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Keeping costs manageable

Five tips for modern and efficient commercial management for wind and solar park operators

Competition among wind and solar energy providers has rarely been greater. Lower tariffs within German Renewable Energy Act, expensive land and high return expectations of investors require a modern and efficient cost management. How do you succeed in completing financial statements in a timely manner?

What processes are required for this in a digital and successful commercial management? Here you can read five expert tips on how commercial management can be designed to keep costs manageable and how this can be achieved through modern processes, workflows, and a high level of digitization.

1. Standardized workflow processes

Through clearly defined processes, the commercial management teams work in a structured and schematic manner. Necessary controls must be defined and implemented. Regular and timely processing is mandatory to avoid payment delays and to ensure an ongoing coordination with technical management.

Workflow for incoming invoices

Clearly defined amount limits and documentation of approvals enable a prompt posting of incoming invoices and a rapid payment via EDI interface.

Workflow for outgoing invoices

A high volume of outgoing invoices as well as recurring credit notes for leases require a structured and digital approach. The control and billing of the numerous contracts can only succeed through clearly defined workflows.

2. Electronic payment system

An electronic payment system should be a standard feature of every commercial manager by now. A weekly payment transaction is based on the approval processes described above. Only through functioning workflows can payment transactions be carried out smoothly. An authorization concept for payment releases as well as the digital documentation of payment releases enables the managing director and external auditors to document and prove an internal control system.

For recurring payments, automatic direct debits are an option to relieve administrative costs.

Liquidity planning is also essential in wind and solar park operations. Clearly defined payment dates and the planning of incoming and outgoing payments in a closed system help here too, to have liquidity for future expenses and to ensure the distribution planning towards shareholders.

3. High level of digitization

The DATEV accounting system is used to record all incoming invoices via so-called digital document posting. This means that the software already automatically recognizes certain features of the incoming invoice and learning processes also take place in the process. The degree of automation increases with each posting.

Outgoing invoices are also posted automatically for the most part via digital document posting, as recurring transactions increase the number of automatic postings here as well. This especially applies to lease credits. As soon as a wind or solar park has various lease agreements or access roads, only automated processes can ensure efficiency and accuracy in the complete and timely creation of the credit notes as well as the automatic payment settlement and the subsequent posting.

Incoming payments, for example, are transferred to DATEV through the automatic collection of bank data via electronic banking interface. Here, too, the software automatically learns the correct assignment to the open item and accounting can be done to a large extent automatically.

4. Optimization potential through outsourcing of commercial management

For our customers, the basis of the decision to outsource is initially to relieve their own teams and to focus on the company's own areas of expertise.

Further optimization potential results from:

- Software savings using standard software like DATEV
- Access to experienced competence teams
- Fixed cost budget based on the sales revenues of the wind and solar parks
- Reduction of own personnel costs as well as relief in the search for personnel.

5. Fast close of the annual financial statements and reporting requirements

Only when the aforementioned processes are automated special requirements for a so-called fast close, an accelerated preparation of monthly, quarterly or annual financial statements, or early reporting requirements from investors or banks can be met promptly and correctly.

Some final tips:

- Preparation of an „as-if balance sheet“, for example as of 30 November, and execution of a preliminary tax calculation
- Setting up a payment stop, for example five days before the balance sheet date. Of course, this is only possible if all relevant payments are known based on liquidity planning and are made before the payment stop.
- Accrual of electricity revenues in cooperation with the technical management. The amount of electricity produced is fixed on 1 January of the following year and can therefore be determined with the corresponding tariff at short notice before the Credits from the energy supplier are received.
- Early involvement of the tax advisor in order to be able to carry out the tax calculation.

Authors



Julian Wenninger

Partner at PKF WULF & PARTNER
Auditor • Tax consultant

Mail: info@pkf-wulf.de



Juliane Miller

Senior Manager at PKF WULF & PARTNER
Head of Competence Center Renewable Energies

Mail: j.miller@pkf-wulf.de