



For immediate release: Monday 23rd January, 2012

Is it time to ditch the fix as energy prices start to fall?

Britain's big six energy suppliers have announced that they are cutting their prices by an average of £34 or 2.6%^[1]. But while falling prices are good news, where do they leave those who signed up to a fixed price energy plan?

- **Sitting pretty: average cost of a fixed price plan taken out in June 2011 is £1,089^[2] – £170 or 13.5% a year cheaper than the current average standard plan after recent price cuts^[1]**
- **Average cost of a fixed price plan today is £1,149^[3] - £110 or 8.7% cheaper than the current average standard plan after recent price cuts^[1]**
- **Fixed price plans account for 4 out of 8 current best buys, offering low prices and peace of mind for consumers^[4]**
- **Cheapest fixed price plan today is £1,059 and is fixed until March 2013 - cheapest variable rate online plan is £1,030 a year, £29 a year cheaper^[4]**
- **Consumers need to weigh up longer term security against the potential for further price cuts, says uSwitch.com.**

People on fixed price energy plans are still sitting pretty despite recent price cuts, according to new data from uSwitch.com, the independent price comparison and switching service. Suppliers would have to cut their prices by a further £170 or 13.5%^[1] before consumers who fixed their prices last summer would be losing out against standard plan customers.

The number of households flocking to fixed price plans peaked last summer as suppliers moved to complete a second round of price hikes. But while the average cost of a standard plan soared to £1,293 a year^[1], the average cost of a fixed price plan taken out in June 2011 was £1,089^[2] - £204 a year cheaper. And even though suppliers have subsequently cut their prices by £34 or 2.6%, taking the average bill down to £1,259 a year^[1], households that fixed last summer are still paying £170 or 13.5% less than this.

And it's good news too for those who have fixed more recently. The average cost of a fixed price plan today is £1,149 a year^[3] - £110 or 8.7% cheaper than the average standard plan even after the price cuts come into effect.

In fact, fixed price plans are now so competitive that they account for four out of the eight current energy best buys^[4] – unheard of a few years ago when fixed price plans typically carried a chunky premium. And whereas suppliers previously offered their most competitive prices online, today many have created a hybrid between fixed and online plans, allowing consumers to benefit from the competitive price of an online plan and the security and price guarantee of a fixed plan.

But this security can still come at a cost. The cheapest fixed price plan today is £1,059 and is fixed until March 2013 while the cheapest variable rate online plan is £1,030 a year - £29 a year cheaper^[4]. This may seem like a small price to pay for peace of mind but consumers also have to bear in mind that, should energy prices fall, those on fixed price plans will not see the benefit – their prices will remain the same whereas those on an online plan could see some benefit, although this is not guaranteed.

If prices on online plans do fall and they become noticeably cheaper than fixed price plans, then people may want to cancel their fix and switch to a cheaper deal instead. Before doing this they would need to take into account any exit penalties. However, as part of their recent pricing announcements both npower and E.ON have decided to waive exit penalties for a period of time for their existing fixed price plan customers, leaving them free to move on if their fixed price deal becomes uncompetitive.

Tom Lyon, energy expert at uSwitch.com, says: "As a result of the £224 or 21% hike in prices that started at the end of 2010^[1], consumers flocked to fixed price plans. Now with energy prices falling, some will be wondering whether they did the right thing. They will already be reassured by the fact that suppliers have only cut their prices by £34 or 2.6%^[1] and the reality is that even after these cuts prices would still need to fall by £170 or 13.5% before those on fixed price plans would be out of pocket compared with standard plan customers^[1].

“The trickiest decision though is for those who are weighing up between an online energy plan and a fixed price plan. There is currently only £29 between the most competitive online plan and the cheapest fixed price plan^[4]. But the fixed price plan will not benefit from price cuts while the online plan potentially could, although there are no guarantees. What the fixed price plan will do

though is to protect you against price rises in the medium to long-term so consumers need to consider how important this price security is to them before signing on the dotted line.”

Impact of price cuts:

Type of plan	Price today (after announced price cuts take effect)	After a further 3% cut	After a further 6% cut	After a further 10% cut
June 2011 Cheapest Fixed ^[5]	£1,009	£1,009	£1,009	£1,009
Current cheapest fixed ^[4]	£1,059	£1,059	£1,059	£1,059
Current cheapest Standard plan ^[6]	£1,203	£1,167	£1,131	£1,083
Current cheapest online plan ^[4]	£1,030	£999*	£968*	£927*

Source: uSwitch.com

*assuming price cut applies to online as well as standard tariffs – this will not necessarily be the case.

Current energy best buys:

Supplier	Plan Name	Price
First:Utility	iSave Dual Fuel V9 [iSave Fixed price V1]	£1,030 [£1,059]
Ovo Energy	New Energy fixed	£1,061
ScottishPower	Online Fixed Price Energy May 2013	£1,070
npower	Go Fix 10	£1,078
EDF Energy	Fix to March 2013	£1,080
E.ON	SaveOnline 11	£1,106
British Gas	Online Energy	£1,142
SSE	Online Standard	£1,153
	Average	£1,090

Source: uSwitch.com

Based on a medium user consuming 3,300 kWh of electricity and 16,500 kWh of gas with bill sizes averaged across all regions.

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
Nithiya Gnanathas, Lansons Communications on 0207 566 9716 or nithiyag@lansons.com

Notes to editors:

1. Based on a medium user customer using 3,300 kWh of electricity and 16,500 kWh of gas, on a standard dual fuel plan, paying quarterly by cash or cheque with bill sizes averaged across all big six suppliers and all regions. Average bill today (post price cuts) is £1,259 a year.
2. 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. Average bill size as at 22nd June, 2011.
3. Based on a medium user customer consuming 3,300 kWh of electricity and 16,500 kWh of gas, on a fixed price plan paying by direct debit with bill sizes averaged across all regions and the big six suppliers, First:Utility and Ovo.
4. See best buy table in press release above. Cheapest variable online plan (First:Utility iSave Dual Fuel V9) has an initial fixed period of 3 months, but then reverts to a variable rate thereafter. Therefore we have classed it as a variable rate online plan rather than a fixed rate plan.
5. Cheapest fixed price plan in June 2011 was EDF Energy's FixedS@ver 2 with an average annual bill size of £1,009.
6. EDF Energy £1,203 a year, projected from EDF Energy's pricing announcement and based on a medium user customer using 3,300 kWh of electricity and 16,500 kWh of gas, on a standard dual fuel plan, paying quarterly by cash or cheque with bill sizes averaged across all regions.

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.