

# Energy price crisis: What can I do to shield my family from surging bills?

The advice to households on energy bills has always been to save big through fixed-rate deals and to switch supplier or tariff when the contract ends.

Simple right?

But what a TV meerkat or operatic tenor with a dodgy moustache may not be able to tell you in ads this time around is that the situation, as winter looms this year, has been turned on its head and become far more complicated.



# What's behind the energy crunch – and why it's hurting UK industry

It is the result of a global energy crunch that has forced up wholesale gas prices by 455% over the past 12 months – by 250% since January.

The cost of gas for October delivery rose 13% on Monday alone, according to industry data, taking it to a new record high above £183 per therm. Costs at this time of year are typically around the £40-£60 mark.

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Here, we explain how this is being reflected in the household energy market and why, experts say, it might actually pay for some customers to be covered by the price cap regime for the first time in its history.

**Why not just seek out a fixed-price deal?**

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Switching services and consumer champions have, historically, always told you to do so.

It is how price comparison sites make their money: by putting you in touch with an energy company’s 12-or-24-month tariff offers and signing you up.

However, the availability of these deals has been massively squeezed to the extent searches via some price comparison websites may not currently even find you a single fixed-price offer or one that is hundreds of pounds more expensive.

### **Why is that?**

That is because energy companies are grappling with the price surge themselves – some of them going to the wall in the process.

Smaller providers are less able to effectively hedge against rising prices so they ultimately struggle to afford buying raw

energy via markets for short-term delivery.

Many currently are simply unable to offer 12-month contracts in the current price spike. Those 'deals' will be uncompetitive compared to those offered by larger firms who buy their energy well in advance.

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'Range of options' for energy crisis

**My fixed-rate deal expires soon – what do I do?**

The fact is, that for the reasons outlined above, you may struggle to find another.

Even if you do, Sky News has heard examples of offers that are up to £800 more than they were last year.

The advice is to shop around on a platform that takes in the whole market.

**If I find a fixed-rate deal, should I just take it?**

For the first time ever, price comparison sites are admitting that you should not.

Comparethemarket.com even took its energy quotes tool offline at the end of last week “to protect customers” as prices rocketed and offers became elusive.

However, uSwitch told Sky News there were currently eight fixed-price offers (see below) that are more affordable than the fixed cost under the energy price cap regime.

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Families fear energy price hike

**I thought we were supposed to avoid ‘rip-off’ price cap tariffs?**

There are more than 15 million households covered by the price cap.

It covers energy customers who fail to switch suppliers and is

designed to ensure that they are not ripped off by being on, what are traditionally, the most expensive tariffs known as default or standard variable tariffs (SVTs).

A household is automatically placed on a default tariff when a contract ends – unless they have switched tariff or supplier.

The energy watchdog Ofgem sets a cap on the prices through two reviews each year so they are judged to be fair to both suppliers and households.

From October, energy customers on default tariffs paying by direct debit will see an increase of £139 from £1,138 to £1,277.

Pre-payment customers will see costs rise by £153, from £1,156 to £1,309.

The price cap figures are locked in until the next price review takes effect in April.

*Energy security will always be our absolute priority.*

*The UK benefits from having a diverse range of gas supply sources – both domestic, and from reliable import partners such as Norway.*

*I am confident security of supply can be maintained under a wide range of scenarios (5/7)*

*– Kwasi Kwarteng (@KwasiKwarteng) [September 19, 2021](#)*

## **So, how much could I save?**

According to uSwitch, the cheapest 12-month fixed deals currently on the market come in at £1,177.43 – offered by E.ON and Sainsbury's Energy.

The switching industry admits that the best fixed-rate deals will not be available to everyone as factors such as location,

paperless billing and smart meter access are taken into account.

The offers are also changing day by day – rising in price in the process.

So, the conclusion must be that perhaps the price cap will become a shelter for those households who have not locked in a fixed deal in time for winter.

The risk no one can mitigate against, however, is that if your [energy supplier collapses](#) Ofgem places you with an alternative energy company – and its current prices.