



Making a positive difference
for energy consumers

To all market participants and
interested parties

Email: retailpriceregulation@ofgem.gov.uk

Date: 27 May 2026

Energy price cap (default tariff) update from 1 July 2026

Dear colleagues,

Today we have published the updated cap levels for charge restriction period (“cap period”) 16b, covering the three months from 1 July to 30 September 2026.¹ 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.

We have also published the technical consultation for the introduction of an allowance to cover the costs to suppliers of the [Bill Discount Scheme \(BDS\)](#), which supports the funding of a new government scheme that provides discounts to households near new or upgraded electricity transmission.

¹ 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	April to June 2026	July to September 2026	Change (%)
Direct Debit	£1,641	£1,862	13%
Standard Credit	£1,772	£2,005	13%
PPM	£1,597	£1,812	13%
Economy 7 (Direct Debit)	£1,108	£1,161	5%

All bill values presented in the table above are communicated 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 %.

Alongside the cap levels, we have also published our [decision on the review of the Typical Domestic Consumption Values \(TDCV\)](#) which comes into effect starting 1 July 2026.

Summary of changes to the energy price cap by payment method and meter type under revised TDCV values (coming into effect 1 July 2026).

Cap level	April to June 2026	July to September 2026	Change (%)
Direct Debit	£1,477	£1,663	13%
Standard Credit	£1,599	£1,796	12%
PPM	£1,439	£1,620	13%
Economy 7 (Direct Debit)	£993	£1,039	5%

As of 1 July 2026, all bill values will be referenced at the revised Typical Domestic Consumption Values (TDCVs) at medium consumption, 2,500kWh for electricity, 9,500 kWh for gas and 3,400 kWh for multi-register meters, such as Economy 7 customers. All values are rounded to the nearest £ or %.

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 July – September 2026 cap level?

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

- **Wholesale costs:** The wholesale cost allowance has increased by 28%. It now makes up 45% of the total price cap as compared to 40% in the previous quarter. Wholesale prices observed during the relevant period have increased compared with the previous price cap period due to a number of reasons. The outbreak of war in the Middle East in late February has been the primary driver for wholesale market movements over the last three months. Gas prices in particular have been impacted as the market adjusted to increased risk factors surrounding LNG supply. Due to the role gas continues to have in setting power prices, the gas wholesale allowance is going up by 50% and the electricity wholesale allowance is going up by 9% as compared to the previous quarter.

- **Operating and other costs:** The core operating costs have increased by 5% due to the changes in the benchmark consumption figures. Additionally, due to the overall increase in the cap level, indexed costs components such as headroom, Earnings Before Interest and Tax (EBIT) and VAT have also increased by 14% on average.

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.

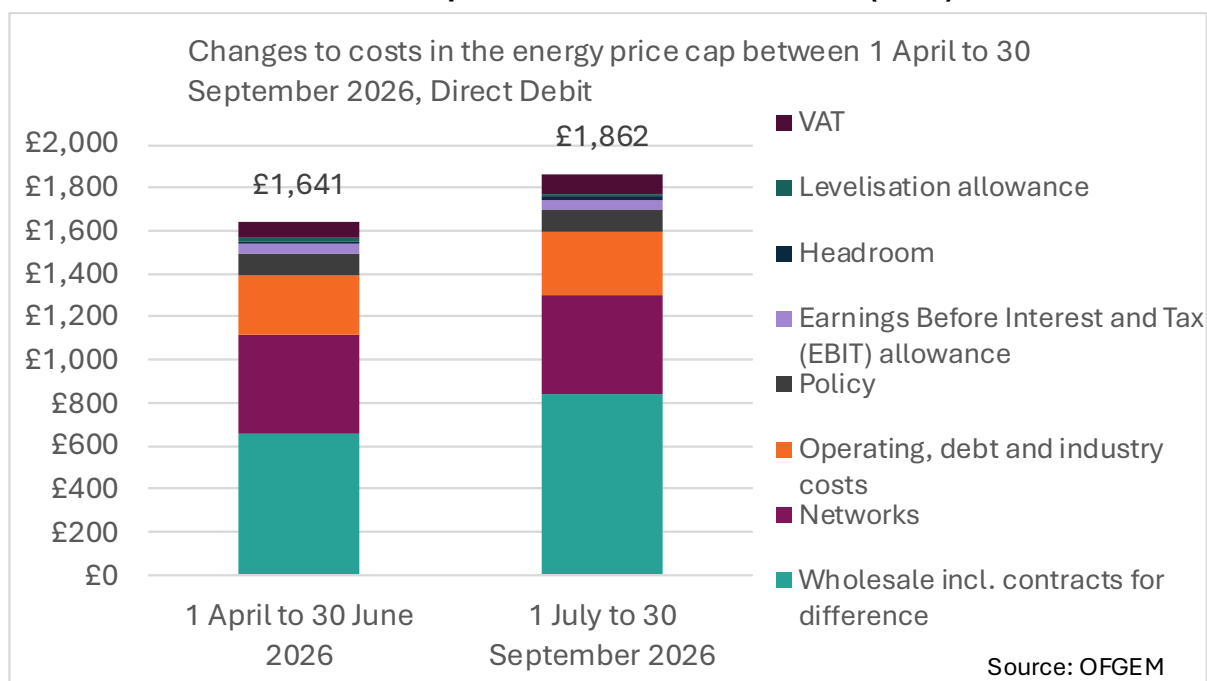
Yours faithfully,

Daniel Newport

Deputy Director, Price Cap

Annexes

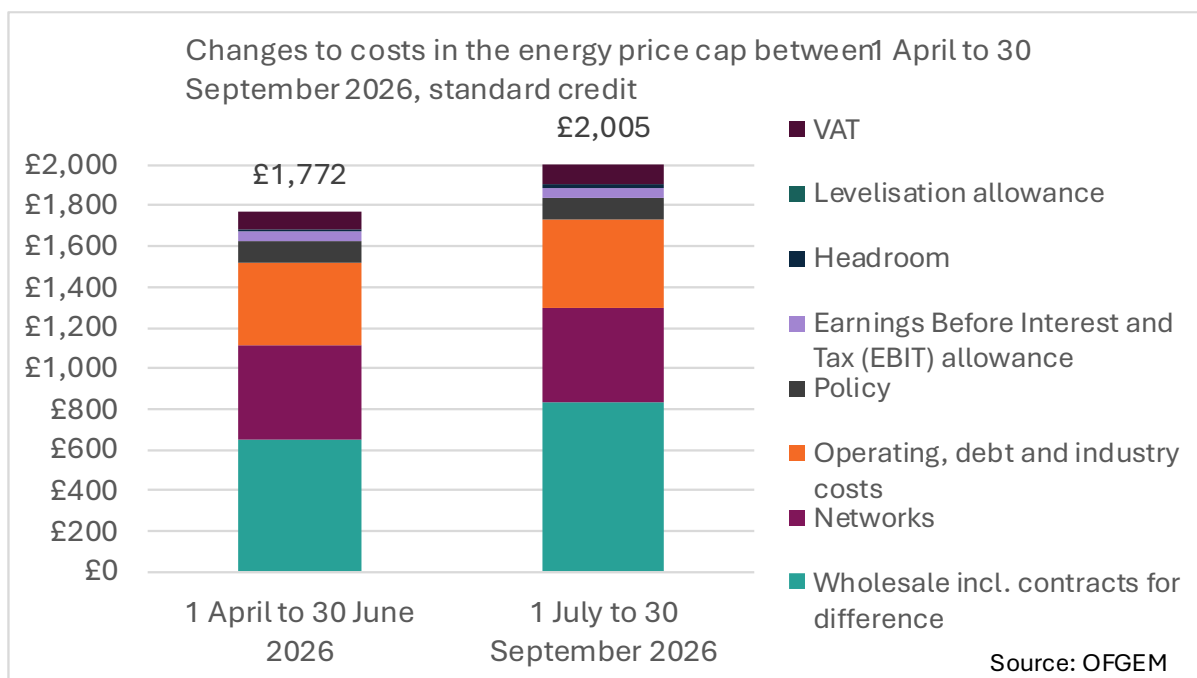
Annex 1 - Direct Debit Price Cap Cost Breakdown at current (2023) TDCV



Figures may not sum to total due to rounding.

Cost	April to June 2026	July to Sept 2026
Wholesale incl. contracts for difference	40%	45%
Networks	28%	25%
Operating, debt and industry costs	17%	16%
Policy	6%	6%
Earnings Before Interest and Tax (EBIT) allowance	2.6%	2.6%
Headroom	1.0%	1.0%
Levelisation allowance	0.6%	0.5%
VAT	5%	5%
Total	£1,641	£1,862

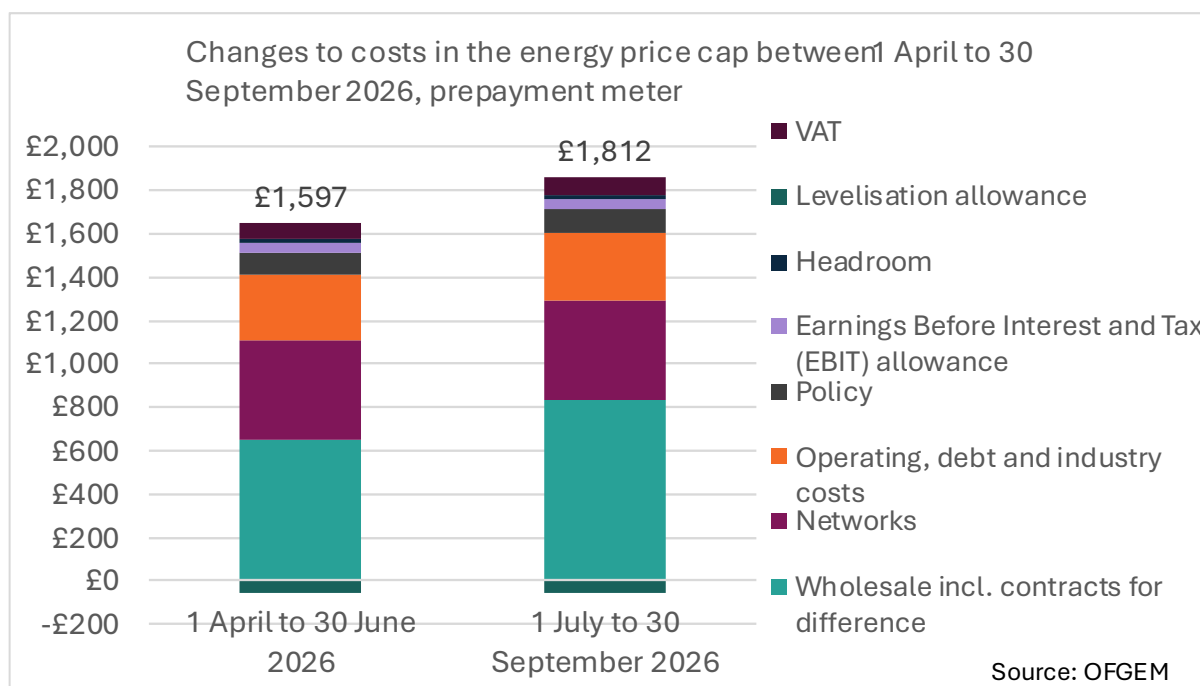
Annex 2 – Standard Credit Price Cap Cost Breakdown at current (2023) TDCV



Figures may not sum to total due to rounding.

Cost	April to June 2026	July to Sept 2026
Wholesale incl. contracts for difference	37%	42%
Networks	26%	23%
Operating, debt and industry costs	23%	22%
Policy	6%	5%
Earnings Before Interest and Tax (EBIT) allowance	2.5%	2.5%
Headroom	1.0%	1.0%
Levelisation allowance	0.0%	0.0%
VAT	5%	5%
Total	£1,772	£2,005

Annex 3 – Prepayment Price Cap Cost Breakdown at current (2023) TDCV



Figures may not sum to total due to rounding.

Cost	April to June 2026	July to Sept 2026
Wholesale incl. contracts for difference	41%	46%
Networks	29%	25%
Operating, debt and industry costs	19%	17%
Policy	7%	6%
Earnings Before Interest and Tax (EBIT) allowance	2.7%	2.6%
Headroom	1.0%	1.1%
Levelisation allowance	-3.4%	-3.0%
VAT	5%	5%
Total	£1,597	£1,812