

HELP

OCTOBER 2022

WITH BILLS

Scotland, England and Wales



Energy advice for microbusiness
and SME consumers



Non-domestic energy advice for Autumn/ Winter 2022 for Microbusiness and SME consumers

IF YOU LIVE IN ENGLAND, WALES OR SCOTLAND

This version is correct as of 29 September 2022 - please check here for latest version:

<https://www.ofgem.gov.uk/publications/energy-non-domestic-consumer-advice-autumnwinter-2022>

Introduction

This document has been produced by Citizens Advice, Advice Direct Scotland, Energy UK and Ofgem, the energy regulator.

As energy prices continue to rise, many businesses will need extra support this winter. This document is intended for front-line advisers to help them to answer questions, give the relevant advice and signpost people to where they can get help.

The questions and topics in this guide are based on input from suppliers and consumer bodies on the most common questions they are asked. It is not an exhaustive list and contains links and information where further information can be found.

This guide is for **non-domestic** (business) energy consumers. Domestic energy consumers can access advice at <https://www.ofgem.gov.uk/information-consumers/energy-advice-households>

Information in this guide is correct as of 29 September 2022. Should advice in this guide need updating substantially, a link to a new version will be emailed to those that received it directly. The latest version will always be found here: <https://www.ofgem.gov.uk/publications/energy-non-domestic-consumer-advice-autumnwinter-2022>

If you did not receive this document directly but would like to receive future versions, please email Stakeholders@ofgem.gov.uk.

How to use this document

This guide includes a wealth of information covering many areas. Whilst you may use some sections more than others, we suggest you read through the full document at first to familiarise yourself with the topics included.

The first part includes specific guidance for businesses according to their needs, and signposts to the most relevant information in the document.

The question and answers that follow are all included in the contents and grouped by topic.

It may be helpful to print out the organisational contact list on the last page, so you have easy access to the main charities' contact details.

We welcome feedback on this document, and approach. If there are important areas that are not included or topics where further clarity would be helpful, please contact Stakeholders@ofgem.gov.uk.

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Quick help

Important guidance for all consumers:

- If businesses are struggling to pay their bills, they should access the support outlined in this document - first contacting their energy supplier and then other organisations which can help.
- Find out about the [Energy Bill Relief Scheme \(EBRS\)](#) for non-domestic customers and how you can get support this winter

1. Energy cost crisis explained

PLEASE NOTE THAT THE PRICE CAP DOES NOT APPLY TO NON-DOMESTIC ENERGY CONTRACTS. The government set out the scope of the Energy Price Cap in the Domestic Gas & Electricity (Tariff Cap) Act 2018 ("the Act"). The purpose of the Energy Price Cap is to protect consumers where their energy is procured directly from an energy supplier, and they are not on a fixed or variable term contract. This protection, as defined in the Act, applies only to domestic consumers whose supply is sourced directly from an active supplier in the market.

Why are energy costs rising?

Energy bills are made up of a number of costs. They're not just the gas and electricity you use. They include wholesale costs which make up the majority of a customer's bill.

Right now, we're seeing a once in a 30-year event with volatile gas prices affecting everyone around the world.

As a result, the cost suppliers pay to buy energy on the wholesale market (their 'wholesale costs') have risen sharply.

Because gas is used for electricity generation this pushes up retail electricity bills as well as retail gas bills.

Wholesale cost increases have put suppliers under extraordinary strain, and some have not been able to weather the impact. Since January last year, 29 suppliers serving 4.3 million households and a small number of businesses have exited the market in Great Britain.

When do we expect wholesale gas prices may fall?

During this crisis, gas and power wholesale prices have been at unprecedented levels. No one can predict the future. There is a risk that wholesale prices could increase further and could be with us for a sustained period.

How are international affairs impacting prices?

The vast majority of increases we are seeing right now are due to extremely high international gas prices.

International gas prices have become more volatile due to high demand for gas worldwide as we recovered from the Covid-19 pandemic, lower levels of gas storage across Europe, and the Russian invasion of Ukraine.

As a result of the Russian invasion of Ukraine, energy prices have been far higher, for far longer, than we have ever experienced before. Recent cuts to supplies to Europe have added yet more increases and volatility to prices.

Why are prices going up so much when most of our energy does not rely on Russian gas?

Russia has systematically reduced its gas exports to Europe. Countries which are heavily reliant on Russian gas are now looking elsewhere for gas supply, in many instances to countries which supply the UK. This mismatch between reduced supply and heightened demand have pushed up gas prices both in Europe and internationally.

I'm on a green/renewable tariff - why does this affect me?

Gas is still a large proportion of the UK's electricity mix, so the wholesale cost of electricity is strongly affected by the cost of gas.

If you're on a renewable tariff, your supplier has committed to purchase enough renewable power on the wholesale market to match the energy you use, but the actual electricity in your business is from the mix that's on the grid.

Your supplier has to purchase power from the grid and what's on there at the time – which can vary depending on the time of day, the month of the year or the weather. And the price is set by the most expensive method of generation, which is usually gas.

As renewables form a larger part of the UK's electricity mix, we will start to see the benefits of this cheaper power.

2. Energy Market – Who does what?

Electricity

- **Meter Operator (MOP)** - A meter operator in the UK energy industry is an organisation responsible for installing and maintaining electricity meters.
- **Distribution Network Operator (DNO)** - A distribution network operator is the company that owns and operates the power lines and infrastructure that connect the network to your property.
- **Aggregator** - A type of energy service provider which can increase or moderate the electricity consumption of a group of consumers according to total electricity demand on the grid.
- **The Transmission Network** connects the key parts of the electric power system including power plants, distribution companies and larger consumers. The key elements of a transmission network include transmission lines, substations and other high-voltage devices.
- **A power station** is an industrial facility for the generation of electric power.

Supplier

- Suppliers buy energy in the wholesale market and sell it on to customers. Suppliers work in a competitive market and customers can choose any supplier to provide them with gas and/or electricity.

Gas

- **Gas Transporter** - a licenced company that transports gas through its pipelines. The gas transporter has a contract with the gas supplier who supplies the gas to the property.
- **Gas Shipper** - A company that buys and sells gas and arranges for the transportation of gas through networks owned by gas transporters.
- **Meter Asset Manager (MAM)** - responsible for the design, installation, commissioning, maintenance, removal and disposal of gas supply meters.
- **Metering Equipment Managers (MEMs)** - is a term introduced for the Retail Energy Code (REC), encompassing electricity MOPs and gas MAMs. These parties are responsible for providing, installing, and maintaining metering equipment on behalf of suppliers.

3. Debt & Disconnection

What if I can't afford to pay my bill?

If you find that you cannot afford to pay your energy bill, contact your supplier as soon as you can to discuss your options. Find out if they have a special department that deals with arrears and arrangements to repay. Explain your circumstances fully and the reasons why you cannot pay.

Suppliers may be able to work with you to agree on a payment plan you can afford more easily. This includes reviewing a plan you have agreed before.

You can ask for:

- a review of your payments and debt repayments
- payment breaks or reductions
- more time to pay
- access to hardship funds

You can find more information on the [Business Debtline](#) website.

If you can't agree on a way to pay, get help from [Citizens Advice](#) or [Advice Direct Scotland](#):

Citizens Advice

Freephone 0808 223 1133 or use their online webchat from 9am-5pm [here](#). For textphone, dial 18001 followed by the helpline number.

To contact a Welsh-speaking adviser freephone [0808 223 1144](#).

Advice Direct Scotland

If you are a microbusiness and are having an issue with your supplier or struggling to pay, energyadvice.scot, Scotland's national energy advice service run by Advice Direct Scotland, can provide free, practical advice and information on energy-related matters to the citizens Scotland.

Freephone 0808 196 8660 or use their online webchat [here](#) Monday to Friday, 9am-5pm

Check business finance schemes and grants:

From suppliers

- Many energy companies offer support and advice to help you improve your business energy efficiency, which can reduce costs. For example, subsidies on the upfront costs for more energy-efficient equipment. They may also offer business hardship funds. Contact your supplier to find out what they offer.

From the government

- Use the [GOV.UK business finance and support finder](#).
- Ask [your local council](#) about small business support funding, including sustainable business growth grants. You will normally need to submit a business case to apply

From charities

- Check free grants search services, like [Grants Online](#).
- Let's Talk has information on [business funds some charities offer](#) and how to apply.

Get business debt advice:

You can find advice on managing business debt and budgeting through the [Business Debtline from the Money Advice Trust](#). Start by working out which debts you need to deal with first.

Other tips:

- Check if you can cut costs by switching from your current business energy contract.
- Ask about having a [smart meter](#). Smart meters ensure you don't pay more than you need to as they don't use estimated meter readings.
- If your supplier is billing you for energy used more than 12 months ago, check the [energy back-billing rules](#). They can't usually do this if you are a microbusiness.

Debt charities

If you are self-employed or run a small business and have personal or business debts, contact the free advice service in your area: [Business Debtline \(England and Wales\)](#), [Business Debtline \(Scotland\)](#) or [Advice NI Business Debt Service \(Northern Ireland\)](#).

4. What financial support is available?

Financial support from Government

Energy Bill Relief Scheme

On 21 September HMG announced the Energy Bill Relief Scheme to support non-domestic customers with their energy bills. Further information on the Energy Bill Relief Scheme can be found [here](#).

Energy Bills Support Scheme

UNDER THE ENERGY BILLS SUPPORT SCHEME (EBSS), BUSINESS PREMISES ARE OUT OF SCOPE TO RECEIVE SUPPORT.

On 29 July the government set out further details of the Energy Bills Support Scheme (EBSS) following the technical consultation which ran from April to May. Under the EBSS, households will start receiving £400 off their energy bills from October, with the discount made in 6 instalments to help families throughout the winter period.

Under the Energy Bills Support Scheme (EBSS), business premises are out of scope to receive support. BEIS has confirmed that further funding will be available to provide equivalent support of £400 for energy bills for the 1% of households who will not be reached through the EBSS. This includes those who do not have a domestic electricity meter or a direct relationship with an energy supplier.

An announcement with details on how and when these households across Great Britain can access this support will be made this Autumn.

5. What non-financial advice and support is available?

Charities and organisations

For help with debt, see section [3: Debt & Disconnection](#)

Citizens Advice

If you can't agree on a way to pay or your supplier isn't helping you in the way you need, get help from Citizens Advice, if you are a microbusiness. Someone at their [Extra Help Unit](#) could take on your case if you or a domestic household attached to your supply are in a vulnerable situation.

Freephone 0808 223 1133 or use their online webchat from 9am-5pm [here](#). For textphone, dial 18001 followed by the helpline number.

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To contact a Welsh-speaking adviser freephone [0808 223 1144](tel:08082231144).

If you prefer to speak to someone in person, check online or ask in your community where you can find your local Citizens Advice.

Further information and advice is available at <https://www.citizensadvice.org.uk/>

Advice Direct Scotland

If you are a microbusiness and are having an issue with your supplier or struggling to pay, [energyadvice.scot](https://www.energyadvice.scot), Scotland's national energy advice service run by Advice Direct Scotland, can provide free, practical advice and information on energy-related matters to the citizens Scotland.

Freephone 0808 196 8660 or use their online webchat [here](#) Monday to Friday, 9am-5pm.

Samaritans

There is always help if you feel your debts are getting out of control. Samaritans are there to listen and they don't judge or tell you what to do.

Contact Samaritans on 116 123 or email jo@samaritans.org. You can also send a letter in the normal post for free addressed to 'Freepost SAMARITANS LETTERS'.

Samaritans have also created a self-help app which provides support without you having to discuss your feelings with someone else. More information is available at <https://www.samaritans.org/how-we-can-help/contact-samaritan/>.

If you would like emotional support in Welsh, there is a Welsh language line which is free to call on 0808 164 0123. You can also send a letter in Welsh addressed to Freepost SAMARITANS LETTERS.

6. Energy efficiency advice

The Carbon Trust offers businesses free, independent advice on efficient energy usage and installing sources of renewable energy. Use their [Green Business Directory](#) to find suppliers they have accredited. The [National Energy Foundation YouGen website](#) offers a similar tool.

The [Energy Savings Trust website](#) lists example case studies, energy efficiency resources and runs events to help businesses make informed choices, including supply chain advice.

The [Smallbusiness.co.uk website](https://www.smallbusiness.co.uk) also provides a range of online energy efficiency news for small business owners, including start-ups.

The Department for Business, Energy and Industrial Strategy's UK [Business Climate Hub](#) is a one-stop-shop for SMEs to join the Race to Zero, and find practical advice on how to reduce emissions, including sector-specific guidance for six pilot sectors: agriculture, construction, hospitality, retail, manufacture and tech.

To support on providing relevant advice, SMEs are invited to download a [free copy](#) of BEIS's sponsored BS ISO 50005 energy management standard that provides support on energy management. The BS ISO 50005 standard provides SMEs with a means to develop a practical, low cost-approach to energy management to reduce their energy consumption, energy bills and carbon footprint while allowing for SMEs to implement the standard through a phased/staged implementation approach.

You can check [GOV.UK's Energy Technology List](#) if you are planning new plant equipment. It covers independently verified energy-efficient products such as boilers, lighting, air conditioning and refrigeration equipment.

Then look at business-finance support schemes offered by suppliers and the government that may be able to pay for improvements. Some specialist agencies or charities may run funding and support schemes too. Ask around for information in your business networks.

Businesses in **Wales** can also access advice via [Business Wales](#), a Welsh Government service providing advice to businesses on energy management.

Small to medium sized enterprises in **Scotland** can visit the Scottish Government funded [Business Energy Scotland](#) advice service for free impartial support and access to funding to help businesses save energy, money and carbon.

[Zero Carbon Business](#) offers guidance and support on helping your small business to become a net zero business.

Business energy schemes, loans and grants

There are currently a number of advice and support schemes that offer loans, grants or subsidised energy-saving measures to support small businesses with reducing their impact on the environment. These normally help with:

- energy efficiency measures – such as revising production processes
- the upfront costs of investing in energy-efficient equipment
- waste management and reduction initiatives
- sustainable development initiatives.

Start by searching the [GOV.UK business finance and support finder](#). Ask [your local council](#) if they provide energy efficiency funding or sustainable business growth grants. You will normally need to submit a business case to apply. Some initiatives may also be eligible for [business innovation funding](#).

See if you can get paid to generate your own renewable power and heat through the national [Smart Export Guarantee scheme](#).

The government is also proposing two new energy efficiency schemes from 2022 to replace the current domestic and non-domestic renewable heat incentives:

- Clean Heat Grant: upfront capital funding for households or businesses that integrate green heating technologies such as heat pumps and in certain circumstances biomass.
- Green Gas Support Scheme: funding support for biomethane injection to increase the amount of green gas in the national grid.

Ofgem is the intended schemes administrator. It will publish more information as the Government progresses with its proposals. Visit [Environmental and Social schemes](#) to find out more.

Business grants and services from energy suppliers

Energy companies may offer small business energy-efficiency schemes or grants. Eligibility criteria and availability will vary, depending on things like:

- the size of your business
- your location
- your business sector

[Contact your supplier](#) to find out what they offer.

Other business energy grants and support services

- Try free grants search services, like [Grants Online](#).
- Let's Talk has information on [business funds some charities offer](#) and how to apply.
- [WRAP](#) may offer grants and investments supporting business waste reduction costs.
- [Business Energy Scotland](#) provide free, impartial support and access to funding to help small and medium-sized enterprises in Scotland save energy, carbon and money and have loans available to SME's for installation of energy efficient systems, equipment or building fabric.

7. Contracts & Billing

What are the different types of energy contract?

How you use gas and electricity as a business will differ from the average household. So, business energy contracts are different, with offers varying between business energy suppliers.

It's important to understand your type of contract so you can check you are getting the best deal for your business usage. If you are a microbusiness, certain rules apply which affect how you are billed too, such as the [backbilling rules](#).

Deemed and out-of-contract

- A deemed contract normally applies if you move into new business premises and don't agree a contract. You could also be on a deemed or out-of-contract contract if your current contract ends but the supplier continues supplying energy that you use. This might happen if the original contract does not state what will happen at the end of a contract or does not have renewal provisions.
- Deemed and out-of-contact contracts are usually among a supplier's most expensive. It's best to shop around and agree on a contract as soon as you take on premises or near an end-date to avoid paying more.

Fixed

- You're charged a set rate per unit of energy (measured in kWh) for the fixed term of the contract. This doesn't fix your total bill, which will go up or down with your energy usage. If you are a microbusiness customer, your supplier must contact you setting out the details of its new fixed-term offer at least 60 days before the end of your contract.

Variable

- Where the rate charged per unit of energy (measured in kWh) is linked to market activity. So, your standing charge and rate per unit of energy could change throughout your contract.

Rollover

- This normally applies if you've not agreed a different contract before your current contract end date and there are no renewal provisions. If you are a microbusiness, this contract can't last more than 12 months.
- A Microbusiness wishing to terminate their roll over contract is able to do so without being required to give any form of notice to terminate. The Microbusiness is entitled to take steps to changing to other suppliers without facing a termination fee, being liable to increased standing charges, unit rates or any other charges related to the Microbusiness contract.

Information on your energy bills

For a **microbusiness** the following information should be on each bill:

- if the contract is a fixed term contract the date that the contract is due to end
- if the contract is a fixed term contract that can be extended, a statement informing the microbusiness that they can send a statement in writing preventing the extension of the contract

- if the contract is a fixed term contract without the ability to be extended, a statement informing the microbusiness they can send in writing at any time during the contract to terminate the fixed term contract at the end of the period the contract applies.

How do business energy contracts differ from domestic (household) contracts?

They may be longer

- Business energy contracts can last up to five years or more in length with most one to three years, but it is important to check the details of your contract end date as they do vary. You're usually tied into the contract until you enter a switching window in the contract. Normally this is near the contract end date. Your supplier will write to you to let you know when your deal is due to end. If you don't give notice to your supplier about a planned switch in this period, you could roll over to a more expensive default contract. It's important to know your business contract end date and the notice periods required.

There's not normally a cooling-off period

- Household energy contracts offer 14 days to cancel from the date you agree a contract if you change your mind. Most business energy contracts don't offer this.

You don't need to sign an energy contract for it to be binding

- You could agree a contract on the phone. It's best to ask for all terms to be sent in writing before you agree to an offer.

They are usually single-fuel

- There are no dual fuel options in the business energy market whereas domestic market its gas and electricity contracts may be offered as dual-fuel, often as a cheaper option.

VAT rates

- Most businesses will pay VAT at a rate of 20% compared to the 5% rate paid by domestic consumers. Charities and non-profits may qualify for a reduced VAT rate of 5%, or you may be eligible if your consumption is no more than 145kWh of gas per day and 33kWh of electricity.

Broker costs

- If you use a business energy broker the rate you pay could incorporate their fee, depending on your broker's agreement with a supplier. It's best to ask for all terms of a broker agreement and the energy contract offer to be sent in writing before you agree to it, so you are clear on the terms. If you are a **Microbusiness**, from 1st October 2022, following the Microbusiness Strategic Review decision, any broker or third-party fees must be set out separately in your principle terms. For **non-Microbusiness**, you can request this from your broker.

How are energy costs broken down?

Energy bills are made up of a number of costs. They're not just the gas and electricity you use. They include:

Wholesale costs

- These are what you pay for the energy bought to supply your home or business. They make up about a third of your energy bill. Suppliers buy energy from electricity generators and gas producers on the wholesale market.
- Prices on the wholesale market can go up and down very quickly. They depend on what's happening globally with fuels like gas, oil, coal and increasingly renewable fuels.
- Demand also affects price. Wholesale prices are generally lower when demand is low and fuel availability is high. They rise when the opposite is the case.
- Suppliers often buy energy in advance for their tariffs, some by as much as two to three years. They usually buy energy for fixed-term tariffs closer to when they launch them.
- These differences mean wholesale price changes don't affect all tariffs in the same way at the same time.

Network costs

- These are for the gas pipes and electricity cables that carry energy across the country into your home or business.
- Network companies charge your supplier an Ofgem-regulated price for their use of the energy network. This money goes towards maintaining, running and upgrading the networks.
- Network costs vary year to year and across different areas of GB. For example, to reflect usage or how we need to allocate costs on different parts of the network.
- Network costs include 'balancing' charges. Supply and demand is balanced second-by-second for electricity and daily for gas. These charges vary over time.

Environmental obligations

- Suppliers have to help pay for government energy policies. These costs could cover schemes to support and encourage take-up of renewable technology.

Other direct costs

- These cover costs for things like:
 - third-party services, such as sales commissions and brokerage
 - meter maintenance and installations
 - administration from data and settlement services like Elexon and Xoserve
 - wider smart metering programme costs

Supplier operating costs and margin

- When suppliers set their prices, they will try to cover their operating costs as well as make a fair profit.
- Operation costs cover things like customer service, billing and the general costs of running an energy supply business.
- Margins are a supplier's overall earnings before deducting interest, tax and other costs

Taxes

- eg VAT

Capacity charges

- Some SME's may have to pay a capacity charge.
- Your capacity is the power reserved from the network that will guarantee supply at all times. It is typically based on peak energy usage.

Why is the cost different depending on where I am in the country?

Energy network charges vary between regions according to rules set by Ofgem. This means that the price you pay reflects how much it costs to transport energy to where you live.

Why are suppliers not offering contracts?

The recent volatility in the energy market is increasing financial pressures for energy consumers and providers and as a result, some non-domestic suppliers have stopped or reduced their offerings for new business and/or at renewal and some have introduced extra credit assessments or restrictions. Ofgem will review the impact of the Government support schemes and consider whether they help or what other steps need to be taken.

Why is my supplier asking for a security deposit?

Suppliers can ask for a security deposit in order to manage their financial risk based on the credit worthiness of a customer.

How much can a supplier ask for a security deposit?

Suppliers are increasing their capacity regarding credit checking non-domestic consumers, especially with the high prices and credit risk in the market currently. As a result, suppliers may need to request customers pay a security deposit as part of their credit checking process. When it's not mandated, Ofgem ask that the security deposit amount requested does not exceed a reasonable amount, similar to the existing licence condition for domestic customers. Whilst Ofgem believe suppliers should interpret what a reasonable amount would be, they

believe that up to 3 months of future energy consumption is typically adequate and should not exceed 6 months. Where a security deposit is required as part of reconnection of supply, they also expect this to be a reasonable amount and should not unfairly prevent the consumer from being able to reconnect.

Can I expect to receive interest on the period the security deposit is held?

Some suppliers pay a 1% interest payment on the value once it is returned. You will need to ask your supplier if this is something they offer.

How are energy bills calculated?

There are two elements which make up the total energy you are charged:

- A standing charge which is a fixed daily rate
- A unit charge for each unit of energy (kWh) that you use

Standing charges may vary between suppliers. If the amount collected through standing charges was reduced, then the unit cost would be higher and vice versa.

What are standing charges?

Standing charges are charges which need to be paid no matter how much energy you use. These are to cover fixed costs that suppliers have to pay such as the cost of transporting the gas and electricity to your business. Such costs are collected by energy suppliers through bills and then passed onto the companies that transport gas and electricity to your home (energy network companies).

Why might my standing charges be going up?

Standing charges are a daily fixed amount to cover the fixed costs of running the energy system. It varies by region due to the different costs to transport power to where we live.

Increasing global gas prices, the failure of a number of suppliers, and increased costs of maintaining the energy network have all contributed to the increased standing charge.

It's best to contact your supplier for personalised information on your tariff. That's because different factors also affect how much suppliers charge. This includes where you live, how you pay (for example prepayment, Direct Debit or standard credit) and your type of energy meter.

Why is my bill estimated?

Suppliers may estimate your meter consumption if they have not been provided with an actual read either from the customer, a meter reader or a smart/AMR meter. To ensure you are only paying for the energy you use, if you are a microbusiness, you should request a smart meter

upgrade from your supplier, or provide a meter reading for billing. Providing regular meter readings will also help your supplier to estimate more accurately.

When do I need to give a meter reading?

If you don't have a smart meter or AMR meter, it is a good idea to submit meter readings monthly to ensure your bill is accurate.

Why have I received an extra bill?

Unless you have a smart meter or give regular meter readings, suppliers have to estimate your energy usage.

If a supplier has previously estimated usage, and then receives a meter reading which shows you have used more than estimated, they can issue a bill to cover the energy you have used.

However, if you are a Microbusiness, suppliers cannot ask to recover any energy use where that consumption occurred over a year ago and has not been notified before (see the next section).

To help your supplier send you accurate bills:

- Try to provide regular meter readings
- Tell them when you are moving in or out of a property
- Contact your supplier to ask about getting a smart meter fitted

If you receive a bill for energy usage that's for more than a year ago

If you are a **Microbusiness** and receive a bill for energy used more than 12 months ago, contact your supplier and explain that you understand you are protected by the [back-billing rules](#). This means you should not be charged for any unpaid energy use more than 12 months ago if you have not had an accurate bill (or statement of account) for this before.

This includes situations where a supplier increases your direct debit because it was set too low.

This does not apply if you have behaved obstructively or unreasonably, preventing accurate billing. This could include:

- Blocking meter readings at your property on more than one occasion
- Stealing gas or electricity

If you feel your supplier is unfairly insisting on you paying the back-bill, see [section 10](#) on complaints.

How are monthly direct debit amounts determined?

Energy companies will look at a number of factors including your previous consumption (if you are an existing customer) or expected consumption (based on your business needs and premise type), and estimate how much they think you will use over the course of the year.

They will take into account the tariff you are on, your payment record and whether you are in arrears. They will then divide the total amount by 12 for monthly payments, or four for quarterly payments.

Why has my Direct Debit increased?

A range of factors such as recent tariff changes, high debit balances or recent meter reads, can drive large adjustments to customer direct debits. So, if you have been underpaying for some time and you submit a meter reading, this could explain why your direct debit amount has increased.

Suppliers are required by Ofgem to ensure Direct Debit payments are reasonable and to clearly communicate any changes in a way that helps consumers understand their payments.

What happens if I cancel my Direct Debit or refuse to pay?

If you are struggling to pay your bills you should contact your energy supplier in the first instance who may be able to help. There are also links to organisations who can help throughout this guide.

Cancelling your Direct Debit could lead to you getting into debt, the potential for disconnection and in some cases may mean the energy supplier remotely switches you to prepayment if you already have a smart meter.

Often a discount for paying by Direct Debit is applied to accounts, so cancelling could also increase your energy bills.

What should I do if my supplier goes out of business?

If your energy supplier goes out of business, your supply will remain uninterrupted. If you already have a switch in progress, you will continue to move to your chosen supplier.

The failed supplier will either be put in 'Special Administration' or your account will be transferred to a new supplier (known as a "Supplier of Last Resort"). If you do get transferred, the regulator Ofgem will automatically move you within a few weeks.

Don't try to make any changes until your account is moved to a new supplier. You might find it harder to get any money you're owed if you switch before this happens.

Wait for your new supplier to contact you and in the meantime:

- Take regular meter readings and a photo of them if you can
- Keep any old bills you have – these can help prove your payment history, credit balance or debt
- Download any bills from your app or via the failed supplier’s website if you have an online-only account
- Make a note of your account balance – you’ll find this on your most recent statement

Your new supplier will write to tell you when your new account has been set up. When they contact you, you should ask about the business tariffs available to you with them. Before you agree to a new contract, you can also choose to shop around and switch if you want to. You won’t be charged exit fees. You should contact your new supplier if you don’t hear from them within two weeks.

For more information visit:

www.citizensadvice.org.uk/consumer/energy/energy-supply/problems-with-your-energy-supply/check-whos-taken-over-your-energy-supply/

Will I be on a different business energy contract with my new supplier?

Yes. Your old tariff will end.

Instead, your new supplier will put you on a special ‘deemed’ contract. This means a contract you haven’t chosen. This contract will last for as long as you want it to. Ask the new supplier about your business energy options when they contact you.

Before you agree to a new contract, you can also choose to shop around and switch if you want to. You won’t be charged exit fees.

Will my bills go up?

Your new supplier will start you off on a special ‘deemed’ contract. This means a contract you haven’t chosen.

Deemed contracts can be more expensive because the supplier takes on more risk (eg they might need to buy extra wholesale energy at short notice), so your bills could go up. But Ofgem will try to get the best possible deal for you if you’re in this situation. You’re not locked into the deemed contract – you can change tariff or supplier once your new account is live.

Sit tight and wait to be contacted. When contacted, ask about your business energy options or shop around and switch if you want to. You won’t be charged exit fees.

Should I switch supplier now?

No. Our advice is not to switch but wait until the new supplier contacts you. This will make sure the process goes as smoothly as possible. Once the process is complete, you will be free to switch to another tariff or supplier. You won't be charged exit fees.

Will my credit balance be protected?

Business customers' credit balances aren't protected under the Ofgem Safety Net. Ofgem will always try and appoint a new supplier to cover all or some of the failed supplier's outstanding credit owed – but this isn't guaranteed.

In most cases, you will need to contact your old supplier's administrator about your credit balance. This is in the same way you would if any of your other service providers became insolvent.

Types of meters

Different types of meters exist which can affect how and when you pay, as well as how much you pay. These include:

Credit meter – where consumers pay for their energy after they have used it, based on estimates or actual use.

Prepayment meters – where customers put credit on their account before using energy rather than receiving bills for their usage. Prepayment meters allow customers to manage their energy use and finances more closely than waiting for quarterly or monthly bills. However, they aren't suitable for all customers, and it's worth discussing with your supplier if you want to change.

Smart meters – which send live readings of energy use automatically to your supplier, so you receive bills based on actual use, without having to give readings. Both **credit** and **prepayment** meters can be smart.

Automated Meter Reading (AMR) meter – which only has one-way communication from the meter to the energy supplier, whereas a smart meter has two-way communication between the energy supplier and the meter. The amount of information they provide is also different. AMR meters only provide kWh information and possible peak kW demand for the month.

If you are classified as a **non-microbusiness**, you are able to choose between having an AMR meter and a smart meter.

Working with brokers and Third-Party Intermediaries

Some Third-Party Intermediaries (TPIs) organisations or individuals give energy related advice, aimed at helping you to buy energy and/or manage your energy needs.

TPIs include switching sites, energy brokers and any company that offers support with energy procurement. They can be helpful in finding new contracts. Ensure you work with a reputable TPI that you are comfortable working with.

Whether you approach a TPI directly or they contact you, you should not feel under pressure to use their services. Your energy supply contract will always be with an energy supplier: the TPI does not supply your energy.

The TPI industry is not regulated by Ofgem. But as of 1 December, any TPI working with microbusiness customers can only engage with a supplier to secure contracts on the microbusiness's behalf if they are a member of an accredited ADR scheme (see section [7. New rules for microbusinesses](#)).

Paying for a TPI's services

A TPI will charge for the services it provides you. This could be a direct charge paid by you directly to them (eg a flat fee, a charge per trade made on your behalf) or indirectly. For indirect payments, the TPI receives a payment from the supplier, which is added to your bill. For microbusiness customers this fee will be displayed on the principal contract terms or can be requested at any point during your contract duration.

Consumer Protection

TPIs must comply with consumer protection laws, including those which relate to business customers. For example, a TPI is prohibited by the Business Protection from Misleading Marketing Regulations (BPMMRs) from carrying out misleading advertising activities and should therefore always identify itself and be clear about the purpose of its call.

Do TPIs always research the whole market?

No. Some TPIs research the whole market but others represent one or a small group of suppliers.

Will a TPI always find the best energy deal?

No, TPIs are not necessarily required to find the best deal for you. You could find a better deal if you are prepared to look at different contract lengths or payment methods.

Is agreeing to a contract over the phone binding?

Yes, your verbal agreement is binding.

Am I obliged to accept an offer from a TPI?

No, make sure you understand the services they will provide for you, how they will be paid for these services and all terms and conditions before you accept.

Are all offers presented in the same way?

No. Some factors in energy bills may change during the life of the contract (eg environmental tariffs). These may be presented on a pass-through basis (where they will be added to the energy price when the charges are known by the suppliers). Check that you understand whether your price may vary within the term of the contract.

Is there a set duration for contracts?

No. Many contracts are fixed term and you should be clear how long you would be locked into the contract and whether there is a termination fee.

7. New rules for Microbusinesses

How is a Microbusiness defined?

A non-domestic consumer is defined as a microbusiness if they:

- employ fewer than 10 employees (or their full time equivalent) and has an annual turnover or balance sheet no greater than €2 million; or
- uses no more than 100,000 kWh of electricity per year: or
- uses no more than 293,000 kWh of gas per year.

The Microbusiness Strategic Review – background

Following concerns that the energy supply market is not working well for some microbusinesses, Ofgem launched the **Microbusiness Strategic Review** in May 2019 with the goal to introduce new measures, where needed, to make the market work better for microbusiness energy consumers. The review identified several key areas of consumer harm needing intervention, including microbusinesses' access to competitive offerings, dissatisfaction with some brokerage services and poor practice by a minority of brokers.

To address this protection gap, following consultation and Ofgem's [decision](#) in March 2022, a package of policy measures to address these harms is being introduced, including strengthening supply licence conditions around the provision of principal contractual terms to ensure consumers receive key information, such as Third Party Costs and a new supply licence condition requiring that suppliers only work with brokers signed up to a qualifying Broker Alternative Dispute Resolution (ADR) scheme, when supplying energy to microbusinesses. The Broker ADR scheme will come into force by 1st December 2022.

What new rules are being implemented following the Microbusiness Strategic Review decision?

Provision of principal contractual terms, including Third Party cost information:

- Requiring that Principal Terms are brought to the attention of the consumer both pre-contract entrance (in some form) and post-contract entrance (in written form) in all cases. This will ensure that key information about a new contract, including any brokerage costs, is always brought to the attention of the consumer.
- Suppliers and brokers must ensure that consumers are fully informed about the nature and costs associated with a contract they are being offered.
- Information on brokerage costs must be provided to microbusinesses via the Principal Terms, for all contracts, and this information must be presented as a total cost in pounds/pence covering the duration of the contract.

Broker dispute resolution:

- The supply licence conditions require that suppliers must only work with brokers signed up to a qualifying Alternative Dispute Resolution (ADR) scheme on and from 1 December 2022.
- An ADR scheme offers independent dispute resolution, working with brokers and microbusinesses to offer impartial resolution. If you have complained to your broker and are unhappy with the response offered, after 8 weeks you will receive a deadlock letter. After receiving this you can go to the Ombudsman who will begin working on your case to reach a solution.
- Currently the Ombudsman Services is the sole provider, but other providers may emerge in the future. To find out more about Ombudsman Services please click [here](#).

Banning termination notification requirements:

- Suppliers will be prohibited from requiring microbusinesses to provide notice of their intent to switch, except for Evergreen contracts.

Information and Awareness:

- Ofgem are working with Citizens Advice to create new, and update existing, information to be hosted on the Citizens Advice website. This will focus on key information about the

market as well as consumer rights and company obligations. It will cover topics ranging from, the importance of microbusinesses recognising the significance of entering into legally binding contracts, and the availability of alternative dispute resolution facilities.

When do the new rules take effect?

The new licence provisions will take effect on and from 1 October 2022 except for the conditions in relation to the broker alternative dispute resolution scheme which will take effect on and from 1 December 2022.

For more information on the Microbusiness Strategic Review please see the decision document [here](#).

8. Smart Metering

How will my business benefit from a smart meter?

- More accurate business electricity and gas bills as they take regular actual readings – meaning you will only be billed for the energy you use
- Ability to monitor your energy use behaviour and improve your awareness of energy consumption, allowing you to make changes to reduce your consumption or use energy during off peak times, if you are able to do so
- No need to take or submit meter readings saving you time and hassle
- Allows you to opt for a smart tariff which is often cheaper

How can I access my consumption data?

Non-domestic consumers and their nominated third parties have the right to request free access to (up to) 12 months of their historic smart meter energy use data in a machine-readable format via the internet from their energy supplier. Suppliers must respond to data access requests within 10 working days, either granting data access (where all legal requirements are met) or clearly outlining why the request has been rejected and next steps

Am I obligated to have a smart meter installed?

The UK Government requires energy suppliers to install smart meters for their domestic and microbusiness customers, and has set out rules to ensure that they do this in a way that is in the interests of customers, including rules around:

- Data access
- Security
- Technical standards for the smart metering equipment

Smart Meters will be rolled out as standard across the country by 2025 for both domestic and some non-domestic supplies. However, there will not be a legal obligation on individuals to have one unless your existing meter is faulty or has reached the end of its certified life.

Energy companies will be required to install smart meters and take all reasonable steps to reach everyone.

Am I eligible for a smart meter?

As long as your supply meets the criteria as being NHH (non-half hourly), Profile Class 1-4, then you are eligible for a smart meter. Generally, your household meter would be a profile class 1 or 2, and your non-domestic meter if you are a microbusiness would likely be profile class 3 or 4:

- Profile Class 1 – Domestic Unrestricted Customers (single rate)
- Profile Class 2 – Domestic Economy 7 Customers (two rate)
- Profile Class 3 – Non-Domestic Unrestricted Customers (single rate)
- Profile Class 4 – Non-Domestic Economy 7 Customers (two rate)

Businesses with profiles 3 & 4 are eligible for a smart meter. If you are classified as a non-microbusiness, you will be able to choose between a smart meter or an AMR meter.

Businesses with profiles 05-08 are referred to as Maximum Demand (MD) customers. If your business falls into this category, your meter will have the ability to measure peak demand for a given period and would not be eligible for a smart meter.

There may be other technical reasons that you can't get a smart meter installed at this time or may have to have an AMR meter. You should be able to register your interest with your supplier and they will contact you when your meter becomes eligible.

Do I have to pay for the installation of a smart meter?

Most suppliers have no additional cost for a standard smart meter installation, and ongoing maintenance costs are covered in the same way as your present meter, however, if additional work is required to allow for a smart meter to be installed, this may be subject to additional charges. Your supplier should discuss with you whether you want to go ahead with the install.

Is there any reason why a smart meter may not be installed?

Occasionally an installation must be aborted due for reasons such as a health and safety issue being identified that needs to be remedied before a meter can be fitted. It may also be for technical reasons or if additional equipment is required. Your supplier should contact you to explain why this has happened and what are the next steps.

What's the difference between a smart meter and an AMR meter?

An AMR meter only communicates one way, from the customer to the energy supplier, whereas a smart meter has two-way communication between the energy supplier and the business customer. The amount of information they provide is also different. AMR meters only provide kWh information and possible peak kW demand for the month. There may also be technical reasons that could determine whether you have a Smart or AMR meter fitted, such as signal.

9. Switching Energy Supplier

How can I find a business energy offer?

Contact the supplier you already have to see what they can offer so you can compare this with other providers before agreeing a contract. You can use a comparison website or phone different energy suppliers to do so.

You can also use energy brokers who can negotiate a contract for you for a fee. If you use a broker:

- ask which suppliers they represent so you know if they can offer a full-market comparison.
- make sure you are clear on the terms of their service. For example, they may charge a one-off finder's fee or integrate their fee as part of a commission agreement in a contract you choose to sign up to. See GOV.UK's advice on [Avoiding unfair terms in business contracts](#).

Before you sign or agree a new contract with another supplier, it's always worth asking your current supplier if they can beat an offer if you find one that's better elsewhere too.

It's also best to ask providers to send you a written offer with all terms before you say you agree to a business energy contract, including when checking offers by phone. Phone agreements are binding.

When can a supplier block my switch?

Suppliers can make a request to block your switch, if at the time they are notified of the switch they have a contract to supply electricity to you and your contract includes a term which allows your supplier to block the switch, or where you have not yet entered into a contract with your new supplier and you ask your supplier to block the new contract.

Suppliers may also make a request to block your switch request if you owe money relating to the Green Deal Charges; a loan scheme whereby you pay back in instalments through your bill. This applies unless the Green Deal charges are in dispute, this includes where your supplier has issued the wrong amount by accident. In these circumstances the entire amount

owed has to be in dispute, meaning that in effect, they do not count as grounds to try and block your switch.

In case your supplier does make a request to block your switch they will need to give you notice as soon as reasonably possible, informing you that the request has been made, the grounds of the request and how you may dispute or resolve the grounds.

10. What are my rights?

If you want to complain

- Talk to your energy supplier - Energy suppliers and network operators are mandated to have a complaints process that is clearly set out to customers, is adequately resourced and fit for purpose. Their complaints handling process should be available on their website
- Explain the problem and what you want them to do
- You can complain by email, letter or telephone. Keep records of contact you have with the company. You can find company contact details on a recent energy bill or on their website
- If you don't know who your supplier is, find them here:
<https://www.ofgem.gov.uk/information-consumers/energy-advice-households/finding-your-energy-supplier-or-network-operator>

Get support - Citizens Advice have [templates of complaint letters](#) on their website which you can use, or can be sent on your behalf by an advisor. They can also help with a complaint, and sometimes their powers mean they can act for you. Find out more [here](#).

Take it further – If you are a **microbusiness**, you can complain to the Energy Ombudsman if eight weeks have passed, and you still aren't happy with the company's response.

Energy companies must contact you to tell you how to do this at eight weeks or when you hit a 'deadlock'. This is when neither of you can reach an agreement.

If you are a microbusiness, you can refer a case to the Energy Ombudsman within 12 months of a deadlock letter. Sometimes they can investigate an older complaint if you have not had a deadlock letter.

The Energy Ombudsman can make a company correct a problem, apologise and explain what happened. They can also make a company pay compensation. Its decisions are binding on the energy company.

Contact them on their website at <https://www.ombudsman-services.org/complain-now> or call 0330 440 1624.

If something goes wrong

Energy suppliers must treat you fairly and provide you with a good standard of service. Some services are protected by things called *guaranteed standards*. They apply to microbusiness customers and entitle them to compensation if the standards are not met. They include:

- **Should your supplier need to visit you, or should you request a visit** from them for any reason, you must be offered an appointment during normal working hours, the morning or afternoon or within a two-hour time band.
- **If you make an appointment for your supplier to visit your premises** and they don't come as planned, or they cancel or rearrange with less than one working days' notice, you are entitled to £30 in compensation.

There may be some exceptions which mean you will not receive the £30 compensation.

If you are a tenant

Your rental agreement should say if you, your landlord or your managing agent are responsible for energy bills.

Consumer protection law says you must be able to choose your energy supplier if it is your responsibility to pay energy bills.

Your landlord could be responsible for paying energy bills if they:

- pay the supplier directly and reclaim the money from you as a service charge
- include the cost of energy in your rent
- assume responsibility for energy supply between tenancies.

It's important to check your rental contract for:

- **Energy supplier clauses.** Managing agents or landlords sometimes tie in preferred suppliers with a 'default supplier clause'. You may be able to renegotiate it. If you can't, you can still switch if you are responsible for paying energy bills.
- **Notice and return clauses.** These might mean you must tell your landlord if you plan to switch supplier. You might also have to return supply back to a particular supplier or energy meter (if you changed meters) when your tenancy ends.

11. Appendix – list of key organisations and contact details

NAME	DETAILS	CONTACT
Your local council	Responsible for some Government schemes. May be able to offer support with your bills, and help you access home efficiency upgrades.	Find their contact details via https://www.gov.uk/find-local-council
Citizens Advice	Offer advice on energy bills for microbusinesses, and someone in their Extra Help Unit could take on your case if you are in a vulnerable situation	Freephone England: 0808 223 1133 Wales 08082231144 or use their online webchat from 9am-5pm – search “citizens advice energy chat” For textphone, dial 18001 followed by the helpline number
National Energy Action	Advice on energy efficiency and fuel poverty	Freephone 0800 304 7159 or visit https://www.nea.org.uk/get-help/
Macmillan	Help people living with cancer	Visit https://www.macmillan.org.uk/ or freephone 0808 808 00 00.
Samaritans	Whatever you’re going through, Samaritans are there to listen. They won’t judge or tell you what to do.	Freephone 116 123 or email jo@samaritans.org . You can also send a letter in the normal post for free addressed to ‘Freepost SAMARITANS LETTERS’ (in English or Welsh). Visit https://www.samaritans.org/
Business Debtline	Business Debtline is a charity. We give free and independent debt advice over the phone and online.	Call us on 0800 197 6026 or webchat with an adviser. Monday to Friday: 9am - 8pm, webchat closes at 6:30pm
Advice Direct Scotland	Provide free, practical advice and information on energy-related matters to the citizens Scotland.	Freephone 0808 196 8660 or use their online webchat energyadvice.scot