



An Insider's Guide to Getting the Best Business Energy Deal

A business guide brought to you by ENGIE



Anyone running a small business will be mindful of keeping their business overheads under control, which includes making sure they aren't paying too much for their business energy. You can potentially knock hundreds or even thousands of pounds off your energy bills by negotiating a better energy deal and switching at contract renewal. This whitepaper provides all the practical advice you need to save money and choose the right energy contract and supplier for your business.

Why switch?

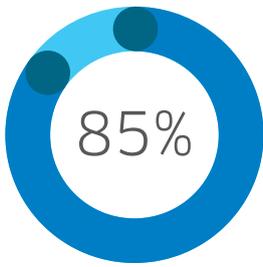
There's a common misconception that switching your business energy supplier is a hassle. In fact, in 2016 more than a quarter of businesses believed that it was too complex or time consuming to find a new tariff or supplier.¹ In reality, switching business energy provider today is just as easy as switching your home supply and there are many other reasons why it would be beneficial for your business.

- The introduction of new regulation around pricing transparency has meant that it is now easier than ever to compare prices, unit rates and other supplier values.
- Business tariffs are not regulated in the same way as domestic tariffs, meaning there is room for price negotiation – it pays to shop around and haggle!
- Many mistakenly believe that the market begins and ends with the 'Big Six' energy suppliers. In fact, there are many good choices outside of the 'Big Six' that might be a better fit for your business.

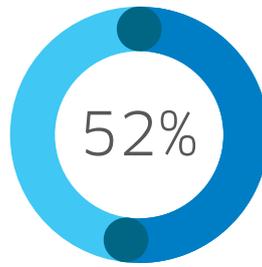
How to shop around for a better deal

Before you do anything you need to get your timing right. Your existing supplier should advise you in writing when your current contract is coming to an end and they will undoubtedly encourage you to renew with them. However, don't rush into signing, as renewal prices are typically higher than they would be if you shopped around. If, on the other hand, you do nothing and your contract ends, you may be moved onto an out-of-contract or 'deemed' rate. Ofgem, the energy regulator, highlights that these rates are on average 80% higher than those charged in a negotiated contract.² It's best to start shopping for a better energy deal around three to four months before your contract ends, allowing you plenty of time to switch supplier.

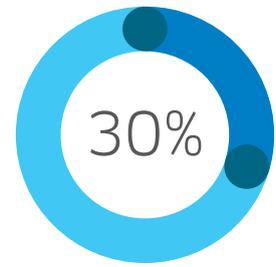
Out of contract rates are on average 80% higher than those charged in a negotiated contract



of businesses in 2016 reported switching because they were offered or found a cheaper deal from another supplier



of businesses stated that they switched supplier because of price increases from their previous supplier



of businesses stated that being promised greater assistance with energy reduction initiatives and/or being promised better customer service by their new suppliers prompted them to switch¹

With so many business energy suppliers to choose from it can be difficult to know where to start but essentially there are three routes available for you:

1. [Business energy price comparison websites](#)
2. [Energy supply brokers](#)
3. [Going direct to an energy supplier](#)

We'll now look at the pros and cons of these options.

1. [Price Comparison Websites \(PCWs\)](#)

PCWs are the dominant channel for the domestic market where supply needs are less complex and price is a primary driver. However, they still have a place in the business energy market with several operating in this sphere.

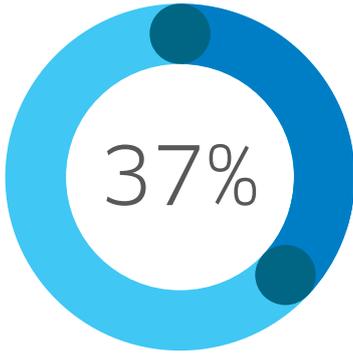
Pros

- It's an easy way to compare supplier tariffs online by price.
- PCWs manage the switch process for you.
- It can be useful for smaller businesses with limited time and resources.

Cons

- It can be an impersonal approach with minimal account management, support or consultation available.
- There are fewer bespoke contract options available, which may be important for larger SMEs or those with complex energy needs.

Start shopping around for a better energy deal 3 to 4 months before your contract ends



of small businesses source their energy supply via a broker

2. Energy brokers

Offering impartiality and consultancy whilst shopping the market for you; it is not surprising that 37% of small businesses source their energy supply via a broker.³ However, that extra service may come at a cost.

Pros

- They'll search the market for you and provide consultancy based on your needs, saving you time and effort.
- Their account management services mean that more complex energy needs can be supported.
- Some offer additional products and services, such as other utilities, all from a single point of contact.

Cons

- By acting as a 'middle-man' they may incorporate fees into your contract. It is worth checking how their services are paid for (for example, will their commission be included in the quoted price or will they charge a one-off fee?)
- Brokers may not cover the entire market but instead opt to only affiliate with certain suppliers who offer them favourable commission terms.

3. Direct to supplier

Going direct to a supplier means you can often negotiate a great supply price, plus many energy providers will offer fully tailored energy contracts built around your business needs. Taking a bit of time in the run up to contract renewal to research the market is therefore a worthwhile exercise.

Pros

- There's the potential to negotiate a best-in-market price by going direct, as you'll be cutting out the middle-man.
- You're more likely to receive one-to-one consultancy from a dedicated energy advisor who can recommend standard or bespoke contract options to suit your business needs.
- You have the freedom to shop around to find a supplier with the support services and values that appeal most to your business.

Cons

- Time. This route can be more labour intensive because you'll need to do the leg-work comparing suppliers.

There's potential to negotiate a best-in-market price by going direct

Unlike domestic energy supply, there is no 'cooling off period' for business contracts

Demystifying business energy contracts

So you've settled on your approach but before you begin it's helpful to understand the differences between the various business contracts suppliers offer. Below are the most common contract options, all of which will exclude VAT and the government charge for Climate Change Levy (CCL). Suppliers also offer varying contract lengths, typically from 6 months up to 5 years. Locking in your energy costs for a longer term may help you with budget planning.

Be aware that unlike domestic energy supply, there is no 'cooling off period' for business contracts. So make sure you read the principal terms and conditions at the very least and the full terms and conditions if you can face it. Because once you've signed, there may be a cost if you break the contract terms.

Fully-Fixed Contract

The term 'fixed' can be a bit confusing when it comes to energy contracts but a 'fully-fixed' contract will typically include: the cost of energy, any third party charges and supplier costs. However, some suppliers choose to exclude some or all of the various energy supply levies e.g. Contracts for Difference (CfD) and Feed In Tariff (FIT).

Pros

No surprises. You can budget your energy costs with greater certainty.

Cons

That certainty may come at a higher unit price as the supplier will carry the risk of energy market fluctuations.

Fixed Contract with Pass Through charges

Your energy unit price is fixed but all third party charges (such as network charges and government levies) are 'passed through' and shown as an additional cost on your bill.

Pros

Unit rates are likely to be cheaper as you carry some of the risk.

Cons

Pass through charges won't be included in your quote and because they can fluctuate you'll have less certainty about your monthly/quarterly costs.

A good energy supplier should work with you to create a contract to fit your needs

Look for a supplier who has the Institute of Customer Service ServiceMark

Flexible Contract

A contract that allows the customer to buy their energy at different times, typically on the short-term market.

Pros

If you have a good knowledge of the energy market then you can potentially save money. As the customer carries the risk, energy prices are at market rate.

Cons

All the risk is on you. You'll need to closely monitor the market and decide when to trade. Also, if there is a significant increase in energy prices, this will immediately impact your bills.

Fully Tailored Contract

As every business has different needs, if you engage with your supplier to discuss how your business consumes energy, they can recommend a contract that is tailored to your specific requirements. There are a large number of elements which can be fixed or passed through and a good energy supplier should work with you to create a contract that fits you perfectly.

Pros

A perfectly tailored contract that allows you to pay for exactly what you need, saving you money and providing you with genuinely useful services. ENGIE specialises in providing a fully bespoke service where you can tailor your contract to your needs.

Cons

It can take time to research the market and see what is available. Not all suppliers are willing to invest the time needed to offer this type of fully bespoke service.

Considerations to help you make the right choice

Customer service

It's important that when you do have an issue it will be resolved quickly and professionally. Look out for a supplier like ENGIE who has the prestigious Institute of Customer Service ServiceMark. An award from an independent, professional body demonstrates a sustained high standard of customer service, so you know you'll be looked after.

Some suppliers offer 100% renewable energy as standard

Environmentally friendly options

Consider how your energy is generated (coal, gas, wind, solar etc.), this is the fuel mix behind the energy the supplier sells (details of which can be found on suppliers' websites). Many suppliers offer greener choices which can lower your business's impact on the environment. Suppliers, such as ENGIE, are currently offering businesses 100% renewable electricity contracts at no extra cost. ENGIE also offer other greener choices such as electric vehicle charging solutions, energy audits and efficiency advice to help reduce your energy usage and carbon footprint.

Advice and support services

Many energy companies can only offer energy supply but you may want to consider those who can offer more for your business. Due to its size and business diversity, ENGIE is able to offer a wide range of services from smart technology solutions to energy monitoring and energy efficiency.

Make a move today

If your contract is coming up for renewal and you are considering switching supplier, this paper is designed to help you to make a more informed choice. Armed with this insider knowledge, you should not only secure a better energy deal but also choose the right energy partner for your business.

ENGIE is proud to be a different kind of energy company, focused on lowering energy costs and supporting a more sustainable future.

See how much you could save on your business energy.

 **0800 063 1862**

 **myquote-business.engie.co.uk**

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1 Ofgem, Micro and small business customer engagement in the energy market, April 2017, pg. 5

2 Ofgem Business Gas and Electricity Guide

3 CMA, Energy Market Investigation, June 2016 pg. 1110

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