E-CONTROL

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Media Release: November 29th, 2010

Household Energy Price Index for Europe

November 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 NOVEMBER 2010

European energy prices kept rising in November for both electricity and gas. In fact, electricity prices have never been as high since we started our price survey in January 2009. Gas prices, which steadily decreased in 2009, have been on an upward trend since the beginning of 2010. It seems that politicians and regulators in countries where there still exist regulated tariffs are starting to pay greater attention to increasing energy prices. For instance, after a 15% increase in regulated gas prices in 2010, the French government announced a price freeze until April 1st 2011. Given the formula based on oil prices it uses to determine end-user regulated prices, tariffs were set to increase next January.

The "Total Price Rankings" table shows that household customers in Copenhagen pay by far the highest electricity prices within the capital cities of the EU-15, while customers in Athens and Helsinki pay the least (all tax included). Inhabitants of Athens pay, in fact, about 2.5 times less than

In This Month's Edition

· HEPI price trend - European energy prices keep rising

· Total price ranking – Irish customers take advantage of savings opportunities in the electricity market

· Energy Price breakdown – National fiscal policy as influential as market forces

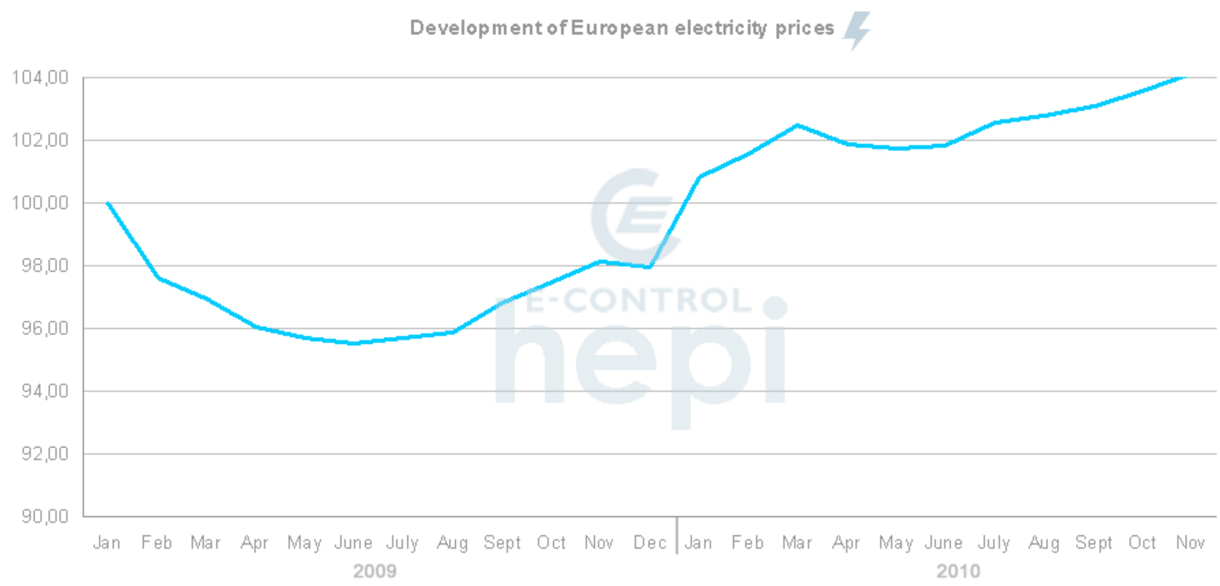
inhabitants of Copenhagen. Natural gas household customers in Stockholm pay by far the highest prices within the capital cities of the EU-15. Prices in Stockholm are about 70% higher than in the second most expensive city Copenhagen, and about 4.3 times more than in the British capital city where Londoners enjoy the lowest prices by far.

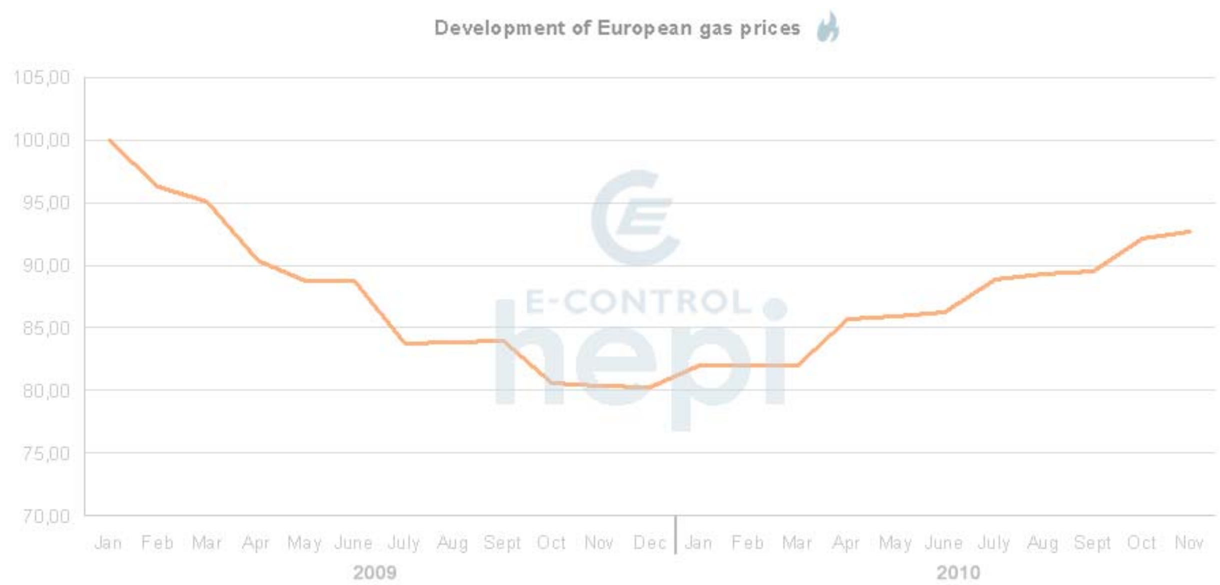
Another noticeable change took place this month which led to a decrease in Dublin's electricity prices. In order to determine average residential prices in a given city, prices from the local incumbent supplier as well as from its main competitor are collected and weighted according to their market shares. Therefore, there is a need to update the weighting regularly to reflect recent market developments. Ireland witnessed tremendous changes in its residential market in 2009 and 2010 partly due to encouraging regulation which leaves room for new entrants to achieve price margins. Indeed, the price at which the incumbent can charge its domestic customers is determined each year by the regulator CER and the incumbent is not permitted to discount from it. As a result, during the first half of 2009, Ireland has experienced an annualized customer switching rate of over 20%[1] and new entrants into the market are now a possibility since the market has shifted from near inactivity just over 18 months ago, to being one of the most active electricity markets in the world. As a result, the incumbent's market shares (and its weight in Dublin's prices) decreased from about 95% in early 2009 to 72% currently[2].

The price breakdown of local electricity tariffs shows major variations in the share of each component. Our survey shows that on average energy represents about 47% of the total electricity bill, distribution 29%, energy taxes 10% and VAT 13%, whereas energy represents 51% of the total gas bill, distribution 26%, 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 33% (over three times the EU-15 average) and 53% if we include VAT. Overall, the results show that market forces represent only half of the energy (both for electricity and gas) bills whereas national fiscal and regulatory elements are responsible for the other half through distribution tariffs as well as energy taxes and VAT.

[1] Lewis, Philip E. (Forthcoming), *World Energy Retail Market Rankings 5th Edition*, Utility Customer Switching Research Project, Published by First Data & VaasaETT.
[2] CER, Review of the Regulatory Framework for the Retail Electricity Market, Competition Review Q3 2010, 2010.

EUROPEAN ENERGY PRICE DEVELOPMENT (EXCLUDING TAXES)



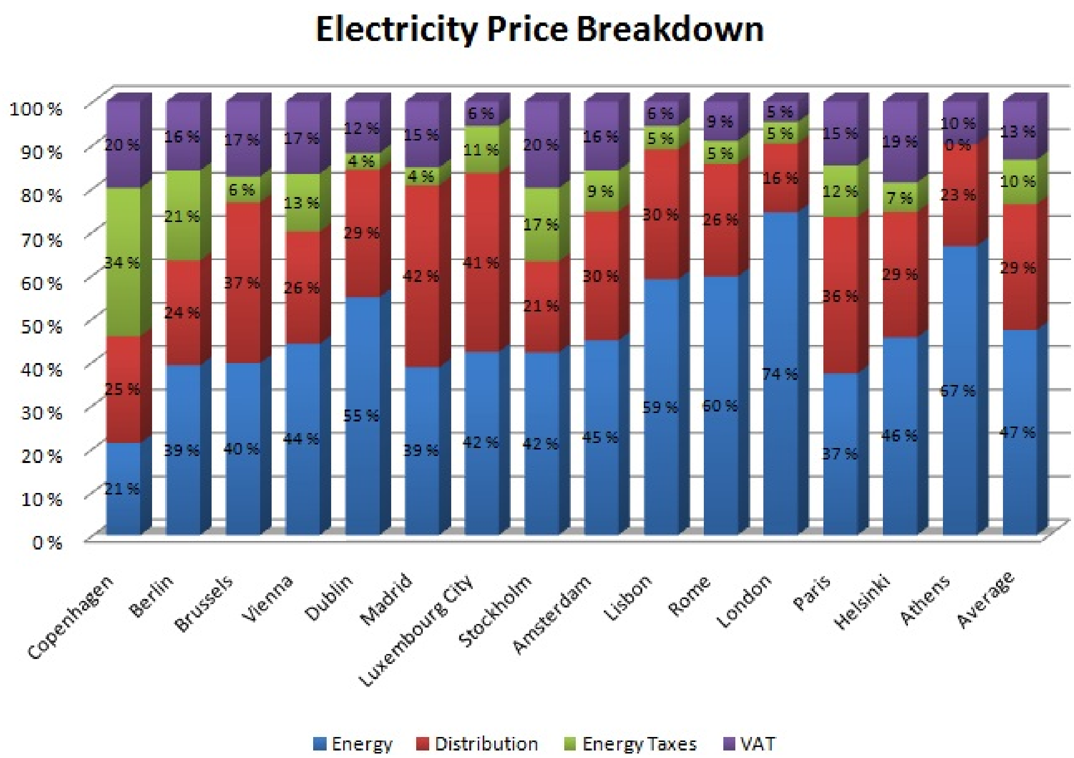


TOTAL PRICE RANKINGS (INCLUDING ENERGY, DISTRIBUTION AND TAXES)

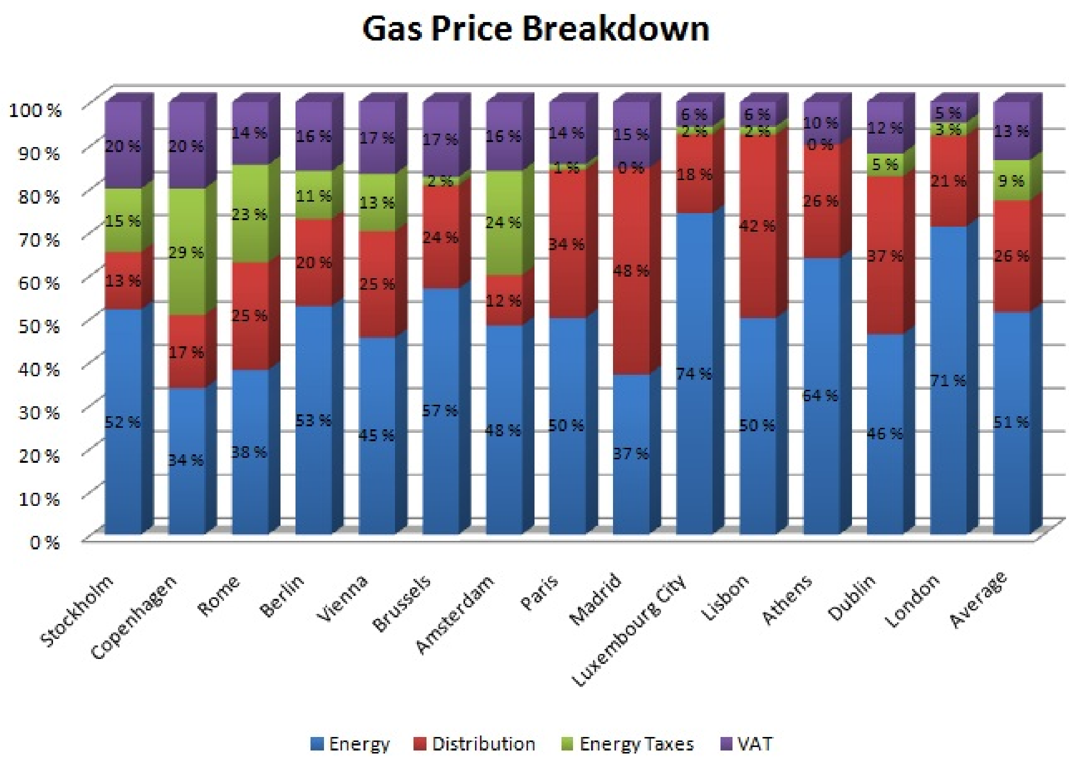
		Electricity (all tax included)			Gas (all tax included)		
Ranking		City	Price in € cent / kWh	Change / previous month	City	Price in € cent / kWh	Change / previous month
Most Expensive	1	Copenhagen	28,33	↓	Stockholm	18,75	↑
	2	Berlin	23,00	↑	Copenhagen	10,97	↓
	3	Brussels	21,53	↓	Rome	7,67	↓
	4	Vienna	19,47	→	Berlin	7,16	→
	5	Dublin	18,70	↓	Vienna	6,55	→
	6	Madrid	18,69	↑	Brussels	6,53	↑
	7	Luxembourg City	18,38	→	Amsterdam	6,16	→
	8	Stockholm	17,82	↑	Paris	6,11	→
	9	Amsterdam	17,30	→	Madrid	5,96	→
	10	Lisbon	16,98	→	Luxembourg City	5,83	→
	11	Rome	15,69	↑	Lisbon	5,60	→
	12	London	14,21	↓	Athens	5,50	↓
	13	Paris	13,19	→	Dublin	5,21	↓
	14	Helsinki	12,97	→	London	4,40	↑
Cheapest	15	Athens	11,64	→			

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

ENERGY PRICE BREAKDOWN



Source: E-Control and VaasaETT, prices as of November 1st, 2010



Source: E-Control and VaasaETT, prices as of November 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.

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

- Christophe Dromacque (English / French)

Tel: +358 44 999 0138 / firstname.lastname@vaasaett.com

- Silke Ebnet (English / German)

Tel: +43 (1) 24724 715 / firstname.lastname@e-control.at

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 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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