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UK energy bills to rise for the next decade without reform of electricity pricing, analysis finds

- *New report finds that investment in clean power will not fully protect households if government fails to cut electricity bills and help people access modern electric tech like EVs, heat pumps and solar panels*
- *Report from Electrify Britain finds that households can reduce their bills by £725 a year in 2035 by switching to electric alternatives for heating, cooking and transport - though in many cases those homes are already cheaper today*

New research today from Electrify Britain shows that most people's energy bills are set to rise year on year to 2035 if the UK government fails to reform how energy is taxed and consumed [1].

Based on research conducted before the current conflict in the Middle East, the average dual-fuel household energy bill would rise by more than £130 a year by 2030, and £233 by 2035, without further government measures to tackle rising costs.

The report, *Plug In, Pay Less*, demonstrates that **households** running on **modern electric technologies** such as solar panels, EVs and heat pumps, **are far more resilient to spikes** in gas prices. The research estimates that if there was a 30% increase in wholesale gas and oil prices, a household using no gas or oil appliances would only see energy bills rise by 1.7% in 2035; the average dual-fuel household, by contrast, would see an increase of 13.5%.

While the current conflict is likely to drive up the cost of bills, the research demonstrates that household energy costs are already set to increase in other significant ways [2].

Levies on electricity - and the chance to reduce bills through electric alternatives

To better protect the public against rising wholesale prices, the UK Government is investing in and procuring record amounts of domestic clean energy. Yet the report argues that this will not translate directly into lower bills unless reforms are made to charges on electricity - and unless people have modern electric technologies to use this power in their homes and businesses.

Electricity currently costs four times more than gas due to historic charges levied on it [3]. The report shows that there are currently £160 of levies on electricity versus £28 on gas, and more, such as those to fund hydrogen, could be coming down the track. The research also finds that a **dual-fuel household that switched to electric alternatives** for heating and cooking, and to electric vehicles, **could reduce their annual energy bill by £725 in 2035**. Using energy on a **time-of-use tariff** - at off-peak times of the day - could further reduce bills by £194.

The report argues that levies on electricity and the continuing widespread use of gas boilers and petrol cars are leaving the UK public vulnerable to gas price spikes. During the 2022 energy crisis, the

price cap increased by 54% in April, and would have increased by 80% without government intervention. Across 2022 and 2023, £35bn was spent on household energy bill relief.

There is clear public appetite for stability and durability over short-term fixes. Research commissioned for the report, conducted by Public First, found that over 70% of the public said they would prefer bills to fall gradually and stay lower over time rather than drop temporarily and rise again.

Recommendations

Electrify Britain argues that there are two main things the UK Government can do to bring down energy bills. First, it is urging the UK Government to introduce a set of **measures that would take hundreds of pounds off energy bills** and incentivise people to invest in new technology like solar panels and heat pumps. These include reducing people's bills through moving levies into general taxation, removing VAT currently applied to electricity, removing all future levies and considering how the UK pays for network upgrades.

Second, Electrify Britain is calling on ministers to introduce new measures that **enable people across the country to upgrade** to electric vehicles, heat pumps and solar panels. This should include designated zones to concentrate support in specific areas, such as the north east of England, a simple 'Switch and Save' finance offer to overcome upfront cost barriers, and expanding the use of 'time of use' tariffs.

Camilla Born, chief executive of Electrify Britain, said:

"Energy bills have become the marker of whether the government is doing a good job on tackling the cost of living. But the current system leaves households facing a decade of price rises and dangerous exposure to spikes in gas prices. This isn't just the fault of global markets. It's also due to government choices.

"The government has done impressive work to build homegrown clean power, but this will only translate into lower, fairer bills if people have the electric tech to make use of it, from electric vehicles to heat pumps.

"We have to look beyond vital but temporary interventions like in 2022. In an increasingly uncertain world, it will be both fiscally unsustainable and desperately difficult for households if we don't bring down the cost of electricity and help people switch for good."

ENDS

Notes to editor

[1] [Electrify Britain](#) is an independent campaign for lower, fairer energy bills backed by Octopus Energy and EDF.

The report - *Plug In, Pay Less* - encompasses energy bill modelling by Systemiq, polling by Public First, and policy and report development by Flint Global.

[2] As noted by the [Institute for Fiscal Studies](#): between 28 February, when the current conflict in the Middle East began, and 12 March, 'wholesale gas prices have risen by 67% and oil prices have risen by 35%'.

[3] These levies include the Capacity Market levy and the Renewables Obligation.