



ENERGY PRICE OUTLOOK

Wholesale gas prices ended July around 18% higher than the start of the month, with prices moving between the 1st July and 31st July in a range of -10% to +18%.

The events causing the instability are centred on the increasing tensions in the Middle East, but the planned maintenance in Norway during August 2024 will limit supplies to the UK, as are the reduced supplies of LNG (Liquefied Natural Gas) scheduled to arrive in the UK, with increased supplies going to the Far East.



The price of LNG in the UK is driven by several key factors:

- 1. Global Supply and Demand:** Changes in global demand, especially from Asia, and supply disruptions can significantly impact prices.
- 2. Geopolitical Factors:** Conflicts, sanctions, and trade policies can disrupt supply chains and affect prices.
- 3. Weather and Seasons:** Extreme weather conditions, like cold winters or hurricanes, can increase demand or disrupt supply.
- 4. European Gas Market:** Storage levels and pipeline supplies in Europe influence the need for LNG imports.
- 5. Currency Fluctuations:** Changes in the GBP/USD exchange rate can alter LNG costs.
- 6. Market Speculation:** Trading activities and speculation can lead to price swings.
- 7. Infrastructure and Logistics:** Terminal capacity and transportation issues can limit supply flexibility.
- 8. Regulatory Changes:** Shifts in energy policies and regulations can impact demand and supply dynamics.

DODGY ENERGY BROKERS-ARE THEY PROTECTED BY ENERGY SUPPLIERS?

We were recently approached by a care provider that had entered a contract with one of Britain's largest Gas suppliers, via a broker that used a quoting platform/aggregator to obtain quotes and place the contract.

The provider was concerned with the price they were paying and the term of the contract (3 years).

We requested and obtained from the provider a number of emails that clearly showed a number of blatant lies by the broker. These were used to persuade the provider to enter a long term contract at a time when gas prices were not in our opinion competitive . The shocking documents showed that the broker had added over £19,000 in commission for arranging/ conning the provider into signing a contract for a single supply.

Upon taking the situation up with the aggregator they quickly agreed that the contract had been mis-sold and agreed to refund the broker's portion of the commission, but not theirs. The offer was obviously rejected. The aggregator then advised that the major Gas supplier in Britain are refusing to void the contract.

We will update when OFGEM and the Energy Ombudsman have issued their decision and then again when the Court makes a decision if it needs to go that far.



OFGEM

Focus Energy Services represented Care England and the care sector at a recent OFGEM meeting in London, in which we strongly put forward that energy brokers/consultants should be regulated and preferably pass an examination before being allowed to advise and arrange contracts. We will continue to push for this as well as requesting that OFGEM impose rules on energy suppliers that prevent the dubious practices of many brokers.

We were pleased that some of the Focus/Care England's suggestions to OFGEM are going to be implemented. Whilst the new standards are voluntary, which is a shame, they will improve billing for those energy suppliers that implement them.

- 1) Energy suppliers should clearly display if rates are "out of contract" by using bold text or a red typeface..
- 2) Bills should note the contract end date.

Providers that receive bills that don't contain the contract end date, should question if they are using the correct supplier.

CHECKING ENERGY BILLS

We suggest you check your bills for:-

- 1) VAT-Should you be charged VAT at 5% rather than 20%?
- 2) Your contracts end dates– If it is within a year, you can obtain quotes and enter a contract to start when your current contracts end.

If you are out of contract, your bills may contain words//phrases such as:-

“deemed rates”, “you could benefit from a contract rate”, if so you are overpaying.

- 3) Are your bills frequently estimates?- If so you could be overpaying.
- 4) Does your electricity MPAN number in the top left hand box contain 05,06,07 or 08. If so you can almost certainly benefit from a replacement meter.



We are happy to check energy bills for providers without charge. If you send your latest bill for each supply or just the ones you would like checking, we will email you with our comments.

COMPARING QUOTES

When comparing energy quotes, the focus shouldn't just be on the standing charge or the rate per kWh. What really matters is the total annual cost—how much will ultimately be deducted from your bank account. Sometimes, a quote with a standing charge over £3 a day can be cheaper than one with a charge of 25p a day.

To get accurate quotes, always use official estimated consumption figures. This not only ensures accurate quotes but also helps avoid tolerance penalties.

SUMMARY:

- **Check Consumption Figures:** Make sure the consumption figures used for quotes are consistent.
- **Compare Annual Costs:** Look at the total annual cost rather than just individual components like the standing charge or kWh rate.
- **Ensure Quotes are Current:** Verify that the quotes are up-to-date and ask how long they are valid.
- **Change in Consumption:** Before receiving a quote, you should have been asked if you're aware of any changes that could affect your consumption. If not, ask why.
- **Advisor Fees:** Inquire about the advisor's fees. Are they more than 0.5p per kWh?

By keeping these factors in mind, you can make a more informed decision when choosing an energy supplier/contract.

BROKER COMMISSION

We are always happy to quote any providers energy supplies. And we encourage obtaining quotes from more than one broker, if just to check how competitive your existing broker/consultant is.

It is shocking how frequently broker quotes don't declare commission, which is normally the amount added per kWh to the rate quoted by the supplier.

We suggest that providers question why quotes don't include commission if the broker is offering a good service with a competitive commission.

We find that quotes without commission are often from brokers that are advising longer term contracts. (Many energy suppliers pay the bulk of commission at the start of a contract).

QUESTIONS FROM PROVIDERS

From S.B. London— We have received a quote from an energy supplier we have never heard of, which has a ZERO standing charge, why don't other suppliers do the same?

We are aware of this unusually named energy supplier, whose quotes are around 15% to 20% lower than the rest of the market, in £'s per annum. It's extremely difficult to understand how their pricing is sustainable. When energy suppliers fail, OFGEM will move that customer to a new supplier of their choice, but not at the current contract rate. Unless energy prices by the time of failure had fallen by 15-20% then you are likely to face an increase, possibly a substantial one if energy prices had risen.

From SJ Leeds-When is the best time to look at energy renewal prices?

Prices for renewals up to a year ahead are offered by a number of suppliers. Renewals further ahead are priced by fewer energy providers so likely to be less competitive.



A common misunderstanding is that the new contract will start the day after your current one ends and doesn't replace the one you currently have.

When energy prices are low (compared with the last several years), as they have been recently, contracting early removes the risk and worry of prices spiking or soaring.

From J.H. Liverpool-Our energy supplier won't allow us to add a staff flat's energy supply to our contract, as they say it's a domestic supply.

Some energy suppliers won't mix what they class as domestic electricity supplies (Top left box of the MPAN shows 01 or 02). This is something we have overcome for providers with energy providers.

If you have a question please send it to info@focusenergyservices.co.uk

Your questions are often the same as many other providers, so asking it and getting a reply can provide the answer for many in the sector.

Our website www.focusenergyservices.co.uk has regular updates and testimonials.