



## NORTH AMERICAN ENERGY STANDARDS BOARD

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February 4, 2005

Via email and post

Re: Introduction of Retail Awareness Committee

Dear \_\_\_\_\_:

As the new year begins, the North American Energy Standards Board (NAESB) will be celebrating its third year. It is hard to believe that just three short years ago, the Gas Industry Standards Board (GISB) became the Wholesale Gas Quadrant (WGQ) of NAESB, and three new quadrants were formed expanding our efforts to the Retail Gas, Retail Electric, and Wholesale Electric industries. NAESB is now comprised of approximately 350 pro-active business, consumer and governmental entities in a membership-driven organization dedicated to advancing electronic commerce in electricity and natural gas and other efficiencies that industry standardization has to offer.

The NAESB common business practice for the electronic exchange of transaction data has been **adopted by 12 States as the standard** in their restructured retail electricity and gas markets. In addition to being widely adopted, the technology standard is very scalable. The ERCOT market alone exchanges **over 30 million transactions a month** using the NAESB Electronic Delivery Mechanism. We have had some early success and we want to continue to focus on the areas that are important to state regulatory authorities.

I would enjoy an opportunity to make you and your staff aware of the progress NAESB has made in providing industry and regulators the tools to increase efficiencies and open new markets. I would also enjoy discussing our plans for the future and learning how NAESB can better serve the needs of the regulatory community.

To bolster our communications efforts with you and your staff our Board of Directors has formed the Retail Awareness Committee. Like NAESB itself, the Retail Awareness Committee does not advocate in front of regulatory bodies. Its mission is to increase the awareness within the energy industry of the retail quadrants' model business practices.

The time-tested and American National Standards Institute (ANSI) approved consensus process used at NAESB has allowed the many segments of industry, including consumer advocates, regulators and end-users, to come together and draft voluntary business practices. In a testament to NAESB's ability **to** develop cross-industry standards, the two retail quadrants have been holding many joint meetings and have developed commodity-neutral model business practices that can be used by both the electric and natural gas industry. They have also benefited from geographical diversity and, where appropriate, have drafted several options for compliance that accommodate regional differences.

During the past three years, NAESB has adopted the following retail model business practices:

- Billing and Payment Model Business Practices (MBPs) encompassing a variety of steps and interactions including 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.



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- Creditworthiness MBPs that apply to credit risks existing between a supplier and distribution company in the course of serving retail access customers.
- A Market Participant Interaction outline for a master service agreement between a distribution company and a supplier to facilitate their working together to serve retail access customers.
- Electronic Delivery Mechanism (EDM) for exchanging electronic transactions securely over the Internet.
- Dispute Resolution MBPs for resolving disputes between suppliers and distribution companies that may arise in the context of serving retail access customers.
- A Non-Disclosure Agreement outline addressing confidentiality concerns between parties without needless or time-consuming negotiations.

I have attached a copy of our Annual Plans showing that the pace will continue in 2005. Our schedule calls for the development of model business practices for the exchange of customer information, and customer enrollment, switching, and drop notifications for both retail electric and natural gas markets. However, I would also appreciate receiving your input on what areas are ripe for the development of model business practices in your state. You may be able to assist us in developing products to respond to transactions among utilities, between utilities and electric and gas suppliers, as well as the need to standardize business practices between the electric and natural gas retail markets. We can set up a conference call, meet at the NARUC Winter Meeting in Washington DC in mid-February, or I can travel to your office depending on your schedule. I am looking forward to hearing from you and learning when we can discuss NAESB's efforts.

Sincerely yours,

*Rae McQuade*

Rae McQuade  
Executive Director, NAESB

enc.: REQ 2005 Annual Plan  
RGQ 2005 Annual Plan  
Schedule of 2005 Monthly Update Calls  
Membership List (Sorted by State)

cc: Ms. Marilyn Showalter, President, NARUC, and Chairwoman, Washington Utilities and  
Transportation Commission  
Ms. Diane Munns, First Vice President, NARUC, and Chairman, Iowa Utilities Board  
Mr. James Kerr II, Second Vice President, NARUC, and Commissioner North Carolina Public  
Utilities Commission  
Ms. Constance White, Treasurer, NARUC, and Commissioner, Utah Public Service Commission  
Mr. Michael Desselle, Chairman, NAESB  
Mr. Cade Burks, Chairman, NAESB Retail Awareness Committee  
Mr. James Cargas, Deputy Director, NAESB  
Members of NAESB Advisory Council