



Energy Bills

Energy bills contain a lot of information and can be difficult to understand. This factsheet aims to explain how energy bills work and how you can reduce the cost of your electricity and gas.



Energy bills tell you how much energy you have used in KILOWATT HOURS (kWh) and how much it costs, and your bills are based on meter readings and a tariff. Energy suppliers are required to read and inspect your meter at least every two years – although some suppliers may visit more often. In between these meter readings your supplier estimates readings, based mainly on your past usage. An estimated reading is indicated on your bill by an 'E' after the reading.

To make sure you have accurate bills it's a good idea to read the meter(s) yourself and submit the readings to your supplier every month. For most meters you simply read the numbers displayed. Do not read numbers in red or those after a decimal point. On a digital meter the display may cycle continuously through a set of numbers or you may have to press a red button to see the different numbers. If you have difficulty reading your meter you can get help from your supplier through the Priority Services Register.

An **Economy 7** meter has two sets of figures, one for **normal** or daytime electricity usage and the other for low or night-time electricity consumption. On a digital meter press the red button to cycle through the readings, which sometimes appear as Rate 1 and 2, or R1 and R2.

Prepayment meters require users to pay for energy before using it.

A Smart Meter sends meter readings automatically to your supplier via a secure wireless network, and displays your energy use and cost in real time on a separate in-home display.

Tariffs

A tariff is simply the combination of unit rate, standing charge and discounts. The unit rate is what you pay for the energy in pence per kilowatt (ppkWh). The standing charge is a daily cost paid in pence per day. These two amounts are added together along with any discounts, and VAT is then added at 5%. The details of your tariff should be on your bill, usually in the 'About your tariff' section.

A FIXED RATE TARIFF guarantees the price of your energy for a set period of time, usually 12 to 18 months. After this you are free to switch and save again, but if you leave early you may be charged an exit fee. Fixed rate tariffs are designed to protect you from energy price rises and are helpful for keeping control of your budget. At the end of the tariff you will need to find another fixed rate tariff or your provider will switch you over to a variable rate, often called the standard rate.

A VARIABLE RATE might be cheap but can go up or down according to the global cost of energy. The Standard Tariff offered by most suppliers is a variable tariff. There are usually no exit fees and you should be free to leave at any point. Government research has shown consistently over time that Standard Variable Tariffs are more expensive than fixed ones, with differences of 10% or more in recent years.

ECONOMY 7 provides cheaper electricity at night, but a higher rate during the day. The cheaper rates are usually between midnight and 7 am, although this varies by supplier and where you live. Economy 7 is designed for people with electric storage heaters and a hot water tank, as these can be heated up at night when it's cheapest and then used to provide hot water and heating throughout the next day. If you're not using much energy at night then an Economy 7 tariff can mean you're paying far more than you need.

An **ONLINE** tariff means you manage your energy account, view your bills and arrange payment on your computer or mobile device or with an app provided by your supplier. When combined with paying by direct debit, these are usually the cheapest tariffs.

PAPER BILLING is where you receive a paper bill through the post. Some suppliers do not offer a paper billing service, and so there is less choice of tariffs if you prefer to receive your bills this way.