



Non-Domestic Consumer Research

A report for Ofgem by IFF Research

October 2022
(Fieldwork conducted April-June 2022)

Foreword from Ofgem

Ofgem is Great Britain's independent energy regulator. Our priority is to protect the interests of current and future energy consumers. We want to see a retail energy market that works in the interests of all consumers, including non-domestic consumers. To ensure that consumer needs are at the heart of any future reforms, we have set out a proposed framework of consumer interests to help focus our actions.¹

The past year has been a challenging time for energy consumers with changes in the energy market causing widespread concern for both domestic and non-domestic (business) consumers.

A number of businesses were already under pressure post-pandemic. Small and medium-sized enterprises (SMEs) are at particular risk – especially sole traders and microbusinesses – as they often lack the leverage to negotiate with energy suppliers that larger businesses have. The energy price cap, a backstop protection from the government for domestic consumers who defaulted onto their supplier's basic energy tariff, does not exist for non-domestic consumers.

It is within this context that Ofgem commissioned the research agency IFF Research to conduct research to build our evidence base on the costs and affordability of energy for non-domestic consumers. The research also sought to capture non-domestic consumer experiences of the energy market and their needs, now and in the future. It is essential we understand non-domestic consumer experiences and issues to ensure we are making informed decisions. This report presents the findings of this research and is prepared by IFF.

Since the research was conducted, the Government has announced a package of support for households, businesses and public sector organisations facing rising energy bills in Great Britain. The Energy Bill Relief Scheme will see energy prices cut for non-domestic consumers initially between 1 October 2022 and 31 March 2023.²

In March 2022, Ofgem announced the decision to implement a package of measures to improve microbusinesses' experience of the market which we believe will impact positively on some of the areas covered in this report. The new licence provisions have taken effect from 1 October 2022.³

This research forms an important part of our evidence base on non-domestic consumers and will help inform our decision making and the creation of robust regulatory policy. It will serve as a baseline to monitor the impact of the microbusiness policy reforms and for future work we do to understand and address issues in the wider non-domestic consumer space.

The energy cost crisis has shown that there are areas where consumer protection in the non-domestic market can be strengthened. We are considering a non-domestic market review to understand the issues in more depth and to properly target any corrective measures.

¹ Net Zero Britain: developing an energy system fit for the future

² [The Energy Bill Relief Scheme](#)

³ In March 2022, following a statutory consultation Ofgem announced [our decision](#) to implement a package of measures to improve microbusinesses experience of the market.

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1 Executive Summary

Introduction

In Spring 2022 IFF Research were commissioned by Ofgem to conduct research with non-domestic energy consumers in Great Britain. The aim was to build on our existing evidence base and improve our understanding of non-domestic consumers' experiences of the energy market. Specifically, the research sought to determine:

- The costs and affordability of energy for non-domestic energy consumers
- How non-domestic consumers are experiencing the recent rise in energy prices
- The needs, priorities and challenges of non-domestic consumers now and in the future

These findings are based on a telephone survey of 1,000 GB non-domestic energy consumers conducted throughout April and May 2022, followed by 20 qualitative interviews in June 2022.

The sample included businesses of different sizes as defined by number of employees in GB; Sole trader (0); microbusinesses (1-9); Small (10-49); Medium (50-249); Large (250+). It was also drawn from businesses across the 9 macro-level SIC (Standard Industrial Classification) sectors and region. Further detail on approach to the sampling has been set out in Section 2.

Experiences of changes in the energy market

Overall, the findings indicate that changes in the energy market had caused difficulties for many non-domestic consumers at the time of being surveyed (late April-late May 2022), with around 1 in 3 struggling with the affordability of energy prices and many anticipating the situation to worsen over the following 12 months.

In the context of rising wholesale gas prices, over half of businesses (51% with gas mains and 57% with electricity mains) had experienced energy bill increases over the past 12 months and one quarter (25%) had experienced increases of more than 50%.

Nearly two thirds (65%) were concerned about the energy price rises and the impacts they may have on their business, with a considerable number of these saying they were 'very concerned' (46% of all businesses). Conversely, only a minority (19%) were not concerned. As a result of energy bill increases, 69% of businesses who had experienced increased energy costs have been trying to limit the amount of energy used, while 48% reported that they reduced spending in other areas of their organisation. Around two-thirds (65%) reported energy price rises had contributed to reduced profit margins.

The vast majority (91%) of businesses were keeping up with their energy bill payments, but around one third (35%) reported that they were struggling (even if they were keeping up with the bills and/or had fallen behind with their energy bills). Although only a minority (5%) had fallen behind with their energy bills.

Looking forward, some businesses were concerned about the outlook over the next 12 months, with approaching half expecting their ability to keep up with energy bills to deteriorate (42%) or expecting the situation to stay the same (46%). Indeed, findings from the qualitative stage of the research hint that in the longer-term, many businesses expect that these costs will have to be passed on to their customers.

Energy contracts and suppliers

There was clearly concern about the range of options available. A sizeable proportion (44%) disagreed that there was sufficient choice in the range of prices and around a third (32%) disagreed that there was sufficient choice in the range of products and services. 41% agreed there was less choice in the range of suppliers compared to 12 months ago. Views were less positive amongst medium and large-sized businesses who were typically more engaged with the energy market and better able to comment on the range of choice.¹ Qualitative interviews indicated that some were more disadvantaged than others, as the nature or size of their business precluded them from using certain suppliers who offer cheaper prices.

Around one third (35%) had switched energy supplier in the last 12 months, most commonly citing business-driven reasons (22% moved premises and 8% opened a new business). Those who had not switched in the last 12 months most commonly cited being on to a contract (38%) as the principal reason for this.

A small minority (6%) had been with a supplier that had gone out of business or entered administration in the previous 12 months. This was more common for businesses in the hotel and catering industries (12%). Experiences of being with a supplier that closed down were not particularly positive: 48% were dissatisfied overall while 85% reported bills increasing and 61% reported billing issues.

Overall, only a minority (13%) had made a complaint to their energy supplier in the past 12 months, although this rose to 42% amongst those whose supplier had gone out of business or entered administration.

Energy brokers

Businesses' engagement with energy brokers (having consulted with them or been approached by them when arranging their most recent energy contract) was heavily skewed towards larger businesses (28% overall had contact with brokers, rising to 62% of medium and 61% of large businesses). The vast majority (84%) of businesses who had engaged with a broker thought that the broker did not or would not charge for their services, suggesting that most non-domestic consumers were not aware of how brokers would recoup their costs. Only a minority (10%) were charged in addition to the contract rates, although this was higher amongst large businesses (41%). Where brokers did charge, there were mixed views on the clarity of charges, with close to six in ten (57%) feeling the charges were clear but three in ten (31%) feeling they were not clear.

Decarbonisation

Businesses had mixed approaches towards decarbonisation and green technology, and this was often linked to business size. Larger businesses were more likely to have adopted low carbon products or services or to have specific goals (e.g. net zero by a certain date) and staff dedicated to achieving these goals. Smaller businesses were less likely to have adopted technologies and more commonly had more informal approaches to decarbonisation, such as encouraging responsible behaviours.

¹ Business size was defined by number of employees in Great Britain, as follows: Sole trader (0); micro (1-9); Small (10-49); Medium (50-249); Large (250+)

The most commonly adopted low carbon products and services were energy efficiency technologies (e.g. double-glazed windows, wall insulation), with just under half (47%) of businesses having these in place, followed by smart or advanced meters (32% had these in place). The key barriers to adopting any or more low-carbon technologies and approaches were the price of renewable energy technologies, competing business priorities and a lack of awareness of what decarbonisation products and services were available and to a lesser extent, which were suitable for their business circumstances (e.g. business sector, office type).

2 Introduction

Background, aims and objectives

The Office of Gas and Electricity Markets (Ofgem) is a non-ministerial government department with responsibility for regulating gas and electricity industries in Great Britain. Its principal objective is to protect the interests of existing and future electricity and gas consumers, as well as working to deliver a greener and fairer energy system.

In the last year, the price of energy has considerably increased, due to a variety of factors, causing widespread concern for both domestic and non-domestic (commercial) consumers.² While for the domestic market Ofgem enforces a price cap on tariffs, non-domestic consumers are not protected by an energy price cap in the same way, meaning they are more exposed to a volatile energy market. Small and medium sized enterprises (SMEs) are at particular risk (and especially sole traders and microbusinesses) as they lack the leverage to negotiate with energy suppliers that larger businesses have, and lack the protections from which domestic consumers benefit.³

These developments highlighted the need for Ofgem to improve its understanding of the costs and affordability of energy and experiences of the energy market for non-domestic consumers. Ofgem therefore commissioned IFF Research, an independent research agency, to conduct research with non-domestic consumers across Great Britain.

The main aims and objectives of the survey were:

- To understand how much non-domestic consumers pay for their energy needs, including exposure to changes in them.
- To explore the needs, priorities and challenges of non-domestic consumers now and in the future.
- To understand how they are experiencing the recent rise in energy prices.

Methodology

The research consisted of a 20-minute telephone survey of 1,000 GB non-domestic energy consumers, followed by 20 qualitative interviews with businesses who agreed to take part in a follow-up interview after completing the survey.

Sampling

In order to balance the requirement to achieve a robust sample that was representative of the population⁴ with the need for sufficient numbers within each subgroup to enable reliable subgroup analysis, IFF used a Probability Proportionate to Size (PPS) approach to sampling. This was a two-stage approach, whereby:

² By 'non-domestic consumers' we mean businesses/businesses who operate out of non-domestic premises and who have a non-domestic energy contract. This excludes businesses that operate out of a home (domestic property).

³ The Government's Energy Bill Relief Scheme (EBRS), introduced on 21st September 2022, means additional protections and support for businesses that were not available at the time the survey was conducted.

⁴ Population information was based on the Department for Business, Energy and Industrial Strategy's (BEIS) Business Population Estimates 2021.

- At sector level, half the sample was drawn equally across the 9 macro-level SIC (Standard Industrial Classification) sectors,⁵ with the remainder distributed in proportion to the population.
- This process was then repeated within sector, so that half the sample was distributed equally by size, and the other in proportion to the size distribution within that sector.

Regional targets were set in line with the overall population distribution of UK businesses.

Using a sample-to-target ratio of 20:1 overall, IFF made a sample order of 20,030 businesses from Market Location (a provider of UK business records).⁶ More information on the sampling approach and survey quotas can be found in Appendix A.

Questionnaire design

The questionnaire was developed iteratively between IFF and Ofgem, with IFF leading the drafting process and working collaboratively with Ofgem to refine the questionnaire for piloting. Initial timing checks were carried out to determine the length of the questionnaire, and necessary adaptations were made to achieve an appropriate length.

The questionnaire explored the following areas:

- business profile
- energy usage and costs
- experiences of changes in the energy market
- energy contracts and suppliers
- low carbon technologies and practices

Piloting

IFF conducted an initial pilot exercise in advance of mainstage fieldwork to determine how well the questionnaire worked, and to test respondent engagement and eligibility criteria for the survey. Between Monday 28th March and Friday 1st April 2022 a total of six pilot interviews were completed. This was much lower than targeted, and indicated a number of issues around respondent engagement, survey length and eligibility. The main issue was the strictness of the eligibility criteria. Initially, respondents were screened out if they indicated that their building or office landlord was responsible for energy contracts, and this meant that a high proportion of the sample was not eligible to take part in the survey. The eligibility criteria were therefore adapted to allow respondents to participate if a landlord/building management were responsible for arranging the energy contract rather than the business themselves.

IFF then conducted a second pilot exercise to determine whether these amends would improve response rates and thereby improve the feasibility of the research. In total, 50 interviews were completed between Monday 11th and Thursday 14th April 2022.

Findings from the second pilot led to further amends to the questionnaire introduction, ordering and screening criteria. In addition, some questions were removed to reduce the survey length.

⁵ Sectors: agriculture /mining / utilities; manufacturing; construction; retail and distribution; transport and storage; hotel and catering; finance; property, management and business services; public administration and other.

⁶ See Appendix A for detailed breakdown of sample-to-target ratios within each interlocking size by sector cell

Fieldwork

Mainstage fieldwork began on Monday 25th April and ran until Monday 30th May 2022. Surveys were conducted by IFF's interviewing panel using Computer-Assisted Telephone Interviewing (CATI) and interviews lasted around 20 minutes on average.

Businesses that completed the survey all had a non-domestic energy contract and were either responsible for arranging energy suppliers or for paying energy bills. Respondents were members of staff with responsibility for, or understanding of, energy usage in the organisation. Where businesses had multiple sites, we interviewed members of staff who had knowledge of energy usage across the entire organisation.

Achieved sample

The overall target of 1,000 interviews was achieved. More detail on interviews achieved against initial targets can be found in Appendix A.

The starting sample for the survey was 19,857, with 3,189 contacts being made with eligible respondents. The 1,000 completed interviews therefore represents a response rate of 31% amongst eligible respondents contacted, or 5% of the total starting sample (see Table A.5).

Data processing and weighting

Survey responses were collected using IBM SPSS and descriptive statistics were presented in Excel tables, which showed responses for each question at a total level as well as by key sub-groups.⁷

Weighting was applied to the survey data to account for the purposive approach taken to sampling, and to ensure that the data was representative of the population. Due to the ineligibility of certain businesses, data from the screener questions was used to estimate an adjusted population of eligible businesses in Great Britain. The adjusted population figures (as a % of total population), split by size, sector and region, can be found in Appendix B.

Qualitative research

To obtain deeper insight into businesses' views and experience of the energy market, follow-up qualitative research was conducted. This involved conducting 20 depth interviews, each lasting around 60 minutes, amongst businesses who agreed during the survey to be contacted for a follow-up interview.

The interviews focused on the following areas:

- understanding businesses' experiences of developments in the energy market including energy price rises and increased market volatility
- exploring businesses' expectations of further price increases and of potential impacts on their business

⁷ The sub-groups used to analyse data are: size; sector; region/country; energy type; contract type; annual energy costs; level of concern about price rises; difficulties keeping up with bills; whether compared energy deals; when last switched supplier; whether had energy supplier close down in last 12 months.

- understanding the present and future needs and priorities of non-domestic energy consumers including whether these differ from those of domestic consumers
- understanding businesses' experiences in the energy market, including the experiences of suppliers and brokers
- exploring businesses' decarbonisation goals; identify the available services and green energy products that can contribute to decarbonisation goals; and determine any existing barriers to achieving these goals.

Out of the 1,000 respondents who completed the survey, 400 agreed to be recontacted, representing 40% of all completed interviews. Qualitative fieldwork ran from Tuesday, 24th May 2022 until Thursday 30th June 2022. The achieved sample for qualitative interviews, split by quota, can be found in Table A.6 in Appendix A.

About this report

Typically, the report leads with findings from the survey, before providing insight from the qualitative interviews where relevant.

Throughout the report all reported subgroup findings (e.g. by business size or sector) are statistically significant (using a confidence interval of 95%), unless otherwise stated. Where there is a significant difference between a subgroup figure and the average of all other figures, this is signified with an asterisk (*) in a chart or a table.

Where data is based on a subgroup of fewer than 50 interviews, we can be less confident that the finding applies to the wider population of GB businesses and interpretation of the findings should therefore be treated with caution. Where tables present data for subgroups with fewer than 50 interviews, the figures are shaded in dark grey to signify this.

3 Energy Usage and Costs

To help understand non-domestic consumers' energy consumption habits and to contextualise how they have been impacted by the recent changes in the energy market, this chapter explores energy usage and costs of businesses in Great Britain.

While the survey was purposively targeted at those individuals responsible for energy bills within their organisation, not all were able to provide information on their energy usage and costs. Findings in this chapter are based only on those businesses who knew this information: knew gas usage (37% of those with gas mains); knew electricity usage (41% of those with electricity mains); knew gas costs (71% of those with gas mains); knew electricity costs (78% of those with electricity mains)⁸. Those businesses who knew this information were slightly skewed towards larger businesses; to belong to the manufacturing, construction or agriculture, mining and utilities sectors, and; to have fixed rate contracts.

Responses in this chapter are based on those who reported that they had either gas mains (when discussing gas usage and costs) and/or electricity mains (when discussing electricity usage and costs).⁹

Energy usage and costs

Businesses were asked to provide information on how much they had spent on their gas and/or electricity and the units of energy they had used, according to their last annual bill or most recent 12-month period they were able to report on.¹⁰

Gas usage and costs

Of those businesses who had mains gas and knew their annual gas spend, the majority (70%) spent less than £2,500 on their annual gas bill: 39% spent less than £1,000 and 31% between £1,000 and £2,499 (Figure 3.1). At the higher end of the spectrum only a small minority (6%) spent more than £10,000 per year on their gas bill.

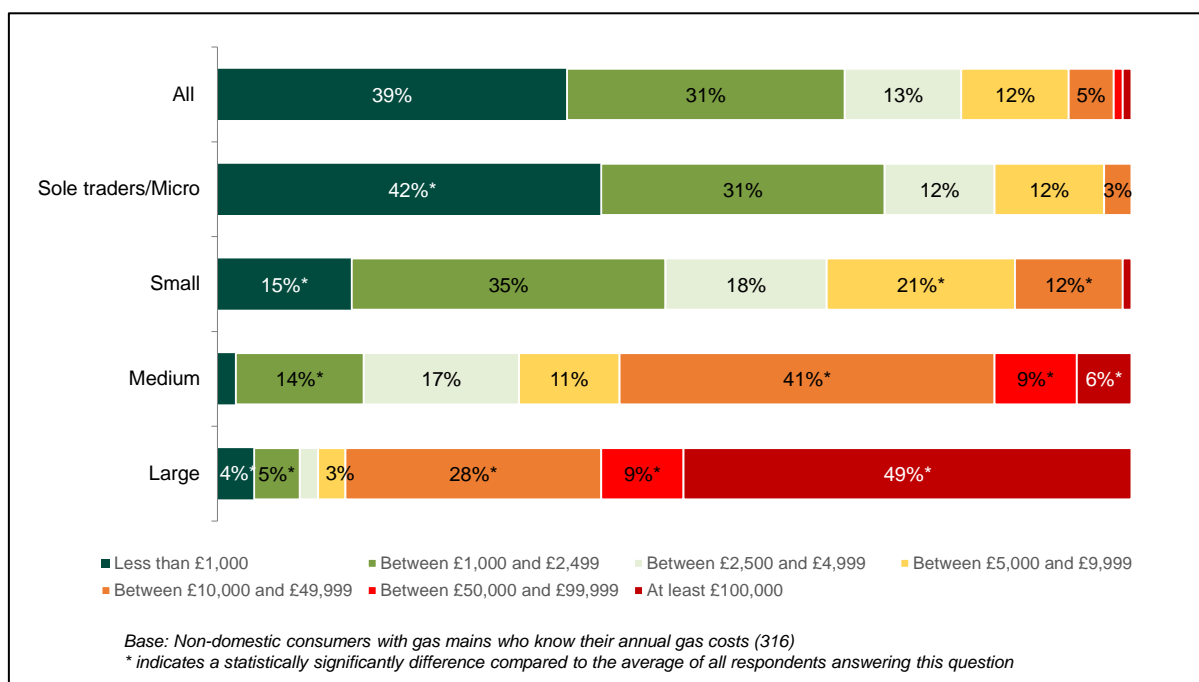
Annual gas spend correlated with business size, as one might expect. The majority (73%) of sole trader and microbusinesses (0-9 employees) spent less than £2,500 on their gas bill and only a small proportion (14%) spent more than £5,000 per year. Large and medium businesses tended to spend considerably more on their gas bill. For example, the vast majority of large businesses (86%) spent more than £10,000 on their gas bill per year (28% between £10,000 and £49,999, 9% between £50,000 and £99,999 and 49% over £100,000), while over half (56%) of medium-sized businesses spent over £10,000 per year on their gas bills.

⁸ These figures are taken from data to which weighting was not applied

⁹ Quantitative fieldwork was conducted between 25th April and 30th May. Findings should be considered in the context of the energy market and, more broadly, the state of the economy during this period.

¹⁰ Not all businesses were able to provide information on their energy usage and costs. Findings in this chapter are based only on those businesses who knew this information: knew gas usage (37% of those with gas mains); knew electricity usage (41% of those with electricity mains); knew gas costs (71% of those with gas mains); knew electricity costs (78% of those with electricity mains).

Figure 3.1 Annual spend on gas bill, by business size



There was not a great deal of variation in amount spent on gas bills by business sector, although those working in property, management or business services were the most likely to have a low gas bill, with 51% spending less than £1,000 per year on gas, compared with 39% on average. There is also an indication that the hotel and catering industry had higher gas bills than other sectors. Businesses in this sector were the most likely to spend at least £10,000 on gas per year (21% of businesses compared with 6% on average), although the difference was not statistically significant so this finding should be treated with some caution.

The pattern of gas spend increasing with business size mirrored gas usage (see Table 3.1). For example, sole traders and microbusinesses and small businesses were more likely to use less than 2,500 kWh of gas per year (42% and 40% respectively) than large employers (0%). Conversely, six in ten (61%) large businesses used at least 200,000 kWh of gas per year (and 89% used at least 10,000) compared with just 2% of sole traders and microbusinesses and 5% of small businesses.

Table 3.1 Annual gas usage, by business size

Gas usage	All businesses	Sole Trader & Micro (0-9 employees)	Small (10-49 employees)	Medium (50-249 employees)	Large (250+ employees)
Base: gas usage known	156	54	38	25	39
Less than 2,500 kWh	41%	42%	40%	14%	0%*
2,500 kWh - 10,000 kWh	22%	24%*	8%*	8%	11%
10,000 kWh – 49,999 kWh	23%	22%	28%	27%	13%
50,000 kWh - 199,999	11%	10%	18%	11%	16%

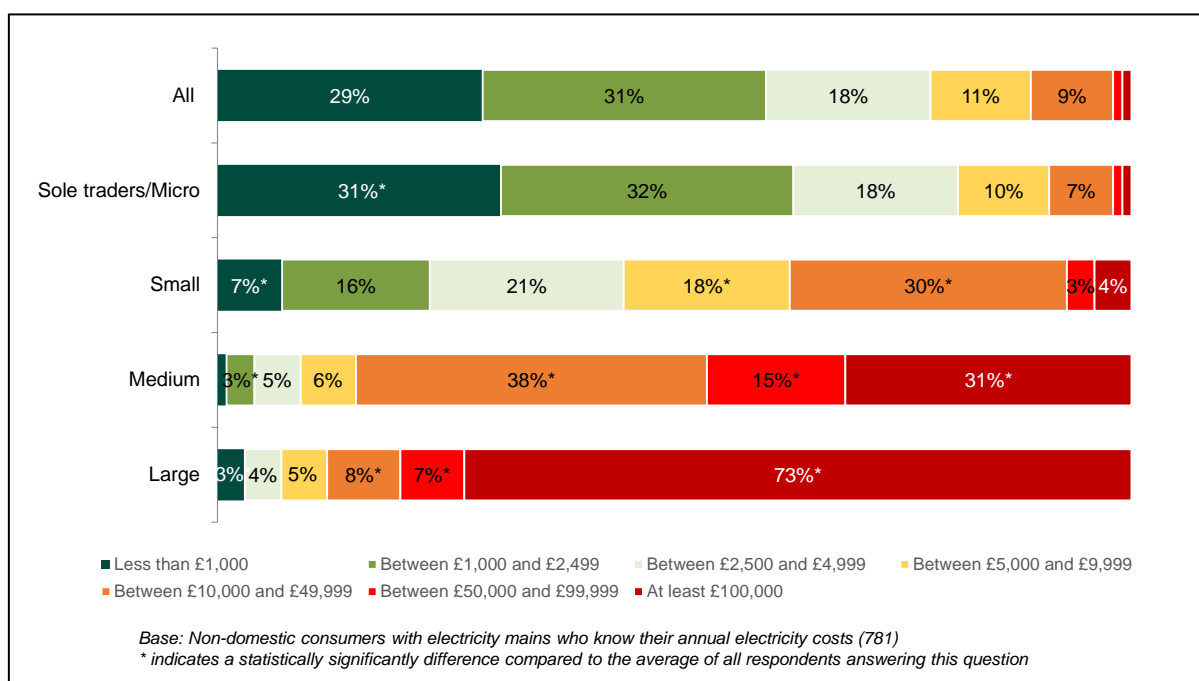
200,000+ kWh	4%	2%*	5%	40%	61%*
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Electricity cost and usage

Overall, electricity costs were slightly higher than gas costs, with almost one in four who knew their annual electricity spend (23%) spending at least £5,000 per year on their electricity, compared with one in five (19%) spending this amount on their gas. Furthermore, only six in ten (60%) spent less than £2,500 per year on their electricity bill, compared to seven in ten (70%) who spent less than this amount on their gas bill.

As with gas costs, electricity costs positively correlated with business size. As shown in Figure 3.2, sole traders and microbusinesses were more likely to spend below £2,500 (63% did so) than small (23%), medium (4%) and large (3%) businesses. On the other hand, most large businesses spent at least £10,000 on electricity (88%, with 73% spending over £100,000), as did most medium businesses (86%; with 31% spending over £100,000). This compares with 38% of small businesses and just 9% of sole traders or microbusinesses. Those sole traders with electricity bills over £10,000 were most likely to work in the property, management and business services (20%), public administration and other (also 20%) or manufacturing (18%) sectors.

Figure 3.2 Annual spend on electricity bill, by business size



There were more notable differences observed by business sector than there were for gas costs. Businesses were most likely to spend in excess of £10,000 on their electricity if they operated within the agriculture, mining and utilities (33% in this sector did so), manufacturing (31%) or hotel and catering (27%) sectors. The transport and storage sector was the most likely to spend the least on electricity, with almost four in ten (37%) businesses in this sector spending below £1,000 on electricity annually, compared with just 10% in hotels and catering, 18% in manufacturing, and 19% in agriculture, mining and utilities.

In terms of electricity usage, a majority of businesses (62%) used less than 10,000 kWh according to their latest annual bill (29% used less than 2,500 kWh and 33% used between 2,500 and 10,000 kWh), as shown in Table 3.2 below. Only around one in ten (10%) used 50,000 kWh or more.

Electricity usage followed a similar pattern by business size as electricity spend. Three in ten (30%) sole trader and microbusinesses and one in four (24%) small businesses used less than 2,500 kWh, compared with only 2% of medium and no large businesses. Conversely, 76% of large businesses and 52% of medium businesses used more than 200,000 kWh, compared with 3% of sole trader and microbusinesses and 6% of small businesses.

Table 3.2 Annual electricity usage, by business size

Electricity usage	All businesses	Sole Trader & Micro (0-9 employees)	Small (10-49 employees)	Medium (50-249 employees)	Large (250+ employees)
<i>Base: electricity usage known</i>	407	208	92	56	51
Less than 2,500 kWh	29%	30%*	24%	2%*	0%*
2,500 kWh - 10,000 kWh	33%	35%*	20%*	10%*	2%*
10,000 kWh – 49,999 kWh	27%	27%	28%	20%	15%
50,000 kWh - 199,999	6%	5%*	22%*	17%*	7%
200,000+ kWh	4%	3%*	6%	52%*	76%*

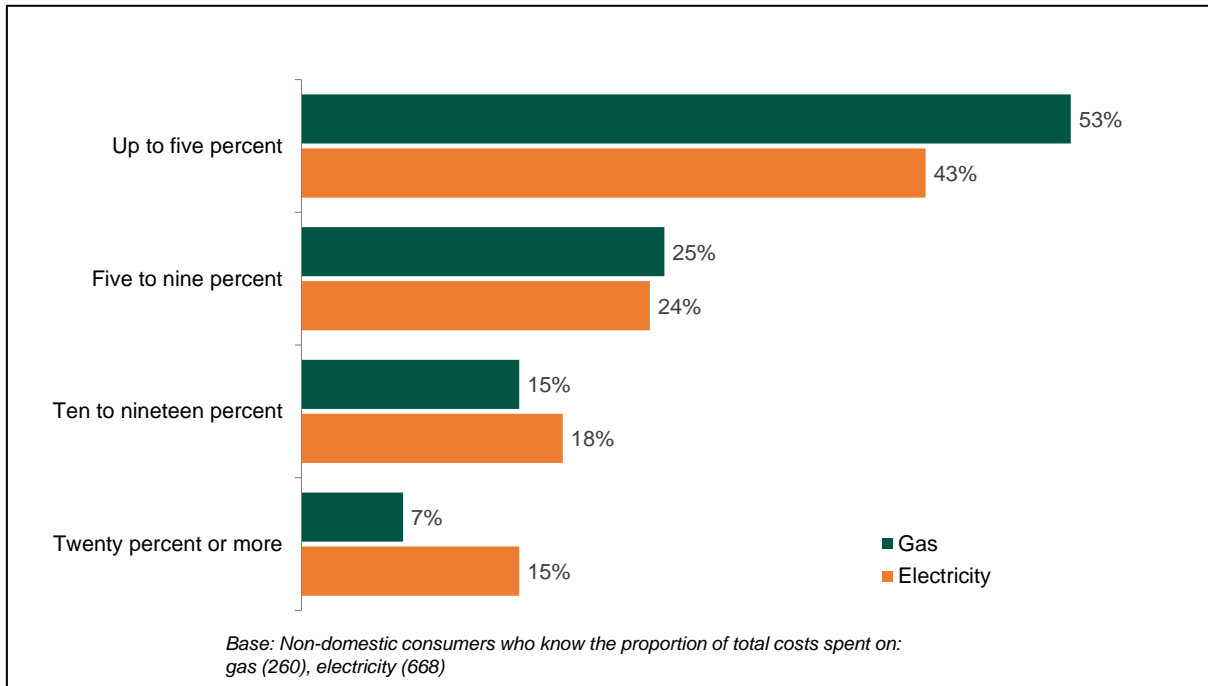
In terms of sector, results suggest that those most likely to use at least 10,000kWh of electricity were in the hotel and catering (72%) and the manufacturing (49%) sectors (this compared with 37% on average). These findings are not, however, statistically significant due to the small number of businesses in these sectors who knew their electricity usage, so must be interpreted with some caution.

Interestingly, businesses on a fixed rate electricity contract were more likely than those on a variable rate contract to use at least 10,000 kWh per year (39% compared with 18%), although the results suggest the opposite may be true of gas contracts. Those on a fixed rate were more likely (although not significantly so) to report using less than 2,500 kWh of gas per year (44%) than those on a variable rate contract (24%).

Energy costs as a proportion of total costs

Businesses were asked what proportion of their total costs were spent on their gas and/or electricity bill. As shown in Figure 3.3, gas bills amounted to less than 5% of total costs for over half of businesses (53%), and less than 10% for around three quarters (78%). In line with aforementioned findings on electricity spend, electricity costs typically amounted to a slightly higher proportion of their total costs than gas: 33% reported that 10% or more of their total costs were spent on electricity, compared with 22% of businesses who spent 10% or more on their gas.

Figure 3.3 Energy costs as a proportion of total costs



For medium and small sized businesses, gas and electricity bills typically represented a slightly lower proportion of their overall costs than businesses of other sizes. Around nine in ten medium (92%) and small (88%) businesses spent less than 10% of their total costs on gas, compared with 76% of sole traders and microbusinesses, and 75% of large businesses. The pattern is broadly similar in terms of electricity spend as a proportion of total costs.

Looking at differences by sector, businesses most likely to spend less than 10% of their total costs on their electricity bill were those in the property/management/business services (78% spent less than 10%) and the retail and distribution (72%) sectors. Businesses in these sectors were less likely to spend at least 20% of their costs on their electricity bill than those in the hotel and catering, finance and public administration and other sectors (22% in each sector did so).¹¹

Energy Intensive Industries (EII) exemptions

Energy Intensive Industries are industries that are high users of energy. These are generally industrial sectors, such as manufacturing, that may be disadvantaged by higher energy bills passed on by energy suppliers who have paid levies and obligations to fund the production of renewable and low carbon energy.¹² Energy Intensive Industries exemptions are available to businesses in certain

¹¹ Due to the small numbers of businesses who knew their gas costs as a proportion of overall costs in each sector, it is not possible to comment on differences between sectors with confidence so this section only covers differences between sectors in terms of electricity costs as a proportion of total costs.

¹² 'Energy Intensive Industries' Parliamentary Briefing, November 2021. Source: [CDP-2021-0195.pdf \(parliament.uk\)](https://www.parliament.uk/resources/cdp-2021-0195.pdf)

sectors which are affected by these higher costs, to help them reduce their costs, remain competitive and maintain the UK's position in the global market.¹³

Businesses were asked whether they received any EII exemptions, but only a tiny minority of businesses (2/1000) reported having received these exemptions.

¹³The Energy Intelligence Centre (EIC), February 2021. Source: [The EII Exemption Scheme: everything you need to know - EIC](#)

4 Experience of changes in the energy market

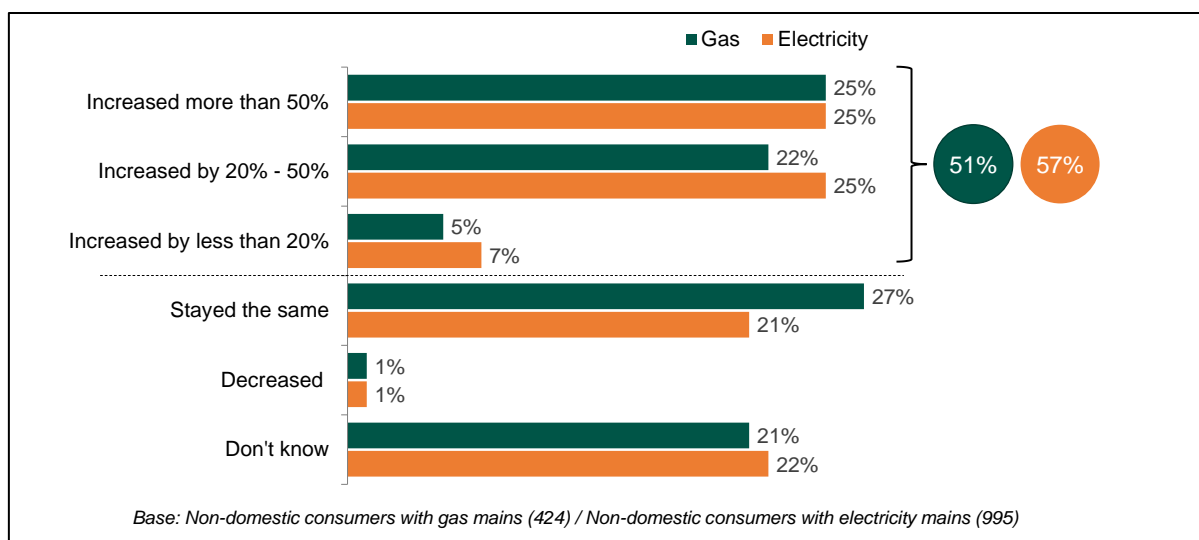
This chapter explores the extent to which businesses have been affected by the recent changes in the energy market. It reports on the experience of facing higher bills, the level of concern that businesses have regarding price rises, and the expectations of businesses to be able to keep up with energy bills over the next 12 months.

Gas and electricity bill price changes

Businesses with mains gas and/or electricity were asked the extent to which their energy bills had changed compared to a year ago. As shown in **Error! Reference source not found.** below, a sizeable proportion reported that their gas and electricity bills had increased over the past 12 months. Around a half (51%) reported their gas bill had increased, while a slightly higher proportion (57%) reported that their electricity bill had increased. In terms of the extent of the increase (i.e., the proportion change), this was often high, and a quarter of businesses said their gas or electricity bills had increased by more than fifty percent.

Of the remainder, most said they had stayed the same and only a negligible proportion (1%) said they had fallen. Around a fifth of businesses with mains gas and/or electricity were not sure whether their bill amount had changed or not. This relatively high number who were not sure whether their energy bills had changed or not might suggest that the proportion of businesses who had experienced an increase in their energy costs was higher than shown in **Error! Reference source not found.**; in fact, filtering on those who had knowledge of their energy costs over the last year, 64% of businesses said their gas bill had increased, and 72% said their electricity bill had increased.

Figure 4.1 Change in price of gas bills and electricity bills in the last 12 months



The proportion of businesses reporting a price increase over the past 12 months was similar across the different sizes of businesses and broadly similar across the industry sectors, although those with high annual bills (£10,000+ p/a on either gas or electricity) were more likely to report a price increase (see Table 4.1). Of particular note, four-fifths (80%) of businesses on mains gas with annual gas bills of £10,000+ reported an increase in their gas bills, with a half of this group (representing 39% of all businesses on mains gas) reporting an increase of more than 50%.

Although a lower proportion of businesses on a fixed rate contract had experienced a price increase compared with those on a variable rate contract, as one would expect, these consumers were likely to experience a significant increase in energy prices when their fixed term contract ends.

A sizeable proportion of businesses did not know what type of energy contract they had or the cost of their annual bills, with these businesses more likely to be unsure whether their energy bills had changed over the past 12 months (for example, 27% did not know the contract type for their electricity supply).

Table 4.1 Energy price increase, by size, sector, type of energy contract and annual energy costs

		<i>Base</i>	<i>% with gas price increase</i>	<i>Base</i>	<i>% with electricity price increase</i>
Total		424	51%	995	57%
Size of organisation	Sole trader / Micro (0-9 employees)	186	51%	577	56%
	Small (10-49 employees)	99	52%	207	63%
	Medium (50-249 employees)	64	45%	116	49%
	Large (250+ employees)	75	58%	95	59%
Sector	Agriculture, mining, utilities	16	49%	68	60%
	Manufacturing	50	33%	99	49%
	Construction	47	59%	110	67%*
	Retail and distribution	38	50%	133	57%
	Transport and storage	24	44%	59	54%
	Hotel and catering	39	55%	75	60%
	Finance	25	52%	52	64%
	Property, management & business	85	42%	204	50%
	Public administration and other	100	59%*	333	57%
	Type of energy contract▲	Fixed rate	251	54%	575
Variable rate		65	67%*	143	76%*
Another rate ¹⁴		30	63%	68	69%*
Annual energy costs▲	Low (<£1,000)	66	64%*	142	59%
	Medium (£1,000 - £9,999)	159	54%	390	68%*
	High (£10,000+)	91	80%*	249	66%*

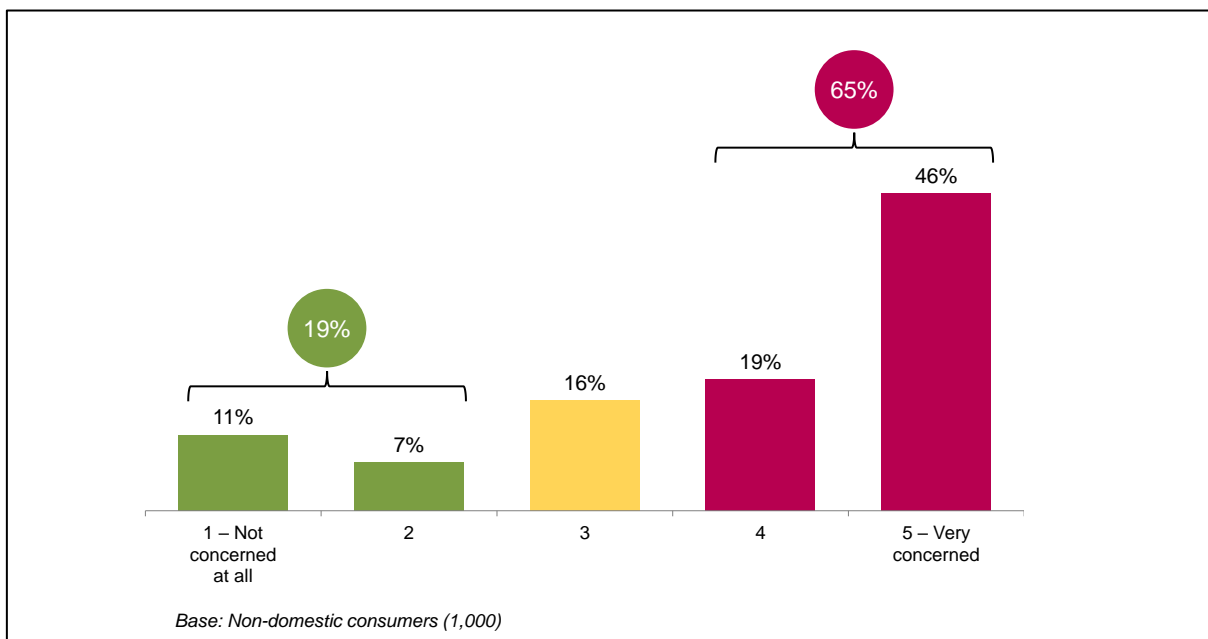
¹⁴ Would include: Rollover, Deemed contract, Pass through, Evergreen

Impact of price rises

Levels of concern

On a scale of one to five, where one was 'not at all concerned' and five was 'very concerned', businesses were asked to rate their level of concern about the recent energy price rises, and the possible impacts these were having on their organisation. Businesses scoring four or five out of five are categorised as 'concerned'. As shown in **Error! Reference source not found.**, levels of concern were fairly high, and two-thirds (65%) of businesses gave a score of four or five.

Figure 4.2 Level of concern about recent energy price rises and possible impacts on organisation



Unsurprisingly, concern was particularly high amongst those who had experienced energy bill increases in the past 12 months, rising to 80% of those who had had a gas bill increase and 75% who had had an electricity price increase. However, even amongst those not experiencing price rises, there was still a relatively high level of concern (47% of those whose gas bills had stayed the same, 42% of those whose electricity bills had stayed the same) suggesting a general picture of unease. The qualitative interviews found that businesses were very conscious of the recent price changes in the energy market and the potential implications for their business; a number said that the cost of energy was being carefully factored into budgets and business plans.

“Electricity use is at the back of my mind in everything we do.”

Sole trader / microbusiness, public administration and other sector, England

“Price rises will be a prime consideration when setting the budget for next year. I expect we would be looking at double our budget for utilities, potentially even more.”

Small organisation, public administration and other sector, England

Perhaps surprisingly, there were no marked differences in levels of concern by size of organisation. However, as might be expected, businesses with higher annual energy costs showed higher levels of concern. Most businesses with annual gas bills of £10,000+ (88%) or with annual electricity bills of £10,000+ (82%) were concerned about recent energy price rises.

“It would be foolish of me to say that (energy prices) would not be the key consideration at the moment given the extreme volatility in the marketplace and our fixed term agreement expired at exactly the wrong time especially with the Russia Ukraine conflict. We are price sensitive in how we forecast those costs because of the way our business is modelled.”

Large organisation, property, management and business services sector, England

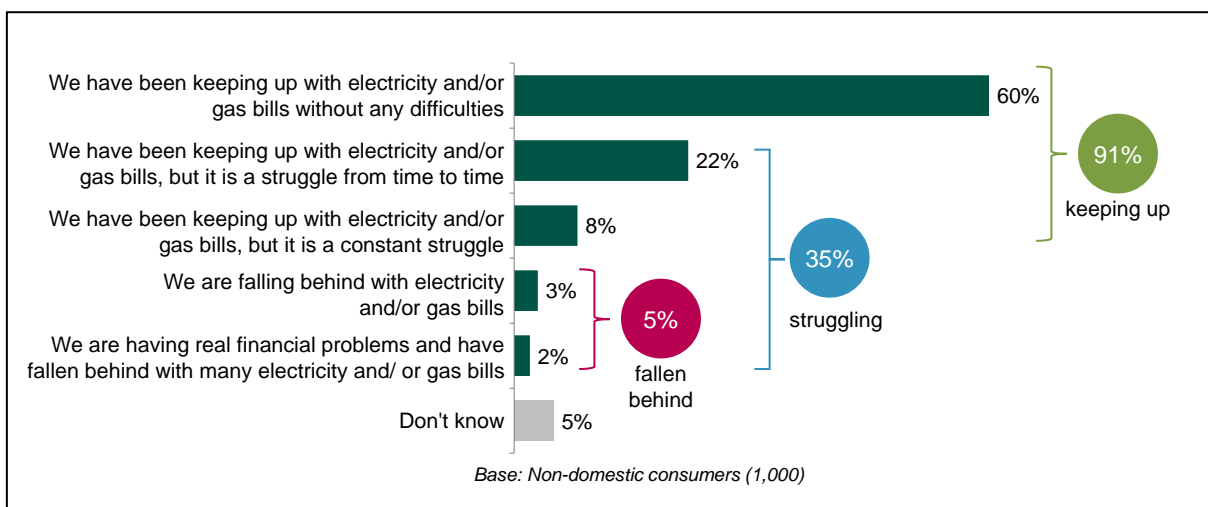
Businesses in the hotel and catering sector were also more likely to be concerned than others, with four-fifths (81%) saying they were concerned about the recent energy price rises. This was potentially related to their higher energy bills, as businesses in this sector were over twice as likely as the average of all businesses to have high electricity bills (27% said their annual electricity bill was £10,000+ compared to 12% on average).

Around a fifth (19%) of businesses were not concerned about energy price rises. Businesses in the financial sector were amongst the least concerned, with two-fifths (39%) saying they were not concerned (matching the proportion (39%) in this sector who said they were concerned). Businesses in the financial sector had similar annual bills to other businesses suggesting that this viewpoint is not necessarily driven by a lower reliance on energy. Other sectors that recorded less concern than some others included the transport and storage sector and the property, management and business services sector (28% and 24% respectively said they had low concerns).

Keeping up with payments

As shown in Figure 4.3, most businesses reported that they were keeping up with their energy bill payments (91%). That said, a third (35%) said they were struggling (even if they were keeping up with the bills) and/or had fallen behind with their energy bills.

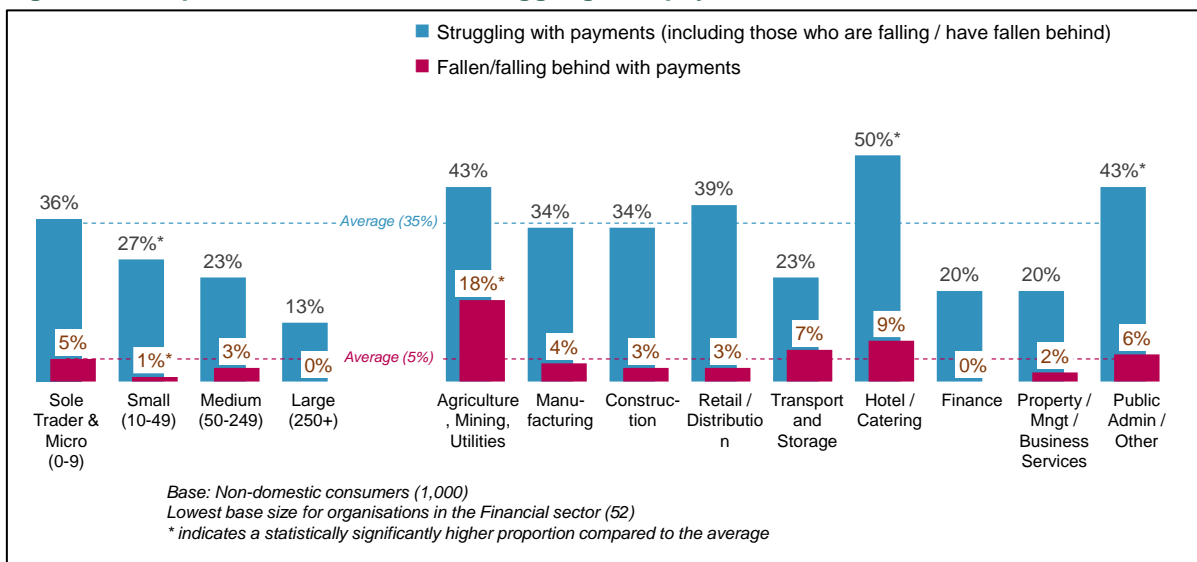
Figure 4.3 Extent to which business has been keeping up with energy bills over past 12 months



There was a clear link between the size of the business and having financial difficulties (Figure 4.4), with sole traders and microbusinesses (0-9 employees) reporting higher levels of difficulties than

larger sized businesses; just over a third (36%) said they were struggling compared to 13% of large businesses (250+ employees). Some differences were also evident by sector, with businesses in the agriculture, mining and utilities sector more likely to report that they had fallen behind with payments (18%), and businesses in the hotel and catering, and public admin and other sector to say that they were struggling with payments (50% and 43% respectively).

Figure 4.4 Proportion of businesses struggling with payments



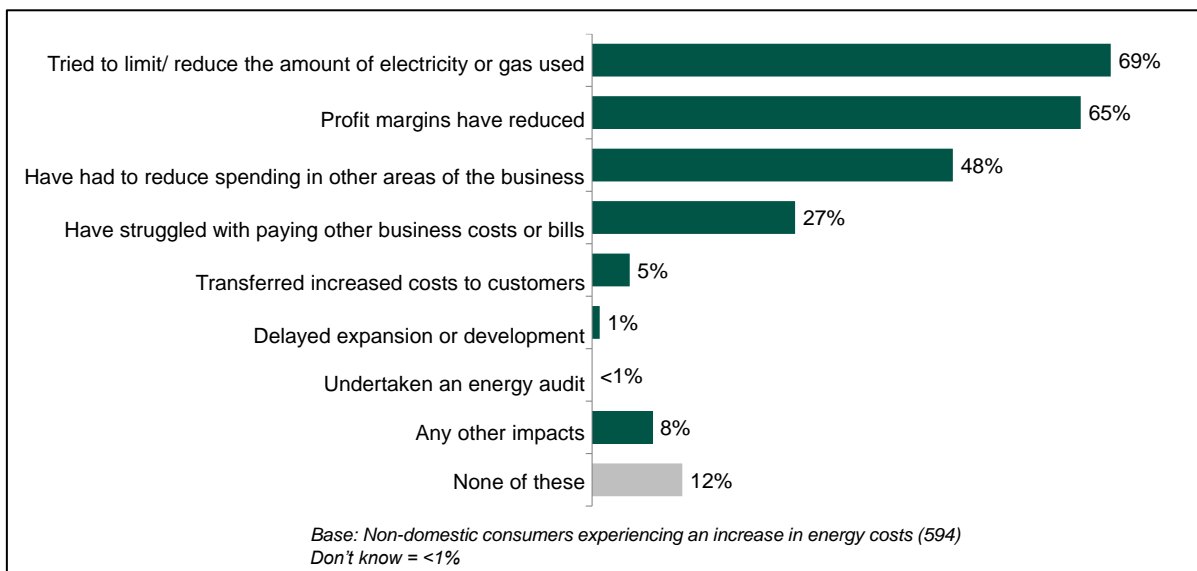
As might be expected and reflecting their higher levels of concern around energy price rises, businesses with higher energy costs were more likely to be struggling with payments; 57% of those with high annual gas bills (£10,000+) said they were struggling, as were 43% of those with annual electricity bills in the mid-range (£1,000-£9,999) and high-range (£10,000+).

Impact of increased energy bill price rise on business

Nearly all (89%) businesses who had experienced an energy bill increase said the increase had led to some kind of impact on their business (Figure 4.5).

Many businesses had tried to manage the impact of increased energy costs by reducing their outgoings, either by limiting / reducing the amount of energy used (69%) or by reducing spending in other areas of the business (48%) and almost two-thirds mentioned they had experienced lower profit margins (65%). There was a mention of a knock-on impact to other businesses as over a quarter (27%) said they had struggled to pay other costs or bills. However only a small proportion (just five percent) said they had passed on all / some of the cost to the customer.

Figure 4.5 Impacts of increased gas and electricity costs on businesses



From the qualitative research it was clear that reducing the amount of energy used was not an option for all businesses; for example, firms needed to have their heavy machinery running constantly (it was not easy to switch the machinery on and off to respond to peaks and troughs in the production process), and care homes needed to provide sufficient heating for their residents. For these businesses (and especially those with finite resources), they often had to make the decision to reduce the spending in other areas.

"Paying more for electricity means less money on staff welfare, extra training, only one new uniform a year instead of two."

Small organisation, public administration and other sector, Scotland

For one sole trader, who had been considering closing their business over the winter months due to lower customer footfall from tourists, the higher energy bills had been a deciding factor to shut.

Case study example

"The price increase in October is a driving factor not to keep going through winter."

For this retailer, the building premises were extremely expensive to heat as the heat dissipated into other parts of the building that were not occupied and the night storage heaters did not work effectively. With a projected further rise in energy bills the business owner was "not sure [they] can limp through." The energy supplier was chosen by the landlord which meant the business owner had no control over the tariff. Their bills had gone up by £50-£100 per quarter and this had made the bottom line very difficult. The business owner was hoping that the situation settled over the winter period so that they could start trading again in Spring.

Sole trader / microbusiness, retail and distribution sector, Wales

Other businesses mentioned that whilst they had, to-date, been able to manage or minimise the impact of price changes, this would not necessarily be the case if energy prices rose much more, when their 'rainy day reserves' had run out, or when their fixed-rate energy contract came to an end.

There was some hint by businesses that over the longer term the impacts on their business would be more significant and that there could be more of an impact on the end-customer.

"We would do that [passing on costs to our customers] a lot more if the price went up, but it's not something we are doing at the moment. We will have less money to spend on other things, less money to spend on the building, and might have to cut back on electricity usage".

Small organisation, public sector and other sector, England

"The more we pay, that cost has got to go somewhere... If we go to them [intermediary clients] with a price increase, it can hit them... It will be the end consumer that pays for it".

Large organisation, retail and distribution sector, England

From the quantitative research, it was evident that it was sole traders and microbusinesses (0-9 employees) who had felt the impacts of energy price changes most acutely. These businesses were nearly twice as likely as large businesses to say their profit margins have reduced (66% vs. 37% of large businesses) and were three times as likely as large businesses to say they have struggled paying other business costs or bills (28% vs. 9%).

Table 4.2 Impacts of increased costs of gas or electricity on organisation

Impact of increased energy costs	All businesses	Sole Trader / Micro (0-9)	Small (10-49)	Medium (50-249)	Large (250+)
<i>Base: Have experienced an increase in energy cost</i>	594	334	130	67	63
Tried to limit/ reduce electricity or gas used	69%	70%*	61%	54%	70%
Have had to reduce profit margins	65%	66%*	53%	69%	37%
Have had to reduce spending in other areas	48%	48%	44%	40%	37%
Have struggled paying other business costs	27%	28%*	22%	16%	9%
Transferred increased costs to customers	5%	5%	1%	6%	3%
Delayed expansion or development	1%	1%	4%	0%	0%
Undertaken an energy audit	<1%	<1%	0%	2%	1%
Any other impacts	8%	8%	4%	8%	11%
Don't know	<1%	<1%	0%	0%	6%*
None of these	12%	11%	15%	22%*	11%

There were a few differences evident by sector. For example, businesses in the retail and distribution sector were more likely to say they had limited/reduced the amount of electricity/gas used (86%), whilst businesses in the hotel and catering sector were more likely than others to have seen reduced profits (79%) or reduced spending in other areas of the business (70%). Reflecting their overall lower concern around the energy price increases, businesses in the financial sector were less likely to report any impacts (73% mentioned at least one 'impact' compared to 89% of all businesses).

Expectations of businesses' ability to keep up with bills

There was a degree of pessimism in businesses' perceived ability to keep up with gas or electricity bills in the short-term future. Nearly half (46%) said there would be no change to bills over the coming 12 months, but a similar proportion (42%) expected the situation to worsen. Just seven percent of businesses expected the situation with energy bills to improve.¹⁵

This pessimism was found across all sized businesses (**Error! Reference source not found.**), although it was less pervasive amongst large businesses who were more likely to say it would be a situation of 'no change' (59%). That said, a quarter (25%) still expected their businesses' ability to keep up with energy bills to worsen.

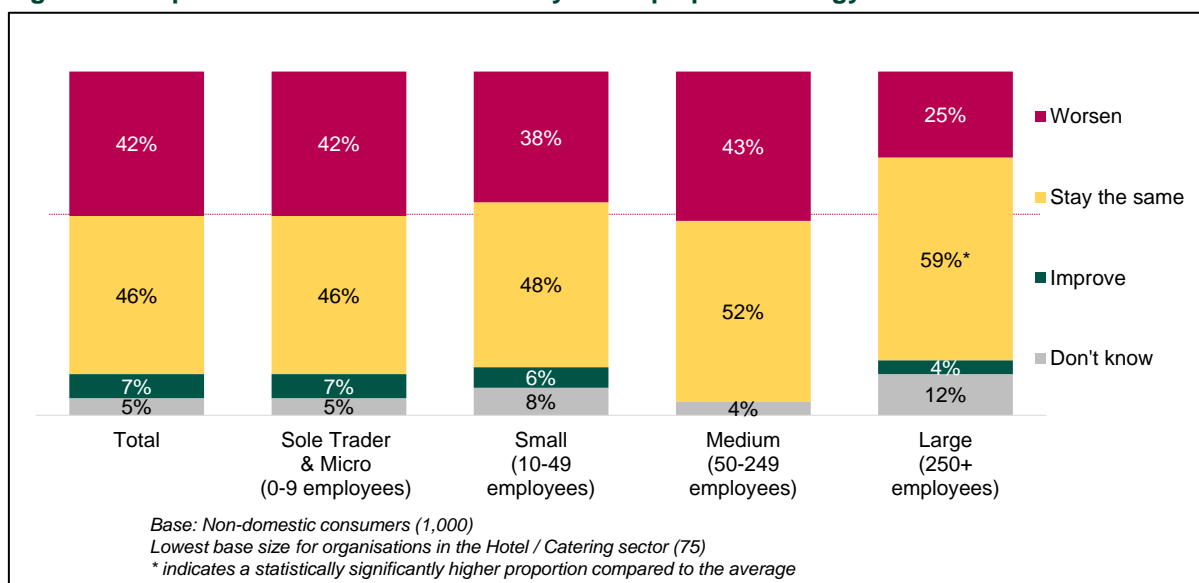
"The lack of control makes you slightly resentful [the energy supplier for this business was appointed by their landlord]. We can't shop around. At home I can go with an ethical company and have that choice but it is going to get worse. There's no cap on business, so who knows where it is going to go."

Small organisation, public administration / other sector, England

"I can't see [costs] coming down rapidly inside two years ... unless there are significant renewable energy incentives on a UK wide scale."

Large organisation, property, management and business services sector, England

Figure 4.6 Expectation of businesses' ability to keep up with energy bills in next 12 months



Businesses in the hotel and catering sector were particularly negative; over a half (58%) said they thought their ability to keep up with energy bills would get worse over the next 12 months. Businesses in the agriculture, mining and utilities sector were also more pessimistic than some other sectors, with just over a half (53%) saying they thought the situation would get worse over the next 12 months¹⁶.

¹⁵ It is important to note that these views were collected in Spring 2022, before the Government's EBRS scheme was introduced, which provides businesses with protections and support to deal with increasing energy costs.

¹⁶ This was not statistically significantly higher than the average but was higher than recorded for the construction sector (38%) and the property, management, and business Services sector (30%).

This compared to, for example, just 30% of businesses in the property, management and business services sector expecting the situation to worsen.

Businesses already having difficulties keeping up with bills were more likely to feel that the situation would worsen over the next 12 months compared to those who said they were keeping up with bills without difficulties (58% vs. 32%). This was also the case for businesses on electricity contracts such as Rollover, Deemed contract, Pass through or Evergreen, as 57% of these businesses said the situation will worsen compared to 40% of businesses on fixed or variable rate contracts for their electricity.

5 Energy contracts and suppliers

This chapter explores overall perceptions of the level of choice in the energy market. It then covers consumer activity in the energy market in terms of the type of tariff that businesses are on, and whether they review their supplier and shop around for the best deal.

Views on the energy market

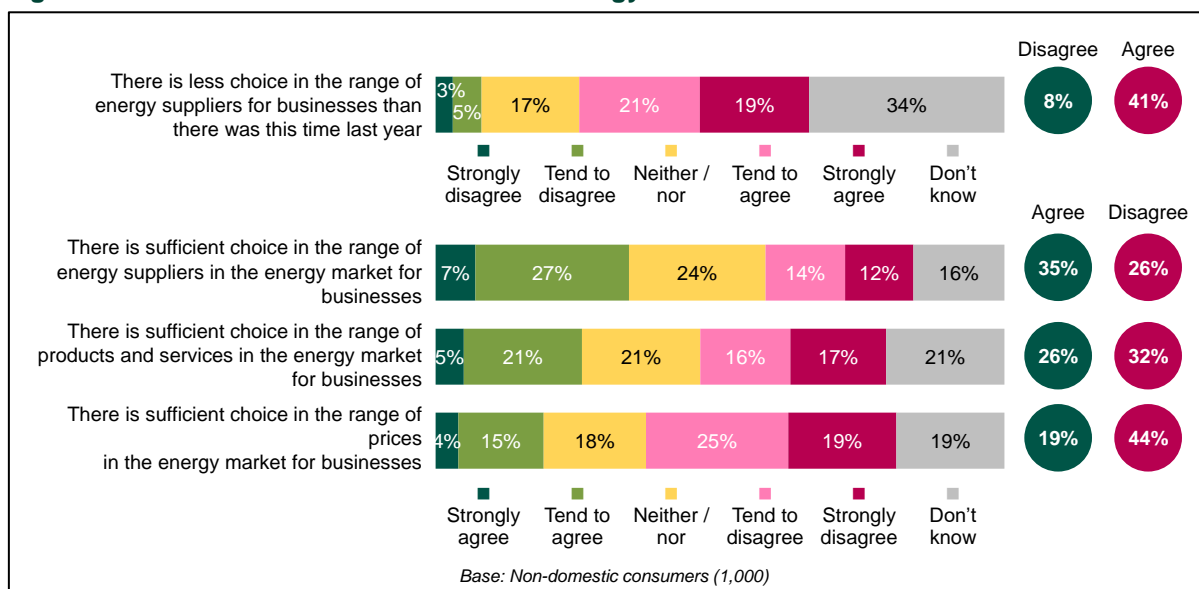
Businesses were asked their level of agreement with four statements that related to 'choice' within the energy market. These covered: how the range of energy suppliers had changed over the last year; whether there was sufficient choice in the range of suppliers; whether there was sufficient choice in the products and services available; and whether there was a sufficient range of prices.

Overall, and as shown in **Error! Reference source not found.**, at the time of being surveyed (Spring 2022) businesses felt there was less choice in the market compared to a year before; two-fifths (41%) agreed there was less choice, whilst only eight percent disagreed (a net position of +33 percentage points reporting less choice). The proportion of businesses not able to give an opinion was relatively high (34% did not know, 17% said had no opinion), and this could reflect a lack of day-to-day engagement with the energy market.

Views on there being sufficient choice in the market, however, showed a more mixed story. Opinion was broadly divided in terms of sufficient choice in the 'range of energy suppliers' and the 'range of products and services', although it just tipped towards the positive for the 'range of suppliers' (35% agreed, 26% disagree, a net position of +nine percentage points) and towards the negative for the 'range of products and services' (26% agreed, 32% disagreed, a net position of -six percentage points).

Businesses were decidedly more negative about the choice in the 'range of prices'. Over twice as many disagreed as agreed that there was sufficient choice in the 'range of prices' (44% vs. 19%, a net position of -25 percentage points).

Figure 5.1 Attitudes towards 'choice' in the energy market



A number of businesses in the qualitative research elaborated on the reduced choice in the market. There was an awareness of some suppliers closing down, whilst others mentioned that they could not use certain suppliers due to the specific nature of their business. One business mentioned that they could not use the smaller suppliers in the consumer market who, in their view, offered cheaper energy prices. One large business specifically mentioned that the Ukraine war had restricted the number of suppliers they could consider and that others had limited capacity to onboard new customers.

"There are some but not loads, as we use quite a lot of energy not all companies were willing to do it."

Medium organisation, public administration / other sector, England

"When we go out to tender, we would usually expect between five to six tender responses each with a different offering so a different source of green energy, some might be nuclear, some wind ... because of the volatility in price we got one or two organizations coming back to us and our broker said, 'if you want to change supplier you will find yourself in deemed rates territory ... because the capacity to onboard new clients is severely limited'."

Large organisation, property, management and business services sector, England

On the other side, however, some businesses did not raise any issues around supplier choice, and one business even went as far to argue that there was too much choice which created confusion.

"There are too many, I was going to say there is plenty of choice but there is too much. The market needs to be simplified ... it's designed to befuddle and confuse the outsider... it can be a hell of a minefield."

Large organisation, retail and distribution sector, England

The quantitative research found that there were some differences in opinion around choice in the energy market by business size. For example, both medium (50-249 employees) and large (250+ employees) businesses were more likely to feel that there was less choice in the range of energy suppliers for businesses than this time last year but also that there was (still) sufficient choice in the range of suppliers: 51% of medium businesses and 56% of large businesses felt there was less choice compared to 41% on average, but 45% and 46% respectively still felt there was sufficient choice of energy suppliers compared to 35% on average (Table 5.1). Sole traders and

microbusinesses (0-9 employees) were less likely to have an opinion about availability and choice in the energy market, which could suggest lower engagement levels with the energy market.¹⁷

Whilst there were some differences in opinions about choice in the energy market by business size, there was no difference in views in respect of prices; regardless of their size, twice as many businesses disagreed as agreed that there was sufficient choice of prices in the energy market.

Table 5.1 Agreement with statements about 'choice' in the energy market

	All businesses	Sole Trader / Micro (0-9)	Small (10-49)	Medium (50-249)	Large (250+)
<i>Base: Non-domestic consumers</i>	1,000	579	208	116	97
There is less choice in the range of energy suppliers for businesses than there was this time last year					
Agree	41%	40%	47%	51%*	56%*
Neither agree nor disagree	17%	17%	15%	16%	15%
Disagree	8%	8%	10%	4%	12%
Don't know	34%	35%*	28%	29%	17%
There is sufficient choice in the range of energy suppliers in the energy market for businesses					
Agree	35%	34%	46%*	45%*	46%*
Neither agree nor disagree	24%	24%	22%	21%	20%
Disagree	26%	26%	21%	19%	26%
Don't know	16%	16%*	11%	15%	9%
There is sufficient choice in the range of products and services in the energy market for businesses					
Agree	26%	25%	31%	34%	36%*
Neither agree nor disagree	21%	21%	20%	24%	21%
Disagree	32%	32%	34%	22%	31%
Don't know	21%	22%*	15%	20%	13%
There is sufficient choice in the range of prices in the energy market for businesses					
Agree	19%	19%	22%	20%	23%
Neither agree nor disagree	18%	18%	18%	18%	18%
Disagree	44%	44%	48%	41%	51%
Don't know	19%	20%*	12%	22%	9%

Businesses who were more concerned about energy price rises, who were having difficulty keeping up with bills and/or had switched suppliers in the past year tended to give more negative responses to the questions of choice in the energy market. Otherwise agreement and disagreement levels were

¹⁷ This is supported in the findings of Ofgem's Microbusiness Strategic Review (March 2022), which identified the need to help microbusinesses access advice and guidance to increase awareness about how the market operates and their rights as consumers. Source: <https://www.ofgem.gov.uk/publications/microbusiness-strategic-review-decision-modify-slcs-all-gas-and-electricity-supply-licences>

broadly similar across sectors with a notable exception that hotel and catering businesses were more likely to disagree than others that there was a sufficient choice of energy suppliers (36% compared to 26% on average), whilst in contrast agriculture, mining and utilities businesses were more likely to agree that there was a sufficient choice of energy suppliers (51% compared to 35% on average).

Although there were some differences in views by energy bills and tariffs these looked to be linked with the differences of opinion shown by size of business in **Error! Reference source not found.** above. For example, 70% of those on an 'other' type of gas contract (e.g. a Rollover or Evergreen tariff) agreed that there was now less choice in the market compared to 41% on average, but 67% also agreed that was sufficient choice in the range of energy suppliers compared to just 35% on average. Those on this type of gas tariff tended to be larger businesses.

Use of suppliers

Suppliers and tariffs used for gas and electricity

A range of suppliers were reported as being used in both the gas and electricity market, although it was notable that many businesses were not aware who their gas or electricity supplier was, suggesting a general lack of engagement with the energy market. Close to a quarter (23%) of businesses on mains gas did not know who supplied their gas, and 26% of businesses on mains electricity did not know who supplied their electricity, with this a more common response amongst sole traders and microbusinesses (0-9 employees).

Just over a half of those on mains gas and on mains electricity said they had a fixed rate contract suggesting that they will be protected by price increases for a period of time (**Error! Reference source not found.**).¹⁸ In the qualitative research, a number of businesses recognised that a fixed rate secured before the energy price changes had helped to insulate them from the volatility of the energy market. More generally, businesses suggested a preference for fixed rates as they provided a level of certainty to the business about their energy costs which, in turn, allowed them to budget more effectively.

About a new three-year energy deal - "We are hoping it (the market) would have steadied by then and hopefully it won't affect us, but obviously we don't know and we can't guarantee that."

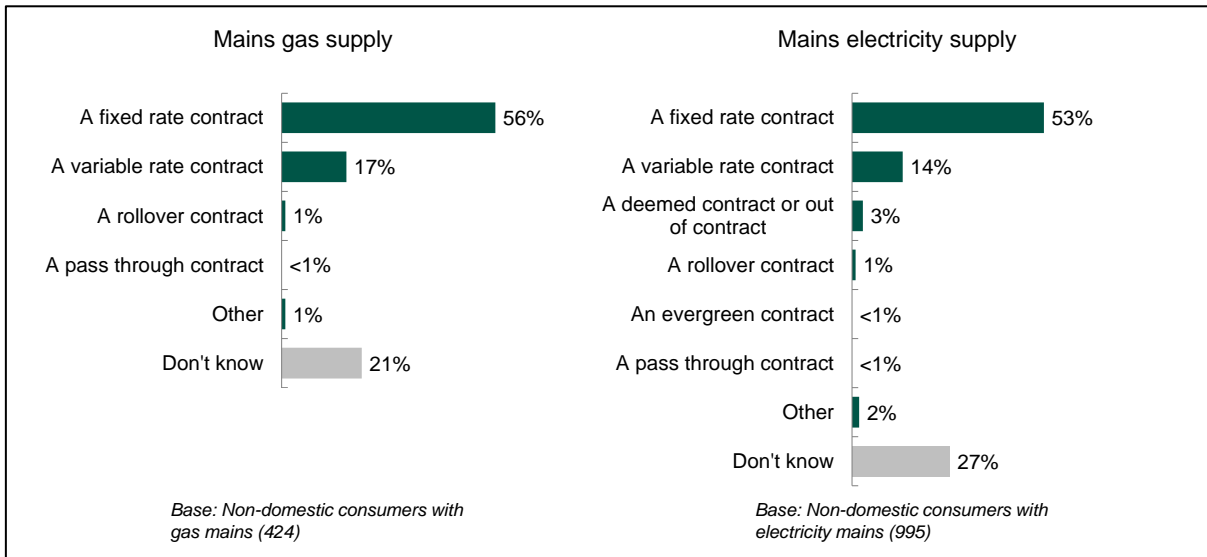
Medium organisation, public admin / other sector, England

"If you're fixed, you can have control over spending ... can budget much better."

Sole trader / microbusiness, retail and distribution sector, Wales

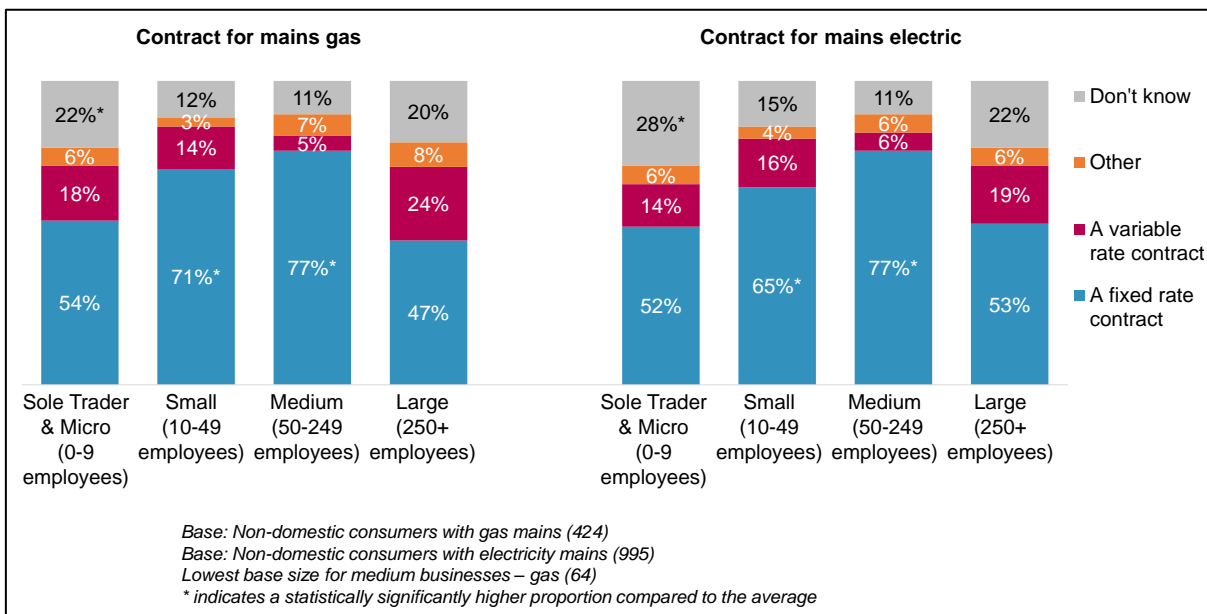
¹⁸ Businesses were asked to specify which of the following prompts best described their gas and/or energy contract: **1. Fixed rate:** where you're charged a set rate per unit of energy (measured in kWh) for the fixed term of the contract. This doesn't fix your total bill, which will go up or down with your energy usage. **2. Variable rate:** where the rate charged per unit of energy (measured in kWh) is linked to market activity. So your rate per unit of energy could change throughout your contract. **3. Rollover contract:** 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. **4. Deemed or out of contract:** this 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. **5. Pass through contract:** where some or all Third Party charges (e.g. network charges, agent costs or government levies) are directly passed through by the supplier as separate line items on your bill. **6. An evergreen contract:** a contract which is for a period of an indefinite length and which does not contain a fixed-term period.

Figure 5.2 Type of contract on for mains gas / electricity



As shown in Figure 5.3, the use of fixed rate contracts was highest amongst small (10-49 employees) and medium (50-249 employees) sized businesses (71% and 77% respectively) whilst sole traders and microbusinesses (0-9 employees), and to some extent large businesses (250+ employees), were less sure of the type of contract they had (22% and 20% respectively).

Figure 5.3 Type of contract on for mains gas / electricity by size of organisation



Businesses in the retail and distribution sector made greater use of fixed rate contracts for their electricity (65%). In contrast businesses in the finance sector, the transport and storage sector, and in hotel and catering were more likely than average to use a variable rate contract for their electricity (29%, 27% and 22% respectively compared to 14% on average).

Businesses with mid-range energy bills (£1,000 - £9,999) also reported a higher use of fixed rate contracts than others; 69% with a mid-range gas bill used a fixed rate contract for their gas compared to 56% on average, and 63% with a mid-range electricity bill used a fixed rate contract for their

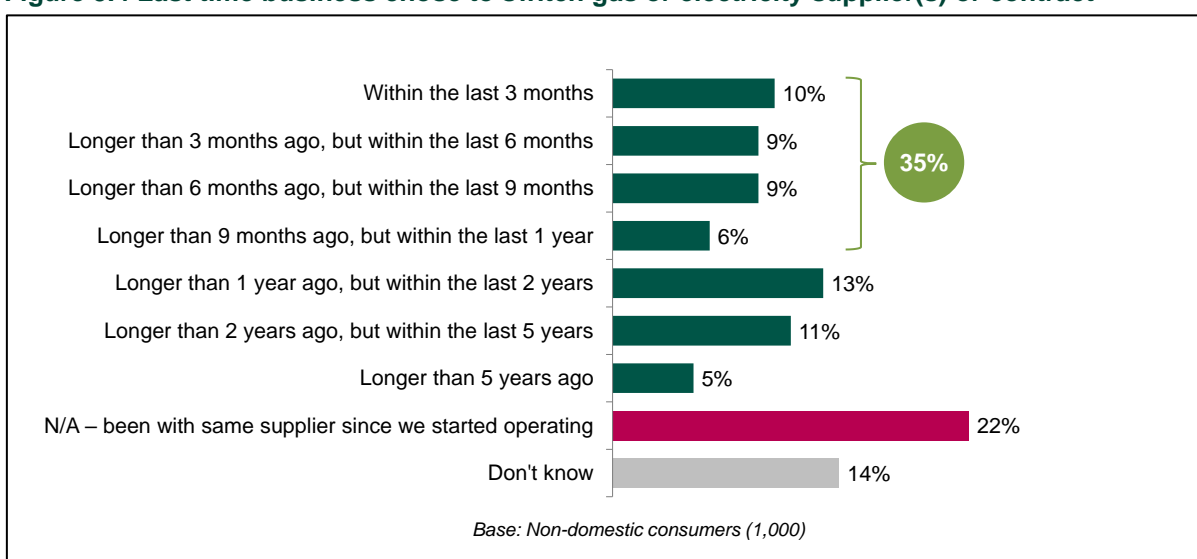
electricity compared to 53% on average. Those who had switched energy supplier(s) in the last year were also more likely to be on a fixed rate contract (74% were on a fixed rate gas contract and 73% were on a fixed rate electricity contract).

Switching suppliers and comparing providers

Incidence of switching energy supplier

Just over a third of businesses (35%) had switched their gas or electricity supplier(s) or contract in the last year, as shown in Figure 5.4. Many others had switched suppliers or contract at some point in the past, whilst a fifth (22%) said they have been with the same energy supplier since they started operating.

Figure 5.4 Last time business chose to switch gas or electricity supplier(s) or contract



There was a clear relationship between never switching energy supplier and the size of the organisation, with sole traders and microbusinesses (0-9) much more likely to have ‘never switched’ supplier (23% compared to just 2% of large businesses). That said, there was no difference in the proportion who had switched within the past 12 months, with sole traders / microbusinesses as likely to have switched within that period as large businesses (Table 5.2).

Table 5.2 Incidence of switching supplier by size of organisation

	All businesses	Sole Trader / Micro (0-9)	Small (10-49)	Medium (50-249)	Large (250+)
<i>Base: All non-domestic consumers</i>	1,000	579	208	116	97
Switched supplier within past year	35%	34%	39%	40%	37%
With same supplier since starting operating	22%	23%*	13%*	5%	2%

Some sectors were more likely than others to have switched supplier in the past 12 months. For example, the hotel and catering (45%), retail and distribution (41%), public admin / other (35%) and

construction (34%) sectors were more likely than the transport and storage sector (20%) to have switched supplier.

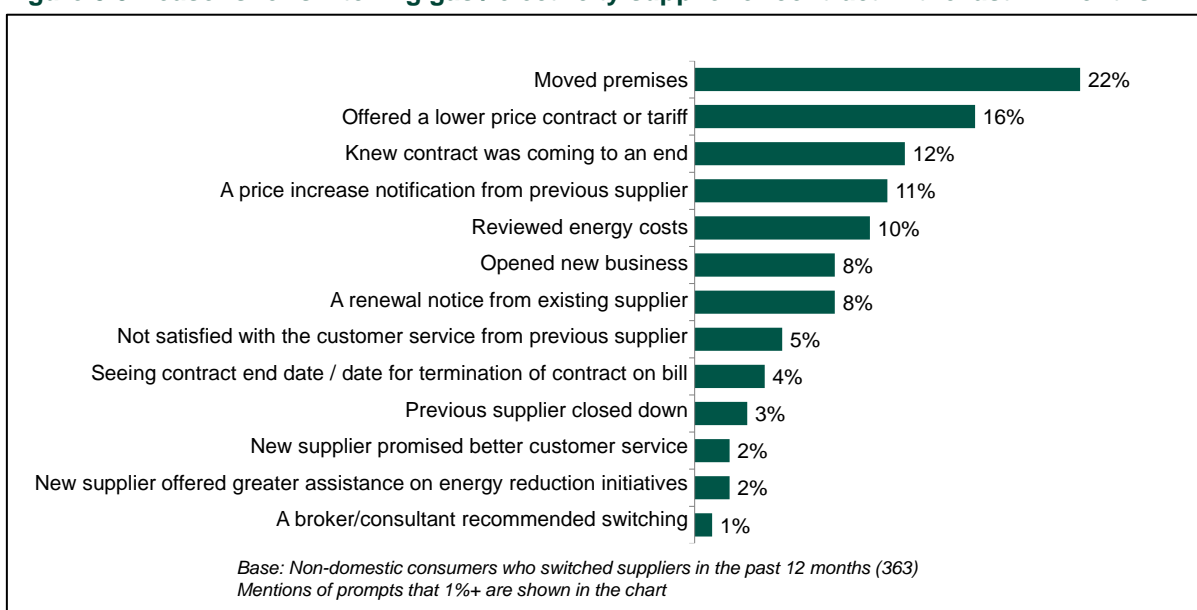
Those who were on fixed rate contracts were more likely to have switched their supplier within the past year (47% with a gas contract and 48% with electricity) compared to those on variable rates (17% with gas and 25% with electricity). This was also the case amongst businesses with the highest energy bills. For example, all businesses with high annual gas bills of £10,000+ had switched suppliers at some point or another, and over three-quarters (78%) had switched their supplier in the past year. The proportion switching in the past year was twice the average (35%).

Reasons for switching energy supplier in past year

Businesses who had switched their energy supplier or contract in the past year were asked what had prompted the decision. No one factor dominated, as shown by the range of reasons set out in Figure 5.5. Some businesses were prompted to switch supplier for business-driven reasons (e.g. moving premises (22%) or opening a new business (8%)), whilst others were prompted by a reminder or the window of opportunity to switch supplier (e.g. they knew their contract was coming to an end (12%), a price increase notification (11%), a renewal notice (8%)).

Price-drivers featured more highly in the prompts for switching energy contracts compared to service-drivers, with 16% of businesses saying they were offered a lower price contract or tariff in comparison to only five percent who said they were not satisfied with the customer service from the previous supplier. Price also came through as the main reason, or one of the main reasons, for switching supplier in the qualitative research, with businesses using comparison sites, brokers or a competitive tender process to obtain the best deal for their business. Working alongside price, some businesses also mentioned that they wanted to use renewable energy (this being important to their customer-chain credentials) or that they wanted to consolidate energy contracts previously set to different renewal dates.

Figure 5.5 Reasons for switching gas / electricity supplier or contract in the last 12 months



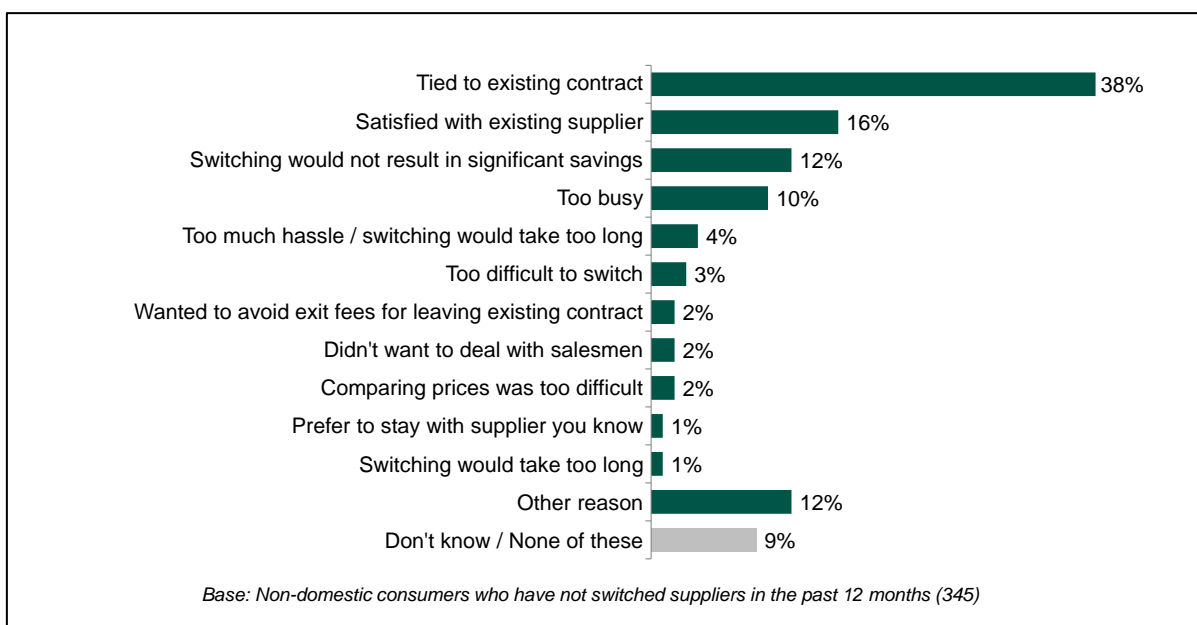
There was some indication that medium (50-249 employees), and large (250+ employees) businesses were more proactive about reviewing energy supplier options, being more likely to say that they knew the contract was coming to an end (29% of medium businesses, 39% of large

businesses vs. 12% on average). In contrast sole traders and micro (0-9 employees) and small (10-49 employees) businesses were more likely to be prompted to move because they had moved premises (23% of sole traders and microbusinesses, 17% of small businesses vs. 9% of medium businesses and no mentions by large businesses).

Reasons for not switching energy supplier in past year

Businesses who had not switched their energy supplier or contract in the past year were asked why that was the case. Most commonly, businesses gave pragmatic reasons and said that they were tied into their existing contract (38%), they were satisfied with their existing supplier (16%), or they felt that switching would not result in significant savings (12%). A further one in ten businesses (10%) said they were too busy, while some mention was also made of the difficulties around switching, although this was a relatively small proportion of businesses.

Figure 5.6 Reasons why have not switched supplier or contract in the last 12 months



Comparing energy deals

A quarter (27%) of businesses had compared energy deals in the past six months, slightly higher than the fifth (20%) who had actually gone on to switch their gas or electricity supplier(s). Those most likely to compare energy deals were:

- Small, medium and large businesses (for example, 45% of large (250+ employee) businesses had compared energy deals vs. just 27% of sole traders and microbusinesses (0-9 employee));
- Businesses in the hotel and catering sector (40%, vs. just 14% of businesses in the transport and storage sector and 18% in the manufacturing sector);
- Businesses on fixed rate contracts (41% with a fixed rate gas contract, 37% with a fixed rate electricity contract);
- Businesses with medium to high energy bills (for example, 62% of businesses with an annual gas bill of £10,000+).

Complaints about suppliers

Overall, around one in ten businesses (13%) said they had made a complaint to their gas or electricity supplier in the last six months. This rose markedly to four in ten (42%) amongst businesses who had been moved energy suppliers because their previous one had gone out of business or entered administration. This may indicate 'bedding in' issues with new suppliers.

The proportion of businesses making a complaint was also particularly high amongst those in the hotel and catering sector. One in five (20%) of these businesses said they had made a complaint in the last six months. This was at least twice the rate recorded for the property, management and business Services sector (10%), manufacturing sector (9%) and transport and storage sector (7%).

Businesses based in Wales (26%) were also more likely than in other parts of Great Britain to have made a complaint. These businesses showed a bias towards the retail and distribution sector (23% vs. 13% in England) and were less likely to be in the low band for annual electricity bills (only 6% vs. 23% for England).

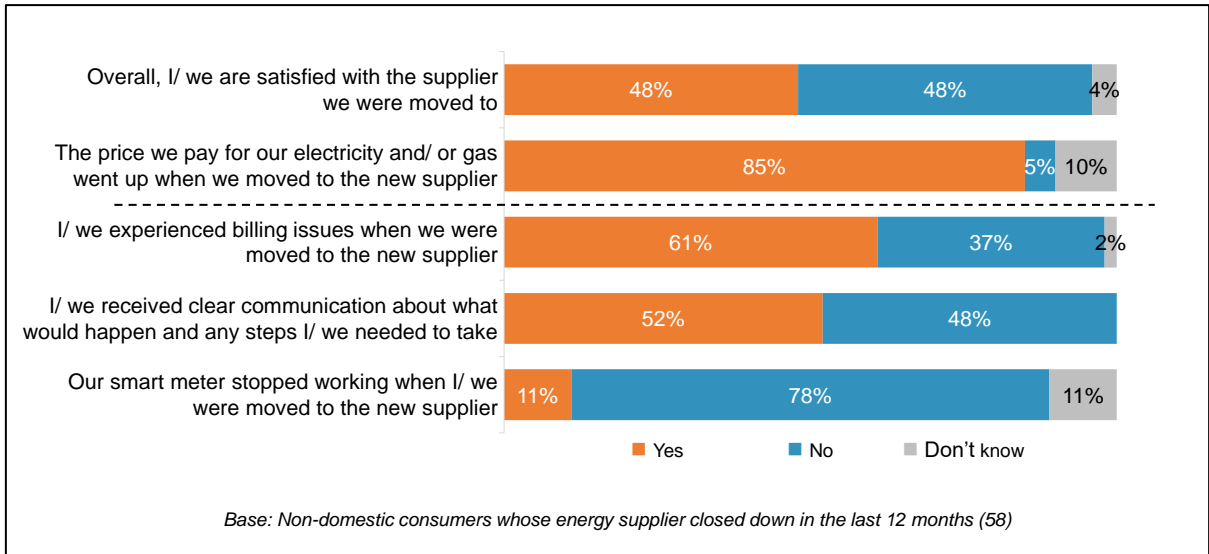
Experiences of suppliers going out of business or entering administration

Around one in twenty (6%) businesses had been with an energy supplier that had gone out of business or entered administration in the last 12 months. There was no difference in the incidence of having been with one of these energy suppliers by business size, but the rate doubled amongst businesses in the hotel and catering sector (12%) and those who were on variable contract tariffs at the time of the survey (14% of those on a variable gas tariff and 11% on a variable electricity tariff), as they changed to the default tariff with the new supplier.

Overall, and as shown in **Error! Reference source not found.7**, businesses did not find the experience an especially positive one. The vast majority (85%) said the price they paid for gas / electricity increased when they were moved to a different supplier, while opinion was split in terms of satisfaction with their new supplier (48% said they were satisfied, 48% said they were not). Naturally, these results should be viewed in the context of energy prices that were rising significantly for all consumers on variable contracts, and the fact that the move was 'forced' on the organisation.

Where businesses were moved to a new supplier, views on the actual process of the move were also not particularly positive: 61% experienced billing issues, 48% said they did not receive clear communication about what would happen and the steps they needed to take, and 11% said their smart meter stopped working during the move.

Figure 5.7 Experience of dealing with an energy supplier that has recently closed down or entered administration, including next steps



6 Energy brokers

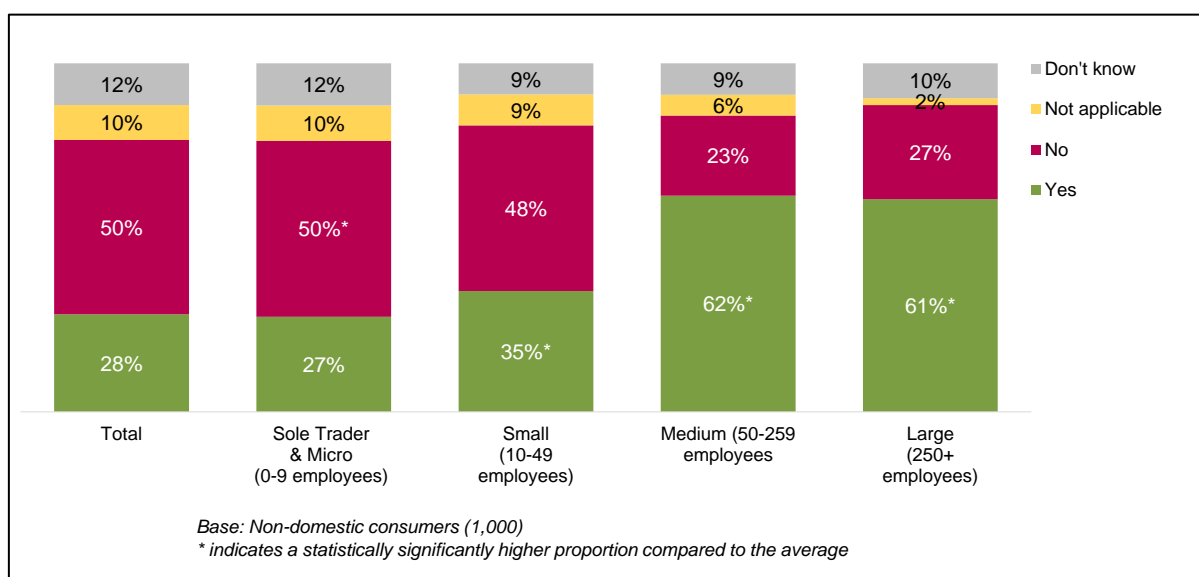
This chapter focuses on engagement with brokers when choosing or negotiating energy contracts as well as the likelihood of being charged for broker services. It also reports on businesses' perceptions of the clarity of these charges.

Use of brokers

The survey asked businesses whether they consulted or were approached by a broker when choosing their current gas or electricity contract or tariff.¹⁹ Just over a quarter (28%) reported consulting with / being approached by a broker when choosing their current energy contract, with half (50%) reporting that they did not have any contact with a broker. One in ten (10%) businesses reported that this situation was not applicable to them as they had not been responsible for choosing their current energy contract or tariff, while just over a tenth (12%) reported not knowing whether or not they had used a broker.

There was a link between size of business and likelihood to have had any dealings with a broker. As shown in **Error! Reference source not found.**, larger businesses were more likely to have consulted with or been approached by a broker than smaller businesses. Among medium (100-249 employees) and large (250+ employees) businesses, six in ten businesses (62% medium, 61% large) reported having contact with a broker compared to a third (35%) of small (10-49 employees) and just a quarter (27%) of sole trader/microbusinesses(0-9 employees). In the qualitative interviews the medium and large businesses who used brokers mentioned that their services were valuable for getting a comparable point between suppliers and for helping to consolidate their contracts. One business also mentioned that they had had no choice but to use a broker as they were buying energy on the futures market, which they noted they could only do through a broker.

Figure 6.1 Whether consulted with / approached by a broker by business size



There were also some differences in engagement with brokers by sector. Businesses in the hotel and catering (39%) and the retail and distribution (36%) sectors were more likely than average (28%) to

¹⁹ For this research, the use of price comparison sites was not included in the definition of using a broker.

report having consulted or been approached by a broker when choosing their current contract/tariff. Conversely, transport and storage businesses, as well as those in the properties, management and business services sector, were less likely to have used a broker (only 7% and 20% respectively had consulted with or been approached by a broker).

In line with the pattern by size, businesses with higher gas and electricity costs (over £10,000 spent on either) were more likely to have had dealings with a broker (75% with high gas costs, and 51% with high electricity costs). This was also the case for those on fixed rate energy bills (42% with a fixed rate gas contract and 37% with a fixed rate electricity contract had consulted with or been approached by a broker).

Broker charges

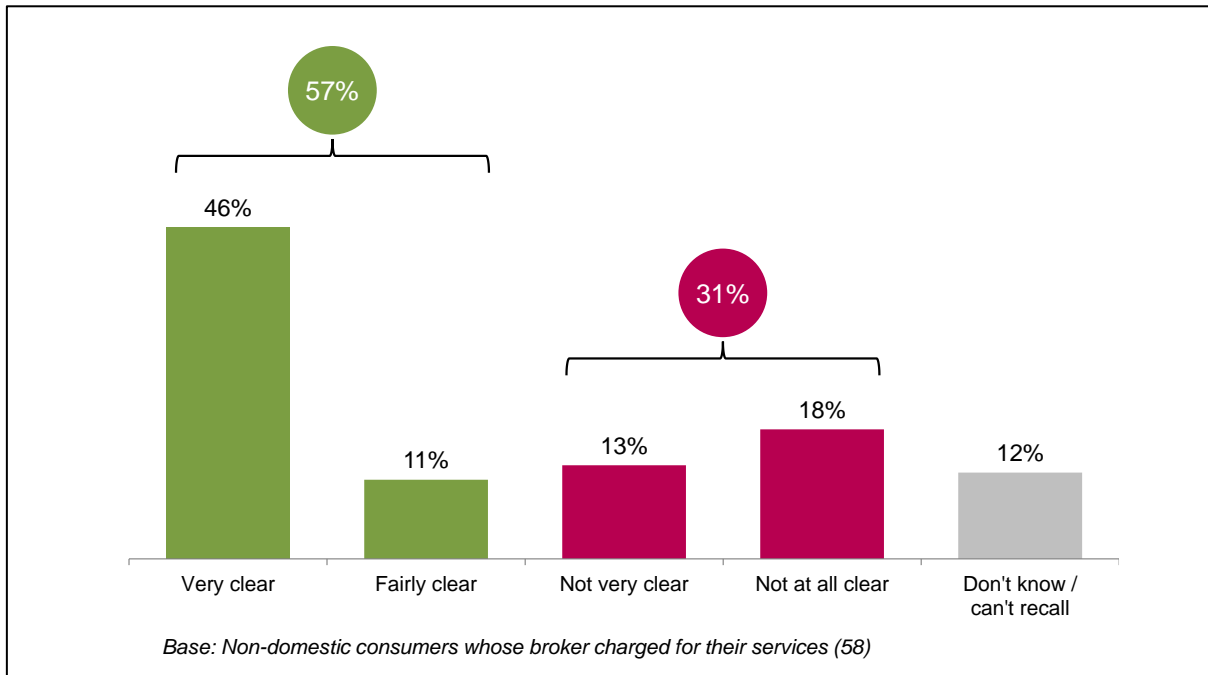
The vast majority of businesses (84%) who had consulted with or been approached by a broker reported that the broker did not or would not charge them for their services. This indicates that many businesses were not aware of how brokers would recoup their costs. Charges were more common among large businesses, with four in ten (42%) large businesses reporting they had been charged. In comparison, around one in ten smaller sized businesses each reported being charged (10% sole traders/microbusinesses (1-9 employee) 11% small (10-49 employee) businesses and 14% medium (50-249 employee) businesses).²⁰

Businesses that had been charged by a broker were asked to rate the clarity of the charges on a four-point scale ranging from very clear to not clear at all. As shown in **Error! Reference source not found.**, close to six in ten (57%) felt that the broker's charges were clear (46% 'very clear' and 11% 'fairly clear'), although three in ten (31%), not an insignificant proportion, felt that they were not clear.²¹

²⁰ Ofgem's Microbusiness Strategic Review (March 22) is leading to changes around rules around the provision of principle terms, with Ofgem strengthening the requirements to ensure 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. Source: <https://www.ofgem.gov.uk/publications/microbusiness-strategic-review-decision-modify-sics-all-gas-and-electricity-supply-licences>

²¹ Due to the small base size at this question (58) it is not possible to comment on any subgroup difference with any degree of confidence.

Figure 6.2 Clarity of broker charges



In the qualitative research, views on the service provided by brokers were somewhat mixed. A few businesses cited past experience that had been less than positive, with at the worst extreme one example of needing to take a broker to a tribunal. The case had been lost but since that time they had preferred to manage the choice of energy supplier by themselves.

"They were terrible - they lied - said I had 14 days to change my mind and I didn't. They lied about the prices!"

Sole trader / microbusiness, retail and distribution sector, Wales

Overall, however, the medium and large businesses using brokers valued the services they provide, recognising that they could help them get the best from a complex and volatile market. One medium sized business (50-249 employees) used the services of a consultant rather than just a broker so that they could provide support across their whole energy needs beyond just achieving the best deal.

"They have the manpower and knowledge to deal with the whole market - and in-depth knowledge and very good relationships with most of the suppliers."

Medium business using a consultant, manufacturing sector, England

"It's very good; we get a daily report from them for the market. We meet with them once a month."

Large organisation, property, management and business services sector, England

Case study example

This business was a mechanical and engineering organisation. The individual at this business was responsible for the management of carbon, energy and waste in the business. They had used brokers for the past 6 years alongside their own research and their in-house procurement team. Rising energy costs were of concern to the organisation, and they were keen to ensure they balanced costs with their priority of delivering to a green agenda.

Whilst satisfied with the service being provided by their broker, this business felt that choosing the best broker to work with was difficult because it was hard to compare their services.

“They will all tell you something different about what you could or should be doing ... that does not help as a business to understand who is the best broker to be working with ... incredibly difficult to compare brokers – who is good or bad.”

The business felt there was clarity in terms of the charges they were paying for their nominated broker, but they were less sure whether the particular broker they were working with gave them the best deal or not.

“[Have they helped reduce costs] is a great question and the answer is I don’t know because the [broker] model is so opaque so I have no visibility over whether ‘Broker one’ could have brokered a better deal than ‘Broker two’.”

The business preferred a fixed term deal for the energy costs as they allowed them to budget and for costs to be built into their business model. However, they had had to opt for a short-term fixed rate (six-month arrangement) as there were few options for them in the market.

“Because of the volatility in the market, we may have fixed for longer with a different supplier had the responses from the marketplace been stronger; there was a complete lack of capacity in the marketplace to deal with new customers.”

Over the longer term and with their business focused on being green, they were considering moving away from a broker/supplier model.

“We haven’t had an overly positive experience with the energy market over the past 12-18 months. My pie in the sky five-year view is that we may look to move away from that broker / supplier model and take into consideration power purchasing agreements. We have solar at a number of our sites so we generate energy, but we may move to a direct arrangement with a renewable energy provider. We are told that volume is significant enough for us but not significant enough for some suppliers to generate a specific deal or help that net zero carbon journey ... an element of direct influence and ownership will become more prevalent.”

Large organisation, property, management and business services sector, England

7 Decarbonisation

This chapter explores businesses' views and experiences of decarbonisation. This includes their approach and the perceived challenges to achieving their decarbonisation goals, and their awareness and uptake of low carbon products and services.

Low carbon technologies and services

In the quantitative research, businesses were presented with a list of products and services designed to reduce carbon emissions and asked whether they had heard of, had plans to adopt or had already adopted each product/service.

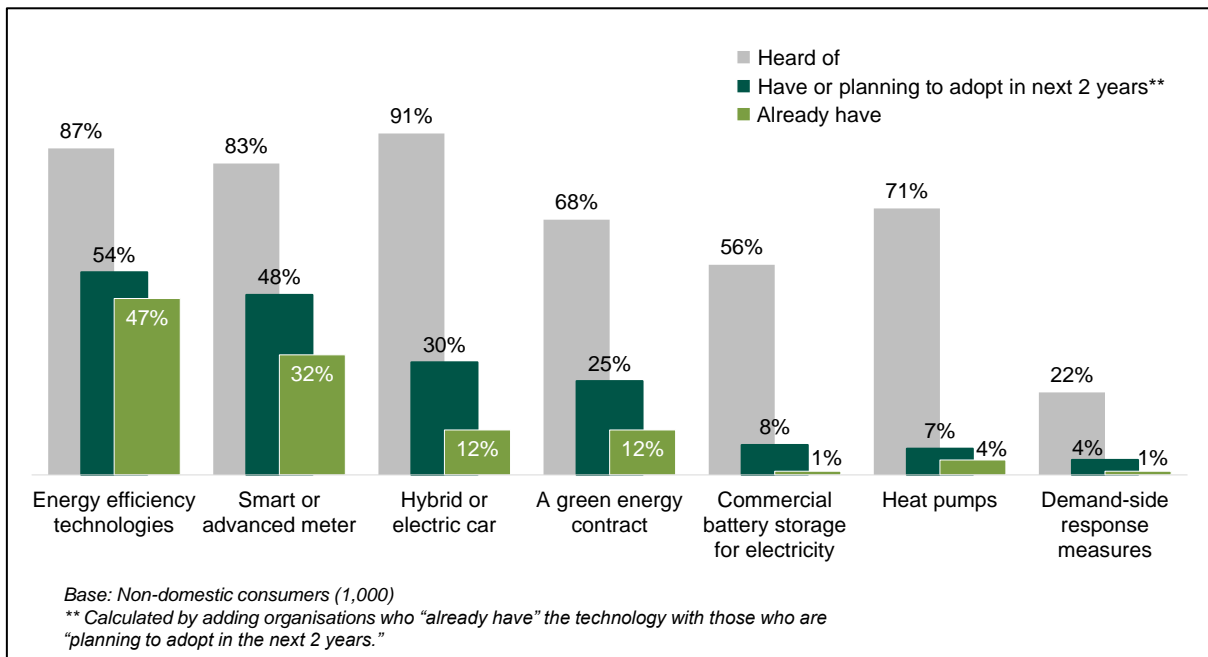
As shown in **Error! Reference source not found.**, energy efficiency technologies (such as double-glazed windows, wall insulation, roof insulation, etc) were the most commonly adopted products with just under half (47%) of businesses stating that they already had these in place. This was closely followed by smart or advanced meters, which had already been adopted by around a third (32%) of businesses.

In terms of products that featured most in businesses' future plans, hybrid or electric car was the most commonly selected with a fifth (19%) indicating that they were planning to adopt this technology in the next two years. Smart or advanced meters were the second most commonly selected product, with 16% of businesses stating that they were planning to adopt. Commercial battery storage for electricity and demand-side response measures were the least likely to be adopted with only one in hundred (1%) businesses stating that they had adopted each of these, and only seven in a hundred having plans to adopt commercial battery storage in the next two years, falling to two in a hundred (2%) for demand-side response measures.²² It is notable that businesses were also not particularly familiar with these products or services, with seven in ten (71%) businesses reporting they had not heard of demand-side response measures and nearly four in ten (39%) being unfamiliar with commercial battery storage for electricity.²³

²² Demand-side response measures refer to arrangements where businesses are financially incentivised to vary their energy use to provide flexibility to the national electricity network when needed. A business might, for example, be paid to reduce their use of lighting, heating or other non-essential equipment at particular times of the day.

²³ Businesses were provided with prompts describing what was meant by each of the low carbon products and services.

Figure 7.1 Awareness and uptake of low carbon products and services



There were noticeable differences in businesses’ adoption of these products and services by business size. As shown in Table 7.1, large businesses were significantly more likely overall to have adopted or to have plans to adopt each. For example, well over eight in ten (85%) large businesses reported uptake or planned uptake of energy efficiency technologies compared to half (54%) overall. Similarly, seven out of ten (72%) large businesses either had or planned to have a smart or advanced meter compared to less than half (48%) overall. With demand-side response measures, where only four percent of businesses reported planned or current uptake, a fifth (19%) of large businesses said they had either adopted or planned to adopt these measures. This finding is likely linked to large businesses being more likely to engage in the energy market (45% compared energy deals in the last six months compared with 27% overall). It is likely that these businesses were more likely than smaller businesses to have greater capacity to consider energy efficiency (for example, having dedicated specialist staff such as energy managers, energy departments etc).

Table 7.1 Uptake or planned uptake of low carbon products and services by business size²⁴

	All businesses	Sole traders / micro (0-9 employees)	Small (10-49 employees)	Medium (50-249 employees)	Large (250+ employees)
<i>Base: All non-domestic consumers</i>	1,000	579	208	116	97
Energy efficiency technologies	54%	53%	60%	67%*	85%*
Smart or advanced meter	48%	48%	53%	59%*	72%*
Hybrid or electric car	30%	29%	39%*	40%*	66%*
A green energy contract	25%	25%	34%*	37%*	68%*
Commercial battery storage for electricity	8%	8%	8%	8%	22%*
Heat pumps	7%	7%	7%	6%	34%*
Demand side response measures	4%	3%	7%*	8%*	19%*

There were also some differences in uptake by sector, perhaps reflecting energy needs of businesses across different sectors. For example, businesses in the agriculture, mining and utilities sector were more likely to have adopted or be planning to adopt energy efficiency technologies (68% compared with 54% overall), a green energy contract (48% compared with 25%) and commercial battery storage for electricity (23% compared with 8%).

Further, hotel and catering businesses were more likely to either have plans to install or have already installed smart or advanced meters, with over three in five (64%) falling into this category compared to 48% overall. Property, management and business services businesses were more likely to use or planned to use hybrid/electric cars with four in ten (43% compared with 30% overall), compared to 30% overall, saying that they at least planned to adopt this measure. Table 7.2 shows results by sector.

²⁴ Calculated by adding businesses who “already have” the technology with those who are “planning to adopt in the next 2 years.”

Table 7.2 Uptake or planned uptake of low carbon products and services by sector

Technology / approach	All businesses	Agriculture, Mining, Utilities	Manufacturing	Construction	Retail / Distribution	Transport and Storage	Hotel / Catering	Finance	Property / Management / Business Services	Public Administration / Other
<i>Base: Non-domestic consumers</i>	1000	69	99	110	133	59	75	52	193	210
Energy efficiency technologies	54%	68%*	49%	57%	42%	40%	57%	46%	67%*	50%
Smart or advanced meter	48%	50%	50%	44%	51%	49%	64%*	33%	49%	46%
Hybrid or electric car	30%	29%	26%	27%	37%	32%	22%	39%	43%*	23%
A green energy contract	25%	48%*	21%	26%	23%	18%	28%	13%	32%*	22%
Commercial battery storage for electricity	8%	23%*	11%	5%	8%	5%	5%	10%	12%*	6%
Heat pumps	7%	12%	9%	7%	1%	6%	5%	<1%	9%	9%
Demand-side response measures	4%	5%	8%*	2%	3%	6%	3%	1%	6%	2%

* indicates a statistically significantly higher proportion compared to the average

From the qualitative research and reflecting the findings above by size and sector of the businesses, it was clear that there was a range of uptake of low carbon products and services across businesses. Some, more typically the mid to large sized businesses, had very set intentions with specific goals to be net zero by a certain date.

"We've got a carbon reduction strategy which means in theory we're going to be carbon neutral by 2035."

Large organisation, property, management and business services sector, England

"We have a science-based target aligned to the one and a half degree scenario in place ... we are broadly looking at being zero carbon by 2030 so removing as much from our footprint as we can ... electricity and gas is less than 10% of our footprint so not huge impacts but to get to zero we need to get to zero. Renewable energy has a part to play which is why it is so important to us."

Large organisation, property, management and business services sector, England

Some businesses had a nominated person or a working group responsible for decarbonisation, whilst others admitted that their goals were more informal and consisted of encouraging good behaviours such as car sharing, electric charging points at the workplace, reimbursing train (not car) travel expenses and the switching off of electrical equipment at the close of the working day.

A few businesses were embarked on a steady programme of updating their businesses' premises and machinery to be greener. This included, for example, the refurbishment of existing buildings to be more energy efficient and the replacement of energy hungry printing presses. For others, it was more a case of adopting energy efficient and decarbonisation options as and when items came to the end of their life (e.g., LED bulbs, hybrid/electric cars) or their business expanded (e.g., new buildings were being built with solar PV on the roof).

A key barrier to adopting green technology was cost, with businesses generally taking a cautious approach to the uptake of low carbon products and services. They recognised there was a price associated with replacing equipment and that this investment had to be balanced against the period of return.

"Absolutely happy to go green - I'm quite fussy about my blue bin...my green bin...very much into that. But when it comes to huge capital outlay of thousands of pounds, I'm not so happy. ...Green is too expensiveGreen is also the colour of money!"

Small organisation, public administration / other sector, Scotland

"If you you're doing a project that's costing £250,000, you might have to spend another £30,000 on metering to prove that it's worked."

Large sized organisation, property, management and business services sector, England

That said, several businesses did feel that the balance between the cost required to invest in low carbon products and services and the ongoing cost of energy was starting to tip in favour of investment. Some felt that the cost of renewable technology was reducing, and it was therefore becoming more attractive to switch to greener and more digital solutions for their business, or for them to consider generating their own electricity. They were also being nudged in this direction by their customers who expected them to be able to demonstrate green practices.

"That's one thing that this rising energy costs is helping it makes [degasification] projects viable. That wouldn't be viable two years ago."

Large organisation, property, management and business services sector, England

Aside from the price of new technologies (with some businesses saying they did not have the funds for investment), other barriers to adopting more low carbon products and services were raised. For a few businesses the barriers centred around other business priorities, whilst for others it stemmed primarily from a lack of awareness of what decarbonisation products were available in the market, and to a lesser extent, which products most suitable for their businesses' in terms of price, and business circumstance (e.g. business sector, type of office).

"I have a wish list but also have a business to run. We have so many priorities, it would have to be something that was fairly easy to get to do."

Sole trader/microbusiness, public administration / other sector, England)

"If it was easier to find information and get advice, we'd be more likely to take up sustainable options...part of the transition is about the research that is needed from us."

Small organisation, construction sector, England

Quite a number of businesses, however, mentioned that their options were restricted because they were tenants with landlords who were unresponsive to making changes, or in a listed building with planning restrictions. As one business mentioned, if they were to invest in low carbon products or services or updates at their premises, they would get no benefit from these if they subsequently moved to new premises.

A few businesses also queried the effectiveness of green technology and whether the equipment would work as well as. For example, one business mentioned that they used diggers on-site but that the electric versions were not powerful enough.

Case study example

This business provided refrigerated warehousing and the distribution of fresh products for various supermarkets.

Gas usage was relatively low, but electricity usage was high and "absolutely critical to the business". In fact it was the third biggest outlay for the organisation, 70% of which was used for refrigeration in the warehouses. The cost of energy had a significant impact on the bottom line, and the business had opted for a fixed rate energy contract for to allow them to "*plan financially and put some steadiness into costs and our charges.*" This fixed rate contract, however, included an option for a mid-term price change, which the business described as "*suspicious*" and rather unpleasant like "*having this sword of Damocles hanging over your head*", especially as there was no contingency for lowering prices.

The vast majority of the organisation's customers stipulated, as part of their CSR, that their suppliers had to use or commit to using green and renewal energy sources. The business were making a number of energy efficiency changes to the operations, but with the more volatile energy market these changes had actually been brought forward and somewhat adapted.

"We are actively now looking at a number of different things. With more modern technology and the cost of supplying increasing at the moment, it makes your own renewable sources far more attractive."

Any new site for the business was having solar PV installed on the roof and steps were taken to ensure that the energy efficiency of the new sites was to the highest standards. Older buildings were also being assessed for solar PV, with the hope that one or two sites would be refurbished on an annual basis. Other significant initiatives that the business had adopted included: “Energy Champions” at each site, LED lighting, hybrid/electric company cars and electric charging points. There was a rolling program of replacing refrigeration technology as it reached the end of its’ life with state of the art energy efficient equipment, and there were also plans to install wind turbines on warehouse and building roofs.

Large organisation, retail and distribution sector, England

8 Conclusions and insights

In closing this report, this chapter draws out key insights from both the survey and the qualitative interviews to assess how the research answers Ofgem's three key research objectives:

- To understand the costs and affordability of energy for non-domestic energy consumers
- How non-domestic consumers are experiencing the recent rise in energy prices
- The needs, priorities and challenges of non-domestic consumers now and in the future

Many businesses are facing **significant difficulties** due to recent energy price increases, in terms of **affordability of bills** and the knock-on **impacts on their business**. Furthermore, there is **little hope for improvement in the next year**, with a majority of businesses concerned about the impact the recent price rise will have on their business and most either expecting their ability to keep up with bills to worsen or remain the same, rather than improve, over the next 12 months.²⁸

Businesses are most commonly **trying to manage the situation by limiting their energy use or reducing spending in other areas of the business**. They are also experiencing lower profit margins.

Certain businesses are struggling with affordability of energy bills more than others. In terms of size, smaller businesses, particularly sole traders and microbusinesses, are disproportionately struggling to keep up with bills. Looking at business sector, it is evident throughout the findings that those businesses operating in the hotel and catering sector are struggling more than others.

Overall engagement with the energy market is fairly low, particularly amongst smaller businesses, as indicated by low awareness of energy usage and spend, businesses not comparing deals or not changing supplier. This may mean businesses are missing out on costs savings e.g. by not utilising the EII scheme. This may also suggest that businesses may feel that they have little control over rising energy costs and that many feel that shopping around and switching provider will be of little benefit.

Non-domestic consumers perceive there is a **current lack of choice in the energy market** in terms of prices, products and services and suppliers.

Experiences of **being with a supplier that had recently gone out of business or entered administration were not particularly positive**, with a large proportion reporting increased bills and/or billing issues with a new supplier.

A significant minority of businesses had consulted with or been approached by brokers when choosing their current energy contract, often citing the value they bring to the businesses in navigating the energy market. As brokers can in theory help businesses navigate a complex energy market, the findings indicate that many businesses may be missing out on the benefits that using a broker could bring them (namely reduced energy prices).

²⁸ The survey was conducted in Spring 2022, meaning all views were collected before the introduction of the Government's EBRs, which provides businesses with protection and support to deal with increasing energy costs.

Adoption or planned adoption of many low carbon products and services is fairly low, with the price of technologies and lack of awareness and understanding the key barriers.

Appendix A: Methodology

This appendix provides additional information on the methodological approach to the research outlined in the introduction of the report.

Fieldwork targets

The following tables show the targets set for the achieved sample of interviews, by size, sector and region.

Table A.1 Size by sector targets for the Non-domestic Consumers Survey

	0-9	10-49	50-249	250+	Total
Agriculture /Mining / Energy (ABDE)	44	10	9	9	72
Manufacturing (C)	46	13	11	10	80
Construction (F)	84	19	17	17	137
Retail / Distrib. (G)	62	17	14	13	106
Transport and Storage (H)	51	11	11	10	83
Hotel/Catering (I)	40	15	10	9	74
Finance (K)	39	9	8	8	64
Property /Management / Business Services (JLM)	106	24	22	22	174
Public administration / Other (NPQRS)	127	29	27	27	210
Total	599	147	129	125	1,000

Table A.2 Regional targets for the Non-domestic Consumers Survey

	No. of interviews
North East	30
North West	95
Yorkshire and The Humber	75
East Midlands	65
West Midlands	80
East of England	105
London	190
South East	160
South West	95
Wales	40
Scotland	65
Total	1,000

Achieved sample

Table A.3 and A.4 below show achieved sample by size X sector (A.3) and by region (Table A.4).

Table A.3 Size by sector targets for the Non-domestic Consumers Survey

	0-9	10-49	50-249	250+	Total
Agriculture /Mining / Energy (ABDE)	44	10	9	9	72
Manufacturing (C)	46	13	11	10	80
Construction (F)	84	19	17	17	137
Retail / Distrib. (G)	62	17	14	13	106
Transport and Storage (H)	51	11	11	10	83
Hotel/Catering (I)	40	15	10	9	74
Finance (K)	39	9	8	8	64
Property /Management / Business Services (JLM)	106	24	22	22	174
Public administration / Other (NPQRS)	127	29	27	27	210
Total	599	147	129	125	1,000

Table A.4 Regional targets for the Non-domestic Consumers Survey

	No. of interviews
North East	30
North West	95
Yorkshire and The Humber	75
East Midlands	65
West Midlands	80
East of England	105
London	190
South East	160
South West	95
Wales	40
Scotland	65
Total	1,000

Table A.5 below details sample outcomes and response rates for the survey.

Table A.5 Sample outcomes

Sample outcome	Number of contacts	% of total sample	% of completed contacts
Total issued sample	20,030	100%	
Ineligible establishments	855	4%	
Unavailable during fieldwork / out of quota / ongoing or live sample	11,248	56%	
Unobtainable/invalid numbers	4,738	24%	
Total completed contacts with eligible respondents	3,189	16%	100%
Achieved interviews	1,000	5%	31%
Respondent refusal	2,140	11%	67%
Breakdown during interview	49	0%	2%

Qualitative research

Table A.6 details achieved sample of the qualitative research, against original targets.

Table A.6 Qualitative interview achieved sample

Quota group	Target interviews	Completed interviews
All interviews	20	20
Size		
Sole trader / micro (0-9 employees)	5	5
Small (10-49 employees)	5	7
Medium (50-249 employees)	5	3
Large (250+ employees)	5	5
Country		
England	14	14
Scotland	3	4
Wales	3	2
Energy type		
Gas and electricity	8	12
Experience of recent prices rises		
Difficulties keeping up with bills	5	7

Appendix B: Adjusted Population Estimates

Using data from the screening questions at the beginning of the survey, estimated non-domestic consumer population statistics were created, so that the data could be weighted to represent the population. This section discusses how the adjusted population figures were determined.

To be eligible for the survey, non-domestic consumers had to:

- Have a business (rather than domestic) mains gas or electricity contract
- Be responsible for arranging their business’s energy suppliers or for paying their business’s energy bills

There are no statistics that inform this population. In preparing sample targets we estimated the population by starting with the 2021 BEIS Business Population Estimates statistics and making assumptions about eligibility based on responses to screener questions S4 and S5:

S4 Before we begin, can I just check, are you, or somebody else in the business, responsible for arranging your business’s energy suppliers or for paying your business’s energy bills?

By this we mean a business, or non-domestic energy contract, rather than a domestic or residential energy contract.

DO NOT READ OUT. SINGLE CODE

Yes	1	
Yes – but we cannot provide any information about energy usage/energy contracts	7	THANK & CLOSE
No – domestic or residential tariff / contract	2	THANK & CLOSE
Don't have an energy contract	4	THANK & CLOSE
Don't know	5	THANK & CLOSE
Refused	6	THANK & CLOSE

S5 Do you have mains gas and/ or mains electricity in your main business premises?
READ OUT. SINGLE CODE.

Mains gas and electricity	3	
Mains electricity only	2	
Mains gas only	1	
Neither	4	THANK & CLOSE

The tables below show the makeup of the adjusted population by sector and size (Table A.7) and by region (Table A.8). These proportions are based on all respondents who reached the above screener questions (S4 and S5), and those who stated in the introduction that they felt the survey was not relevant to them because they had a domestic contract. These proportions were applied to the survey data so that the survey data was in line with the adjusted population of eligible businesses in Great Britain.

Table A.7 Proportion of eligible non-domestic consumers by sector and size

	0-9	10-49	50-249	250+
Agriculture /Mining / Energy (ABDE)	3.22%	0.13%	0.02%	0.01%
Manufacturing (C)	5.68%	0.72%	0.21%	0.04%
Construction (F)	12.38%	0.41%	0.05%	0.01%
Retail / Distribution (G)	12.18%	0.96%	0.13%	0.04%
Transport and Storage (H)	3.20%	0.15%	0.04%	0.01%
Hotel/Catering (I)	4.25%	1.05%	0.07%	0.02%
Finance (K)	0.98%	0.07%	0.02%	0.01%
Property /Management / Business Services (JLM)	19.27%	0.96%	0.13%	0.03%
Public administration / Other (NPQRS)	31.88%	1.44%	0.21%	0.06%

Table A.8 Proportion of eligible non-domestic consumers by region

Region	% Eligible
North East	3.39%
North West	10.45%
Yorkshire and The Humber	8.40%
East Midlands	7.26%
West Midlands	8.48%
East of England	8.03%
London	14.56%
South East	16.94%
South West	11.03%
Wales	4.17%
Scotland	7.30%

“

IFF Research illuminates the world for businesses and individuals helping them to make better-informed decisions.”

Our Values:

1. Being human first:

Whether employer or employee, client or collaborator, we are all humans first and foremost. Recognising this essential humanity is central to how we conduct our business, and how we lead our lives. We respect and accommodate each individual's way of thinking, working and communicating, mindful of the fact that each has their own story and means of telling it.

2. Impartiality and independence:

IFF is a research-led organisation which believes in letting the evidence do the talking. We don't undertake projects with a preconception of what "the answer" is, and we don't hide from the truths that research reveals. We are independent, in the research we conduct, of political flavour or dogma. We are open-minded, imaginative and intellectually rigorous.

3. Making a difference:

At IFF, we want to make a difference to the clients we work with, and we work with clients who share our ambition for positive change. We expect all IFF staff to take personal responsibility for everything they do at work, which should always be the best they can deliver.



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