

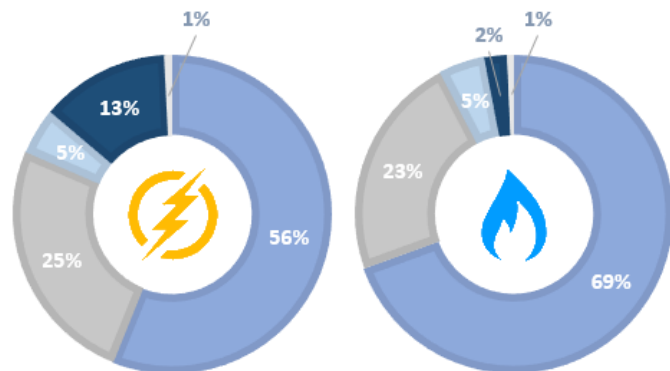
Understanding your energy Costs

What makes up your energy supply bills?

Deregulation has greatly opened up the energy and power market over the past couple of decades allowing for the consumer to shop around for competitive prices and better services. However, the financial gain through greater competition has been countered by rising wholesale prices and infrastructure investments.

Wholesale and Supplier Costs:

- Is what we pay producers for either generating electricity at power plants or extracting gas from the ground.
- Wholesale costs comprise the largest proportion of your energy bills. Supplier costs include any expenses associated with meter management, sales, invoicing and the costs of running a retail business. These costs make up approximately 16% of your final bill. Across suppliers, profit margins tend to range from 0 to 2%.



- Wholesale and supplier costs
- Network costs
- VAT
- Environmental costs

Networks Costs:

- Both gas and electricity need to be transported to their point of consumption – your business – and involves transmission and distribution. The transmission grid transports large volumes over long distances while the distribution grid “distributes” the gas and electricity locally to your business. Like motorways and county roads, the transmission and distribution infrastructure requires continuous maintenance and upgrades as to keep up with growing demand and regulation.
- Network costs are charged to the supplier and include the cost transporting energy from the source to the point of consumption. These costs are recovered via your energy supply bill and add up to approximately 20% of your total bill.

VAT:

- VAT stands for Value Added Tax and is a charge levied by HM Revenue and Customs at a rate of 20%. Businesses using no more than 1,000kWh of electricity per month and no more than 4,397kWh of gas per month may be eligible for a discounted rate of 5%.

Environment Costs:

- **CCL:** the Climate Change Levy is a tax levied on non-domestic energy consumers in the United Kingdom. Its aim is to provide an incentive to increase energy efficiency and to reduce carbon emission.
- **EMR support costs:** the Electricity Market Reform is a government programme to incentivise capital investment in the UK energy market and its infrastructure to ensure its long term stability.
- **EU ETS:** the EU Emissions Trading System proposes to reduce industrial greenhouse gas emissions in support of EU policy to combat climate change.
- **RO support costs:** the Renewables Obligation is one of the prime support mechanisms for renewable electricity support programmes in the UK.
- **CRC allowance cost per unit:** the CRC energy efficiency scheme is a carbon emissions reporting and pricing programme, covering electricity consumers, using more than 6,000MWh of electricity in a year, using at least one half-hourly electricity meter.

Keep abreast with our Market Updates

It can be difficult to remain on top of current changes in the energy industry and how they affect your business. Our Market Updates provide insight into the latest industry and regulatory changes that may impact your business – for more information visit:

www.brookgreensupply.com/mu

Energy price trends for non-domestic consumers

The Department of Energy and Climate Change (DECC) June 2016, Quarterly Energy Price Report indicates a fall in both electricity and gas prices within the first quarter of 2016. Electricity prices have fallen by an average of 1.7% between the first quarter of 2015 and the first quarter of 2016¹. The fall in prices have been larger for the very small businesses, which have benefited from approximately 7% decrease. Gas prices have also declined by 12%, on average, between the first quarter of 2015 and the first quarter of 2016 - large businesses² have benefited the most.

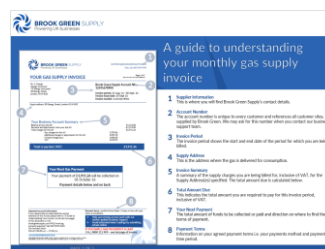
Latest DECC forecasts have projected electricity and gas wholesale prices to remain low for at least the next 4 years, with a 2020 revised wholesale price dropped by 14% for gas and 12% for electricity³. At Brook Green Supply, we will continue to do all that we can to pass on the saving and offer our customers the most competitive prices possible.

As the UK works to reform their energy infrastructure and lower its carbon emissions by 2050, there is an increase in the commencing of government initiatives, to reach our energy industry objectives. As the government plan to restructure the industry and support businesses in reducing their energy usage, there has been an increase in environmental and governmental levies applied to customer bills. With such unavoidable charges and taxes constituting a larger proportion of business energy bills, we, at Brook Green Supply, believe customer support and transparency is imperative in assisting businesses with lowering their energy supply bills.

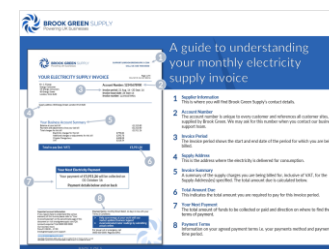
¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/532712/QEP_June_2016_Final.pdf
² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/532712/QEP_June_2016_Final.pdf
³ <https://www.gov.uk/government/publications/fossil-fuel-price-projections-2015>

Reducing your energy costs

To ensure our customers understand exactly what they are paying for, we aim to offer complete clarity and simplicity within our invoicing system. With our monthly invoices, you can review all environmental levies and other charges that contribute toward your final bill whilst also monitoring your monthly consumption. We appreciate energy invoices can seem complex and filled with jargon so we have created a comprehensive guide to assist our customers in understanding their monthly invoices – go to www.brookgreensupply.com/faq



[Read our guide to understanding your gas invoice.](#)



[Read our guide to understanding your electricity invoice.](#)