

BRITISH GAS LIFTS LID ON PROFITABILITY OF LOWER WHOLESALE PRICES

Britain's two biggest energy suppliers, British Gas and Scottish and Southern Energy (SSE), have lifted the lid on the beneficial impact lower wholesale prices are having on energy industry profits:

Energy industry set to see significant increase in profits this year Centrica's Management Statement issued today[1] confirms that British Gas is on track to sustain or even improve on the 80% increase in half year profits announced in July[2] – trading results are ahead of expectations with strong year-on-year growth expected British Gas half year operating profits increased from £166 million in 2008 to £299 million in 2009[2] Yesterday, SSE reported half year profits up 36% from £302.6m in September 2008 to £410.5m in September 2009[3] These company statements clearly demonstrate scope for further price cuts – uk-domestic-energy-savings.com urges all suppliers to act now to help consumers with their winter fuel bills.

Announcements issued today and yesterday by two of Britain's largest energy suppliers – British Gas and Scottish and Southern (SSE) – reveal an emerging pattern of significantly increased profits. Apart from a short period in the middle of 2008 there has been a long run of low wholesale prices and it is expected that this will continue into the foreseeable future – and will be a major contributor to an improvement in profits.

Centrica's statement today confirmed that trading results from Residential Energy are ahead of expectations, with strong year-on-year growth expected[1]. In July, in its interim statement, it revealed that British Gas residential had seen an 80% increase in half year operating profits to £299 million up from £166 million in 2008[2].

SSE's half year results announced yesterday revealed a 36% increase in profits, which are up from £302.6m in September 2008 to £410.5m in September 2009[3].

SSE and British Gas (Centrica) are the only two big six suppliers listed on the London Stock Exchange and are therefore required to reveal levels of profitability and trading expectations in this way. However, there is nothing to suggest that the other four major suppliers operating in Britain are not experiencing the same benefits from lower wholesale prices. This will heighten consumer expectations of further price cuts. Last year energy prices rocketed by 42% or £381[4]. This year to date, [price cuts](#) have averaged out at 4% or £54.

Ann Robinson, Director of Consumer Policy, says: “These statements are the clearest evidence yet that energy companies are benefitting from lower wholesale prices. An increase in profitability is good news for the industry. Not only will it help to provide funding for the future investment needed to secure our supplies, but it also means they could cut their prices again to help households manage their bills through this winter.

“Last year suppliers increased prices by an eye watering 42% or £381. This year they have cut their prices by 4% or £54. Online customers have fared far better with cuts of 13% or £149[5]. But this is not enough – only 5% or 1.3 million households will be benefitting[6]. We want to see suppliers do more for the majority of their customers.

“Consumers must help themselves today. Moving to dual fuel, paying by direct debit and signing up to an online plan will help you save money this winter – in fact switching to a competitive plan could cut your energy bill by up to £425[7]. This could be the best price cut or even the last price cut many households can hope to expect this year.”

Cheapest Gas & Electricity Suppliers

