

Your energy bill from April: what's changing

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Billpayers to start benefitting from an average of £150 off the costs of energy bills from April onwards.

We announced in the Autumn Budget that we would cut the cost of living, including by taking an average of £150 off the costs of energy bills from April.

This will be done by ending funding for the Energy Company Obligation scheme, as well as removing 75% of costs for the Renewables Obligation scheme from people's energy bills.

As a result, energy regulator Ofgem has now confirmed the energy price cap for April – which limits the amount customers on standard variable tariffs pay for each unit of gas and electricity – will fall by 7%.

This means millions of households will benefit from lower energy bills.

What does this mean for me?

You do not need to do anything to claim the savings. These will be automatically applied to your bill from 1 April onwards.

The exact amount each household saves will depend on how much energy is used and the type of tariff.

Some smaller energy suppliers were never part of the Energy Company Obligation scheme either, meaning their customers have already benefitted from not paying these costs.

If you are on a standard variable tariff

For energy used after 1 April, the savings will be applied to your unit rate for gas and electricity.

Your energy supplier will contact you to confirm the details of your new rates.

If you are on a fixed price tariff

Suppliers have confirmed that the savings will be passed on in full to customers on fixed price tariffs.

This means if you are already on a fixed price tariff on 1 April, your tariff will be amended so that savings are applied to your unit rates going forward. Your energy supplier will contact you to confirm your new rates.

For anyone signing a new fixed price tariff after 1 April, we expect the savings to be taken into account.

If you are on a pre-payment meter

If you are on a smart pre-payment meter, your energy supplier will automatically apply the savings to any energy used from 1 April.

If you are on a traditional pre-payment meter – such as those which use a key or card, you will benefit from the savings the first time you top up your key or card after 1 April.

If you are on other types of tariffs

Some examples of these include:

- Tracker tariffs, where unit costs for gas and electricity fluctuate daily to reflect live wholesale prices
- Time-of-use tariffs, where the unit cost for electricity changes depending on the time of day, with cheaper rates offered during off-peak times like overnight

Some other tariffs do not charge for the Energy Company Obligation or Renewable Obligation schemes, meaning these customers have already benefitted from not paying these costs.

Where a tariff does include costs associated with either the Energy Company Obligation or Renewable Obligation schemes, the savings will be passed on from April.

How you receive the savings will depend on the specific tariff you are on. For example, the impact may vary across different times of day or pricing periods.

Your energy supplier will provide you with more information on how these changes will work.

Why has the price cap fallen by £117?

The main reason energy bills will fall in April is because the government has delivered on its promise to remove an average of £150 of costs off bills.

The price cap takes account of several other factors too, the single largest of which is the wholesale cost of energy, set by global markets.

Other costs include those needed for upgrading our electricity network by strengthening and modernising the grid, to power our economy and keep Britain's lights on.

That is why taken together, the price cap for the typical dual fuel household will fall by £117.

<https://www.gov.uk/government/news/your-energy-bill-from-april-whats-changing>