.

C. In the event of any dispute involving a telephonic Enrollment, the Supplier must make an audio recording of the Customer Enrollment available within five (5) business days of a request by the Applicable Regulatory Authority.

IV. (2) Exhibit to Customer Enrollment and Switching: Internet Enrollment

A. Suppliers may enroll any Customer by means of the Internet provided that the terms and conditions of the agreement are publicly posted and accessible to the user. These terms and conditions must comply with all applicable legal requirements.

B. The rules to facilitate Internet Enrollment are outlined herein.

1. The means of all electronic Enrollment, renewal, re-negotiation and cancellation information transfer between the Customer and Supplier must be by an encrypted transaction using Secure Socket Layer or a similar encryption standard to ensure privacy of Customer information.

2. Any electronic agreement containing a Supplier's terms and conditions should be identified by a version number in order to ensure the ability to verify the particular agreement to which the Customer assents.

3. The Internet Enrollment procedure should prompt the Customer to print or save the terms and conditions to which the Customer assents and provide an option to have written terms and conditions sent by regular mail.

4. Upon request by the Customer, the Supplier should make available throughout the duration of the agreement, a copy of the terms and conditions of the agreement version number to which the Customer assents. The Supplier must provide to the Customer a toll-free telephone number, Internet means, or an electronic mail (e-mail) address for the Customer to request this information throughout the duration of the agreement.

5. The Internet Enrollment procedure should require the Customer to include, at a minimum, their name, service address, e-mail address, Utility account number and other unique identifier as required for Switch validation under Section IV.F to effectuate a sign-up, and to "accept" or "not accept" the terms and conditions by checking the appropriate box, which should be displayed as part of the terms and conditions. Such acceptance or rejection by the Customer will be retained, in a retrievable format, by the Supplier.

6. The Internet procedure should incorporate a Customer cancellation period that automatically provides the ending date of that jurisdiction's mandatory rescission period substantially in the form that follows:

"IF YOU WISH TO CANCEL THIS AGREEMENT, YOU MUST DO SO BEFORE 12:00 a.m. (local time) on _____"

7. The Supplier must provide a mechanism by which the Customer's acceptance or rejection of the terms and conditions are recorded by time and date.

8. After the Customer checks the appropriate box relative to the acceptance of the terms and conditions, the Internet Enrollment process should disclose conspicuously that the Customer has been enrolled.

9. The Supplier should provide confirmation notice to the Customer, by e-mail at the specified e-mail address or by regular mail at the address specified by the Customer.

10. The Supplier should provide to the Customer a toll-free telephone number, an Internet means, and/or an e-mail address for the Customer to cancel the agreement within three (3) days from the date on which the Customer is enrolled by means of the Internet. If the agreement is canceled, the Supplier will provide the Customer with a cancellation number.

C. In the event of any dispute involving an Internet Enrollment, the Supplier must provide either a date and time stamped copy of the Customer's acceptance of the terms and conditions or on-line access to the same to verify Customer Enrollment to the Applicable Regulatory Authority within five (5) business days of any such request.

IV. (3) Exhibit to Customer Enrollment and Switching: Written Enrollment

A Supplier may enroll a Customer by obtaining the Customer's signature on a contract or letter of authorization or ("LOA"). The term "letter of authorization" means an easily separable document whose sole purpose is to authorize a Supplier to initiate electricity or natural gas supply service for a Customer or represent the Customer for the purposes of selecting a Supplier on behalf of the Customer.

A. A "letter of authorization" may also be combined with the terms and conditions that must be given to the Customer pursuant to the applicable regulatory requirements, but the portion that contains the Customer's signature and retained by the Supplier must be separable from the required disclosures retained by the Customer. If the letter of authorization does not contain or accompany the terms and conditions which must be disclosed to the Customer pursuant to the regulatory requirements, the LOA must conspicuously inform the Customer that the Supplier will issue written terms and conditions to the Customer within three (3) business days that will provide the Customer with the right of rescission (if otherwise required).

B. The letter of authorization must be signed and dated by the Customer and must be physically separate from any check, prize or other document which intends to confer any benefit on the Customer as a result of the Customer's selection of the Supplier.

C. The LOA may be faxed or e-mailed by the Customer to the Supplier.

D. In addition to the above requirements, a Supplier that engages in door-to-door marketing at the consumer's residence or personal solicitation at a public location (such as malls, fairs, places of retail commercial activity), may be subject to additional requirements imposed by the appropriate regulatory authority. Any additional requirements should address the manner in which the Supplier representatives identify themselves to avoid confusion with the identity of the local electric or natural gas Utility, additional disclosures, or the need for third-party verification of the Customer's authorization.

E. In the event of any dispute involving a written Enrollment, the Supplier must make a copy of the written Enrollment signed by the Customer available within five (5) business days of a request by the Applicable Regulatory Authority.

V. Billing and Payment Processing

A. INTRODUCTION

This section presents business practices for billing and payments in a Retail Access environment. Billing and payment processing encompass a variety of interactions between the Billing Party, the Non-Billing Party and the Customer. Interactions include the transfer of data elements necessary to accurately bill and collect funds from the Customer for distribution, transmission and generation services. The section outlines the responsibility and expectations of each participant in a variety of billing and payment scenarios.

There are two general billing models discussed: Consolidated Billing¹ and Dual Billing. To the extent the Applicable Regulatory Authority believes that either or both of these billing options should be required, the following sections describe how the options should be implemented. Billing options must be provided in a non-discriminatory manner. In the case of Consolidated Billing, either the Supplier or the Utility may serve as the Billing Party and the execution of a Billing Services Agreement (see Exhibit 1) is recommended to capture the details of terms and conditions between the parties.

Alternative payment processing models exist for the Consolidated Billing Option based upon various cash posting sequences discussed in the section. The two methods discussed are “Purchased Receivables” and “Pay as You Get Paid.”

Consideration of payment application order for partial payments, Utility and Supplier arrears, current charges and non-energy charges must also occur in order to determine the correct allocation of payments and to establish clear rules which govern this allocation.

The participants recognized in their consideration of current practices for billing that the competitive market will ultimately determine billing options offered by service providers, information content, and format based on expressed Customer preferences. Accordingly, practices are outlined for all billing and payment options. These recommended practices are based on current transitional experience and may be expected to change over the course of time.

B. REGULATORY POLICY ISSUES

As described more fully in the Preface, there are a number of regulatory policy issues that affect the business practices addressed in this document. The key policy issues impacting billing and payment practices are identified below, along with implementation issues that were not resolved by the participants. Regulators and other policymakers are encouraged to examine these issues before, or in conjunction with, considering the recommended business practices for a particular jurisdiction.

1. In considering which billing options should be made available, or required, Applicable Regulatory Authorities are encouraged to examine in detail the costs and time frame

¹ The word, “consolidated,” as used in the billing context of this section, refers to a single bill combining the charges from various service providers. This is not to be confused with “summary bill” where the separate accounts of a single Customer are combined into a single billing statement at the Customer’s request.

needed to implement the billing options, since major changes to computer systems may be necessary and significant shifting of financial risk may occur – depending on which billing options are offered and how those options are implemented. Equally careful consideration should be given to the potential benefits consumers might realize through enhanced billing services and choices.

2. Shut-off policies – determination of which charges may result in Customer shut-off for nonpayment (disconnectable charges).

3. Bill components – specific requirements applicable for consumer protections.

4. Meter Read Date Changes – Determination of whether the entity responsible for reading the meter should offer an option to change meter read date.

5. The extent of the Supplier obligation to comply with existing consumer rights for the Utility portion of a Supplier-consolidated bill.

6. The Consolidated Billing Option raises a number of additional concerns:

a. Multiple methods of calculating the Non-Billing Party's charges exist: Bill Ready (billing party receives charge amounts from non-billing party) vs. Rate Ready (billing party calculates charge amounts on behalf of the non-billing party);

b. This document recommends the Bill Ready methodology; however, it is recognized that the Rate Ready methodology may be appropriate depending on local circumstances;

c. Multiple methods of processing Customer payments to the Non-Billing Party exist: "Purchased Receivables" and "Pay as You Get Paid"; and

d. When partial Customer payments are received, multiple methods for payment processing order exist. The participants could reach no consensus on the recommended practice. The participants offer the Applicable Regulatory Authority the following for consideration:

(1) Payment processing order can affect or limit the following: level of Customer disconnects; Supplier and Utility cash flows and level of uncollectibles; Supplier entry into local market where the rules apply; willingness of parties to offer Consolidated Billing to Customers; Customer confusion; cost of billing systems; opportunities for gaming payments by Customers; securitization of Utility assets through cash flow; Customer's ability to control allocation of their payment; collection activity on previous "good pay" Customers; and ultimately, choices available to Customers.

(2) Rulemakings intended to address payment processing order should address the following: charges for which nonpayment can lead to physical disconnection; arrears vs. current charges; Prorating of payments vs. assigned order of payment; energy-related charges vs. non-energy-related charges; taxes and regulatory surcharges, as applicable; priority of gas vs. electric; and consideration of specific Customer segment or class.

(3) Although no consensus was reached, the following four options

were identified. These options address payment allocation concerning Utility-tariffed charges and Supplier energy charges only. Payment allocation concerning payment arrangements or charges such as taxes, products or added services must be specifically determined by the Appropriate Regulatory Authority.

- (a) Option A:
 - (i) First, to all past due disconnectable charges in order of aged delinquency.
 - (ii) Next, to all past due non-disconnectable charges in order of aged delinquency.
 - (iii) Next, to all current disconnectable charges.
 - (iv) Next, to all current non-disconnectable charges.
- (b) Option B:
 - (i) First, to all past due and currently due disconnectable charges in order of aged delinquency.
 - (ii) Next, to all past due and currently due non-disconnectable charges in order of aged delinquency.
- (c) Option C:
Allocated by age of receivable. For receivables of the same age, first to disconnectable charges then to non-disconnectable charges.
- (d) Option D:
Pro rata allocation of all payments between the Billing Party and Non-Billing Party.

The balance of this section presents business practices and procedures that the participants believe can be used to effectively implement Billing and Payment in an Retail Access environment.

C. GENERAL BILLING AND PAYMENT PROVISIONS

1. The Utility or Supplier may assume the role of either Billing Party or Non-Billing Party provided that applicable regulatory or legal criteria are met.

2. The Supplier may select from the options available in the Utility's service territory which billing option(s) to offer its Customer(s). If a Supplier offers more than one billing option to a specific Customer, then the Customer should be allowed to choose from the available options.

3. The Supplier must provide at least 60 days' advance notice to the Utility of plans to offer another available, approved billing option that would impact the Utility. If the option requires exchange of data, the option may not be operational until the adequacy of data interchange is successfully demonstrated to the Parties. Either party shall provide adequate advance notice to the other party when changing systems that affect electronic data interchange between the parties, to ensure adequate data exchange.

4. Customers have the right to direct the Billing Party to send their bills to any party for processing and payment using the appropriate authorization mechanism. This will enable Customers to designate agents to receive, process, and pay their bills.

5. The Applicable Regulatory Authority should determine what charges will warrant a cut-off notice for failure to pay. The process of disconnection itself should continue to be subject to state laws and regulations. The Utility should notify the energy Supplier and meter data management agent, if applicable, using a Uniform Electronic Transaction, when an account is shut off. For large industrial and commercial Customers (for example, greater than 500 kW peak demand) the Utility will make good faith efforts to notify the Supplier within 24 hours after the physical disconnection.

6. Both Utility and Supplier must be approved, certified or licensed, to the extent required by the Applicable Regulatory Authority, and demonstrate the technical capability to exchange information electronically using the Uniform Electronic Transactions and to meet the operational time frames which have been defined to support the billing options required.

7. Required metering data that are necessary to validate and complete all billing must be made available to both the Billing Party and Non-Billing Party via Uniform Electronic Transactions.

8. Each party will be responsible for the calculation of its applicable state and local tax charges for presentation on the bill in accordance with state statutes and local ordinances. Each party is also responsible for remitting its own applicable taxes.

9. The cancel and rebill process must be done in a uniform manner, be clear and reproducible, and be communicated to all affected parties.

D. CONSOLIDATED BILLING OPTION

Consolidated Billing (Utility Consolidated Billing or Supplier Consolidated Billing) is the billing process whereby one party, the Billing Party (the Utility or the Supplier), reflects the Utility and Supplier charges incurred by the Customer for a billing period on a single Customer bill. The other party is referred to as the Non-Billing Party.

With Consolidated Billing, the two providers have a high degree of interdependence, as one becomes the Billing Party for the other. Any Consolidated Billing arrangement between two providers should have the relevant terms and conditions between the two parties specified contractually in a "Billing Services Agreement." The Billing Services Agreement executed between the Billing Party and Non-Billing Party sets out detailed expectations for the responsibilities of each party, including treatment for failure to meet obligations. These responsibilities can alternatively be contained in an overall agreement or tariff, standardized to the greatest extent possible.

The recommended Consolidated Billing model is to use a Bill Ready methodology where the Non-Billing Party sends its Customers' charges to the Billing Party via the appropriate Uniform Electronic Transaction. However, nothing in these practices precludes the parties from developing an arrangement for additional billing services, subject to the condition that such arrangements be mutually agreeable and offered in a non-discriminatory manner.

1. RECOMMENDED BILLING PRACTICES

a. The Billing Party should render a Consolidated Bill in accordance with the

applicable legal and consumer disclosure requirements and mutually agreed-upon standards. The Billing Party should issue a bill directly to the Customer or the Customer's agent. The Customer or its agent should pay the Billing Party.

b. The Consolidated Bill format should be within the Billing Party's discretion, subject to the following:

(1) The Consolidated Bill must meet the standards set by the Applicable Regulatory Authority.

(2) For large² commercial and industrial Customers, the elements on a Customer's Consolidated Bill and its format may be negotiated between the Billing Party and its Customer. If the Non-Billing Party negotiates bill elements and/or formats with a Customer, then the Billing Party must be a party to this agreement to ensure it can produce the desired bill. The Billing Services Agreement shall govern the extent to which a Billing Party must support such non-standard billing arrangements of the Non-Billing Party.

(3) For residential and small commercial Customers, the Consolidated Bill shall itemize Utility and Supplier charges separately, each in enough detail to provide the Customer enough information to judge the accuracy of the bill. Such itemizations shall be in clearly separated portions of the bill with the source of the charges (Utility or Supplier) clearly identified. The following information should be the required elements on a Consolidated Bill, unless the Customer agrees to other billing arrangements:

Customer Information:

- (a) Customer name;
- (b) Service address and, if different, billing address;
- (c) Billing Party account number;
- (d) Non-Billing Party account number;
- (e) Utility rate identifier;
- (f) Utility special pay plans or riders;

Usage and Charges Information

- (g) Prior meter reading date;
- (h) Prior meter reading;
- (i) Current meter reading date;
- (j) Current meter reading;
- (k) Current usage and multiplier (for conversion of meter reading to billing units);
- (l) Metered Demand, if applicable;
- (m) Indicator if usage is "estimated";
- (n) Previous payment(s) received amount or credited amounts;
- (o) Previous balance;
- (p) Current charges;
- (q) Late payment charges;
- (r) Current amount due and due date;

² Definition of large and small Customers shall be left to the discretion of the Applicable Regulatory Authority.

- (s) If budget bill, applicable billing information;
- (t) Applicable taxes;
- (u) Other charges authorized by Utility tariffs or schedules;

Billing Party Information

- (v) Name;
- (w) Billing address;
- (x) Telephone number;

Non-Billing Party Information:

- (y) Name;
- (z) Telephone number;

Miscellaneous Information

- (aa) Emergency phone number(s), if different; and
- (bb) Sufficient space for bill message by the Non-Billing Party.³

c. The Billing Party shall be responsible for delivering to Customers information that is mandated by regulations.

d. Due dates, and other payment terms and conditions must be identical for Supplier and Utility charges when a Consolidated Bill is rendered.

e. Whenever a Consolidated Bill is to be canceled, the following practices shall be followed:

- (1) Canceled usage will be by metering period;
- (2) The consumption sent in the cancel transaction must match the consumption sent in the original transaction;
- (3) Canceled usage must be sent at the same level of detail as the original usage;
- (4) In order to restate usage for a period, the metering entity first must completely cancel all usage for that period and then send the full set of restatement transactions; and
- (5) When credits (or debits) are created during a cancel/rebill event, the non-Billing Party shall not transmit the credit (or debit) to the Billing Party until the associated rebill debit (or credit) transaction is completed and sent to the Billing Party.

f. Special billing features that have no effect on the Non-Billing Party may be implemented by the Billing Party. Special billing features that affect both parties' payments, such as Budget Billing or average payment plans, may be offered by either party for its own charges consistent with provisions in the Billing Services Agreement. If such options are made available by the Non-Billing Party, the budget amount or average payment amount will be

³ If a summary bill is produced for multiple residences or multiple facilities owned or operated by a single entity in more than one distribution territory, then sufficient space for multiple bill messages by non-billing parties should not be required.

calculated and forwarded to the Billing Party for inclusion on the bill along with actual charges under the Bill Ready billing approach.

g. The Non-Billing Party Charges must be received by the Billing Party within two business days commencing on the first business day following receipt by the Non-Billing Party of valid usage data for a Customer account.

(1) Notifications Pertaining to the Non-Billing Party's Electronic File

(a) When the Non-Billing Party charges are received, the Billing Party shall acknowledge receipt via Uniform Electronic Transaction.

(b) If the Non-Billing Party's file is not valid then the Billing Party shall reject it. Rejection, accompanied by appropriate uniform error code(s), shall be communicated via the appropriate Uniform Electronic Transaction within twenty-four (24) hours of receipt of the file.

(c) If the Non-Billing Party's file is accepted, the Billing Party must present (or render) a bill to the Customers within two (2) business days.

(2) Notifications Pertaining to Individual Transactions within the Non-Billing Party's Electronic File

(a) When the Billing Party has not purchased the Non-Billing Party's receivables and is able to process the Non-Billing Party's file but is unable to present a significant number of Customer bills, the Billing Party shall notify the Non-Billing Party.

(b) If the Non-Billing Party's transactions are received within the appropriate time frame and a transaction is rejected, then the Billing Party will notify the Non-Billing Party of the rejection via Uniform Electronic Transaction. The Non-Billing Party may, if time permits, resubmit a corrected file containing billing charges for inclusion in the current billing statement.

(c) If the Non-Billing Party transactions are sent to the Billing Party outside the appropriate time frame such that charges could not be included on the bill, then the Billing Party should reject the transaction and notify the Non-Billing Party within two business days via Uniform Electronic Transaction that the charges were not billed. The Non-Billing Party shall resubmit its charges in the following billing period in accordance with the time requirements outlined above.

(3) If Billing Party errors cause the Non-Billing Party charges to miss the billing window, the Billing Party shall cancel and reissue the bill within two business days, unless the Billing Party and Non-Billing Party arrange a mutually agreeable alternative bill correction process.

2. RECOMMENDED PAYMENT PROCESSING AND REMITTANCE PRACTICES

a. Payment Processing Methods

Recommended practices for Consolidated Billing assume that one of two basic payment processing approaches will be adopted, as described in this section. The particular methods of payment processing used for Consolidated Billing as set forth below shall be at the discretion of the Billing Party provided that the Billing Party accepts the practices described herein. The responsibilities of the parties, performance parameters, financial arrangements and other details associated with payment processing and remittance will be set forth in the Billing Services Agreement. Billing and collections for any non-energy charges must be mutually agreed upon by both parties, as set forth in the Billing Services Agreement.

(1) “Purchase Receivables” Option

The Billing Party voluntarily purchases the Non-Billing Party’s receivables and sends the Non-Billing Party payment at predetermined intervals for all Non-Billing Party amounts billed that are not In Dispute⁴, regardless of when (or whether) the Customer pays the Billing Party; or

(2) “Pay as You Get Paid” Option

The Billing Party forwards payment to the Non-Billing Party (within a time frame specified in the Billing Services Agreement) when it receives payment from the Customer and the payment is processed in accordance with an agreed-upon priority order of payments.

b. General Payment Processing Practices

(1) Payment

The Billing Party shall pay the Non-Billing Party in accordance with the payment terms described in the Billing Services Agreement between the parties. The Billing Party shall make payment notification to the Non-Billing Party via the appropriate Uniform Electronic Transaction. Payments shall be made in a standard time frame by electronic means [e.g., EFT (Electronic Funds Transfer) or ACH (Automated Clearing House)] to a bank designated by the Non-Billing Party. Remittance advice by account shall be sent to a bank designated by the Non-Billing Party and/or directly to the Non-Billing Party.

(2) Notification of Payment

The Billing Party shall send a Uniform Electronic Transaction notifying the Non-Billing Party of the payments received for the Non-Billing Party’s charges from Customers, in account detail.

⁴ As indicated in the Glossary, In Dispute is a status that prevents collection action from being taken on a disputed amount.

(3) Conversion to Dual Billing for Overdue Payments

In the circumstance where the Utility is doing Consolidated Billing, purchasing the receivable, and cannot deny service due to nonpayment of Supplier charges, the Utility may initiate conversion of a Customer to Dual Billing where a threshold of overdue payments or identified delinquencies as specified in the Billing Service Agreement is reached.

Under this circumstance, adequate notice must be provided to the Customer and the other party, the latter via Uniform Electronic Transaction. The account shall revert to Dual Billing for the next Billing Cycle provided notification is received at least eight (8) calendar days before the next scheduled meter read cycle. Return of the Customer to Consolidated Billing should be at the discretion of the party initiating the conversion to Dual Billing.

(4) Payment Not Received by Non-Billing Party

If the Non-Billing Party does not receive payment from the Billing Party for undisputed charges within the appropriate time frame, then the Billing Party must pay interest on the unremitted amount calculated in accordance with applicable regulations or the relevant provisions of the Billing Services Agreement between the two parties. The rights and remedies associated with breach of contract are not modified by these rules. The Non-Billing Party has the right to convert all Customers to Dual Billing if the Billing Party is in material breach of contract or for the reasons specified in the Billing Services Agreement.

(5) Placing Billing Amounts In Dispute

(a) Ability To Initiate a Bill Complaint

(i) Only a Customer can initiate a Customer Complaint regarding some or all of the charges on their bill. Generally, the Customer will make an inquiry about the item(s) in question. If the question is not resolved the problem becomes a Complaint.

(ii) When a Complaint is received that impacts the entire bill or is specific to only the Billing Party's charges, the Billing Party will recognize the Complaint and place the Customer's account In Dispute. In the event of an inquiry regarding only the Non-Billing Party's charges, the Billing Party will note the inquiry and refer the Customer to the Non-Billing Party.

(iii) The Non-Billing Party may recognize Complaints related to its charges only. All other inquiries should be noted and the Customer referred to the Billing Party.

(b) Notification

(i) The Billing Party, upon determining that a Complaint exists that will impact the entire bill, must notify the Non-Billing Party of the subject and amount In Dispute, if known.

(ii) Once such a Complaint is resolved and the billed amount is no longer In Dispute, the Billing Party must notify the Non-Billing Party.

(iii) The Non-Billing Party must inform the Billing Party when Non-Billing Party charges are placed In Dispute.

(c) Application of Payment

Where charges have been placed In Dispute, payments should be applied against charges that are not In Dispute first. In all cases, payment is expected within normal time frames on all undisputed charges for either party.

(6) Multiple Account Payment Processing

Processing of a single Customer payment for multiple accounts requires proactive action on the part of the Billing Party and Non-Billing Party to apply payments correctly. When multiple account Customers choose a competitive Supplier or Suppliers the following are options to avoid problems with application of a single payment on the multiple accounts:

(a) The Billing Party can establish a “summary account” for all accounts that the Customer chooses a competitive Supplier. If the Customer chooses more than one Supplier, a summary account would be established for each competitive Supplier that the Customer chooses. For payment application purposes, each summary bill would be treated individually or the same as a single location account; or

(b) The Billing Party and Non-Billing Party will notify a multi-account Customer that chooses a competitive Supplier that payment application advice must be provided on an individual account basis when a single payment method is used. If the Customer fails to comply, that Customer may be converted to Dual Billing.

(7) Non-Billing Party’s Balance

(a) The Billing Party shall maintain a current and past due balance for each active account of the Non-Billing Party.

(b) In the Pay-As-You-Get-Paid method, following a switch, the Billing Party will carry forward any inactive Non-Billing Party arrears on a bill, consistent with requirements outlined in the Billing Services Agreement or Utility-Supplier tariffs. If amounts remain unpaid, the Billing Party will forward a Uniform Electronic Transaction to the Non-Billing Party to return any outstanding arrears.

(8) Past Due Balance Prior to Switching

Outstanding prior balances are not transferred unless mutually agreed upon by both parties. The Non-Billing Party will continue to bill the Customer separately for any outstanding balances until such balances are fully paid off.

(9) Late Payment Charges and Other Penalties

(a) Late Payment Charges (LPC) may be imposed on the Customer by the Billing Party and in the case of pay-as-you-get paid model, the Non-Billing

Party. Each party should be responsible for the calculation of its LPC charges. LPC for amounts not In Dispute will be applied in accordance with the Utility's tariff or Supplier's contract. This does not preclude the Billing Party from offering to apply and collect LPC for the Non-Billing Party as mutually agreed to in the Billing Services Agreement;

(b) The Non-Billing Party will include the LPCs where applicable as a line item in its Bill Ready information supplied to the Billing Party at the time the next bill is rendered to the Customer;

(c) If the Customer's check is returned for any reason, the Billing Party may charge the Customer's account for the check plus any administrative fees. In the Pay As You Get Paid method, the Billing Party will notify the Non-Billing Party via the appropriate Uniform Electronic Transaction and update the Non-Billing Party account balance.

(d) Activities related to the collection of funds shall be the responsibility of the Billing Party unless otherwise agreed to in the Billing Services Agreement.

c. Purchased Receivables Method

(1) Having assumed the obligation to pay the Non-Billing Party within the acceptable time frame for amounts owed the Non-Billing Party, the Billing Party should have the flexibility to change billing and payment practices subject only to applicable laws, regulatory requirements, and the terms and conditions of the Billing Services Agreement executed with the Non-Billing Party.

(2) The Billing Services Agreement shall specify the level of uncollectible revenues to be reflected in the amount due to the Non-Billing Party and provisions for its adjustment over time, based on actual experience. The uncollectible revenue levels should be defined by Customer segment (e.g., residential, small commercial, large commercial, industrial) and applied consistently in a manner that is both reproducible and nondiscriminatory.

d. Pay As You Get Paid Method

(1) Payment Notification and Remittance

Within one business day after posting the payment to the Customer account, the Billing Party shall send a Uniform Electronic Transaction notifying the Non-Billing Party of account-specific payments received for the Non-Billing Party's charges from Customers.

The Billing Party shall remit to the Non-Billing Party funds associated with Customer payments posted⁵ for all undisputed Non-Billing Party Charges within two (2) business days of the posting of the Customer's payment to the Billing Party's system. Remittance of funds shall be made by electronic means [e.g., EFT (Electronic Funds Transfer) or ACH (Automated Clearing House)] to a bank designated by the Non-Billing Party. By mutual agreement between the parties the Billing Party may send account-specific information with the remittance of funds in an electronic certification to the bank in lieu of or in addition to direct notification to the Non-Billing Party.

⁵ It is assumed that the Billing Party will process and post funds received each business day.

(2) Notification of Partial Payment

When a Customer makes a partial payment on an account, the Billing Party shall notify the Non-Billing Party using an appropriate Uniform Electronic Transaction.

(3) Payment Arrangement

When a Customer enters into a multi-month payment arrangement for all or a portion of the bill, the Party entering into the agreement with the Customer must notify the other Party of such action.

E. DUAL UTILITY AND SUPPLIER BILLING AND PAYMENT OPTION

Dual Utility and Supplier Billing are the billing processes whereby the Utility and the Supplier independently produce and render bills directly to the Customer. This document assumes that all Utilities and Suppliers maintain the capability to provide dual billing in order to accommodate circumstances where this document may require that dual billing be implemented immediately.⁶ The Customer receives two bills and makes two separate payments to the Utility and the Supplier. This section contains recommended practices where Dual Billing is to be implemented.

1. The Utility and the Supplier, each acting as a Billing Party, shall render individual bills directly to the Customer or the Customer's agent in accordance with applicable legal requirements. The Customer or its agent shall pay the Utility and the Supplier separately.

2. The Utility's bill shall conform to the standards set by the Applicable Regulatory Authority.

3. The Supplier's bill format shall be at the Supplier's discretion, subject only to legal and regulatory requirements.

4. For large commercial and industrial Customers, the elements on a Customer's bill and its format may be negotiated between each Billing Party and its Customer, subject only to legal and regulatory requirements.

5. For residential and small commercial Customers, the bill shall itemize charges, each in enough detail to provide the Customer enough information to judge the accuracy of the bill. The required elements on the Customer dual bill shall be the same as those elements specified for Consolidated Bills in Section D.1.b.(3), with the following exceptions, unless the Customer agrees to other billing arrangements:

Customer Information:

- (d) Non-Billing Party account number does not apply;
- (e) Utility rate identifier does not apply for the Supplier bill;
- (f) Utility special pay plans or riders do not apply for the Supplier bill;

⁶ This capability may be outsourced.

Non-Billing Party Information:

(y) (z) No elements are applicable; and

Miscellaneous Information:

(bb) Space for bill message by the Non-Billing Party does not apply.

6. Whenever a Dual Bill is to be canceled, the following practices shall be followed:
 - a. Canceled usage will be by metering period;
 - b. The consumption sent in the cancel transaction must match the consumption sent in the original transaction;
 - c. Canceled usage must be sent at the same level of detail as the original usage.
 - d. In order to restate usage for a period, the metering entity first must completely cancel all usage for that period and then send the full set of restatement transactions.

V. (1) Exhibit to Billing and Payment: Billing Services Agreement for Consolidated Billing

A. INTRODUCTION

The Billing Service Agreement (“BSA”)¹ outline has been developed to support the needs identified in the Billing and Payment section of the Uniform Business Practice (“UBP”) report. The assumption is that a BSA would be a legal document executed between the billing and non-billing parties whenever consolidated billing is provided to a Customers. The Applicable Regulatory Authority would review and approve the standard document, if applicable. It is recommended that the BSA, when required, be incorporated into the Master Service Agreement² as an appendix, along with other commitments between the Supplier and the Utility. Therefore, the attached version of the BSA does not contain a section for standard legal terms and provisions that are provided for in the Master Service Agreement. If the BSA were to be a stand-alone document, it would be necessary to add this section to the document.

B. BILLING SERVICE AGREEMENT OUTLINE

1. PREFACE

- a. General description of the agreement
- b. Scope and relationships with other documents (e.g., Supplier Tariff)
- c. Regulatory approval, if required.

2. OVERVIEW AND SELECTIONS

- a. Selection of consolidated billing option(s) [Supplier or Utility Type]
- b. Selection of payment processing options(s) as made available by the Billing Party per billing option [Purchase Receivables or Pay As You Get Paid]
- c. Definition of terms

¹ The BSA outline provides market participants with a framework from which to create a jurisdiction-specific service agreement based on the structure, rules and governing documents of the jurisdiction. This outline is not intended to be a formal, legal document that dictates the terms and conditions of the contractual relationship between a Utility and Supplier. Terms of the ultimate document will reflect the structure of a particular retail market.

² Master Service Agreement defined in the UBP Manual section entitled: “MARKET PARTICIPANT INTERACTIONS: GOVERNING DOCUMENTS, CREDITWORTHINESS AND PERFORMANCE STANDARDS”

3. BILLING OBLIGATIONS AND OPTIONS

a. Standard

(1) Detail relevant terms and conditions between the two (2) parties specified contractually in the consolidated billing option [e.g., Billing Party (“BP”) obligations, Non-Billing Party (“NBP”) obligations, Accuracy of NBP charges]
[D.Intro]

(2) For selected payment processing method, detail responsibilities for billing, including: performance parameters, financial arrangements, and other details (e.g., bill insert, timing on receiving NBP charges)
[D.2.a]

b. Optional

(1) Detail responsibilities for non-standard billing arrangement to be provided to the NBP by the BP for Industrial and Commercial (“I&C”) Customers (e.g., issue bills on non-standard cycle)
[D.1.b.2]

(2) Detail responsibilities for non-energy charges (e.g., billing for HVAC services)
[D.2.a]

4. PAYMENT OBLIGATIONS AND OPTIONS

a. Standard

(1) For selected payment processing method, detail terms and responsibilities for payment of the NBP by the BP, including: performance parameters, financial arrangements, creditworthiness, notifications of Customers dispute and other details (e.g. forms of payment)
[D.2.a]

(2) Detail the level of uncollectibles to be reflected in the amount due for Purchased Receivables method, if applicable.
[D.2.c.2]

b. Optional

(1) Detail responsibilities for special payment features that affect both parties (e.g., budget billing)
[D.1.f]

(2) Detail agreement and terms when BP provides payment arrangements to a Customers on behalf of the NBP (e.g., terms for payment by Customers in arrears)
[D.2.d.3]

(3) Detail agreement and terms for the BP to apply and collect Late Payment Charges (“LPC”) for the NBP (e.g., finance charge applied on behalf of NBP by BP)
[D.2.b.9.a]

(4) Detail conditions to change to level of uncollectibles to be reflected in the amount due for Purchased Receivables method.
[D.2.c.1]

5. COLLECTION OBLIGATIONS AND OPTIONS

a. Standard

(1) Detail activities related to the collection actions to be taken if provided by the BP (e.g., apply LPC after 30 days, letter to Customers after 60 days)
[D.2.b.9.a]

(2) For selected payment processing method, detail responsibilities for remittance, including: performance parameters, financial arrangements, and other details (e.g., payment advice within 2 days)
[D.2.a]

(3) Detail terms and conditions for the BP to carry forward arrears for inactive NBP on an active Customer’s bill (e.g., BP will carry charges for inactive NBP on bill for 60 days)
[D.2.b.8.a]

(4) Detail the threshold for overdue payments and identified delinquencies that can result in the conversion of the Customers to dual billing (e.g., Customers overdue by 60 days and the BP converts to dual billing)
[D.2.b.3]

b. Optional

(1) Detail activities related to the collection of overdue funds if not provided by the BP (e.g., NBP is responsible for all collections of NBP charges)
[D.2.b.9.d]

(2) Special arrangements for collection of funds by the BP

6. SERVICE LEVEL AND REMEDIES

a. Detail expectations for performance and responsibilities of each party, including remedies for failure to meet obligations (Events of Default) (e.g., NBP calls for change due to BP performance)
[D.Intro]

b. Detail terms and conditions for the BP to pay NBP interest if the undisputed charges are due and not paid in the appropriate time frame
[D.2.b.4]

- c. Provisions for Audits, including:
 - (1) Payment priority application verification
 - (2) Bill verification
- d. Detail the terms of payment for services rendered
- e. Detail on payment timing and methods between parties

7. MISCELLANEOUS

Detail agreement and expectations for providing access to current payment information by the BP to the Utility to avoid physical disconnection for nonpayment in error.

VI. Load Profiling

A. INTRODUCTION

Billing using hourly market prices, forecasting, and settlement activities requires knowledge of the hourly (Note: some may use sub-hourly) Load shape by Customer Class or some other criteria. The long-term solution for the retail electricity market is to have an interval data recorder on each Customer, to the extent economically feasible, in order to accurately measure a Customer's Load each hour. However, until such time, a Load Profile methodology should be used to estimate a Customer's Load for each hour. An added benefit of deployment of interval data meters provides Customers an awareness mechanism to shift Load toward more efficient utilization patterns through the use of hourly price signals.

The Load Profiling Agent is the party (authorized by Applicable Regulatory Authority), which administers the Load Profiling in a Utility service territory. It is not essential that this be the Utility, although the Utility is in the best position to provide this service for the initial rollout of Retail Access.¹

B. REGULATORY POLICY ISSUES

As described more fully in the Preface, there are a number of regulatory policies and unresolved issues that affect the business practices addressed in this document. The key issues impacting Load Profiling implementation practices are identified below. Regulators and other policymakers are encouraged to examine these issues before, or in conjunction with, considering the recommended business practices for a particular jurisdiction.

Specific issues that impact Load Profiling are:

1. The minimum size Customer requiring an interval meter.
2. Whether to employ static or dynamic estimation process.
3. Rules regarding confidentiality and use of data.
4. The process for methodology review.
5. Appropriate Segmentation by and within Customer Class, if any.
6. The process for maintaining and updating Load Profiles.
7. How profiles are communicated.
8. Recommended practices on how profiles are used.
9. Validation, editing and estimation standards for raw data.

¹ Not all companies perform Load Profiling functions. Accordingly, this section is valid only when such profiling is performed. Gas Load Profiling is not yet incorporated into this practice.

C. PROFILES AND METHODOLOGIES

1. Load Profiles and Load Profiling methodologies should be reviewable and verifiable by the Applicable Regulatory Authority to ensure that profile classes are easily identifiable, Load Profiles used are representative of the Customer Class being profiled, Customer Loads are represented in a nondiscriminatory manner, and that dispute resolution regarding Load Profiling is defined. Market participants could gain access to non-Customer-specific data (interval data without any Customer-specific identification data) necessary to verify the validity and reliability of Load Profiles and methodologies through appropriate avenues available within the regulatory process. Such a regulatory process should carefully consider confidentiality and use of the data to ensure that data is being used appropriately.

2. The Load Profiling method used by the Load Profiling Agent should balance ease of implementation with the need for the Load Profile to reasonably represent and/or predict the Customer's actual use. Every effort should be made to develop a sound framework upon which all Load Profiling is based.

3. The interval Load data used in the development of a Customer Class Load Profile, and associated identity of such Customers, should not be shared with Customers or Suppliers. To do so would bias the sample and reduce the accuracy of profiles.² Such sample data may be shared with the Applicable Regulatory Authority as confidential data for purposes of validation of the methodology and process.

4. Suppliers should have access to the validated and edited Customer Class or Segment Load Profiles. All profiles used for Load Profiling should be made available to Suppliers by the Load Profiling Agent *via* a website in a read-only, downloadable format or by other appropriate cost-effective electronic media. The information should be date stamped with the date posted and the date created, and the website or other electronic media should clearly indicate when updated information has become available.

5. No single profiling method is optimal in all circumstances and, as methods are developed over time, changes are expected to occur. The method used, either Dynamic Load Profiling or Static Load Profiling, should balance the need for accuracy, cost-effectiveness for the market, predictability, technical innovation, lead time to implement, demonstrated need for market data, and sample bias.

6. Evolving uniform practices for Load Profiling in Retail Access reduce dependence upon historic databases and seek a means of accessing and analyzing more current data to match the needs of the market. These practices must balance the desire for more detail, accuracy and timeliness with cost and market realities.

7. Easily verifiable Load Profiles should be developed for each Customer Segment (stratum) or Customer Class profile by the Load Profiling Agent with the concurrence of the Applicable Regulatory Authority or governing body. A non-interval metered Customer's Load Profile should be the same regardless of Supplier (i.e., all Customers within a particular Class/stratum should have the same profile) within the Utility's service territory. If a regional

² This does not preclude the use of the interval meter data for billing purposes, provided that the Customer is not informed that they are in the Load sample. This may not be possible where an additional meter is required and Customer permission is required to install such meter.

approach is used, then the sample should come from the region or an acceptable Load Profile transfer methodology should be adopted.

a. Each Customer Segment or Customer Class, as appropriate, should be profiled using a statistically valid and representative sample of Customers or an appropriate, statistically valid modeling approach, to assure the quality of the Load Profile data. The validity of the approach needs to be reconfirmed periodically or as markets evolve, and corresponding Load Profiles need to be updated accordingly. Sub-Class Load Profiles should not be defined such that they would unlawfully discriminate against any Customer group.

b. The Load sample may include both bundled and unbundled Customers, such that a Customer is not removed from the Load sample when the Customer begins to receive service from a Supplier.

c. Whenever Customers included in Load Profiling samples change Suppliers or Meter Service Providers, the Load Profiling Agent must be assured of continued access to Load research data. The mere act of switching does not disqualify a Customer from the sample.

d. Customer Loads that are not metered, such as streetlights, may be represented by Load Profiles deemed to closely reflect their known patterns of usage.

8. Aggregated interval Load Profile data, if available for a Customer Class, should be provided to all Suppliers on the agreed reporting date, whether daily or monthly. The Load Profiling Agent should post its Load shape information for each Customer Segment or Customer Class to a website in a consistent downloadable format, or utilize other appropriate, cost-effective electronic media.

9. If Load Profiling is not acceptable to either the Customer or the Supplier, they may opt to procure interval Load data via approved recording metering equipment for billing purposes. Such recording equipment must meet required metering standards of the Applicable Regulatory Authority. Protections may be needed to prevent gaming of this principle, e.g., mandatory use of interval data where it is already available to avoid gaming against Load Profile. The requesting party will bear the expense of such interval metering.³

10. The Utility will post its distribution and transmission loss factors via the appropriate electronic methodology.

³ Interval metering and remote meter reading are not synonymous.

VII. Supplier Licensing

A. INTRODUCTION

In an effort to foster uniformity, it is recommended that the Applicable Regulatory Authority oversee the process for licensing competitive Suppliers and that it should also maintain and make available a complete and updated list of all licensed competitive Suppliers with their current status. This section provides guidelines for implementing the process for obtaining and maintaining a license to provide electric and natural gas services. There may be additional requirements for Supplier participation in a Utility's service territory, managed by the Utility, subject to regulatory oversight, such as creditworthiness, interconnection arrangements, EDI testing, etc. These may or may not be considered an integral part of the licensing process conducted by the Applicable Regulatory Authority.

B. REGULATORY POLICY ISSUES

As described more fully in the Preface, there are a number of regulatory policy issues that affect the business practices addressed in this document. The key policy issues impacting Supplier Licensing practices are identified below, along with implementation issues that were not resolved by the participants. Regulators and other policymakers are encouraged to examine these issues before, or in conjunction with, considering the recommended business practices for a particular jurisdiction.

1. The applicable licensing requirements and parameters.¹
2. Role of the Applicable Regulatory Authority in the licensing process.
3. Details and development of the application process:
 - a. Application form (e.g. contents);
 - b. Processing timeline; and
 - c. Financial and technical requirements,.
4. Availability and maintenance of the master list of all Applicants and their status.
5. Conditions for Maintaining a License:
 - a. Revocation, suspension and penalties; and
 - b. Periodic review and/or renewal.
6. Confidentiality of Information.
7. The need for, and purpose(s) to be served by, financial security provided to the Applicable Regulatory Authority.

¹ This section does not address entities other than Suppliers, such as aggregators and brokers. The Applicable Regulatory Authority may want to consider certification and licensing procedures for these entities as well.

C. APPLICABILITY

1. Where applicable, the licensing process should apply to both electric and natural gas Suppliers. A Supplier should be able to offer both electric and natural gas services through a single license application process.

2. If a license is required, no Supplier shall contract, offer to contract, enroll Customers, or provide energy to retail Customers, without having first obtained the proper license from the Applicable Regulatory Authority.

D. APPLICATION PROCESS

1. Applications should be made on forms developed and made available by the Applicable Regulatory Authority. The application form should be readily available and posted in a downloadable format on the Applicable Regulatory Authority's Web site.

2. The Applicable Regulatory Authority should maintain and update a list of all Applicants and the Applicants' status and post the list on its Web site, if one is available.

3. The Applicable Regulatory Authority should endeavor to adopt a streamlined process, which enables processing of all completed license applications within thirty (30) calendar days. The application process should be electronic, i.e., Web-based, if available.

4. As part of the Applicable Regulatory Authority's review and approval process there should be sufficient opportunity for affected stakeholders to intervene in the process or proceeding.

E. APPLICATION PROCESSING

1. The Applicable Regulatory Authority should notify the Applicant within two weeks of receipt of the application if additional information is required, and if so, should identify the information needed. If additional information is required from the Applicant, the processing period shall begin when all required additional information has been received by the Applicable Regulatory Authority.

2. If a deficiency is found in the Applicant's application, the Applicable Regulatory Authority should notify the Applicant in writing of the deficiency within two weeks of receipt of the application. Applicant would have two (2) weeks upon receipt of the written notice to provide notice of intent and schedule to satisfy the deficiency.

3. The knowing and/or intentional making of false statement(s) on the Application are grounds for denying the Application or, if discovered after a license has been awarded, for revoking any authority granted pursuant to the Application and License. In addition, the application should be subject to applicable regulations and statutes relating to false statements in official documents.

F. APPLICATION REQUIREMENTS

Applications should typically include the following information:

1. IDENTITY OF THE APPLICANT:

- a. the Applicant's legal name, current address, current telephone number, current electronic mail (E-mail) address of Applicant's contact, Web site address (if applicable), and current facsimile number;
- b. any predecessor(s) of the Applicant and other names under which the Applicant has operated within the preceding five (5) years, including name, address, and telephone number; and
- c. the name(s) under which the Applicant has registered with the state to do business with respect to this license.
- d. A description of the business structure and ownership type, including incorporation information (date and state), a list of all corporate officers and directors, or all partners if a partnership, a copy of the business license or certificate of authority to do business in the state (if applicable), state sales tax identification number (if applicable), and federal tax identification number.
- e. Names and addresses of any parent company and Affiliate(s) which are jurisdictional public Utilities, intrastate pipelines, interstate pipelines, municipal Utilities, or cooperatives operating within the state.

2. CONTACT INFORMATION:

- a. name, address, telephone number, e-mail address, and facsimile number of employee designated to receive and respond to Applicable Regulatory Authority requests and who will notify the Applicable Regulatory Authority of any changes to the information provided in the Application;
- b. title, department, address, telephone number, and facsimile number designated for emergencies;
- c. title, department, address, telephone number, e-mail address (if applicable), and facsimile number for the Applicable Regulatory Authority to contact to address Customer complaints;
- d. Applicant's toll-free Customer service telephone number for inquiries from Customers in the State/relevant Utility service area(s); and
- e. Agent for service of Process upon whom process may be served, and address, telephone number, and facsimile number of Agent for service of Process.

3. The Applicant shall provide information to demonstrate financial fitness. The following are the recommended information elements:

- a. Actual (or proposed) organizational structure of the Applicant;
- b. Applicant's publicly available balance sheet and income statement for the most recent fiscal year. Published financial information such as 10Ks and 10Qs will be deemed to satisfy this requirement. If the Applicant does not have published financial information such

as 10Ks and 10Qs, the 10K or 10Q of the Applicant's parent will satisfy this requirement;

c. Evidence of Applicant's credit rating. Applicant may satisfy this requirement by providing information from Dun and Bradstreet credit reports, Robert Morris and Associates financial forms, or other independent financial service reports;

d. At the Applicant's discretion, published parent company financial and credit information;

e. Annual Report, if available;

f. A statement whether the applicant or an Affiliate has filed for bankruptcy within the past 24 months; and

g. At the Applicant's discretion, other financial information. For instance, the Applicant may furnish other creditworthiness/financial information used to demonstrate financial fitness in other states or in other segments of the energy industry.

4. To demonstrate its technical fitness and ability to comply with the Applicable Regulatory Authority's requirements, the Applicant may provide the following information:

a. A statement or demonstration of ability to comply with applicable wholesale market obligations by the Applicant or its agent(s);

b. A statement as to whether the Applicant or its agent has a Federal Energy Regulatory Commission (FERC) Power Marketing License. If applicable, the Power Marketing License number;

c. Documentation of the Applicant's or its agent's membership in regional reliability councils shall be submitted if applicable to the scope and nature of the Applicant's proposed services; and

d. Demonstration of its ability to comply with the Applicable Regulatory Authority's requirements by providing evidence for consideration, including but not limited to, prior regulatory experience, prior business experience in energy or other service-oriented industries, staffing and staff training commitments, agreements, arrangements and contracts for Customer education and information service, Customer satisfaction survey results, and government agency reports. The Applicant shall also provide a list of those states where it is presently licensed, and indicate if it is currently operating in each state where it is approved to do business.

5. The Applicant must provide the following disclosures, as applicable:

a. The denial or revocation of a license in another state;

b. All civil actions that have been concluded within the past 12 months that relate to or arise out of the sale of electricity or natural gas, business fraud, or unfair or deceptive sales practices;

c. All criminal prosecutions or convictions within the past six years that relate to or arise from the sale of electricity or natural gas, business fraud or deceptive sales

practices; and

- d. All felony prosecutions or convictions within the past six years.

G. CONDITIONS FOR MAINTAINING A LICENSE IN GOOD STANDING

1. If there are any material changes to the Applicant's information while the application is pending or if the information changes while the Supplier is operating under license within the state, the Applicant/Supplier must inform the Applicable Regulatory Authority of the material changes within thirty (30) calendar days.

2. Once approved, the license to serve Customers in the state is valid until revoked or suspended by the Applicable Regulatory Authority after notice and opportunity for hearing guarantees are afforded, or until the Supplier chooses to abandon the license. The Applicable Regulatory Authority may also require the Licensee to temporarily halt its activities to prevent further consumer harm while an investigation may proceed.

3. At the discretion of the Applicable Regulatory Authority, if a deficiency is found in the Supplier's maintenance of its license in good standing:

- a. Grant the Supplier thirty (30) calendar days upon receipt of written notice to cure the deficiency or to file a request for an extension to cure the deficiency; or

- b. Take immediate action where harm to consumers may result from continuing activity by a licensee whose financial or technical fitness may be imperiled.

H. CONFIDENTIALITY

The application may contain information that is deemed confidential and which is not subject to public disclosure, unless otherwise required to be disclosed pursuant to other statutory or regulatory provisions. If information must be disclosed, then the confidentiality of the information shall be maintained consistent with the Applicable Regulatory Authority's rules and regulations pertaining to confidentiality.

VIII. Market Participant Interactions: Governing Documents, Creditworthiness and Performance Standards

A. INTRODUCTION

This chapter presents an overview of topics that provide support for the interactions between Utilities and Suppliers 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 between Utilities and Suppliers 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 between Utilities and Suppliers, 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 Master Service Agreement (MSA) that would capture applicable agreements and obligations between the Utility and the Supplier is provided to establish direction when developing these market-tools.

B. REGULATORY POLICY ISSUES

As described more fully in the Preface, there are a number of regulatory policy issues that affect the business practices addressed in this document. The key policy issues impacting Market Participant Interaction practices are identified below, along with implementation issues that were not resolved by the participants. Regulators and other policymakers are encouraged to examine these issues before, or in conjunction with, considering the recommended business practices for a particular jurisdiction.

Specific issues that impact Market Participant Interactions are:

1. Use of Regulatory Documents, Agreements between Parties and Operational Manuals to govern the interaction between market participants.
2. The need and the extent that Performance Standards are required between market participants.
3. Grace period for meeting minimum performance standards.

4. Creditworthiness Practices – There was no consensus on the majority of the business practices related to the requirements for establishing and maintaining creditworthiness. Therefore, recommended practices do not appear elsewhere in this Report. The unresolved creditworthiness issues include:

a. The applicability of creditworthiness standards, including a definition of the risks to be considered and the situations under which credit standards apply to either party, and whether creditworthiness standards or other techniques should serve to mitigate the risk of Supplier default on the Default Service provider.

b. Whether and to what extent the potential impact of creditworthiness standards on the competitive markets should be considered in establishing those standards.

c. The credit application and evaluation process.

d. The extent to which the credit application and evaluation process should be described in Governing Documents.

e. The process by which Suppliers may challenge a Utility's creditworthiness determination (or vice versa), if applicable, and the role of the Applicable Regulatory Authority.

f. The credit criteria that would qualify a Supplier for unsecured credit with a Utility.

g. Whether unsecured credit extended to those who qualify should have limits, and if so, what criteria should be used to determine a limit on the amount of unsecured credit extended to a Supplier.

h. The set of security instruments acceptable for meeting creditworthiness requirements where unsecured credit requirements cannot be met.

i. The method of calculating the amount of credit exposure and the amount of security required.

j. The process for monitoring and/or ensuring compliance with creditworthiness requirements.

k. Remedies available to either party in the event that creditworthiness requirements are not maintained, including the determination of situations where security may be called.

l. The degree to which creditworthiness standards and/or practices should be established in an open, standard, statewide basis.

m. The confidentiality requirements associated with any information provided as part of the creditworthiness process.

The balance of the section presents business practices that the participants believe can be used to effectively implement Market Participant Interactions.

C. GOVERNING DOCUMENTS

1. Governing Documents are those that determine the interactions between market participants. Governing Documents generally include a) regulatory documents (tariffs, rules, regulations), b) contractual agreements between the parties, and/or c) Utility operational manuals. The distinction between each type of document varies between state jurisdictions. For example, the topics in the Master Service Agreement referenced below may be found in either regulatory documents, agreements between the parties or operational manuals. The following is provided to give a general idea for content and purpose of each.

a. Regulatory Documents

Regulatory documents are those established by the Applicable Regulatory Authority and provide the policy framework for Retail Access. Regulatory documents create a legal obligation to the state. The content of regulatory documents include:

- (1) All fees and/or credits required for regulated services,
- (2) Definitions of roles and responsibilities, including what has to be done, by when and by whom,
- (3) Definitions of regulatory policy in such areas as, billing options available, metering options available, creditworthiness standards and Load Profiling eligibility.

b. Agreements between the Parties

Agreements establish the legal relationship and obligations between individual parties. A Master Service Agreement (Exhibit 1) may be used which encompasses the various types of agreements that may be needed including Billing Services Agreement, Metering Services Agreement, Trading Partner Agreements¹, as well as others. The Utility and the Supplier shall execute the Master Service Agreement. As appropriate, the Master Services agreement and any modifications should be reviewed or approved by the Applicable Regulatory Authority. The Master Service Agreement may also:

- (1) Define the communication process between the parties,
- (2) Set forth performance expectations,
- (3) Define data required to interact,
- (4) 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
- (5) Define the dispute resolution process.

c. Operational Manuals

The Utility in cooperation with other market participants may also establish operational manuals, addressing those details not covered in the above documents.

¹ The Utility and the Supplier should execute a uniform Trading Partner Agreement, to commit to the proper use of Uniform Electronic Transaction protocols.

Operational manuals should provide the details of market participant interactions. Operational manuals provide an efficient and flexible vehicle for facilitating the functioning of the Retail Access market. It is recommended that Operational manuals:

- (1) Be nondiscriminatory;
- (2) Be publicly available;
- (3) Be collaboratively developed and modified; and
- (4) Be acknowledged by the Applicable Regulatory Authority.

2. At a minimum, the following operational items should be addressed in Governing Documents, as applicable:

- a. Any fees or charges;
- b. Switching;
- c. Imbalances;
- d. Load Profiles;
- e. Scheduling;
- f. Billing;
- g. Metering;
- h. Retail Settlements;
- i. Scheduling Coordinators;
- j. Losses;
- k. Customer Information;
- l. Dispute Resolution Process;
- m. Standard operating rules;
- n. Performance Incentives and Standards;
- o. Creditworthiness, and
- p. Uniform Electronic Transaction Standards.

D. PERFORMANCE STANDARDS

Effective operation of competitive electrical and gas markets requires that the business practices described in this document work properly. The Applicable Regulatory Authority should establish performance standards through rulemaking, formal collaboration or other appropriate mechanisms. Market performance should be monitored, compared to these standards, and appropriate actions taken to achieve performance that meets the standards.

1. Prior to Switching Customers, the parties should demonstrate the ability to exchange data and conduct business via the Uniform Electronic Transactions that have been developed.

2. A party offering consolidated billing services must demonstrate, in a volume commensurate with the number of Customers reasonably expected to be served by that entity, the ability to accept billing information from the non-billing party, accurately produce and render the bill, process payments from the Customer, respond to Customer inquiries, and comply with collection laws and regulations in accordance with the requirements of the Billing and Payments section.

3. Applicable Regulatory Authority should analyze the business practices established in their jurisdiction and solicit input from stakeholders when establishing the performance standards and the means for monitoring performance in the following areas, as appropriate:

a. Customer Information Exchange

Customer information request responses issued within the appropriate time frame (indication of problems accessing and/or transmitting Customer information).

b. Customer Switching

(1) rejected Switch Requests (indication of problems obtaining necessary validation data from Customer and/or passing data from Supplier to Utility);

(2) Customer notification letters issued within the appropriate time frame (indication that Customers are notified of Switching activity in time to take action if appropriate);

(3) Customer rescissions (indication of Customer confusion, misinformation, and/or unauthorized Switching); and

(4) 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).

c. Meter Usage and Meter Attributes Data Transfer

(1) meter data provided within appropriate time frame (indication of degree of automation and/or accuracy of meter data management systems); and

(2) estimated/missing data (indication of degree of automation and/or accuracy of meter reading and meter data management systems).

d. Billing

1) 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);

2) consolidated bills issued with all appropriate charges (indication that Customers are receiving timely and accurate consolidated bills); and

3) time to render bills after receipt of the non-billing party charges (indication that consolidated bills are issued promptly).

e. Payments

(1) Customer payments provided by billing party to non-billing party within appropriate time frame (indication of problems exchanging cash transactions between the parties); and

(2) 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).

4. While all parties are expected to perform their respective functions satisfactorily from “day one” – it is recognized that implementation of certain new Customer choice business practices can represent a substantial challenge to parties and that a grace period may be needed for parties to meet final performance standards. A grace period of up to six (6) months may be appropriate for achievement of final performance standards, with an option to appeal for an extension based on significant technical issues. Instances where such a grace period might be appropriate include, but are not limited to, initial market opening, subsequent phase-in of additional Customers or Customer classes, and implementation of major new functionality such as Supplier consolidated billing or seamless moves.

5. Systematic non-compliance with established performance standards by any market participant could result in additional costs and delay the implementation or ongoing operation of effective Retail Access, and, therefore, must be reviewed and dealt with swiftly by the Applicable Regulatory Authority through an expedited process.

VIII. (1) Exhibit to Market Participant Interactions: Outline for a Master Service Agreement Between a Utility and a Supplier

A. INTRODUCTION

The conditions that govern the relationship between a Utility and Supplier may be described in various documents. Although key contractual terms may be specified in a service agreement between the parties, other rules surrounding the interactions may be described in tariffs, regulations or guidelines. Each jurisdiction that has implemented Retail Access to date has addressed similar issues, but done so through different documentation practices.

The following outline for a “Master Service Agreement” attempts to address all of the issues surrounding the contractual relationship between a Utility and a Supplier. Recommendations pertaining to the details of many conditions in the service agreement can be found in the body of the UBP report.

The outline provides market participants with a framework from which to create a jurisdiction-specific service agreement based on the content and proposed contracts delineated in the UBP manual and the structure, rules and Governing Documents of that jurisdiction. An overriding requirement of the outline for the Master Service Agreement is that it be flexible. Each jurisdiction has its own set of Governing Documents that may or may not address the details of a contractual relationship between a Utility and a Supplier.

The outline is not intended to be a formal, legal document that dictates the terms and conditions of the contractual relationship between a Utility and a Supplier. Terms of the ultimate document will reflect the structure of the retail market. In most cases, Supplier-specific details can be addressed in appendices. The appendices of the document also can be used to incorporate other agreements between a Utility and Supplier (e.g., Billing Services Agreement, Meter Services Agreement).

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APPENDIX F - Uniform Electronic Transactions Trading Partner Agreement

APPENDIX G - Customer Inquiry Contact Information

APPENDIX H - Dispute Resolution Process

1 GENERAL AND ADMINISTRATIVE PROVISIONS

The opening section typically names the parties to which the Master Service Agreement (the Agreement) applies and the date on which the Agreement was signed.

1.1 The Purpose of this Agreement

This section identifies in general terms the purpose of the document and the general terms and conditions that bind the parties. Typical clauses may include the following:

- a. This is a legally binding contract governing the business relationship between the parties as it pertains to electricity supply, metering services, billing, etc.
- b. This agreement is not to be interpreted as a joint venture arrangement.
- c. There are other applicable laws, regulations, codes, etc. that govern the relationship.

1.2 Definitions

This section includes definitions that are relevant to the Agreement. Where possible, definitions from the UBP glossary would be used, unless superseded by legislation, regulations or tariff provisions.

1.3 Term of Agreement

This section defines the effective date of the Agreement (which may differ from the date on which it is signed if, for example, the effective date of retail competition comes later) and the date the Agreement will terminate.

The date of termination may coincide with any of the following:

- a. notification by a Supplier that no longer wishes to operate in a Utility's service territory;
- b. the date that a modified or new service agreement commences; or
- c. the date that certain automatic termination clauses come into effect, such as those described in Event of Default section.

This section also may include a description of the process by which one party may inform the other of Termination of Agreement.

1.4 Amendments and Modifications to this Agreement

This section identifies the rules for amending the Agreement.

1.5 Assignment, Delegation and Subcontracting

This section defines the terms and conditions under which a party to the Agreement may assign its rights or obligations to a third party. Typically, clauses would say that neither party may assign rights or obligations without the prior written consent of the non-assigning party. Such clauses usually distinguish between assignment and subcontracting. Subcontracting is not an assignment of rights or obligations, but rather a means of fulfilling the rights and obligations of the contracting party through a subcontractor.

1.6 Third Party Beneficiaries

This section reiterates the parties that are subject to this agreement and states that there are no third-party beneficiaries.

1.7 Enforceability

This section describes the enforceability of the Agreement under certain conditions. For example, if any provision of this Agreement or application thereof is held invalid or unenforceable, the remainder of the provisions in this Agreement shall not be affected and shall continue in full force, unless deletion of the provision makes the agreement fail to address its central purpose. This section also could reference the applicable venue under which the agreement will be enforced (e.g., state and federal laws).

1.8 Notices

This section indicates that all notices under the Agreement shall be in writing and acknowledges the rights of parties to change the contact persons' name and address to which notices should be sent. Any special requirements with respect to delivery options should be delineated here. Reference should be made to the contact persons and addresses listed in Appendix A.

1.9 Relevant Documents

This section might make reference to other applicable tariffs, laws, regulations, codes, regulatory guidelines, rules, operational manuals, etc. that govern or affect the relationship. A list of other Governing Documents would be included here, or in an appendix, depending on the length of the list.

In the event of a conflict, conditions and requirements in certain Governing Documents may take precedence over the terms and conditions in the Agreement. This section also should describe the hierarchy of documents (i.e., which document takes precedence in the event of a conflict).

Most jurisdictions promulgate detailed rules by which the competitive electricity retail market and retail market participants must operate. These rules tend to be described in documents separate from a contractual agreement (e.g., legislation, codes, regulatory guidelines). These rules¹ include processes by which a Utility and Supplier may interact. For example:

- ◆ Retail Settlements/Reconciliation
- ◆ Customer Information
- ◆ Customer Switching
- ◆ Load Obligations of the Supplier
- ◆ Load Profiles used by the Utility
- ◆ Utilization of Schedule Coordinators and Agreements
- ◆ System Operations/Curtailment
- ◆ Delivery and Balancing
- ◆ Tariffs and Fees

Details on these processes could be included in this Agreement by reference, or actually detailed in the Agreement itself. If these rules are incorporated by reference, a summary of the relevant documents could be included here or in an appendix. Alternatively, each of the above topics could be developed as separate sections.² To the extent the operating conditions are not spelled out in other documents, these conditions may need to be addressed specifically in the text of the Agreement.

¹ Details on these topics is available in the Uniform Business Practices ("UBP") Manual

² For purposes of this outline, potential retail rules are simply listed in this section and are not developed in detail as separate sections. If these rules were set forth verbatim in the Agreement, the Agreement would

1.10 Waivers

Although an Agreement usually is subject to the legislative and regulatory requirements of the jurisdiction, this section could be used to define any waivers of conditions in the relevant documents.

2 CONDITIONS PRECEDENT

This section would include a list of the things that must be in place prior to entering into the Agreement or prior to either the Agreement becoming effective or to commencing service under the Agreement. Examples might include:

- ◆ Each party is licensed as required under applicable laws and regulations.
- ◆ Each party is in compliance with applicable laws, regulations, license conditions, market rules, etc.
- ◆ The Supplier or Utility has satisfied all applicable creditworthiness requirements.
- ◆ The Supplier has entered into the appropriate agreements with schedule coordinators to allow the Supplier to serve load.
- ◆ The requisite electronic funds transfer arrangements are in place.

It may be noted that these conditions precedent are ongoing obligations of the parties and failure to continue to meet these conditions may provide grounds for default or eventual termination of the Agreement.

3 EVENTS OF DEFAULT AND REMEDIES FOR DEFAULT

This section defines the conditions under which a Supplier or Utility would be considered in default of the Agreement. Examples might include:

- a. Non-payment.
- b. Bankruptcy.
- c. Violation of license conditions or regulations, including Customer slamming.
- d. Non-compliance with terms and conditions of the Agreement, including security arrangements or Conditions Precedent.

This section would describe the actions that either party may or must take when a default occurs. Such remedies may be prescribed by applicable regulatory requirements or by general commercial law. This section also might include statements concerning the ongoing obligations of each party. Examples of remedies include the following:

- ◆ Description of notification requirements.
- ◆ Period of time during which a Party can correct the default before termination of the Agreement.

Specific remedies associated with particular events may be described in the relevant sections of the Agreement.

be very large.

This section also might specify the interest rate that would be paid by a Supplier to a Utility or vice versa during periods of default. This section of the Agreement would be a logical place to delineate any “other arrangements” made between the parties to remedy defaults.

4 LIMITATION OF LIABILITY

This section would define the extent of liability of each party. Liability is often limited to direct or actual damages incurred as a result of a party’s action, lack of action, default or wrongful termination. Typically, damages such as consequential, indirect, special or punitive are specifically excluded by this section.

5 INDEMNIFICATION

This section typically provides that each party (the indemnifying party) shall hold harmless the other party (the indemnified party) from claims by a third party due to the negligence of the indemnifying party, subject to the limitations of liability. For example, in the event that the Utility is authorized to physically disconnect the Customer on behalf of the Supplier, the MSA should indemnify the Utility against any damages resulting from that action. Indemnification typically extends beyond the termination of the Agreement.

6 FORCE MAJEURE

This section relieves the parties of liability due to events beyond their control.

An Event of Force Majeure may be defined to include, but is not limited to, unusually severe weather, flood, fire, lightning, epidemic, quarantine restriction, war, sabotage, act of a public enemy, earthquake, insurrection, riot, civil disturbance, strike, work stoppage caused by jurisdictional and similar disputes, restraint by court order or public authority, or action or non-action by or inability to obtain authorization or approval from any governmental authority, or any combination of these causes, which by the exercise of due diligence and foresight such Party could not reasonably have been expected to avoid and which by the exercise of due diligence is unable to overcome.

This section also should include a description of the process by which a party informs the other of the Event of Force Majeure.

7 SYSTEM OPERATION

This section of the Agreement would delineate the rights of the Utility to physically disconnect, curtail interrupt or reduce service to Customers whenever the Utility reasonably determines, or is directed by an appropriate third party (including an ISO, government agency, or civil authority), that such an act is necessary to facilitate construction, installation, maintenance, repair, replacement or inspection of any of the Utility’s facilities; to maintain the safety and reliability of the Utility’s distribution system; or due to other reasons, including Emergencies, forced outages, and potential overloading of the Utility’s distribution system. It would also address notifications to market participants and related issues.

8 SECURITY ARRANGEMENTS

[Details on this topic are available in the Uniform Business Practices (“UBP”) Creditworthiness Section]

This section of the Agreement would delineate in general terms the requisite creditworthiness requirements of the parties and describe any potential security arrangements that may be established between the parties. There are likely to be other documents that identify the methodology that must be used to determine the maximum allowable security between the parties. This section could be used to record the specific arrangements pertinent to each bilateral Agreement.

Details of any specific security arrangements required to meet creditworthiness requirements may be delineated in Appendix B.

9 METERING

[Details on this topic are available in the Uniform Business Practices (“UBP”) Vol. II: Unbundled Metering Section]

Access to competitive metering is likely to vary among jurisdictions. If metering is to be competitive, this section may describe the conditions under which a Supplier may provide such services.

This section might include a reference to any metering requirements stated in the applicable Governing Documents.

If metering services are not unbundled, and the Utility is responsible for metering service, this section would describe the metering options that are available to a Supplier. The ability of a Supplier to request and obtain an alternative meter option that would be installed whenever that Supplier obtained an accepted Switch notification could be included here.

Any technical metering requirements applicable to a Utility or Supplier also may be included here. Special optional metering services also would be identified in this section (e.g., provision of TOU metering and settlement, provision of prepaid metering, any special meter reading services, tailored read cycles).

Details of the specific metering arrangements for the Supplier may be delineated in Appendix C.

10 UNAUTHORIZED ENERGY USE

This section could be used to incorporate specific provisions, protections and penalties related to unauthorized energy use by either Party. Contractual terms usually would prohibit either party from participating in, assisting in or being the cause of unauthorized energy use from the Utility’s system. It also could be used to create an obligation on both parties to inform the other if unauthorized energy use is suspected.

In some jurisdictions, failure to comply with scheduling requirements may be considered energy theft. Details regarding this type of situation and potential remedies could be included in this section.

11 BILLING

[Details on this topic are available in the Uniform Business Practices (“UBP”) Billing and Payment Section]

This section would describe the standard billing arrangements, including the following information:

a. Any generic or default instructions that a Supplier may wish to have carried out by a Utility. For example, it might describe the default billing option that would be used for all consumers served by a Supplier unless some other option is identified in a transfer request.

b. The timing of information flow between a Supplier and Utility. For example, it might indicate that a Supplier would need to provide bill-ready information to a Utility within X business days of the date that a Utility posts consumption data for an individual Customer.

c. Delineation of the specific payment and billing schedule for settlement processing with Suppliers.

d. Specific details associated with optional billing services provided by a Utility to a Supplier.

e. Whether a Supplier or Utility will respond to consumer questions about usage and control

of usage. Any arrangements between the Supplier and Utility concerning who should handle such inquiries could be included in this section.

This section could address the issues in general terms, and detailed procedures and arrangements could be described in detail in Appendix D.

12 PAYMENT

This section would describe the form of payment under the specific arrangements negotiated by the Parties. Interest provisions for late payments could be described here. Reference could be made to a more detailed description of the process for monetary transfers in Appendix E.

13 COMMUNICATION PROCESS

This section would describe the communication process by which reports, data and information required to be exchanged are communicated between parties. Reference could be made to a separate Uniform Electronic Transactions Trading Partner Agreement in Appendix F.

14 CUSTOMER INQUIRIES

[Details on this topic are available in the Uniform Business Practices (“UBP”) Customer Call Center Section]

If applicable, this section would describe the process by which each party is obligated to handle Customer inquiries. This might include decision rules on which calls (if any) one party might handle for the other and the preferred method for getting the Customer in touch with the correct party (live transfer, referral, etc.) If delineated as a separate section, Customer inquiries related to billing could be included here. Reference to specific contact information to be provided to Customers (e.g., phone number, facsimile number, mailing address or e-mail address) could be included as Appendix G.

15 AUDITS

This section identifies the rights of each party and the circumstances under which one party has the right to audit the books and procedures of the other party that directly relate to the conditions of the Agreement. This section also could specify the time frame and other potential limitations on the right to audit.

16 DISPUTE RESOLUTION

[Details on this topic are available in the Uniform Business Practices (“UBP”) Dispute Resolution Section]

This section of the Agreement would be a logical place to define more precisely a common dispute process through identification of a specific set of procedures to which each Utility and Supplier must adhere. Alternatively, this section could describe general conditions required for a dispute resolution process and list the details of a specific set of procedures agreed to by the Parties in Appendix H.

17 NONDISCLOSURE/CONFIDENTIALITY

This section would define the type of information that is considered confidential and the responsibility of each party to the Agreement to maintain the confidentiality of such information. Confidential information typically would exclude any information known to either Party prior to obtaining the same from the other Party, information in the public domain, or information obtained from a third party that is not subject to any confidentiality agreement.

This section also would list the conditions under which confidential information may be disclosed.

18 REPRESENTATIONS AND WARRANTIES

This section would state that each Party represents that certain things are true, such as:

- a. Each Party is who the Party says.
- b. Legal name of Company(s) is correctly specified.
- c. Each Party is and shall remain in compliance with applicable laws and tariffs.
- d. Each Party is authorized to enter into the Agreement. Assurances that individuals have the authority to do so.
- e. Each Party will exercise reasonable care, diligence and good faith in performing duties under the Agreement.

Membership in Control Areas/Independent System Operators (or function equivalent) also could be referenced here.

19 SIGNATURE PAGE

For example:

[UTILITY]

Full Name (printed)	Signature	Date
---------------------	-----------	------

[SUPPLIER]

Full Name (printed)	Signature	Date
---------------------	-----------	------

APPENDIX A
Contact Information

Questions regarding this agreement or issues arising from this agreement should be referred to the following parties:

[UTILITY]

Mr. <input type="checkbox"/> Mrs. <input type="checkbox"/> Miss <input type="checkbox"/> Ms. <input type="checkbox"/> Other: _____	Last Name:	Full First Name:	Initial:
	Position Held:		

Contact Address (if R.R., give Lot, Concession No. and Township)

City	Province	Country	Postal/Zip Code
Phone Number	FAX Number	E-mail Address	

[SUPPLIER]

Mr. <input type="checkbox"/> Mrs. <input type="checkbox"/> Miss <input type="checkbox"/> Ms. <input type="checkbox"/> Other: _____	Last Name:	Full First Name:	Initial:
	Position Held:		

Contact Address (if R.R., give Lot, Concession No. and Township)

City	Province	Country	Postal/Zip Code
Phone Number	FAX Number	E-mail Address	

APPENDIX B
Security Arrangements to Meet Credit Requirements

[A description of the security arrangements negotiated between Parties should be included here. This section also may reference a credit application form.]

APPENDIX C
Meter Services Agreement

[A description of the metering arrangements negotiated between Parties should be included here.]

APPENDIX D
Billing Services Agreement

[A description of the billing services offered to Suppliers by the Utility would be included here. If the parties enter into a Consolidated Billing arrangement a detailed Billing Services Agreement or reference to applicable code should be included here (equally applicable to Supplier Consolidated Billing and Utility Consolidated Billing.)]

APPENDIX E
Payment Arrangements

For example:

Payment shall be made according to the following instructions:

PAYMENT TO [UTILITY]

Electronic Business Transfer <input type="checkbox"/> Other: _____	Legal Name
	Contact Information (if different than Appendix A)

Banking Institution		Account Number	
City	Province	Country	Postal/Zip Code
Phone Number	FAX Number	E-mail Address	

PAYMENT TO [SUPPLIER]

Electronic Business Transfer <input type="checkbox"/> Other: _____	Legal Name
	Contact Information (if different than Appendix A)

Banking Institution		Account Number	
City	Province	Country	Postal/Zip Code
Phone Number	FAX Number	E-mail Address	

Specific details associated with payment between the Parties may be described and attached as a continuation of Appendix E and shall, at a minimum, describe the number of business days following issuance of an invoice that payment is due.

APPENDIX F

Uniform Electronic Transactions Trading Partner Agreement

[Description of the communication process by which reports, data and information required to be exchanged is communicated between parties. A detailed Uniform Electronic Transactions Trading Partner Agreement or reference to applicable code or rules could be included here. Parties should clearly describe technology standards, protocols and/or languages to be used for information exchange.]

APPENDIX G
Customer Inquiry Contact Information

[A description of the information that would be provided to a Customer in response to an inquiry could be included here.]

For example:

[UTILITY]

GENERAL INQUIRIES

Contact Address (if R.R., give Lot, Concession No. and Township)			
City	Province	Country	Postal/Zip Code
Phone Number	FAX Number	E-mail Address	

EMERGENCIES

Phone Number

[SUPPLIER]

Contact Address (if R.R., give Lot, Concession No. and Township)			
City	Province	Country	Postal/Zip Code
Phone Number	FAX Number	E-mail Address	

APPENDIX H
Dispute Resolution Process

[A description of the Dispute Resolution Mechanism negotiated between Parties could be detailed here. The details of dispute resolution practices also may be spelled out in any governing document. Such documents should refer to or cite applicable law, remedies, and responsibilities for the cost of frivolous allegations.]

IX. Disputes between the Utility and the Supplier

A. INTRODUCTION

The following section describes the principal points that need to be included in the Governing Documents covering the Retail Access program to deal with the issue of disputes between Suppliers and Utilities. This document does not address Complaints between the Customer and the Utility since various rules and guidelines already exist to govern these types of Complaints. In addition, this section does not address Complaints between Customers and Suppliers. Other sections of the report describe the necessary consumer protections to govern this interchange and the specifics of a Customer Complaint resolution process should be left to the Applicable Regulatory Authority.

B. REGULATORY POLICY ISSUES

As described more fully in the Preface, there are a number of regulatory policy issues that affect the business practices addressed in this document. The key policy issues impacting Dispute Resolution practices are identified below, along with implementation issues that were not resolved by the participants. Regulators and other policymakers are encouraged to examine these issues before, or in conjunction with, considering the recommended business practices for a particular jurisdiction.

1. Role of the Applicable Regulatory Authority in dispute resolution.
2. Where Dispute Resolution should be placed in the Governing Documents.
3. Which Alternative Dispute Resolution techniques should be available.
4. Payment expectations for disputed invoiced charges for services between Utilities and Suppliers, including how applicable interest should be applied.

C. DISPUTE RESOLUTION PRINCIPLES

The Supplier and Utility shall use good faith and commercially reasonable efforts to informally resolve all disputes. Each Supplier and Utility shall designate specific personnel to be responsible for responding to disputes under this practice.

There should be a single consistent dispute resolution process identified in Utility and Supplier operating agreements and/or Utility tariffs. However, the details of dispute resolution practices can be spelled out in any Governing Document. Such documents should refer to or cite applicable law, remedies, and responsibilities for the cost of frivolous allegations. The parties may also pursue other legal mechanisms to address disputes, but are encouraged to use the following practices first.

1. Any Supplier or Utility may initiate the formal dispute resolution process by presenting a written description of the dispute, to the other party(ies) involved in the dispute, sent in a manner that will verify its receipt.
2. As soon as possible, but in no case more than fifteen (15) calendar days following receipt of the dispute, the receiving party must provide a written response to the

party(ies) that initiated the dispute, with an alternative proposal for resolution if the party's(ies)' proposed resolution is deemed unacceptable; or, with the results of any informal resolution that may have been reached with the other party(ies) prior to that date.

3. If the initial exchange of written material (and perhaps verbal discussions) does not resolve the dispute, the party(ies) may request a meeting(s) to discuss the matter further. The responding party(ies) must agree to such a meeting(s) to be held within fifteen (15) calendar days following the request.

4. The parties may agree to use Alternative Dispute Resolution prior to or in lieu of petitioning the appropriate court or regulatory authority to intervene. This technique can reflect mutually agreed-upon time frames that may differ from those defined in the dispute resolution process. The parties must mutually agree on the selection of the neutral third party to administer Alternative Dispute Resolution.

5. The neutral third party providing Alternative Dispute Resolution shall be authorized only to interpret and apply the provisions of the Tariff and any Service Agreement entered into under the Tariff and shall have no power to modify or change any of the above in any manner.

6. If a resolution is not obtained within forty-five (45) calendar days after the receipt of the initial dispute letter or the mutually agreed-upon time frame, either party may file the dispute with the appropriate court or regulatory authority for formal resolution.

7. If a Supplier or Utility believes that special circumstances (such as an emergency involving public safety, system reliability or significant financial risk) exist that would require more expeditious resolution of a dispute than might be expected under the process described here, it may submit its dispute directly to the state Applicable Regulatory Authority, with a copy provided to the other party(ies) involved in the dispute. The Applicable Regulatory Authority should respond to such a filing by:

- a. expeditiously resolving the dispute;
- b. providing an interim resolution (subject to refund, etc.) and initiate the standard resolution process to provide a final solution; or
- c. advising that the standard dispute resolution process described above be followed.

8. Absent agreement to the contrary, nothing shall restrict the rights of any party to file a Complaint with the appropriate regulatory authority under relevant provisions of the state law.

9. Absent agreement to the contrary, nothing shall restrict the rights of any party to file a dispute with FERC under relevant provisions of the Federal Power Act.

10. Neither party should be required to give up its right to seek formal resolution of a dispute except as part of a signed, mutual agreement.

X. Customer Inquiries

A. INTRODUCTION

This document addresses Customer inquiries with either the Supplier or the Utility and the responsibilities of the party receiving the inquiry. Customer inquiries include all forms of Customer communication including electronic mail, telephonic, U.S. Mail, or face-to-face. These practices apply when a Retail Access Customer contacts either the Utility or the Supplier with an inquiry. Inquiries may result in Complaints as defined in the glossary. The process for handling Complaints is not addressed in this section.

B. REGULATORY POLICY ISSUES

As described more fully in the Preface, there are a number of regulatory policy issues that affect the business practices addressed in this document. The key policy issues impacting Customer Inquiry practices are identified below, along with implementation issues that were not resolved by the participants. Regulators and other policymakers are encouraged to examine these issues before, or in conjunction with, considering the recommended business practices for a particular jurisdiction:

1. Whether performance standards should be established for responding to Customer inquiries, and if so, how they would be applied to Utilities and Suppliers.
2. What specific steps, if any, need to be taken in the event the Customer contacts market participants other than the Utility in an emergency situation.

C. GENERAL

1. Utilities and Suppliers should strive for consistent, fair, and favorable treatment to Customers regardless of the initial point of contact and adhere to performance standards for Customer service, if any, established by the Applicable Regulatory Authority.
2. Utilities and Suppliers should ensure that processes and procedures are in place to resolve Customer inquiries in a nondiscriminatory and efficient fashion. These processes and procedures should strive to minimize the amount of time needed to respond to an inquiry and minimize the number of hand-offs experienced by the Customer.
3. All Customers should have easy, no-cost access to Utility and Supplier Customer-handling functions to address inquiries and Complaints.
4. Regardless of which party receives the inquiry, the Customer Service Representative (CSR) should initially collect information from the Customer to verify the account. Once verification has been made, the CSR should determine the nature of the inquiry, and based on this determination, decide which party (the Utility or Supplier) should handle the inquiry.
5. If the inquiry belongs to the receiving party, the CSR will follow its company's normal procedures for handling the inquiry. If the inquiry is specific to the other party, the CSR will do at least one of the following:
 - a. Forward the inquiry to the applicable party.

- b. Direct the Customer to contact the other party.
- c. Contact the other party to resolve the matter and reply to the Customer in a timely fashion.

6. Utilities and Suppliers should have designated positions for their respective organizations that coordinate with each other in handling Customer inquiries. Suppliers and Utilities should communicate information about these inquiries to each other in an agreed upon fashion.

D. SPECIFIC REQUESTS FOR INFORMATION

In an attempt to minimize the number of contacts a Customer must make, to the extent possible, each party will answer Customer inquiries based on the information provided by the Customer. This would include inquiries for public information that either party can reasonably access, such as contact information for consumer advocates or regulatory authorities, and specific questions about the Customer's bill that are generic to both the Supplier or Utility.

E. INQUIRIES REGARDING SWITCHING OR CUSTOMER MOVES

Customer inquiries about the status of a switching transaction can be answered by either the Supplier or the Utility, based on the information each has on hand as a result of the notifications received from the Registration Agent recording the Switch transaction. Uniform business processes regarding notification to Customers when they have requested a Switch to a Supplier, or when a Customer moves within a Utility's service territory, have been established in the Customer Enrollment and Switching section of this document and will not be addressed in this section.

F. INQUIRIES REGARDING BILLING

1. Inquiries about Billed Charges

Each party (both the biller and the non-biller) is responsible for responding to Customer inquiries about their own charges and/or bill messages appearing on the consolidated bill. The Customer should contact each party, as appropriate, to resolve inquiries related to each party's specific charges or messages on the bill.¹ Each party will be responsible for their bill, whether in part or in whole, depending on the bill being separate or consolidated. Should the Customer contact the incorrect party to resolve the inquiry, that party shall follow the procedures specified in C.5., above, to have the appropriate party resolve the Customer's inquiry. If the question or inquiry is not resolved, the problem becomes a Complaint.

2. General Customer Information Changes²

A Customer requesting a change to Customer-specific information (such as billing address, Customer name, etc.) must contact the billing party(ies). If appropriate, the billing party shall forward such updates to the non-billing party via a Uniform Electronic

¹ This model for handling Customer billing inquiries does not preclude the ability for the billing party to provide additional Customer services – including billing inquiry resolution – to the non-biller through an appropriate service agreement or contract.

² See Exhibit X (1) for a discussion of Customer Account Maintenance.

Transaction. Should the Customer contact a non-billing party for such changes, the non-billing party shall direct the Customer to contact the billing party.

3. Usage Related Inquiries

Customer inquiries related to usage should be resolved by the party with access to the Customer's usage history and with responsibility for the accuracy of meter readings.

4. Inquiries about Special Billing Services

The appropriate method of handling inquiries about special billing situations (such as payment arrangements, Budget Billing, tax exemption status change, etc.) depends largely upon the specific implementation of billing options and practices in a given jurisdiction or in the specific agreements between the Supplier and the Utility as identified in the Master Service Agreement.

G. EMERGENCY REQUESTS

Interaction procedures and division of responsibilities between Suppliers and Utilities cannot diminish emergency response. In the event that a Customer contacts a Supplier concerning an emergency situation related to the distribution system (e.g., smell gas, natural disaster, line contact, fire) the Supplier CSR shall provide the Customer with the Utility contact information and direct the Customer to contact the Utility. There should be continuing Customer education directing Customers to call the Utility for emergency situations.

X. (1) Exhibit to Customer Inquiries: Customer Account Maintenance

- A. Customer account maintenance is defined as anything needed to update or change mutually used information with a current Supplier or Utility.
- B. Information in this section applies to instances where either the Supplier or Utility (whichever is the billing party) is notified by the Customer (or authorized agent) to change information on their account, or the Utility or Supplier changes information on the Customer's behalf (e.g., meter number change). This information should be communicated between the Utility and Supplier through a Uniform Electronic Transaction as determined by the Applicable Regulatory Authority.
- C. In instances where a change of Customer information impacts any validation data as described in Section IV.F.: "*Switching Validation*," the party initiating the change shall forward the updated information to the other party via a Uniform Electronic Transaction.
- D. Other account information changes may also be communicated via Uniform Electronic Transaction between the parties as applicable, depending on the rules and structure of the retail market. Possible information changes include:
1. Service delivery point identifier, if available;
 2. Universal identifier, if available;
 3. Meter reading date or cycle;
 4. Billing address;
 5. Rate class and subclass or rider, as applicable;
 6. Load profile reference category, if not based on rate class;
 7. Sales tax indicator;
 8. Meter number;
 9. Corrections to spellings of the Customer's name
- E. These transactions require the standard receipt notification and accept/reject notification unless otherwise determined by the Applicable Regulatory Authority.
- F. Account maintenance information becomes effective at the time of receipt or acceptance with the exception of a change in billing option, metering option, or pricing change. Billing option changes become effective on the next scheduled billing from the date of acceptance. Metering option changes become effective when any required metering work is processed.
- G. In some cases (i.e., billing option change), Customer authorization may be required in order to change this information unless otherwise determined by the Applicable Regulatory Authority.

Appendix A

Glossary

Affiliate – Another person or organization, which controls, is controlled by, or is under common control with such person or organization. The term “control” (including “controlling” or “controlled by”) includes the possession, directly or indirectly, whether acting alone or in conjunction with others, of the authority to direct or cause the direction of the management or policies of a company. A voting interest of 10 percent or more creates a rebuttable presumption of control.

Alternative Dispute Resolution – A process using a neutral facilitator, where parties meet and negotiate a binding settlement to resolve a dispute. This process should be used as soon as it is apparent that the parties cannot settle the dispute amongst themselves. Forms of mediation, arbitration, settlement conferences and mini-trials may be used.

Applicable Regulatory Authority – The state regulatory agency or other local Governing Body that provides oversight, policy guidance and direction to energy utilities and market participants through regulations and orders.

Bill Ready – A consolidated billing practice in which the billing party receives the calculated charge amount(s) directly from the non-billing party in lieu of the billing party calculating it directly from the rate.

Billing Cycle – The period of days for which a Utility or Supplier produces the Customer's bill.

Billing Service Agreement – A legally binding agreement between the Utility and the Supplier used when one of the parties is performing consolidated billing for the other party. The agreement details expectations and responsibilities of each party.

Budget Billing – Calculation of uniform monthly payments over a set period of time, typically 12 months, by estimating a customer's future bill amounts and dividing by a time period, which allows for equal monthly payments, not counting a final “true-up” at the end of the period to account for actual customer usage and bill amounts.

Commercially Reasonable – Reasonable to a knowledgeable person in the industry or business.

Complaint – A complaint is when a customer contacts a market participant to protest, criticize or find fault with service, billing or procedures and is dissatisfied with the initial response.

Consolidated Billing Option – A Customer billing option that combines Utility and Supplier charges on one statement.

Cramming – The process of placing charges for unordered and unwanted services on the Customer's electricity bill.

Customer – Any entity that takes service for their own consumption over the transmission and/or distribution facilities of a Utility.

Customer Class – A classification used for Load Profiling. Customers are typically grouped into residential, commercial, and industrial categories, based on their demand characteristics. These classes can have sub-classes, e.g., large industrial vs. small industrial or residential with electric heating vs. residential without electric heating.

Customer Class Segment – A classification used for Load Profiling. Customers can be grouped within the customer class or sub-class based on more similar demand characteristics.

Customer Service Representative (CSR) – Staffed position within a Utility or Supplier organization that handles initial Customer contacts, normally by telephone, for purposes of providing information or resolving problems.

Default Service – Energy supply service provided, pursuant to rules established by the Applicable Regulatory Authority, to Customers in a competitive energy market who are not being served by a competitive energy Supplier for any number of reasons, including the following:

1. The Customer's chosen Supplier no longer provides service for the Customer's account;
2. The Customer is unable to locate a Supplier to service their account; or
3. The Customer has not chosen a Supplier.

Laws and regulations govern whether this service is available long-term as an alternative to competitive service or only during a transition period, after which Customers are expected to select a Supplier.

Demand – For Electricity: the amount of electricity, typically measured in kilowatts (kW), that Customers use instantaneously, or is averaged over a set period of time. For Natural Gas: the rate at which gas is delivered to or by a system, part of a system, or a piece of equipment, expressed in cubic feet or therms, over a set period of time.

Drop – The termination of the relationship between the Customer and Supplier for various reasons: non-pay, term of contract, Supplier stops service of customer class, at request of customer, etc.

Drop Request – A uniform electronic transaction sent by a Supplier to discontinue sales service to a Customer, or a Utility in response to a notification from a Customer to the Utility to cease supply arrangements with a Supplier.

Drop Response – A transaction sent to acknowledge the receipt of a Drop Request.

Dual Billing – An approach under which the Utility and Supplier render separate bills to the Customer, each containing charges by that party for the services provided, for which separate payments from the Customer are required.

Dynamic Load Profiling – A load profiling methodology whereby Customer energy demand profiles are derived from actual trading day patterns of energy use, by telemetering loads from sample Customer points following the end of the measurement period.

Eligibility – Refers to Customers who have met a legal prerequisite which allows them to choose an alternative Supplier.

Enroll/Enrollment – Initial Customer sign-up for energy supply with a Supplier; enrolled to receive service, but not actually switched yet.

Gas Day – A period of 24 consecutive hours commencing at 9:00 AM Central Time on a given calendar day.

Guarantor – An entity that provides a formal assurance as security that another's debt or obligation will be fulfilled.

Governing Documents – The documents that prevail over the relationship between a Supplier and Utility. These documents include but are not limited to: Supplier Service Agreement, Billing Services Agreement; Trading Partner Agreement, Utility and Supplier tariffs

In Dispute – A bill status that prevents collection action from being taken on the disputed amount.

Interval Data – Customer load data collected by a meter or metering system reflecting actual energy usage for each time interval (e.g., hour, half-hour, etc.) during the billing cycle.

License – Formal permission from the Applicable Regulatory Authority to do business in a specific state or territory.

Load – For Electricity: an end-use device or Customer that receives power from the electric system. Load should not be confused with Demand, which is the measure of power associated with a load. For Natural Gas: the amount of gas delivered or required at any specified point or points on a system; load originates primarily at the customer's gas consuming equipment.

Load Profile – An allocation of a Customer's electricity usage over a period of time. Load profiles can be used by Suppliers and system operators to forecast electricity supply requirements and to determine the cost of serving a Customer; profiles may represent individual Customers or Customer class averages.

Load Profiling – The process of allocating the cumulative kilowatt-hours used by a Customer in some time period across each hour or sub-hour of the cycle. Load profiling is based on the aggregate characteristics of the Customer class or segment in which the Customer resides.

Local Governing Body – The entity authorized by a municipality, county or state to define and uphold rules and regulations that apply to market participant activities.

Master Service Agreement – An umbrella agreement that contains all agreements necessary between a Utility and Supplier. The Master Service Agreement includes, but is not limited to, the Billing Service Agreement, the Meter Service Agreement and the Trading Partner Agreement.

Meter – A device for measuring and totaling the variable consumption and/or demand of energy.

Meter Service Agreement – A legally binding agreement between the Utility and the Supplier used when one party is providing metering services for the other party. The agreement details expectations and responsibilities of each party.

Nomination – A request for a physical quantity of natural gas under a specific purchase, sales, or transportation agreement or for all contracts at a specific point.

Off-cycle Switch – A switch to a different Supplier or energy supply source, which does not occur on the Customer’s normal meter read date.

Pay As You Get Paid Model – Billing Party payment option when providing Consolidated Billing where the Billing Party forwards payment to the Non-Billing Party for the Non-Billing Party charges only after receiving payment from the Customer. The Customer remains responsible for payment to the Non-Billing Party.

Rate Class – A group of Customers served under a single regulated tariff.

Rate Ready – Refers to the practice in which the non-billing party provides rate information to the billing party sufficient to calculate the non-billing party’s charge(s).

Reconciliation – The process by which initial load allocations are “trued-up” to known metered loads; preliminary reconciliation can be performed using bulk area loads; final reconciliation can be performed using actual Customer meter readings for the current month being settled.

Registration Agent – An independent entity facilitating switches and performing recordkeeping for a specified geographical area

Regulation – A rule or law prescribed by competent authority.

Retail Access – Program(s) initiated through a combination of legislation and/or regulatory commission actions that create the opportunity for retail Customers to competitively obtain energy supplies and other services that were formerly only available through the regulated Utility.

Seamless Move – Simplified process by which a customer moving within a service territory can continue with their current Supplier at the new premises.

Settlement – The hourly accounting process by which costs of energy supplied into the grid by generation operators are reconciled with payments for energy delivered to Customers by their Suppliers; generally performed by an ISO or control area authority; the means by which bilateral or “PoolCo” arrangements between generators and retail Suppliers are supported.

Single Retailer – also known as Supplier-centric, an alternative way to implement Retail Access in which an end-use Customer selects among suppliers of bundled electric and/or natural gas service that purchase the delivery service from the Utility. Thus, the Supplier bills the Customer for both commodity and delivery costs and generally serves as the primary point of contact for the Customer for non-emergency services.

Slamming – The act of changing a Customer’s chosen Supplier without the Customer’s consent.

Static Load Profiling – A load profiling methodology whereby Customer energy Demand profiles are entirely or mostly determined prior to the measurement period, based upon historical interval data with no or minimal new interval data. A static Load Profile may be updated, modified or adjusted by applying econometric models, weather normalizations, etc.

Supplier – Any entity that sells energy to Customers using the transmission and/or distribution system of a Utility.

Switch – A Customer move from one supply source to another.

Switch Date – Date on which a Customer is actually assigned to a new Supplier.

Switch Request – A request from a Supplier to switch a Customer to begin receiving service from that supply.

Switch Response – A response sent by the Utility to the Supplier that submitted a Switch Request that verifies a Customer's Switch to the requesting Supplier, provides certain Customer information and, if the Switch Request is denied, provides a reason or code that explains why the Customer was not switched.

Trading Partner Agreement – A legally binding agreement between the Utility and the Supplier defining each party's responsibilities for doing business with each other using electronic data interchange protocols for transmitting Uniform Electronic Transactions. The agreement details expectations and responsibilities of each party.

Transmission – For Electricity: interconnecting high voltage electric lines that move electricity from a generation facility to the distribution lines of an electric distribution company. For Natural Gas: pipelines installed for the purpose of transmitting gas from a source or sources of supply to one or more distribution centers, to one or more large volume customers, or a pipeline installed to interconnect sources of supply. Traditionally, these systems operate at higher pressure than distribution pipelines that connect the gas system to most Customers.

Transmission Losses – The actual or estimated amount of energy consumed during the process of transmitting energy across a service territory's transmission lines.

Uniform Electronic Transaction – Specific data arrangements for trading information, making business requests and exchanging other information, encompassing a number of electronic media and utilizing specified transport protocols.

Utility – A regulated electric or gas entity that constructs and maintains the transmission and/or distribution facilities which deliver energy to the Customer and which may also provide generation services. (Needs discussion as to whether "generation services" is needed.)

Utility Account Number – The identifier used by the Utility to uniquely identify a Customer account

Utility Tariff – A document, approved by the Applicable Regulatory Authority, listing the terms and conditions, including a schedule of prices and fees, under which Utility services are provided.