



NEM Adopts National Energy Technology Policy

THE NATIONAL ENERGY Marketers Association (NEM) has adopted its recommendation for a national energy technology policy. Copies are available at www.energymarketers.com

In a restructured energy market, switching energy suppliers must be simple and inexpensive. Customer information must be available to appropriate parties in a timely, accurate, low-cost and easily usable format. Utilities, suppliers, vendors and consumers must be able to exchange vital information in the lowest-cost, most efficient manner possible. Upgrading computer systems to implement Internet-based information protocols that integrate both uniform business rules and uniform data dictionaries is a policy option that will lower energy costs.

The National Energy Marketers Association recommends that effective immediately, the federal government and each state government should:

- encourage and facilitate market participants to use the Internet to transmit all energy-related information and data to the maximum extent practicable;
- encourage an industry-led working group to develop an energy-specific, Internet-based standardized information protocol to be adopted and implemented uniformly across the country at the earliest possible date; and
- implement tax and regulatory policies that encourage infrastructure investments and lower the cost of migration to new Internet-based technologies that integrate uniform business rules and standard information protocols.

Very few utilities or competitive suppliers have billing systems capable of handling all of the billing options that will be available in a competitive marketplace.

Forcing market participants to divert scarce resources to customize billing, back-office and customer care facilities, and to develop specialized knowledge of different information systems and business rules in each jurisdiction, drives energy prices higher nationwide. There are a significant number of rules, procedures, processes and business practices that, if established fairly, efficiently and uniformly across the country, could bring significant cost savings in a very short period of time.

State implementation of uniform business rules will lower the costs to deliver energy and related products, services and technologies. To implement uniform business rules, it is critical to also establish energy-industry-specific standardized information protocols that integrate Internet-based technology at the earliest possible date. Standardized information protocols will reduce the costs of developing data systems, increase understandability and comparability of data, and create and encourage a competitive environment to handle both information and data.

Finally, tax and regulatory policies must encourage investments to modernize and upgrade computer and information systems, metering systems, billing systems and customer care facilities needed to facilitate competition. At a minimum, existing tax credits should be expanded so that these upgrades to obtain uniformity will be considered "qualified energy restructuring investments." State PUCs should expedite the prudence reviews for these "qualified investments" as well.

REDEFINING QUALIFIED ENERGY RESTRUCTURING INVESTMENTS

Differences in the information protocols between each utility service territory are slowing the progress of restructuring and increasing substantially the cost of doing business. To achieve regional or national economies of scale and to lower energy costs to the maximum extent possible, suppliers must be able to aggregate customers from across many utility service territories and ultimately from across the country. Very few utilities or competitive suppliers have billing systems capable of handling all the billing options that will be available in a competitive marketplace. Standard information protocols that integrate uniform business rules will significantly help the existing billing, back-office and customer care systems to accommodate a competitively restructured energy market. Tax credits should be available to encourage these investments.

The timely, accurate dissemination of critical energy usage information is vital to the efficient management of both energy supply and energy demand. Investments made to upgrade existing metering systems will permit more accurate forecasting to meet customer demand. Advanced meters will permit suppliers to more accurately match supply with demand and to avoid imbalance, standby, storage, injection and withdrawal costs. In this way, consumers can save billions of dollars in unnecessary costs. Accelerated cost recovery for these investments is a very low-cost, high-yield energy policy.

Many states and the federal government have initiated the restructuring of natural gas and electricity markets with the hopes of reducing energy costs and increasing efficiency and economic growth. Full comparability of transmission services and complete unbundling of traditional utility rates and services is under way and will occur within the foreseeable future. However, the implementation of uniform business rules and standardized information protocols coupled with the use of existing Internet technology holds enormous promise for immediate benefits for all consumers. ■

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