Media Release: July 29th, 2011

Household Energy Price Index for Europe

July Prices Just Released

Who is paying the most? Who is paying the least?

And where are the prices heading in Europe?

KEY FINDINGS AS OF JULY 2011

European retail energy prices rose in July compared to June after two months of stabilisation. Electricity prices edged up to 107.2 index points from 106.7 last month while natural gas prices rose sharply to 95 index points from 93.5 last month. Residential energy prices tend to be revised quarterly or semi annually. July and January are therefore interesting months where not only the energy component of the end-user price is revised, but also in a number of cities the different elements making up the distribution price as well as various taxes. The latter elements (distribution and taxes) explain most of this month's electricity price increases. For instance, distribution prices in Helsinki went up from €39.96 per year and c€ 2.95 per kWh to €44.88 per year and c€ 3.11 per kWh. In France, a social tax on electricity increased by 1.7% and finally in Italy, the end-user price increase is explained by raising distribution prices. The situation is different for natural gas. The rising energy price component (the cost of natural gas) explains most of this

In This Month's Edition

month's increase in a number of cities.

On a longer horizon, the index shows that residential electricity prices steadily decreased over the first half of 2009 and reached a trough at 95.6 index points in June of that year. Prices started to recover in H2 2009 together with the first pickup in economic activity and a general feeling that the worst of the economic crisis was behind us. The index has been rising nonstop until recently. The economic downturn which impacted energy demand and wholesale prices in 2009 is much more visible in the development of residential gas prices. The price index dropped significantly in 2009 and reached its lowest value only in December at 80.3 index points (six months after the electricity price index). Retail prices started to recover in December 2009 – January 2010 when a cold wave hit many parts of Europe. The index is slowly but steadily retracing to its January 2009 level.

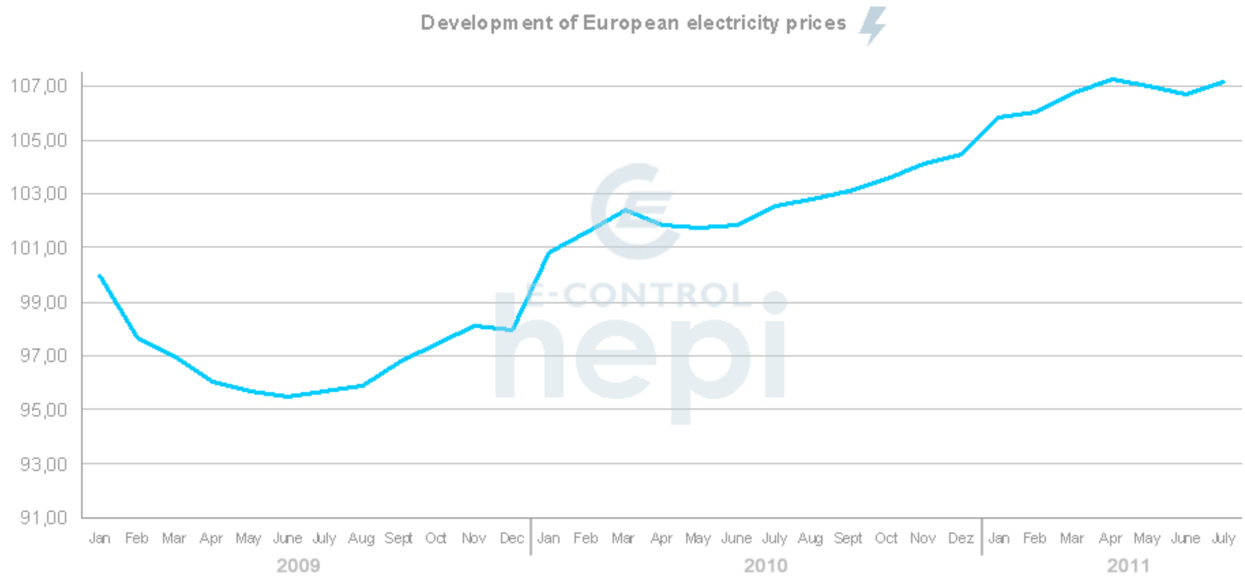
The "Total Price Rankings" table shows that depending on where a customer lives in Europe, the price that customer has to pay can vary by almost 140% per kWh of electricity and by a staggering 380% per kWh of gas. Household customers in Copenhagen pay by far the highest electricity price within the capital cities of the EU-15 (though 55% is made up of taxes), while customers in Athens pay the least. Natural gas household customers in Stockholm pay by far the most within the capital cities of the EU-15 where end-user prices are over 70% higher than in the second most expensive city Copenhagen and close to five times as much as in the British capital city where Londoners enjoy by far the lowest prices. The incredibly high prices in Stockholm can largely be explained by the limited size of the residential market (there are only about 44,000 household gas customers in the whole of Sweden[1]) and the fact that gas heating is almost nonexistent in Sweden.

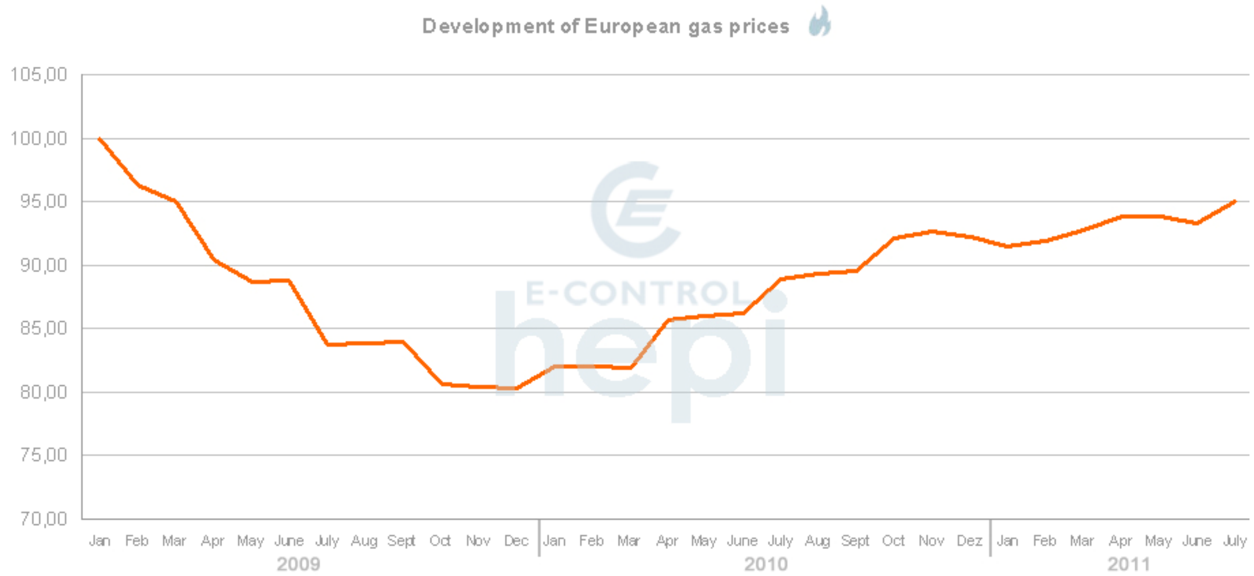
The breakdown of end-user energy prices into four components (energy, distribution, energy taxes and VAT) also shows major variations. Our survey shows that on average, the electricity price component (including retail margins) represents about 45% of the total cost, distribution 30%, energy taxes 12% and VAT 14%, whereas the natural gas price component (including retail margins) represents 53% of the total cost, distribution 24%, energy taxes 9% and VAT 14%. Copenhagen is a very unusual case; the cost of electricity as a commodity represents less than a

[1] The Energy Markets Inspectorate, The Swedish electricity and natural gas markets 2009, June 2010.

fourth of the end-user price, by far the lowest of all surveyed cities, whereas the energy taxes represent an astonishing 35% (about three times the EU-15 average) and 55% if we include VAT. Overall, the results show that market forces represent only about half of the end-user price (both for electricity and gas) whereas national fiscal and regulatory elements are responsible for the other half through distribution tariffs, energy taxes and VAT.

EUROPEAN ENERGY PRICE DEVELOPMENT (EXCLUDING TAXES)



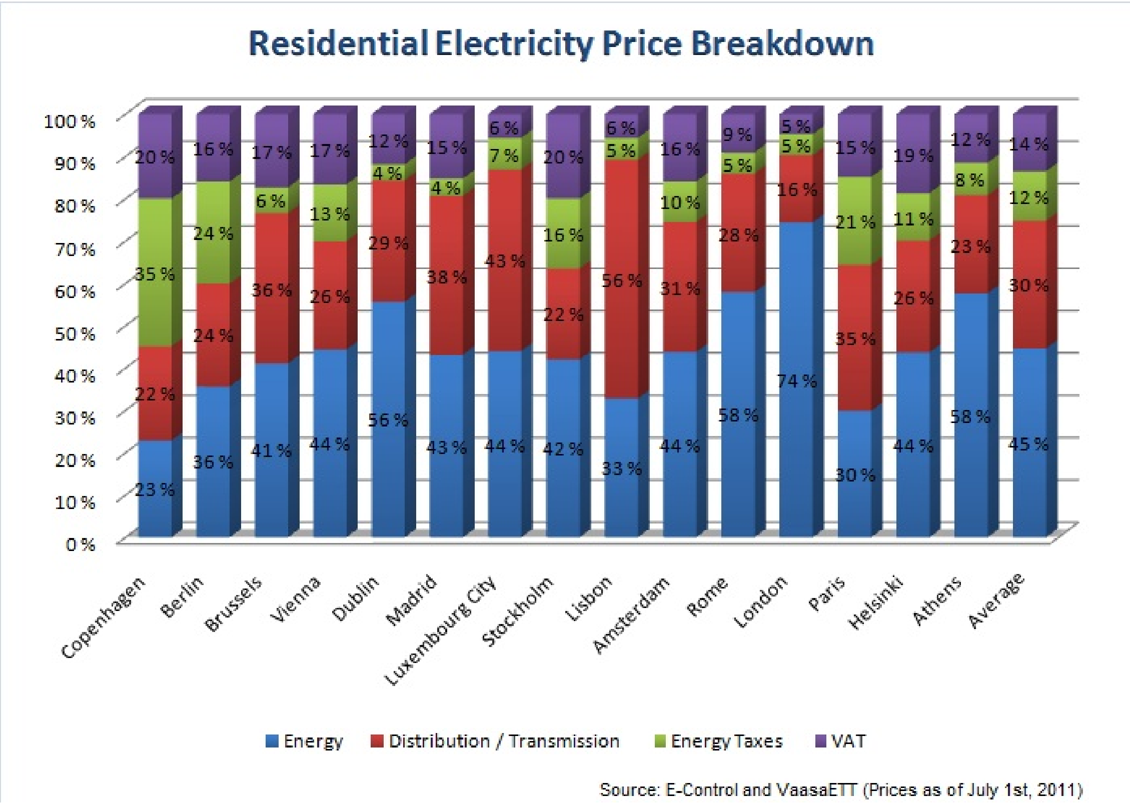


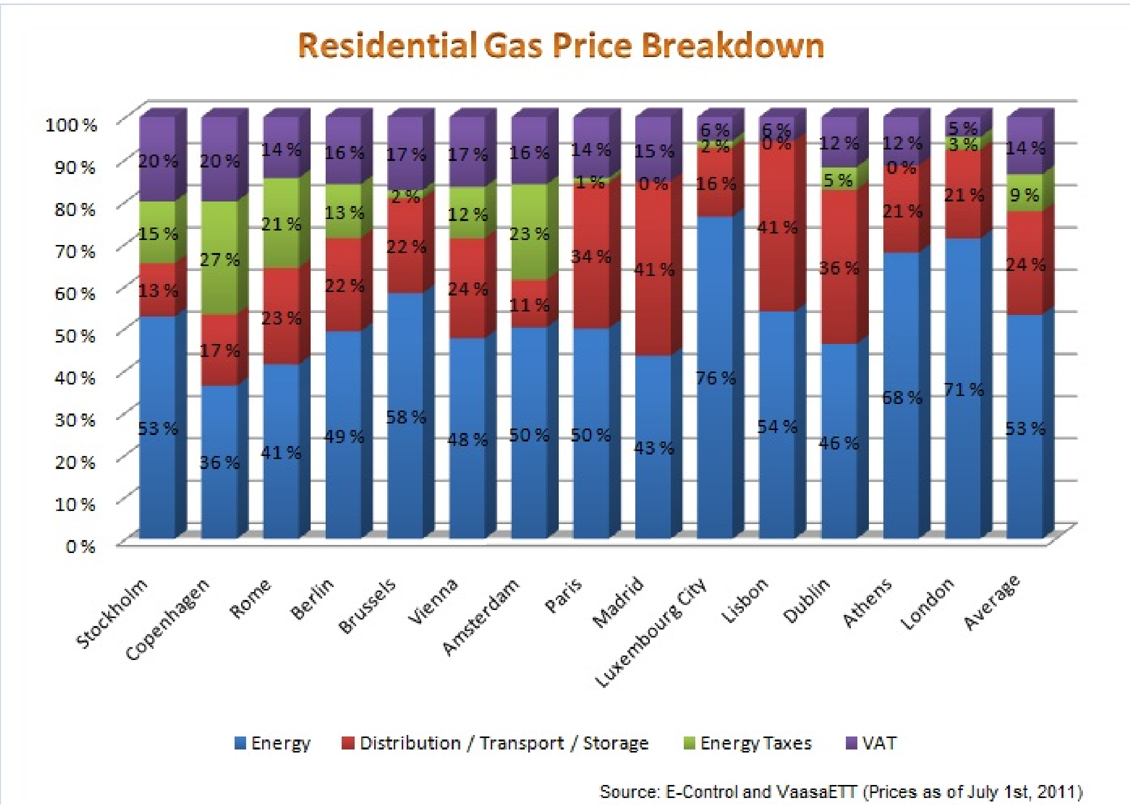
TOTAL PRICE RANKINGS (INCLUDING ENERGY, DISTRIBUTION AND TAXES)

		Electricity (all tax included)					Gas (all tax included)		
Ranking		City	Price in € cent / kWh	Change / previous month	Ranking		City	Price in € cent / kWh	Change / previous month
Most Expensive	1	Copenhagen	30,45	↓	Most Expensive	1	Stockholm	21,13	↓
	2	Berlin	25,11	⇨		2	Copenhagen	12,19	↑
	3	Brussels	23,59	↓		3	Rome	8,16	↑
	4	Madrid	20,91	↑		...	**Average**	**8,01**	↑
	5	Vienna	19,39	⇨		4	Vienna	7,30	⇨
	6	Dublin	19,15	⇨		5	Brussels	7,19	↓
	7	Stockholm	19,04	↓		6	Berlin	7,07	⇨
	...	**Average**	**18,94**	↑		7	Athens	6,98	↓
	8	Lisbon	18,09	⇨		8	Madrid	6,88	↑
	9	Amsterdam	17,82	↑		9	Amsterdam	6,58	↑
	10	Luxembourg City	17,66	↑		10	Luxembourg City	6,51	↑
	11	Rome	16,59	↑		11	Paris	6,47	↑
	12	Helsinki	15,17	↑		12	Lisbon	6,16	↑
	13	London	14,50	↓		13	Dublin	5,13	⇨
	14	Paris	13,72	↑	Cheapest	14	London	4,35	↓
Cheapest	15	Athens	12,95	⇨					

Source: E-Control and VaasaETT (Prices as of July 1st, 2011)

ENERGY PRICE BREAKDOWN





What is the HEPI?

Based on the electricity and natural gas prices collected both for incumbents and competitor companies in capital cities of EU15 member states, E-Control GmbH in cooperation with VaasaETT has compiled The Household Energy Price Index, HEPI. The HEPI is a weighted end user price index that assesses overall price developments in Europe.

The HEPI is Europe's only independent comparative monthly index of electricity and gas prices across the 'EU 15' states. Data is collected directly from utilities and authorities in the respective markets, using a thorough, precise and comparative definition and methodology.

The HEPI project also compiles and publishes a monthly ranking and analysis of capital city prices within the EU15.

E-Control GmbH and VaasaETT will continue to publish HEPI every month until at least 2011.

For More Information

Subscribe to the free monthly update of the HEPI index for Europe. Get the latest prices delivered automatically to your email. Just send an email request to Christophe Dromacque

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E-Control

E-Control GmbH was set up by the legislator on the basis of the new Energy Liberalisation Act and took up work on 1 March 2001. E-Control is headed by Mr Walter Boltz as the managing director and is entrusted with monitoring, supporting and, where necessary, regulating the implementation of the liberalization of the Austrian electricity and natural gas markets.

More at: www.e-control.at

VaasaETT Global Energy Think Tank

The VaasaETT Global Energy Think-Tank is a leading independent think-tank for the global utilities industry. A unique collaborative concept based on the philosophy of value-for-all through its network of thousands of senior executives, officials, researchers and other experts who are for the most part known and trusted personally.

The Think-Tank focuses broadly on practical strategic business and market issues including Marketing, Psychology, Behaviour and Market Requirements relating to Successful Competition, Customer Switching & Loyalty, Smart Grid, Demand Response, Smart Home and Energy Efficiency, as well as envisioning state of the art innovations and developments.

Our service fall into three main categories: Community, Collaborative Projects and Consultancy & Research.

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