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Is It Worth Switching to Fixed Energy Prices?

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As energy suppliers begin to implement increases to their rates of up to fifteen percent, many consumers are questioning whether signing up to a deal that ensures Fixed energy prices for between one and four years would cut the amount they pay each month or leave them paying through the nose should the market change midway through the contract.

In May 2011, British Gas' parent company Centrica claimed that the wholesale cost of gas was due to rise by twenty-five percent by the time winter rolled around, a fact that has contributed to many energy providers announcing increased rates for use of their gas or electricity. It has been estimated that every home in the UK will see their utility bills increase by almost one-hundred and fifty pounds a year, a figure that could have a serious effect on those on a low income. So with prices already going up, how can customers make sure their bills stay manageable?

A fixed price plan will make sure that your bill will not suddenly become more expensive, even if your provider does increase the unit price of their energy, although you should be aware that a fixed price tariff does not mean that you will be charged the same amount each time you are billed. Rather, the price of each unit of energy will be capped, so if you use more, you will be billed more.

You should be aware, however, that if prices should fall you will not be able to move to the cheaper rate without incurring a fee for early termination of your current contract. While there are no guarantees that a fixed price deal will be an ideal long-term solution, customers signing up for fixed price energy do have the security of knowing the rate they are paying will not change if any further price increases are announced in the near future. During a time when many of us are just scraping by, the peace of mind this can provide cannot be understated.

There are many reasonable price plans to be found online. A drawback of signing up to a fixed plan is that the rates you are charged is often more than the deals available online. Before signing a contract tying you to a fixed price energy deal, shop around to see if one of these online-only deals could provide greater savings in the long-run. Should you sign up to a fixed rate then find a cheaper deal elsewhere, you will encounter a huge cancellation fee that will negate any saving you were looking to make in the first place.

In finding a suitable energy deal, research truly is your best friend. Visit the website of each provider and look at service reviews on independent price comparison sites before you agree to anything.

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