

British Gas Indicates Heavy Hikes

Domestic gas expenditure could increase by as much as 60 per cent in the next two years, British Gas owner Centrica has warned.

July 21, 2008 (FPRC) -- A new report commissioned by the energy giant has asserted that substantial hikes are likely as North Sea reserves dwindle Britain's total gas production falls. The group warned that with the country becoming a net importer of the natural resource, rates will be at a greater exposure to fluctuations in energy prices. As such, Eclipse Energy Group, which carried out the study, said that as oil prices soar, it is likely that there will be a substantial knock-on effect for wholesale - and hence domestic - costs of gas.

For those who are already struggling to keep up with energy expenditure and have fallen behind with payments, taking out a debt consolidation loan may prove an effective way to manage money in a gloomy financial environment. In opting for this type of loan, people may find they are able to spread their monthly spending commitments over a longer period of time, thereby leaving them with a more manageable budget.

Indeed, spreading out such payments may become necessary for a growing number of people as the effect of dwindling domestic gas reserves makes itself felt. The group warned that with oil trading at record highs, domestic prices for gas could increase from 90 pounds per therm at present to 140 pounds per therm in the future. As such, Centrica indicated that the average household's fuel bill could rise from 600 pounds per annum to in excess of 1,000 pounds.

With such a scenario seeming increasingly likely, the company urged consumers to begin considering a future situation in which energy consumption accounts for a substantially larger portion of monthly household budgets. It also called upon the government to enact proposals which will help to alleviate the problems that soaring gas and oil prices will have on domestic users and businesses throughout the country.

However, uSwitch has warned that if prices escalate to this extent, millions of Britons will be plunged into fuel poverty in the coming years.

Commenting on the findings of the report, Ann Robinson, director for consumer policy for the price comparison site, insisted: "The worst has been confirmed. If the predicted level of price hike hits home, it will plunge an extra 2.4 million into fuel poverty, taking the total from 4.5 million to an incredible 6.9 million - a 53 per cent increase. Coupled with the credit crunch and the ongoing battle to make their money go further, consumers should steel themselves for a winter of discontent - the days of cheap energy aren't just over, they now seem to be extinct. I would urge consumers to fix their energy prices now before it's too late."

As well as looking to secure a fixed tariff, struggling consumers may also want to consider taking out a debt consolidation loan in order to reorganise their finances before monthly demands soar even higher. Applying for these type of loans may also be of interest to those consumers who have been unable to keep up with monthly spending commitments as the cost of food soars. According to a recent report by mySupermarket, poor weather conditions and rising oil prices have pushed up prices on an array of basic foodstuffs.

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