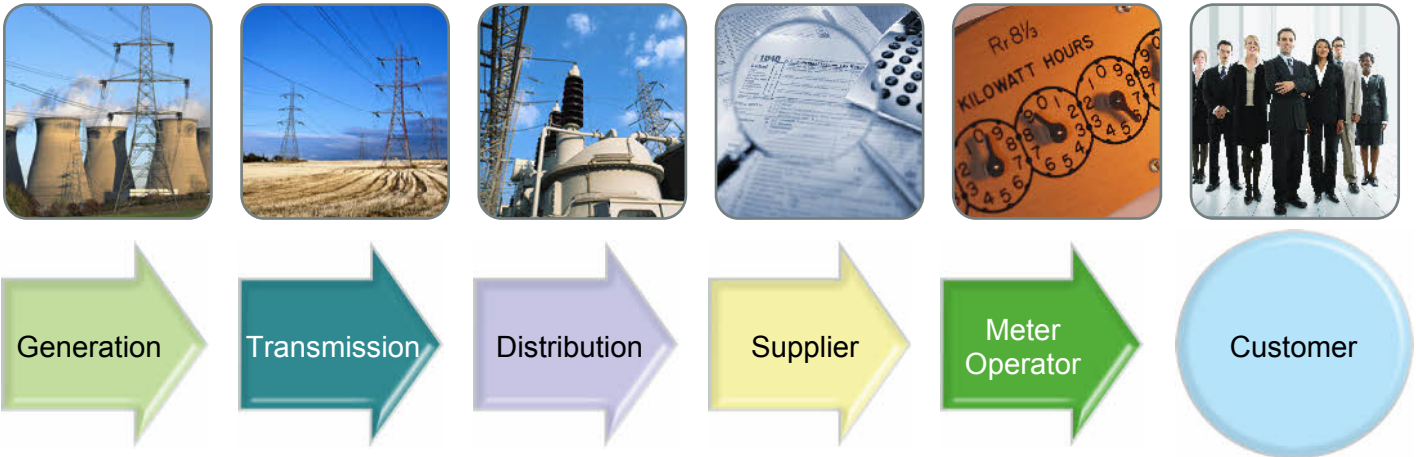




## What is a Supply Chain Audit?



A retrospective audit of utility costs will typically focus on obtaining refunds for differences between the invoices paid to the supplier and the original contract agreed with them. Errors may be identified such as incorrect meter reading data and overcharged unit rates.

Utility costs are made up of a number of components resulting from an often complex supply chain. The electricity supply chain for example typically consists of several parties as detailed in the diagram above:

Within the many transactions and data transfers between parties in Utility supply chains, errors small and large regularly occur unnoticed. This can have a direct impact on the cost of the invoice issued by the supplier.

Inenco supply chain audits investigate and identify these errors, ensuring the costs associated with each charging component have been correctly passed on at each stage before reaching your invoice.

## Why do errors occur?

Errors in the supply chain can occur for a number of reasons. Some errors occur as a result of human error, where an incorrect piece of data is entered at some point in the supply chain and then transmitted to the other parties.

Mistakes can also occur when changes in the regulatory framework take place and systems are not updated. Often data is lost or corrupted during the transfer of billing systems.

In some cases, errors within the supply chain are identified but are not backdated, meaning that a refund is still available.

**In April 2010 the CDCM (Common Distribution Charging Methodology) took place, the biggest shake-up in distribution charges since their introduction. When charging structures are overhauled to this extent it is typical for widespread issues to occur across the supply chain. In April 2012, the EDCM (Extra High Voltage Distribution Charging Methodology) will be implemented, causing further disruption to charging mechanisms within the supply chain.**



## How does the audit work?

Upon receipt of a signed Letter of Authority and billing data, Inenco begin the audit by transferring the copy invoices onto Inenco's own invoice verification system, identifying any issues that have occurred on the supplier side of the supply chain.

Following this, we begin investigations into the rest of the supply chain and may need to confirm details with the various parties about Meter Operator Agreements, Connection Agreements, DC / DA Contracts, Discharge / Abstraction Consents and Trade Effluent Consents.

This information is then supplemented with published details of the various charging mechanisms including DUoS charges, Transmission Charges, Distribution and Transmission Losses, BSUoS charges, Water Tariffs, Gas Metering Charges and Gas Transmission Charges.

### What information do we require?

- Signed Letter of Authority
- Up to Six Years Copy Invoices



The supply chain data is then individually checked for each meter site, and any discrepancies are identified and compiled into a report, covering opportunities for refunds and also lower charges going forward. Any undercharges present are also identified, allowing for budgeting of potential future costs.

This comprehensive written report is then presented by an Inenco Analyst. The Analyst will discuss any actions to be taken, and agree the next steps.

Once actions have been decided on, the Analyst will begin approaching parties within the supply chain to pursue the refunds and savings that have been identified.

## What are the benefits?



- Potential for significant refunds from suppliers.
- Performance fee based, ensuring no stone is unturned to maximise refunds and savings.
- Potential for reductions in ongoing costs.
- Consolidation of metering / data collection arrangements.
- Option to work alongside other consultants providing Bill Validation / Procurement services.
- No risk audit.

## Why choose Inenco?

Inenco has been supporting customers across all aspects of energy management since 1968. Our experience in reducing energy costs makes us ideally placed to audit your utility supply chains.

With over 400 people, we have the breadth of expertise to work with any type of organisation. We have specialists in procurement, bureau services, engineering, reporting and renewable generation.

This means that we can help you find the right solution for your organisation and form a single point of support and advice as you work towards reducing your energy expenditure and managing your exposure to risk in the volatile energy market.

Call us on 01253 785000

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