



Switching energy supplier – advice for small businesses

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Businesses have the right to switch their energy supplier just like domestic consumers. However, as many businesses lack the protections that domestic consumers enjoy, switching your business supply can be a very complicated and confusing experience. This leaflet aims to give practical advice to avoid the potential pitfalls and obtain the best energy deal for your business.

What information do I need?

Before you decide to change supplier you need to gather the following information to ensure that you can make an informed decision:

- The amount of energy you use
- The terms of the contract you have with your current supplier (and metering service provider, if you have one)
- Details of the premises you own or occupy, including any special metering arrangements

If your business meets the criteria for a micro-business, you will receive additional protection.

I have a fixed contract – can I leave early?

Usually it would be best to wait until your contract expires to switch supplier. If you decide to end your contract early, or you fail to follow the procedure of termination stipulated by your contract, you may be forced to pay a termination fee. The exact fee varies by supplier, but can be as much as six months worth of estimated energy consumption.

There are also other potential charges you may face for breaking the Terms & Conditions, or for other events, such as a minimum charge if a business premises is left empty, missing a meter reading, or even for re-sending documents. If you are considering leaving your contract early it is wise to check with your supplier to confirm their terminations fees.

Can I switch at the end of my contract?

Before you switch you will need to check your contract to ensure that you switch during the transfer window. If you have a fixed term contract you are only able to transfer once that term has come to an end and you have followed the correct termination process. This may include notifying your supplier of your intention to switch before your contract comes to an end. If you are unsure when your transfer window is check with your current supplier.

If you are a micro-business and signed your contract after 18 January 2010, your supplier will send you notification of when your contract ends 60-120 days before the end of your contract. Once you have received this notice you will have 30 calendar days to renew your contract or switch supplier.

What happens if I miss the transfer window?

If you do not transfer within this period your supplier is likely to object and block the transfer. It is critical to ensure you undertake the switching process in a timely manner.

How do I get a quote for a new contract?

Before you ask for quotes from energy suppliers, or issue a formal tender document, make sure you have as much of the following information as possible for all the relevant premises:

- The full address and post code for all of your premises
- The reference number for all meter point(s) as shown on a bill(s) from your current supplier (this could be the Meter Point Reference Number (MPRN) for gas and Meter Point or the Administration Number (MPAN) or also known as the Supply or 'S' number for electricity). You may have more than one meter point for either energy source at your premises; you can check this with your current supplier if you are unsure
- Meter Serial Number(s) – the number printed on your meter(s). If in doubt you can ask your supplier, who could offer arrange a meter reading visit (although you may be charged for this)
- Your best assessment of the annual amount of energy used, the nature of your business including whether it is a micro-business and its consumption patterns. Different prices may apply depending on seasonal changes or the time of day at which you need to use energy
- Your most recent energy bill

What do I need to ask my potential supplier?

Next you need to approach energy suppliers to negotiate a new contract. Below are nine key questions you should ask a potential energy supplier to ensure you get the right deal for your business:

1. What is the charge per unit?
 - Are there any fixed or standing charges?
 - For electricity, are there any capacity charges per KVA?
2. Can the price I pay for energy change during the life of the contract?
If so, how will you tell me about this or any other changes to the contract?
 - Are charges fixed or variable?
 - If they are fixed, how long for?
 - If they are variable, which parts may vary?
3. What happens at the end of my contract or the fixed-term period if I stay with you as my supplier?
 - What can happen at the end of my contract or the fixed-term period if I do not renew my contract?
 - What do I need to do if I do not want to renew my contract?
4. What is the length of this contract?
 - Will you remind me of the contract end date?
 - What do I have to do if I want to end the contract early?
5. How and when do I contact you if I want to switch energy supplier?
 - In what circumstances can you stop me switching to another energy supplier?
6. Who can I contact to find out more information about my contract, and what information will they need from me?
7. Do you offer special tariffs for micro-businesses? If so, do I qualify?

8. Under what circumstances can my energy supply be cut off and what warning would I be given and what procedures must be followed?
9. What options do I have on payment terms?
10. Am I committed to a minimum or maximum volume of energy? If so what charges could I incur if I use less or more?

In particular, you need to look at price per unit, length of contract and how you can leave your contract at a later date.

Top tips to saving money during the contract renewal process

- Give yourself plenty of time to shop around before the termination window finishes. Once it does, you will no longer have any choice
 - Check with various suppliers to ensure you are getting a good deal
 - Ensure you ask the supplier what price changes they intend to make if the contract 'rolls over'
 - Ring up and pressurise your supplier to offer better terms
- It is essential that you provide all necessary information to your new supplier** and that you monitor the situation so that if a problem occurs you can attempt to rectify it as soon as possible

Are there brokers or price comparison sites that can help me to negotiate a contract?

If you do not want to negotiate directly with an energy supplier yourself, you could approach a broker. These are also known as Third Party Intermediaries (TPIs). TPIs will negotiate energy contracts with energy suppliers on behalf of businesses.

Using a TPI can help you to negotiate the complexities of business contracts and help you to obtain a better deal than you could on your own. However, you need to take care to ensure that your chosen TPI is genuinely getting the best deal for you and that you understand how they receive their commission for this service.

Top tips on using sales agents or TPIs

- Ask how they are paid, what they receive and who pays the commission
- Ask if they advertise the best deals industry-wide or only the products of certain suppliers
- Ask if the price they are offering is for one year or for the full length of the contract (eg over three years)
- Ask how long the contract locks you in for and what the termination fees will be
- Ask for a written copy of any deal offered
- Try to obtain a cooling off period before signing up for any fixed term deal and then research any offer against other deals in the market
- Ask if they are accredited by the UIA trade body that insists on certain standards of conduct (www.uia.org.uk)

My existing supplier won't let me switch – can they do that?

Your existing energy supplier is allowed to object to your request to move to another energy supplier. This can be for several reasons, the most common are:

- You are still under contract. To prevent this ensure that you are aware of the end date of your contract and switch supplier within the transfer window. If you run a micro-business and your contract was signed after 18 January 2010 your supplier will send you notification of when your contract ends 60-120 days before the end of your contract. Once you have received this notice you will have 30 calendar days to renew your contract or switch supplier. This is the best time to switch
- You have an outstanding debt to your energy company. Ensure any debts you owe the energy company are paid off before transfer or else they may object. Unfortunately, the transfer process can take one to three months so it is likely that the account will accrue debt during the transfer process. Ensure any debts in final statements are paid off as quickly as possible
- You are not authorised to change supplier, eg the supply to your premises is not part of a landlord's contract and your energy supply is included in the rent you pay to your landlord

Each supplier has different policies on objecting so it is wise to ask your energy supplier for information on their objection policies before you begin the switching process.

What happens if I still don't have a new contract when my existing contract ends?

If you run a micro-business and your contract runs out before you have agreed a new contract with a supplier, you will be 'rolled over' on the same terms and conditions for a further 12 months. To ensure this does not happen be aware of the termination dates and transfer window of your current contract.



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Who to contact

If you have an enquiry or if you need advice about a problem or switching your energy supplier please contact Consumer Direct on 08454 04 05 06 or visit the website: www.consumerdirect.gov.uk