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## **ENERGY PRICE CUTS THIS YEAR - 12% FOR ONLINE CUSTOMERS BUT 4% FOR EVERYONE ELSE**

- **Energy price cuts in 2009: 4% or £54 for standard plan customers<sup>[1]</sup>, but 12% or £133 for online customers<sup>[2]</sup>**
- **At the beginning of the year, online plans were £170 cheaper than standard plans – today they are £249 a year cheaper<sup>[3]</sup>**
- **Best kept secret: despite consistently lower prices only 1.3 million or 5% of households are on online energy plans<sup>[4]</sup>**
- **Winter worry: two thirds (65%) of people are worried about the cost of their energy bills as we head into winter<sup>[5]</sup>**
- **Affordability concerns: almost two in ten households (19%) are finding it difficult to afford their energy bills<sup>[6]</sup>**
- **Cutting back: 57% of households are already cutting back on energy to make bills cheaper while a further 17% are planning to join them<sup>[7]</sup>.**

While the majority of households have seen energy prices drop by 4% or £54 this year<sup>[1]</sup>, new research from uSwitch.com reveals that households who are on suppliers' online plans have enjoyed cuts three times this size<sup>[2]</sup>. Since the beginning of 2009 their prices have been reduced by a healthy 12% or £133<sup>[2]</sup>, leaving online customers paying £249 less than standard customers<sup>[3]</sup>.

While the debate about whether suppliers should be cutting prices again in light of lower wholesale costs rumbles on, households on online plans are sitting pretty. They have seen bills drop from £1,123 on the 1<sup>st</sup> January to £990 today<sup>[1]</sup>. However, households on standard plans have not fared so well – their prices have dropped from £1,293 at the beginning of the year to £1,239 today<sup>[2]</sup>, barely making a dent in the 42% or £381 increase in energy prices seen last year<sup>[8]</sup>.

At the beginning of 2009 online energy plans were £170 a year cheaper than suppliers' standard plans. Today this has stretched to £249<sup>[3]</sup>. Yet despite the fact that online plans are consistently cheaper than standard energy plans, only around 5% or 1.3 million households are taking advantage<sup>[4]</sup>.

But even households already on online plans may have missed out. This is because suppliers tend to bring out new plans with lower prices rather than cut the prices on existing plans. If householders have not kept on top of this they may have found themselves on a plan that is no longer the cheapest available from their supplier. As a result, they might not have seen the full benefit of the price reductions made to online plans.

The findings will be cold comfort to consumers worried about the cost of energy. uSwitch.com research shows that most people (65%) are worried about the cost of their winter energy bills<sup>[5]</sup> and almost two in ten households (19%) are finding their energy bills difficult to afford<sup>[6]</sup>. Almost six in ten households (57%) are already cutting back on energy to make their bills cheaper while a further 17% are planning to join them<sup>[7]</sup>. In the absence of further price cuts, moving to an online plan could make a real difference to these households.

**Will Marples, energy expert at uSwitch.com, says:** "Suppliers have been busy cutting prices, but unfortunately these reductions have been passing most consumers by. Online energy plans have been reduced by 12% or £133 this year – yet only around 1.3 million or 5% of households are currently in a position to benefit. Worryingly, those who arguably have the most to gain – the elderly and the vulnerable – are the least likely to be benefitting.

"Online energy plans are consistently cheaper than standard energy plans – but the message doesn't seem to be getting through. It's a shame because this is where competition is really working for the consumer – suppliers are competing hard on price and bringing out ever more competitive plans. The problem is that not enough consumers are taking them up. More work needs to be done on educating and informing consumers – with particular attention paid to those who are less able to go online. Ofgem should also monitor the number of households who move from uncompetitive standard plans to online plans – if competition is to work this number should grow steadily year-on-year."

**For more information visit [www.uSwitch.com](http://www.uSwitch.com) or call 0800 093 06 07**

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**Notes to editors:**

1. Based on a medium user consuming 3,300 kWh electricity and 20,500 kWh gas a year, with bill sizes averaged across all big six suppliers and all regions, for a dual fuel standard plan paying on receipt of bill.
2. Based on a medium user consuming 3,300 kWh electricity and 20,500 kWh gas a year, with bill sizes averaged across all big six suppliers and all regions (10 regions for EDF Energy), for a dual fuel customer on an online plan paying by monthly direct debit.
3. See caveat 1 and 2 above. Online plan as at 1<sup>st</sup> January, 2009 was £1,123 compared with £1,293 for standard plans. Online plans today are £990 compared with £1,239 for standard plans.
4. Ofgem
5. Survey conducted by YouGov online between 14th and 18th August, 2009. A total of 5,090 UK energy customers, with bill paying responsibility for their household's energy bills, took part in the survey. In response to: 'Are you worried about the cost of your energy bills as we head towards the winter months when energy use will increase?'
6. As per survey noted in point 5 above. In response to: 'Currently how would you describe your household's ability to afford energy bills?' 4% said 'very difficult' while 15% said fairly difficult.
7. As per survey noted in point 5 above. In response to: 'Are you planning to cut back on the amount of energy you use to make your bills cheaper?'
8. Customer using 3,300 kWh of electricity and 20,500 kWh of gas, on a standard Dual Fuel plan, paying on receipt of bill with bill sizes averaged across all regions. Average Dual Fuel bill as at 1<sup>st</sup> January 2008 was £912. Following the first round of price rises by all big six suppliers, the average dual fuel bill was £1,048 - a 15% increase. The second round of price increases took annual bills to £1,293 - a 23% increase.

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