Fuel Poverty Scenario Modelling based on Ofgem Energy Price Caps – up to January to March 2026

Introduction

Official statistics for fuel poverty in Scotland are produced annually through the Scottish Household Condition Survey. However, since the survey is carried out on an annual basis, and due to high energy prices, there is interest in how changes to Ofgem energy price caps for gas and electricity have affected the fuel poverty rate in between the surveys. To ascertain this, scenario modelling was undertaken using the achieved sample from the 2023 Scottish House Condition Survey (SHCS) to model fuel poverty rates under the Ofgem energy price cap.

The Ofgem energy price cap sets the maximum unit price per kWh and the maximum daily standing charge energy suppliers can charge consumers for gas and electricity[1]. This varies by energy supply region, payment method and type of electric meter (e.g. standard or economy 7)[2]. Table 1 shows how GB averages of these have varied over time.

Table 1: Maximum unit prices and standing charges under the Ofgem energy price cap for a household paying by direct debit (GB average)

Period	Gas unit charge (pence per kWh)	Gas standing charge (pence per day)	Electricity unit charge (pence per kWh)	Electricity standing charge (pence per day)
2019 (weighted average)	3.9	26.4	17.9	23.3
2022 (weighted average)	7.3	27.4	27.7	42.1
2023 (weighted average)	8.8	29.2	30.9	53.1
2024 average	6.3	31.0	24.9	58.6
Jan to Mar 2025	6.3	31.7	24.9	61.0
Apr to Jun 2025	7.0	32.7	27.0	53.8
Jul to Sept 2025	6.3	29.8	25.7	51.4
Oct to Dec 25	6.3	34.0	26.3	53.7
Jan to Mar 26	5.9	35.1	27.7	54.7
% change for latest period *(based on*	-5.6%	3.1%	5.1%	2.0%

[1] Price cap charges are inclusive of all costs associated with energy bills such as the £28 fee levied to recover debt owed to suppliers and not just the cost of energy. For a full list of these charges see Energy price cap | Ofgem

[2] This analysis uses the GB average price data as these are the figures communicated to consumers by Ofgem. In practice energy pricing for Scotland comprises two regions Scotland South, and Scotland North. However, regional variation in pricing is already accounted for in the base 2023 SHCS data which is uprated for this analysis.

unrounded figures)				

Note: The weighted average prices for 2022 and 2023 reflect rates paid by households under the Energy Price Guarantee (EPG) and not the price cap at the time.

Although prices are set at the unit and standing rate level the price cap is communicated to consumers through Typical Domestic Consumption Values (TDCVs)[3]. Table 2 shows the TDCVs for previous price cap periods, however, Ofgem introduced new TDCVs from October 2023, on which the headline price caps are now reported.

Therefore, for clarity Table 2 shows actual Ofgem energy price cap (bolded entries), along with equivalent price caps based on the old and new TDCVs.

Table 2: Actual Ofgem's energy price cap (bolded entries) and equivalents based on old and new TDCVs GB average [4]

Period	Price cap (£) based on the new TDCVs	Price cap (£) based on the previous TDCVs
2019 (weighted average)	1,115	**1,170**
2022 (weighted average)	1,837	**1,930**
2023 (weighted average)	2,202	**2,249**
Oct to Dec 2022	2,380	**2,500**
Jan to Mar 2023	2,380	**2,500**
Apr to Jun 2023	2,380	**2,500**
Jul to Sep 2023	1,975	**2,074**
Oct to Dec 2023	**1,834**	1,923
Jan to Mar 2024	**1,928**	2,023
Apr to Jun 2024	**1,690**	1,770
Jul to Sep 2024	**1,568**	1,640
Oct to Dec 2024	**1,717**	1,797
Jan to Mar 2025	**1,738**	1,819
Apr to Jun 2025	**1,849**	1,938
Jul to Sept 2025	**1,720**	1,803
Oct to Dec 2025	**1,755**	1,839
Jan to Mar 2026	**1,758**	1,843

The measurement of fuel poverty includes calculating the amount of energy that households require to heat their homes to meet the heating regimes set out in the fuel poverty legislation. Therefore, this will largely not be affected by changes in Ofgem TDCVs, as the fuel poverty definition is based on how much energy is required and not on how much is used.

[3] TDCV's are industry standard values for the annual gas and electricity usage of a typical domestic consumer.
[4] Prior to October 2023 the TDCV used was 12,000 KWH gas and 2,900 KWH electricity for the typical dual fuel household. From October 2023 this was reduced and the new TDCV is 11,500 KWH gas and 2,700 KWH electricity for the typical dual fuel household. Decision for Typical Domestic Consumption Values 2023 | Ofgem

Methodology

This analysis is based on data from the achieved sample of the 2023 Scottish House Condition Survey.

In order to model estimated fuel poverty rates under the current price cap we have uprated the modelled household fuel bills from the 2023 SHCS in line with changes in the price cap since 2023. For example, for the current price cap period we applied a decrease of 18% to household bills based on the difference between the current price cap £1,843 (based on the old TDCVs), and the 2023 average of £2,249. Previous versions also account for cost of living support that was available during the price cap period as set out in Table 11 in Annex A. These support payments were incorporated into household incomes and used in the fuel poverty calculation but only for the time period that they were applicable for. Using the new modelled fuel bills the fuel poverty calculation was rerun and a new fuel poverty rate was produced.

We have not accounted for any other changes in household income, housing costs or the energy efficiency of dwellings since the 2023 survey. Our rationale for this has been that any changes in these would be small in comparison to changes in energy prices. An update of these factors will be available when results from the 2024 SHCS are available, with publication scheduled for February 2025.

To note all energy bills in this analysis have been uprated by the percentage change between the price cap and the weighted average 2023 bill. As such this means the increase has been applied where a household relies on fuels such as oil, LPG, solid or other fuel types which are not covered by the price cap, as well as to those where gas or electricity is the main heating fuel. As such this analysis assumes that the price for all other fuel types follows the same trend as the price cap. However, the actual price trend for these fuels may differ.

Findings

We estimate that from January to March 2026 there will be around 830,000 fuel poor households in Scotland – 33% of all households. This is an increase of less than 10,000 households from estimates for October to December 2025, which when rounded to the nearest 10,000 show the same estimates as the previous period.

Furthermore, from January to March 2026 we estimate that 51% of all fuel poor households will be in extreme fuel poverty. This means that around 430,000 households will be in extreme fuel poverty – 17% of all households.

This is an increase of around 10,000 households in extreme fuel poverty compared to estimates for October to December 2025.

These estimates are summarised in the figures below.

Figure 1: Fuel poverty timeseries from October 2022

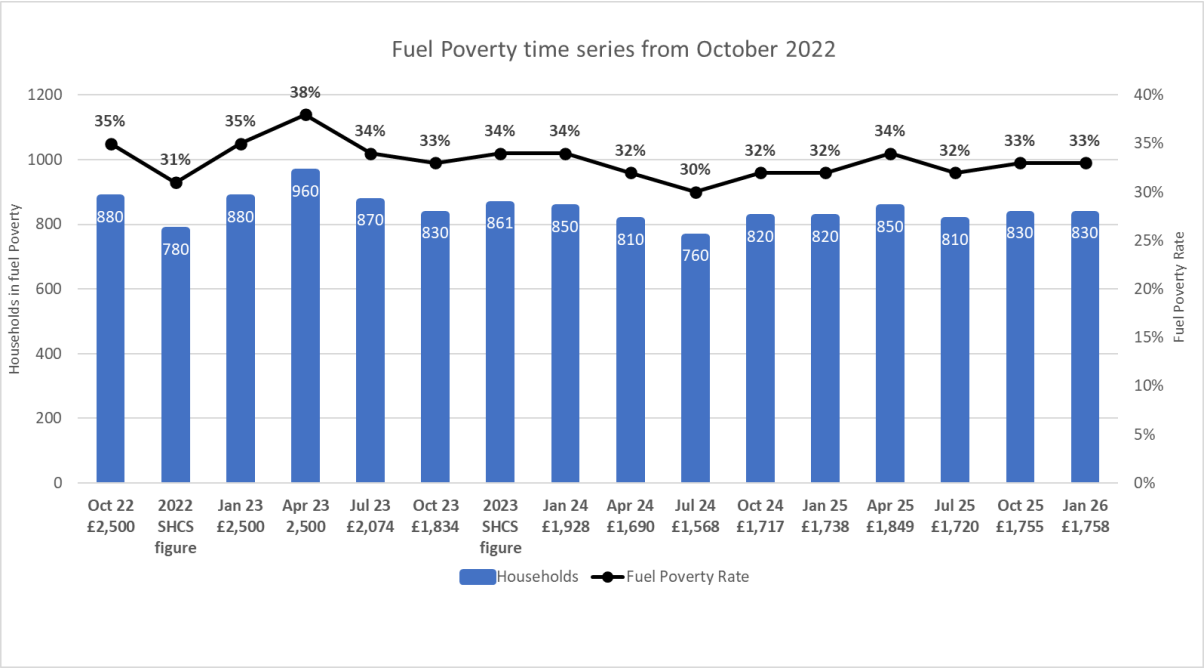
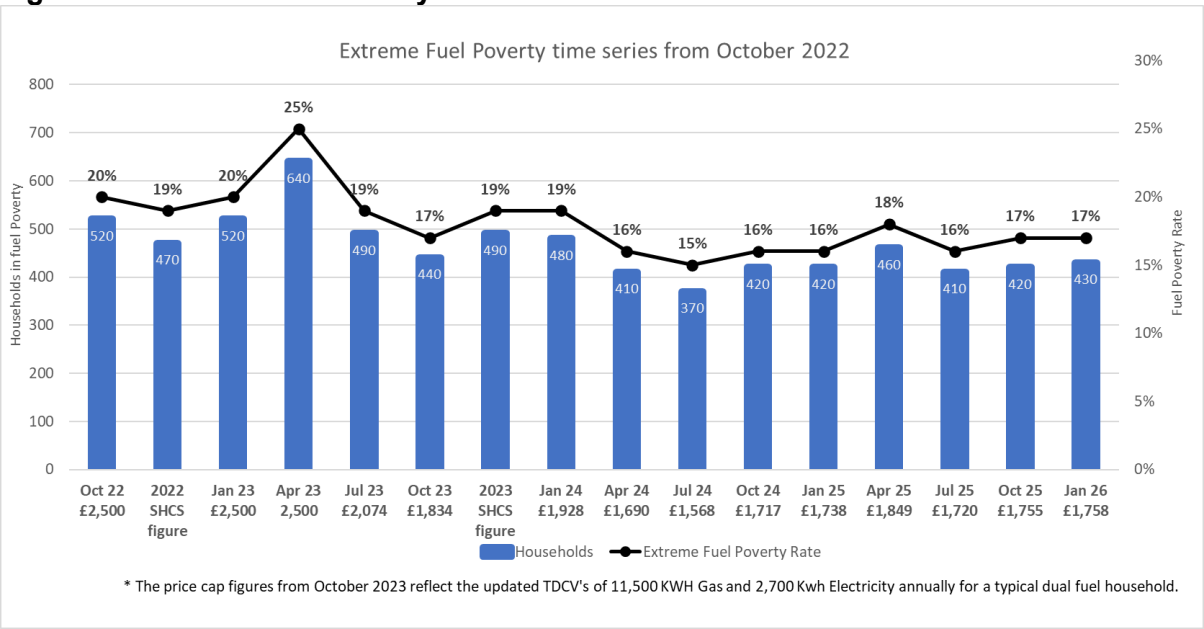


Figure 2: Extreme Fuel Poverty time series from October 2022



In addition to the national estimates presented in Figure 1 and Figure 2, there will be interest in how fuel poverty rates and levels vary by household tenure.

From January to March 2026, we estimate that 41% of households in the private rented sector will be in fuel poverty and 59% of households in the social rented sector will be in fuel poverty. Both are similar to estimates for the October to December 2025 price cap period. From January to March 2026, we estimate that 20% of owner-occupied households will be in fuel poverty, a similar rate to October to December 2025 levels.

Tables 3 to 10 in Annex A summarise our estimates of fuel poverty and extreme fuel poverty rates and levels by urban/rural classification and household tenure and show how these have changed over time.

It is worth noting that although the Energy Price Guarantee (EPG) was set at £2,500 from October 2022 to June 2023, during October 2022 to March 2023 all households received the £400 Energy Bills Support Scheme.

It should also be observed that from April 2024 all cost of living payments included in the modelling had reached their end[5] and therefore are no longer being added to household income. Annual cost of living payments ending by the end of March 2024, include £900 for households on means tested benefits, £300 for pensioners and £150 for people on disability benefits. This helps explain why fuel poverty levels have remained broadly similar to the 2023 overall rate of 34%, despite a 18% (or £410) drop in the price cap from an average of £2,249 in 2023 to £1,839 in Oct-Dec 2025 (both based on the old TDCVs).

Notes

These estimates are based on Scotland's statutory definition of fuel poverty. Under this definition a household is in fuel poverty if:

- in order to maintain a satisfactory heating regime, total fuel costs necessary for the home are more than 10% of the household's adjusted (i.e. after housing costs) net income (and more than 20% in the case of extreme fuel poverty); and

- if, after deducting those fuel costs, benefits received for a care need or disability and childcare costs, the household's remaining adjusted net income is insufficient to maintain an acceptable standard of living.

Under this definition, a household's adjusted after housing costs net income is net of income tax, national insurance contributions, mortgage or rent payments, council tax, water and sewerage charges.

The remaining adjusted net income must be at least 90% of the UK Minimum Income Standard to be considered an acceptable standard of living, with an additional amount added for households in remote rural, remote small town and island areas. As calculated in "The cost of remoteness: reflecting higher living costs in remote rural Scotland 2023 update"[6], 90% of the UK MIS[7] ranged from between £10,320 for a single pensioner to £35,100 for a couple with two children[8], while in RRRSTI areas

[5] See table 11 for a list of COL payments, their values, and when they were included in the modelling.
[6] The cost of remoteness: reflecting higher living costs in remote rural Scotland when measuring fuel poverty - gov.scot (www.gov.scot)
[7] MIS values used in the fuel poverty calculation exclude fuel costs, childcare, rent, council tax and water.
[8] The 2023 UK MIS value for a couple with children ranges from £25,920 to £53,470 based on the age and number of children in the household. For this analysis a midpoint value of £39,000 was chosen which represents a couple with three primary school aged children (aged 5-11 inclusive).

it ranged from between £12,900 for a single pensioner and £40,100 for a couple with children to reflect the higher cost of living.

It should be noted that fuel poverty rates are calculated based on modelled fuel bills which represent the amount we estimate a household would need to spend on fuel to heat their home to the required temperatures for the required number of hours, as set out in The Fuel Poverty (Enhanced Heating) (Scotland) Regulations 2020.

This will differ from a household's actual energy use which will vary due to household circumstances and preferences.

Furthermore, the price cap sets the maximum charge for units of energy and standing charges not overall bills. Therefore, where a household's modelled usage exceeds the TDVC of 11,500 KWH gas and 2,700 KWH electricity their bill will be greater than the communicated price cap figure.

In this analysis we have assumed that the unit prices and standing charges for gas and electricity have increased or decreased in line with the announced OFGEM price cap each time it is published. However, in the case of the Ofgem price cap, increases will apply only to those households on standard variable tariffs. Survey data cannot distinguish between those households on fixed tariffs and those on standard variable tariffs nor do we collect detailed information on the specific tariff individual households are signed up to.

Similarly, increases in modelled gas and electricity bills do not account for variations by region. However, this is accounted for in the underlying data from the 2023 SHCS which uses PES region specific price data.

As such, this analysis assumes the annual energy price is reflective of the current prices used. Therefore, the figures in this analysis under various scenarios should be interpreted as the fuel poverty rates and levels if fuel prices remained at that amount for an entire year.

Annex A

Table 3: Fuel poverty levels (000s) by rural urban classification

Urban/Rural Classification	2022 SHCS	2023 SHCS	Jan to Mar 24	Apr to Jun 24	Jul to Sep 24	Oct to Dec 24	Jan to Mar 25	Apr to Jun 25	Jul to Sep 25	Oct to Dec 25	Jan to Mar 26
Large urban areas	272	317	300	280	270	290	290	300	290	290	290
Other urban areas	246	300	300	280	270	290	290	300	290	290	290
Accessible small towns	88	69	70	60	50	60	60	70	60	60	60
Remote small towns	27	29	40	40	40	40	40	40	40	40	40
Urban Subtotal	633	715	710	660	620	680	680	710	670	690	690
Accessible rural	84	85	80	70	70	80	70	80	70	70	70
Remote rural	63	61	70	60	60	60	60	70	60	60	60
Rural Subtotal	147	146	150	140	130	140	140	140	140	140	140
All	780	861	850	800	760	820	820	850	810	830	830

Table 4: Fuel poverty rates by rural urban classification

Urban/Rural Classification	2022 SHCS	2023 SHCS	Jan to Mar 24	Apr to Jun 24	Jul to Sep 24	Oct to Dec 24	Jan to Mar 25	Apr to Jun 25	Jul to Sep 25	Oct to Dec 25	Jan to Mar 26
Large urban areas	31	33	33	32	30	32	32	34	32	33	33
Other urban areas	28	35	34	32	30	33	33	34	32	33	33
Accessible small towns	34	32	30	25	23	28	27	31	27	28	28
Remote small towns	34	41	43	40	38	41	41	42	41	41	41
Urban Subtotal	30	34	34	31	29	32	32	34	32	32	33
Accessible rural	30	31	29	27	26	28	28	28	28	28	28
Remote rural	47	44	44	43	42	43	43	43	43	43	43
Rural Subtotal	47	35	36	33	31	33	33	33	33	33	33
All	31	34	34	32	30	32	32	34	32	33	33

Table 5: Extreme fuel poverty levels (000's) by rural urban classification

Urban/Rural Classification	2022 SHCS	2023 SHCS	Jan to Mar 24	Apr to Jun 24	Jul to Sep 24	Oct to Dec 24	Jan to Mar 25	Apr to Jun 25	Jul to Sep 25	Oct to Dec 25	Jan to Mar 26
Large urban areas	142	173	160	140	130	140	140	150	140	140	150
Other urban areas	140	160	150	130	120	140	140	150	140	140	140
Accessible small towns	61	40	40	30	30	30	30	40	30	30	30
Remote small towns	17	15	20	20	20	20	20	20	20	20	20
Urban Subtotal	361	389	380	320	290	330	330	360	330	330	340
Accessible rural	54	61	60	50	40	50	50	50	50	50	50
Remote rural	50	41	40	40	30	40	40	40	40	40	40
Rural Subtotal	104	103	100	90	70	90	90	90	90	90	90
All	465	491	480	410	370	420	420	460	410	420	430

Table 6: Extreme fuel poverty rates by rural urban classification

Urban/Rural Classification	2022 SHCS	2023 SHCS	Jan to Mar 24	Apr to Jun 24	Jul to Sep 24	Oct to Dec 24	Jan to Mar 25	Apr to Jun 25	Jul to Sep 25	Oct to Dec 25	Jan to Mar 26
Large urban areas	16	18	18	15	14	16	16	17	16	16	16
Other urban areas	16	19	17	15	14	15	15	17	15	15	16
Accessible small towns	25	19	18	13	12	14	13	17	13	14	14
Remote small towns	23	21	22	19	17	21	21	21	21	21	21
Urban Subtotal	17	18	18	15	14	16	16	17	15	16	16
Accessible rural	20	23	21	18	15	18	18	19	18	18	18
Remote rural	35	30	29	24	22	25	25	27	25	25	26
Rural Subtotal	25	25	24	21	17	21	21	22	20	21	21
All	19	19	19	16	15	16	16	18	16	17	17

Table 7: Fuel poverty levels (000s) by household tenure

Tenure	2022 SHCS	2023 SHCS	Jan to Mar 24	Apr to Jun 24	Jul to Sep 24	Oct to Dec 24	Jan to Mar 25	Apr to Jun 25	Jul to Sep 25	Oct to Dec 25	Jan to Mar 26
Owned outright	278	241	240	230	220	240	230	240	230	240	240
Mortgaged	89	94	90	80	70	80	90	90	80	90	90
Owner Occupied Subtotal	367	336	330	310	290	320	320	330	310	320	320
LA	175	228	230	210	200	220	220	230	220	220	220
HA	114	165	160	160	150	160	160	170	160	160	160
Social Rented Subtotal	289	393	390	370	350	380	380	400	370	380	380
Private Rented	124	132	130	120	120	120	120	130	120	120	120
All	780	861	850	800	760	820	820	850	810	830	830

Table 8: Fuel poverty rates by household tenure

Tenure	2022 SHCS	2023 SHCS	Jan to Mar 24	Apr to Jun 24	Jul to Sep 24	Oct to Dec 24	Jan to Mar 25	Apr to Jun 25	Jul to Sep 25	Oct to Dec 25	Jan to Mar 26
Owned outright	28	25	25	24	23	25	24	25	24	25	25
Mortgaged	14	15	14	13	12	13	13	14	13	14	14
Owner Occupied Subtotal	22	21	21	20	18	20	20	21	20	20	20
LA	48	61	61	57	53	58	58	61	58	59	59
HA	47	60	60	57	54	58	59	61	58	59	59
Social Rented Subtotal	48	61	60	57	54	59	59	61	58	59	59
Private Rented	44	44	43	41	39	41	41	43	41	41	41
All	31	34	34	32	30	32	32	34	32	33	33

Table 9: Extreme fuel poverty levels (000's) by household tenure

Tenure	2022 SHCS	2023 SHCS	Jan to Mar 24	Apr to Jun 24	Jul to Sep 24	Oct to Dec 24	Jan to Mar 25	Apr to Jun 25	Jul to Sep 25	Oct to Dec 25	Jan to Mar 26
Owned outright	190	169	160	140	120	140	140	160	140	140	140
Mortgaged	44	42	40	30	30	30	30	40	30	30	30
Owner Occupied Subtotal	234	211	200	170	150	180	170	190	170	180	180
LA	92	123	120	100	100	110	110	120	110	110	110
HA	66	82	80	70	60	70	70	80	70	70	80
Social Rented Subtotal	157	205	200	180	160	180	180	200	180	180	180
Private Rented	74	75	70	60	50	60	60	70	60	60	60
All	465	491	480	410	370	420	420	460	410	420	430

Table 10: Extreme fuel poverty rates by household tenure

Tenure	2022 SHCS	2023 SHCS	Jan to Mar 24	Apr to Jun 24	Jul to Sep 24	Oct to Dec 24	Jan to Mar 25	Apr to Jun 25	Jul to Sep 25	Oct to Dec 25	Jan to Mar 26
Owned outright	19	18	17	15	13	15	15	17	15	15	15
Mortgaged	7	7	6	5	5	5	5	6	5	5	5
Owner Occupied Subtotal	14	13	13	11	9	11	11	12	11	11	11
LA	25	33	32	28	26	29	29	31	29	29	29
HA	27	30	30	27	23	27	26	30	26	26	28
Social Rented Subtotal	26	32	31	28	25	28	28	30	27	28	28
Private Rented	26	25	25	19	17	20	20	22	20	20	21
All	19	19	19	16	15	16	16	18	16	17	17

Table 11: Summary of the support for households (mitigations) included in the October 2022 to March 2023 and April to June 2024 scenarios

Mitigation	Included in scenarios for Oct 2022 to Mar 2023	Included in scenarios for April 2023 to Mar 2024	Included in scenarios for Apr 2024 to Dec 2024	Included in scenarios forJan 2025 to present	Eligibility
Energy Bills Support Scheme	Yes (£400)	No	No	No	Universal and received by all households in 2022/23. Not continued in 2023/24.
Alternative Fuel Payments	Yes (£200)	No	No	No	Received by all households using fuels other than gas or electricity to heat their homes in 2022/23. Not continued in 2023/24.
Cost of living payment for households on means tested benefits	Yes (£650)	Yes (£900)	No	No	Received by households on means tested benefits in 2022/23 and 2023/24. Note: the amount will increase to £900 in 2023/24 up from £650 in 2022/23.
Cost of living payment for pensioners	Yes (£300)	Yes (£300)	No	No	Received by pensioner households in 2022/23 and 2023/24. Note: the eligibility criteria changed to become universal in 2023/24, i.e. it will be received by all pensioner households, whereas in 2022/23 it was only received by pensioner households in receipt of the Cold Weather Payment.
Cost of living payment for people on disability benefits	Yes (£150)	Yes (£150)	No	No	Received by people on disability benefits in 2022/23 and 2023/24.
The Scottish Government's Cost of Living Award	Yes (£150)	No	No	No	This £150 Council Tax rebate was received in 2022/23 by households in Council Tax bands A-D or in receipt of Council Tax Reduction benefit. Not continued in 2023/24.
Winter Fuel Payment / Pension Age Winter Heating Payment	Yes (universal £300)	Yes (universal £300) until December 2023 then based on receipt of means tested benefits	Yes based on receipt of means tested benefits either £300, £200, or £100 for eligible	Yes (means-tested) Either £305.10 or £203.40 for eligible households.	The WFP was universal to all pensioner households until 23/24 when it became means tested based on receipt of certain benefits. The criteria remains means tested for 2025/2026 however the criteria has again changed. See Changes to Winter Fuel Payment eligibility rules for a description of the eligibility

		either £300, £200, or £100 for eligible households	households		criteria for 2024/2025 and Pension Age Winter Heating Payment for the 2025/2026 criteria