

Revealed: The top 10 most confusing energy terms that can trip up UK SMEs

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For many small and medium-sized businesses, managing energy bills has become another daily challenge – squeezed between rising costs, shifting regulations, and a steady flow of confusing terms that seem to appear with every government update, including the upcoming Autumn Statement in November.

With fluctuating energy prices, increased National Insurance contributions, and upcoming changes like Transmission Network Use of System (TNUoS) charges from April 2026, SMEs are under constant pressure to keep track of what's affecting their costs. Plus, navigating a constant stream of updates across various channels like social media, TV, online forums, and online news – no wonder small businesses are feeling the pressure.

But new research from [SME business energy supplier Valda Energy](#) suggests it's not just price rises making things harder. A lack of understanding around key energy-related terms, what's known as energy literacy, is now another surprising barrier to better cost management.

Energy jargon: A growing business risk

According to Ofgem's 2025 [report](#), one in seven UK businesses doesn't fully understand what makes up their energy bills. And among those with lower energy literacy, a group that makes up over half of the surveyed businesses (53%), there is a significantly higher likelihood of struggling with energy payments.

"Business owners are continually exposed to a barrage of media discussions, from changes to "TNUoS charges" or "Net Zero targets", and it's not always obvious what those mean for day-to-day operations or the bottom line," says Daljeet Kaur, chief operating officer, at Valda Energy.

More than a third (37%) of micro businesses also [reported](#) that they believe business energy has the same terms and conditions as domestic energy – a simple but expensive misunderstanding.

For small business owners already stretched thin, unclear energy language can mean overpaying for power, signing unsuitable contracts, or simply losing confidence in how they can manage their costs.

The top 10 most confusing energy-related terms

In response to these findings, researchers at Valda Energy analysed over 75,000 online, forum, and social conversations to identify the energy-related terms that people most often admit they “don’t understand” or find “confusing”.

The unit kilowatt-hour (kWh) is officially the most frequently questioned term online, despite being widely used in billing and contracts. Valda Energy’s 2025 analysis reveals it has been questioned nearly 3,000 times online in the past 12 months, with many unclear on the difference between kilowatt (kW), which refers to power capacity, and kilowatt-hour (kWh), which measures energy consumption.

The analysis also uncovered that hot-topic terms like ‘heat pumps’ and ‘green energy’ ranked closely, appearing 2,756 and 2,612 times, respectively.

Here’s the list:

1. Kilowatt-hour (kWh) – The standard unit for measuring electricity consumption, representing the energy used by a 1,000-watt appliance running for one hour.
2. Heat pumps – Electrical devices that extract heat from air, ground, or water sources to provide efficient heating and hot water. While having high upfront costs, heat pumps can significantly reduce carbon emissions and running costs compared to gas boilers.
3. Green Energy – Electricity generated from renewable sources such as wind, solar, hydro, and biomass that produce little to no carbon emissions.
4. Great British Energy – A planned publicly owned clean energy company announced by the UK government to accelerate renewable energy development.
5. Smart Meter – Smart meters are the newer generation of gas and electricity meters that automatically send meter reads on a half-hourly basis. These are known as SMETS (Smart Metering Equipment Technical Specifications). There are several different types of smart meters; the latest versions of these meters are known as SMETS2.
6. Net Zero – A state where the volume of greenhouse gases produced is balanced by those that are removed from the atmosphere. The end goal is to negate the build-up of greenhouse gases. Currently, the UK target is to reach Net Zero by 2050.
7. Ofgem – The Office of Gas and Electricity Markets is a government regulator for gas and electricity markets. Ofgem sets the rules energy suppliers must follow, protects consumer rights, and monitors the energy market.
8. Inflation – The rate at which general price levels increase over time across the economy. In the energy market, this can affect costs through higher wholesale prices, network charges, and supplier operating costs.
9. Energy price cap – A limit set by Ofgem on the maximum amount suppliers can charge domestic customers per unit of energy. While this is widely discussed online and on TV, it is not linked to what businesses pay for energy.

10. Department for Energy Security and Net Zero (DESNZ)- The UK government department responsible for energy policy, security of supply, and delivering net zero emissions by 2050.

Many business owners have now taken to online forums to question these terms – “I’m trying to make sense of Ofgem’s energy price cap, does it affect businesses?” and “As a small business, does anyone have experience with heat pumps?”

Why this matters for small businesses

“Our research consistently shows that unclear terminology isn’t a minor issue; it directly affects how small businesses manage and plan their daily operations,” says Daljeet.

In a world flooded with misinformation, she advises small business owners to seek direct clarification from their energy suppliers or regulatory bodies to avoid costly mistakes.

“That’s why we’ve created our new official [SME energy glossary](#), where business owners can find simple, reliable explanations from a trusted source. Our glossary is designed to give them the clarity and confidence that they need to handle these harder economic times.”

Valda Energy aims to help close the knowledge gap and empower SMEs with the knowledge they need to make more informed decisions.

By demystifying the intricacies of [business energy](#) language, small businesses can make better choices about tariffs, budgets, and energy-saving options. Understanding the basics is one of the easiest ways to protect margins, plan ahead, and stay competitive in a volatile market.