

Energy Bills Discount Scheme factsheet – 9th January 2023

- The Government is today, 9th January 2023, announcing a new business energy scheme from 1 April 2023 to 31 March 2024 for eligible non-domestic consumers in Great Britain and Northern Ireland.
- The current £18 billion scheme (Energy Bill Relief Scheme) announced in September comes to an end in March 2023. It supports businesses and public sector organisations such as schools and hospitals by providing a discount on wholesale gas and electricity prices.
- On 17 October it was announced that an HM Treasury-led review of the scheme would determine support beyond March 2023.
- The government has been clear that current levels of support were time-limited and intended as a bridge to allow businesses to adapt. Wholesale gas prices have now fallen to levels just before Putin’s invasion of Ukraine and have almost halved since the current scheme was announced.
- The new scheme therefore strikes a balance between supporting businesses over the next 12 months and limiting taxpayer’s exposure to volatile energy markets, with a cap set at £5.5 billion based on estimated volumes.

What is the Energy Bill Relief Scheme?

- The Energy Bill Relief Scheme currently provides a discount on wholesale gas and electricity prices for all eligible non-domestic consumers supplied by licensed energy suppliers. This includes public sector organisations, voluntary sector organisations like charities, and businesses.
- The scheme came into effect on 1 October 2022 and was always intended to run until 31 March 2023.
- The EBRS was designed as a temporary six month measure to eligible protect non-domestic consumers from soaring energy costs, cutting the cost of power bills and providing them with the certainty they needed to plan through the acute crisis this winter.
- This helped keep people in jobs, prevented unnecessary insolvencies and afforded breathing space for businesses to identify measures that protect themselves from high energy costs.

How does this scheme differ?

- The current EBRS is worth £18 billion per the figures certified by the OBR at the Autumn Statement. This is equivalent to an increase of close to three pence on people’s income tax.
- The government has been clear that such levels of support were time-limited and intended as a bridge to allow businesses to adapt. The latest data shows wholesale gas prices have now fallen to levels just before Putin’s invasion of Ukraine and have almost halved since the current scheme was announced.
- The new Energy Bills Discount Scheme therefore strikes a balance between supporting businesses over the next 12 months and limiting taxpayer’s exposure to volatile energy markets, with a cap set at £5.5 billion based on estimated volumes.
- The discount will be available to those:

- on existing fixed price contracts that were 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;
- on contracts paying energy costs above a price threshold;
- on variable 'Day Ahead Index' (DAI) tariffs (Northern Ireland scheme only);
- Eligible non-domestic consumers will now receive a unit discount of up to £6.97/MWh unit discount to their gas bill and a unit discount of up to £19.61MWh to their electricity bill during the 12-month period from April 2023 to March 2024, above a threshold level of £107/MWh for gas and £302/MWh of electricity.
- As previously, customers do not need to take action or apply to the scheme to access the support. Support will automatically be applied to bills by your supplier.
- If you think your supplier is not applying the discount correctly, you should contact them 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.

What about energy and trade intensive businesses?

- The Government recognises that those in energy and trade intensive industries (ETIIs) are less able to pass higher costs through to their customers, due to international competition.
- Therefore, a higher level of support will be provided to businesses in sectors identified as being the most energy and trade intensive – a long-standing category primarily including manufacturing businesses.
- As with the current scheme, the discount will reflect the difference between the government supported price and the relevant wholesale price.
- This discount will only apply to 70% of energy volumes and will be subject to a 'maximum discount' of £40.0MWh for gas and £89.1/MWh for electricity.
- The threshold price will be £99/MWh for gas and £185/MWh for electricity.
- For a full list of sectors in scope, please [click here](#).
- Businesses may need to register to be eligible for this additional support. Details on how to apply will be released in due course.

Case studies

The level of support for each organisation will vary depending on type and date of contract. The following are illustrative examples only.

A typical pub uses 16 MWh of gas and 4 MWh of electricity per month. Under the new scheme, it could receive **up to £2,280 of taxpayer funded support in the 23/24 financial year.**

A typical small retail store uses 2 MWh of gas and 1 MWh of electricity per month. Under the new scheme, it could receive **up to £403 of taxpayer funded support in the 23/24 financial year.**

A typical medium sized manufacturer uses 1,600 MWh of gas and 200 MWh of electricity per month. Under the new ETII scheme, it could receive **up to £687,120 of taxpayer funded support in the 23/24 financial year**

Further facts and background

- Third party intermediaries (TPIs) and energy brokers have no influence over the per unit cost reductions that will be applied to energy costs under the scheme. You do not have to take out a new contract or change your contract for appropriate reductions to automatically be applied to your bills.
- Any intermediary in England, Wales, Scotland or Northern Ireland, that will be or has been provided with EBRIS support, must pass this support on, in a just and reasonable way, to end users such as customers of heat networks and park home residents.
- For more information, see the guidance on pass-through requirements for support provided to intermediaries, including for heat networks.