

EIEP1 Network reporting options

EIEP1 specifies a single reporting format for:

- Retailers to provide detailed (ICP fixed charge and meter register-tariff level) information to Distributors where required for billing of line charges;
- Distributors to provide detailed (ICP fixed charge and meter register-tariff level) information to Retailers to support a summary invoice and enable reconciliation of line charges at detailed level.

For Distributors with ICP (retail) network pricing, a complete Retailer file is the equivalent of a self invoice (or expected invoice), and therefore the focus of detailed reconciliation process should be on differences with the Distributor's file.

While EIEP1 covers both NHH and HHR metered ICPs, typically it is used for NHH metered ICPs and EIEP3 for HHR metered ICPs.

While there are two options for normalised, a possible compromise is that a Distributor accepts As Billed Normalised or NRM Normalised from different retailers. This may be a sensible outcome where a retailer is able to provide one but not the other.

The following sets out the key attributes of each of the EIEP options.

1. As Billed....

- Reflects exactly what the Retailer has billed customers for line charges during the month, i.e. all billed amounts with a bill date in the month are included in the file.
- Must include all ICPs which are Active against the Retailer in the registry but not billed during the month (reported as UB - unbilled), in some cases because the contracted customer was not billed but more often reflecting the ICP was vacant-energised for the whole month.
- Is the only basis that can be used where the distributor has a line services contract with end-consumers and the retailer is billing line charges as agent (conveyance only use of system agreement) - e.g. Vector Auckland, Mainpower.
- Although some other Distributors base their line charges on as billed data, if they do it is important for reconciliation purposes that both fixed and variable line charges are based on as billed data and not a mix of as billed variable charges and normalised fixed charges.
- Reads will include estimate and actual reads
- Reporting is incremental - all under/over estimates and prior period errors are corrected going forwards in future months/reports similar to customer bills.

- Subject to unbilled accruals, each month can be closed off within one month of the consumption period
2. As Billed Normalised...
- Reflects what the Retailer would have billed customers for line charges had they been billed on a calendar month basis, i.e. 1st-31st.
 - Includes all ICPs that are Active against the Retailer on the registry irrespective of whether or not they were billable or billed in the Retailer's billing system.
 - All reads except those of the last day of the calendar month or final/switch reads will be estimates.
 - Reporting is incremental - all under/over estimates and prior period errors are corrected going forwards in future months/reports similar to customer bills.
 - Each month can be closed off within one month of the consumption period
3. NRM Normalised....
- Reflects what the Retailer would have billed customers for line charges had they been billed on a calendar month basis (i.e. 1st-31st) **and** the consumption quantities used for billing matched those submitted to the Reconciliation Manager (RM).
 - Includes all ICPs that are Active against the Retailer on the registry irrespective of whether or not they were billable or billed in the Retailer's billing system.
 - Matching the complete reconciliation cycle means that for each month the processes (EIEP1 file Retailer to Distributor, Distributor invoicing, EIEP1 file Distributor to Retailer, Retailer processing of invoices, Retailer reconciliation) must be repeated at least five times – based on ICP-meter register consumption quantities used to build the BD4 initial submission and each of the BD13 revision submissions at months 1, 3, 7, and 14. Any special revisions would be additional.
 - There may be agreement to miss one or more cycles, but this would need to take into account the risk of double counting or missing consumption.
 - Each month cannot be closed off until 14 months after the consumption period

While the monthly consumption quantities reported will naturally be different for each option, system integrity should ensure they are aligned to the consumption quantity billed to customers over the full lifecycle of each ICP, and on a rolling 12 or 24 months basis should be materially aligned.

There are advantages and disadvantages of each option, as summarised below.

	Advantages	Disadvantages
As Billed	<ul style="list-style-type: none"> ▪ Matches quantities billed to customers 	<ul style="list-style-type: none"> ▪ Requires unbilled accruals to align with calendar month

	Advantages	Disadvantages
	<ul style="list-style-type: none"> ▪ Incremental, each month requires processing once 	<ul style="list-style-type: none"> ▪ Does not match RM submission quantities each month
As Billed Normalised	<ul style="list-style-type: none"> ▪ Aligns with calendar month, no additional unbilled accruals required or wash-ups, financials can be closed off each month ▪ Incremental, each month requires processing once 	<ul style="list-style-type: none"> ▪ Does not match RM submission quantities each month
NRM Normalised	<ul style="list-style-type: none"> ▪ Matches RM submission quantities each month ▪ Closer alignment with network (GXP) throughput each month after allowance for loss factors, as each revision submission includes more actual reads and adjustment for actual seasonal shapes. ▪ Additional discipline as subject to industry rules and compliance regime 	<ul style="list-style-type: none"> ▪ Requires significant additional and repeat processing for both parties each month to match reconciliation cycle ▪ Line revenue (Distributors) and line charges (Retailers) cannot be “closed off” until 14 months after consumption period.

Drafted by Rod Crone
Contact Energy
22 February 2010