Model Business Practices on Creditworthiness for Retail Natural Gas and Electricity Transactions Ratified by NAESB Members

HOUSTON—A comprehensive set of model business practices on creditworthiness for retail natural gas and electricity transactions has been ratified by the NAESB membership.

The 44 model business practices were developed jointly by the retail natural gas and retail electricity quadrants and focus on the relationship between distribution companies and retail suppliers operating on their systems. They were unanimously approved by the Executive Committees of the two quadrants in October.

The model business practices are commodity neutral and generally cover determination of risk, determination of credit limits, options for reconsideration, disqualification and remedies, security instruments, processes for calling on security, and confidentiality of information.
“These model business practices on creditworthiness are the first model business practices to be developed by the retail gas and electric quadrants. This represents a significant accomplishment,” said NAESB Board Chairman Leonard Haynes, executive vice president and chief marketing officer, Southern Company Services. “They will improve the operation of retail markets and help promote additional cooperation and transparency.”

Board Vice Chair Mark Maassel, president of the Indiana Energy Group of NiSource Inc., who represents the retail gas quadrant, said the model business practices on creditworthiness “are the product of hard work by a dedicated group of volunteers.”

Maassel added, “The fact that these two quadrants were able to reach agreement on joint model business practices sets the stage for future cooperation on the part of the retail gas and retail electric quadrants on issues of common concern.”

NAESB, formed in January 2002, is an independent and voluntary North American organization that develops and promotes the use of business practices and electronic communications standards for the wholesale and retail natural gas and electricity industries. NAESB is the successor to and is modeled after the Gas Industry Standards Board, which was established in 1994 and now constitutes the wholesale gas quadrant of NAESB. NAESB’s members include over 400 companies and organizations that participate actively in the retail and wholesale natural gas and electricity markets.

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