

Pricing page

Kerosene price on the rise as sustained crude oil rally continues

Bad weather and a resurgent crude oil price combined to ensure Kerosene suffered its sharpest quarterly price rise since 2011. The price of Brent crude oil has nudged \$75 a barrel recently, the first time it has exceeded this mark since late 2014. This makes many commentator's price predictions for the year look somewhat low and, if the trend continued, will undermine our industry's competitiveness against both LPG and renewable heating. While continued uncertainty in the Middle East and bullish predictions from OPEC have helped the crude oil

price rally, kerosene was also higher than expected due to the surge in demand and supply difficulties associated with the so-called 'Beast from the East'.

Kerosene vs LPG

With much propaganda in the UK trade press around the government wanting to phase out oil starting in the 2020s, it seems that oil customers are asking technicians about fuel switching from kerosene to LPG.

A unit of kerosene contains 10.35 kWh of energy, whereas a unit of LPG only contains 7.11kWh. If we take an average three-bed, oil heated home

with an annual heating demand of 16,000 kWh per year, served by a 90% efficient appliance, it should consume approximately 1,700 litres.

An equivalent LPG installation would consume 2,475 litres of fuel. Once the unit cost of the two fuels is also factored in, a true cost comparison can be made. The annual average cost, based on a similar comparison undertaken by the Sutherland Tables, shows that the LPG household would face an annual bill of around £2,213, while the oil home would only pay £1,092 (NI) and €2213 (for LPG) and €1311 (for oil) in the Republic. It's pretty clear that oil remains a much cheaper option!

Comparative space and water heating costs for a three bedroom house

GREAT BRITAIN

	4-yr avg: April14–Jan18	Apr-17	Apr-18	Price change
Solid Fuel (anthracite grains)	1147	1146	1159	+13
Electricity (storage heaters)	1659	1635	1913	+278
Gas (British Gas – condensing)	1031	967	967	0
LPG	1958	1771	1905	+134
LPG (condensing)	1612	1460	1567	+107
Oil	1132	1161	1396	+235
Oil (condensing)	928	952	1143	+191
Wood Pellets	1332	1281	1532	+251
Air Source Heat Pump (radiators)	1507	1491	1685	+194

NORTHERN IRELAND

	4-yr avg: Jan14-Oct17	Jan 17	Jan 18	Difference
Solid Fuel (anthracite grains)	995	953	973	+20
Electricity (storage heaters)	1581	1437	1518	+81
Gas (British Gas – condensing)	950	825	907	+82
LPG	2290	2173	2668	+495
LPG (condensing)	1880	1785	2187	+402
Oil	1078	1043	1334	+291
Oil (condensing)	885	857	1092	+235
Wood Pellets	1130	1143	1123	-20
Air Source Heat Pump (radiators)	1514	1384	1459	+75

REPUBLIC OF IRELAND

	4-yr avg: Jan14-Oct17	Jan 17	Jan 18	Difference
Solid Fuel (anthracite grains)	1489	1510	1510	0
Electricity (storage heaters)	2038	1953	2052	+99
Gas (British Gas – condensing)	1335	1291	1337	+46
LPG	2751	2380	2689	+309
LPG (condensing)	2263	1962	2213	+251
Oil	1604	1499	1602	+103
Oil (condensing)	1313	1228	1311	+83
Wood Pellets	1323	1293	1311	+18
Air Source Heat Pump (radiators)	1785	1718	1806	+88

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.