



Making a positive difference  
for energy consumers

To all market participants and  
interested parties

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Date: 25 February 2026

## **Energy price cap (default tariff) update from 1 April 2026**

Dear colleagues,

Today we have published the updated cap levels for charge restriction period (“cap period”) 16a, covering the three months from 1 April to 30 June 2026.<sup>1</sup> Alongside the cap levels we have also published the updated versions of the cost allowance models. All figures in this letter reflect the latest (2023) [Typical Domestic Consumption Values](#) (TDCV) at medium consumption.

We are obliged to update the price cap level at intervals by applying updated inputs for items such as wholesale costs to the price cap formulae which have been determined by our previous decisions. That is what we have done today. In updating the price cap in this way, we are not making a policy decision or exercising a judgment.

Alongside the cap levels, we have also published our decision on [Amending the price cap methodology to reflect the change in Warm Home Discount \(WHD\) cost recovery.](#)

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<sup>1</sup> The data used in this document is not intended for use as an index by reference to which the amount payable under a financial instrument or a financial contract, or the value of a financial instrument, is determined, or as an index that is used to measure the performance of an investment fund with the purpose of tracking the return of such index or of defining the asset allocation of a portfolio or of computing the performance fees. Such outputs may not be used as a benchmark with the meaning of the EU Benchmark Regulation (Regulation (EU) 2016/11 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds) Regulation, UK Benchmark Regulation or otherwise.

## Summary of changes to the energy price cap by payment method and meter type

Cap level	January to March 2026	April to June 2026	Change (£)	Change (%)
Direct Debit	£1,758	£1,641	-£117	-7%
Standard Credit	£1,894	£1,772	-£122	-6%
PPM	£1,711	£1,597	-£114	-7%
Economy 7 (Direct Debit)	£1,229	£1,108	-£121	-10%

All bill values presented in this document are calculated using the current Typical Domestic Consumption Values (TDCVs) at medium consumption, 2,700kWh for electricity, 11,500 kWh for gas and 3,900 kWh for multi-register meters, such as Economy 7 customers. All values are rounded to the nearest £ or %.

**Direct Debit level** - The level of the Direct Debit price cap, for cap period 16a (1 April to 30 June 2026) will decrease from £1,758 to £1,641 for a typical customer. This represents a decrease of £117 (7%) compared to the previous level for cap period 15b (1 January to 31 March 2026).

For electricity only customers on Economy 7 meters, the Direct Debit cap level will decrease from £1,229 to £1,108 which is a decrease of £121 (10%) compared to the previous level.

**Standard Credit level** – The level of the standard credit price cap, for cap period 16a (1 April to 30 June 2026) will also decrease from £1,894 to £1,772, a £122 (6%) decrease compared to the previous level for cap period 15b (1 January to 31 March 2026). Customers who pay by standard credit (cash or cheque) will pay an additional £131 compared to those who pay by Direct Debit. Standard credit is the most expensive payment method option under the price cap.

For electricity only customers on Economy 7 meters, the standard credit cap level will decrease from £1,316 to £1,189 which is a decrease of £127 (10%) compared to the previous level. This is an additional £81 compared to those customers on Economy 7 meters paying by Direct Debit.

**PPM level** – The level of the PPM price cap, for cap period 16a (1 April to 30 June 2026) will also decrease from £1,711 to £1,597, a £114 (7%) decrease compared to the previous level for cap period 15b (1 January to 31 March 2026). The PPM cap level will be £44 lower compared to Direct Debit cap level.

For electricity only customers on Economy 7 meters, the PPM cap level will decrease from £1,198 to £1,081 which is a decrease of £117 (10%) compared to the previous level. This is £27 less than those customers on Economy 7 meters paying by Direct Debit.

You can get a further breakdown by payment type of the cost components which make up the price cap in the attached appendices. More details on the energy price cap can be found at [get energy price cap standing charges and unit rates by region](#) on the Ofgem website.

### **What's driving the changes to the April – June 2026 cap level?**

The main factors which have produced the change in the cap level are updates in the model inputs for:

- **Policy Costs:** The policy cost allowance has decreased by £130 (55%) from £236 to £106 per year for a typical consumer.
- **UK Budget 2025:** The reduction in policy costs is primarily driven by the measures announced in the UK Budget 2025. These measures include the Energy Company Obligation (ECO) and Great British Insulation Scheme (GBIS) allowance no longer being funded from energy bills, and the reduction of the Renewable Obligation (RO) allowance by 75%, both taking effect from 1 April 2026. More information on this can be found at [Energy bill reductions: statement to energy suppliers](#).
- A number of other changes to policy costs will take effect from 1 April 2026, including:
  - **Warm Home Discount (WHD) costs:** From 1 April 2026, the ongoing costs associated with the WHD scheme will be recovered via the unit rate portion of energy bills rather than the standing charge. This is in response to DESNZ deciding to make changes to the scheme regulations regarding how WHD costs will be incurred by obligated suppliers. More information on this can be found at [Warm Home Discount \(WHD\): cost recovery](#).
  - **Indexation changes:** DESNZ have also published a decision to change the inflation indexation metric for the RO scheme and the Feed-in-Tariff (FIT) scheme from the retail price index (RPI) to the consumer prices index (CPI). More information on this decision can be found at [Renewables Obligation \(RO\) scheme: indexation changes](#).

- **Wholesale costs:** The wholesale cost allowance has decreased by £38 (6%), from £690 to £652. This includes an increase in the costs of the delivering the capacity market scheme (£17). The direct wholesale energy prices observed during the relevant period have decreased by 9% compared with the previous price cap period due to a number of factors. Particularly from late November through December 2025, wholesale gas prices continued to decline driven by supply side factors. Europe has continued to receive strong Liquid Natural Gas (LNG) flows, supported by increased global LNG production (particularly from the US) and continued subdued Asian demand. Great Britain's wholesale gas prices remain highly influenced by global markets. However, further decreases were muted by a shorter period of higher prices observed in January 2026. These were largely driven by weather, with notable cold spells and muted renewable generation across Europe impacting storage withdrawals and reinjections. This was further compounded by severe cold spells in the northern United States diverting several European bound LNG shipments to meet excess demand.
- **Network costs:** The network cost allowance has increased from £397 to £463. This is a £66 (17%) increase in networks costs, where the main contributor to this increase due to the RIIO-3 price control settlements which impact Electricity Transmission, Gas Transmission and Gas Distribution, as well as the decisions regarding accelerated depreciation and the new Weighted Average Cost of Capital (WACC) methodology. More information about our RIIO3 price control decisions can be found at [Energy network price controls \(RIIO-3\) publications](#).

### **Compliance with the price caps**

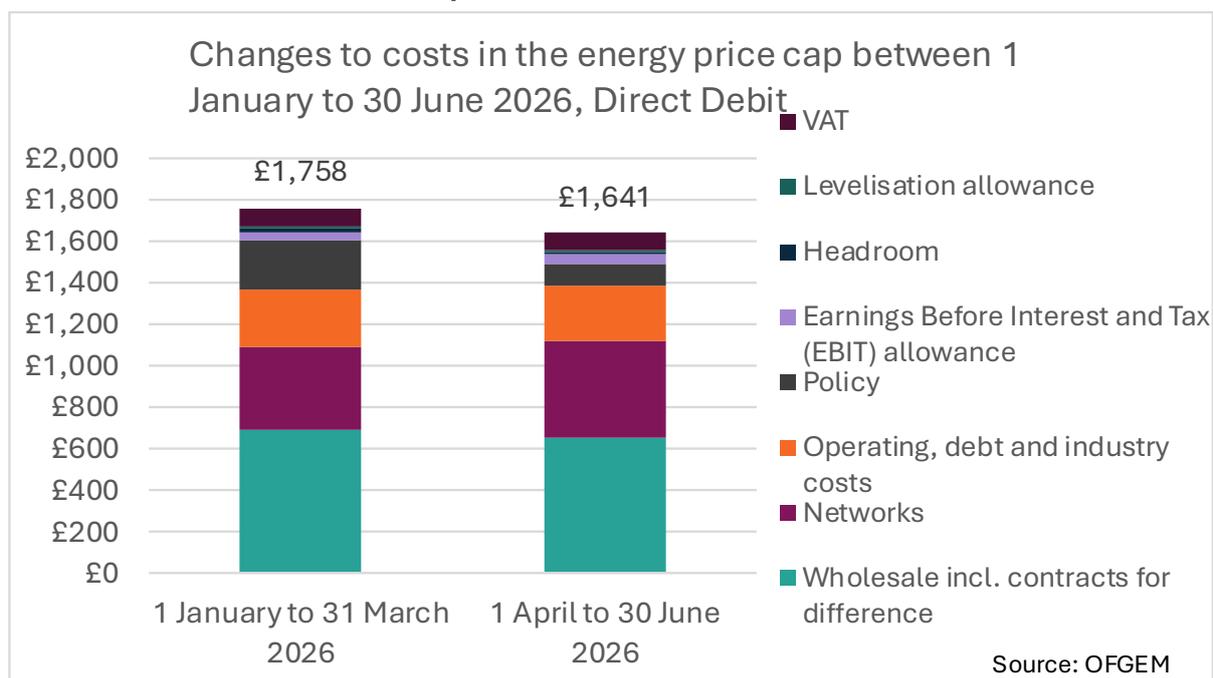
We expect suppliers to take seriously their obligations and comply with business-as-usual practices in line with Standard Licence Conditions. Ofgem will be closely monitoring supplier compliance and will continue to take firm action against suppliers who fall short of their requirements.

We expect any related data provided to Ofgem to be accurate, complete and provided in a timely manner. We will also continue to monitor the quality of service suppliers deliver to their customers and stand ready to take compliance and enforcement action in the event that any licence requirements or contract terms are not met.

Yours faithfully,  
**Daniel Newport**  
**Deputy Director, Price Cap**

## Annexes

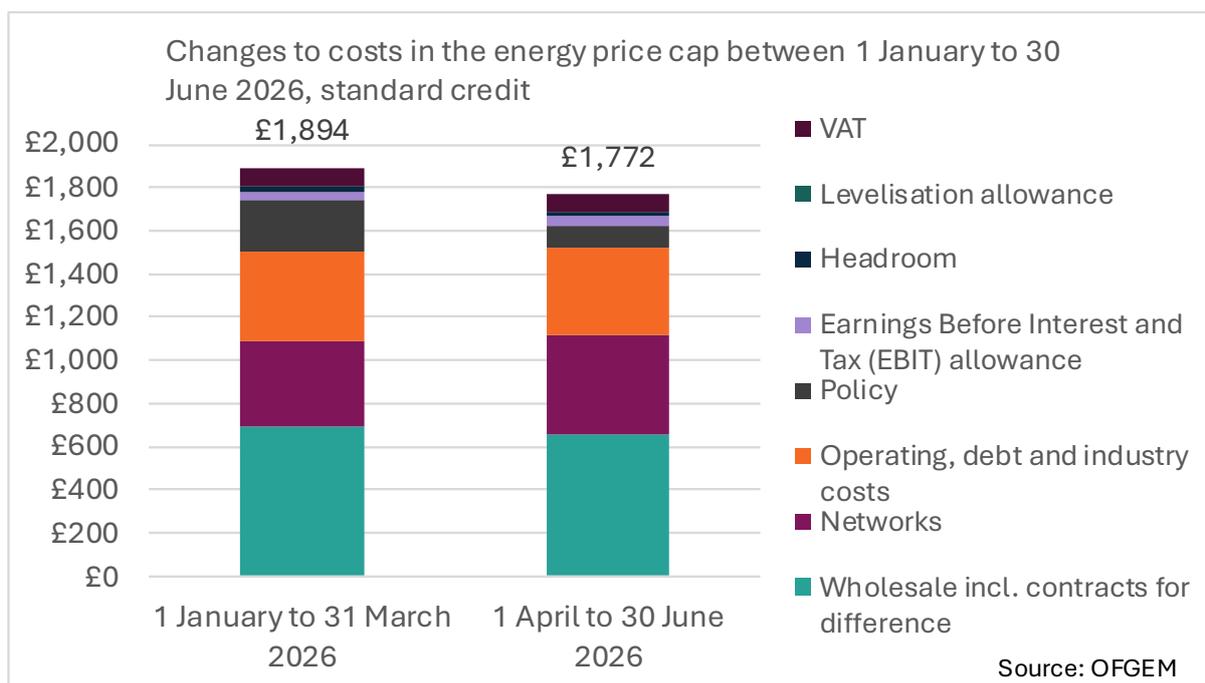
### Annex 1 - Direct Debit Price Cap Cost Breakdown



Figures may not sum to total due to rounding.

Cost	January to March 2026	April to June 2026	Change (£)	Change (%)
Wholesale incl. contracts for difference	£690	£652	-£38	-6%
Networks	£397	£463	£66	17%
Operating, debt and industry costs	£279	£274	-£5	-2%
Policy	£236	£106	-£130	-55%
Earnings Before Interest and Tax (EBIT) allowance	£44	£42	-£1	-3%
Headroom	£18	£16	-£3	-14%
Levelisation allowance	£10	£9	-£0	-4%
VAT	£84	£78	-£6	-7%
<b>Total</b>	<b>£1,758</b>	<b>£1,641</b>	<b>-£117</b>	<b>-7%</b>

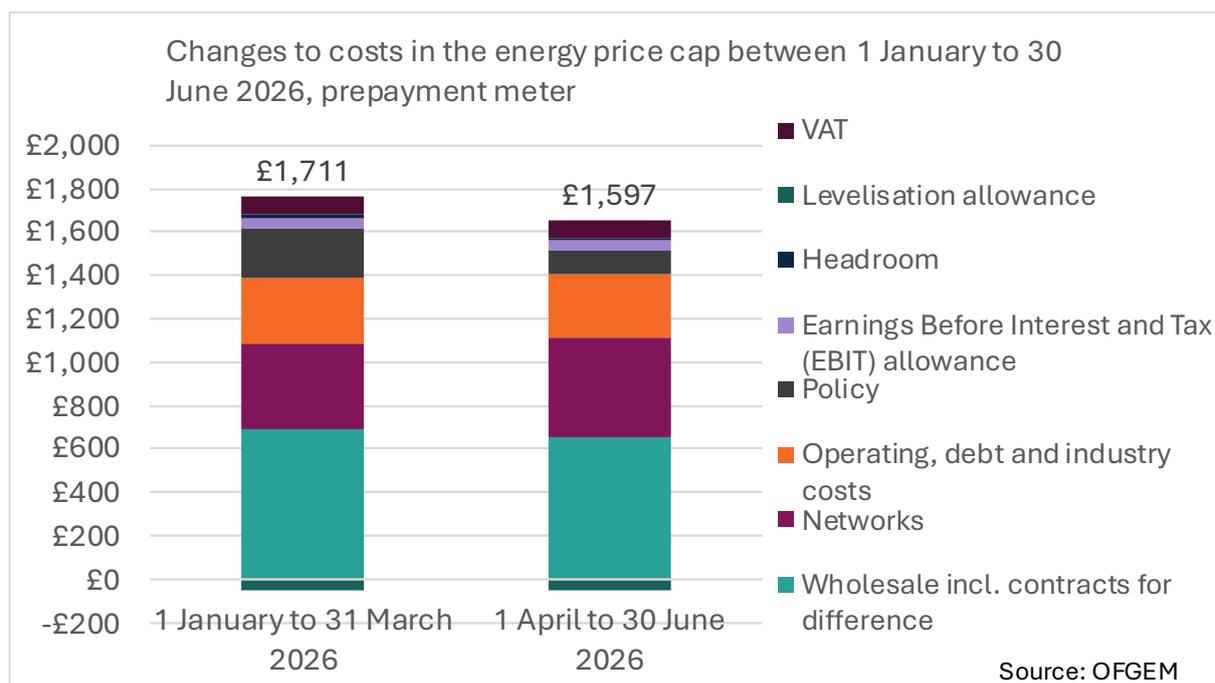
## Annex 2 – Standard Credit Price Cap Cost Breakdown



Figures may not sum to total due to rounding.

Cost	January to March 2026	April to June 2026	Change (£)	Change (%)
Wholesale incl. contracts for difference	£690	£652	-£38	-6%
Networks	£397	£463	£66	17%
Operating, debt and industry costs	£415	£405	-£10	-2%
Policy	£236	£106	-£130	-55%
Earnings Before Interest and Tax (EBIT) allowance	£45	£44	-£1	-3%
Headroom	£20	£18	-£3	-13%
Levelisation allowance	£0	£0	£0	0%
VAT	£90	£84	-£6	-6%
<b>Total</b>	<b>£1,894</b>	<b>£1,772</b>	<b>-£122</b>	<b>-6%</b>

### Annex 3 – Prepayment Price Cap Cost Breakdown



Figures may not sum to total due to rounding.

Cost	January to March 2026	April to June 2026	Change (£)	Change (%)
Wholesale incl. contracts for difference	£690	£652	-£38	-6%
Networks	£392	£457	£65	17%
Operating, debt and industry costs	£304	£302	-£3	-1%
Policy	£236	£106	-£130	-55%
Earnings Before Interest and Tax (EBIT) allowance	£44	£43	-£1	-3%
Headroom	£19	£16	-£3	-14%
Levelisation allowance	-£56	-£54	£1	-2%
VAT	£81	£76	-£5	-7%
<b>Total</b>	<b>£1,711</b>	<b>£1,597</b>	<b>-£114</b>	<b>-7%</b>