

Further Price Cuts To Come As British Gas Reports Increase In Residential Profits?



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Industry: [Energy](#)

- Centrica's profits fall 5%, while British Gas residential reports an increase in half year operating profits of 80% to £299 million (2008: £166 million)
- Falling wholesale prices contribute to increased half year profits for British Gas residential
- Some of the benefits of falling wholesale prices already passed onto customers - British Gas has cut its prices twice this year shaving 10% or £126 in total off the average dual fuel bill
- Increase in profits should cushion customers from future price increases, and may even allow for further price cuts
- Average household bill for a dual fuel British Gas customer has dropped from £1,328 to £1,202 this year - £290 or 32% higher than its average bill of £912 on the 1st January 2008
- British Gas has led the field in offering the most competitive energy plan, only recently losing its crown to EDF Energy.

Centrica's results today reveal that while overall profits have fallen, [British Gas](#) residential has reported a significant uplift in profits as a result of falling wholesale prices. Some of these benefits have already been passed onto customers with two price cuts this year totalling £126 or 10%.

This increase in profits should mean that customers can expect to be cushioned for some time from future price increases - last year BG increased prices by £416 or 46% - and there may even be the possibility of further price cuts to come

Ann Robinson, Director of Consumer Policy at uSwitch.com, says: "This increase in profits can only be a good thing for British Gas customers. While customers have already benefitted from two price cuts this year, today's results should hopefully give them the peace of mind that they are unlikely to see any price increases for some time, and may even benefit from a further price cut. This year British Gas has led the field in offering the most competitive online plan in the market only recently losing its crown to French rival, EDF Energy. With today's announcement, British Gas is in a strong position to fight back and reclaim the spot as Britain's cheapest supplier.

"But rather than holding out for further price cuts, consumers should help themselves now by making sure they are paying the lowest possible price for their energy and learning to use less of it. Moving to dual fuel, paying by direct debit and signing up to an online plan will all help save money - in fact switching to a competitive plan could cut your energy bill by up to £425."

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