

Businesses' experiences of the energy market 2024

A report for Ofgem by IFF Research

Published March 2025

Quantitative fieldwork: 26th July - 9th September 2024
Qualitative fieldwork: 23rd October - 20th November 2024

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Executive Summary

Ofgem commissioned IFF Research to conduct research with non-domestic energy consumers in Great Britain (GB), with the aim of improving their understanding of businesses'¹ experiences of the energy market.

Specifically, research sought to better understand businesses':

- Perceptions of the energy market (with a focus on affordability and experiences of switching suppliers).
- Experiences with their energy supplier (including different elements of customer service).
- Experiences of using third party intermediaries and brokers.
- Awareness of external advice sources.
- Views on Net Zero and the decarbonisation steps they are taking.

The findings in this report are based on a telephone survey of 1,000 GB businesses conducted between July and September 2024, followed by 30 qualitative interviews conducted in October and November of the same year. The methodology is the same to that of previous studies conducted for Ofgem in 2023² and 2022³, which also focussed on non-domestic energy consumers' views and experiences of the energy market.

Businesses' Perceptions of the Energy Market

Affordability

While most businesses reported they were keeping up with bills, energy costs remain a key concern for many. When asked to describe how well they had kept up with electricity and gas bills over the past 12 months,

Switching Suppliers and the use of Energy Brokers

Switching suppliers

A third (33%) of businesses reported to have switched energy supplier in the last year, an increase from 2023 (26%). Medium-sized businesses (58%) and large businesses (44%) were more likely to have reported switching supplier in the last year, compared to small businesses (34%) and sole traders and micro businesses (33%).

Price is of utmost importance for businesses when it comes to choosing their energy supplier. By far the most common reason given for using their current supplier was that they thought this was the cheapest option (53%).

¹ Throughout this report we will refer to 'businesses'. However, the sample specifically contains only businesses that operate out of non-domestic premises and who have a non-domestic energy contract. This excludes businesses that operate out of a home (domestic property). A business sample was used to identify these consumers. While public bodies and charities were not deliberately sampled, they were eligible to take part in the research as long as they operated from a non-domestic premises and had a non-domestic energy contract.

² This report can be found here: <https://www.ofgem.gov.uk/publications/non-domestic-2023-research-report>. Survey fieldwork for this report was conducted in July 2023. That report was jointly commissioned by Ofgem and DESNZ.

³ This report can be found here: <https://www.ofgem.gov.uk/publications/non-domestic-consumer-research>. Survey fieldwork for this report was conducted between 25th April and 30th May 2022.

Use of energy brokers

Just over a third (37%) of businesses said that they had consulted a broker when choosing their current contract and went on to use their services. Nearly three-quarters (73%) of businesses that said that they used a broker were satisfied with the service they received from the broker. The qualitative interviews found that participants appreciated energy brokers for their good customer service, tailored solutions, and the time they saved them from researching the market.

Customer Experience

Businesses' perceptions of how they are treated by energy suppliers

Around one in six (17%) businesses felt that they had been treated unfairly in their dealings with their supplier. The qualitative interviews revealed reasons why businesses felt they were being treated unfairly, which were often because they felt that they were being charged too much. There were also perceptions of a lack of transparency around costs, and poor customer service.

Satisfaction with supplier

Nearly two-thirds of businesses (62%) were satisfied with the overall service provided by their energy supplier. This is consistent with satisfaction levels in 2023. However, dissatisfaction levels have increased since 2023 – 17% of businesses were dissatisfied in 2024 compared to 13% of businesses in 2023.

Businesses who reported they were dissatisfied with the overall service from their supplier were asked why. 'Poor communication' was the most common response given in 2024 (52%). This is a significant increase from 2023, where 38% of dissatisfied businesses cited poor communication. The qualitative research found that satisfaction with a supplier often stemmed from the absence of any perceived issues with them.

Complaints

Nearly a quarter of businesses (23%) reported raising a complaint with their energy supplier in the last 12 months.⁴ Businesses who were more likely to have made a complaint in the past 12 months include those who have sought external advice for energy related matters (55%), those who said they did not understand how their energy usage related to how much was on their bill (34%), those who said they were struggling to keep up with energy bills (32%).

The most common reason reported for making a complaint were billing issues (52%). This has increased significantly since 2023 (23%).

In the qualitative research, almost all participants that had made a complaint felt that the time taken to resolve complaints was a major issue. Participants explained that they often struggled to resolve complaints due to suppliers' lack of ownership and accountability, leaving many businesses frustrated. The quantitative survey found that, of those that raised a complaint in the last year, almost half (47%) reported that their complaint had not yet been resolved by their supplier.

⁴ The proportion of businesses who reported they made a complaint in 2024 is not directly comparable to the proportion that said they made a complaint in 2023 due to a change in the question wording. The 2023 question asked about the complaints made in the last six months whereas the 2024 question asked about complaints made in the last 12 months.

Energy Bills

Nearly three quarters (73%) of businesses reported that they understand what makes up their energy bill, while 13% said they did not. A higher proportion (79%) agreed that they understand how their business's usage relates to what they have to pay, while 10% disagreed with this. These metrics were combined to identify those who self-reported as high, medium, or low 'energy literacy'. In the qualitative interviews, those with low self-reported energy literacy tended to say they found bills contain too much information and are too complicated.

Decarbonisation

While most businesses said they had taken steps or planned to take steps to improve energy efficiency in their business's *processes*, fewer were taking steps or have already improved the energy efficiency of their building *premises*. Seven in ten (70%) of businesses said they had implemented or planned to implement behaviour change approaches to improve energy efficiency within their business. Over half (54%) of businesses reported they had used or planned to implement energy efficient technologies and processes.

The larger the business, the more likely they were to have implemented or to be planning to implement each of the approaches above. These findings were similar to 2023.

1. Introduction

Background

The Office of Gas and Electricity Markets (Ofgem) is the independent regulator for Great Britain's energy markets, dedicated to protecting consumers. Its core legal mandate is to safeguard the interests of current and future gas and electricity consumers.

Domestic and non-domestic energy consumers across Great Britain have faced hard times recently, and many continue to do so. Many businesses have faced financial difficulties as a result. Some businesses, especially micro businesses and small or medium sized enterprises (SMEs) have struggled to keep up with increased costs.⁵

Ofgem launched an investigation⁶ into the non-domestic market and found that there were areas where the regulatory framework could better support business customers. In April 2024, Ofgem introduced changes to the standard conditions of gas and electricity supplier licences.⁷ Changes were implemented in the summer and in December 2024. These revised standards aim to improve non-domestic consumers' experience of the energy market, help them access support when needed, and empower them with more transparency about what they are paying for. Ofgem will continue to monitor the experiences of business consumers to understand how these changes make an impact.

Aims and objectives

The primary aim of this research was to track business experiences in the non-domestic energy market over time.

The objective of the research was to better understand businesses':

- Perceptions of the energy market (with a focus on affordability and experiences of switching suppliers).
- Experiences with their energy supplier (including different elements of customer service).
- Experiences of using third party intermediaries, including brokers.
- Awareness of external advice sources (e.g., Energy Ombudsman and Citizens Advice).
- Views on Net Zero and the decarbonisation steps they are taking.

The 2024 study incorporated a survey of 1,000 businesses in England, Wales and Scotland and 30 follow-up depth interviews, as described below. This mirrored the approach taken in 2023 and 2022.

⁵ Internal Ofgem analysis of supplier data shows that at the time this research was conducted, over 160,000 microbusinesses in Great Britain were in arrears on either their gas or electricity bills to their supplier.

⁶ Ofgem's Call for input on the Non-Domestic gas and electricity market can be found here - <https://www.ofgem.gov.uk/call-for-input/call-input-non-domestic-gas-and-electricity-market>

⁷ Information on the standards of conduct changes can be found here: <https://www.ofgem.gov.uk/decision/non-domestic-market-review-decision>

Survey methodology

Sampling

The target population for this research was businesses in Great Britain who have a non-domestic electricity and/or gas contract with their supplier(s), and who are supplied or requiring to be supplied with gas or electricity at premises other than domestic premises. It excludes businesses that operate out of a home or domestic property. While public bodies and charities were not deliberately sampled, they were eligible to take part in the research as long as they operated from a non-domestic premises and had a non-domestic energy contract.

A Probability Proportionate to Size (PPS) approach to sampling was used to achieve a robust sample that was representative of the estimated eligible population and had sufficient numbers within each subgroup to enable reliable subgroup analysis. This was a two-stage approach, whereby:

- At sector level, half the sample was drawn equally across the 9 macro-level SIC (Standard Industrial Classification) sectors,⁸ with the remainder distributed in proportion to the population.
- This process was then repeated within each sector, so that half the sample was distributed equally by size and the other in proportion to the size distribution within their sector. For methodological reasons in this research business sizes were defined only in terms of number of employees. The categories ranged from sole traders and micro businesses (0-9 employees), small businesses (10-49 employees) medium-sized businesses (50-249 employees) and large businesses (250+ employees). This differs from Ofgem's standard definition of business size, which is based on the businesses' energy consumption as well as number of employees.

Regional targets were set in line with the overall population distribution of GB businesses.

A sample of 19,763 businesses was ordered from Market Location (a provider of UK business records). More information on the research design can be found in the accompanying technical report.

Questionnaire design

The questionnaire was developed iteratively, building on the questionnaire employed in 2023. IFF led the drafting process and worked collaboratively with Ofgem to refine the survey for piloting. Initial timing checks were carried out to determine the length of the questionnaire, and necessary adaptations were made to achieve an appropriate length. A key requirement was to ensure the questionnaire remained consistent with 2023 for measures that needed tracking over time, while responding to new areas of policy interest.

Survey design and piloting

A small pilot exercise was conducted with 15 businesses between 23rd July and 24th July 2024. This pilot aimed to assess quality of responses, survey length, and participants' understanding of

⁸ Sectors: agriculture /mining / utilities; manufacturing; construction; retail and distribution; transport and storage; hotel and catering; finance; property, management and business services; public administration/other.

questions. Based on the pilot findings, minor adjustments were made to the survey, such as refining certain answer codes for improved clarity.

Fieldwork

Fieldwork occurred between 26th July - 9th September 2024. Surveys were conducted by IFF's interviewing panel using Computer-Assisted Telephone Interviewing (CATI). Interviews lasted 22 minutes on average.

Businesses that completed the survey had a non-domestic energy contract. The target respondents were those with responsibility for, or understanding of, energy usage in the organisation. Where businesses had multiple sites, members of staff who had knowledge of energy usage across the entire organisation were interviewed.

Achieved sample

The target of 1,000 interviews was achieved. Further details on interviews achieved against initial targets can be found in the technical report.

The starting sample for the survey was 19,587, with 2,828 contacts being made with eligible respondents. The 1,000 completed interviews therefore represent a response rate of 35% amongst eligible respondents contacted, or 5% of the total starting sample.

Data processing / weighting

Survey responses were processed using IBM SPSS. Descriptive statistics were presented in Excel tables, which showed responses for each question at the top level as well as by key sub-groups.

Weighting was applied to the survey data to account for sampling design effects (the aforementioned PPS approach) and to ensure that the data was representative of the estimated population. Owing to the ineligibility⁹ of certain businesses, data from the screener questions was used to estimate an adjusted population of eligible businesses in Great Britain. Estimated population figures (as a % of the total population), split by size, sector and region, can be found in the technical report.

Qualitative research

Qualitative research was used to obtain deeper insight into businesses' views and experiences of the energy market. This involved conducting 30 depth interviews, each lasting around 45 minutes, with businesses who agreed to be contacted for a follow-up interview as part of the survey. Participants were purposively selected based on their responses to the survey and the relevance of their experiences to the topics selected for the qualitative strand.

The interviews with non-domestic consumers focused on the following areas:

- Needs and priorities regarding energy supply.
- Experiences of recent energy price rises.

⁹ Ineligible businesses were those that: did not have a non-domestic energy contract or were not sure; businesses that could not provide information on their businesses' energy supply; and businesses that had neither gas nor electricity in their premises or were not sure or refused to answer. Screener questions can be found in the technical report.

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- Experiences with energy suppliers, including satisfaction levels, complaints made and resolutions.
 - Experiences of consulting and using energy brokers.
 - Views on decarbonisation and details around decarbonisation measures implemented by the organisation.

Qualitative fieldwork occurred between 23rd October - 20th November 2024. The achieved sample for qualitative interviews, split by quota, can be found in the technical report.

About this report

Quantitative and qualitative respondents are referred to as 'businesses' throughout this report. However, the sample is more specifically defined as 'non-domestic consumers', covering private sector businesses as well as public bodies and charities, so long as they operate out of non-domestic premises and have a non-domestic energy contract.

Throughout the report, all reported differences found in the survey between subgroups of businesses (e.g. by business size or sector) are statistically significant (using a confidence interval of 95%), unless otherwise stated. Where there is a significant difference between a subgroup figure and the average of all other figures, this is signified with an asterisk (*) in a chart or a table.

Where survey findings are based on fewer than 50 interviews, we are less confident that the finding applies to the wider population of GB businesses. These particular findings should therefore be interpreted with caution.

Where appropriate, the results from the survey have been significance tested (also using a confidence interval of 95%) against the non-domestic research studies that were conducted by IFF Research for Ofgem in 2023¹⁰ and 2022¹¹. These utilised the same methodologies but occurred at slightly different times of year (for example the 2023 survey occurred in July 2023, whereas the 2024 survey took place between July and September 2024). Significant differences of note are reported within the relevant chapter. Significant changes over time are indicated by red and green arrows in charts.

As part of the subgroup analysis, respondents were coded into three groups according to their self-reported energy literacy (low, moderate and high energy literacy). Energy literacy was assessed based on respondents' answers to two survey questions¹² on how well they said that they understood the information in their energy bills.

Throughout the report, case studies of individual consumers' experiences from the qualitative research are presented. In each case, false names have been used to protect the consumers' anonymity.

¹⁰ The 2022 report can be found here: <https://www.ofgem.gov.uk/publications/non-domestic-consumer-research>

¹¹ The 2023 report can be found here: <https://www.ofgem.gov.uk/publications/non-domestic-2023-research-report>

¹² E8_5 I understand what makes up our energy bill and E8_6 I understand how my business's energy usage relates to how much is on the bill.

2. Businesses' Perceptions of the Energy Market

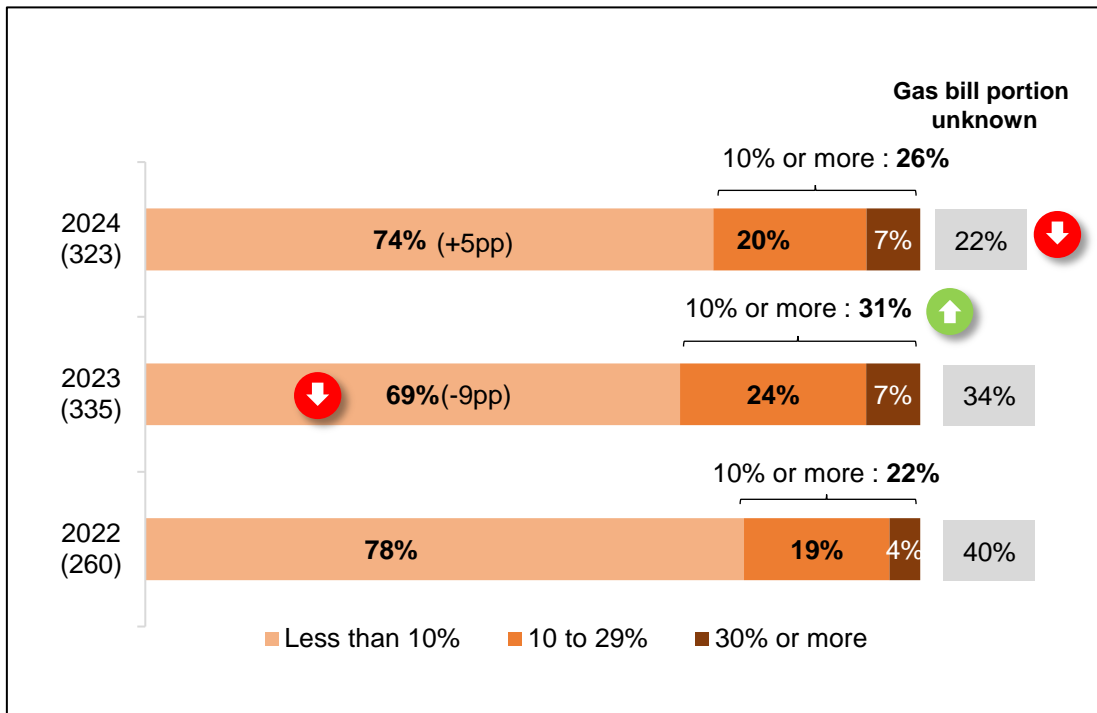
This chapter explores businesses' views on energy affordability, their energy usage, and their general views of the energy market. Exploring these factors provides an indication of business perceptions of the energy market, and how this is influenced by different business characteristics.

Affordability

Gas and electricity costs

Businesses reported typically spending less than 10% of their total costs on their gas bill. As shown in Figure 2.1, three quarters (74%) of businesses spent less than 10% of their total costs on gas bills, whilst 20% spent between 10% and 29%, and 7% spent 30% or more.

Figure 2.1: Gas costs as a proportion of business costs, by year



Base: businesses with gas mains who knew total spend on gas (323)

D1_KNOWN Approximately what proportion of your total business costs are spent on your gas bill?

Arrows denote significant year-to-year differences.

The amount spent on gas varied by business size. Sole traders / micro businesses (21%) and large businesses (26%) were more likely to report spending between 10% and 29% of their total costs on gas compared to small businesses (6%) and medium-sized businesses (7%).

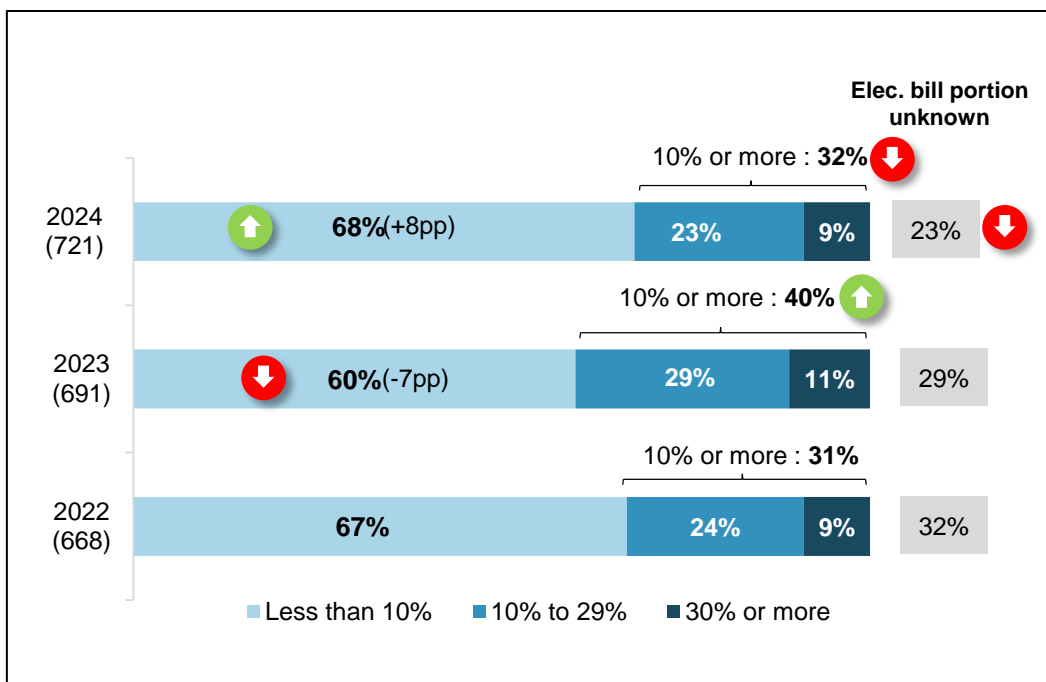
Looking at the results by sector, public administration / other businesses (49%) were more likely to spend 10% or more of their costs on gas, compared to the average of 26%. They were also more likely to spend 30% or more of their costs on gas (16%), compared to the average of 7%.

Businesses that switched supplier in the last year were more likely to report spending between 10% and 29% of their total costs on gas (27%) compared to those that switched longer than a year ago (11%). This could be indicative of gas price increases in preceding months.¹³

Fewer businesses responded 'don't know' when asked this question in 2024, compared to 2023 and 2022. This suggests that businesses are becoming more aware of what they are spending on their gas bills. However, seasonality may also have been a factor explaining this difference, as fieldwork took place from July to September in 2024, while fieldwork was completed in July in 2023. It is therefore possible that a higher proportion of businesses were nearing the end of their contract in 2024 at the time of answering the survey. The same pattern can be observed for the equivalent question on electricity costs, which is discussed below.

Trends relating to the spending on electricity bills were similar to that of spending on gas bills. As shown in Figure 2.2, the relative size of businesses' electricity bill compared to other costs has decreased since 2023. For example in 2023, 60% of businesses reported spending less than 10% of their total costs on their electricity bill, compared with 68% in 2024. In 2024, 23% said that they spent 10% or more, and 9% reported to have spent 30% or more.

Figure 2.2: Electricity costs as proportion of total business costs, by year



Base: businesses with electricity mains who knew total spend on electricity (721)
D2_KNOWN Approximately what proportion of your total business costs are spent on your electricity bill?
Arrows denote significant year-to-year differences.

Electricity spend varied by business size, in line with gas spend. Small businesses were most likely to report spending less than 10% of their total costs (76%), followed by medium businesses (73%), while sole traders and micro businesses (67%) and large businesses (66%) were less likely to report spending under 10% of their total business costs on electricity.

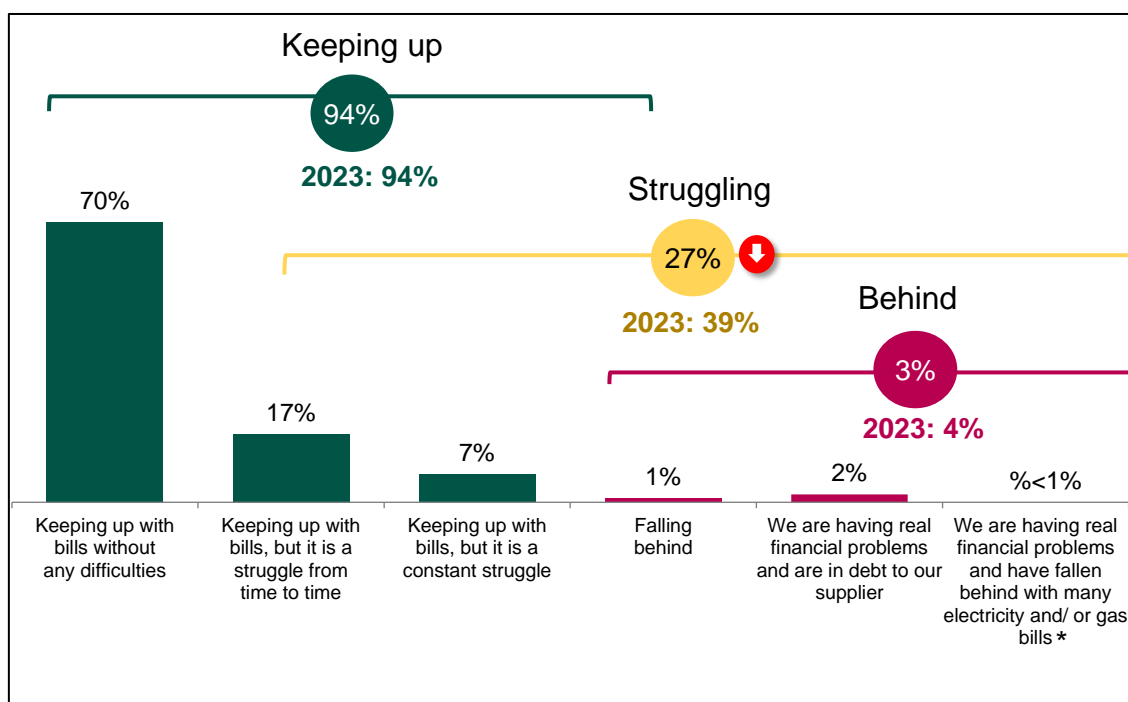
¹³ Data published by DESNZ shows that non-domestic gas prices were particularly high in the second half of 2023 and first quarter of 2024. Available here: [Gas and electricity prices in the non-domestic sector - GOV.UK](https://www.gov.uk/government/statistics/gas-and-electricity-prices-in-the-non-domestic-sector)

Looking at the results by sector, transport / storage (19%) and public administration / other businesses (16%) were more likely to report spending 30% or more of their costs on electricity, compared to the average of 9%.

Keeping up with bills

All businesses were asked to describe how well they had kept up with electricity and gas bills over the past 12 months. Most businesses said that they were keeping up with energy bills, including seven in ten (70%) that were keeping up with bills without any difficulties. Over a quarter (27%) reported to be struggling in some way, and 3% said that they had fallen behind with bills. Fewer businesses said that they were struggling with their energy bills compared to 2023.

Figure 2.3: Extent to which businesses have been keeping up with energy bills over past 12 months



Base: all businesses (1,000)

D6 Which ONE of the following statements BEST describes how well your business has been keeping up with [gas/electricity/gas and electricity] bills over the past 12 months?

*This was a new response option for 2024. Arrows denote significant year-to-year differences.

The ability to keep up with bills varied according to business size. Sole traders / micro businesses (27%) were more likely to report struggling with payments compared to small (15%), medium-sized (18%) and large (13%) businesses.

Additionally, those that had low self-reported energy literacy (53%) were more likely to say that they were struggling with payments compared to those with moderate (26%) and high (24%) energy literacy.

The qualitative interviews captured when businesses who reported struggling with their bills had started facing this challenge. Businesses typically fell into two camps: those who had been struggling since the beginning of the energy crisis in 2021; and those who had started to struggle more recently where they had been on a fixed price contract had come to an end during the crisis.

Impact of energy price rises

In the qualitative interviews, businesses that said they struggled with energy bills were asked what impact this had on them. Some businesses pointed to an impact on cashflow and profits, saying that cash needed to be diverted towards paying higher energy bills. One business owner said they had been using personal funds to pay energy bills. Others reported reducing investment in their business, limited pay increases for staff or taken on more hours themselves to reduce staff wages. In one business, staff had been asked to work longer hours to bring more money into the business to cover higher energy bills.

Case study: Impact of higher energy bills

Sole trader / micro business,
manufacturing, East of England

Kamora owns a small manufacturing business. She has been running the business with her partner for the past 11 years.



Business experiences of higher energy bills

- When Kamora had to renew their energy contract in March 2024 the prices she was quoted were double what she had been paying previously.
- This was compounded by other factors. At the same time, a customer went bust and a supplier stopped any credit on their invoices.

Impact on business

- Kamora felt that the best solution would be to outsource some of the manufacturing and work from home rather than rent office space, but she expected they would go bankrupt beforehand.

“We just want to be able to use our machinery, switch the lights on, use our computers and make a cup of tea...now it has become financially unviable [to continue the business].”

Case study: Impact of higher energy bills

Sole trader / microbusiness,
retail/distribution, East of England.

Jenna is the owner of a farm shop selling fresh produce in the East of England. She has been running the shop for 13 years.



Business experiences of higher energy bills

- Jenna has been struggling with higher energy bills for the last three years, since the beginning of the energy crisis.

Impact on business

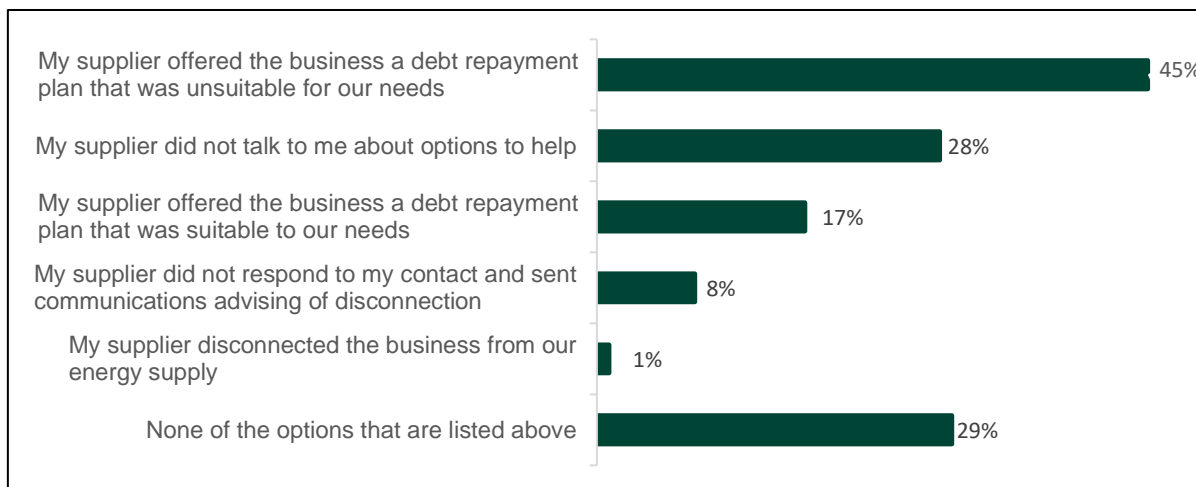
- Increased running costs meant that Jenna had to lend herself money out of her personal bank account to prop up the business, and she has never been able to pay herself back.
- Jenna has cut some wage costs by doing more hours herself, but this is not always cost effective as she is trying to run and manage the shop.
- Higher energy bills have had a big impact on profit. All the profit Jenna made last Christmas went towards paying the first energy bill in January.
- If she closes the shop, it will have a big impact on staff and the customers in the local village community who rely on it for employment and fresh food.

“It’s worrying. It gives you sleepless nights because you think, well, can I keep this going? And I’m not sure if I can, to be honest.”

Experiences of those that had fallen behind with bills

Businesses who reported falling behind with bills (3% of all businesses) were asked if they had been in contact with their gas or electricity supplier about help with paying bills. Nearly three quarters (71%) said that they had. Only 1% said that they had been proactively contacted by their supplier. Figure 2.4 further details the experience of those that had fallen behind with their bills. Though because the base size for this question is low, the results should be interpreted with caution, as they may not be fully representative.

Figure 2.4: Experiences of those who had fallen behind with bills



Base: Businesses who are falling behind with bills (31).

D8 When your business [fell behind with energy bills/ became indebted to your supplier], did you experience any of the following? (Multi-code)

Future concerns

In the qualitative research, businesses were asked whether they had any concerns about their ability to afford energy bills in the future. Typically, concerns for the future were related to any existing affordability issues businesses faced, with those already struggling also reporting to be concerned about future.

Actions businesses said they planned to take to manage these costs included:

- Changing supplier and looking for a fixed contract (often using the services of a broker to get the best possible deal);
- Exploring government grants to fund energy efficiency measures;
- Upgrading traditional energy meters to AMR¹⁴ and smart meters so that they could monitor energy use; and
- Investing in renewable energy technologies (solar photovoltaic panels).

Monitoring and Reducing Energy Usage

Monitoring energy usage

All businesses were asked about how they monitored their energy usage. While 90% said that they monitored their energy usage in some way, most did not have specific tools (such as monitoring software) for doing so. Four fifths (80%) said they just checked their bills regularly and half (53%) checked energy usage through their meters. A third of businesses (34%) said that they monitored energy usage through smart meters. Less than a tenth (7%) said they did not monitor their energy usage.

Key subgroup differences of note included:

¹⁴ Automated meter reading meters, commonly referred to as good meters.

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- Sole traders / micro businesses (90%) were less likely to report that they monitored their energy usage compared to small, medium-sized and large businesses (ranging from 95% to 96%). Large businesses were more likely to report using third party software or services (39%, compared to an average of 3%) and more likely to report using smart meters¹⁵ (61%, compared to an average of 34%) to monitor their energy usage compared to other business sizes.
 - By sector, businesses in the hotel/catering and finance sectors (both 99%) were more likely than the average (90%) to report that they monitored their energy usage.
 - Those with high self-reported energy literacy (94%) were more likely to report that they monitored their energy usage compared to those with medium (87%) or low (86%) energy literacy. They also had higher rates of smart meter usage to monitor energy usage (38%, compared to an average of 34%).

As will be discussed in the next chapter, some businesses in the qualitative interviews referred to an increased frequency of contact over the past year from energy suppliers and brokers trying to entice a switch. In some cases, this increased frequency of contact had made businesses more aware of what they were paying for their energy usage and what they could potentially be paying with other suppliers. In turn, this increased awareness of cost had led them businesses to feel more obliged to monitor energy usage to ensure that they were paying a fair amount or to see if they could potentially pay less with another supplier.

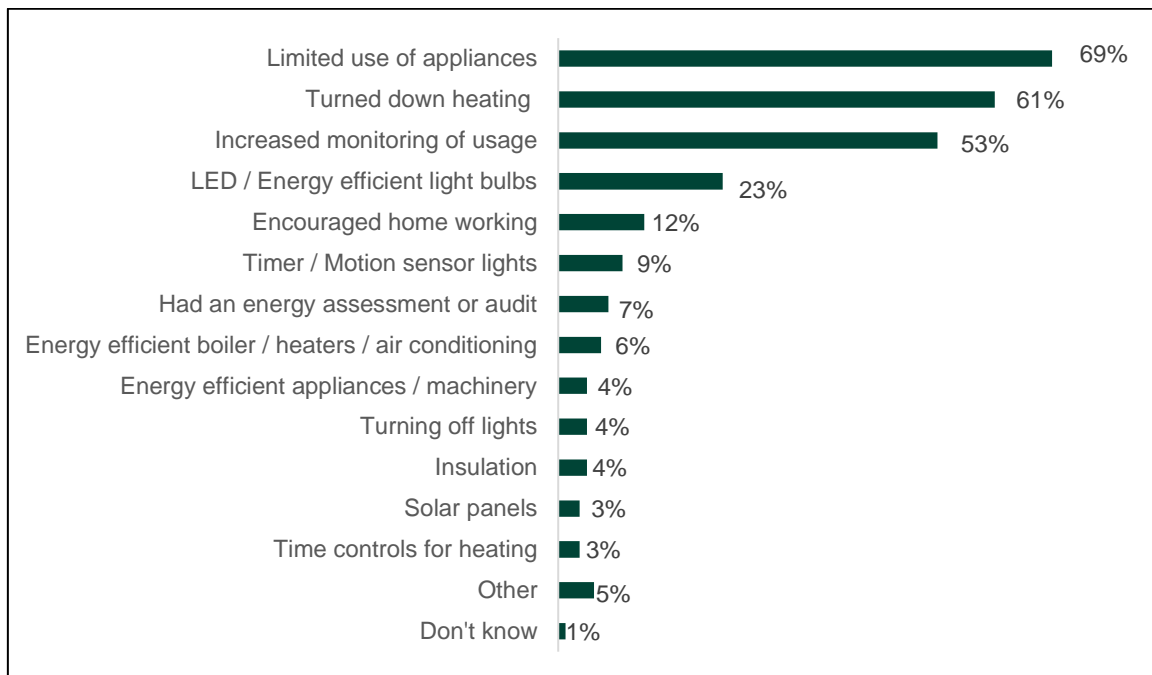
Limiting and reducing energy usage

Businesses were asked whether they had tried to limit or reduce the amount of electricity or gas they had used in the last 12 months. The majority (63%) reported that they had (rising to 75% among large businesses).

The most common ways to reduce or limit energy consumption cited by businesses were limiting the use of appliances (69%), turning heating down (61%), and increasing monitoring of usage (53%). These were also the top three choices in 2023. Figure 2.5 shows the different ways businesses have been limiting energy consumption.

¹⁵ While the term smart meters was used in the question wording, large businesses were likely to have selected smart meters as a proxy for their AMR meter.

Figure 2.5: Methods used by businesses to reduce energy consumption in the last 12 months



Base: Businesses who have limited their use of gas or electricity (630).

D10. In what ways, if any, have you tried to limit or reduce the amount of electricity or gas you use in the last 12 months? (Multi-code)

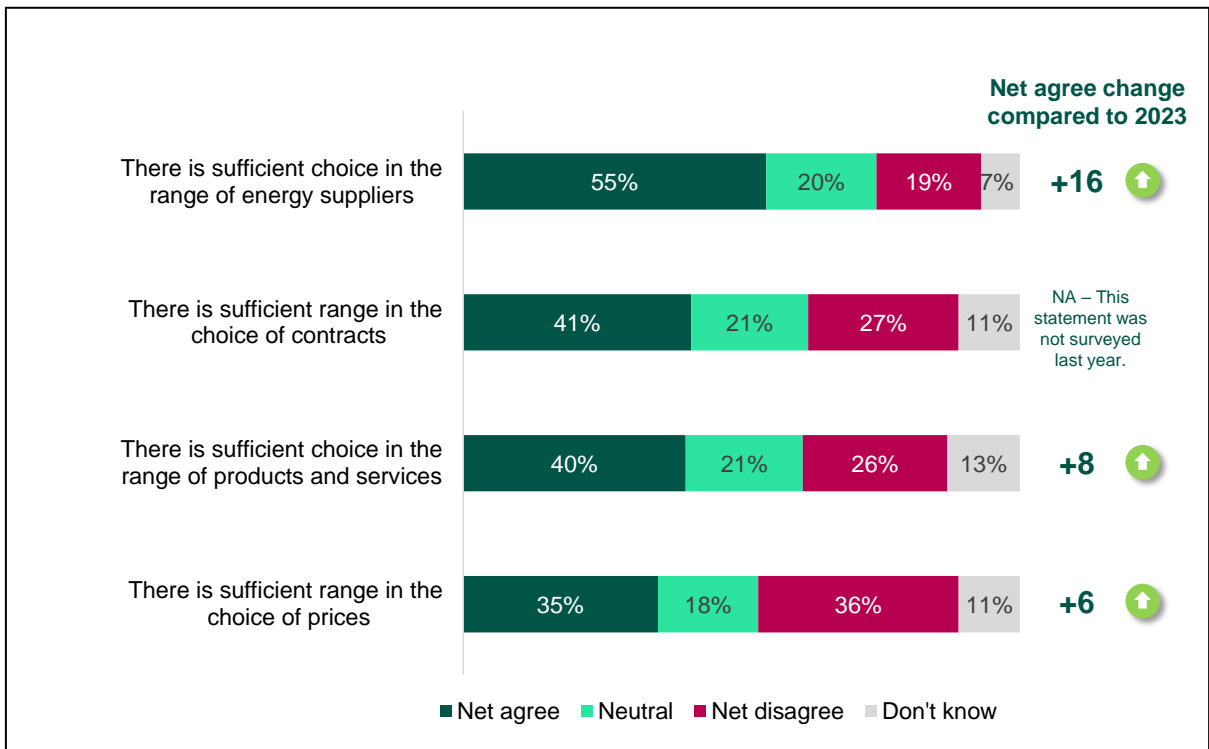
The qualitative interviews identified further strategies for reducing energy usage. One participant said that they had closed the manufacturing arm of their business, which was where most energy was being used. Another business owner, in the agriculture sector, had installed an anaerobic digestion plant (using on-site food waste as feedstock) to generate their own gas and electricity.

General views of the energy market

Businesses were shown four statements about the energy market and asked about how far they agreed with each one to gauge their perspectives. These are shown in Figure 2.6. Over half (55%) reported there was sufficient choice in the **range of energy suppliers**, which was a 16 percentage point increase on 2023 (39%). Two fifths (41%) of businesses reported there was a sufficient range in the **choice of contracts** (no comparison is possible with 2023¹⁶), while a similar proportion (40%) said there was a sufficient choice in the range of **products and services**, an eight percentage point increase on 2023 (32%). Just over a third of businesses (35%) reported that there was sufficient range in the **choice of prices**, a small increase since 2023 (29%).

¹⁶ This statement was not surveyed last year.

Figure 2.6: Perceptions of the energy market



Base: All businesses (1,000)

E8. To what extent do you agree or disagree with each of the following statements about the energy market for businesses such as yours?

In qualitative research, participants were asked about their general views on the energy market. Many businesses expressed concern about the volatility of the market and frequent price increases. Some said that their bills had doubled or even tripled over the last year when their fixed rate contracts ended, and they were exposed to the latest market prices.

Other participants mentioned feeling overwhelmed by the number of different energy suppliers in the market. This made it harder for businesses to choose the right supplier for their specific business needs.

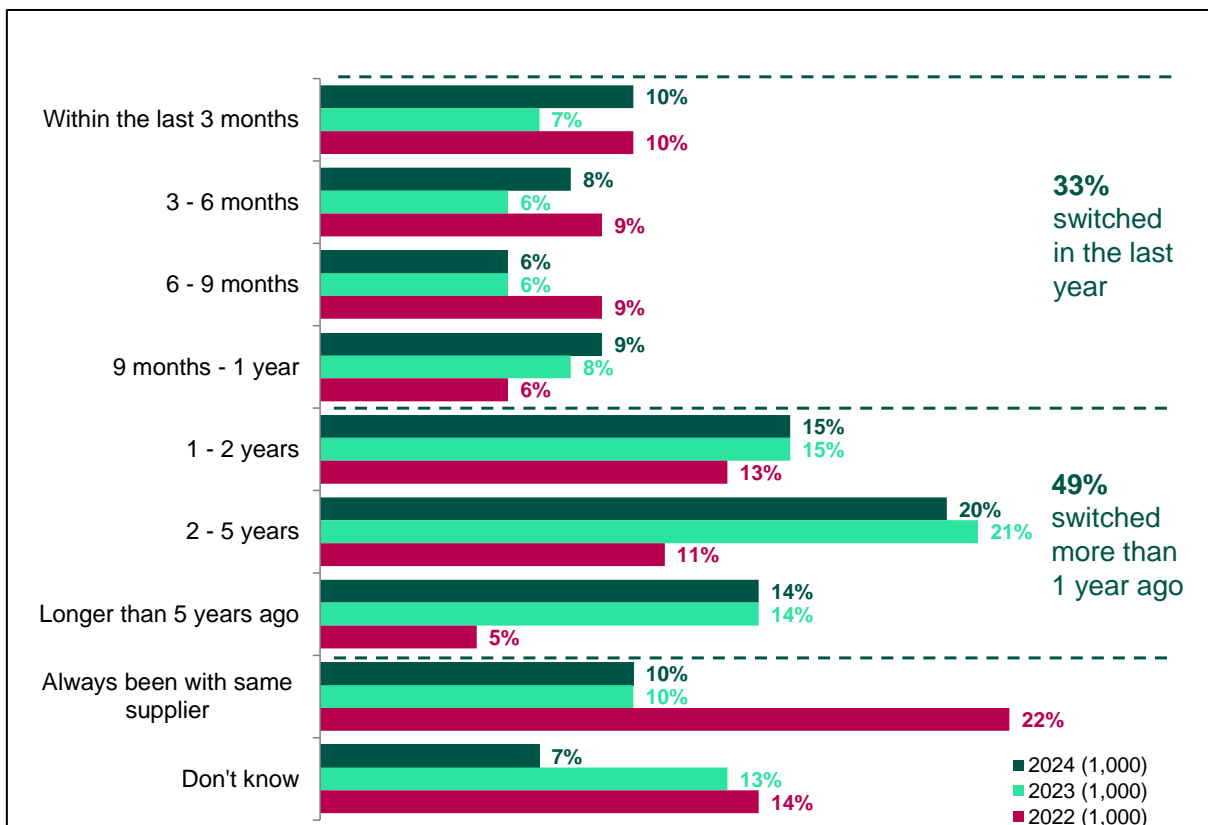
3. Switching Suppliers and Use of Energy Brokers

Switching suppliers

Frequency of switching supplier

A third (33%) of businesses said they had switched energy supplier in the last year, as shown in Figure 3.1. Around half (49%) of businesses reported they switched more than 1 year ago with a smaller proportion (14%) saying they had switched more than five years ago.

Figure 3.1: When businesses switched its supplier or contract, by year





Base: All businesses (1,000)


E1. Approximately, when was the last time your business switched its [gas/electricity/gas and electricity] supplier(s) or contract?

Medium-sized businesses (58%) and large businesses (44%) were more likely to have switched supplier in the last year, compared to small businesses (34%) and sole traders and micro businesses (33%). Those who said they had consulted an energy broker (48%) were also more likely to have made a switch compared to those who had not (23%). Those on a gas and electricity contract (40%) were more likely to switch than electric only (30%).

Compared to 2023’s findings more businesses said that they had switched energy suppliers or contracts in the last year with a third (33%) of businesses switching in the last year in 2024 compared to around a quarter (26%) of businesses that reported switching in the last year in 2023. Around half (49%) of businesses switched over a year ago which was a similar proportion to 2023 (50%). This is outlined in Figure 3.2.

Figure 3.2: Switching in 2024 vs previous years

| | 2024 | 2023 | 2022 |
|---------------------------------|---|---|------|
| Switched in the last year | 33%  | 26% | 35% |
| Switched more than one year ago | 49% | 50%  | 29% |

 Denotes significant difference compared to previous year

Base: All businesses (1,000)

E1. Approximately, when was the last time your business switched its [gas/electricity/gas and electricity] supplier(s) or contract?

In the qualitative research, some participants referred to an increased frequency of contact over the past year from energy suppliers and brokers trying to entice a switch. Businesses often commented that answering these calls had become a time-consuming burden.

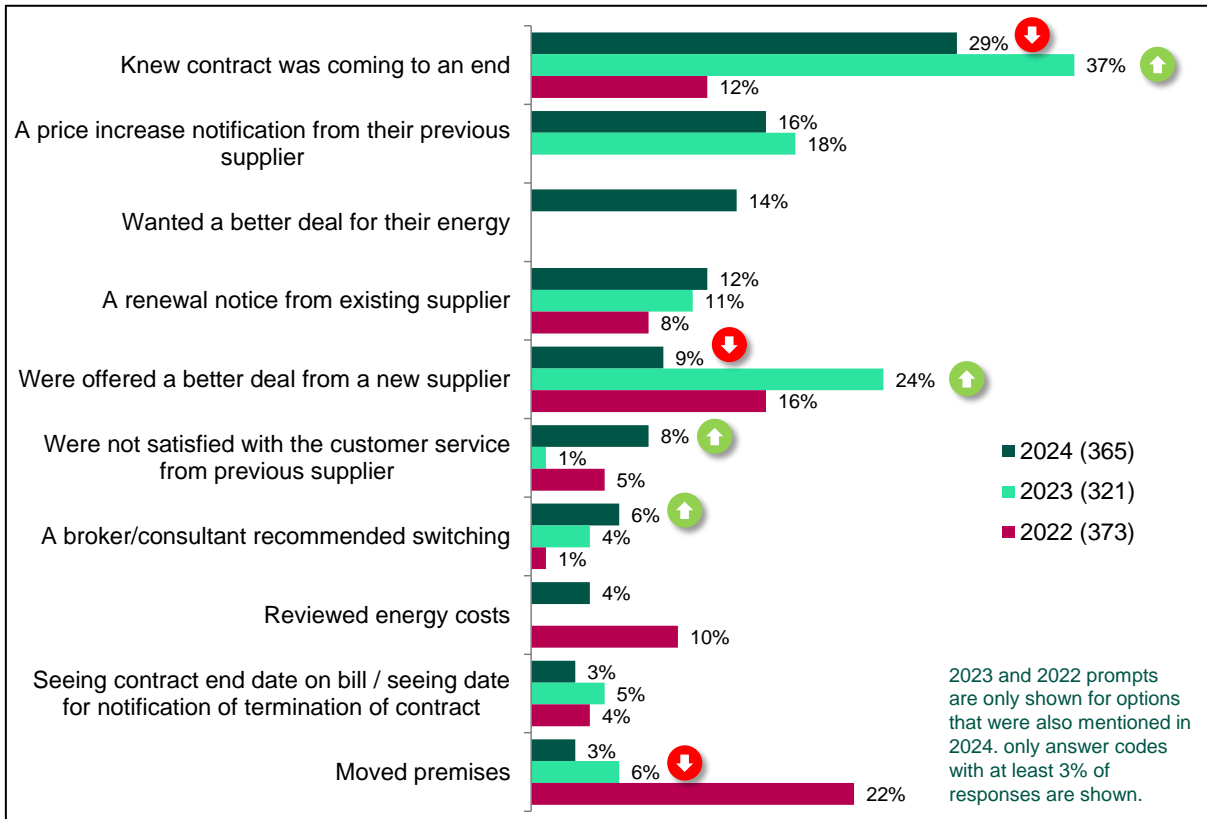
“For the past year and a half, I have never had so many calls from energy companies.”

Small business, Manufacturing sector, South East

Reasons for switching suppliers

Businesses that had switched suppliers or contracts in the last 12 months were asked what prompted them to do so. As shown in Figure 3.3, the most common reason was because they knew their contract was coming to an end (29%). This was consistent with 2023 (37%) but represented a drop of eight percentage points. Other popular reasons included receiving a price increase notification from their previous supplier (16%), that they wanted a better deal for their energy (14%) and that they received a renewal notice from their previous supplier (12%). There was a substantial decrease in the proportion of those who switched because they were offered a better deal from a new supplier, this was only around a tenth (9%) of businesses in 2024 compared to around a quarter (24%) in 2023. Meanwhile, there was an increase in the proportion of businesses who said they switched because they were not satisfied with the customer service of their previous supplier, increasing from 1% of businesses that switched in 2023 to 8% of businesses that switched in 2024.

Figure 3.3: Reasons for switching supplier, by year



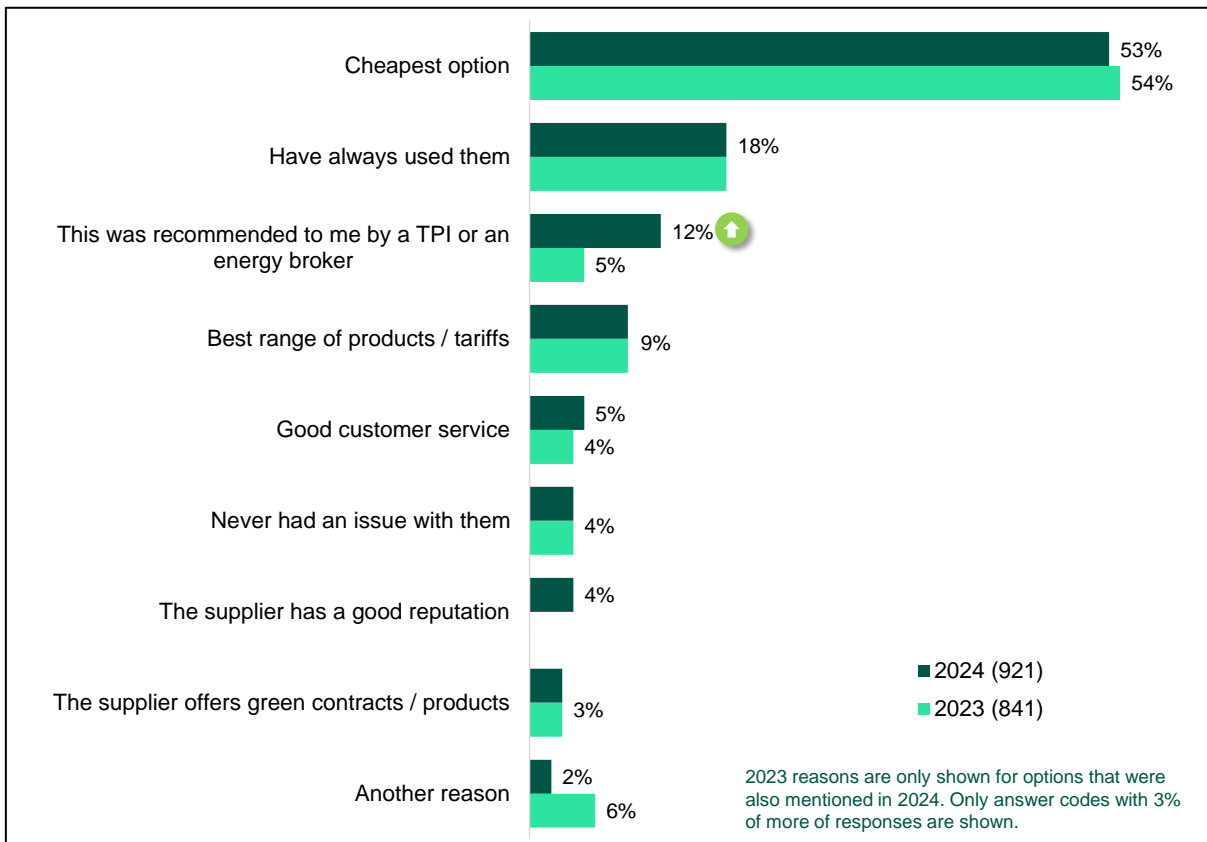
Base: Businesses who switched suppliers in the past 12 months (365)
 E2. What prompted you to switch [gas/electricity/gas and electricity] supplier or contract in the last 12 months? (Multi-code).

In the qualitative research, some participants mentioned difficulty comparing contracts as a barrier to switching. Some participants reported that there were inconsistencies in the ways that suppliers presented tariffs and other contract information, and this made it difficult to assess which contracts were more favourable on price than others. Others felt that contracts were too complex to understand fully, which prevented them from making an informed decision.

Reasons businesses used their new supplier

Businesses were asked why they used their current supplier. Price was the dominant factor: over half (53%) of businesses stated this was the reason for choosing their current supplier. Familiarity was also an important factor, with 18% reporting that they had always used that supplier, while a sizeable minority (12%) reported that their supplier was recommended to them by a third-party intermediary or energy broker. This is shown in Figure 3.3.

Figure 3.3: Reasons businesses use their current supplier, by year



Base: Businesses who know who their supplier is (921)
 B3/B5/B14. Why do you use [SUPPLIER] as your main supplier? (Multi-code)

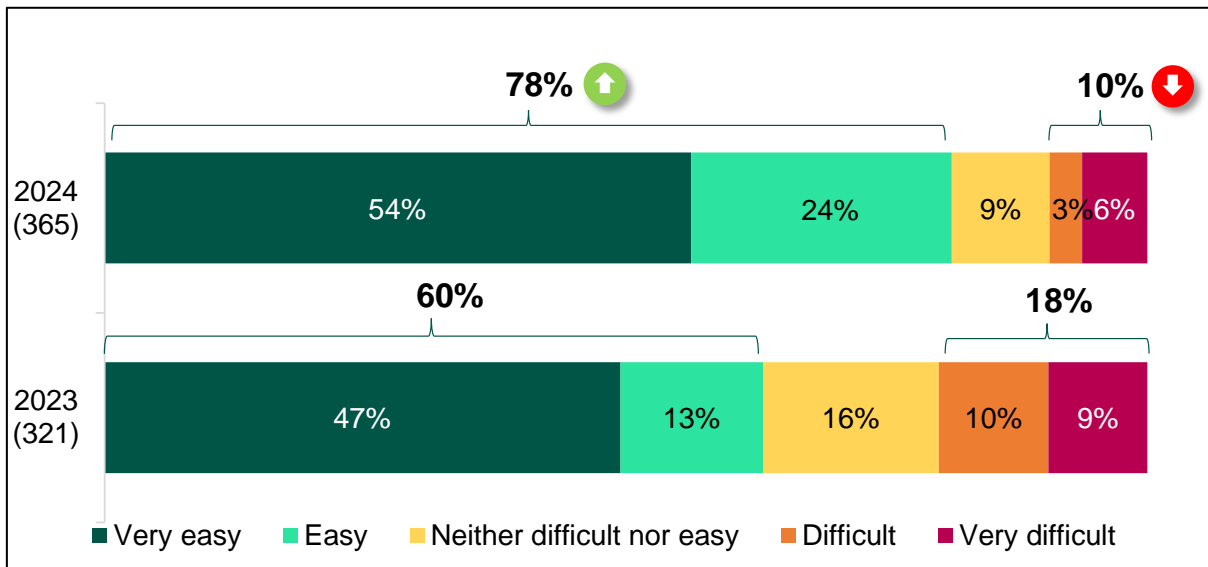
Medium-sized businesses (66%) were more likely to use their current supplier due to them being the cheapest option compared to sole trader and micro businesses (53%), small businesses (58%) and large businesses (49%). Those who had switched energy supplier in the past year (68%) were also more likely to have chosen their current supplier due to them being the cheapest option compared to those who switched supplier more than a year ago (50%). Those businesses that said they had consulted an energy broker (63%) were more likely to have chosen their current supplier due to them being the cheapest option compared to those who said they had not consulted a broker (48%).

The qualitative research found that several businesses had chosen their supplier solely due to a cheaper price, only to regret the decision later due to poor customer service and hidden charges.

Ease of switching process

A high proportion of businesses reported that they found the switching process easy in 2024 compared to 2023, as outlined in Figure 3.4. Just over three quarters (78%) of businesses who switched supplier in the last 12 months said they found the switching process easy, a considerable increase on 2023 (60%). Less than one in ten (9%) businesses found the switching process difficult, a decrease from 18% in 2023.

Figure 3.4: Ease of the switching process



Base: Businesses who switched suppliers in the past 12 months (365)
 E3 On a scale of 1 to 5, where 1 is 'very difficult' and 5 is very easy, how easy or difficult did you find the switching process?

Businesses that were more likely to report finding the switching process easy include:

- Those in the Property/Management and Business Services sector (94%);
- Businesses that are keeping up with their bills without difficulty (86%) compared to those having difficulty (59%);
- Businesses that use a smart meter or AMR meter (83%) compared to those who do not (68%); and
- Businesses that consulted an energy broker (85%) compared to those who did not (71%).

Use of energy brokers

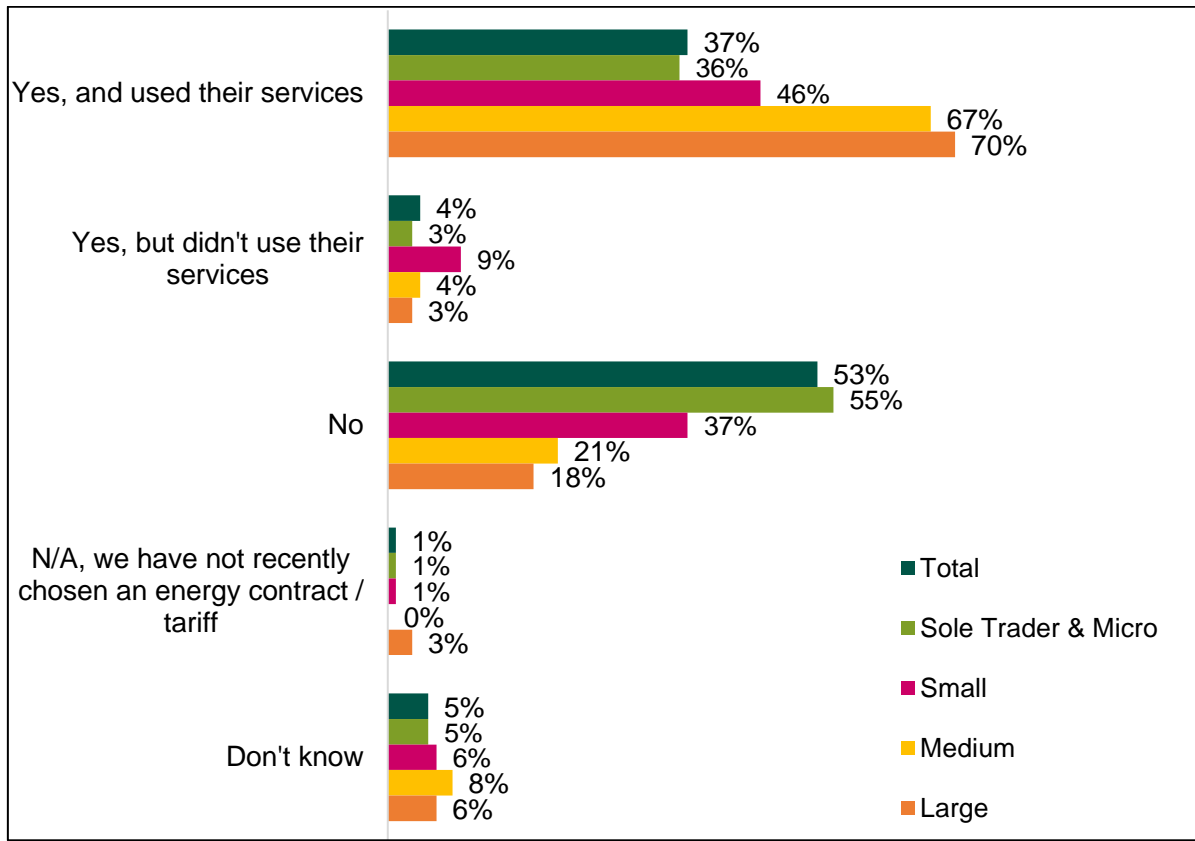
Use of energy brokers when switching contracts

All businesses were asked whether they had consulted an energy broker when choosing their current contract. Just over a third (37%) reported doing so and went on to use their services (an increase from 30% in 2023),¹⁷ while 4% reported that they consulted a broker when choosing their current contract but did not end up using their services (a decrease from 7% in 2023). The full results are shown in Figure 3.5.

Sole traders and micro businesses (36%) were less likely to report that they consulted an energy broker and use their services compared to small businesses (46%), medium-sized businesses (67%) and large businesses (70%). Sole traders and micro businesses were also the least likely to report that they consulted an energy broker and use their services in 2023.

¹⁷ Internal Ofgem analysis of data collected from suppliers in 2023 suggests that the survey data for 2023 and 2024 could be an under-estimate of the proportion of consumers who actually used an energy broker's services to switch. This might be because of respondent error or some respondents' lack of understanding of the difference between suppliers and brokers.

Figure 3.5: Use of broker when choosing current contract or tariff, by business size



Base: All businesses (1,000)

B26. When choosing your current contract or tariff did you consult an energy broker?

As well as size, sector appeared to be closely linked to energy broker use. Businesses in the hotel and catering sector (57%) and manufacturing sector (50%) were more likely to report using an energy broker when switching, compared to other sectors (average of 37%). The same two sectors were also more likely to have used a broker in 2023. Conversely, businesses in the construction sector (27%) were least likely to report that they had used a broker, compared to other sectors (average of 37%).

The qualitative research explored businesses' interactions and experiences with brokers in more detail. Many businesses explained that brokers initiated the contact proactively. This was usually appreciated, particularly when brokers offered competitive quotes for energy deals or timely reminders about contract renewals. Some businesses said that they initiated contact with energy brokers themselves, typically identifying the broker using platforms such as Trustpilot.

The qualitative research found that some businesses reported having longstanding relationships with brokers, which were associated with higher levels of confidence and trust that they were being offered the best value for money energy contracts. Others, who have newer relationships with brokers, often reported greater levels of scepticism that the brokers were going to find the best deals for them.

Participants reported that when brokers introduced themselves during the initial contact, they were usually clear about who they were and their role. However, some participants, particularly those unfamiliar with the role of brokers, expressed initial confusion about who the broker was.

Participants tended not to mind whether they were dealing with a broker or supplier, as long as they received a competitive price. Some participants felt that the good customer service provided by the broker was also important. Some mentioned preferring using brokers because they provided a greater

range of contract options across multiple suppliers with a choice of prices. It was also noted that brokers were more responsive than suppliers, and that they trusted them to find them the best deal more than their energy supplier.

“It [whether I liaise with a broker or energy supplier] makes no difference at all, except that I’m more liable to trust a broker rather than a company [i.e., an energy supplier].”

Sole trader / micro business, Public administration sector, South East

Businesses in qualitative interviews highlighted that they used a range of communication channels with brokers. Some said that they had discussed contract options over the phone, with any decisions often followed by a confirmation email. Email follow-ups were valued for providing clarity and security. Others reported that they communicated solely via email.

“[Communication with the broker] was a combination of speaking over the phone and them supplying written confirmation of the new tariffs.”

Medium-sized business, Property / management / business services sector, Scotland

The qualitative research also found that in some cases, businesses were unaware that verbal agreements could be legally binding. We did not identify any impacts resulting from this.

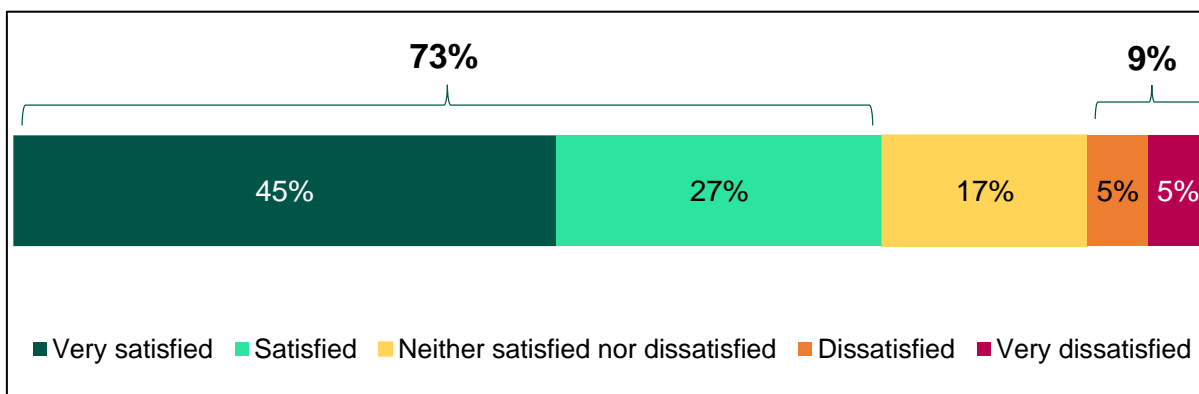
“I wasn’t aware there was a verbal agreement over the phone specifically, I thought it becomes binding when you sign the DocuSign.”

Micro business, Retail / distribution sector, Wales

Satisfaction with energy brokers when switching contracts

Nearly three-quarters (73%) of businesses that said they had used brokers reported that they were satisfied with the service they received from their broker during the switching process. This is shown in Figure 3.6.

Figure 3.6: Business satisfaction with broker services during the switching process



Base: Businesses that used a broker when switching contracts / choosing their current contract or tariff (446)
 B30 On a scale of 1 to 5, where 1 means 'very dissatisfied', and 5 means 'very satisfied', how satisfied were you with the service provided by your broker?

In the qualitative research, many businesses described their experience with brokers as positive. Highlights included good customer service, with one business explaining that their broker was not able to answer a query immediately, so went away to find the answer and came back to them with a response shortly afterwards. Many businesses felt that they had saved time by using a broker, as they did not have to conduct any research themselves to find the best deals on the market.

" [The broker] was very helpful, very pleasant, polite, and he did do what he said he would do. He got the paperwork over, got it signed. It all went through, you know, very easily."

Sole trader / microbusiness, Retail/ distribution, East of England

"It took a lot of researching work out of our hands. Instead of having to do comparisons on our own they just sent it all over to us."

Small business, Manufacturing sector, Scotland

However, some businesses reported distrust in brokers, or irritation due to aggressive marketing tactics such as frequent cold calls from brokers trying to sell their services. One business reported that they often received three calls a week from brokers which they felt was intrusive and a form of 'aggressive marketing'. Some businesses preferred dealing directly with the supplier after a poor experience with a broker.

"It's easier for me to deal with [suppliers] and know what I'm getting."

Sole trader / micro business, Hotel/ catering sector, North West

"I found [the brokers] really annoying and it was simpler to deal with the supplier directly."

Sole trader / micro business, Agriculture/ mining/ energy sector, Yorkshire and The Humber

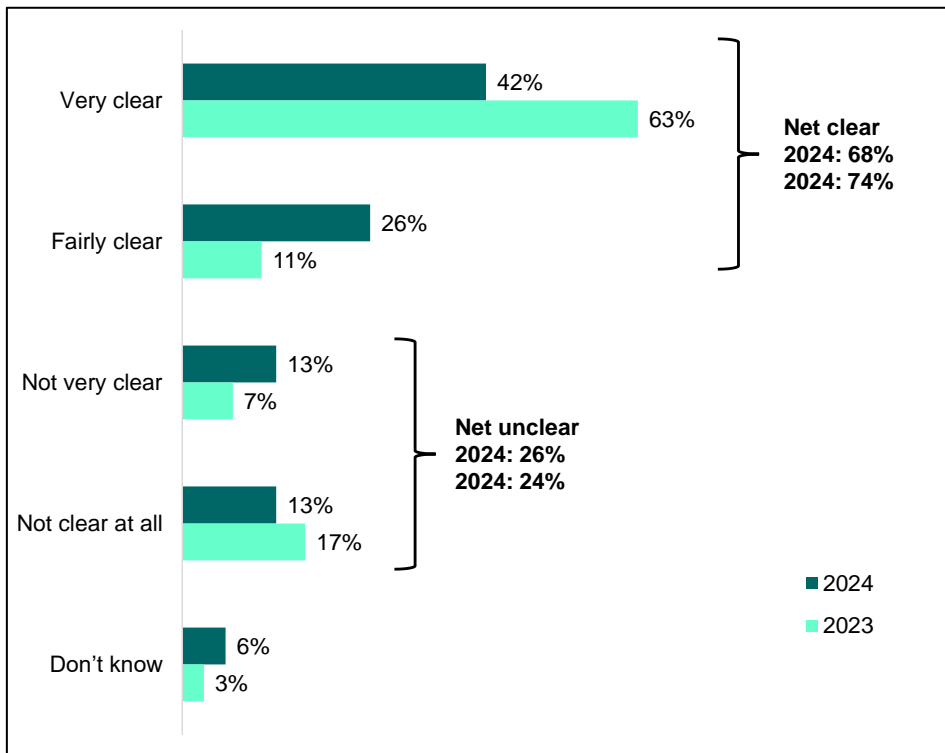
Broker charges when switching contracts

Businesses that knew they had used a broker when switching were asked whether they had been charged for their services. Only one in seven (14%) businesses believed they were charged by their broker, while 73% believed they were not charged. 12% reported that they did not know.¹⁸

Of those who believed they were charged, just over two thirds (68%) said that the broker's charges were clear to them (as outlined in Figure 3.7).

¹⁸ As part of Ofgem's actions following the non-domestic market review, one of the changes that took effect after this research was conducted requires suppliers to provide non-domestic consumers with more explicit transparency of broker fees as part of their supply contract.

Figure 3.7: Clarity of broker charges when switching contracts, by year



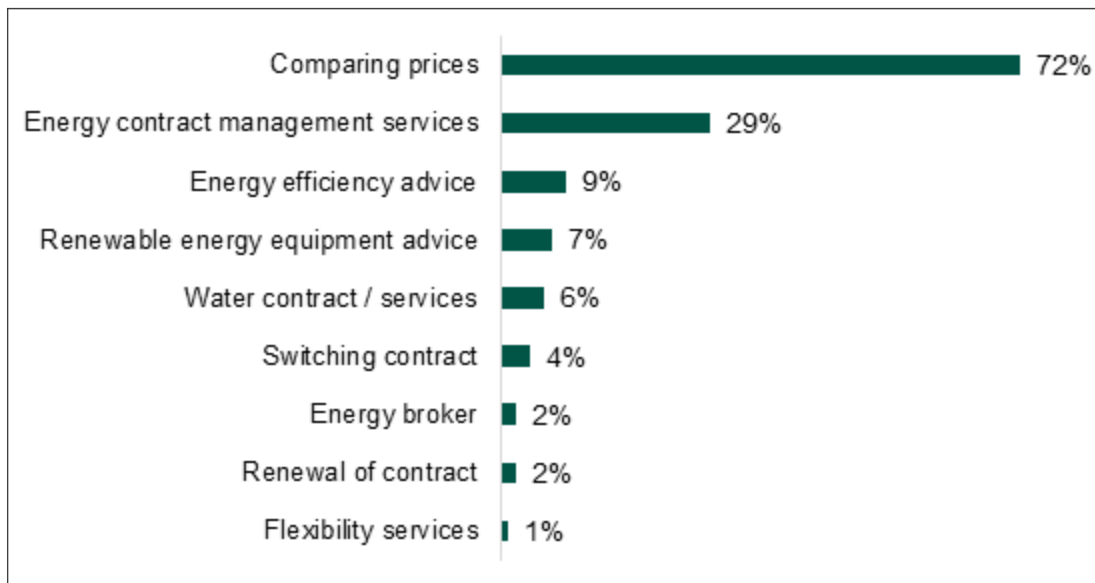
Base: Businesses who reported the broker charged for their switching services (2024: 107, 2023: 79).
 B29. To what extent were the charges the broker applied for their service clear to you?

The qualitative research found that businesses typically considered these charges to be reasonable, given the quality of the service received and cost savings achieved (compared to going through an energy supplier directly). Some described the charges as expensive but saw them as a necessary part of the process. A few participants felt that broker charges could have been made clearer, although they ultimately felt that the charges were fair.

Other services used from energy brokers

All businesses were asked if they have used any services, other than switching contracts, from an energy broker or another intermediary in the past 12 months. A small proportion of businesses (9%) reported using other services, including price comparisons (72%), energy contract management services (29%), and energy efficiency advice (9%). The full range of other services used are shown in Figure 3.8. The qualitative research revealed that one participant used their broker for general advice, on topics such as advice on the use of half-hourly meters, whether they needed to reduce/ lower their usage, and generic billing queries. The qualitative research also revealed further services used, such as bill handling, energy audits, complaint resolution, and assistance with other utilities.

Figure 3.8: Other services businesses used from an energy broker or another intermediary



Base: Businesses that have used another broker or intermediary services in the last 12 months (98)
B32 Which services did you use? (Multi-choice)

Case study: Experience of brokers

Hotel/ catering, small business, East of England.

Linda is a Financial Controller at a family-owned hotel/ catering business, consisting of a hotel and golf club & spa, and catering and produce services.



Business's experiences of brokers

- Recognising the time and expertise needed to compare energy supplier offers, the business utilised an existing relationship with an energy broker.
- From their personal experience, telephone calls with suppliers could quickly turn into a sales pitch with a risk of being manipulated into taking their deal (even if it wasn't the right one for their business).
- She felt it was important to stay vigilant when dealing with brokers in case they tried to *"push them in a certain direction"* to earn better commission.
- Linda explained that their broker charged a commission-based fee that was built into their unit rate (paid indirectly via their energy bill). She felt that these charges were not clear, as they were not on the invoice. Linda could not comment on whether the charges were fair as she believed that they were *"just part of the process"*.

Impact on business

- The business continues using their energy broker for additional services including for general advice on their energy usage and supply, a service she was satisfied with.
- They reported that they have saved time by going through a broker for the switching process and have had a positive experience.

"If I've got any query with my energy supply that they've sold me, I go straight back to them and they come back...I think it's been very good."

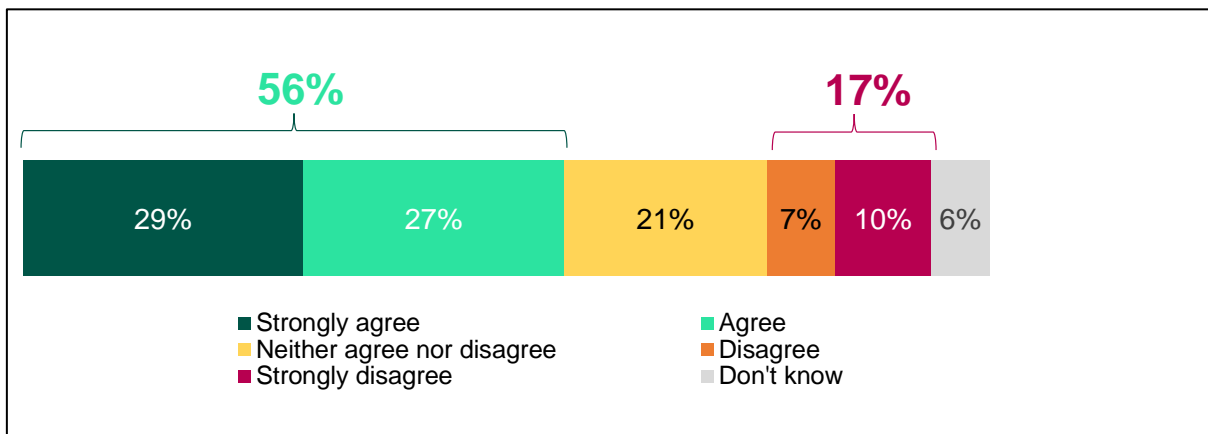
4. Customer Experience

This chapter explores key areas such as perceptions of fair treatment, satisfaction with energy suppliers, and experiences with the complaints process. By examining these factors, we aim to understand the extent to which businesses are being made to feel supported and fairly treated by their energy supplier.

Businesses' perceptions of how they are treated by energy suppliers

All businesses were asked to what extent they felt their energy supplier treated them fairly in their dealings with them. Over half (56%) of businesses felt that their supplier treated them fairly. Contrastingly, around one in six (17%) businesses felt that they had been treated unfairly. The full breakdown can be seen in Figure 4.1¹⁹.

Figure 4.1: Agreement that business' supplier treats them fairly in their dealings with them



Base: All businesses (1,000)
C16. To what extent do you agree or disagree that your [gas/electricity/gas and electricity] supplier treats you fairly in their dealings with you?

Those businesses more likely to report that their energy supplier treated them fairly in their dealings with them included:

- Businesses in the property / management / business services sector (66%);
- Businesses with high self-reported energy literacy (65%, compared to just 33% of those with low self-reported energy literacy);
- Businesses that had a smart meter or advanced meter (59%) compared to businesses that did not (51%); and
- Businesses that did not have difficulty keeping up with paying their bills (63%, compared to 40% of those who are experiencing difficulty).

Those businesses more likely to disagree that their energy supplier treated them fairly included:

- Businesses in the public administration / other sector (22%);

¹⁹ This is a new question in 2024.

-
- Businesses who were struggling to keep up with their bills (33%) compared to those not having difficulties (10%);
 - Businesses with low self-reported energy literacy (46%) compared to those with high self-reported energy literacy (11%); and
 - Businesses that disagreed that they had a good understanding of what makes up their energy bill (35%) compared to those who agreed that they had a good understanding of what makes up their energy bill (13%).

The qualitative research explored the reasons underpinning these reflections. Participants that felt they had been treated fairly mentioned that their supplier was transparent about costs and sent them accurate bills on time that did not contain any unexpected surprises. Others felt it was easy to get in touch with their supplier and that they received timely communications. Some noted that their energy supplier did not use aggressive sales tactics and they helped them switch contract when requested (and gave them a good deal when doing so).

“We try to work with [our supplier] in cooperation. We’ve had a long-term relationship with them, and the people that we come across are of a high calibre. They understand our business.”

Medium-sized business, Agriculture/mining/energy sector, East of England

Participants that did not feel that they were treated fairly often felt this way due to feeling they were being charged too much or perceiving a lack of transparency around costs, sometimes citing additional unforeseen costs in their bills. Other common reasons mentioned were having received poor customer service from their supplier, either finding the supplier too slow to reply/ failing to adequately deal with their queries or complaints.

“[They’re] just not interested once they have your money.”

Medium-sized business, Transport and storage sector, East of England

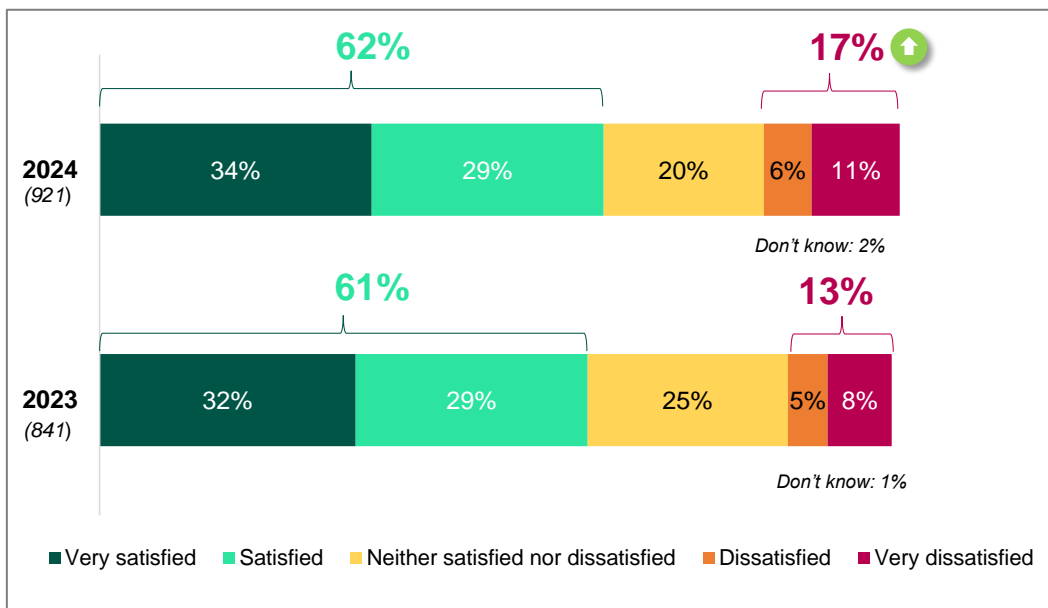
“Not once did they answer an email [over a year].”

Small business, Manufacturing sector, South East

Satisfaction with energy supplier

Nearly two-thirds of businesses (62%) were satisfied with the overall service provided by their energy supplier. This is consistent with satisfaction levels in 2023, as shown in Figure 4.2. That being said, dissatisfaction levels have increased since 2023. 17% of businesses were dissatisfied in 2024 compared to 13% of businesses in 2023.

Figure 4.2: Satisfaction with the overall service provided by energy supplier, by year



Base: Businesses who know who their supplier is (921)

C1+C4+C7. On a scale of 1 to 5, where 1 means 'very dissatisfied', and 5 means 'very satisfied', how satisfied are you with the overall service that your [gas/electricity/gas and electricity] supplier offers? Arrows denote significant year-to-year differences.

Those businesses reporting higher levels of satisfaction with their supplier included:

- Large businesses (80%)
- Businesses in the manufacturing sector (78%)
- Those with a high self-reported energy literacy (69%, compared to 27% of those with a low self-reported energy literacy)
- Businesses that had switched energy supplier in the last 12 months (69% compared to 61% of those that had switched longer than a year ago)
- Businesses that used a smart or advanced meter (65%)

Meanwhile, pockets of dissatisfaction were notable among:

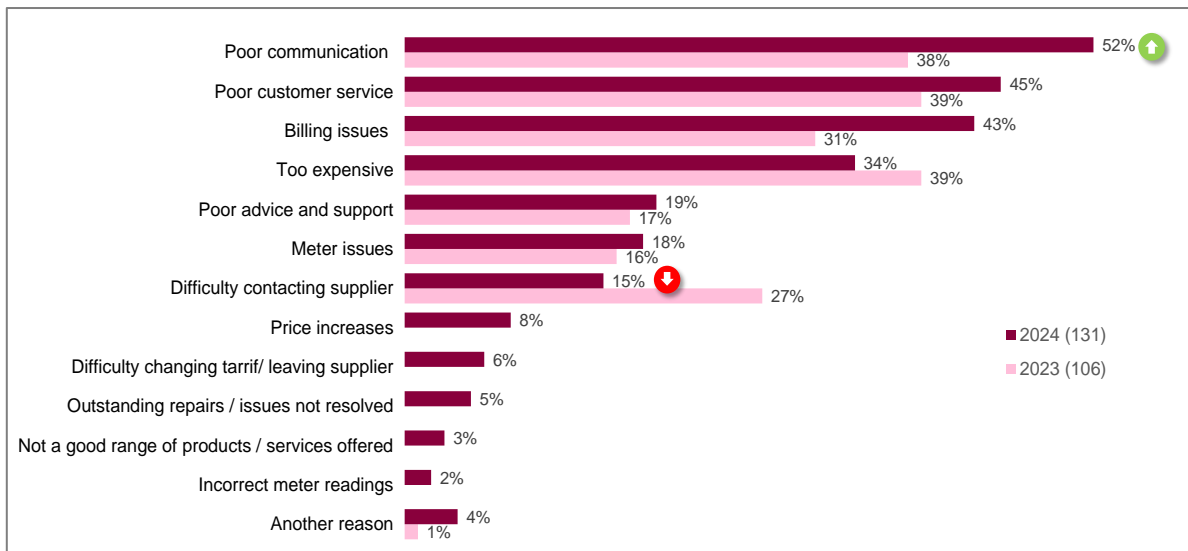
- Sole traders / micro businesses (18%, compared to 3% of large businesses)
- Businesses in the construction sector (27%)
- Businesses who had difficulty keeping up with their bills (32% compared to 10% of those that did not)

Businesses who reported they were dissatisfied with the overall service from their supplier were asked about the reasons for this. 'Poor communication' was the most common response and cited by just over half of these businesses (52%). In 2023, 38% of dissatisfied businesses cited poor communication – a 14-percentage point difference.

Other common reasons for dissatisfaction reported were poor customer service (45%), billing issues (43%) and being too expensive (34%). The proportion of businesses reporting difficulty contacting

their supplier decreased to 15% compared to 2023 where 27% of businesses provided this as a reason for their dissatisfaction – a 12-percentage point difference. The full range of reasons for dissatisfaction is shown in Figure 4.3.

Figure 4.3: Reasons for dissatisfaction with energy supplier



Base: Businesses who are dissatisfied with their supplier (131)

C2+C5+C8 Can you tell me a bit more about why you are dissatisfied with supplier? (Multi-code)

2023 dissatisfaction reasons are only shown for options that were also mentioned in 2024

Arrows denote significant year-to-year differences.

The qualitative research explored participants’ satisfaction with their energy supplier in more depth, which often stemmed from the absence of any perceived issues with them. It was only during service disruptions or when issues arose that businesses were exposed to suppliers’ customer service teams which, as Figure 4.3 shows, were often found to be lacking in terms of responsiveness and taking ownership.

"I find it utterly frustrating that they won't respond to a letter or email. I couldn't operate a business like that. If we had a complaint come through, or even a comment from one of our clients, I would personally deal with it. I would take responsibility."

Small business, Retail and distribution sector, North West

"We have had very poor service from 2 or 3 of the suppliers. We're currently using [supplier] and they're proving diabolical."

Small, Property/ Management/ Business Services, South East

Some participants perceived there to be a correlation between the cost of their contract and the quality of the service they received. In their eyes, higher priced contracts led to better customer service.

“Their customer support is lousy but being the cheapest on the market we were willing to put up with it.”

Medium-sized business, Construction sector, South West

“[At] the previous supplier, the customer service was great, but costs were too high.”

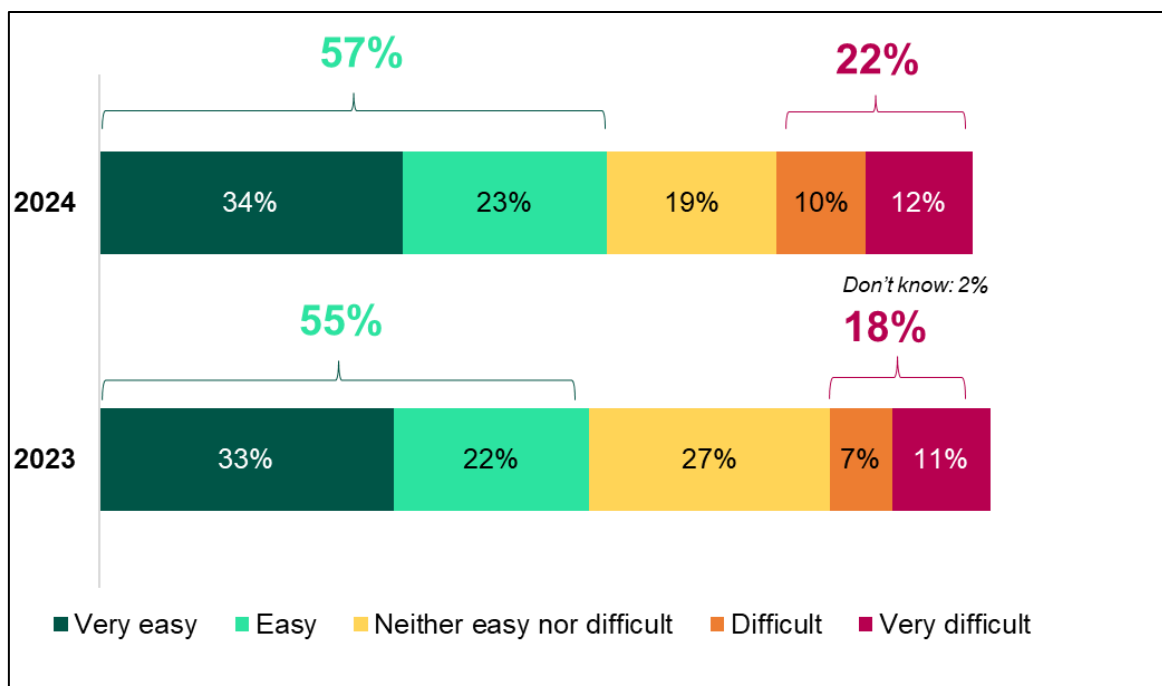
Small, Manufacturing sector, South East

Some participants, especially in the manufacturing and construction sectors, felt that they were not getting a reliable supply of energy, which they attributed to supplier shortcomings. Unreliable energy supply, caused by power outages and surges, negatively impacted the productivity in these sectors that are often reliant on running machinery or factories continuously.

Contact with energy suppliers

Businesses who said they had contacted their suppliers in the past 12 months were asked to rate how easy or difficult was it to contact them. Over two-fifths (45%) said it had been easy, and one in six found it difficult (17%). Similar proportions of ease of contact were reported by businesses in 2023, as shown in Figure 4.4.

Figure 4.4: Ease of contacting energy supplier



Bases: Businesses who know who their supplier is and contacted them in the past 12 months 2023 (841), 2024 (721). C3+C6+C9. On a scale of 1 to 5, where 1 means 'very difficult', and 5 means 'very easy', thinking about the last time your business tried to contact your supplier in the last 12 months, how easy or difficult did you find it to contact them?

Businesses in the finance sector (77%) were more likely to report higher levels of ease of contact compared to average (57%). Businesses that reported being able to keep up with their bills without difficulty (65%) found it easier to contact their supplier compared to those who reported they were finding it difficult to keep up with their bills (44%).

Businesses in the construction sector (38%) were more likely to find it difficult to contact their energy supplier compared to the average (22%), as were businesses that had made a complaint to their supplier (49% reported difficulty contacting them compared to 14% without complaints).

Complaints made to energy suppliers

Nearly a quarter of businesses (23%) reported raising a complaint with their energy supplier in the last 12 months. When broken down by business size, small businesses were more likely to have complained to their supplier in the last 12 months (30%) compared to the average (23%). By sector, those in public administration / other were most likely to have reported raising a complaint (30%) compared to those in the agricultural, manufacturing, retail and property management sector. Businesses in the property/ management sector reported the lowest rate of complaint filing (87% did not file a complaint), compared to those in construction (74%), transport (71%) and public administration sectors (68%).

Several factors appeared to be linked to an increased likelihood of businesses raising a complaint. These included businesses who said they were struggling keeping up with bills (32%); had a smart meter installed (29%); had sought external advice (55%); and did not understand how their businesses' energy usage related to how much is on their bill (34%).

Of those that raised a complaint, almost half (47%) reported that their complaint had not been resolved by their supplier. A comparison cannot be made with 2023 due to the changes in how the question was asked resulting in different bases and timeframes.²⁰

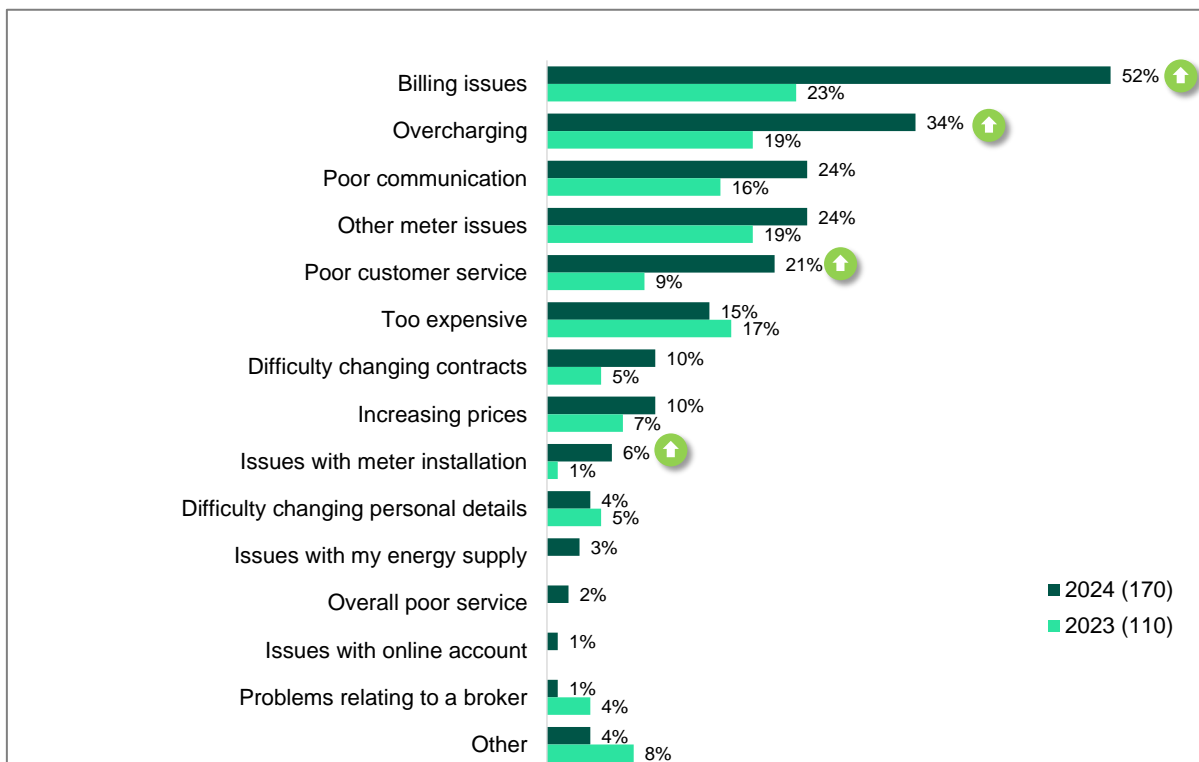
Reasons for raising a complaint

The most common reasons reported for making a complaint were billing issues (52%) and overcharging (34%). These were also the top two reasons in 2023 (23% and 19%). The full range of reasons for making a complaint are shown in Figure 4.5.

Customer service was also ranked the second highest reason for supplier dissatisfaction by businesses, as shown in Figure 4.5.

²⁰ 2023 respondents were asked about complaints made in the last 6 months whereas 2024 respondents were asked about complaints made in the last 12 months.

Figure 4.5: Issues that led to making a complaint, by year



Base: Businesses who had made complaint: 2023 (110), 2024 (170).
 C12. What was the issue that led you to make a complaint? (Multi-code)
 Arrows denote significant year-to-year differences.

Qualitative interviews revealed participant’s dissatisfaction with the increased costs they perceived as resulting from supplier errors. Various issues such as being charged for meters that should have been removed or being placed on incorrect tariffs, resulted in the participant’s believing they were charged more than they should for their energy. Some participants expressed concerns around the accuracy and reliability of their supplier’s billing processes. These issues undermined the supplier’s credibility, leading to a loss of trust in them overall.

“The meter reading of three quarter of a million [pounds] was incorrect, it is just not possible to use that much energy in one month.”

Small business, Retail and distribution sector, East of England

“The complaint was about the quality of the billing we received, it was a bit of a car crash... Really the bill should have been a much clearer thing, and so we lost trust in their billing system.”

Medium-sized business, Agriculture/ mining/ energy Sector, East of England

Views and expectations on the complaints handling process

The qualitative research explored participant views on their suppliers’ complaints handling process. Almost all participants that had made a complaint cited the time taken to resolve complaints as a major issue. Participants said that complaint resolution could take anywhere from six weeks to 12 months. A small business from the transport sector quantified the actual time they had spent on their nine-month complaint to be equivalent to two weeks in total. The delay in complaint resolution was not only frustrating but also affected business operations.

"[The time taken during the complaints process was] a significant dent to the business."

Small business, Transport sector, South West

The complaint process was a significant source of stress for businesses. Most participants found the entire process burdensome, from the initial complaint issue to the subsequent pursuit of resolution. The added fear of legal repercussions (mentioned by some participants due to incorrect billing issues being forwarded to debt collection agencies) further compounded the dissatisfaction and frustration some participants experienced.

One participant shared their frustration at the lack of transparency regarding the timeline for resolving supplier billing errors. This uncertainty negatively impacted the accuracy of their financial reports and internal audit processes, making it difficult to track expenses and make informed business decisions.

Participants had clear expectations when it came to how their complaints should be handled by their energy supplier. These expectations revolved around efficiency, professionalism, communication, and a personalised service.

Participants expected a prompt response from the supplier when they raised a complaint. They also expected the energy supplier to keep their promises, both in terms of resolving the issue at hand and following through on any commitments made during the complaint process.

"I thought they would have been a bit more serious and a bit more on the ball; they're very laid back. Basically, what they're saying is – 'we have many customers, we're not interested. We can only do what we can do.'"

Small business, Retail and distribution sector, North West

"When you make a complaint to a company, they need to realize that we've only got a limited amount of time in the day."

Sole trader / micro business, Retail and distribution sector, East of England

Some participants from small businesses and sole trader / micro businesses complained about a lack of business services, such as a dedicated account manager. They felt it was unfair that only larger businesses would be provided this service by their supplier. Smaller businesses assumed with a dedicated account manager they would perhaps benefit from prioritised communication, faster response times, and shorter resolution timelines. Contrary to smaller businesses' expectations, larger companies reported experiencing fewer benefits from account managers than anticipated.

"Because I'd expect almost like you have an account manager. You'd have a quicker route to get through if you had any issues. But that's not the case... if you're paying this higher tariff, you would expect maybe a little bit more help."

Sole trader / micro business, Retail and distribution sector, East of England

Participants valued a personalised service and did not want to receive a generic response when raising a complaint. They expected their concerns to be addressed by one person, ensuring continuity and accountability throughout the complaint resolution process. One participant mentioned how they felt like they were "going around in circles" as no one individual from the energy supplier took ownership of their complaint.

“This goes back to having a contact person directly within [supplier], as opposed to a pot of people it goes into because you don’t end up with anybody building a relationship with.”

Small business, Construction, East of England

A common complaint of with energy suppliers particularly related to the change of tenancy process was the perceived lack of responsiveness and attentiveness from suppliers. Some businesses felt their complaints were not handled efficiently, even when they had provided all necessary information. Others described instances of suppliers failing to understand their needs, such as being offered unsuitable tariffs.

The change of tenancy process was a significant source of frustration. Participants reported difficulties in transferring accounts, including being locked into previous tenants' contracts and facing lengthy delays in resolving billing issues. A lack of accessible communication channels, such as relying solely on email for the change of tenancy team, further compounded these problems for some participants. In some cases, even providing proof of tenancy termination did not prevent billing disputes and pursuit by debt collection agencies.

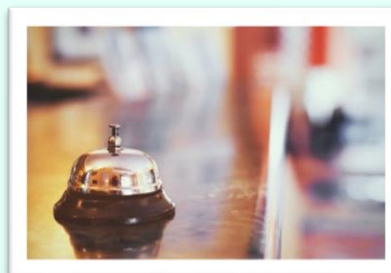
“I thought the fact that we were able to produce all of the documentation confirming we had let them know in advance before we took out the contract what the position was, and when it actually came to relinquishing the tenancies, we were able to produce all of the legal information they wanted. I didn’t think there would be a problem.”

Medium-sized business, Property/ management/ business services sector, Scotland

Case study: Complaints

Hotel/Catering business, Microbusiness,
North West of England.

Margo runs a small boarding house/ hotel and bar in the North West of England. The business is classed as a microbusiness and has been operating since the 1960s.



Business's experiences of complaints

- Margo raised a complaint with energy supplier about inaccurate billing.
- Despite contacting them repeatedly, she was told by the call agent that the supplier had no previous notes saved on their system, nor any history of contact from her.
- Incorrect bills continued to be issued and her complaint remained unresolved for nine months, so she left the supplier.
- The supplier eventually admitted they had made a mistake and finally issued a correct bill.
- At the time of interview, the supplier was still getting in touch asking for meter readings, despite Margo telling them she has switched to a different supplier.
- At the time of interview, the Ombudsman were looking into the complaint

Impact on the business

- Margo spent excessive time chasing the supplier for a response and explaining her complaint each time, resulting in time away from running her business.
- Six months after contacting external advice services, "nothing came of it", despite the supplier being in the wrong according to the Ombudsman.

"One day they tell me the bill is £9,000 for a month and then they tell me the bill is £19,000 for a summer month!"

Case study: Complaints

Transport, small business, Scotland.

Fred runs a small transport business in Glasgow. They recently moved into new premises.



Business's experiences of complaints

- When the business moved into their new premises, they found that they were locked into the contract held by the previous tenant.
- They considered this to be unfair, and were disappointed that the supplier's end of tenancy team refused to speak to customers over the phone
- Fred found it impossible to find the right person to help him with his complaint. The supplier was only contactable via email. He experienced a frustrating cycle of being transferred between different individuals, culminating in a 150-email chain. The supplier's email response, indicating a 40-day wait time, further exacerbated his dissatisfaction.

Impact on business

- The business was locked into an expensive contract and were not able to leave it, so they felt they were spending more money than they should be.

"We're spending money we shouldn't have to."

End of contract experiences

In the quantitative survey, over a third (39%) of businesses reported their energy contract had ended in the past 12 months. This is an increase from 2023, where the figure reported was 32%.

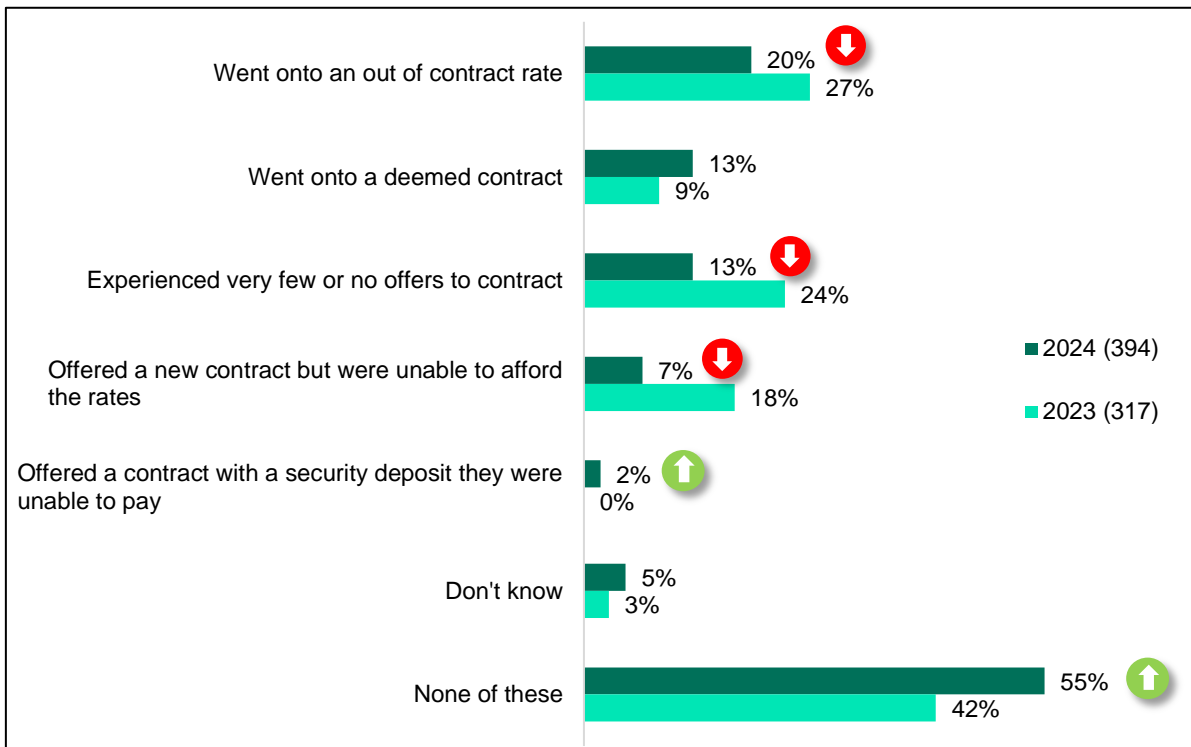
Of the businesses that have had their energy contract end in the past 12 months;

- A fifth (20%) reported that they went onto an out of contract rate. This was more likely to be reported by businesses in the construction sector (35%), those who had difficulty keeping up with their bills (30%) and those businesses that had made a complaint (46%). This is a decrease from the 2023 survey, where the figure reported was 27%.
- Just over a tenth (13%) either went onto a deemed contract (9% in 2023). Large businesses (30%), businesses in the retail/ distribution sector (24%), and businesses that have difficulty keeping up with their bills (26%), made a complaint (32%) and sought external advice on energy related matters (38%) were more likely to have gone onto a deemed contract when their energy contract ended.
- 13% of those that had their energy contract end experienced very few or no offers to contract, a decline versus the 24% reported in 2023.
- 7% were offered a new contract but unable to afford the rates that were offered. This was a decrease from the 2023 survey, where the figure reported was 18%.
- 2% were offered a contract with a security deposit that they were unable to pay. This was an increase from the 2023 survey, where no businesses reported this experience.

These results are shown in Figure 4.6. It is worth noting that over half of businesses that had their energy contract end in the past 12 months did not experience any of the aforementioned options (55%). This is an increase from the 2023 survey, where a figure of 42% was reported.

Small businesses (70%) were more likely to report this than sole traders and micro businesses (54%) and large businesses (45%). Those in the property/ management/ business services sector (66%) were more likely to report this, compared to the construction sector (38%) and those in the public administration / other sector (49%).

Figure 4.6: Businesses end of contract experience, by year



Base: Businesses whose energy contract had ended in the past 12 months: 2024 (394), 2023 (317) E7. Has your business experienced any of the following? (Multi-choice)
Arrows denote significant year-to-year differences.

Energy bills

Engagement with energy bills

In the qualitative research, participants were asked about how they interacted with their energy bills. Many participants said they reviewed their bill when they received it from their supplier on a monthly basis. Businesses engaged with their bills more often in specific circumstances. For example, if they were in the process of raising a complaint about a specific billing issue or if they were conducting an audit of energy usage with the organisation.

There was a spread of how participants engaged with their energy bills. Some tended to ‘eyeball’ the information on the bill. Others, particularly small and medium-sized businesses, used spreadsheets to better understand their bill and identify trends (discussed further below). One participant said that they would like to be able to use dashboards to see a breakdown of energy usage by time.

“I have to put it into a spreadsheet to understand it...or you'd struggle to do it off the bill directly.”

Medium-sized business, Construction sector, South West

The main reason participants reviewed their energy bills was to check that the information aligned with their expectations and that there were no anomalies. Participants reported checking the unit price, energy usage, standing charges and application of government grants. Those that used spreadsheets were more likely to go beyond ‘eyeballing’ and use the information to assist with identifying issues within the business – for example, whether the business had used more or less energy compared to previous year, or to compare usage across offices.

"[Checking bills] helps identify usage issues. Like an office with 6 people using a similar amount of energy as an office of 37 will flag a problem."

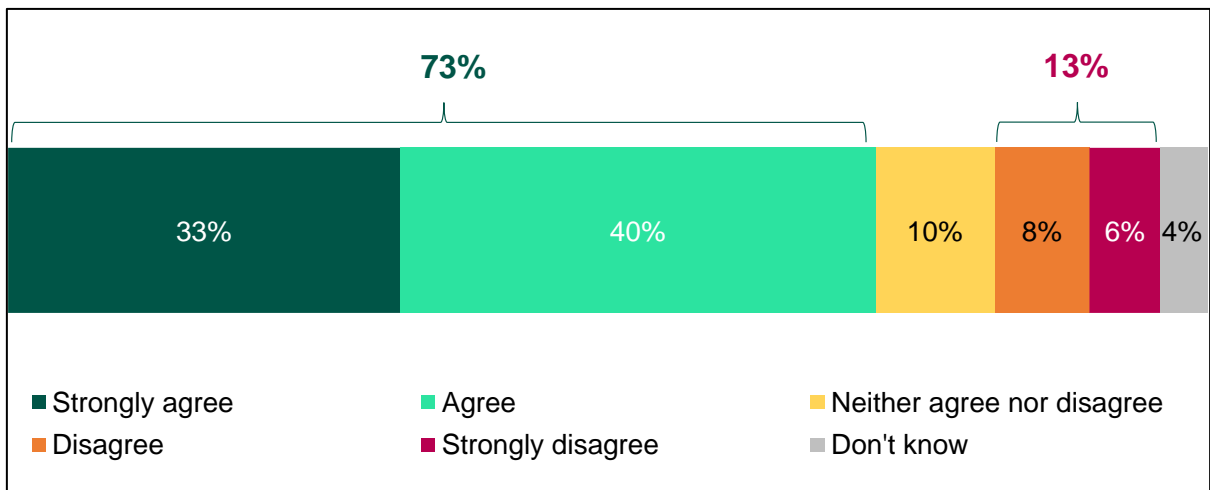
Medium-sized business, Property/management/business services sector, Scotland

Many of the participants said that they dealt with their organisations' energy bills themselves. Others either delegated to internal teams such as accounts or outsourced the task to brokers or consultants. Outsourcing to brokers or consultants was more likely to be the case for large businesses.

Understanding of energy bills

Businesses were asked how well they felt they understood the information on their energy bills. As shown in Figure 4.77, just under three quarters of businesses (73%) reported that they understood what made up their energy bill, with 13% disagreeing that they understood what made up their bill.²¹ Businesses that were more likely to understand what makes up their energy bills included large businesses (88%), businesses that reported they kept up with their bills without difficulty (76%), and those with a smart meter (76%).

Figure 4.7: Understanding of what makes up energy bills



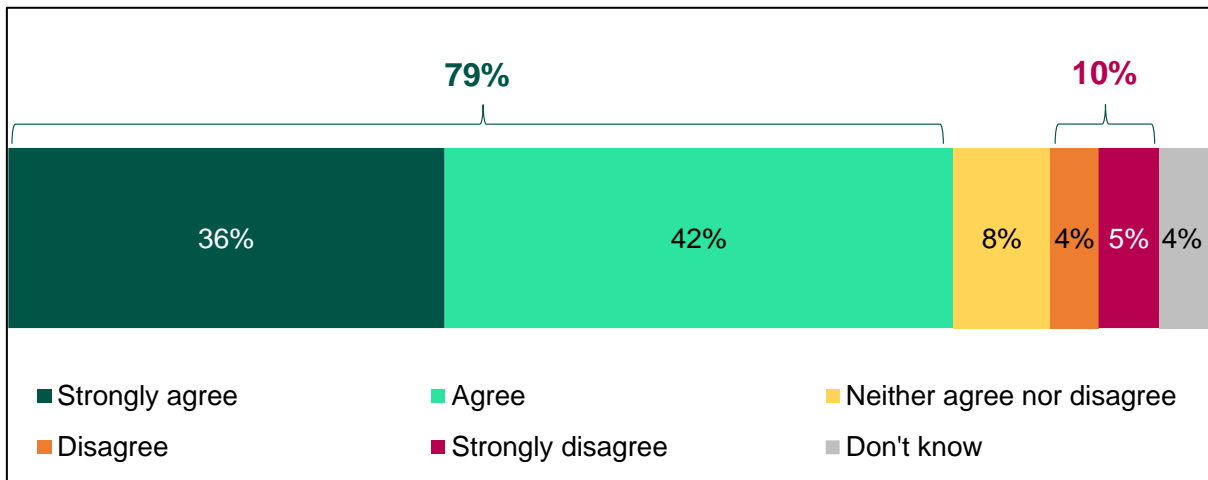
Base: All businesses (1,000)
E8_5 I understand what makes up our energy bill.

Businesses were also asked about their understanding of how their energy usage relates to how much is on the bill. Over three quarters (79%) reported that they understood how their businesses' energy usage related to how much was on their bill, while 10% disagreed with this statement.²² Businesses that were more likely to understand how their energy usage relates to how much is on the bill included large businesses (89%), businesses that had a smart meter (83%) and those in the hotel and catering sector (94%) and the manufacturing sector (89%).

²¹ This question is new for 2024.

²² This question is new for 2024.

Figure 4.8: Understanding of how energy usage relates to how much is on the bill



Base: All businesses (1,000)
 E8_6 I understand how my business's energy usage relates to how much is on the bill.

The high levels of agreement with statements around understanding their energy bills demonstrates a good level of self-reported 'energy literacy' across businesses. For each respondent to the survey, responses to these two questions were grouped together. Based on their responses to the two questions shown in Figure 4.7 and Figure 4.8, respondents were coded into one of the following categories: High energy literacy (72%), moderate energy literacy (21%) or low energy literacy (7%). It is important to note that the participants in the survey were selected because they said they were responsible for arranging and/or paying for their business's energy supply. It is therefore interesting that 7% of these respondents self-reported low energy literacy.

In the qualitative interviews, we spoke to participants within each of these groupings to explore which parts of their energy bills they understood (or did not understand).

Those with high self-reported energy literacy tended to say that they understood most if not all aspects of their energy bills, including – standing charges, unit rates, meter readings, VAT, and the application of green levies.

"I understand that it tells me I've used more electricity and I have to pay for it... The more time you spend looking at them, the more you understand them."

Medium-sized business, Transport and storage sector, East of England

Those with moderate self-reported energy literacy tended to have a good basic knowledge of the information presented in their energy bills but struggled with some of the finer details and technical components.

"I understand how much electricity we've used... I don't understand what all these climate bits are, and these levies and acronyms."

Medium-sized business, Agriculture/mining/energy, Yorkshire and the Humber

Those with low self-reported energy literacy tended to struggle with the level of detail in their bill. They often felt that there was too much information, that breakdowns were unclear, and too much technical jargon was used.

“I have no understanding of how they’ve laid things out. They’re very difficult to read.”

Sole trader / micro business, Public administration/other sector, Wales

The qualitative research asked participants how their understanding of energy bills had changed over time. Many felt that it had not changed noticeably. Some felt that it had improved as a result of more experience dealing with bills (those with high self-reported energy literacy tended to say this), or through using spreadsheets as a tool to make sense of the data. One participant felt that they understood their energy bills better since their energy supplier had improved the format of their bills by making them clearer.

Others felt that their bills had become more confusing over time as a result of varying unit rates and different green levies being added.²³

“Bills were easier to understand a few years ago when there weren’t as many taxes or levies applied.”

Small business, Hotel/catering sector, East of England

Satisfaction with bill content

Across the type of information provided in the bill (71%), the ease of understanding the bill (68%) and the accuracy of their energy bill (64%), the majority of businesses were generally satisfied with the energy bills they received, as shown in Figure 4.9.²⁴ However, there is clearly room for improvement, especially with regards to the accuracy of information.

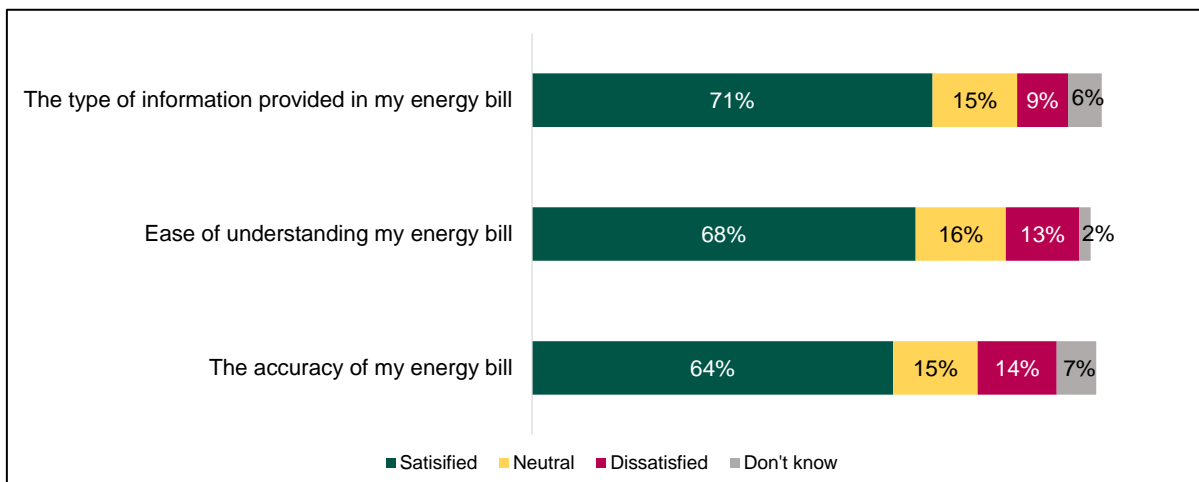
Differences by subgroup were consistent across these measures. By way of example:

- Businesses reporting high energy literacy levels were more likely to be satisfied with the information provided in the bill (83%);
- Businesses who had raised a complaint with their energy supplier in the past 12 months were less likely to be satisfied (48%); and
- Businesses that were struggling to keep up with their bills were also less likely to be satisfied (60%).

²³ Green levies have been included within energy bills for some time. It may be that they are now more clearly displayed than they have been in the past, or they have been disaggregated.

²⁴ These are new questions in 2024.

Figure 4.9: Satisfaction with billing



Base: Businesses who know who their energy supplier is (921)
 C10a On a scale of 1 to 5, where 1 means 'very dissatisfied', and 5 means 'very satisfied', how satisfied or dissatisfied are you with the following: Ease of understanding my energy bill, the accuracy of my energy bill, the type of information provided in my energy bill.

In qualitative interviews, satisfaction with the information provided in bills varied. This revealed that businesses have different needs from bills, so a single bill format is unlikely to work for everyone.

Many participants were content with the information on their bills. They mentioned information such as price per unit and the breakdown of usage helped them identify where energy was being used and when. Some participants mentioned that the data provided in their bills helped them to take actions to optimise their energy use. An example of action taken by businesses include scheduling when to turn on ovens and some appliances to take advantage of off-peak hours.

“It’s enough for me, tells me what I’m paying per unit and what my bill is each month.”

Sole trader / micro business, Retailer/ distributor sector, South East

Some participants expressed their need for more detail in their bills. This included: further breakdown of pricing; usage insights such as by time (daily, weekly, or hourly usage); detail on how much of their bill was spent on heating, lighting and/or equipment; and variation of usage across different site.

“If an electricity bill could tell me how much of my electric was used on heating, lighting, machinery, and computers, that would be remarkable.”

Medium-sized business, Transport/storage sector, East of England

While some expressed a desire for more detail, others expressed a desire for energy bills to be more simple and concise. This would not only help with general understanding of energy bills but also reduce the time it would take digesting them. These participants often complained that their bills contained too much information which made them difficult to interpret. They preferred clear, user-friendly layouts so they could understand the bill at a glance, which many felt that they were not currently getting.

Some participants expressed a desire for greater transparency in their bills to help reassure them that they were not being overcharged.

“How do they get to that figure? What was it based on?”

Medium-sized business, Construction sector, South West

Other participants said they would like some additional features in their bills including the ability to link bills with digital tools to better analyse and optimise their energy usage.

A few participants noted a familiarity in the layout and clarity of their non-domestic energy bills finding them similar to domestic bills. However, others said that non-domestic bills appeared more complex than domestic bills due to multiple meters, additional charges or less understanding of the levies, taxes and more detailed line items.

“If anything, we’ve almost got too much detail on there.”

Small business, Hotel/catering sector, East of England

Case study: Understanding of energy bills

Property/management/business services, medium business, Scotland.

Jill works as an Executive assistant to the CEO for a property management company. The business has multiple offices in Scotland and Northern England.



Business’s experiences of understanding of energy bills

- Jill felt that the business had a good understanding of the information presented on their energy bills and had been able to put it to good use.
- She reviewed their energy bills as they arrived each month and kept a spreadsheet to look at patterns in their energy use across offices and over time.
- Jill’s understanding of the information on their bills has increased over time, as they had been spending more time scrutinising their bills since experiencing billing-related issues.
- For Jill, the accuracy of meter readings was crucial in order for their bills to be useful, enabling them to make well-informed decisions on energy-related issues.

Impact on business

- Being able to understand the businesses’ energy bills helped the company to identify areas where energy efficiency improvements were needed.

“[The bills] did make us realise some of our offices are a lot less energy efficient, and we’ve been undergoing refurbishment in the offices so we’ve been able to take that into account.”

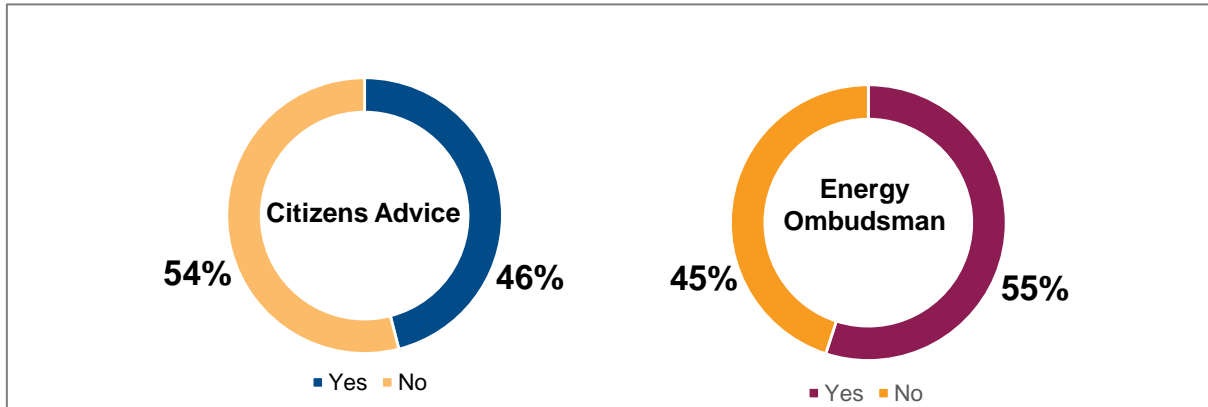
External advice services

In the survey, businesses were asked about their awareness and use of external advice services. Specifically, sole traders / micro businesses were asked if they were aware that they could receive free advice on energy-related matters from Citizens Advice and The Energy Ombudsman²⁵. Around

²⁵ Energy Ombudsman will process disputes for non-domestic, small businesses that meet the following criteria, 'A company which has an annual consumption of electricity of not more than 100,000 kWh, or gas consumption of not more than 293,000 kWh; or fewer than 10 employees (or their full-time equivalent), and an annual turnover or annual balance sheet total not exceeding €2 million.' <https://www.energyombudsman.org/faqs>

half of all sole traders / micro businesses were aware they could receive free support from The Energy Ombudsman (55%) and Citizens Advice (45%), as shown in Figure 4.10.

Figure 4.10: Awareness of Citizens Advice and the Energy Ombudsman



Base: Sole trader or micro businesses (558)

C14_Sum: As a micro business, are you aware that you can receive free advice and/or support on energy matters from the following sources.

All businesses were asked whether in the last 12 months they had used an external advice service for any energy-related matters. Over nine in ten (92%) indicated that they had not used any external advice services. Three percent reported having used the Energy Ombudsman and 2% used Citizens Advice, with other sources of external advice (e.g. trade association, energy broker, lawyers) being chosen by less than 1% of businesses.

In the qualitative research, participants were asked about their reasons for not seeking external advice for their energy-related issues. Reasons typically related to concerns around timeliness/efficiency and eligibility issues:

- **Timeliness/efficiency:** There was an expectation among some participants that the Ombudsman would be inundated with complaints, which would mean seeking external help would be a timely process. Therefore, they believed it would be quicker for them to try and resolve their complaint themselves. One large business in the retail/distribution sector reported a previous experience where the Ombudsman audit and resolution process took over a year, reinforcing their belief that external involvement was time-consuming and inefficient.
- **Eligibility:** Some participants did attempt to seek support from the external advice services. However, they found they were ineligible as they had not reached the minimum time threshold for escalating their complaints. Energy suppliers are given 8 weeks to resolve consumer complaints before consumers can seek assistance from the Ombudsman. Additionally, one medium-sized business found that the Ombudsman was unable to assist a business of their size, which they were unaware would be a restriction.

Some participants were unclear about which organisation they had interacted with during their complaint resolution process. For example, a few individuals indicated they had been dealing with Ofgem, whereas their experiences suggest it is more likely that they had actually communicated with the Ombudsman.

Participants who used brokers reported that, in certain instances, brokers offered valuable assistance when dealing with complaints. This was particularly useful when brokers had direct contact with the

supplier, facilitating quicker communication and access to information. This was especially appreciated when the participant has struggled to contact the supplier directly themselves.

“This did help quicken the complaints process, and with hindsight I should have got the broker involved earlier in the process.”

Small business, Construction sector, East of England

5. Decarbonisation

The transition to a low-carbon economy may necessitate significant changes in energy consumption patterns for businesses. This chapter explores businesses' attitudes towards decarbonisation, changes they have made to improve the energy efficiency of their practices, the challenges they face in decarbonising their operations, and the adoption of time-of-use tariffs. By understanding these factors, we can gain insights into the barriers and opportunities that shape the decarbonisation journey for businesses.

Attitudes towards decarbonisation

In the qualitative research, we asked businesses what the term 'decarbonisation' meant to them. Many associated the term with activities such as reducing their carbon footprint, adopting greener, more sustainable practices, and monitoring their emissions. Others highlighted specific actions linked to decarbonisation, such as using renewable energy, planting trees, and minimising waste.

"Decarbonisation means us continually monitoring the carbon output of our activities."

Small business, Property / management / business services, South East

Some participants expressed uncertainty about what the term decarbonisation meant and what it meant for them at an organisational level.

"I don't really know what it means, it's perhaps to do with emissions but I don't know what it means without Googling it."

Sole trader / micro business, Agriculture / mining / energy sector, Yorkshire and the Humber

In terms of businesses' beliefs about the impact of their efforts, many expressed uncertainty about whether significant decarbonisation could be achieved. Smaller businesses often felt that their contributions were insignificant, and some noted that the UK could only make a small contribution to reducing carbon emissions on a global scale. Contrastingly, larger businesses generally viewed decarbonisation as increasingly important and acknowledged their role in addressing climate change. However, there were sometimes barriers that prevented these beliefs from being translated into actions, as discussed later in this section.

When it came to staying informed about the latest developments in decarbonisation policy and regulation, many businesses reported taking a passive approach. Updates often came indirectly via the news, word of mouth, business meetings, or industry bodies. A smaller proportion, primarily larger businesses, had dedicated staff or systems to keep up to date with developments.

Changes to improve energy efficiency

In the quantitative survey, all businesses were presented with a list of energy efficiency technologies and approaches and asked whether they had heard of them, if they had already used them, or if they had plans to implement them. The energy efficiency technologies and approaches included:

- Behavioural changes within the business to improve energy efficiency;
- Energy-efficient technologies and processes (e.g., updating to equipment that consumes less energy); and

- Energy-efficient building improvements (e.g., installing better wall insulation).

As shown in Table 5.1, businesses in 2024 were most likely to report a focus on behavioural changes (70%), followed by energy efficient technologies and processes (53%), and then making energy efficient building improvements (30%). These approaches are explored in more detail in the sub-sections below. As Table 5.1 to Table 5.3 show, the larger the business, the more likely they were to have implemented or to be planning to implement each technology or approach.

Table 5.1: Has plans/ already utilises, implements or has behavioural changes within the business to improve energy efficiency implemented, by business size

| Year | Total | Sole Trader & Micro | Small | Medium | Large |
|------|-------|---------------------|-------|--------|-------|
| 2024 | 70% | 69%* | 76%* | 86%* | 85%* |
| 2023 | 73% | 73% | 73% | 82%* | 88%* |

Base: All businesses (1,000)

F1. I'm now going to list a set of technologies and approaches which aim to reduce carbon emissions. I'd like to know for each whether your business already utilises or implements them: Behavioural changes within the business to improve energy efficiency

* Indicates a statistically significantly difference compared to the average of all other businesses.

Table 5.2: Has plans/ already utilises, implements or has energy efficient technologies and processes installed, by business size

| Year | Total | Sole Trader & Micro | Small | Medium | Large |
|------|-------|---------------------|-------|--------|-------|
| 2024 | 54% | 53% | 54% | 71%* | 91%* |
| 2023 | 49% | 49% | 50% | 67%* | 86%* |

Base: All businesses (1,000)

F1. I'm now going to list a set of technologies and approaches which aim to reduce carbon emissions. I'd like to know for each whether your business already utilises or implements them: Energy efficient technologies and processes

* Indicates a statistically significantly difference compared to the average of all other businesses.

Table 5.3: Has plans/ already utilises, implements or has energy efficient building improvements, by business size

| Year | Total | Sole Trader & Micro | Small | Medium | Large |
|------|-------|---------------------|-------|--------|-------|
| 2024 | 30% | 29%* | 40%* | 56%* | 71%* |
| 2023 | 27% | 26% | 29% | 49%* | 63%* |

Base: All businesses (1,000)

F1. I'm now going to list a set of technologies and approaches which aim to reduce carbon emissions. I'd like to know for each whether your business already utilises or implements them: Energy efficient building improvements

* Indicates a statistically significantly difference compared to the average of all other businesses.

Behavioural changes to improve energy efficiency

Over two thirds (70%) of businesses reported that they had implemented or planned to implement behaviour change approaches to improve energy efficiency within their business. This is a similar proportion to 2023 (73%). More specifically, 58% had already implemented behavioural changes and 12% planned to implement them.

Sole traders / micro businesses (69%) were less likely to report they had implemented behaviour changes or planned to implement them compared to small businesses (76%), medium-sized businesses (86%) and large businesses (85%). By sector, businesses in the hotel and catering sector (89%) were more likely to have implemented behaviour changes or planned to implement them compared to other sectors (average 70%).

Furthermore, businesses that were keeping up with their energy bills without any difficulty were more likely to report they had plans to or have already implemented behavioural changes (83%), compared to those who did have difficulty (66%).

Energy-efficiency technologies and processes

Just over half of businesses (54%) reported that they had used or planned to implement energy efficient technologies and processes. This was similar to 2023 (49%). Specifically, 37% said they already utilised these technologies and 16% had plans to.

Uptake was much higher for large (91%) and medium-sized businesses (71%), compared to small businesses (54%) and sole traders and micro businesses (53%). According to sector, hotel and catering (68%), agriculture/ mining/ utilities (65%) and public administration/ other (59%) businesses were more likely to adopt energy efficient technologies and processes compared to businesses in the finance (37%) and property/ management/ business services (44%) sectors.

Businesses that owned their premises were more likely to report that they have energy-efficiency technologies and processes in place (59%) compared to those that rented (51%).

In the qualitative research, examples of actions taken by businesses included: installing LED lighting, energy efficient boilers, and thermostatic heating controls; switching to more energy efficient computer systems; and changing vehicle fleets from diesel to hybrid or electric.

Energy efficient building improvements

Just under a third of businesses (30%) reported that they had implemented or planned to implement energy efficient building improvements, compared to 27% in 2023. Specifically, 19% said they already had them installed and 11% had plans to install.

This was again higher for large (71%) and medium-sized businesses (56%), compared to small businesses (40%) and sole traders and micro businesses (29%) This was also the case for businesses in the hotel and catering sector (55%) compared to average (30%).

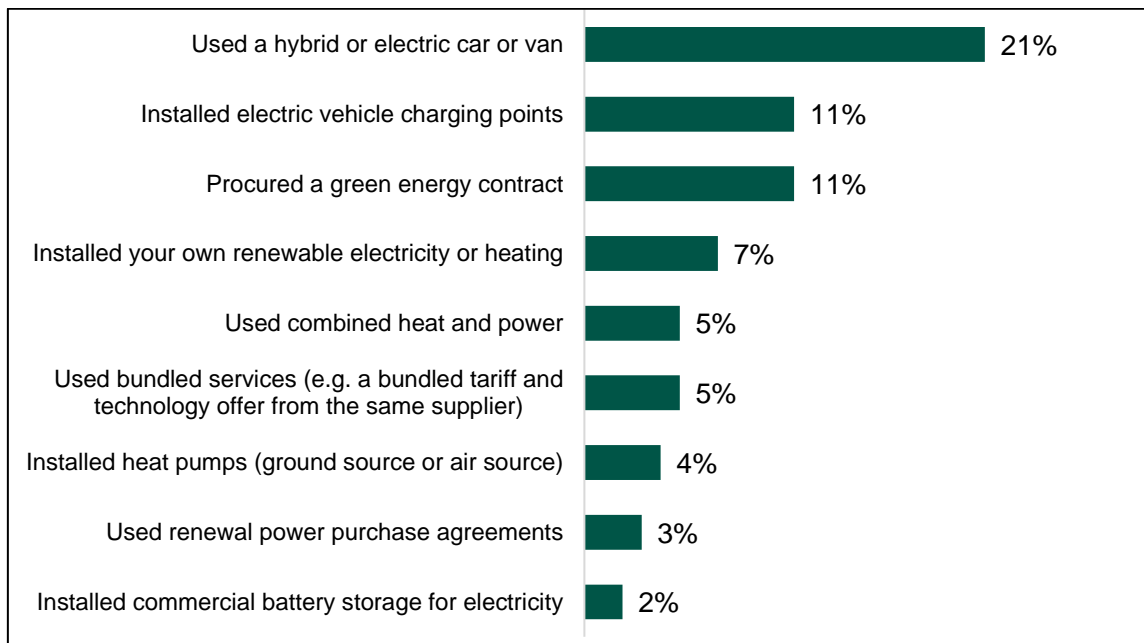
Businesses that owned their premises were also more likely to report that they have energy efficient building improvements in place or planned to be in place (45%) compared to those that rented (18%).

Use of other low carbon products and services

All businesses were asked about specific actions they had taken to reduce carbon emissions. Uptake of these actions was relatively low. The most frequently reported measure was the use of hybrid or electric vehicles, mentioned by 21% of businesses. The question was phrased using the term 'use' rather than 'own' or 'lease', which means that this finding might include businesses that have used hybrid or electric vehicles through a hire scheme on one or more occasions. This action was most likely to be reported by large businesses (70%) compared to medium-sized businesses (35%), small businesses (26%) and sole traders / micro businesses (20%).

The full range of actions are shown in Figure 5.1, which demonstrates that installing electric vehicle charging points and procuring a green energy contract (both 11%) were the next most common actions taken.

Figure 5.1: Use of low carbon products and services



Base: All businesses (1,000)

F2. Have you taken any of the following actions? (Multi-choice)

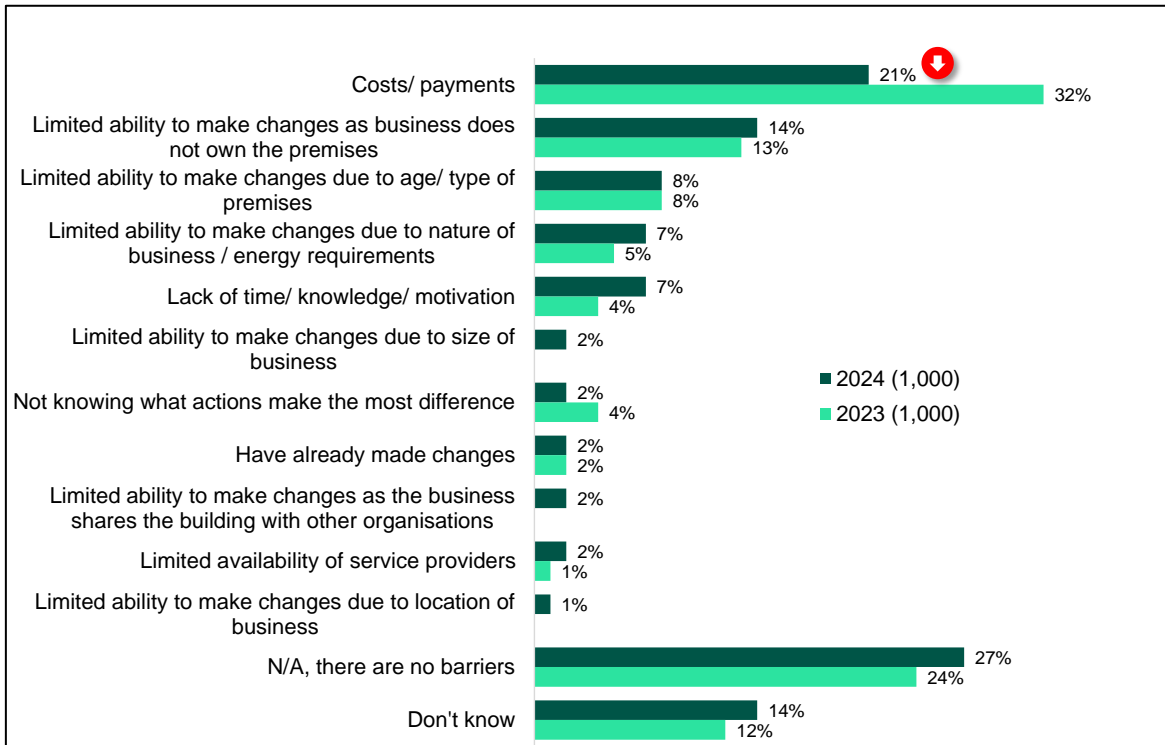
Barriers to decarbonisation

All businesses were asked what barriers impacted on their ability to decarbonise. Costs and payments associated with decarbonisation was the most commonly reported barrier (reported by 21% of businesses, a decrease compared to the 32% of businesses in 2023). Medium-sized businesses (31%) and large businesses (29%) were more likely to state this, compared to small businesses (22%), and sole traders and micro businesses (21%). Furthermore, hotel and catering businesses (34%) and public administration / other businesses (26%) were more likely to say that costs and payments were a barrier, compared to the average (21%).

Approximately a quarter of businesses (27%) reported that there were no barriers to decarbonising their business.

A lack of ownership of the business premises (14%) was also a relatively commonly reported barrier. The full range of barriers are presented in Figure 5.2.

Figure 5.2: Barriers to using low carbon products and services, by year



Base: All businesses (1,000)

F3. What barriers are affecting your ability to reduce your business's carbon emissions? (Multi-choice)

Despite costs and payments being a less common issue in 2024, many businesses in the qualitative research expressed concern that they did not have the funds to invest in low carbon products and services. Some businesses perceived decarbonisation measures as expensive, with one participant emphasising that replacing their diesel trucks with electric vehicles would cost “a quarter of a million pounds”, which they couldn’t afford. Many businesses mentioned competing priorities. Although they recognised decarbonisation as being important, it was often seen as less important compared to other business activities such as maintaining cashflow and pursuing growth.

“The main thing that keeps the business going is its cashflow. If you cannot afford something, your business will fail, regardless of what energy you're using.”

Sole trader / micro business, Transport and storage sector, East Midlands

“Our priority is growing our business.”

Sole trader / micro business, Finance sector, South West

The qualitative research found that a lack of industry-specific guidance was also perceived to be a barrier to decarbonisation. Some businesses expressed a desire for clear benchmarks and tailored support to help them design and implement suitable decarbonisation strategies.

Another barrier, discussed earlier in this chapter, is the view held by some small businesses that their efforts wouldn’t make a meaningful difference to carbon reductions at a global level and as a result they did not feel compelled to act.

“I don't think if we were to make changes it would have a significant effect.”

Sole trader / micro business, Finance sector, Scotland

Case study: Approach to decarbonisation

Agriculture/ mining/ energy, medium business, East of England.

Harrison is the Energy Contracts and Information Manager at a water and sewerage company, which has multiple offices and sites across the region.



Business's approach to decarbonisation

- Decarbonisation was considered a top priority for the business. They employ a full-time Carbon Manager.
- The business has made a pledge to reach net zero operational emissions by 2030, a target set by Water UK (the trade association for the water industry).
- The business has a long-term strategy to buy renewable energy and expected to source 47% of their energy from renewable sources by the end of 2024. This energy is either generated on-site or bought through corporate power purchase agreements.

Impact on business

- His business is faced with barriers such as complexities with the contracting processes of corporate power purchase agreements, which takes time to understand.

“One of the main issues for corporate power purchase agreements is the complexity of contracting in the first place, but there are also things like cost as well.”

Time of use tariffs

Businesses were asked whether it would be feasible for them to change the amount of energy they used at different times of the working day to make the most of off-peak rates on a variable rate contract, also known as a time of use tariff.

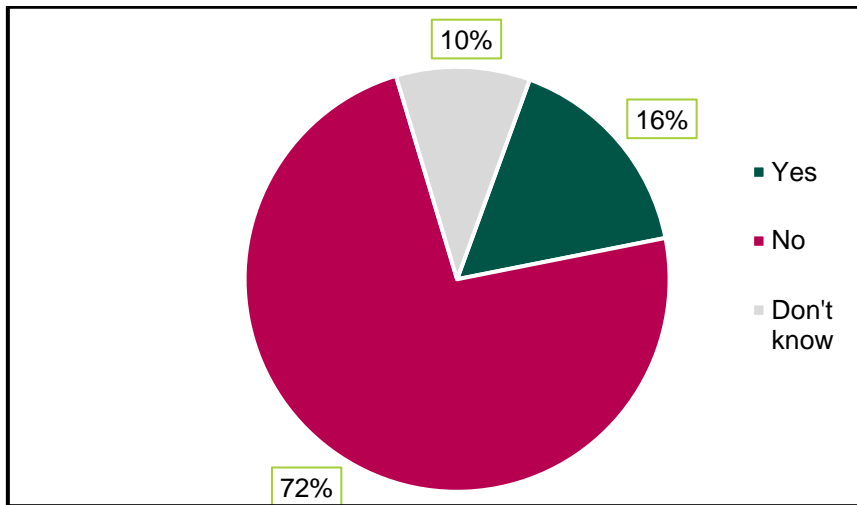
One fifth of businesses (21%) reported that it might be or would definitely be possible, and approximately three-quarters (76%) reported that it would not be possible to make the most of this type of tariff. Large businesses (36%) were more likely say they were able to change the amount of energy they used at different times of the day compared to sole traders / micro businesses (20%). Furthermore, businesses in the hotel/ catering (39%), agriculture (31%) and manufacturing sector (29%) were most likely to report that it would be possible to change the amount of energy used at different times of day, compared to the average (21%).

16% of businesses reported that they were currently on a time of use contract, ²⁶ as shown in Figure 5.3. Large businesses (40%) were most likely to be on this tariff type, compared to medium-sized businesses (28%), small businesses (22%) and sole traders / micro businesses (16%).²⁷ Businesses in the agriculture / mining / utilities sector (30%) were more likely to be on time of use tariffs, compared to other sectors. Property / management / business services sector businesses (9%) were least likely to be on a time of use tariffs.

²⁶ A time of use tariff charges consumers different prices for electricity usage depending on the time of day it is used.

²⁷ Internal analysis of supplier data suggests the actual proportion of non-domestic consumers on a time of use tariff is likely to be lower than this. There are a variety of reasons why this is higher in the survey results, including respondent error or the respondent's lack of understanding of the business's energy contract.

Figure 5.3: Adoption of time of use tariffs



Base: All businesses (1,000)

F6. Is your business currently on a contract where the price paid for energy varies throughout the day?

The qualitative research explored reasons for not being able to change the amount of energy used at different times of the working day to make the most of off-peak rates on a time of use contract. Some businesses felt that it would not be suitable because their operations run continuously day and night (such as a hospital), they cater to guests or specific customer needs (such as a hotel), or their energy use was dictated by production schedules.

"We can't say we'll stand 200 people down for half an hour because the electric is too expensive."

Medium-sized business, Agriculture / mining / energy sector, Yorkshire and The Humber

One participant reported that it would be feasible for them and had asked their supplier to move to a time of use tariff, but that their supplier had not responded to their queries about this.

6. Conclusions

Following a challenging period for domestic and non-domestic consumers in the energy market in recent years, it is encouraging to see some improvements in key metrics for many businesses across Great Britain – such as perceptions of the energy market, affordability, switching. However, there remains room for improvement in businesses' experiences in the energy market, especially in perceptions of customer service and experiences with brokers.

Customer Experience

A similar proportion of consumers said they are satisfied with the level of service that their energy supplier offers compared to 2023. However, dissatisfaction levels have increased since 2023. Notably, businesses who had difficulty keeping up with bills were more likely to report they were dissatisfied with their supplier. There was no significant change in the proportion of consumers reporting they found it is easy or difficult to contact their supplier, among those who tried to do so in the past 12 months.

While 2024 data on the proportion of businesses who said they made a complaint is not comparable to 2023, it is striking that nearly a quarter of businesses said they made a complaint in the last 12 months. Billing issues, overcharging and poor communication were the top reasons cited for complaints. In the qualitative research, participants explained that they often struggled to resolve complaints with suppliers, with many referring to a lack of ownership and accountability of complaints handling from suppliers. They said this led to significant time investment and difficulty trying to reach someone who can help them with their issue. Participants' expectations for resolution were frequently unmet.

Businesses' perceptions of the energy market

Across key metrics in the survey, non-domestic consumers' perceptions of the energy market have improved since 2023. A higher proportion said they felt that there was sufficient choice in the range of products and services on offer, in the choice of prices available, and in the range of energy suppliers in the market.

Affordability

Fewer businesses said they were struggling with their energy bills, compared to 2023. However, sole traders and micro businesses were more likely to report this, compared to other business sizes. The qualitative research found that those reporting they are struggling financially fit broadly within two camps: those who said they were struggling since the start of the energy crisis in 2021, and those who told us their difficulties as their fixed term contract ended during the crisis, so now faced higher prices for their energy usage.

Switching Suppliers

Key metrics around non-domestic consumers' experiences of switching have also shown improvement in 2024. The survey found that a significantly higher proportion of consumers reported they switched supplier in the past year, compared to 2023. In addition, among those who said they

had switched in the past 12 months, a higher proportion claimed that they found the switching process easy in 2024 compared to 2023.

Use of Energy Brokers

Just over a third of businesses in the survey reported they used an energy broker when choosing their current contract. Of these businesses, roughly three in four reported that they were satisfied with the service they received (a new metric in 2024). In the qualitative research, several participants described a positive broker experience citing good customer service and time saving as benefits. However, others described their distrust in brokers due to what they considered to be aggressive marketing tactics.

Of those participants in the qualitative research that had used a broker to switch, several reported that they found the brokers' communications to be clear and transparent and were usually considered easier to deal with than suppliers. Nonetheless, almost three quarters of all businesses that said they had used a broker when switching in the survey believed they hadn't been charged for their services.

Decarbonisation

On decarbonisation, there were no significant movements in metrics compared to 2023. As in 2023, seven in ten businesses had implemented or had plans to implement behavioural changes to reduce improve energy efficiency. However, it is notable that the number of businesses citing cost as a barrier to adopting low carbon behaviours in the quantitative research decreased significantly since 2023. Besides cost, a common theme in the qualitative research related to competing priorities – decarbonisation was seen as important, but typically not a core business activity like maintaining cashflow and growth.

Ofgem will continue to monitor businesses' experiences to understand whether changes introduced in 2024 are improving outcomes for non-domestic energy consumers.

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1. Being human first:

Whether employer or employee, client or collaborator, we are all humans first and foremost. Recognising this essential humanity is central to how we conduct our business, and how we lead our lives. We respect and accommodate each individual's way of thinking, working and communicating, mindful of the fact that each has their own story and means of telling it.

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