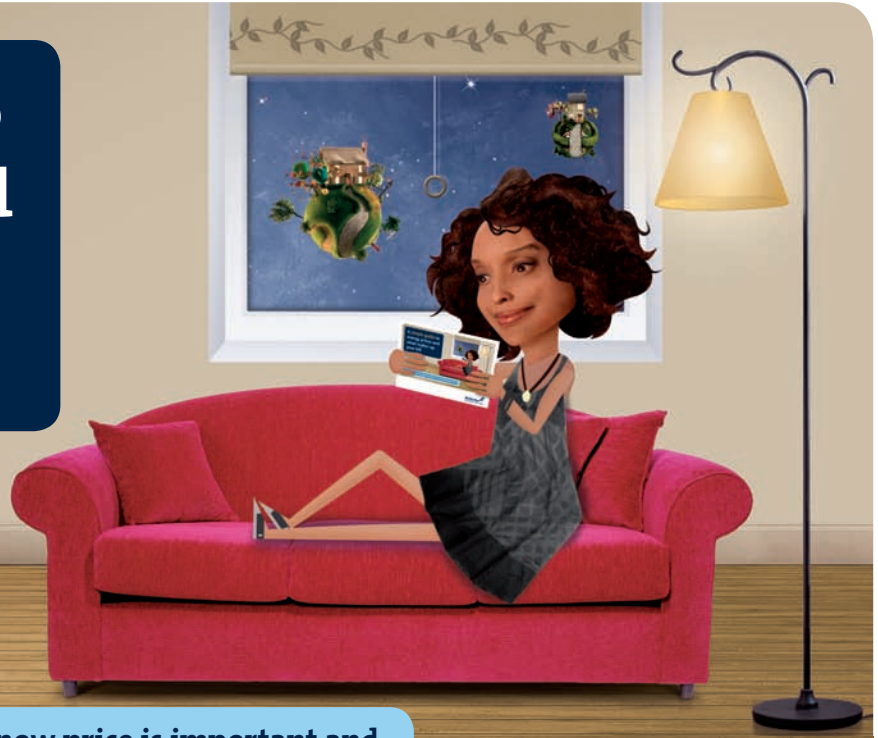


A **simple guide** to energy prices and what makes up your bill



Our Commitment: At British Gas we know price is important and we want to provide our customers with the lowest price possible.

The cost of supplying your energy – the facts

At British Gas we aim to look after all your needs. That's why we want to be open about our energy prices and give you all the facts so you can understand why you pay what you pay.

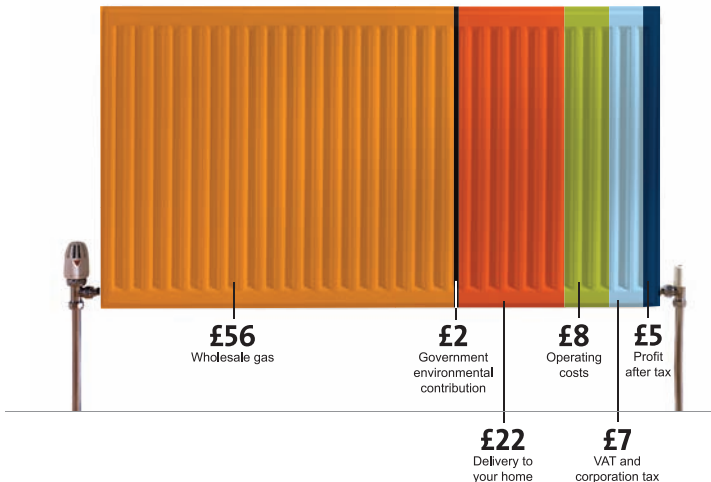
For a start, your bill isn't just the cost of your energy. As you can see below, it's made up of a number of different things including delivery charges imposed on us and UK Government taxes.

Did you know?

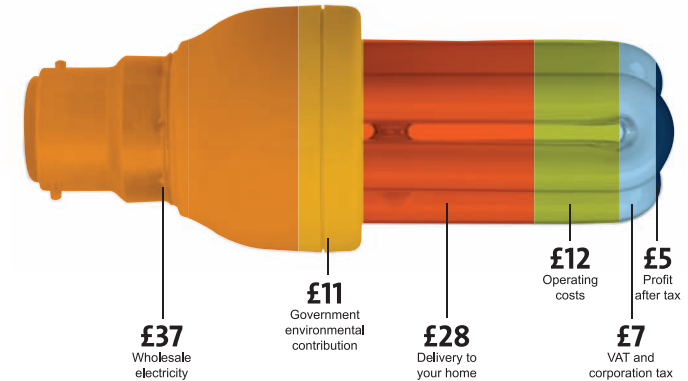


- Around 10% of your electricity bill helps fund Government aid to green energy schemes

What makes up every £100 of the average gas bill*?



What makes up every £100 of the average electricity bill*?



*All figures are rounded to the nearest £1 and are based on industry average consumption, across all pay types and regions. Correct as at 31st December 2009.

What makes up your bill?

- Wholesale energy prices – This is what we pay suppliers when we buy gas and electricity for our customers. We buy this internationally – importing 40% from outside the UK in 2009.
- Delivery to your home – For every unit of energy you use, we pay a fixed fee to the owners of the pipes and wires eg. National Grid, to deliver it to your home. These fees are agreed with the regulator Ofgem.
- Looking after your energy account – Our operating costs cover everything you'd expect to help keep your account running smoothly from our call centres to our website.
- Tax and Government green schemes – As well as 5% VAT and corporation tax, we must contribute to Government initiatives to reduce carbon emissions.
- Our profit – British Gas is a growing UK company, we employ 27,000 people and invest our profits back into Britain. Plus, we're investing in building new sources of energy such as windfarms.

Did you know?



- We buy the gas for half of Britain's homes – A responsibility we take seriously.



The impact of the wholesale gas price on your bill

When the media report that the gas price is falling, they are referring to the 'wholesale price' – this is the price we pay to secure gas for our customers.

There are two things to mention about your gas bill:

1. As you can see, the wholesale price of gas is about half the cost of your bill – so a 20% reduction in the wholesale price would mean a 10% reduction to your bill.
2. However, we buy your energy in advance which means that some of the gas you use today will have been bought up to two years ago – when wholesale prices were much higher. The wholesale gas price is volatile and through buying in advance we can 'smooth out' the daily price changes. We do this because we have a big responsibility to ensure we always have enough gas for British homes.

It may feel that it takes time for a decrease in the wholesale price to reflect in the price you pay, this is because we buy gas in advance. However the reverse can also be true. For example in 2008 when the price of wholesale gas doubled, your bill didn't increase to this extent.

Did you know?



- Your morning shower could be heated by energy that might have been purchased two years ago

We hope you've found this booklet useful.

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