

ADS Group & LG Energy Group

Energy Bills Discount Scheme: Everything Businesses Need to Know

With the Winter Energy Relief Scheme coming to an end in March, the UK government has announced a new [Energy Bills Discount Scheme](#) to take effect from April. The scheme aims to support businesses, charities and public sector organisations, and will run from 1st April 2023 to 31st March 2024.

The new scheme will be open to those on fixed contracts signed December 2021 onwards, as well as those with flexible contracts or on deemed/standard variable tariffs. In Northern Ireland, those on variable 'Day Ahead Index' tariffs will also be included. These eligible businesses will receive a discount on their wholesale energy prices. This will operate in two tiers, with larger discounts available for businesses identified as "most energy and trade intensive", which includes many of those manufacturing products found in the aerospace industry. The full list of eligible SIC codes can be found [here](#).

Maximum unit discounts will be as follows:

	Electricity	Gas
Typical Business	£19.61/MWh (1.961p/kWh)	£6.97/MWh (0.697p/kWh)
Energy & Trade Intensive Business	£89.10/MWh (8.91p/kWh)	£40/MWh (4p/kWh)

For a typical business, these discounts are subject to a wholesale price threshold of £302/MWh for electricity and £107/MWh for gas. This means that customers achieving wholesale prices below this threshold will not receive any support under the scheme.

The discount will work differently for eligible energy and trade intensive businesses. The threshold price will be lower, at £185/MWh for electricity and £99/MWh for gas, with businesses receiving a discount reflecting the difference between the price threshold and the relevant wholesale price, subject to the maximum discount above. However, some government documents have stated that the discount will only apply to 70% of energy volumes, but this is yet to be confirmed.

For the standard discount, suppliers will automatically process the reduction on eligible bills. Energy and trade intensive businesses may need to apply to receive the higher level of support, but details are yet to be published.

The scheme has been set a cap of £5.5 billion – it is not yet clear what will happen if this cap is met. It is also not yet clear exactly how the discount will be applied.

LGE is monitoring the situation closely as we wait for the full details to emerge and will be in touch with clients as soon as we have more information. In the meantime, please do not hesitate to contact your LGE Account Manager if you have any questions. Alternatively, you can speak with our dedicated ADS Partnership Manager Richard White using the details below:

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LGE is here to support you during these difficult times.

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