# Double-Digit Tariff Reductions Could Help More Than a Million Fuel Vulnerable Households

**Tuesday 28 April, 2015**

## Related Sectors:

Home & Garden ::

## Scan Me:

As the final price cut to standard gas prices by a big six energy supplier takes effect this Thursday (30th April), a new analysis fromuSwitch.com reveals how the tariff reductions will impact 'fuel vulnerable' consumers who spend 10% or more of their annual income on energy.

- **Average reductions to big six standard dual fuel tariffs amount to just 2.2%or £28 a year from the average bill**[1]
- **Following the cuts, 4.5 million fuel vulnerable households will still be left spending 10%or more of their income on energy – a reduction of 287,000 homes**[2]
- **However, a 10% reduction in standard tariffs – more in line with falling wholesale costs – would lift a staggering 1.3 million homesout of fuel vulnerability, over one million more than have benefitted from the modest cuts so far**[2]
- **Only half (49%)of consumers believe the recent cuts will make any real difference to the amount they pay for energy**[3]
- **uSwitch.com is calling for suppliers to urgently pass on double-digit reductions to consumers to better reflect reductions in wholesale gas and electricity costs.**

Big six energy suppliers could have helped to lift one million households out of fuel vulnerability by making bigger cuts to standard tariffs, according to uSwitch.com, the price comparison and switching service[2]. Fuel vulnerable homes spend more than 10% of their annual income on energy.

The new analysis, published two days before SSE implements the final reduction of the big six to standard gas deals, reveals that the average big six dual fuel standard plan will have fallen a mere 2.2%from Thursday (30th April)[1]. Following SSE's cut, reductions from all the big six suppliers will lift 287,000 from a total of 4.8 million British homesout of fuel vulnerability, but still leave a staggering 4.5 million households spending more than £1 in £10 of their income on energy bills[2].

uSwitch.com has long argued for double-digit price cuts to reflect the 23% reduction in wholesale gas and 18% cut in wholesale electricity costs in the 12 month period to winter 2015/16[4]. The new analysis also suggests that an average 10% reduction in big six standard tariffs would lift a staggering 1.3 million homes out of fuel vulnerability – over a million more than have benefitted from the modest cuts so far this year[2].

SSE will implement a 4.1% reduction to its standard gas tariff from Thursday, following cuts in January by E.ON and in February by British Gas, ScottishPower, npower and EDF Energy[1]. However, just half (49%)of consumers believe these reductions will make any real difference to the amount they pay for energy[3]. With more than 14 million homes admitting to going cold at some point this winter to cope with sky-high energy bills[5], uSwitch.com is repeating its calls for suppliers to make bigger cuts to help more consumers struggling with the cost of energy.

It is estimated that around 60% of customers – some 15.8 million homes – are on standard variable energy tariffs. Following cuts by all six major suppliers to standard gas plans, the average dual fuel bill has dropped by a mere £28 a year to £1,237 from £1,265 at the start of January 2015[6].

**Ann Robinson, Director of Consumer Policy at uSwitch.com, says**: "These figures show just how disappointing this year's price cuts have been for hard-pressed consumers. With the average big six standard tariff customer just £28 a year better off, it's little wonder that many consumers see the reductions as little more than token gestures.

"Despite the recent reductions, 4.5 million fuel vulnerable households are still left spending a staggering 10% or more of their income on energy. Given the significant reduction in wholesale costs – which make up around half of our energy bills – it's now high time for proper, double-digit reductions for consumers.

"We urge suppliers to look at what more they can do to help customers – many of whom have admitted to going cold this winter simply to cope with energy prices. We believe the Government can also help by extending the Warm Home Discount scheme to help more people struggling with energy costs.

"In the meantime, consumers should take control of their bills by using less, wasting less and paying less for their energy. With £340 a year difference between the average big six standard tariff and the cheapest

fixed deal on the market, consumers could be better off making their own price cut by switching."

**For more information visit www.uswitch.com or call 0800 093 06 07**

**-Ends-**

**For further information please contact:**

Jason Wakeford, uSwitch.com on 0207 148 4662 orjason.wakeford@uSwitch.com

Catherine Barrett, Lansons on 0207 294 3674 orcatherineb@lansons.com

Tom Pavey-Smith, Lansons on 0207 294 3606 orthomasps@lansons.com

**Notes to editors**

1. See table in main body of the press release summarising big six suppliers' price reductions 2015. All prices quoted are based on a medium user customer using 3,200 kWh of electricity and 13,500 kWh of gas, on a dual fuel plan, paying on receipt of bill, with bill size averaged across all regions and all big six suppliers.

2. Analysis carried out by economic consultancy Europe Economics. Europe Economics constructed indicators of fuel poverty and vulnerability using the latest income and actual pricing data available at the time of its analysis in January/February 2015. This data related to October 2014. The study is based on a model including around 2,700 representative households. In order to estimate the index, three ONS sources were used:

Family Spending 2014. The report sets out average disposable incomes and spending on domestic energy by disposable income decile, age of reference person band and region or country in 2013.

Energy components of the Consumer Price Index. The component for domestic fuels is used to scale up energy spending to October 2014 (the most recent month for which data is available).

Average Weekly Earnings. The index is used to scale up disposable incomes to October 2014. While this assumes that disposable incomes rise in line with average earnings, and does not account for benefits changing at different rates and the effects of the tax system, it should be a reasonable proxy over the relatively short period from the 2013 average to October 2014.

3. In response to 'Considering the recent reductions to standard energy tariffs by some energy suppliers, to what extent do you think they will make an impact on your bills?' 49% answered it will make no difference to my bills. Research carried out online with the uSwitch.com Consumer Opinion Panel in March 2015 amongst a sample of 1,000 GB adults.

4. Source: Ofgem, March 2015 energy Supply Market Analysis

5. In response to 'Have you gone cold at home this winter due to the cost of energy?' 54% answered yes. 54% x 26.4 million households (ONS, Families & Households, 2013) = 14.3 million households.

6. Total number of households in the UK is 26.4 million (ONS, Families & Households, 2013) x 60% (number of households on standard tariff – source: Competition and Markets Authority) = 15,840,000 homes. Standard variable dual fuel energy tariff for big six suppliers was £1,265 as of 1 January 2015 and is £1,237 as of 30 June 2015, taking into account the decrease in SSE's standard variable gas tariff.

## Company Contact:

_

**Pressat Wire**

E. support[@]pressat.co.uk

View Online

**Newsroom:** Visit our Newsroom for all the latest stories:
**https://www.wire.pressat.co.uk**