

Pricing page

Oil boilers buck the trend

After more than two years of falling prices, the most recent Sutherland Tables figures have shown a slight rise in the cost of oil heating – the first since October 2013.

However, with the average annual cost of heating a three bedroomed home with an oil condensing boiler still only around £XXX, oil remains by far the cheapest domestic heating fuel. It remains typically around half the price of using LPG and electric storage heaters and £XXX cheaper than mains gas. The most popular renewable technologies are also significantly more expensive than oil, dampening the attraction of switching, even with the benefit of RHI payments. The effect of the low oil price is most

readily seen in the sale of oil boilers, which so far this year have soared to a nine year high – up 14% on 2015. By contrast, gas boiler sales for the year to July have fallen by almost 20% compared to 2015.

Higher heating oil prices around the corner?

In late September the OPEC cartel announced a surprise agreement to cut production, a move that could reduce the current global oil over-supply and herald an increase in crude oil prices. However, so far at least, the announcement has resulted in only a relatively small price rise and the reasons for this are complex.

For a start, the deal still needs to be formally approved and some industry sources doubt it will actually happen. Other commentators have pointed out that the reduction is too small and so will have little impact. A third factor is that OPEC is no longer such a dominant player in the oil market and that any price rise will simply enable US frackers to ramp up their production again.

Concern about a possible price rise has also been expressed by some economists, who believe it could choke the fragile global economic recovery. For the UK oil heating industry, higher crude oil prices would inevitably lead to an increase in the price of kerosene. However, at present the evidence points to, at most, a relatively modest rise.

Comparative space and water heating costs for a three bedroom house

GREAT BRITAIN

	Oct-12	Oct-16	Price change	% Difference
Anthracite Grains	1011	1162	151	14.98%
Electricity	1314	1600	286	21.73%
Gas (British Gas)	1008	967	-41	-4.07%
LPG	2461	1699	-762	-30.95%
LPG (Condensing)	2020	1402	-618	-30.59%
Oil	1658	996	-662	-39.92%
Oil (Condensing)	1356	818	-538	-39.66%
Wood Pellets	1341	1301	-40	-2.98%

NORTHERN IRELAND

	Oct-12	Oct-16	Price change	% Difference
Anthracite Grains	1015	953	-62	-6.11%
Electricity	1523	1437	-86	-5.65%
Gas (Phoenix)	1008	825	-183	-18.15%
LPG	2364	1975	-389	-16.46%
LPG (Condensing)	1940	1624	-316	-16.29%
Oil	1630	930	-700	-42.94%
Oil (Condensing)	1333	765	-568	-42.61%
Wood Pellets	992	1142	150	15.12%

REPUBLIC OF IRELAND

	Oct-12	Oct-16	Price change	% Difference
Anthracite Grains	1297	1510	213	16.42%
Electricity	2015	1945	-70	-3.47%
Gas	1281	1310	29	2.26%
LPG	3273	2448	-825	-25.21%
LPG (Condensing)	2686	2018	-668	-24.87%
Oil	2311	1485	-826	-35.74%
Oil (Condensing)	1886	1216	-670	-35.52%
Wood Pellets	1132	1293	161	14.22%

The tables above show the average annual costs for a range of heating options. Prices are shown in pounds sterling (£) for Great Britain and Northern Ireland, and Euros (€) for the Republic of Ireland. Figures are for a semi-detached three bedroom house, requiring 13,500 kWh space heating & 2,500 kWh DHW heating. Great Britain (Average) is calculated using South East, South West, Wales, Midlands, Northern England and Scotland. Data from the Sutherland Tables.