



Department for  
Business, Energy  
& Industrial Strategy



# QUARTERLY ENERGY PRICES



September 2017

# Contents

CONTACT POINTS _____	3
Section 1 – Introduction _____	4
Section 2 – Domestic Prices _____	6
<i>Retail price of fuels for the domestic sector</i> _____	6
<i>Domestic electricity and gas bills</i> _____	7
<i>Payment methods</i> _____	9
<i>Domestic energy competition</i> _____	13
<i>Variation in energy competition between payment methods</i> _____	15
<i>Fixed Tariffs</i> _____	17
<i>Variation in tariff type between payment methods</i> _____	19
<i>Transfer statistics</i> _____	21
Section 3 – Non-domestic Prices _____	23
<i>Energy prices in the manufacturing sector</i> _____	23
<i>Average prices of fuels purchased by the major UK power producers</i> _____	25
<i>Fuel price indices for the industrial sector</i> _____	27
<i>Gas and electricity prices for the non-domestic sector in the UK</i> _____	29
Section 4 – Oil and Petroleum Product Prices _____	31
<i>Retail prices of petroleum products</i> _____	31
<i>Crude oil prices</i> _____	34
Section 5 – International Comparisons _____	36
<i>Unleaded petrol and Diesel prices</i> _____	36
<i>Industrial gas and electricity prices</i> _____	38
<i>Domestic electricity and gas prices</i> _____	42

# CONTACT POINTS

This publication, including historical data, is available on the internet at [www.gov.uk/government/collections/quarterly-energy-prices](http://www.gov.uk/government/collections/quarterly-energy-prices)

Please direct any suggestions about changes to the content or scope of this publication to Liz Vincent ([elizabeth.vincent@beis.gov.uk](mailto:elizabeth.vincent@beis.gov.uk)).

Quarterly Energy Prices is prepared by the Energy Prices Analysis team in BEIS.

## Household Energy Prices

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More information on BEIS energy publications is available on the BEIS website [www.gov.uk/government/organisations/department-for-business-energy-and-industrial-strategy/about/statistics](http://www.gov.uk/government/organisations/department-for-business-energy-and-industrial-strategy/about/statistics)

## Other Useful websites

Ofgem	<a href="http://www.ofgem.gov.uk/">www.ofgem.gov.uk/</a>
DEFRA	<a href="http://www.gov.uk/government/organisations/department-for-environment-food-rural-affairs">www.gov.uk/government/organisations/department-for-environment-food-rural-affairs</a>
HM Revenue and Customs	<a href="http://www.gov.uk/government/organisations/hm-revenue-customs">www.gov.uk/government/organisations/hm-revenue-customs</a>
International Energy Agency	<a href="http://www.iea.org">www.iea.org</a>
Eurostat	<a href="http://www.ec.europa.eu/eurostat/">www.ec.europa.eu/eurostat/</a>
UK Petroleum Industry Association	<a href="http://www.ukpia.com">www.ukpia.com</a>

## 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.

**FOR EXPLANATORY NOTES, PLEASE SEE INSIDE THE BACK COVER**

# Section 1 – Introduction

The Quarterly Energy Prices (QEP) publication was first published in June 2001. Tables are available as Excel files at [www.gov.uk/government/organisations/department-for-business-energy-and-industrial-strategy/about/statistics](http://www.gov.uk/government/organisations/department-for-business-energy-and-industrial-strategy/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 Q2 2017 and final annual 2016 prices for industrial consumers and major power producers. There is also a comparison of the International Energy Agency (IEA) prices with those in the UK for 2016. The unleaded petrol and diesel prices are provisional for September 2017 and final annual 2016, whilst the international unleaded petrol and diesel prices are for August 2017.

The next issue will be published online on 21 December 2017. It will present provisional domestic average annual bills for 2017 for electricity and gas. Additionally, provisional Q3 2017 energy prices for the manufacturing sector, industrial and domestic fuel price indices, and the price of fuels for major power producers will be published. The petroleum product prices table will have provisional unleaded petrol and diesel prices for December 2017, and there will be international petrol and diesel prices as at November 2017.

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 are differences in the prices paid by smaller consumers, typically households, and those paid by larger consumers, usually those in the industrial sector. Indeed, there are also 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 for Business, Energy and Industrial Strategy unless otherwise stated.

Please note: the hyperlinks to tables within this document will open the most recently published version of a table. If you require a previously published version of any table please contact Liz Vincent, ([Elizabeth.Vincent@beis.gov.uk](mailto:Elizabeth.Vincent@beis.gov.uk) tel: 0300 068 5162.)

## **The main points in this edition are presented below:**

### **Domestic**

- The price paid for all domestic fuels in real terms has risen by 1.8 per cent in the year to Q2 2017. Between Q2 2016 and Q2 2017, real terms prices including VAT for domestic electricity increased by 4.3 per cent and domestic gas prices fell by 2.5 per cent.
- The average 2016 standard electricity bill in cash terms across all payment types increased by £2 (0.4 per cent) since 2015, to £586. Meanwhile, the average 2016 gas bill across all payment types decreased by £63 (8.9 per cent) since 2015, to £650. These bills are based on standard consumptions of 3,800kWh per year for electricity and 15,000kWh per year for gas
- The number of domestic supplier switches increased in Q2 2017 compared to Q2 2016. The total number of electricity transfers increased by 16 per cent on the same period in the previous year. Gas transfers increased by 20 per cent on the same period in the previous year.

### **Industrial**

- Between Q2 2016 and Q2 2017, average industrial prices in real terms, including the Climate Change Levy (CCL), rose by 5.4 per cent for gas; by 4.0 per cent for electricity and by 9.2 per cent for coal. Industrial prices for heavy fuel oil (not subject to CCL) rose by 27 per cent.
- Between Q2 2016 and Q2 2017, the price of gas used for electricity generation increased by 24 per cent in cash terms whilst that for coal increased by 82 per cent.

### **Oil and petroleum product prices**

- The price of petrol in September 2017 was 118.9 pence per litre which was 6.9 per cent higher than that of a year ago, whilst diesel at 120.6 pence per litre was 6.5 per cent higher compared to a year ago. The petrol price in September 2017 was around 23 pence (16 per cent) lower than the peak in April 2012 whilst the diesel price was around 27 pence (18 per cent) lower.
- The price of crude oil purchased by UK refineries in August 2017 was 13 per cent higher than that a year ago. The price in August 2017 at around \$52 per barrel was 6.4 per cent higher than the previous month and remained considerably below the prices seen in the period between February 2011 and August 2014 when prices were above \$100 per barrel.

### **International**

- In August 2017 the UK price for petrol at the pump was the fourth lowest in the EU 15 at 115.6 pence per litre, whilst the UK price for diesel was the third highest in the EU at 117.3 pence per litre.
- For July to December 2016, UK industrial electricity prices for medium consumers including tax were the third highest in the EU 15, whilst industrial gas prices for medium consumers including tax were the lowest in the EU 15.
- For July to December 2016, UK domestic electricity prices for medium consumers including tax were the sixth lowest in the EU 15, whilst domestic gas prices for medium consumers including tax were the second lowest in the EU 15.

# Section 2 – Domestic Prices

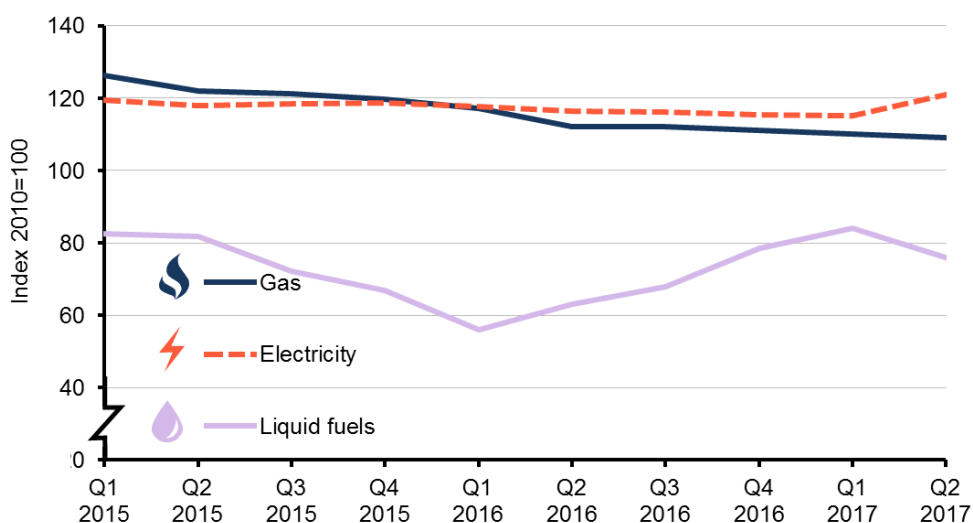
## Highlights

- The price paid for all domestic fuels in real terms has risen by 1.8 per cent in the year to Q2 2017. Between Q2 2016 and Q2 2017, real terms prices including VAT for domestic electricity increased by 4.3 per cent and domestic gas prices fell by 2.5 per cent.
- The average standard electricity bill, in 2016, across all payment types has increased by £2 (0.4 per cent) since 2015, to £586. However, the average 2016 gas bill across all payment types has decreased by £63 (8.9 per cent), to £650. These bills are based on standard consumptions of 3,800kWh per year for electricity and 15,000kWh per year for gas.
- The number of domestic customers switching supplier increased in Q2 2017 compared to Q2 2016. The total number of electricity transfers increased by 16 per cent on the same period in the previous year. Gas transfers increased by 20 per cent on the same period in the previous year.

## Retail price of fuels for the domestic sector

In terms of domestic fuel price indices, the price for all domestic fuels in real terms has risen by 1.8% per cent in Q2 2017 compared to Q2 2016. As shown in Chart 1, in real terms, domestic electricity increased by 4.3 per cent and gas fell by 2.5 per cent. Over this same period liquid fuels rose by 21% per cent. Motor fuel and oil prices rose by 5.6 per cent in real terms. The price of solid fuels remained broadly similar in real terms between Q2 2016 and Q2 2017.

**Chart 1 Real terms fuel price indices in the domestic sector<sup>(1)</sup> - quarterly**



Source: ONS, Consumer prices index

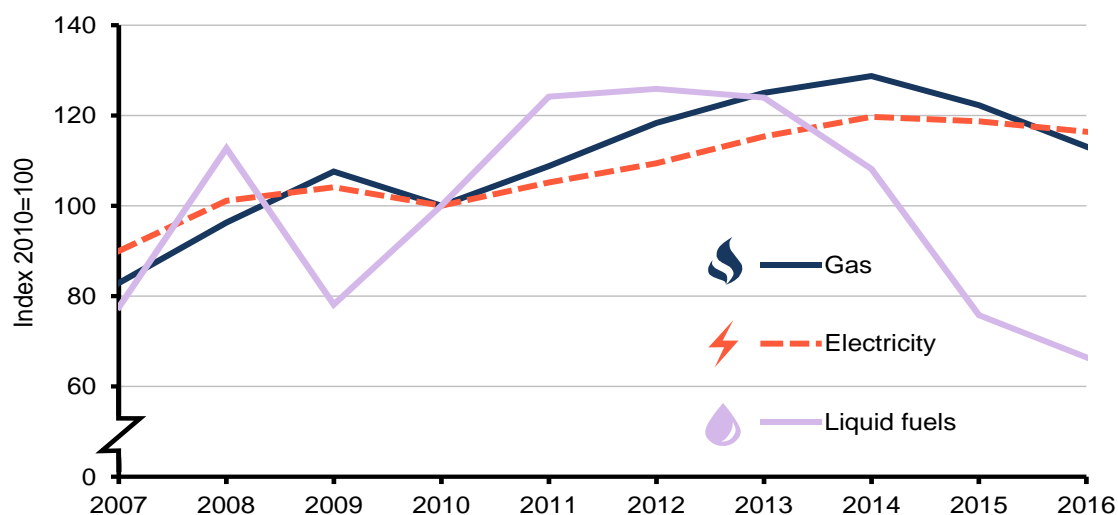
(1) Data in real terms, adjusted for inflation using the GDP (market prices) deflator.

## 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 in the UK Continental Shelf gas production, however 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, and also as a result of higher coal prices, wholesale electricity prices have been 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 rises in the price of crude oil, although they began to decrease after a peak in mid-2008. More recently, liquid fuels prices increased to reach a new high in real terms in 2012, but from 2013 to 2016 have greatly fallen. Motor fuel prices similarly follow crude oil prices, but vary according to changes in the duty payable on petrol and diesel, and to the rate of VAT.

**Chart 2 Real terms fuel price indices in the domestic sector<sup>(1)</sup> - annual**



Source: ONS, Consumer prices index - <sup>(1)</sup>

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

Reference and 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

## *Domestic electricity and gas bills*

BEIS estimates for bills are based on fixed annual consumption levels of 15,000kWh for gas and 3,800kWh for electricity, to allow comparisons over time of the effects of actual price changes, 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

## Domestic Prices

and energy efficiency improvements. An article examining bills based on actual annual consumption is available in the March 2017 edition of Energy Trends<sup>1</sup>.

All of the major six domestic energy suppliers decreased their gas prices in February or March 2016, reflecting falls in wholesale gas prices. There were no price changes from the six major domestic energy suppliers for electricity customers in 2016. Overall, the changes reflect an average decrease in gas prices of around 5 per cent while electricity prices were unchanged.

The average energy bills in 2016 were lower than in 2015; this was mainly due to the gas price reductions implemented in early 2015 and again in 2016, and the greater availability of cheaper fixed tariffs. Chart 3 shows the average standard domestic energy bills, in cash terms. Combined gas and electricity bills have decreased by £61 (4.7 per cent) between 2015 and 2016, to £1,236. Average standard electricity bills in 2016 increased by £2 (to £586). Average gas bills decreased by £63 (to £650) compared with 2015. With the exception of a 3.0 per cent fall in 2010, combined bills increased each year between 2002 and 2014. However, since 2014 combined bills have decreased, and are now 8.1 per cent lower than their peak in 2014.

The £12 electricity rebate received by customers in Great Britain in 2014 and 2015 was not provided in 2016. However, reductions in the price of some fixed tariffs broadly offset the price increase caused by the removal of the rebate.

**Table 1 – Change in average annual bills 2016 compared to 2015<sup>2</sup>**

	2015	2016	Change	Percentage Change
<b>Standard Electricity</b>	£583	£586	£2	+0.4%
<b>Gas</b>	£714	£650	-£63	-8.9%
<b>Combined</b>	£1,297	£1,236	-£61	-4.7%

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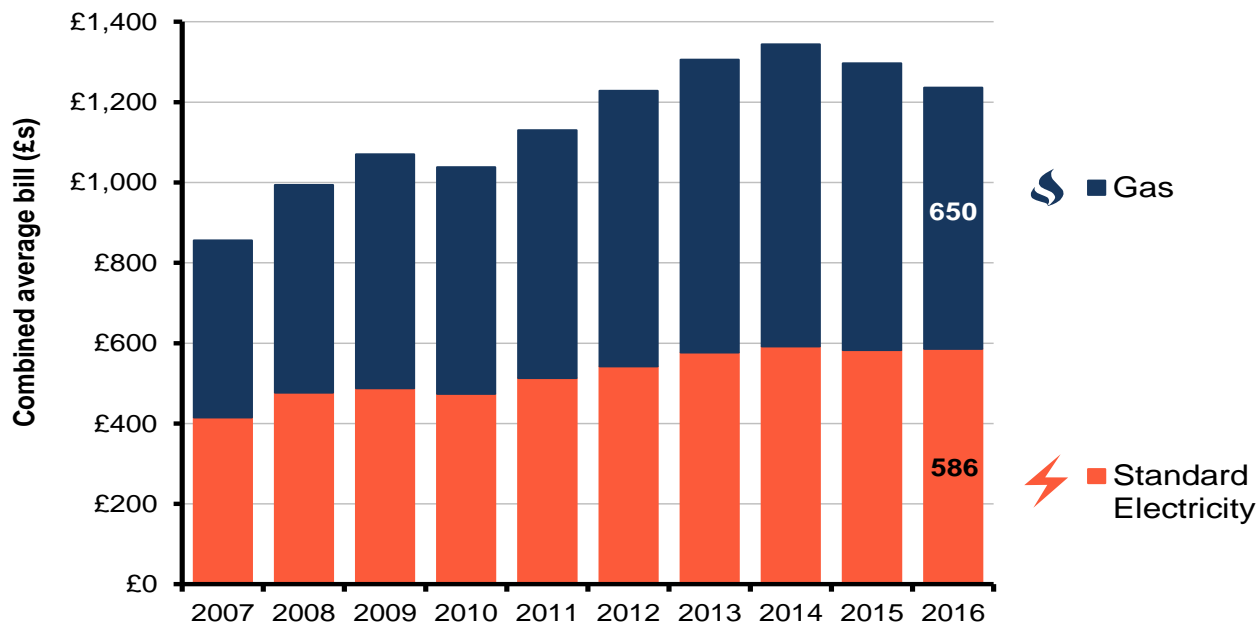
<sup>1</sup> See March 2017 Energy Trends article for more details:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/604314/Domestic\\_energy\\_bills\\_in\\_2016\\_-\\_the\\_impact\\_of\\_variable\\_consumption.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/604314/Domestic_energy_bills_in_2016_-_the_impact_of_variable_consumption.pdf)

<sup>2</sup> Standard electricity and gas bills may not add up exactly to the combined bill as they have been calculated on non-rounded figures.



**Chart 3 Average standard electricity and gas bills**



Reference and 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

### *Payment methods*

At the end of June 2017, the majority of standard electricity customers in the United Kingdom (UK) and gas customers in Great Britain (GB) paid by direct debit. Chart 4 shows the proportion of customers that use each of the three main payment methods for both gas and standard electricity. Over time the percentage of customers on direct debit has increased whereas the percentage of customers who pay on receipt of their bill (credit) has decreased.

**Chart 4 Proportion of customers on each payment type**

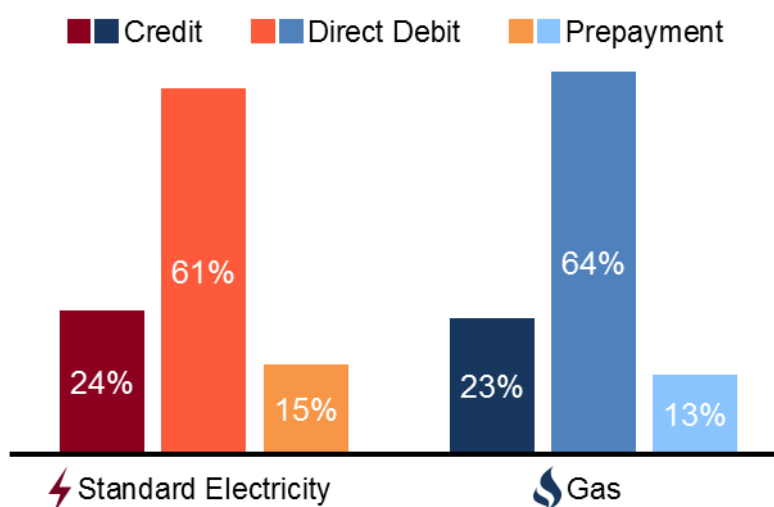


Table 2.4.2: Regional variation of payment method for standard electricity

Table 2.5.2: Regional variation of payment method for gas

In 2016 the average annual bill<sup>3</sup> was cheapest for customers paying by direct debit, with an average bill of £559 for standard electricity customers in the UK and £614 for gas customers in GB, as shown in Chart 5. Combined bills, based on BEIS consumption levels, were around £150 cheaper on direct debit compared to those on other payment methods.

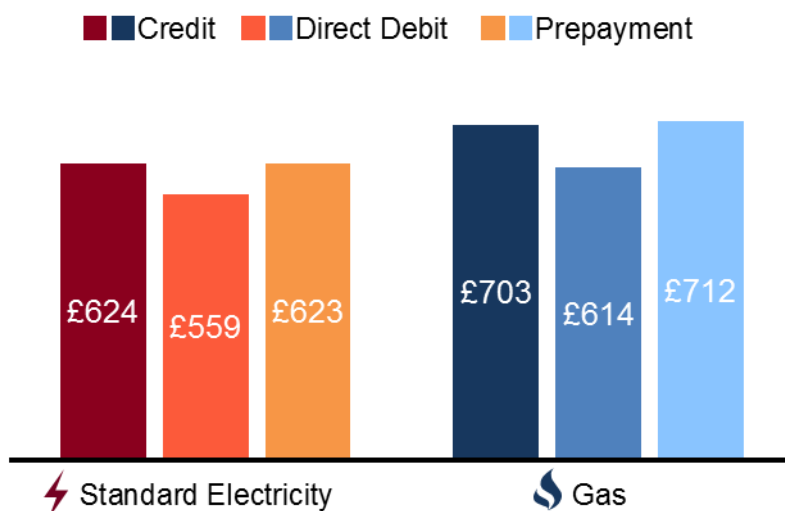
**Table 2 – Average annual bills 2016 by payment method<sup>4</sup>**

	Credit	Direct Debit	Prepayment	Overall
<b>Standard Electricity</b>	£624	£559	£623	£586
<b>Gas</b>	£703	£614	£712	£650
<b>Combined</b>	£1,327	£1,172	£1,334	£1,236

<sup>3</sup> Based on a fixed consumption of 15,000kWh for gas and 3,800kWh for electricity

<sup>4</sup> Standard electricity and gas bills may not add up exactly to the combined bill as they have been calculated on non-rounded figures.

**Chart 5 Average annual bills on each payment type, 2016**



Reference and link to tables:

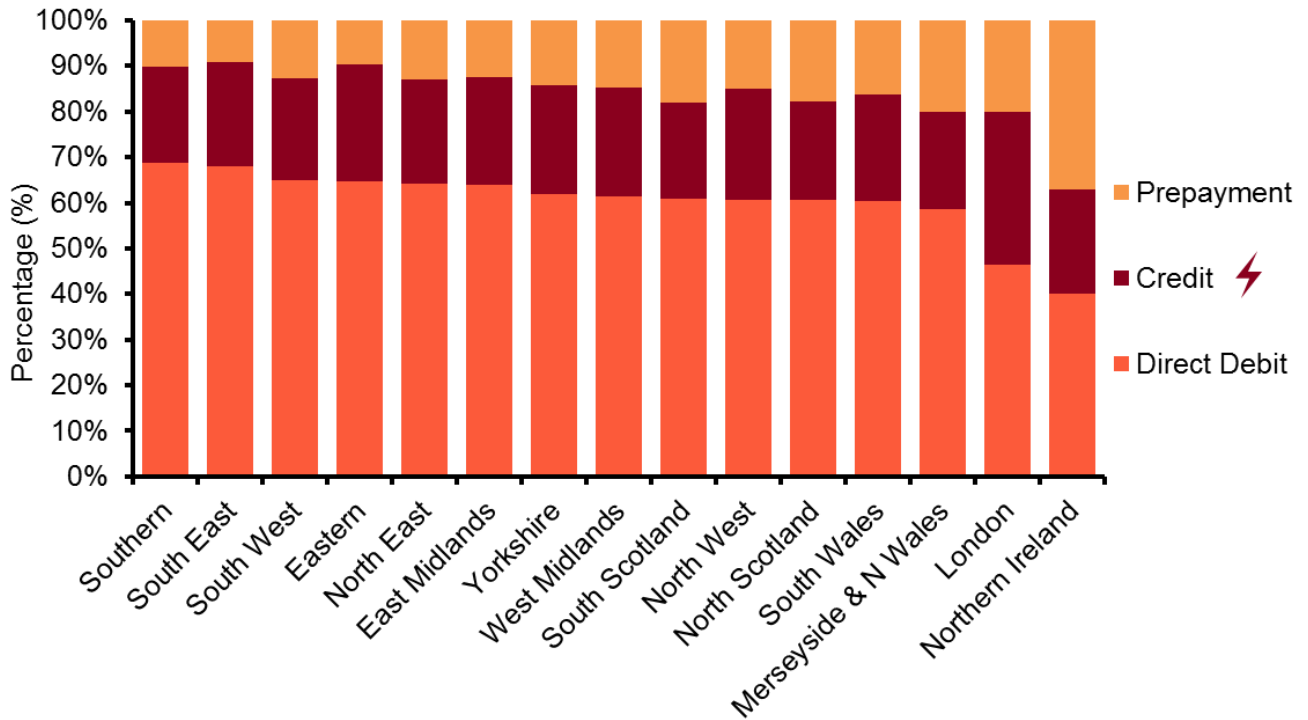
Table 2.2.1: Average annual domestic electricity bills, by home and non-home supplier

Table 2.3.1: Average annual domestic gas bills, by home and non-home supplier

### *Regional variation of payment methods - Electricity*

The proportion of customers by the different payment methods varies by region. In quarter 2 2017, for standard electricity, direct debit was the most popular payment method in all regions. Northern Ireland, however, has a broadly similar proportion of customers who pay by prepayment, 37 per cent, as who pay by direct debit, 40 per cent. As Chart 6 shows, the Southern region has the highest proportion of customers paying by direct debit, at 69 per cent. The London region has the highest percentage of credit customers, with 34 per cent using this payment method and just 46 per cent using direct debit, which was the second lowest rate in the UK.

**Chart 6 Regional payment methods for Standard electricity**



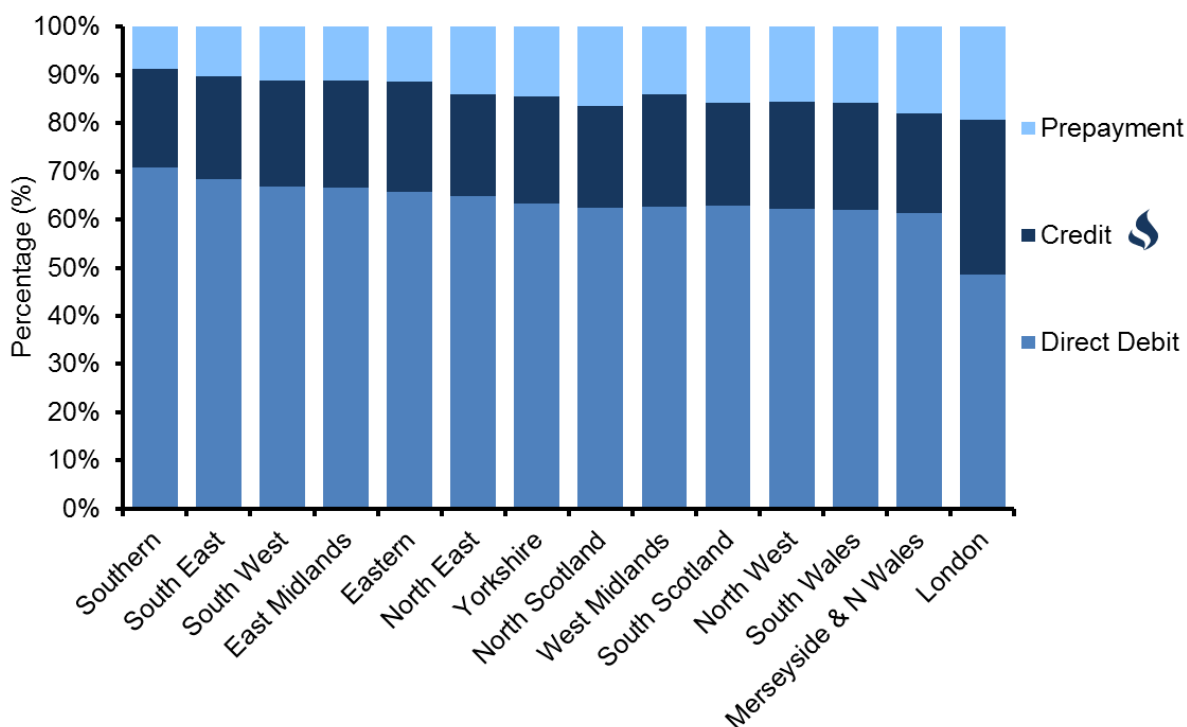
Reference and link to tables:

Table 2.4.2: Regional variation of payment method for standard electricity

### *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 shown in Chart 7, the Southern region of England again has the highest proportion of gas customers paying by direct debit, at 71 per cent. London has the lowest percentage of customers paying by direct debit, at 49 per cent and has the highest percentage of credit customers, at 32 per cent. London also has the highest percentage of gas customers paying by prepayment at 19 per cent.

**Chart 7 Regional payment methods for gas**



Reference and link to tables:

Table 2.5.2: Regional variation of payment method for gas

### *Domestic energy competition*

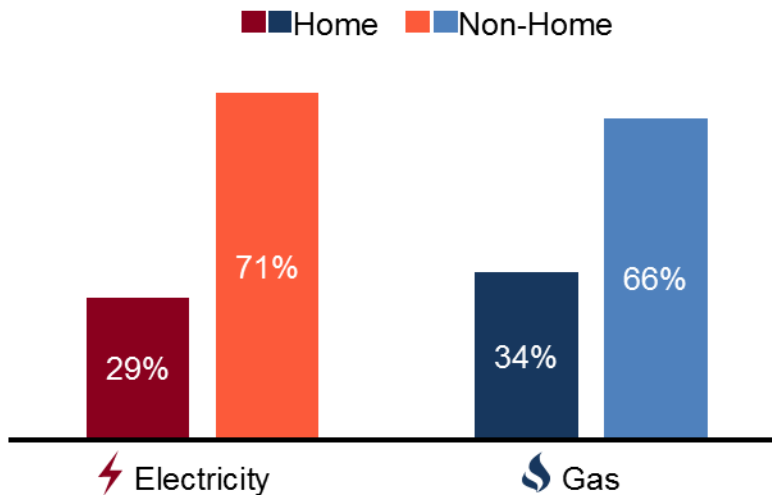
Prior to the privatisation of the GB energy market, all energy customers were supplied by their regional electricity and gas boards. With privatisation these boards became the commercial home suppliers for each region to which all customers in that region belonged before the market opened up to competition. 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 open 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.

At the end of June 2017, BEIS estimates that 19.3 million (71 per cent) domestic electricity<sup>5</sup> customers and 15.0 million (66 per cent) domestic gas customers in Great Britain<sup>6</sup> had transferred away from their original home supplier, the firm who had supplied that region before the energy market opened up to competition (see Chart 8).

<sup>5</sup> Includes both standard electricity and Economy 7 electricity.

<sup>6</sup> Competition is still limited in scope for domestic customers in Northern Ireland, and so this country has been excluded from this analysis.

**Chart 8 Proportion of customers with their original home supplier for electricity and gas in GB**



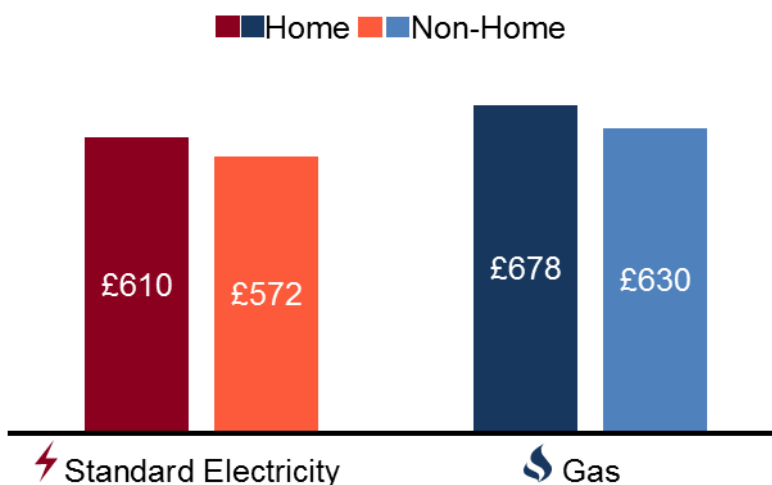
Reference and link to tables:

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

As can be seen in Chart 9, the average annual bill based on fixed consumption<sup>7</sup> for gas and electricity is lower for customers with non-home suppliers.

**Chart 9 Average annual Standard Electricity and Gas bills for home and non-home suppliers in GB, 2016**



Reference and 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

<sup>7</sup> 15,000kWh for gas and 3,800kWh for electricity

## *Variation in energy competition between payment methods*

Direct debit customers were most likely to have switched supplier, with 70 per cent of electricity customers and 64 per cent of gas customers no longer with their home supplier. Credit customers were the least likely to have switched, with 56 per cent of electricity customers and 49 per cent of gas customers supplied by a non-home supplier. To note, these figures are unadjusted for survey coverage due to insufficient data.

Average annual bills are generally cheaper for customers with a non-home supplier compared to those with their original home suppliers. Across both types of supplier direct debit was the cheapest payment method. A detailed breakdown of the average annual bills for gas and standard electricity for each payment method split by home and non-home supplier for 2016 is shown in the table below. Tables 2.2.1 and 2.3.1 in the annex contain data going back to 1996.

**Table 3 – Average annual bills by payment method and supplier type for 2016<sup>8</sup>**

	Credit		Direct Debit		Prepayment		Overall	
	Home	Non-Home	Home	Non-Home	Home	Non-Home	Home	Non-Home
<b>Standard Electricity</b>	£642	£611	£583	£548	£640	£612	£610	£572
<b>Gas</b>	£709	£696	£648	£596	£709	£714	£678	£630
<b>Total</b>	£1,350	£1,308	£1,231	£1,144	£1,349	£1,326	£1,289	£1,202

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

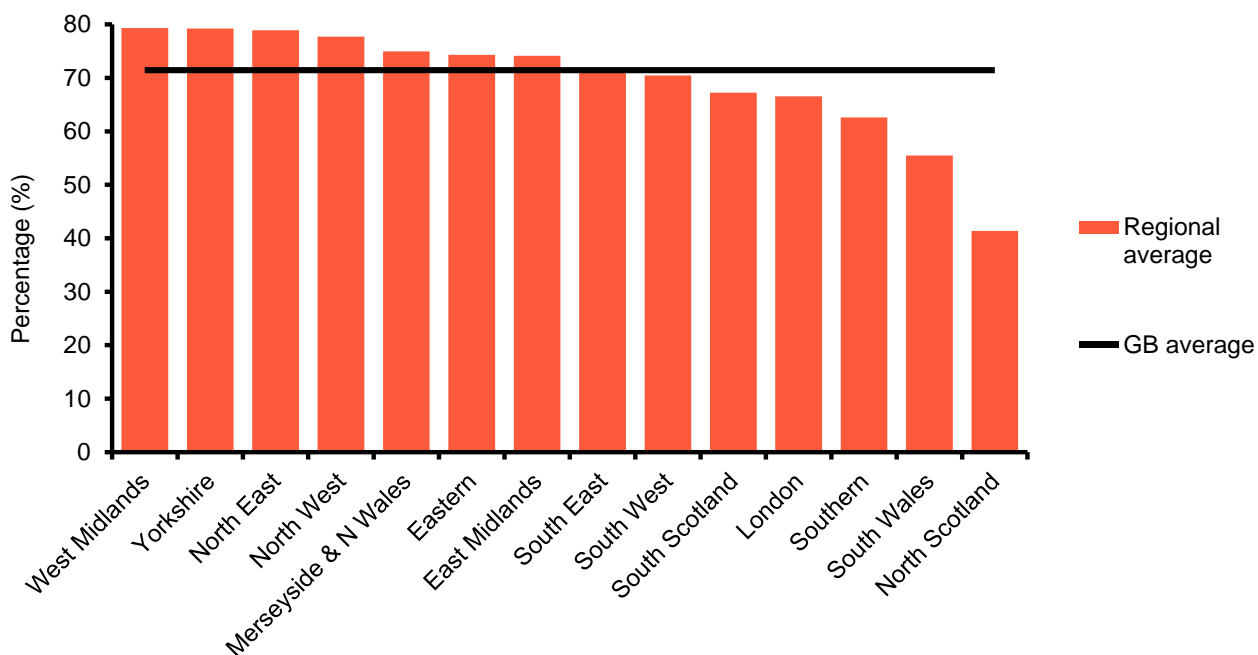
## *Regional competition - Electricity*

Since the March 2017 publication of Quarterly Energy Prices, BEIS has published adjusted figures for regional proportions of customers with a non-home supplier. This is to account for the fact that BEIS' survey coverage is primarily of larger energy suppliers with a home region, and so in the past have under-estimated the proportion of customers who had moved away from their home supplier. BEIS is considering options to improve the accuracy of these figures.

Overall, at the end of June 2017, customers in North Scotland were the least likely to have moved, with around 59 per cent still with their home supplier, whereas customers in the West Midlands, North East and Yorkshire were most likely to have moved with only around 21 per cent with their home supplier (see chart 10).

<sup>8</sup> Standard electricity and gas bills may not add up exactly to the combined bill as they have been calculated on non-rounded figures.

**Chart 10 Proportion of electricity customers with a non-home supplier**



Reference and link to tables:

Table 2.4.1: Percentage of domestic electricity customers by region by supplier type

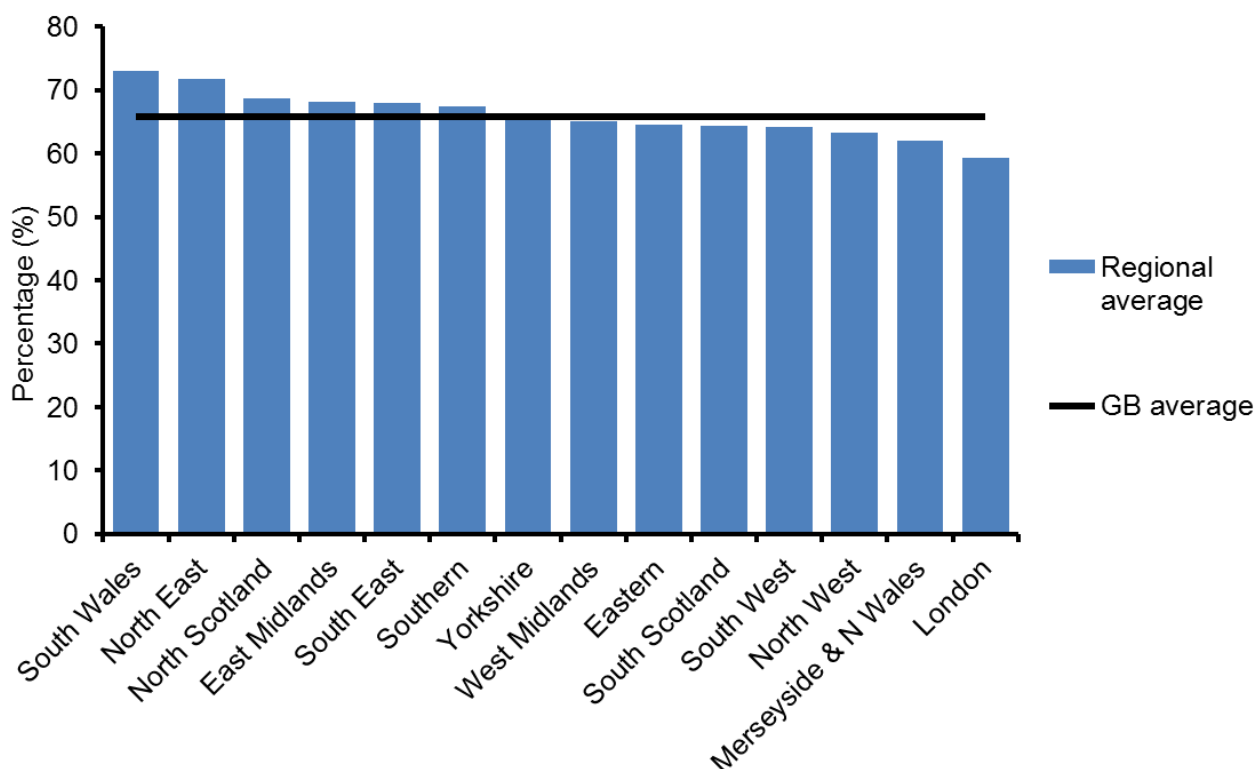
### *Regional competition - Gas*

As with electricity, Chart 11 and Tables 2.5 contain adjusted data.

At the end of June 2017, customers in the London region were the least likely to have moved gas supplier, with around 40 per cent still with their home supplier, whereas customers in South Wales were the most likely to have moved with only around 26 per cent remaining with their home supplier.



**Chart 11 Proportion of gas customers with a non-home supplier**



Reference and link to tables:

Table 2.5.1: Percentage of domestic gas customers by region by supplier type

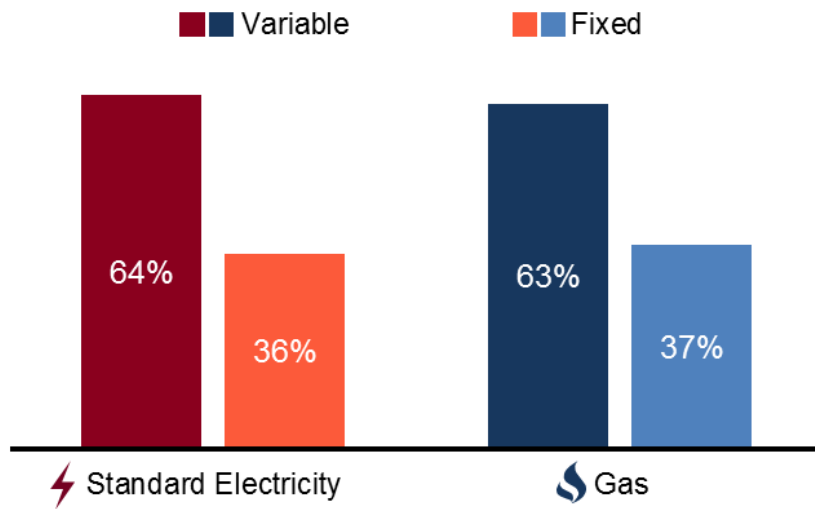
### Fixed Tariffs

At the end of June 2017, the majority of standard electricity customers in the United Kingdom (UK) and gas customers in Great Britain (GB), on all payment methods, were on variable tariffs, however the percentage of customers on fixed tariffs has increased greatly in recent years. A variable tariff is defined as one where the price is subject to change at any point. A fixed tariff<sup>9</sup> is one where the price has been set for a defined period of time.

Over a third of all standard electricity and gas customers were on fixed tariffs at the end of June 2017. Direct Debit customers are most likely to be on fixed tariffs with 50 per cent of these customers across both fuel types on a fixed deal. This data and Chart 12 reflects data from BEIS’ domestic fuels inquiry survey only, and therefore BEIS expect this underestimates the proportion of customers on fixed tariffs. BEIS anticipates that the smaller suppliers will have a higher proportion of customers on fixed tariffs than has been captured here.

<sup>9</sup> The method used to determine a fixed tariff is dependent on the tariff name and BEIS’ research of tariffs. It is therefore possible that some fixed tariffs have not been identified and may well have been incorrectly classified as a variable tariff.

**Chart 12 Proportion of customers on variable and fixed tariffs**



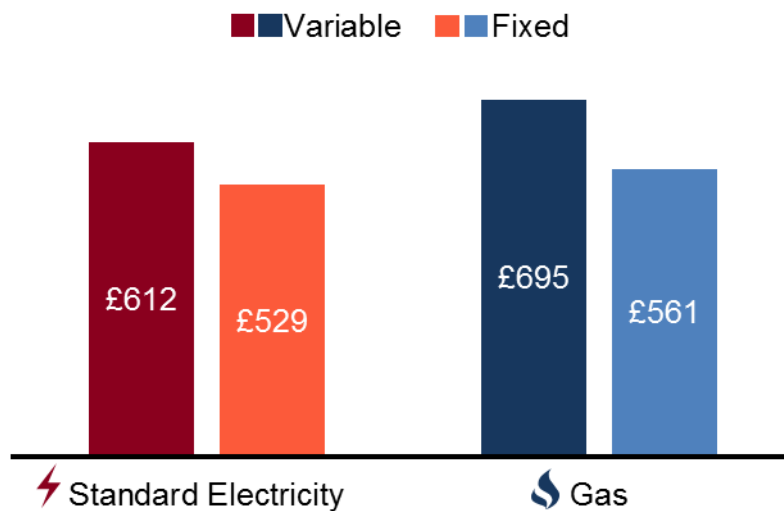
Reference and link to tables:

Table 2.4.2: Regional variation of payment method for standard electricity

Table 2.5.2: Regional variation of payment method for gas

In 2016, annual domestic gas and standard electricity bills for customers on a fixed tariff were, on average, cheaper across all payment types compared to those on variable tariffs, as shown in Chart 13.

**Chart 13 Average standard electricity and gas bills for fixed and variable tariffs**



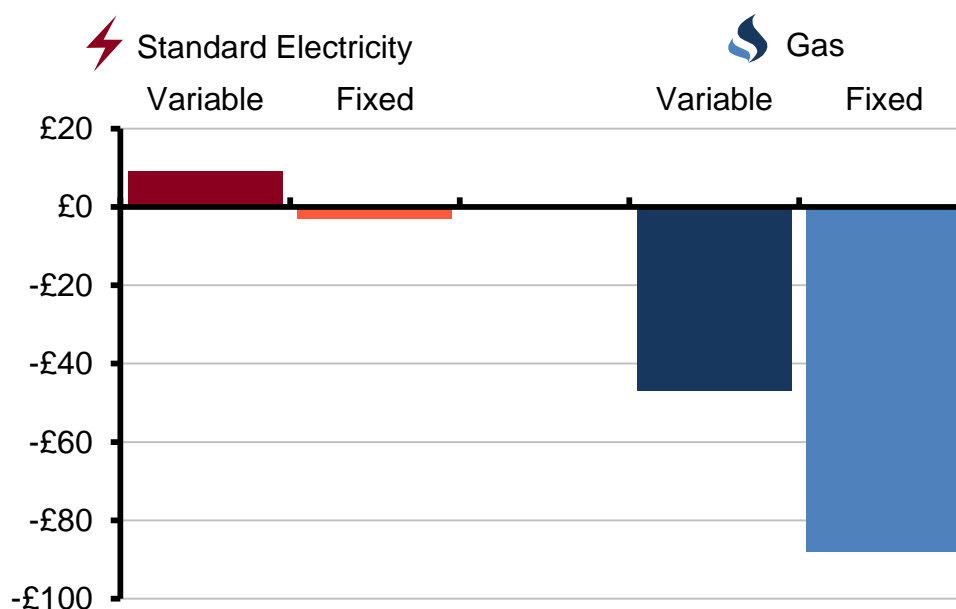
Reference and link to tables:

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

Between 2015 and 2016, average bills for those on fixed tariffs fell by a greater margin compared to those on variable tariffs. The changes in electricity bills were affected by the £12 rebate applied to 2015 bills; no rebate was applied in 2016.

**Chart 14 2015 to 2016 change in average annual bills by fixed and variable tariffs**



Reference and 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

### *Variation in tariff type between payment methods*

Direct debit customers were far more likely to be on a fixed tariff than customers paying by other methods, with 50 per cent of both standard electricity and of gas customers on a fixed tariff. Credit customers were the second most likely to have switched, with 16 per cent and 18 per cent of standard electricity and gas customers having switched. Prepayment customers were the least likely to be on a fixed tariff, with only 6 per cent of both standard electricity and gas customers on a fixed tariff.

As can be seen in table 4, average fixed tariff bills were cheaper than variable tariff bills across all payment types. The difference was greatest when paying by direct debit, with fixed tariff bills being £76 and £134 lower for standard electricity and gas, respectively. Equivalent savings for customers paying by credit were £47 and £65 for standard electricity and gas. The difference between fixed and variable tariff bills was lower for those paying by prepayment, £16 for standard electricity and £11 for gas.

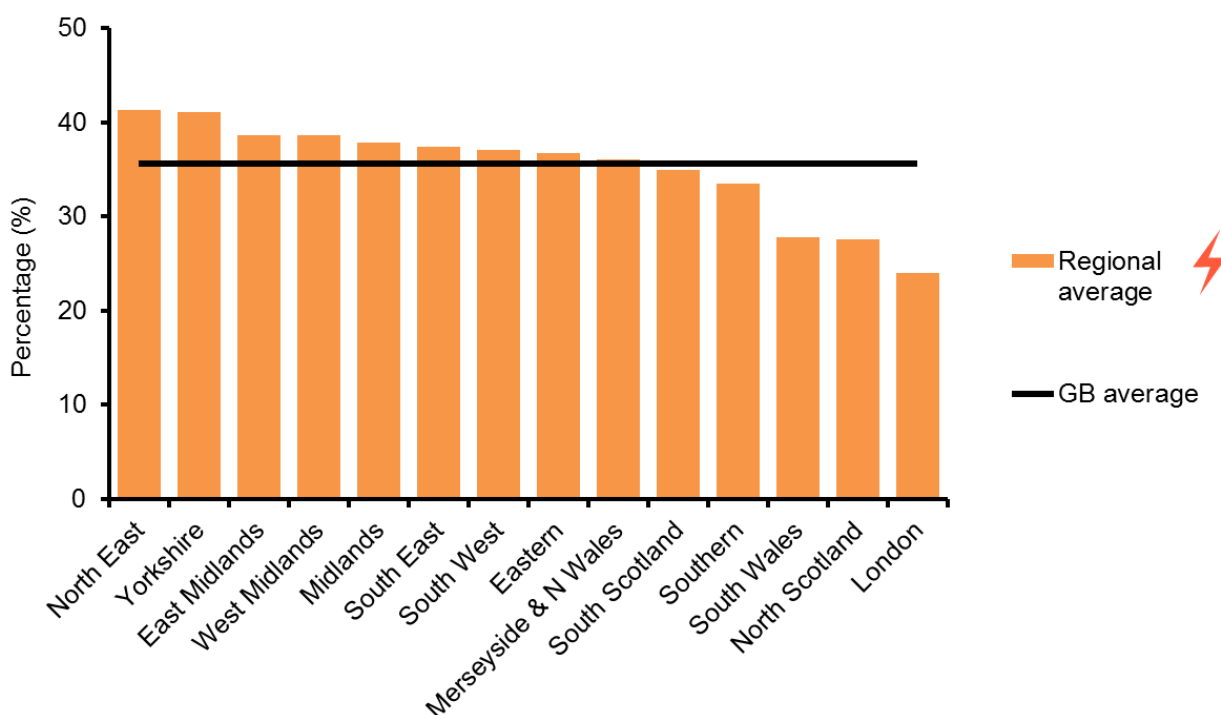
**Table 4 – Average annual bills by payment method and tariff type<sup>10</sup>**

	Credit		Direct Debit		Prepayment		Overall	
	Variable	Fixed	Variable	Fixed	Variable	Fixed	Variable	Fixed
<b>Standard Electricity</b>	£631	£584	£593	£517	£624	£607	£612	£529
<b>Gas</b>	£714	£649	£675	£542	£713	£702	£695	£561
<b>Total</b>	£1,345	£1,233	£1,269	£1,059	£1,337	£1,309	£1,306	£1,089

*Regional variation of fixed tariff proportions – Electricity*

The proportion of customers on fixed tariffs, across all payment types, varies by region. The North East and Yorkshire had the highest proportion of customers on fixed tariffs at 41 per cent. London had the lowest proportion of customers on fixed tariffs across all regions in Great Britain at 24 per cent.

**Chart 15 Proportion of standard electricity customers on a fixed tariff<sup>11</sup>**



Reference and link to tables:

Table 2.4.2: Regional variation of payment method for standard electricity

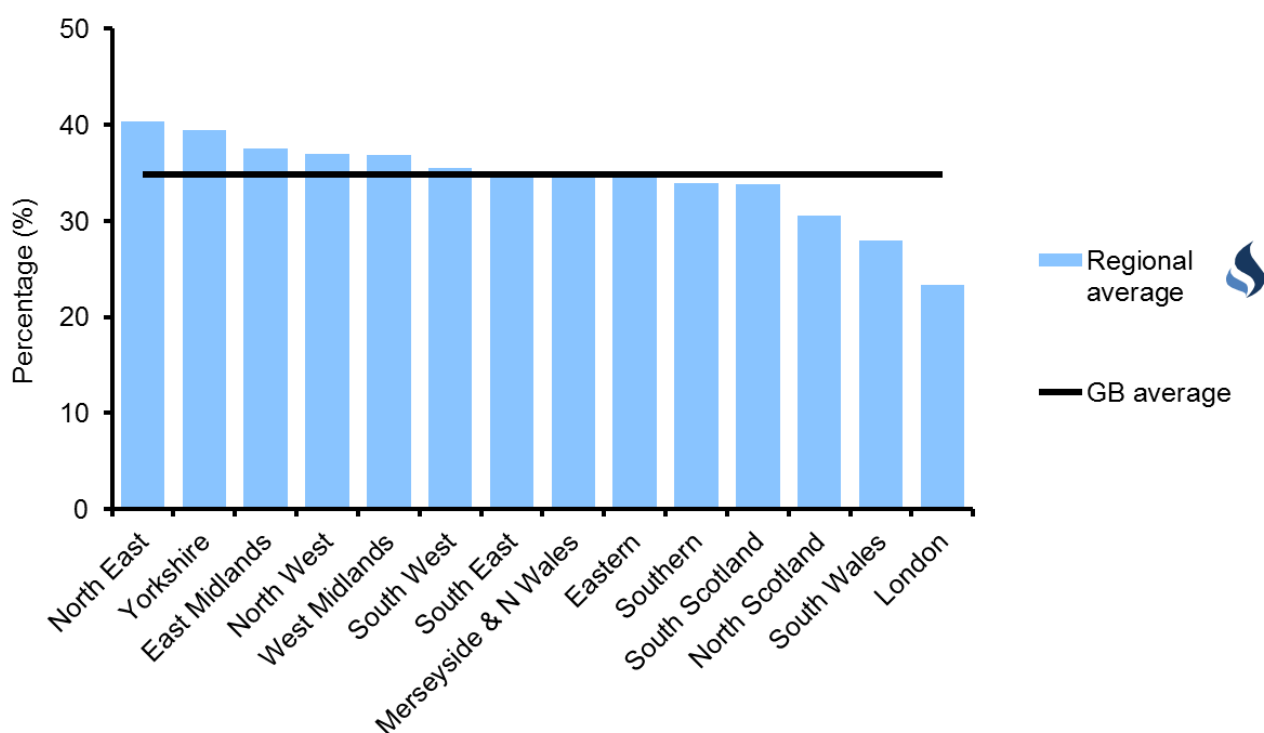
<sup>10</sup> Standard electricity and gas bills may not add up exactly to the combined bill as they have been calculated on non-rounded figures.

<sup>11</sup> Northern Ireland has been excluded from this analysis as BEIS survey coverage of the region is not as comprehensive, and so the figures were potentially unrepresentative.

## Regional variation of fixed tariff proportions – Gas

The proportions are comparable for gas, with the North East having the highest proportion on fixed tariffs at 43 per cent. Again, London had the lowest proportion of customers on fixed tariffs in Great Britain, at 25 per cent for gas.

**Chart 16 Proportion of gas customers on a fixed tariff**



Reference and link to tables:

Table 2.5.2: Regional variation of payment method for gas

## Transfer statistics

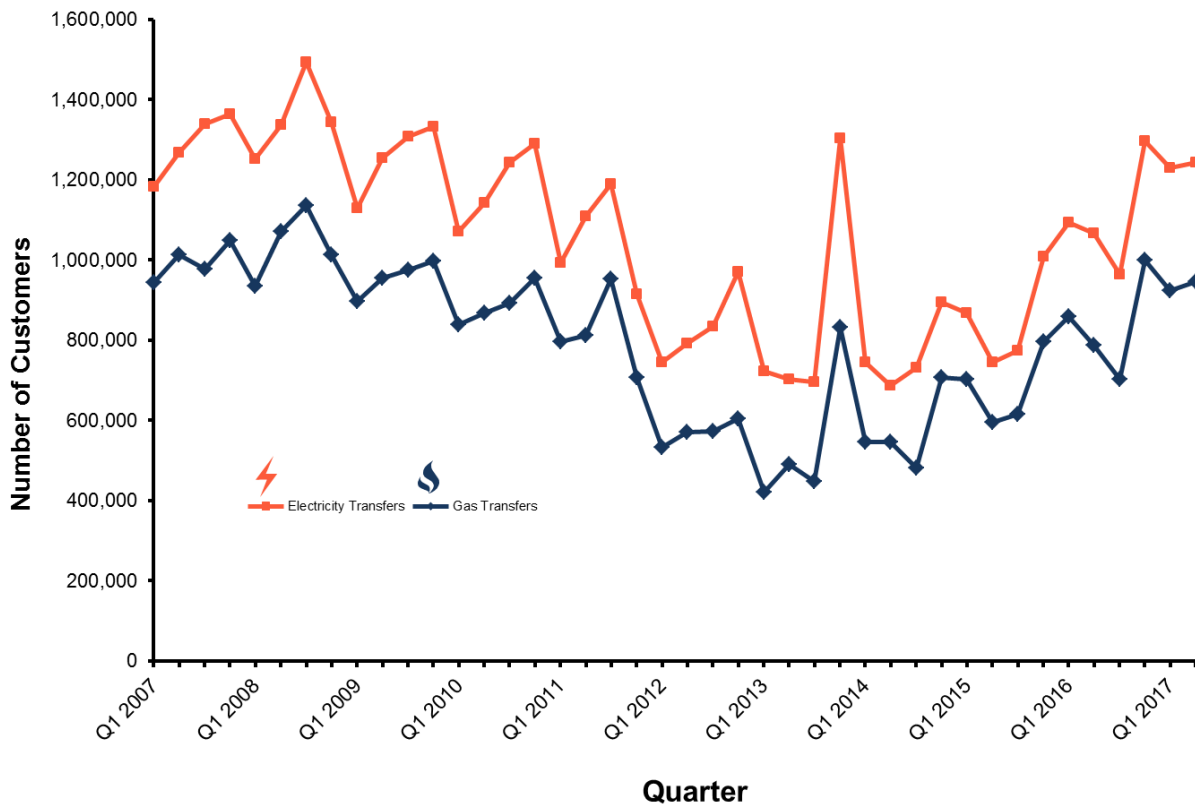
The Office for Gas and Electricity Markets (Ofgem), provide BEIS with the number of domestic customers in Great Britain that have switched supplier for both electricity and gas. For electricity, this covers the whole domestic market. Formerly gas switching levels only covered the main six suppliers however from January 2014 Ofgem provided switching levels for the whole market. For this reason published gas transfers will be lower before Q1 2014 compared to more recent quarters.

The number of transfers made within the domestic electricity market increased by 16 per cent between Q2 2016 and Q2 2017, with an estimated 1,243,000 electricity transfers being made in Q2 2017 compared to 1,067,000 in the same period in 2016 as seen in Chart 17. Since Q2 2016, gas transfers have increased by 20 per cent to 947,000 transfers in Q2 2017 compared with 788,000 transfers in the same period last year. These

## Domestic Prices

transfers represent around 4.4 per cent of customers for electricity and 4.2 per cent of customers for gas in the domestic market.

**Chart 17 Domestic gas and electricity transfers<sup>12</sup>**



Source: Ofgem

Reference and link to tables:

Table 2.7.1: Transfer statistics in the domestic gas and electricity markets

<sup>12</sup> Since April 2016 data supplied to BEIS has included additional filtering to remove non-domestic customers. This data is sourced from network operators and filtered by the active suppliers in the market, who to the best of Ofgem's knowledge are operating in the domestic and non-domestic segments of the energy market. For this reason the data supplied from April 2016 onwards may be more accurate but lower than levels before this time.

# Section 3 – Non-domestic Prices

## Highlights

- Between Q2 2016 and Q2 2017, average industrial prices in real terms, including the Climate Change Levy (CCL), rose by 5.4 per cent for gas; by 4.0 per cent for electricity and by 9.2 per cent for coal. Industrial prices for heavy fuel oil (not subject to CCL) rose by 27 per cent.
- Between Q2 2016 and Q2 2017, the price of gas used for electricity generation increased by 24 per cent in cash terms whilst that for coal increased by 82 per cent.

## Notes

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

Additionally, average prices in Tables 3.1.1 – 3.1.4, which cover manufacturing industry, tend to be weighted more towards the prices paid by large consumers, whereas for Tables 3.4.1 & 3.4.2, which cover 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. These factors help to explain the differences between prices.

The price indices in Table 3.3.1 aim to be reflective of all industrial users and are also quoted in the key points on page 5.

## *Energy prices in the manufacturing sector*

Prices of fuels for the manufacturing sector, excluding CCL, for various size bands of consumers 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 oil prices on fuel prices.

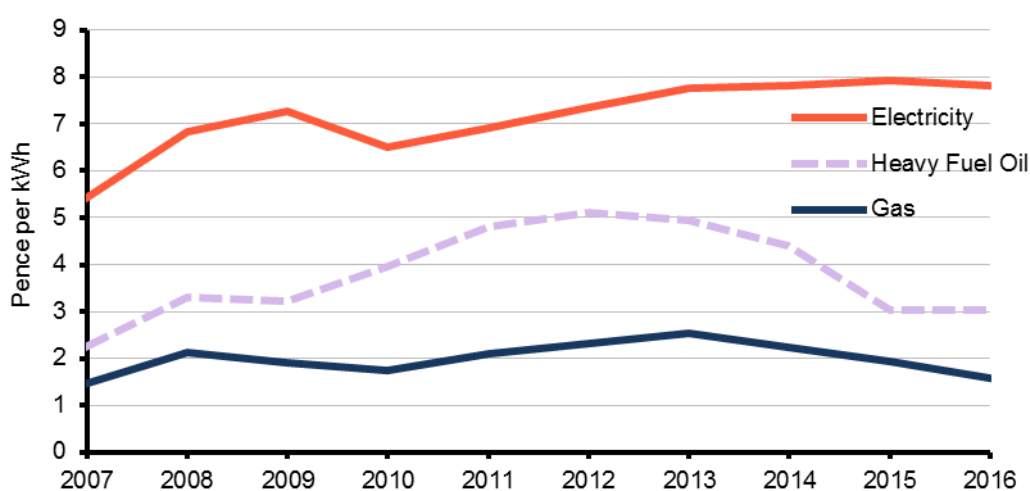
Prices of most fuels broadly follow the price of crude oil which, aside from a significant fall in 2009, was on an upward trend between 2002 and 2012. Prices of crude oil have since been on the decline. Prices have fallen year on year with a sharp fall in 2015 compared to 2014 of 47 per cent. In 2016, prices continued to fall by a further 16 per cent on the previous year.

## Non-Domestic Prices

Crude oil prices in Q1 2016 were at their lowest in cash terms since Q1 2004 but in Q4 2016 prices rose by 16 per cent on a year earlier and by 9.3 per cent on the previous quarter as OPEC announced cut to supply in November 2016. Crude oil prices rose by 7.9 per cent on the previous quarter in Q1 2017. However in Q2 2017 prices fell by 7.1 per cent though were 9.1 per cent higher a year earlier.

In the manufacturing sector, average annual fuel prices for electricity have been on a general upward trend since 2005, rising each year with the exception of falls in 2007, 2010 and recently in 2016 (chart 18). For gas, average prices were more variable with a rising trend interspaced with falls in individual years, but since the peak in 2013, average gas prices has fallen by 37 per cent. For heavy fuel oil and gas oil, with the exception of 2009, prices increased each year between 2005 and 2012. However, since then, prices have fallen in 2013 and 2014 and more strongly in 2015. In 2016, average heavy fuel oil prices were broadly similar to 2015 while gas oil prices fell by 7.6 per cent. Coal prices increased each year between 2004 and 2013 with the exceptions in 2006 and 2009, but since the peak in 2013 coal prices in 2016 were 27 per cent lower.

**Chart 18: Average annual prices of fuels purchased by manufacturing industry**



Reference and link to data tables:

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

Over the past five years (2011 to 2016) average industrial electricity prices have risen by 13 per cent (4.8 per cent in real terms), but decreased by 1.5 per cent (3.2 per cent in real terms) on the previous year. Over the same period average industrial gas prices have decreased by 24 per cent (30 per cent in real terms), and by 18 per cent (19 per cent in real terms) on the previous year.

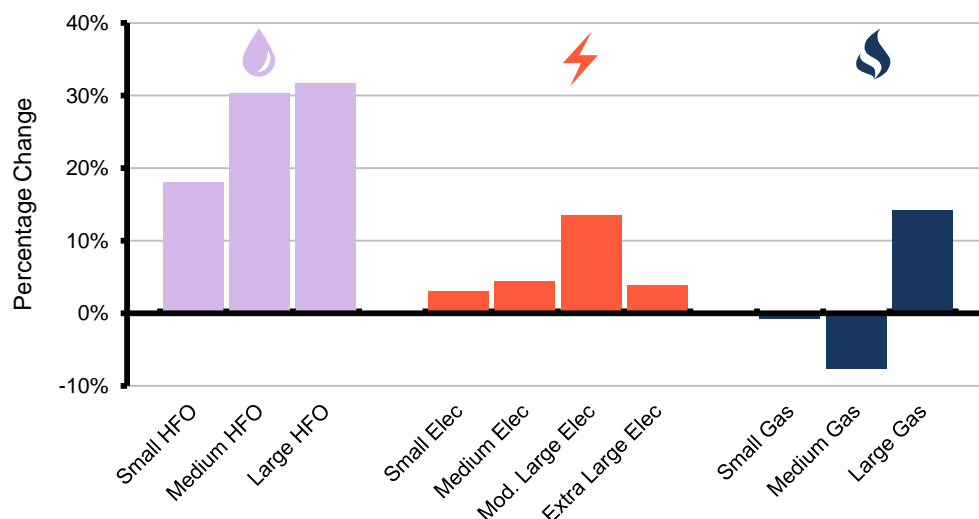
Recent price movements by size band are shown in Chart 19. Heavy fuel oil prices in Q1 2016 were at particularly low levels, rising steadily up to Q1 2017. Compared to the previous year, heavy fuel oil consumers in the manufacturing industry in Q2 2017 have seen prices rising by an average of 29 per cent in cash terms. Over the same period, prices paid by electricity consumers, in cash terms excluding CCL, rose by an average of



## Non-Domestic Prices

7.8 per cent. Gas consumers have seen prices, in cash terms excluding CCL, increased by an average of 10 per cent.

**Chart 19 Manufacturing industry price movements by size of consumer<sup>(1)</sup>**



(1) Percentage price movement between Q2 2016 and Q2 2017 for heavy fuel oil (HFO), electricity and gas, in cash terms excluding Climate Change Levy (CCL)

Reference and link to data 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)

## *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 explain the full costs involved.

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 44 – 51 pence per therm, before dropping to under 42 pence per therm from August that year due to comfortable supply and low summer demand. Prices over winter

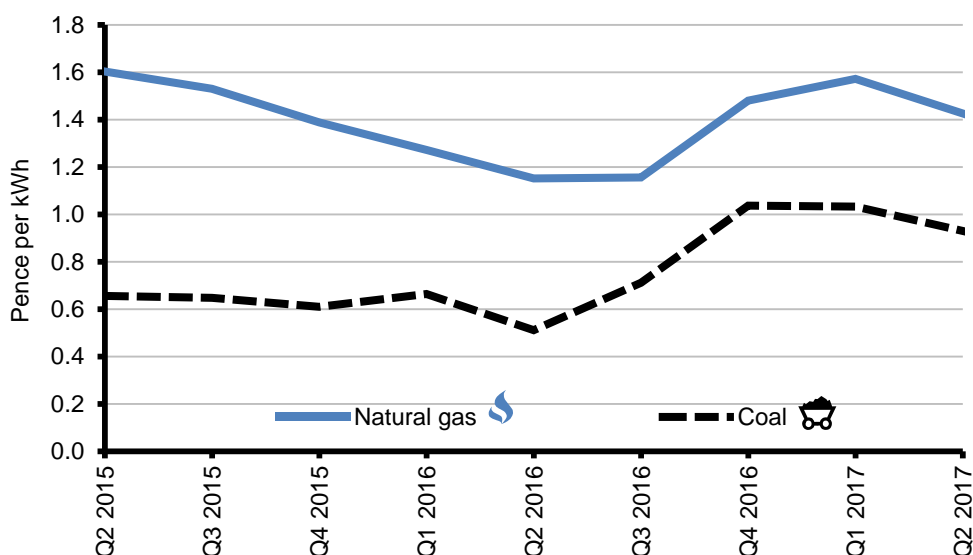
## Non-Domestic Prices

2015/16 generally stayed under 35 pence per therm due to the relatively mild temperatures, and remained so for most of 2016. But since the low of 28 pence per therm in September 2016 prices increased reaching 54 pence per therm in January 2017 before falling sharply to 35 pence per therm in June 2017. A price of 40 pence per therm is equivalent to 1.36 pence per kWh.

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 5.3 per cent due to lower wholesale gas prices between June and August and in response to lower nuclear and coal output. In 2015, gas use fell by 2.4 per cent; however coal fell by 23 per cent as a result of reduced capacity and an increase in the carbon price floor. Coal use in generation has fallen further in 2016 while falls in wholesale gas prices saw increased in gas use.

Between Q2 2016 and Q2 2017 the price of coal in cash terms for power stations rose by 82 per cent from 0.5 p/kWh to 0.9 p/kWh, due to increases in the costs of imports on account of the weaker pound, whilst the price of gas rose by 24 per cent from 1.2 p/kWh to 1.4 p/kWh. As shown in Chart 20, in Q2 2017 the price of coal in p/kWh was two-thirds that of gas leading to a price gap in cash terms of 0.5 pence. Compared to the previous year, in Q2 2017 less coal (due to reduction in capacity) and less gas were used in generation as the prices for both increased. In terms of share of generation, in Q2 2017 gas accounted for 41 per cent (-2.9 percentage points) of the UK total generation, while coal's share was 2.1 per cent (-3.8 percentage points).

**Chart 20 Price paid by UK power producers for coal and natural gas - quarterly**



Reference and link to data table:

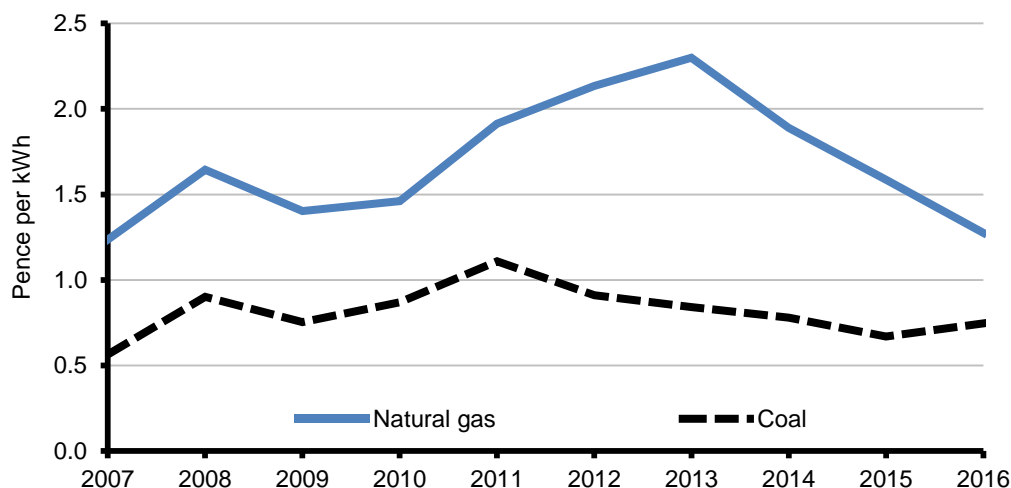
Table 3.2.1: Average price of fuels purchased by the major UK power producers

Over the past 5 years, the annual average real terms prices of both natural gas and coal used by major power producers have decreased by around 38 per cent. In comparison, in

## Non-Domestic Prices

the last year the annual average price of gas decreased by 21 per cent, whilst that of coal increased by 9.5 per cent (chart 21).

**Chart 21 Price paid by UK power producers for coal and natural gas - annual**



Reference and link to data table:

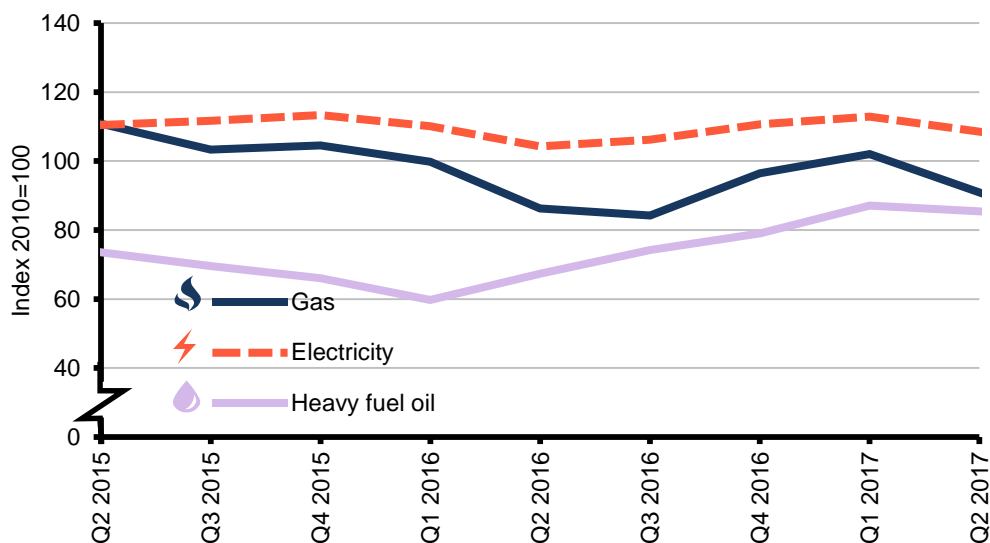
Table 3.2.1: Average price of fuels purchased by the major UK power producers

### *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 the 1990 levels until 2005. Between 2003 and 2013, total fuel prices followed an upward trend, with some of the largest annual increases occurring between 2005 and 2008. In most recent years, prices have been on the decline and in 2016 total fuel prices in real terms (including CCL) were 5.8 per cent lower than in the previous year and 15 per cent below the peak in 2013.

On a quarterly basis, average industrial gas prices including CCL rose by 5.4 per cent in real terms between Q2 2016 and Q2 2017, whilst industrial electricity prices including CCL rose by 4.0 per cent, as shown in Chart 22. Over the same period the price of coal rose in real terms by 9.2 per cent while the price of heavy fuel oil (not subject to CCL) increased by 27 per cent. The inclusion of CCL increases the average prices of coal by 6.4 per cent, electricity by 4.2 per cent and gas by 4.7 per cent in Q2 2017.

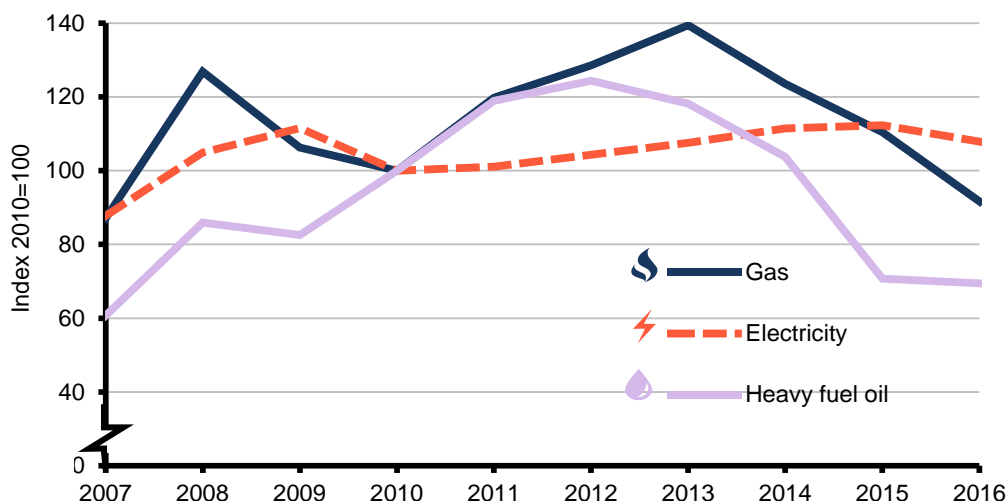
**Chart 22 Industrial fuel price indices <sup>(1)</sup> – quarterly**



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

Over the past five years, the average price, including CCL, of heavy fuel oil in 2016 decreased by 42 per cent in real terms and by 1.7 per cent compared to the previous year. The annual average price of gas, including CCL, fell by 23 per cent in real terms over the past five years, and by 17 per cent from last year. However, the average price of electricity, including CCL, has risen by 6.7 per cent in real terms over the past five years, but was down by 3.9 per cent on the previous year.

**Chart 23 Industrial fuel price indices <sup>(1)</sup> - annual**



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

Reference and link to data tables:

Table 3.3.1 and 3.3.2: Fuel price indices for the industrial sector

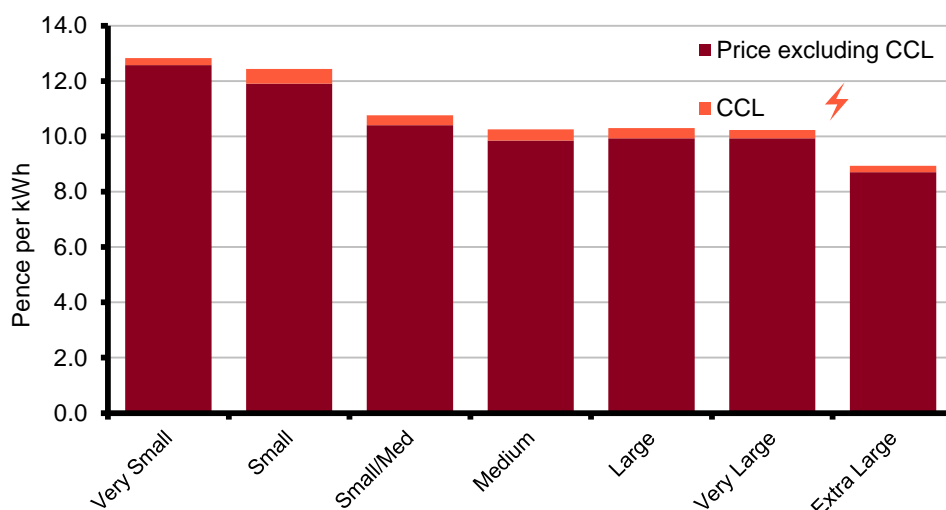
## Gas and electricity prices for the non-domestic sector in the UK

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, in cash terms, excluding CCL, in the non-domestic sector; have increased between Q2 2016 and Q2 2017 by an average of 3.6 per cent. Apart from a fall of 3.7 per cent in the extra-large consumer band, prices for all the other consumer bands increased, with increases ranging from 1.5 per cent for the very small to 9.5 per cent for the very large. Over the same period, the average price of electricity, including CCL, rose by 3.1 per cent. Chart 24 shows the current electricity prices in the non-domestic sector by size band in Q1 2017.

Average electricity prices, including CCL, increased every quarter from the second quarter of 2004 until the fourth quarter of 2008, with the exception of the second quarter of 2007. Prices then generally decreased until quarter 3 2011. Since then, prices have been increasing.

**Chart 24 UK non-domestic electricity prices Q2 2017**



Reference and links to data tables:

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

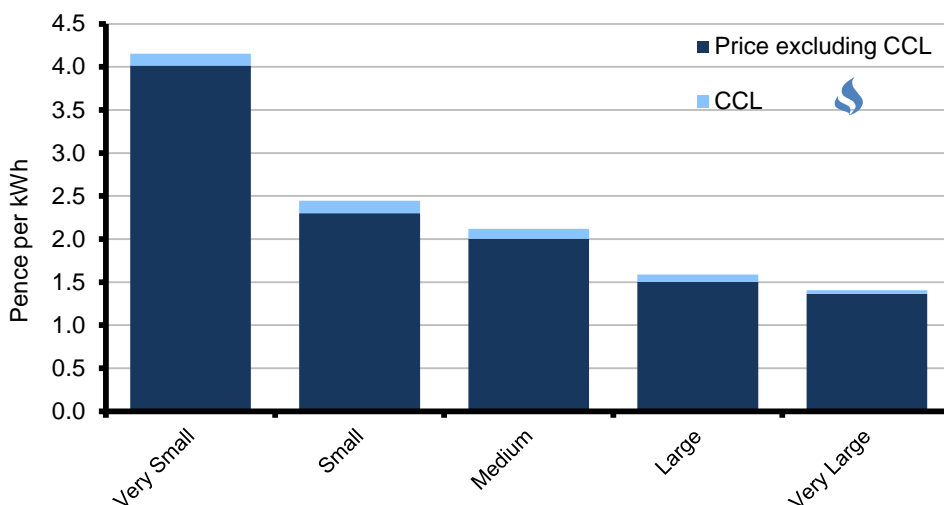
Average gas prices, excluding CCL, in the non-domestic sector have fallen in cash terms between Q2 2016 and Q2 2017 by an average of 5.4 per cent. Apart from a 13 per cent increase in the very large and a 1.1 per cent increase in the medium consumer bands, gas prices for all other bands have fallen with falls in the very small band by 0.7 per cent, and by 2.5 per cent for those classified as small. Prices for the large band fell slightly by 0.8 per cent. The fall for the small consumers is likely due to the slightly warmer weather in comparison to Q2 2016, reducing demand for heating as a result and, with standing charges making up a greater proportion of their prices in Q2 2017. Since the high in Q1 2014, average gas prices have been decreasing at a slow rate and in Q2 2017 were 30

## Non-Domestic Prices

per cent below. Chart 25 shows the current gas prices in the non-domestic sector by size band in Q2 2017.

Average gas prices, including CCL, trended upwards from 2004 but downwards since the second quarter of 2014, with a slight seasonal decrease usually evident in the second and third quarter of each year. This seasonal decrease was not apparent in 2008 due to the consistently high wholesale gas prices, and has also been less marked in recent years for the same reason. In Q2 2017, the inclusion of CCL increases the average price of gas by between 3 and 6 per cent.

**Chart 25 UK non-domestic gas prices Q2 2017**



Reference and links to data tables:

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

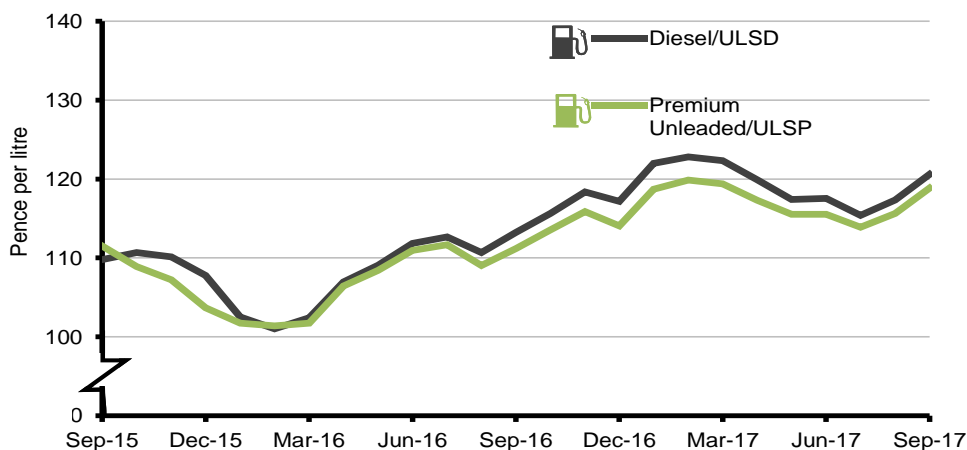
- The price of petrol in September 2017 was 118.9 pence per litre which was 6.9 per cent higher than that of a year ago, whilst diesel at 120.6 pence per litre was 6.5 per cent higher compared to a year ago. The petrol price in September 2017 was around 23 pence (16 per cent) lower than the peak in April 2012 whilst the diesel price was around 27 pence (18 per cent) lower.
- The price of crude oil purchased by UK refineries in August 2017 was 13 per cent higher than that a year ago.

## *Retail prices of petroleum products*

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. Relative to those peaks, petrol price in September 2017 was around 23 pence lower whilst diesel price was around 27 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 26 shows that, in mid-September 2017, a litre of ULSP was on average 118.9 pence; which was 3.2 pence per litre higher than the previous month and 7.6 pence per litre (6.9 per cent) higher than a year ago. Diesel price was 120.6 pence per litre which was 3.2 pence per litre higher than the previous month, and 7.4 pence per litre (6.5 per cent) higher than a year ago.

**Chart 26 Retail prices of motor spirits - Monthly**

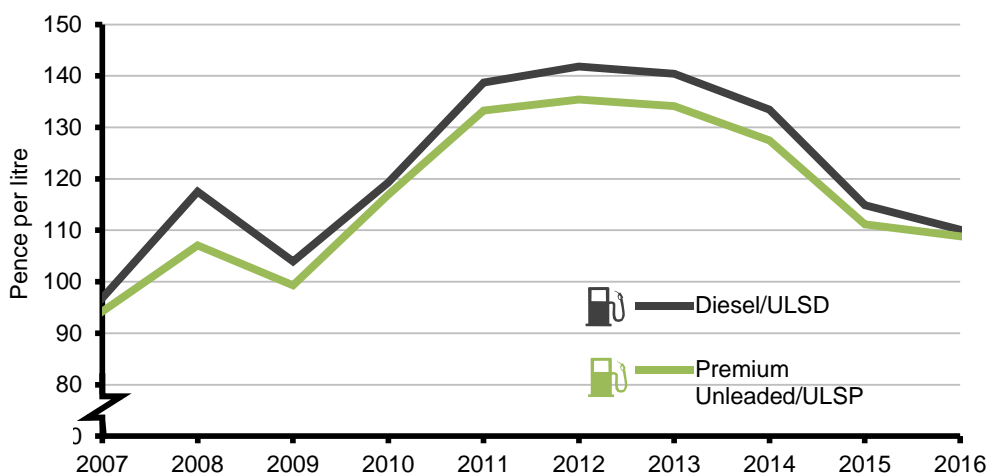


References and link to data tables:

Table 4.1.1: Typical monthly retail prices of petroleum products and a crude oil index

Annual 2016 prices of ULSP and ULSD were lower than the record highs of 2012 by 20 per cent and 22 per cent respectively, as shown in Chart 27. The differential between ULSP and ULSD in 2016 was 1.3 pence per litre, a fall of 2.5 pence per litre on 2015. Motor fuel prices increased at a steady rate from the Gulf crisis in 1990/91 to 2000, mainly 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, sharply in 2014 and in 2015; and slightly again in 2016.

**Chart 27 Retail prices of motor spirits - annual**



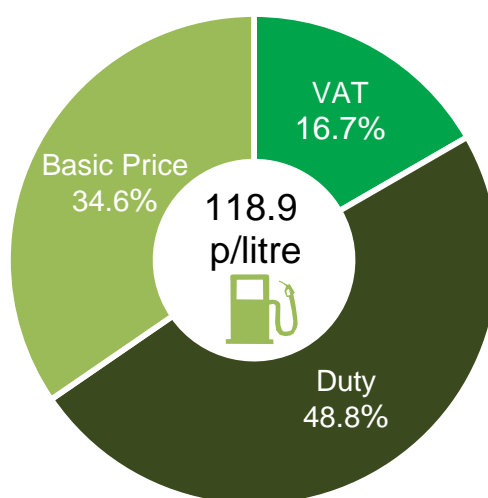
References and link to data tables:

Table 4.1.2: Average annual retail price of petroleum products and a crude oil index



Relative to the peak in April 2012, the price of unleaded petrol, excluding tax and duty, in September 2017 is 32 per cent lower and the price of diesel, excluding tax and duty, is 35 per cent lower. Chart 28 shows the components of the retail price of petrol in September 2017 when the basic price was 41.09 pence per litre, duty at 57.95 pence per litre, and VAT at 20 per cent (19.81 pence per litre).

**Chart 28 Component price of unleaded petrol, September 2017**



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

References and link to data tables:

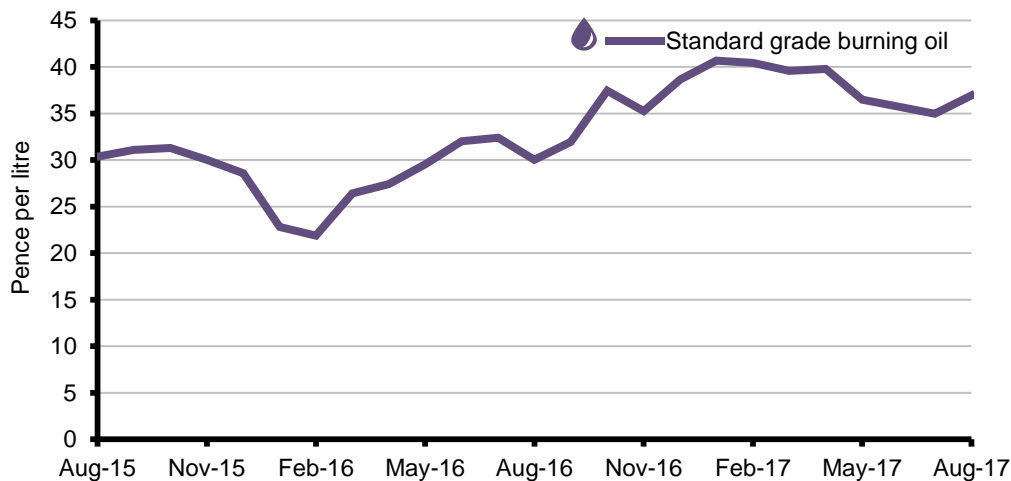
Table 4.1.1: Typical monthly retail prices of petroleum products and a crude oil index

Comparisons on how the UK petrol and diesel prices fare with the other European countries can be found in chapter 5.

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

The price of SGBO in August 2017 was 43 per cent lower than the peak in February 2013. The price of gas oil in August 2017 was 35 per cent lower than in April 2012, which was the highest level on record which started in 1989. In August 2017 the price of SGBO was 23 per cent higher than a year ago (Chart 29), whilst gas oil was 11 per cent higher.

**Chart 29 Retail prices of heating oil <sup>(1)</sup>**



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

References and link to data tables:

Table 4.1.1: Typical monthly retail prices of petroleum products and a crude oil index

## Crude oil prices

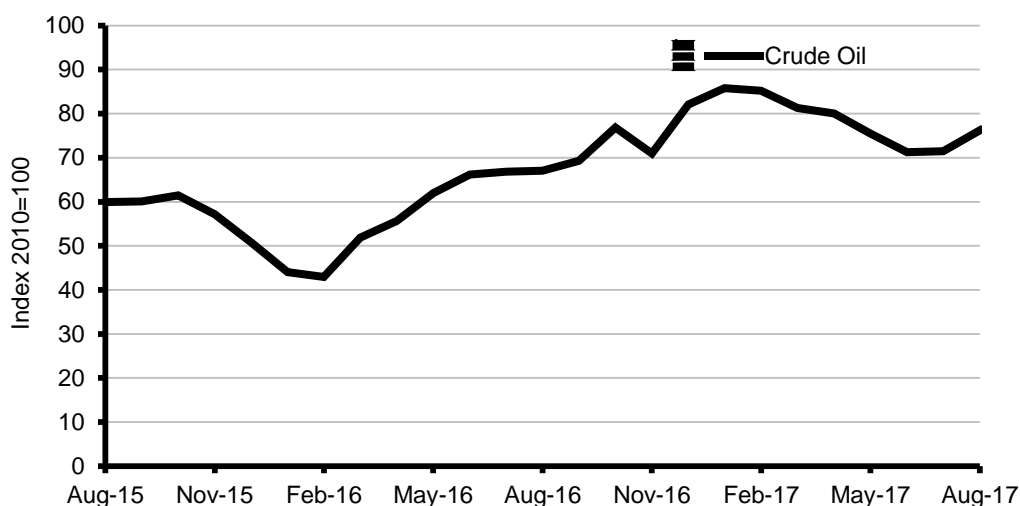
Movements in the price of crude oil affect the prices of various domestic and industrial fuels, as well as petroleum products. A price index for crude oil is available in Tables 4.1.1 and 4.1.2 for comparison against the prices of petroleum products.

Over the years, prices of crude oil have changed 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 in the late 1970's. Apart from June 2012, oil prices remained consistently above \$100 per barrel between February 2011 and August 2014. But since September 2014 prices have fallen below the \$100 mark due to weak demand and increased supply. Further falls by December 2014 saw prices dropping below the \$65 mark and have continued to remain below that level since. In August 2015, due to concerns over China's economic performance, prices dipped to below the \$50 per barrel mark and remained so throughout the autumn. Prices dipped further to below the \$40 per barrel in December 2015 on OPEC's decision not to cut production from near record levels. In January 2016, oil prices hit a 13-year low of around \$31/barrel due to anticipation over Iranian exports following the lifting of sanctions. Following speculations that OPEC will reduce output, prices rose again in the first six months of 2016 before levelling off at around \$46 per barrel. At their 171<sup>th</sup>

meeting in Vienna on the 30<sup>th</sup> November 2016, OPEC agreed to reduce its output by 1.8m barrels per day (bpd) to 32.5m bpd from January 2017 for at least six months and with the expectation that non-OPEC members would reduce their production by 600,000 bpd. As a result of this announcement oil prices in December 2016 jumped to around \$54 per barrel from the \$46 in November 2016, and rose only for a short period to February 2017 when it attained \$55 before tumbling again. By June 2017 crude oil prices fell to \$47 per barrel but in the last few months crude oil prices have once more moved up and in September 2017 were around \$52 per barrel, 13 per cent higher than a year ago. At their OPEC meeting (172<sup>nd</sup>) on 25<sup>th</sup> May 2017 in Vienna, OPEC and other oil producers agreed an extension of supply cuts by a further nine months to March 2018.

Chart 30 shows the price index of crude oil acquired by UK refineries. In August 2017 the price was 13 per cent higher than that of a year ago but 60 per cent lower than in March 2012, which was the highest level since our records began in 1991.

**Chart 30 Index <sup>(1)</sup> of crude oil prices**



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

Reference and link to data tables:

Table 4.1.1: Typical monthly retail prices of petroleum products and a crude oil index

The annual price for 2016 was 5.9 per cent lower than 2015 and 54 per cent lower than the high of 2012. Over the past five years (August 2012 to August 2017) the average cost of crude oil acquired by refineries has decreased by around 45 per cent.

# Section 5 – International Comparisons

## Highlights

- In August 2017 the UK price for petrol at the pump was the fourth lowest in the EU 15 at 115.6 pence per litre, whilst the UK price for diesel was the third highest in the EU 15 at 117.3 pence per litre.
- For July to December 2016, UK industrial electricity prices for medium consumers including tax were the third highest in the EU 15, whilst industrial gas prices for medium consumers including tax were the lowest in the EU 15.
- For July to December 2016, UK domestic electricity prices for medium consumers including tax were the sixth lowest in the EU 15, whilst domestic gas prices for medium consumers including tax were the second lowest in the EU 15.

## Notes

International prices vary for many reasons including differences in indigenous resources and market structures, varying exchange rates and inflation rates (for instance, the pound depreciated against the euro by almost 16 per cent between the second half of 2015 and the second half of 2016).

Following a change to Eurostat reporting procedures, data is not yet available to compare gas and electricity prices for the period January to June 2017. Comparisons based on provisional data will be published at the end of October, with final data available and published at the end of November.

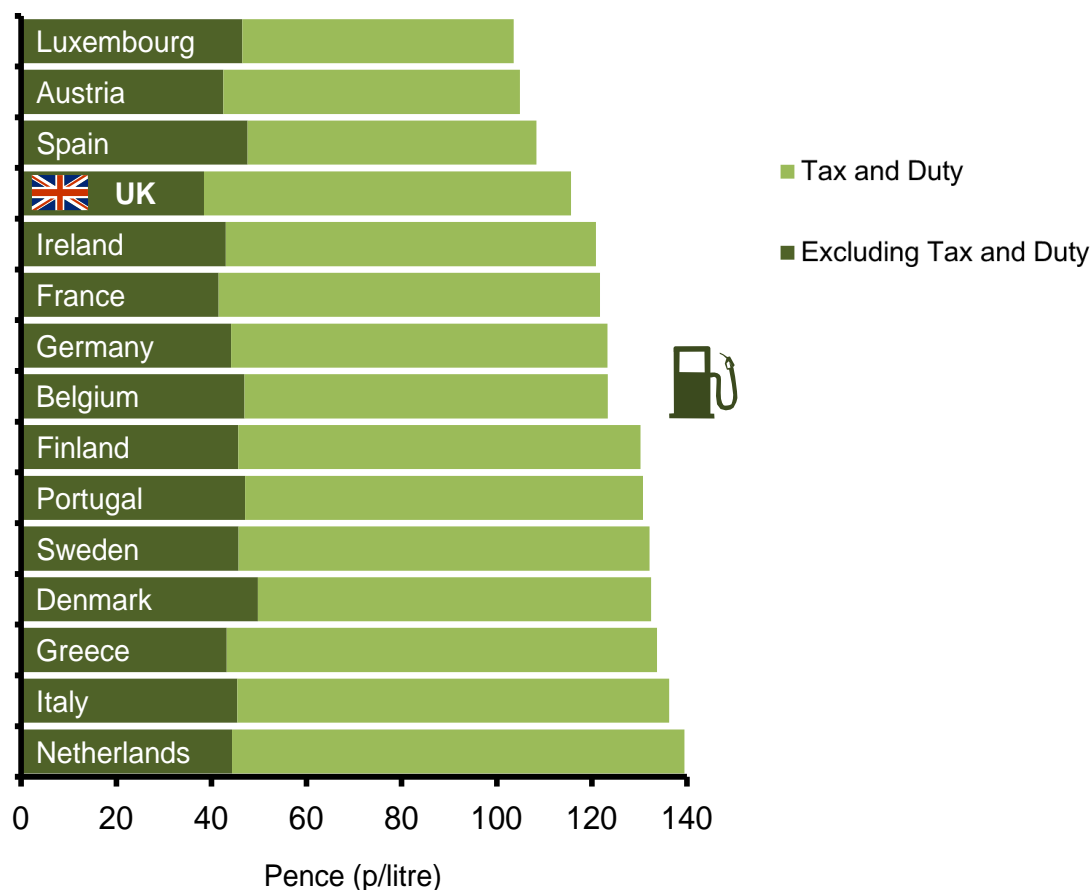
## *Unleaded petrol and Diesel prices*

### *Premium unleaded petrol prices*

Chart 31 shows that the average UK unleaded petrol prices, including taxes, in August 2017 were the fourth lowest in the EU 15 at 115.6 pence per litre when presented in a common currency basis. The lowest price was in Luxembourg at 103.6 pence per litre while the highest price was in the Netherlands at 139.5 pence per litre.

Average UK petrol prices, excluding taxes, in August 2017 were the lowest within the EU 15 (and also EU28) at 38.4 pence per litre. The highest price in the EU15 was in Denmark at 49.8 pence per litre.

**Chart 31 Premium unleaded petrol prices, August 2017**



Source: European Commission Oil Bulletin

Reference and link to tables:

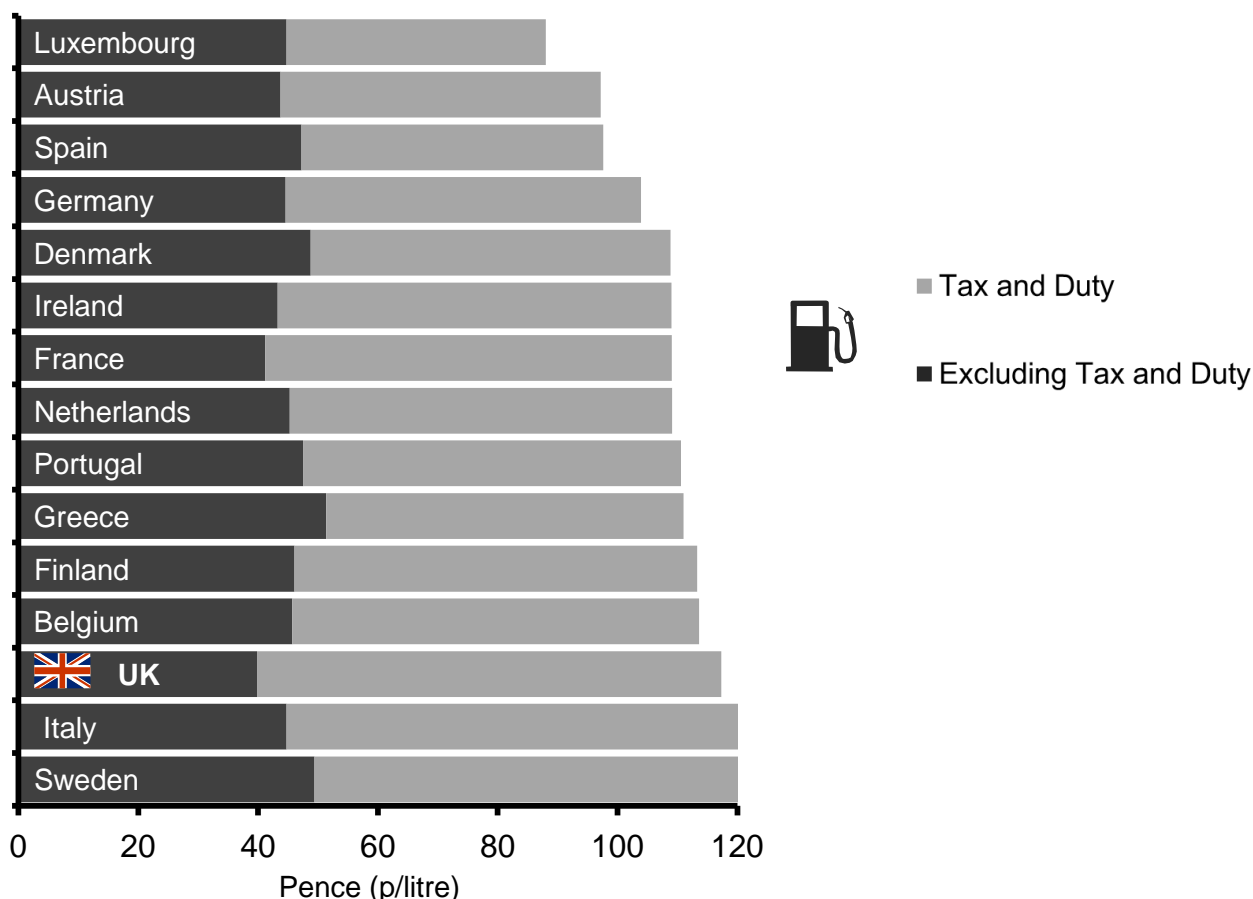
Table 5.1.1: Premium unleaded petrol prices in the EU

*Diesel prices*

Chart 32 shows that average UK diesel prices, including taxes, in August 2017 were the third highest within the EU 15 at 117.3 pence per litre when presented in a common currency basis. The lowest price was in Luxembourg at 88.0 pence per litre, while the highest price was in Sweden at 128.1 pence per litre.

The high UK diesel price is partly due to the taxes levied, which formed 66 per cent of the total price in August 2017, compared to the lowest tax proportion of 49 per cent in Luxembourg. Average UK diesel prices, excluding taxes, in August 2017 were the lowest in the EU 15 at 39.8 pence per litre. The highest price was in Greece at 51.4 pence per litre.

**Chart 32 Diesel prices, August 2017**



Source: European Commission Oil

Reference and link to tables:

Table 5.2.1: Diesel prices in the EU

### *Industrial gas and electricity prices*

Due to changes in the reporting period implemented by Eurostat, updated data is not yet available to be published. Updated tables using Eurostat data will be published at the end of October 2017. This affects tables 5.4.1 and 5.8.1 as well as charts 33 and 34 and the commentary around these.

The methodology for estimating the UK excluding tax prices within the Eurostat tables has changed. Previously only the climate change levy (CCL) was shown separate from the including taxes and levies. With the latest data, other environmental taxes and levies have been estimated and excluded along with the CCL. Revised data for electricity and gas

have been submitted to Eurostat<sup>13</sup> back to 2015. These methodology changes have been made to both industrial and domestic 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; however, comparisons with non-EU countries require the annual IEA tables.

Rankings may differ between the IEA and Eurostat tables. Charts include actual data available at the time of publication shown in colour. The black line on the charts shows the median which is produced using the data from all available countries.

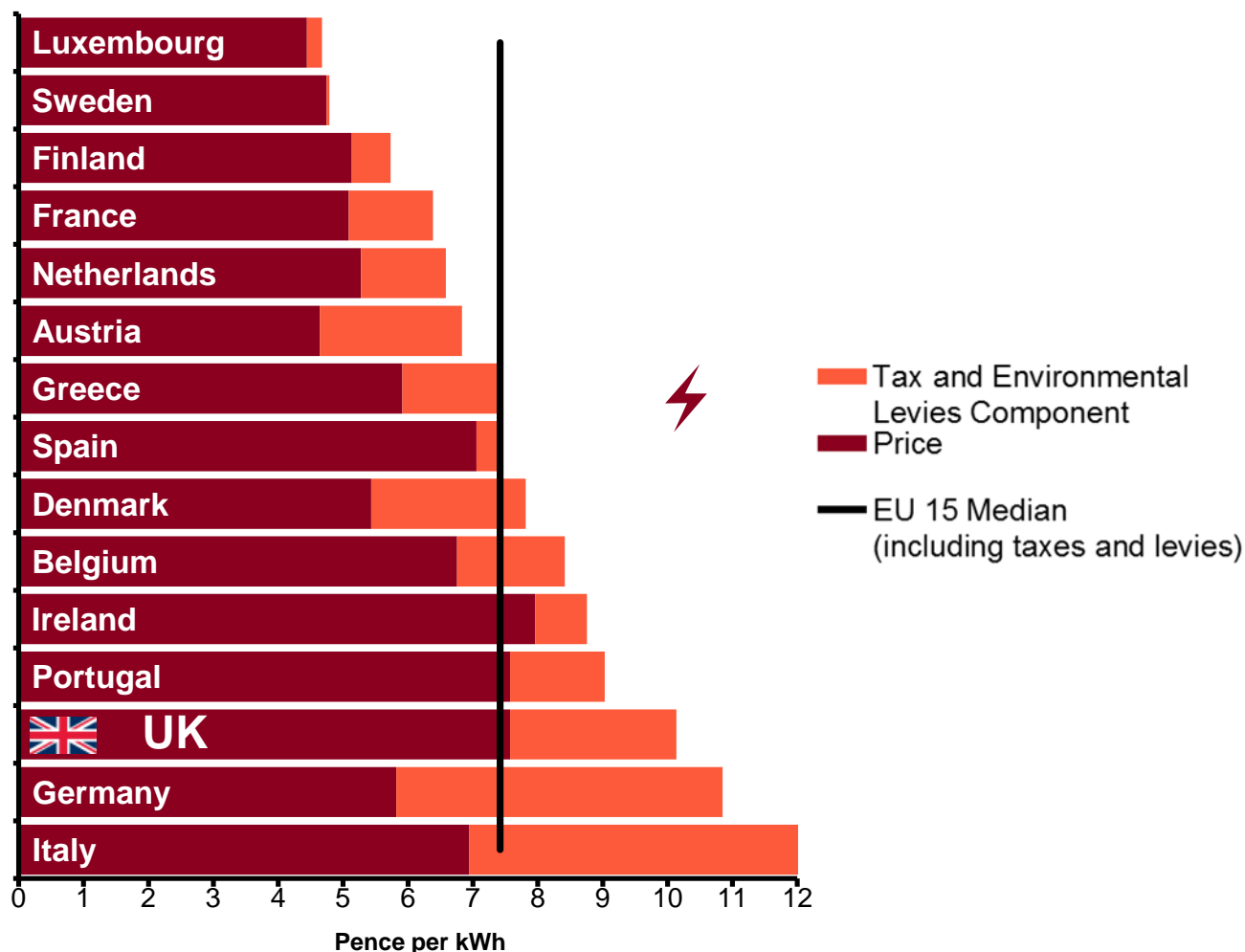
### *Industrial electricity prices*

Average UK industrial electricity prices including taxes for medium consumers for the period July to December 2016 were third highest in the EU 15 and were 37 per cent above the EU 15 median of 7.4 pence per kWh. The UK price for medium consumers excluding taxes and levies was the third highest in the EU 15 and was 30 per cent above the estimated median price of 5.8 pence per kWh. Chart 33 shows the prices for EU 15 nations for the period July to December 2016.

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<sup>13</sup> Eurostat website: <http://ec.europa.eu/eurostat/data/database>

Chart 33 Industrial electricity prices



Prices are for medium consumers in the EU 15 for July - December 2016. 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, July - December 2016.

The average industrial electricity price including taxes for medium consumers rose in all EU 15 countries on the same period in 2015. The smallest increase in the EU 15 was in the UK, by 0.9 per cent. The largest increase was in Sweden by 29 per cent. The relative price increase across the rest of the EU compared to the UK is mainly due to the depreciation of the sterling against the euro of 16 per cent on the same period last year.

Reference and link to tables:

Table 5.4.1: Average industrial electricity prices in the EU

In 2016, average UK industrial electricity prices, including taxes, were the fifth highest in the IEA, fourth highest in the G7, and were 31 per cent above the IEA median price. UK industrial electricity prices were 85 per cent higher than the price in the US. The UK price



decreased by 2.3 per cent between 2015 and 2016; while in other IEA countries increase ranged from -12 to 28 per cent.

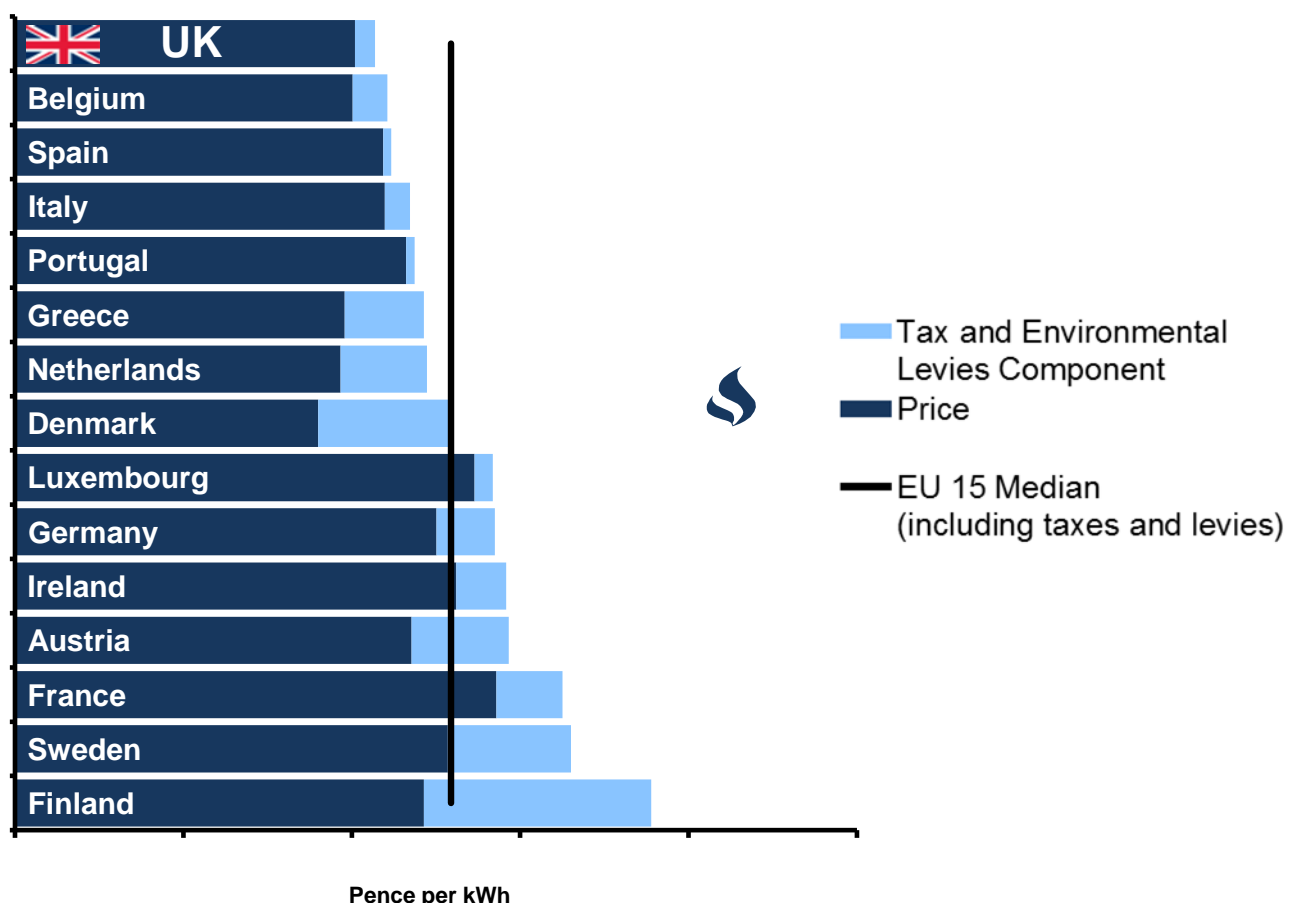
Reference and link to tables:

Table 5.3.1: Industrial electricity prices in the IEA including and excluding taxes

*Industrial gas prices*

Average UK industrial gas prices for the period July to December 2016, including taxes, for medium consumers were the lowest in the EU 15 and were 17 per cent below the median price of 2.6 pence per kWh. UK prices excluding taxes and levies for medium consumers were 2.0 pence per kWh; this was 13 per cent below EU 15 median. Chart 34 shows the prices for EU 15 nations for the period July to December 2016.

**Chart 34 Industrial gas prices**



Prices are for medium consumers in the EU 15 for July - December 2016. 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 July - December 2016.

The average industrial gas price including taxes in the UK for medium consumers fell by 15 per cent on the same period in 2015. Price changes in the rest of the EU were varied, ranging from a decrease of 13 per cent to an increase of 24 per cent.

Reference and link to tables:

Table 5.8.1: Average industrial gas prices in the EU

In 2016, average UK industrial gas prices, including taxes where not refunded, were the sixth lowest in the IEA, third lowest in the G7, and were 18 per cent below the IEA median. UK industrial gas prices were more than double the price in the US.

Reference and link to tables:

Table 5.7.1: Industrial gas prices in the IEA including and excluding taxes

### *Domestic electricity and gas prices*

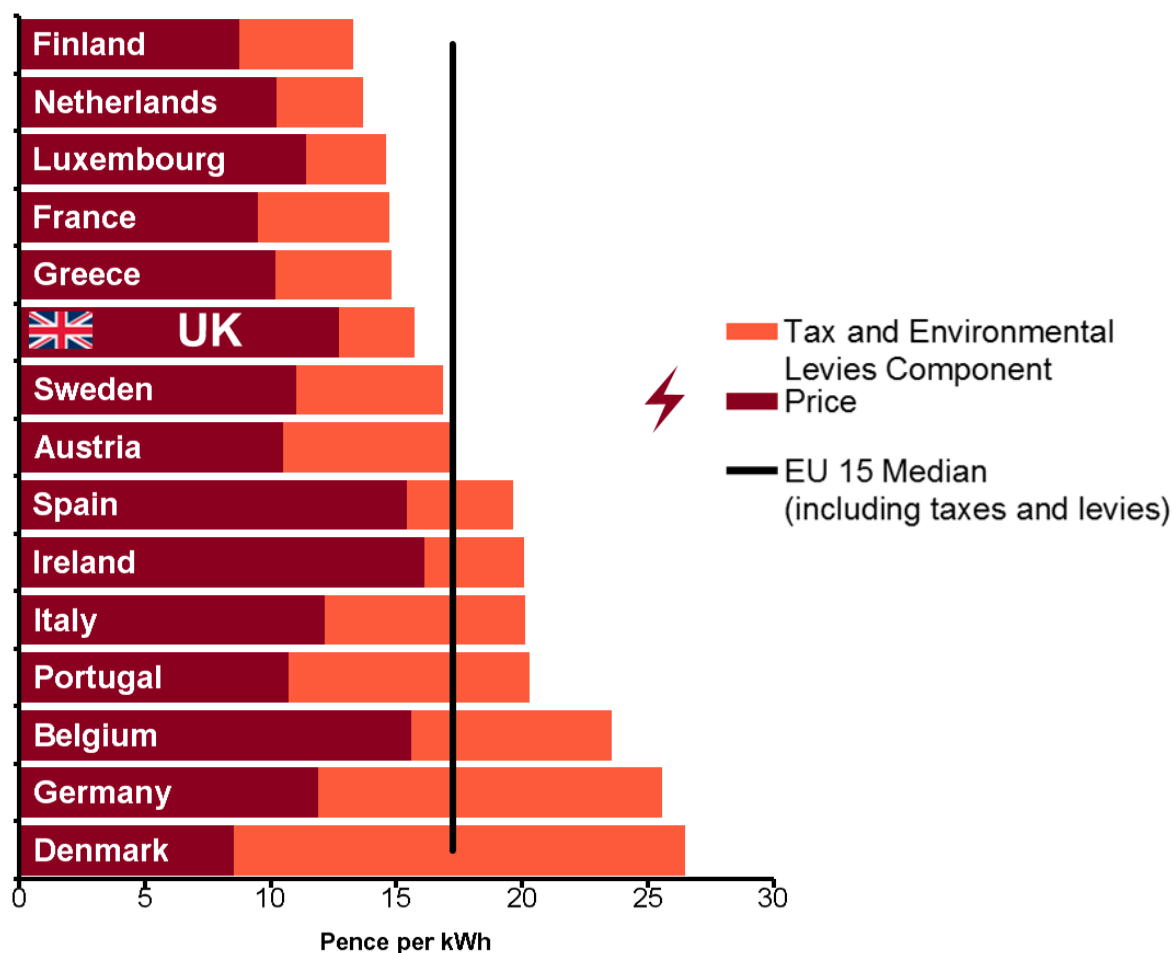
Similarly to industrial gas and electricity Eurostat tables, data is not yet available to be published due to the changes in the reporting period implemented by Eurostat. Updated tables using Eurostat data will be published at the end of October 2017. This affects tables 5.6.1 and 5.10.1 as well as charts 35 and 36 below and the commentary around these.

As with industrial prices, the methodology for calculating the price excluding VAT and charges has changed. Any levies relating to environmental costs have now also been calculated and excluded from this price along with the VAT.

#### *Domestic electricity prices*

The average UK domestic electricity price including taxes for medium consumers for July to December 2016 was the sixth lowest in the EU 15 and was 8.9 per cent below the EU 15 median price of 17 pence per kWh. The UK price excluding taxes and levies was the fourth highest in the EU 15 and was 15 per cent above the median level of 11 pence per kWh. Chart 35 shows the prices for EU 15 nations for the period July to December 2016.

**Chart 35 Domestic electricity prices**



Prices are for medium consumers in the EU 15 for July - December 2016. 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, July - December 2016.

The average domestic electricity price including taxes in the UK for medium consumers remained broadly stable with a 0.2 per cent rise on the same period in 2015, while all the other EU 15 countries had much larger increases of between 3.0 and 39 per cent.

Reference and link to tables:

Table 5.6.1: Average domestic electricity prices in the EU

In 2016, average UK domestic electricity prices, including taxes, were the eleventh highest in the IEA, fourth highest in the G7 and were 8.3 per cent above the IEA median. UK domestic electricity prices were 65 per cent higher than the prices in the US.

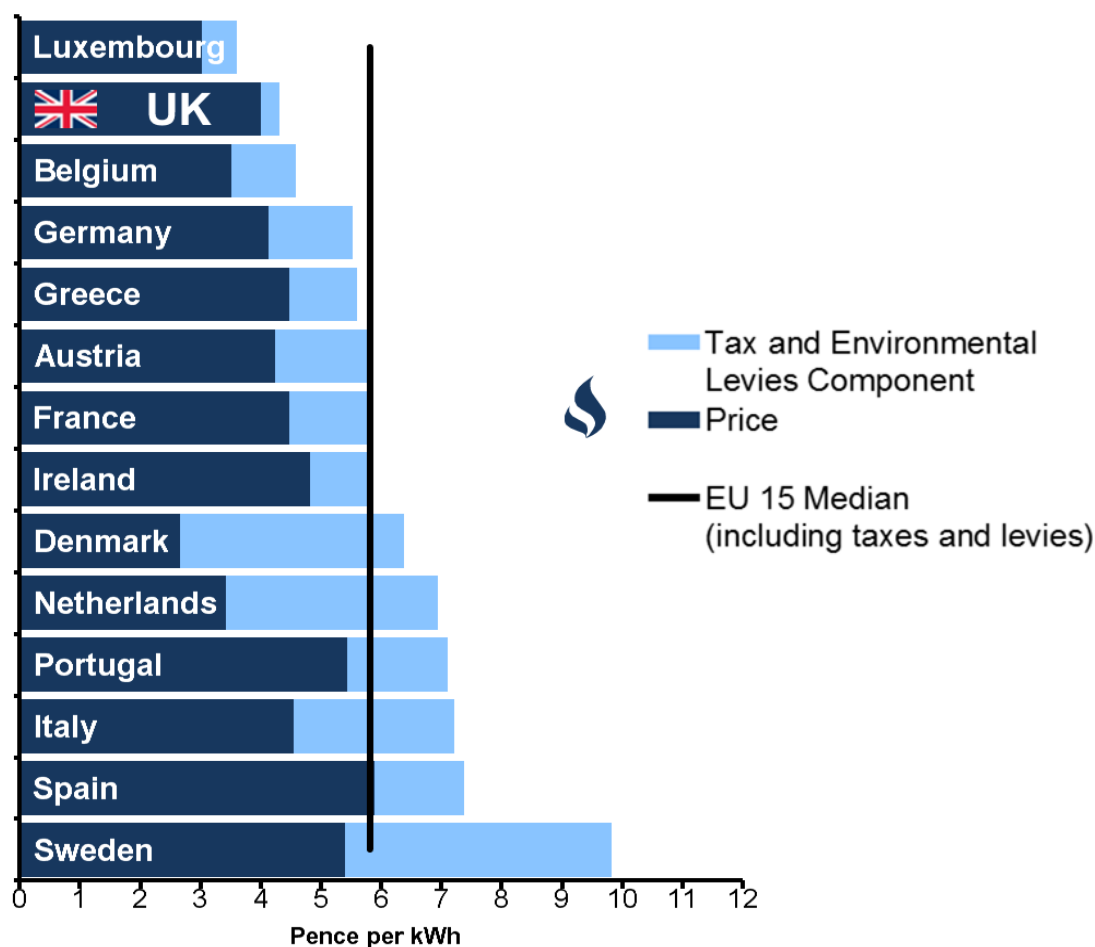
Reference and link to tables:

Table 5.5.1: Domestic electricity prices in the IEA including and excluding taxes.

*Domestic gas prices*

Chart 36 shows that average UK domestic gas prices, including taxes, for medium consumers for the period July to December 2016 were the second lowest in the EU 15 and were 26 per cent lower than the estimated median of 5.8 pence per kWh. The UK price excluding taxes was the fifth lowest in the EU 15 and was 8.0 per cent lower than the median price of 4.4 pence per kWh. Chart 36 shows the prices for EU 15 nations where data is available for the period July to December 2016.

**Chart 36 Domestic gas prices**



Prices are for medium consumers in the EU 15 for July - December 2016. 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, July - December 2016

The average domestic gas price including taxes in the UK for medium consumers fell by 11 per cent on the same period in 2015.

Reference and link to tables:

Table 5.10.1: Average domestic gas prices in the EU

## International Comparisons

In 2016, average UK domestic gas prices, including taxes where not refunded, were the tenth lowest in the IEA, third lowest in the G7, and were 19 per cent lower than the IEA median. UK domestic gas prices were 85 per cent higher than the prices in the US.

Reference and link to tables:

Table 5.9.1: Domestic gas prices in the EU 15 and G7 countries including and excluding taxes

## List of Charts

Chart 1	Fuel price indices in the domestic sector in real terms – quarterly
Chart 2	Fuel price indices in the domestic sector in real terms – annual
Chart 3	Average standard electricity and gas bills
Chart 4	Proportion of customers on each payment type
Chart 5	Average bills on each payment type
Chart 6	Regional payment methods for standard electricity
Chart 7	Regional payment methods for gas
Chart 8	Proportion of customers with their original home supplier for electricity and gas in GB
Chart 9	Average standard electricity and gas bills for home, non-home and all suppliers in GB
Chart 10	Proportion of electricity customers with a non-home supplier
Chart 11	Proportion of gas customers with a non-home supplier
Chart 12	Proportion of customers on variable and fixed tariffs
Chart 13	Average standard electricity and gas bills for fixed and variable tariffs
Chart 14	Percentage change in average annual bills by fixed and variable tariffs
Chart 15	Proportion of standard electricity customers on a fixed tariff
Chart 16	Proportion of gas customers on a fixed tariff
Chart 17	Domestic gas and electricity transfers
Chart 18	Average annual prices of fuels purchased by manufacturing industry
Chart 19	Manufacturing industry price movements by size of consumer
Chart 20	Price paid by UK power producers for coal and natural gas - quarterly
Chart 21	Price paid by UK power producers for coal and natural gas - annual
Chart 22	Industrial fuel price indices – quarterly
Chart 23	Industrial fuel price indices - annual
Chart 24	UK non-domestic electricity prices Q2 2017
Chart 25	UK non-domestic gas prices Q2 2017
Chart 26	Retail prices of motor spirits - quarterly
Chart 27	Retail prices of motor spirits - annual
Chart 28	Component price of unleaded petrol, September 2017
Chart 29	Retail prices of heating oil
Chart 30	Index of crude oil prices
Chart 31	Premium unleaded petrol prices, August 2017
Chart 32	Diesel prices, August 2017
Chart 33	Industrial electricity prices
Chart 34	Industrial gas prices
Chart 35	Domestic electricity prices
Chart 36	Domestic gas prices



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