

Media Release: November 23rd, 2009

Household Energy Price Index for Europe

November Prices Just Released

In This Month's Edition

- HEPI price trend: Electricity prices continue to rise – gas prices continue to decline
- Total price ranking – European energy prices fairly stable
- Energy Unit Price Ranking – Major differences in Europe

Who is paying the most? Who is paying the least? and where are prices heading in Europe?

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.

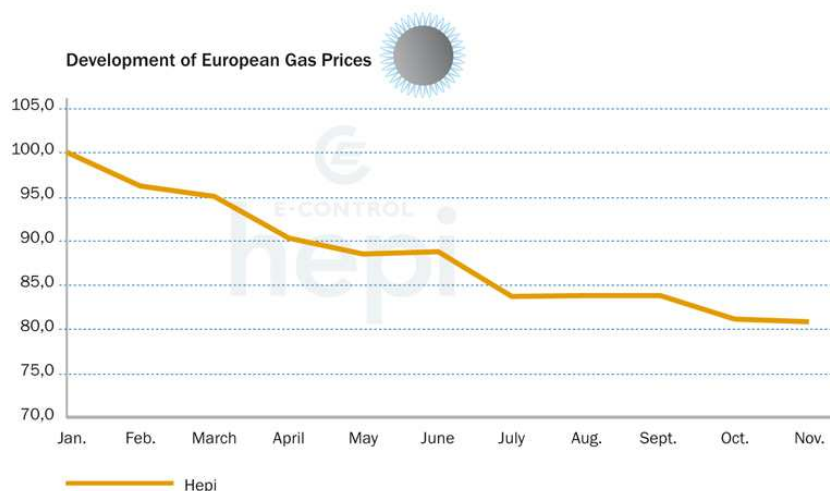
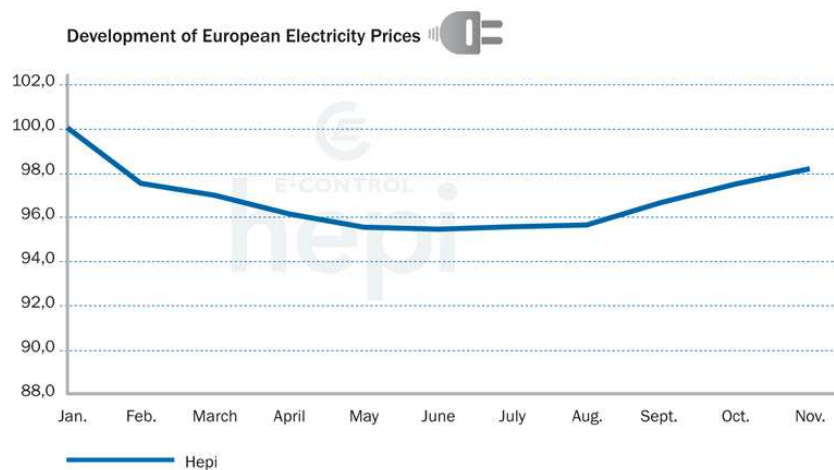
The HEPI project also compiles and publishes a monthly ranking and analysis of capital city prices within the EU15.

E-Control GmbH and VaasaETT will continue to publish HEPI every month until at least 2011.

KEY FINDINGS AS OF NOVEMBER 2009

Just like last month, electricity and gas prices in Europe developed in a rather unusual manner again in November. While electricity prices kept increasing (from 97.44 index points to 98.12), gas prices have remained fairly stable though still on a downward trend from 80.56 to 80.39. Furthermore, while the retail price of electricity is at about the same level as in January 2009, the retail price of gas is almost 20% lower. The graphs also exhibit the tendency of retail electricity prices to be a lot less volatile and its revision a lot milder than retail gas prices'.

Several factors might explain the opposite development of energy prices again this month. As a commodity, natural gas prices tend to follow oil prices though with a time lag. Retail gas prices also tend to follow more closely the wholesale prices but again with a time lag. On the other hand, while retail electricity prices are quicker to reflect changes (due for instance to the impossibility to be stored and sold later), they also tend to be less reflective of changes in the wholesale market.



Total Price Rankings (prices including energy, distribution and taxes)

- The overall picture illustrated by the HEPI persists: there remain big variations in energy prices both for electricity and gas paid by European energy consumers in EU15 capital cities.
- Household customers in Copenhagen currently pay by far the highest electricity prices within the capital cities of the EU15, around a third more than what customers pay in Berlin. This is largely due to much higher energy taxes in Denmark, which make up about 45% of the electricity price.
- Customers in Athens and Helsinki pay the least for their electricity (all tax included); their prices are in fact nearly one third of the prices paid by household electricity users in Copenhagen.
- Electricity prices remained unchanged in most cities. Only Brussels witnessed an actual price change mostly due to an increase in distribution price though the energy price increases as well. The others are due to either exchange rate fluctuations as is the case for London, Copenhagen and Stockholm or to daily charges – shorter months leading to lower monthly fees.
- For natural gas, household customers in Stockholm pay by far the highest prices within the capital cities of the EU15. Prices in Stockholm are almost 50% higher than in the second most expensive city Copenhagen, and far ahead of Vienna and Berlin.
- Household gas customers in London pay the least amount of inhabitants of EU15 capital cities, the decreasing value of the GBP when converted into Euros may explain in large part the low price. As illustrated in the first graph, prices have remained very stable since last month however, it is worth noticing the drop in natural gas prices for inhabitants of Athens. After months of steadily increasing prices which made the Greek capital city the 6th most expensive city in Europe, prices suddenly decreased by over 1 cent per kWh and are now back to the very bottom of the table. 8 out of the 14 cities covered by our survey have household gas prices ranging between 5 and 6 € cents per kWh.
- An interesting fact lies in that unlike end-user electricity prices which clearly edged upward, natural gas prices have kept on decreasing in November showing at least a low short term correlation between these 2 markets.

		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	30,32	↑	Stockholm	14,71	↑	
	2 Berlin	21,29	→	Copenhagen	9,32	↑	
	3 Brussels	19,91	↑	Vienna	6,68	→	
	4 Luxembourg City	19,86	↓	Berlin	6,38	→	
	5 Vienna	19,71	→	Rome	6,16	↓	
	6 Amsterdam	19,55	→	Amsterdam	5,76	→	
	7 Dublin	18,20	↓	Luxembourg City	5,58	↓	
	8 Rome	16,63	→	Madrid	5,39	→	
	9 Madrid	16,18	→	Brussels	5,37	↑	
	10 Lisbon	15,71	→	Lisbon	5,36	→	
	11 Stockholm	14,06	↓	Paris	5,34	→	
	12 London	13,73	↓	Dublin	5,28	↓	
	13 Paris	13,20	→	Athens	5,00	↓	
	Cheapest	14 Helsinki	11,55	→	London	4,17	↓
15 Athens		11,43	→				

Source: E-Control and VaasaETT (Prices as of November 1st 2009)

Energy Price Unit (energy prices excluding distribution and taxes)

- The graph below shows the price of the energy component and its share in percentage of the local energy standard incumbent tariffs.
- Copenhagen, which has by far the highest all-in electricity prices (around a third more than what customers pay in the second most expensive city), also has the lowest electricity unit price. This component represents only 16% of the total price, most of it being taxes.
- Stockholm, Paris and Helsinki whose inhabitants enjoy among the cheapest all-in electricity prices also have the cheapest electricity price component; well below the average of 8.15 € cent per kWh.
- Dubliners pay about 2.3 times more for their electricity (energy alone) than inhabitants of Copenhagen and is the most expensive city followed by Rome, London and Luxembourg. In these cities, the electricity price component represents the main cost in the total price. Berlin moves from being the second most expensive (in the total price rankings) to being one of the five cheapest.

- Household gas customers pay the most for gas in Stockholm, Luxembourg city and Berlin with customers in Madrid, Rome and Lisbon paying the least.
- Gas prices in Stockholm are disproportionately high, gas customers in Stockholm pay 1.8 times more for their gas than customers in Luxembourg the second most expensive city, 3.6 times more than customers in Madrid the cheapest city and more than twice as much as the EU15 capital cities average. This can be partly explained by the fact that the residential gas market in Stockholm is under developed and few households use natural gas for heating.

Electricity Unit (Excl. VAT)				Gas Unit (Excl. VAT)				
Ranking	City	Price in € cent / kWh	% of total price	Ranking	City	Price in € cent / kWh	% of total price	
Most Expensive	1 Dublin	11,28	62%	Most Expensive	1 Stockholm	7,36	50%	
	2 Rome	10,42	63%		2 Luxembourg City	4,14	74%	
	3 London	10,37	75%		3 Berlin	3,60	56%	
	4 Luxembourg City	10,10	51%		4 Copenhagen	3,26	35%	
	5 Amsterdam	9,98	51%		...	Average	3,24	50%
	6 Lisbon	9,35	60%		5 Athens	3,15	63%	
	7 Vienna	8,63	44%		6 Vienna	3,11	47%	
	...	Average	8,15		49%	7 London	3,07	74%
	8 Madrid	8,11	50%		8 Brussels	2,88	54%	
	9 Brussels	8,05	40%		9 Amsterdam	2,69	47%	
	10 Athens	7,76	68%		10 Paris	2,64	50%	
	11 Berlin	7,08	33%		11 Dublin	2,61	49%	
	12 Stockholm	6,42	46%		12 Lisbon	2,45	46%	
	13 Helsinki	4,99	43%		13 Rome	2,38	39%	
Cheapest	14 Paris	4,90	37%	Cheapest	14 Madrid	2,06	38%	
	15 Copenhagen	4,88	16%					

Source: E-Control and VaasaETT (Prices relating to the standard incumbent tariff as of November 1st 2009)

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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 liberalisation of the Austrian electricity and natural gas markets.

More at: www.e-control.at

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