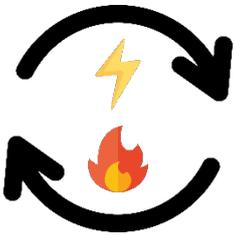


Why Have Energy Prices Increased in 2021?

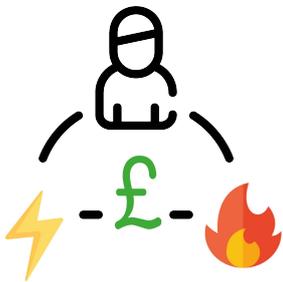
Due to the pandemic energy prices crashed in 2020, but now electricity wholesale prices have more than **doubled**, and gas prices are **over 200% higher** than this time last year.

There are many factors which make up your final energy rates, but what are the main ones pushing prices above and beyond pre-pandemic levels in 2021?



1. Supply and Demand

Demand dropped in 2020 due to global lockdowns, but production of oil continued at its usual rate, which resulted in high storage levels that were not needed and pushed the price of oil to 18-year lows in March. Historic cuts were then made in April 2020 to keep prices steady. Currently, the market is still subdued by fears the lockdown easing will be delayed. However, once the global demand has fully recovered, we expect the market to rise rapidly as supply and demand pressures bite for the first time in 18 months.



2. Third Party Charges

These are charges out of energy suppliers' control and make up the cost of delivering and maintaining energy networks. Due to the unforeseen demand destruction, some charges have increased to make up for the losses occurred or the extra costs needed to run and maintain the network, e.g., increase of costs distributing energy during the day to individuals who have been working from home, rather than to offices which might be closer to the source of generation and cheaper to transport to.



3. Supplier Costs

Last year there was an increase in the number of unpaid energy bills, which in turn negatively affected suppliers' finances and cash flows. Along with this, the wholesale price of energy has increased, so suppliers have increased their rates for both business and domestic to help ease the pressure and mitigate the risks of forward buying energy for their customers who might not use it if there is another full lockdown etc.

So, what should you do as a business? It is always advisable to compare rates to see what your next energy contract will look like if you switch before prices rise further. It also provides you with some budget certainty and to plan for the next few years of your business.

Contact us today to see how one of our energy experts can help your business:

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