



Energy regulator Ofgem announces 13% increase for energy bills

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Reeves inspects household energy bills chart

On 27 May energy regulator Ofgem announced that it [will raise the energy price cap](#) for 1 July to 30 September 2026 by a massive 13%. That's [the sharpest hike](#) in household energy prices of any summer in the past four years.

Bill-payers under the cap will now pay the equivalent of $\pounds 1,862$ a year from 1 July to 30 September for gas and electricity. That's up from the current equivalent of $\pounds 1,641$ a year – an increase of around $\pounds 18$ a month, based on typical use.

The cap applies to anyone on the default payment plan, rather than a fixed-rate tariff. The latter accounts for some 40% of all accounts.

Cat Hobbs, director of nationalisation campaign group We Own It, told the *Canary*:

Today's announcement shows one thing: when governments fail to show the ambition and creativity needed to fix big problems, it is ordinary households that pay.

Continued volatility in global energy markets

Ofgem [blamed the war in Iran](#) for the price increase. Tim Jarvis, the watchdog's CEO, said:

Today's price change reflects continued volatility in global energy markets. This means higher wholesale gas prices, driven by ongoing conflict in the Middle East, is impacting the price we pay for energy.

The [price of oil and gas](#) surged following Trump and Netanyahu's attack on Iran on 28 February. In response, Iran, [and later the US](#) almost completely closed the Strait of Hormuz to shipping traffic. Around [20% of the world's oil](#) and 33% of its liquid natural gas would usually pass through the narrow sea channel.

Of course, that increase in oil and gas prices has been passed straight to bill-payers. Meanwhile, oil majors like [Shell saw their first-quarter profits surge by 115%](#) as they profiteer from the excuse of the war in Iran.

Likewise, [UK food prices are predicted to reach 50%](#) higher than the start of the 2021 cost-of-living crisis, driven by [climate](#) and energy shocks, [along with supermarket profiteering](#)

As per usual, Ofgem was quick to suggest [methods for households to keep their bills down](#). These include switching or fixing your tariff, or swapping from standard credit to direct debit. Likewise, customers on smart meters can also take advantage of cheaper electricity at the weekends.

Owing to the [increasing level of renewable sources](#) in the UK's energy mix insulating us somewhat from the oil crisis, electricity bills will suffer too much of an increase. However, gas bills will see a far steeper rise over the coming months. While electricity bills will increase by around 5%, gas bills will instead shoot up by 24%.

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North Sea oil isn't the answer

Shamelessly, however, Tory leader Kemi Badenoch [tried to blame green initiatives](#) for the rising prices. Following the UK right in [looking to Trump for its answers](#), she instead urged drilling for North Sea oil:

Energy bills are rising again. Labour will blame Iran, but you're paying more because of Ed Miliband's net zero taxes and refusal to drill our own oil and gas. Our Cheap Power Plan would cut bills by 20% by scrapping the green taxes, scrapping VAT and drilling in the North Sea.

As the *Canary* has to report every time right-wing fanatics trot out this tired talking point – North Sea oil is not the answer.

The two largest oil and gas fields remaining in the UK-controlled North Sea are the [Rosebank and Jackdaw fields](#). However, they're already 90% depleted. As such, we'd have to use extraction methods that are both energy-intensive and extremely costly.

[On top of that](#), research estimated that both fields would produce just 3% of the gas that the UK currently imports. As government advisers [have already stated](#)

Any increases in UK extraction of oil and gas would have, at most, a marginal effect on the prices faced by UK consumers in future.

We Own It

Meanwhile, Labour energy secretary Ed Miliband [was about as useless](#) in the face of rising bills as weâ??ve come to expect, stating:

To help people facing higher costs, weâ??ve frozen fuel duty and made bus travel free for children across England in August. Weâ??ve also taken Â£150 of costs off energy bills for the years ahead, on top of extending the Warm Home Discount to around 6 million families.

That Â£150 discount [refers to the last Ofgem price cap review](#) which saw a fall of 7% from 1 April. Labour claimed that it was funded by asking the rich to â??pay their fair shareâ? in the Autumn budget. However, mentioning it now â?? after Ofgem announced a 13% *rise* â?? is a remarkable display of mealy-mouthed ineptitude.

Instead, We Own It director Cat Hobbs has a more radical plan than sitting back and watching the bills rise. She stated that:

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The window of opportunity to bring down energy bills, as the government promised to do at the last election, is not yet closed.

The government can create a publicly owned energy retailer as a low-cost option for households. A publicly owned supplier can cut energy bills by relying on homegrown renewable energy as well as reinvesting profits into cutting bills.

It is also time to rethink the private ownership of our energy grid. Across the sector, energy companies made Â£23.1 billion in profits last year, at a time when household energy bills were going up, and families were being squeezed on all fronts. Reinvesting profits that are currently being paid out to shareholders into cutting bills could go a long way to cut our energy bills and save people from falling further into fuel poverty.

As Hobbs points out, in spite of Ofgemâ??s feeble attempts at regulation, privatised energy companies have continued to rake in massive profits. Meanwhile, households have suffered under massive energy bills.

Itâ??s high time that we end the failed experiment of energy privatisation. Politicians and the regulators currently split their loyalties between bill-payers and the energy companies â?? and the companies have far deeper pockets. Just imagine what bills could look like *without* the lure of the private sector to distract our government.

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By [Alex/Rose Cocker](#)

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1. News

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