

## THE NEW ENERGY TARIFFS FROM OCTOBER 2022

### How much is the cap increasing by?

As most people probably now know, the Government has intervened to limit the average energy bill to £2,500 per year. With the £400 payment to everyone over the six months from October to March 2023 that brings it down to £2,100 which is a small increase from the existing cap of £1,971.

It's important to note that the figures are based on an average consumption of 2,900kwh of electricity and 12,000kwh of gas so your own bill will differ from the headline average.

The existing unit price cap, to the nearest pence, is 28p/kwh of electricity, plus a maximum daily charge of 45p and 07p for gas, plus a daily charge of 27p. From 1<sup>st</sup> October electricity will rise to 34p/kwh and a maximum daily charge of 46p. For gas the increase is to 10.3p/kwh with a maximum daily charge of 28p. The percentage increases are therefore 14% for electricity and 13% for gas.

**Electricity is currently four times more expensive than gas** per kwh, although that difference will shrink to just over three times in October, but if you rely more on electricity for heating etc then it is worth seeing what changes you can make. At the moment, gas central heating is usually the cheapest way to heat your home and provide hot water.

If you haven't already done so, try to find out how much gas and electricity, in kwh units, you used in the last 12 months. That figure should be provided by your energy provider, either on paper bills or online. That will help you to compare any future quotes and understand what your mix of energy use is.

### What's the cheapest method of paying?

Direct debit is the cheapest way to pay your energy bills. It's estimated that it will cost about 7% more if you pay by cheque or cash and 2% more through a pre-payment meter. We have a specific article on pre-payment meters but it's worth just pointing out that you may wish to consider loading credit on to your meter now at the existing rates before the October increase.

### Is it worth going for a fixed cost tariff?

Not since the Government announced the new cap. In fact, those who agreed a fixed term deal will be paying over the odds which is why the Government is looking at a mechanism to ensure that they benefit from the new support measures; this involves a reduction in the unit rates charged.

### Smart Tariffs

A brief mention here that Smart time-of-use tariffs are likely to become more available in future and could be cheaper depending on how you manage your energy use. At the moment though the tariffs expose customers to wholesale rates and are more expensive than other fixed tariffs.

In the next article we will be explaining what financial assistance is available from the government to help people cope with these increased costs.