

**Media Release: October 28<sup>th</sup>, 2009**

## **Household Energy Price Index for Europe**

October Prices Just Released

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

- HEPI price trend: Electricity prices continue to rise as gas prices fall
- 'Total price' ranking – Electricity prices revised upward – Gas prices revised downward
- '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.

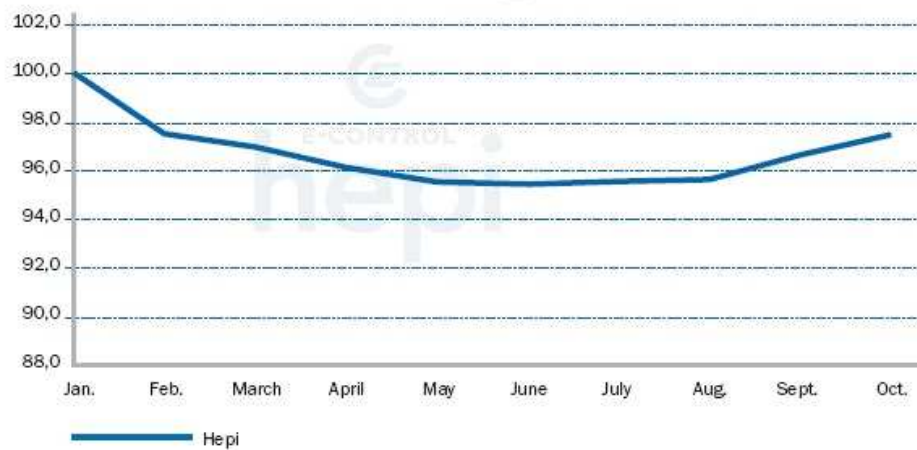
## KEY FINDINGS AS OF OCTOBER 2009

Electricity and gas prices in Europe developed in a rather unusual manner this month.

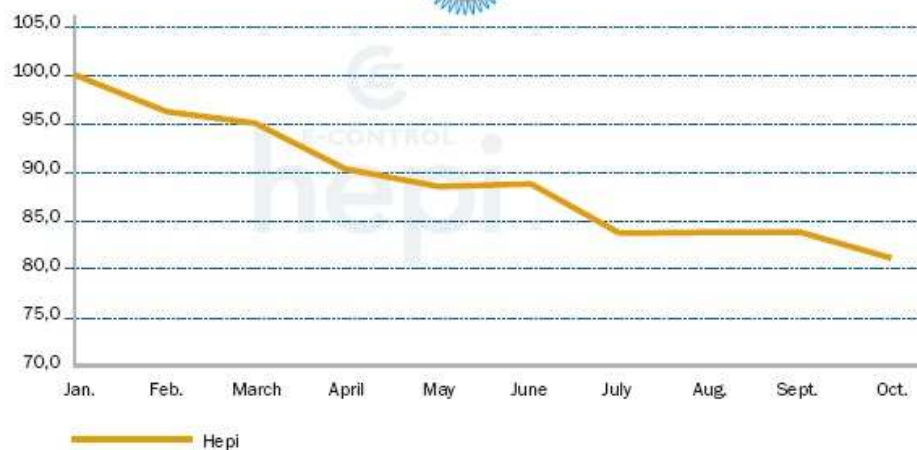
- While electricity prices, as anticipated last month, increased slightly (from 96.82 index points to 97.44), gas prices have dropped by 3.5 index points from 84 to 80.56.
- Furthermore, while the retail price of electricity is at about the same level as in January, the retail price of gas is almost 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 this month. As a storable commodity (largely unlike electricity) with clear cost-origins, retail gas prices tend to follow wholesale prices relatively closely, but with a significant time lag between wholesale and retail trends. Retail electricity prices are quicker to reflect wholesale changes (due in part to the lack of storability), but there is generally a slightly weaker link and relationship between wholesale and retail markets.

### Development of European Electricity Prices



### Development of European Gas Prices



Source: E-Control and VaasaETT

## 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.
- As anticipated last month, electricity prices have increased in most cities.
- 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.
- Gas prices in Berlin and Rome have reduced.
- At the lower end of the ranking table, London and Brussels are still the cheapest cities for natural gas followed this month by Dublin after its prices decreased in October.
- Half 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 October.

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	30,31	↑	Stockholm	14,45	↑
	2	Berlin	21,29	→	Copenhagen	9,19	↑
	3	Luxembourg City	19,90	↑	Vienna	6,68	→
	4	Vienna	19,71	→	Berlin	6,38	↓
	5	Amsterdam	19,55	→	Rome	6,15	↓
	6	Brussels	19,26	↑	Athens	6,13	↓
	7	Dublin	18,27	↑	Amsterdam	5,76	→
	8	Rome	16,63	↓	Luxembourg City	5,59	↑
	9	Madrid	16,18	→	Madrid	5,39	↓
	10	Lisbon	15,71	→	Lisbon	5,36	→
	11	Stockholm	14,07	↑	Paris	5,34	→
	12	London	14,02	↓	Dublin	5,30	↓
	13	Paris	13,20	↑	Brussels	5,12	↓
	14	Helsinki	11,55	↑	London	4,26	↓
Cheapest	15	Athens	11,43	→			

Source: E-Control and VaasaETT (Prices as of October 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 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 8.27 € cent per kWh.
- Dubliners pay about 2.5 times more for their electricity (energy alone) than inhabitants of Copenhagen and is the most expensive city followed by London, Rome 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, Athens and Luxembourg city with customers in Madrid, Rome and Lisbon paying the least.
- Gas prices in Stockholm are disproportionately high, gas customers in Stockholm pay 1.7 times more for their gas than customers in Athens the second most expensive city, 3.5 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.

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	11,33	62%	Most Expensive	1 Stockholm	7,23	50%
	2 London	10,58	74%		2 Athens	4,18	68%
	3 Rome	10,42	63%		3 Luxembourg City	4,14	74%
	4 Luxembourg City	10,10	51%		4 Berlin	3,60	56%
	5 Amsterdam	9,98	50%		<b>Average</b>	<b>3,29</b>	<b>51%</b>
	6 Lisbon	9,35	60%		5 Copenhagen	3,17	34%
	7 Vienna	8,63	44%		6 London	3,13	71%
	<b>Average</b>	<b>8,27</b>	<b>50%</b>		7 Vienna	3,11	47%
	8 Madrid	8,11	50%		8 Brussels	2,70	52%
	9 Brussels	8,01	42%		9 Amsterdam	2,69	47%
	10 Athens	7,76	68%		10 Paris	2,65	50%
	11 Berlin	7,08	34%		11 Dublin	2,61	49%
	12 Stockholm	6,68	43%		12 Lisbon	2,45	46%
	13 Paris	6,18	47%		13 Rome	2,38	39%
Cheapest	14 Helsinki	4,99	44%	Cheapest	14 Madrid	2,06	38%
	15 Copenhagen	4,88	16%				

Source: E-Control and VaasaETT (Prices relating to the standard incumbent tariffs as of October 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](http://www.e-control.at)**

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