

**Stakeholder fact sheet: Q1 2024 Price Cap announcement
and Statutory Consultation on changes to prepayment meter standing
charges and other debt costs**

23 November 2023

November Price Cap announcement

Today we announced Q1 2024 the Energy Price Cap. From 1 January to 31 March 2024, the cap will increase to an annual level of £1,928 for an average dual fuel household paying by direct debit based on typical consumption. This is a 5% increase on the previous quarter, a rise of £94 over the course of the year - £7.83 a month.

Comparison of current price cap rate to prices from January 1, 2024:

	Direct Debit	Prepayment	Standard Credit	Economy 7 (electricity only Direct Debit)
Oct - Dec 2023 cap	£1834	£1861	£1959	£1219
Jan - March 2024 cap	£1928	£1960	£2058	£1272

The price cap has been in place since January 2019, and it is a legislative requirement for Ofgem to regularly review the level at which it is set. It ensures an energy supplier can recoup its efficient costs, whilst making sure customers do not pay a higher amount for their energy than they should. The price cap, as set out in law, does this by setting a maximum suppliers can charge per unit of energy, and it's updated every quarter.

Statutory Consultation on changes to prepayment meter standing charges and other debt costs

Additionally, we have published a statutory consultation on levelling standing charges for prepayment meter and direct debit customers.

Options

We are considering the following proposals:

- Levelling PPM and DD standing charges from April 2024
- Levelling debt related costs between DD and SC from, earliest, Oct 2024 (due to industry system build timelines)
- Introduce a reconciliation mechanism so that suppliers can recover efficient costs.

- Include uncapped contracts (fixed and derogated SVTs) in the reconciliation process so levelisation is priced into uncapped contracts, helping to mitigate market distortions.

Get in touch.

We welcome your views on any of the options and consideration discussed in the statutory consultation. Please send your responses by 2 December 2023.

Links

- Increased wholesale energy costs lead to rise in price cap:
<https://www.ofgem.gov.uk/publications/increased-wholesale-energy-costs-lead-rise-price-cap>
- Energy price cap (default tariff): 1 January to 31 March 2024:
<https://www.ofgem.gov.uk/publications/energy-price-cap-default-tariff-1-january-31-march-2024>
- Changes to prepayment meter standing charges and other debt costs:
<https://www.ofgem.gov.uk/publications/changes-prepayment-meter-standing-charges-and-other-debt-costs>
- Changes to energy price cap from 1 January 2024:
<https://www.ofgem.gov.uk/publications/changes-energy-price-cap-1-january-2024>
- Get energy price cap standing charges and unit rates by region:
<https://www.ofgem.gov.uk/information-consumers/energy-advice-households/get-energy-price-cap-standing-charges-and-unit-rates-region>