

# Cheaper off-peak electricity for business consumers

**Check if your business could save by using more electricity outside peak periods.**

**The way electricity suppliers buy energy and pay to transport it to some business consumers is changing. This creates new opportunities for these consumers to get the benefits of advanced meters and save money by using electricity when it is cheapest.**

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## What is happening?

**The rollout of the next generation of electricity meters (called smart and advanced meters) will allow your business to take control of its energy consumption. They also enable new products and services to be developed, including tariffs that offer lower prices for using energy when it is less expensive.**

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For some business customers, suppliers are making changes to:

- how they calculate how much electricity to buy, and
- what they pay to deliver that energy.

The costs of buying and transporting electricity vary significantly over the day. For example, the costs are typically higher at peak times in the early evening when demand for electricity is higher.

Currently, these processes rely on estimates of how much electricity consumers use at different times. So what a supplier pays does not reflect the real costs of meeting its customers' needs. This affects the prices and products they offer to you.

This is changing. Most larger businesses already have advanced meters that can record their actual consumption in each half hour. To help deliver the full benefits of these meters, we have approved new rules that require suppliers to collect half-hourly consumption data so it can be used to work out their energy and network costs more accurately.<sup>1</sup> These costs typically make up more than 80% of a business consumer's bill.

Most smaller businesses don't currently have meters that can record their half-hourly consumption. However, the government's aim is that they will have smart meters that can record their usage in each half hour by the end of 2020. In the longer term, with the rollout of smart meters, our ambition is that half-hourly consumption data will also be used to work out the costs suppliers incur to meet the needs of their smaller business consumers.

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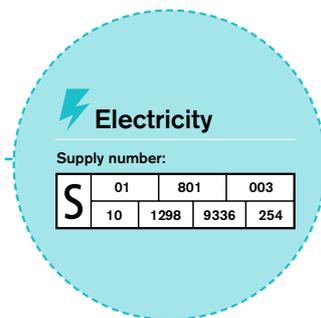
<sup>1</sup> The processes used to determine consumption for the purposes of working out suppliers' energy and network costs are set out in the Balancing and Settlement Code (BSC). The change to these processes is being implemented through a modification to the BSC called P272.

## Am I affected by this change?

The new rules apply to larger businesses with advanced meters. An advanced meter is one that can record half-hourly consumption data and be remotely read.

You can find out if you're affected by looking at the Meter Point Administration Number/ Supply Number on your electricity bill. If the first (two-digit) number, in the box to the immediate right of the 'S', is 05, 06, 07 or 08, your supplier's energy and network costs will be worked out using your half-hourly consumption data. Otherwise, if the number is 01, 02, 03, 04 or 00, you'll see no difference. If you're not sure, contact your supplier.

Your electricity meter number



## When is this change happening?

After 5 November 2015, if you renew your contract, your half-hourly consumption data will be used to work out your supplier's energy and network costs within 45 working days of the date of renewal.

The same applies if you change supplier. From 5 November 2015, up to 45 working days after the switch is completed, your new supplier will collect your half-hourly consumption data so it can be used to work out its energy and network costs.

From 1 April 2017, half-hourly consumption data from all larger businesses must be used to calculate suppliers' energy and network costs.

## What are the benefits for my business?

The new rules encourage suppliers to offer new time-of-use tariffs, where the price varies according to the time of day

that electricity is used. This helps to maximise the value of half-hourly consumption data that advanced meters record.

If you chose a time-of-use tariff, you can make savings on your bills by using electricity when it is cheapest to supply - for example, when demand is lower or when low-cost renewable electricity is available.

Take up of time-of-use tariffs can also benefit all consumers by strengthening security of supply and by supporting the connection and use of low-carbon generation.

If you already have a time-of-use tariff, you may be able to make bigger savings. The new rules also open the door to new types of time-of-use tariffs that may offer greater rewards to these consumers.

Businesses other than energy suppliers may also reward you for being more flexible in how you use energy. This includes businesses that provide services to National Grid to help it manage the electricity grid. Find out more about some of these businesses on the [UK Demand Response Association website](#).

## What else do I need to know?

Businesses that use a lot of electricity at peak times may pay more. Your supplier should clearly explain any changes to your bill and what your options are in advance, so that you have time to plan ahead.

Shopping around for better deals can help you save money. Specialist brokers can help you find a deal that suits your business's needs. Find out more about working with [brokers and third parties](#).

The new rules will also increase the costs that suppliers incur in collecting and checking consumption data. Usually suppliers manage these services, which make up a small fraction of the typical bill. But some larger businesses contract directly with the providers of data collection and checking services. The new rules could mean changes to these contracts. Speak directly to your supplier or agent to find out more information.

## Where can I find more information?

Your supplier can give you more information on the change and what it means for your business.

Specialist brokers can also help you understand the changes and find the best deal.

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