

Your Business Guide to the Cheapest Energy Tariffs

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With energy prices on the rise, getting the cheapest energy tariffs is on the agenda of more and more business managers. The good news is that getting the best deals is easier than you think.

Keeping costs down is an important part of running your business. Although energy tariffs are an unavoidable expense, you can get the cheapest energy tariffs by making sure that you're on the right energy contract for your needs.

In this guide to the cheapest energy tariffs, we'll help you understand what goes into your business energy tariffs, as well as steps to help you compare energy tariffs, get the cheapest energy prices, and save money that can be put to better use in other areas of your business.

Getting to know your business energy bill

The first step in getting cheaper business energy is understanding how your business energy bill works. When you know what you're looking at, you'll be able to make sure that your bill is accurate and that you're not being over-charged. Another benefit of delving into the detail of your business energy bill is that you'll gain more insights into your business' consumption patterns.

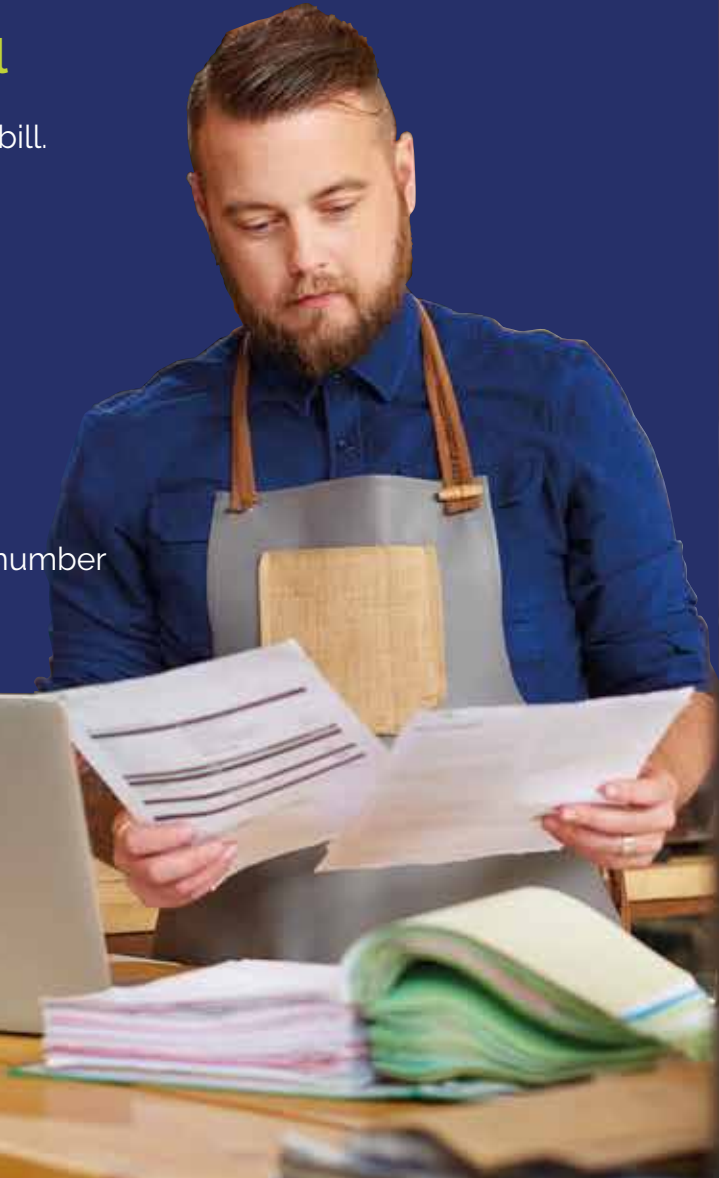
How to read your business energy bill

Your energy supplier crams a lot of information into your bill. The way it's structured will vary from one supplier to another, but they all include the same information.

This infographic will help you understand the different aspects of your bill.

Generally, you can expect to see:

- Your bill number and date
- VAT number
- Your customer account number and/or MPAN/MPRN number
- Current contract details
- The billing period
- Type of reading (accurate/estimated)
- Account balance
- Energy charges for the billing period



Compare energy tariffs on your bill

Remember that there are different charges that make up your business energy bill.

Daily Standing Charge

The amount your supplier charges you to physically supply your gas and electricity. It also incorporates the cost to maintain the national grid.

Charge Per Unit

The charge per unit is the amount you pay for each unit of gas and electricity that you use.

What is Agreed Supply Capacity (ASC)?

- > Also known as Maximum Import Capacity, Authorised Capacity or Available Capacity.
- > Measured in Kilo-Volt Ampere (kVA).
- > For high consumption customers only.
- > The maximum electricity demand that business agrees that they need from their supplier.
- > Supplier agrees that their network will be able to provide this amount continuously - not only this amount.
- > If maximum demands exceed the ASC, you may incur excess charges and have to re-ASC.
- > Supply capacity will be stated in DNO agreement.

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What impacts the price you pay for energy?

The main elements that impact the amount you pay for your energy are as follows:

Wholesale costs:

Part of your unit rate, wholesale costs are the amount your supplier will pay to acquire the energy you use. That means that when wholesale costs increase, your unit price may go up and you may no longer be getting the cheapest energy tariff.

Paying for distribution use of system (DUoS):

The charge covers the Distribution Network Operator (DNO) costs. Your DNO is the company licensed to distribute electricity in your area. The DUoS charge includes day charges, night charges, and maximum supply requirements (for larger businesses).

VAT:

The default amount of VAT paid on energy is 20%, but your business could qualify for VAT reductions if it meets certain criteria. ***Read more about saving VAT on your energy bill here.***

TNUoS - Transmission use of system charges:

The TNUoS charges cover what the supplier pays for the maintenance of the national grid (the way that energy is transported to your premises). TNUoS is incorporated in your standing charge. The amount may vary depending on your geographical location.

The Climate Change Levy:

This government-imposed tax is charged on every unit of energy your business uses. The intent of the levy is to encourage businesses to use energy more efficiently. ***Find out more about the climate change levy here.***

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Other factors that affect your business energy tariffs



Geographical location

The cheapest energy tariffs are generally found in major cities due to economies of scale and lower transport costs.



Type of business

Businesses who are able to run at times when there is less demand on the grid get cheaper business energy tariffs.



Credit rating

The cheapest energy tariffs are more readily available to businesses with better credit ratings.



Business size and consumption

The more energy you use, the more room for negotiation.



Contract length

Generally speaking, the longer the contract, the lower the standing charge. However, the unit cost may be higher to offset any increases during the contract period.

What types of contracts help you get the cheapest energy deals?

There are several energy contract options available to businesses. The contract you choose will depend on the specific needs of your business, as well as which one offers you the cheapest gas and electricity tariffs.

Contract type	Description	Features	Suited to
Fixed-term business energy contract	Fixes the amount per unit (kWh) you pay for your energy for the contract period.	Fixes your energy tariffs for the duration of the contract, protecting you from energy prices increases during your contract period.	The level of certainty associated with fixed-term contracts is attractive to SMEs with tight margins.
Flexible-rate contract	The energy unit rates are linked to market activity, which means they can increase or decrease throughout the duration of the contract period.	Your price per energy unit could rise or fall with market activity.	Business owners with flexible contracts need to be willing to take the risk that their tariffs may decrease or increase.
Deemed rates contract	This rolling contract applies if you have no formally-agreed contract in place.	The rates of a deemed contract are typically higher than the market average.	No-one! Switch contracts as soon as possible for cheaper business energy tariffs.
28-day contract	If your business hasn't switched suppliers since the energy market deregulation, you may be on a 28-day contract.	The 28-day contract requires only one month's notice. The variable rates are subject to market fluctuations.	It's recommended that businesses on a 28-day contract switch to a deal with cheaper energy tariffs.

3 Considerations for Your Energy Contract

When deciding which contract will give you the cheapest energy tariff, you need to take the following three things into consideration:

1

How much energy does your business use?

2

Where are you located?

3

What is your current financial situation?

What else stands in the way of the cheapest energy tariffs?

Deemed rates

If you move premises without signing up with an energy supplier, you may be placed onto the deemed rates of the existing supplier. These rates are more expensive than new contract rates.

Out of contract rates

If your contract has expired but you haven't arranged a new one, your supplier will automatically put you on standard rates. These are generally more expensive than contract rates.



The cheapest way to pay

The way you pay your business energy bill can also impact how much you end up paying for your gas and electricity. Some suppliers have preferred payment methods, so although there are different ways to pay, you may end up paying additional charges for the less favoured options.



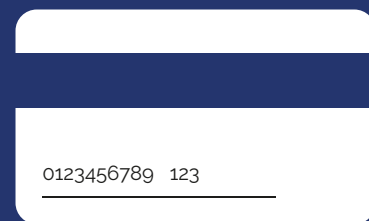
Direct debit

One of the most common methods of paying for business energy. It's convenient for the customers and for the supplier. In fact, your supplier may give you a discount for direct debit payments, helping you secure even cheaper energy tariffs.



BACS payments

Some businesses prefer to use BACS payments so that they're able to change the amount they pay month-to-month. Doing a BACS payment, however, does mean that you'll need to take action every time you need to pay your monthly business energy bill.



Credit or debit card

To pay your business energy bill by credit or debit card, you'll usually need to contact the payment department of your supplier directly. The benefit of this is more control over your payments; the downside is that you'll need to take time out of your day to make the payment.

How to make sure you're getting the cheapest energy tariffs UK

Switch energy suppliers

When last did you switch business energy suppliers? If you haven't switched for a while, you may be missing out on the cheapest energy tariffs. ***Read more here about how to switch and save.***

Go green

Implement energy-efficient measures that save your business money and reduce your carbon footprint. Although there can be upfront costs involved, these will usually be offset by long-term savings.

Get the right contract for your needs

Even if you don't switch suppliers, it may be worth negotiating with your supplier for a better deal on your existing contract. Taking your historical energy usage into consideration, they may be able to offer an energy pricing package more suited to your specific needs.

Use energy consumption data

Knowing about your historic consumption patterns can help inform more efficient energy management. ***Find out more about Dataview, an accurate energy consumption and cost data platform exclusive to Smarter Business clients.***

We'll find the cheapest energy tariffs for you

For assistance finding the cheapest energy tariffs, why not leave your energy management to an expert energy broker? Contact Smarter Business for a no-obligation quote today:
<https://smarterbusiness.co.uk/bmm/>



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