



Three ways to
bring home
energy bills
down for good

Introduction

The gas price crisis means average energy bills are still £481 higher in January 2026 than they were in October 2021. Over nine million households in England and Wales are experiencing fuel poverty.^{1,2,3}

Building on the government's new Warm Homes Plan, in the following graphics, we show how to reduce energy bills permanently for private and social renters and owner occupiers.

Average savings were calculated using the January 2026 Ofgem price cap rates, adjusted to include the energy bill reduction measures in the autumn 2025 budget, which take effect from April 2026.^{4,5}

See our briefing 'How to reduce energy bills' for more information on the measures described here and other actions to reduce energy costs (bit.ly/4b97LyS).

Renters

Make private rented homes less draughty

Five million homes in England and Wales are privately rented. With a median energy performance certificate of just EPC D, many are expensive to heat.^{6,7}

What's the potential?

Increasing the EPC from the current minimum standard E to the new 2030 minimum standard C, and installing a smart meter, could reduce the average renter's energy bill by £404 per year.⁸

What should the government do now?

- Develop a national landlord register for England, to ensure the new 2030 minimum EPC C standard is enforced.
- Make smart meters an opt out, not an opt in. Those who opt out should have one fitted to work like a traditional meter which could be switched to smart in future.

Doesn't insulation
cause mould and
damp?

No, installed correctly,
with proper ventilation,
it prevents it by
maintaining a stable
internal temperature,
reducing condensation

Insulation reduces the energy
needed to heat a home to a
comfortable temperature

A smart meter cuts energy use by
three per cent on average

TYPICAL BILL
REDUCED BY
£404
PER YEAR



Owner occupiers

Install a heat pump

Seventy four per cent of households in England and Wales have gas central heating, only one per cent have a heat pump.^{9,10}

Heat pumps are about three times more efficient than gas boilers but the price of electricity needs to come down to make them cheaper than gas central heating. The government has made a step in the right direction, temporarily removing 75 per cent of the Renewables Obligation (RO) levy from household bills from April 2026. It also ended the ECO energy efficiency scheme and its levy on bills.

What's the potential?

If more levies are removed from bills, as we propose, and an efficient heat pump is installed, the average household energy bill could be cut by £87 per year.¹¹

What should the government do now?

- Permanently remove 100 per cent of feed-in tariff and RO levies from household electricity bills.
- Increase the minimum efficiency required for new heat pumps installed with government support.

Aren't some homes unsuitable for heat pumps?

No, a government demo has shown no property type is unsuitable¹²

TYPICAL BILL
REDUCED BY
£87
PER YEAR

A heat pump reduces the UK's reliance on imported fossil fuels and its climate impact

A heat pump typically lasts five years longer than a gas boiler



Social housing

Fit solar panels

Nearly a third of the 4.2 million social sector homes in England are rated EPC D or worse.¹³ Local authorities and social landlords need financial support to make them easier and cheaper to run, to tackle fuel poverty and reduce carbon emissions.

What's the potential?

Solar panels could reduce the average energy bill by £158 per year.¹⁴

What should the government do now?

- Consult on a combined successor scheme to the Warm Homes: Social Housing Fund and Warm Homes: Local Grant as soon as possible.
- Use the National Wealth Fund to crowd-in private funding and provide low cost loans for social housing improvements.

Solar panels
aren't worth the
money

Yes they are, the
payback period is
around ten years on
average and they
typically last 25 to 30
years¹⁵

Solar panels can earn households
money selling excess electricity
to the grid

TYPICAL BILL
REDUCED BY
£158
PER YEAR



Endnotes

- 1 Ofgem, 'Energy price cap (default tariff) levels'
- 2 Gov.uk, March 2025, 'Annual fuel poverty statistics in England, 2025 (2024 data)'
- 3 Gov.wales, October 2025, 'Fuel poverty modelled estimates for Wales: as at October 2024'
- 4 Ofgem, 'Energy price cap (default tariff) levels'
- 5 HM Treasury, 2025, 'Budget 2025'
- 6 Office for National Statistics (ONS), 'Housing, England and Wales: Census 2021. Accommodation type, tenure, rooms and bedrooms, central heating and car or van availability in England and Wales, Census 2021 data'
- 7 ONS, October 2024, 'Energy efficiency of housing in England and Wales: 2024'
- 8 A 21 per cent and 31 per cent reduction in electricity and gas consumption respectively due to EPC upgrade was calculated using median energy consumption values in: Department for Energy Security and Net Zero (DESNZ), 2025, 'National Energy Efficiency Data-Framework (NEED): consumption data tables 2025, headline consumption tables: England and Wales 2023'. A further 2.9 per cent and 3.3 per cent reduction in electricity and gas from installing a smart meter was taken from: DESNZ, June 2023, 'Reviewing energy supplier evidence on impacts of smart metering on domestic energy consumption'.
- 9 L Orso and A Sissons, 6 January 2023, 'What does the latest census data reveal about how homes are heated across England and Wales?', www.nesta.org.uk
- 10 Based on 220,671 domestic heat pumps installed and 24.8 million households. Data taken from MCS Data Dashboard, www.datadashboard.mcscertified.com; and ONS, 2022, 'Household and resident characteristics, England and Wales: Census 2021'
- 11 Energy Company Obligation (ECO) and 75 per cent of Renewables Obligation levies were removed and heat pump Seasonal Coefficient of Performance 3.2 assumed. Savings assume gas grid disconnection and all gas use switches to electricity. As some homes use a small amount of gas for cooking, the saving could be slightly less.

- 12 Energy System Catapult, 2021, 'All housing types are suitable for heat pumps, finds Electrification of Heat project'
- 13 Ministry of Housing, Communities and Local Government, January 2025, 'Annex tables for English Housing Survey 2023 to 2024 headline findings on housing quality and energy efficiency', chapter 2
- 14 Energy System Catapult, 2021, op cit
- 15 C Casilis, December 2025, 'Solar panels – are they worth it?', www.moneysavingexpert.com

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Green Alliance

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