



For immediate release: Wednesday 22nd June, 2011

PRICE RISE FEARS HAVE SEEN SURGE IN CONSUMERS FIXING ENERGY PRICES FOR THE FUTURE

ScottishPower's price hike has sent consumers scrambling to secure a fixed price energy deal – and today's Ofgem Market report signals more bad news for bills says uSwitch.com, the independent price comparison and switching service. The Ofgem report announces a “significant reduction” from £75 to £15 on supplier margins for a typical dual fuel customer and confirms a wholesale gas price increase of 30%, suggesting a substantial rise in energy costs could be imminent.

Fear that other suppliers could follow ScottishPower's suit with a £168 or 15% increase to bills^[1] has already seen the number of households fixing their prices go from a trickle to a flood with almost six in ten switchers (59%) now opting for the security of a fixed price plan^[2].

As a result, uSwitch.com predicts that as many as 205,000 households a month - 59% of all switchers - could be signing up to fixed price energy plans^[2]. Similar to a fixed-rate mortgage, fixed price energy plans allow consumers to safeguard against further energy price rises for a set period of time. It means that their price per unit of energy is fixed during this period – for anything up to 5 years. Although initially this unit price can be more expensive than a supplier's standard unit rate, the household will continue to pay the same agreed unit rate for the duration of the fix, even if energy prices soar.

At the moment, the average household dual fuel energy bill is £1,131^[3] for a standard plan and £1,089 for fixed plans^[4]. However, this small saving could potentially rocket if prices increase substantially. If suppliers hike prices by 10% the average standard plan customer will see their bills creep up to £1,244^[3], while fixed rate customers will still be paying £1,089 a year^[4] - £155 or 12% less.

But if prices shoot up by 20% the average standard plan customer will see their bills hit an eye-watering £1,357 a year^[3]. Fixed rate customers will still only be paying £1,089 a year on average^[4] - £268 or 20% less.

Those who are on an online energy plan have a more difficult decision to make though. The average bill for an online energy plan today is £958^[5]. This is £131 a year cheaper than the average fixed price deal. However, the cheapest fixed rate plan is £1,009 a year^[6] – just £51 a year more expensive than the average online deal. Importantly though, online energy plans are not exempt from price rises, so a 20% increase could result in online customers seeing their bills go up by £192, to £1,150^[5]. If this happens, fortunes would be reversed, with online customers paying £141 more on average than somebody taking the cheapest fixed price today.

For online customers it means weighing up carefully the initial cost of fixing against the longer term security it offers, and deciding for themselves what the odds are of energy prices going up substantially in the future.

Consumers also need to be aware that some fixed price plans carry an exit fee for those who leave before the fixed period finishes – it’s important to always check the small print carefully before signing up.

| Type of Plan | Payment method | Average price today | Plus 10% | Plus 20% |
|---|----------------|---------------------|----------|----------|
| Fixed price plan ^[4] | Direct debit | £1,089 | £1,089 | £1,089 |
| Cheapest fixed price plan ^[6] | Direct debit | £1,009 | £1,009 | £1,009 |
| Online energy plan ^[5] | Direct debit | £958 | £1,054 | £1,150 |
| Standard Plan ^[3] | Cash or cheque | £1,131 | £1,244 | £1,357 |
| Standard Plan ^[7] | Direct debit | £1,040 | £1,144 | £1,248 |

Source: uSwitch.com, correct as at 21/06/2011.

Tom Lyon, energy expert at uSwitch.com, says: “The debate is no longer about what is going to happen to energy prices, it’s now about what action consumers intend to take. The spectre of energy bills potentially hitting almost £1,400 a year is just too big to ignore. As a

result, we are seeing a surge in the number of people looking to protect themselves by fixing their energy prices.

“Opting for a fixed price deal is a sure-fire way of safeguarding against energy price increases. However, like fixed-rate mortgages, these energy deals could swiftly disappear from the market. Consumers therefore need to act quickly to secure the best deals while they are still available. The message is clear: act fast if you want to fix for your future.”

For more information visit www.uSwitch.com or call 0800 093 06 07

-Ends-

For more information please contact:

Jo Ganly, uSwitch.com on 0207 802 2915 or joganly@uswitch.com

Beth Murray, Lansons Communications on 0207 566 9728 or bethm@lansons.com

Notes to editors:

1. ScottishPower will increase its prices by an average of 19% for gas and 10% for electricity from 1st August. This equals a 15% increase for a dual fuel ScottishPower customer, paying on receipt of bill (based on a medium user customer consuming 3,300 kWh of electricity and 16,500 kWh of gas). If the other big six suppliers follow the same line, the average household energy bill (based on a medium user customer consuming 3,300 kWh of electricity and 16,500 kWh of gas, on a standard plan paying by cash or cheque with bill sizes averaged across all regions and the big six suppliers) will increase by £168.
2. uSwitch.com calculation based on 4.16 million switchers. Number of switchers based on Ofgem's Retail Market Review where Ofgem states: 'During 2010, 15 per cent of consumers report switching their gas supplier and 17 per cent report switching their electricity supplier.' Assuming each respondent reflects the views of one household and 26 million households with an average of 16% switching last year, 4.16 million households switched. When averaged across 12 months there are 346,667 switchers each month. Fixed switching rates data based on proportion of switches through uSwitch between 8th and 17th June, 2011 switching to a fixed tariff. Applying the 59% of customers in June 2011 switching to a fixed price tariff to the estimated total number of switches each month equals 204,534 switches across the market.
3. Based on a medium user customer consuming 3,300 kWh of electricity and 16,500 kWh of gas, on a standard plan paying by cash or cheque with bill sizes averaged across all regions and the big six suppliers.
4. Based on a medium user customer consuming 3,300 kWh of electricity and 16,500 kWh of gas, on a capped or fixed price plan paying by direct debit with bill sizes averaged across all regions and the big six suppliers.
5. Based on a medium user (3,300kWh of electricity and 16,500kWh gas per annum) on an online energy plan, paying by direct debit, averaged across all regions and all big six suppliers.
6. Based on a medium user customer consuming 3,300 kWh of electricity and 16,500 kWh of gas on EDF Energy's Fixed S@ver 2 plan (fixed until 30/9/2012) with prices averaged across all regions.
7. Based on a medium user (3,300kWh of electricity and 16,500kWh per annum), on a standard plan, paying by monthly direct debit, with bill sizes averaged across the big six suppliers and all regions.

Ofgem's Electricity and Gas Supply Market Report, published 22nd June 2011 is here:

<http://www.ofgem.gov.uk/Markets/RetMkts/rmr/Documents1/SMR%20June%202011.pdf>

About us

uSwitch.com is a free, impartial, online and telephone-based comparison and switching service, helping consumers compare prices on gas, electricity, water, heating cover, home telephone, broadband, digital television, mobile phones and personal finance products including mortgages, credit cards, current accounts and insurance. In 2010 uSwitch.com celebrated ten years of saving customers money.

uSwitch.com is the first comparison website to achieve the Plain English Campaign's Internet Crystal Mark, which is recognised as a standard that a website has clear language, is accessible and easy to use, and has been tested on a sample of its users.

uSwitch.com is dedicated to helping consumers save money whether they have internet access or not. It offers a dedicated call centre, manned by uSwitch customer service representatives, as well as a freepost 'Send us your bill' service, whereby customers can post their latest energy bills with their telephone number to FREEPOST USWITCH, to get a free call back from a dedicated customer services representative. The service is also available via fax, email and post. Consumers should fax 0203 214 8417, email CustomerServices@uswitch.com or write to Customer Services, uSwitch.com, Centro 3, 19 Mandela Street, London, NW1 0DU with their postcode and usage details.

uSwitch.com is owned by Forward Internet Group Limited, a privately funded collection of internet-based businesses focused on consumer engagement and innovation.