# Ofgem implements energy price cap, but bills set to rise as wholesale gas prices increase



Regulator Ofgem has implemented a new energy price cap that reduces typical household gas and electricity bills in England, Wales, and Scotland by £122 annually, bringing the average cost down to £1,568 per year. This is the lowest level in two years. Nonetheless, this downward trend is expected to reverse by October, when bills are projected to increase due to rising wholesale gas prices.

The current reduction follows a 7% fall in the price cap, resulting in 12-month bills that are around £500 cheaper than they were a year ago. Despite this decrease, the Energy & Climate Intelligence Unit (ECIU) forecasts that households could face an additional cost increase of up to £600 over the winter period. Analysts, including Cornwall Insight, predict a potential 10% increase in the cap from October, which could bring the average bill to £1,723.

Higher competition for liquefied natural gas (LNG) from regions like Asia, and ongoing sanctions against Russian natural gas, are contributing factors to elevated wholesale costs in Europe. With new EU sanctions targeting Russian LNG exports, supply constraints are expected to intensify.

Ahead of the Russia-Ukraine conflict, UK household energy costs were just below £1,090 on average. The ECIU indicates that by September 2025, households could see an extra £2,600 spent on energy bills due to the ongoing gas crisis. This is apart from the £1,400 per home the government spent earlier in the crisis, totaling potential additional costs of £4,000 per household.

Additionally, discussions on the UK's energy policies have been prominent, focusing on the high dependence on gas and the need for investment in renewable energy and home insulation to mitigate international market fluctuations.