

Pricing page

Heating prices underline the challenge for oil's competitors

One of the goals of the UK government's newly published Clean Growth Strategy is to move off-grid homes away from high carbon fossil fuel heating during the 2020s. A lot will need to change for this to happen and the latest set of heating cost data from independent analysts the Sutherland Tables underline the current scale of the challenge. Put simply, if you're already using the cheapest heating fuel, why would you undergo the cost and inconvenience of switching to something more expensive?

The figures show that even after some recent price rises, the annual cost of oil heating remains much cheaper than

any of its major off-grid competitors. To emphasise the point, for the same typical three bedroomed home in Great Britain, an oil condensing boiler costs almost 50% less to run than an air source heat pump, and over 40% less than an equivalent LPG system. That means much lower heating bills for oil using homeowners – in this example £787 and £635 respectively. Using electric storage heaters works out even worse, costing over twice as much as oil heating.

If homes with modern condensing boilers are too much of a challenge, what about those with older standard efficiency appliances? These are, after all, the key target for oil's competitors. Again, the numbers just don't stack up and the reality is that the only thing cheaper than a typical standard efficiency oil boiler is either a mains gas or oil condensing boiler.

The story is similar in Ireland where, whether you live north or south of the border, you're better off using oil than any alternative. LPG, in particular, is much more expensive in Ireland, being more than twice the price of oil. Even mains gas is uncompetitive.

Looking ahead, crude oil prices have been creeping up during the autumn, suggesting that the recent period of super low prices may be coming to an end. This is because the huge glut of oil on the market is now reduced, suggesting that more normal trading conditions are returning. So will we see a return of high prices? Probably not. The strengthening price will simply enable US shale oil production to increase again, pegging back prices which are likely to remain in the region of \$50 - \$70 dollars a barrel over the winter.

Comparative space and water heating costs for a three bedroom house

GREAT BRITAIN

	Oct-13	Oct-17	Price change	% Difference
Anthracite Grains	1094	1114	20	1.85%
Electricity	1456	1910	454	31.20%
Gas (British Gas - condensing)	1107	967	-140	-12.65%
LPG	2342	1855	-487	-20.81%
LPG (condensing)	1924	1529	-395	-20.52%
Oil	1598	1089	-509	-31.85%
Oil (condensing)	1307	894	-413	-31.59%
Wood Pellets	1259	1280	21	1.67%
Air Source Heat Pump (radiators)	1357	1681	324	23.84%

NORTHERN IRELAND

	Oct-13	Oct-17	Price change	% Difference
Anthracite Grains	1033	953	-80	-7.74%
Electricity (Economy 7)	1761	1464	-297	-16.87%
Gas (Phoenix - condensing)	1093	885	-208	-19.03%
LPG	2463	2530	67	2.72%
LPG (condensing)	2020	2075	55	2.72%
Oil	1573	1053	-520	-33.06%
Oil (condensing)	1287	865	-422	-32.79%
Wood Pellets	1055	1053	-2	-0.19%
Air Source Heat Pump (radiators)	1638	1409	-229	-13.98%

REPUBLIC OF IRELAND

	Oct-13	Oct-17	Price change	% Difference
Anthracite Peas	1383	1510	127	9.18%
Electricity (Urban Night Saver)	2092	1961	-131	-6.26%
Gas (Bord Gais condensing)	1355	1291	-64	-4.72%
LPG	3444	2620	-824	-23.93%
LPG (condensing)	2825	2157	-668	-23.65%
Oil	2239	1230	-1009	-45.06%
Oil (condensing)	1828	1010	-818	-44.75%
Wood Pellets	1168	1302	134	11.47%
Air Source Heat Pump (radiators)	1772	1726	-46	-2.60%

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.