



CLA Energy Services Fact Sheet No 2 | The Energy Bills Discount Scheme (issued 30 January 2023)

The Energy Bills Discount Scheme (EBDS) recently announced by the Government is designed to help businesses manage the continuing impact of energy prices. This scheme runs for 12 months from 1 April 2023 to 31 March 2024.

To qualify for the scheme and benefit from the support package, two criteria must be met:

1. As with the original scheme, the new scheme will be available to everyone on a non-domestic contract including:

- businesses
- voluntary sector organisations, such as charities
- public sector organisations such as schools, hospitals, and care homes

2. Those eligible will need to be:

- on an existing fixed price contract agreed on or after 1 December 2021
- signing new fixed price contracts
- on deemed/out of contract or standard variable tariffs
- on flexible purchase or similar contracts

The amount your bills will be reduced

As per the current scheme the Government will provide a discount on your gas and electricity unit prices. Eligible non-domestic consumers will now receive a per-unit discount to their energy bills during the 12-month period from April 2023 to March 2024, subject to a maximum discount. The relative discount will be applied if wholesale prices are above a certain price threshold. For most non-domestic energy users these maximum discounts have been set at:

- electricity - £19.61 per megawatt hour (MWh) with a price threshold of £302 per MWh
- gas - £6.97 per MWh with a price threshold of £107 per MWh

The discount is calculated as the difference between the wholesale price associated with an energy contract and the price threshold. The discount is phased in when the contract's wholesale price exceeds the floor price, until the total discount per MWh reaches the maximum discount for that fuel.

Recognising that some non-domestic energy users are particularly vulnerable to high energy prices due to their energy intensive and trade exposure, (referred to as Energy and Trade Intensive Industries or ETIIs), these sectors will receive a higher level of support, subject to a maximum discount. The maximum discounts and price thresholds for these sectors are:

- electricity - £89 per MWh with a price threshold of £185 per MWh
- gas - £40 per MWh with a price threshold of £99 per MWh

How it works

As with the original scheme, suppliers will automatically apply reductions to the bills of all eligible non-domestic customers.

Eligible ETII customers will have to apply for the higher level of support. Further details on how this will work will be published in due course. If you think your supplier is not applying the discount correctly, you should contact your supplier in the first instance.

The Government will compensate suppliers for the reduction in wholesale gas and electricity unit prices that they are passing on to non-domestic customers.

The discount applied will be in pence per kilowatt hour (p/kWh). The p/kWh government support for comparable contracts will be the same across suppliers, but the absolute level of individual bills will continue to vary across different contracts and tariffs.

FAQs

Q1. What's the difference between the old scheme and this one?

The new Energy Bills Discount Scheme (EBDS) is a discount based on the rate you already have in place. The old scheme (formerly the Energy Bill Relief Scheme) capped the market wholesale rate.

Q2. How might the new scheme affect me?

The old scheme gave a consistent market wholesale price regardless of your individual unit rate. The new scheme provides a discount from your individual unit rate.

Q3. How is the discount applied?

There is a standard level of discount that is available to everyone, this will be provided automatically by your supplier.

However, you will need to apply for the higher rate discount and this discount is only available to certain businesses. You can see if you qualify using the link below:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1128033/230104_ETII_List_for_gov.uk.pdf

It is unclear at the moment how the higher rate discount will be implemented. We will update this section as soon as there is confirmation.

Q4. Is there a deadline to apply for the higher rate discount?

At present the Government has not set a deadline for applications or how to apply. Full details around this will be released in due course and we will update this fact sheet once we have confirmation on these details from the Government.

Q5. Do the farming and agriculture sectors qualify for the higher discount?

There are a number of factors involved regarding this. We recommend you speak to a CLA Energy Services adviser to see if you qualify and to obtain the latest advice.

Q6. What happens if I am on an 'out of contract' or 'deemed' rate?

Unlike the old scheme where it didn't matter if you were on a deemed rate, this scheme affects you differently. Although you will still receive a discount, it will be from a highly inflated rate. We would recommend speaking to your broker or supplier about how to secure a contract that will cover you for the winter period.

Q7. What level of discount will I receive?

For the standard discount you will receive:

- electricity - £19.61 per megawatt hour (MWh) with a price threshold of £302 per MWh
- gas - £6.97 per MWh with a price threshold of £107 per MWh

The higher rate discount (if eligible) is:

- electricity - £89 per MWh with a price threshold of £185 per MWh
- gas - £40 per MWh with a price threshold of £99 per MWh

The equivalent measured in kilowatt hour (KWh) is:

- electricity - 1.9p per KWh
- gas - 0.69p per KWh

The higher rate discount (if eligible) in KWh is:

- electricity - 8.9p per KWh
- gas - 4p per KWh

Next Steps

CLA Energy Services can offer you advice on renewable energy solutions and on-site generation. If you're looking for ways to reduce your carbon footprint, get in touch with us today on 0808 164 6151 or email us at energyservices@cla.org.uk

Find out how we can help you

Call: 0808 164 6151

Email: energyservices@cla.org.uk



CLA Energy Services is provided by Troo Ltd, a company registered in England and Wales. Registered address: 1 Azure Court, Doxford International Business Park, Sunderland SR3 3BE. Company Number: 10293408. The information contained in this CLA Energy Services fact sheet is for guidance only and is provided by Troo Ltd. Precise information should always be requested from its commercial department. Neither CLA Energy Services nor Troo Ltd can be held responsible for any errors or omissions contained in this fact sheet. Ref:CLA300123