

# The Role of the Gas Marketer

*Deborah R. Daily  
Regional Manager  
The Eastern Group*

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The role of the energy marketer has steadily evolved over the last decade, largely due to the deregulation of the natural gas industry. Beginning in the early 1980's, the catalyst of this new trend was the unbundling of Fortune 500 Industries. As Orders 200 through 636 unfolded, and the fast-paced onset of electric unbundling with Order 888 was realized, the role of the marketer has taken the shape of what now can be called your "Total Energy Provider."

From the beginning marketers are asked to wear a myriad of hats. Sales ability, and the experience of the individual to capture a market share in a given region, is their chief responsibility. The marketer must be knowledgeable of the tariffs that apply to different end users associated with their respective LDCs.

This information is utilized in order to implement and make the best recommendations based on specific customer needs.

In addition, keeping abreast of changes in the regulatory environment is also an important element of successful marketing. This allows a market to provide the customer with up-to-date information about how changes in regulatory affairs will affect their business. All these components combine to form a successful marketer who knows that service is key.

Service pertains to nominating the correct amount of supply, balancing accurately, understanding your customer's daily operations, and knowing the type of equipment your customer uses. A marketer's service is only as good as their ability to properly communicate information on market price, supply and demand and weather

projections, which all tie into a package that provides relevant and reliable information to the customer. It is service that ensures repeat business, as well as customer referrals.

In today's market the company that stands behind the marketer should offer services that the customer needs. Today's energy purchasers know more about the market than ever and it is imperative that marketers respond to their initial questions with intelligent responses. In choosing a "total energy provider" company several questions are asked by end users. What is the financial strength of your company? Does your company own supply and/or pipeline? Does your company have other hard assets such as electric power generation? If so, is it located within the customer's region? Does your company have local representation as well as a history within the region?

How strong are your risk management programs? What other services can you provide? Does your company have expertise and in-house staff with the ability to offer and finance projects, such as boiler conversion, cogen, conservation and efficiency, load tracking along with total energy management?

If a customer is only interested in price, then he must be made aware of what transpires behind the scenes of a typical contract signed between the buyer and seller. The support staff is responsible for creating a seamless transaction. This staff is key in making the transaction of moving supply and product from the "wellhead to the burnertip."

In order to produce one bill, several transactions are required within a company. The buyer supplies the most competitive price available on the market. A Transportation & Exchange (T&E) representative nominates that supply at the wellhead. Another T&E rep nominates a portion of that supply to the respective pipelines in order to deliver to a particular city gate and still another T&E rep handles the nominations and balancing of that supply behind the city gate.

At the end of the month gas accounting matches supply vs. actual pipeline delivery, the marketer checks for accurate pricing and volume and the risk management desk clears any hedge mechanisms. Accounts receivable creates an invoice and is responsible for collecting funds from invoices due. In turn, accounts payable is paying out to the suppliers and pipelines.

In addition, the Marketing Services Representative must be able to answer customer questions and concerns. In total, it takes at least ten staff members to complete each and every transaction and it is the marketer who is responsible to the customer for ensuring the accuracy of all these processes.

As we move forward into the wheeling of electricity the marketer must be prepared to offer a myriad of packages. Electricity is three times the size of the current gas market; this in turn will be a large component of a customer's energy portfolio. Therefore it is imperative that the customer is made aware of the many options now available in the market place.

For example at The Eastern Group we have created a risk management product that allows a customer to use his electricity yet pay a price based on the prevailing gas prices, oil price and/or electric price, whichever is cheaper within his region. Load management is a key component to electric wheeling. Whereas natural gas is a 24-hour exchange, electricity is every 15 minutes. The marketer must be fully educated in this area to best service his customers. Overall the marketer must have the tools in house to offer a total Btu package.

In order to communicate each of these transactions within a company, information must be made accessible to the marketer. The Eastern Group has the latest technology in a desktop management system. Our Contact Management System allows all intra-company communications to be posted behind a specific customer's account. In our Gas Management System, each customer file is updated daily. This provides the marketer with a valuable tool to monitor nominations and invoices, as well as receive messages left by accounts receivable. Once in receipt of this kind of information, the marketer is better equipped to follow up with products being implemented on a particular project, customer conversations with marketing services, follow-up calls and a long list of other variables which are inherent in today's marketing environment.

Currently marketers in the northeast regions must have a market niche in which they possess the ability to deliver supply. Due to the winter heat demand, pipeline capacity can be constrained if proper contracts are not put in place. This is a possibility whose implications every customer should understand.

The word "guarantee" is a misnomer in this industry; *forces majeure* have taken place in many unforeseen incidences. As pipeline

capacity increases over the next few years many of these concerns will eventually dissipate. In regards to the electric industry currently many unknown factors remain that can leave a large margin for error.

The best recommendation I can offer my customers is to begin with a load management system following all fuels. This technology will track actual usage and allow us to make recommendations to our customers on how to increase efficiencies and conservation as well ways to lower demand cost.

The next time you look for that “nickel deal” be ready to get what you pay for. Customers who recognize the need for outsourcing their energy management must deal with a company that can offer a seamless approach to “Total Energy Solutions.” This way the customer can position himself for the most attractive package in a deregulated market and be competitive within their industry.

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#### ABOUT THE AUTHOR

**Deborah R. Daily**, Regional Manager of The Eastern Group, Manchester, Massachusetts, has played several roles in the transition of the New England market to open up natural gas transportation for end users. She has worked closely with the M.D.P.U., N.H.D.P.U., R.I.P.U.C. and the C.T.P.U.C. and developed a customer base on nine major LDCs in New England. She has a working knowledge of the tariffs currently in place and also any proposals being set forth by their respective utility commissions.

Currently Ms. Daily serves on the board of NECA (Northeast Energy and Commerce Association) as executive vice president of administration. Deborah’s previous experience stems from marketing natural gas transportation in all four corners of the U.S., including California, New York and Florida. Before natural gas marketing she was a financial consultant for ten years with Prudential Securities out of Houston. Her vast knowledge of the financial and commodities market has given her a well-rounded background to serve on the commission’s panel for natural gas transportation both locally and nationally.