



USAID
FROM THE AMERICAN PEOPLE

Regulatory and Energy Assistance

Billing

Bosnia and Herzegovina (BiH) Regulatory and Energy Assistance Project (REAP)

USAID Contract No. EPP-I-00-03-00004-00, Task Order 5

Implemented by Advanced Engineering Associates International, Inc.

This presentation is made possible by support from the American People sponsored by the United States Agency for International Development (USAID). The contents are the sole responsibility of the author/s and do not necessarily reflect the views of USAID or the United States Government.

Jane Wilson
Ognjen Markovic

March 13-14, 2012



Who bills customer?

- Recent NordReg report and CEER Guidelines have recommended that combined billing by the supplier is the most suitable billing regime for a common market, and that a mandatory rather than voluntary approach is preferable
 - Supplier provides customer with one bill, containing both supply and network charges
 - Supplier is responsible for collecting for both components
 - Regulatory framework must provide clear provisions on how costs for DSO services billed by the supplier are dealt with.
 - This is especially the case for the spread of financial risk between DSOs and suppliers when facing a non-paying customer.



Supplier billing

- **Supplier is the primary contact point for any inquiry relating to the content of the bill, including issues related to the DSO (i.e. network costs).**
 - **In such cases, the supplier could redirect the inquiry to the DSO or other relevant stakeholder**
- **DSO does not invoice the customers directly, but via the supplier**
 - **DSO must provide supplier with relevant billing information**
 - **DSO must implement IT solutions that ensure relevant billing information provided to suppliers in non-discriminatory and efficient way**
- **DSO's contact with the customer is limited to technical and network-related inquiries**



Payment methods

- **The 3rd Package provides that customers should be offered a wide choice of payment non-discriminatory methods (i.e., electronic payment, direct debit, etc.)**
- **A wide choice of payment methods means a minimum of two.**
- **Highly automated payments such as direct debit or electronic bills have little or no cost.**
- **CEER therefore finds that at least one of the payment methods should be free of charge.**
- **Suppliers should provide flexibility in payment methods for vulnerable customers.**



Supplier – DSO Communications

- **An electronic data exchange system is the preferred vehicle to enable the efficient exchange of information between DSOs and suppliers and effectuate customer billing (and switching) in a timely manner**
- **Features include:**
 - **A regulated framework for meter value management, a standardized electronic format between the DSO and suppliers, and timetables**
 - **Manual work during the data exchange between the DSO and suppliers should be minimized**



Supplier – DSO Communications

- **Examples of data exchange requirements in other EU countries are:**
 - **Austria – the communication between supplier and grid operator is based on a transfer register which is a standardized Excel file with a strictly defined format and cell content**
 - **France – the definition of standardized process of data exchange has been adopted by the majority of DSOs and involves a multi-channel communication system to suppliers: extranet portal, xml messages, FTP, e-mail, etc. Through its decisions and by monitoring the working groups, the French regulator ensures that suppliers have enough information to build their information system**
 - **Spain – The distributor is the main actor in the flow of information; it must have a database referring to all the supply points connected to their networks and to the transmission networks in their area**



Supplier collection of payments

- **Generally recommended that the supplier collects all payments from customers, including taxes and VAT**
- **Billing between all stakeholders (including customers) is monthly; but for supplier liquidity, suppliers should be given extra days (e.g., month plus 15 days) of credit concerning payments to DSOs**
- **Creates financial risk for both parties, depending on the payment system**
 - **If payments from supplier to DSO are “pass-through,” the DSO’s revenue depends on the collections of the supplier**
 - **If supplier owes DSO for services on behalf of customers who never pay, it essentially becomes the guarantor of payment to the DSO (including the DSO’s tax responsibility)**



Risk allocation options

- **Monthly billing increases cash flow for both parties and reduces amount of outstanding credit**
- **Use of client accounts (“lockbox” approach) whereby payments are wired to an account set up by suppliers (but operated by third party) and divided between the supplier and DSO**
 - **Each bears risk of nonpayment and can pursue debt collection separately**
 - **This approach considered less customer-friendly**



USAID
FROM THE AMERICAN PEOPLE

BILLING AND COLLECTIONS

Risk allocation options cont'd

- **Nonperforming, non-creditworthy suppliers are barred from market**
- **Redistribution of risk – the DSO/Supplier agreement could allocate risk of nonpayment between the parties, or make each party responsible for payment of own taxes**



Bill Contents

- **ERGEG, CEER and Nordpool agree on the basic information that should be available to customers in their bills**
 - **Bills must be accurate, transparent, readable, and easily understandable**
 - **Bills should contain sufficient information to enable customers to properly regulate consumption and to compare market offers, which includes:**
 - actual electricity and gas consumption
 - energy price per kWh
 - historical consumption (at least 12 months)





Bill Contents

- **The 3rd Liberalisation Package (Art. 3(9)) provides that electricity suppliers must specify in or with the bills in promotional materials available to end use customers:**
 - **The contribution of each energy source to the overall fuel mix of the supplier over the preceding year in a comprehensible and comparable manner.**
 - **Reference to existing reference sources, such as web pages, where information on the environmental impact of at least CO2 emissions resulting the fuel mix in the last year.**
 - **Information on customer rights on dispute settlement.**



USAID
FROM THE AMERICAN PEOPLE

BILLING AND COLLECTIONS



Reference Number: 35443-00-4
Date of Issue: 20 July 2009

CUSTOMER REFERENCE NUMBER	SUPPLY ADDRESS	BILLING ADDRESS
345612	15, Anystreet 1250 Anytown	John Anyname 15, Anystreet 1250 Anytown

YOUR ELECTRICITY CONTRACT INFORMATION

Your supplier	AnyCompany Ltd
Contract period	2 years, expires on 10 September 2010 <small>(If you wish to switch suppliers, you must inform us at least 30 days before your contract switching date)</small>
Your switching code (EAN)	9414893278964910
Your tariff	Daylight Fix <small>(see contract for details)</small>
Unit prices	Normal rate: 0.20/kWh + 0.04/kWh (plus taxes and charges) <small>(see contract for details)</small> applies Mon to Fri from 8 am to 11 pm Reduced rate: 0.13/kWh + 0.04/kWh (plus taxes and charges) <small>(see contract for details)</small> applies Mon to Fri from 10 pm to 6 am and weekends

CONTACT US

Call our Customer service: 0 800 22 45 45
Lines are open Mon-Fri 8am-6pm, Sat 8am-7pm

Emergencies: 0 800 22 45 45
lines are open 24/7

Visit: www.anycompany.eu/billing
 Check your account, give us your meter reading, make payments, get information, make a complaint
 E-mail: mycompany@service.eu Postal address: AnyCompany Ltd, 17 Any Avenue, 1100 Anytown

YOUR REGULAR ELECTRICITY BILL

Billing period: 15 May – 14 July 2009 (your actual use: see overview for details)

Total charges for 15 MAY - 14 JULY 2009	€ 110.21
Amount due before this bill	€ 0.00
TOTAL AMOUNT DUE	€ 110.21
DUE BY	30 JULY 2009
PAYMENT METHOD	DIRECT DEBIT <small>the amount will be debited from your bank account on 30 Sep.</small>

Payment reference: 35443-00-4



BILLING AND COLLECTIONS

i YOUR TARIFF INFORMATION

TARIFF NAME	DAY & NIGHT FIX	
	Week days (Mon-Fri 8 am-10pm)	Nights & Weekends (Mon-Fri 10pm-6am, Sat & Sun)
Base unit price	0.25 €cent / kWh	3.13 €cent / kWh
OTHER CHARGES PER UNIT (kWh)		
Network charge	7.34 €cent / kWh	3.57 €cent / kWh
National levy (the Green Energy Fund)	0.40 €cent / kWh	0.40 €cent / kWh
TOTAL UNIT COST without VAT	13.80 €cent / kWh	7.10 €cent / kWh
+ VAT at 20%	2.75 €cent / kWh	1.42 €cent / kWh
Total unit cost incl. VAT	16.56 €cent / kWh	8.52 €cent / kWh

Annual charges and discounts (to be included in your annual statement)
 Flat annual fee: € 50 per year (+VAT at 20%)
 Your discounts: annual € 15 per year for debt-payment

YOUR CONSUMPTION 15 MAY - 14 JULY 2009
 This is your actual consumption based on the meter reading on 14 July 2009

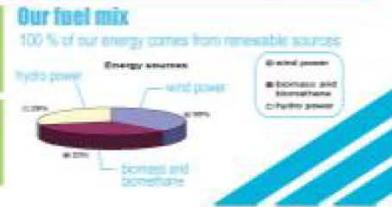
DATE	DAY METER NO. 75430	NIGHT METER NO. 75455	TOTAL
15 May 2009	3400 kWh	7000 kWh	
14 July 2009	3370 kWh	5810 kWh	
Net consumption 15 May-14 July 2009	470 kWh	380 kWh	850 kWh

+ DETAILS OF YOUR CHARGES 15 MAY- 14 JULY 2009

DESCRIPTION	UNITS (kWh)	TOTAL COST PER UNIT without VAT (cents)	AMOUNT (€)
Day Consumption	470 kWh	13.80 €cent / kWh	€ 64.86
Night & Weekend Consumption	380 kWh	7.10 €cent / kWh	€ 26.98
Total cost without VAT			€ 91.84
		VAT at 20%	€ 18.37
Total charges incl. VAT			€ 110.21

How to save energy?
 Visit www.ey.com/energytips
 or Call our freephone number: 0 800 22 45 45

Contact us if you need
LARGE PRINT
 0 800 22 45 45





BILLING AND COLLECTIONS

This is an example of a good electricity bill. It is a visual representation of the recommendations for user-friendly energy billing developed together by consumers, industry and energy regulators on a mandate from the Citizens' Energy Forum. It reflects some of the best national practices in Europe.

WHAT SHOULD YOU BE ABLE TO FIND ON A GOOD ENERGY BILL?

A. ON REGULAR BILLS

1. The most important items

- 1 Your supplier's name and their contact details (including their helpline and emergency number).
- 2 The duration of your contract and the deadline for informing your supplier if you want to switch to another supplier.
- 3 Your tariff name and a (a reference to) a clear price breakdown for your tariff (the base price plus all other charges and taxes).
- 4 The base price of one energy unit (in kilowatt hours or kWh) for your selected tariff.
- 5 Your switching code (which you will need if you wish to switch suppliers).
- 6 The amount to be paid, for which billing period, by when and how.
- 7 Clear information on how this amount has been calculated: is it based on an actual meter reading or estimated only?
- 8 For calculations based on actual consumption: meter readings and consumption during the billing period (measured in kilowatt hours or kWh).

2. Other useful information

- 1 Where does the energy come from, how is it generated, how environment friendly is it ("the fuel mix")?
- 2 Information on how to get tips on saving energy (e.g. a link to a website).
- 3 Information on how to obtain the bill in alternative formats (e.g. in large print) for consumers with disabilities.

B. ON ANNUAL RECONCILIATION BILLS

All the above plus:

- 1 A clear indication that this is a reconciliation bill, that is your (annual) settlement of the payment balance.
- 2 Total amount paid so far during the year and the history of your payments.
- 3 The debt/credit balance (do you need to pay make a top-up payment or does the provider owe you money back?).
- 4 Clear information on whether your regular (e.g. monthly) instalments need to be recalculated and, if so, how to reduce or increase the amount which you pay regularly in instalments.
- 5 Actual meter reading details: history of meter readings during the year.
- 6 A clear visual presentation of how your annual consumption compares to previous years.
- 7 A clear visual presentation of how your use of energy has evolved during the year.



Billing Methods

- **Bills should offer customers a choice in billing methods and payment service (frequency of billing, amount of detail, method of delivery)**
 - **E.g., in Italy, regulations require that bills contain a simplified section and a detailed section**
 - **Balance between too much and too little information will depend on the types of customers or level of service; business and large customers may require more detail**
 - **Bills should contain information about procedures to deal with payment difficulties**
- **The design and length of the bill are also important (use of color and boxes)**



Billing Frequency

- **Customers should be billed regularly (e.g., monthly)**
 - **3rd Liberalisation Package: customer should receive a final closure account no later than six weeks after a change of supplier has taken place.**
- **Some countries have minimum requirements for the number of bills sent annually**
 - **A 2010 ERGEG survey of 25 countries concluded that “Although there are a significant number of countries where household customers receive monthly bills, the yearly bill is still the most common form of billing.”**
 - **However, in order to encourage greater participation in the markets, greater frequency is desirable**



Conclusions from CEER's 1-24-12 Paper

- **Mandatory combined billing provided by the supplier.**
- **Final bill should be received by the customer as soon as possible – as quickly as within two weeks and in any case within six weeks.**
- **Customer should be offered at least two different payment methods:**
 - **Easily accessible**
 - **At least one should be free of charge**



USAID
FROM THE AMERICAN PEOPLE

BILLING AND COLLECTIONS

Conclusions Cont'd

- **Customer should have a choice of a minimum set of different billing and payment frequencies, including monthly.**

RS Billing

Issue	Document	Articles/Item	Responsible Party	Note
Billing	General Conditions of Supply	Art. 83-85	Supplier	<u>Gap</u> : Provisions written for tariff customers supplied by the incumbent supplier.

FBIH Billing

Issue	Document	Articles/Item	Responsible Party	Note
Billing	General Conditions of Supply	Art. 63-64	Supplier	<u>Gap</u> : Provisions written for tariff customers supplied by the incumbent supplier.