

Energy: electricity (+0.4%) and gas are stable

By Government decree and Authority interventions, the impact of increases has been mitigated for both domestic users and companies.

Milan, 30 June 2022 - Despite the sharp rise in wholesale prices, impacted by the great uncertainty surrounding the Russian-Ukrainian conflict, the decisions adopted by the Government and the regulatory measures of the Authority have **sterilised increases for electricity and natural gas** for the market with a reference price and partly also for the free market.

The third quarter of 2022 for the *typical household*^[1] of *standard offer market* will see a slight increase in the **electricity bill, +0.4%**, while the **gas bill** will remain stable, **without change**.

“We are experiencing very complex times when even small increases can cause excessive reactions” – declares Stefano Besseghini, President of ARERA - “The strive for an albeit difficult stability in prices to families becomes particularly important also during summer, despite being aware that all efforts must be concentrated, from now on, on defining tools and solutions that allow us to be effective this coming winter and guarantee the security of supply, as well as limiting costs to the final customer and system as a whole. The European Commission, governments and national regulators are all working together towards these objectives”.

The general context would have determined, **had there been no intervention, a change of around 45% on the gas bill and of 15% on the electricity one.**

Consistently with the provisions of today’s decree, ARERA has intervened on the components of the general system charges, zeroing them for both electricity and gas, for all users. In addition, just like during the previous quarter, for gas it used an additional tariff component (offsetting the costs of marketing, UG2), in order to zero possible increases.

This measure applies to the bracket of consumption typical of domestic users (up to 5 thousand cubic metres/year), with positive effects on all customers, both *of standard offer market* and on the free market. These measures also make it possible to take resources back from the government’s budget to households, including those deriving from the taxation of extra profits.

With a view to then further limiting the change in electricity prices, the Authority has also decided to intervene on the lengthening of the period of recovery of differences between forecasts and final balances in relation to the previous year.

These interventions, together with confirmation of the VAT reduction on gas to 5%, will have a positive impact on **30 million domestic users and on more than 6 million small enterprises, artisans and traders.**

ARERA confirms **the strengthening of social gas and electricity bonuses**, which for the third quarter of the year will again allow families experiencing financial difficulties to pay average bills that do not exceed those prior to the wave of increases. As expected and through the Government financing, families with an **ISEE level of up to €12,000** are confirmed as beneficiaries of these social bonuses. The bonuses are disbursed directly in the bill to all entitled families, as long as they have a valid ISEE within the threshold indicated in 2022.

Information to family units about this tool **will be enhanced** with specific messages included on the bill over the coming months. In support of the information, the freephone number of the *Sportello per il*

^[1] The typical household consumes an average of 2,700 kWh of electricity per year and a committed power of 3 kW; gas consumption is 1,400 cubic metres per year.

consumatore energia e ambiente (Energy and environment consumer help-desk) of ARERA (800.166.654) will be operative.

The effects on bills, in detail.

Despite the major action taken to limit the price changes, there is still a clear difference in expenditure as compared with the previous rolling year¹, because prices remain high.

In terms of final effects, **for the electricity bill, the expenditure for the typical household in the rolling year** (from 1 October 2021 to 30 September 2022) **will be about €1071**, +91% compared to the equivalent 12 months of the previous year (1 October 2020 - 30 September 2021).

In the same period, the expenditure of the typical household **for the gas bill will be approximately €1,696**, +70.7% compared to the equivalent 12 months of the previous year.

Market trends

The uncertainties linked to the developments of the Russia-Ukraine conflict continue to drive tension and consequent price volatility on the market of energy commodities (oil, coal and natural gas).

As regards natural gas, in particular, in Europe risks of scarcity of offer remain. Fears of a complete block of Russian supplies to Europe, as a consequence of the reduction in the North Stream 1 pipeline flows in mid-June, have taken European prices back up to well over €100/MWh, with values seen in the last few days of €130-140/MWh for spot and forward prices. Overall, flows of Russian gas to Europe, through the three main natural gas pipelines (North Stream, Yamal and Ukraine) have reduced by around 40% as compared with the first week of 2022 and 70% on a year ago. The decline in Russian supplies has been partly offset by greater imports of LNG that, during the first five months of 2022, have risen by 55% on the same period of last year, thanks to lesser pressure by Asian demand and European prices higher than those of Asia. This has helped fill European storage, with a level that currently stands at 57% of capacity.

In this context, following the gas price trend, the single national price (PUN) of electricity booked an average figure of €249/MWh in the second quarter of this year.

The components of the bill

In detail, for the individual items on the bill, **for electricity** the slight adjustment (+0.4%) on the final price of a typical household can be broken down as follows: +5.5% of the PE energy item, +0.6% linked to PD dispatching, -5.7% for EPP equalisation.

General system charges remained unchanged at zero.

Regulated grid tariffs (transmission, distribution and metering) are also unchanged.

For natural gas, the stability of the final price for the typical household is determined by the growth of the commodity component, based on the forward list prices relative to the next quarter, with an impact of +16.2%, by an increase in transmission tariff linked components of +3.5%, offset by the extraordinary intervention by the Authority, reducing by -19.7% in connection with the change in the UG2 component.

Other general charges for gas are zeroed and VAT remains at 5% as in the previous quarter.

Final customers in the free market will also benefit from the reduction in the UG2 component.

Full details of the update can be found on the [Data Sheet](#).

¹ A rolling year is defined as the year consisting of the quarter being updated and the three preceding quarters, including considering the consumption associated with each quarter.