

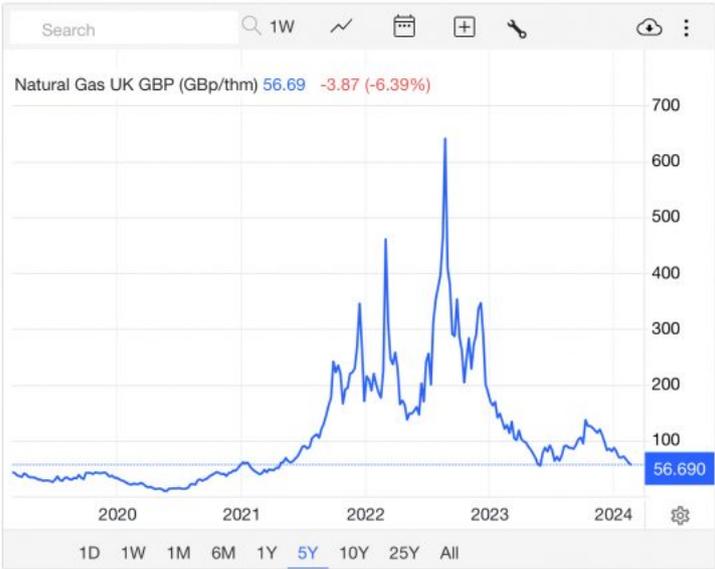
# Funding the Future

## The energy price cap should, taking raw material costs ...

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Much fuss is [being made this morning](#) about the fact that the UK energy price cap is being reduced by approximately 12% to £1,690 per annum for a typical dual-fuel household. This will save approximately £200 a year for those households. The trouble is that the remaining price is totally exorbitant.

UK gas prices [have moved as follows](#) over the last five years:



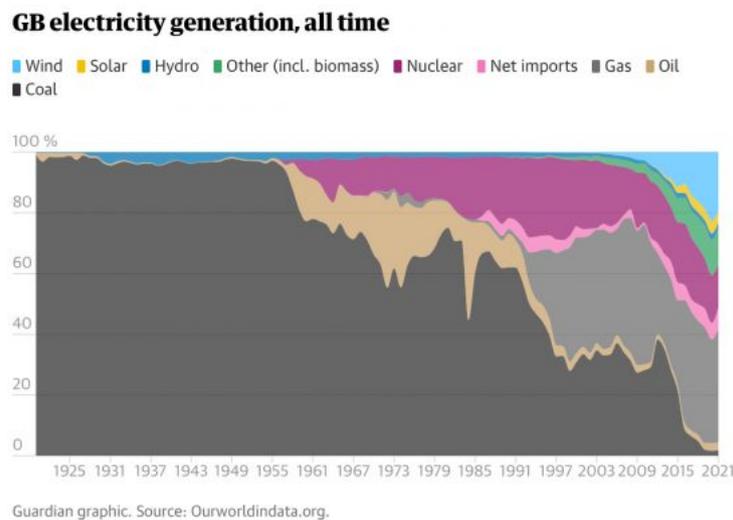
You will note that the price is now back to levels last seen in 2021. You will also note the trend in those prices, which is that they are still moving downward.

This table indicates [movements in the UK household energy price cap](#) over the last five years:

electricityprices.org.uk	
Cap period start	Cap Rate
January 2019	£1,137
April 2019	£1,254
October 2019	£1,179
April 2020	£1,126

What is very clear is that when UK gas prices were last at their current levels, the energy price cap was around £1200 per annum.

This [chart from the Guardian](#) shows the make-up of the energy used to generate UK electricity. The prices of solar, wind, nuclear and coal have not changed in any significant way since 2021, excepting the need to pay higher wages. Gas is back to where it was.



What this evidence makes clear is that excepting the impact of inflation on wages, which is an inevitable catch-up consequence of general price rises, there is no other reason for a change in the UK energy price cap between 2021 and the present moment.

The [Bank of England suggests](#) that £11.79 now is worth what £10 was in 2021. Let's assume that this would be a fair rate of price inflation for energy as a result (ignoring the fact that the sector's raw material costs do not justify any price increase). Applying this to the energy price cap that existed during 2021 would suggest that an energy price cap of about £1,400, or thereabouts, at present. That is all that inflation could possibly demand. We are, however, going to get an energy price cap of £1,690 per annum.

So, the question is, who gets the extra £290 a year, or thereabouts?

There is, of course, only one answer: it is the energy companies, who will take it straight to their bottom line profits.

If you want to know why the UK economy remains a mess and why we are still suffering inflation, it is precisely because we are being exploited by large companies who are exploiting the uncertain economic environment that the Bank of England has deliberately created to extract profit from us all, and wholly unnecessarily. Despite that, the Bank of England is still claiming that it is wage rises that are troubling them.

They really should stop talking nonsense and turn their fire on the true agents of inflation in the UK economy, which are our large companies who are imposing price increases of way above the current rate of inflation. Then we might see some economic justice for a change.