



Navigating the Energy Crisis

The Trust Network

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B2B Suppliers

“Big 6” is now 5

- Challenging few years with market prices combined with price cap methodology pushing many suppliers into administration.
- Largest suppliers have seen change with Eon acquiring nPower and Ovo purchasing the domestic side of SSE.
- Nearly all have B2B presence but they are not necessarily going to provide the best value or products.



B2B suppliers

- Also challenging but with no price cap in place.
- Limited amounts of variable contracts.
- Suppliers all have their own target markets and areas they are more competitive in.
- The recent energy crisis has seen reluctance by many to quote new business with some completely exited certain markets.



Energy Bill Relief Scheme Summary

This applies to you if:



YOU'RE A NON-DOMESTIC ENERGY USER

Basically if you're a business, charity, school etc.



YOU HAVE A FIXED CONTRACT

But this has to have been signed after 1st April 2022



YOU'RE ON A FLEXIBLE TARIFF

But the trade has to have been made after 1st April 2022



YOU'RE ON A VARIABLE RATE

This automatically qualifies, but the discount is capped

How it works:

The government are offering to help to give you a new (lower) price per unit of energy, which is nice of them.

NOTE THIS IS THE SAME AS 21.1P PER KWH (AS 1 MWh = 1000 KWH)



£211

Per megawatt hour (MWh) FOR ELECTRICITY



£75

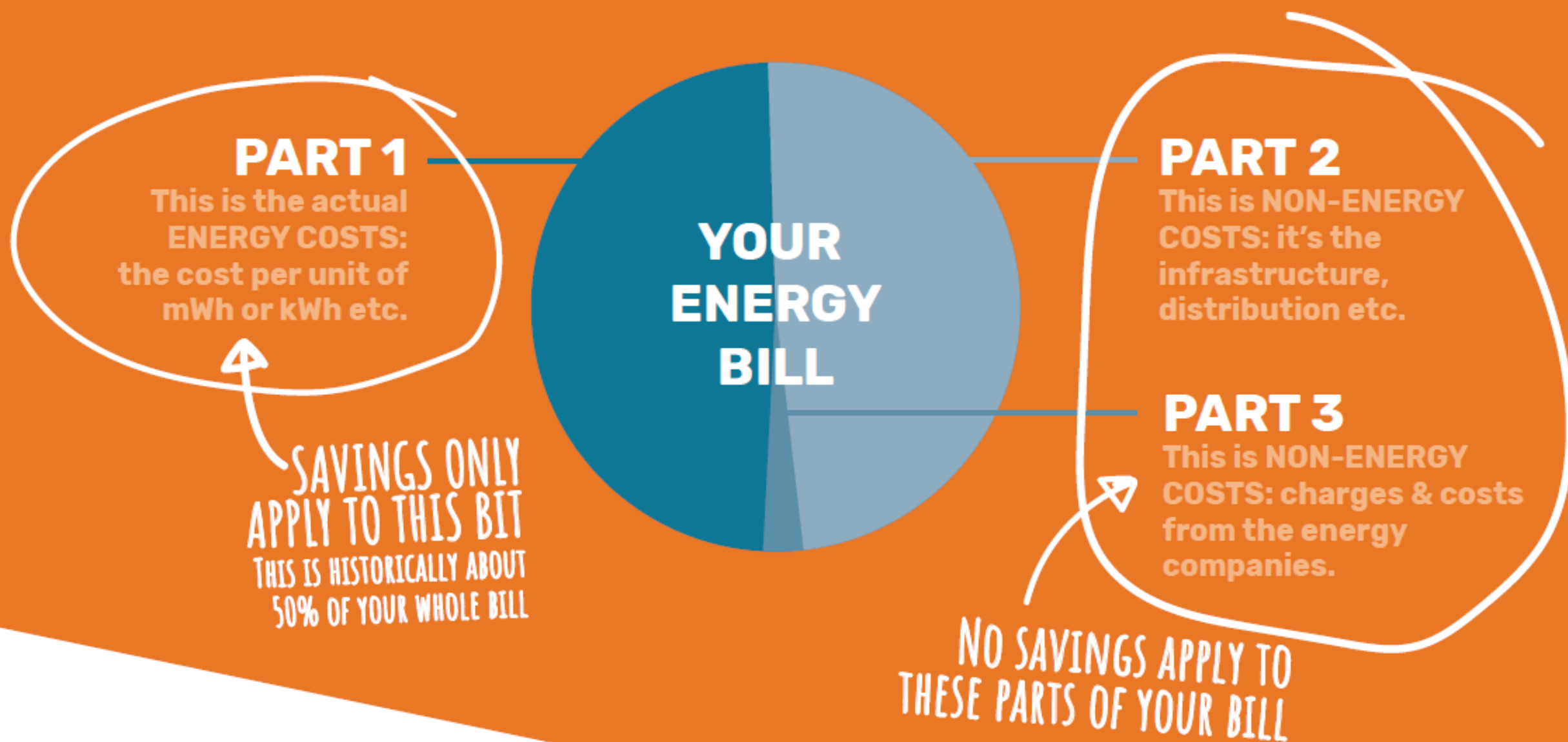
Per megawatt hour (MWh) FOR GAS

NOTE THIS IS THE SAME AS 7.5P PER KWH (AS 1 MWh = 1000 KWH)

However: If you're on a flexible tariff or on a variable rate there is a maximum that the government will assist with.



BUT THE SAVINGS DON'T APPLY TO EVERY PART OF YOUR BILL

THE SAVINGS ONLY APPLY TO ENERGY, NOTHING ELSE.



SO, HOW MUCH COULD YOU SAVE?

An example if you were on a fixed contract:

	 Electric	 Gas
If we use an example wholesale cost of:	£556 per MWh	£166 per MWh
The government could contribute:	£345 per MWh	£91 per MWh
Meaning you could only actually pay:	£211 per MWh	£75 per MWh

Saving you:

62%

55%

SAVING YOU ABOUT TWO THIRDS OF THE ENERGY PORTION OF YOUR BILL


SAVING YOU MORE THAN HALF OF THE ENERGY PORTION OF YOUR BILL

EBRS – How is it being implemented?

Recommended approach

- Billed at agreed contract price (as normal)
- Additional line on the bill which provides the discount
- Adjustment rate billed will be the difference between contract price and cap price (*providing all criteria is met and maximums not breached*)
- BEIS publish a discount figure for every week from Dec 21 through to March 23

Example

 Department for Business, Energy & Industrial Strategy		Discounts for fixed contracts		
		Electricity (p/kWh)		
Date [T]	Reference Wholesale Price	Government Supported Price	Discount - Electricity [D-E]	
05/07/2022	39.58	21.10	18.48	
06/07/2022	39.58	21.10	18.48	
07/07/2022	39.58	21.10	18.48	
08/07/2022	39.58	21.10	18.48	
09/07/2022	39.58	21.10	18.48	
10/07/2022	39.58	21.10	18.48	

The following charges apply to invoice period: 01 Oct 22 - 31 Oct 22

MPAN	Rate Component	Charge Description	Average Loss Adjustment Factor	Units	Units of measure	Cost (£)
	1	Govt. discount 18,222.70 kWh at £-0.1848 per kWh	-	18,222.70	kWh	-£3,367.55
Total charge for MPAN						-£3,367.55



EBRS - things to be mindful of

Currently only up until 31/03/2023

More targeted approach after that currently being discussed by Government

Only wholesale energy

Non-energy costs not included

There are maximum discounts on variable/flex contracts

Being in a contract is going to provide you with the most protection/support

Example

Fuel	Reference Wholesale Price (p/kWh)	Government Supported Price (p/kWh)	Maximum Discount (p/kWh)	Variable Price (p/kWh)	Billed discounted price (p/kWh)
Gas	16.60	7.50	9.10	25.00	15.90
Electricity	55.63	21.10	34.5	100	45.5

Long term contracts only receive benefit up to the cap price

Example

Contract Signed	Reference Wholesale Price (p/kWh)	Government Supported Price (p/kWh)	Discount (p/kWh)	3 Year Contract Signed Price (p/kWh)	Price if total discount was applied (p/kWh)	Billed discounted price (p/kWh)
18/07/2022	13.58	7.50	6.08	12.00	5.92	7.50

How have we got here?

Gas market context

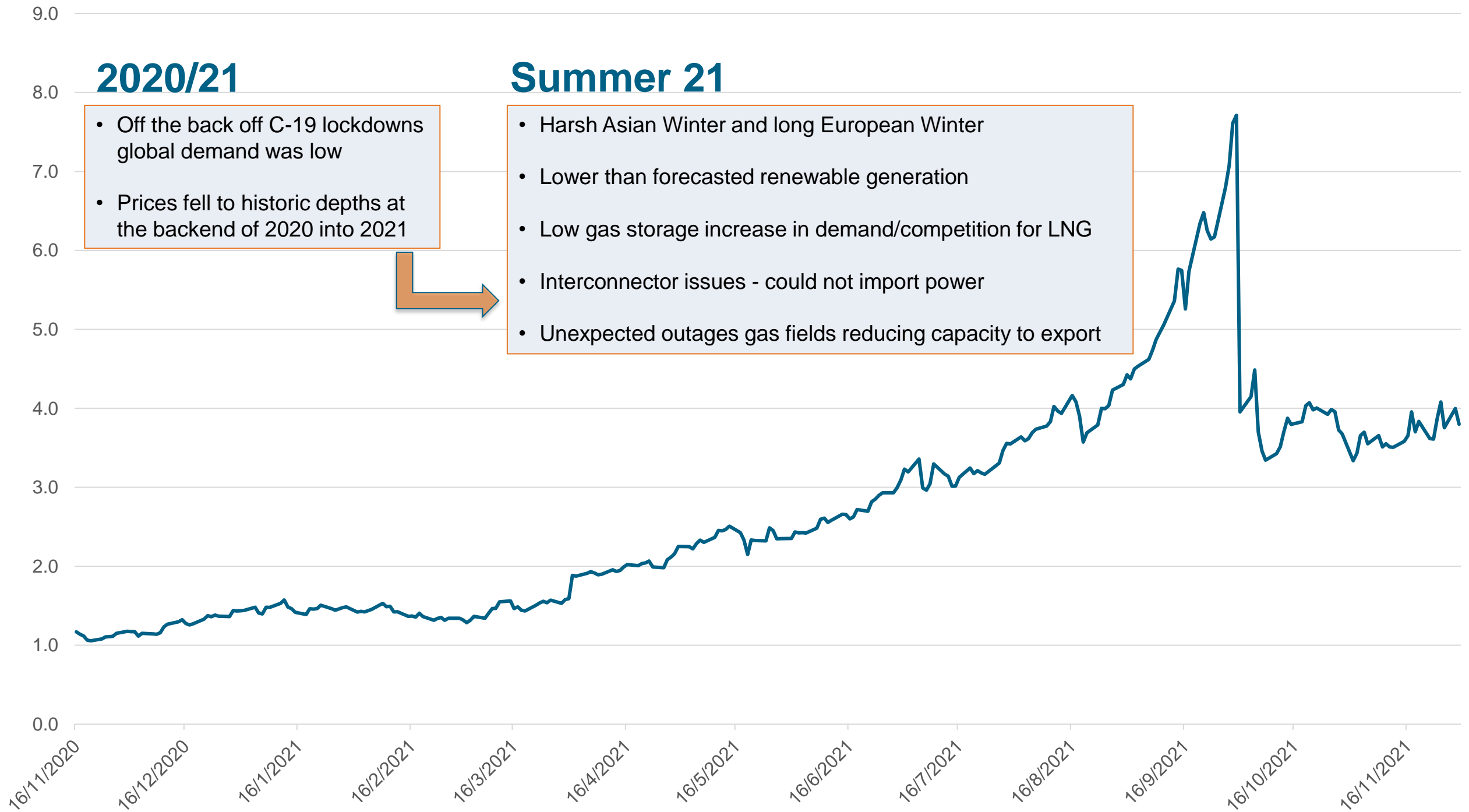
Season Ahead (p/kWh)

2020/21

- Off the back off C-19 lockdowns global demand was low
- Prices fell to historic depths at the backend of 2020 into 2021

Summer 21

- Harsh Asian Winter and long European Winter
- Lower than forecasted renewable generation
- Low gas storage increase in demand/competition for LNG
- Interconnector issues - could not import power
- Unexpected outages gas fields reducing capacity to export



How have we got here?

Gas market context

Season Ahead (p/kWh)

December 21

- One of the main pipelines flowing gas from Russia to Europe reversed flows causing huge concerns for a short period
- Milder weather, high wind output, and increased LNG supply reduced immediate supply concerns



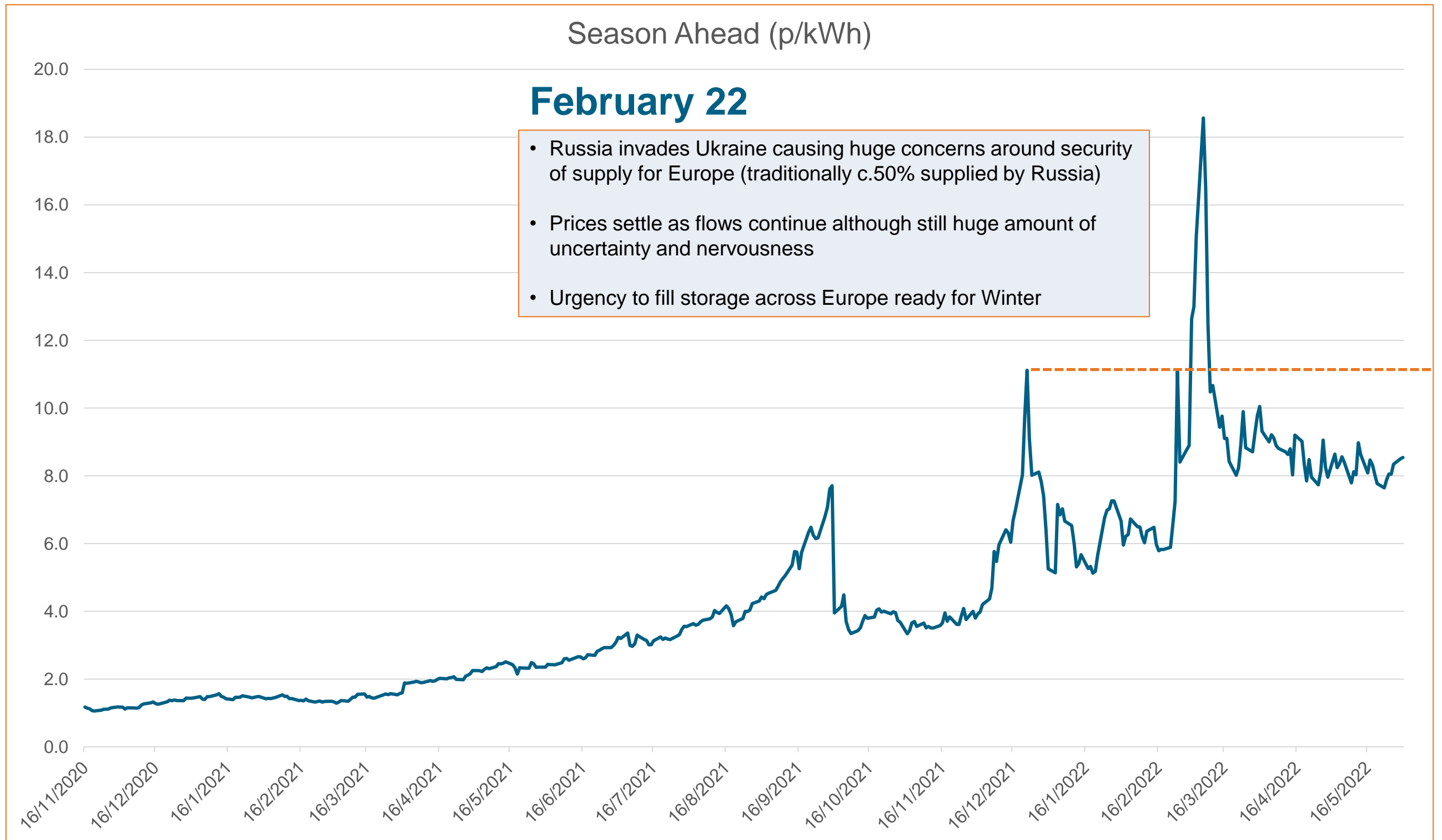
How have we got here?

Gas market context

Season Ahead (p/kWh)

February 22

- Russia invades Ukraine causing huge concerns around security of supply for Europe (traditionally c.50% supplied by Russia)
- Prices settle as flows continue although still huge amount of uncertainty and nervousness
- Urgency to fill storage across Europe ready for Winter



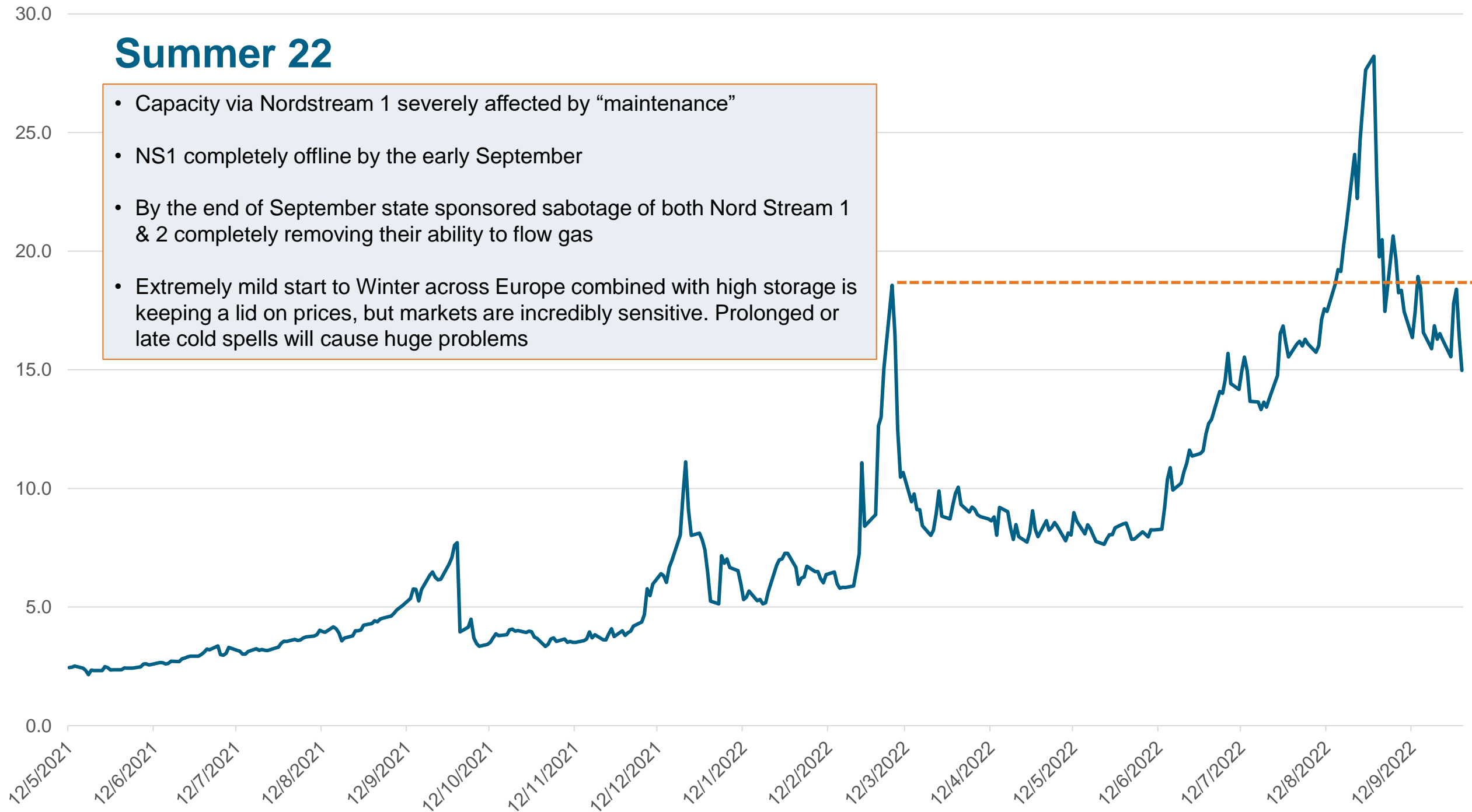
How have we got here?

Gas market context

Season Ahead (p/kWh)

Summer 22

- Capacity via Nordstream 1 severely affected by “maintenance”
- NS1 completely offline by the early September
- By the end of September state sponsored sabotage of both Nord Stream 1 & 2 completely removing their ability to flow gas
- Extremely mild start to Winter across Europe combined with high storage is keeping a lid on prices, but markets are incredibly sensitive. Prolonged or late cold spells will cause huge problems



Non-energy costs have increased in the region of 3-5x in the last couple of years

Main reasons are linked to wholesale prices

Risk of fixing costs has increased significantly

Increased cashflow has created more risk and cost of cash has gone up



Longer term outlook

There is a lot riding on the weather this winter...

- Cold winter in Europe/globally will have a knock on impact for next summer and winter
- Cold spells late in the season present real risks to security of supply
- Ageing French nuclear fleet causing concerns for January/Feb net importer rather than exporter

Replacing Russian Gas

- Large amounts of LNG is being sourced from America/middle east but infrastructure/capacity is an issue
- Europe has limited capacity to re-gasify although floating terminals are being constructed
- A competitive Asian LNG market will keep pressure on prices

Increase Renewables/Nuclear

- Development will take time (especially nuclear)
- Renewables provide intermittent power
- Requires large investment in both infrastructure and technology

Demand Reduction

- High prices and limited supply are forcing concerted demand reduction efforts
- Governments across Europe setting reduction targets mainly focused on big business
- Mild weather so far this winter is making it difficult to understand how successful this has been

All of the above will take time which is why it is widely believed that elevated market prices will be with us for some time.

- A change in the way renewable generation is priced in the market may create some relief but this would require fundamental change to the current energy market pricing mechanism.
 - Marginal pricing is why gas and power demand are inherently linked and we currently use a large amount of gas to produce electricity.
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Planning for the future

There is no getting away from challenges, even with government support prices have increased nearly 3 fold in recent years.

Be proactive

Don't allow contracts to expire or get close to expiry as limiting your renewal opportunities could be costly in a volatile market.

Investment in energy reduction / on-site generation

If you can access funding, return on investment is now much quicker due to extreme prices.

Internal & External Engagement

It is important everyone is on the same page when it comes to energy savings and it is (now more than ever) wise to work with trusted third parties in order to help navigate the energy market.

We will be hosting energy surgeries

Lisa Gregory (Ginger Energy) / Jonathan Coyles (Barkers)



Focusing our energy on yours

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