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**Media Release: March 28th, 2011**

## Household Energy Price Index for Europe

March 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 MARCH 2011

European retail energy prices kept rising in March. The latest month-to-month electricity price decrease dates back to May 2010; already quite some time ago. The HEPI indexes (energy and distribution) clearly show that both electricity and gas prices are on an upward trend since 2009. Residential electricity prices steadily decreased over the first half of 2009 and reached a trough at 95.6 index points in June. Prices started to recover in H2 2009 together with the first green shoots in economic activity and a general feeling that the worst of the economic crisis was behind us. They have been on an upward trend since then and even reached their highest level since the survey started this month at 106.7 index points. 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 (6 months after the electricity price index). Retail prices

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

started to recover in December 2009 – January 2010 when a cold wave hit many parts of Europe. The index is slowly retracing to its January 2009 level (when we started the survey) and currently stands at 92.7 index points; its highest level in 2 years.

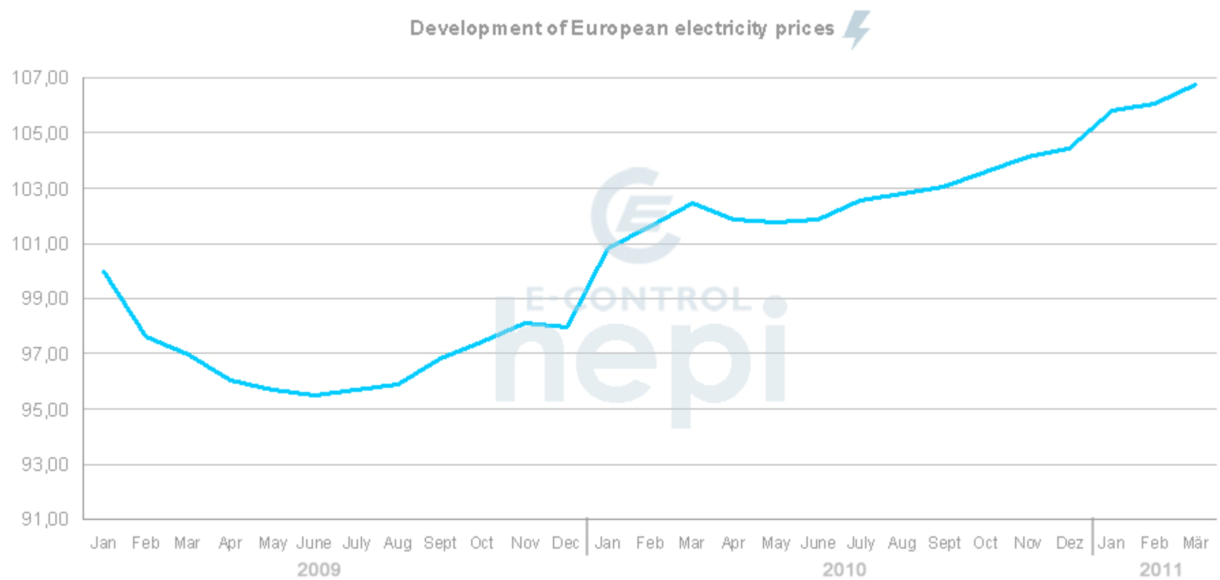
The "Total Price Rankings" table shows that depending on where a customer lives in Europe, the price that customer has to pay can vary by as much as 130% per kWh of Electricity and by a staggering 340% per kWh of Gas. Household customers in Copenhagen pay by far the highest electricity price within the 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 80% higher than in the second most expensive city Copenhagen and almost 5 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 gas household customers in the whole of Sweden[1]) and the fact that gas heating is almost inexistent in Sweden. An interesting development in electricity retail prices took place in London last month. Londoners who are still supplied under their by-default contracts (approximately 60% of residential customers according to OFGEM) used to pay variable fees only and no standing fees as is usually the case. As a consequence 100% of their bill depended on their consumption. However, the incumbent revised its tariffs in the middle of February and introduced standing fees with both the effect of increasing a typical household's bill by 7.5% and making the price paid by end-user a little less dependent on consumption levels.

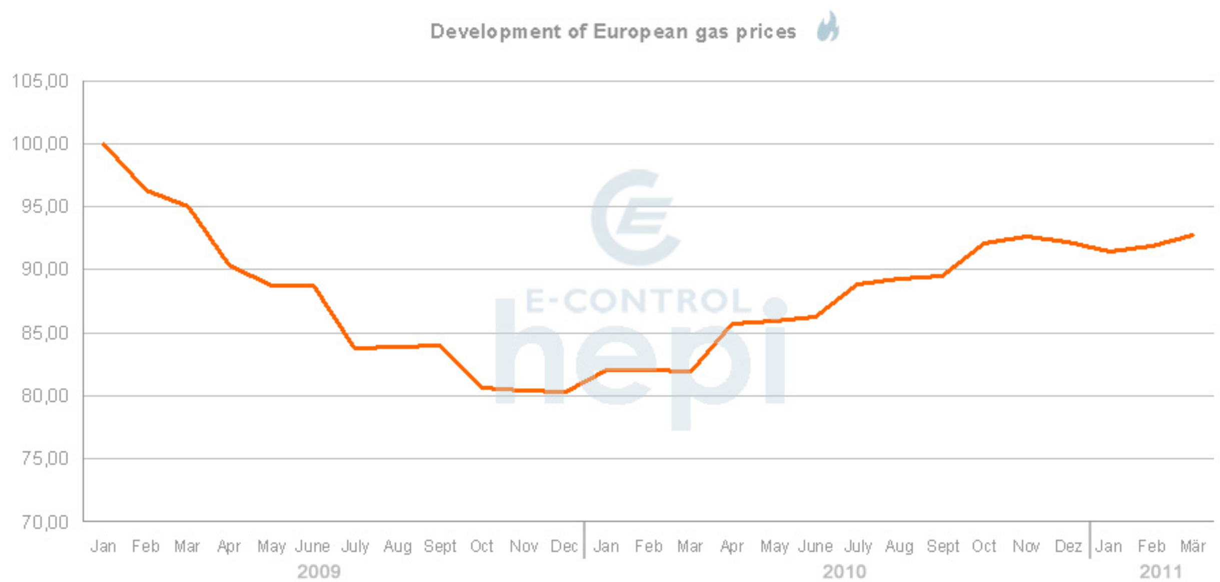
The breakdown of end-user energy prices into four components (energy, distribution, energy taxes and VAT) also shows major variations. Our survey shows that on average, the electricity price component (including retail margins) represents about 45% of the total cost, distribution 30%, energy taxes 12% and VAT 14%, whereas the natural gas price component (including retail margins) represents 52% of the total cost, distribution 26%, energy taxes 9% and VAT 14%. Copenhagen is a very unusual case; the cost of electricity as a commodity 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

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

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)



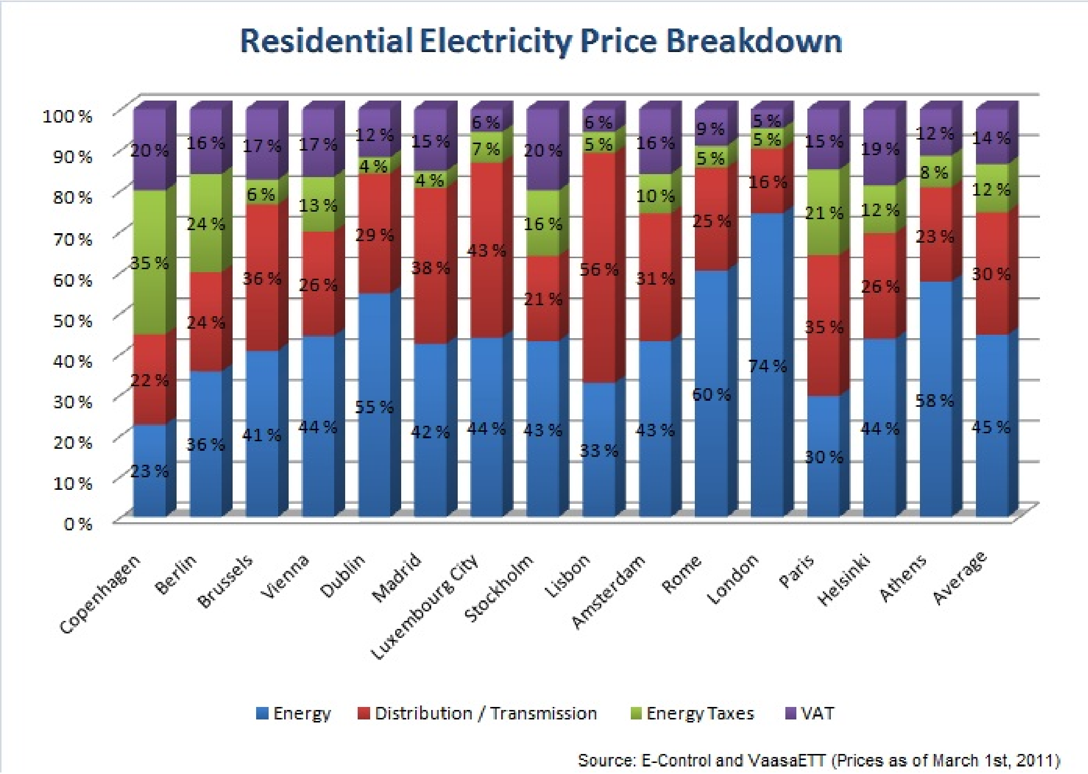



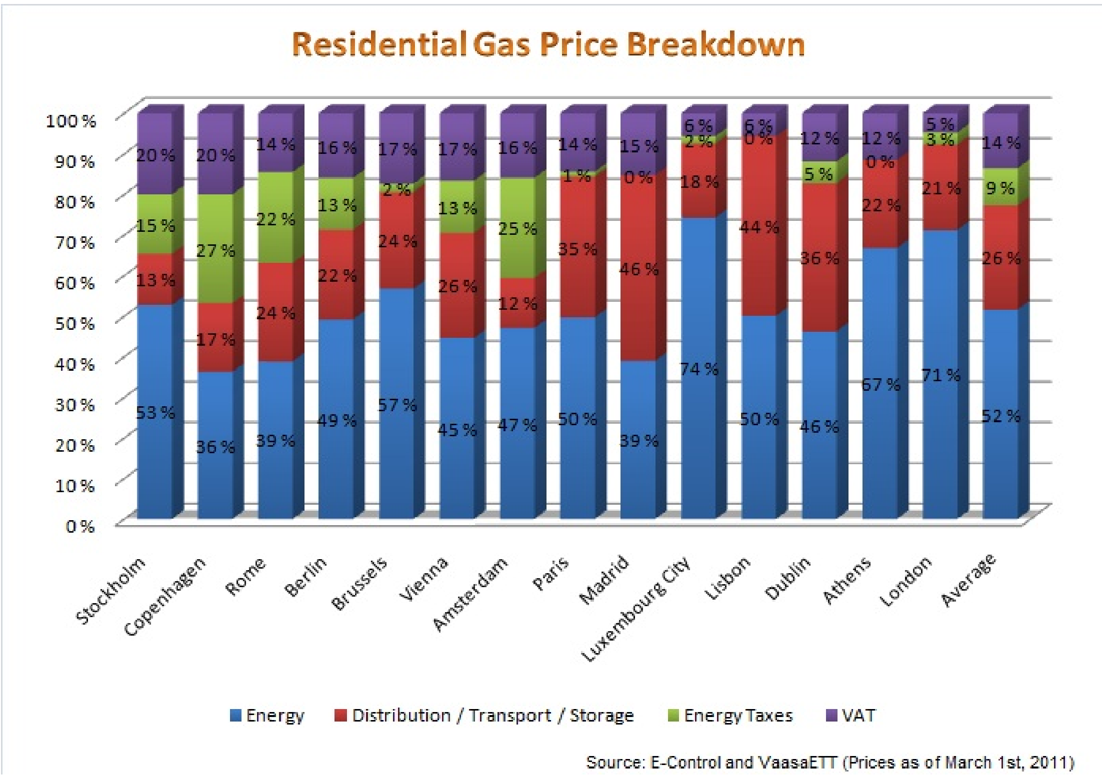
# TOTAL PRICE RANKINGS (INCLUDING ENERGY, DISTRIBUTION AND TAXES)

| | 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 | 30,11 | ↓ | Most Expensive 1 | Stockholm | 21,34 | ↑ |
| 2 | Berlin | 25,11 | → | 2 | Copenhagen | 12,18 | ↑ |
| 3 | Brussels | 23,38 | ↑ | 3 | Rome | 7,75 | → |
| 4 | Madrid | 20,54 | → | ... | **Average** | **7,73** | ↑ |
| 5 | Stockholm | 19,81 | ↓ | 4 | Berlin | 7,07 | → |
| 6 | Vienna | 19,39 | → | 5 | Brussels | 6,80 | ↓ |
| ... | **Average** | **18,80** | ↑ | 6 | Vienna | 6,67 | → |
| 7 | Dublin | 18,64 | → | 7 | Athens | 6,64 | ↑ |
| 8 | Lisbon | 18,09 | → | 8 | Madrid | 6,22 | → |
| 9 | Luxembourg City | 17,66 | ↑ | 9 | Paris | 6,13 | → |
| 10 | Amsterdam | 17,55 | → | 10 | Amsterdam | 6,04 | → |
| 11 | Rome | 15,65 | → | 11 | Lisbon | 5,94 | → |
| 12 | London | 15,15 | ↑ | 12 | Luxembourg City | 5,83 | ↑ |
| 13 | Helsinki | 14,48 | → | 13 | Dublin | 5,13 | → |
| 14 | Paris | 13,53 | → | Cheapest 14 | London | 4,53 | ↑ |
| Cheapest 15 | Athens | 12,95 | ↓ | | | | |

Source: E-Control and VaasaETT (Prices as of March 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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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**

## 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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