

Business Energy

Best Practice & Advice Guide



energyadviceline

helping you make the right choice



Your Energy: Best Practice & Advice for the Hospitality Sector

If you are a small or medium sized business such as a restaurant, pub, café, retail or manufacturing business your gas and electricity supplies are amongst your most significant overheads. Lighting, refrigeration, air conditioning, ventilation, machinery and food preparation equipment – the list goes on and so does the cost..

Staying on top of your business energy bills can be time consuming, and a task that often goes to the back of the queue. But with electricity and gas prices spiralling, you can't afford to let this essential area of your business slip. You'll be wasting money if you do.

That's why the Energy Advice Line has produced this guide.

It explains what you need to do so that you, not the utility companies, are in control when it comes to the energy your business relies on. It explains the methods energy companies use to keep you as a customer, and what to do to avoid being trapped in expensive energy deals. It also includes a checklist of things you need to do when you move into new premises, and top tips for ensuring you aren't paying more than you need to for your energy.

Above all, we believe this guide will save you money.

If you have any questions about this guide, or would like to find out about the best energy deals on the market, visit us at www.energyadvice.org.uk, call our team on **0800 915 1800** or email info@energyadvice.org.uk

Switching Energy Suppliers

You pay a lot of money for your gas and electricity supplies, and utility companies don't want to lose your business when your energy contract expires.

That's why they make it pretty difficult for you to switch suppliers. Here we outline the key things you need to know to ensure you don't pay more than you need to for your energy. We also explain what to do so you don't get trapped or tricked into a contract that you don't agree with.

If gas and/or electricity is being supplied to your business premises and you don't know whether you have a business energy contract, you need to deal with this urgently. It may be that you're paying very expensive 'out of contract' rates for your energy, in which case you need to shop around for a better deal as soon as possible. If you discover that your landlord is in charge of your energy contract, you need to put yourself in control, and this is discussed further in the Moving Premises section later in this guide.

Termination Notice

If you have a business energy contract, you need to notify your supplier in advance if you want to switch to another utility company when your contract expires. Don't make the mistake of doing nothing in the belief that you can just switch suppliers as soon as your contract ends – you can't. If you don't give notice, you may be automatically 'rolled over' into a lengthy, more expensive contract or flipped to an 'out of contract' or 'deemed' rate up to 50% more expensive than the one you were on.

Your supplier is supposed to send you a letter to remind you when your energy contract is coming to an end, quoting a renewal price. **This is something that you must not ignore.**

The tariff your supplier will offer you in this renewal letter will probably be much higher than the tariff another supplier might offer you as a new customer. This discriminatory tactic is employed by your current supplier in the hope that you don't notice how uncompetitive their offer is, so they can lock you in for a further contract period on very high prices.

To make matters worse, you are deemed to have accepted the offer contained in this letter even if you never see it – for instance, if the letter is misplaced before you get a chance to read it. As long as the supplier has posted this letter to you, you're tied into the renewal offer it contains – unless you remember to give timely notice that you're leaving.

Make sure you read the terms and conditions of your energy contract carefully so you know when you need to give notice. Most energy companies have a notice period of 90 days, so you need to tell them that you wish to leave about three months before your contract expires. To make it more onerous for you, some suppliers also impose an advance notice period, which means you cannot give notice any earlier than 120 days before your contract expires. This gives you just a 30-day window in which to tell your supplier you want to leave.

When you're busy running your business, that's not very long and not very fair – but that's the way it is.

On page 8 of this guide we have listed the termination requirements for most of the major energy companies. These are subject to change so please remember to check your contract for the provisions that specifically apply to you.

For more information or advice on determining your termination notice requirement please email us at termination.notice@energyadviceline.org.uk or call **0800 915 1800**.

Remember, giving notice to your energy supplier does not mean they will cut off your energy supply – they're not allowed to do that. Giving notice simply puts you in control and enables you to switch suppliers if you find a better deal. Giving notice doesn't stop you sticking with the same supplier if they end up offering you a great deal to stay with them.

Switching Checklist

Here's a checklist of the things you need to do to make sure you can switch to the best possible energy deal when your contract expires.

- ✓ **Make a diary note of when your energy contract expires, as well as the date by which you need to give notice and the earliest date that you're allowed to give notice**
 - This will give you the window of time you have to contact your energy supplier to tell them you're leaving
 - Alternatively, the Energy Advice Line offers a free renewal reminder service – just let us know when your current energy contract expires and we'll ring you to remind you when the time comes
 - You can do this by visiting www.energyadvice.org.uk/company/renewal.php
- ✓ **Make sure you give notice to your supplier in writing and have it delivered by **First Class recorded mail** – this way there can be no dispute about whether you have given notice in time**
- ✓ **Start shopping around as soon as possible after you have given notice**
 - It's perfectly fine to do this yourself and you may find a good deal by contacting suppliers directly – but this takes time and can be complicated
 - Using an impartial price comparison and switching service like the Energy Advice Line could make sense and give you access to exclusive deals not available anywhere else
- ✓ **Get a copy of your latest bill and gather key information about your premises so you can obtain accurate quotes**
 - This includes the Electricity Supply 'S' number, also referred to as Meter Point Administration Number (MPAN) and the Meter Point Reference Number (MPRN) for gas, together with your company name and address

- All this information appears on your energy bill

The image shows a portion of an energy bill with two main sections. The left section is titled 'Electricity - Meter Supply 'S' Number:' and features a large 'S' icon followed by a grid of input boxes. Below this, it says 'We can help you find your S Number' and 'Your Current Supplier:' with a dropdown menu. The right section is titled 'Gas - Meter Point Reference Number:' and has a long horizontal input box. Below this, it says 'We can help you find your MPR Number' and 'Your Current Supplier:' with a dropdown menu.

- ✓ **Consider what type of contract you want**
 - A fixed-term contract locks you in for a set period of time, usually on a competitive tariff.
 - This option offers you price security in what is a very volatile market
 - A 28-day rolling contract means you can choose whether to renew your contract each month
 - This may offer flexibility, but the energy prices charged under these types of contracts are usually a lot higher than those available under fixed-term contracts
- ✓ **Sign up with a new supplier**
 - You can do this up to 120 days before your existing contract ends. If you give yourself plenty of time you can rest easy that your new contract will come into effect as soon as the old one expires
 - At the very least, sign up with a new supplier 40 days before your current contract ends as it can take 4–6 weeks for the transfer to happen
 - Please note, at no time will you suffer loss of supply during the switch process

Moving Premises



The Energy Advice Line provides a complete service, from managing the switch through to handling billing queries during the contract – at no cost.

If you're starting a new business, or you already run one and are moving premises, you have a great deal to do and think about. But difficult as it may be at such a busy time, dealing with your energy supplies needs to be among your top priorities – you can run up large energy bills surprisingly quickly on an 'out of contract' tariff.

Taking on a new lease makes you particularly vulnerable when it comes to the cost of energy and its supply. Remember, gas and electricity are among your biggest overheads and your business literally can't function without them.

Before you sign any new business leasehold agreement, you must make sure you're clear about who is responsible for paying for the energy supplied to your premises. This should be in your lease, and if it isn't, you should seek clarification from your solicitor and/or landlord.

It may be that your landlord or franchiser arranges energy supplies on behalf of a number of tenants or franchisees, and will send you regular invoices for your share of the utility bills. The disadvantage of this arrangement is that it's not necessarily in the landlord's or franchiser's interests to shop around for the most competitive energy deals. After all, they're not paying the bills. Therefore it makes sense in this situation to ask your landlord or franchiser for details about who supplies the energy, what the tariff is and the date the contract is up for renewal. When the time comes, it may pay to shop around yourself and let them know of any better deals available.

If you're responsible for the supply of energy to your premises, you need to shop around and compare the market as soon as possible after signing your lease. As discussed previously, you can lock in an energy deal up to 120 days before you want your supply to commence, but you must allow at least 40 days for your chosen energy provider to start supplying you. If you don't make these arrangements beforehand, you could find yourself being charged expensive 'out of contract' rates when you move in. What's more, in some situations, you will need to give a month's notice to cancel this arrangement.

Do's and Don'ts When you Move Premises

- ✓ Refuse to deal with cold callers offering cheap business energy deals
 - Many of these callers buy lists of businesses that have just signed new leases, which is why you're likely to receive an unsolicited telephone call shortly after you move in
 - Some of these agents use unscrupulous tactics to sign you up – they might say they're from 'the gas board', or that they have an exclusive, unbeatable deal
 - Most of the time these agents receive a commission from just one utility company, so their advice is far from impartial
 - Very rarely do they offer the best deal on the market
- ✓ Remember that as a business energy user you don't have the benefit of a 14-day 'cooling off period' like domestic energy users
 - This means that once you agree to an energy deal, you are bound into that contract until it runs its course
 - Some business owners who have been cold called by rogue agents have found themselves bound into long and expensive contracts they didn't know they had agreed to
- ✓ Only use a truly impartial price comparison and switching service like the Energy Advice Line that compares the prices of a wide range of energy suppliers
 - The Energy Advice Line is completely up front about the tariffs it offers customers and the fees it receives from energy suppliers for introducing new customers
- ✓ Always read your meter/s on the day you move into new premises and pass this information on as soon as possible to the energy company supplying the premises when you moved in

Tips for Saving Money on your Business Energy Bills

Faulty Gas or Electricity Meters

- If you suspect that your electricity or gas meter is faulty – if the meter's gauges are running slow or fast, or the dials are spinning – request that your energy supplier installs a check meter
- For a fraction of the cost of a replacement meter, this equipment can be installed alongside the standard meter to check its accuracy. This way you can be sure that you're not being overcharged
- Many businesses are unaware that they have a right to ask for a check meter to be installed

Read Your Meter Regularly

- Your supplier should arrange a data collector to come to your premises to read your meter so that your bills are not based on unreliable estimates
- Many suppliers are reducing the number of staff available to conduct these meter readings, so it would be beneficial for you to do this yourself every three months if possible
- Keep a record of these readings and compare them with those that appear on your energy bill
- This way, you avoid receiving estimated bills which often inflate your energy consumption

Check Your Bills

- Double check your bills to ensure that no incorrect charges have been added
 - For example, make sure you haven't been charged twice for VAT. It shouldn't happen – but it does



Termination Notice Requirements

Micro Business Regulation

On the 18th January 2010 the energy regulator Ofgem launched a new set of rules governing how suppliers present their offer to Micro Business customers.

To understand how this might affect you and your business please contact the Energy Advice Line.

Number of Days Notice to Serve Before Contract Expiry Date

Supplier	No Earlier Than (days)	No Later Than (days)
British Gas	120 DAYS	90 DAYS
Scottish Power	90 DAYS	30 DAYS
EON	90 DAYS	30 DAYS
Opus Energy		90 DAYS
npower		90 DAYS
Corona		60 DAYS
Haven Power		120 DAYS
Contract Natural Gas (CNG)		90 DAYS
Shell Gas Direct		30 DAYS
Southern Electric		30 DAYS
EDF Energy		30 DAYS
Business Energy Solutions (BES)		30 DAYS
Total GP		30 DAYS

Termination Window

No Termination Window

The above termination notices are subject to change. Please check your terms & conditions or contact us.

This checklist is designed to help you remember key information when you need it. Full details can be found within this guide, or for further assistance call the Energy Advice Line on **0800 915 1800** – our team will be happy to help.

Putting YOU in Control



If you are on a fixed-term contract

- ✓ Ensure you know exactly when your fixed-term contract ends
- ✓ Serve notice to your current supplier in writing and send your letter by **First Class recorded** mail to ensure you are not assumed to be renewing your contract (probably on much higher prices)
 - Refer to the Termination Notice section on page 3 of this guide to work out whether a termination notice window applies to you
- ✓ Start shopping around for the best deals so that you can make an informed decision about whether the renewal offer from your current supplier is competitive
 - Remember to allow at least 40 days between switching suppliers and the date your current fixed-term contracts ends

If your fixed-term contract has already expired, or if you don't have a contract

- ✓ Start shopping around for the best deals as soon as possible and sign up to the most competitive fixed-price contract immediately. This will protect you against future price rises

If you are on a 28 -day rolling contract

- ✓ Start shopping around so that you can compare the best deals against what you are currently paying
- ✓ If you find a better deal, serve the required 28 days notice to your current supplier by First Class recorded mail

If you are moving out of your premises

- ✓ Notify your current supplier that you are leaving and give as much notice as possible. In the first instance this can be done over the telephone, but you may be asked to follow up with a confirmation email, letter or fax
- ✓ Take a meter reading on the day that you move out and forward this information to your current supplier so they can close your account and send you a final bill

If you are moving into new premises

- ✓ And the property is leasehold, establish who is responsible for paying the electricity and gas bills. In all likelihood, this will be you. However, if you are renting a serviced office your landlord may in control. Further information and advice can be found in the Moving Premises section on page 5 of this guide
- ✓ Start shopping around for the best business energy deals immediately, ideally as soon as you sign your lease, as it can take 4–6 weeks to change supplier. You will often be subject to the 'out of contract' rates of the power company supplying the premises when you move in. These rates are usually 30–40% higher than those available under fixed-term contracts, so time is of the essence
- ✓ Read your meter as soon as you move in and forward this information to the power company supplying your premises
- ✓ **NEVER** agree to a business energy contract over the telephone with a company that calls you out of the blue. Make a note of the prices these callers offer, but it's essential to shop around for the best deal. This way, you can stay in control and make well-informed and confident decisions



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