

# Money Mail

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As price cap rises **ANOTHER 6%**, we reveal tariffs that can save pensioners a fortune and answer the burning question...



By **Helen Kirrane**

**B**RACE yourself – energy bills are set to rise once again. From April 1, tariffs will increase by an extra £111 a year – 6.4 pc – to £1,849 on average for a typical household.

Most households – 22 million in England, Scotland and Wales – are on a variable rate tariff, which is subject to a price cap enforced by the regulator Ofgem. That means that when the price cap rises in April, so will their bills.

However, energy experts say that households could protect themselves from the rise by locking into a fixed rate deal now.

Here, Money Mail investigates which deals are worth banking – and if now is the best time to fix or if you could get an *even* better one if you held out until the summer.

## HOW DOES A FIXED RATE DEAL WORK?

**MOST** households are on a variable rate tariff, which means that the cost of their energy rises and falls in line with Ofgem's energy price cap.

The cap is set every three months and is determined by what is going on in wholesale energy markets.

If wholesale prices rise, Ofgem will increase the cap so that providers are not selling energy to their customers for less than they can buy it for.

Ofgem sets the cap so that it is as fair as possible to households – while allowing providers to make a profit as well.

But around 11 million households are locked into a fixed tariff. With these, the price you pay per unit of power remains the same for the full term of the deal – usually one or two years.

Often the fixed daily standing charges – which cover the administration costs of providing energy – are fixed at a set price too.

Taking out a fixed deal doesn't mean you can use as much power as you like without paying any extra – you are still charged for every unit that you consume.

But it does mean that the rate that you are charged remains unchanged regardless of what happens to wholesale prices.

That offers the security of knowing how much you will pay for the full term. Plus, as the price cap rises again, locking into a fixed rate deal could allow you to bank

a better price for the months ahead. Richard Neudegg, director of regulation at comparison website Uswitch, says: 'A fixed deal could protect you from fur-

ther price increases for 12 months or longer. There are plenty of fixed deals available that are cheaper than today's rates, let alone the higher April prices.'

## SHOULD YOU LOCK IN NOW?

IF you can find a deal that is lower than the current price cap, it is

# SO IS IT TIME TO FIX YOUR ENERGY DEAL AGAIN?



likely to prove a good option. That is because you will get energy at a price lower than the current price cap from now until April, and then for the following three months the saving will be even greater as the price cap will rise while your energy costs stay the same.

The danger is if the price cap falls dramatically after the April cap, leaving you paying a rate that is so much higher that it cancels out all of your earlier savings.

It is impossible to predict exactly what will happen to energy prices as they are affected by global power markets, conflict such as between Russia and Ukraine and the weather.

However, energy forecasters currently think it is highly unlikely that prices will fall significantly by the summer.

Energy provider EDF predicts that the price cap will see the average annual energy bill fall to £1,817 in July before rising again to £1,838 in October and again to £1,848 in January 2026.

Meanwhile Energy consultancy Cornwall Insight predicts bills will fall slightly to £1,756 a year in July.

Elise Melville, energy expert at Uswitch, says: 'There are a few conflicting price cap predictions for July. Even if it does drop in July, it's unlikely it will fall below the one which has just been announced, so our recommendation is if you see a fixed deal which costs less than the current price cap – get it today.'

## WHERE ARE THE BEST DEALS?

**THERE** are 49 fixed rate tariffs on the market. Some 22 of them are lower than the January price cap of £1,738 while 45 of them beat the new April price cap, according to data scientists Future Energy Associates.

Providers including Outfox the Market, British Gas, Ovo Energy, E.on and EDF offer tariffs that are below the current price cap.

The best deals come from Outfox the Market, slashing bills by £179 compared with April's price cap.

British Gas has a tariff which would see homes save £172 compared with April's price cap.

You can check the latest deals at [thisismoney.co.uk/energy](http://thisismoney.co.uk/energy)

Customers who switch from their supplier's standard variable tariff to a fixed rate tariff can save an average of £180, according to Uswitch.

For example, Outfox the Market has a 12-month fix called Fix'd Dual Feb25 v2.0, which would cost

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