

Pricing page

The cost of oil heating has increased significantly in the last year, so this quarter we'll look more broadly at the issues that affect the kerosene price today and in the future.

As a fossil fuel-based industry, the price of crude oil is obviously key. After a year of sustained price increases, which saw Brent crude rise from a low of around \$45 a barrel in June 2017 to a recent high of over \$80 in May 2018, the upward trend appears to have finally ended and prices have even fallen back slightly. This has impacted on the price of kerosene, pushing up the typical

annual cost by well over 30% in the UK, and nearer 50% in RoI. Taken in isolation this is pretty bad news, but fortunately the cost of competing fuels such as electricity and LPG has also risen slightly, so while the impact on our customers is significant and the price gap has narrowed, the alternatives are still relatively unattractive.

It's worth remembering that the cost of a barrel of Brent crude oil has always been highly volatile. It's highest ever price was \$145 in 2008 and as recently as 2014 it was regularly over \$100 a barrel, so the current price rise, while unwelcome, is far from unusual or extreme.

Looking ahead, the global economic and political situation is volatile and uncertain, with question marks about both the supply of crude oil and world demand. These opposing pressures may cancel each other out, keeping prices roughly where they are now for the rest of the year. However, in the UK, Brexit may have an impact on future fuel prices and a lot will depend on what kind of exit deal we are able to negotiate. A positive outcome to the negotiations would help to keep prices stable, while a failure to achieve a good deal, or worse still no deal at all, may see the value of the Pound fall further and increase the cost of a wide range of imported goods, including oil and gas.

Comparative space and water heating costs for a three bedroom house

GREAT BRITAIN

	4-yr avg: July14–July18	July-17	July-18	Price change
Solid Fuel (anthracite grains)	1147	1114	1148	+34
Electricity (storage heaters)	1700	1910	1992	+82
Gas (British Gas - condensing)	1020	967	1006	+39
LPG	1928	1850	1886	+36
LPG (condensing)	1587	1524	1551	+27
Oil	1140	1022	1384	+362
Oil (condensing)	935	840	1133	+293
Wood Pellets	1355	1283	1533	+250
Air Source Heat Pump (radiators)	1537	1681	1751	+70

NORTHERN IRELAND

	4-yr avg: July14–July18	July-17	July-18	Price change
Solid Fuel (anthracite grains)	990	953	973	+20
Electricity (storage heaters)	1563	1437	1518	+81
Gas (Phoenix Gas - condensing)	939	885	951	+66
LPG	2322	2530	2589	+59
LPG (condensing)	1906	2075	2123	+48
Oil	1088	1022	1359	+337
Oil (condensing)	893	840	1113	+273
Wood Pellets	1121	1098	1144	+46
Air Source Heat Pump (radiators)	1500	1384	1459	+75

REPUBLIC OF IRELAND

	4-yr avg: July14–July18	July-17	July-18	Price change
Anthracite Peas	1503	1510	1628	+118
Electricity (Urban Night Saver)	2034	1953	2052	+99
Gas (Bord Gais condensing)	1333	1291	1337	+46
LPG	2713	2620	2792	+172
LPG (condensing)	2232	2157	2296	+139
Oil	1586	1228	1858	+630
Oil (condensing)	1298	1008	1519	+511
Wood Pellets	1328	1335	1387	+52
Air Source Heat Pump (radiators)	1787	1718	1806	+88

Notes

The tables above are based on quarterly data published by the Sutherland Tables. They show the annual average cost of a range of heating options for a typical pre-1980 three bedroomed semi-detached home with a heat requirement of approximately 16,000 kWh. Prices are shown in pounds sterling (£) for Great Britain and Northern Ireland, and euros (€) for the Republic of Ireland.