

23rd January 2023

Rt Hon Grant Shapps MP
Department for Business, Energy and Industrial Strategy
1 Victoria Street
London
SW1H 0ET

Dear Business Secretary,

Supporting Vulnerable Businesses With Energy Bills

We are writing as a group of trade bodies representing a diverse range of businesses in response to the government's Energy Bill Discount Scheme (EBDS). We welcome that the government is providing some ongoing support for businesses to help manage energy costs after March 2023. We do not believe the current EBDS offers enough support or is targeted appropriately. We therefore want to see the Department for Business Energy and Industrial Strategy (BEIS) and Ofgem encourage energy suppliers to help the most vulnerable business customers renegotiate or 'blend and extend' their energy contracts to better reflect lower wholesale energy prices.

We have all shared evidence and engaged positively with the robust consultation process run by the BEIS and HM Treasury reviewing the Energy Bill Relief Scheme (EBRS). We are disappointed that outcome of this process has been a complete failure of the government to focus taxpayer funds at those businesses most affected by runaway wholesale prices. We are clear that one group of extremely vulnerable businesses are those that negotiated their contracts between July and December 2022 when wholesale energy prices were at their highest.

This period represents a time when energy suppliers had most leverage over business customers that were trying to secure fixed term contracts. The government were also encouraging energy suppliers to facilitate businesses on default deemed or variable tariffs to be given the opportunity to switch to a fixed contract/tariff for the duration of the EBRS. Regardless of what happens to current wholesale prices, these contracts are those that will rise steeply – as they are currently based on the Government's fixed price (for electricity at 21p per KWh), but will instead rise to the unadjusted whole price (at up to 75p per KWh). The Government's proposed discount of 2p will not touch the sides.

We are urging BEIS and Ofgem to encourage energy suppliers to allow the most vulnerable businesses to renegotiate or 'blend and extend' their energy contracts to reflect significantly lower wholesale prices now available. This should be considered as part of the Chancellor's request of Ofgem to make recommendations, in advance of the Budget, on whether further regulatory or legislative action is needed to secure a well-functioning market for non-domestic customers. Many of us have already written with recommendations to BEIS, HMT and Ofgem asking for interventions over the first period of the EBRS, but this is now crucial as we look to the less-supported EBDS.

The option to renegotiate contracts should be automatically available to businesses where energy suppliers can confirm:

- they negotiated the new energy contract within the peak wholesale price period of 2022
- they can confirm the level of wholesale price on the contract is above the EBRS wholesale price cap
- they can confirm the end date of the contract to demonstrate the length of exposure to higher prices beyond the existing EBRS (from April 2023 onwards)

Without support many of these businesses will fail, resulting in economic decline, a net loss of jobs and services in communities and revenues to the exchequer. We urge you to consider how you can facilitate support for these businesses to renegotiate their contracts with encouragement from government and the support of Ofgem. We would value the opportunity to meet directly with you and your Officials to discuss our proposals in more detail. For more information, please contact Edward.woodall@acs.org.uk.

Yours sincerely,



James Lowman, chief executive, Association of Convenience Stores



Martin McTague, National Chair, Federation of



Andrew Goodacre, chief executive, British Independent Retail Association



Emma McClarkin OBE, chief executive, British Beer & Pub Association