



# Energy Costs and Adult Social Care

## Briefing for care providers

1<sup>st</sup> Edition – 29 September 2022

### Introduction

The Government's announcement on 21 September 2022 of the [Energy Bill Relief Scheme](#), details measures to support non-domestic customers, including care homes, with rising energy prices.

This short briefing, based on CPA member Care England's information, highlights issues that care providers should consider. We will update this briefing as the situation develops.

#### Care England Energy Webinar – 6 October 2022

Care England is holding a webinar on the changing profile of energy procurement. The webinar is focused on care homes, but may be of wider interest. Places are limited.

[Book online here.](#)

### Energy contracts and the cap on costs

The announcement confirms that for the next six months, Government will provide a discount on wholesale gas and electricity prices for all non-domestic customers (including all UK businesses, the voluntary sector, and the public sector), applying to energy usage from 1 October 2022 to 31 March 2023. The discount will apply to fixed contracts agreed on or after 1 April 2022 as well as to deemed, variable and flexible tariffs and contracts.

Care providers are encouraged to review the [Government guidance](#) in relation to the six months cap for energy for the wholesale element of their supply at 21.1p for power and 7.5p for gas.

It is possible that care providers who remain on the variable rate for energy, and expect to be covered by the cap, could be exposed to sharp rises in the wholesale price for energy, as was experienced in August 2022.

**As an example, a care provider who signs a contract with an energy provider for the period from 1 October 2022 to 31 March 2023 will be covered by the discount and should pay no more than 21.1p per kWh for the wholesale element of their electricity supply and 7.5p per kWh for gas.** In this situation, if the electricity wholesale price soars to over 61.1p per kWh, the care provider is protected and pays no more than 21.1p per kWh for the wholesale element of their supply.

**If a care provider chooses to remain on a variable rate for electricity, and is not under contract, they can only benefit from a maximum of 40p for electricity over the 21.1p cap (up to 61.1p per kWh).** This means that if energy increases above 61.1p per kWh for electricity, the difference between the wholesale price and 61.1p will fall on the provider to fund, the same rule applies to gas.

The maximum rates for gas (11.5p per kWh) and electricity (40.5p per kWh) will be confirmed by the government on 30 September 2022.

Care providers who signed contracts at rates over 90p per kWh for electricity earlier this year will be protected by the cap if the contract was signed after 1 April 2022.

**It is important, therefore, that care providers who are currently on a variable rate, consider signing up to new contracts if they wish to be protected by the cap up to 31 March 2023.** It is possible to contract for shorter periods than 12 months. Providers should take their own advice about signing up to longer-term agreements from their energy provider.

## Useful links

[Energy Bill Relief Scheme: Help for businesses and other non-domestic customers – BEIS guidance](#)

[Costing Saving Opportunities: Making energy, water and waste savings with minimal or no capital Outlay – Care England](#)

[Advice on the practice of good utility brokerage – Care England.](#)

[Getting help if your business can't afford its energy bills - Ofgem](#)

*With thanks to CPA member, Care England, for this briefing.*

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