

The guessing game goes on

TEAM Energy's recent User Group Conference highlighted that estimated and inaccurate bills continue to be the scourge of the energy manager. The company looks at some of the causes for this long-lasting problem

TTEAM Energy has recently conducted a survey of 115,000 bills received and processed by its bureau service. Focussing on the potential for cost recovery and accuracy of the data contained in these bills, the results uncover a truth that every energy manager may face.

Cutting costs, improving energy efficiency and meeting targets are three common areas of interest to energy managers. However, the utility bills themselves could provide a very significant source of cost savings and could be one of the biggest challenges they face.

Estimates and errors

Over fifty organisations use the TEAM Energy Bureau service to process their utility bills, identify potential savings and provide energy management services. The service is provided to customers from across public and private sectors who have both large or small estates. A considerable number of the bills received are queried and some found to have errors. It is then the Bureau's role to challenge the utility company,

where the details of the error are evidenced, and chase through the recovery. But just how high is this proportion and what does this mean for energy management?

Cost recovery savings

A sample of 115,000 bills were analysed in order to uncover the extent of the problem. The survey sample was taken from a cross section of organisations and covered most electricity, gas and water companies. Alarming findings were indeed found including cost recovery savings representing up to 3.3 per cent of the total associated spend. The following was also identified:

- water bills queried resulted in cost recoveries equating to 2.3 per cent of the total associated spend;
- electricity bills queried resulted in cost recoveries equating to 1.4 per cent of the total associated spend;
- gas bills queried resulted in cost recoveries equating to 3.3 per cent of the total associated spend.

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Royal Mail Group makes over £3m saving across its UK estate

TEAM Energy Bureau has save over £3m for Royal Mail with a potential of around £300,000 still to come.

Royal Mail's estate has over 2,400 sites, ranging from small-site delivery offices and Post Offices, to large-site mail and distribution centres.

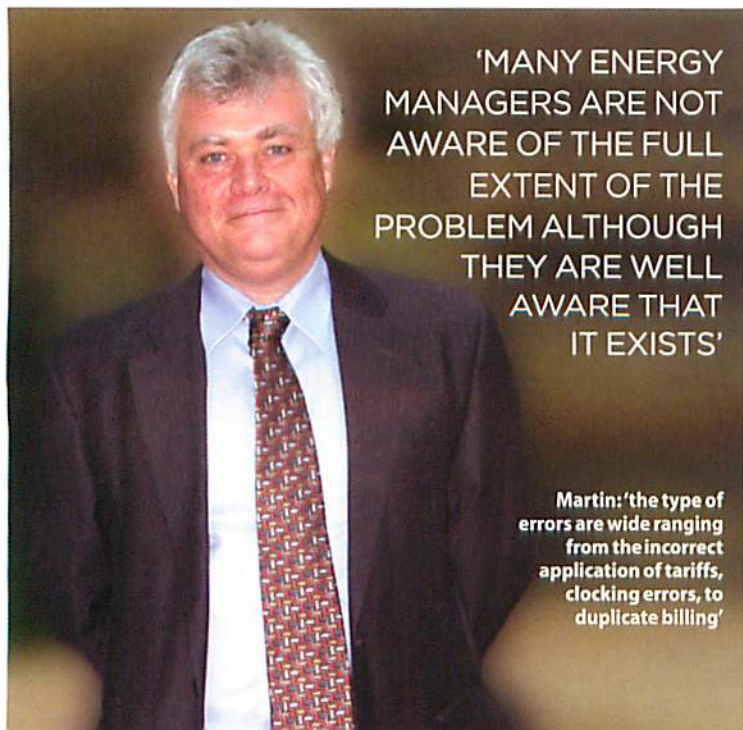
Elfyn Morgan, energy manager for the property division of the Royal Mail Group, explains: "With annual energy and water expenditure in excess of £36m and with utility costs continuing to rise, a number of organisational changes were necessary to effectively monitor and target energy saving."

TEAM Bureau was appointed to provide a managed service, which informs Royal Mail about its energy usage to help cut costs and reduce carbon emissions. The following services are provided:

- data collection and management – processing of all redirected utility bills received in paper and electronic format;
- bill validation and recovery – allowing Royal Mail to raise queries on incorrect billing and utility costs. Incorrect invoicing and supplier over-estimates can be identified, clarified and monies claimed back;
- provision of league table reports for sites – multi-utility league table reports are normalised by floor area, which can identify sites with high levels of energy consumption; and
- identifying problem site and specific queries.
- energy management – production of half-hourly data allows energy managers to run instant site profile reports. Reports can be accessed 24/7 over the Internet using TEAM's SigNet web module.
- reporting – accurate data reports such as emissions reporting. The data reports are also a key source of information for the Royal Mail's Corporate and Social Responsibility Report.

Key benefits delivered through TEAM Bureau services include:

- greater visibility for setting targets and monitoring the performance of sites and thus the ability to resolve issues at a faster rate;
- identified savings in energy, money and time;
- increased financial and energy control; and
- improved energy awareness.



'MANY ENERGY MANAGERS ARE NOT AWARE OF THE FULL EXTENT OF THE PROBLEM ALTHOUGH THEY ARE WELL AWARE THAT IT EXISTS'

Martin: 'the type of errors are wide ranging from the incorrect application of tariffs, clocking errors, to duplicate billing'

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Paul Martin, managing director of TEAM Energy, said: "The survey highlighted the hundreds of bills that are queried daily and the large proportion of errors that occur. Even though many people in the business of energy management are aware that utilities do present this problem, the full extent is not realised.

"The type of errors are wide ranging from the incorrect application of tariffs, clocking errors, to duplicate billing. Recoveries for one of our customers exceed £1.2m per year. Just recently, we received a recovery of £111,000 for a site in Edinburgh where a zero had been added to the reading for the last four years".

The survey also highlighted that there is an extremely high level of estimated bills. Even though there are strategies TEAM Energy can put

in place for managing this problem, estimated bills are still an obstacle to energy management and reducing carbon emissions.

71 per cent estimated gas bills

Stuart Turvey, TEAM Energy bureau operations director, said: "The survey found that the number of estimated bills sent to customers is quite astonishing. While we have seen a slight improvement for electricity, the amount for gas and water still remains high. As many as 71 per cent of the gas bills received by the TEAM Energy Bureau service are estimated. This statistic is 58 per cent for electricity and 57 per cent for water. One gas supplier was recorded as having 83.6 per cent of its bills in the estimated category and an electricity supplier was found to have supplied 58.1 per cent of its bills in this form.

"When a supplier sends

through an estimated bill they are not portraying an accurate reflection of the amount of energy used and the receiver is often unaware of this. We are also beginning to see instances of when actual meter readings are taken in the middle of a month and then being projected forward to the end of that month. Regulatory guidelines encouraging suppliers to base their invoices on actual reads at least once every two years are insufficient and not being adhered to in numerous cases".

Martin argues that with increasing pressures on businesses to monitor and manage their energy consumption it is time for the quality of utility bills to be dramatically improved. "The Government's forthcoming EU Energy Performance Certificate, will require all public buildings

that are over 1,000m² and accessible to the general public to display an energy label. The purpose of the legislation, which is expected to come into force in October 2008, is to encourage buildings to improve their energy performance. Inaccurate bills will make both the generation of the Energy Label and complying to this legislation more difficult than it needs to be."

"The inaccuracy of utility bills is something that everyone in the business of energy management should be mindful of and consider taking action against. The aim of TEAM's Utility Billing Survey was to highlight the issue and we will continue to inform people in the hope that something gets done," Martin concluded. ■

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