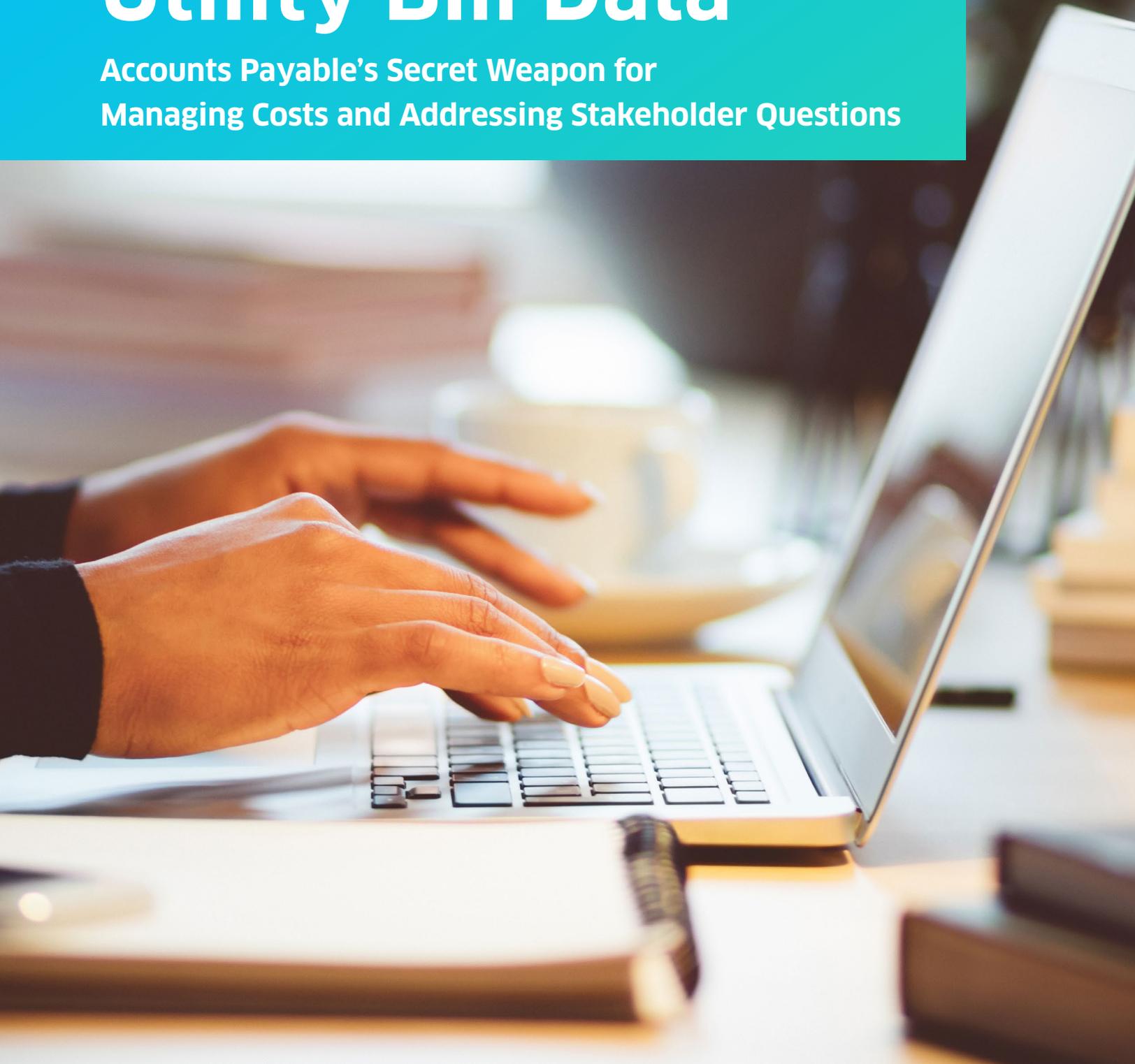




ebook

Utility Bill Data

Accounts Payable's Secret Weapon for
Managing Costs and Addressing Stakeholder Questions



Part 1

Situation Analysis

Utility costs often rank in the top three operational expenses for hospitality, retail stores, restaurants, banks and other types of multi-site businesses. This translates to significant savings opportunities—as well as significant challenges.

Finance, accounts payable, and energy and facility professionals are doing their best to manage thousands of invoices across hundreds or even thousands of utilities with varying systems, bill periods and bill-level detail. All these variables can make efficient utility expense and data management a struggle. These factors often lead to missed invoices, late fees, shut-offs or even overpayments. Plus, data from the invoices is rarely captured and analyzed to spot overlapping service dates, billing and meter errors, spikes in consumption and demand, or other usage anomalies—all of which can significantly limit your organization's ability to strategically manage these expenses.



energy



gas



electric



waste



water



telecom

At the same time, data from these monthly utility bills—electricity, natural gas, water, sewer, telecom, waste, and other payables—contain a wealth of information that can support your company's fundamental goals, such as:

- Providing insight into energy spend (cost) as a line item to track
- Allowing Accounts Payable (AP) teams to identify savings opportunities
- Presenting finance departments with reliable data for improved budget management, leading to more accurate forecasting, reporting and fiscal planning
- Understanding how and where you are using energy (cost and consumption trends)
- Providing energy and facility teams with data insights to target and improve controllable inefficiencies
- Helping purchasing and facility teams to leverage site, regional, and portfolio-wide cost and consumption data to support informed energy sourcing and identify rate savings opportunities

Utility expenses follow labor and materials as many companies' third largest budget item.

But for any of this to be possible, you need access to accurate, reliable data.

Part 2

Where Data Can Go Wrong

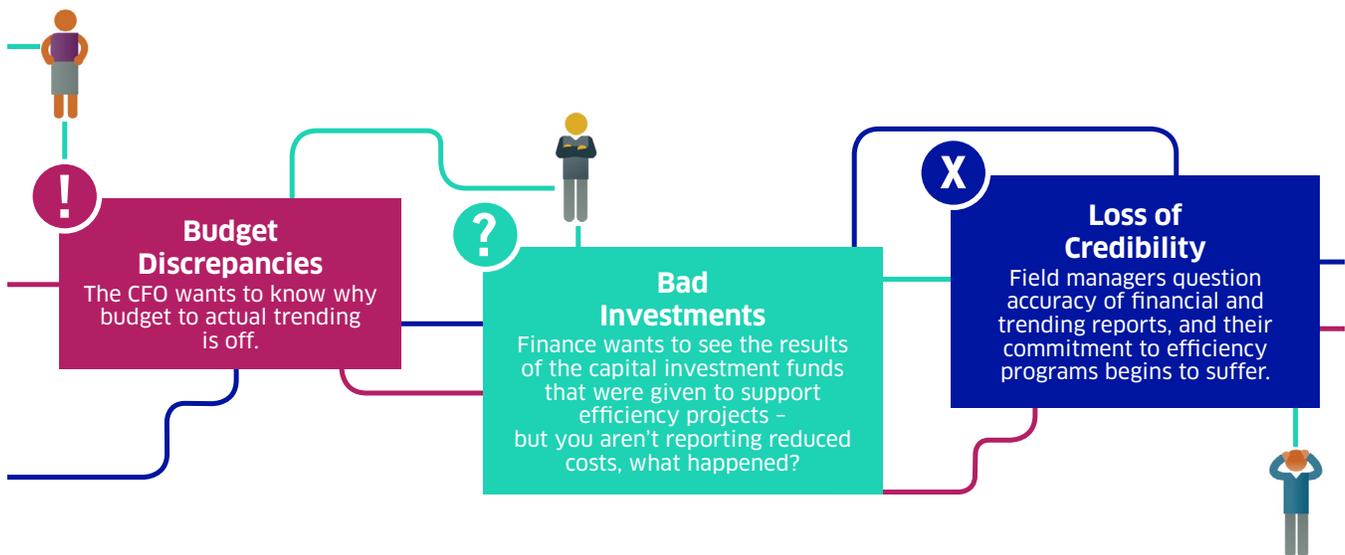
When it comes to getting good data from utility bills, multi-site businesses face unique challenges. The hundreds or even thousands of locations scattered across your portfolio are being serviced by a host of individual utilities and suppliers.



As noted earlier, supplier has their own invoice format, tariff structures, and billing practices, making data collection and management a cumbersome task. Missing, estimated, and corrected invoices add to the complexity. Up to six percent of invoices are reissued by utilities, and over nine percent of utility bills end up missing or late. In addition, a constantly changing inventory of locations and organizational structures create an environment ripe for inaccuracy.

The impact of bad data extends beyond a single error, since it is the baseline for future accrued expenses, budgeting and trend reporting. Without access to good, comprehensive data, you lack the information to address stakeholder concerns.

Consider these scenarios:



It's no surprise, then, that relying on inaccurate data can erode trust, create confusion, and damage the financial health of your entire organization.

3 Key Steps for Collecting and Reviewing Utility Data

To overcome these challenges, you need to capture the detailed cost and consumption data on each bill to successfully audit all of the resources your organization uses, such as electricity, natural gas, water, sewer, telecom, waste, and other payables. The following strategies will help you identify billing errors and potential shut-offs, and give you visibility into how and where your resources are being consumed. With this data, your organization has the ability to conserve resources and reduce costs.



Step 1

Capture down-to-the line item across all utility bills

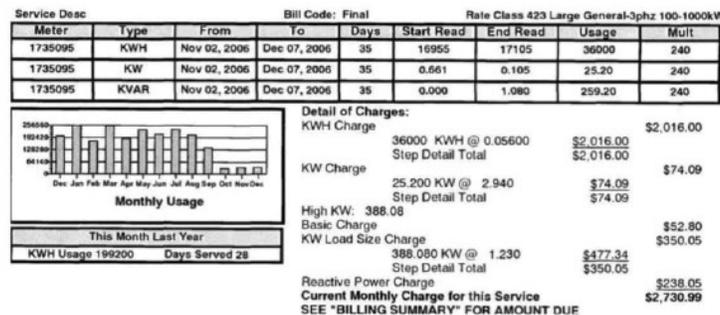
Have a process for collecting data from utility bills, such as energy measures—kilowatt hours (kWh), service dates, demand (kW) and demand charges (see Figure 1). It’s critical to capture all of these elements to gain and share the insights that this data can provide and spot exceptions, such as incorrect meter readings or meter multipliers.

Not only can line-item data provide insights to billing errors, it can also support your company’s comprehensive energy and sustainability management strategy. Data collection and storage should be done consistently across all locations and all bills to create a database for reporting, supporting trend analysis and benchmark reporting.

Figure 1:

Complexity of Utility Bill Data

Watch for different types of invoice formats, billing cycles and charges as each can vary from utility to utility.



Part 3

3 Key Steps for Collecting and Reviewing Utility Data



Step 2

Conduct a pre-payment audit

Audit your bills to check for overlapping or missing service dates, types of charges and usage. Identifying potential billing errors prior to payment will help ensure that you do not overpay for the resources you actually used and also eliminates the time consuming task of working with vendors to obtain a credit on your next bill.

As many as nine percent of utility bills arrive late, so having a system in place to identify these in advance of late fees or shut-offs is critical.



Step 3

Create a baseline to support trend analysis

You need to capture and know where your true costs are and how your spend breaks down. With line-item data from utility bills, you can identify separate charges by resources, and create a baseline for each of these utilities. This data will be useful to finance as well as energy and facility teams in support of year over year and month over month trend analysis and can be applied to managing both your supply and your demand.

Utility billing practices can greatly affect your accruals and financial reporting. Re-bills, or bills that are issued more than one time due to corrected data, are one of the most common reasons for organizations to feel the impact of bad data. Without the proper processes in place to address these re-bills, organizations will find their accruals and financial reporting is significantly off, as the incorrect invoices are now the baseline for future accrued expenses and budgeting and tracking of your trending.



Address Stakeholder Concerns

Detailed focus on comprehensive, accurate data and a proactive approach to correcting errors ensures all stakeholders have reliable data for strategic decision making.

Part 4

Use Good Data to Create Accurate, Defensible Utility Budgets

Utility budgets are complicated. Beyond creating your annual budget, adjusting to the performance of the previous year, and working within the established budget as the year progresses, strong financial management requires careful planning and access to quality cost and consumption data.

The larger your budgeted resource spend, the more critical it is to have a budget backed by documented assumptions that you can share throughout your organization. This will help you manage through periods of changing conditions. No matter how mature your utility budget practices are today, these four best practices can help you create and maintain resilient utility budgets.



Best Practice 1

Start with site-specific baselines

In the utility budget, the simplistic approach of a top-down baseline may lead you astray. Vendor bill timing or erroneous accrual calculations that affect your GL can cause issues if used solely to plan for next year. Instead, start at the account level and establish baselines for both usage and unit price. This will make your budget much more accurate, while providing better insight into how to respond to unforeseen changes. In determining this baseline, consider billing periods and how they relate to your financial booked expense. Also be sure to involve stakeholders early in the process. While this approach is more intensive initially, early buy-in will garner support for the process and deliver a more accurate and reliable budget.

“Energy management has become more complex, and with that complexity comes opportunity. My ability to control rates might be limited, but I have unlimited opportunity to forecast, budget and manage consumption.”

– Dennis Calik
National Bank of Arizona

Part 4

Use Good Data to Create Accurate, Defensible Utility Budgets



Best Practice 2

Track accruals against budgets

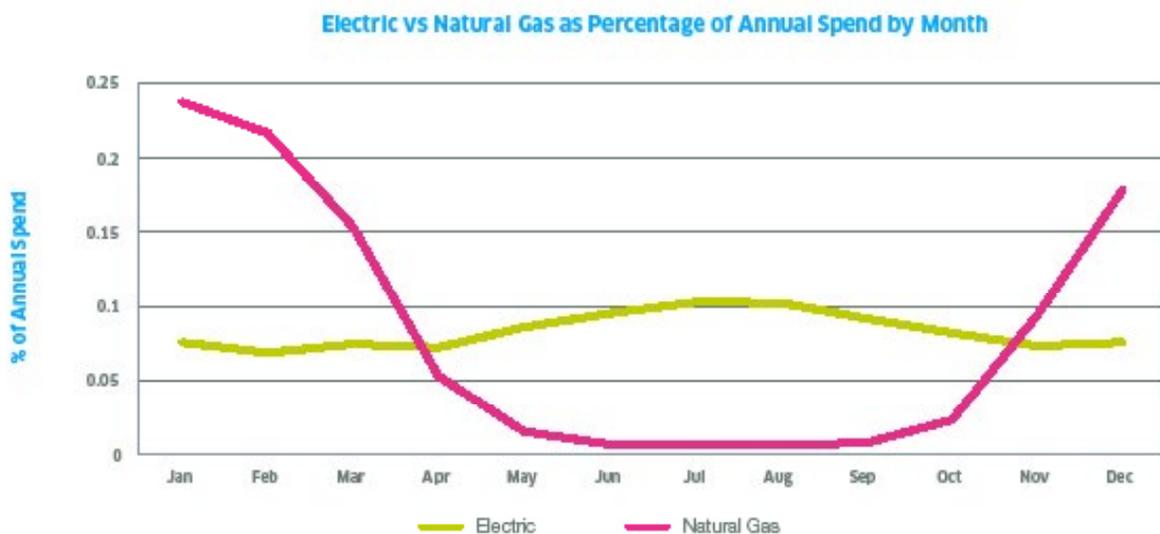
Unlike other budget category expenses, you cannot simply track accruals based on the bills paid:

- The length of billing cycles can vary dramatically between utilities. Some water companies, for example, bill every three months, while many electric and natural gas providers bill monthly.
- Bills received in a given month largely reflect usage from the prior month. It is important to align your resource budget according to the month used, rather than month billed.
- In shoulder months, when you are transitioning from winter to spring or from summer into fall, heating/cooling usage is either declining or increasing (see Figure 3). Both seasonality and weather patterns need to be considered when projecting expenses.

Creating accurate and timely accruals will minimize your exposure to budget variance.

Figure 3:

Seasonal Variations in Electric vs. Gas Usage



Part 4

Use Good Data to Create Accurate, Defensible Utility Budgets



Best Practice 3

Track variances by both cost and usage

While accounts payable's primary focus is on the dollars, it is important to consider how usage affects and drives resource expense. As you build your utility budget, track and document the individual components of resource costs: unit cost and consumption. This will support variance analysis when budget discrepancies occur and help you address questions about why your budget is off. This information can then be shared with your energy and facility team to help them understand the drivers and help you address stakeholder questions about why the variance occurred.



Best Practice 4

Use variance analysis to “manage down” in the organization

Most data analysis will inform a relatively simple explanation of what's going on from a utility spend standpoint across your portfolio. This analysis can help you determine what actions are available to your company for improving results, allowing you to:

- Ensure expenses are allocated correctly
- Identify trends in variance that support re-forecasting usage
- Reduce future surprises by understanding where fluctuations in utility spend originated

Use the financial data to spur a closer look at a specific site where expenses are higher than projected. Is the variance caused by an issue in the budget, or has something occurred at the site that should be investigated or addressed, such as a leak or failed meter?



Part 4

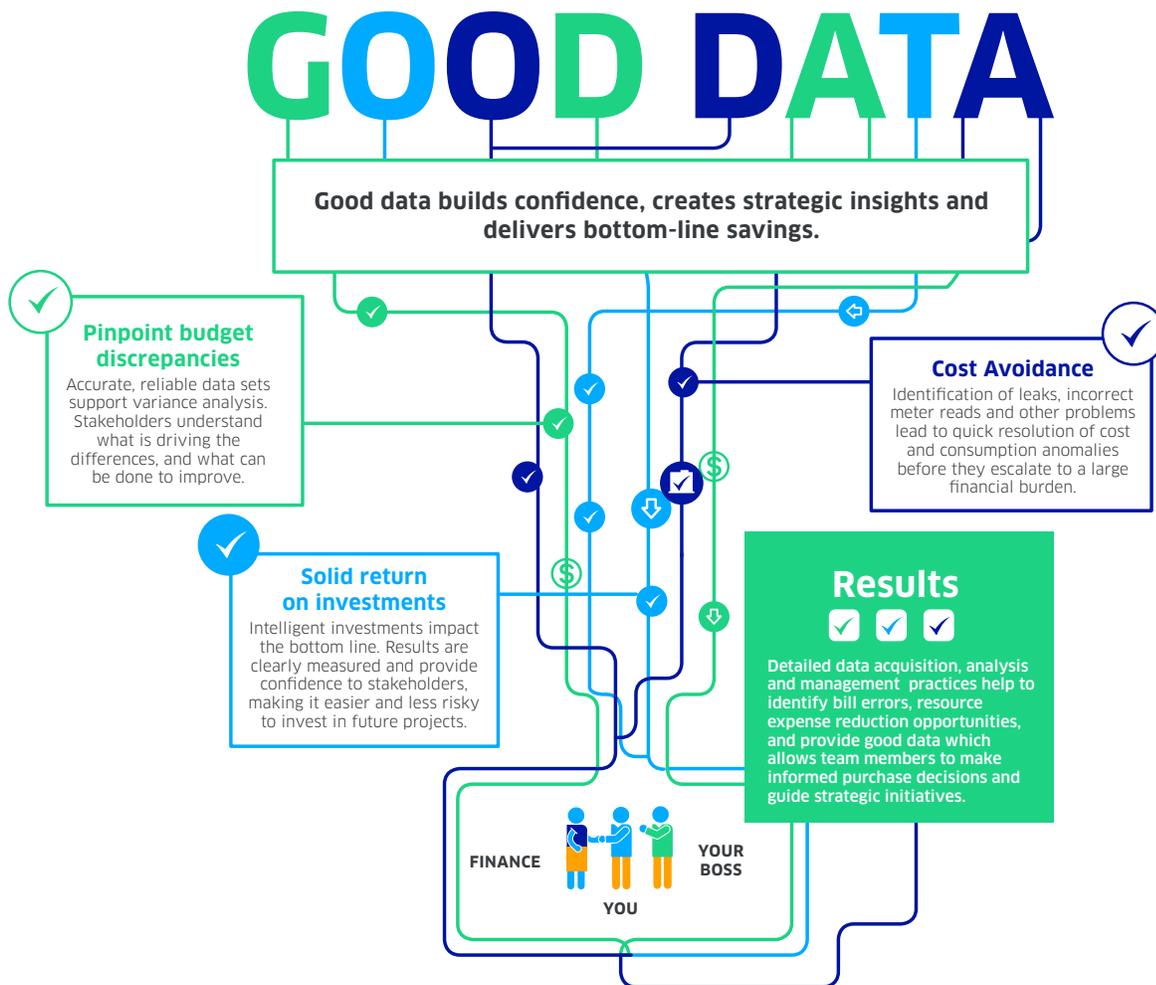
Use Good Data to Create Accurate, Defensible Utility Budgets



Above and Beyond

Data-driven approach extends beyond Accounts Payable (AP) and finance

Not only does good data benefit your AP and finance teams. This quality resource data can also be leveraged by stakeholders across your organization to support sustainability and improve efficiency.



Read Part 5 bonus material to learn how the data driven approach we've outlined above can not only add value to the AP and finance organizations, but also serve as the foundation for strategic decision making across the broader organization for increased value.

Part 5

Bonus Material:

How Energy and Facility Teams Can Benefit From Good Utility Data

Once you've identified how and where resources are being consumed, your energy and facility teams can use this data to implement and measure the success of energy conservation measures (ECMs). These efforts can offer significant opportunity for energy reduction and cost savings.

Some ideas include:

- Evaluate your current portfolio performance by collecting bill data to create an accurate energy profile of your facilities. This data will determine how and where to focus your energy conservation efforts.
- After identifying high-cost, high-use facilities (outliers), be sure to raise awareness across your organization to get all employees involved in your energy conservation program. Create a competitive environment to encourage participation.
- Identify no-cost, low-cost conservation efforts, such as:

Awareness programs can average about 20 percent cost savings in a typical portfolio.



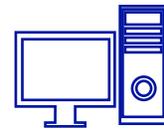
Maintaining temperature set points



Installing occupancy light sensors



Keeping exterior doors and windows closed



Turning off unused equipment

In addition, you can reevaluate and review your site data to quantify the benefits of energy savings. Get the data to back up your program's return on investment and prove its effectiveness. Determine how much you've saved so that you can reinvest those funds in additional energy efficiency projects that do require capital, but have short paybacks.



HVAC ECM Case Study

At a large box retail store located in Texas, ENGIE Impact found that the facility's cooling temperature set point was at 74 degrees. By simply increasing that by one degree to 75 degrees, the facility reduced their annual consumption by 30,000 kWh, equating to an annual energy cost saving of \$3,100. This type of ECM should be at the top of your list when you begin reviewing your facility for ways to reduce consumption.

Conclusion

Retail stores, restaurants, banks, hotels, and other types of multi-site companies face many challenges—hundreds or even thousands of sites to manage, ever-increasing costs, and extremely complex information from their utilities.

Inaccurate or poorly managed bill data from these utilities can hinder your company’s ability to manage costs and resource consumption. Reliable data is key to reducing billing errors and planning a comprehensive energy and sustainability management strategy. The best practices discussed can provide greater visibility into utility bill data, so you can remedy errors, identify optimal utility rates, and provide your stakeholders with information to make confident decisions about capital investments—resulting in significant cost savings for your company.



What type of Data is Driving your Decisions?
Take short assessment to find out.

[Learn More](#)

How ENGIE Impact Can Help You

For companies with many locations across the country, the need to drive down utility costs and improve facility efficiency is critical to stay competitive. Tracking invoice data and doing a comprehensive audit to ensure the correct amounts are being paid is labor intensive and often outside the scope of most accounts payable departments. Dealing with billing mistakes becomes a reactive, rather than proactive, task.

ENGIE Impact provides complete management of all of these tasks so our clients are able to focus on proactively driving cost savings and facility efficiencies. Our **Utility Expense & Data Management** provides a fully outsourced payment solution with detailed data capture, robust reporting, and best-in-class analysis capabilities. ENGIE Impact consolidates thousands of invoices into one simple invoice for the client to process and provides an automated feed of data to their accounting software. Our clients can therefore better track how each facility manages energy, water, waste and telecom costs and consumption.

About ENGIE Impact

ENGIE Impact makes businesses and utilities more successful through energy and sustainability management. For more than 20 years, we have led the industry in leveraging insight and data to drive powerful results for our clients. We provide fully managed, technology-optimized solutions to help our clients navigate the changing energy landscape.

ENGIE Impact applies data analytics, multi-disciplinary expertise and global reach to accelerate the sustainability transformation of organizations around the world. The process starts with tailored roadmaps to help organizations establish and achieve their sustainability goals. This guidance is grounded in reliable data and advanced analytics, creating a holistic view across resources: energy, water, waste and carbon. From strategy to implementation, actionable solutions help clients improve their bottom line, drive growth, satisfy stakeholders and extend resources.

About Business Solutions

Businesses are challenged to understand trends across their portfolio of sites for energy, water, waste and telecom expenses, and may lack resources to navigate the way forward. ENGIE Impact provides fully segmented data, paired with actionable insight from our team of experts, to create a roadmap to shape business strategy that increases savings and efficiency.

About Utility Solutions

ENGIE Impact enables utilities to navigate and create a new energy future using data, insight and action. Our programs reinvent the customer experience to achieve better cost-effectiveness and deeper market penetration. We guide utility customers through each step of their unique energy management journey—creating continuous dialogue that deepens relationships. This allows us to solve the industry's biggest energy savings and customer challenges while providing utilities with the foundation to grow future services.

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