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# Three out of four clients successfully recovered overpaid energy costs last year

Errors in corporate energy bills are more common than one might expect. Last year more than 75% of our Due Diligence clients were subjected to incorrect overcharges by energy suppliers, which we were subsequently able to recover.

On the face of it, each month, energy suppliers bill their customers for the kilowatt hours of electricity or gas used in the previous month. In recent years the array of line items on energy bills have increased dramatically to the point that the energy commodity element now only accounts for about half of most bills. The other half is responsible for three out of four energy bills being

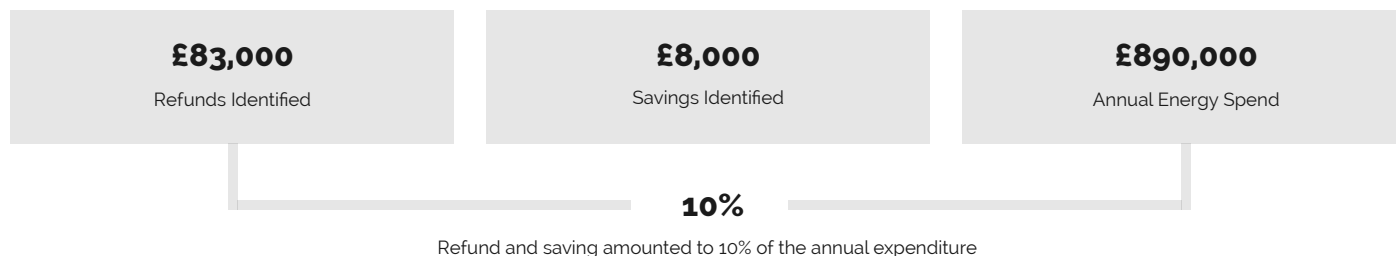
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Your Energy Solutions Delivered



Because of the great intricacy of the Energy market and similarly complex energy supplier billing systems and protocols, errors originate from many different causes. These errors are often invisible to monthly bill validation processes and software systems, whether carried out in-house or by third party procurement consultants. The way that third party charges in particular are levied, energy companies are very frequently overcharging corporate customers. The regulators aren't taking action on this (though they are good at taking up overcharging when domestic customers complain, in fairness-they seem to be far less interested in corporate overcharging...).

#### Case Study : London based manufacturer



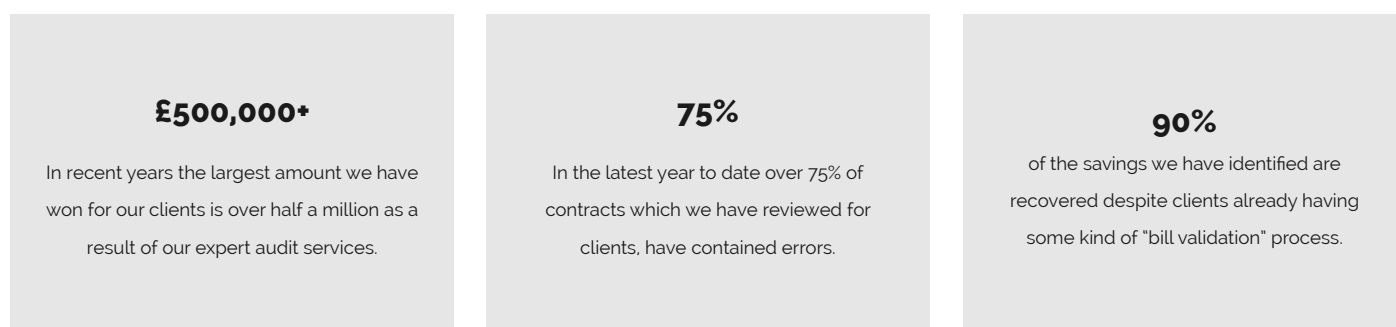
#### Error 1

Use of System charges are raised by Distribution Network Operators (DNOs), and passed through by the supplier to the end user. In this instance we found that, based on the supply characteristics of the site, the wrong tariff had been applied, leading to a historic overcharge of over £20,000. This error would NOT be identified through a standard bill verification service. As far as the supplier and the supply contracts were concerned and according to their "standard systems", "everything was implemented correctly". It was only the fact that we went further along the supply chain, and analysed the source of the rates (how the supplier had constructed the rates from the wholesale market price, the third party charges) using our knowledge of tariff structures, and site supplies (having an engineering team of our own, helps with technical aspects such as this) that meant the error was identified, and the refund was issued.

#### Error 2

When a corporate customer agreed their 2012 contract renewal with an energy supplier, rather than using an experienced consultant, they negotiated directly with the suppliers, overlooking critical factors that qualified the site for reduced rates, and signed an inappropriate contract. The correction of this error led to a refund of over £50,000. Octego negotiated with the supplier, and successfully managed to get the historical contract amended, so that the client could receive appropriate relief. This is a fairly common error, and occurs due to a lack of understanding of government levies and contract terms. It highlights a major weakness in the procurement process.

We hold a unique place in the market as Due Diligence energy specialists, and as an integrated energy management consultancy, based in the North-West but operating throughout the UK.



Our normal way of operating is a "gain share" arrangement with clients – i.e. we don't charge you anything up front but agree a percentage of the savings we get for you. We therefore offer a "no risk" means of reviewing historic energy bills, with the chance of recovering substantial overpaid amounts.

In the vast majority of cases we have successfully achieved a refund for our client without the need for any formal dispute resolution procedure. However, if the threat of a formal legal process is required, we have a working arrangement with Napthens Solicitors, ranked as a top tier practice in the North West by the "Legal 500" guide. Their contentious energy specialist [Andrew Holden](#) will be pleased to advise and provide you with expert representation if required.