Media Release: 25 November, 2011

Household Energy Price Index for Europe

November 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 NOVEMBER 2011

As could be expected after last month's price changes November prices have been rather quiet. Changes are sometimes due solely to exchange rate fluctuations, and have been rather mild in all capitals across Europe. However, two developments are likely to impact residential prices in the short to medium term:

In Great Britain there has lately been bad publicity for the industry regarding the complexity and the large number of residential tariffs which confused consumers. Ofgem has therefore decided to force suppliers to dramatically simplify their pricing schemes by what is called a "radical reform model" leading to simpler tariffs and transparent information to restore consumer confidence. The Portuguese Regulator ERSE announced that regulated tariffs for electricity and natural gas to residential customers will end at the end of 2012 and that that regulated tariffs will no longer be set from 2013 on.

In This Month's Edition

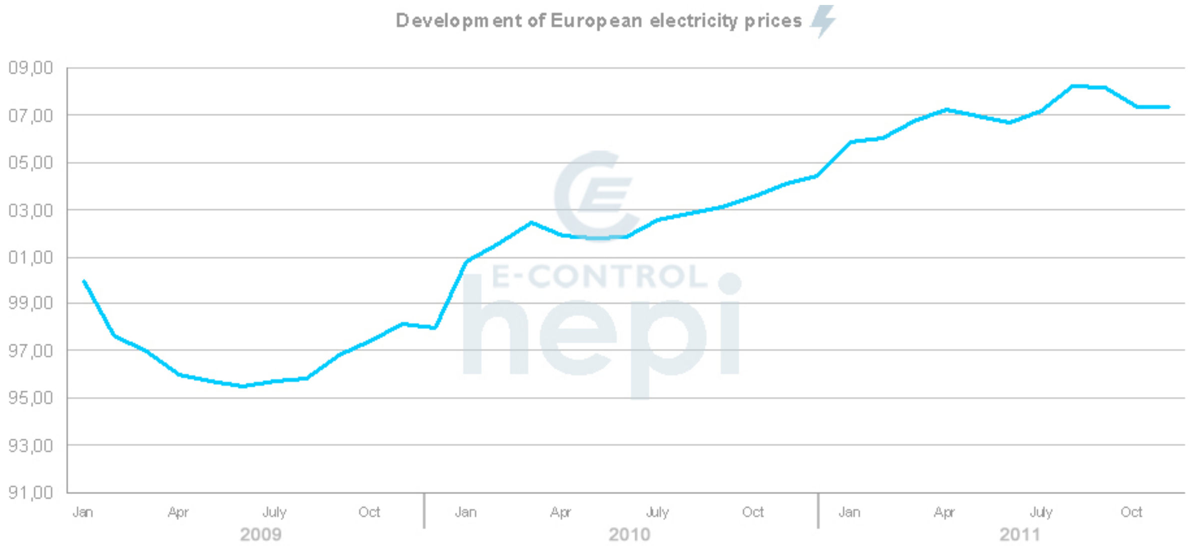
The index shows that residential electricity prices steadily decreased over the first half of 2009 but started continuously rising from 2010 on and reached a new peak in August and September with a slight decrease in October/November (107.4 index points). The price index for gas dropped significantly in 2009 and reached its lowest value only in December at 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 almost regained to its January 2009 level this month (99.8 index points).

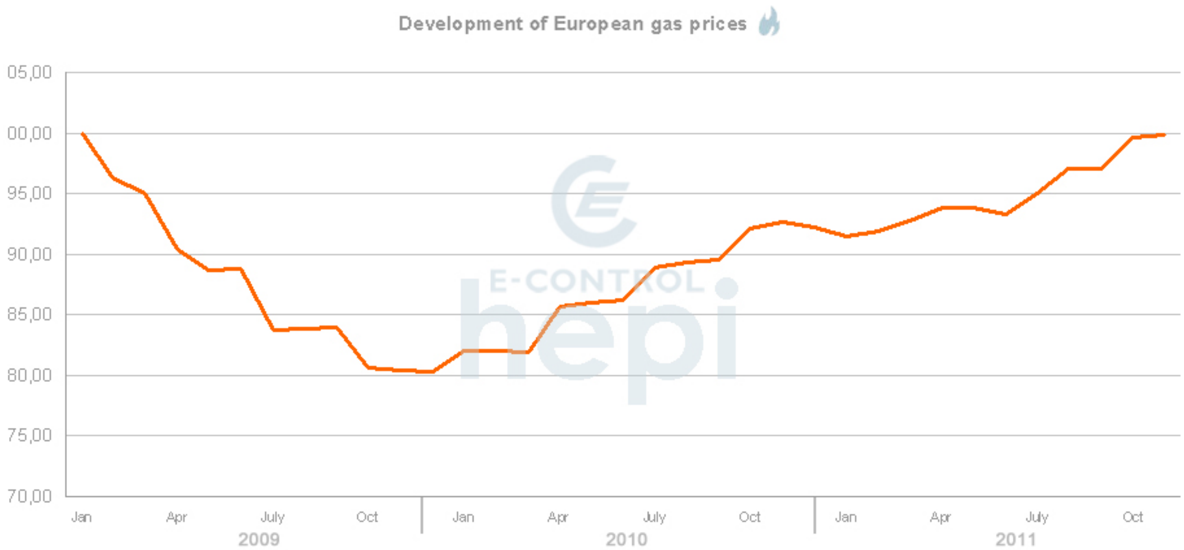
The "Total Price Rankings" table shows that depending on where a customer lives in Europe, the price that customer has to pay can vary by almost 140% per kWh of electricity and by a staggering 380% per kWh of gas. Household customers in Copenhagen pay by far the highest electricity price within the capital cities of the EU-15 (though 55% is made up of taxes), while customers in Athens pay the least. Natural gas household customers in Stockholm pay by far the most within the capital cities of the EU-15 where end-user prices are over 70% higher than in the second most expensive city Copenhagen and close to five times as much as in the British capital city where Londoners enjoy by far the lowest prices. The incredibly high prices in Stockholm can largely be explained by the limited size of the residential market (there are only about 44,000 household gas customers in the whole of Sweden[1]) and the fact that gas heating is almost nonexistent in Sweden.

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.

[1] The Energy Markets Inspectorate, The Swedish electricity and natural gas markets 2009, June 2010.

EUROPEAN ENERGY PRICE DEVELOPMENT (EXCLUDING TAXES)



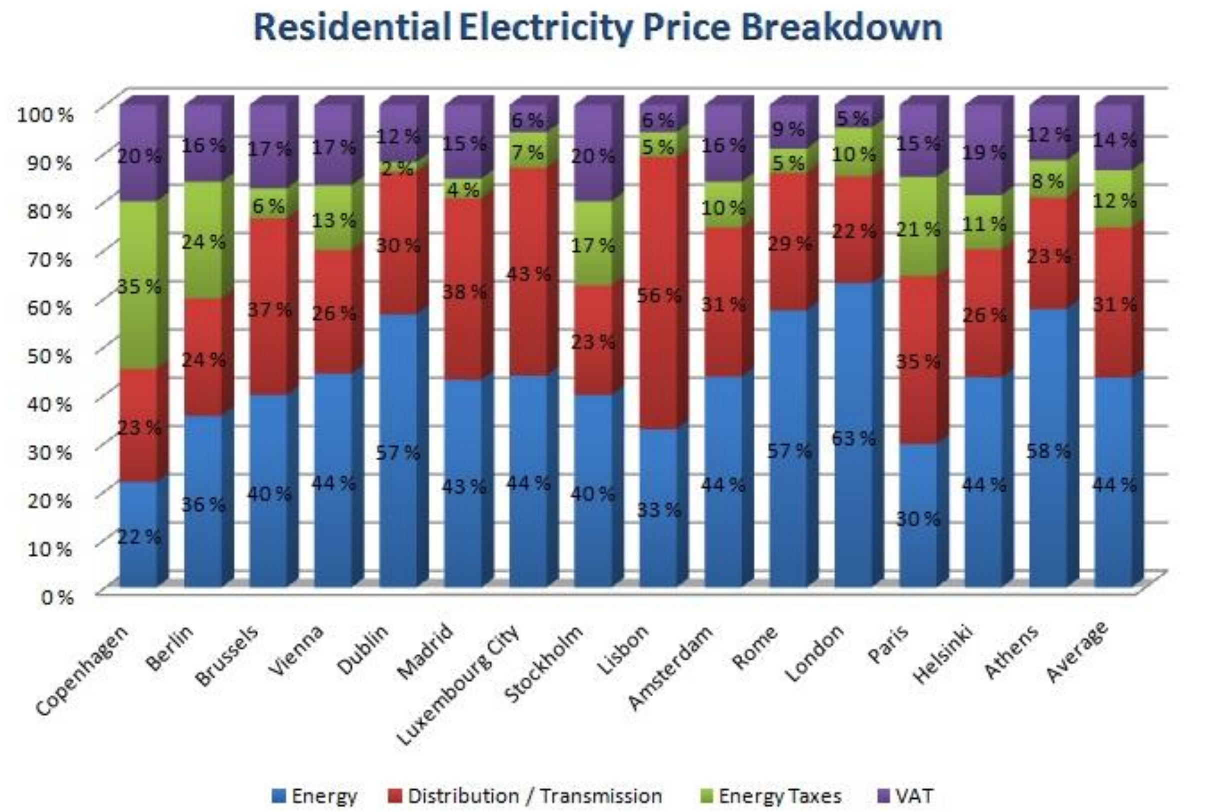


TOTAL PRICE RANKINGS (INCLUDING ENERGY, DISTRIBUTION AND TAXES)

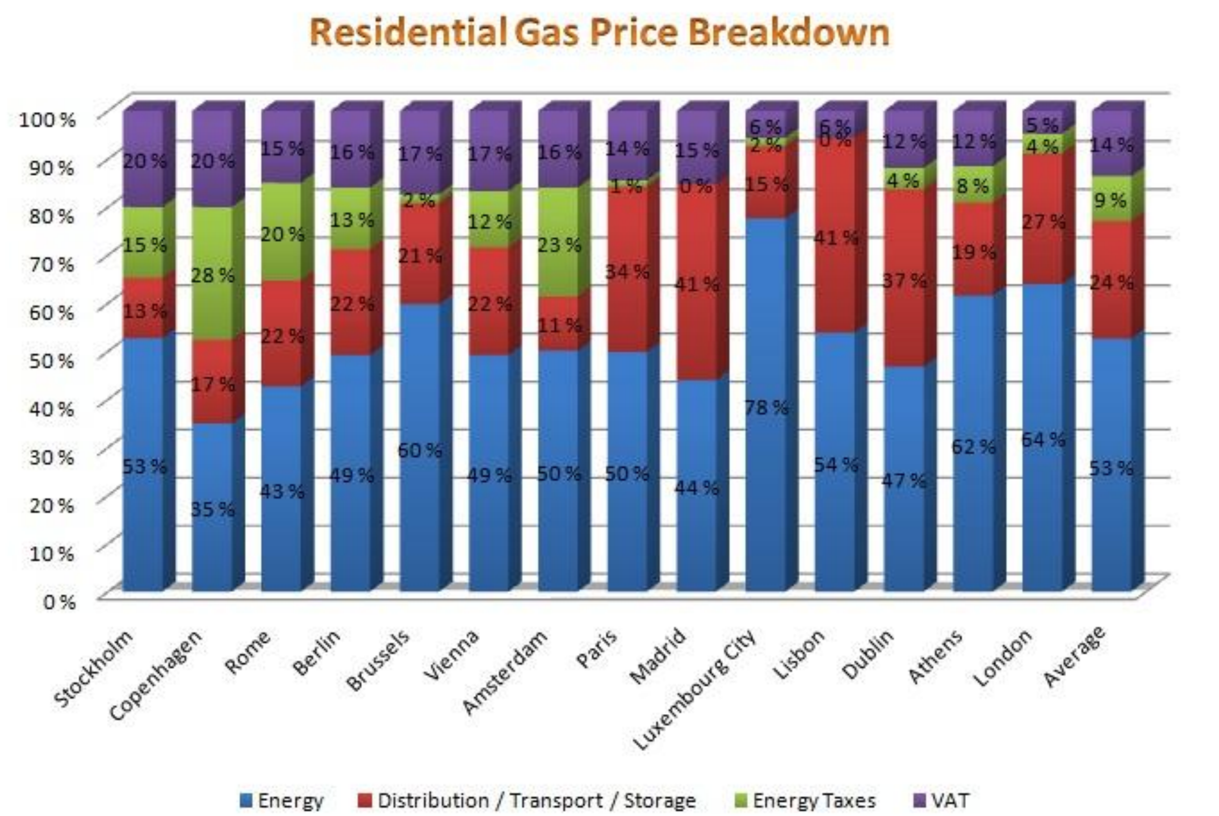
	Electricity (all tax included)				Gas (all tax included)		
Ranking	City	Price in € cent / kWh	Change / previous month	Ranking	City	Price in € cent / kWh	Change / previous month
Most Expensive 1	Copenhagen	30,69	↑	Most Expensive 1	Stockholm	20,83	↑
2	Berlin	25,08	↓	2	Copenhagen	11,84	↓
3	Brussels	22,91	↓	3	Rome	8,56	⇨
4	Dublin	21,33	⇨	...	**Average**	**8,23**	↓
5	Madrid	20,84	⇨	4	Vienna	7,72	⇨
6	Vienna	19,39	⇨	5	Brussels	7,71	↑
...	**Average**	**19,07**	↑	6	Athens	7,49	↑
7	Lisbon	18,09	⇨	7	Berlin	7,07	⇨
8	Luxembourg City	17,84	↓	8	Madrid	6,99	⇨
9	Amsterdam	17,82	⇨	9	Amsterdam	6,58	⇨
10	Stockholm	17,79	↑	10	Paris	6,47	⇨
11	Rome	16,59	⇨	11	Luxembourg City	6,41	⇨
12	London	15,71	↑	12	Dublin	6,24	⇨
13	Helsinki	15,12	⇨	13	Lisbon	6,16	⇨
14	Paris	13,92	⇨	Cheapest 14	London	5,13	↑
Cheapest 15	Athens	12,95	⇨				

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

ENERGY PRICE BREAKDOWN



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



Source: E-Control and VaasaETT (Prices as of November 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.

For More Information

- Christophe Dromacque (English / French)

  - Office: +358 (0)9 2516 6257
  - Mobile: +358 (0)44 906 6822
  - @: firstname.lastname@vaasaett.com

- Silke Ebnet (English / German)

  Tel: +43 (1) 24724 715 / firstname.lastname@e-control.at

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 (Energie-Control Austria) 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 and Mr Martin Graf as managing directors 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.

More at: www.vaasaett.com