

Winter 2021 Energy Price Crisis - FAQs (Updated 27.09.21)

The Situation in a Nutshell....

Prices are rising significantly. Switching to beat the rise is not an option at the moment. The government cap on the Standard Variable Tariff will stop prices rising again before April. Many smaller suppliers have gone bust and more will follow. Customers of such companies will be found a new supplier and their energy supply will not be affected.

FAQs - Your questions on energy price rises and suppliers going out of business answered.

- **How much are my bills likely to rise by?**

Those on Standard Variable Tariffs, with typical household levels of energy use¹, could see an increase of **£139** - from £1,138 to £1,277 a year. People with pre-payment meters could see an increase of **£153** - from £1,156 to £1,309. **For high energy users, it could be a lot more than this.**

Households on fixed tariffs will be unaffected for now, but those coming to the end of a contract almost certainly won't be able to find a cheap deal to replace it, at least for this winter. Households on a good rate fixed tariff who are already paying less than standard tariff customers, are very likely to **face higher increases**.

- **Could my bills keep going up?**

The government caps the price of energy, so energy companies can't keep increasing the price of those on a standard tariff beyond a certain limit. Most companies (if not all) will charge up to that limit. The cap will rise by 12% on the 1st October and stay until 31st March. In April, the price cap could go up again. This is a decision for the government.

- **Can I save money by switching?**

No, this is very unlikely. The sharp and unprecedented gas price rises this year mean that most, if not all, energy companies are now making a loss. Unlike many of the smaller companies that have gone bust, many of the larger companies can afford to ride out these price shocks. However, they are no longer offering good deals. Price comparison sites are only able to provide a very limited number of options they can switch you to via the site, if any at all. You can still use these sites to show you all prices available. You will need to contact companies directly to see if you can switch to them. Many suppliers are closing to new customers.

- **Should I switch?**

Most people will be best off staying put as they are unlikely to get a better deal elsewhere. However, if you want a fixed deal for peace of mind, comparison sites will show any available, but bear in mind it is very likely to be a lot more expensive than staying put on a Standard Variable Tariff. This is because the price cap will hold the prices down at least until the end of March. If you are on a fixed tariff now, we would recommend you stay with this. If your fixed tariff ends, your new Standard Variable Tariff is now the best available.

- **My company has gone bust, what do I do?**

Your gas and electric supply will not be affected, so you need not worry about the lights going out. The regulator, **Ofgem will find you a new energy company and transfer you over** to them under a well-established process. They will get in touch with you and set you up as a new customer. You are advised to **stay put** and not to try and switch away until your account is set up. This could take several weeks.

It is a good idea to take meter readings and keep them, or ideally take a photo of your meter, and download any online bills. If the energy company owes you money this is protected and you should get it back from your new supplier. If you owe money, you will now owe your new supplier this money.

If you are on a fixed tariff with a company that goes bust, your new supplier won't honour this deal, but will move you immediately to their Standard Variable Tariff.

If you wish to move from this new supplier (and can find a supplier who will accept you), you won't be charged any exit fees.

- **I'm worried my company may go bust, what should I do?**

That's a tricky one. **Overall, for most people we would advise to stay put and see how things pan out.** The government has made it very clear that they won't bail out struggling companies, but will make sure, through the regulator Ofgem, that you are transferred to a new supplier. If you are able to switch (SSE as an example is taking no new customers from 23rd Sep 21), it would be a good idea to go for a bigger company that is better placed to ride out these price surges.

- **Why have prices risen?**

Price increases are largely due to an increase in gas prices across the globe. This hits both gas and electricity, as our power stations rely on gas to generate electricity. The UK government has no control over these global prices.

- **How long might this last?**

It is difficult to know, but prices will only come down when global gas prices come down. It looks like this is unlikely before next spring. The government will review the cap in time for 1st April 2022. It is uncertain whether that cap, and so what we pay, will go up or down at this point.

- **What can I do to reduce my energy bills?**

Low income customers and those receiving certain benefits could be eligible for the **Warm Home Discount of £140**. This includes people receiving Universal Credit. Check on the energy company's website for the criteria, which vary from company to company, or contact a Energy Advice service, such as MEA.

Adjusting your heating controls and considering how to use less energy will help trim your usage - small changes can add up. We can help you think about this.

Low-cost measures such as LED lightbulbs will quickly pay for themselves, so are a good medium term-investment.

Finally, with no guarantee of energy prices falling once the winter is out, investing in the most efficient heating and best insulation that you can afford looks like the best long-term option.

Customers needing help with this should contact their local energy advice charity, such as Marches Energy Agency.

***Marches Energy Agency** offer free and impartial advice targeted at those on low incomes and with vulnerabilities. We can help householders work out what is best for them and, subject to eligibility, assess their home, fit small energy saving measures and help find grants to improve energy efficient heating and insulation.*

Keep Shropshire Warm: 0800 112 3734

Telford Energy Advice: 0800 677 1952

Warmer Homes, West Midlands: 0808 1968 298

(Covers Dudley, Sandwell, Walsall and Wolverhampton with our project partner Act on Energy covering Coventry, Birmingham and Solihull)

Warmer Derby & Derbyshire: 0800 677 1332

Further information and contact details at: www.mea.org.uk

ⁱ BEIS – based on 12000 kWh gas/ 2900 kWh elec for dual fuel and 4200 kWh elec for E7