£1 Billion Switch For Business Energy Bills

Monday 31 March, 2014

New rules come into effect from tomorrow (31.3.14) that will make it easier for small businesses to negotiate the rates they pay for energy and lead to annual savings in excess of £1 billion, according to the price comparison service Make It Cheaper.

Energy companies are now required to display contract end dates on the bills they send to small business customers and, crucially, the cut-off date for either switching supplier or negotiating new rates. Cut-off dates fall anywhere between 30 and 90 days before a contract actually comes to an end and missing them is to blame for a quarter of businesses being trapped in a cycle of expensive rates. Figures published by Ofgem in December show the average small business spends anywhere between £3,500 and £6,500 annually on gas and electricity depending - not on its consumption - but on the rates it is charged.*

To coincide with the bill changes, Ofgem is also extending its 'microbusiness' protections to cover larger organisations and so they now include those that spend up to £10,000 a year on either gas or electricity - double the previous amount. As well as clearer bills, the new protections mean qualifying businesses can only be automatically 'rolled' into a new contract for a maximum of one year in the event of failing to contact their supplier before the cut-off-date.**

Research conducted by Make It Cheaper in 2011 showed that 96% of business owners thought it would be easier to manage their energy contracts if contract end dates were printed on bills. It predicts the outcome of more businesses now being made aware of the window in which to negotiate new rates will lead to 100,000 more organisations doing so this year, saving a combined total of more than £1 billion.

Jonathan Elliott, founder and CEO of Make It Cheaper, commented: "Suppliers are obviously not that keen to draw attention to key contract dates because it encourages their customers to, quite rightly, shop around. These new rules put the 'notice' back into a notice period and put the power back in the hands of customers to settle on a deal that's right for them. This has huge implications for pushing up switching volumes and pushing down prices as a result. Much of that depends, however, on how prominently each supplier chooses to display the relevant information on bills and that's something we'll be looking out for over the coming weeks."

Any business (or charity) asking Make It Cheaper to arrange a new gas or electricity contract for them before the end of April 2014 will be entered into a prizedraw for a year's free energy, worth up to £10,000. Call 0800 1884 999.

- Ends -

* www.ofgem.gov.uk/ofgem-publications/85211/autorolloversslides021213final.pdf
** www.ofgem.gov.uk/ofgem-publications/74749/implementationoftheretailmarketreviewnon-domesticproposals-decisiontomakelicencemodifications.pdf

Case Studies of businesses that have avoided a rollover energy contract are available on request.

About Make It Cheaper:

Based in Central London with 140 staff, Make It Cheaper has been the No.1 destination for businesses to get a better deal on their utilities since its launch in 2007. Following its acquisition of UK Power in 2012, Make It Cheaper also now provides competitive energy prices and expert advice for households. Its supplier panel includes all of the 'Big 6' and over 20 of the smaller domestic and non-domestic energy companies. For businesses and charities it also offers savings across other overheads including: telecoms, insurance and merchant services (Chip & PIN). By switching suppliers or helping to renegotiate deals with existing ones, Make It Cheaper will typically save over 30% of costs (as well as a considerable amount of time) that its customers can then spend elsewhere. The company has appeared in the Fast Track 100 for the past three years and in 2013 it won the titles of 'SME Consumer Champion' & 'SME Most Trusted' at the Energy Live Consultancy Awards. Its 2014 Net Promoter Score, based on 856 customer satisfaction questionnaires completed year-to-date this year, is 70.

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