Media Release: September 7th, 2010

Household Energy Price Index for Europe

July Prices Just Released

Who is paying the most? Who is paying the least?

and where are prices heading in Europe?

KEY FINDINGS AS OF JULY 2010

European energy prices increased in July compared to June. Electricity prices excluding taxes inched upward as the index went from 101.83 index points last month to 102.57 and reached its highest level since the price survey started in January 2009. On the other hand, and as predicted last month, gas prices excluding prices increased more noticeably as the index went from 86.31 index points in June to 88.89 this month. This can be explained by the quarterly revision of regulated contracts which are still used by a vast majority of European households.

Other important changes took place on July 1st:

- VAT rates increased in a number of countries (Finland, Greece, Portugal and Spain).
- Italian regulated electricity tariffs, used by 93% of residential customers, became Time-Of-Use (TOU)

In This Month's Edition

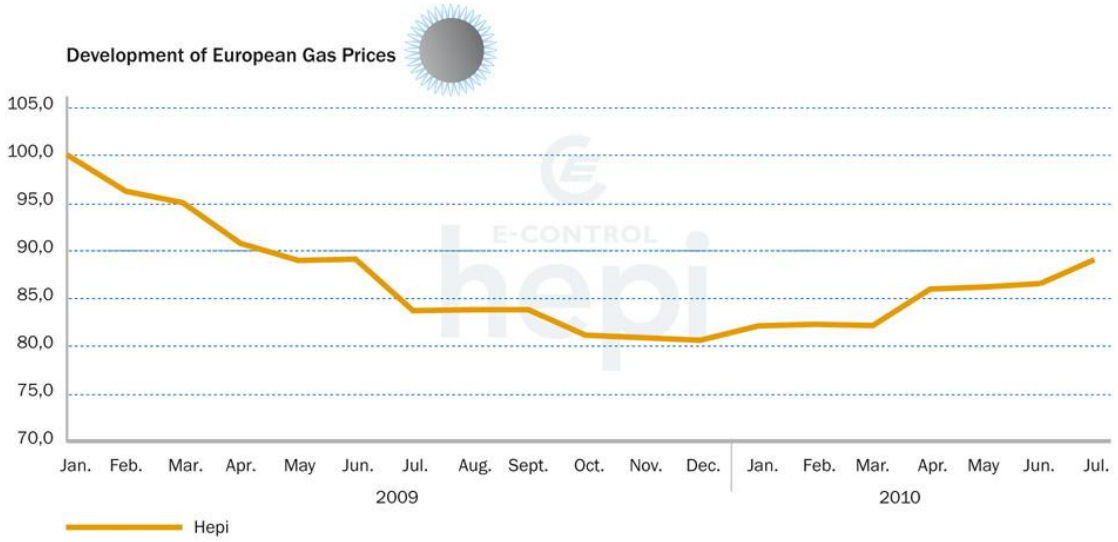
only. The single rate scheme is no longer available unless to households without smart meters. The strategy of the authorities is to introduce TOU with very little difference in rates between peak and off peak periods to give people time to adjust their behavior. The idea is to allow people get used to the concept while not penalizing them from the beginning. The Italian regulator said " *..., to give everyone time to get used to knowing their consumption in different times of the day, the Authority has decided that until January 2012, the differences in price between the different time slots to be quite small (about 10%) but however sufficient to give a signal and to understand our new system.*" This strategy has so far avoided a popular backlash against dynamic tariffs in the like of what is currently happening in Victoria (Australia) which forced the local government to withdraw its plan to introduce residential TOU tariff schemes together with smart meter deployment after customer associations, researchers and the political opposition complained that the new tariffs would penalize the most vulnerable.

The table "Total Price Rankings" exhibits an unusual high amount of cities where prices have been revised upward. Increased VAT rates and quarterly revisions of regulated contracts (especially for gas) in addition to usual price changes explain this situation. As a result, household customers in all European capital cities saw the price of their energy increase in July. As has always been the case since January 2009, 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 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 60% higher than in the second most expensive city Copenhagen, and almost 4.5 times more than in the British capital city where Londoners enjoy by far the lowest prices. Despite the introduction of a carbon tax in the Republic of Ireland in May, prices in Dublin are still among the lowest of the EU-15 capital cities.

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 49% of the total electricity bill, distribution 28%, energy taxes 10% and VAT 13% whereas energy represents 52% 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 policies are responsible for the other half through distribution tariffs as well as energy taxes and VAT.

EUROPEAN ENERGY PRICE DEVELOPMENT (EXCLUDING TAXES)

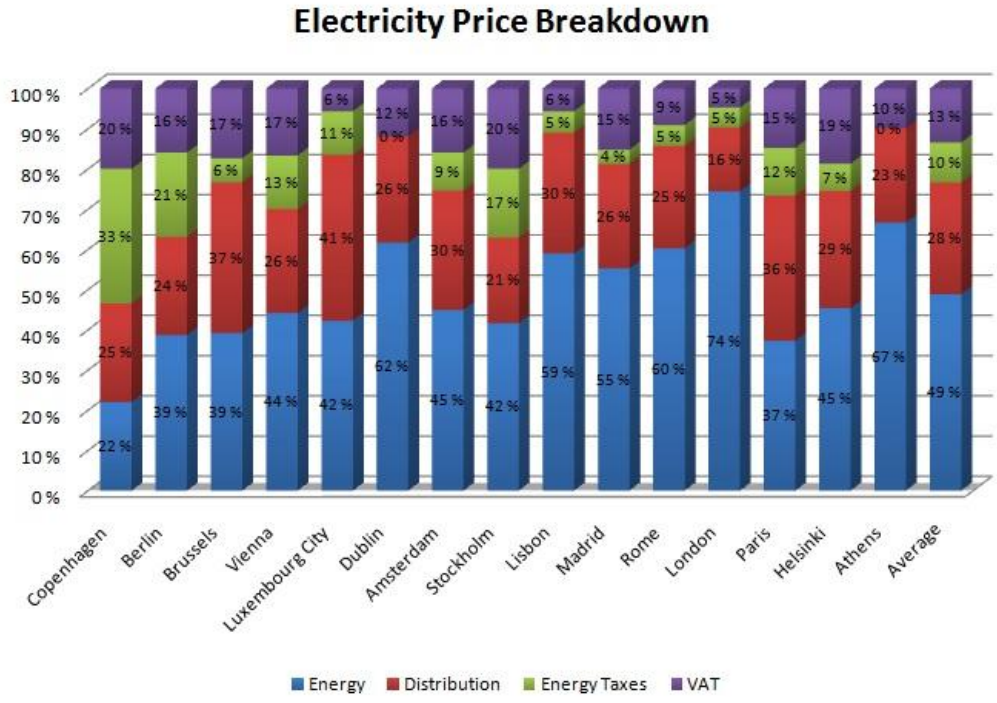


TOTAL PRICE RANKINGS (INCLUDING ENERGY, DISTRIBUTION AND TAXES)

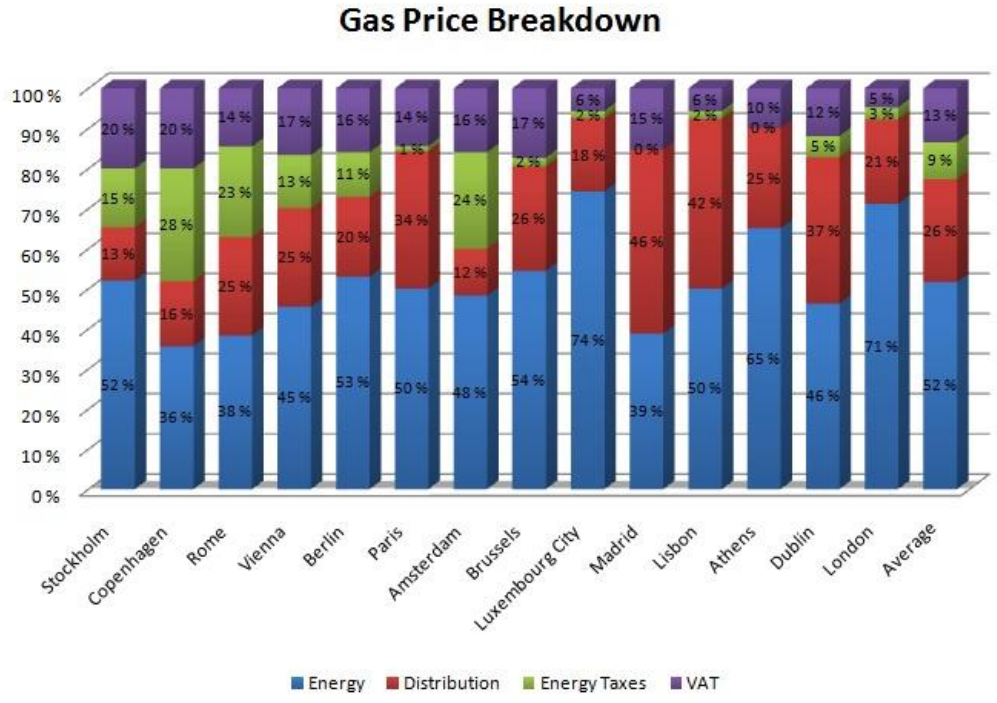
		Electricity (all tax included)			Gas (all tax included)		
Ranking		City	Price in € cent / kWh	Change / previous month	City	Price in € cent / kWh	Change / previous month
Most Expensive	1	Copenhagen	28,95	↑	Stockholm	18,11	↑
	2	Berlin	22,78	→	Copenhagen	11,44	↑
	3	Brussels	21,30	↓	Rome	7,68	↑
	4	Vienna	19,47	→	Vienna	6,55	↑
	5	Luxembourg City	18,38	↑	Berlin	6,38	→
	6	Dublin	18,29	↑	Amsterdam	6,16	↑
	7	Amsterdam	17,30	↓	Paris	6,12	↑
	8	Stockholm	16,99	↑	Madrid	6,03	↑
	9	Lisbon	16,98	↑	Brussels	5,99	↑
	10	Madrid	16,90	↑	Luxembourg City	5,83	↑
	11	Rome	15,76	↓	Athens	5,78	↑
	12	London	14,23	↑	Lisbon	5,60	↑
	13	Paris	13,19	→	Dublin	5,21	→
	14	Helsinki	12,88	↑	London	4,17	↑
Cheapest	15	Athens	11,64	↑			

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

ENERGY PRICE BREAKDOWN



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



Source: E-Control and VaasaETT (Prices as of July 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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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 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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