

Buying domestic heating oil

Oil is one of the most expensive domestic heating fuels. If you are in an off-gas area what can you do to reduce your heating costs?

The heating oil market

Though the **wholesale** price of oil fluctuates due to global events (including the current global output of oil and the relative value of certain currencies), the price you pay **locally** is almost entirely affected by supply and demand. You pay what suppliers think they can charge you based on the time of year and other factors.

Many apparently independent suppliers of domestic heating oil are actually part of larger supply groups. Even where genuinely independent local suppliers do exist they can choose to respect each other's geographical boundaries. This all adds up to a market that is not as competitive as it might be.* There are also some practical limitations, such as access for the delivery vehicle, which affect the ability of some suppliers to take you on as a customer.

How to get cheaper heating fuel

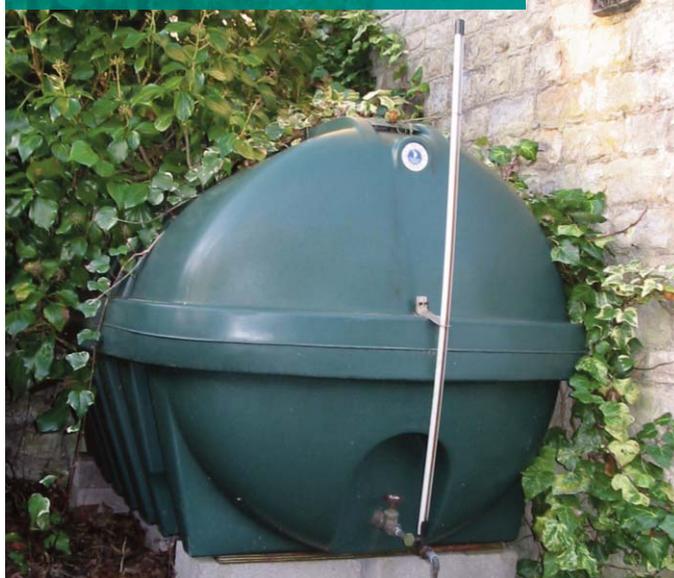
There are independent websites that you can use to track the price of oil and try to find a better price; two examples are www.boilerjuice.com and www.fueltool.co.uk. As with gas and electricity suppliers, new customers tend to get a better price than long-standing ones. So if you have always been with the same oil supplier it is worth having a look around to see if you can get a better deal.

If you live in an area or community with many households dependent on oil for heating then you could consider joining – or even starting – an oil buying group to negotiate a better price through bulk purchasing.

Citizens Advice provide some guidance on setting up an oil-buying club, including a best practice guide here: www.bit.ly/1xF3IDE. Alternatively you can search for an oil buying club near you using the Citizens Advice search tool: www.bit.ly/1rVdl2D

* If you are interested in finding out more about how the domestic heating oil market works the All Party Parliamentary Group (APPG) on Off-Gas Grid, the Office of Fair Trading (OFT) and Consumer Futures have all published independent reports and studies.

If you can afford to bulk buy domestic heating oil in the summer when demand is lower, you may save money



Photos | this side, CSE, overleaf, istock.com/atom1, istock.com/zoomstudio

A typical saving for members of oil buying clubs is in the region of £120 per year but you could potentially save even more than that depending on the amount of oil you use and the current price that you are paying.

The local price of heating oil does vary seasonally, so if you can afford to, and have a suitably-sized, secure and safe storage facility, then it's possible to bulk buy during the summer months when prices are lower. Bear in mind you would then have a large amount of a valuable commodity sitting at the end of your garden and domestic fuel tanks are a target for thieves.

Tips for oil tank security

Locking out the thieves is a good start. Make sure garden gates are locked and that the tank itself is either enclosed in a locked space like a cage or outbuilding or that the filler cap and dispensing nozzle have locks – or both. Think about whether it is possible to locate the tank in a place that is not

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visible from the road but is overlooked by a window or neighbouring property. If the oil tank is out in the open you can make it harder to get at by planting prickly shrubs and bushes like roses and blackthorns around it.

Investing in a bit of technology could help avoid a costly loss of fuel. Fuel tanks can be fitted with an alarm which is triggered by a gauge that detects sudden drops in oil level. You could also fit a motion sensitive security light to illuminate the area around the tank or even install CCTV.

Be particularly vigilant just after a delivery (thieves have been known to follow oil delivery vehicles to identify where a tank has just been filled). Sign up for oil theft alerts with Oil Theft Watch www.oiltheftwatch.org. This will let you know if there have been any recent thefts in your area. Make sure you are insured. Replacing the fuel and a damaged tank will cost hundreds of pounds. And never tackle a criminal on your property – call the police instead.

What about alternatives to oil?

If your oil-fired boiler is getting old or unreliable then you will significantly reduce your running costs with a new high-efficiency condensing model. Upgrading to a condensing boiler would make a typical annual saving of around £350 on the heating oil bill for a semi-detached property. Replacing a G-rated boiler (less than 70% efficient) with an A-rated boiler (usually 90% + efficient) could make an annual bill saving of over £700 for a detached house.

You might want to consider moving off oil altogether. Many people in rural areas will find that they have a local, reliable source of wood fuel (logs, chips or pellets) which could be used in a wood burning central heating system. If you have a very well-insulated home and some land then a ground source heat pump could be an option. Or how about getting some of your water heating needs taken care of by the sun? If your roof is south facing and unshaded, a solar thermal system (pictured) can offset as much as half the annual cost of heating domestic hot water.



All of these technologies qualify for a tariff payment for the units of heat they produce through the Renewable Heat Incentive. You can find out more about all of these technologies and incentives in the renewable energy section of our website and related factsheets.

Alternatively, have you investigated whether you could get connected to mains gas? A modern high-efficiency gas condensing boiler will be significantly cheaper to run than its oil-fired equivalent due to the relative cost of mains gas as compared to oil. If you live Wales or the south west of England and you or your partner are aged over 70 or receive a qualifying income related or disability benefit then you could receive a grant of up to £2,778 + VAT to get your home connected to mains gas by Wales & West Utilities. Visit the Integrated Energy Services website for details (www.ieservices.org.uk/services/gas-service-connections).

Finally, don't forget that the best way to reduce your heating costs is to reduce the amount of fuel you use. And the best way to do that is by reducing the rate of heat loss from your home by insulating the walls and the loft. Through the Energy Company Obligation grant funding is often available, not only towards the cost of insulating lofts and cavity walls but also towards the cost of insulating solid walled properties (which are particularly common in off-gas areas) and in some case for replacing old, inefficient boilers.



Further information

Industry trade associations the Oil Firing Technical Association (OFTEC) and FPS Ltd have come together to provide advice to heating oil customers through their Oilsave website www.oilsave.org.uk

OFTEC also produce a range of guides for domestic heating oil users which can be downloaded free from www.oftec.org/consumers/consumer-home-guides

Figures correct as of November 2014



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The Centre for Sustainable Energy is a national charity that helps people change the way they think and act on energy.

Our Home Energy Team offers free advice on domestic energy use to people in Bristol, Somerset, Wiltshire, South Glos and Dorset.

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