

Domestic energy report

20 January 2010

Welcome to the latest quarterly Domestic Energy Report from Consumer Focus Wales. This is the third report, which aims to provide stakeholders with quarterly information on the domestic energy market in Wales.

Potential savings on annual energy bills by switching

We have looked at what a typical South Wales consumer could save by switching. A typical consumer in this area is supplied by British Gas for their gas and by Swalec for their electricity and pays quarterly by cash or cheque¹.

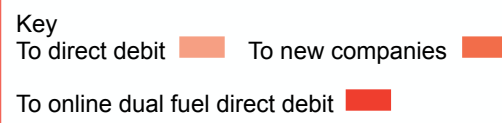
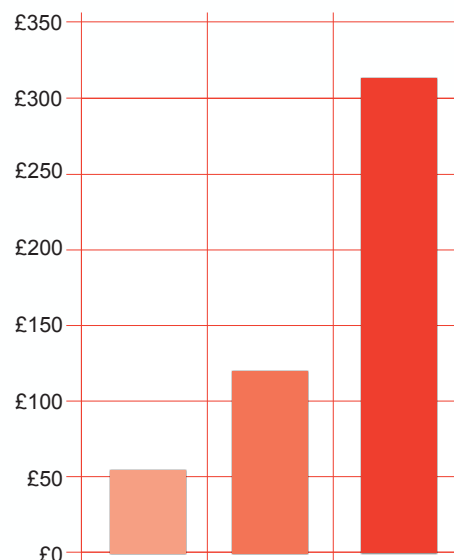
If the typical consumer stayed with the same suppliers, but switched to paying by direct debit, they could save a total of £58 a year.

If the typical consumer switched to a dual fuel direct debit tariff with one of their existing suppliers, they could save around £120².

But the greatest savings would be made by switching to a dual fuel online tariff, where the typical consumer could save as much as £316³ a year, which is 25 per cent of their total bill.

¹Source: Consumer Focus: Jan 2010 for South Wales area customers, Bill calculations are based on 3,300 kWh electricity and 20,500 kWh gas. Switches from: Swalec Region standard credit electricity and British Gas Swalec Region standard credit gas. Switching to: ²British Gas Standard monthly Direct Debit. ³Npower 'Sign Online v.17'

Examples of potential savings on annual energy bills by type of switch



High cost of heating by LPG

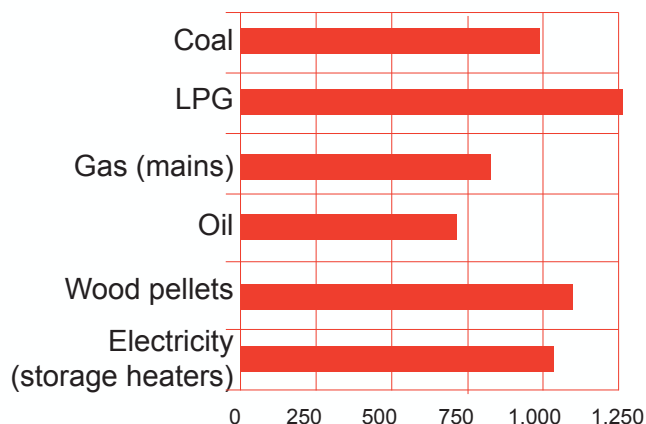
One in five consumers in Wales are not connected to mains gas and therefore use alternative fuels to heat their homes.

According to data from Sutherland Tables, of these, by far the most expensive is LPG which costs £1,254 a year to heat a three-bedroom house and to provide hot water. In comparison, gas costs £805 a year. Oil costs £728 to heat a home and its water supply but as noted overleaf, prices can fluctuate significantly.

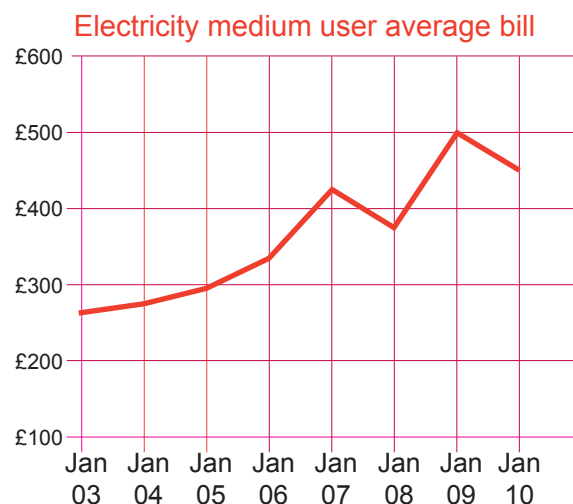
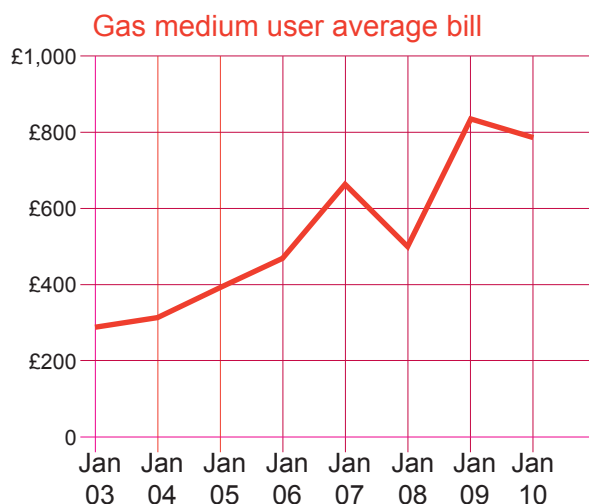
Comparative Heating Costs, South West England and Wales, Space and Water Heating for Houses, October 2009, Sutherland Tables Oil, LPG and mains gas: prices given for a condensing boiler. Housecoal figures for an open fire with back boiler

⁴Space and water heating refers to the cost of heating rooms and providing hot water

Annual cost (£) of space⁴ and water heating for average three-bedroom house in Wales and south west England



Average fuel bills⁶



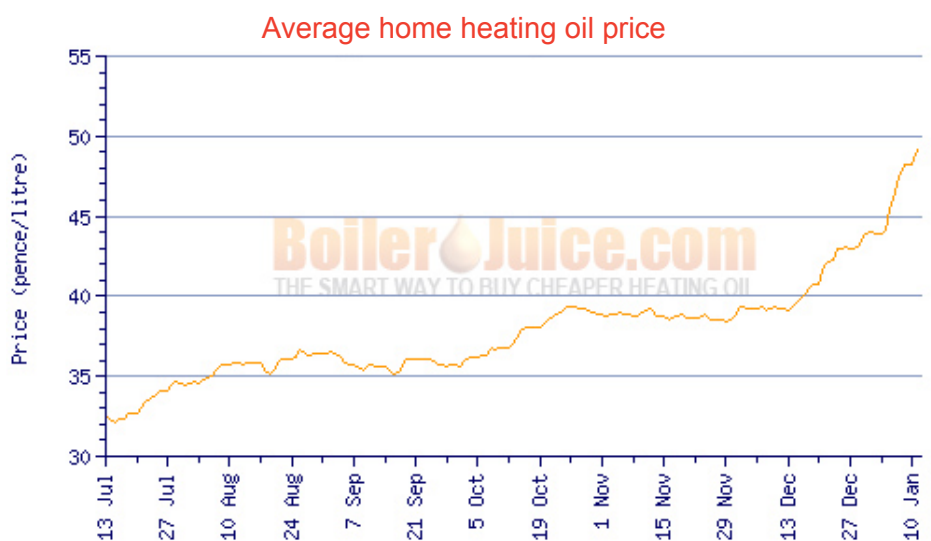
Since January 2009, domestic mains gas bills have fallen slightly. This follows a very steep rise in 2008 when the average annual bill hit a peak of £821 for gas and £500 for electricity. In the five years to January 2009 annual gas bills in Wales rose by 106 per cent to a peak of £821. During the same time period, annual electricity bills rose by 67 per cent to a peak of £500. Both gas and electricity prices have fallen slightly on average in recent months, but remain at historically high levels. Long-term trends suggest a rise in prices.

⁶Average fuel bills: all prices are for Standard Credit and include VAT. Average annual gas consumption level of 20,500kWh and average annual electricity consumption level of 3,300 kWh.

Heating oil

The price of domestic heating oil is directly linked to the price of oil on global markets and therefore fluctuates significantly. According to data from Boilerjuice.com, the current average price of oil is 49 pence per litre⁷, a substantial rise since July 2009 when it stood at just under 33 pence per litre.

⁷Correct on 10 January 2010



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Switching and the Consumer Confidence Code

As this report highlights, the typical customer can save up to £316 on their energy bills. Switching your energy tariffs is a straightforward way to save money on your fuel bill. To help consumers switch, a number of independent price comparison sites and phone lines are available. The Consumer Focus Confidence Code ensures that these price comparison sites are independent and impartial. Consumers using an accredited site can be 100 per cent confident that they are seeing all tariffs and that the results are completely unbiased.



Consumer Focus Wales is Wales' consumer champion. In addition to our work on energy, we also empower and represent consumers of postal and financial services, as well as wider consumer issues. More details can be seen at www.consumerfocus-wales.org.uk

Consumer Focus Wales, Capital Tower, Greyfriars Road, Cardiff CF10 3AG

For more information please phone 029 2078 7100 or email contact@consumerfocus-wales.org.uk