

ScottishPower Price Change Explained

1. Why are you announcing a price increase?

These increases are due to rising costs to supply gas and electricity. While there are other cost movements, these have been offset by each other and by internal cost savings.

7.8% on dual fuel represents an annual increase of £86^[2] on a typical customer's dual fuel bill which can be explained as follows:-

<i>Cost increases 2016 v 2017</i>	Annual cost increase
Wholesale energy cost	£54
Compulsory Environmental Schemes	£18
Smart metering	£10
VAT	£4
Total	£86

The energy cost increase is based on the increase in ScottishPower's hedged portfolio position. If we had reflected the full movement in the year ahead wholesale power and gas prices (19th January 2016 v 6th February 2017), the increase in the wholesale energy cost would have been £75 higher at £129.

2. What are the increases to customer bills?

We will write to affected customers with details of the increase and a personalised quote for the change in their estimated annual energy bill. For the average offline domestic GB customer using the existing Ofgem typical annual consumption values of 3,100kWh electricity and 12,500kWh gas, the changes will be:

Average Annual Dual Fuel Bill Values (including VAT)	Current	1 st April 2017	Average annual Increase	%age change
Direct Debit	£1,081	£1,167	£86	8.0%
Quarterly Credit	£1,161	£1,247	£86	7.4%
<i>Average^[1]</i>			<i>£86</i>	<i>7.8%</i>

3. What percentage of ScottishPower customers are on standard tariffs and how does this compare to other major suppliers?

Extract of "Table: 'Standard variable' rate tariff information" published by OFGEM 14th December 2016.

Supplier	Number of customer accounts on standard variable tariffs including pre-payment	Proportion of customer base on standard variable tariffs (%)
British Gas	6,639,056	74%
EDF Energy	1,943,277	56%
E.ON	3,170,499	73%
Npower	1,737,642	59%
ScottishPower	1,541,307	50%
SSE	3,864,044	91%

Notes:

[1] Based on a weighted average of impacted ScottishPower customers across all payment types except prepayment, averaged across Great Britain, calculated on the Ofgem typical annual consumption values for gas of 12,500kWh and single rate electricity of 3,100kWh on standard offline prices. Includes VAT at the currently applicable rate of 5%.

[2] Based on a GB average ScottishPower standard offline Dual Fuel customer with annual mains gas usage of 12,500kWh and annual Standard Rate electricity usage of 3,100kWh. Prices effective as of 31st March 2017. All figures shown include VAT at the current applicable rate of 5%.