



Media Release: January 25th, 2011

## Household Energy Price Index for Europe

January 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 JANUARY 2011

European retail electricity prices kept rising for the first month of the new year. The latest month-to-month retail electricity price decrease was in May 2010; already quite a long time. This month however, a large part of the price increase can be attributed to the annual revision upwards of distribution tariffs and to higher energy taxes which in some countries saw a significant jump. A new tax on electricity consumption was introduced in France and the electricity tax in Finland went up from c€ 0.88 per kWh to c€ 1.7 per kWh. Distribution companies and Regulators often justified the increase in distribution tariffs and energy taxes by the large investments required to modernise the grid and to support RES. As a result of these factors the value of the electricity end-user price index (electricity and distribution) went up from 104.4 index points in December to 105.8 index points this month which is the highest level since we started this survey two years ago; most surveyed capital cities saw an increase in end-user price and electricity (including retail

#### *In This Month's Edition*

- HEPI price trend - Decoupling of energy prices: electricity prices keep rising whereas gas prices decrease for the 2nd consecutive month*
- Total price ranking – Prices increase in most cities; higher distribution tariffs and energy taxes partly to blame*
- Energy Price breakdown – Market forces represent less than half of the electricity bill*

margins) represent a mere 46% of a typical household's bill.

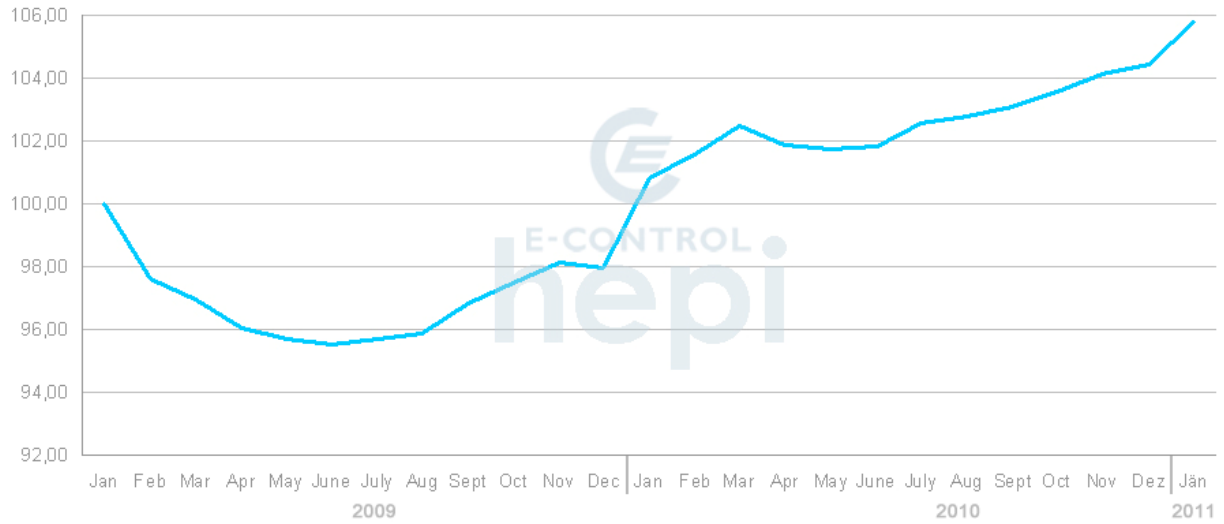
The situation is more contrasted for gas. Though end-user prices went up in a number of cities partly due to the annual revision of distribution tariffs and energy taxes, many large countries which carry a heavier weigh on the index value saw stable (such as Paris) or decreasing prices (such as Berlin and London). In addition, and unlike in the case of electricity, price increases were usually much milder. As a result, the index went down from 92.2 index points in December to 91.5 index points in January and the cost of Gas (including retail margins) in the "all-in" end-user price still stands at 51%.

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 as much as 130% per kWh of Electricity and by a staggering 340% 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 about 65% higher than in the second most expensive city Copenhagen and over 4 times as much as in the British capital city where Londoners enjoy by far the lowest prices.

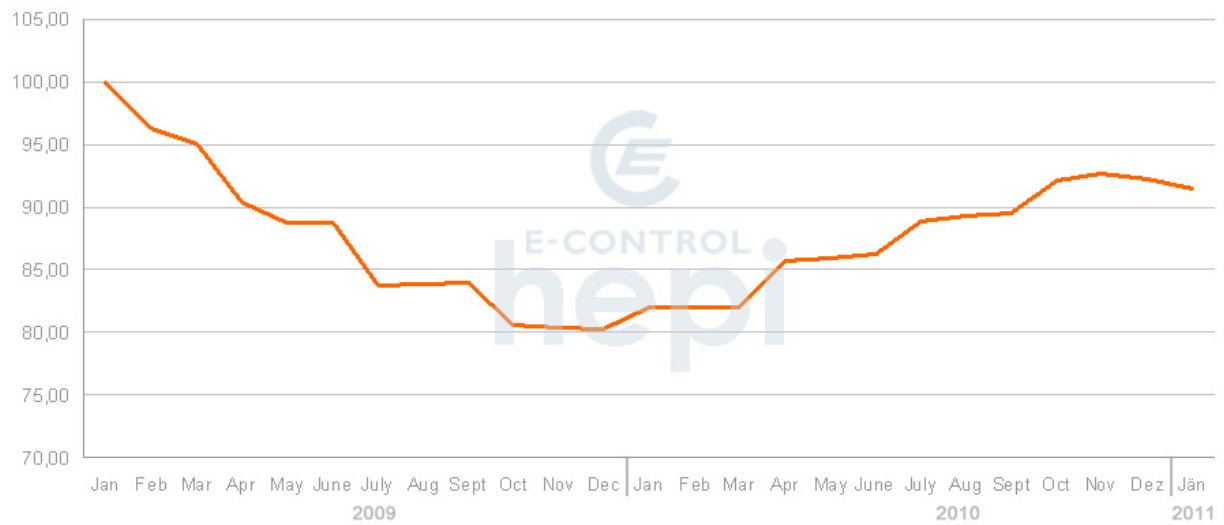
The breakdown of end-user energy prices into four components (energy, distribution, energy taxes and VAT) also shows major variations. Our survey shows that on average, the cost of electricity (including retail margins) represents about 46% of the total cost, distribution 29%, energy taxes 12% and VAT 14%, whereas the cost of gas (including retail margins) represents 51% of the total cost, distribution 26%, energy taxes 9% and VAT 14%. Copenhagen is a very unusual case; the cost of electricity represents less than a 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)

Development of European electricity prices ⚡



Development of European gas prices 🔥



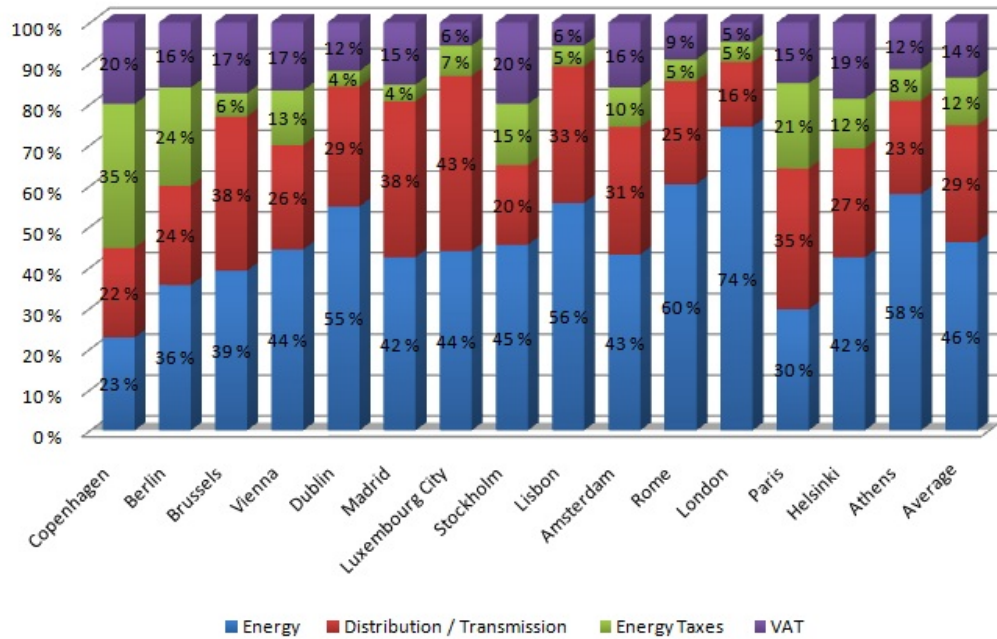
## TOTAL PRICE RANKINGS (INCLUDING ENERGY, DISTRIBUTION AND TAXES)

Ranking	Electricity (all tax included)			Gas (all tax included)			
	City	Price in € cent / kWh	Change / previous month	City	Price in € cent / kWh	Change / previous month	
Most Expensive	1	Copenhagen	30,17	↑	Stockholm	18,92	↑
	2	Berlin	25,11	↑	Copenhagen	11,47	↑
	3	Brussels	22,26	↑	Rome	7,74	↑
	4	Madrid	20,54	↑	Berlin	7,07	↓
	5	Stockholm	20,51	↑	Vienna	6,67	↑
	6	Vienna	19,39	↓	Brussels	6,66	↑
	7	Dublin	18,70	→	Athens	6,43	↑
	8	Lisbon	18,08	↑	Madrid	6,22	↑
	9	Luxembourg City	17,66	↓	Paris	6,12	↑
	10	Amsterdam	17,55	↑	Amsterdam	6,04	↓
	11	Rome	15,66	↓	Luxembourg City	5,83	→
	12	London	14,32	↓	Lisbon	5,60	→
	13	Helsinki	14,01	↑	Dublin	5,16	↓
	14	Paris	13,54	↑	London	4,33	↓
Cheapest	15	Athens	13,05	↑			

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

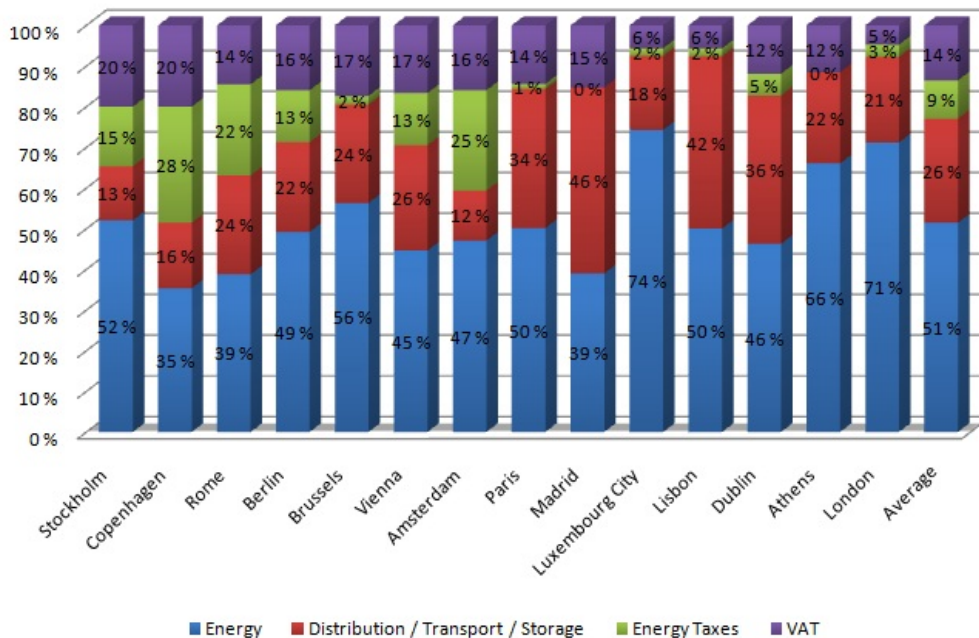
# ENERGY PRICE BREAKDOWN

## Residential Electricity Price Breakdown



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

## Residential Gas Price Breakdown



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

## 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

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*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*

## 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](http://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.

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