

Energy Bill Relief Scheme

Frequently Asked Questions

This document represents our current understanding of the Energy Bill Relief Scheme.
To see the latest guidance from BEIS please visit their [website](#).
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1. What is the Energy Bill Relief Scheme?

The Energy Bill Relief Scheme is the UK government's response to the rising cost of energy and the impact this has been having on UK businesses and other non-domestic customers. Businesses will receive support this winter through a p/KWh discount on their energy bills.

The government has committed to doing two things:

1. Reducing the amount that businesses pay for the wholesale energy component of their bill
2. Removing the cost of green levies for businesses

2. Who is eligible for the scheme?

The scheme will be available to everyone on a non-domestic contract including: businesses, voluntary sector organisations and public sector organisations.

The support will apply to any fixed contracts agreed on or after 1 April 2022, as well as to deemed, variable and flexible contracts, on energy used for all or part of the period from 1 October 2022 to 31 March 2023.

3. How do businesses get access to this help?

The government has asked energy suppliers to facilitate this support to businesses, and are currently drafting legislation to enable this to happen.

There is no need to apply. Businesses do not need to take any action to receive the discount, in all cases the relevant price reduction will be automatically applied to bills by suppliers.

There will be an obligation on suppliers to do this in the legislation that is introduced.

4. How long will businesses receive support for?

The scheme will run for 6 months covering energy used from 1 October 2022 to 31 March 2023.

A review of the scheme will take place in three months and at this time the government will give details on those customers who they view need continued support beyond March 2023 and what form this will be in.

5. Will the same level of support be available to all businesses?

Not every customer will get the same level of relief.

The government has decided to preserve the functions of the non-domestic market as much as possible, meaning the level of relief will be tailored to each customer reflecting how they've been impacted by the rising cost of energy.

The level of relief will be determined by BEIS and will differ depending on the type of contract a business is on and when they agreed their contract. All customers will be informed of the relevant level of support they are eligible to.

6. What is the Government Supported Price?

This is the price the government believes is appropriate for customers to pay for the wholesale element of their electricity bill this winter, and this incorporates an adjustment for green levies.

For electricity this has been set at £211/MWh or 21.1p/kWh. This price is set and won't change.

7. Will the discount be applied at CT, NBP or GSP?

The discount will be applied based on volumes at CT.

8. Will the p/kWh discount be applied pre or post VAT?

Your bill will be calculated as usual. The discount will then be applied based on consumption volumes.

The amount each customer is charged after the price adjustment is the amount on which the VAT is due.

9. How will the removal of green levies work?

The Government Supported Price has been calculated to include an adjustment for green levies removal.

Businesses will continue to be charged for their green levies as normal, but the discount provided by the Energy Bill Relief Scheme will then remove their impact on customer bills this winter.

BEIS haven't given specifics on which green levies are included or what they have calculated them to be.

10. Will the discount vary across suppliers?

For Fixed contracts all suppliers will use the same discount applicable on the specific date the contract was agreed.

For Not on Contract, Out of Contract or Deemed the same discount will be used by all suppliers.

For Flexible contracts the supplier will calculate the weighted average price, and this is compared to the Government Supported Price to calculate the discount.

11. How does the discount apply for businesses on day/night or multiple rate structures?

These contracts still work in the same way and these businesses will continue to have their invoices calculated using the day/night or multiple rates.

The discount will then be applied to all consumption in the eligible period, irrespective of when used.

A single rate discount will be applied after all other calculations have been performed.

12. Does the discount have to be re-paid to government?

No. The government is providing a discount to businesses, this will not need to be paid back.

13. How will suppliers be reimbursed?

After calculating the appropriate discount and billing customers, suppliers will send this information to the government in order for them to be able to pay this amount back to suppliers.

14. How will channel partner commission be impacted?

There will be no impact on channel partner commissions.

The business market should continue to function as normal with contracts negotiated as normal and then any discount applied retrospectively at the point of billing.

15. Does the source of your electricity make a difference?

The discount will not vary based on energy source.

16. What will the maximum discount be?

The maximum discount has been set at £345/MWh for electricity and £91/MWh for gas.

The maximum discount has been calculated, by the government, by comparing the Government Supported Price with the average of expected wholesale prices for delivery across the 6 months of the scheme.

It is not intended that this figure will change unless there is a significant change to wholesale prices.

BEIS have so far indicated that the maximum discount will only be applicable to customers on variable, deemed or flexible contracts.

17. Will there be an impact on security deposit requirements?

Our credit risk teams are recalculating our exposure and adapting credit mitigations. We expect there to be an impact but this is just being finalised and will be specific to each individual business and contract so please speak to your Account Manager.

18. Will customers registered internationally, i.e. not UK registered, be eligible for the discount?

Eligibility for support is based on the sites being supplied in the UK. The company registration does not impact eligibility for the discount.

19. How will the discount be shown on my bill?

A one-line adjustment will be detailed on the bill.

The bill will show the p/kWh discount, the total consumption and the total value of the discount.

20. Will bills for October include the discount?

If you are due an invoice in October, you may receive it without the government support discount. However, please continue to pay your bill in line with your contractual terms. You will receive a re-issued bill with the appropriate discount at the earliest opportunity.

21. How do businesses on a fixed tariff understand the level of relief they will be receiving?

There are two key elements to this.

1. The Government Supported Price. For electricity this has been set at £211/MWh or 21.1p/kWh. This is the price the government believes is appropriate for customers to pay for the wholesale element of their electricity bill, and this incorporates an adjustment for green levies. This price is set and won't change.
2. The Relevant Wholesale Price for this winter. The Relevant Wholesale Price will change based on when a customer agrees their fixed price contract, reflecting movements in the wholesale electricity market. There will be one Relevant Wholesale Price per day from 1 April 2022.

The level of support that customers on fixed contracts will receive this winter will reflect the difference between the Government Supported Price and the Relevant Wholesale Price applicable for their contract.

22. How do businesses know the correct Relevant Wholesale Price is being applied?

Suppliers will ensure businesses get the appropriate discount on their bills this winter and this will be audited by BEIS. For businesses who would like to check the Relevant Wholesale Price, these will be published by the government for each day from 1 April 2022.

23. For businesses signing new contracts, will they be able to see the Relevant Wholesale Price before signing?

No, the Relevant Wholesale Price will only be known once the government publishes this information after the date the contract has been agreed.

24. If I have fixed sites that are due to go onto deemed what should I do?

Customers who are about to fall out of contract should finalise their contracts for this winter as soon as possible to avoid out of contract rates that are likely to be higher than a contracted rate.

25. For a customer who has recently signed a contract that starts in February 2023, how will they access the government support?

As long as the contract was accepted on or after 1 April 2022 then the part of the contract falling within the winter period, in this instance consumption in February and March, will be eligible for the discount.

26. What view of wholesale price are BEIS using in their calculation of the Relevant Wholesale Price?

Our understanding is that it will be baseload only.

27. Will the level of relief remain the same for fixed contracts throughout the winter period?

For businesses on fixed contracts the discount will remain the same for the entire winter period.

28. Will there be any additional relief on green levies if a fixed contract was agreed before April 2022?

No additional support will be available for fixed contracts signed before April 2022 as these businesses are seen by the government to have benefitted from acceptable wholesale prices.

29. How will the discount work for businesses out of contract?

Businesses who are not under contract will still receive relief on their bills this winter. The discount will be set by the government and will reflect the difference between the Government Supported Price and a relevant wholesale price, subject to the 'maximum discount'.

30. If businesses haven't yet agreed a fixed price contract for this winter, do they need to do so?

The government is advising that these businesses may be able to save more by moving to a new fixed price contract for the duration of the scheme.

Energy suppliers will continue to be able to set their out of contract prices at higher levels than their fixed price contracts, reflecting the additional risks that supplying customers on this basis presents.

If energy prices continue to rise this winter, there is a risk that the maximum discount will be exceeded and costs for these businesses will rise further. So for businesses considering staying on Deemed or Extended rates they need to be aware that their rates could vary over the winter period and their energy bills could rise further.

31. How is the discount be applied to flexible contracts?

The level of reduction offered will depend on the difference between your weighted average price for any month over this winter and the Government Supported Price. This will be subject to the maximum discount.

The maximum discount has been set at £345/MWh for electricity and £91/MWh for gas.

Your energy costs this winter could exceed the Government Supported Price if the difference between the £211/MWh and your weighted average price is higher than this maximum discount.

32. Will the discount be applied on individual trades?

The discount will not be applied to individual trades. This discount will be applied to your average achieved price for any month in the winter period.

33. Does the date I signed my contract or completed a trading transaction matter?

No, for any flex customers the date you agreed a contract or traded doesn't make a difference. The discount is based on the amount you consume for the winter period and your average achieved price.

34. How should I go about managing my open Winter-22 position?

Businesses should continue to hedge as they normally would outside of the scheme, to guard against further market disruptions.

In line with government guidance, suppliers and customers should not change behaviour to disproportionately gain from the support scheme.

35. What is being done to ensure profiteering is avoided?

A robust audit, compliance and enforcement regime will be in place to prevent instances of fraud, error and gaming. The details of this are still to be confirmed by BEIS but we expect this to be covered in detail in the legislation.

36. How is volume tolerance impacted?

Volume tolerance will continue to be applied and charged as normal.

All billed consumption will have the relevant price adjustment applied, but fees charged by suppliers for consumption outside of agreed volume tolerances are not subject to adjustment and shouldn't be considered as part of any weighted average wholesale calculations for flexible contracts.