



Department
of Energy &
Climate Change



Quarterly Energy Prices December 2015

22 December 2015

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This document is also available from our website at <https://www.gov.uk/government/collections/quarterly-energy-prices>

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CONTACT POINTS

This publication, including historical data, is available on the internet at <https://www.gov.uk/government/organisations/department-of-energy-climate-change/series/quarterly-energy-prices>

Please direct any suggestions about changes to the content or scope of this publication to Jo Marvin (Jo.Marvin@decc.gsi.gov.uk).

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International Energy Agency	www.iea.org
Eurostat	www.eurostat.ec.europa.eu/
UK Petroleum Industry Association	www.ukpia.com

This is a National Statistics publication

The United Kingdom Statistics Authority has designated these statistics as National Statistics, in accordance with the Statistics and Registration Service Act 2007 and signifying compliance with the UK Statistics Authority: Code of Practice for Official Statistics.

Designation can be broadly interpreted to mean that the statistics:

- meet identified user needs
- are well explained and readily accessible
- are produced according to sound methods, and
- are managed impartially and objectively in the public interest

Once statistics have been designated as National Statistics it is a statutory requirement that the Code of Practice shall continue to be observed.

EXPLANATORY NOTES ARE TO BE FOUND INSIDE THE BACK COVER

Section 1 – Introduction

Quarterly Energy Prices was first published in June 2001. Tables are available as Excel files at <https://www.gov.uk/government/organisations/department-of-energy-climate-change/about/statistics>. Monthly updates on domestic energy price indices and the prices of petroleum products are posted at the same address, as are any tables affected by changes in the GDP deflator.

In this issue there are provisional 2015 annual domestic gas and electricity bills, and Q3 2015 prices for industrial consumers and major power producers. There is also a comparison of prices in the IEA with those in the UK for 2014, sourced from IEA data. The petroleum product prices are provisional December 2015 and provisional annual 2015, whilst the international unleaded petrol and diesel prices are for November 2015.

This issue also includes analyses of electricity and gas prices in the EU 15 and EU 28 countries compared to those in the UK, by size of consumer. These tables are based upon data published by Eurostat, the EU statistical office, in their 'Statistics in Focus' series. From January 2008, prices are for the 6-month periods from January – June and July – December for each year. The tables cover the 6-month periods from January – June 2012 to January – June 2015.

The next issue, published online on 31 March 2016, will present final 2015 annual domestic gas and electricity bills. There will be Q4 2015 and provisional annual 2015 energy prices for the manufacturing sector, industrial and domestic fuel price indices, and the price of fuels for major power producers. The petroleum product prices table will have provisional prices for March 2016, and there will be international petrol and diesel prices as at February 2016.

Data in the tables are mainly in cash prices. However, price comparisons (unless otherwise stated) refer to movements in data in real terms. These are prices from which the effects of inflation, as measured by the Gross Domestic Product (GDP) market prices deflator, have been removed. The GDP deflator provides an index of inflation in the whole economy and therefore is applicable consistently to domestic and industrial prices.

For most fuels there is a difference in the prices paid by smaller consumers, typically households, and those paid by larger consumers, usually those in the industrial sector. Indeed, there are differences in prices between large and small industrial users. In a competitive energy market, larger consumers can negotiate lower prices. A household's energy demands may be more variable through the day and year (and therefore higher in peak price times) than those of industrial customers who use energy for continuous processes or can load manage. For these reasons the tables show prices separately for domestic and industrial consumers. Although no prices are given for commercial consumers, prices for the domestic sector should be fairly close to those for smaller commercial consumers and industrial prices should provide a reasonable proxy for larger customers in the commercial sector. The source of all data is the Department of Energy and Climate Change unless otherwise stated.

Future of QEP

As a result of the fall in the number of subscribers, DECC no longer produces a printed edition of the Quarterly Energy Prices publication. The publication will only be available on the DECC section of the gov.uk website at: www.gov.uk/government/collections/quarterly-energy-prices. The decision to cease printed copies of the publications was announced in the special feature article entitled 'Future of Energy Trends and Quarterly Energy Prices: printed publications' in the September 2014 edition of Energy Trends.

If you have any queries or comments on this matter, please contact Jo Marvin, Jo.Marvin@decc.gsi.gov.uk, tel: 0300 068 5049.

The main points in this edition are presented below:

Domestic

- The price paid for domestic fuels in real terms has fallen by 4.8 per cent in the year to Q3 2015. Between Q3 2014 and Q3 2015, real terms prices for domestic electricity fell by 1.4 per cent and domestic gas prices fell by 6.2 per cent.
- Provisional average 2015 combined electricity and gas bills have fallen by £45 (3.3 per cent) to £1,299.
- The provisional average 2015 electricity bill across all payment types has decreased by £8 (1.4 per cent) since 2014, to £584. Meanwhile, the provisional average 2015 gas bill across all payment types has decreased by £37 (4.9 per cent) since 2014, to £715. These bills are based on standard consumptions of 3,800 kWh per year for electricity and 15,000 kWh per year for gas.
- Quarter on quarter comparisons of the number of switches of supplier have been consistently higher than 2014. In Q3 2015, the number of electricity transfers was 6 per cent higher than Q3 2014. The number of gas transfers was 27.6 per cent higher than Q3 2014.

Industrial

- Between Q3 2014 and Q3 2015, average industrial prices in real terms including the Climate Change Levy (CCL) fell by 6.6 per cent for gas, by 21 per cent for coal, and by 33 per cent for heavy fuel oil, whilst the price of electricity increased by 0.8 per cent.
- Between Q3 2014 and Q3 2015, the price of coal used for electricity generation decreased by 15 per cent in cash terms whilst the price of gas increased by 0.4 per cent.

Oil and petroleum product prices

- Both petrol and diesel prices in December 2015 are at their lowest levels for 6 years. The price of petrol in December 2015 is 11 per cent (12 pence) lower than a year ago, at 104.0 pence per litre, whilst diesel is 12 per cent (14 pence) lower at 108.1 pence per litre. Petrol prices are around 38 pence lower than their peaks in April 2012 whilst diesel prices are around 40 pence lower.
- The price of crude oil purchased by UK refineries in November 2015 was 43 per cent lower than a year ago. The price in December was around \$45 per barrel, having previously been above \$100 per barrel between February 2011 and September 2014.

International

- In November 2015 the UK price for petrol was the second highest in the EU 15 at 107.2 pence per litre, whilst the UK price for diesel was the highest in the EU 15 at 110.1 pence per litre.
- For January to June 2015, UK industrial electricity prices for medium consumers including tax were the second highest in the EU 15, whilst industrial gas prices for medium consumers including tax were the third lowest in the EU 15.
- For January to June 2015, UK domestic electricity prices for medium consumers including tax were the eighth highest in the EU 15, whilst domestic gas prices for medium consumers including tax were the third lowest in the EU 15.

Section 2 – Domestic Prices

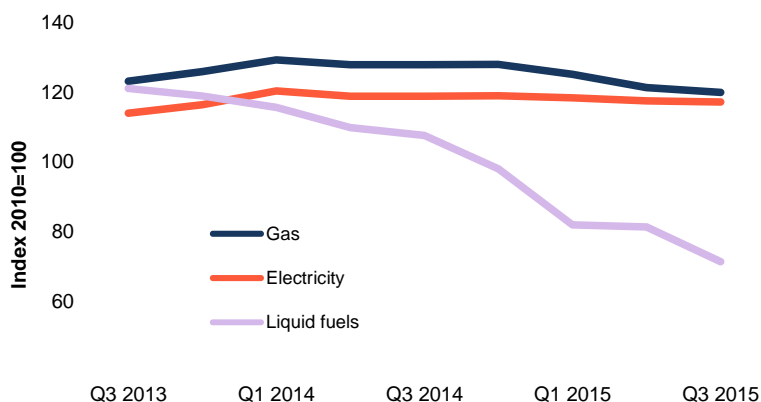
Highlights

- The price paid for domestic fuels in real terms has fallen by 4.8 per cent in the year to Q3 2015. Between Q3 2014 and Q3 2015, real terms prices for domestic electricity fell by 1.4 per cent and domestic gas prices fell by 6.2 per cent.
- Provisional average 2015 combined electricity and gas bills have fallen by £45 (3.3 per cent) to £1,299.
- The provisional average 2015 electricity bill across all payment types has decreased by £8 (1.4 per cent) since 2014, to £584. Meanwhile, the provisional average 2015 gas bill across all payment types has decreased by £37 (4.9 per cent) since 2014, to £715. These bills are based on standard consumptions of 3,800 kWh per year for electricity and 15,000 kWh per year for gas.
- The fall in gas bills is primarily due to decreases in prices by all major suppliers at the start of 2015. A £12 rebate was applied to electricity bills for the second year in a row.
- The number of domestic switches of supplier have increased in 2015 compared to 2014. In Q3 2015, the number of electricity transfers was 6 per cent higher than Q3 2014. The number of gas transfers was 28 per cent higher than Q3 2014, when switching was particularly low.

2.1 Retail price of fuels for the domestic sector

In terms of domestic fuel price indices, the price for all domestic fuels has fallen by 4.8 per cent in Q3 2015 compared to Q3 2014. As shown in Chart 2.1, in real terms domestic electricity fell by 1.4 per cent, gas fell by 6.2 per cent, and liquid fuels fell by 34 per cent, driven by falls in the price of crude oil. Between Q3 2014 and Q3 2015, motor fuel and oil prices, including VAT, fell 14 per cent in real terms. The price of solid fuels fell by 1.2 per cent in real terms between Q3 2014 and Q3 2015.

Chart 2.1 Fuel price indices in the domestic sector⁽¹⁾



Source: ONS, Consumer prices index

⁽¹⁾ Data in real terms, adjusted for inflation using the GDP (market prices) deflator.

Domestic prices

UK wholesale gas prices have been increasing since the early 2000's, due to upward pressure on prices in Europe and the decline of UK Continental Shelf gas production, although prices have fallen back since the start of 2014. Electricity prices have generally been on a rising trend, as gas is an important part of the UK generation mix, but also as a result of higher coal prices, wholesale electricity prices rising from unsustainably low levels, and the introduction of the EU Emissions Trading scheme in 2005.

Liquid fuel (heating oil) prices typically follow crude oil prices. Between 2004 and 2008 prices increased strongly, following crude oil price rises, although they began to decrease after a peak in mid-2008. Liquid fuels prices increased again to reach a new high in real terms in 2012, but in 2013 prices fell slightly in real terms and in 2014 and 2015 they have fallen more significantly. Motor fuel prices also follow crude oil prices, with variations according to Budget increases in the duty payable on petrol and diesel and changes to the rate of VAT.

Link to tables:

[Table 2.1.1: Consumer prices index: fuel components in the UK](#)

[Table 2.1.2: Consumer prices index: fuel components in the UK relative to GDP deflator](#)

[Table 2.1.3: Consumer prices index: fuel components, monthly figures](#)

2.2 Domestic electricity and gas bills

DECC estimates for bills are based on fixed annual consumption levels of 15,000kWh for gas and 3,800kWh for electricity. An article examining bills based on actual annual consumption was published in March 2015's Energy Trends¹. Using an average fixed consumption enables comparisons over time of the effects of actual price changes to be made, whilst excluding any change in consumption. Actual average domestic consumption of both gas and electricity varies from year to year due to changes in weather and energy efficiency improvements.

All six of the major domestic energy suppliers decreased gas prices at the beginning of 2015 reflecting falls in wholesale gas prices. One of these suppliers again reduced gas prices in the middle of the year. There were no price changes from the six major domestic energy suppliers for electricity customers in 2015. Overall, the changes reflect an average decrease in gas prices of around 5 per cent while electricity prices fell marginally on 2014 as prices of fixed deals fell.

Average electricity and gas bills in 2015 were lower than 2014 bills, for gas this was mainly due to these price falls implemented at the beginning of 2015. The £12 electricity rebate received by customers in Great Britain in 2015 was also provided in 2014.

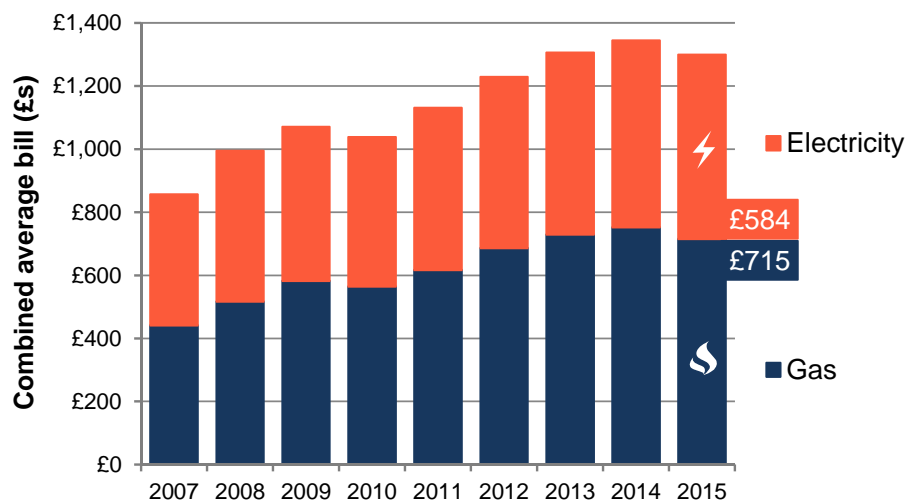
Chart 2.2 shows average standard domestic energy bills, in cash terms. Combined provisional gas and electricity bills have decreased by £45 (3.3 per cent) between 2014 and 2015, to £1,299. Average electricity bills in 2015 decreased by £8 (to £584), and average gas bills decreased by £37 (to £715). Combined bills have been consistently rising since 2002, with the exception of a 3 per cent fall in 2010.

Change in average annual bills 2015 compared to 2014

	2014	2015	Change	Percentage Change
Standard Electricity	£592	£584	£8	1.4%
Gas	£752	£715	£37	4.9%
Combined	£1,344	£1,299	£45	3.3%

¹ See March 2015 Energy Trends article for more details: <https://www.gov.uk/government/collections/energy-trends-articles>

Chart 2.2 Average electricity and gas bills



Link to tables:

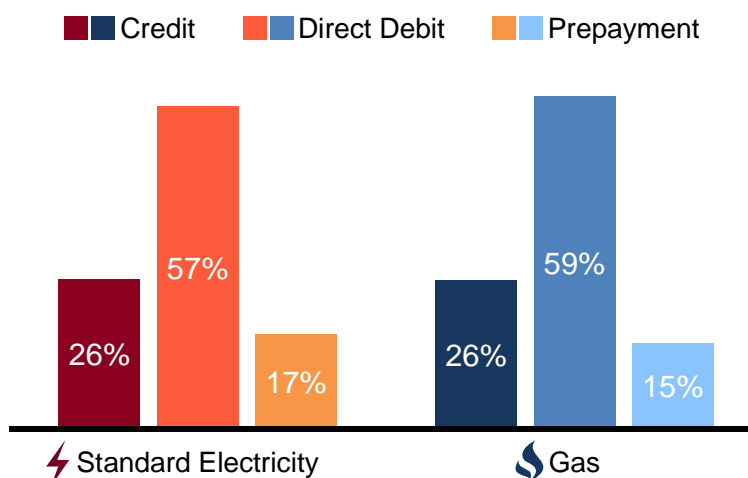
[Table 2.2.1: Average annual domestic electricity bills, by home and non-home supplier](#)

[Table 2.3.1: Average annual domestic gas bills, by home and non-home supplier](#)

2.3 Payment methods

At the end of September 2015, the majority of standard electricity customers in the United Kingdom (UK) and gas customers in Great Britain (GB) paid by direct debit. Chart 2.3.1 shows the proportion of customers that use each of the three payment methods for both gas and standard electricity. Over time the percentage of customers on direct debit has increased whereas the percentage of customers on credit has decreased.

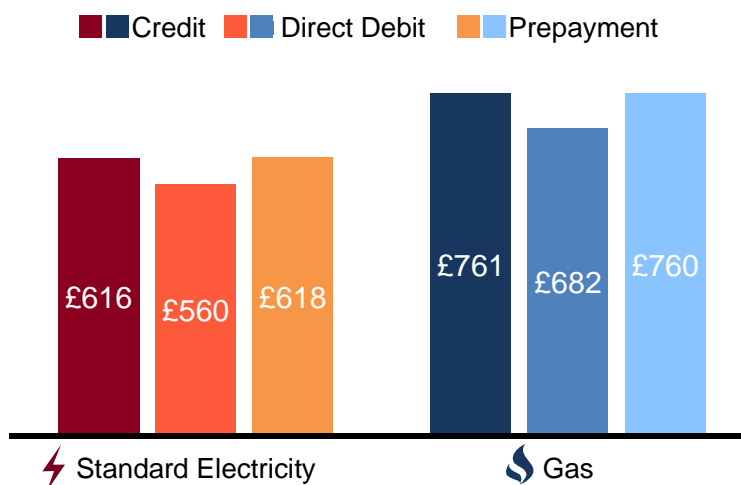
Chart 2.3.1 Proportion of customers on each payment type



In 2015 the provisional average annual bill¹ was cheapest for customers paying by direct debit, with an average bill of £560 for standard electricity customers in the UK and £682 for gas customers in GB, as shown in Chart 2.3.2.

¹ Based on a fixed consumption of 15,000kWh for gas and 3,800kWh for electricity

Chart 2.3.2 Average bill on each payment type



Link to tables:

[Table 2.2.1: Average annual domestic electricity bills, by home and non-home supplier](#)

[Table 2.3.1: Average annual domestic gas bills, by home and non-home supplier](#)

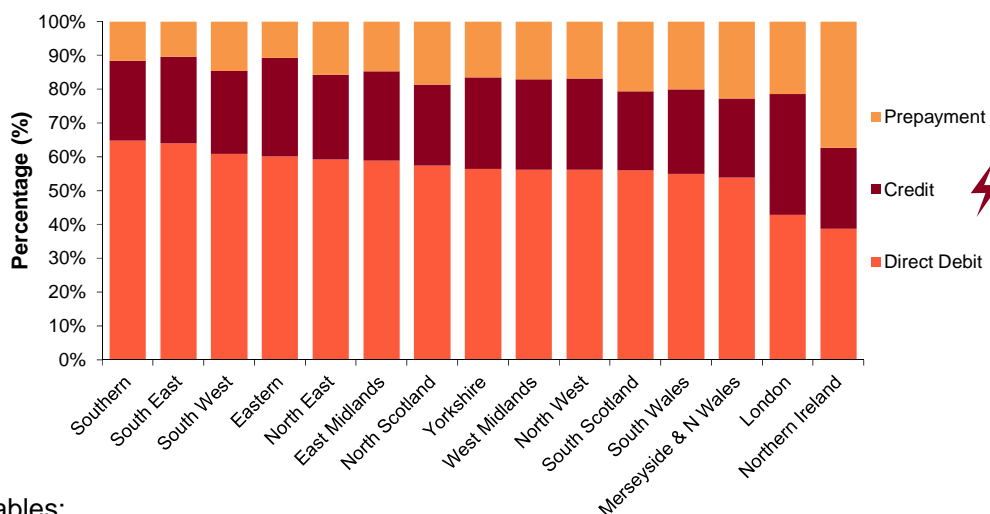
[Table 2.4.2: Regional variation of payment method for standard electricity](#)

[Table 2.5.2: Regional variation of payment method for gas](#)

2.3.1 Regional variation of payment methods - Electricity

The proportion of customers paying by the different payment methods varies by region. For standard electricity, direct debit is the most popular payment method in all regions. Northern Ireland has a broadly similar proportion of customers who pay by pre-payment as do direct debit. As Chart 2.3.3 shows, the Southern region had the highest proportion of customers paying by direct debit, at 65 per cent. The London region has highest percentage of standard credit customers, with 36 per cent using this payment method and just 43 per cent using direct debit, which is the second lowest rate in the UK.

Chart 2.3.3 Regional payment method for Standard electricity



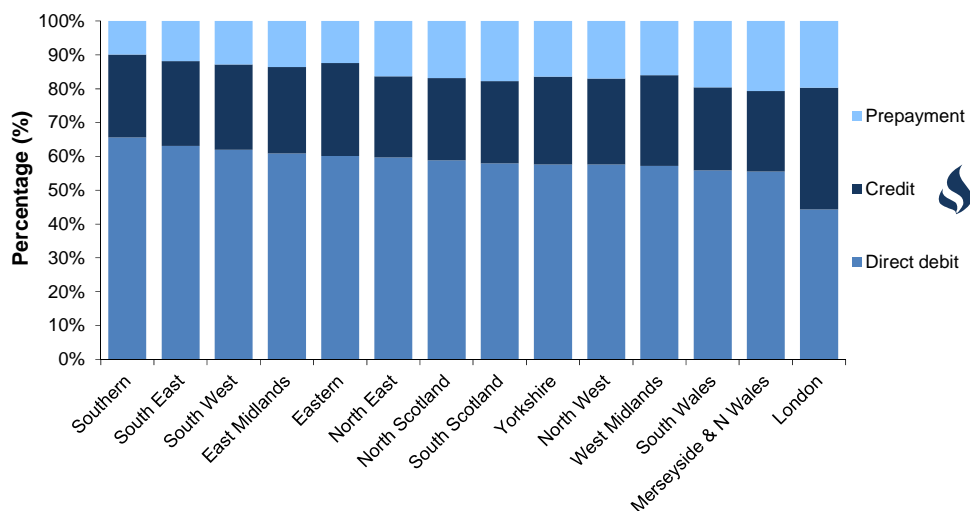
Link to tables:

[Table 2.4.2: Regional variation of payment method for standard electricity](#)

2.3.2 Regional variation of payment methods - Gas

Regional variation in payment method for gas is similar to that of standard electricity with direct debit used by the majority of customers in most regions. As can be seen in Chart 2.3.4, the Southern region of England had the highest proportion of gas customers paying by direct debit, at 66 per cent. The London region had the lowest percentage paying by direct debit, at 44 per cent and the highest percentage of gas standard credit customers, with 36 per cent. Merseyside and North Wales had the highest percentage of gas pre-payment customers in GB, at 21 per cent.

Chart 2.3.4 Regional payment method for gas



Link to tables:

[Table 2.5.2: Regional variation of payment method for gas](#)

2.4 Domestic energy competition

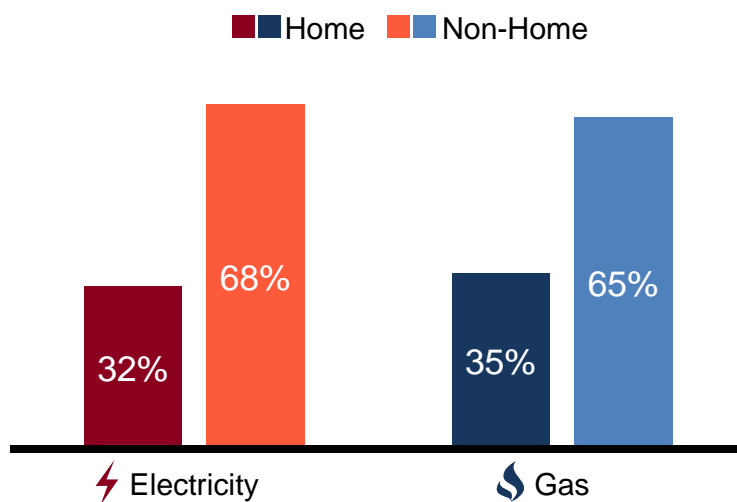
The first trial in competitive gas supply started in April 1996 in South West England, with all customers able to choose their gas supplier by May 1998. Competition in domestic electricity supply began on 14 September 1998 with 750,000 consumers in four areas, and was gradually extended to all consumers in Great Britain by 24 May 1999. In Northern Ireland the market is now beginning to open up to competition, after being monopolistic for many years, although two suppliers still currently supply the vast majority of the market. Gas is still not yet widely available in Northern Ireland, although the number of customers with access to the gas grid is increasing.

A home supplier is where a customer is with the energy supplier that originally supplied that region before the energy market opened up to competition. At the end of September 2015, DECC estimates that 18.9 million (68 per cent of) domestic electricity¹ customers and 14.4 million (65 per cent of) domestic gas customers in Great Britain² were no longer with their home supplier (see Chart 2.4.1).

¹ Includes both standard electricity and Economy 7 electricity.

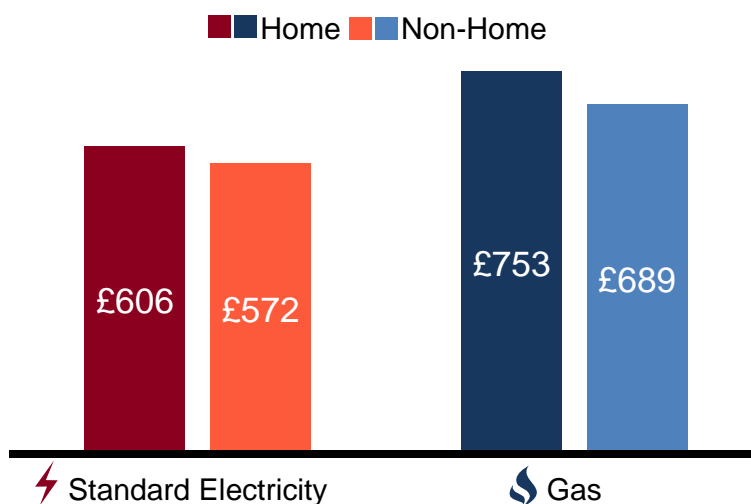
² Competition is still limited in scope for domestic customers in Northern Ireland, and so this country has been excluded from this analysis.

Chart 2.4.1 Proportion of customers on Home vs. Non-home tariffs for electricity and gas in GB



As can be seen in Chart 2.4.2 below, the average annual bill based on fixed consumption¹ for gas and electricity is lower for customers with non-home suppliers.

Chart 2.4.2 Average Standard electric and Gas bill for home and non-home suppliers in GB



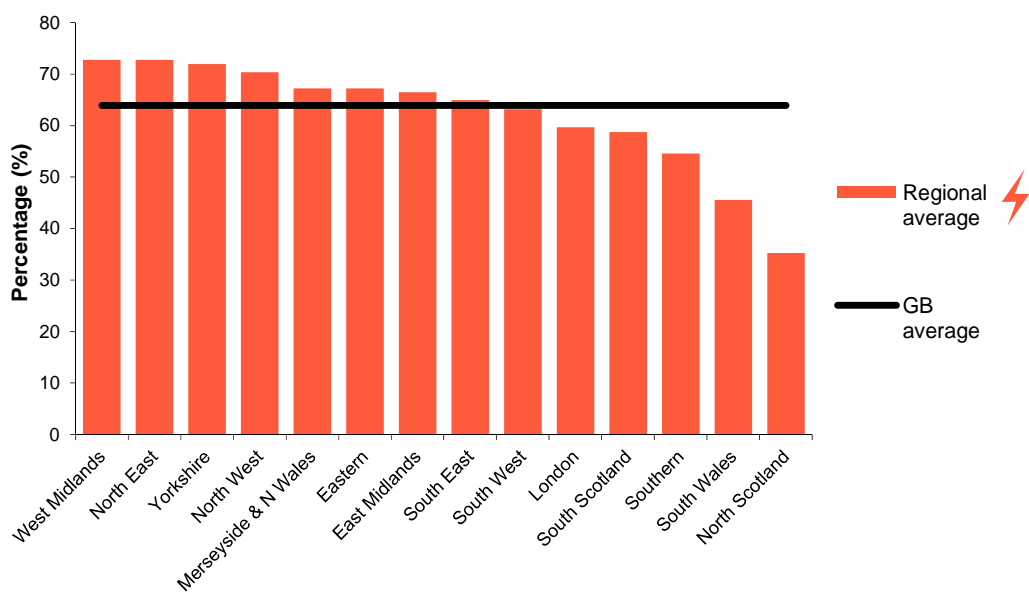
2.4.1 Regional competition - Electricity

Chart 2.4.3 below and Tables 2.4 in the annex reflect data from the big 6 and therefore under-estimating the proportion of customers not with their home supplier. DECC is considering options to expand data coverage.

Overall, customers in North Scotland were the least likely to have switched, with around 65 per cent still with their home supplier, whereas customers in the West Midlands and the North East are most likely to have switched with around 27 per cent with their home supplier.

¹ 15,000kWh for gas and 3,800kWh for electricity

Chart 2.4.3 Percentage electricity customers with a non-home supplier

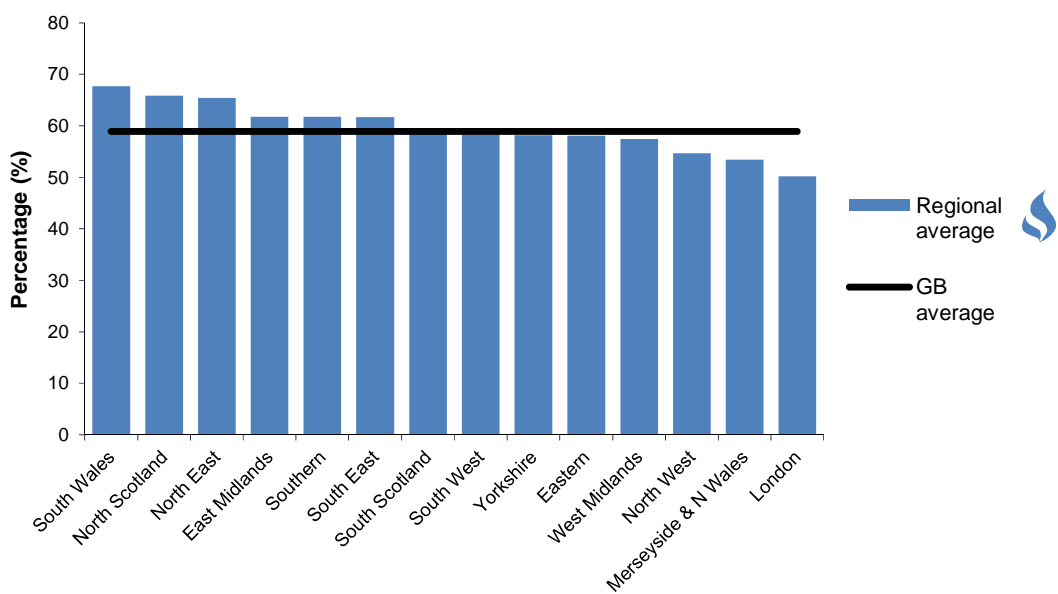


2.4.2 Regional competition - Gas

As with electricity Chart 2.4.4 below and tables 2.5 reflect big 6 data, under-estimating the proportion of customers not with their home supplier.

Overall, customers in the London region were the least likely to have switched, with around 50 per cent still with their home supplier, whereas customers in South Wales were the most likely to have switched with around 32 per cent still with their home supplier.

Chart 2.4.4 Percentage of gas customers with a non-home supplier



2.4.3 Variation in energy competition between payment methods

Direct debit customers were most likely to have transferred, with 67 per cent of electricity customers and 66 per cent of gas customers no longer with their home supplier. Standard credit customers were the least likely to have switched, with 57 per cent of electricity customers and 45 per cent of gas customers supplied by a non-home supplier.

Average annual bills are cheapest for direct debit customers and customers with a non-home supplier rather than customers with their home suppliers. The full breakdown of the provisional average annual bills for gas and standard electricity for each payment method split by home and non-home supplier for 2015 is shown in the table below. For previous years' data see tables 2.2.1 and 2.3.1 in the annex.

Average annual bills by payment method and supplier type for 2015

	Standard Credit		Direct Debit		Prepayment		Overall	
	Home	Non-Home	Home	Non-Home	Home	Non-Home	Home	Non-Home
Standard Electricity	£636	£601	£576	£552	£638	£606	£606	£572
Gas	£780	£737	£724	£661	£778	£746	£753	£689
Total	£1,416	£1,338	£1,300	£1,213	£1,416	£1,352	£1,359	£1,261

Link to tables:

[Table 2.2.1: Average annual domestic electricity bills, by home and non-home supplier](#)

[Table 2.3.1: Average annual domestic gas bills, by home and non-home supplier](#)

[Table 2.4.1: Percentage of domestic electricity customers by region by supplier type](#)

[Table 2.5.1: Percentage of domestic gas customers by region by supplier type](#)

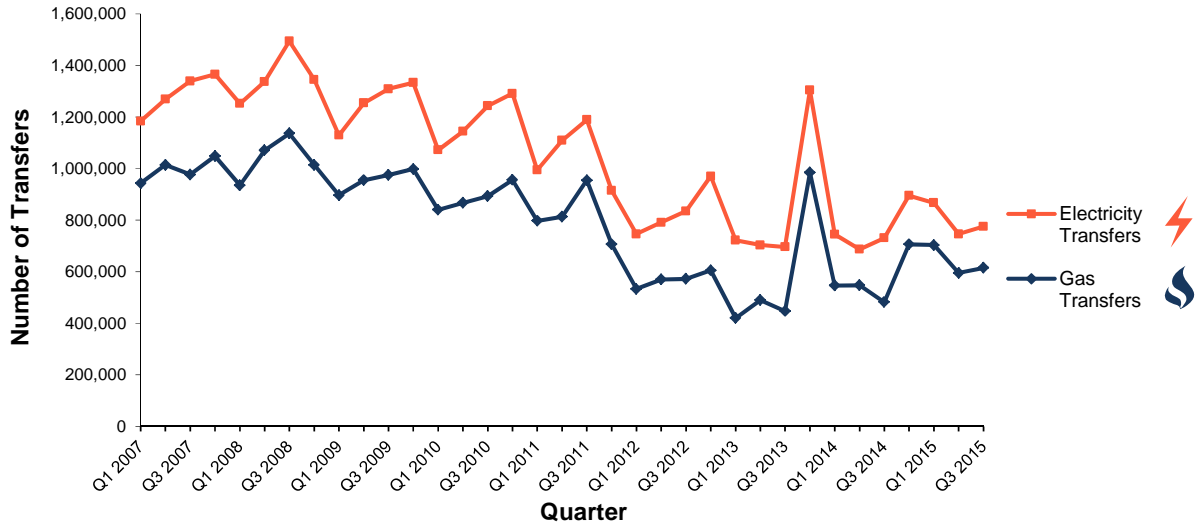
2.5 Transfer statistics

Ofgem provide DECC with the number of domestic customers that have switched supplier for both electricity and gas. For electricity, this covers the whole domestic market. For gas, from January 2014, Ofgem provided switching levels on the same basis for the first time. Previous to this, gas switching levels only covered the main six suppliers. For this reason published gas transfers will be lower before in Q1 2014 compared to more recent quarters.

The number of transfers made within the domestic electricity market increased by 6 per cent between Q3 2014 and Q3 2015. An estimated 775,000 transfers were made compared to 731,000 in the same period last year as seen in chart 2.5. Since Q3 2014 gas transfers have increased by 27.6 per cent to 615,000 transfers in Q3 2015 compared with 482,000 transfers in the same period last year. For both electricity and gas, these transfers represent around 2.8 per cent of each of their domestic customers.

Domestic prices

Chart 2.5 Domestic gas and electricity transfers



Link to tables:

[Table 2.7.1: Transfer statistics in the domestic gas and electricity markets](#)

Section 3 – Industrial Prices

Highlights

- Between Q3 2014 and Q3 2015, average industrial prices in real terms including the Climate Change Levy (CCL) fell by 6.6 per cent for gas, by 21 per cent for coal, and by 33 per cent for heavy fuel oil, whilst prices for electricity increased by 0.8 per cent.
- Between Q3 2014 and Q3 2015, the price of coal used for electricity generation decreased by 15 per cent in cash terms whilst the price of gas increased by 0.4 per cent.

Notes

Prices presented in this section will vary depending on sectoral coverage (manufacturing industry, all industry, or non-domestic consumers) and consumption levels. The price of a fuel may move to a different degree, or even in a different direction, depending on the sectors and/or consumption sizebands being compared. Changes in price may also vary depending on the time period used, i.e. changes in annual average prices may be different to changes in price between quarters a year apart.

These factors help to explain differences between prices. As an example, average prices in Tables 3.1.1 – 3.1.4, which covers manufacturing industry, tend to be weighted more towards the price paid by large consumers, whereas for Tables 3.4.1 & 3.4.2, covering all non-domestic consumers, average prices tend to be weighted more towards smaller consumers. Larger consumers may be more dependent on wholesale spot prices, and therefore more vulnerable to price spikes, whereas smaller consumers tend to be on more stable contracts.

Price indices in Table 3.3.1 aim to be reflective of all industrial users and are quoted in the key points on page 4.

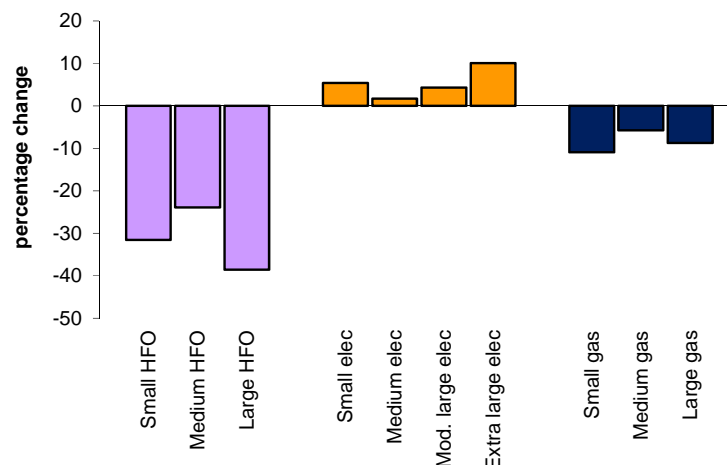
3.1 Energy prices in the manufacturing sector

Prices of fuels for the manufacturing sector, excluding CCL, for various sizebands of consumer are presented in Tables 3.1.1 to 3.1.4. Prices tend to vary by consumption, reflecting the bargaining position of the larger users and factors such as length of contracts and the relative (to size) impact of crude prices on fuel prices.

Prices of most fuels broadly follow the price of crude oil, which, aside from a significant fall in 2009, was on an upward trend between 2004 and 2013. Annual 2013 crude prices were slightly lower than 2012, and annual 2014 crude prices were around 10% lower than 2013. Average fuel prices for coal increased each year between 2004 and 2014 with the exception of 2009 and 2012. For heavy fuel oil and gas oil, prices increased each year between 2004 and 2012, with the exception of 2009, but fell in 2013 and 2014. For gas, average prices fell in 2007, 2009, 2010 and 2014 but otherwise increased each year. For electricity, average prices rose each year with the exception of falls in 2007 and 2010.

Recent price movements are shown in Chart 3.1. Compared to Q3 2014, heavy fuel oil consumers in Q3 2015 have seen prices fall by an average of 33 per cent in cash terms. Over the same period, prices paid by electricity consumers, in cash terms excluding CCL, rose by an average of 5.0 per cent. Gas consumers have seen prices, in cash terms excluding CCL, decrease by an average of 8.6 per cent.

Chart 3.1 Manufacturing industry price movements by size of consumer⁽¹⁾



(1) Percentage price movement between Q3 2014 and Q3 2015 for heavy fuel oil (HFO), electricity and gas, in cash terms excluding Climate Change Levy (CCL)

On an annual basis, over the past five years (2009 to 2014), average industrial electricity prices have risen by 7.5 per cent (a fall of 3.1 per cent in real terms), with an increase of 0.8 per cent (a fall of 0.8 per cent in real terms) in the last year. Over the same five year period average industrial gas prices have increased by 18 per cent (6.1 per cent in real terms), and decreased by 12 per cent (13 per cent in real terms) in the last year.

Link to tables:

[Table 3.1.1: Quarterly prices of fuels purchased by manufacturing industry \(original units\)](#)

[Table 3.1.2: Quarterly prices of fuels purchased by manufacturing industry \(p/kWh\)](#)

[Table 3.1.3: Annual prices of fuels purchased by manufacturing industry \(original units\)](#)

[Table 3.1.4: Annual prices of fuels purchased by manufacturing industry \(p/kWh\)](#)

3.2 Average prices of fuels purchased by the major UK power producers

Average purchase costs of fuels used to generate electricity are presented in Table 3.2.1. Generation costs are also affected by non-fuel costs, and by the efficiency with which fuel is converted into electricity in different types of power station, therefore comparing the fuel input costs in common units does not necessarily provide a picture of full costs.

Gas wholesale prices have generally been higher and more volatile since 2008, in line with crude oil prices. Prices reached a 5-year high of 108 pence per therm in March 2013, due to a number of unplanned outages at oil and gas facilities in the North Sea and unseasonably cold weather. More recently, in the first half of 2015 gas prices ranged between 40 – 55 pence per therm, before dropping below 40 pence per therm in August due to comfortable supply and low summer demand. Prices in winter so far have yet to rise above 40 pence per therm due to relatively mild temperatures.

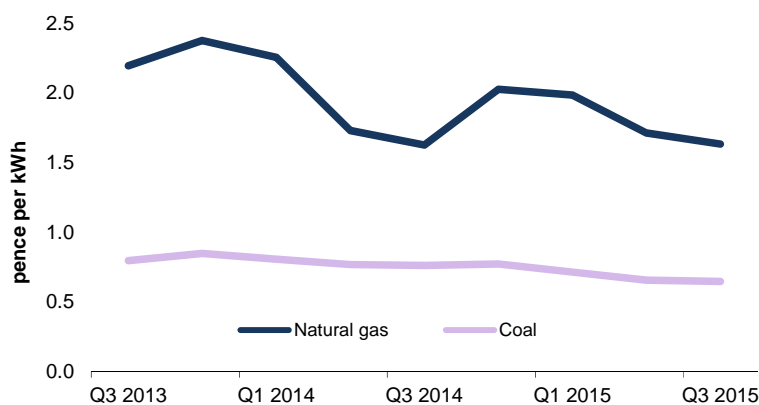
Prior to 2008, coal was the dominant fuel used in electricity generation. Between 2008 and 2010, gas overtook coal as the dominant fuel, but since 2011 the relative prices of coal and gas have meant that coal use has increased once more at the expense of gas. In 2013, gas generation fell to the lowest level since 1996 due to high gas prices, but in 2014 gas generation increased by 6

Industrial Prices

per cent due to lower wholesale gas prices between June and August and in response to lower nuclear and coal output.

Between Q3 2014 and Q3 2015 the price in cash terms of coal for power stations fell by 15 per cent whilst the price of gas rose by 0.4 per cent. In Q3 2015, the price of coal in p/kWh was less than half the price of gas, as shown in Chart 3.2. The price gap between coal and gas in p/kWh in cash terms in Q2 2015 was 1.0 pence. Compared to Q2 2015, the price of coal in cash terms has fallen by 1.3 per cent whilst the price of gas has decreased by 4.7 per cent.

Chart 3.2 Price paid by UK power producers for coal and natural gas



Over the past 5 years, the annual average real terms price of natural gas used by major power producers in 2014 has increased by 65 per cent, whilst the price of coal has decreased by 6.8 per cent. In comparison, in the last year the annual average price of gas decreased by 19 per cent, whilst the price of coal fell by 9.1 per cent.

Link to table:

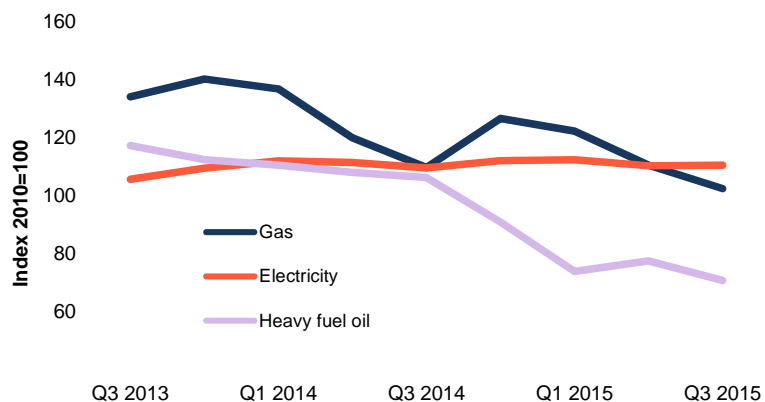
[Table 3.2.1: Average price of fuels purchased by the major UK power producers](#)

3.3 Fuel price indices for the industrial sector

Fuel price indices, both excluding and including the Climate Change Levy (CCL) in real and cash terms, are presented in Tables 3.3.1 and 3.3.2. Prices in real terms (including CCL) for all fuels generally stayed below 1990 levels until 2005/06, with some of the largest annual increases occurring between 2007 and 2008.

Average industrial gas prices including the Climate Change Levy (CCL) fell by 6.6 per cent in real terms between Q3 2014 and Q3 2015, whilst industrial electricity prices including CCL rose in real terms by 0.8 per cent, as shown in Chart 3.3. Over the same period the price of coal decreased by 21 per cent in real terms and the price of heavy fuel oil decreased by 33 per cent. The inclusion of CCL increases the average price of coal by 6.7 per cent and the average price of electricity and gas by 2.8 and 3.6 per cent respectively in Q3 2015.

Chart 3.3 Industrial fuel price indices⁽¹⁾



(1) Data in real terms, deflated using the GDP implied deflator at market prices. Price includes Climate Change Levy (CCL)

On an annual basis, the average price of heavy fuel oil in 2014 compared to 2004 has increased by 169 per cent in real terms, with a decrease of 12 per cent in 2014. In comparison, the annual average price of gas, including CCL, has increased by 89 per cent in real terms since 2004, with a fall of 11 per cent in the latest year. The average price of electricity, including CCL, has risen by 103 per cent in real terms since 2004, and by 3.6 per cent in the latest year.

Link to table:

[Table 3.3.1 & 3.3.2: Fuel price indices for the industrial sector](#)

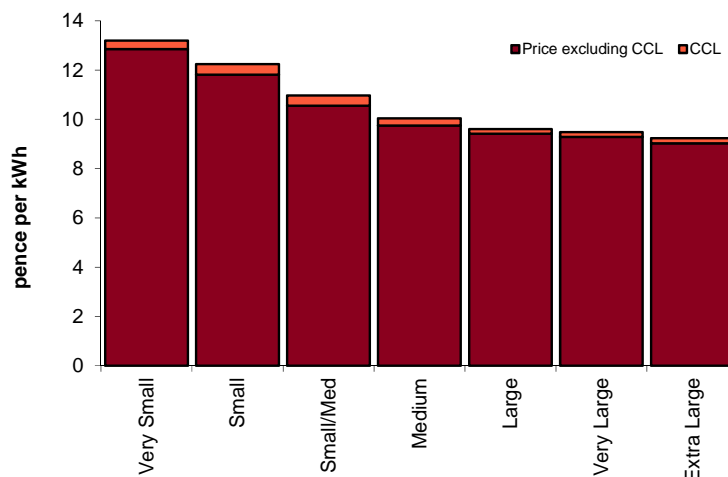
3.4 Gas and electricity prices for the non-domestic sector in the UK

Gas and electricity prices in the non-domestic sector, both including and excluding CCL, for various sizes of consumer are presented in Tables 3.4.1 and 3.4.2.

Average electricity prices, excluding CCL, have risen in cash terms between Q3 2014 and Q3 2015 by an average of 3 per cent. Prices have risen by between 4 and 7 per cent for all consumers but the very smallest, where prices fell by 6 per cent. Average current prices in Q3 2015 have fallen 2 per cent on the high reached in Q1 2015. Chart 3.4 shows how current prices vary by sizeband.

Average electricity prices, including CCL, increased every quarter from the second quarter of 2004 until the first quarter of 2009, then generally trended down until Q3 2011 when prices started to trend upwards once more, with slight seasonal fluctuations. In Q3 2015, the inclusion of CCL increases the average price of electricity by between 2 and 4 per cent.

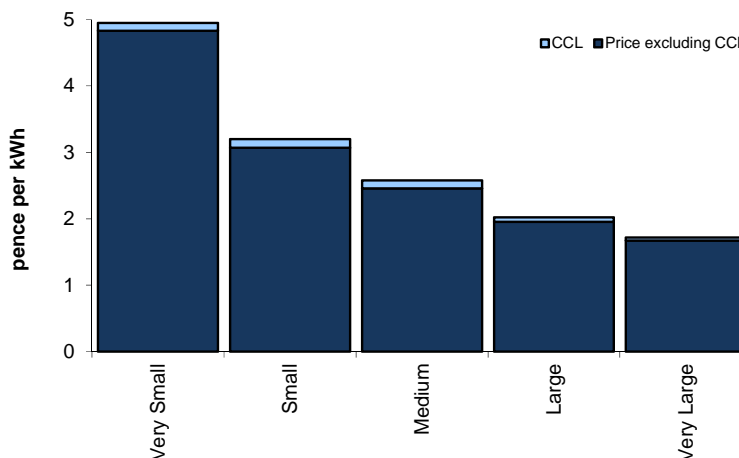
Chart 3.4 UK non-domestic electricity prices Q3 2015



Average gas prices excluding CCL have fallen in cash terms between Q3 2014 and Q3 2015 by an average of 3 per cent. Prices by sizeband have fallen by between 5 and 13 per cent for all consumers. This apparent anomaly is due to greater volume in the smaller sizebands, where prices decreased the least, in Q3 2015 compared to Q3 2014. Average current prices in Q3 2015 have fallen 13 per cent on the high reached in Q1 2014. Chart 3.5 shows how current prices vary by sizeband.

Average gas prices, including CCL, show prices trending upwards from 2004, with a slight seasonal decrease usually evident in the second and third quarter of each year. This decrease was not shown in 2008 due to consistently high wholesale gas prices, and has been less marked than usual in recent years for the same reason. In Q3 2015, the inclusion of CCL increases the average price of gas by between 2 and 5 per cent.

Chart 3.5 UK non-domestic gas prices Q3 2015



Link to table:

[Table 3.4.1: Price of fuels purchased by non-domestic consumers in the UK excluding CCL](#)

[Table 3.4.2: Price of fuels purchased by non-domestic consumers in the UK including CCL](#)

Section 4 – Oil and Petroleum Product Prices

Highlights

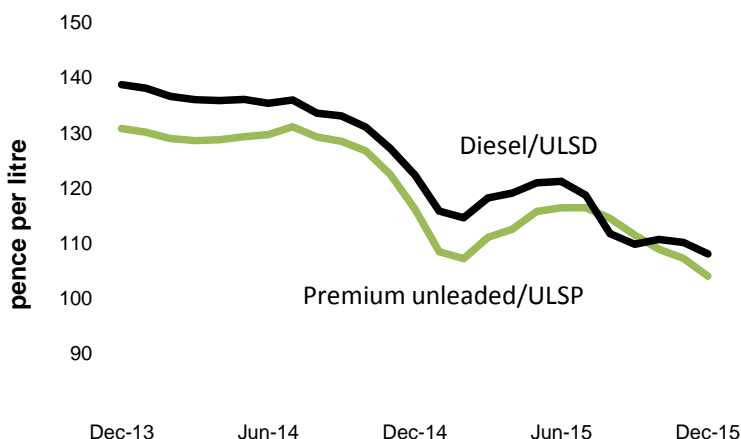
- Both petrol and diesel prices in December 2015 are at their lowest levels for 6 years. The price of petrol in December 2015 is 11 per cent (12 pence) lower than a year ago, at 104.0 pence per litre, whilst diesel is 12 per cent (14 pence) lower at 108.1 pence per litre. Petrol prices are around 38 pence lower than their peak in April 2012 whilst diesel prices are around 40 pence lower.
- The price of crude oil purchased by UK refineries in November 2015 was 42 per cent lower than a year ago. The price in December was around \$45 per barrel, having previously been above \$100 per barrel between February 2011 and September 2014.

4.1 Retail prices of petroleum prices

Prices of petroleum products, including road fuels, are presented in Tables 4.1.1 to 4.1.3. Prices of unleaded petrol (ULSP) and diesel (ULSD) reached new highs in April 2012, mainly due to the cost of crude oil. Petrol prices in December 2015 are around 38 pence lower than that peak whilst diesel prices are around 40 pence lower. Prices are also affected by duty rate changes, as listed in Annex C, and by changes in the general rate of VAT.

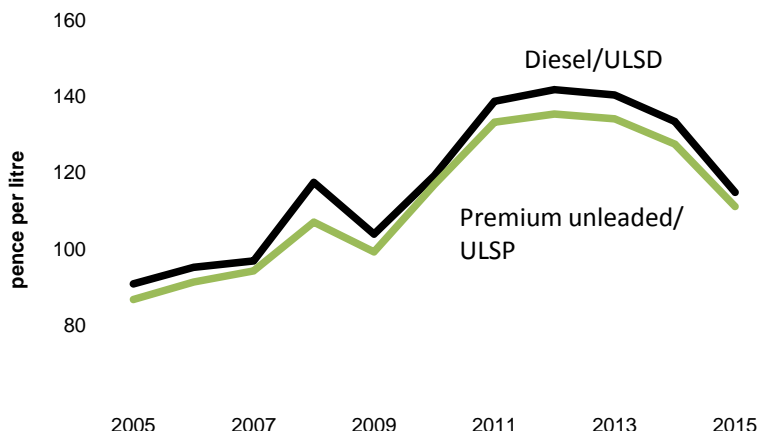
Chart 4.1.1 shows that, in mid-December 2015, a litre of ULSP was on average 104.0 pence, 3.2 pence per litre lower than the previous month and 12 pence per litre lower than a year ago. Diesel prices were 108.1 pence per litre, 2.0 pence per litre lower than the previous month and 14 pence per litre lower than a year ago. Petrol and diesel prices in December 2015 are at the lowest level since the Autumn 2009.

Chart 4.1.1 Retail prices of motor spirits - quarterly



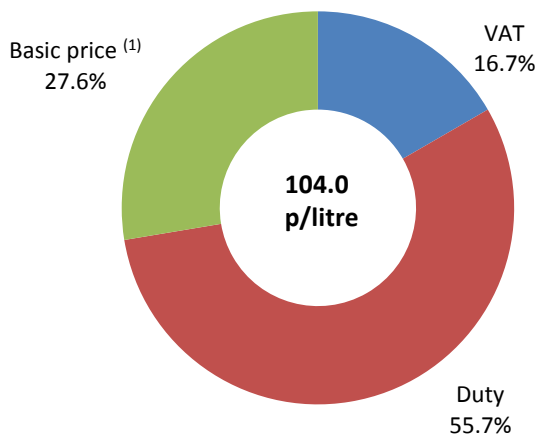
Provisional annual 2015 prices of ULSP and ULSD were lower than the record highs of 2012 by 18 per cent and 19 per cent respectively, as shown in Chart 4.1.2. The differential between ULSP and ULSD in 2014 was 3.8 pence per litre, a fall on 2014. Motor fuel prices increased at a steady rate from the Gulf crisis in 1990/91 to 2000, chiefly as a result of duty changes. Since 2000, prices have followed oil prices, increasing strongly in 2008, falling back in 2009, and then increasing strongly once more in 2010 and 2011 before levelling off in 2012. Prices fell slightly in 2013, fell more sharply in 2014, then dropped dramatically in 2015.

Chart 4.1.2 Retail prices of motor spirits - annual



The price of unleaded petrol, excluding tax, in December 2015 is 52 per cent lower than the peak in April 2012. The price of diesel, excluding taxes, is 51 per cent lower than the April 2012 peak. Chart 4.2 shows the components of the retail price of petrol in December 2015: the basic price of 28.7 pence per litre, duty at 57.95 pence per litre, and VAT at 20 per cent (17.3 pence per litre).

Chart 4.2 Component price of unleaded petrol, December 2015

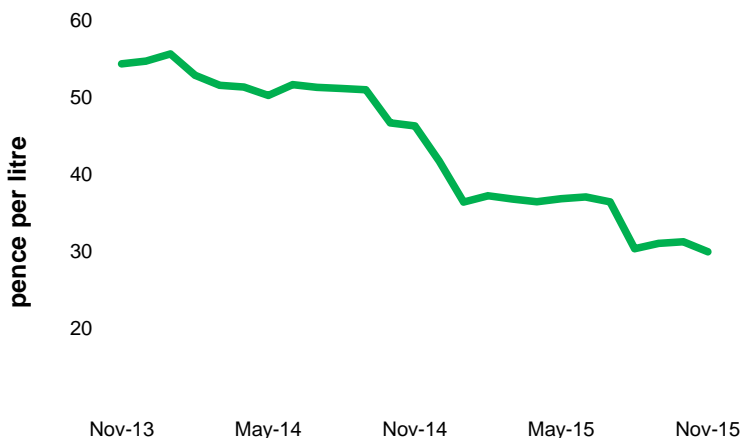


(1) Basic price is the price excluding VAT and duty

Retail prices of heating oil, known as standard grade burning oil (SGBO), and of gas oil for heating are more directly influenced by the price of crude oil than other petroleum products due to lower rates of duty and VAT.

The price of SGBO in November 2015 was 54 per cent lower than February 2013, which was the highest level since July 2008. The price of gas oil in November 2015 was 44 per cent lower than April 2012, which was the highest level since our records started in 1989. In November 2015 the price of SGBO was 35 per cent lower than a year ago, as shown in Chart 4.3, whilst gas oil was 28 per cent lower.

Chart 4.3 Retail prices of heating oil⁽¹⁾



(1) Heating oil is standard grade burning oil (SGBO)

Link to tables:

[Table 4.1.1: Typical monthly retail prices of petroleum products and a crude oil index](#)

[Table 4.1.2: Average annual retail price of petroleum products and a crude oil index](#)

[Table 4.1.3: Typical retail prices of petroleum products 1978 to 2015](#)

4.2 Crude oil prices

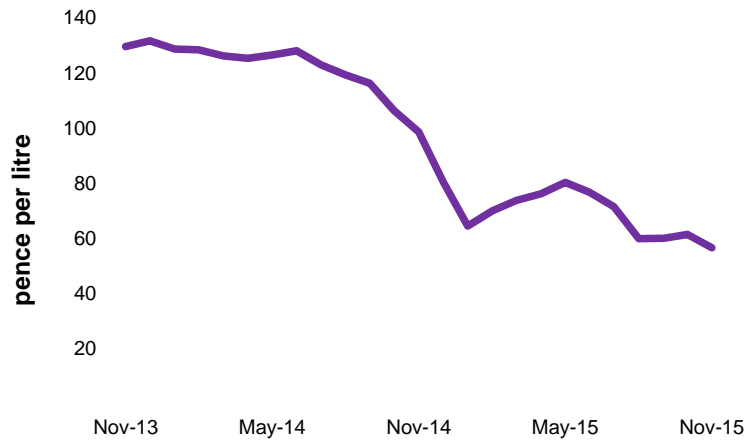
Movements in the price of crude oil affect the prices of various domestic and industrial fuels, as well as petroleum products. A price index for crude oil is available in Tables 4.1.1 and 4.1.2 for comparison against the prices of petroleum products.

The price of crude oil can change for a variety of reasons, such as: oil shortages (1973); over-supply and weak demand (1998); Hurricanes (2005); the global recession (2008-9); and geopolitical tensions (2008 onwards). In July 2008, average monthly crude oil prices reached a new high in real terms, 10.5 per cent higher than the late 1970's. Oil prices were almost consistently above \$100 per barrel between February 2011 and September 2014, when prices fell due to weak demand and increased supply. More recently, prices fell to under \$45 per barrel, a six-year low, in late August due to concerns over China's economic performance, fluctuated around the \$50 per barrel mark throughout the Autumn, then again dipped to \$40 in early December on OPEC's decision not to cut production from near record levels.

OPEC's 168th Meeting took place on 4 December 2015 in Vienna. Since the last meeting in June, oil and product stock levels in the OECD have continued to rise. Global economic growth is currently at 3.1% in 2015 and is forecast to expand by 3.4% next year. In terms of supply and demand, non-OPEC supply is expected to contract in 2016, while global demand is anticipated to expand again by 1.3 million barrels per day (mb/d). However, for the first time since 2011, no decision was reached regarding the production level, previously 30 mb/d. The next meeting will convene on 2 June 2016.

Chart 4.4 shows the price of crude oil acquired by UK refineries. In November 2015 the price was 43 per cent lower than a year ago. The average cost of crude oil acquired by UK refineries in November 2015 is 6.7 per cent higher than the low of December 2008. Prices are 63 per cent lower than March 2012, which was the highest level since our records began in 1991.

Chart 4.4 Index⁽¹⁾ of crude oil prices



(1) The index represents the average price paid by refineries for the month and is calculated in sterling on a cif basis, see Annex A.

The annual price for 2014 was 13 per cent lower than 2013 and 14 per cent lower than the high of 2012. Over the past five years (August 2010 to August 2015) the average cost of crude oil acquired by refineries has decreased by around 37 per cent.

Link to tables:

[Table 4.1.1: Typical monthly retail prices of petroleum products and a crude oil index](#)

[Table 4.1.2: Average annual retail prices of petroleum products and a crude oil price index](#)

Section 5 – International Comparisons

Highlights

- In November 2015 the UK price for petrol was the second highest in the EU 15 at 107.2 pence per litre, whilst the UK price for diesel was the highest in the EU 15 at 110.1 pence per litre.
- For January to June 2015, UK industrial electricity prices for medium consumers including tax were the second highest in the EU 15, whilst industrial gas prices for medium consumers including tax were the third lowest in the EU 15.
- For January to June 2015, UK domestic electricity prices for medium consumers including tax were the eighth highest in the EU 15, whilst domestic gas prices for medium consumers including tax were the third lowest in the EU 15.

Notes

International prices vary for many reasons including differences in indigenous resources and market structures, and varying exchange rates and inflation rates (for example, the pound depreciated against the euro by around 12 per cent between the first half of 2014 and the first half of 2015).

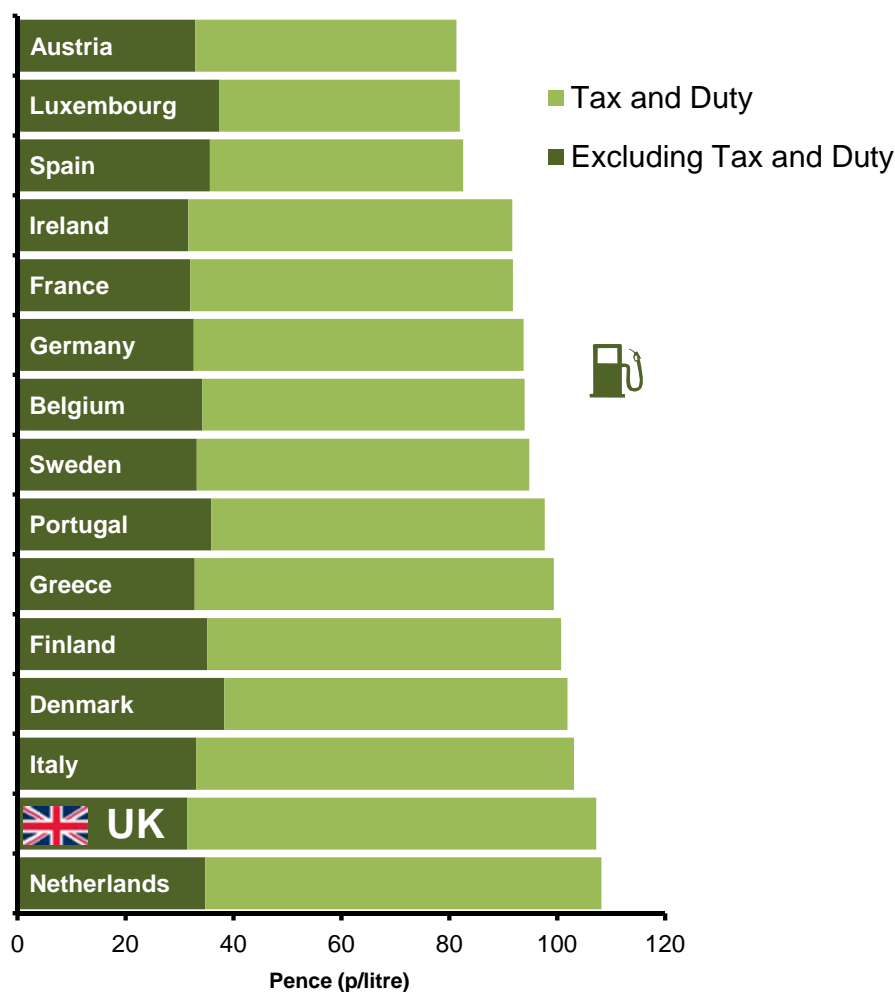
5.1 Unleaded petrol and Diesel prices

5.1.1 Premium unleaded petrol prices

Chart 5.1.1 shows that average UK unleaded petrol prices, including taxes, in November 2015 were the second highest in the EU 15 at 107.2 pence per litre when presented in a common currency basis. The lowest price was in Austria at 81.9 pence per litre whilst the highest price was in the Netherlands at 108.2 pence per litre.

The high UK petrol price is mainly due to the taxes levied, which formed 71 per cent of the total price in November 2015, compared to a range of 54 to 68 per cent in the rest of the EU 15.

Chart 5.1.1 Premium unleaded petrol prices, November 2015



Source: European Commission Oil Bulletin

Link to table:

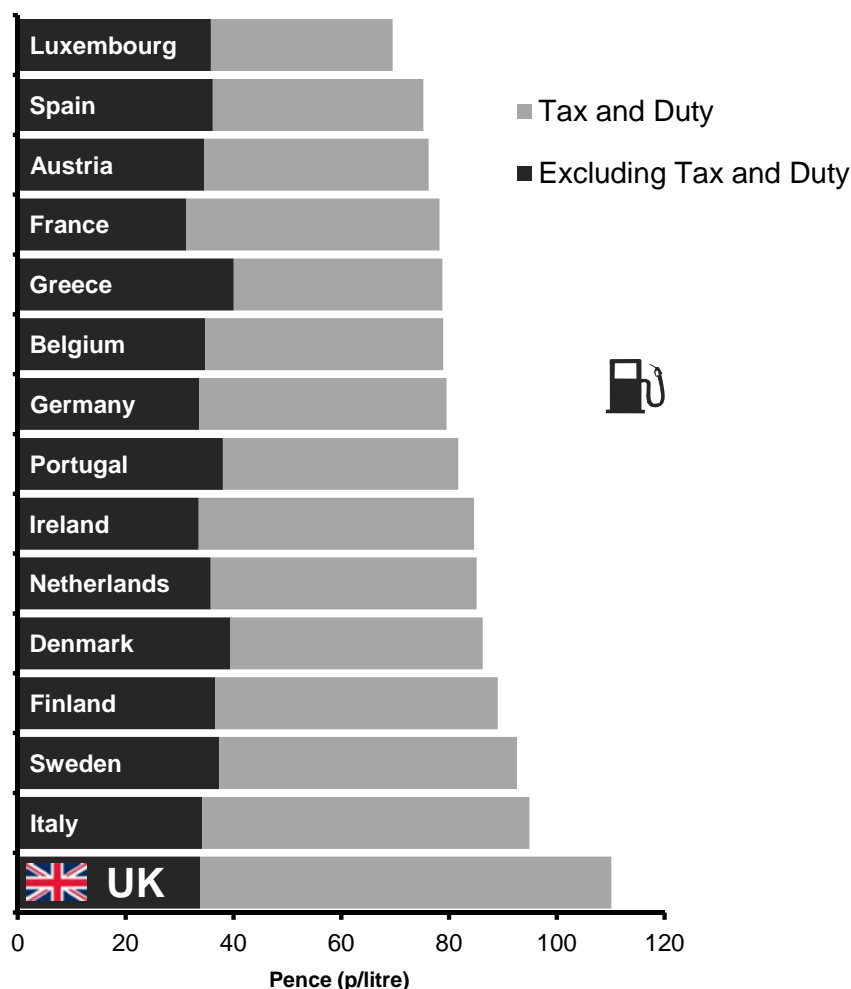
[Table 5.1.1: Premium unleaded petrol prices in the EU](#)

5.1.2 Diesel prices

Chart 5.1.2 shows that average UK diesel prices, including taxes, in November 2015 were the highest within the EU 15 at 110.1 pence per litre when presented in a common currency basis. The lowest price was in Luxembourg at 69.6 pence per litre.

The high UK diesel price is mainly due to the taxes levied, which formed 69 per cent of the total price in November 2015, compared to a range of 49 to 64 per cent in the rest of the EU 15.

Chart 5.1.2 Diesel prices, November 2015



Source: European Commission Oil Bulletin

Link to table:

[Table 5.2.1: Diesel prices in the EU](#)

5.2 Industrial gas and electricity prices

Prices for gas and electricity in this section will vary depending on the periodicity (6-monthly or annual) and consumption (banded or an overall average) of the tables. In general, the 6-monthly Eurostat EU 28 tables have more timely data and reflect changes on a shorter timescale, but comparisons with non-EU countries require the annual IEA tables.

Rankings may differ between the IEA and Eurostat tables. Charts include data available at the time of publication. The black line on the charts shows the median, this is produced using the data from all available countries as well as DECC estimates for the countries with missing data.

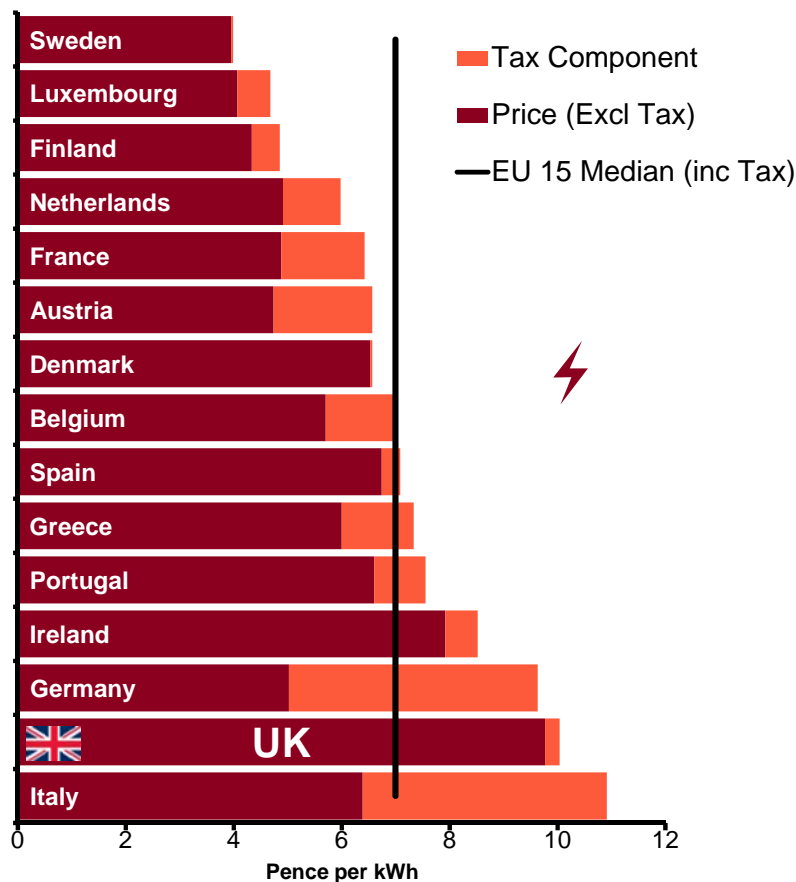
5.2.1 Industrial electricity prices

Average UK industrial electricity prices including taxes for medium consumers for the period January to June 2015 were second highest in the EU 15 and were 43 per cent above the EU 15

International Comparisons

median of 7 pence per kWh. The UK price for medium consumers excluding taxes was the highest in the EU 15 and was 71 per cent above the median price of 5.7 pence per kWh. Annual 2014 prices for medium consumers including tax were the third highest in the EU 15. Chart 5.2.1 shows the prices for the EU 15 for the period January to June 2015.

Chart 5.2.1 Industrial electricity prices



Prices are for medium consumers in the EU 15 for January – June 2015. Medium consumers are defined as having an annual consumption of 2,000 - 19,999 MWh per annum. Source: Eurostat Statistics in Focus Electricity prices for EU Industry, January – June 2015

The average industrial electricity price including taxes in the UK for medium consumers rose by 4 per cent in on the same period in 2014, whereas the prices for the rest of the EU 15 fell by an average of 15 per cent. This was primarily due to the exchange rate, with the pound depreciating against the euro by 12 per cent over this period.

Link to table:

[Table 5.4.1: Average industrial electricity prices in the EU](#)

In 2014, average UK industrial electricity prices, including taxes, were the seventh highest in the IEA, fourth lowest in the G7, and were 25 per cent above the IEA median price. UK industrial electricity prices were 12 per cent cheaper than in Japan, but more than double the price in the USA.

The UK price rose between 2013 and 2014 by 7 per cent, compared to falls for most other countries. This difference in growth rates was partly driven by movements in exchange rates of around 6 per cent in the EU and 10 to 15 per cent in the wider IEA.

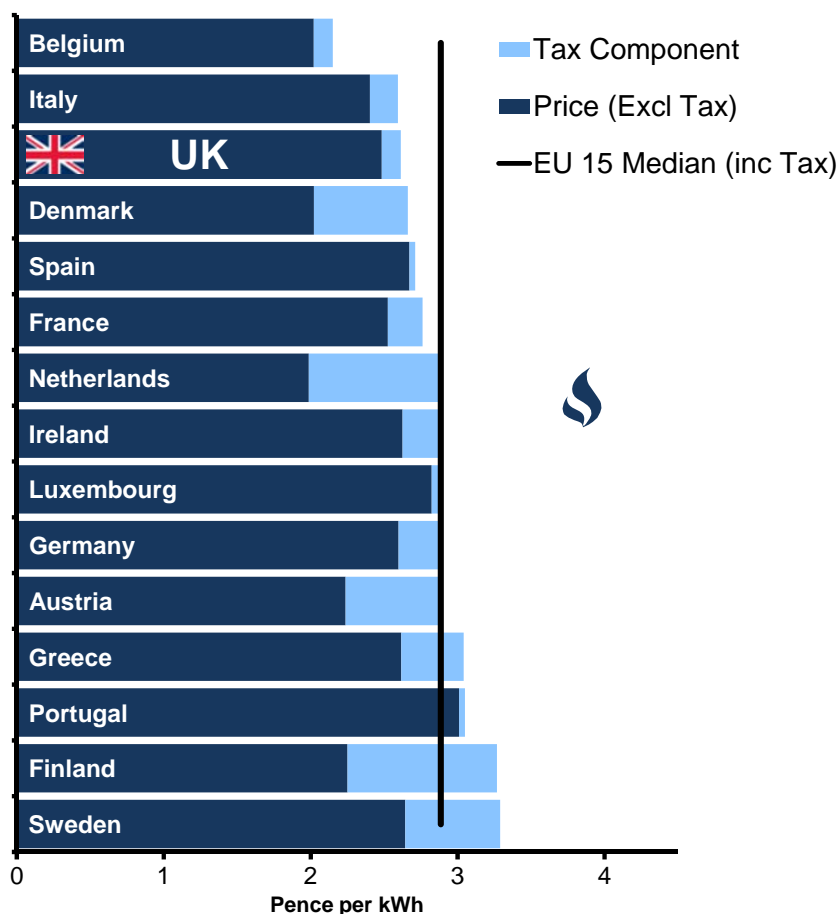
Link to table:

[Table 5.3.1: Industrial electricity prices in the IEA including and excluding taxes](#)

5.2.2 Industrial gas prices

Average UK industrial gas prices for the period January to June 2015, including taxes, for medium consumers were the third lowest in the EU 15 and were 9 per cent below the median price of 2.9 pence per kWh. UK prices excluding taxes for medium consumers were the seventh lowest in the EU15 and were 2 per cent below the EU 15 median of 2.5 pence per kWh. Annual 2014 prices for medium consumers including tax were the second lowest in the EU 15. Chart 5.2.2 shows the prices for the EU15 for the period January to June 2015.

Chart 5.2.2 Industrial gas prices



Prices are for medium consumers in the EU 15 for January – June 2015. Medium consumers are defined as having an annual consumption of 2,778 – 27,777 MWh. Source: Eurostat Statistics in Focus Electricity prices for EU Industry January – June 2015.

The average industrial gas price including taxes in the UK for medium consumers fell by 14 per cent on the same period in 2014, comparable to the average 16 per cent fall across the rest of the EU 15. This was despite changes in the exchange rate, where the pound depreciated against the euro by 12 per cent over this period.

Link to table:

[Table 5.8.1: Average industrial gas prices in the EU](#)

International Comparisons

In 2014, average UK industrial gas prices, including taxes where not refunded, were the fifth lowest in the IEA, third lowest in the G7, and were 11 per cent below the IEA median. UK industrial gas prices were 40 per cent cheaper than in Japan, but more than double the price in the USA and Canada.

Link to table:

[Table 5.7.1: Industrial gas prices in the IEA including and excluding taxes](#)

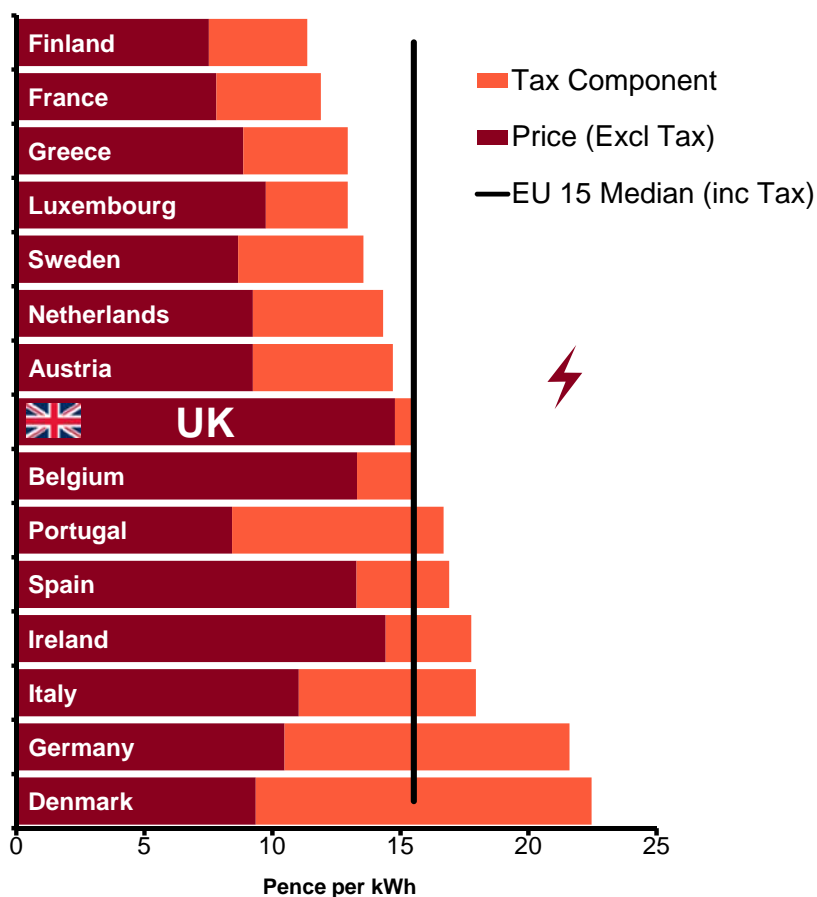
5.3 Domestic electricity and gas prices

5.3.1 Domestic electricity prices

The average UK domestic electricity price including taxes for medium consumers for January to June 2015 was the eighth highest in the EU 15 and was the EU 15 median price at 15.5 pence per kWh. The UK price excluding taxes was the highest in the EU 15 and was 58 per cent above the median level of 9.3 pence per kWh. In general, small consumers pay the highest prices, with the notable exception of The Netherlands, where small consumers pay 38 per cent less than medium consumers.

Annual 2014 prices for medium consumers including tax were the seventh lowest in the EU 15. Chart 5.3.1 shows the prices for the EU 15 for the period January to June 2015.

Chart 5.3.1 Domestic electricity prices



Prices are for medium consumers in the EU 15 for January - June 2015.

Medium consumers are defined as having an annual consumption of 2,500 - 4,999 kWh per annum.

Source: Eurostat Statistics in Focus Electricity prices for EU households, January - June 2015

International Comparisons

The average domestic electricity price including taxes in the UK for medium consumers fell by 1 per cent on the same period in 2014, whereas the prices for the rest of the EU 15 fell by an average of 10 per cent. This was primarily due to the exchange rate, with the pound depreciating against the euro by 12 per cent over this period.

Link to table:

[Table 5.6.1: Average domestic electricity prices in the EU](#)

In 2014, average UK domestic electricity prices, including taxes, were the third highest in the IEA, third highest in the G7, and were 17 per cent above the IEA median. UK domestic electricity prices were 1 per cent higher than in Japan, but more than double the price in the USA.

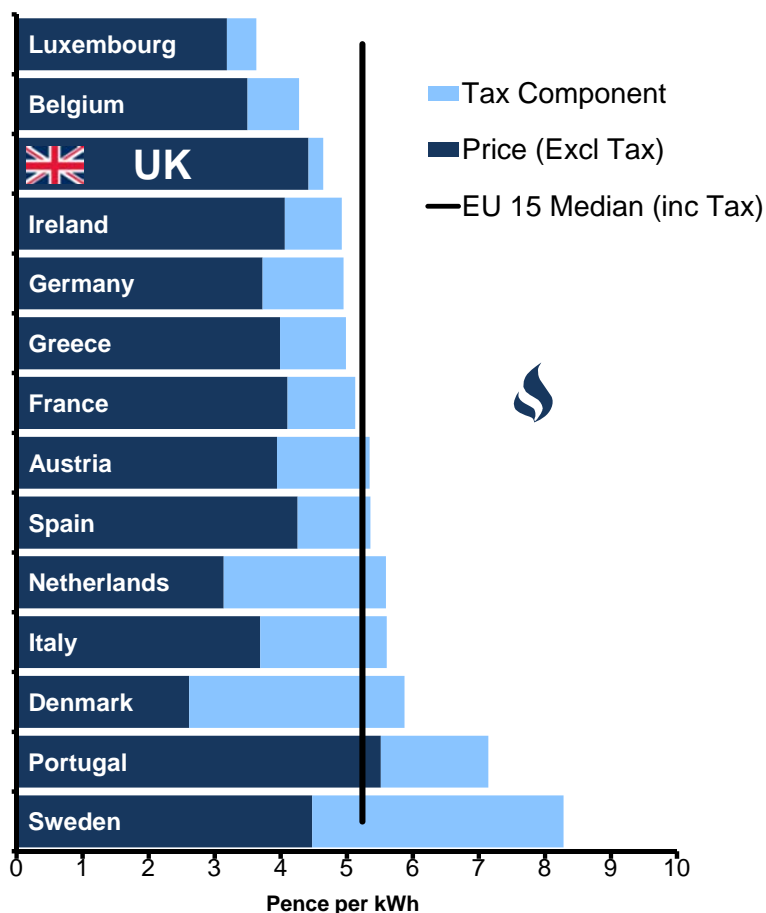
Link to table:

[Table 5.5.1: Domestic electricity prices in the IEA including and excluding taxes.](#)

5.3.2 Domestic gas prices

Chart 5.3.2 shows that average UK domestic gas prices, including taxes, for medium consumers for the period January to June 2015 were the third lowest in the EU 15 and were 11 per cent lower than the median of 5.2 pence per kWh. The UK price excluding taxes was the second highest in the EU 15 and was 11 per cent higher than the median price of 4 pence per kWh. Annual 2014 prices for medium consumers including tax were the third lowest in the EU 15. Chart 5.3.2 shows the prices for the EU 15 for the period January to June 2015.

Chart 5.3.2 Domestic gas prices



International Comparisons

Prices are for medium consumers in the EU 15 for January - June 2015

Medium consumers are defined as having an annual consumption of 5,557 – 55,556 kWh per annum.

Finland does not provide data to Eurostat for this series.

Source: Eurostat Statistics in Focus Electricity prices for EU households, January – June 2015.

The average domestic gas price including taxes in the UK for medium consumers fell by 6 per cent on the same period in 2014, whereas the prices for the rest of the EU 15 fell by an average of 14 per cent. This was primarily due to the exchange rate, with the pound depreciating against the euro by 12 per cent over this period

Link to table:

[Table 5.10.1: Average domestic gas prices in the EU](#)

In 2014, average UK domestic gas prices, including taxes, were the eleventh lowest in the IEA, third lowest in the G7, and were 6.9 per cent lower than the IEA median. UK domestic gas prices were 41 per cent cheaper than in Japan, but were more than double the price in the USA and Canada.

Link to table:

[Table 5.9.1: Domestic gas prices in the EU 15 and G7 countries including and excluding taxes](#)

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