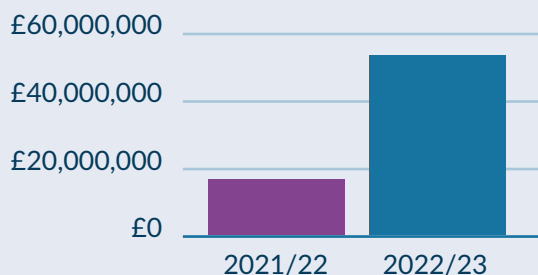


Shetland's Household Energy Situation in Numbers



**Shetland
Islands
Council**



£18,175,912
was the estimated total
energy cost to Shetland
households in winter
(October to March) 2021/22.

This is predicted to be
£56,013,861
for winter 2022/23.



By April 2023,
the average energy cost per
year for a household will be
£10,300 in Shetland
compared to
£5,136 for the UK.



By April 2023,
96% of households
in Shetland could spend
10% of their
household income
on energy costs.

A household would need to earn
£104,000 to stay
out of fuel poverty
in Shetland compared to
£52,000 in the UK.



By April 2023,
75% of households
in Shetland could spend
20% of their
household income
on energy costs.

A household would need to earn
£52,000 to stay out of
extreme fuel poverty
in Shetland compared to
£26,000 in the UK.



By April 2023,
40% of households
in Shetland could spend
40% of their
household income
on energy costs.

Briefing: Impact of Rising Energy Prices in Shetland

There are almost daily predictions from different organisations about the rising price of energy, and the energy price cap.

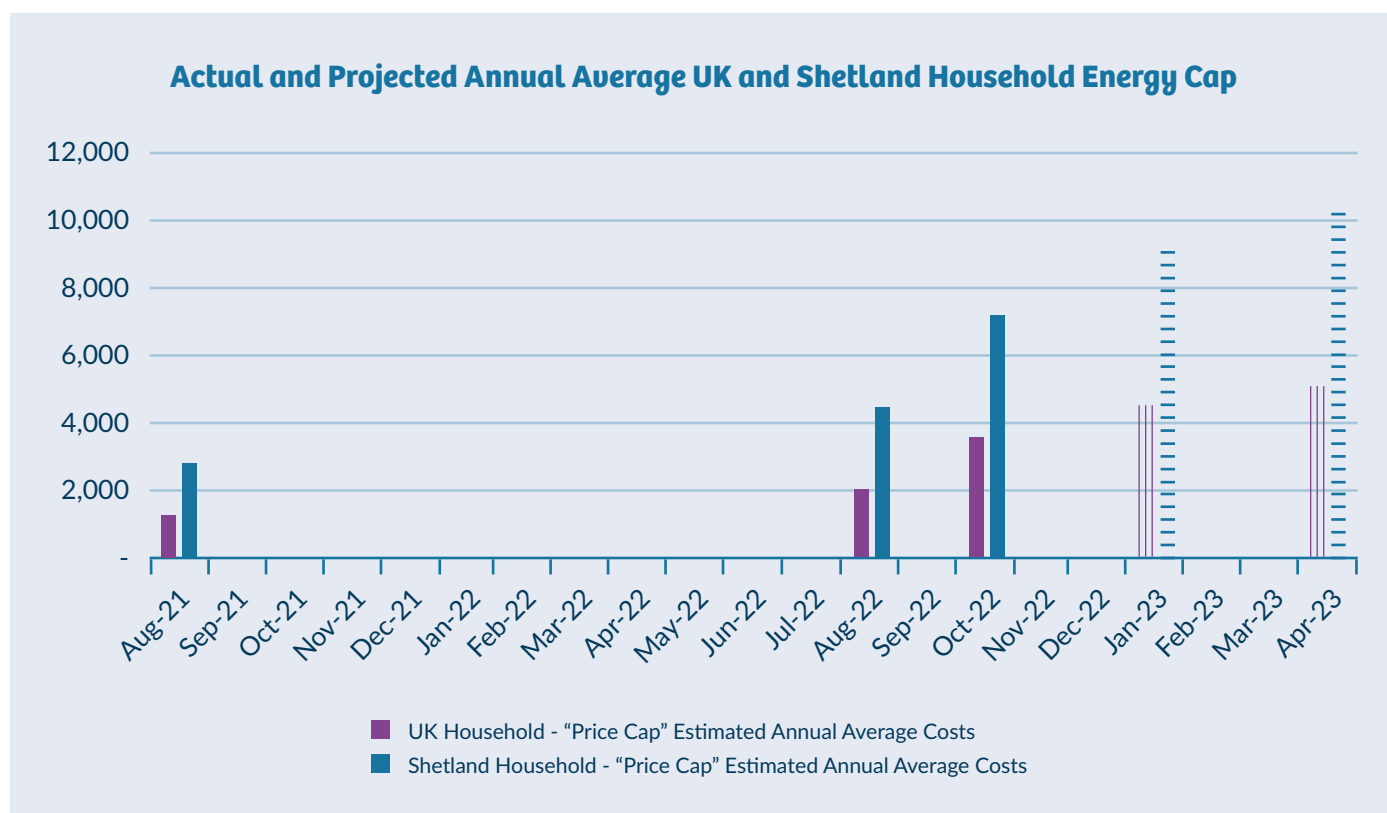
The energy price cap is a cap on the price of gas and electricity in the UK. It depends on how much energy is costing wholesale. It applies to all standard variable tariffs in the UK, but doesn't apply to fixed rate tariffs. It used to be reviewed by Ofgem every 6 months, but will now be reviewed every 3 months.

The price cap sets the rate for electricity and mains gas, per kWh (unit rate), and the standing charge (for connection to the grid). It is the maximum amount a household should pay per unit if they are a 'typical domestic user' on a default tariff. The costs for a household will be higher if: consumption is higher due to a cool and windy climate or poor insulation; they don't have access to mains gas; and/or they have to use electricity or unregulated fuel like heating oil for heating.

These factors are all the case for Shetland, their combined impact means estimated Shetland household energy bills are around double any average UK figure.

Actual and Projected Annual Average UK and Shetland Household Energy Cap

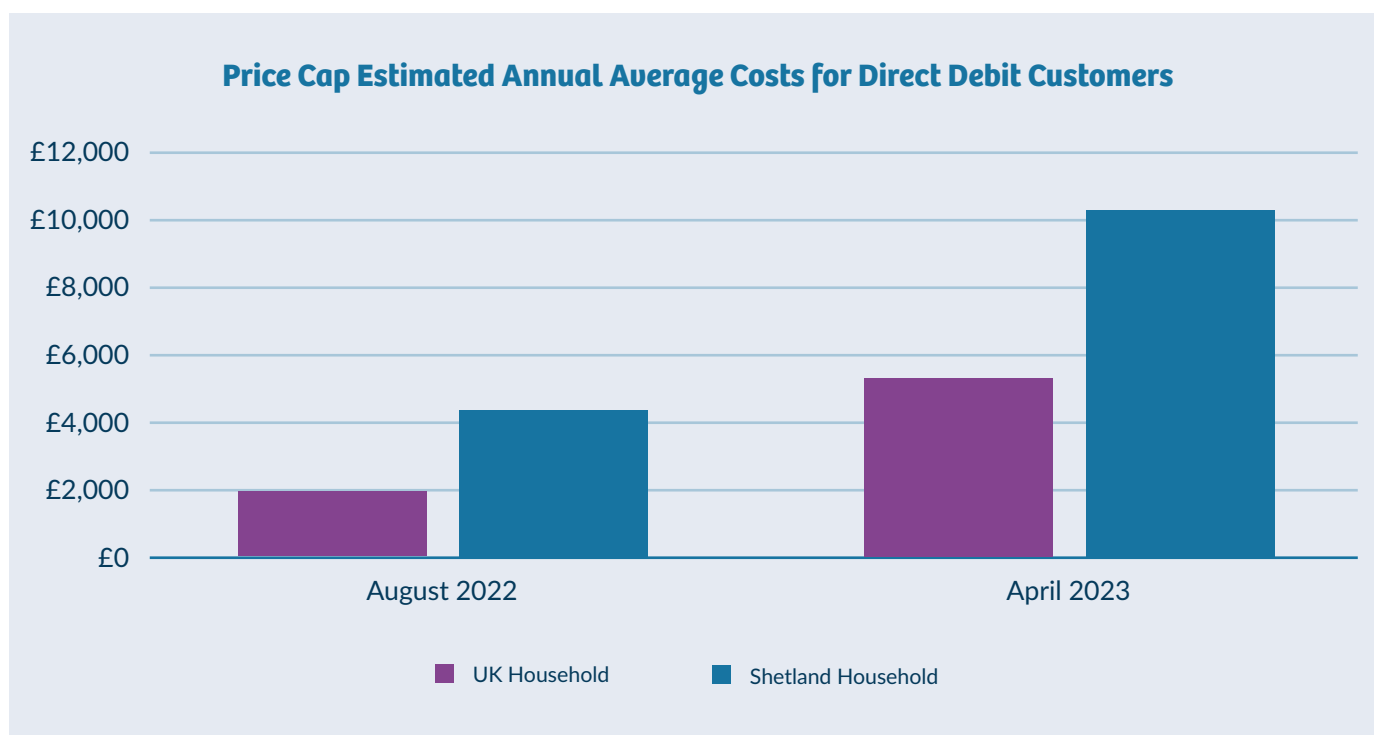
The graph and table below show the actual price cap, up to August 2022, and the projected price cap from October 2022 for an average UK household and Shetland Household¹:



¹ August 21, August 22, October 22 unit costs from previous and current "Price Caps". Projections for possible future "Price Caps" from various analysts and media reporting. Annual average Household energy bill estimates based on UK average energy consumption of 12,426 kWh Mains Gas and 4,142 kWh Electricity. Annual average Household energy bill estimates based on Shetland average energy consumption of 21,071kWh.

Date	UK Household - "Price Cap" Estimated Annual Average Costs	Shetland Household - "Price Cap" Estimated Annual Average Costs
Aug-21	£1,257	£2,729
Aug-22	£2,030	£4,429
Oct-22	£4,018	£7,760
Jan-23	£4,515	£9,061
Apr-23	£5,136	£10,300

The graph below provide a comparison between an average UK household and average Shetland household, annual energy consumption, at 1st August 2022 and projected for 1st April 2023:



Estimated Winter Energy Cost for Shetland

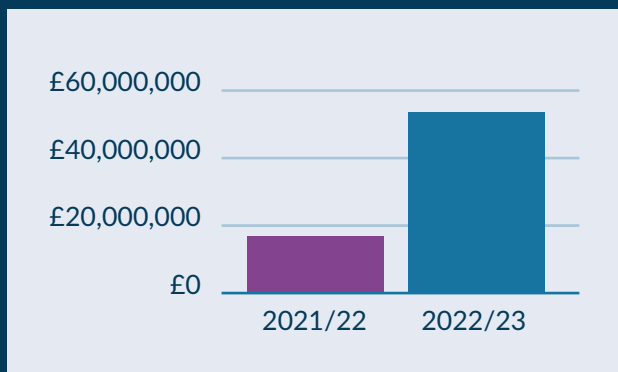
The table below estimates the six month energy cost in Shetland for the winter of 2021/22 and winter of 2022/23, for October to March inclusive, for the approximately 10,000 homes in Shetland²:

Winter: October to March	Total Cost to Shetland Households
2021/22	£18,175,912
2022/23	£56,013,861



By April 2023,
the average energy cost per
year for a household will be
£10,300 in Shetland
compared to
£5,136 for the UK.

² This assumes higher winter consumption of one 3rd of annual energy in each winter quarter and another 3rd across the summer.

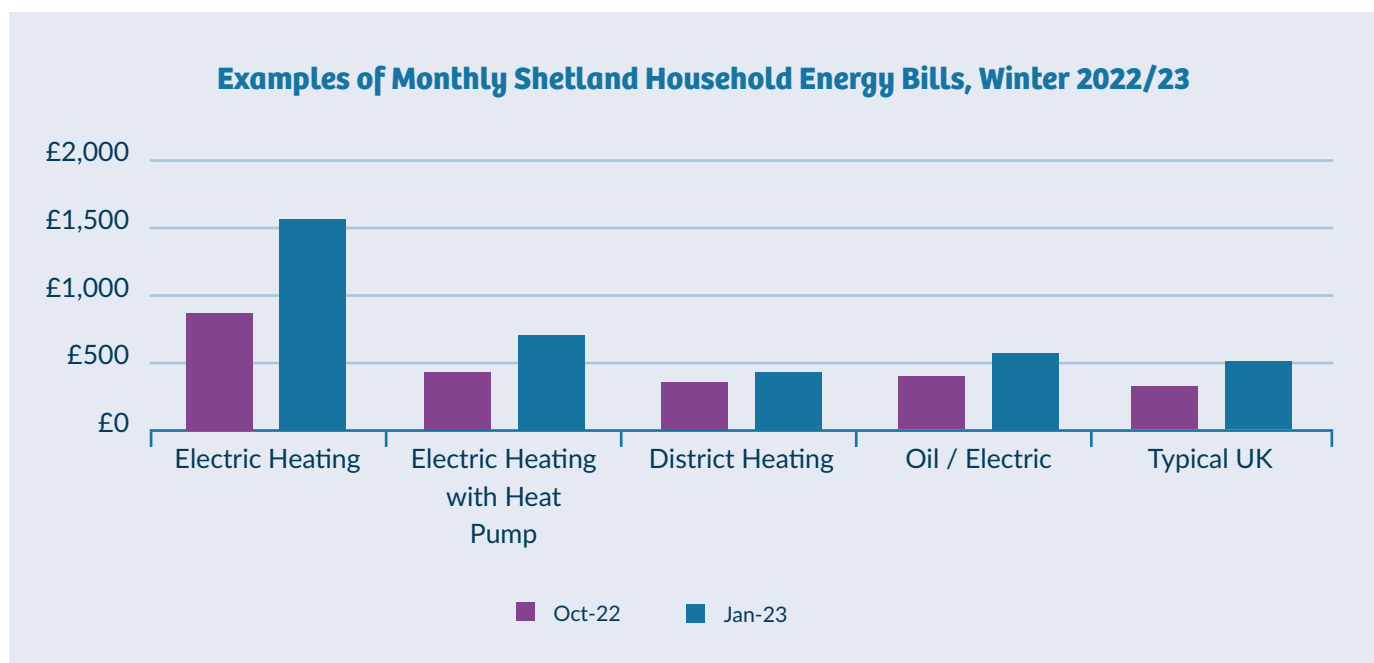


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This is predicted to be
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Examples of Monthly Shetland Household Energy Bills, Winter 2022/23

The graph and table below estimates the monthly household bills for different heat and energy sources in Shetland, compared to UK average.

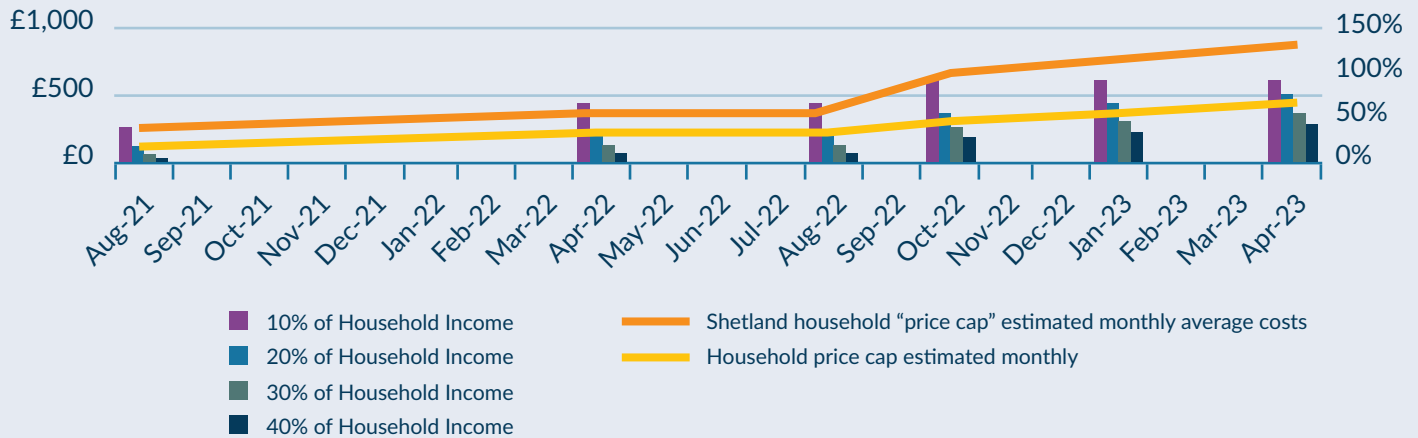


Energy Source(s)	October 2022	January 2023
Electric Heating	£865.84	£1,622
Electric Heating with Heat Pump	£463.47	£689
District Heating	£331.26	£415
Oil / Electric	£398.08	£550
Typical UK	£331.85	£480

Estimate Levels of Fuel Poverty

The following provides information on estimates of fuel poverty in Shetland, from August 2021 through to April 2023³.

Estimate of Percentage of Shetland Households spending 10, 20, 30, 40% of Household Income on Home Energy, alongside energy price cap estimates



This data shows that by Spring 2023 96% of households could spend 10% of their household income on home energy costs; of these 75% will be spending 20%, 54% will be spending 30% and 40% spending 40%.



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³ This uses PayCheck data for Shetland households in bands of £10,000; the latest data available is 2019, with the pandemic making it difficult to estimate household income in 2022. Some estimation has been required.