

Quarterly Energy Barometer

Q2 2024

Executive Briefing

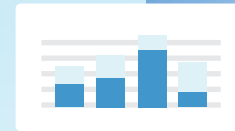
Welcome to the third POWWR Quarterly Energy Barometer Report which provides valuable insight into just how much energy UK businesses are consuming, and what they are paying for it. The report is based upon over 361,000 separate data points covering a verity of businesses, from boutique start-ups to large industrial and commercial organisations.

The report shows that energy usage across the UK continues to decline quarter on quarter, likely due to initiatives brought upon by a mixture of environmental concerns and fears of rising energy prices. The average UK business now consumes 23 MWh of energy a year, 12.3% less than they did last year. However, it is very large companies that use over 100MWh a year that continues to drive the trend. Energy usage of small and medium sized businesses has actually slightly increased over the same period.



Energy usage across the UK continues to decline quarter on quarter due to environmental concerns and fears of rising energy prices.

Whilst it is great to see that UK businesses continue to use less and less energy, the average amount they are spending on electricity has actually increased this quarter from £4584 to £5160. This is down to a number of factors. Firstly, despite market conditions being far more stable than at certain periods during the past two years, the unit cost of energy has actually increased this quarter due to concerning weather patterns. Secondly, there has been an industry-wide increase to the standing charge (the daily charge set by the supplier regardless of energy usage). This has mostly been felt by smaller companies who have historically been likely undercharged. The good news is that the change to the



12.6% increase spend on electricity



12.3% less energy spend

standing charges is a natural correction that shouldn't be seen again for quite some time.

Due to the wide variety of climate conditions seen across the UK and the type of industries that frequent each region, what businesses pay for their energy continues to vary massively across the UK. Companies in North Wales pay the most (£6761) on average, compared with those in the North East of England paying the least (£4300).

With the huge variances in energy prices over the past couple of years it is no surprise that UK business leaders continue to want to lock in their energy costs for extended periods of time. Not only is the average contract length being agreed now 25 months, but they are seeking to lock in future contracts up to two years ahead of start date to enhance their peace of mind. This is particularly true of smaller companies.

There is no doubt that the energy sector remains extraordinarily complex, with numerous factors influencing energy pricing and consumption. However, the POWWR Energy Barometer Report proves that progress continues to be made by UK businesses to use less energy and secure longer-term contracts. And this will hold them in good stead, as increasing variability in markets due weather changes and geopolitical instability will inevitably affect prices.



What businesses pay for their energy continues to vary massively across the UK.



Matt Tormollen

CEO, POWWR

<https://www.ofgem.gov.uk/publications/changes-energy-price-cap-between-1-april-30-june-2024>

Key Findings



Average Spend

UK business' average spend on electricity has **increased** this quarter by 12.6% (from £4584 to £5160)



Energy Reduction

Very large companies have **reduced their energy** usage by an impressive **8.0% over the past year**



Energy Costs

Companies in the North East of England **pay the least (£4300) for their energy**, but those in North Wales continue to pay the most (£6761)



Average Energy Bills

Smaller companies are often keener to **lock in their energy costs** than larger companies (25 months versus 23 months)



Average Consumption

This is directly linked to energy usage, with businesses in North Wales using **47.6% more energy** than those in the North East of England



Business Usage

Energy usage throughout the UK continues to decline however, with the average UK business now **consuming 23 MWh of energy a year, 12.3% less than last year**



Contract Length

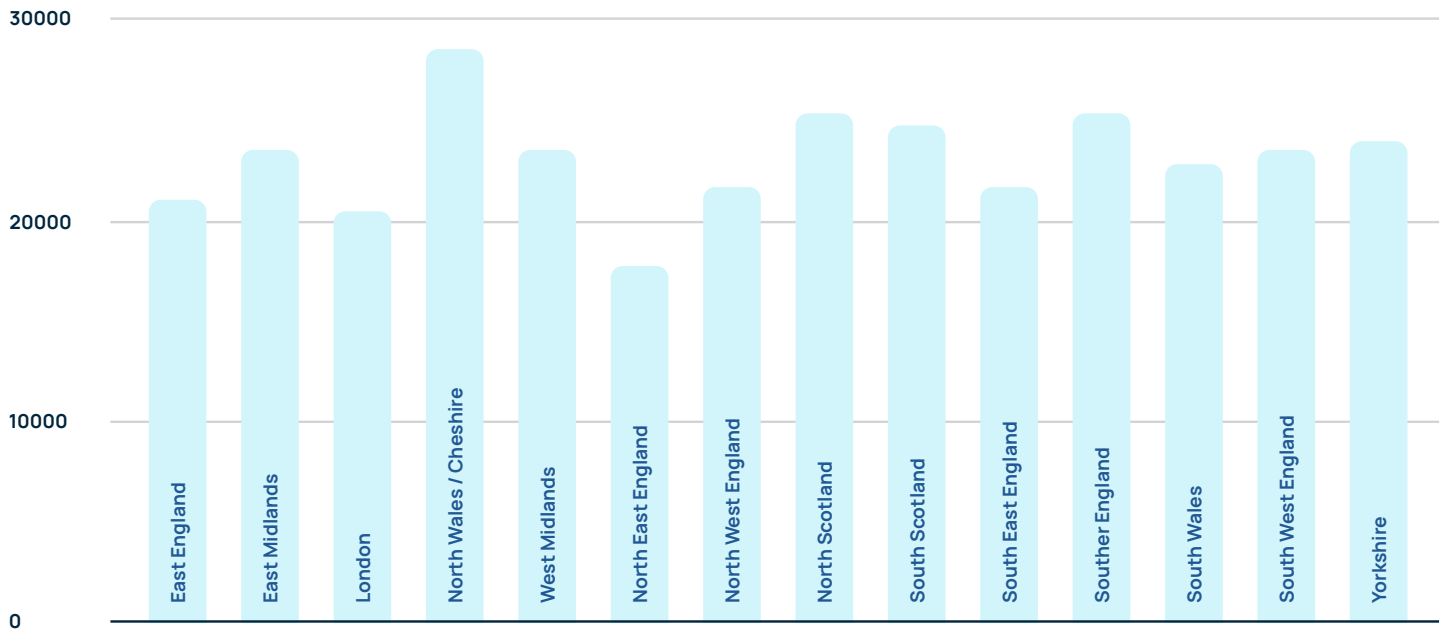
The average energy contract length continues to be **25 months**, with very little variation between regions

Let's Talk What This Data Means for Your Business.

EMAIL
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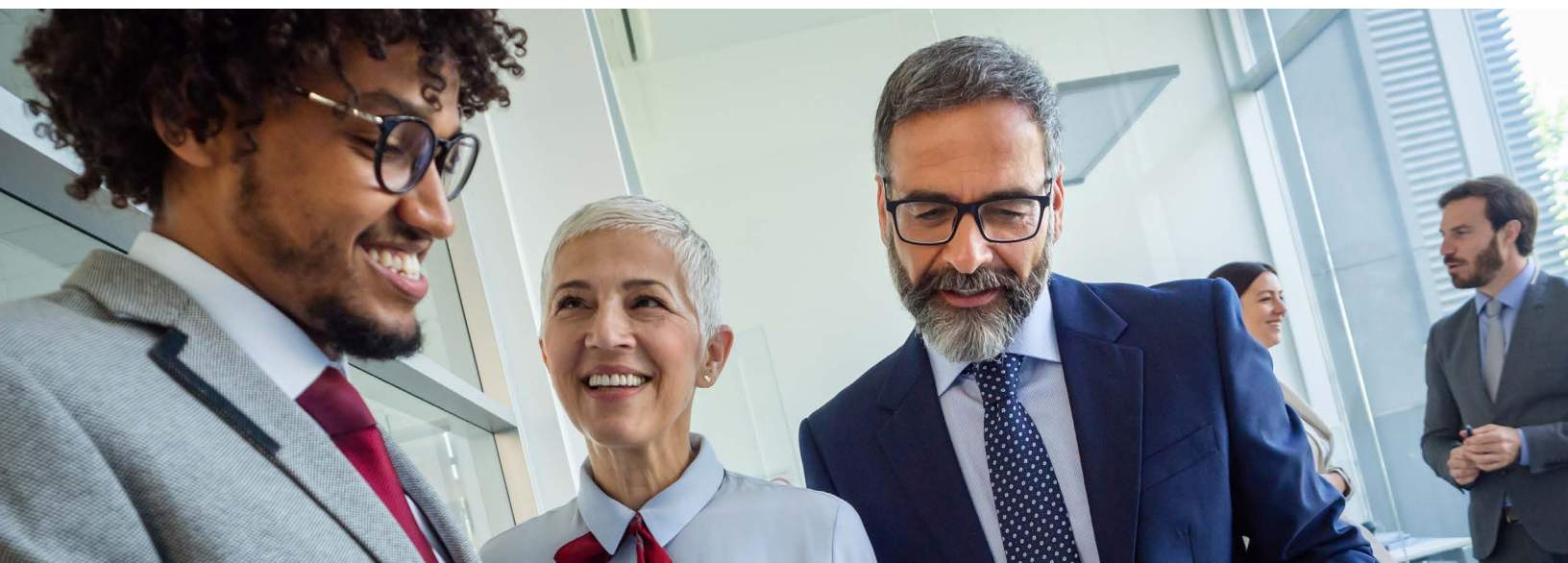
Use of Energy in Kwh

Average Consumption of Energy Per Region (in Kwh)



Despite energy costs remaining far higher than they were in the past, the average UK business is still consuming almost 23 MWh of energy a year. Whilst still high, usage continues to decline and it is 12.3% less than the same period in 2023 and a 9.8% drop on the previous quarter. That is, though, mainly driven by very large businesses that use over 100MWh a year. Energy usage of small (that use between 10-30 MWh a year) and medium sized businesses (that use between 30-50MWh a year) has actually slightly increased year on year by 2.2% and 0.1% respectively.

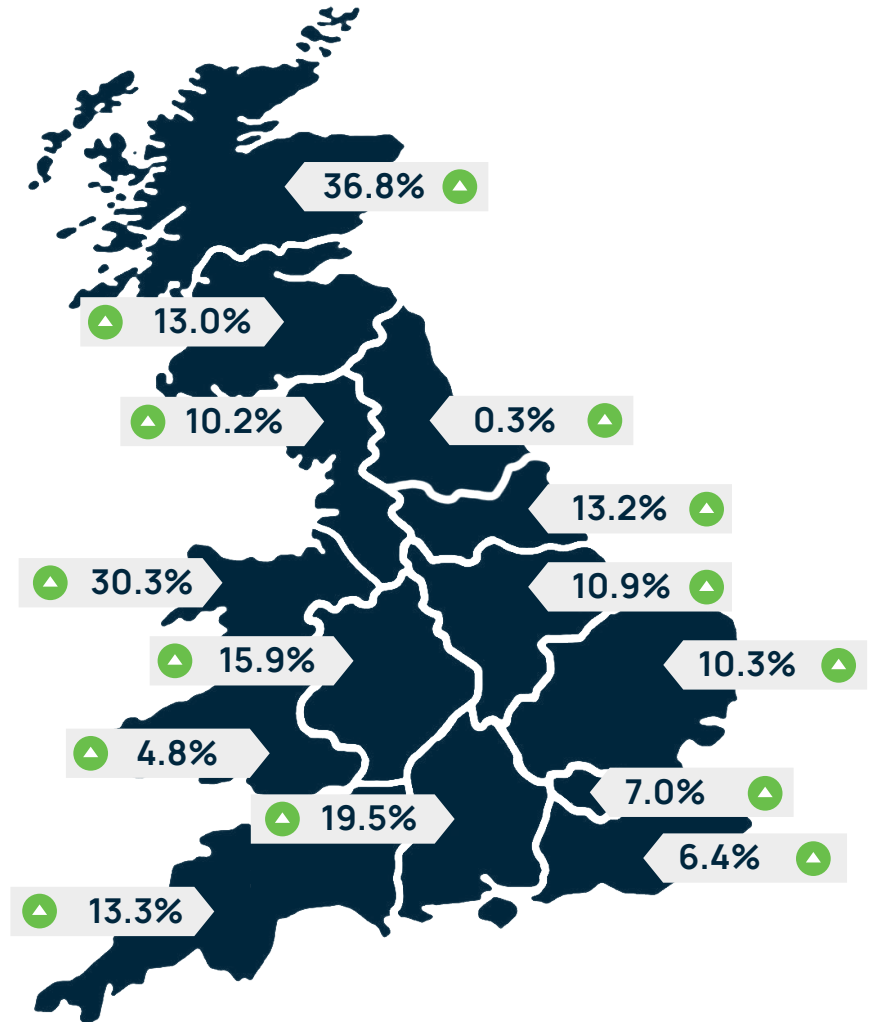
Analysing energy consumption by region shows that energy use reduced quarter on quarter across all regions apart from North Scotland where it increased by 7.0%. Businesses in North East England (18799 Kwh), London (20472 Kwh) and East England (21728 Kwh) use the least amount of energy, whilst North Wales (27756 Kwh), North Scotland (25635 Kwh) and Southern England (25272 Kwh) use the most.



Cost of Energy

UK business' average spend on electricity has increased this quarter by 12.6% (from £4584 to £5160). It is, however, 17.7% less than what the average UK business was spending this time last year and around half what they were spending at their peak in Q4 2022. Much of this rise can be attributed to the increased spend on energy by large and very large businesses. Very small businesses are actually spending less on energy now than they have at any point since 2021.

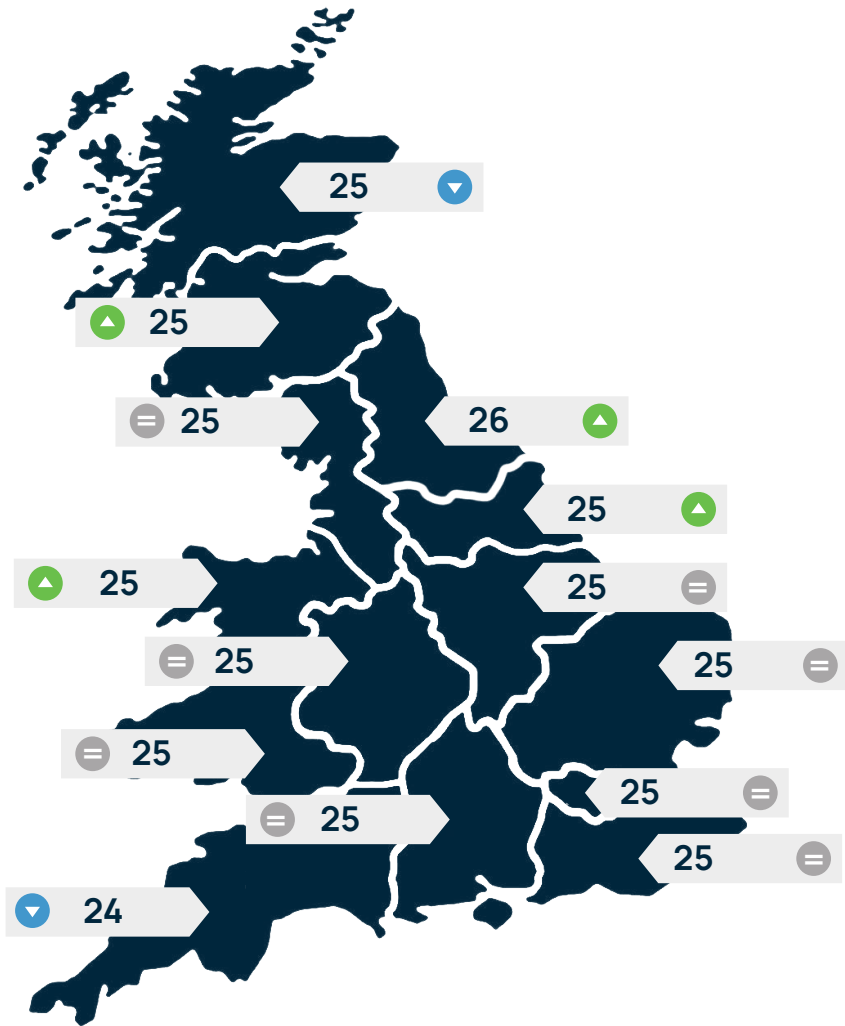
Area	Price
North Wales/Cheshire	6761
South Scotland	5790
South Wales	5208
Southern England	5713
East Midlands	5231
South West England	5282
Yorkshire	5245
South East England	4907
North Scotland	6136
North West England	4923
West Midlands	5033
East England	4761
North East England	4300
London	4479



The average cost of energy rose across every region of the UK during the last quarter. The biggest rises, however, were seen in North Scotland (36.8%), North Wales (30.3%) and Southern England (19.5%).

There remains a substantial difference between what UK businesses spend on their energy from region to region. Business in North Scotland pay £1657 more than those in London. More interesting still, business in North Wales pay £1553 more than those in South Wales.

Average Contract Length



Area	Contract Length
East England	25
East Midlands	25
London	25
North Wales/Cheshire	25
West Midlands	25
North East England	26
North West England	25
North Scotland	25
South Scotland	25
South East England	25
Southern England	25
South Wales	25
South West England	24
Yorkshire	25

The average energy contract length UK businesses are committing to has remained constant quarter on quarter at 25 months. Locking in longer contracts is, though, particularly popular among small and medium sized businesses.

There is little variation on the average contact term agreed by businesses within different regions of the UK, with it being between 24 and 26 months throughout the UK. Most contracts have remained at the same length as last quarter or slightly increased. The only exceptions being to decrease from 26 to 25 months in North Scotland and from 25 months to 24 months in South West England.

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What Does This Data Mean for Your Business?

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