

# Energy contracts for business customers

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**Understanding your contract is vital if you want to be in control of your energy bills. The hints and tips below are relevant to all businesses and are based on current energy market rules. Following our latest investigation into the retail market we are also looking at whether further protection is required for businesses.**

## ▶ Make sure you have a copy of your contract

If you are a micro business\* customer, rules introduced by energy regulator Ofgem mean that your supplier has to send you a copy of the contract terms and conditions after you have agreed a new deal. If your company is larger than a micro business, Ofgem still expects your supplier to ensure that you can see a copy of the terms and conditions.

When you receive a copy of your contract make sure you read it through carefully. Also make sure you read through all the bills, letters and other important information which your supplier sends you.

## ▶ Know the dates of your contract

Making sure you know when your contract begins and ends is vital. In particular you should note down when the notice period is for deciding if you want to switch or stay with your

supplier. If you do not have this information to hand contact your supplier.

\* You can be defined as a micro-business for just gas, just electricity, or for both. The gas or electricity must be supplied on non-domestic premises and you must meet at least one of the following three criteria:

- consumes not more than 55,000 kWh of electricity a year
- consumes not more than 200,000 kWh of gas a year
- has fewer than ten employees (or their full-time equivalent) and also has an annual turnover or annual balance sheet total not exceeding €2m (will qualify as a micro-business for gas and/or electricity)

### ► Note the difference between the renewal period and the notice period on a fixed-term contract

Many household contracts allow you to easily switch supplier at any point during the year, provided you give a short notice period. But don't assume that the contract for your business has the same terms and conditions, as many businesses are on fixed-term offers. Make sure you know exactly when the window is for notifying your supplier that you wish to sign a new deal, or that you want to switch at the end of the contract.

If you are a micro business customer, your supplier will contact you setting out the details of its new fixed-term offer at least 60 days before the end of your contract. Once you receive this letter you will have at least 30 days to contact your supplier and let it know:

- if you want to sign up to its new offer, or
- if you want to switch to a new supplier once your deal ends.

Remember that you may still have to give a notice period at the end of your contract if you want to switch.

If your company is larger than a micro business, there are no rules set by Ofgem for when a supplier will notify you of your options once a fixed-term deal expires. You will need to check your contract or contact your supplier for further information.

If you switched supplier before you started your current deal, don't assume that notice and renewal periods with your new supplier will be the same as with your previous one. If you do not have information on your renewal and notice periods ask your supplier to provide it.

### ► Understand what will happen if you don't switch or sign a new fixed term deal

When you receive your renewal letter make sure you fully understand the terms and conditions. It will set out what will happen if you don't contact your supplier to sign up to their offer, negotiate a new deal, or tell them you want to switch.

If you are a micro business your supplier could roll over your contract for a maximum of one year. It could also increase the rates or change the terms.

If your company is larger than a micro business you will need to check what your contract says about renewals – as your supplier may be able to roll over your contract for longer than one year.

It is never too early to think about what you want to do when your current contract ends. If your contract does run out, your current supplier will still provide your energy until you switch but you may be subject to a deemed or out of contract rate which could be much higher than your current contract.

This applies both to micro and larger businesses so you will need to check the terms and conditions of your contract to see how this applies to you.