



## North American Energy Standards Board

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**via email and posting**

**TO:** NAESB REQ and RGQ Members and Interested Industry Participants  
**FROM:** Rae McQuade, Executive Director  
**RE:** Retail Gas and Retail Electric Quadrants Request For Comments  
**DATE:** October 22, 2003

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An industry comment period begins today and ends on November 21, 2003 for the two recommendations attached. The two recommendations contain identical model business practices. The RGQ Executive Committee and the REQ Executive Committee will follow separate processes to consider and adopt these model business practices. As such, when you prepare your comments, please indicate whether those comments apply to "Retail Gas", "Retail Electric" or "Both". The REQ and RGQ Executive Committees will meet in Houston on December 10 in separate meetings to review the model business practices and the comments that are directed toward their quadrants. The recommendation can also be accessed from the NAESB Web site. All comments received by the NAESB office by end of business on November 21 will be posted on the Home Page and forwarded to the RGQ and REQ EC members for their consideration. If you have difficulty retrieving this document, please call the NAESB office at (713) 356-0060.

Best Regards,

Rae McQuade

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RECOMMENDATION TO NAESB REQ EXECUTIVE COMMITTEE

Requester: REQ Customer Processes Subcommittee

Request No.: 2003 REQ Annual Plan Item 1

Date: October 14, 2003

1. Recommended Action:

- Accept as requested
 Accept as modified below
 Decline

Effect of EC Vote to Accept Recommended Action:

- Change to Existing Practice
 Status Quo

2. TYPE OF MAINTENANCE

Per Request:

- Initiation
 Modification
 Interpretation
 Withdrawal

Per Recommendation:

- Initiation
 Modification
 Interpretation
 Withdrawal

- Principle (x.1.z)
 Definition (x.2.z)
 Business Practice Standard (x.3.z)
 Document (x.4.z)
 Data Element (x.4.z)
 Code Value (x.4.z)
 X12 Implementation Guide
 Business Process Documentation

- Principle (x.1.z)
 Definition (x.2.z)
 Business Practice Standard (x.3.z)
 Document (x.4.z)
 Data Element (x.4.z)
 Code Value (x.4.z)
 X12 Implementation Guide
 Business Process Documentation

3. RECOMMENDATION

SUMMARY: Adopt the Business Process and Practices document and attached Outline for Model Billing Services Agreement (to be inserted in section 2.3.3) for Billing and Payment to be used in a retail access environment.

TECHNICAL CHANGE LOG (all instructions to accomplish the recommendation)

Table with 1 column and 2 rows. Row 1: Description of Change: Executive Committee to approve the Business Process and Practices document for Billing and Payment and hold until Outline for Billing Services Agreement, Datasets, and Models are developed, submitted, and approved by the Executive Committee. Row 2: (Empty)



**RECOMMENDATION TO NAESB REQ EXECUTIVE COMMITTEE**

**Requester: REQ Customer Processes Subcommittee  
Request No.: 2003 REQ Annual Plan Item 1  
Date: October 14, 2003**



## RECOMMENDATION TO NAESB REQ EXECUTIVE COMMITTEE

**Requester: REQ Customer Processes Subcommittee**  
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### 4. SUPPORTING DOCUMENTATION

**Description of Request:** REQ Annual Plan Item #1 and RGQ Annual Plan Item #6.  
Customer Processes Subcommittee to develop model business practices for Billing and Payment.

#### b. Description of Recommendation:

### **Business Process and Practices**

#### A Overview

This section presents business practices for billing and payments in a retail access environment. Billing and payment processing encompass a variety of steps and interactions between the Billing Party and the Non-Billing Party beginning with the receipt of billable units. Steps include calculating billable charges; printing and distributing the bill; posting payments; and, remittance practices. Interactions include the transfer of data necessary to accurately bill and process payments received from the Customer for energy, transmission/transportation and distribution related charges. In a business environment where best practices are voluntary, model business practices should be applied within the context of regulatory requirements and agreements between the parties documented in a Billing Services Agreement.

There are three billing options: Dual Billing, Consolidated Billing, and Single Retail Supplier Billing.

Alternative payment processing methods exist for the Consolidated Billing option based upon various cash posting sequences. The two methods are "Assumption of Receivables" and "Pay As You Get Paid."

#### *Principles*

Reserved for future use.



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### *Definitions*

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

**Assumption of Receivables:** The payment processing method in which the Billing Party assumes the Non-Billing Party's receivables and sends the Non-Billing Party payment at predetermined intervals for all Non-Billing Party amounts that are billed, payable to the Non-Billing Party, and do not have a status of In Dispute, in accordance with the tariff, Billing Services Agreement or other Governing Document regardless of when (or whether) the Customer pays the Billing Party.

**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 Party:** The party performing billing services for one or more parties.

**Billing Services Agreement:** A legally binding document between the Distribution Company and the Supplier used when one of the parties is performing Consolidated Billing for the other party. Such document sets forth the expectations and responsibilities of each party.

**Business Day:** As defined in the Governing Documents.

**Consolidated Billing:** The billing option in which the Distribution Company or Supplier renders a Customer bill consolidating the energy, transmission / transportation and distribution charges of the Distribution Company and the Supplier, for which a single payment from the Customer is expected.

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

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

**Dual Billing:** The billing option in which the Distribution Company and Supplier render separate Customer bills for the products and services each provides.

**Governing Documents:** Documents that determine the interactions among parties, including but not limited to: regulatory documents (e.g., tariffs, rules, regulations), contractual agreements, and Distribution Company operational manuals.

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

**Non-Billing Party:** The party whose charges are being combined into a statement (or invoice) prepared and rendered by another party.



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**Pay As You Get Paid:** The payment processing method in which the Billing Party forwards payment to the Non-Billing Party for the Non-Billing Party charges only after receiving payment.

**Rate Code:** A product identifier used in a billing system which contains all information, such as description and price, needed to bill for that product. One or more Rate Codes may be billed on a single account.

**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 charges.

**Service Delivery Point:** A physical metered and/or unmetered service location supplying energy to a Customer premise.

**Single Retail Supplier Billing:** The billing option in which the Supplier renders a Customer bill for all energy, transmission/transportation, and distribution related charges. The Supplier purchases or otherwise acquires energy, transmission/transportation and distribution services, and therefore all charges on the bill are Supplier charges. A single payment from the Customer is expected.

**Supplier:** Persons engaged in the competitive sale of energy to end-users.

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



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### B Model Business Practices

#### **2.1 General Billing and Payment**

##### **2.1.1 Model Business Practices**

- 2.1.1.1 The Supplier may elect to offer its Customers one or more of the billing options that are available in the Distribution Company's territory.
- 2.1.1.2 Both Distribution Company and Supplier should be approved, certified or licensed, to the extent required by the Applicable Regulatory Authority and demonstrate the technical capability to exchange information electronically using Uniform Electronic Transactions and to meet the operational time frames which have been defined to support the billing options required.
- 2.1.1.3 The Supplier should provide adequate advance notice to the Distribution Company if it plans to implement another available, approved billing option. Such option should not become operational until proof of successful data interchange is demonstrated to the satisfaction of both parties and all requirements are met.
- 2.1.1.4 When making changes to its billing or payment systems that may affect electronic data interchange, the Supplier or Distribution Company making those changes should provide advance notice to the other party prior to implementation.
- 2.1.1.5 Required metering data that are necessary to fulfill billing responsibilities should be made available to all appropriate party(s) via Uniform Electronic Transactions.
- 2.1.1.6 Applicable state and local taxes will be calculated, collected, and remitted in accordance with state statutes and local government ordinances.
- 2.1.1.7 The cancel and re-bill process should be clear and reproducible, and be communicated to all affected parties.

##### **2.1.2 Datasets**

Reserved for future use.

##### **2.1.3 Models**

Reserved for future use.



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### **2.2 Dual Billing**

#### **2.2.1 Model Business Practices**

2.2.1.1 The Distribution Company and the Supplier each acts as a Billing Party and should independently produce and render separate bills directly to the Customer in accordance with the requirements set by the Applicable Regulatory Authority.

2.2.1.2 The Customer should make two separate payments; one to the Distribution Company and one to the Supplier.

2.2.1.3 When meter usage is cancelled:

- Usage for all applicable periods should be cancelled by metering period; and
- The usage sent in the cancellation transaction should match the usage sent in the original transaction.

2.2.1.4 When meter usage is restated:

- Usage for all applicable periods should be restated by metering period; and
- Unless there has been a product or rate change, the restated usage transaction should be sent at the same level of detail as the original usage transaction.

#### **2.2.2 Datasets**

Reserved for future use.

#### **2.2.3 Models**

Reserved for future use.





## RECOMMENDATION TO NAESB REQ EXECUTIVE COMMITTEE

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### **2.3 Consolidated Billing - General**

#### **2.3.1 Model Business Practices**

- 2.3.1.1 The Distribution Company or Supplier should assume the role of either Billing Party or Non-Billing Party provided that applicable regulatory or legal criteria are met.
- 2.3.1.2 The Billing Party and Non-Billing Party should execute a Billing Services Agreement. The responsibilities of the parties, performance parameters, financial arrangements and other details associated with payment processing and remittance should be set forth in the Billing Services Agreement.
- 2.3.1.3 The Billing Party should render a consolidated bill in accordance with the requirements set by the Applicable Regulatory Authority and any agreements set forth in the Billing Services Agreement.
- 2.3.1.4 When the Supplier is the Billing Party it should be responsible for delivering to Customers bill enclosures or bill messages containing Non-Billing Party related information that is mandated by the Applicable Regulatory Authority.
- 2.3.1.5 When a consolidated bill is rendered there should be one Customer payment due date.

#### **2.3.2 Datasets**

Reserved for future use.

#### **2.3.3 Models**

See attached Outline for Model Billing Services Agreement.



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**Date: October 14, 2003**

### **2.4 Consolidated Billing - Bill Ready Billing**

#### **2.4.1 Model Business Practices**

- 2.4.1.1 The Billing Party should receive the Non-Billing Party's billing information via Uniform Electronic Transaction within two (2) Business Days following the meter reading entity's transmission of valid usage information.
- 2.4.1.2 When the Non-Billing Party files are received, the Billing Party should acknowledge receipt of a file via Uniform Electronic Transaction within one (1) Business Day of receipt of the file.
- 2.4.1.3 If, upon examination, it is determined that the Non-Billing Party's file cannot be processed then the Billing Party should reject it. Rejection, accompanied by appropriate uniform error code(s), should be communicated via the appropriate Uniform Electronic Transaction within one (1) Business Day of receipt of the file.
- 2.4.1.4 If the Non-Billing Party's transaction is accepted, the Billing Party should bill the Customer(s) within two (2) Business Days of receipt of such transaction.
- 2.4.1.5 When the Billing Party is able to process the Non-Billing Party's transactions but is unable to render a significant number of Customer bills within two (2) Business Days of receipt of the Non-Billing Party's charges, the Billing Party should promptly notify the Non-Billing Party.
- 2.4.1.6 If the Non-Billing Party's transactions are received within the appropriate time frame and a transaction is rejected, then the Billing Party should notify the Non-Billing Party of the rejection accompanied by appropriate uniform error code(s), via Uniform Electronic Transaction within one (1) Business Day of receipt of such transaction. The Non-Billing Party may, if time permits, submit a file containing corrected transactions for inclusion in the current bill.
- 2.4.1.7 If the Non-Billing Party's transactions are sent to the Billing Party outside the appropriate time frame such that charges could not be included on the bill, then, as specified in the Billing Services Agreement, the Billing Party should do one of the following:
- Reject the transaction and notify the Non-Billing Party within two (2) Business Days via Uniform Electronic Transaction that the charges were not billed. In this scenario, the Non-Billing Party should resubmit its charges in the following billing period in accordance with the time requirements, or
  - Hold the transaction for processing on the next bill and notify the Non-Billing Party that charges were received late and will be reflected on the next bill.



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2.4.1.8 If the Billing Party's errors cause the Non-Billing Party's charges to miss the billing window and the bill has been issued, the Billing Party should cancel and reissue the bill as soon as practicable, unless the Billing Party and Non-Billing Party arrange a mutually agreeable alternative bill correction process.

2.4.1.9 When a Bill Ready consolidated bill is to be cancelled:

- Usage for all applicable periods should be cancelled by metering period; and
- The usage sent in the cancellation transaction should match the usage sent in the original transaction.

2.4.1.10 When a cancelled Bill Ready consolidated bill is to be re-billed:

- Usage for all applicable periods should be restated by metering period. Unless there has been a product or rate change, the restated usage transaction should be sent at the same level of detail as the original usage transaction; and
- The Billing Party should receive the Non-Billing Party's restated billing information within two (2) Business Days following the transmission of valid restated usage information.

2.4.1.11 Both the Billing Party and the Non-Billing Party should be responsible for the calculation of their late payment charges, if applicable, unless directed otherwise by the Applicable Regulatory Authority or as specified in the Billing Services Agreement. The Billing Party should be responsible for placing these charges on the bill.

2.4.1.12 When the Non-Billing Party calculates and assesses late payment charges it should send notification of such charges to the Billing Party via Uniform Electronic Transaction.

### **2.4.2 Datasets**

Reserved for future use.

### **2.4.3 Models**

Reserved for future use.



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### **2.5 Consolidated Billing - Rate Ready Billing**

#### **2.5.1 Model Business Practices**

- 2.5.1.1 At least thirty (30) calendar days prior to using a new Rate Code, or as otherwise provided in the Billing Services Agreement, the Non-Billing Party should provide to the Billing Party information needed to establish the new Rate Code.
- 2.5.1.2 Where the Billing Party's system can accommodate a price change to an existing Rate Code the Non-Billing Party should provide the new price and the requested effective date to the Billing Party at least ten (10) Business Days prior to the next billing date, or a lesser period of time as provided in the Billing Services Agreement, to allow sufficient time for the Billing Party to implement the change.
- 2.5.1.3 The Billing Party will send a Uniform Electronic Transaction when accounts of the Non-Billing Party are billed thus notifying the Non-Billing Party that its Customers have been billed and indicating the usage and amount so billed for each Customer account.
- 2.5.1.4 When a Rate Ready consolidated bill is to be cancelled:
- Usage for all applicable periods should be cancelled by metering period; and
  - The usage sent in the cancellation transaction should match the usage sent in the original transaction.
- 2.5.1.5 When a cancelled Rate Ready consolidated bill is to be re-billed:
- Usage for all applicable periods should be restated by metering period. Unless there has been a product or rate change, the restated usage transaction should be sent at the same level of detail as the original usage transaction;
  - The Billing Party should re-bill the Customer by applying the proper usage and proper Billing and Non-Billing Party Rate Code(s) as necessary to correct the previously rendered bill; and
  - After the cancel/re-bill event has taken place, the Billing Party should transmit notice of the credit, debit, or the net amount, to the Non-Billing Party so that the accounts receivable of the Customer will be properly stated.
- 2.5.1.6 The Billing Party should calculate late payment charges on behalf of the Non-Billing Party, if applicable, using the same methodology used to calculate its own late payment charges, unless directed otherwise by the Applicable Regulatory Authority or as specified in the Billing Services Agreement. The Billing Party should be responsible for placing these charges on the bill.

#### **2.5.2 Datasets**

Reserved for future use.



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**Date: October 14, 2003**

### 2.5.3 Models

Reserved for future use.



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### **2.6 Single Retail Supplier Billing**

#### **2.6.1 Model Business Practices**

- 2.6.1.1 The Supplier should render its bill in accordance with the requirements set by the Applicable Regulatory Authority.
- 2.6.1.2 When meter usage is cancelled:
- Usage for all applicable periods should be cancelled by metering period; and
  - The usage sent in the cancellation transaction should match the usage sent in the original transaction.
- 2.6.1.3 When meter usage is restated:
- Usage for all applicable periods should be restated by metering period; and
  - Unless there has been a product or rate change, the restated usage transaction should be sent at the same level of detail as the original usage transaction.
- 2.6.1.4 If the Supplier does not receive actual meter reading data on a timely basis, the Supplier may issue a bill based on an estimated reading.
- 2.6.1.5 After the meter(s) is read or the usage is otherwise determined, the Distribution Company should render an invoice that separately identifies the delivery system charges and billing determinants for each Service Delivery Point or Customer account served by the Supplier. Invoices should be transmitted via Uniform Electronic Transaction.
- 2.6.1.6 Distribution Company invoices are subject to adjustment due to estimated reads or errors including, but not limited to, arithmetic errors, computational errors, and meter reading errors. The Distribution Company should cancel and re-bill the original invoice that was incorrect.
- 2.6.1.7 Having assumed the obligation to pay the Distribution Company within the acceptable time frame for amounts owed the Distribution Company, the Supplier should have the flexibility to change billing and payment practices subject only to applicable laws, regulatory requirements, or as otherwise allowed in any agreement between the parties regarding terms and conditions for energy delivery.
- 2.6.1.8 The Supplier may elect either to accept charges other than usage-based charges or to have the Distribution Company bill those charges directly to the Customer.

#### **2.6.2 Datasets**

Reserved for future use.

#### **2.6.3 Models**

Reserved for future use.



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### **2.7 Payment Processing – Consolidated Billing – General**

#### **2.7.1 Model Business Practices**

- 2.7.1.1 If the Non-Billing Party does not receive payment for undisputed charges from the Billing Party within the appropriate time frame, then the Non-Billing Party should send notification to the Billing Party of the interest and/or fees, if any, applicable to the un-remitted amount. Such notification should be sent via Uniform Electronic Transaction and in accordance with the terms and conditions of the Billing Services Agreement or pursuant to the requirements of the Applicable Regulatory Authority. Remittance of interest and/or fees, if any, should be made by electronic means to a financial institution designated by the Non-Billing Party.
- 2.7.1.2 The Billing Party, upon placing the Non-Billing Party's charges In Dispute, should, within one (1) Business Day, notify the Non-Billing Party of the subject and amount In Dispute, in a manner specified in the Billing Services Agreement.
- 2.7.1.3 The Non-Billing Party, upon placing its charges In Dispute, should, within one (1) Business Day, notify the Billing Party of the subject and amount In Dispute, in a manner specified in the Billing Services Agreement.
- 2.7.1.4 Once a dispute is resolved and the charges are no longer In Dispute, the party resolving the dispute should notify the other party of the resolution, in a manner specified in the Billing Services Agreement.
- 2.7.1.5 Where charges have been placed In Dispute, payments should be applied against charges that are not In Dispute first unless otherwise directed by the Applicable Regulatory Authority.
- 2.7.1.6 When there is a change in Billing Party, the Non-Billing Party's balance should not be transferred to the new Billing Party unless mutually agreed upon by all of the affected Billing Parties and Non-Billing Parties.
- 2.7.1.7 If a Customer enters into a multi-month payment arrangement for all or a portion of the bill, it is the responsibility of the party entering into such agreement with the Customer to maintain proper accounting for such transaction. Neither the Billing Party nor the Non-Billing Party should enter into such an agreement for amounts owed to the other party, unless otherwise directed by the Applicable Regulatory Authority or specified in the Billing Services Agreement.

#### **2.7.2 Datasets**

Reserved for future use.

#### **2.7.3 Models**

Reserved for future use.



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### **2.8 Payment Processing – Consolidated Billing – Assumption of Receivables**

#### **2.8.1 Model Business Practices**

- 2.8.1.1 The Billing Services Agreement should specify any level of uncollectible revenues to be reflected in the amount due to the Non-Billing Party.
- 2.8.1.2 The Billing Services Agreement should specify any creditworthiness criteria that the Non-Billing Party's Customers would have to satisfy to be eligible for a consolidated bill.
- 2.8.1.3 On or before the date the payment is due to the Non-Billing Party, the Billing Party should send a Uniform Electronic Transaction notifying the Non-Billing Party of account-specific payments to be made. By mutual agreement, the Billing Party may send account-specific information along 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.
- 2.8.1.4 The Billing Party forwards payment for all undisputed charges to the Non-Billing Party within five (5) Business Days of the due date stated on the Customer's bill or as specified in the Billing Services Agreement.
- 2.8.1.5 The Billing Party remittance of funds should be made by electronic means to a bank designated by the Non-Billing Party.
- 2.8.1.6 In the circumstance where the Distribution Company is the Billing Party, it can reject an enrollment transaction that specifies Consolidated Billing if the Customer does not satisfy the creditworthiness criteria specified in the appropriate Governing Documents. The ability to reject an enrollment transaction may be subject to the requirements of the Applicable Regulatory Authority. If the enrollment is rejected for these reasons, the Non-Billing Party may resubmit the enrollment transaction and specify Dual Billing.
- 2.8.1.7 When the Distribution Company is the Billing Party it may initiate conversion of a Customer to Dual Billing or to the applicable regulated energy supply service, in accordance with the Billing Services Agreement and the requirements of the Applicable Regulatory Authority, when a threshold of overdue payments or delinquencies is reached. The following practices should be used:
- Prior to conversion, the Billing Party may notify the Non-Billing Party of the status of overdue payments or delinquencies; and
  - In addition to any notice that may be required to be sent to the Customer, the Billing Party should notify the Non-Billing Party, via Uniform Electronic Transaction, of the effective date of the conversion.
- 2.8.1.8 Return of the Customer to Consolidated Billing should be at the discretion of the Billing Party and subject to the creditworthiness criteria set forth in the Billing Services Agreement.
- 2.8.1.9 When Non-Billing Party charges are placed In Dispute under the Assumption of Receivables payment processing method:
- The Billing Party should withhold payment to the Non-Billing Party of the amount In Dispute; or





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**Date: October 14, 2003**

- If the Billing Party has made payment of the disputed charges, the Billing Party should initiate a Uniform Electronic Transaction to reverse the payment of the disputed charges

### **2.8.2 Datasets**

Reserved for future use.

### **2.8.3 Models**

Reserved for future use.



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### **2.9 Payment Processing – Consolidated Billing – Pay as You Get Paid**

#### **2.9.1 Model Business Practices**

- 2.9.1.1 Each Business Day the Billing Party should process and post funds received.
- 2.9.1.2 The Billing Party should process payments in accordance with a predetermined payment posting order as established by the Applicable Regulatory Authority or as agreed to in the Billing Services Agreement.
- 2.9.1.3 Within one (1) Business Day after posting a payment to the Customer's account, the Billing Party should send a Uniform Electronic Transaction notifying the Non-Billing Party of account-specific payments due to be remitted to the Non-Billing Party.
- 2.9.1.4 The Billing Party should remit to the Non-Billing Party funds associated with Customer payments posted for all undisputed Non-Billing Party charges within two (2) Business Days or as specified within the rules established by the Applicable Regulatory Authority or as agreed to in the Billing Services Agreement. Remittance of funds should be made by electronic means to a financial institution 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 transaction to the financial institution in lieu of, or in addition to, direct notification to the Non-Billing Party.
- 2.9.1.5 When a Customer's payment that was previously transmitted to the Non-Billing Party is reversed or adjusted by the Billing Party, the Billing Party should adjust the Customer's account accordingly and send notification of the adjustment to the Non-Billing Party via Uniform Electronic Transaction within one (1) Business Day.
- 2.9.1.6 The Billing Party should maintain a current and past due balance for each active account of the Non-Billing Party.
- 2.9.1.7 The Billing Party should carry forward any inactive Non-Billing Party arrears on a bill, consistent with requirements of the Applicable Regulatory Authority, or as outlined in the Billing Services Agreement. If amounts remain unpaid, the Billing Party should forward a Uniform Electronic Transaction to the Non-Billing Party to return any outstanding arrears as specified in the Billing Services Agreement or as required by the Applicable Regulatory Authority.

#### **2.9.2 Datasets**

Reserved for future use.

#### **2.9.3 Models**

Reserved for future use.



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### **2.10 Payment Processing – Single Retail Supplier Billing**

#### **2.10.1 Model Business Practices**

- 2.10.1.1 On or before the date the payment is due to the Distribution Company, the Supplier should send a Uniform Electronic Transaction notifying the Distribution Company of account-specific payments to be made. By mutual agreement, the Supplier may send account-specific information along with the remittance of funds in an electronic certification to the bank in lieu of, or in addition to, direct notification to the Distribution Company.
- 2.10.1.2 The Supplier remittance of funds should be made by electronic means to a bank designated by the Distribution Company.
- 2.10.1.3 If the Distribution Company does not receive payment for undisputed charges from the Supplier within the appropriate time frame, then the Distribution Company should send notification to the Supplier of the interest and/or fees, if any, applicable to the un-remitted amount. Such notification should be sent via Uniform Electronic Transaction and in accordance with the terms and conditions of the Billing Services Agreement or pursuant to the requirements of the Applicable Regulatory Authority. Remittance of interest and/or fees, if any, should be made by electronic means to a financial institution designated by the Distribution Company.
- 2.10.1.4 When there is a change in Supplier, the Customer's balance should not be transferred to the new Supplier.

#### **2.10.2 Datasets**

Reserved for future use.

#### **2.10.3 Models**

Reserved for future use.

### Outline for Model

#### **Billing Services Agreement For Consolidated Billing**

This Billing Services Agreement outline provides market participants with a framework from which to create a jurisdiction specific agreement based on 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 the Distribution Company and the Supplier where one is the Billing Party and the other is the Non-Billing



**RECOMMENDATION TO NAESB REQ EXECUTIVE COMMITTEE**

**Requester: REQ Customer Processes Subcommittee**  
**Request No.: 2003 REQ Annual Plan Item 1**  
**Date: October 14, 2003**

Party. Terms of the executed Billing Services Agreement will be legally binding on the parties and will reflect the structure of a particular retail market.



## RECOMMENDATION TO NAESB REQ EXECUTIVE COMMITTEE

**Requester: REQ Customer Processes Subcommittee**  
**Request No.: 2003 REQ Annual Plan Item 1**  
**Date: October 14, 2003**

### BILLING SERVICES AGREEMENT OUTLINE

#### PREFACE

*General description of the Billing Services Agreement.*

*Scope and relationships with other Governing Documents.*

*Identification of the parties to the Billing Services Agreement.*

*Effective date and term of the Billing Services Agreement.*

*Conditions precedent to the execution of the Billing Services Agreement (e.g. data exchange protocols, licensing, creditworthiness, and billing system capability).*

#### KEY COMPONENTS

*Identification of Billing Party [Supplier or Distribution Company].*

*Identification of the Consolidated Billing option(s) [Bill Ready and / or Rate Ready].*

*Type of payment processing option(s) selected by the Billing Party [Assumption of Receivables or Pay As You Get Paid].*

*Definition of terms used in the Billing Services Agreement.*



## RECOMMENDATION TO NAESB REQ EXECUTIVE COMMITTEE

**Requester: REQ Customer Processes Subcommittee**

**Request No.: 2003 REQ Annual Plan Item 1**

**Date: October 14, 2003**

### BILLING OBLIGATIONS AND OPTIONS

*Specify relevant responsibilities, terms and conditions between the parties for the Consolidated Billing option(s) selected including: performance parameters, financial arrangements, and other details (e.g. bill format, bill insert requirements, timing for receiving Non-Billing Party charges, lead time for price changes, responsibility for calculating late payment charges, fees for billing services, accuracy of Non-Billing Party charges).*

*Specify any creditworthiness criteria that the Non-Billing Party's Customers would have to satisfy to be eligible for Consolidated Billing.*

*Specify responsibilities for non-standard billing arrangements to be provided to the Non-Billing Party by the Billing Party for selected Customers (e.g., issue bills on non-standard cycle, non-standard pricing).*

*Specify responsibilities for non-energy charges (e.g., billing for energy management services).*

*Specify responsibilities for billing features that affect both parties (e.g., budget billing).*

### PAYMENT OBLIGATIONS AND OPTIONS

*Specify responsibilities, terms and conditions for payments due to the Non-Billing Party from the Billing Party related to their Consolidated Billing of Customers, including performance parameters, financial arrangements, creditworthiness, notification of Customer bills In Dispute, and other details (e.g., method of payment, timing of payment, payment advice timing, payment posting order).*

*Specify responsibilities, terms and conditions for payments due to the Billing Party from the Non-Billing Party related to their Consolidated Billing of Customers including fees for billing services (e.g., method of payment, timing of payment, charges for late payments).*

*Specify the level of uncollectibles to be reflected in the amount due for Assumption of Receivables method, if applicable.*

*Specify the conditions to change the level of uncollectibles to be reflected in the amount due for Assumption of Receivables method, is applicable.*

*Specify responsibilities, terms and conditions when the Billing Party provides payment arrangements to a Customer on behalf of the Non-Billing Party (e.g., terms for payment by the Customers in arrears).*



## RECOMMENDATION TO NAESB REQ EXECUTIVE COMMITTEE

**Requester: REQ Customer Processes Subcommittee**

**Request No.: 2003 REQ Annual Plan Item 1**

**Date: October 14, 2003**

### COLLECTION OBLIGATIONS AND OPTIONS

*Specify activities related to the collection actions to be taken by each party (e.g., collection of late payment charges, Customer notification).*

*Specify responsibilities, terms and conditions for the Billing Party to carry forward arrears on a Customer's account no longer served by the Non-Billing Party (e.g., Billing Party will carry charges for the Non-Billing Party on the bill for a specified period of time, returning outstanding arrears to the Non-Billing Party).*

*Specify the threshold for overdue payments and identified delinquencies that can result in the conversion of a Customer to Dual Billing or to regulated energy supply service (e.g., timing of conversion).*

*When the Distribution Company is not the Billing Party, specify the responsibilities, terms and conditions for providing the Distribution Company with access to real-time Billing Party payment information for specific Customer accounts in order for the Distribution Company to take appropriate collection action.*

*Identify special handling arrangements for collection of funds for specific Customer accounts.*

### SERVICE LEVEL AND REMEDIES

*Specify expectations for performance and responsibilities of each party, including remedies for failure to meet obligations (e.g., Non-Billing Party calls for change due to Billing Party performance).*

*Specify terms and conditions for the Billing Party to pay interest to the Non-Billing Party when payment for undisputed charges is not made to the Non-Billing Party within the appropriate time frame.*

*Specify terms and conditions for the Non-Billing Party to pay interest to the Billing Party when payment for billing services rendered is not made to the Billing Party within the appropriate time frame.*

*Specify the provisions for reviewing and auditing Billing Party activities on behalf of the Non-Billing Party.*

*Specify the terms of the Non-Billing Party's payment for billing services rendered by the Billing Party on behalf of the Non-Billing Party (e.g., timing and method of payment).*

**c. Business Purpose:** To standardize how Distributors and Suppliers operate in a retail business environment.

**d. Commentary/rationale of Subcommittee:**



**RECOMMENDATION TO NAESB RGQ EXECUTIVE COMMITTEE**

**Requester: RGQ Customer Processes Subcommittee  
Request No.: 2003 RGQ Annual Plan Item 6  
Date: October 14, 2003**

**1. Recommended Action:**

- Accept as requested
- Accept as modified below
- Decline

**Effect of EC Vote to Accept Recommended Action:**

- Change to Existing Practice
- Status Quo

**2. TYPE OF MAINTENANCE**

**Per Request:**

- Initiation
- Modification
- Interpretation
- Withdrawal

**Per Recommendation:**

- Initiation
- Modification
- Interpretation
- Withdrawal

- Principle (x.1.z)
- Definition (x.2.z)
- Business Practice Standard (x.3.z)
- Document (x.4.z)
- Data Element (x.4.z)
- Code Value (x.4.z)
- X12 Implementation Guide
- Business Process Documentation

- Principle (x.1.z)
- Definition (x.2.z)
- Business Practice Standard (x.3.z)
- Document (x.4.z)
- Data Element (x.4.z)
- Code Value (x.4.z)
- X12 Implementation Guide
- Business Process Documentation

**3. RECOMMENDATION**

**SUMMARY:** Adopt the Business Process and Practices document and attached Outline for Model Billing Services Agreement (to be inserted in section 2.3.3) for Billing and Payment to be used in a retail access environment.

**TECHNICAL CHANGE LOG** (all instructions to accomplish the recommendation)

<b>Description of Change:</b> Executive Committee to approve the Business Process and Practices document for Billing and Payment and hold until Outline for Billing Services Agreement, Datasets, and Models are developed, submitted, and approved by the Executive Committee.





**RECOMMENDATION TO NAESB RGQ EXECUTIVE COMMITTEE**

**Requester: RGQ Customer Processes Subcommittee  
Request No.: 2003 RGQ Annual Plan Item 6  
Date: October 14, 2003**



## RECOMMENDATION TO NAESB RGQ EXECUTIVE COMMITTEE

**Requester: RGQ Customer Processes Subcommittee**  
**Request No.: 2003 RGQ Annual Plan Item 6**  
**Date: October 14, 2003**

### 4. SUPPORTING DOCUMENTATION

**Description of Request:** REQ Annual Plan Item #1 and RGQ Annual Plan Item #6.  
Customer Processes Subcommittee to develop model business practices for Billing and Payment.

#### b. Description of Recommendation:

### **Business Process and Practices**

#### A Overview

This section presents business practices for billing and payments in a retail access environment. Billing and payment processing encompass a variety of steps and interactions between the Billing Party and the Non-Billing Party beginning with the receipt of billable units. Steps include calculating billable charges; printing and distributing the bill; posting payments; and, remittance practices. Interactions include the transfer of data necessary to accurately bill and process payments received from the Customer for energy, transmission/transportation and distribution related charges. In a business environment where best practices are voluntary, model business practices should be applied within the context of regulatory requirements and agreements between the parties documented in a Billing Services Agreement.

There are three billing options: Dual Billing, Consolidated Billing, and Single Retail Supplier Billing.

Alternative payment processing methods exist for the Consolidated Billing option based upon various cash posting sequences. The two methods are "Assumption of Receivables" and "Pay As You Get Paid."

#### *Principles*

Reserved for future use.



## RECOMMENDATION TO NAESB RGQ EXECUTIVE COMMITTEE

**Requester: RGQ Customer Processes Subcommittee**  
**Request No.: 2003 RGQ Annual Plan Item 6**  
**Date: October 14, 2003**

### *Definitions*

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

**Assumption of Receivables:** The payment processing method in which the Billing Party assumes the Non-Billing Party's receivables and sends the Non-Billing Party payment at predetermined intervals for all Non-Billing Party amounts that are billed, payable to the Non-Billing Party, and do not have a status of In Dispute, in accordance with the tariff, Billing Services Agreement or other Governing Document regardless of when (or whether) the Customer pays the Billing Party.

**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 Party:** The party performing billing services for one or more parties.

**Billing Services Agreement:** A legally binding document between the Distribution Company and the Supplier used when one of the parties is performing Consolidated Billing for the other party. Such document sets forth the expectations and responsibilities of each party.

**Business Day:** As defined in the Governing Documents.

**Consolidated Billing:** The billing option in which the Distribution Company or Supplier renders a Customer bill consolidating the energy, transmission / transportation and distribution charges of the Distribution Company and the Supplier, for which a single payment from the Customer is expected.

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

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

**Dual Billing:** The billing option in which the Distribution Company and Supplier render separate Customer bills for the products and services each provides.

**Governing Documents:** Documents that determine the interactions among parties, including but not limited to: regulatory documents (e.g., tariffs, rules, regulations), contractual agreements, and Distribution Company operational manuals.

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

**Non-Billing Party:** The party whose charges are being combined into a statement (or invoice) prepared and rendered by another party.



## RECOMMENDATION TO NAESB RGQ EXECUTIVE COMMITTEE

**Requester: RGQ Customer Processes Subcommittee**  
**Request No.: 2003 RGQ Annual Plan Item 6**  
**Date: October 14, 2003**

**Pay As You Get Paid:** The payment processing method in which the Billing Party forwards payment to the Non-Billing Party for the Non-Billing Party charges only after receiving payment.

**Rate Code:** A product identifier used in a billing system which contains all information, such as description and price, needed to bill for that product. One or more Rate Codes may be billed on a single account.

**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 charges.

**Service Delivery Point:** A physical metered and/or unmetered service location supplying energy to a Customer premise.

**Single Retail Supplier Billing:** The billing option in which the Supplier renders a Customer bill for all energy, transmission/transportation, and distribution related charges. The Supplier purchases or otherwise acquires energy, transmission/transportation and distribution services, and therefore all charges on the bill are Supplier charges. A single payment from the Customer is expected.

**Supplier:** Persons engaged in the competitive sale of energy to end-users.

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



## RECOMMENDATION TO NAESB RGQ EXECUTIVE COMMITTEE

**Requester: RGQ Customer Processes Subcommittee**  
**Request No.: 2003 RGQ Annual Plan Item 6**  
**Date: October 14, 2003**

### B Model Business Practices

#### **2.1 General Billing and Payment**

##### **2.1.1 Model Business Practices**

- 2.1.1.1 The Supplier may elect to offer its Customers one or more of the billing options that are available in the Distribution Company's territory.
- 2.1.1.2 Both Distribution Company and Supplier should be approved, certified or licensed, to the extent required by the Applicable Regulatory Authority and demonstrate the technical capability to exchange information electronically using Uniform Electronic Transactions and to meet the operational time frames which have been defined to support the billing options required.
- 2.1.1.3 The Supplier should provide adequate advance notice to the Distribution Company if it plans to implement another available, approved billing option. Such option should not become operational until proof of successful data interchange is demonstrated to the satisfaction of both parties and all requirements are met.
- 2.1.1.4 When making changes to its billing or payment systems that may affect electronic data interchange, the Supplier or Distribution Company making those changes should provide advance notice to the other party prior to implementation.
- 2.1.1.5 Required metering data that are necessary to fulfill billing responsibilities should be made available to all appropriate party(s) via Uniform Electronic Transactions.
- 2.1.1.6 Applicable state and local taxes will be calculated, collected, and remitted in accordance with state statutes and local government ordinances.
- 2.1.1.7 The cancel and re-bill process should be clear and reproducible, and be communicated to all affected parties.

##### **2.1.2 Datasets**

Reserved for future use.

##### **2.1.3 Models**

Reserved for future use.



## RECOMMENDATION TO NAESB RGQ EXECUTIVE COMMITTEE

**Requester: RGQ Customer Processes Subcommittee**  
**Request No.: 2003 RGQ Annual Plan Item 6**  
**Date: October 14, 2003**

### **2.2 Dual Billing**

#### **2.2.1 Model Business Practices**

2.2.1.1 The Distribution Company and the Supplier each acts as a Billing Party and should independently produce and render separate bills directly to the Customer in accordance with the requirements set by the Applicable Regulatory Authority.

2.2.1.2 The Customer should make two separate payments; one to the Distribution Company and one to the Supplier.

2.2.1.3 When meter usage is cancelled:

- Usage for all applicable periods should be cancelled by metering period; and
- The usage sent in the cancellation transaction should match the usage sent in the original transaction.

2.2.1.4 When meter usage is restated:

- Usage for all applicable periods should be restated by metering period; and
- Unless there has been a product or rate change, the restated usage transaction should be sent at the same level of detail as the original usage transaction.

#### **2.2.2 Datasets**

Reserved for future use.

#### **2.2.3 Models**

Reserved for future use.



## RECOMMENDATION TO NAESB RGQ EXECUTIVE COMMITTEE

**Requester: RGQ Customer Processes Subcommittee**  
**Request No.: 2003 RGQ Annual Plan Item 6**  
**Date: October 14, 2003**

### **2.3 Consolidated Billing - General**

#### **2.3.1 Model Business Practices**

- 2.3.1.1 The Distribution Company or Supplier should assume the role of either Billing Party or Non-Billing Party provided that applicable regulatory or legal criteria are met.
- 2.3.1.2 The Billing Party and Non-Billing Party should execute a Billing Services Agreement. The responsibilities of the parties, performance parameters, financial arrangements and other details associated with payment processing and remittance should be set forth in the Billing Services Agreement.
- 2.3.1.3 The Billing Party should render a consolidated bill in accordance with the requirements set by the Applicable Regulatory Authority and any agreements set forth in the Billing Services Agreement.
- 2.3.1.4 When the Supplier is the Billing Party it should be responsible for delivering to Customers bill enclosures or bill messages containing Non-Billing Party related information that is mandated by the Applicable Regulatory Authority.
- 2.3.1.5 When a consolidated bill is rendered there should be one Customer payment due date.

#### **2.3.2 Datasets**

Reserved for future use.

#### **2.3.3 Models**

See attached Outline for Model Billing Services Agreement.



## RECOMMENDATION TO NAESB RGQ EXECUTIVE COMMITTEE

**Requester: RGQ Customer Processes Subcommittee**  
**Request No.: 2003 RGQ Annual Plan Item 6**  
**Date: October 14, 2003**

### **2.4 Consolidated Billing - Bill Ready Billing**

#### **2.4.1 Model Business Practices**

- 2.4.1.1 The Billing Party should receive the Non-Billing Party's billing information via Uniform Electronic Transaction within two (2) Business Days following the meter reading entity's transmission of valid usage information.
- 2.4.1.2 When the Non-Billing Party files are received, the Billing Party should acknowledge receipt of a file via Uniform Electronic Transaction within one (1) Business Day of receipt of the file.
- 2.4.1.3 If, upon examination, it is determined that the Non-Billing Party's file cannot be processed then the Billing Party should reject it. Rejection, accompanied by appropriate uniform error code(s), should be communicated via the appropriate Uniform Electronic Transaction within one (1) Business Day of receipt of the file.
- 2.4.1.4 If the Non-Billing Party's transaction is accepted, the Billing Party should bill the Customer(s) within two (2) Business Days of receipt of such transaction.
- 2.4.1.5 When the Billing Party is able to process the Non-Billing Party's transactions but is unable to render a significant number of Customer bills within two (2) Business Days of receipt of the Non-Billing Party's charges, the Billing Party should promptly notify the Non-Billing Party.
- 2.4.1.6 If the Non-Billing Party's transactions are received within the appropriate time frame and a transaction is rejected, then the Billing Party should notify the Non-Billing Party of the rejection accompanied by appropriate uniform error code(s), via Uniform Electronic Transaction within one (1) Business Day of receipt of such transaction. The Non-Billing Party may, if time permits, submit a file containing corrected transactions for inclusion in the current bill.
- 2.4.1.7 If the Non-Billing Party's transactions are sent to the Billing Party outside the appropriate time frame such that charges could not be included on the bill, then, as specified in the Billing Services Agreement, the Billing Party should do one of the following:
- Reject the transaction and notify the Non-Billing Party within two (2) Business Days via Uniform Electronic Transaction that the charges were not billed. In this scenario, the Non-Billing Party should resubmit its charges in the following billing period in accordance with the time requirements, or
  - Hold the transaction for processing on the next bill and notify the Non-Billing Party that charges were received late and will be reflected on the next bill.





## RECOMMENDATION TO NAESB RGQ EXECUTIVE COMMITTEE

**Requester: RGQ Customer Processes Subcommittee**  
**Request No.: 2003 RGQ Annual Plan Item 6**  
**Date: October 14, 2003**

2.4.1.8 If the Billing Party's errors cause the Non-Billing Party's charges to miss the billing window and the bill has been issued, the Billing Party should cancel and reissue the bill as soon as practicable, unless the Billing Party and Non-Billing Party arrange a mutually agreeable alternative bill correction process.

2.4.1.9 When a Bill Ready consolidated bill is to be cancelled:

- Usage for all applicable periods should be cancelled by metering period; and
- The usage sent in the cancellation transaction should match the usage sent in the original transaction.

2.4.1.10 When a cancelled Bill Ready consolidated bill is to be re-billed:

- Usage for all applicable periods should be restated by metering period. Unless there has been a product or rate change, the restated usage transaction should be sent at the same level of detail as the original usage transaction; and
- The Billing Party should receive the Non-Billing Party's restated billing information within two (2) Business Days following the transmission of valid restated usage information.

2.4.1.11 Both the Billing Party and the Non-Billing Party should be responsible for the calculation of their late payment charges, if applicable, unless directed otherwise by the Applicable Regulatory Authority or as specified in the Billing Services Agreement. The Billing Party should be responsible for placing these charges on the bill.

2.4.1.12 When the Non-Billing Party calculates and assesses late payment charges it should send notification of such charges to the Billing Party via Uniform Electronic Transaction.

### **2.4.2 Datasets**

Reserved for future use.

### **2.4.3 Models**

Reserved for future use.



## RECOMMENDATION TO NAESB RGQ EXECUTIVE COMMITTEE

**Requester: RGQ Customer Processes Subcommittee**  
**Request No.: 2003 RGQ Annual Plan Item 6**  
**Date: October 14, 2003**

### **2.5 Consolidated Billing - Rate Ready Billing**

#### **2.5.1 Model Business Practices**

- 2.5.1.1 At least thirty (30) calendar days prior to using a new Rate Code, or as otherwise provided in the Billing Services Agreement, the Non-Billing Party should provide to the Billing Party information needed to establish the new Rate Code.
- 2.5.1.2 Where the Billing Party's system can accommodate a price change to an existing Rate Code the Non-Billing Party should provide the new price and the requested effective date to the Billing Party at least ten (10) Business Days prior to the next billing date, or a lesser period of time as provided in the Billing Services Agreement, to allow sufficient time for the Billing Party to implement the change.
- 2.5.1.3 The Billing Party will send a Uniform Electronic Transaction when accounts of the Non-Billing Party are billed thus notifying the Non-Billing Party that its Customers have been billed and indicating the usage and amount so billed for each Customer account.
- 2.5.1.4 When a Rate Ready consolidated bill is to be cancelled:
- Usage for all applicable periods should be cancelled by metering period; and
  - The usage sent in the cancellation transaction should match the usage sent in the original transaction.
- 2.5.1.5 When a cancelled Rate Ready consolidated bill is to be re-billed:
- Usage for all applicable periods should be restated by metering period. Unless there has been a product or rate change, the restated usage transaction should be sent at the same level of detail as the original usage transaction;
  - The Billing Party should re-bill the Customer by applying the proper usage and proper Billing and Non-Billing Party Rate Code(s) as necessary to correct the previously rendered bill; and
  - After the cancel/re-bill event has taken place, the Billing Party should transmit notice of the credit, debit, or the net amount, to the Non-Billing Party so that the accounts receivable of the Customer will be properly stated.
- 2.5.1.6 The Billing Party should calculate late payment charges on behalf of the Non-Billing Party, if applicable, using the same methodology used to calculate its own late payment charges, unless directed otherwise by the Applicable Regulatory Authority or as specified in the Billing Services Agreement. The Billing Party should be responsible for placing these charges on the bill.

#### **2.5.2 Datasets**

Reserved for future use.



## RECOMMENDATION TO NAESB RGQ EXECUTIVE COMMITTEE

**Requester: RGQ Customer Processes Subcommittee**  
**Request No.: 2003 RGQ Annual Plan Item 6**  
**Date: October 14, 2003**

### 2.5.3 Models

Reserved for future use.



## RECOMMENDATION TO NAESB RGQ EXECUTIVE COMMITTEE

**Requester: RGQ Customer Processes Subcommittee**  
**Request No.: 2003 RGQ Annual Plan Item 6**  
**Date: October 14, 2003**

### **2.6 Single Retail Supplier Billing**

#### **2.6.1 Model Business Practices**

- 2.6.1.1 The Supplier should render its bill in accordance with the requirements set by the Applicable Regulatory Authority.
- 2.6.1.2 When meter usage is cancelled:
- Usage for all applicable periods should be cancelled by metering period; and
  - The usage sent in the cancellation transaction should match the usage sent in the original transaction.
- 2.6.1.3 When meter usage is restated:
- Usage for all applicable periods should be restated by metering period; and
  - Unless there has been a product or rate change, the restated usage transaction should be sent at the same level of detail as the original usage transaction.
- 2.6.1.4 If the Supplier does not receive actual meter reading data on a timely basis, the Supplier may issue a bill based on an estimated reading.
- 2.6.1.5 After the meter(s) is read or the usage is otherwise determined, the Distribution Company should render an invoice that separately identifies the delivery system charges and billing determinants for each Service Delivery Point or Customer account served by the Supplier. Invoices should be transmitted via Uniform Electronic Transaction.
- 2.6.1.6 Distribution Company invoices are subject to adjustment due to estimated reads or errors including, but not limited to, arithmetic errors, computational errors, and meter reading errors. The Distribution Company should cancel and re-bill the original invoice that was incorrect.
- 2.6.1.7 Having assumed the obligation to pay the Distribution Company within the acceptable time frame for amounts owed the Distribution Company, the Supplier should have the flexibility to change billing and payment practices subject only to applicable laws, regulatory requirements, or as otherwise allowed in any agreement between the parties regarding terms and conditions for energy delivery.
- 2.6.1.8 The Supplier may elect either to accept charges other than usage-based charges or to have the Distribution Company bill those charges directly to the Customer.

#### **2.6.2 Datasets**

Reserved for future use.

#### **2.6.3 Models**

Reserved for future use.



## RECOMMENDATION TO NAESB RGQ EXECUTIVE COMMITTEE

**Requester: RGQ Customer Processes Subcommittee**  
**Request No.: 2003 RGQ Annual Plan Item 6**  
**Date: October 14, 2003**

### **2.7 Payment Processing – Consolidated Billing – General**

#### **2.7.1 Model Business Practices**

- 2.7.1.1 If the Non-Billing Party does not receive payment for undisputed charges from the Billing Party within the appropriate time frame, then the Non-Billing Party should send notification to the Billing Party of the interest and/or fees, if any, applicable to the un-remitted amount. Such notification should be sent via Uniform Electronic Transaction and in accordance with the terms and conditions of the Billing Services Agreement or pursuant to the requirements of the Applicable Regulatory Authority. Remittance of interest and/or fees, if any, should be made by electronic means to a financial institution designated by the Non-Billing Party.
- 2.7.1.2 The Billing Party, upon placing the Non-Billing Party's charges In Dispute, should, within one (1) Business Day, notify the Non-Billing Party of the subject and amount In Dispute, in a manner specified in the Billing Services Agreement.
- 2.7.1.3 The Non-Billing Party, upon placing its charges In Dispute, should, within one (1) Business Day, notify the Billing Party of the subject and amount In Dispute, in a manner specified in the Billing Services Agreement.
- 2.7.1.4 Once a dispute is resolved and the charges are no longer In Dispute, the party resolving the dispute should notify the other party of the resolution, in a manner specified in the Billing Services Agreement.
- 2.7.1.5 Where charges have been placed In Dispute, payments should be applied against charges that are not In Dispute first unless otherwise directed by the Applicable Regulatory Authority.
- 2.7.1.6 When there is a change in Billing Party, the Non-Billing Party's balance should not be transferred to the new Billing Party unless mutually agreed upon by all of the affected Billing Parties and Non-Billing Parties.
- 2.7.1.7 If a Customer enters into a multi-month payment arrangement for all or a portion of the bill, it is the responsibility of the party entering into such agreement with the Customer to maintain proper accounting for such transaction. Neither the Billing Party nor the Non-Billing Party should enter into such an agreement for amounts owed to the other party, unless otherwise directed by the Applicable Regulatory Authority or specified in the Billing Services Agreement.

#### **2.7.2 Datasets**

Reserved for future use.

#### **2.7.3 Models**

Reserved for future use.



## RECOMMENDATION TO NAESB RGQ EXECUTIVE COMMITTEE

**Requester: RGQ Customer Processes Subcommittee**  
**Request No.: 2003 RGQ Annual Plan Item 6**  
**Date: October 14, 2003**

### **2.8 Payment Processing – Consolidated Billing – Assumption of Receivables**

#### **2.8.1 Model Business Practices**

- 2.8.1.1 The Billing Services Agreement should specify any level of uncollectible revenues to be reflected in the amount due to the Non-Billing Party.
- 2.8.1.2 The Billing Services Agreement should specify any creditworthiness criteria that the Non-Billing Party's Customers would have to satisfy to be eligible for a consolidated bill.
- 2.8.1.3 On or before the date the payment is due to the Non-Billing Party, the Billing Party should send a Uniform Electronic Transaction notifying the Non-Billing Party of account-specific payments to be made. By mutual agreement, the Billing Party may send account-specific information along 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.
- 2.8.1.4 The Billing Party forwards payment for all undisputed charges to the Non-Billing Party within five (5) Business Days of the due date stated on the Customer's bill or as specified in the Billing Services Agreement.
- 2.8.1.5 The Billing Party remittance of funds should be made by electronic means to a bank designated by the Non-Billing Party.
- 2.8.1.6 In the circumstance where the Distribution Company is the Billing Party, it can reject an enrollment transaction that specifies Consolidated Billing if the Customer does not satisfy the creditworthiness criteria specified in the appropriate Governing Documents. The ability to reject an enrollment transaction may be subject to the requirements of the Applicable Regulatory Authority. If the enrollment is rejected for these reasons, the Non-Billing Party may resubmit the enrollment transaction and specify Dual Billing.
- 2.8.1.7 When the Distribution Company is the Billing Party it may initiate conversion of a Customer to Dual Billing or to the applicable regulated energy supply service, in accordance with the Billing Services Agreement and the requirements of the Applicable Regulatory Authority, when a threshold of overdue payments or delinquencies is reached. The following practices should be used:
- Prior to conversion, the Billing Party may notify the Non-Billing Party of the status of overdue payments or delinquencies; and
  - In addition to any notice that may be required to be sent to the Customer, the Billing Party should notify the Non-Billing Party, via Uniform Electronic Transaction, of the effective date of the conversion.
- 2.8.1.8 Return of the Customer to Consolidated Billing should be at the discretion of the Billing Party and subject to the creditworthiness criteria set forth in the Billing Services Agreement.
- 2.8.1.9 When Non-Billing Party charges are placed In Dispute under the Assumption of Receivables payment processing method:
- The Billing Party should withhold payment to the Non-Billing Party of the amount In Dispute; or



## RECOMMENDATION TO NAESB RGQ EXECUTIVE COMMITTEE

**Requester: RGQ Customer Processes Subcommittee**  
**Request No.: 2003 RGQ Annual Plan Item 6**  
**Date: October 14, 2003**

- If the Billing Party has made payment of the disputed charges, the Billing Party should initiate a Uniform Electronic Transaction to reverse the payment of the disputed charges

### **2.8.2 Datasets**

Reserved for future use.

### **2.8.3 Models**

Reserved for future use.



## RECOMMENDATION TO NAESB RGQ EXECUTIVE COMMITTEE

**Requester: RGQ Customer Processes Subcommittee**  
**Request No.: 2003 RGQ Annual Plan Item 6**  
**Date: October 14, 2003**

### **2.9 Payment Processing – Consolidated Billing – Pay as You Get Paid**

#### **2.9.1 Model Business Practices**

- 2.9.1.1 Each Business Day the Billing Party should process and post funds received.
- 2.9.1.2 The Billing Party should process payments in accordance with a predetermined payment posting order as established by the Applicable Regulatory Authority or as agreed to in the Billing Services Agreement.
- 2.9.1.3 Within one (1) Business Day after posting a payment to the Customer's account, the Billing Party should send a Uniform Electronic Transaction notifying the Non-Billing Party of account-specific payments due to be remitted to the Non-Billing Party.
- 2.9.1.4 The Billing Party should remit to the Non-Billing Party funds associated with Customer payments posted for all undisputed Non-Billing Party charges within two (2) Business Days or as specified within the rules established by the Applicable Regulatory Authority or as agreed to in the Billing Services Agreement. Remittance of funds should be made by electronic means to a financial institution 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 transaction to the financial institution in lieu of, or in addition to, direct notification to the Non-Billing Party.
- 2.9.1.5 When a Customer's payment that was previously transmitted to the Non-Billing Party is reversed or adjusted by the Billing Party, the Billing Party should adjust the Customer's account accordingly and send notification of the adjustment to the Non-Billing Party via Uniform Electronic Transaction within one (1) Business Day.
- 2.9.1.6 The Billing Party should maintain a current and past due balance for each active account of the Non-Billing Party.
- 2.9.1.7 The Billing Party should carry forward any inactive Non-Billing Party arrears on a bill, consistent with requirements of the Applicable Regulatory Authority, or as outlined in the Billing Services Agreement. If amounts remain unpaid, the Billing Party should forward a Uniform Electronic Transaction to the Non-Billing Party to return any outstanding arrears as specified in the Billing Services Agreement or as required by the Applicable Regulatory Authority.

#### **2.9.2 Datasets**

Reserved for future use.

#### **2.9.3 Models**

Reserved for future use.





## RECOMMENDATION TO NAESB RGQ EXECUTIVE COMMITTEE

**Requester: RGQ Customer Processes Subcommittee**  
**Request No.: 2003 RGQ Annual Plan Item 6**  
**Date: October 14, 2003**

### **2.10 Payment Processing – Single Retail Supplier Billing**

#### **2.10.1 Model Business Practices**

- 2.10.1.1 On or before the date the payment is due to the Distribution Company, the Supplier should send a Uniform Electronic Transaction notifying the Distribution Company of account-specific payments to be made. By mutual agreement, the Supplier may send account-specific information along with the remittance of funds in an electronic certification to the bank in lieu of, or in addition to, direct notification to the Distribution Company.
- 2.10.1.2 The Supplier remittance of funds should be made by electronic means to a bank designated by the Distribution Company.
- 2.10.1.3 If the Distribution Company does not receive payment for undisputed charges from the Supplier within the appropriate time frame, then the Distribution Company should send notification to the Supplier of the interest and/or fees, if any, applicable to the un-remitted amount. Such notification should be sent via Uniform Electronic Transaction and in accordance with the terms and conditions of the Billing Services Agreement or pursuant to the requirements of the Applicable Regulatory Authority. Remittance of interest and/or fees, if any, should be made by electronic means to a financial institution designated by the Distribution Company.
- 2.10.1.4 When there is a change in Supplier, the Customer's balance should not be transferred to the new Supplier.

#### **2.10.2 Datasets**

Reserved for future use.

#### **2.10.3 Models**

Reserved for future use.



## RECOMMENDATION TO NAESB RGQ EXECUTIVE COMMITTEE

**Requester: RGQ Customer Processes Subcommittee**  
**Request No.: 2003 RGQ Annual Plan Item 6**  
**Date: October 14, 2003**

### Outline for Model

#### **Billing Services Agreement For Consolidated Billing**

This Billing Services Agreement outline provides market participants with a framework from which to create a jurisdiction specific agreement based on 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 the Distribution Company and the Supplier where one is the Billing Party and the other is the Non-Billing Party. Terms of the executed Billing Services Agreement will be legally binding on the parties and will reflect the structure of a particular retail market.

#### BILLING SERVICES AGREEMENT OUTLINE

##### PREFACE

*General description of the Billing Services Agreement.*

*Scope and relationships with other Governing Documents.*

*Identification of the parties to the Billing Services Agreement.*

*Effective date and term of the Billing Services Agreement.*

*Conditions precedent to the execution of the Billing Services Agreement (e.g. data exchange protocols, licensing, creditworthiness, and billing system capability).*

##### KEY COMPONENTS

*Identification of Billing Party [Supplier or Distribution Company].*

*Identification of the Consolidated Billing option(s) [Bill Ready and / or Rate Ready].*

*Type of payment processing option(s) selected by the Billing Party [Assumption of Receivables or Pay As You Get Paid].*

*Definition of terms used in the Billing Services Agreement.*



## RECOMMENDATION TO NAESB RGQ EXECUTIVE COMMITTEE

**Requester: RGQ Customer Processes Subcommittee**  
**Request No.: 2003 RGQ Annual Plan Item 6**  
**Date: October 14, 2003**

### BILLING OBLIGATIONS AND OPTIONS

*Specify relevant responsibilities, terms and conditions between the parties for the Consolidated Billing option(s) selected including: performance parameters, financial arrangements, and other details (e.g. bill format, bill insert requirements, timing for receiving Non-Billing Party charges, lead time for price changes, responsibility for calculating late payment charges, fees for billing services, accuracy of Non-Billing Party charges).*

*Specify any creditworthiness criteria that the Non-Billing Party's Customers would have to satisfy to be eligible for Consolidated Billing.*

*Specify responsibilities for non-standard billing arrangements to be provided to the Non-Billing Party by the Billing Party for selected Customers (e.g., issue bills on non-standard cycle, non-standard pricing).*

*Specify responsibilities for non-energy charges (e.g., billing for energy management services).*

*Specify responsibilities for billing features that affect both parties (e.g., budget billing).*

### PAYMENT OBLIGATIONS AND OPTIONS

*Specify responsibilities, terms and conditions for payments due to the Non-Billing Party from the Billing Party related to their Consolidated Billing of Customers, including performance parameters, financial arrangements, creditworthiness, notification of Customer bills In Dispute, and other details (e.g., method of payment, timing of payment, payment advice timing, payment posting order).*

*Specify responsibilities, terms and conditions for payments due to the Billing Party from the Non-Billing Party related to their Consolidated Billing of Customers including fees for billing services (e.g., method of payment, timing of payment, charges for late payments).*

*Specify the level of uncollectibles to be reflected in the amount due for Assumption of Receivables method, if applicable.*

*Specify the conditions to change the level of uncollectibles to be reflected in the amount due for Assumption of Receivables method, is applicable.*

*Specify responsibilities, terms and conditions when the Billing Party provides payment arrangements to a Customer on behalf of the Non-Billing Party (e.g., terms for payment by the Customers in arrears).*



## RECOMMENDATION TO NAESB RGQ EXECUTIVE COMMITTEE

**Requester: RGQ Customer Processes Subcommittee**  
**Request No.: 2003 RGQ Annual Plan Item 6**  
**Date: October 14, 2003**

### COLLECTION OBLIGATIONS AND OPTIONS

*Specify activities related to the collection actions to be taken by each party (e.g., collection of late payment charges, Customer notification).*

*Specify responsibilities, terms and conditions for the Billing Party to carry forward arrears on a Customer's account no longer served by the Non-Billing Party (e.g., Billing Party will carry charges for the Non-Billing Party on the bill for a specified period of time, returning outstanding arrears to the Non-Billing Party).*

*Specify the threshold for overdue payments and identified delinquencies that can result in the conversion of a Customer to Dual Billing or to regulated energy supply service (e.g., timing of conversion).*

*When the Distribution Company is not the Billing Party, specify the responsibilities, terms and conditions for providing the Distribution Company with access to real-time Billing Party payment information for specific Customer accounts in order for the Distribution Company to take appropriate collection action.*

*Identify special handling arrangements for collection of funds for specific Customer accounts.*

### SERVICE LEVEL AND REMEDIES

*Specify expectations for performance and responsibilities of each party, including remedies for failure to meet obligations (e.g., Non-Billing Party calls for change due to Billing Party performance).*

*Specify terms and conditions for the Billing Party to pay interest to the Non-Billing Party when payment for undisputed charges is not made to the Non-Billing Party within the appropriate time frame.*

*Specify terms and conditions for the Non-Billing Party to pay interest to the Billing Party when payment for billing services rendered is not made to the Billing Party within the appropriate time frame.*

*Specify the provisions for reviewing and auditing Billing Party activities on behalf of the Non-Billing Party.*

*Specify the terms of the Non-Billing Party's payment for billing services rendered by the Billing Party on behalf of the Non-Billing Party (e.g., timing and method of payment).*

**c. Business Purpose:** To standardize how Distributors and Suppliers operate in a retail business environment.

**d. Commentary/rationale of Subcommittee:**