

Research Briefing

By Paul Bolton

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Gas and electricity prices under the Energy Price Guarantee and beyond



Summary

- 1 The Energy Price Guarantee
 - 2 Prospects for prices
- Latest prices under the price cap

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Contents

Summary	4
1 The Energy Price Guarantee	9
1.1 What is the Energy Price Guarantee?	9
1.2 What were gas and electricity prices under the EPG and price cap?	11
1.3 Differences between gas and electricity price changes	16
1.4 How does the EPG work with the price cap?	18
1.5 How has household energy use changed as prices have increased?	20
2 Prospects for prices	23
2.1 Trends in wholesale prices	23
2.2 Forecasts of the price cap	25
2.3 Will suppliers start offering cheaper deals?	27
Latest prices under the price cap	30

Summary

This briefing looks at the Energy Price Guarantee and how it works in Great Britain alongside the existing energy price cap. It includes data on price caps and wholesale prices for gas and electricity.

What is the Energy Price Guarantee?

Following concerns over the effect of a proposed 80% increase in energy prices, then Prime Minister Liz Truss announced that the [Energy Price Guarantee](#) (EPG) would be introduced from 1 October 2022 and last two years.

The EPG was to reduce the extent of price increases for domestic customers. Under the scheme, the Government sets maximum prices for gas and electricity and compensates energy suppliers for providing these at below cost prices.

Maximum energy prices for customers on standard variable tariffs are set by the lower of the EPG or the energy price cap. The EPG was lower during the period October 2022 to June 2023. The price cap for July to September 2023 is lower than the EPG, so prices fell to the cap level in July 2023. The cap for October to December 2023 will be somewhat lower still.

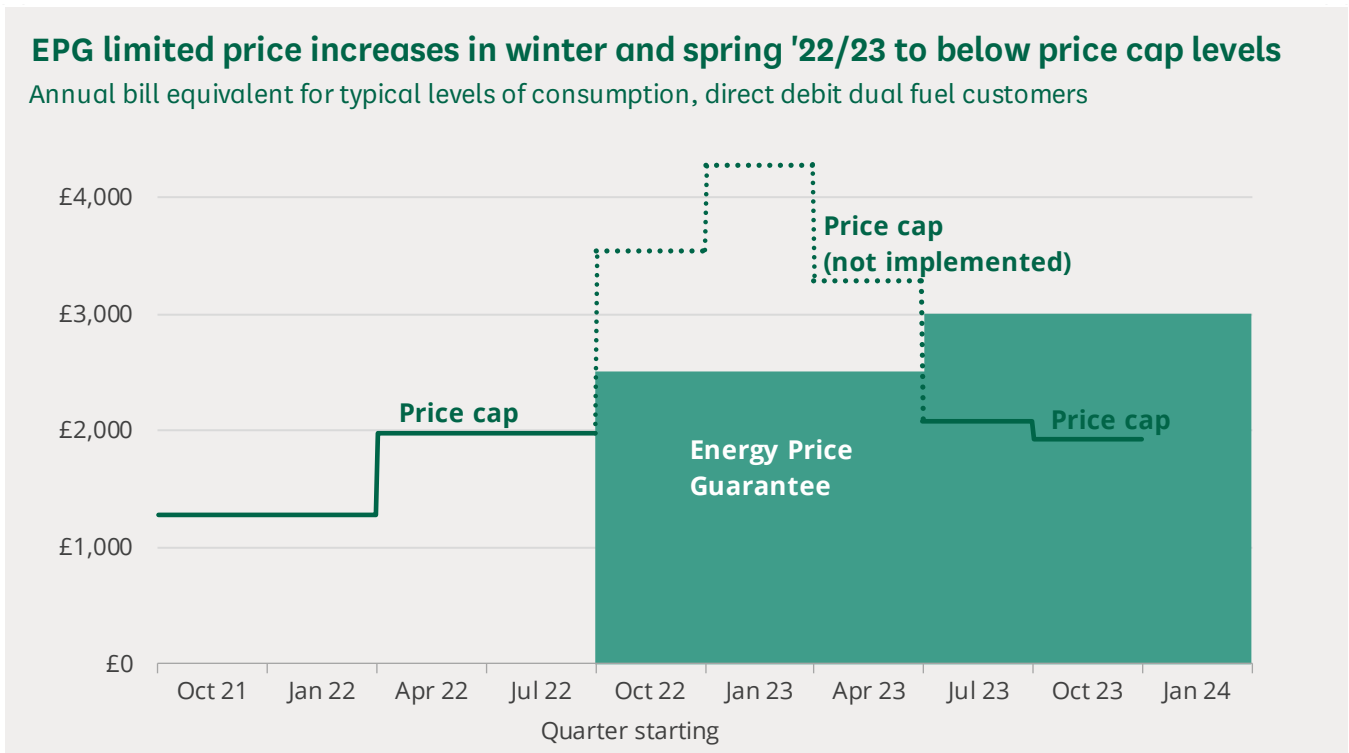
How much will customers pay?

The EPG sets maximum unit costs. Maximum daily standing charges are set by Ofgem's price cap. The EPG level is normally expressed as an annual figure. This is the annual bill that dual fuel (gas and electricity) direct debit customers with typical consumption levels would face if these prices remained constant across a year. It was originally set at £2,500 for two years from October 2022 to September 2024. It was later changed to £2,500 for the first nine months (October 2022 to June 2023) followed by an increase to £3,000 for the following nine months (July 2023 to March 2024).

The price increases under the EPG were softened for the first six months by the £400 Energy Bill Support Scheme. This was being paid in six separate monthly instalments from October 2022 to March 2023. The Government announced on the morning of the Spring Budget 2023 (15 March 2023) that the planned 20% increase in the EPG would be delayed from April to July 2023.

Without the EPG, customers would have paid more under the price cap between October 2022 and June 2023.

The price cap for July to September 2023 is £2,074. As this is lower than the EPG, customers on standard variable tariffs with typical consumption have seen bills fall in line with this cut in prices. The cap will fall to £1,923 for the period October to December 2023.



Annual bills are not capped. Households which use more energy will pay more, those which use less will pay less.

Prices vary by region and are currently higher for customers paying by quarterly bills.

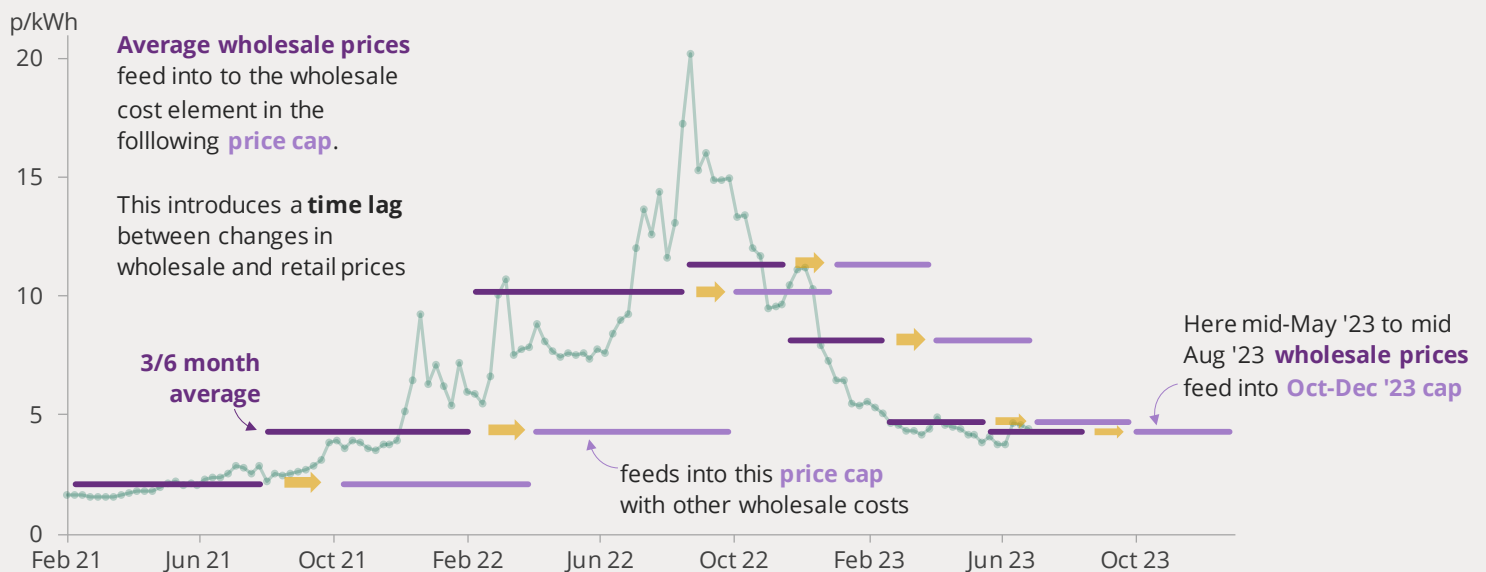
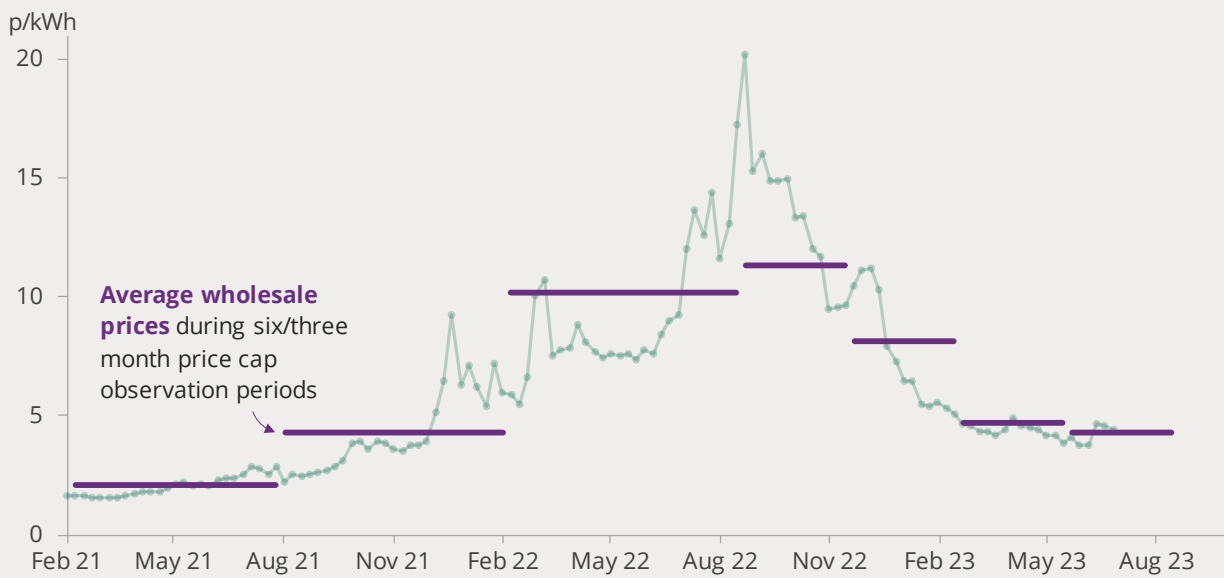
Will energy prices fall?

Wholesale energy prices have fallen from their summer 2022 peaks but there was a substantial lag before these feed through to consumers. The reduction in the price cap in April 2023 was not large enough to take it below the EPG level, so customers did not see their bills fall.

The fall in the price cap in July 2023 took it to below the EPG level, so customers on standard variable tariffs saw a fall in their bills. Standing charges remained the same, but unit prices fell by 27% for gas and 9% for electricity. The cap will further to £1,923 for the three-month period from October 2023. It is [forecast](#) to remain around £2,000 in 2024 (on a like-for-like basis).

While lower than current prices, these future prices are considerably higher than pre-2022 levels. Forecasts of the price cap are uncertain so there is no guarantee that prices will remain at this level in 2024.

Illustration of the time lag between wholesale and retail gas prices under the price cap

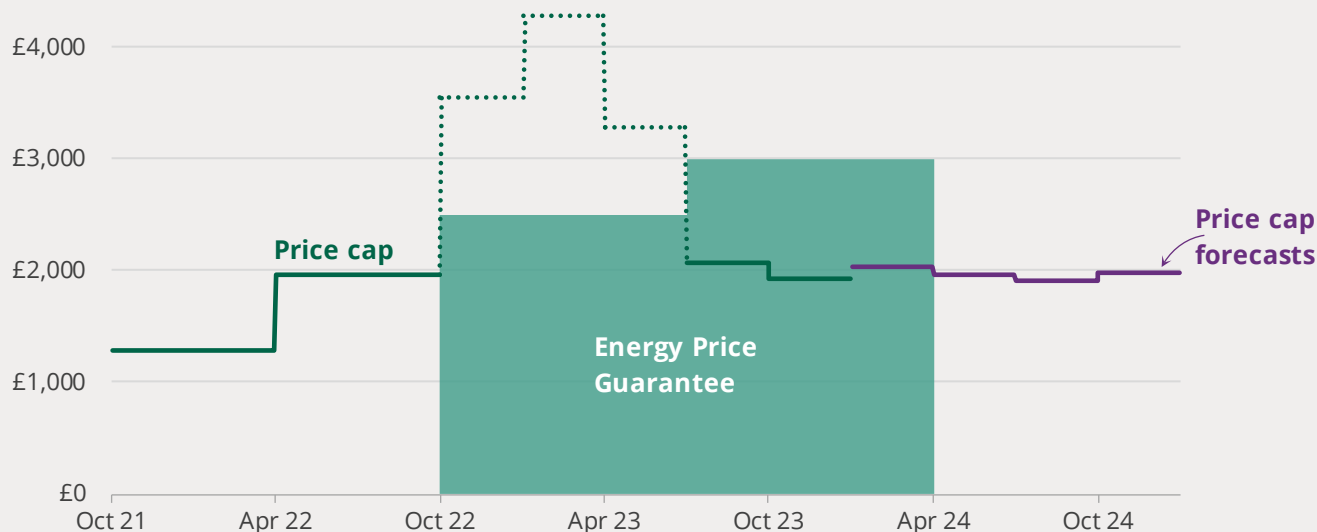


Notes:

The wholesale price data is illustrative only. It is weekly average forward prices published by Ofgem. The actual data Ofgem uses to set the wholesale element of the price cap is 'proprietary' and not published by them. The gas wholesale cost element of the cap also includes backwardation costs and some other direct fuel costs which are not shown in the price cap lines in the final chart.

The EPG protected customers from extremely high prices in late 2022 and early 2023. The falls in the price cap from July 2023 have led to lower customer bills

Annual bill equivalent for current typical levels of consumption, direct debit dual fuel customers



Lower wholesale prices have led some suppliers to start offering fixed tariffs again. However it's likely that they will be cautious in their pricing and any return of competition to the market is likely to be slow. Cap prices in October to December 2023 will still be more than 50% higher than in winter 2021/22.

Revised Typical Domestic Consumption Values

Ofgem plans to introduce new lower Typical Domestic Consumption Values (TDCVs) for all its relevant publications from October 2023. This will make an average bill for typical consumption look lower, even if prices per unit of energy are unchanged.

Most statistics included in this briefing will continue to use the current TDCVs until October 2023. Where relevant, ie. for price cap forecasts, data on average bills will be presented using both the current and the new TDCVs alongside unit prices to avoid potential ambiguity.

Further information

The latest Government guidance on the EPG can be found on the [Energy Price Guarantee](#) page (last updated 25 August 2023).

The Library briefing [Domestic Energy Prices](#) includes more analysis of the causes of recent prices rises, historical data and information on prices of other domestic fuels.

The briefing [Introduction to the domestic energy market](#) explains key concepts in the domestic energy market and looks at how the market is structured, how bills are calculated and the challenges facing energy supply.

The briefing [Constituency casework: Government support for energy bills](#) includes answers to frequently asked questions about Government help with energy bills.

The data dashboard [Local area data: fuel poverty](#) gives fuel poverty statistics for constituencies in England and local authorities in Scotland, Wales and Northern Ireland. [Constituency data: Households off the gas grid](#) shows patterns of connection to the gas grid for constituencies in Great Britain.



1 The Energy Price Guarantee

1.1 What is the Energy Price Guarantee?

The Energy Price Guarantee (EPG) was introduced in October 2022 to reduce price increases for domestic customers. Under the scheme, the Government sets maximum prices for gas and electricity and compensates energy suppliers for providing gas and electricity at below cost prices.

Before the EPG, maximum prices for customers on standard variable tariffs were controlled by the price cap. The level of the cap is set by the regulator Ofgem at a level which is intended to allow energy suppliers to cover their costs and make a 2% profit. Rapid increases in wholesale energy prices from mid-2021 onwards led to a 54% increase in the price cap in April 2022¹ and it was due to increase by a further 80% in October 2022.²

Following concerns over expected price rises, then Prime Minister Liz Truss [announced on 8 September 2022 that a new Energy Price Guarantee](#) would be introduced from that October.³ The level of the EPG was lower than Ofgem's cap for October-December 2022, but was still 27% higher than the summer 2022 cap.

The EPG sets maximum levels for unit costs of gas and electricity. Daily standing charges caps are taken from Ofgem's price cap. The EPG level is normally expressed as an annual figure, as with the price cap. This is £2,500 from October 2023 to March 2023, increasing to £3,000 from April 2023 to March 2024.

The £2,500/£3,000 figures are the annual bill that dual fuel (gas and electricity) direct debit customers with typical consumption levels⁴ would face if these prices remained constant across a year. As with the price cap it is an illustrative amount. Annual bills are not capped. Households which use more energy will pay more, those which use less will pay less.

¹ Ofgem, [Price cap to increase by £693 from April](#) (3 February 2022)

² Ofgem, [Ofgem updates price cap level and tightens up rules on suppliers](#) (26 August 2022)

³ BEIS, [Government announces Energy Price Guarantee for families and businesses while urgently taking action to reform broken energy market](#) (8 September 2022)

⁴ Currently 12,000 kWh for gas and 2,900 kWh for electricity. Ofgem plans to revise these downwards from October 2023 based on consumption levels in 2019 and 2021. The new figures will be 11,500 kWh for gas and 2,700 kWh for electricity. These lower levels of consumption would give a lower bill for typical consumption under EPG (up to June 2023), assuming no change to unit costs or standing charges; down from £2,500 to £2,380

As under the price cap, the EPG set different unit prices for the different energy supply regions and different payment methods. More detail is given in [section 1.2](#).

The EPG was originally planned to last for two years and remain at the same level of £2,500. After a change of Prime Minister and Chancellor, the new Chancellor announced on 17 October 2022 that [the Energy Price Guarantee would now only last sixth months, ending at the end of March 2023](#). The Chancellor's statement said:

...the Prime Minister and the Chancellor have agreed that it would be irresponsible for the government to continue exposing the finances to unlimited volatility in international gas prices.⁵

However, in the November [Autumn Statement 2022](#), the Chancellor said the EPG would last for a further year from April 2023, but would increase from this date from £2,500 to £3,000 for 'typical' annual consumption. This higher price level is planned to last to the end of March 2024. At the time it was expected to save the Government £14 billion compared to keeping the EPG at £2,500 for the whole of 2023/24.⁶

Prices under the October 2022 to March 2023 EPG were around 27% higher than the summer 2022 price cap. This increase was softened by the £400 Energy Bill Support Scheme (EBSS) payment which was paid in six separate monthly instalments from October 2022 to March 2023. This means that while there was no increase in the EPG in April 2023, the ending of the EBSS could make it seem to some consumers that prices had increased.

On the morning of Budget 2023 the Chancellor announced that the EPG would remain at £2,500 for an additional three months to the end of June 2023. It would then increase as planned to £3,000 from July 2023 to March 2024.⁷

The decision to keep the EPG at £2,500 for a further three months from April 2023 cost the Government an estimated £2.6 billion, taking the overall estimated cost of the scheme from £26.8 billion to £29.4 billion.⁸

The fall in the price cap in Q2 2023 only benefitted the Government/taxpayer as it meant the costs of the EPG were lower than forecast. The fall in the cap in Q3 2023 to below EPG levels meant that consumer bills fell for the first time in almost three years and the EPG was no longer be a cost to Government.

How does it operate in Northern Ireland?

The energy market is different in Northern Ireland to the rest of the UK. The Government announced its plans to support households in Northern Ireland

⁵ HM treasury, [Chancellor brings forward further Medium-Term Fiscal Plan measures](#) (17 October 2022)

⁶ HM Treasury, [Autumn Statement 2022, 17 November 2022](#)

⁷ HM Treasury, [Energy bills support extended for an extra three months](#) (15 March 2023)

⁸ Cornwall Insight, [Cornwall Insight responds to the government's announcement on the EPG](#) (15 March 2023)

on 21 September 2022.⁹ This includes support equivalent to the Energy Price Guarantee with the following discounts to unit prices:¹⁰

- Q4 2022; up to 19.9 p/kWh discount for electricity and 4.8 p/kWh for gas.
- Q1 2023; up to 13.6 p/kWh discount for electricity and 3.9 p/kWh for gas.
- Q2 2023; up to 3.8 p/kWh discount for electricity and 2.6 p/kWh for gas.

These discounts were introduced in November bills and backdated to October. The Government has said the typical household bill for those using gas and electricity will be the annual equivalent of £1,950 between November 2022 and March 2023.

More details can be found in [How the Energy Price Guarantee and Energy Bills Support Scheme will be applied to energy bills in Northern Ireland](#). All households in Northern Ireland will also receive a one-off £600 payment to help with energy bills in winter 2022/23. This is made up of the £400 Energy Bills Support Scheme plus the £200 Alternative Fuel Payment.¹¹

1.2

What were gas and electricity prices under the EPG and price cap?

Standard variable tariffs October 2022 to June 2023

The Department for Business, Energy and Industrial Strategy (BEIS) published [unit costs for different regions and payment methods](#) for October to December 2022 on 7 October 2022. Average prices for direct debit customers, including VAT, were 10.3 p/kWh for gas and 34.0 p/kWh for electricity.

It published relatively small changes to [unit costs for the period January to March 2023](#) on 29 November 2022 and [unit costs for April to June 2023](#) on 15 March 2023.

The £2,500 illustrative annual bill figure was for direct debit customers under the EPG up to June 2023. There were higher figures for prepayment meter users of £2,544 in April to June 2023 and higher still for those paying by other standard credit (normally quarterly bills after usage) at £2,702. All these annual levels use the same 'typical' consumption levels as for direct debit customers.

Price cap July to September 2023

The cap for direct debit customers with typical annual consumption is £2,074. Unit prices for gas fell by 27% to 7.5 p/kWh and fell by 9% for electricity to 30.1 p/kWh. Daily standing charges for gas and electricity remain at their

⁹ BEIS, [Energy bills support factsheet](#) (Updated 21 September 2022)

¹⁰ BEIS, [Energy bills support factsheet](#) (Updated 26 May 2023)

¹¹ BEIS, [Getting household energy bill support in Northern Ireland](#) (Updated 30 December 2022)

Q2 2023 levels. Average bills for typical annual consumption for standard credit customers are almost 7% higher at £2,211.¹²

At the Spring Budget 2023 the Government announced that from 1 July 2023 until the EPG ends, charges for prepayment customers would be brought into line with comparable direct debit customers. This will be taxpayer funded.¹³ They later announced that this would be implemented through the EPG (specific to PPM customers). This will set a lower unit rate for gas than the July-September cap for PPM customers to bring overall bills¹⁴ in line with direct debit customers. The discount will be 0.249 pence per kWh (before VAT) for this quarter. Electricity prices for this cap are already lower for PPM customers so there is no separate PPM EPG for electricity.¹⁵ This discount will be reviewed when the cap for the following quarter is published to keep bills for prepayment customers in line with those paying by direct debit.

Unit prices fell in July 2023 by 27% for gas and 9% for electricity.

Further falls of 8% for gas and 9% for electricity will come in October 2023.

The [first table at the end of this briefing](#) gives current unit costs, standing charges and typical bills by region and payment method.¹⁶

Price cap October to December 2023

The cap for direct debit customers with typical annual consumption is £1,923. Unit prices for gas will fall by 8% to 6.9 p/kWh and 9% for electricity to 27.4 p/kWh. Daily standing charges will increase by 0.5 pence per day for gas and 0.4 pence per day for electricity. Average bills for typical annual consumption for standard credit customers are almost 7% higher at £2,052.¹⁷

The support for PPM customers will change in this cap period and be delivered through lower standing charges. The standing charge for electricity will be 4.8 pence per day lower than its cap level (after VAT) and the gas standing charge 6.2 pence per day lower. The overall EPG for typical consumption for PPM consumers will be reduced to £1,908.¹⁸

The [second table at the end of this briefing](#) gives unit costs, standing charges and typical bills by region and payment method for the upcoming cap.¹⁹

¹² Ofgem, [Customers to pay less for energy bills from summer](#) (25 May 2023)

¹³ HM Treasury, [Spring Budget 2023](#) (para 4.15)

¹⁴ Standing charges and unit costs for 'low' levels of energy use, defined as 8,000 kWh of gas and 1,800 kWh of electricity per year.

¹⁵ DESNEZ, [Energy Price Guarantee \(prepayment meters\): regional rates, July to September 2023](#) (26 May 2023)

¹⁶ The unit costs for electricity are for single-rate meters. [The Government says](#) "For customers on multi-register tariffs such as Economy 7, suppliers have flexibility to apply slightly different discounts to the individual rates within the tariff, helping to balance out the reduction of more expensive day rates with cheaper night-time electricity rates. Each supplier will approach this differently."

¹⁷ Ofgem, [Energy prices to fall again this winter](#) (25 August 2023)

¹⁸ DESNZ, [Energy Price Guarantee](#) (25 August 2023)

¹⁹ The unit costs for electricity are for single-rate meters. [The Government said](#) "For customers on multi-register tariffs such as Economy 7, suppliers have flexibility to apply slightly different

How do these prices vary?

The July to September 2023 price cap translates to bills which are the equivalent of £2,074 for typical annual consumption for direct debit customers. This is an average for Great Britain and there are different regional caps which reflect differences in network costs across the country.

July to September 2023 prices under the cap for direct debit customers vary in the following ways (all prices include VAT):²⁰

- Standing charges for gas were the same in each region at 29.1 pence per day
- Unit costs for gas varied from just under 7.4 p/kWh in the East Midlands to just over 7.7 p/kWh in the South West
- Standing charges for electricity varied from 38.2 p/day in London to 61.8 p/day in the North Wales and Merseyside.
- Unit costs for electricity vary from 29.3 p/kWh in the North East²¹ to 31.2 p/kWh in London.

The [tables at the end of this briefing](#) give a full breakdown of regional maximum unit costs and standing charges under the price cap for July to September 2023 and the following cap by region and payment method.

Standing charges

Daily standing charges continued to be set by Ofgem's price cap, even when unit costs were set by the EPG. Customers pay standing charges even if they use no energy. They are a fixed cost so take up a greater share of a household's bill if they use relatively little energy and *vice versa*. They made up 11% of a typical bill in April-June 2023. Increases in standing charges in October alongside further falls in unit costs mean standing charges will make up just under 15% of typical annual direct debit bills under the October to December 2023 cap.²²

The following chart shows how standing charges have increased over the past two years. They jumped by 42% in April 2022 largely due to the 'supplier of last resort' costs linked to the large number of small suppliers that went out of business in the previous six months. This cost element fell in April 2023,

discounts to the individual rates within the tariff, helping to balance out the reduction of more expensive day rates with cheaper night-time electricity rates. Each supplier will approach this differently."

²⁰ Ofgem, [Energy price cap \(default tariff\): 1 October to 31 December 2023](#) (Model - Default tariff cap level v1.19)

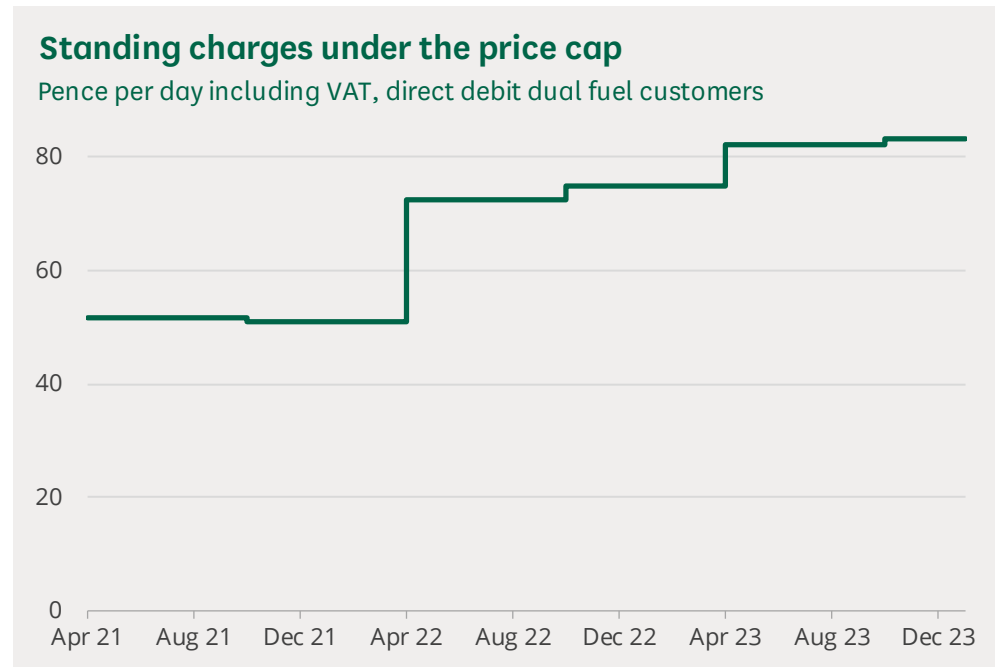
²¹ Northern energy supply region

²² Ofgem, [Energy price cap \(default tariff\): 1 October to 31 December 2023](#) (Model - Default tariff cap level v1.19)

but overall standing charges still increased by 10% at the time, largely due to a 22% increase in the fixed network costs for electricity.^{23 24}

The largest single element of the October to December 2023 standing charge price caps²⁵ are supplier operating costs at 46%, followed by network (36%), policy (7%) and smart metering costs (4%).²⁶

The largest elements of the standing charge are supplier operating costs (46%) and network costs (36%)



Source: Ofgem, [Energy price cap \(default tariff\): 1 October to 31 December 2023](#) (Model - Default tariff cap level v1.19)

Fixed price tariffs

Many suppliers withdrew their cheaper fixed price tariffs from the market when wholesale prices started to increase. This led to a fall in the number of customers on fixed tariffs. According to Ofgem, the price cap covered around 15 million domestic customers in August 2021.²⁷ The remaining 13 million were on fixed tariffs. In July 2023 around 29 million households were protected by the cap, with around 3 million households still on fixed tariffs.²⁸

²³ Specifically, the transfer of some transmission charges from unit costs to standing charges and an increase in costs of balancing services.

²⁴ Ofgem, [Default tariff cap level: 1 April 2023 to 30 June 2023](#) (Annex 3 - Network cost allowance methodology elec v1.13)

²⁵ Gas and electricity combined, direct debit customers, percentage of pre-VAT cost.

²⁶ Ofgem, [Energy price cap \(default tariff\): 1 October to 31 December 2023](#), Model - Default tariff cap level v1.19, (25 August 2023)

²⁷ Ofgem, [Record gas prices drive up price cap by £139 – customers encouraged to contact supplier for support and switch to better deal if possible](#) (4 August 2021)

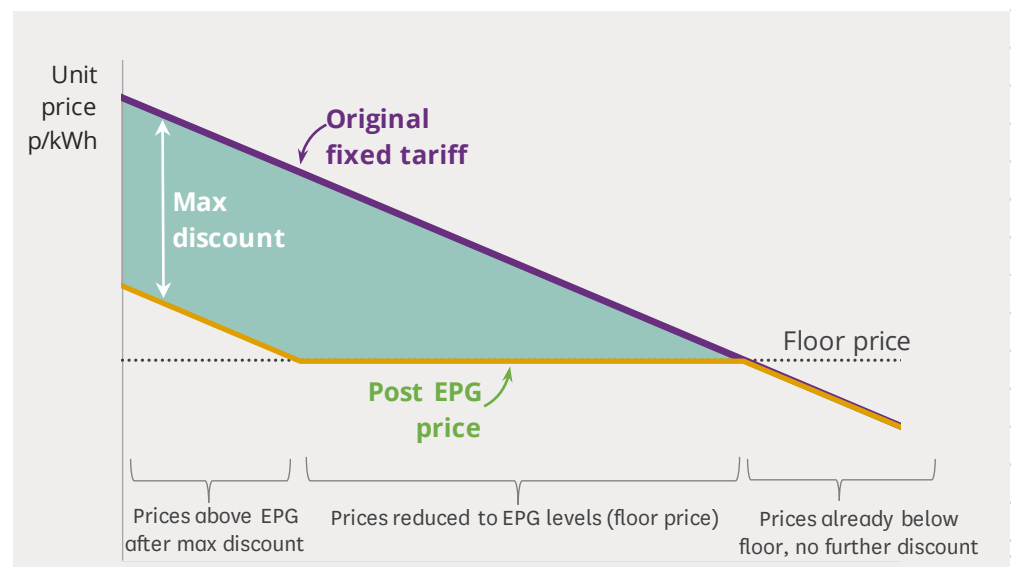
²⁸ Ofgem, [Energy prices to fall again this winter](#) (25 August 2023)

October 2022 to June 2023

For the time that the EPG was below the price cap (and protected customers on standard variable tariffs) there was also support for some customers on fixed tariffs. The maximum discounts on unit prices were:²⁹

- October-December 2022: up to 17.0 p/kWh for electricity, up to 4.2 p/kWh for gas
- January-March 2023: up to 31.8 p/kWh for electricity, up to 6.4 p/kWh for gas.
- April-June 2023: up to 16.6 p/kWh for electricity, up to 2.2 p/kWh for gas.

These discounts were applied to bring fixed tariff prices down to, but not below, the EPG levels in this period. These were the ‘floor’ EPG unit prices of 34.0 p/kWh for electricity and 10.3 p/kWh for gas. The diagram on the next page shows how these discounts worked.



The discounts meant:

- Customers on fixed tariffs below the floor prices received no reduction in prices. They were already paying below the EPG level for the remainder of their fixed term.
- Customers on fixed tariffs above the EPG level, but below the original cap level would see their unit costs cut to the ‘floor’ level which would bring their bills in line with the EPG.
- Customers on very high fixed tariffs would see their unit costs cut by the maximum amounts, but this would still leave them paying more than the EPG level for the rest of the time they stay on that fixed rate. The Government said that “Any transfer to a different tariff is a matter for suppliers.”³⁰

As the price cap is now below the EPG level there is no longer any support under the EPG for customers on fixed tariffs.

²⁹ BEIS, [Energy bills support factsheet](#) (Updated 15 March 2023)

³⁰ BEIS, [Energy bills support factsheet](#) (Updated 15 March 2023)

Customers on multi-register tariffs for electricity

The data on the rest of this briefing covers households on a single-rate tariff for electricity. They pay a set amount per unit which does not vary during the day. Customers on multi-register tariffs pay different unit costs at different times of the day. For instance, those on an Economy 7 tariff pay a higher rate for electricity during the day, but a lower rate during seven hours at night. These customers are covered by the EPG.

The Government EPG guidance for October to December 2022 said:³¹

Note that for customers on multi-register tariffs such as Economy 7, suppliers have flexibility to apply slightly different discounts to the individual rates within the tariff, helping to balance-out the reduction of more expensive day rates with cheaper night-time electricity rates. Each supplier will approach this differently.

The January to March 2023 guidance said that multi-register customers may face higher price rises as Ofgem's assessment of the costs of supplying these customers has increased more than those on single-rate tariffs.³²

Suppliers therefore had some freedom to set and change these different rates under the cap and EPG. This has [reportedly led to customers seeing their bills increase](#) despite no change to the headline EPG levels of support.³³

The guidance for April to June 2023 changed to reduce the flexibility in how suppliers can apply the EPG discount. It said:³⁴

...suppliers must apply the full discount to the individual rates within the tariff unless they have specific agreement from the Department for Energy Security and Net Zero.

These customers will have reverted to tariffs controlled by the price cap in July 2023.

1.3

Differences between gas and electricity price changes

Both gas and electricity prices have increased substantially since 2021. Prices of electricity generated by gas effectively set the wholesale price for all generation, so there is a close link between the price trends of the two fuels.

However, the increase in prices for gas was larger. Unit prices for gas under the direct debit price cap were 3.3 p/kWh in summer 2021, 7.4 p/kWh under the summer 2022 cap and 10.3 p/kWh under the EPG. The total increase over

³¹ BEIS, [Energy Price Guarantee: regional rates, October to December 2022](#)

³² BEIS, [Energy Price Guarantee: regional rates, January to March 2023](#)

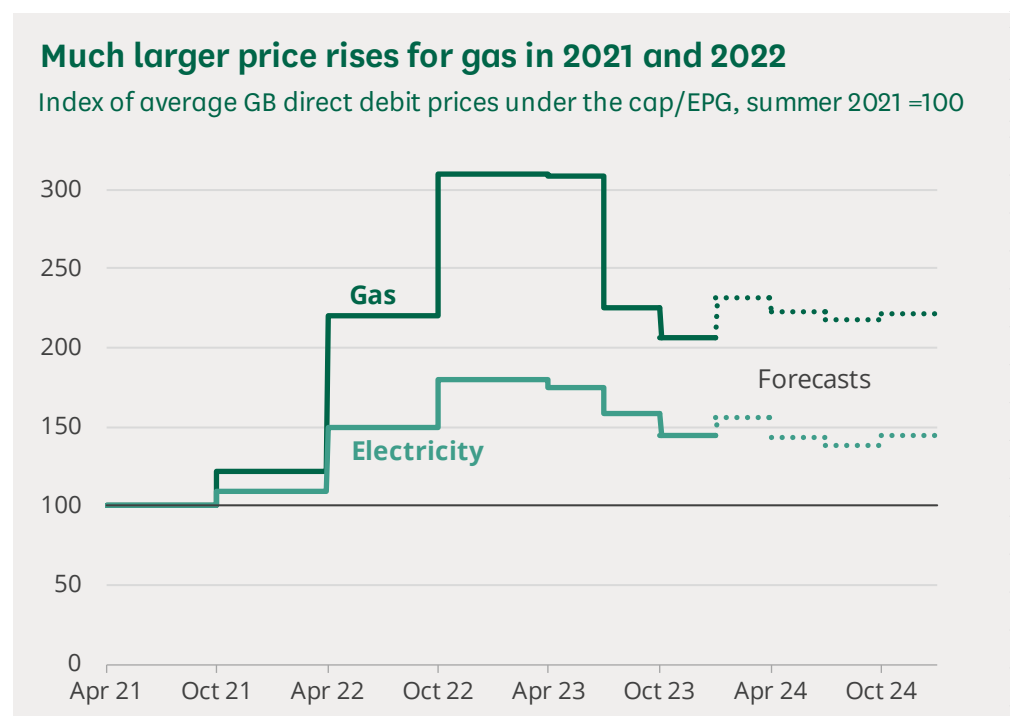
³³ BBC News, [Energy bills rise for 2.5 million homes on Economy 7](#) (20 January 2023)

³⁴ BEIS, [Energy Price Guarantee: regional rates, April to June 2023v](#) (Updated 15 March 2023)

this period was 210%. They would have increased further to 17.1 p/kWh in the first quarter of 2023 without the EPG.

Unit prices for electricity under the direct debit price cap were 19.0 p/kWh in summer 2021, 28.3 p/kWh under the summer 2022 cap and 34.0 p/kWh under the EPG. This was a total increase of 80%. They would have been 67.5 p/kWh in the first quarter of 2023 without the EPG.³⁵

The July to September unit prices under the cap are 27% lower for gas and 9% lower for electricity than under the EPG levels. The October to December 2023 cap will mean further cuts of 8% for gas and 9% for electricity. The following chart shows that while gas prices fell at a faster rate in July 2023, the overall increase since summer 2021 has been much larger for gas. The chart also includes the latest forecast prices.



Sources: Ofgem, [Energy price cap \(default tariff\): 1 October to 31 December 2023](#) (Model - Default tariff cap level v1.19); Cornwall Insight, [Predictions and Insights into the Default Tariff Cap](#) (25 August 2023)

The ratio of electricity to gas prices under the cap/EPG has fallen from 5.7:1³⁶ in summer 2021 to a low of 3.2:1 in Q2 2023. It increased to just over 4.0:1 in July 2023 and will be just under 4.0:1 in October to December 2023. It is forecast to fall somewhat during most of 2024.

The price ratio is important element of the move to decarbonise heating. A lower ratio makes heating a home with a heat pump relatively less expensive than with a gas boiler and *vice versa*. The Government expects that at least

³⁵ Ofgem, [Default tariff cap level: 1 July 2023 to 30 September 2023](#) (Model - Default tariff cap level v1.18)

³⁶ A kWh of electricity was 5.7 times the price of a kWh of gas

4 million heat pumps will be installed by the end of the decade.³⁷ The Climate Change Committee, the Government’s independent advisor on tackling climate change, has said that a ratio of below 3.4:1 ratio is needed to help incentivise heat pumps over gas boilers.³⁸

In the [Heat and buildings strategy](#) the Government set out an ambition to reduce the upfront costs of installing a heat pump by 25-50% by 2025 and for cost parity between owning and running a gas boiler and a heat pump by 2030. One possible measure set out in the strategy which would affect the price ratio was to “shift or rebalance energy levies and obligations over this decade”.³⁹ Energy levies are currently higher on electricity.⁴⁰

In the second half of 2022 the electricity to gas price ratio in the UK at 3.2:1 was well above the EU average of 2.5:1 and within the EU was only higher in Slovakia, Germany, Belgium and Croatia.⁴¹

1.4

How does the EPG work with the price cap?

The price cap was introduced across all payment types in January 2019. Its original aim was to protect customers who remained on suppliers’ standard variable tariffs and did not shop around for cheaper deals. It is set by Ofgem at a level that allows suppliers to recoup their ‘efficient costs’, ie. an efficient supplier should be able to cover their costs and make a modest profit at price cap levels.⁴²

The rapid increase in wholesale prices from mid-2021 onwards strained the existing six-month price cap model and the wider price system of competition and regulation in the energy market.

Suppliers removed cheaper deals from the market, more households moved on to standard variable tariffs (covered by the cap) when their existing fixed deals ended and the number of customers switching suppliers fell dramatically.⁴³ The price cap provided protection for almost all customers, which was not its original aim. Many smaller suppliers went out of business.

Ofgem introduced reforms to the cap in August 2022 which included moving to a shorter three-month (quarterly) price cap period. The Library briefing

Energy price caps:

Winter '21/22	£1,277
Summer '22	£1,971
Q4 2022	£3,549
Q1 2023	£4,279
Q2 2023	£3,280
Q3 2023	£2,074
Q4 2023	£1,973

From Q4 2022 to Q2 2023 customers were protected by the EPG

³⁷ DESNZ, [Heat pump net zero investment roadmap](#) (April 2023),

³⁸ Climate Change Committee, [2023 Progress Report to Parliament](#) (Figure 5.2)

³⁹ BEIS, [Heat and buildings strategy](#) (October 2021)

⁴⁰ See pages 41-42 of the briefing [Domestic Energy Prices](#) for more details

⁴¹ Eurostat, [Electricity price statistics & Natural gas price statistics](#); DESNZ, [International domestic energy prices](#) (Tables 5.6.2 & 5.10.2)

⁴² The cap includes a 2% uplift for supplier Earnings Before Interest and Taxation.

⁴³ The number switching in September 2022 was 88% less than in March 2021. BEIS, [Quarterly domestic energy switching statistics](#)

[Energy bills and the price cap](#) gives more details on these changes and background to the cap.

The summer 2022 price cap was set at £1,971 for dual fuel direct debit customers with typical annual consumption.⁴⁴ The Q4 (October-December) 2022 price cap was £3,549.⁴⁵ The Government announced the EPG soon after this cap was announced. It was set at a lower level than the Q4 cap, £2,500 for typical annual consumption. Customers do not pay prices implied by the (Ofgem) price cap when they are above those of the EPG.

Ofgem still updated the price cap every three months during the period the EPG applied. Standing charges under the EPG are based on those set out in these price caps. The Government has said “...the default tariff cap which Ofgem operates plays a key role in delivering the EPG.” The cap is used by the Government to set the level of support it needs to provide to suppliers so they can cover their costs and provide discounted EPG prices to consumers. The Energy Prices Act 2022 adds a new duty for Ofgem to consider the impact on public spending of any methodological changes to the cap.⁴⁶

In November 2022, Ofgem announced that in Q1 (January-March) 2023 the cap would increase to £4,279.⁴⁷ In February 2023 it announced that the Q2 (April-June) 2023 cap would fall to £3,280.⁴⁸ As these were both higher than the EPG level they do not affect consumer prices, only the amount of support paid by Government to energy suppliers.

The fall in the cap to £2,074 for Q3 (July-September) 2023 meant that maximum prices would be set by the cap again for this period. The fall to £1,923 in the Q4 2023 cap means that this will be the case for the rest of the year. The EPG remains in place until March 2024 at a level of £3,000. It would only set maximum prices if the cap were to increase above this level. The Government has changed the level and duration of the EPG in the past and could do so again in the future.

The following chart illustrates the difference between price cap and EPG levels. The Q1 2024 cap will be announced in November 2023.

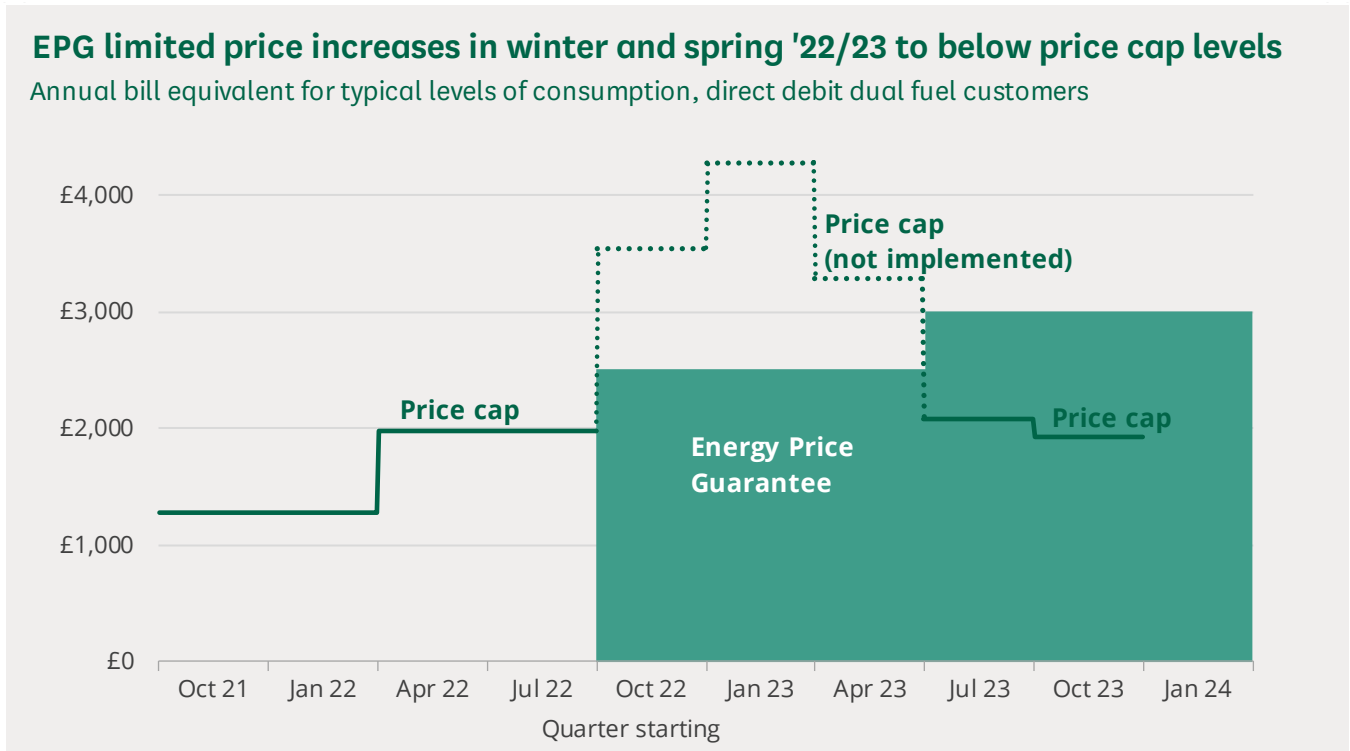
⁴⁴ Ofgem, [Price cap to increase by £693 from April](#) (3 February 2022)

⁴⁵ Ofgem, [Ofgem updates price cap level and tightens up rules on suppliers](#) (26 August 2022)

⁴⁶ Ofgem, [Price cap - Letter from BEIS on the cap's role in delivering the Energy Price Guarantee \(EPG\)](#), 24 November 2022

⁴⁷ Ofgem, [Latest energy price cap announced by Ofgem](#) (24 November 2022)

⁴⁸ Ofgem, [Ofgem announces latest quarterly price cap update](#) (27 February 2023)



1.5 How has household energy use changed as prices have increased?

Domestic use of gas and electricity has generally fallen over the past two decades. There is evidence that this falling trend accelerated in 2022. Higher prices contributed to domestic electricity use falling to its lowest level since the early 1990s and domestic gas use to its lowest since the early 1980s.

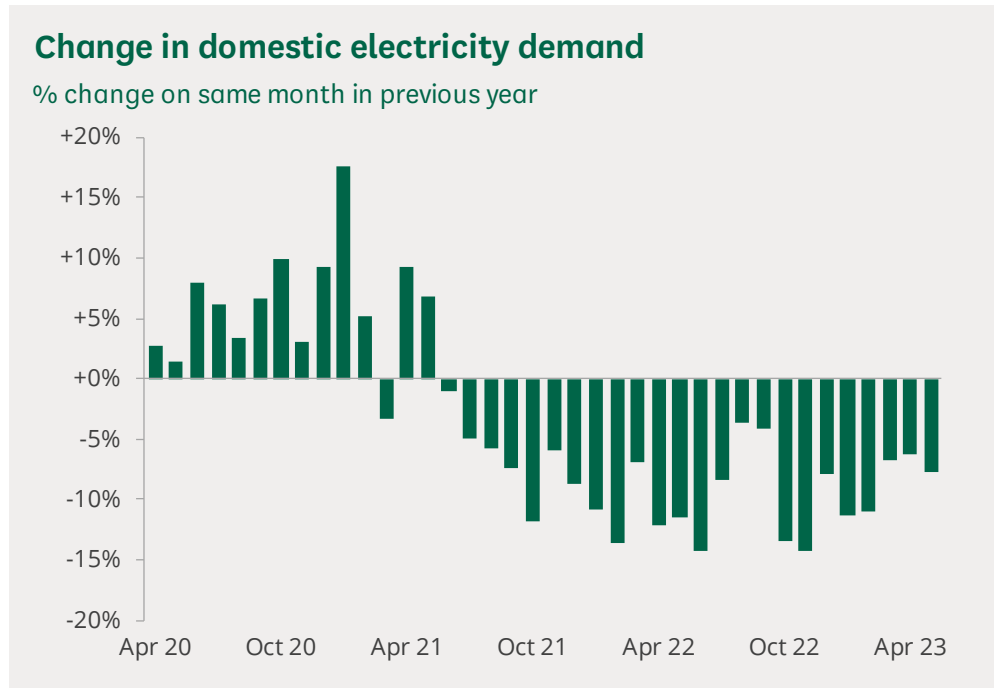
Demand responds to a range of different factors including changes in energy efficiency, population/household numbers, prices and the weather (especially for gas). The pandemic led to an increase in demand from the household sector as many people worked and studied from home and leisure activities were restricted. This effect began to reverse once Covid restrictions were lifted. Changes in demand since April 2022 therefore reflect a return to 'normal' pre-pandemic demand as well as a range of other factors.

Domestic electricity use increased during the pandemic and started falling from July 2021. Monthly data show these annual falls have continued throughout 2022 and early 2023. The 2022 total was 6.4% lower than 2021 and the lowest figure since the early 1990s.⁴⁹ Average electricity consumption per household fell by 7% in 2022 or 6% when temperature adjusted.⁵⁰

Household use of electricity fell by 6% in 2022. Gas usage fell by 19%.

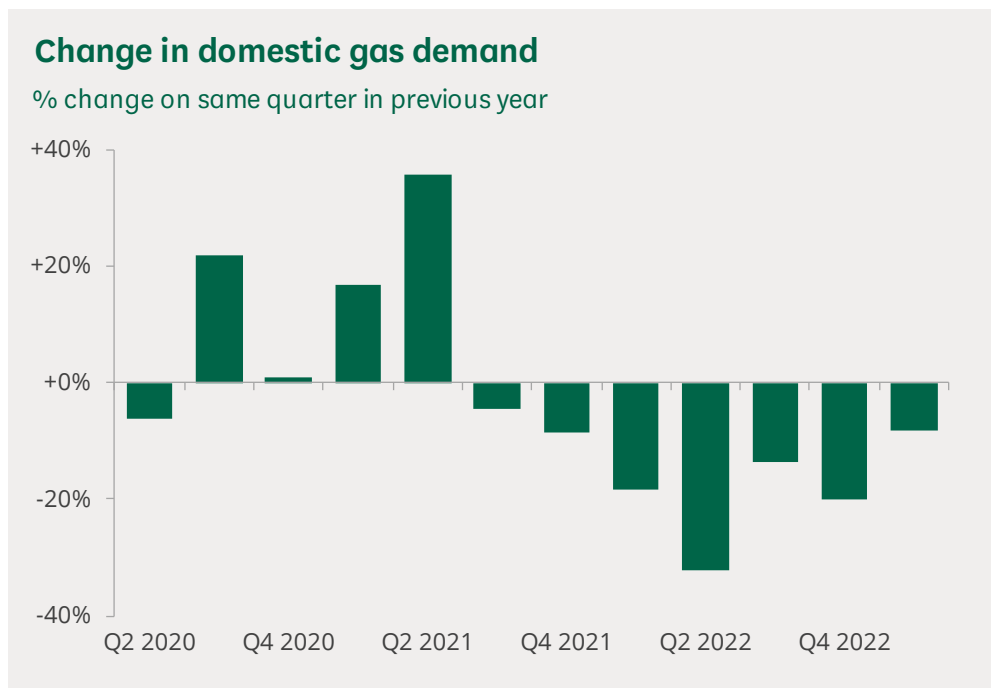
⁴⁹ DESNZ, [Energy Trends: UK electricity](#) (Table 5.5)

⁵⁰ DESNZ, [Annual domestic energy bills](#) (Table 2.2.5)



Source: DESNZ, [Energy Trends: UK electricity](#) (Table 5.5)

Domestic gas use also increased during the pandemic, although trends are more volatile due to the greater impact of the weather. Quarterly consumption figures show year-on-year declines since Q3 2021. Annual consumption in 2022 was 18% less than in 2021 and the lowest annual figure since 1984.⁵¹ Average gas consumption per household fell by 20% in 2022 or 12% when temperature adjusted.⁵²



Source: DESNZ, [Energy Trends: UK gas](#) (Table 4.1)

⁵¹ DESNZ, [Energy Trends: UK gas](#) (Table 4.1)

⁵² DESNZ, [Annual domestic energy bills](#) (Table 2.3.5)

In March 2023 the Office for Budget Responsibility estimated that, after adjusting for weather, household gas demand in winter 2022/23 was around 15% lower than in the two years before Russia launched its full-scale invasion of Ukraine. Domestic gas prices increased by around 200% over this time, making the observed change in demand close to their assumed demand elasticity⁵³. They added that they would expect this demand response to increase over time, all other factors remaining the same.⁵⁴

⁵³ The price elasticity of demand is the change in demand divided by the change in price. The OBR have assumed a value of 0.1 (ie. a 10% increase in price leads to a 1% fall in demand)

⁵⁴ Office for Budget Responsibility, [Economic and fiscal outlook – March 2023](#) (Box 2.1)

2 Prospects for prices

Energy prices for most customers are set by the lower of the EPG or Ofgem's price cap

Maximum prices are set by the lower of the EPG and the price cap. So Ofgem's July to September 2023 cap of £2,074⁵⁵ sets current maximum prices⁵⁶ as it is below the EPG level from July 2023 of £3,000. This will still be the case when the cap falls to £1,923 in October 2023.

Wholesale prices are by far the biggest element of the cap, and they have fallen, but there is a substantial lag before these feed through to consumers. Lower wholesale prices mean the cap fell in Q2 2023, but as it was still above the EPG level consumer prices did not fall. This only reduced the cost of the EPG to Government.

The lower price cap in July 2023 resulted in cuts to household bills and there will be a further cut in October 2023. Lower wholesale prices may also lead to suppliers offering cheaper fixed tariffs. However, even if wholesale prices remain at their current levels, it is likely that suppliers will be very cautious in their pricing and any return of competition to the market is likely to be slow. Prices under the cap in July to September 2023 are still more than 60% higher than in winter 2021/22.

2.1 Trends in wholesale prices

Wholesale energy prices are the biggest single element in energy bills and the most volatile. Together with other elements of the wholesale cost allowance⁵⁷ they made up 77% of the Q1 2023 price cap and, despite wholesale lower prices, were still 53% of the Q3 2023 cap.⁵⁸ Changes in wholesale prices therefore largely dictate whether household bills go up or down. Increases in wholesale prices were by far the largest contributor to the increased prices paid by consumers.

Wholesale energy prices increased dramatically from mid-2021, both globally and in the UK. Gas led the price rise, but electricity prices have followed as

⁵⁵ For direct debit customers with typical dual fuel consumption

⁵⁶ For customers on standard variable tariffs

⁵⁷ Mainly consisting of Contracts for Difference, the Capacity Market and losses for electricity and backwardation costs for gas and electricity.

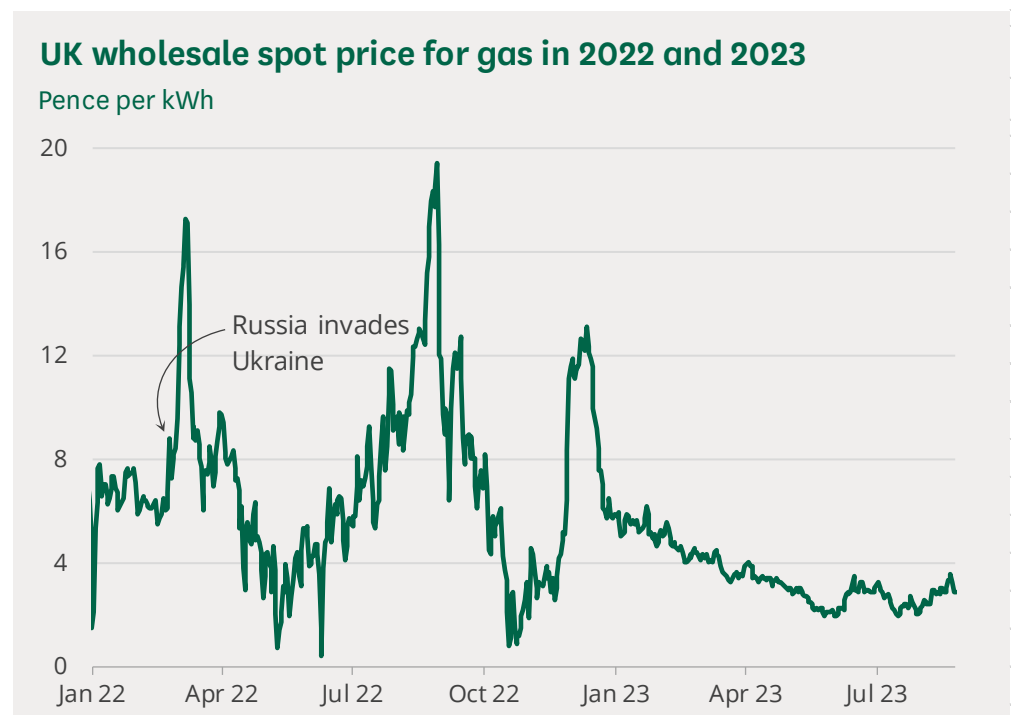
⁵⁸ Ofgem, [Default tariff cap level: 1 July 2023 to 30 September 2023](#) (Model - Default tariff cap level v1.18), 25 May 2023;

gas is typically the ‘marginal fuel’⁵⁹ which means gas generation costs effectively sets the wholesale price for electricity.⁶⁰

Gas prices in Europe increased by 50% on 24 February 2022, the day Russia launched its full-scale invasion of Ukraine. Early March prices were around ten times their level from a year earlier.

Gas prices fell back in spring 2022 and increased for the whole of summer before falling again in autumn. There was a very sharp spike in early December before a return to lower prices. The Library briefing [Domestic energy prices](#) looks at wholesale price trends and their causes in more depth.

These broad trends can be seen in the following chart as well as the very high level of general volatility in prices. The period from late December 2022 to August 2023 has been the least volatile since late spring 2021.



Source: nationalgrid.com [Prevailing View tool](#) (system average price)

UK spot prices for electricity have followed a similar trend with spikes in early March, late August and mid-December 2022. The average price in July 2023 was 7.0 p/kWh. This was the lowest monthly averages since April 2021.⁶¹ As explained earlier, the cost of gas generation effectively sets the wholesale price for electricity, so price trends are similar at present.

⁵⁹ The fuel used for peak load generation which responds to short term changes in demand. See pages 58-59 of the briefing [Introduction to the domestic energy market](#) for more detail.

⁶⁰ Researchers at UCL estimated that gas set electricity prices 84% of the time in 2019. UCL news, [Electricity prices dictated by gas producers who provide less than half of UK electricity](#) (6 September 2022)

⁶¹ Nordpool, [N2EX day ahead auction prices](#)

Daily spot prices on the wholesale market are highly volatile. To protect themselves from variations in prices, energy suppliers ‘hedge’ their energy purchasing through forward-looking contracts. This means that rather than buying gas or electricity on the spot market for immediate delivery and being exposed to whatever the price may be, suppliers access the market continually, buying some energy up to years in advance.

This ‘hedging’ means suppliers are less exposed to very short-term market fluctuations. Coupled with the price cap methodology, it also means there is a considerable time lag between changes in the spot price of gas and electricity and changes in consumer prices.

There is a substantial time lag between when wholesale prices changes, rises and falls, feed through to the price cap

Ofgem analyses forward-looking energy contracts that suppliers purchase for gas and electricity. These feed through into the cap for the following period. For instance, the contracts which Ofgem looked at for the Q3 2023 cap were agreed between mid-February and mid-May 2023 for delivery in the second half of 2023 and the first half of 2024.⁶²

It is therefore longer-term changes in prices, averaged over three-month observation periods, which determine the level of prices which feed into the wholesale cost element of the cap. This lag means that when prices are rising the wholesale cost element of prices households pay under the cap will be below spot prices. This was the case for much of 2021 and 2022. When prices are falling, as they were during latest 2022 and early 2023, the wholesale cost element will be above spot prices. The relative stability of prices since February 2023 means that the wholesale cost element is very similar to current spot prices. This pattern is illustrated in the [series of charts](#) in the summary of this paper.

The next section looks at how the fall in wholesale prices from late 2022 has affected cap forecasts and raised the prospect of lower energy bills.

2.2

Forecasts of the price cap

Changes to Typical Domestic Consumption Values (TDCVs)

Ofgem currently uses ‘typical’ annual consumption values of 2,900 kWh for electricity and 12,000 kWh for gas in all its publication which give data on annual bills. The EPG values of £2,500 was based on the same consumption levels. These figures were last revised in 2019 and are based on median consumption values.⁶³ The median is the value that half of consumers use less than and half of customers use more than.

Ofgem plans to introduce new lower values for typical consumption for all its relevant publications from October 2023. These are 11,500 kWh for gas and 2,700 kWh for electricity. The lower median values are based on data for 2019

⁶² Ofgem, [Price cap - Decision on changes to the wholesale methodology](#) (Table 3.1)

⁶³ Ofgem, [Review of Typical Domestic Consumption Values 2019](#)

and 2021, not the pandemic-affect data for 2020.⁶⁴ This means that the next cap (October – December 2023) will be based on these new lower values.

Domestic energy consumption fell markedly in 2022,⁶⁵ so current levels of consumption are already below these new levels and well below those used in official data produced by DESNZ.

The choice of ‘typical’ consumption levels does not have a major impact on relative trends in bills (the ‘shape’ of a price trend in a chart) but will affect their absolute levels and any data on changes expressed in pounds per year.

Data in this section provides average bills using both the current and the lower October 2023 levels of typical consumption. It also gives unit costs as these are not affected by changes to assumed consumption levels.

Latest forecasts

The [latest forecasts](#) for the price cap were published by energy consultancy Cornwall Insight on 27 July 2023. Their findings are summarised in the following table. They show an increase in the annual level of the cap of 5-6% in January 2023, driven by increases in the unit price of both gas of 12% and an 8% increase in electricity unit costs. Forecasts for the rest of 2024 are somewhat lower. Broadly speaking they show the cap at current TDCVs in the £1,900 to £2,100 range, or £1,800 to £2,000 for the October 2023 TDCVs.

Price cap forecasts at 25 August 2023						
Direct debit customers in Great Britain, includes VAT						
	Current value	Next cap	Forecasts			
	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2023	Q4 2024
Average bill for 'typical annual consumption' (£)						
Current TDCV	2,074	1,923	2,033	1,964	1,917	1,975
October 2023- TDCV	1,976	1,834	1,932	1,868	1,822	1,874
Unit costs (p/kWh)						
Gas	7.5	6.9	7.7	7.4	7.3	7.4
Electricity	30.1	27.4	29.5	27.1	26.1	27.3
Standing charge (pence per day)						
Gas	29	30	29	30	30	30
Electricity	53	53	52	60	60	60
Current TDCV =12,000 kWh for gas, 2,900 kWh for electricity						
October 2023- TDCV =11,500 kWh for gas, 2,700 kWh for electricity						

Source: Cornwall Insight, [Cornwall Insight's response to the announcement of the October price cap](#) (25 August 2023)

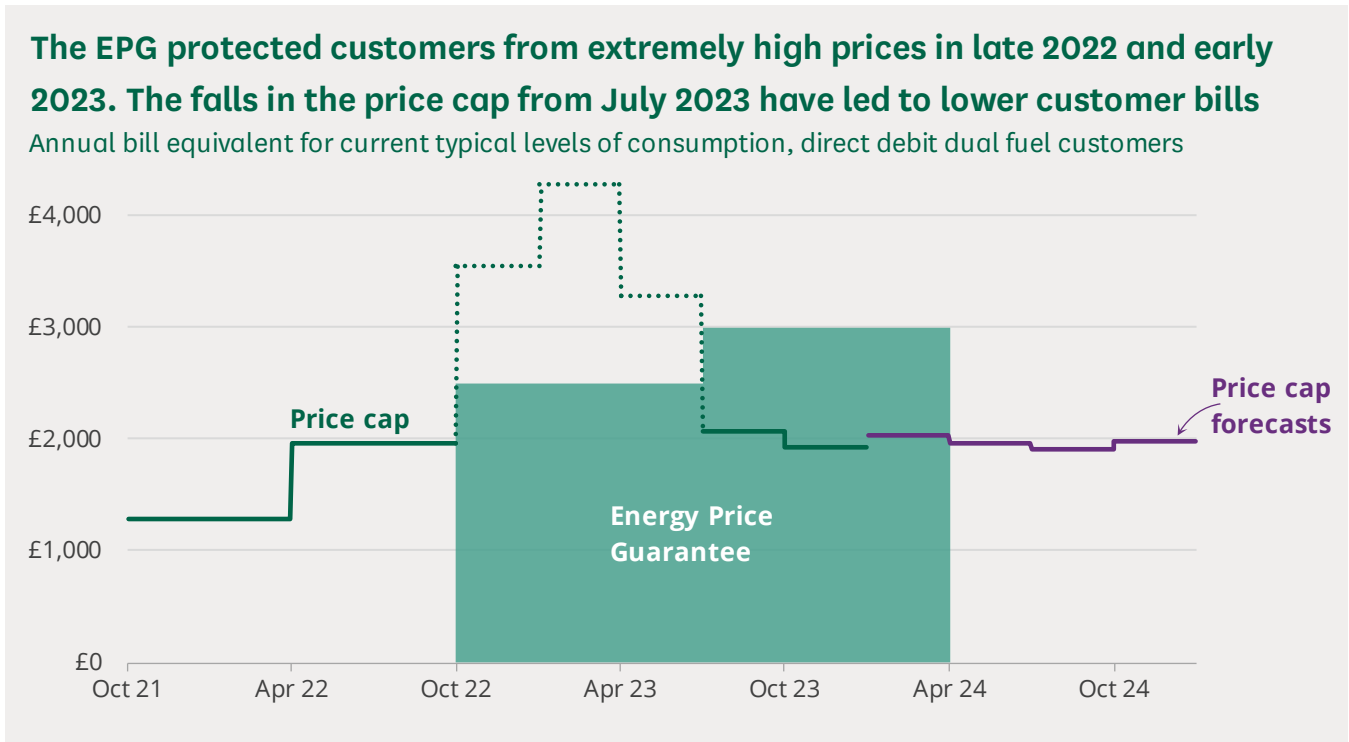
⁶⁴ Ofgem, [Decision for Typical Domestic Consumption Values 2023](#) (25 May 2023)

⁶⁵ See section 1.3 of [Gas and electricity prices under the Energy Price Guarantee and beyond](#)

The price cap is not expected to fall substantially during 2024.

The chart below plots these forecasts against the EPG level and earlier actual levels of the cap. It uses the current TDCVs for the whole period for consistency. It shows that actual/forecast cap levels from July 2023 onwards are similar to those in summer 2022.

In March 2023 the Office for Budget Responsibility forecast that typical direct debit dual fuel bills would fall to £2,200-2,250 in the second half of 2023, increase slightly at the start of 2024 before falling to just below £2,200 at the end of 2024.⁶⁶ These forecasts were based on early February 2023 wholesale prices, so are higher than the more recent ones from Cornwall Insight.



Sources: Ofgem , [Energy price cap \(default tariff\): 1 October to 31 December 2023](#) (Model - Default tariff cap level v1.19); Cornwall Insight, [Predictions and Insights into the Default Tariff Cap](#) (25 August 2023)

Volatility in wholesale prices mean that price cap forecasts are uncertain. They can and have changed substantially in the past. The forecasts become more certain the further they are made into the price observation period. The latest forecasts were made at the start of the current observation period.⁶⁷

It is important to note that even with the Q3 and Q4 2023 falls in the price cap it will still be 51%, or almost £650 a year, above its winter 2021/22 level.

2.3 Will suppliers start offering cheaper deals?

The price cap and EPG set maximum prices only. Lower wholesale price could eventually lead to some suppliers offering cheaper deals below these levels. This was common before prices started to increase from mid-2021. However,

⁶⁶ OBR, [Economic and fiscal outlook - March 2023](#) (Chart 2.1)

⁶⁷ Mid-May to mid-August for the Q4 2023 price cap

the experience of the last two years with rising prices, smaller suppliers going out of business, volatility of prices and major changes to regulation, changes to how the cap is set and support for households, any return to competition between suppliers for customers will to be tentative. It is also possible that suppliers will charge higher 'exit fees' for new fixed tariffs.

Ofgem stopped publishing data on the price of new fixed tariff prices in September 2022. They said that after the EPG was introduced "...suppliers have withdrawn fixed tariffs from sale to new customers and adjusted prices only for existing (but not for sale) fixed tariffs."⁶⁸ Their price data for the end of June 2023 was the first to include fixed tariff data again. Although, as Ofgem explained, these were not offered to all households:⁶⁹

Ahead of the entry into effect of the new lower price cap level from 1 July 2023, which superseded the Energy Price Guarantee, some suppliers started issuing new fixed tariffs. These were generally available to existing customers only and had limited publicity, with some exceptions. In June 2023 Utility Warehouse offered a new fixed tariff as part of a bundle with other services, priced at £1,975 and available to all customers.

They added that "More suppliers offered new fixed tariffs in July, which were also priced below the new price cap level".

Offering lower priced fixed tariffs to large numbers of customers would create a risk for suppliers and they are likely to want to charge an effective 'risk premium' to consumers before doing this.

Early in 2023 Cornwall Insight said that there had been no incentive for customer to switch suppliers over the past year due to rising wholesale prices, the price cap and, latterly, the EPG. They estimated that around 5.5 million switches (between suppliers) that might have been expected did not occur. This pent-up demand could respond when suppliers start offering prices below the price cap/EPG.⁷⁰ In May 2023 they said:⁷¹

If wholesale prices remain less volatile, it is thought an increasing number of energy suppliers could be prompted to introduce fixed-rate tariffs aligned with or close to the price cap, as they become less apprehensive about the possibility of a sudden surge in energy prices.

[...]

An increase in fixed-rate deals entering the market could help consumers get greater control over their energy bills, confident their price per MWh will not increase over the term. While this may be seen as a good development, there is always a risk in fixing energy tariffs as bills may reduce further leaving customers locked in at higher-than-market rates for a fixed duration. Additionally, we must recognise these prices are still £1,000 more than households were paying prior to the pandemic.

⁶⁸ Ofgem, [Retail price comparison by company and tariff type: Domestic \(GB\)](#)

⁶⁹ Ofgem, [Retail price comparison by company and tariff type: Domestic \(GB\)](#). (July 2023 update)

⁷⁰ Cornwall Insight, [Millions of households could switch their energy supplier in second half of 2023](#) (15 February 2023)

⁷¹ Cornwall Insight, [Cheaper fixed rate energy tariffs could return as price cap predictions stabilise](#) (9 May 2023)

In late July Cornwall Insight noted that many of the fixed deals offered in June and July were only available to existing customers and only four (at the time) were priced below the £2,074 cap level. The prices of fixed price tariffs were broadly similar to forecasts (at the time) so it was “...doubtful these deals will result in significant savings, if any at all.” However, they do offer a sense of security to customers, especially after so much volatility over the previous two years.⁷²

The latest data on switching is for May 2023 when the total number was down by 3% on April 2023, but up by 86% on May 2022. However, the number of customers switching is still well below pre-2022 levels; the May 2023 figure was 74% below the May 2020 number.⁷³

⁷² Cornwall Insight, [Households unlikely to benefit from fixed tariffs over the coming year](#) (25 July 2023)

⁷³ Ofgem, [Retail Market indicators](#) (Number of domestic customers switching supplier by fuel type (GB))

Latest prices under the price cap

Standing charges, unit costs and annual bills under the energy price cap (July to September 2023) by energy supply region

Including VAT

	Standing charge (pence per day)			Unit cost (pence per kWh)			Annual bill for typical consumption (£ per year)		
	Direct debit	Standard credit	PPM	Direct debit	Standard credit	PPM ^a	Direct debit	Standard credit	PPM
Electricity -single rate meter									
Eastern	43.7	49.7	48.8	30.7	32.4	29.7	1,050	1,120	1,038
East Midlands	50.3	56.7	55.4	29.5	31.1	28.4	1,039	1,108	1,027
London	38.2	43.9	43.4	31.2	32.9	30.1	1,044	1,113	1,032
N Wales & Mersey	61.8	68.8	66.9	31.1	32.8	30.0	1,127	1,201	1,115
Midlands	54.0	60.6	59.1	29.6	31.2	28.6	1,056	1,125	1,044
Northern	57.0	63.8	62.1	29.3	30.8	28.2	1,057	1,127	1,046
North West	51.4	57.9	56.5	29.9	31.5	28.9	1,056	1,126	1,044
Southern	49.6	56.0	54.7	30.3	31.9	29.2	1,060	1,130	1,048
South East	47.2	53.4	52.4	30.9	32.5	29.8	1,068	1,139	1,056
South Wales	53.8	60.4	58.9	30.2	31.8	29.2	1,073	1,144	1,061
Southern Western	58.3	65.1	63.4	29.9	31.5	28.9	1,081	1,152	1,069
Yorkshire	55.6	62.3	60.7	29.3	30.8	28.2	1,052	1,121	1,040
Southern Scotland	61.7	68.7	66.7	29.7	31.2	28.6	1,085	1,157	1,073
Northern Scotland	59.0	65.8	64.1	30.0	31.6	28.9	1,084	1,156	1,073
GB average	53.0	59.5	58.1	30.1	31.7	29.1	1,067	1,137	1,055
Gas									
Eastern	29.1	34.3	37.8	7.4	7.8	7.1	994	1,061	984
East Midlands	29.1	34.3	37.8	7.4	7.8	7.0	992	1,058	978
London	29.1	34.3	37.8	7.5	7.9	7.1	1,008	1,075	993
N Wales & Mersey	29.1	34.3	37.8	7.5	7.9	7.1	1,012	1,079	994
Midlands	29.1	34.3	37.8	7.4	7.8	7.0	998	1,065	982
Northern	29.1	34.3	37.8	7.4	7.8	7.1	998	1,065	985
North West	29.1	34.3	37.8	7.5	7.9	7.1	1,008	1,075	991
Southern	29.1	34.3	37.8	7.6	8.0	7.2	1,019	1,087	1,004
South East	29.1	34.3	37.8	7.5	7.9	7.1	1,011	1,078	995
South Wales	29.1	34.3	37.8	7.7	8.1	7.2	1,026	1,094	1,008
Southern Western	29.1	34.3	37.8	7.7	8.1	7.4	1,032	1,100	1,024
Yorkshire	29.1	34.3	37.8	7.4	7.8	7.1	999	1,066	986
Southern Scotland	29.1	34.3	37.8	7.5	7.9	7.1	1,002	1,069	988
Northern Scotland	29.1	34.3	37.8	7.5	7.9	7.1	1,002	1,069	988
GB average	29.1	34.3	37.8	7.5	7.9	7.1	1,007	1,074	993

Notes:

(a) Unit prices paid by PPM customers for gas have been reduced by 0.249p/kWh from their cap level to remove the cost differential with direct debit customers.

PPM = Prepayment meter

Typical consumption is assumed to be 2,900 kWh for electricity and 12,000 kWh for gas

Sources: Ofgem, [Default tariff cap level: 1 July 2023 to 30 September 2023](#), Model - Default tariff cap level v1.18, 25 May 2023); DESNZ, [Energy Price Guarantee \(prepayment meters\): regional rates, July to September 2023](#), (26 May 2023)

Standing charges, unit costs and annual bills under the energy price cap (October to December 2023) by energy supply region

Including VAT

	Standing charge (pence per day)			Unit cost (pence per kWh)			Annual bill for typical consumption (£ per year)		
	Direct debit	Standard credit	PPM ^a	Direct debit	Standard credit	PPM	Direct debit	Standard credit	PPM
Electricity -single rate meter									
Eastern	44.0	50.2	46.2	27.9	29.4	27.5	971	1,036	966
East Midlands	50.7	57.2	52.9	26.8	28.2	26.3	961	1,026	956
London	38.5	44.4	40.7	28.4	29.9	28.0	965	1,030	960
N Wales & Mersey	62.2	69.4	64.3	28.3	29.7	27.8	1,047	1,116	1,042
Midlands	54.4	61.1	56.5	26.9	28.3	26.4	977	1,043	972
Northern	57.5	64.3	59.6	26.6	28.0	26.1	980	1,046	976
North West	51.8	58.4	54.0	27.2	28.6	26.8	978	1,044	974
Southern	50.0	56.5	52.2	27.5	29.0	27.1	980	1,046	976
South East	47.6	53.9	49.8	28.1	29.6	27.7	988	1,055	984
South Wales	54.2	60.9	56.4	27.4	28.9	27.0	994	1,060	989
Southern Western	58.7	65.6	60.8	27.2	28.6	26.7	1,003	1,069	998
Yorkshire	56.0	62.8	58.2	26.5	27.9	26.1	974	1,039	969
Southern Scotland	62.1	69.2	64.2	26.9	28.3	26.5	1,006	1,073	1,001
Northern Scotland	59.4	66.4	61.5	27.3	28.7	26.8	1,007	1,075	1,003
GB average	53.4	60.0	55.5	27.4	28.8	26.9	988	1,054	983
Gas									
Eastern	29.6	35.0	34.2	6.8	7.1	6.6	922	985	917
East Midlands	29.6	35.0	34.2	6.8	7.1	6.5	920	982	910
London	29.6	35.0	34.2	6.9	7.3	6.7	936	999	925
N Wales & Mersey	29.6	35.0	34.2	6.9	7.3	6.7	940	1,003	926
Midlands	29.6	35.0	34.2	6.8	7.2	6.6	926	989	914
Northern	29.6	35.0	34.2	6.8	7.2	6.6	926	989	918
North West	29.6	35.0	34.2	6.9	7.3	6.7	936	999	924
Southern	29.6	35.0	34.2	7.0	7.4	6.8	947	1,011	936
South East	29.6	35.0	34.2	6.9	7.3	6.7	939	1,002	927
South Wales	29.6	35.0	34.2	7.0	7.4	6.8	954	1,018	940
Southern Western	29.6	35.0	34.2	7.1	7.5	6.9	960	1,024	956
Yorkshire	29.6	35.0	34.2	6.8	7.2	6.6	927	990	919
Southern Scotland	29.6	35.0	34.2	6.8	7.2	6.6	930	993	920
Northern Scotland	29.6	35.0	34.2	6.8	7.2	6.6	930	993	920
GB average	29.6	35.0	34.2	6.9	7.3	6.7	935	998	925

Notes:

(a) Standing charges paid by PPM customers have been reduced by 4.8 pence per day for electricity and 6.2 pence per day for gas (both after VAT) from their cap level to remove the cost differential with direct debit customers.

PPM = Prepayment meter

Typical consumption is assumed to be 2,900 kWh for electricity and 12,000 kWh for gas

Sources: Ofgem, [Energy price cap \(default tariff\): 1 October to 31 December 2023](#), Model - Default tariff cap level v1.19, 25 August 2023); DESNZ, [Energy Price Guarantee \(prepayment meters\): regional rates and standing charges, October to December 2023](#) (25 August 2023)

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