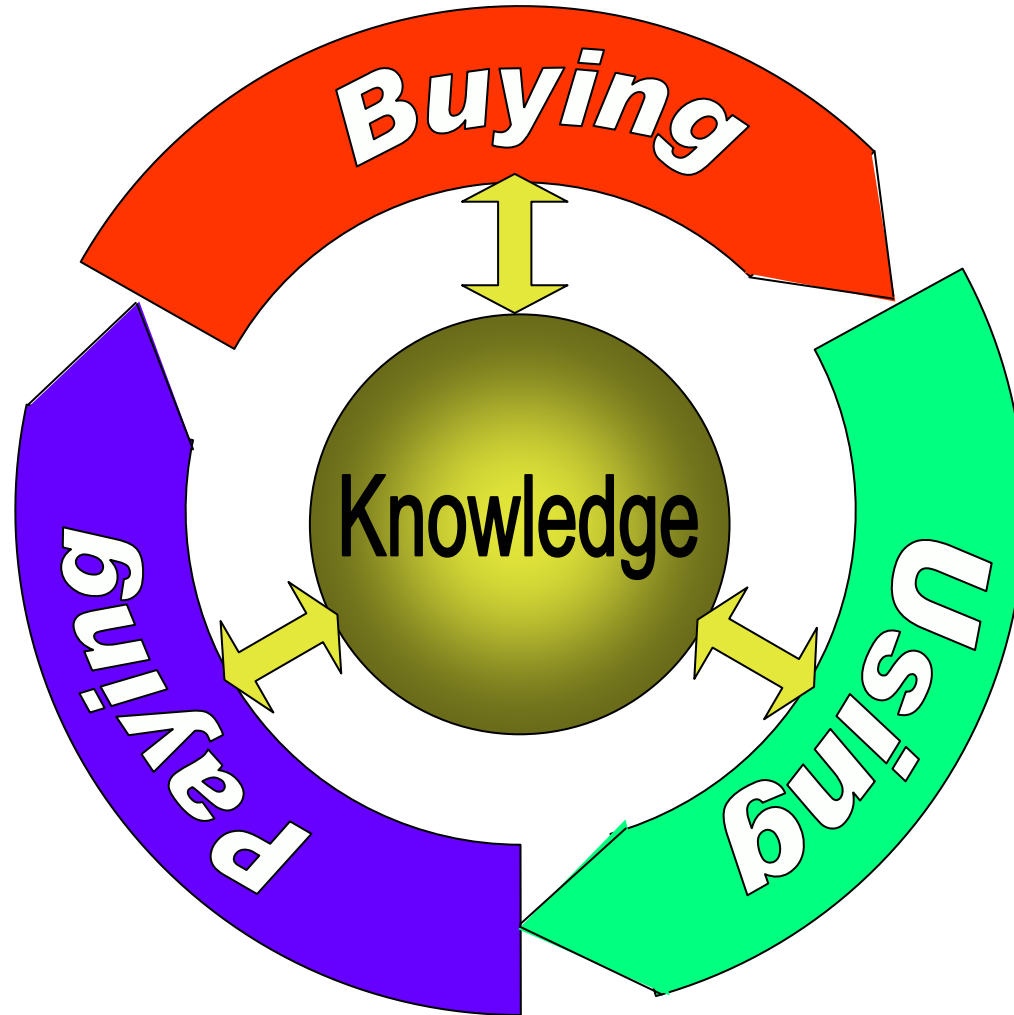


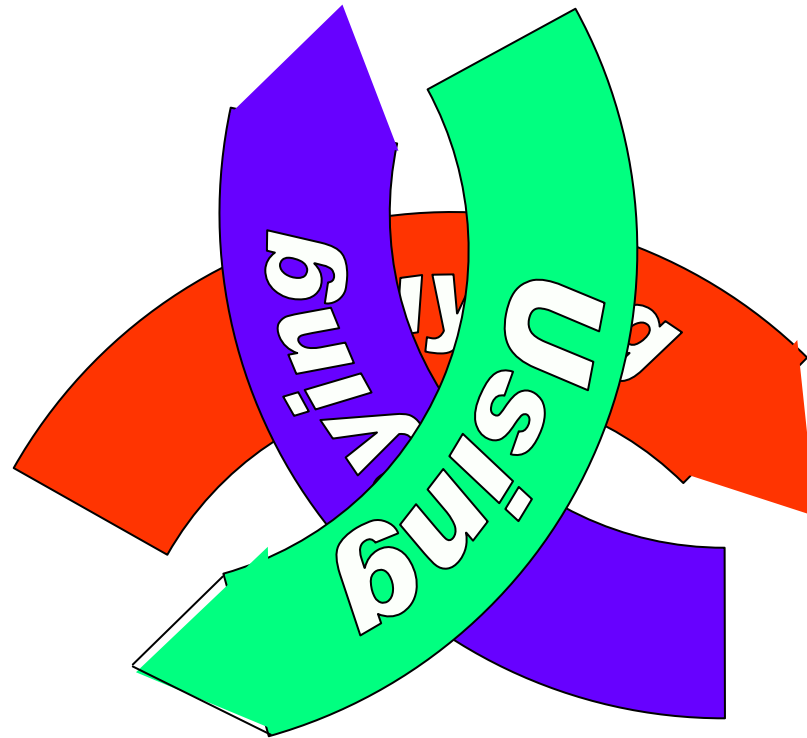
The Buying Cycle



Buying, Using and Paying for Energy

- Buying
 - Price
 - Suitability of supplier (e.g. Green credentials, quality of service, brand loyalty)
 - Other contract terms (e.g. MD, reactive, bill revisions)
- Using
 - Wastage
 - Operation
 - Investment
- Paying
 - Verification of sites
 - Volumes (meter reading, CV, estimates)
 - Unit prices (incl. Seasonal, Time of Day)
 - Calculation accuracy

The Buying Cycle Without Knowledge Capture



Ways of Making Savings - Buying

- Change supplier away from ‘incumbent’ (e.g. Eon/Powergen in East Anglia)
- Reduce capacity requirement
- Select appropriate tariff to match usage (including STOD)
- Avoid being locked in by contractual terms such as 3 months’ notice of termination – if it can’t be avoided have process for reviewing purchasing decision at the appropriate time
- Ensure price comparisons are like-for-like (e.g. include metering etc,)
- Don’t ignore MD, reactive power charges
- Consider impact of payment terms
- Be aware of any payment problems / billing queries that arose
- Put a value on accurate bills – queries cost time = money or a diversion from winning new business
- Look at period covered in quote – an 18 month period from April will include two summers and one winter so average price should be lower.
- Don’t buy high on a falling market price. Find out when suppliers last changed prices
- Be aware of CCL reductions possible due to nature of business (trade associations)

Ways of Making Savings - Using

- Switch off lights, computers, heaters, coolers when not required – automate if possible and cost-effective
- Manage ventilation effectively including any heat recovery – don't have windows open and heating, air-conditioning going!
- Low energy lighting (CF, Sodium etc.)
- Power factor management (electric motors, fluorescent lighting chokes)
- Peak capacity management
- Where possible utilise any cheap periods (off-peak firing of kilns)

Ways of Making Savings - Paying

- Have bill checking process that involves people who understand usage and contractual terms
- Check quantities (meter readings, advances and multipliers, calorific values) against expectation of usage. Feed back usage information to production department.
- Check arithmetic – systems can be wrong
- Check any capacity and maximum demand charges
- Ensure price per kWh etc. is per contract for time of day, season and so on.
- Be aware of penalties for late payment and evaluate impact
- Be aware of estimates – these could be too low and a later bill will be correspondingly higher. Not all quantities may have been estimated (could have actual kWh but estimate of MD etc.).
- Keep track of retrospective adjustments.