

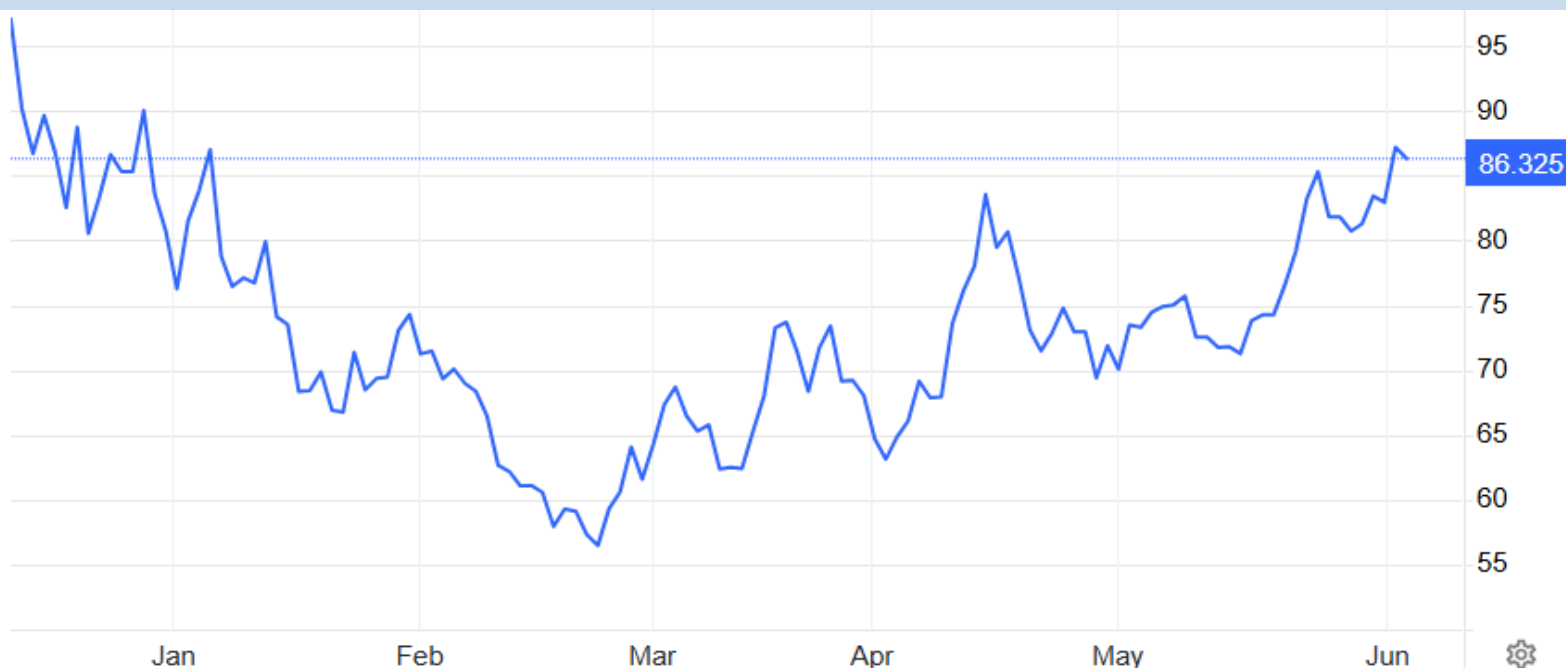
VOLATILE GAS PRICES

Wholesale prices were very volatile during May and surged on the 3rd June as this newsletter was being written.

Whilst the UK, like Europe remains dependent on imported gas from Norway and Liquefied Natural Gas (LNG) by ship, the price of gas will always be volatile.

Numerous factors can quickly affect the wholesale price:

- Maintenance issues affecting exports from Norway-A simple cracked pipe in Norway caused all exports to stop on the 3rd June 2024, and on the same day a major Australian LNG exporter had to shut down a part of their production having only reopened a couple of days earlier
- Global demand-Asia is experiencing a heatwave, causing the demand for cooling to rise
- Competition from countries wishing to increase storage before the winter
- Global weather



As gas quotes can change several times a day, it is essential that you have a broker/consultant that has quick access to live prices, understands what, how and when events affect the price and is able to explain to you the pros and cons of contracting at any particular time.

The wholesale price of gas at 8am this morning is now back to the price it was before it rose over 9% on the 3rd June 2024.

Regulation of Energy Brokers/Consultants

Shockingly the UK's Energy Brokers and Consultants still remain unregulated, despite the devastating effect that the unscrupulous can have on providers finances.

We are being approached on a regular basis we are being approached by providers that have been misled or lied to about the energy contracts that they were persuaded to enter. These contracts have often been placed with the more expensive energy suppliers, over the wrong term or not suitable for that providers circumstances.

With the support of Care England during a meeting with OFGEM late in June 2024 we will propose to OFGEM that they finally take action, as OFGEM was set up to regulate the energy suppliers.

Letters of Authority

We consider that any clause within a Letter of Authority (LOA) which allows a broker/consultant to enter a contract on behalf of a provider with an energy supplier (particularly without recourse to them) be banned.

Automatic Renewal of Contracts

Automatic Renewals should be abolished on the grounds that they only serve the existing energy supplier and prevents a decent, reputable Broker or Consultant from looking at the whole market to find the best available price.

Contract Renewal Dates

Many energy bills don't have renewal windows and termination dates within them. This leads to many providers being moved onto expensive out of contract rates when a contract expires. OFGEM will be requested to mandate that the contract expiry or notice dates are clearly displayed on all bills.

Broker Commission

Whilst from the 1st October 2024 OFGEM require an energy contract to "clearly display the brokers fees". We consider that the wording doesn't go far enough and should display both the amount in pence added to either the kWh rate and/or standing charge as well as the total expected commission that will be earned for the contract's duration.

Out Of Contract Rates

All bills that are based on out of contract or deemed rates should have a warning statement in a bold, large font size and bright colour warning that the rate carries a premium.

WINTER 2024/25 ENERGY COST OUTLOOK

As advised on page 1, a simple cracked pipe in Norway caused gas exports to cease on the 3rd June 2024. Since the invasion of the Ukraine, Norway's gas exports are critical. Had the pipe cracked in the winter rather than this summer, the price would have soared far higher than the 9.5% it did rise.

The UK, like Europe is totally dependent on imports of energy, making it vulnerable to sudden rises.

Whilst we are all hoping for a warm summer, it is an ideal time to look ahead if you have an energy renewal date before May 2025.



Obtaining prices now allows you to make an informed decision without being rushed.

A non pushy, consultative broker/consultant will be happy to advise, quote and refresh quotes until you are ready to renew your contract.

Energy Bills from 2018

We continue to audit providers old energy bills, locate and recover overcharging. The Law only allows overcharges to be recovered for the last 6 years.

Whilst overcharging from late 2020 involves much higher refunds, due to the higher energy price and Energy Bill Relief Scheme errors, refunds from 2018 can still be significant.

Our energy audits cover the last 6 years (5 in Scotland-due to the different law) so doing so now will include the second half of 2018.

ELECTRICITY PRICES 2025-2030

The UK's ageing gas and nuclear power plants are paid to generate electricity when intermittent renewable energy such as wind and solar aren't generating enough.

The price agreed for 2020-2025 is less than a 1/3 of the price recent data suggests will be the cost from 2025 to 2030..

The above would reduce the effect of any increase in cheaper renewable sources of electricity.



NEW BUILD/CARE HOME PURCHASES

**PLANNING
PERMISSION
APPROVED**

Energy supplies to new builds cause problems and increased costs if the supply applications aren't made with a view for the supply to commence when the property opens.

An early discussion with a broker/consultant that understands the care sector and new build connections can save a lot of time and money.

Providers purchasing an existing care facility can also save costs by engaging with a broker/consultant that is experienced in this area. The earlier the contact is made

FEEDBACK PROVIDED TO CARE ENGLAND ON OUR SERVICE

We are grateful for the kind words by care providers that approached us via Care England. Their comments can be found at careengland.org.uk/energy-feedback/

QUESTIONS FROM PROVIDERS

Q) Why don't the number of kWhs on my gas bills equal the meter readings?

If you look at a selection of your gas bills you will notice that the "calorific value" on the bills differ. As the amount of heat a volume of gas can generate varies, the figure will vary.

To calculate the cost, you take the number of cubic meters, multiply by the caloric value, multiply by 1.02264 (The correction factor that allows for changes in temperature and gas pressure), divide by 3.6, this gives you the kWhs, you then multiply by the unit price.

If your gas meter has four digits, not including the numbers in Red, you have an old imperial meter and the calculation above doesn't apply. If you have an older meter, it is worth contacting your broker/consultant as you would benefit from the meter being replaced.

Q) How long does a VAT Declaration last?

It should be applied by the energy supplier for the length of your contract. We often find that some suppliers will revert back to 20% from 5%, often after a contract has been in force for 1 year. If your broker/consultant validates/examines your bills they should pick this up and quickly have this amount credited and re-issued as your bill will be more than 15% higher with VAT at 20% and being charged a Climate Change Levy (not charged if VAT is 5%).

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.