



Smart Power helps CFA manage over 1,530 energy accounts and cut its bills by 8.9%.

Based in the Australian state of Victoria, CFA is one of the world's largest volunteer-based fire and emergency services authorities. Once plagued by inaccurate bills from energy utilities, it consolidated its billing with Smart Power to strip out invoice errors and generate ongoing savings.

With 1,530 active utilities accounts, CFA was constantly battling inaccurate invoices. The organisation was incurring significant costs in identifying and managing the errors, and the energy retailer lacked the capability to rectify things at the source.

Following a comprehensive market scoping and tender process, Smart Power was contracted to implement a new system to vet and manage all CFA's energy bills. The turnkey solution provided by Smart Power has introduced a new level of accuracy into the system and removed organisational headaches related to energy utilities, while

providing the flexibility for CFA to introduce new process requirements. Annual energy expenditure has decreased by 8.9% over three years to 2017 as a result of the partnership between Smart Power and CFA.

The challenge.

Fire is an ever-present threat in Victoria, and the State has built an organisation of first emergency responders to deal with it. CFA is the statutory authority responsible for one of the world's largest volunteer-based fire and emergency services. The size and complexity of its operations is daunting. The 1,220 CFA Fire Brigades around Victoria provide fire and emergency support to 3.3 million people spread out across 150,182 square kilometres of land. There are approximately 55,000 volunteer members supported by over 1,300 career fire fighters and more than 1,000 support staff.

An organisation of this scale, entrenched in the communities it serves, needs to maintain a huge number of offices and bases throughout the State.

This means it is managing over 1,530 active gas and electricity utility accounts. With approximately 16,000 invoices processed every year, the potential for errors to creep into accounts – and not be picked up – was always a risk.

And that's exactly what happened. From 2008, CFA's Strategic Sourcing Manager, John Grech, became increasingly concerned that the variety and rate of errors in energy invoices were increasing exponentially.

"We detected significant billing errors in November 2008," John says. "For instance, small tin shed rural fire stations were being billed for 20, 30 or 40 years of usage, with quarterly bill amounts up to \$25,000, when the annual costs were less than \$1,000.

"Some of our sites had meters that required the reading to be multiplied by a factor, and the multiplier factor was wrong, so we were over-billed or under-billed. If there was an overpayment, CFA was out of pocket until the issues were sorted."

Simply identifying and resolving these persistent issues was a big drain on the organisation's resources. John personally sent or received over 32,000 emails relating to billing errors over the years to assist investigations and clarify issues. He estimates dealing with the problem cost CFA approximately \$1 million dollars from November 2008 to June 2015.

The matter was repeatedly raised with the energy retailer's management resolution team, but after a series of meetings, it became clear that the retailer was not capable of fixing the issues with billing accuracy. At the same time, John became aware of the need to tackle some internal process issues and site address errors that were compounding the problems.

"We recognised that CFA's internal vetting and monitoring processes were not consistent. They were ad hoc and weak, and furthermore, the asset data needed cleansing," he said.

Having scoped the issues in depth, CFA was ready for a solution that could deal with the problem once and for all.

The solution.

CFA surveyed 15 major companies across Australia to understand how they managed, vetted and paid their utilities invoices.

The organisation's goal was to centralise bill vetting and invoice payment processes to build more accuracy and efficiencies into the system. It also looked to automate the distribution of bill charges to each of the 21 districts across Victoria that makes up the CFA's area of responsibility.

This scoping process identified four companies with the capability to set up a system for monitoring and managing CFA's energy accounts. CFA then interviewed each provider to obtain indicative prices for their solutions, before putting the business out to tender.

Smart Power won the tender and was awarded a two-year contract in late 2012, with a further two-year right of renewal. In early 2017, CFA was required to tender again with a revised specification including additional scope of works, and again Smart Power was the best value offer and was given a three-year contract with a further two-year right of renewal.

The turnkey solution provided by Smart Power delivered the following benefits:

- Changing CFA from a decentralised to a centralised invoice management system, which enabled the equivalent of three CFA full-time personnel to be redeployed to other duties.
- Mitigating invoice errors and generating savings through its verification processes.
- Creating further efficiency improvements via a Payfile upload direct into CFA's financial system that automatically distributes costs directly to each site's cost account throughout the 21 districts.
- Paying the energy retailers promptly in order to receive on-time discounts.

Conclusion.

While energy prices have significantly increased since the beginning of 2015, CFA's annual energy expenditure has decreased by 8.9% to June 2017, thanks to the partnership between Smart Power and CFA.

John Grech says that Smart Power has also delivered another key benefit – flexibility.

"In the interviews before the public tender, Smart Power was impressive because it offered to work with us during the implementation stage. If CFA needed to make changes, Smart Power was willing to accommodate these at no extra charge.



“Once contracted, Smart Power has continued to absorb minor changes to the scope of works.”

This flexible approach is shown by the process changes CFA imposed during the contract period, when new requirements arose. These included solar power rebates, co-location site refunds of utility costs from other agencies that share CFA sites, and the distribution of over 400 planned outage notifications per year spread across CFA’s 21 district headquarters.

On top of that, Smart Power has evaluated energy tenders on behalf of CFA, provided consultative advice related to energy management, and carried out energy audits. These audits will be stepped up during 2019 to achieve further savings and assist CFA to comply with the Victorian Government’s climate change and environmental sustainability objectives.

Key benefits of the energy management solution provided to CFA:

- Turnkey solution that removed the significant admin and managerial overhead costs involved in policing over 16,000 utilities invoices per annum.
- Major reduction in errors in energy retailers’ invoices, leading to better cash management.
- Annual energy expenditure has decreased by 8.9% to 2017.
- Flexible approach enabled CFA to introduce new processes and update its requirements without incurring additional costs.

Since being established in 1993, Smart Power has been dedicated to providing our clients with the specialist advice needed to ensure they are running their business as energy efficiently as possible. Our independence, and the ability to offer our clients access to the entire spectrum of energy management services, sets us apart from our competitors, and enables us to take a holistic approach to energy needs within our clients’ business.

Our success to date is attributed to our commitment in building long-term relationships with our vast range of clients, from Government agencies to large corporates and commercial clients. We are dedicated to helping them save money, minimise their energy use and also assist them with their day to day operations. Today, Smart Power is based across both Australia and New Zealand, with offices in Melbourne, Wellington and Auckland.

