Pricing page

Heating oil prices rise steeply as winter bites

During the last three months the price of oil heating has risen quite steeply with the average annual cost in Great Britain for a three bedroomed semi with a condensing boiler now around £950 (£818 in October). There is considerable variation across the regions. South West England has the lowest kerosene prices, with annual average costs for a three bedroomed home of just £883, while the same homeowner in Scotland could expect to pay around £1027 – quite a dramatic difference.

The annual cost of heating with oil has now risen for three successive quarters in Great Britain, but it still remains the cheapest major heating fuel and the current price is still lower than the prices in 2010. It's also worth noting that the price of competing fuels, such as mains gas and LPG, are also increasing, which helps to retain oil's competitive edge.

The situation in Ireland is broadly similar, but while prices in the north have risen steadily over the last three quarters, in the Republic they have crept up only slowly following a steep rise in the spring of 2016.

Since the autumn OPEC countries have been making a concerted effort to restrict supply. This has led to a spike in crude oil prices as the market adjusts to the new trading situation. The barrel price has now levelled off at around $55 and most commentators predict that the price will stay in the mid-fifties for the rest of this year or possibly even fall.

This is a particularly important figure - it's at around this price that America's shale oil starts to become economic to produce. So while OPEC's recent strategy of pushing the price down has worked in the short term, now that they've reduced production in a bid to increase profits again, it may have the effect of allowing their biggest competitors back into the market… which could cause prices to fall again.

The Trump effect

A further factor in the oil price equation is the recent election of President Trump in America. He's got a reputation for being very pro-fossil fuel, so we may well see action that will support oil production in the US, though the global impact of this is again very hard to predict.

Comparative space and water heating costs for a three bedroom house

GREAT BRITAIN

	Jan-13	Jan-17	Price change	% Difference
Anthracite Grains	1094	1146	52	4.77%
Electricity	1432	1635	203	14.18%
Gas (British Gas)	1055	967	-88	-8.38%
LPG	2461	1771	-690	-28.03%
LPG (Condensing)	2020	1460	-560	-27.72%
Oil	1680	1161	-519	-30.88%
Oil (Condensing)	1373	952	-421	-30.66%
Wood Pellets	1251	1281	30	2.43%
Air Source Heat Pump Radiators	1346	1491	145	10.79%

NORTHERN IRELAND

	Jan-13	Jan-17	Price change	% Difference
Anthracite Grains	1015	953	-62	-6.11%
Electricity	1498	1437	-61	-4.07%
Gas (Phoenix)	1008	825	-183	-18.15%
LPG	2542	2173	-369	-14.52%
LPG (Condensing)	2085	1785	-300	-14.39%
Oil	1615	1043	-572	-35.42%
Oil (Condensing)	1321	857	-464	-35.12%
Wood Pellets	1010	1143	133	13.17%
Air Source Heat Pump Radiators	1390	1384	-6	-0.43%

REPUBLIC OF IRELAND

	Jan-13	Jan-17	Price change	% Difference
Anthracite Grains	1297	1510	213	16.42%
Electricity	2086	1953	-133	-6.38%
Gas	1346	1291	-55	-4.09%
LPG	3410	2380	-1030	-30.21%
LPG (Condensing)	2797	1962	-835	-29.85%
Oil	2278	1499	-779	-34.20%
Oil (Condensing)	1856	1228	-628	-33.84%
Wood Pellets	1165	1293	128	10.99%
Air Source Heat Pump Radiators	1766	1766	-48	-2.72%

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.