

THE NEW ENERGY TARIFFS FROM OCTOBER 2022

Please note that 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 situation is currently very volatile and no precise cap has been determined but one estimate is that the price cap could increase by **£1,273 to £3,244**. The existing cap is **£1,971** so that would be a **65% increase, however, it is only an estimate at the moment, not a definite figure**. The figure is for customers paying by direct debit so for those on pre-payment meters the increase will be slightly higher. 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 price cap, to the nearest pence, is £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. 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?

Prior to the April increases fixed tariffs were more expensive than the standard tariff and were being revised upwards regularly by the energy suppliers so the general advice at the time was not to change to a fixed rate and term.

Although nobody can be sure what the cap will be when it's reviewed again in October, and then again in January and April, the predictions above are alarming and members will understandably look to see if they can get a cheaper fix. However, going for a fix now will cost much more over the period remaining prior to the October uplift. Martin Lewis has a view on this <https://www.moneysavingexpert.com/utilities/-are-there-any-cheap--fixed->

[energy-deals-currently-worth-it--/](#) but his suggestion is that any fix worth having is one that would be around 55-60% higher than your current variable rate. However, he does give a health warning because of the uncertainty of predictions. We cannot advise members what to do only that they need to be aware of their own estimated future costs and compare them to any fixes offered by energy companies; the calculations are not straightforward though.

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.