Retail Energy Billing – It's Much More Than P*Q (Price * Quantity)

By Jason R. Woodward
Director of Business Services, Tractebel Energy Services

It is often thought that billing is an end process simply to settle a contract. Many retail energy companies, some no longer in business, viewed this as a "necessary evil" or "tolerable expense." Thus, they did not make the investments in people, processes or technology required for a highly accurate, customer-centric delivery organization. As a result customers experienced missing bills, late bills, incorrect bills, poor customer service and a litany of other issues related to the underestimation of the complexity and importance of this function. In turn, retail companies dealt with swelling receivables, outflows of customers, poor references, PUCs investigations, and a fair share of lawsuits. Many could not even adequately quantify and/or qualify the problems they were having.

A new generation of retail companies entering the market had the opportunity to learn from the mistakes of others. With this knowledge in hand, they set out to build organizations focused on delivering the promises, not just contracting them. Most retail companies were very successful at signing deals, while very few could actually execute them. Those who have chosen to build their business based on long-term delivery ability made conscious decisions to delve into the depths of what makes the customer experience truly successful. In doing so, they have found it is much more than P*Q (Price * Quantity).

A mutually beneficial relationship with customers begins with the contract. But it is much more than price, and legal terms and conditions. The information contained in the contract about service levels, accounts, financial arrangements and other post-deal items are key to reliable delivery. It is critical at this stage to confirm what is known about the customer – site locations, accounts, addresses, tax exemptions, contacts, growth expectations, and the list goes on. Without this basic information, and the mechanisms to properly correct and update it, the customer experience stumbles right out of the gate. In addition, a great deal of the success at this stage depends on IT infrastructure.

The systems underpinning a typical retail back office can be defined in many different ways. Some feel it is simply bill calculation and mailing. However, experience has proven that a more comprehensive approach is required. Customer information capture, contract management, EDI transaction management, finance/accounting and e-enabled customer information must be tightly woven together. This allows for accurate execution at each step in the delivery process, as well as for the ability to service the customer intelligently when there is a problem or question. However, it is still true that no system can compensate for poor information quality.

Using the information gathered before, during and after the contract stage, retail providers begin navigating the account initiation maze. Customer accounts and contracts are activated and queued for enrollment. This can be especially tricky when dealing with multi-jurisdictional and/or national accounts. Each market, and to some extent each Utility Distribution Company (UDC), has its own set of rules, processes and procedures.

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Retail providers must have the systems and personnel who can navigate any or all of these rule sets. Assuming complete, correct information was received, and the systems and personnel are on task, the accounts will be submitted quickly. Behind the simple notion of enrolling a customer lies a monstrous amount of technical and regulatory requirements. However, these EDI transaction management rules translate into the lifeblood of the retail business – data.

As the data begins to flow, from enrollment confirmations to meter readings, it is all captured and assembled. Depending on the market, a retailer easily sends/receives anywhere from three to seven transactions per month. When dealing with thousands of customer accounts, this becomes a tremendous pursuit. However, those who have properly integrated this with all of the systems mentioned before can rest assured. Account number changes, start dates, end dates, meter readings, wire charges, and all of the other data needed is received, categorized, posted and handled. Failing at this effort means a retailer is simply flying blind to what is happening in the customer portfolio. This is also the root for all financial activity with the customer.

Meter readings are arguably the most important piece of data received. Each month they must be captured, validated and passed on to the billing application. Once into the billing application, the final processes begin. The billing application must reference information, accurate information, in the customer information and contract systems to understand what to do with any meter reading. Contract terms change, products change, prices change, account statuses change.

But the interaction of these systems and those changes sets the stage for a correct output to the customer. When the system has been maintained and the right inputs arrive, good billing happens.

Until now, the only thing the customer has seen is the contract document. The next thing they will see is a bill. The accuracy and timeliness of this bill is dependent on all those things the customer doesn't see. Customers shouldn't care about EDI, enrollment regulations, document management systems, call center applications and all the other things that a good back office entails. They should care that their provider understands and can support each of these areas. They are entitled to accurate, timely bills and friendly, knowledgeable service for their money. With that in mind, following are some key things to look for in a customer centric retail energy provider.

- Key performance indicators such as: overall customer satisfaction, billing timeliness/accuracy, enrollment success, outstanding receivables and remittance posting timeliness/accuracy.
- Highly skilled personnel in the areas of EDI transaction management, market operational regulations, energy rates, financial transactions, operations management and customer service. Be sure to ask about background in retail energy, tenure, training, etc.
- Best-in-breed technology and/or vendors.

- End-to-end system comprised of: prospect management, contract/agreement management, customer information (CIS), EDI transaction management, billing, remittance/collections and online information.
- Call center hardware and applications and comprehensive customer service training. Also look for specific service level measurements such as "call wait time," "abandon rate," "time to resolution" and "total handle time."
- Well-developed business processes reflecting all key areas of operations/systems that apply to servicing customers and their accounts.
- Key employee participation/leadership in industry related working groups.
- Clear, understandable bills.

This certainly doesn't represent all evaluation criteria, but armed with this information customers are much better equipped to find providers who take a holistic, long-term approach to customer operations. Remember, it isn't the customer's responsibility to understand everything that goes on behind the scenes, as a solid provider will make it appear seamless. They should just know that it is definitely more than P*Q.