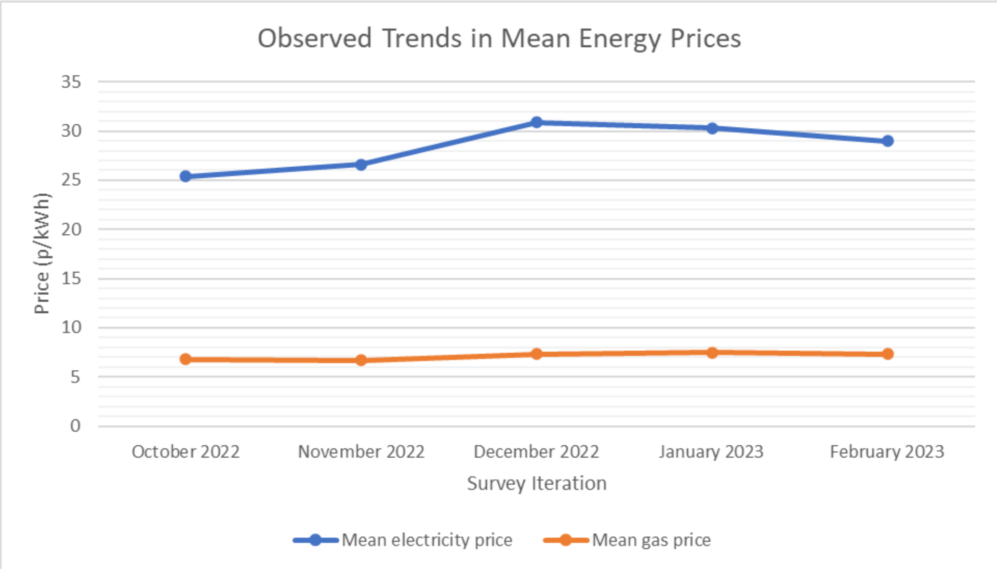
Summary of WM Industrial Energy Survey Results **March 1, 2023**

The fifth survey of industrial energy costs was carried out on behalf of the WM Industrial Energy Taskforce by Camirus Limited throughout February 2023.

Headline Trends

Having run several iterations of the survey, we can show the trend that we have observed in the prices being paid for energy by manufacturers in the region. Current average tariffs being paid by WM manufacturers for both gas and electricity have **increased by around 10%** since the first iteration in October, though have fluctuated in both directions across the iterations of the survey. This is due to manufacturers coming off fixed tariffs and entering into new contracts at higher prices.



The broad outlook appears to be improving, however, as forward prices are generally decreasing. The threat of manufacturers having to renew their contracts at the peak rates seen last Autumn may be subsiding somewhat, though there are still a significant proportion of WM manufacturers who had no choice but to enter into agreements at >50p/kWh. These higher rates are no longer justified by wholesale market rates which have dropped back to about twice pre-crisis levels. The taskforce is actively lobbying to focus government support on mitigating such excessive and unsustainable contracts.

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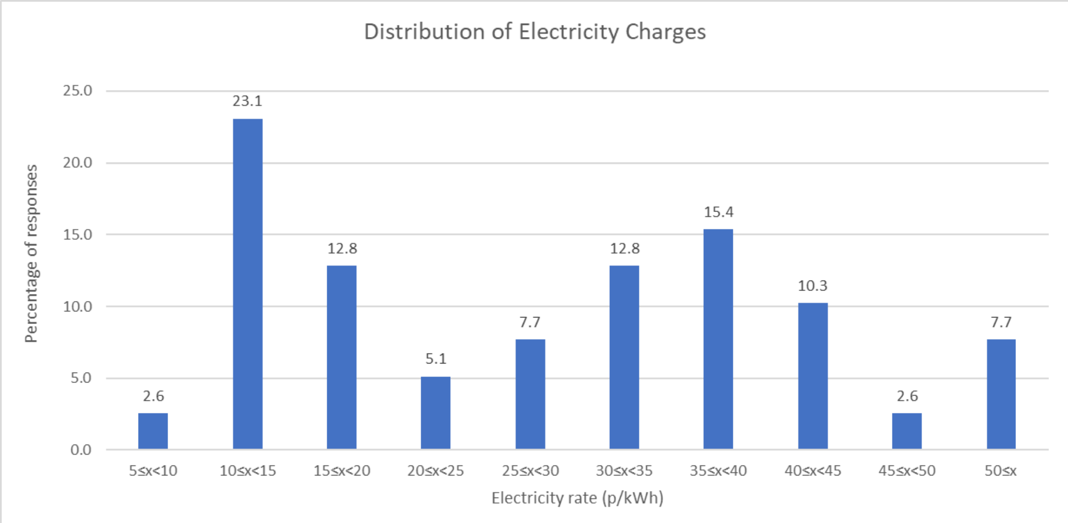
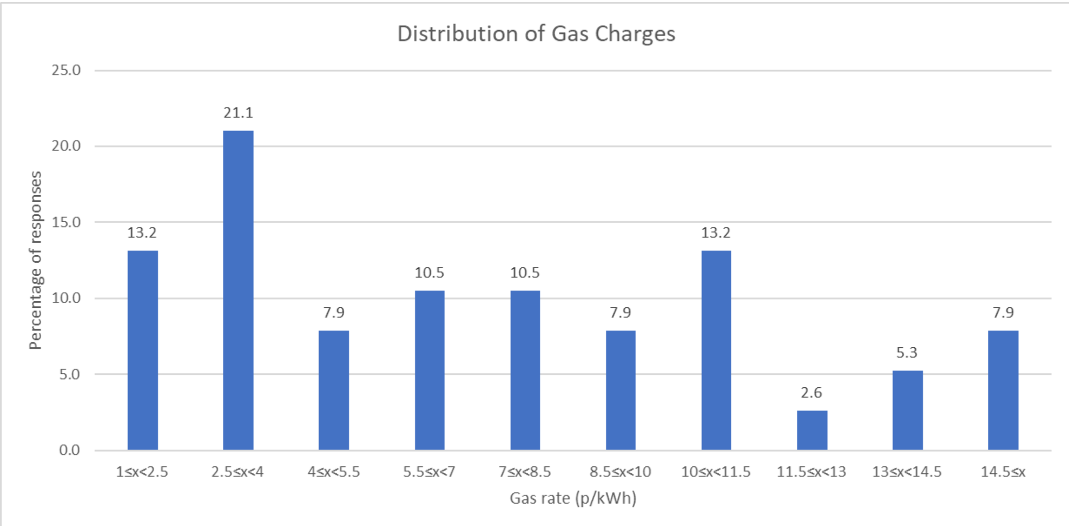
Survey Results

In this survey, for electricity, the highest unit rate being paid by a WM manufacturer was 86.35p/kWh, the lowest was 9.4p/kWh, and the **average rate was 29p/kWh**. Just under 50% of responders pay more than 30p/kWh, with 10% paying more than 45p/kWh.



For gas, the highest unit rate being paid was 24.97p/kWh, the lowest was 1p/kWh, and the **average was 7.3p/kWh**. 65% of responders pay more than 4p/kWh, and 29% pay more than 10p/kWh.



For comparison, pre-energy crisis average industrial electricity prices 2013-2021 ranged from 8-12p/kWh; while average industrial gas prices in the same period ranged from 1.5p-2p/kWh.[1]

[1] House of Commons Library, Report on Energy Intensive Industries, 02021-0195, November 2021.

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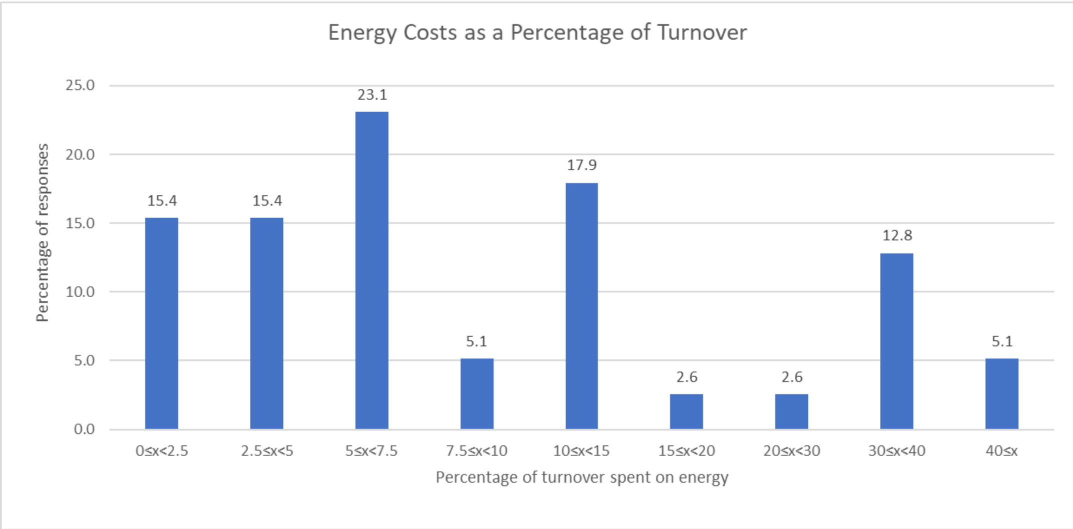
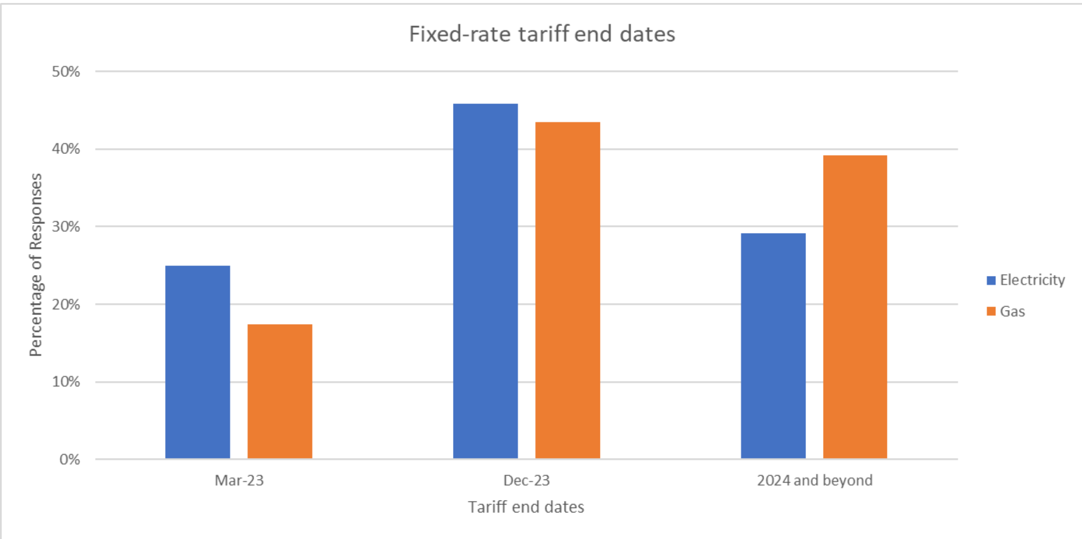
Over 40% of companies are now spending more than 10% of their turnover on energy, with 20% spending more than 20% of their turnover on energy. Around 70% of fixed-rate electricity tariffs, and 60% of fixed-rate gas tariffs will end by the end of 2023, with the proportion of contracts running beyond that increasing as businesses are forced to lock into contracts until as far ahead as Autumn 2026.





Nearly 60% of responders have had to increase their prices in order to cope with rising energy costs, with a further 13% considering it as a response to the end of the government-mandated energy price cap. Over 55% have, or are considering reducing their operating times in order to conserve energy, whilst over 10% see relocating their businesses as a way to continue operations. Over 50% of responders are looking to redundancies in order to stay open, with 13% already having made them. The proportion of companies who consider total shutdown a realistic possibility given the current situation is 18%.

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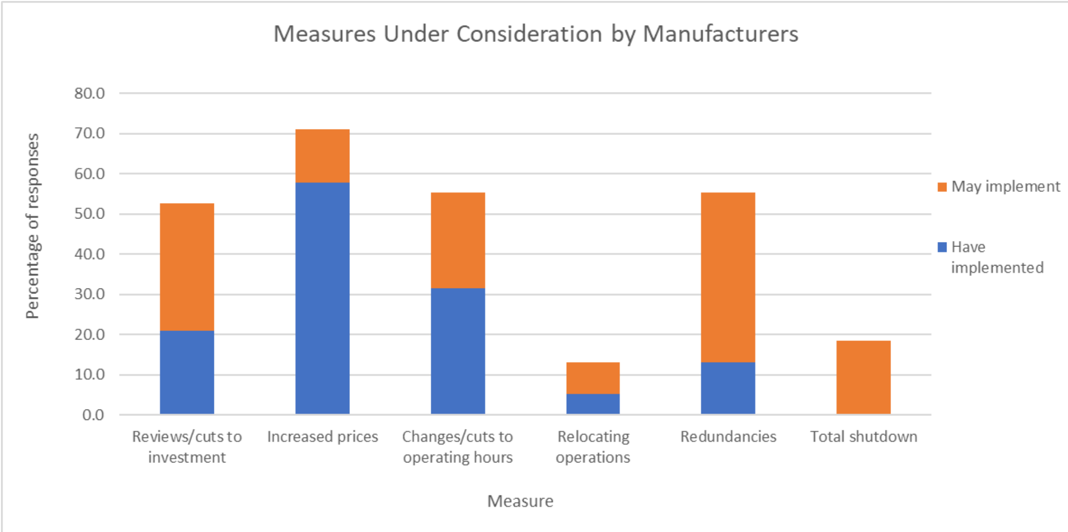
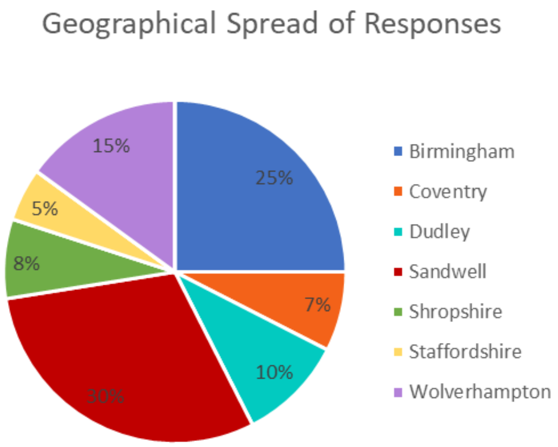
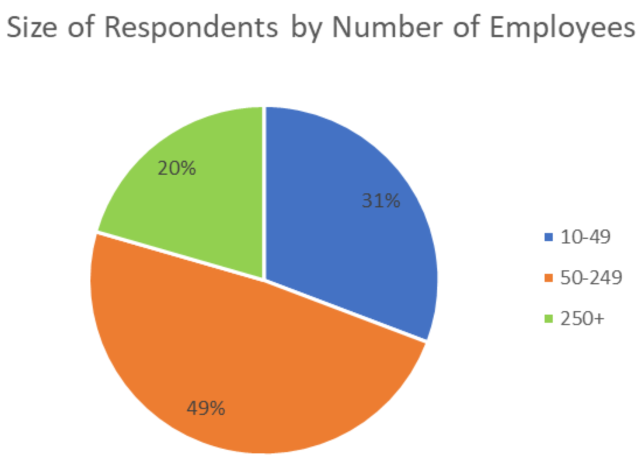


Summary of responses

The number of West Midlands manufacturers sampled in this report is 39. They are well-distributed across the region, and represent a diverse range of sizes based on number of employees, though all employ at least 10 people.





This survey will be conducted on a periodic basis, with the next report on the responses to be produced at the end of March. To register interest in participating in the survey or receiving the summaries of results, please email enquiries@camirus.co.uk.

This survey is of manufacturing businesses across the wider West Midlands geography and is based on data collected periodically by the West Midlands Industrial Energy Taskforce. All contributions are confidential and anonymous. The survey is managed by Camirus Limited, who are registered as data controllers under the Data Protection Act 2018. If you would like any further information, please email enquiries@camirus.co.uk.