

Energy bills expected to fall £150 a year from October, say analysts

The amount that an average household is expected to pay for its energy bills will fall by around £150 per year from the start of October, according to a new forecast.

Ofgem's next price cap, which will be announced on Friday next week, will drop to around £1,925, according to the latest forecast from [Cornwall](#) Insight, an energy consultancy.

It is a reduction of 7%, and the lowest the cap has been since March 2022.

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But experts have urged caution after surveys showed the £1,925 per year figure has misled many people. This is not a cap on the overall amount people will pay for their energy.

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Instead it caps the amount that they pay per kilowatt hour, or unit, of gas and electricity. The £1,925 figure is calculated based on what [Ofgem](#) thinks an average household will use.

Those who use less will pay less, and those who use more will pay more.

Ofgem has also recently reduced how much it assumes the average household uses. Taking this reduced usage into consideration, the price cap will be around £1,823.

The cost for a unit of electricity will be 26.96p, while the cost of gas will be 6.93p.

The Cornwall forecast sees bills rising again slightly in the future. In the first three months of next year the analysts think that electricity prices will be 29.48p and gas will be 7.72p, adding around £150 to the average annual bill.

Dr Craig Lowrey, principal consultant at Cornwall Insight, said: “While a small decrease in October’s bills is to be welcomed, we once again see energy price forecasts far above pre-crisis levels, underscoring the limitations of the price cap as a tool for supporting households with their energy bills.

“As many, including energy regulator Ofgem have acknowledged, it is essential that the [Government](#) explore alternative solutions, such as social tariffs, to ensure stability and affordability for consumers.”

In the same way as we saw wholesale market volatility impact our cap forecasts last year, similar developments risk causing sharp changes in household bills in 2024

He added: “Looking ahead to next year, we see how events on the other side of the globe have impacted gas prices and our subsequent price cap predictions.

“In the same way as we saw wholesale market volatility impact

our cap forecasts last year, similar developments risk causing sharp changes in household bills in 2024.

“The UK’s structural reliance on gas imports means that it is highly susceptible to fluctuations in the international wholesale energy market.

“This situation continues to highlight the need for an energy policy that can accommodate the practicalities of a global energy market with support for domestically sourced, sustainable supplies which can help bring stable energy prices for all households.”