



# The energy price cap

Ensuring you pay a fairer price  
for your gas and electricity



---

This information leaflet explains how the energy price cap applies and protects you from being overcharged for your gas and electricity.

## What is the energy price cap?

The energy price cap makes sure you pay a fairer price for your energy. It limits how much suppliers can charge you per unit of gas or electricity, based on the underlying costs to serve you energy.

This limit isn't on your total bill, which will vary depending on how many units of energy you use in a billing period.

## Am I protected?

You're price protected if you are on a 'standard variable' energy tariff or a tariff you haven't chosen (a 'default' tariff).

You are also protected if you use a prepayment meter, pay by direct debit or standard credit. You are protected no matter what supplier you're with.



**If you have chosen to be on a fixed-term energy tariff, your prices will not be protected by the cap. These tariffs are more likely to be good value.**

---

You don't need to do anything to be price protected – your supplier must apply the cap. But, even if you are covered, you should still shop around to see if you can save more money by switching to a different tariff or supplier.

Your supplier can tell you if your energy tariff is covered by the price cap. They must also write to tell you if your tariff is changing in a way that could disadvantage you, or if the tariff you are on is no longer available.

## What are 'default' or 'standard variable' tariffs?

These are an energy supplier's basic offer, and tend to apply if you haven't shopped around for a better deal. They are typically poor value and more expensive than a non-default, fixed-term contract deal which you can choose to switch to. You will often need to renew fixed-term contracts after a year or more. You could be put on a 'default' tariff if your fixed-term contract ends and you've not shopped around to choose a new one.



## How does the energy price cap work?



The price cap is a temporary measure. This is while Ofgem and the government introduce other reforms, such as faster switching and smart meters, which 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 cap during this time.

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

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

If costs fall, the cap makes sure suppliers pass on savings. Equally, if costs rise then you can have peace of mind that the cap ensures that any price rise is justified based on what it costs to get energy to you.



**Ofgem will always explain why we make changes to the cap. And your supplier 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?

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](https://www.ofgem.gov.uk/price-cap-data).

## What to do next?

### **Talk to your supplier**

Even with the price cap 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. It's useful to have some meter readings, if possible, as well as your latest bill. This is so they know how much energy you're using, and how much it's costing you.

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](https://www.ofgem.gov.uk/find-my-supplier).



## Think about switching

We still recommend you shop around for the best energy deal. It is likely there will be offers which could save you even more money than staying on an energy contract covered by the price cap.

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

We're making the switching process faster and more reliable too, with switching guarantees and compensation if your switch doesn't run as you'd expect.



Find advice on how to shop and the switching process at [ofgem.gov.uk/energy-switch](https://www.ofgem.gov.uk/energy-switch).

## 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](https://www.ofgem.gov.uk/energy-support).

For more information, or if someone you know needs this information in another format, visit [ofgem.gov.uk/energy-price-cap](https://www.ofgem.gov.uk/energy-price-cap).

This leaflet was written by Ofgem. We are the energy regulator in Great Britain. Information correct at December 2020.

[www.ofgem.gov.uk](http://www.ofgem.gov.uk)