Energy price caps

How they ensure you pay a fairer price for your gas and electricity
About this leaflet

This leaflet explains how energy price caps apply and how they protect you from being overcharged for gas and electricity.

You may like to have someone with you when you look at this leaflet.
What are energy price caps?

Energy price caps make sure you pay a fairer price for your energy.

They limit how much suppliers can charge you per unit of gas or electricity.

They are based on how much it costs, on average, to get energy to your home.

Price caps don't limit your total bill.

This will vary depending on how much energy you use.

For example, you might you use more energy in winter so your bill will be bigger.
Am I protected by energy price caps?

You are protected by a 'prepayment' price cap (sometimes called a 'safeguard tariff') if you use a prepayment meter to pay for your energy.

You are protected by a 'default tariff' price cap if you are on a 'standard variable' energy tariff or a tariff you haven't chosen (a 'default' tariff). This cap started on 1 January 2019.

If you get the government’s Warm Home Discount and are on a ‘standard variable’ or ‘default’ tariff, you were protected by the prepayment price cap until the end of 2018, after which you moved to the ‘default tariff’ price cap.
Your prices will not be protected by the caps if you have chosen to be on a fixed-term energy tariff.

These tariffs are more likely to be good value.

You don’t need to do anything to be protected by the price caps. Your supplier must apply the caps that the energy regulator, Ofgem, sets.

Even if you are covered, you should still see what other deals are available. That’s because gas and electricity suppliers may be able to offer different tariffs that could be better for you, and save you more money.

You may want to ask someone to help you do this.
Your supplier can tell you if your energy tariff is covered by a price cap.

They must also write to tell you if your tariff is changed in a way that could disadvantage you, or if the tariff you are on is no longer available.

Your supplier can tell you about ways they can give information for disabled people.
What are ‘default’, ‘standard variable’ and ‘fixed’ tariffs?

Tariffs are what energy suppliers charge you for gas and electricity. A ‘default’ or ‘standard variable’ tariff is a basic energy tariff from your supplier. They usually apply if you haven’t shopped around for a better deal.

They are typically poor value and often more expensive than a non-default, fixed-term contract deal which you can choose to switch to.

Fixed-term contracts can mean the price you pay for each unit of energy you use for a year or more can’t change.

You have to renew fixed-term contracts.

You could be put on a ‘default’ or ‘standard variable’ tariff if your fixed-term contract ends and you have not shopped around to choose a new one.
How do price caps work?

Price caps are temporary. This is while Ofgem and the government introduce other reforms, like faster switching times and smart meters. These will make the market work better for everyone.

It’s Ofgem’s task – as the energy regulator we’ve been given special duties by the UK government – to set the level of the caps for suppliers to follow during this time.

Every six months we work out how much it costs an energy supplier, on average, to get energy to you.
We then revise the cap levels to reflect this. This ensures you pay a fair price, and protects against overcharging.

Suppliers must cut their prices to the level or below the caps we set.

If costs fall, the caps make sure suppliers pass on savings.

If costs rise, then you can be certain Ofgem has made sure your supplier cannot overcharge you.

Ofgem will always explain why we make changes to the caps.

Your supplier can tell you if your energy tariff is covered by a price cap. And they must always write to tell you if your tariff is changed in a way that could disadvantage you, or if the tariff you are on is no longer available.
How much will I save?

If you’re eligible and on a tariff currently priced above the cap, you will save money.

Your capped tariff will depend on many things:

- how you pay (direct debit or standard credit)
- where you live
- what type of meter you have.

Your supplier will be able to give you the details or you can see them on our website at ofgem.gov.uk/price-cap-data.

You may want to ask someone to help you do this.
What to do next?
Talk to your supplier

Even with price caps in place, we recommend that you talk to your supplier or use a price comparison website to make sure you are saving as much money as you can.

You may want to ask someone to help you do this.

It’s useful to have some meter readings and your latest energy bill.

This is so they know how much energy you’re using, and how much it is costing you so they can offer something better.

Check your gas or electricity bill for your supplier’s contact details. If you don’t know who your supplier is see ofgem.gov.uk/find-my-supplier.
Think about switching

We still recommend you shop around for the best energy offers. It is likely there will be offers which could save you even more money on your gas and electricity than sticking with a contract covered by the price caps.

You may want to ask someone to help you do this.

More than half of consumers have never switched supplier or have switched only once, and are on more expensive default tariffs as a result.

Ofgem is making the energy switching process faster and more reliable too.
Further help

You can get information and contact details for support schemes and organisations that can help with managing your energy costs at ofgem.gov.uk/energy-support.

You can find out more about energy price caps and get this leaflet in different formats on the website ofgem.gov.uk/energy-price-caps.