

Fuel price commentary

One argument that competitors frequently try to make against oil heating is around price. For example, at a recent BEIS select committee hearing, it was claimed by an "industry expert" that oil boilers are very expensive to run and so there would be a significant cost benefit opportunity to convert them to heat pumps.

Were that true, it would certainly encourage many households to consider switching to other lower carbon technologies. That few have done so is because it is spectacularly untrue, as the latest Sutherland tables data shows – an oil condensing boiler is

by far the cheapest home heating option throughout the UK and Republic of Ireland.

But one set of figures only provides a snapshot. Households can't chop and change their heating system so they want to know how prices compare over much longer time periods. Looking at the average price over the previous four years' worth of Sutherland Tables data confirms oil's long-term advantage. Although the oil price has fluctuated more than some heating options, oil was the cheapest fuel of all – even cheaper than mains gas. The average price of oil heating was marginally

lower than gas, while all other options were significantly more expensive.

This presents a significant problem for anyone hoping to switch oil heated households to other forms of heating. Not only is the up-front cost high, but the running costs are also likely to be higher unless steps are taken to reduce heat demand. While heat pumps can be a cost-effective solution as a replacement for an old oil system in a well-insulated home, anyone with a modern condensing boiler would be well advised to consider waiting for renewable liquid fuels to reach the market.

Comparative space and water heating costs for a three-bedroomed home in Great Britain, Northern Ireland and the Republic of Ireland

GREAT BRITAIN

	Average: Jul 16-Jul 20	July 19	July 20	Price change	% difference
Anthracite Grains	£1,156	1154	1209	£55	4.77%
Electricity (Economy 7)	£1,927	2131	2098	-£33	-1.55%
Gas (British Gas – condensing)	£980	1049	914	-£135	-12.87%
LPG	£1,873	1944	1898	-£46	-2.35%
LPG (condensing)	£1,542	1599	1561	-£38	-2.36%
Oil	£1,193	1341	705	-£636	-47.43%
Oil (condensing)	£978	1098	582	-£516	-46.96%
Wood Pellets	£1,429	1457	1517	£60	4.10%
Air source heat pump radiators	£1,705	1888	1827	-£61	-3.25%
Air source heat pump underfloor	£1,390	1443	1398	-£45	-3.10%

NORTHERN IRELAND

	Average: Jul 16-Jul 20	July 19	July 20	Price change	% difference
Anthracite Grains	£999	1027	1075	£48	4.67%
Electricity (Economy 7)	£1,673	1870	1983	£113	6.04%
Gas (Phoenix – condensing)	£935	1050	861	-£189	-18.00%
LPG	£2,498	2708	2510	-£198	-7.31%
LPG (condensing)	£2,049	2219	2059	-£160	-7.21%
Oil	£1,172	1287	722	-£565	-43.90%
Oil (condensing)	£961	1054	596	-£458	-43.45%
Wood Pellets	£1,131	1118	1206	£88	7.87%
Air source heat pump radiators	£1,536	1654	1725	£71	4.29%
Air source heat pump underfloor	£1,262	1246	1299	£53	4.25%

REPUBLIC OF IRELAND

	Average: Jul 16-Jul 20	July 19	July 20	Price change	% difference
Anthracite Peas	€1,572	1628	1628	€0	0.00%
Electricity (Urban Night Saver)	€2,066	2197	2137	-€60	-2.73%
Gas (Bord Gais condensing)	€1,349	1431	1299	-€132	-9.22%
LPG	€2,772	3021	2998	-€23	-0.76%
LPG (condensing)	€2,280	2482	2463	-€19	-0.77%
Oil	€1,609	1863	1129	-€734	-39.40%
Oil (condensing)	€1,317	1523	928	-€595	-39.07%
Wood Pellets	€1,360	1398	1391	-€7	-0.50%
Air source heat pump radiators	€1,813	1921	1869	-€52	-2.71%
Air source heat pump underfloor	€1,490	1512	1471	-€41	-2.71%

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.