

Fuel price commentary

In 2020, the Covid pandemic turned many commodity markets across the globe upside down, choking off demand to an unprecedented degree. The consequence for heating oil, which tracks trends in crude oil price quite closely, was that the price fell through the floor, resulting in the lowest annual heating cost since OFTEC first subscribed to the Sutherland Tables – just £582 for a system with a condensing boiler in Great Britain.

The crude oil price is now back to where it began last year, and demand is slowly picking up. This usually means a return to

higher prices, but many oil producers still have spare capacity. How prices in 2021 develop will depend on how successful the world is at combating the virus – if things return to near-normal then so will the price and we can expect the annual cost for a typical three-bedroomed home to be similar or slightly above the long-term average, which in the UK is around £960. Householders will certainly notice this change, but it still means oil heating will remain competitive against other off-grid options, including most renewables.

While the oil price has been extremely

volatile, the price of other fuels has been relatively stable, which is good news for customers. Production costs are a key element in the price consumers pay, but another major influence is tax and duty. It has been speculated that government may seek to rebalance this and favour electricity over fossil fuels as part of its efforts to encourage a switch to low carbon heating. Measures such as this are controversial because they can push low-income households into fuel poverty. With a new UK heat in buildings strategy due this year, it will be interesting to see whether government embraces this politically risky option.

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

GREAT BRITAIN

	Average: Jan17-Jan21	January 20	January 21	Price change	% difference
Anthracite Grains	£1,161	£1,209	£1,209	£0	0.00%
Electricity (Economy 7)	£1,980	£2,050	£2,027	-£23	-1.12%
Gas (British Gas – condensing)	£965	£950	£801	-£149	-15.68%
LPG	£1,897	£1,928	£1,895	-£33	-1.71%
LPG (condensing)	£1,561	£1,586	£1,560	-£26	-1.64%
Oil	£1,179	£1,350	£908	-£442	-32.74%
Oil (condensing)	£967	£1,105	£747	-£358	-32.40%
Wood Pellets	£1,450	£1,498	£1,491	-£7	-0.47%
Air source heat pump radiators	£1,744	£1,789	£1,768	-£21	-1.17%
Air source heat pump underfloor	£1,385	£1,370	£1,354	-£16	-1.17%

NORTHERN IRELAND

	Average: Jan17-Jan21	January 20	January 21	Price change	% difference
Anthracite Grains	£1,013	£1,075	£1,075	£0	0.00%
Electricity (Economy 7)	£1,725	£2,034	£1,882	-£152	-7.47%
Gas (Phoenix – condensing)	£939	£1,050	£861	-£189	-18.00%
LPG	£2,554	£2,576	£2,391	-£185	-7.18%
LPG (condensing)	£2,094	£2,112	£1,962	-£150	-7.10%
Oil	£1,160	£1,314	£846	-£468	-35.62%
Oil (condensing)	£951	£1,077	£697	-£380	-35.28%
Wood Pellets	£1,137	£1,166	£1,200	£34	2.92%
Air source heat pump radiators	£1,569	£1,752	£1,670	-£82	-4.68%
Air source heat pump underfloor	£1,262	£1,320	£1,259	-£61	-4.62%

REPUBLIC OF IRELAND

	Average: Jan17-Jan21	January 20	January 21	Price change	% difference
Anthracite Peas	€1,586	€1,628	€1,628	€0	0.00%
Electricity (Urban Night Saver)	€2,096	€2,188	€2,255	€67	3.06%
Gas (Bord Gais condensing)	€1,348	€1,378	€1,299	-€79	-5.73%
LPG	€2,839	€2,998	€2,998	€0	0.00%
LPG (condensing)	€2,334	€2,463	€2,463	€0	0.00%
Oil	€1,575	€1,869	€1,338	-€531	-28.41%
Oil (condensing)	€1,289	€1,527	€1,097	-€430	-28.16%
Wood Pellets	€1,363	€1,398	€1,385	-€13	-0.93%
Air source heat pump radiators	€1,839	€1,913	€1,982	€69	3.61%
Air source heat pump underfloor	€1,499	€1,503	€1,570	€67	4.46%

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.