

**Media Release: September 22<sup>nd</sup>, 2009**

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

September Prices Just Released

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

- HEPI price trend on the increase
- Total price ranking
- Energy Price Breakdown – National fiscal policy as influential as market forces

**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.

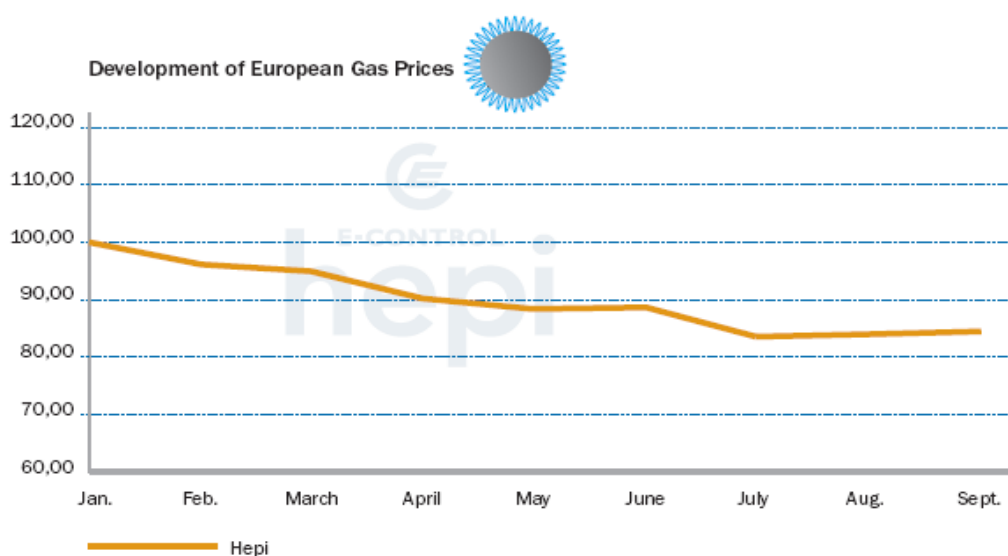
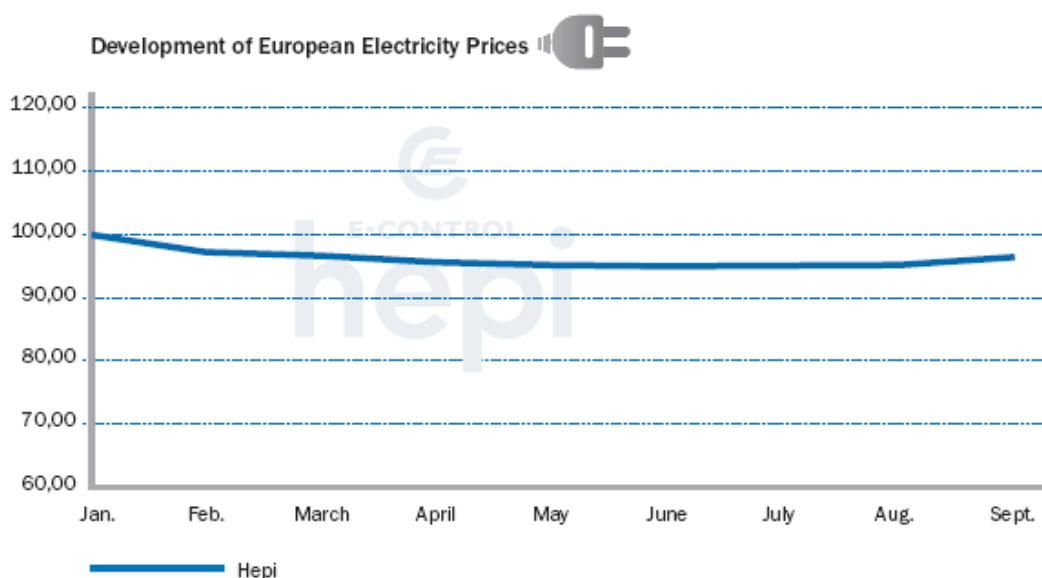
The HEPI project also compiles and publishes a monthly ranking and analysis of capital city prices within the EU15.

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

## KEY FINDINGS AS OF SEPTEMBER 2009

Energy prices collected for both electricity and gas reveal that, at the beginning of September 2009, electricity prices in EU 15 countries remained relatively stable. Household electricity prices steadily decreased between January and April 2009 and stabilized at just around 96 index points afterwards (January 2009=100). However, starting in June, the trend became clearly upward reflecting an increase in European electricity end-user prices.

As far as pre tax prices for natural gas are concerned, the picture portrayed this month by our HEPI index is one of a shifting trend. For the first time since we measured the index, natural gas prices have stopped decreasing and inched slightly upward.



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 (see next section).
- 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.
- 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 Berlin and Rome.
- Household gas customers in London pay the least amount of inhabitants of EU15 capital cities. Apart from London, Brussels, Luxembourg, Paris and Lisbon are the least expensive cities for natural gas. Over the past few months, we have witnessed some changes at the lower end of the league table for natural gas. Last month Brussels dropped from 9<sup>th</sup> position to 13<sup>th</sup> and is now the second cheapest city. On the contrary Athens jumped from the 13<sup>th</sup> to the 9<sup>th</sup> position between July and August and prices kept increasing and it is now the 6<sup>th</sup> most expensive city for Natural Gas.
- Natural gas end users prices have for most cities remained unchanged in September (compared to August) and have therefore stopped decreasing. This was to be expected given the number of price changes that took place in July when household suppliers carried out quarterly as well as semi annual tariff changes. Stockholm and London price changes this month are due to exchange rate fluctuations.

		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	29,90	↑	Stockholm	14,15	↑
	2	Berlin	21,29	→	Copenhagen	9,14	↓
	3	Luxembourg City	19,86	↓	Berlin	6,95	→
	4	Vienna	19,71	→	Rome	6,86	→
	5	Amsterdam	19,55	→	Vienna	6,68	→
	6	Brussels	19,22	↓	Athens	6,15	↑
	7	Dublin	18,13	↓	Dublin	5,85	→
	8	Rome	16,64	→	Amsterdam	5,76	→
	9	Madrid	16,18	↑	Madrid	5,46	→
	10	Lisbon	15,71	↑	Lisbon	5,36	→
	11	London	14,59	↑	Paris	5,34	↑
	12	Stockholm	13,91	↑	Luxembourg City	5,31	↓
	13	Paris	12,35	↑	Brussels	5,15	↓
	14	Helsinki	11,44	→	London	4,46	↑
Cheapest	15	Athens	11,43	→			

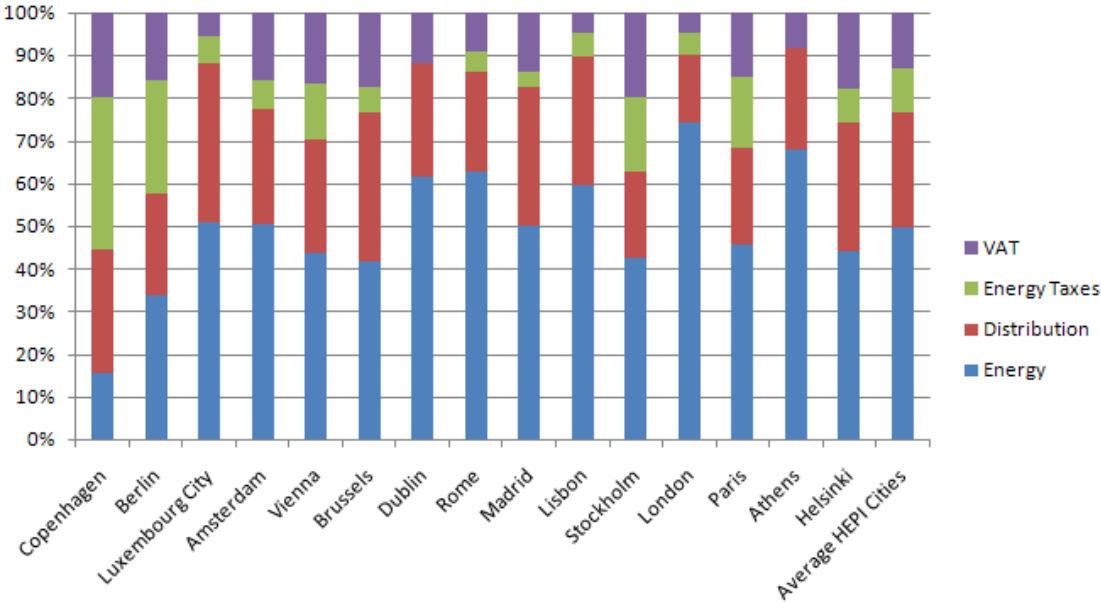
Source: E-Control and VaasaETT (Prices as of September 1<sup>st</sup> 2009)

## Energy Price Breakdown

### Electricity:

- The graph below shows local electricity standard incumbent tariffs disaggregated into four components; energy, distribution, energy taxes and VAT.
- The average share of each component in an EU 15 capital city invoice is as such: Electricity represents about half of the total price; distribution about 27%; energy taxes around 10% and the VAT slightly over 13%. The shares of each component however vary widely between European cities.
- The electricity price component represents the major part of Londoners' bill with almost 75% of the total price followed by Athens (around 68%), Rome and Dublin (around 62%). The electricity component remains the main cost for end-users in Amsterdam, Luxembourg, Madrid and Lisbon.
- Copenhagen is an extreme case, with the energy component representing only 15% of a Danish household's electricity bill, which is by far the lowest of all cities, whereas the energy taxes represent an astonishing 35% (three and a half times the EU 15 average). The high taxes explain why inhabitants of Copenhagen pay the highest price for their electricity in the cities covered by our study.

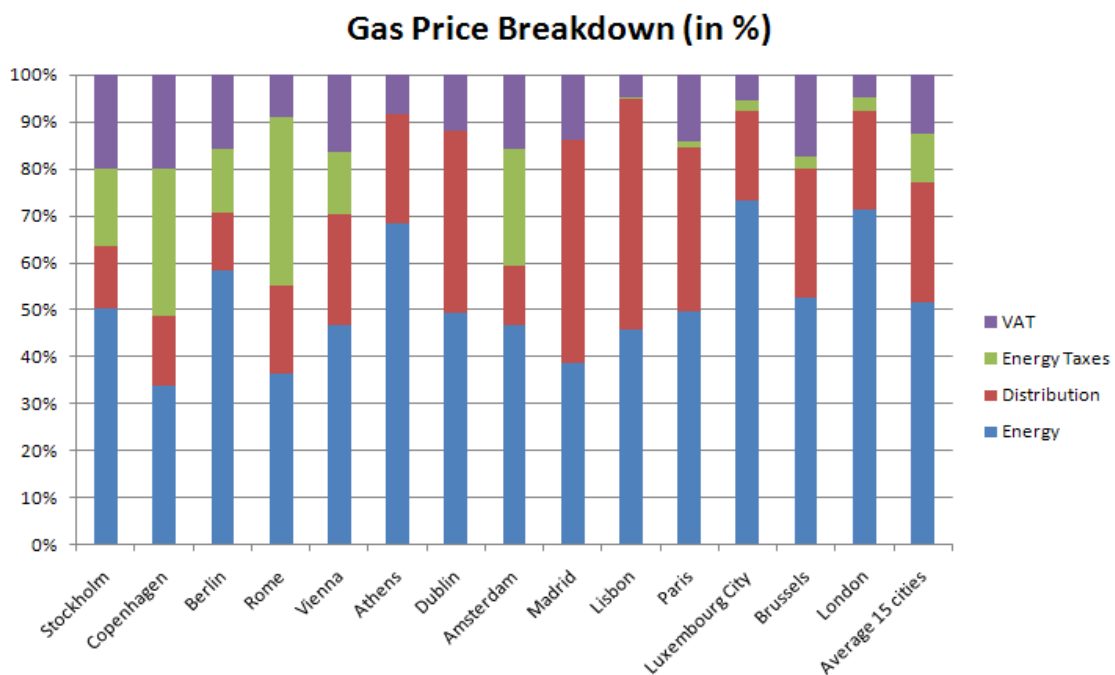
### Electricity Price Breakdown (in %)



Source: E-Control and VaasaETT (Prices as of September 1<sup>st</sup> 2009)

## Gas:

- The graph below shows local gas standard incumbent tariffs disaggregated into four components; energy, distribution, energy taxes and VAT.
- The average share of each component in an EU 15 capital city invoice is as such: Electricity represents a little over half of the total price; distribution about a fourth; energy taxes around 10% and the VAT slightly below 13%. The proportion of each component in the total price is on average quite similar for gas and for electricity.
- The shares of each component vary widely between European cities. The gas component represents almost three quarters of the bill for an inhabitant of Luxembourg while it represents just about a third for an inhabitant of Copenhagen.
- The share of distribution in the total price varies from about 12 % in Berlin and Amsterdam (less than half the EU 15 average) to about 50% for Lisbon and Madrid (twice the EU 15 average).
- For gas, three cities, namely Copenhagen, Amsterdam and Rome charge abnormally high energy taxes. It comes at a surprise that Amsterdam and Rome have such high gas taxes given that they have relatively low electricity taxes. On the other hand, inhabitants of Athens, Madrid, Dublin and Lisbon pay no or very little gas taxes.



Source: E-Control and VaasaETT (Prices as of September 1<sup>st</sup> 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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