

## THE NEW ENERGY TARIFFS FROM APRIL 2022

By now, most members should have received some communication from their energy provider advising them what their new rates will be from April. Those who are still on a fixed-term tariff will not see any change until that ends.

### How much is the cap increasing by?

The price cap is increasing by £693 to **£1,971 from 1<sup>st</sup> April** for customers paying by direct debit. For those on pre-payment meters, the increase will be £708 to a new maximum of £2,017. 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 actual price cap, to the nearest pence, will be £0.28p/kwh of electricity, plus a maximum daily charge of £0.45p and £0.07 for gas, plus a daily charge of £0.27. Note how **electricity is four times more expensive than gas** per kwh, so 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; it should also be on the most recent communication from them advising of the new charges. 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. Ofgem estimates that it will **cost an average of £130 more if you pay by cheque or cash** so that's even more than if you had a pre-payment meter which is £47 more expensive per year. We'll be writing 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 April increase.

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

At the moment, fixed tariffs are more expensive than the standard tariff and they are being revised upwards regularly by the energy suppliers. Although nobody can be sure what will happen when the cap is reviewed again in October most commentators suggest that the cap will rise again, possibly by around a quarter. Have a look at Martin Lewis on Money Saving Expert and his view on this at <https://www.moneysavingexpert.com/news/2022/03/energy-price-hikes-is-now-time-to-fix/> As you can see, he is now taking the view that it is worth fixing at a price no more than 25% above April's price cap.

### Smart Tariffs

A brief mention here that Smart time-of-use tariffs are becoming more available and can be cheaper depending on how you manage your energy use. We will cover Smart meters in a future article.

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