

1st August 2017

### **Centrica plc increases the price of electricity on the British Gas standard tariff but moves to protect its most vulnerable customers**

- Electricity will rise by 12.5% from mid September; gas price to be held at current level<sup>1</sup>, leaving British Gas as one of the cheapest in the dual fuel standard tariff market
- Average annual dual fuel bill for a typical household on standard tariff to rise by £76 to £1120, an increase of 7.3%
- British Gas will give a credit to protect more than 200,000 vulnerable customers from the increase
- British Gas is one of the last suppliers to introduce a price rise, many months after increases by most suppliers

Centrica today announces an increase in the price of electricity on the British Gas standard tariff, the first since November 2013. The change takes effect on 15<sup>th</sup> September and will affect 3.1m of our customers, while 5.3m are unaffected.

We are acting to protect our most vulnerable customers from the impact of the rise. For more than 200,000 customers who automatically receive the Warm Home Discount<sup>2</sup>, British Gas will credit their account with £76, protecting them from the price increase.

British Gas's standard tariff will remain one of the most competitive of all the energy companies<sup>3</sup>. Since our last energy price rise almost four years ago, we have cut standard rate prices four times, reflecting past reductions in wholesale costs.

The 12.5% electricity price rise this September reflects the increasing costs of energy policy, and delivery to customers' homes since 2014. In that time, overall electricity costs have increased by 16%.

We welcome Ofgem's intention to consult on plans to improve the retail energy market for consumers. We have submitted our own proposals to the regulator and to Government, which have the potential to bring further reform to the market for the benefit of consumers. These are to:

- phase out the standard variable tariff by the market-wide ending of "evergreen" (ongoing) contracts; and
- level the playing field so that all energy suppliers contribute to industry obligations such as the Warm Home Discount.

Mark Hodges, Chief Executive, Centrica Consumer, said:

"We held off increasing prices for many months longer than most suppliers in order to protect our customers from rising costs, so it is a difficult decision to have to announce an increase in electricity prices. This rise reflects an underlying increase in policy and transmission costs.

"We know that keeping energy prices as low as possible is vital, and our new standard tariff price has again been set at a level lower than most of the top ten suppliers. We are able to do this because we have managed our own cost base tightly.

"We are fully engaged in the debate over how to ensure the energy market works better for customers and have made a number of proposals to the Government and Ofgem. These include phasing out the standard variable tariff and levelling the playing field so all suppliers pay a share of energy policy

obligations. We also welcome and share Ofgem’s focus on vulnerable customers. That is why we have decided to give a special credit this winter to the most vulnerable British Gas customers, protecting them from the impact of this price increase.

“We are continuing our drive to engage with all our customers to ensure they are on the right tariff for them, and to reward their loyalty.”

British Gas customers wanting to fix their energy price can do so until August 2019 on a specially discounted deal, Home Energy Secure, which will cost £1107 per year.

Any customer concerned about their bill should contact us on 0800 048 0404 or visit [www.britishgas.co.uk](http://www.britishgas.co.uk).

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<sup>1</sup> For all Standard Tariff customers who pay by direct debit, cash or cheque; customers on prepayment meters pay a tariff subject to a regulated cap set by Ofgem.

<sup>2</sup> The special winter credit will be paid to more than 200,000 credit customers in the “core Warm Home Discount” group – those on pension credits who are automatically enrolled for Warm Home Discount and not on prepayment meters. Customers on prepayment meters pay a tariff subject to a cap set by Ofgem.

<sup>3</sup> Based on Ofgem table of the largest energy companies <https://www.ofgem.gov.uk/consumers/household-gas-and-electricity-guide/understand-your-gas-and-electricity-bills/energy-plans-what-standard-variable-rate-tariff-and-how-does-it-compare>

**Table of standard variable tariffs by main suppliers, following price rises by each during 2017:**

Supplier	Dual Fuel
Utility Warehouse	£1,109
Ovo	£1,114
British Gas	£1,120
SSE	£1,141
First Utility	£1,149
E.ON	£1,154
EDF Energy	£1,160
Scottish Power	£1,167
Co-operative Energy	£1,179
npower	£1,187

**ENQUIRIES**

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An interview with Iain Conn, Group Chief Executive is available on [www.centrica.com](http://www.centrica.com)