

Media Release: September 6th, 2011

Household Energy Price Index for Europe

August 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 AUGUST 2011

The relative stability of European retail energy prices since the beginning of the summer was short lived. In August, prices increased for both electricity and natural gas for the second month in a row. Electricity prices went up one index point while natural gas prices rose sharply to 97 index points, up two index points compared to July. Retailers seem to have translated higher wholesale prices into retail prices. 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

In This Month's Edition

*HEPI price trend -
Energy prices continue
to rise*

*Total price ranking –
Sharp increase in
energy prices for
Londoners*

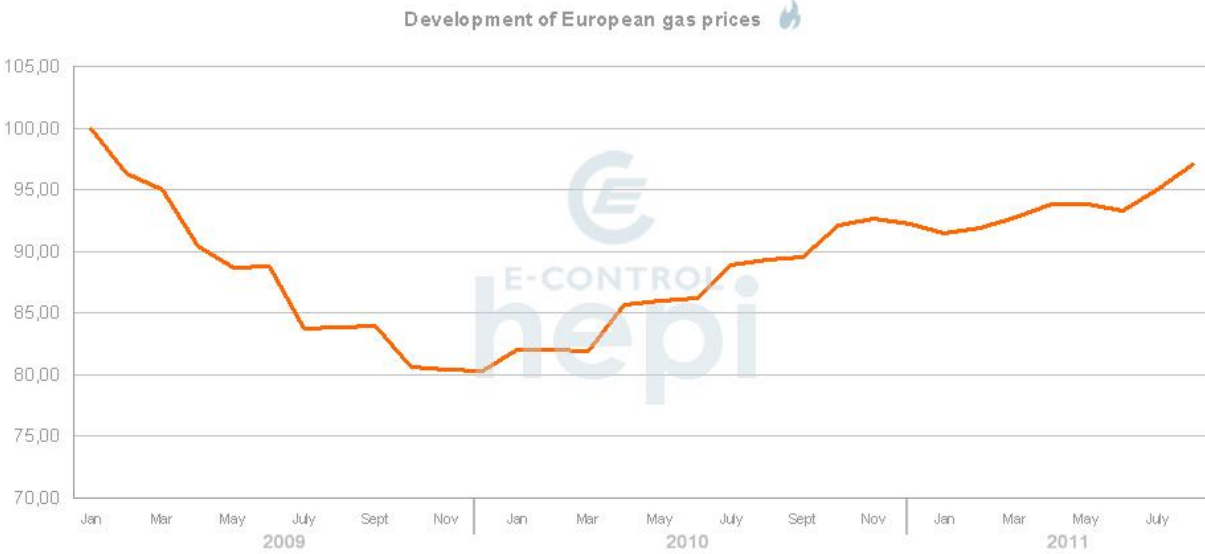
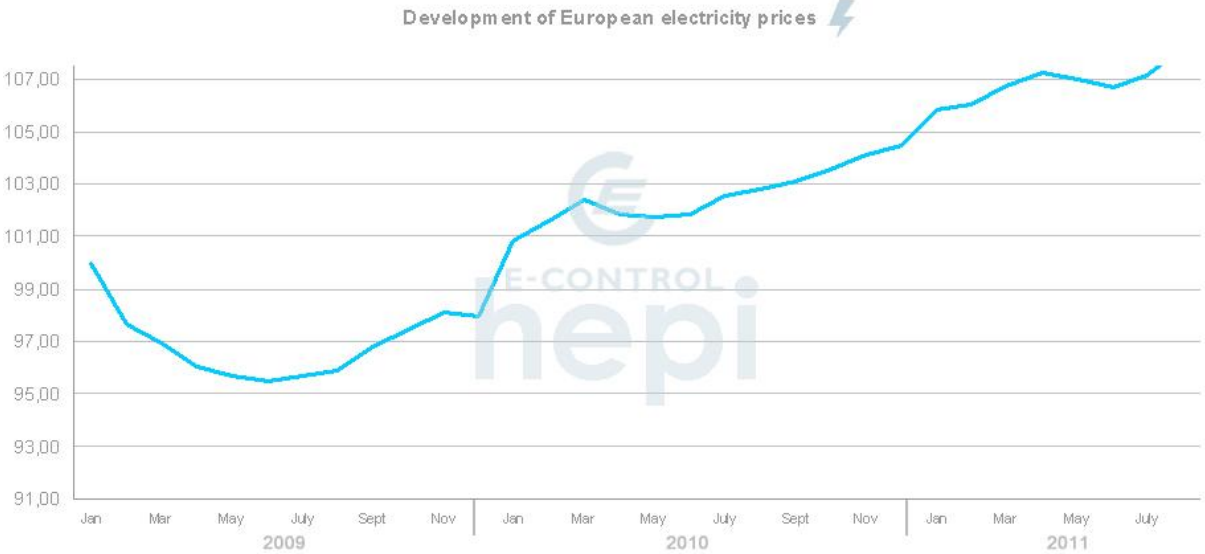
*Energy Price
breakdown – Market
forces represent less
than half of the
electricity bill*

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. In early July, Britons had the bad surprise to hear that all but one (so far) of their major suppliers were to put up the price of both electricity and gas by up to 18%, no less! Increasing wholesale gas prices bear the blame.

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 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)



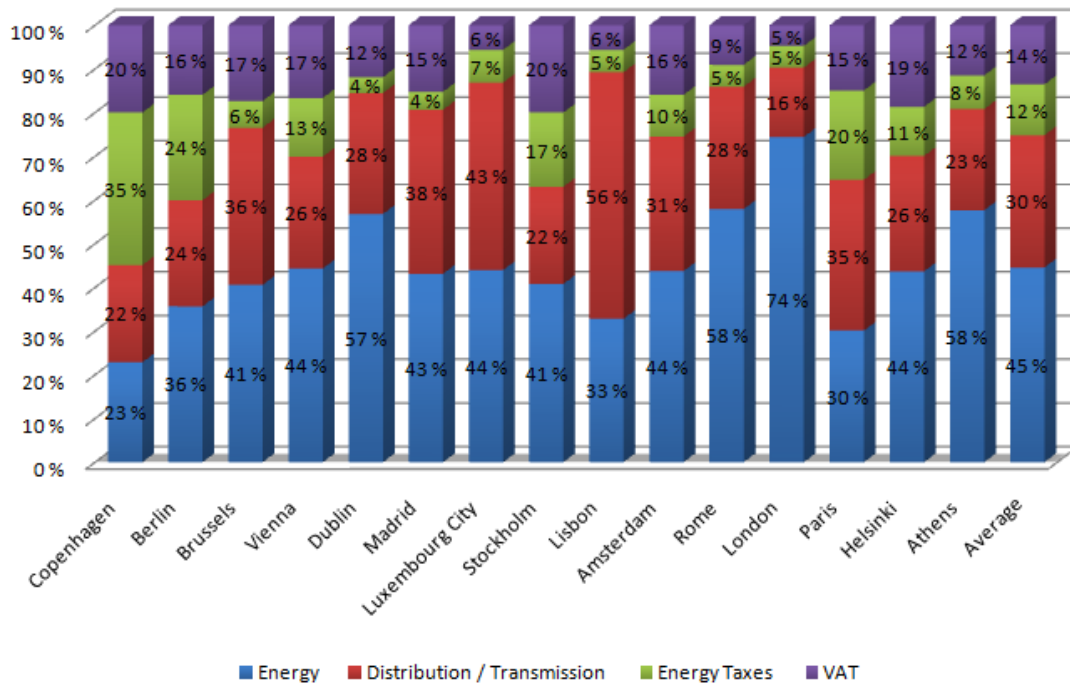
TOTAL PRICE RANKINGS (INCLUDING ENERGY, DISTRIBUTION AND TAXES)

		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	21,00	↓
	2	Berlin	25,11	⇒		2	Copenhagen	12,32	↑
	3	Brussels	23,31	↓		3	Rome	8,17	↑
	4	Madrid	20,91	⇒		...	Average	8,06	↑
	5	Dublin	19,85	↑		4	Brussels	7,54	↓
	6	Vienna	19,39	⇒		5	Vienna	7,30	⇒
	...	Average	18,99	↑		6	Berlin	7,07	⇒
	7	Stockholm	18,33	↓		7	Athens	6,99	↑
	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	London	15,31	↑		12	Lisbon	6,16	⇒
	13	Helsinki	15,17	⇒		13	Dublin	5,13	⇒
	14	Paris	13,92	↑	Cheapest	14	London	4,74	↑
Cheapest	15	Athens	12,95	⇒					

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

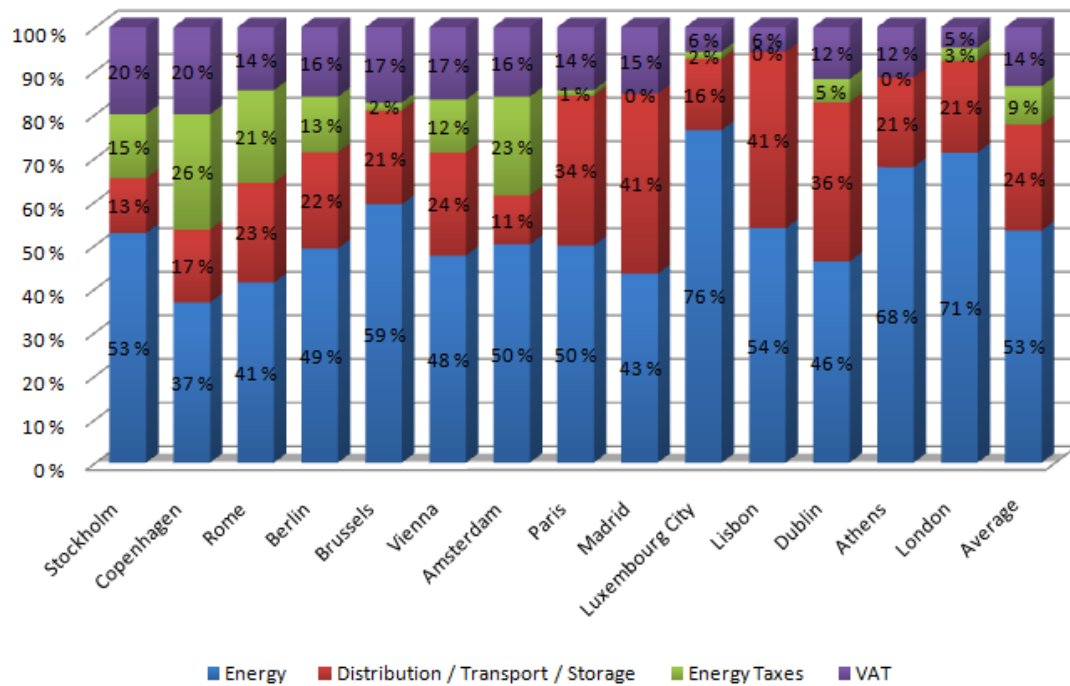
ENERGY PRICE BREAKDOWN

Residential Electricity Price Breakdown



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

Residential Gas Price Breakdown



Source: E-Control and VaasaETT (Prices as of August 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 Austria 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 Austria 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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