

Customer Briefing Note 003

Volumetric Adjustments

Edge Background

Edge is our flag-ship web-based software solution for retail water and waste services suppliers in the UK.

Edge has been designed and built from first principles to provide a complete “Business in a Box” for both established and new entrant Licensed Providers.

The Edge system allows seamless operations across the UK – in both the Scottish and English markets.

Edge runs on the Microsoft “Azure” cloud platform, and provides unrivalled flexibility, security and availability.

Deployment of Edge is quick and easy, whether you are a new start or the largest water company in the country.

Edge ADC Billing

The Edge billing module provides truly innovative functionality, designed to meet the customer needs for accurate and timely consolidated bills, using a range of different billing media.

Most metered utility variable charges are calculated in arrears and are based on either “actual” or “estimated” meter reads. This is a very easy way to calculate bills, but it relies upon a direct association between metering frequency and billing frequency. This has two major disadvantages:

- Bills can only be created “in arrears”. This causes corporate cashflow issues in competitive markets where settlement charges are incurred “in advance”
- It is difficult to create truly consolidated customer bills, since it is nearly impossible to align the meter readings for different premises within a consolidated account.

The Edge billing module overcomes these limitations by removing the relationship between metering and billing. The Edge billing algorithm calculates an Average Daily Consumption (ADC), in the same way as the Central Market Operators do when calculating Settlement charges.

Please refer to CBN002 for more details on ADC billing.

Volumetric Adjustments

A key feature of the Edge ADC billing process is the need to “adjust” consumption and associated charges in future bills, to account for “estimated” consumption in previous bills.

We call this process “Volumetric Adjustment.

The Volumetric Consumption concept is best described with the help of diagrams, as shown below.

The first diagram Figure 1, shows the Average Daily Consumption (ADC) billing concept, as described in CBN002. Here we see that the straight line drawn between two meter reads is used as the consumption for each day of the billing period.

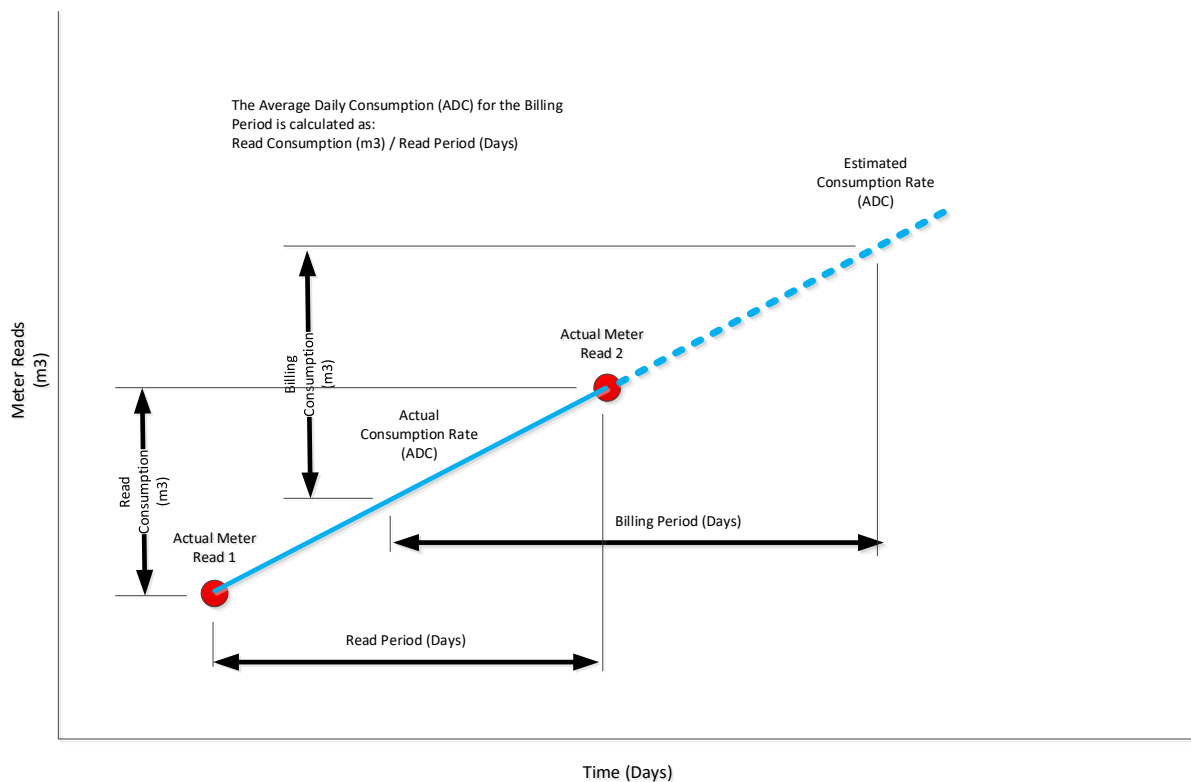


Figure 1

When the next meter read is taken, it is unlikely to lay directly on the line of the ADC (Estimated Consumption Rate).

It will most likely lay either above (shown in red) or below (shown in green) the ADC line, as shown in Figure 2.

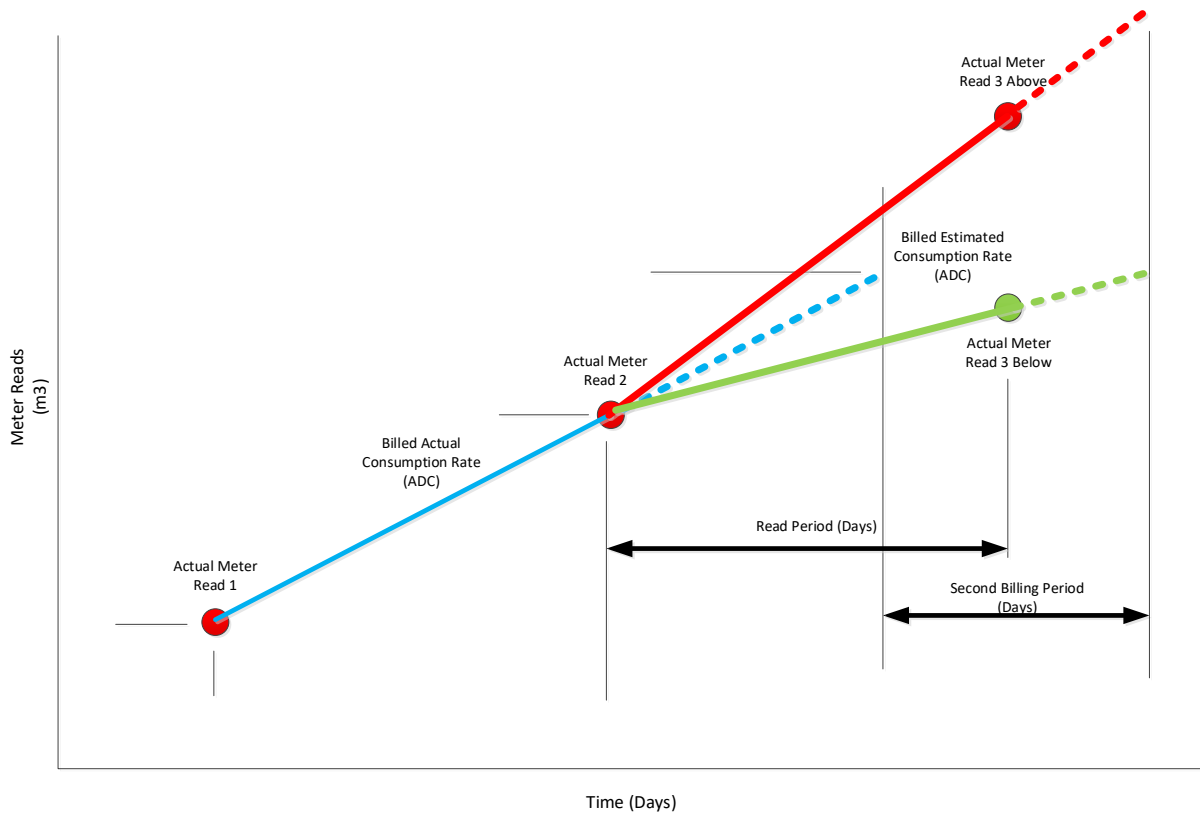


Figure 2 – next meter read above or below ADC line

If the third meter read is above the previous ADC line (shown in red), then the previous bill was too low. Conversely, if the third meter read is below the previous ADC line (shown in green), then the previous bill was too high.

So, depending on whether the third read is above or below the ADC line dictates whether the Volumetric Adjustment charge should be positive or negative.

To determine the amount of Volumetric Adjustment (either positive or negative), we calculate the area between the previous ADC line and the new ADC line for the previously estimated billed period. This is shown in Figure 3.

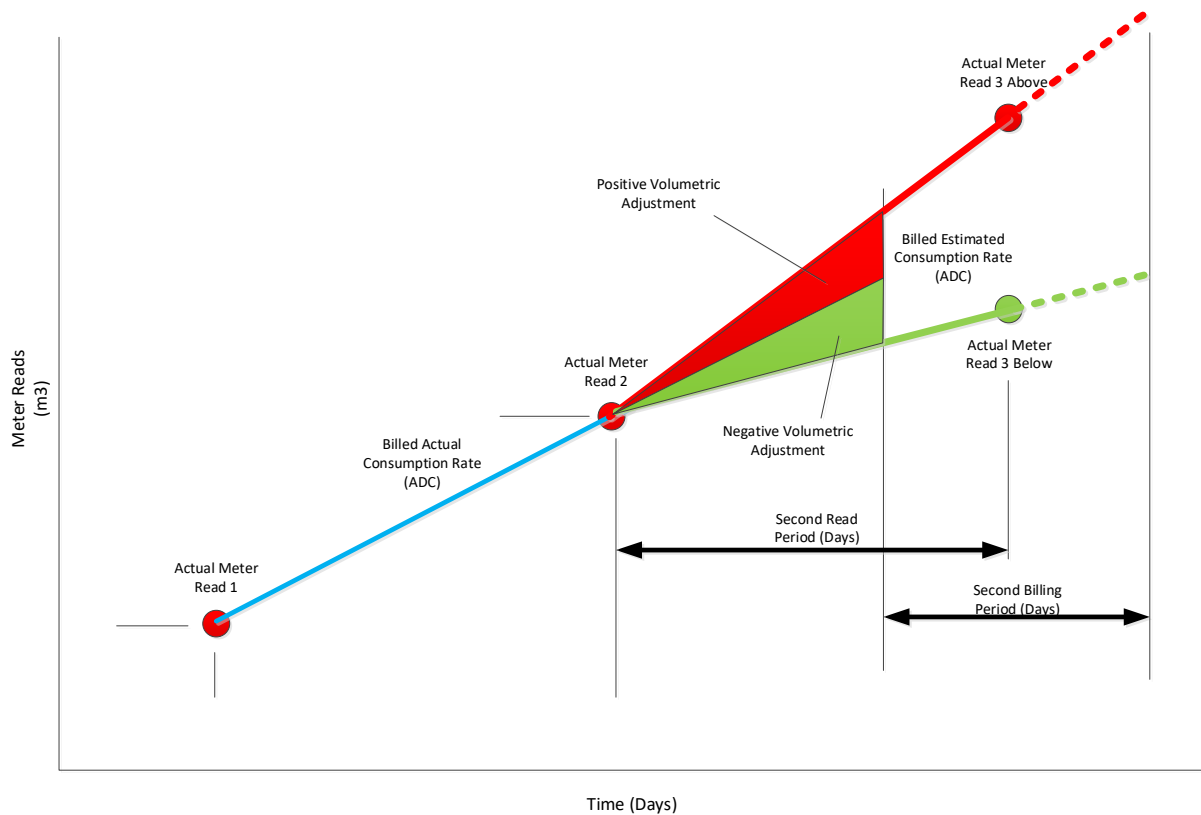


Figure 3 – Volumetric Adjustment Calculation – positive or negative

Edge calculates the Volumetric Adjustment, whether positive (shown in red) or negative (shown in green) and applies the adjustment to the Edge bill.

The Volumetric Adjustment section is shown as a separate section of the Edge bill in terms of both Volume (m³) and Charge (£) based on the prevailing Tariff (£/m³).

Related Customer Briefing Notes (CBN's)

You may also be interested in these related CBN's

- CBN001: "Edge Overview"
- CBN002: "ADC Billing"
- CBN003: "Volumetric Adjustment"
- CBN004: "Metered Billing"
- CBN005: "Block Tariffs"
- CBN006: "Consolidated Billing"
- CBN007: "Published Tariffs"
- CBN008: "Manual and Automated Billing"
- CBN009: "Bill Output Formats"
- CBN010: "Market Transactions and Data Items"

- CBN011: “Integrated Transaction Management”
- CBN012: “Bitemporal Updates”
- CBN013: “Market Data Set”
- CBN014: “Market Pricing”
- CBN015: “SPID Transfers”
- CBN016: “CRM Module”
- CBN017: “Data Quality”
- CBN018: “Meter Reading Management”
- CBN019: “Sub Meters and Complex Metering”
- CBN020: “Meter Exchange Management”
- CBN021: “Trade Effluent”

Further Information

If you require further information on any aspect of the Edge solution, please contact us at:

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