

Your Guide to
Fixed Price Energy Contracts



When switching your businesses energy one of the first things you will be asked is what kind of energy contract you are looking for. There are three main types of energy contracts, flexible energy contracts, pass through contracts and fixed energy contracts. All three offer a range of benefits and risks, all businesses are different, so it is important for you to know the difference and to establish which contract is best for your business.

This guide focuses on fixed contracts, for more information about pass through or flexible contracts please see our pass through or flexible energy guide. With continuing price hikes in energy, more and more business customers are seeing the benefits of fixed price energy contracts. But finding the best fixed price energy contract for your business can be complex, here at Love Energy Solutions we scour the market for the best deal for your businesses specific needs and requirements and take care of everything for you.

What exactly is a fixed price energy contract?

A fixed price energy contract gives you complete peace of mind for the entirety of your energy contract, allowing you to control your businesses budget with accurate forecasting of energy expenditure.

If suppliers increase their energy prices, as more and more are these days, your energy costs will not be affected. This type of contract can be fully fixed for up to five years and can be reviewed twelve months in advance of the current contract end date, therefore creating absolute certainty over costs for the duration of the agreement.

Should my business opt for a fixed price energy contract?

If you do not wish to be exposed to the volatility of the energy market, a fixed price energy contract will provide you with stability and budget certainty for the full period of your contract.

However, if your business would like to take advantage of an ever-changing energy market by spreading the risks associated with energy purchasing then it may be worth looking in to a flexible procurement strategy.

What happens at the end of a fixed price contract?

You should always be aware of your contract end date. Suppliers are renowned for automatically putting customers on to a standard tariff once their fixed tariff has ended. This usually means that you are paying a lot more than you should be for your energy.

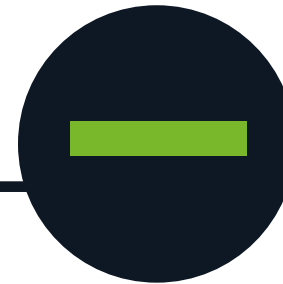


Benefits and risk to fixed price energy contracts:

There are risks and benefits to all energy contracts, however the benefits may far outweigh the risks depending on your businesses needs and requirements. Fixed price energy contracts can sometimes represent the best value over a long-term period, due to the increase in businesses opting for fixed price energy contracts more and more suppliers are finding a balance between protecting your prices and offering the most competitive energy rates.



- Budget certainty for the duration of your energy contract
- No rising future commodity and non-commodity costs
- Suppliers absorb the long-term pricing risk
- Less complex than other energy contracts



- Supplier may increase costs to try and counter the long-term risks
- Does not enable you to take advantage of any price reduction during term

In conclusion, choosing a fixed price energy contract can be a gamble. While it protects you from ever increasing energy costs, the chances are that businesses on a pass through or flexible energy contract could be paying less for their energy.

However, if you are looking for security or are looking to stick to a set energy budget, a fixed contract is the way forward. The best thing for any business is to let an energy expert assess your current deal and usage and to find the right energy deal for your businesses specific needs and requirements. This can be tricky and time consuming and requires a great understanding of the energy market.

If you would like to know more about our energy contracts or would like to see which contract would be best for your business, call us now on 0800 975 5380 or email contact@loveenergysolutions.com

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