

# Quarterly Energy Barometer

Q2 2024

## Executive Briefing

Welcome to the second 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 327,000 separate data points and includes businesses from Land's End to John O'Groats.

The good news is that, overall, it provides a very positive outlook. Whilst there is clearly more work that needs to be done to reduce carbon usage within these shores, the report shows that after a tough few years for businesses, the future looks bright.



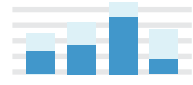
**Whilst there is clearly more work that needs to be done, the report shows that after a tough few years for businesses, the future looks bright.**

After the rise last quarter, the average UK business is now consuming only just over 25 MWh of energy a year, 4.6% less than they were last year. This seems to suggest that businesses are doing more to cut their energy usage; positively impacting both their environmental credentials and their bottom line. This change is, however, mostly driven by very large companies, who are generally more bound to stakeholder and regulatory pressure to reduce the energy they use.

Due to the often-large variances in climate conditions and the type of industries seen between regions, there are significant differences between the amount of energy used by businesses throughout the UK. For example, businesses in South Wales use almost a third more energy than those in London.

Not only are UK businesses on the whole using less energy, but what they are paying for it has also come down significantly over the past three months. The average UK business now spends

28.37



4.6% less energy consumption



13% less energy spend



£4584 on energy per annum, almost 13% less than they did last quarter. Yet, the cost varies wildly per region with businesses in North Wales paying on average £1000 a year more for their energy than those in London.

The good news is that the cost of energy is expected to continue to fall over the coming months with the recently announced price cap from Ofgem capping what a supplier can charge for energy at 6p per kilowatt hour (kWh) for gas and 24p per kWh for electricity.

With more competition than ever before and prices starting to come down it is, perhaps, no surprise that confidence among business leaders is returning and they are keen to lock in contracts for the long term. This is causing the average energy contract length to rise to its highest level (25 months) for a year and a half. Smaller companies, in particular, are taking out longer contracts to provide themselves with greater stability.

There is no doubt that the energy sector remains extraordinarily complex, with numerous factors influencing market rates and energy consumption. However, the POWWR Energy Barometer Report proves that real progress is being made by UK businesses to use less energy. They are, in turn, being rewarded with longer, and lower, contracts.



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**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 is now £4584, **12.9% less than last quarter**



## Average Consumption

The average UK business consumes over 25 MWh of energy a year, **4.6% less than last year**



## Energy Reduction

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



## Business Usage

Businesses in South Wales use **almost a third (29%) more energy** than those in London



## Energy Costs

Small companies are particularly **looking to lock in their energy costs (26 months)**



## Contract Length

The average energy **contract length has risen** considerably and is **now 25 months**



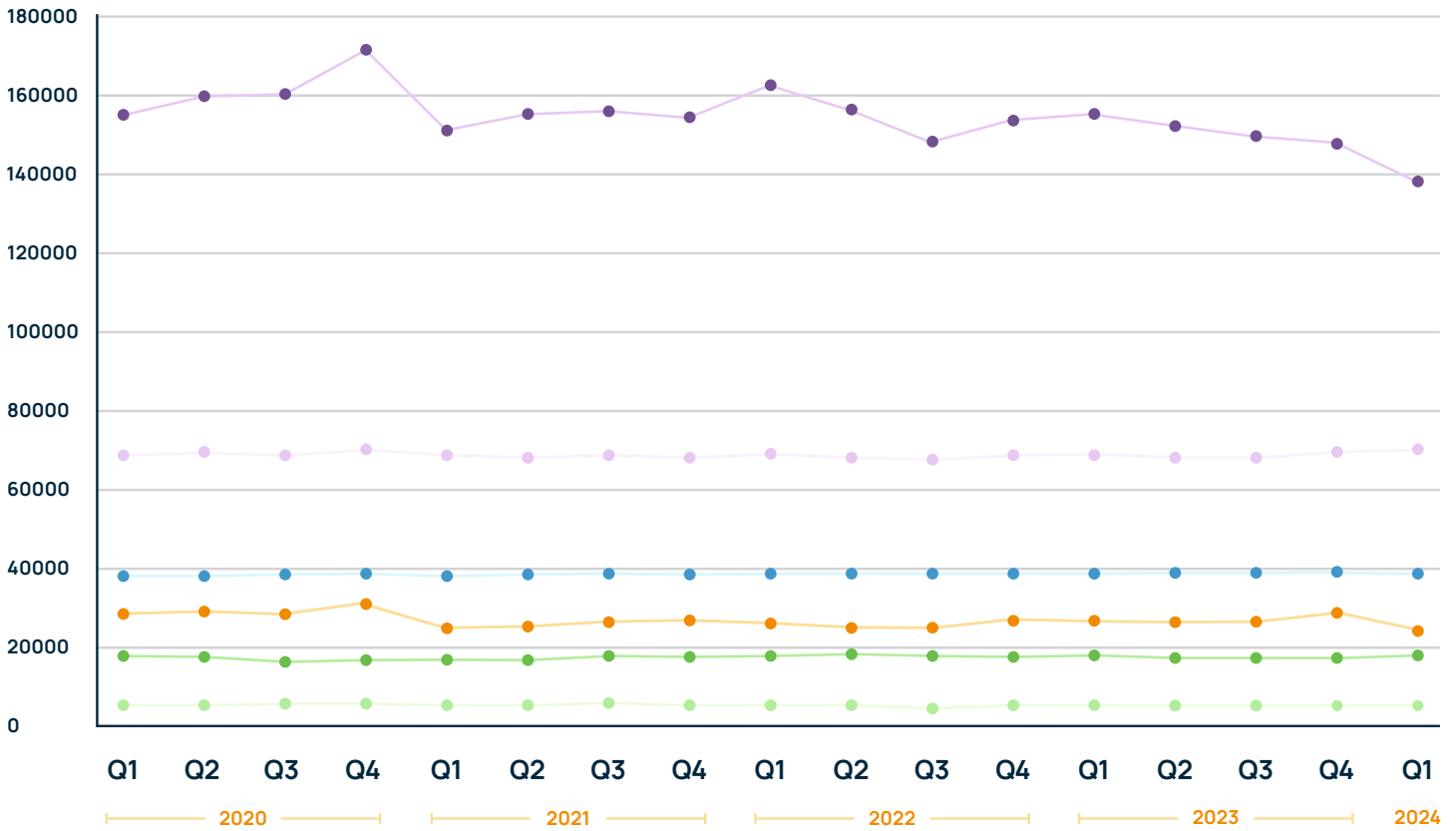
## Average Energy Bills

The average energy bill varies wildly per region with businesses in North Wales **paying on average £1000** a year more for their energy than those in London

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

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# Use of Energy in Kwh



## Company Size

- VERY SMALL
- SMALL
- MEDIUM
- LARGE
- VERY LARGE
- AVERAGE

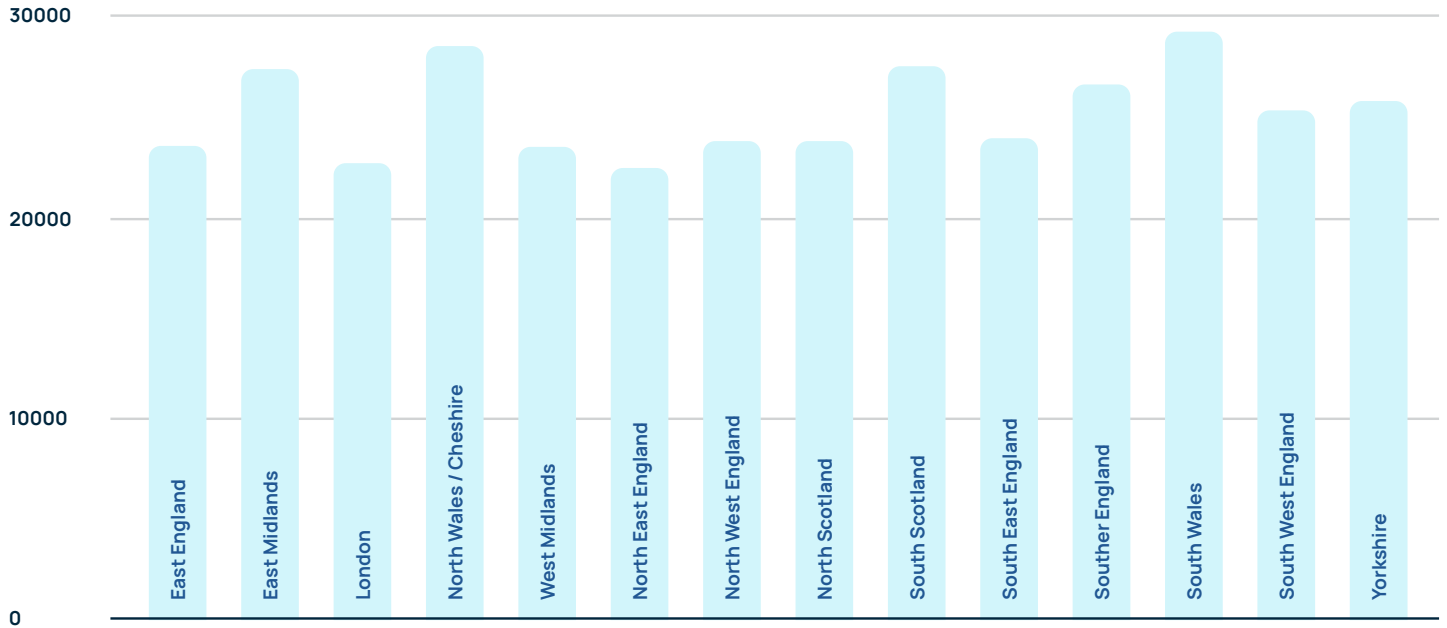
Despite energy costs remaining far higher than they were in the past, the average UK business is still consuming over 25 Mwh of energy a year. Whilst still high, it is 10.3% less than the previous quarter and the biggest drop of energy usage since our records began. In total, businesses in the UK are using 4.6% less energy than they were this time last year. That is, though, mainly driven by very large businesses that use over 100Mwh a year that have reduced their energy usage by 8.0% year on year. This is likely due to regulatory pressures and

the growth in wider environmental, social, and governance (ESG) initiatives among larger businesses.

In contrast, very small businesses (those that typically use under 10 Mwh of energy per annum) have actually increased their usage year on year by 2%, and medium sized businesses (that use between 30-50Mwh) have increased their usage by 1%.

# Use of Energy in Kwh

Average Consumption of Energy Per Region (in Kwh)

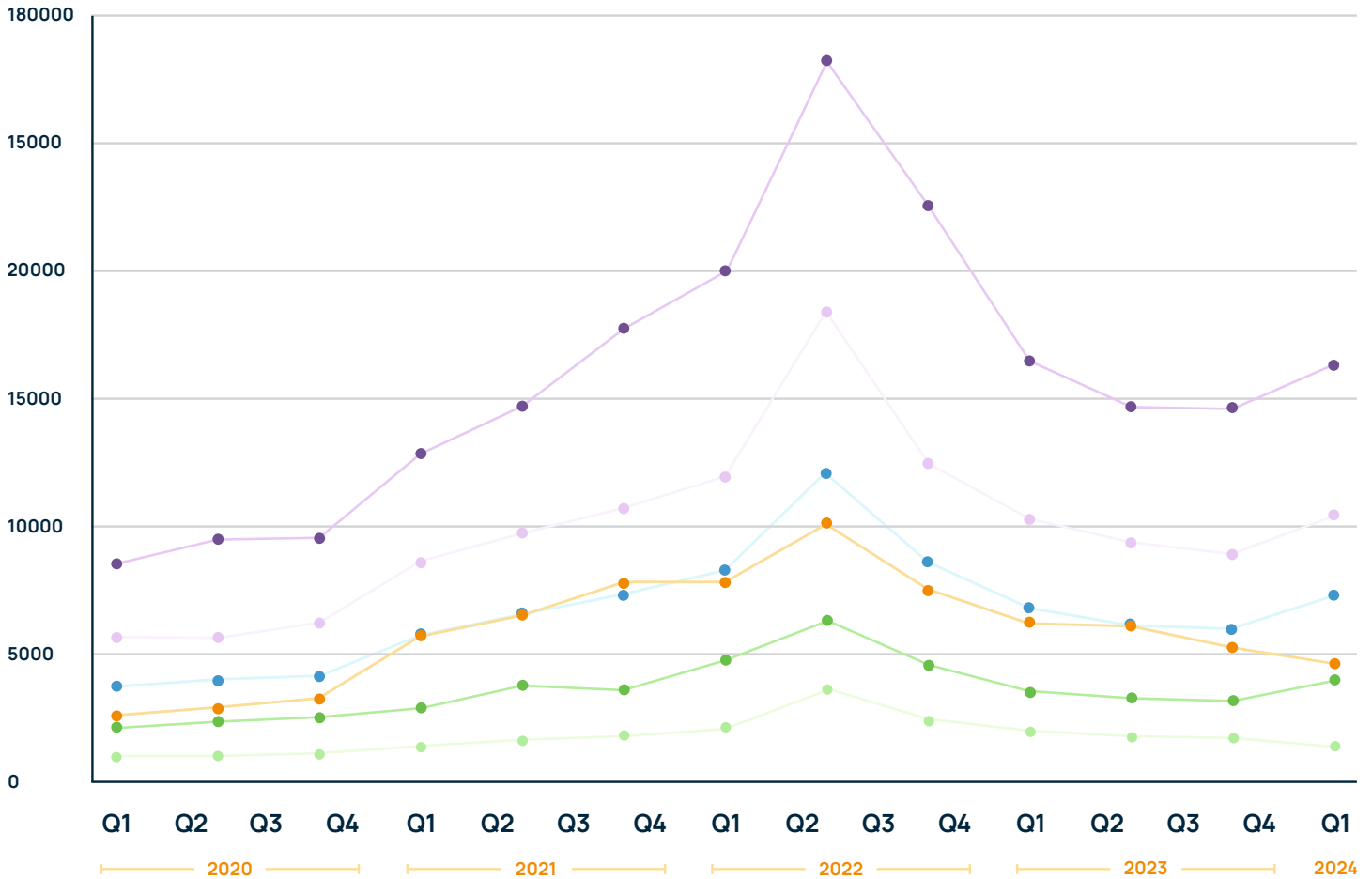


Analysing energy consumption by region shows a significant amount of variation in usage. Businesses in South Wales use almost a third (29%) more energy than those in London. Those in North Wales only fare 3% better.

After South Wales (29369 Kwh per annum) and North Wales (28599 Kwh), the regions that use the most energy are South Scotland (27556 Kwh), East Midlands (27366 Kwh), and Southern England (26667 Kwh).



# Cost of Energy



## Company Size

- VERY SMALL
- MEDIUM
- VERY LARGE
- SMALL
- LARGE
- AVERAGE

There has been plenty of fluctuation in what the average UK businesses spends on energy over the past few years due to a mixture of a global pandemic, large scale geopolitical tensions, regulatory changes, weather patterns, and technological advances. The good news is that, on the whole, the cost of energy has begun to come down significantly.

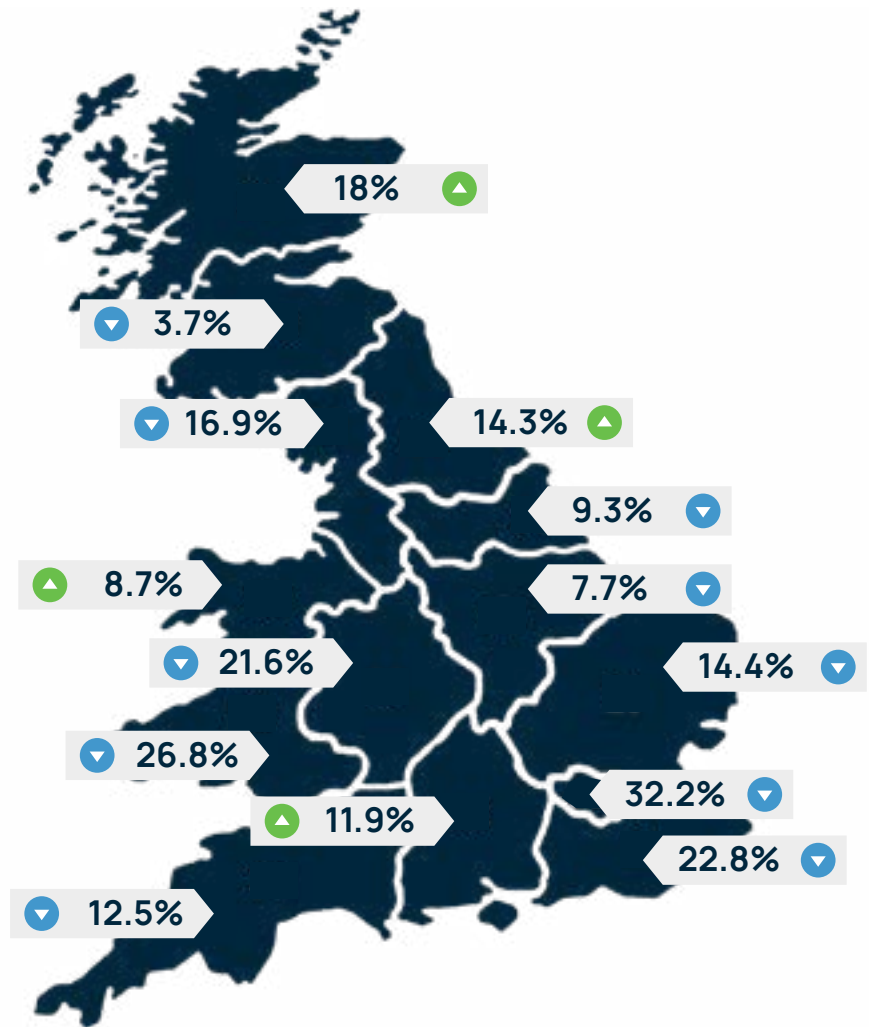
The average UK businesses now spends £4584 on energy per annum. This is over a third (38.3%) less than this time last year,

and 12.9% less than last quarter. The change has benefitted businesses across the board, with very small businesses paying £928 less than last year, small businesses paying £550 less, medium sized businesses paying £1178 less, large business paying £1964 less, and very large business paying £5383 less.<sup>2</sup>

<sup>2</sup>Assumes an average annual consumption of 5 MWh for very small businesses, 10 MWh for small businesses, 20 MWh for medium businesses, 30 MWh for large businesses and 50 MWh for very large businesses.

## Average Price for Energy

Area	Price
North Wales/Cheshire	5187
South Scotland	5123
South Wales	4971
Southern England	4780
East Midlands	4718
South West England	4664
Yorkshire	4632
South East England	4611
North Scotland	4486
North West England	4468
West Midlands	4344
East England	4315
North East England	4288
London	4187



There remains a huge difference, though, between what the average business pays for its energy around the UK. Businesses in North Wales, for example, pay on average £5187 for their energy annually. Yet, a business in London will likely be paying £1000 less.

Whilst on the whole the price of energy is dropping; the price does vary significantly by region. Whereas the average energy contract has reduced in price by 32.2% quarter on quarter in London and 26.8% in South Wales, it has actually increased by 14.3% in Northeast England and 11.9% in Southern England.

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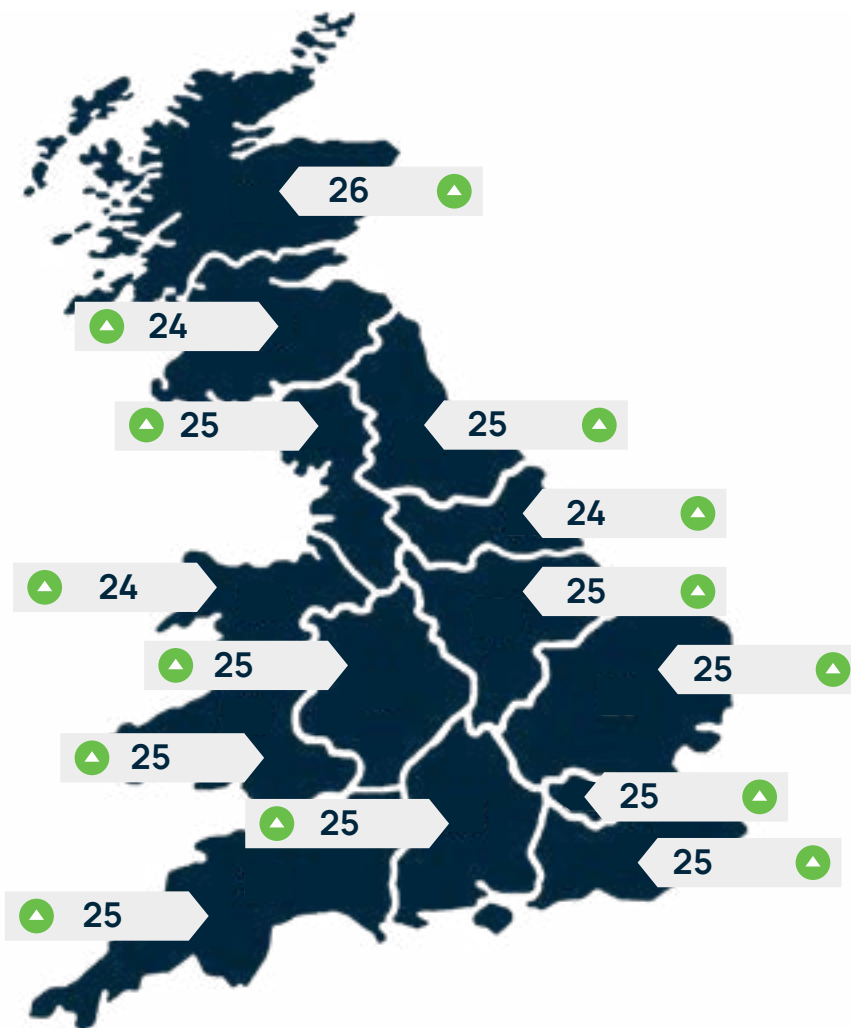
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## Average Contract Length

Size	Contract Length
Very Small	26
Small	25
Medium	24
Large	24
Very Large	24
<b>Average</b>	<b>25</b>

After remaining static for much of 2023, the average energy contract length UK businesses are committing to has increased from 22 months to 25 months quarter on quarter. This is the highest figure it has been since the commencement of the energy crisis in 2022. Very small companies are particularly looking to lock in their energy costs, with them now signing 26-month energy contracts on average.



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

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. However, the largest confidence switch has been in North Scotland, where the

average contract length has increased by five months from 21 to 26 months quarter on quarter. Businesses in the South East of England have increased their average contract length by four months from 21 to 25 months.



**CONTACT OUR TEAM**

## What Does This Data Mean for Your Business?

To learn more about the in-depth data that POWWR can provide for your business, contact the team today.

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