

## Octopus agile tariffs 2023

Agile Octopus tariff is an electricity time-of-use tariff where the rate that is paid per kilowatt-hour (kWh) of energy used varies by time of the day. There are two types of time-of-use tariff (we consider Agile to be Dynamic):

Because Agile prices reflect the cost of electricity to energy suppliers (wholesale prices), the price is much higher during peak hours (4pm to 7pm). Octopus introduce an artificial rate uplift during these hours of between 10 and 12 p/kWh, not only reflecting the increased procurement costs in the wholesale market, but also to disincentivise consumption over the peak period. Likewise, prices will tend to be higher during winter when demand is greater. Prices will however follow prevailing market conditions, so will go up more rapidly, and also fall more rapidly when prices come down. For more information from Octopus, see these pages:

Time-of-use tariffs are generally best for households who:

With those caveats in mind, Agile prices are competitive right now and can be a good option if a household is happy with assuming some risk future price rises. Additionally, from January 2024 the Agile tariff is returning to a 12 month fixed-term tariff in order to more easily comply with regulations that resulted in "unworkable complexity" when under a variable tariff designation. As such, Agile is unlikely to be bound by the Ofgem price cap as it has been recently, and it will be much harder to "game" the system by switching between Agile and their standard variable tariff during the winter months to avoid the higher seasonal prices. It's therefore also important to consider any exit fees.

The chart below shows the price in pence per kWh average for each hour of the day (weekdays only). For reference the chart also shows the current average electricity unit rate Ofgem price cap. During the early part of 2023 Agile prices were bounded in line with the Energy Price Guarantee price caps, explaining why peak prices were much lower until April 2023. Without the EPG, Agile rates are capped at 100p/kWh in any half-hour period, although the highest rate recorded so far has been 82.1p/kWh.

Along with other tariff prices, Agile has in the last year seen a decrease in prices to summer (ignoring peak periods in Q1 2023). Unlike standard variable tariffs though, Agile has seen month-on-month decreases reflecting the dynamic nature of the tariff. Off-peak prices for agile have stayed flat through Autumn and start of winter, whilst peak prices have increased to just over 40 p/kWh before dropping back in December.

If we assume a standard consumption profile (based on Elexon profile class 1) and a total annual consumption value equivalent to Ofgem's typical domestic consumption values we can estimate the cost in each month of the year. In the chart below we have taken the monthly cost and created the annual equivalent to enable easier comparison to that quoted for other tariffs. As can be seen from the chart there is considerable variation in the cost, with winter periods being generally more expensive and summer it being cheaper. Remember this



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assumes no switching consumption from an "average" profile.

domestic - energytariff - dynamic - time-of-use - Octopus - price - analysis

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