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The hidden costs of energy

Discover what actions are increasing your overheads – and how to take back control.

For UK businesses, rising energy bills are about more than just unit rates – many firms face hidden charges that quietly erode their bottom line. Here are six common culprits – and how to tackle them.

	Problem	Explanation	Solution
1 Peak demand charges	You're billed for your highest half-hourly usage – not your average.	It's not just about how much energy you use overall – it's the most expensive half-hours of the day, typically during peak hours, that are incorporated into your supplier rates, which can significantly inflate your bill.	Shift energy-intensive processes outside of peak hours using load management and on-site generation. Businesses can save up to 20-30% on peak demand costs through load shifting and smarter scheduling[1].
2 Power factor penalties	A low power factor (i.e. low energy efficiency in electrical systems) leads to extra charges from your Distribution Network Operator (DNO).	A poor power factor is often caused by inefficient motors or equipment and can result in avoidable penalties.	Installing power factor correction equipment can quickly pay for itself. In fact, improving power factor can reduce demand-related charges by up to 25%[2].
3 Overlapping contracts	Non-aligned contract dates or unmanaged contract renewals can lock you into poor rates.	Multiple sites or departments often have separate, poorly aligned energy contracts. Consolidating and renegotiating contracts across the business can unlock better rates and simplify billing. SMEs in particular are vulnerable to "deemed" or "out-of-contract" rates.	Work with an expert to consolidate contracts, align end dates, and monitor renewal windows. Proactive contract management can save 5-15% annually[3].
4 Inefficient equipment	Hidden energy losses from ageing equipment go unnoticed until they hit your bottom line.	Outdated machinery and office equipment consume far more energy than necessary.	Regular equipment audits and phased upgrades can unlock long-term savings. Or you can invest in upgrading to high-efficiency models, which can reduce consumption by 10-25% (depending on sector)[4], and use automatic controls.
5 Wasted energy = wasted money	Heating, lighting, or equipment left running when not needed is cash down the drain.	Offices often use more energy after hours than during business hours by leaving lighting, heating or machinery running when not needed, which then racks up unnecessary costs.	Install motion sensors, timers, and BEMS (Building Energy Management Systems). Did you know that smart controls and occupancy sensors can reduce energy use by 20-35%[5]?
6 Data management gaps	Manual meter readings and spreadsheet tracking miss key data and billing errors.	Billing errors and inefficiencies often go unnoticed without proper monitoring.	Use AMR (Automatic Meter Reading) or smart metering to access real-time energy data and usage analytics, helping you identify issues quickly and ensure you only pay for what you use. Organisations that utilise real-time monitoring can reduce energy costs by 10–15%[6].

Understanding your energy costs is the first step to controlling them. Every business is unique in portfolio and requirements. Working with an experienced expert partner like Inspired allows you to make informed energy decisions for your organisation.

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[1] Source: National Grid ESO | [2] Source: Energy Saving Trust | [3] Source: Ofgem / Business Energy UK
[4]Source: Carbon Trust, "Energy Efficiency in Offices" / BEIS (UK Gov) | [5]Source: BRE Group (UK) | [6]Source: BEIS / Smart Energy GB (non-domestic sector)