

The Value of a Partner

How Encompass and Itron Met the Challenge of Billing in a Deregulated Market

background

The Background

The deregulation of the electricity industry in Alberta, Canada, impacted all utilities in the province. Due to the legislation around deregulation, ENMAX, which is owned by the City of Calgary, was required to divide into three separate companies: ENMAX Power (the wire service provider), which remained regulated; ENMAX Energy, which represents the deregulated, retail arm of the company; and, finally, ENMAX Encompass, which is the billing agent.

In November 2000, Encompass contacted Itron with a major need. Effective January 2001, Encompass would be offering new contract rates and a default market rate to their Commercial and Industrial (C&I) customers. They would also be responsible for billing and collecting transmission and distribution charges on behalf of seven companies in the Calgary service area.

Encompass and Itron had worked together successfully in the past. In November 2000, Itron accepted the role as Encompass' partner in this new initiative. Itron Energy Consultant Orrie Baffi arrived in Calgary with the goal of ensuring the new market rates could be implemented on time. In Calgary, he would be working with Encompass personnel primarily from the large account billing area.

opportunity

The Opportunity

Encompass uses Itron's MV-PBS as a C&I billing engine, passing billing determinants for Encompass' roughly 800 C&I customers to BANNER, a customer information system responsible for summary invoicing for all customers. MV-PBS applies usage and demand data to generate detailed billing determinants and charges to be reported on a "detail

invoice". Summary charges are passed to BANNER, which generates the multi-utility invoice. Both invoice reports are sent to the customer.

Although MV-PBS provides a great deal of flexibility in implementing complex rate structures, interpreting still-changing tariffs and rules and building the new rates in such a short time frame promised to be quite a challenge. Baffi began by reviewing the new tariffs to ensure that they were defined precisely enough to guarantee accurate billing.

Among the seven wires companies in the Encompass service area, there were about 28 different wires tariffs. However, no wires personnel were part of the Encompass project, since they were now part of different companies. Encompass personnel contacted the various wires companies to gather responses to Baffi's questions and to clarify the tariffs so that they could be implemented in MV-PBS.

Seven energy rates were identified as being required for market opening in January. One of these rates was the default market tariff, based on hourly pricing. The others were 1-year, 3-year, and 5-year contracts, either time-of-use (TOU) or non-TOU based. As Baffi analyzed these rates, several complicating factors arose.

- > The commodity prices associated with the six non-default tariffs could differ by customer - they could be defined in the actual contract with the customer.
- > Implementing the rates would require up to a year's worth of historical data; however, the old TOU schedules were three-peak (on-peak, mid-peak, and off-peak), and the new TOU schedules were only two-peak (on-peak, off-peak).
- > The volume of customers and the time constraints required that some of the effort to migrate customers from the old rates to the new rates be done automatically. Time for program development was extremely limited.

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In addition to building new rates and moving customers to them, the interface that transmitted billing determinants and charges from MV-PBS to BANNER would need some modifications. As the process continued, Encompass also realized reporting changes were required to provide their customers with the information they needed to monitor their energy usage.

To shrink the time frame even further, there were the upcoming holidays.

solution

The Solution

Baffi began developing the new rates in MV-PBS. MV-PBS has a “formula calculator,” which allows non-IT personnel to develop new rate structures using a specialized syntax. The rate structures can be incorporated immediately into the invoicing process. Changes to the tariffs continued to occur throughout December, as Encompass negotiated with their large customers and refined their offerings to ensure these customers remained happy. Baffi tweaked the rates as changes to the tariffs occurred.

Conversion of the customers to the new rates required some development assistance, so Baffi contacted Itron and explained the problem. Itron developers were able to write a number of database scripts to create new contracts in MV-PBS for the C&I customers, terminate the old contracts, and move almost all of the required history from the old contracts to the new contracts.

The Encompass team worked with Baffi to develop a cutover plan. The new rates had to be in place for the first billing cycle that contained 2001 consumption.

Implementation

Less than a month and a half after Itron and Encompass began the project, it was time for the cutover. The rate formulas were implemented, the scripts had been tested, a first cut at the interface modifications was in place, and a new report displaying hourly

data for the default rate was available. As the cutover began, the team realized that some December history had not been captured as part of the automated conversion. This history was added manually, and cutover continued.

The first affected billing cycle ran. The correct billing determinants and charges were created. The new detail report displayed the correct data. As for the interface to BANNER - well, there were some glitches. The team immediately reacted by entering the data into BANNER manually so summary invoicing could continue. Itron quickly re-worked the interface, to ensure that the latest requirements could be handled.

Despite issues with the interface, the project was a great success. Encompass was able to generate billing determinants and charges for their new tariffs, fulfilling market requirements and customer needs. Customers were able to take advantage of the new rates and receive detailed information about their energy charges to help them manage their consumption. Although the implementation required some emergency manual effort for a few weeks, by mid-February things were running smoothly.

Coda

After the new rates went into effect, the provincial government of Alberta decided to award a market transition credit to customers who switched from the default rate and who met certain other conditions. This credit was to be applied retroactively, to the point at which the customer met the criteria, and would continue until the end of June 2001. Within weeks of learning of the requirement, Itron and Encompass were able to apply the credit automatically using MV-PBS, including the retroactive provision.

Encompass and Itron continue to work as partners to take advantage of the MV-PBS billing system capabilities. In March 2002, an Itron consultant returned to Calgary to train Encompass personnel to implement their own rate development in MV-PBS, enhancing Encompass' ability to adapt their product offerings to meet fast-changing needs created by the deregulated market.

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