MANUFACTURER BRIEFING

Eight questions every manufacturer should ask about their energy strategy

Greater control. Lower risk.

A stronger future.



UK manufacturers continue to face energy cost pressure

Eight questions every manufacturer should ask about their energy strategy.

According to the British Chamber of Commerce & Make UK

The scale of the pressure

- **35%** of UK manufacturers report difficulty paying energy bills.
- **52%** of UK businesses cite utility costs as a key driver of pricing pressure.
- **46%** higher industrial electricity prices than the international average continue to impact UK competitiveness.

Why?

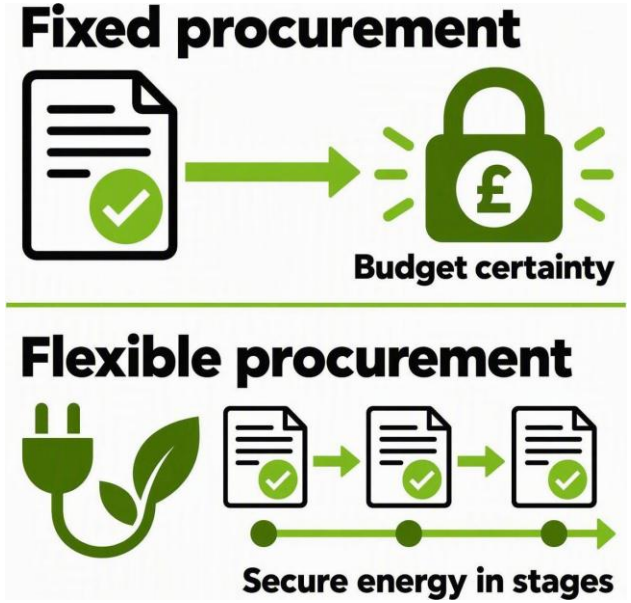
- Energy costs remain above historic norms
- Network and policy charges continue to rise
- Wholesale markets remain volatile
- Manufacturers face wider inflationary pressures
- High energy costs are delaying investment decisions



Manufacturers cannot control energy markets. They can control their exposure to them.

Does procurement match your risk appetite?

Procurement should reflect your commercial objectives and future plans, rather than simply follow a two- or three-year renewal cycle.



Fixed procurement

- Budget certainty
- Protection from market volatility
- Simpler forecasting

Key risk: fixing at the wrong time can lock in elevated prices for several years.

Flexible procurement

Secure energy in stages across the contract term, particularly at annual consumption above 5GWh.

Reduce market-timing risk and diversify purchases, while retaining access to wholesale opportunities and greater purchasing agility.

The right approach supports the business, not just the next renewal.

QUESTION 02

Are you paying for capacity you do not need?

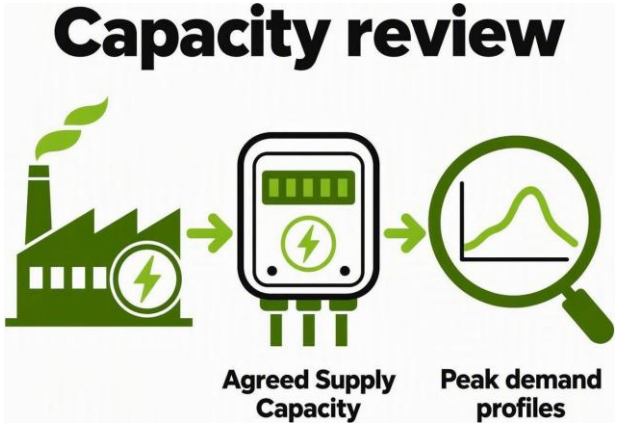
Outdated capacity assumptions can lead to excessive contracted capacity or avoidable excess-demand charges.

What can change demand?

- Production schedules and shift patterns
- Machinery upgrades
- Energy-efficiency projects

What should a review cover?

- Maximum Import Capacity (MIC)
- Agreed Supply Capacity
- Annual Quantity (AQ)
- Peak demand profiles



A review of half-hourly or interval consumption data is a useful starting point.

QUESTION 03

Are network and policy charges under review?

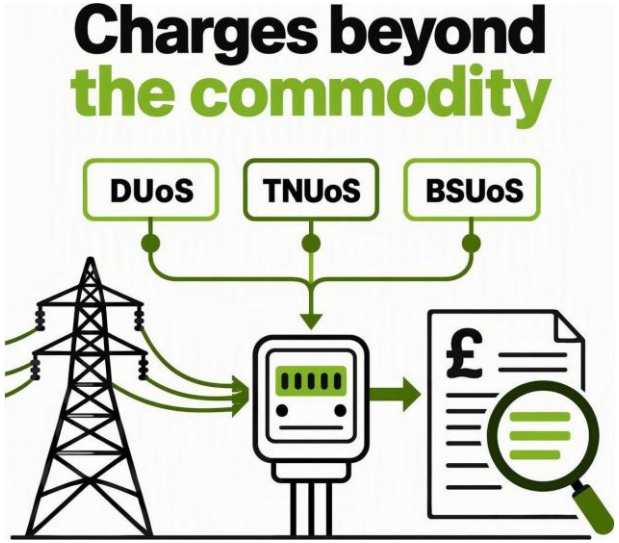
Consumption patterns can change the total bill, even when two businesses pay the same wholesale energy rate.

Charges beyond the commodity

- DUoS
- TNUoS
- BSUoS
- Capacity Market costs
- Environmental and policy levies

Areas to investigate

- Time-of-use consumption
- Power factor and reactive power
- Red and amber band usage
- Pass-through charge calculations
- Supplier reconciliation methods



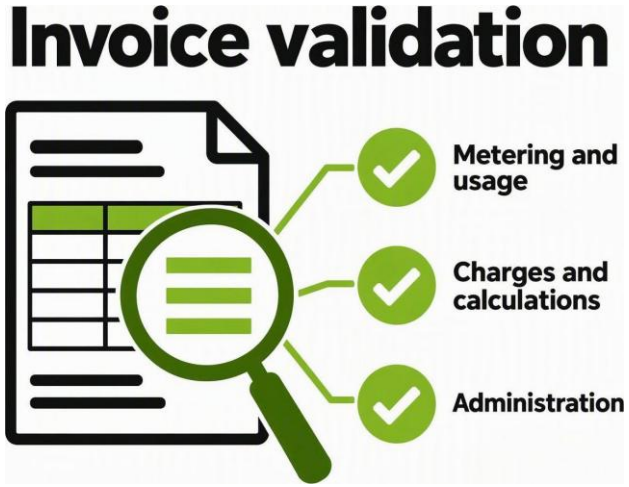
Non-commodity costs deserve the same scrutiny as the energy price.

QUESTION 04

When were your energy invoices last audited?

Invoice validation can identify historic overcharges and help prevent errors from continuing unnoticed.

AREA	TYPICAL ISSUES
Metering and usage	Incorrect meter details or estimated readings
Charges and calculations	Capacity discrepancies, pass-through errors or levy mistakes
Administration	Duplicate charges or supplier administration errors



For multi-site manufacturers, a historic review can recover value.

Ongoing validation helps keep future bills accurate.

QUESTION 05

How resilient is your budget to price changes?

Budgeting only at today’s prices can leave the business exposed when markets change.



+10% +20%

Illustrative market-increase scenarios

Also model supply disruption, regulatory changes and network charge inflation.

Commercial questions

What would a 20% energy-cost increase mean for margins?

How would energy inflation affect product pricing?

Where are contract break-even points?

How resilient are current budgets?

Scenario assumptions, not forecasts

QUESTION 06

What value does your energy adviser provide?

Understand the fees, commissions and service charges within your arrangements, then assess the support you receive throughout the contract.

Procurement and contract support

- Advice throughout the contract term
- Regular contract-performance reviews

Planning and market insight

- Market updates when needed
- Budgeting advice and ongoing support

Cost assurance

- Invoice validation
- Capacity monitoring and optimisation
- Network-charge reviews

Future projects

- Support for solar PV, battery storage and electrification



QUESTION 07

Will today’s contract support future investment?

New projects can alter site consumption. Contracted volumes should reflect plans that may change imported energy demand.

Projects that can change demand

- Solar PV and battery storage
- On-site generation
- Process electrification
- Energy-efficiency programmes
- Demand-side flexibility services

Volume provisions to review

- Upper and lower tolerance bands
- Under-consumption provisions
- Take-or-pay mechanisms
- Excess consumption charges
- Volume reconciliation methods

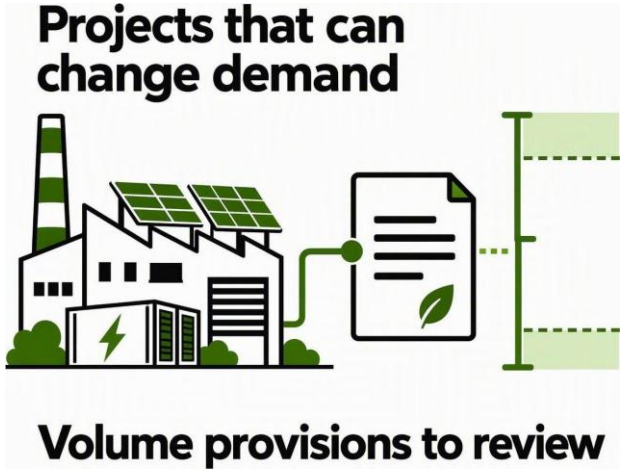


Illustration: a solar project that cuts imported electricity by 20% may also change compliance with contracted volume bands.

Does procurement support your business plans?

Long-term supply decisions should reflect how the business expects to operate and invest.

BUSINESS CONSIDERATION	QUESTION FOR THE SUPPLY STRATEGY
Growth	Could production increase during the contract?
Rationalisation	Could sites consolidate or reduce their activity?
Capital investment	Will new equipment alter the demand profile?
Decarbonisation	Are solar, storage or electrification projects planned?
Grid constraints	Could network capacity restrict future growth?



The energy strategy should support business ambitions, not constrain them.

Is your energy strategy working as hard as your business?

Discover cost, risk and opportunity within your current energy arrangements with a confidential, no-obligation review for manufacturers.

To arrange a review, please contact

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