UTILITY BIDDER
UNBIASED SWITCHING ADVICE

BREXIT

WHAT IS THE ENERGY LANDSCAPE LIKE NOW?

57
Price rises in the whole year of **2018**

42
Price rises in the first half of **2019**

Energy prices are at the mercy of both international and national events which is one of the reasons why it's so difficult to predict medium and long term pricing.

However, an article in **EnergyLiveNews**, an energy specialist publication, claims 2019 could be the worst year for energy price rises on record and suggests the frequency and severity of hikes could reach unparalleled levels this year.

It says there have already been 42 rises so far, whereas in 2018, there were 57 in total and only 15 by the six-month point. That's certainly something to think about.
What has the government put in place for a **'No Deal Brexit'?**

Thanks to the leaked **Yellowhammer** document, the government's own scenario warns '**we can expect 'significant electricity price increases**' which in turn will have '**wider political and economic impacts**'.
This is hardly reassuring for businesses when we know that gas and electricity prices are one of your biggest financial outlays.

How could a NO DEAL Brexit impact energy prices

Energy pricing is volatile at the best of times, but Brexit is ramping up the uncertainty which is why this article aims to respond to our customers' concerns and questions asking if they should lock into new gas and electricity contracts sooner rather than later.

Will exchange rate movements influence the price of utilities?

After the referendum, gas and electricity bills increased by £2bn as a direct result of currency fluctuations.
Most experts are predicting falls in the value of the pound against the euro, which could see electricity prices climbing.

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What is likely to happen to gas prices?

The UK imports almost half of its gas via pipelines from **Europe** and a **BBC business** report warns business could be vulnerable to supply shortages and price hikes. In addition, the industry is concerned that because of our reliance on imported gas we have a lot of work to do in gas maintenance and infrastructure. The UK would have to embark on shoring up systems such as gas storage. This would be a major investment and the energy industry could be affected by tariffs on products used.

What is likely to happen to electricity prices?

In September this year, **The Guardian** newspaper reported that our reliance on electricity imports has climbed to a record high. Kristian Ruby, the head of pan-European trade association Eurelectric, said a no-deal exit could mean the UK faces third-party costs to use the power lines connecting Britain to European power markets, which would raise the overall cost of the energy.

The UK might also find it more difficult to trade if it were left out of the complex pan-European trading system, and this could place a **'risk premium'** on UK prices. Even before the referendum, a National Grid report predicted that energy bills could climb by £500m every year by the 2020s if the UK left the EU's Internal Energy Market.

In a nutshell

Utility Bidder believe **Sterling** and **Euro** currency fluctuations are likely to have major impact on prices. Investment in new infrastructures and maintenance in the UK energy systems are inevitable which will probably see costs passed on to end users.

Energy prices remain at the mercy of global events which make them unpredictable. It's therefore vital to lock into a tariff now that takes all of these risks into account and therefore protects your business gas and electricity costs from the forthcoming price volatility and possible risks.

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