

Energy Bills Fall Slightly, But Financial Pressure on UK Households Lingers

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Millions of UK households will see a slight drop in their energy bills starting this month, offering modest relief from the high costs that have burdened consumers over the past two years. The energy price cap, set by Ofgem, has been reduced to £1,568 per year for a typical dual-fuel household paying by direct debit. This figure is down from £1,690 in the previous quarter, representing a 7% decrease. While the decline is

welcomed by many, experts caution that this may be as low as bills will go for the foreseeable future.

The drop reflects falling wholesale energy prices, which had surged following Russia's invasion of Ukraine in 2022 and were further driven by global supply chain disruptions. Though the worst of the crisis appears to have passed, market volatility remains. Gas prices, in particular, remain sensitive to geopolitical tensions and unexpected demand spikes, especially during colder months. This has led to speculation that energy prices may not fall significantly further and could even begin to rise again by winter.

Ofgem Chief Executive Jonathan Brearley acknowledged the positive development but stressed that affordability remains a major concern. He emphasized that many households, especially those on low incomes, are still struggling with energy costs. While the cap protects consumers from excessive price hikes, it does not guarantee affordable bills. Brearley called for a long-term plan to ensure energy affordability and support vulnerable households.

Consumer advocacy groups echoed this concern. They welcomed the lower cap but warned that energy bills are still considerably higher than pre-crisis levels. Many households continue to face difficult choices between paying for energy, food, or other essentials. The removal of government support schemes such as the Energy Bills Support Scheme, which provided direct discounts during the height of the crisis, has added to financial pressures.

Analysts from Cornwall Insight suggest that this quarter's cap may represent the floor for 2025, with expectations of slight increases in

October and early 2026. They pointed to potential supply issues, particularly from Europe, and the continued costs of integrating renewables and upgrading infrastructure.

As households begin to see smaller bills in July, the overall sentiment remains cautious. The energy market is stabilizing, but lingering uncertainties mean that relief may be temporary. For many, the need for long-term policy solutions and targeted support remains urgent, as affordability, not just pricing, continues to dominate the energy conversation.