

Fuel price commentary

Where to start with this edition of the fuel price commentary? The current energy price situation goes way beyond anything that anyone working in the sector could have imagined – we're basically in uncharted territory. Let's start with the basics, when demand for a product exceeds supply, the price rises. This largely explains the current energy situation. There are a number of variables in play, but the ongoing supply issues resulting from Covid and the Russian invasion of Ukraine are the dominant factors. For countries like the UK and Republic of Ireland that import a lot of energy this is very bad news.

Because of its close relationship with the price of crude oil, the cost of heating oil can be extremely volatile. The price of Brent crude has topped 120 dollars a barrel this year so it's inevitable that the price of heating oil has also been high. The low value of the Pound has made this effect worse and, in a year, the annual cost has doubled in the UK (slightly less in the Republic of Ireland). Other heating fuels have tended to increase more slowly. For example, the Government's price cap initially protected gas-using households in the UK, but massive increases are now feeding through, and many millions of households are set to endure a miserable winter of

unaffordable bills and fuel poverty. So far, only LPG appears immune.

However, high energy costs are only one half of this problem. The Sutherland Tables are based on energy consumption scenarios that are typical of UK and Irish homes – we use 16,000kWh per annum. Our homes are typically far less well-insulated than homes in the rest of Europe and the rate of loft and wall insulation measures going into houses under government schemes is 95 per cent lower now than it was in 2012. We are all collectively paying dearly for this policy failing.

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

GREAT BRITAIN

	Jul-18	Jun-22	Price change	% Difference	4 year average
Electric storage heater	£1992	£3,550	£1,558	78.21%	£2213
Gas condensing boiler	£1006	£1,345	£339	33.70%	£926
LPG condensing boiler	£1551	£1,591	£40	2.58%	£1524
Oil condensing boiler	£1133	£1,885	£752	66.37%	£926
Wood Pellets	£1533	£1,819	£286	18.66%	£1510
Air source heat pump radiators	£1751	£2,850	£1,099	62.76%	£1887
Air source heat pump underfloor		£2,390			£1503

NORTHERN IRELAND

	Jul-18	Jun-22	Price change	% Difference	4 year average
Electric storage heater	£1518	£2420	£902	59.42%	£1921
Gas condensing boiler	£951	£1392	£1392	46.37%	£955
LPG condensing boiler	£2123	£2016	£2218	-5.04%	£2016
Oil condensing boiler	£1113	£1792	£679	61.01%	£946
Wood Pellets	£1144	£1446	£302	26.40%	£1179
Air source heat pump radiators	£1459	£2112	£653	44.76%	£1702
Air source heat pump underfloor		£1748			£1349

REPUBLIC OF IRELAND

	Jul-18	Jun-22	Price change	% Difference	4 year average
Electric storage heater	€2052	€2994	€625	45.91%	€2249
Gas condensing boiler radiators & DHW cylinder	€1337	€1955	€118	46.22%	€1344
LPG Condensing boiler radiators and DHW cylinder	€2296	€2637	€254	14.85%	€2400
Oil condensing boiler radiators and DHW cylinder	€1519	€2371	€428	56.09%	€1356
Wood Pellets	€1387	€1757	€50	26.68%	€1365
Air source heat pump radiators	€1806	€2684	€478	48.62%	€1956
Air source heat pump underfloor		€1945			€1595

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.