

Best Practice Guide

Non-Domestic Billing Transparency

Publication date:	7 November 2024
Contact:	Kate Addiscott
Team:	Non-Domestic Retail Policy
Email:	nondomesticretailpolicy@ofgem.gov.uk

This document has been developed and agreed by non-domestic suppliers and consumer groups in our voluntary group. It is the first part of a staged approach to improving bill transparency in the non-domestic market. The next step will be working with non-domestic suppliers and consumer groups to implement agreed actions and develop how this information is best made available to customers.

This document is aimed at non-domestic suppliers. It provides voluntary standards in how suppliers can explain the make-up and presentation of commodity and non-commodity costs, including network charges and other costs.

It also covers best practices for bills, for all non-domestic customers and specifically targeted at smaller business customers. It describes areas where consumers have said they would benefit from additional information, on and about their bills, and will contribute positively to ongoing work from suppliers to implement further transparency on bills.

This Best Practice Guide for bills does not intend to place additional requirements upon suppliers other than what is already laid out in the Standard Licence Conditions (SLCs). At present, we have no intention to standardise non-domestic bills other than on the voluntary, agreed basis of this document. We expect suppliers to do their own consumer research into what their consumers want and need on their bills.

© Crown copyright 2024

The text of this document may be reproduced (excluding logos) under and in accordance with the terms of the [Open Government Licence](#).

Without prejudice to the generality of the terms of the Open Government Licence the material that is reproduced must be acknowledged as Crown copyright and the document title of this document must be specified in that acknowledgement.

Any enquiries related to the text of this publication should be sent to Ofgem at:

10 South Colonnade, Canary Wharf, London, E14 4PU.

This publication is available at www.ofgem.gov.uk. Any enquiries regarding the use and re-use of this information resource should be sent to: psi@nationalarchives.gsi.gov.uk

Contents

Non-Domestic Billing Transparency	1
Executive Summary	4
Overview of contents and scope of guide	4
1. Introduction	5
Context and related publications	5
Standard Licence Conditions applicable to non-domestic billing	6
2. Commodity and non-commodity costs – voluntary standards	10
Overview of different costs and general standards for their presentation...	10
Overview of costs and definitions	10
Presentation of costs and illustrative customer examples	11
3. Best practices for non-domestic bills.....	13
Overview and section scope.....	13
For all non-domestic consumers	14
Billing frequency.....	14
For smaller business consumers	14
Explanation of acronyms.....	14
Meters, meter readings and energy usage	14
Repayment plans and whether the account is in credit/debit.....	15
Tariff information.....	16
Contract end date.....	16
Account information and accessibility	16

Executive Summary

Overview of contents and scope of guide

This Best Practice Guide on Non-Domestic Billing Transparency aims to set an agreed way suppliers can enhance how they explain their charges to customers, to improve understanding amongst non-domestic customers about their bills and any changes to them. Currently, there is a lack of transparency and inconsistency in how elements of consumers energy charges are displayed in non-domestic bills, which can make it hard for consumers to understand their bills and what is driving energy costs. Research shows that increasing transparency of charges and consumer's understanding of non-domestic bills can be beneficial in multiple ways, including: increasing engagement from customers, reducing bill shock and debt accumulation, greater acceptance of bills and more trust in suppliers.¹

Citizens Advice data confirms that many smaller business customers face difficulty and may require more support in understanding their non-domestic bill. On the other hand, larger customers potentially have less need for support about the information on their bills due to more experience and understanding with the energy market. We recommend that suppliers conduct consumer research to understand what their customers need.

This document then aims to share best practices for bills more generally. It focuses on best practices which have been identified by consumer groups as potentially being helpful for consumer bills. It should not be read as a template or as an instruction to suppliers as to what to include on their bills, but instead as a helpful bringing together of research on what may be useful, to build on their own information gathering.

¹ We have seen evidence of this through responses to our Non-Domestic Market Review, examples of bills and summaries provided to us by consumer bodies, and through meetings and discussions we have held with consumers and consumer bodies.

1. Introduction

Context and related publications

- 1.1 Currently, non-domestic bills can vary significantly between suppliers. This can reflect the different needs of different customers, but consumers and consumer organisations have raised concerns that non-domestic bills lack transparency, are difficult to understand, and are inconsistent in presentation across suppliers. They particularly reported lack of transparency about changes to their contract charges.
- 1.2 In stakeholder discussions, suppliers and consumer groups have agreed that a combination of voluntary agreed consistent standards, followed up with supplier-led customer engagement to refine how to embed more transparency, will improve customers' understanding of their charges. It will also empower them to have informed discussions with suppliers.
- 1.3 This guide was developed and agreed as part of our voluntary action group's discussion with suppliers and non-domestic consumer representatives. It sets out best practice for aspects related to suppliers' non-domestic bills and actions suppliers can take in relation to those bills. It shares practices that have been identified by consumers and consumer groups, which make non-domestic bills easier to understand and manage, to the benefit of both suppliers and non-domestic customers.
- 1.4 It does not specify a layout for a bill, but instead presents an agreed basis for sharing information about what makes up charges and how they may change. This agreement between suppliers and customer representatives is a first step. There will be more work done within the voluntary action group to agree consistent ways of explaining costs elements to customers. Suppliers should conduct their own bespoke research into their customer's needs to then identify and make any required changes to the information provided about bills.
- 1.5 Consumer groups have continued to feed evidence into the working groups connected with the development of new guidance. We seek to highlight that we have developed this guide with the viewpoint of both suppliers and consumer groups. Ofgem's expectations are that suppliers' have and will continue to take the views of these groups into account.
- 1.6 This guide is based on the overarching principles of:
 - giving consumers **transparency** on their bills

- promoting **consistency** in the suppliers' use of terms and information provided to customers to aid them in understanding their bills, and
- achieving **fairness** in the outcomes consumers receive relating to their bills

1.7 This guide is split into two main sections. The first concerns the presentation of commodity and non-commodity costs to customers, and voluntary standards that suppliers can adhere to. The second section concerns best practices for bills, and covers some best practices for all customer sizes, followed by more targeted best practices for smaller customers. This information has been identified by consumer groups as being potentially useful for consumers to have in their bills. Suppliers should engage with their own customers and understand their needs, to make informed decisions as to which parts of this information apply to their specific customer base.

1.8 At this stage, we are of the view that voluntary agreement will help resolve concerns raised by customers about the lack of understanding of the contents and changes to their bills. We will, however, continue to monitor the non-domestic market and customers views about the approach to bills and costs information therein, as well as the actions that suppliers take following the publication of this document. If there continues to be issues with transparency in the market, we will not hesitate to take steps to strengthen and implement current and new rules in line with our due processes, if evidence suggests that this is needed.

Standard Licence Conditions applicable to non-domestic billing

1.9 We note that there are SLCs already in place which have an impact on non-domestic consumers bills. This guide does not replace the obligations already in place under the SLCs. Relevant SLCs are laid out below. The Non-Domestic Market Review: Decision² has impacted some of these SLCs. Relevant changes are included in footnotes, but for full details of the modified SLCs please see the Decision Notices.

- SLC 21A, which concerns provision of the annual statement of supply to Participants of the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme.³

² <https://www.ofgem.gov.uk/publications/non-domestic-market-review-decision>

³ We note that the CRC Scheme has closed, please see: [\[Withdrawn\] CRC Energy Efficiency Scheme: qualification and registration - GOV.UK \(www.gov.uk\)](#), and [CRC Energy Efficiency Scheme: closure guidance for participants - GOV.UK \(www.gov.uk\)](#).

- (1) The Carbon Reduction Commitment (CRC) Energy Efficiency Scheme began in April 2010 and is a mandatory scheme to improve energy efficiency in large public and private organisations. The CRC Energy Efficiency Scheme Order 2010 requires licensed gas and electricity suppliers to provide an annual statement on gas and electricity supply to participants of the CRC from 1 April 2010. The purpose of this statement of supply is to help CRC participants to report their consumption to the Environment Agency each year.⁴
- SLC 21B concerns billing based on meter readings.
 - (1) Suppliers must take all reasonable steps to obtain meter readings at least annually and must make a bill or statement of account available at least twice a year, or quarterly where requested and/or if a customer has online account management (subject to specific exceptions for prepayment meter, smart customers and unmetered supply customers) (SLC 21B.4-21B.5).
 - (2) Suppliers cannot charge extra for providing a bill unless a duplicate is being requested (SLC 21B.8).
 - (3) Suppliers must take all reasonable steps to reflect accurate meter readings in bills or statements sent to customers where these have been provided by a customer or obtained by the supplier. If a supplier does not consider a meter reading provided by a customer to be reasonably accurate, it must take all reasonable steps to obtain a new reading from the customer (SLC 21B.1-21B.2).
 - (4) Suppliers must make online account management available on request. They must also provide historical consumption information to a customer or other person designated by the customer (eg third parties) and explain how a customer's bill was derived if requested (SLC 21B.6, SLC 21B.9).⁵
 - Certain aspects of SLC 20, which concerns Enquiry service, Supply Number, and dispute settlement – for Non-Domestic Customers⁶, and for gas Safety of

⁴ For further details see: [Guidance on providing an annual statement of supply to CRC Energy Efficiency Scheme participants \(ofgem.gov.uk\)](https://www.ofgem.gov.uk/guidance/crc-energy-efficiency-scheme-participants)

⁵ For further details see: [Supply licence guide: Metering, billing and payments](#)

⁶ We have published our Decision on expanding this SLC as follows (addition in underline): "**Enquiry service, Supply Number, advice information and dispute**

gas supplies, Meter Point Reference Number, and dispute settlement – for Non-Domestic Customers⁷

- (1) In particular, that the licensee must keep each of its Non-Domestic Customers informed of the current postal address and telephone number of the Licensed Distributor’s Enquiry Service or in the case of gas that escape or suspected escape of gas that should be reported and the phone number it should be reported to, when the licensee first begins to supply the customer; or in each bill or statement of account; or as soon as reasonably practicable after it is requested, as per SLC 20.1-20.3 (electricity), and SLC 20.1-20.2 (gas). Suppliers must take all reasonable steps to inform the customer if there is a change to these contact details, as per SLC 20.3 (electricity) and SLC 20.4 (gas).
- (2) The licensee must inform each of its Non-Domestic Customers of their Supply Number (electricity) or Meter Point Reference number (gas) on each bill or statement of account; or annually if the licensee has not sent

settlement – for Non-Domestic Customers”.

SLC 20.4A will require the licensee to keep its Micro Business consumers informed that Citizens Advice consumer service can assist in providing information and advice to Small Business Consumers; and how to contact Citizens Advice and Citizens Advice Scotland by providing that information at least annually.

SLC 20.4B will require the licensee to keep its Small Business consumers informed: that Citizens Advice consumer service can assist in providing information and advice to Small Business Consumers; and how to contact Citizens Advice and Citizens Advice Scotland by providing that information at least annually. “Small Business Consumer” has the meaning given in The Gas and Electricity Regulated Providers (Redress Scheme) Order 2008 (as and when amended to that effect). This Licence Condition 20.4B will take effect on a date specified by the Authority giving the licensee at least three months’ Notice, and in any event will not take effect before 1 December 2024.

⁷ We have published our Decision on expanding this SLC as follows (addition in underline): **“Safety of gas supplies, Meter Point Reference Number, advice information and dispute settlement – for Non-Domestic Customers””.**

SLC 20.5A will require the licensee to keep its Micro Business consumers informed that Citizens Advice consumer service can assist in providing information and advice to Small Business Consumers; and how to contact Citizens Advice and Citizens Advice Scotland by providing that information at least annually.

SLC 20.5B will require the licensee to keep its Small Business consumers informed that Citizens Advice consumer service can assist in providing information and advice to Small Business Consumers; and how to contact Citizens Advice and Citizens Advice Scotland by providing that information at least annually. “Small Business Consumer” has the meaning given in The Gas and Electricity Regulated Providers (Redress Scheme) Order 2008 (as and when amended to that effect). This Licence Condition 20.4B will take effect on a date specified by the Authority giving the licensee at least three months’ Notice, and in any event will not take effect before 1 December 2024.

such a Bill or statement of account to them; as per SLC 20.4 (electricity), SLC 20.5 (gas).

(3) The licensee must provide to each of its Non-Domestic Customers information concerning their rights as regards the means of dispute settlement available to them in the event of a dispute with the licensee or, in the case of a Microbusiness Consumer⁸, any Third Party by providing that information on any relevant Promotional Materials sent to the Non-Domestic Customer and on or with each Bill or statement of account sent to each Non Domestic Customer in relation to Charges or annually if the licensee has not sent such a Bill or statement of account to them. Such information must include, but is not limited to, how the procedures under any Qualifying Dispute Settlement Scheme can be initiated, as per SLC 20.5 (electricity), SLC 20.6 (gas).

- Standards of Conduct: SLC 0A, treating Microbusiness Consumers⁹ Fairly

(1) The Standards of Conduct are enforceable overarching rules aimed at ensuring licensees treat their customers fairly.

⁸ We have published our Decision on expanding this SLC, which confirms that SLC 20.5 (electricity) and SLC 20.6 (gas) will apply to Micro Business Consumers and **Small Business Customers** (addition in underline).

As per SLC 20.5C (electricity) and SLC 20.6 (gas): The provisions in this Condition 20.5 insofar as they relate to dispute settlement between a Microbusiness Consumer and a Third Party shall take effect on and from 1 December 2022 a date specified by the Authority. The provisions in this Condition 20.5 insofar as they relate to dispute settlement between a Small Business Consumer and a Third Party, will take effect on a date specified by the Authority giving the licensee at least three months' Notice, and in any event will not take effect before 1 December 2024

⁹ We have published our Decision on expanding this SLC, which confirms that SLC 0A (additions in underline) **Treating Microbusiness Consumers Non-Domestic Customers Fairly** will apply to all Non-Domestic Customers.

2. Commodity and non-commodity costs – voluntary standards

Section summary

This section contains the voluntary agreed standards for the explanation of commodity and non-commodity costs that form non-domestic bills. Non-commodity costs can be split into five groups, including network and metering charges, environmental and social obligation costs, third-party costs, taxes such as Climate Change Levy (CCT) and VAT, and operating charges.

Overview of different costs and general standards for their presentation

Overview of costs and definitions

- 2.1 Commodity costs refer to the wholesale price of electricity/gas. They are generally shown clearly on the bill (as electricity/gas consumption charges). Best practice continues to be the clear provision of the cost of the consumers commodity usage on the bill (ie consumption charges for the given period).
- 2.2 Non-commodity costs can be separated broadly into five different groups, and these groups are provided in Table 1 below. The groups of non-commodity costs specified here outline our expectations for basic buckets of costs. They are a basis upon which suppliers can build on and develop. Suppliers can provide amended, further detail if they feel it is appropriate for their customer base. We discuss different presentation and communication of these costs in the following section.

Table 1: Non-commodity costs

	Non-commodity cost	Explanation
1	Non-commodity systems and transmission costs (network and metering charges)	Includes costs for the operation and management of the gas and electricity grid. This includes, for example, the Connection charge, Transmission Network Use of System (TNUoS), Balancing Services Use of System (BSUoS) and Distribution Use of System (DUoS) charges.
2	Environmental and social obligation costs	Includes government schemes and levies to pay for different environmental initiatives, such as the Renewable Obligation (RO) and Contracts for Difference (CfD).
3	Third-party service fees (if applicable)	Such as service fees for energy broker services that are paid for via the customers energy bill.
4	Tax costs	Such as VAT and Climate Change Levy (CCL) (these should be shown as separate items, consistent with the practice that suppliers already undertake on their bills. We note that tax may vary quite significantly between certain customers, so this bucket can be excluded).
5	Operating charges of supply	Includes, for example, bad debt, risk premia, operating costs, metering costs, etc.

Presentation of costs and illustrative customer examples

- 2.3 We aim to achieve broad consistency of outcomes for customers. We appreciate that different approaches may be appropriate dependent on customer type and that flexibility is required due to the nature of this market.
- 2.4 Suppliers and consumer groups have agreed that more transparency is necessary and have discussed how to improve bill transparency. They have agreed that for the voluntary agreement of the presentation of costs, suppliers will explain charges in terms of broad 'buckets of cost'. They will use these groupings to explain what is included in the Unit Rate and Standing Charge for illustrative customer groups. We will work with suppliers and consumer bodies to embed this approach in the most effective way following the publishing of this document.

- 2.5 The non-commodity cost groups, ie “buckets of costs” are: (1) network and metering charges, (2) environmental and social obligation costs, (3) third party service fees, (4) tax (such as CCL and VAT), and (5) operating charges (supplier cost, wholesale, margin etc).
- 2.6 Suppliers should explain what proportion of each relevant bucket makes up the Unit Rate and Standing Charge. Consumer groups have suggested this be done by showing this information as a percentage. This can also help explain changes in charges.
- 2.7 Suppliers do not need to breakdown these individual costs in the bill itself but can do so if they wish or if they feel this level of detail is appropriate for their customers/the customer type. This should be informed by engagement with their customers.
- 2.8 Suppliers can take a layered approach and provide general illustrative examples for different customer types. Customers could then use this information as a basis to have further discussions with their supplier and request further information if they would like to have more details or an explanation for changes to bills. The general information and illustrative examples could be shared, for example, on their websites and linked on the bill, in fact sheets, or other content such as videos. Consumers have highlighted to us that provision of an illustrative example on the supplier’s website can be helpful. Suppliers could also use this framework to explain the reason for changes to charges. The key is to find successful ways of highlighting this information to customers with sufficient information at appropriate prominence, in a way that is most appropriate to their customer base. Suppliers should highlight the information in ways that are most relevant to their customer base.
- 2.9 Further work will be done with suppliers and consumer groups in Ofgem’s voluntary roundtables to agree illustrative customer segments, to help achieve consistency of the framework.
- 2.10 Meanwhile, we encourage suppliers to individually engage with their customers, for example through focus groups, surveys or in their direct discussions with customers, to find out what they would ideally like to see on their bills or other areas, to improve transparency.

3. Best practices for non-domestic bills

Section summary

This section highlights good practices we are seeing suppliers undertake with respect to their bills, with the aim of sharing these good practices with suppliers in case they wish to utilise them for their own customer bills.

Overview and section scope

- 3.1 This section of the guide should not be read as a template nor an instruction for suppliers as to what information to include on their bills. But we do want suppliers to note this information and use it to build on discussions they have with their customers as they work to improve transparency for their customers.
- 3.2 In addition to illustrative examples of bills on websites, the following best practices have been identified in this section of the Best Practice Guide. As noted, consumers can find their non-domestic bills hard to understand. Whilst this section is largely aimed at bills for smaller consumers¹⁰, there are some principles which are potentially applicable across all bills (largely coming from responses we have received to our policy consultation¹¹), which if applied could help all customer groups. We have set out what these differences are below.
- 3.3 Some suppliers are already doing many of these things. But we highlight practices that may be useful for a supplier to consider implementing if they are not already doing them, to inspire change that will benefit their customers. At the same time, Ofgem recognise that there are other ways in which suppliers can communicate additional information relating to the customer's consumption billing and information (such as through online accounts or online portals where there is flexibility to provide more layered information).
- 3.4 We strongly recommend that suppliers conduct their own consumer research to see what their customers most need. As such, this chapter of the document is split into two main sections, the first focussing on billing elements which could be useful for all customers, and the second focussing on those for smaller business customers.

¹⁰ Much of the information which acts as the basis of this section comes from Citizens Advice, and their views on what can be helpful for consumers bills.

¹¹ Please see: [Non-domestic market review: Findings and Policy consultation | Ofgem](#), and the consultation responses on this webpage therein.

For all non-domestic consumers

- 3.5 Best practice would be to signpost customers to the Ofgem website on bills both on the customer's bill and in communications to customers. At the same time, suppliers are encouraged to provide this same information on their own websites, in addition to providing information which is applicable to their specific customer base.

Billing frequency

- 3.6 One principle which can apply across the entire consumer base is billing monthly or at least quarterly¹² – this can help support consumers in understanding their usage and can help prevent them from falling into debt. It is acknowledged that suppliers and customers may agree a different frequency for billing in their contract and payment terms.

For smaller business consumers

Explanation of acronyms

- 3.7 Best practice would also be seeing bills provide an explanation of any acronyms, by signposting to the suppliers or Ofgem's website, or if appropriate, to explain within the bill itself.

Meters, meter readings and energy usage

- 3.8 The provision of a graph within the bill that shows the customers usage, can have a positive impact for customers. Research shows that these charts allow customers¹³ to relate their energy usage to their meter readings and costs, and can help them accept their bill and its charges. An example of this could be the supplier providing a graph of the customer's average daily usage per month over the last year, including if usage was based on meter readings or estimates – this could also be done online, for example on the customers energy portal. If this information will not be accurate or helpful (for example, if the customer does not have a smart meter and as such the supplier does not feel that this information

¹² And note the requirements of SLC 21B and 21BA.

¹³ Research conducted by Which! on domestic consumers, but it is suggested that this is likely applicable for Micro Business customers who often act similarly to domestic customers: <https://www.which.co.uk/policy-and-insight/article/talking-energy-aRdOj0X3Ippc#20:~:text=Figure%209%3A%20Consumers%20receiving%20clear%20communications%20are%20more%20likely%20to%20accept%20direct%20debit%20charges>

can be provided in an accurate manner), then suppliers could consider other ways in which they may help their customers to relate their energy usage to their bill, such as the supplier providing a useful graph setting out customer consumption patterns for billed periods. Consumer groups have confirmed it could also be useful to include the equivalent carbon emissions in this graph.¹⁴

- 3.9 Suppliers have to reflect meter readings in bills¹⁵. Bills should contain the information on whether meter readings are based on estimates or actual readings. This would ideally be clearly highlighted, alongside an encouragement from suppliers for customers to submit regular meter readings (if the supplier does not already receive half hourly meter data remotely) and why this is beneficial. Research has shown that this could decrease bill shock and the accumulation of debt, and lead to greater customer engagement before difficulties arise.
- 3.10 Suppliers should let customers know what type of meter they have, for example, traditional, automated meter reading (AMR) or smart, to help customers understand their reads. It may also be helpful to note on bills if a customer can upgrade their meter (ie to smart).

Repayment plans and whether the account is in credit/debit

- 3.11 If a customer is on a repayment plan, Citizens Advice have highlighted that it could be useful to have a separate section on this on the bill. This would, ideally, clearly set out the following for the customer: the amount of debt outstanding, the rate of collection, how and when it will be collected, the payment method which the customer is utilising and when the agreement is due to end. A link to general information on supplier websites about repayment plans would ideally also be included.
- 3.12 The bill would ideally clearly mark whether the account is in debit or credit (for example, by having this in bold text at the top of the customer's bill).
- 3.13 An explanation of what credit and debit means could also be provided on the bill or on the supplier's website. This helps the customer to understand the meaning of these terms and if they are getting into debt or not.

¹⁴ Consumer groups have confirmed that this is useful due to the increased need to account for their greenhouse gas emissions within business operations as part of wider carbon reduction commitments.

¹⁵ SLC 21B

Tariff information

- 3.14 If the customer has a tariff, or generic contract product, then it would be best practice for suppliers to clearly describe on the bill the tariff or contract product that the customer is on.
- 3.15 It should also be clearly displayed on bills if the rates are out of contract or deemed rates, and what this means. This could be done, for example, by making the text bold and/or red. Consumer groups have highlighted that this would be very useful on bills, as it helps customers to understand what rates they are paying and that they may be higher than an agreed contracted rate.
- 3.16 Suppliers would ideally provide a clear explanation to customers when any changes occur to the charges in their bills. This includes when the change will occur and why, and this would ideally be done before the change is made. For example, changes could be highlighted at the base of the bill or in an accompanying explanation note, setting out how it has impacted the bill. Suppliers could also provide information on the changes on their website if they do not want to crowd the bill, so long as this is clearly explained on or with the bill (eg they provide a hyperlink to an explanatory page).

Contract end date

- 3.17 Bills should state the contract end date, and how to terminate the contract (including notice dates and exit fees) in a clear manner. Some consumer group members have highlighted to us that they feel strongly that this information should be included on all bills.

Account information and accessibility

- 3.18 Best practice is also to have multiple points of contact clearly provided on the bill, for example, email and phone numbers for help centres and the times the supplier is available.
- 3.19 If the supplier provides different options by which the customer can pay, these different payment methods should be highlighted and explained by the supplier.
- 3.20 Suppliers would ideally consider accessibility of billing information to allow all consumers to access information easily. It is encouraged that suppliers provide information in other formats, such as through video and audio content, websites, information pages, apps, webinars, and SMS, as some consumer groups have highlighted that alternative methods of communication would be beneficial for the business owners that they represent.