

Research Briefing

20 March 2023

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Constituency casework: help with energy bills for businesses, voluntary sector and public sector organisations

Summary

- 1 What help with energy bills is available?
- 2 What funding is available for energy-saving measures and low carbon technologies?
- 3 Sources of advice on energy bills

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Contents

Summary	4
1 What help with energy bills is available?	5
1.1 What extra help is there for charities and community organisations?	6
1.2 What extra help is there for energy intensive industries?	6
2 What funding is available for energy-saving measures and low carbon technologies?	8
2.1 Is there targeted funding for energy-saving and low carbon technologies?	8
2.2 What general funding is available?	9
3 Sources of advice on energy bills	10

Summary

This briefing provides information on support with energy bills for non-domestic customers, including businesses, public sector organisations and charities. It covers help with rising energy prices, and support to install energy-saving measures and low carbon technologies.

Other sources that answer frequent questions are provided, as well as links to other Library briefings, which cover some of the schemes in more detail. Where complex issues are raised it may be more appropriate to refer constituents to specialist bodies and organisations or to a solicitor if legal advice is sought.

The guidance documents referred to in this briefing are current at the time of writing. However, information on these schemes is often updated, so it is advisable to check the relevant websites, particularly the [Department for Energy Security and Net Zero](#) (DESNZ) for updates.

Further reading

In addition to the information provided below, the following Library briefings provide more detail on energy bills and wider support available to help non-domestic constituents with these:

- [Constituency casework: Government support for energy bills](#)
- [Help with energy efficiency, heating and renewable energy in homes](#) (July 2022)
- Constituency casework article [Finding funding for constituents](#) (May 2021)
- Constituency casework article [Funding and support for businesses](#)
- Debate pack on [Energy Intensive Industries](#) (November 2021)
- [Gas and electricity prices under the Energy Price Guarantee and beyond](#)
- [Domestic energy prices](#)
- The briefings [Q&A: solar panels](#) (February 2020) and [Support for small scale renewables](#) (January 2020) have answers to common questions about installing renewable technologies.

1 What help with energy bills is available?

The Government introduced a series of support schemes in 2022 and 2023 to help customers with rising energy prices. The following summarises the support available to non-domestic customers (including businesses, public sector organisations and charities). Detailed information about each scheme is provided in the Library briefing [Constituency casework: Government support for energy bills](#).

The support schemes targeted at non-domestic customers are:

- **Energy Bill Discount Scheme (EBDS):** a discount on non-domestic electricity and gas prices over the period 1 April 2023 to 31 March 2024. For more information see section 4 of the above [constituency casework briefing on Government support for energy bills](#).
- **Energy Bill Relief Scheme (EBRS):** a discount on non-domestic electricity and gas unit prices over the period 1 October 2022 to 31 March 2023. For more information see section 5 of the above [constituency casework briefing on Government support for energy bills](#).
- **Non-domestic Alternative Fuel Payments (ND-AFP):** a one-off payment of at least £150 for non-domestic customers who are not on the mains gas grid and use an alternative fuel for heating, to cover winter 2022-23. The Government has also said that a ‘top up’ payment will be available for large users of heating oil (see section 6 of the above [constituency case briefing for information on Alternative Fuel Payments](#)).

The Government has also introduced support schemes for domestic customers, which some microbusinesses may be eligible for if they hold a domestic electricity contract with an energy supplier¹:

- **Energy Price Guarantee (EPG):** a cap on domestic electricity and gas unit prices over the period 1 October 2022 to 31 March 2024 (see [section 2 of the constituency casework briefing for information on the EPG](#)).
- **Energy Bills Support Scheme (EBSS), including the EBSS Alternative Fund:** a one-off £400 payment to households to help with bills over winter 2022-23 ([section 3 of the above constituency casework briefing gives information on the EBSS](#)).

Some customers buy their energy from a third-party intermediary (for example, a landlord or heat network), rather than from an electricity or gas

¹ PQ 87983 [[on Small Businesses: Energy](#)], 23 November 2022; BEIS, [Energy Bills Support Scheme Managing the impact of the energy price shock on consumer bills](#) [PDF], GOV.UK, July 2022, p19

supplier. To ensure support reaches the end users, the Government has legislated **pass-through requirements for the EBRS, AFP, EPG and EBSS** requiring third-party intermediaries to pass on benefits to end users, including non-domestic end-users. (For [more information on pass through requirements, see section 7 of the constituency casework briefing.](#))

1.1 What extra help is there for charities and community organisations?

Charities can pay a **reduced rate of 5% VAT on fuel and power** where this is supplied for use in residential accommodation or charitable non-business activities (the standard rate is 20%). In addition, small-scale use of fuel and power by charities are automatically treated as being for a qualifying use, for example electricity supplies up to 1,000 kilowatt-hours (kWh) per month. Statutory provision for this reduced rate is made by group 1 of [Schedule 7A of the Value Added Tax Act 1994, as amended.](#)

If less than 60% of the energy supplied is for a qualifying use, the charity will pay the reduced rate on the qualifying part and the standard rate on the rest.

Qualifying fuel and power includes electricity, gases, oils and solid fuels. It does not include vehicle fuel.

If a charity qualifies for the reduced rate for fuel and power, it is also exempted from the [Climate Change Levy](#) (CCL). The CCL is charged by energy suppliers to customers on energy supplies including electricity, gas, solid fuel, and liquefied gas.

The following Government webpages provide more information:

- [VAT for charities](#)
- [Exemptions from Climate Change Levy](#)
- [How VAT affects charities \(VAT Notice 701/1\)](#), December 2020 para 7.1-2.
- [Fuel and power \(VAT Notice 701/19\) - GOV.UK \(www.gov.uk\)](#)

1.2 What extra help is there for energy intensive industries?

The main support measure for energy intensive industries' electricity costs is a series of exemptions and compensation. The Government provides compensation or exemptions to energy intensive industrial users for the indirect costs (higher electricity prices) associated with funding certain

decarbonisation policies. The policies include the climate change levy, contracts for difference mechanism, renewables obligation, and feed in tariffs.

Further information from the Government is available at the following links:

- [Guidance on exemption from the indirect costs of funding Contracts for Difference, the renewables obligation and small-scale feed-in tariffs](#) (July 2022): Eligible sectors are set out on page 5 of the guidance. The Government held a [consultation on increasing the level of this exemption](#) from 85% to 100% of environmental and policy costs from August to September 2022. It has not yet published its response.
- [Compensation for the indirect costs of the UK Emission Trading Scheme \(UK ETS\) and the Carbon Price Support \(CPS\) mechanism](#) (June 2022): The guidance includes a list of eligible sectors. In April 2022 the Government announced it would [extend the compensation scheme for three years until March 2025](#).² It also said the scheme's budget would be more than doubled, and that companies manufacturing electric vehicle batteries would be included in the scheme for the first time.³

The Commons Library [debate pack on Energy Intensive Industries](#) (November 2021) gives an overview of wider support for industrial energy costs.⁴ Section 4 has information on industrial decarbonisation and government funds to support this.

² BEIS, [Consultation outcome: Review of the schemes to compensate energy intensive industries for indirect emission costs in electricity prices](#), 29 April 2022

³ BEIS, [Press release: High energy usage businesses to benefit from further government support](#), 29 April 2022

⁴ Commons Library debate pack CDP 2021-0195, [Energy Intensive Industries](#), pages 9-11

2

What funding is available for energy-saving measures and low carbon technologies?

Reducing energy use (and so energy bills) can help with energy costs in the longer term. Support is available to help non-domestic energy users to install energy saving (energy efficiency) measures, as well as low carbon technologies. The following sources provide information on targeted support to help fund these measures, as well as more general funding schemes.

2.1

Is there targeted funding for energy-saving and low carbon technologies?

- In the [2023 Spring Budget](#) the Government announced over £100 million support will be made available to help charities and community organisations with the increased cost of living, and that a new Swimming Pool Support Fund will provide over £60 million support for swimming pools. Both of these schemes will include support for investing in energy efficiency measures.⁵
- Businesses and energy intensive industries can apply to the [Industrial Energy Transformation Fund](#) (IETF) for support to invest in energy-saving and low carbon technologies. Phase 2 provides grant funding for feasibility and engineering studies, and for the deployment of industrial energy efficiency and deep decarbonisation projects. The [Autumn 2022 competition is the last planned application window for phase 2](#); it will close on 13 January 2023.
- The [Public Sector Decarbonisation Scheme](#) (PSDS) provides grants for public sector bodies to fund heat decarbonisation and energy efficiency measures. At the time of writing, it is closed to applications. More [information on the PSDS is available from Salix Finance](#) and the [Department for Business, Energy and Industrial Strategy](#).
- Businesses and other energy users installing renewable technologies (such as solar panels) can receive payment for each unit of electricity they supply to the electricity grid through the [Smart Export Guarantee](#).

⁵ HM Treasury, [Spring Budget](#), 15 March 2023, paras 4.18 and 4.19

For more information, see the Library briefing [Help with energy efficiency, heating and renewable energy in homes](#).

- Small non-domestic properties in England and Wales can receive an upfront grant to help with the cost of installing renewable heating systems through the [Boiler Upgrade Scheme](#). For more information, see the Library briefing [Help with energy efficiency, heating and renewable energy in homes](#).
- Ofgem's webpage Find business energy efficiency grants and schemes has [links to a variety of support schemes and sources of advice](#). It recommends customers contact their energy supplier to see if they offer any energy efficiency support schemes.
- [Community Energy England](#), the Welsh Government's [Energy Service \(for public sector and community groups\)](#), the Scottish Government's [Community and Renewable Energy Scheme](#) and [Northern Ireland Community Energy](#) provide advice and information on funding for community energy projects in each of the four nations.
- The Centre for Sustainable Energy has a list of organisations that provide funding to community organisations for energy projects on its webpage, [Funding your project](#).
- Constituents may wish to contact their local authorities to enquire about locally available support to cut their energy use and/or carbon emissions.

2.2

What general funding is available?

- The Library's constituency casework page, [Finding funding for constituents](#) (May 2021) provides general guidance on where to look for funding.
- Members and their staff can use the [Library subscription service GRANTfinder](#) to look for funding available for businesses, community groups and charities. Opportunities can be filtered by geographic region, industry, organisation size, and activity to be funded.
- The constituency casework article [Funding and support for businesses brings together the Library's briefings](#) on general sources of business support. It also has information on specific funding programmes, investment funding and sources of information and advice.
- The Government webpage [Finance and support for your business has links to various funding programmes](#) for businesses.
- [Community Energy England's webpage Funding Opportunities](#) has links to funding sources relevant to community organisations in England.

3

Sources of advice on energy bills

The following sources provide information on energy bills and reducing energy use in businesses:

- Ofgem’s webpage, [Energy advice for businesses](#), has links to information on a range of topics including [getting help if your business can't afford its energy bills](#), types of business energy contract, switching to a new supplier or tariff, what happens if your energy supplier goes bust, energy efficiency grants schemes, and guidance for microbusinesses.
- [Citizens Advice’s webpage, Your energy supply](#), links to advice on various consumer energy issues, including help if [your small business can't afford its energy bills](#) and [switching your small business to a new energy supplier](#).
- The Energy Saving Trust’s webpage [energy efficiency support for businesses has practical advice on saving energy](#), and links to a wide range of support schemes available across the UK.
- The Carbon Trust has published [guides on energy efficiency and energy saving measures](#) for a range of sectors.
- DESNZ has published a [guide to energy efficiency for small and medium enterprises](#) (SMEs).
- The [UK Business Climate Hub has advice and tools](#) for businesses to cut their carbon emissions.

Ofgem, Citizens’ Advice and the Energy Saving Trust all suggest businesses contact their energy supplier if they are struggling to pay their bills.

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