

Media Release: July 6th, 2010

Household Energy Price Index for Europe

June Prices Just Released

In This Month's Edition

- HEPI price trend: Energy prices stabilize at a high level
- Total price ranking – New carbon tax in Ireland and updated typical consumption level in Great Britain
- Energy Price breakdown – National fiscal policy as influential as market forces

Who is paying the most? Who is paying the least? and where are prices heading in Europe?

KEY FINDINGS AS OF JUNE 2010

European electricity and gas prices remained stable in June and no sharp movements has taken place since March 2010. Regarding electricity prices, the index currently stands at 101.83 points compared to 101.75 last month. Brussels is the only city in our index where electricity prices were actually revised and the change not due to exchange rate fluctuations or daily fees. The index for electricity remains close to its highest level ever since we started this survey when the index reached 102.44 in March 2010. Gas prices have also been stable since March but a change is expected in July as regulated or standard contract prices are revised in a number of countries. The index currently stands at 86.31 points compared to 85.99 last month. It should be noted that the increase in gas prices in Dublin is due to the introduction of a carbon tax on gas which amounts to c€0.277 per kWh (excl VAT). In accordance to our methodology, we have also updated gas consumption levels for Great Britain in our calculations following the publication of a study by the Department of Energy and Climate Change which indicates that average gas consumption decreased over the past few years and is now at 16,900 kWh per year compared to 18,200 kWh previously¹. The effect of the change on prices in London is minor since prices are 100% dependant on consumption (there are no fixed fees).

The table "Total Price Rankings" shows that prices have been revised in some cities both for

¹ DECC Energy Trends, Table 7, p. 51, March 2010.

gas and electricity. However, these price revisions are almost always due to exchange rate fluctuations and / or daily fees; the exception for electricity being Brussels. Household customers in Copenhagen pay by far the highest electricity prices within the capital cities of the EU-15. It can largely be explained by much higher energy taxes in Denmark, which make up about 54% of the total electricity price. Customers in Athens and Helsinki pay the least for their electricity (all tax included). They pay, in fact about 2.5 times less than prices paid by household electricity users in Copenhagen. Natural gas household customers in Stockholm pay by far the highest prices within the capital cities of the EU-15. Prices in Stockholm are over 50% higher than in the second most expensive city Copenhagen, and almost 4.5 times more than Londoners who enjoy by far the lowest prices. Despite the introduction of a carbon tax in the Republic of Ireland, prices in Dublin are still among the lowest of the EU-15 capital cities.

The price breakdown of local electricity standard incumbent tariffs shows major variations in the share of each component. Our survey shows that on average energy represents about 49% of the total electricity bill, distribution 28%, energy taxes 10% and VAT 13% whereas energy represents 51% of the total gas bill, distribution 27% energy taxes 9% and VAT 13%. Copenhagen is a very unusual case; the energy component of the electricity bill represents less than a fourth of a Danish household's electricity bill, by far the lowest of all cities, whereas the energy taxes represent an astonishing 34% (three and a half times the EU-15 average) and 54% if we include VAT. Overall, the results show that market forces represent only half of the energy bills whereas national fiscal policies are responsible for the other half through distribution tariffs as well as energy taxes and VAT.

Development of European Electricity Prices



Development of European Gas Prices



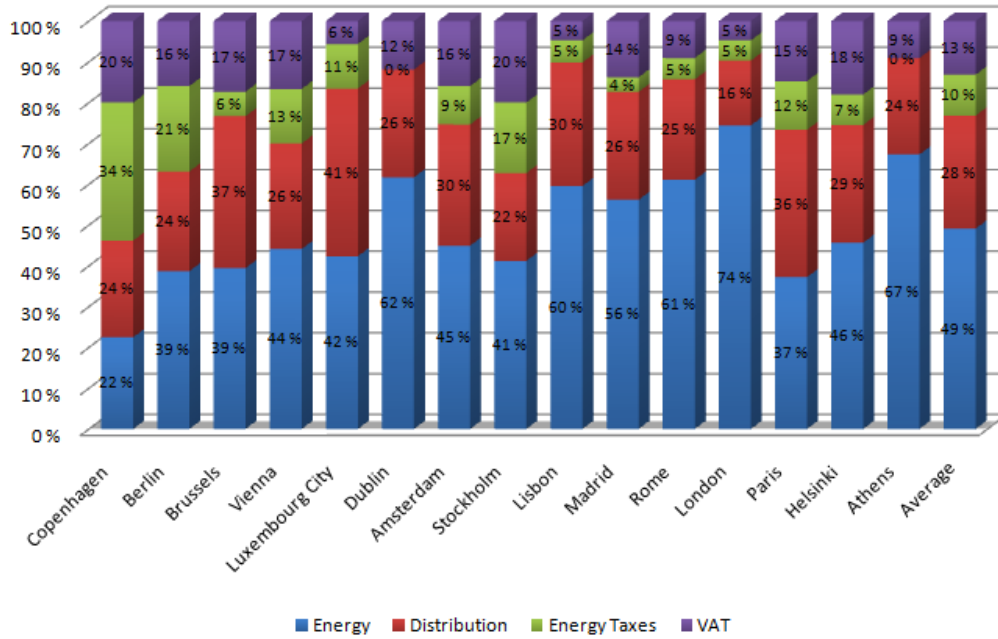
Total Price Rankings (prices including energy, distribution and taxes)

		Electricity (all tax included)			Gas (all tax included)		
Ranking		City	Price in € cent / kWh	Change / previous month	City	Price in € cent / kWh	Change / previous month
Most Expensive	1	Copenhagen	28,63	⇒	Stockholm	18,01	↑
	2	Berlin	22,78	⇒	Copenhagen	11,35	↓
	3	Brussels	21,45	↓	Rome	7,48	⇒
	4	Vienna	19,47	⇒	Vienna	6,54	⇒
	5	Luxembourg City	18,34	↓	Berlin	6,38	⇒
	6	Dublin	18,21	↓	Brussels	5,90	↑
	7	Amsterdam	17,32	⇒	Paris	5,85	⇒
	8	Lisbon	16,77	↓	Amsterdam	5,83	⇒
	9	Stockholm	16,69	↑	Luxembourg City	5,63	↓
	10	Madrid	16,60	⇒	Madrid	5,57	⇒
	11	Rome	15,83	⇒	Lisbon	5,36	⇒
	12	London	13,83	↑	Athens	5,26	↑
	13	Paris	13,19	⇒	Dublin	5,21	↑
	14	Helsinki	11,85	⇒	London	4,05	↑
Cheapest	15	Athens	11,54	⇒			

Source: E-Control and VaasaETT (Prices as of June 1st 2010)

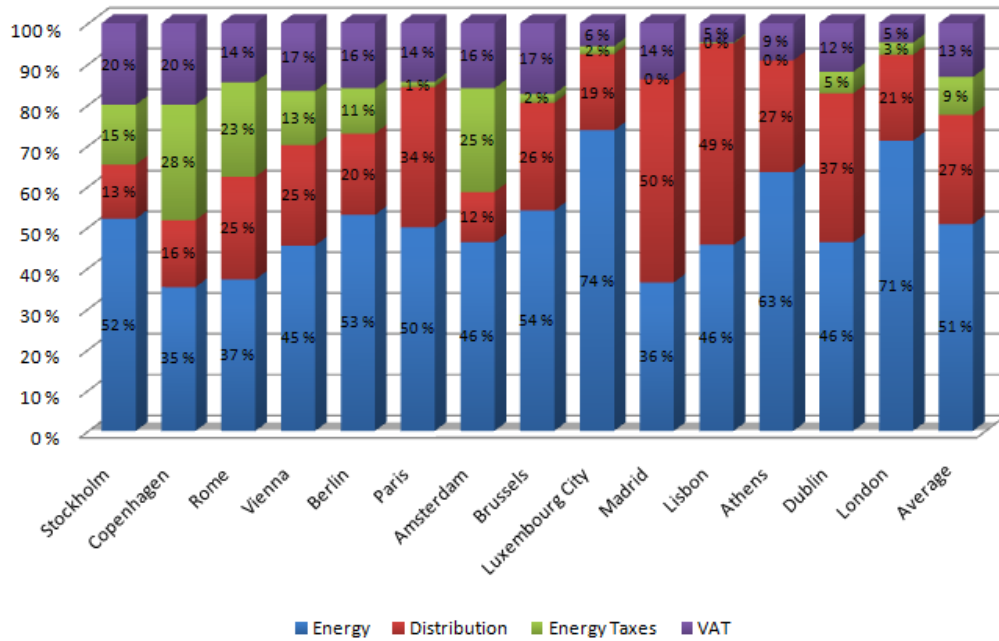
Energy Price Breakdown

Electricity Price Breakdown



Source: E-Control and VaasaETT (Prices as of June 1st 2010)

Gas Price Breakdown



Source: E-Control and VaasaETT (Prices as of June 1st 2010)

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.

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About the Authors

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 liberalisation of the Austrian electricity and natural gas markets.

More at: www.e-control.at

[VaasaETT Global Energy Think Tank](http://www.vaasaett.com)

The VaasaETT Global Energy Think-Tank is an innovative provider of collaborative expertise and solutions to the energy and utilities industry, through its network of thousands of senior executives, officials, researchers and other experts that are mostly known and trusted personally. Value is provided to partners through the synergy of Interactive Forums (both real and virtual) and Collaborative Projects. The Think-Tank focuses broadly on strategic business, market, innovation and regulatory issues, and is world renowned for its expertise in fields such as Customer Psychology & Behaviour, Utilities Marketing, Smart Metering & Demand Response, and Market Efficiency.

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