

# The rise in global gas prices is being passed on disproportionately to the poor by utility companies

Aug 17 2011

In this short comment, [Tim Leunig](#) explains why the recent rise in gas prices will affect the poorest the most.

Global gas prices are going up, and prices for UK consumers are going up too. [Gas suppliers are raising prices by around 18-20%](#).

Consumer price rises are inevitable when the wholesale price goes up. But my supplier, E.ON, has structured its price rises to hit the poor more than the rich. They are doing this by raising the cost of gas much more for small users than large users.



They have raised the price of the first 2680 kWh by 46%, but the price of additional units by only 15%. This means that the poor – and the green – will see much bigger rises in their bills.

Annual current gas bill	Price rise
£140 or less	46%
£250	33%
£500	24%
£750	21%
£1000	19%

*Notes:* These figures relate to E.ON SaveOnline 4

Prices in pence /kWh are rising from 5.304/2.94 to 7.75/3.372 for the first and subsequent 2680 kWh.

The pattern is similar for electricity – those who use more than £1000 worth of electricity a year will see prices rises by only half as much as those who use small amounts.

Of course, people can swap suppliers. But E.ON's behaviour makes it look as though they think poorer customers – who may be less well informed, and have worse access to the internet – are less likely to swap. E.ON appear to think that these people are trapped and have decided to exploit them. This is not acceptable.

The competition authorities need to see whether this approach is widespread, and clamp down on it if it is. And in the interim, politicians should use the bully pulpit to shame companies who behave like this.