

Energy Affordability Autumn 2024

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Households in Wales need greater protection from high energy prices. Sustained high energy costs and reduced support mean that thousands of households remain concerned that they will fall behind on energy payments or have to go without essentials this winter again in order to keep up with bills.

- Higher energy prices are here to stay and are leaving many households behind, especially in the colder months each year.
- Many more households have been pushed into debt on their energy bills and are finding it difficult to get back on track.
- Thousands of people expect to go without the heat or hot water they need or skip meals to keep up with energy bills over the winter.
- Prepayment meter users continue to be particularly vulnerable as they face instant disconnection when they can't afford to top up.

To protect Welsh households from unaffordable energy costs:

- The UK Government needs to introduce better targeted support to ensure that those who need it most, have reduced energy costs.
- The Welsh Government must protect emergency style support for households who are at risk of disconnection and for those who are off-grid is an essential part of the support structure in Wales.
- The Welsh Government must speed up progress on retrofitting poorly insulated homes in Wales

High energy costs are here to stay

Despite a significant drop from their highest levels, energy prices this winter will remain £500 higher than in 2021- pre energy-crisis.¹ Expert predictions show that

¹ Money Saving Expert, [What is the energy price cap? | MoneySavingExpert](#), August 2024

wholesale prices are likely to remain higher than pre-crisis levels for the rest of the decade.² It's clear that more support is needed, now and into the future.

High energy prices are adding sustained pressure to household budgets, with 3 in 5 (59%) households in Wales saying that the new price cap coming in from October (£1717) leaves them worried about affording the energy they need this winter. This is exacerbated by Wales having some of the least efficient housing in England and Wales³, making homes expensive and difficult to heat, as well as more prone to damp and mould.

More people are behind on their energy bills

Ofgem have recorded record levels of debt with over £3.3 billion in energy debt across Britain.⁴ This is reflected in a rise in the number of people needing support from our advice services with energy debt problems, including arranging repayment plans and dealing with enforcement. More than 4400 people have come to us for help with energy debt problems this year so far.

The people we help with energy debt now spend 56% more each month on electricity and 36% more on gas than in 2021, leaving far less for other essential costs and less to repay debts. 49% of our energy debt clients are now living on a negative budget meaning they are likely to fall deeper into debt that they won't be able to repay.

People who have fallen behind on bills are also falling deeper into debt. Amongst our energy debt clients, the average level of energy debt has risen to a record of £1516 per household from £1159 at the same point last year. This makes it harder for many households to arrange affordable repayment plans to get back on track as well keeping up with regular payments.

Knock on impacts of high energy bills

Energy is not a luxury. It is essential for each and every household to keep their living area to a comfortable temperature, to clean theirs and their children's clothes, to take showers and to power lights and electronics. **Last winter, over a**

²Cornwall Insights, [New forecast warns power prices to remain elevated until late 2030s - Cornwall Insight](#), July 2023

³ The median efficiency score in Wales is 66 which is joint lowest out of the regions in England and Wales, with Yorkshire and Humber.

⁴ [Debt and Arrears Indicators | Ofgem](#), 28 June 2024

quarter of households (26%) in Wales struggled to keep their home warm, with renters, households with children and those with a disability or long-term health condition amongst the hardest hit.⁵

Unaffordable energy costs leave households at risk of falling into unmanageable debt or taking drastic actions that mean they cannot meet their basic needs. More than half (55%) of those who say they are worried about paying their energy bills say they would use less or switch off their heating or hot water this winter to manage their bills and 2 in 5 (41%) say they would need to cut back on or skip meals.⁶

Prepayment meter users remain at a significant risk of disconnection. We have seen 2350 PPM users struggling to top up since January. Whilst this is 30% lower than the number we saw in the same period last year, it is still 9 times higher than the same period in 2021. In research earlier this year we found that a third of PPM users in Wales have been disconnected from their energy supply in the past year because they couldn't afford to top up.⁷ Three quarters, (72%) said this had a negative impact on their mental health, and 43% said it had a negative impact on their physical health.

Whilst managing high energy costs can often have immediate negative impacts on a household, this is a long term problem that needs long term thinking.

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⁵ Survey data based on an online representative poll of 2209 GB adults conducted by Yonder Data Solutions for Citizens Advice. Fieldwork conducted between 26th to 28th July 2024 with a weighted sample of 297 adults in Wales.

⁶ Ibid.

⁷ Figures from survey data based on a representative poll of 4,338 adults (18+) in Great Britain conducted by Yonder Data Solutions for Citizens Advice with a boosted sample for Wales (Total= 665 adults; 227 PPM users). Fieldwork conducted between 6th and 18th December 2023