

## Utility & Telecom Savings

### The Difference Between an Energy Audit and Utility Bill Audit

Utility costs are one of the biggest expenses for businesses, so it makes sense that you want to find ways to reduce these costs. But, perhaps, you aren't sure where to start?

The two main ways to reduce utility costs are to (1) reduce consumption by conducting an *Energy Audit* and (2) reduce the rate that is paid by conducting a *Utility Bill Audit*.

Here are the differences between the two:

**An Energy Audit is an assessment of the energy needs and efficiency of a building – how the energy is being consumed.** This audit will identify the energy-consuming equipment and capture how much is being consumed. It is usually completed to establish a benchmark and detect areas where energy consumption can be reduced or consumed more efficiently.

While not all energy audits require an investment, many require a capital investment in order to reduce consumption. The benchmark that was established as part of the original energy audit will be used to estimate the return on investment and track the savings realized.

Most energy audits will use 12 months or more of data to establish the benchmark. So, an energy audit is more of an engineering approach that focuses on consumption, efficiency and reducing consumption.

**A Utility Bill Audit is an audit of the bills themselves.** This audit will verify whether or not invoices are being billed correctly based on relevant rules, regulations and tariffs. The process often identifies billing errors and/or rate savings.

Most utility bill audits should audit 12 months or more of utility bills to be most effective. So, a utility bill audit is more of an accounting or financial approach to an audit that focuses on billing and rate.

Both an Energy Audits and a Utility Bill Audit are known to produce savings for most companies.

### Three Reasons Businesses Should Conduct a Utility Bill Audit

Most utilities consider billing accuracy the responsibility of the customer, so being confident your accounts are on the best rate and billing correctly is good business practice.

There are a number of reasons to conduct a Utility Bill Audit, including these top three:

- 1. There is always a chance there is something billing incorrectly.** The larger utility companies are processing hundreds of thousands of invoices each month. There is always the possibility of an error on any aspect of the bill; it could be on the meter read, the meter constant, the rate, the surcharge, the cost per KW, the cost per Off Peak kWh, the cost per On Peak kWh, etc. A Utility Bill Audit will be able to identify which of these, if any, apply.
- 2. The bills are often difficult to read.** Bills are a minefield of confusing terms, jargon and numbers. Making sense of them takes time, patience and expertise, which is present when you contract a Utility Bill Audit.
- 3. The rules, regulations and tariffs can be complex and several pages long.** Two of Michigan's largest utilities, Consumers Energy and DTE Energy, have rate books of nearly 250 pages. A Utility Bill Audit will verify whether or not invoices are being billed correctly based on relevant rules, regulations and tariffs of the vendor(s) being used.

*Submitted by Michael J. Harrington, President, Tenurgy – the Michigan Chamber's partner in managing and reducing utility and telecom costs with real savings, refunds and credits. [www.michamber.com/utility-savings](http://www.michamber.com/utility-savings)*