



# Energy prices and costs in Europe

**Silvia Rezessy,  
policy analyst, European Commission, DG Energy**



# Main findings 1/2

- Retail prices of electricity and to a lesser extent of gas have risen influenced by market forces and government policy – by up to 4% a year in recent years.
- Price differences across Member States are large in retail electricity and gas across markets and have increased over time.
- There is a disconnect between *convergent* wholesale markets and *diverging national* retail markets
- The convergence and fall in wholesale electricity prices has not resulted in lower retail prices, suggesting inadequate implementation of the internal energy market acqui.

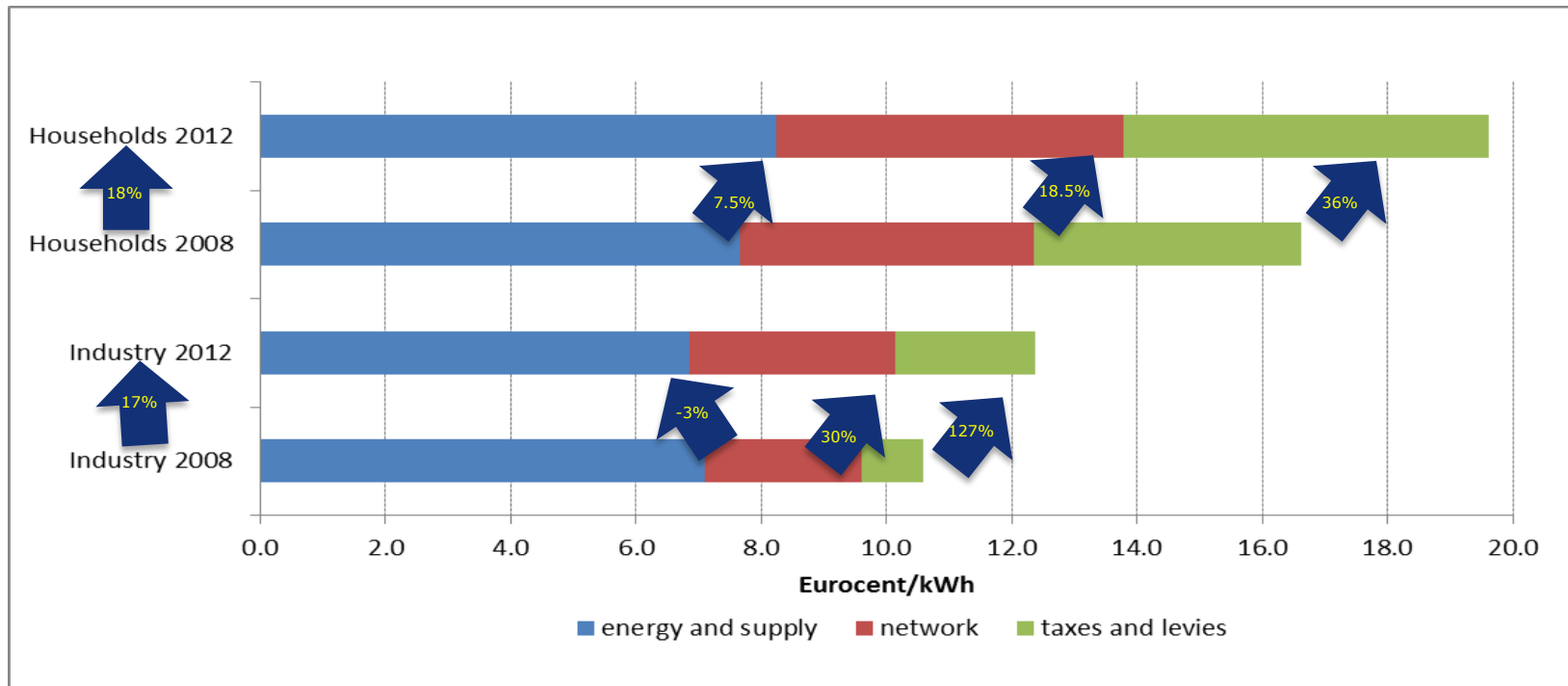


## Main findings 2/2

- Energy efficiency has only partially compensated price rises and energy costs have risen too
- The energy price gap between the EU and major economic partners has increased in recent years.
- We have at our disposal the policies that can keep prices in check and reduce our energy consumption and costs.
- Energy cost challenges call for a joint effort by the EU, national governments, industry and consumers.

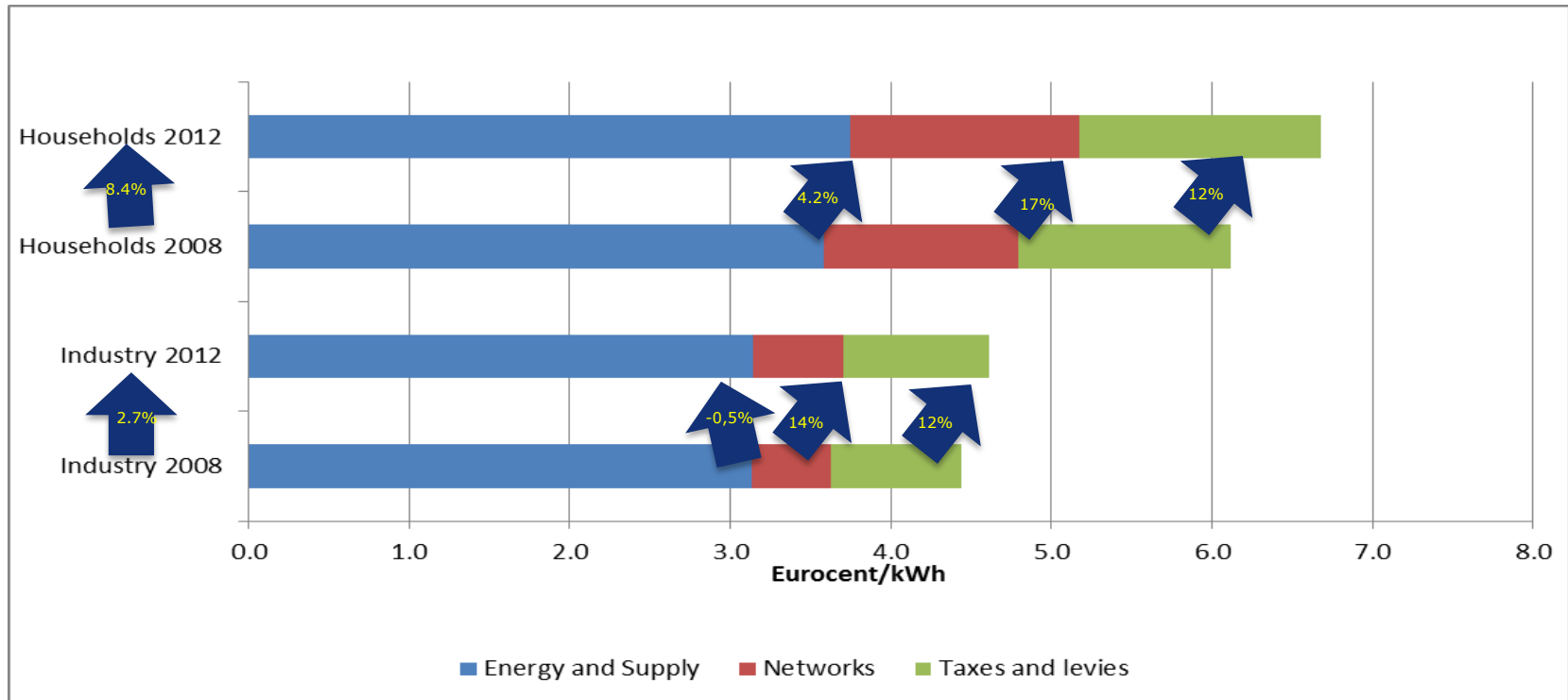
# What has driven electricity and gas prices?

# What has driven electricity prices?



Source: Eurostat. Includes taxes in the case of households; excludes VAT and other recoverable taxes in the case of industry but other industry exemptions are not included (not available).

# What has driven gas prices?



Source: EC, Metadata Member States. Includes taxes in the case of households; excludes VAT and other recoverable taxes in the case of industry.



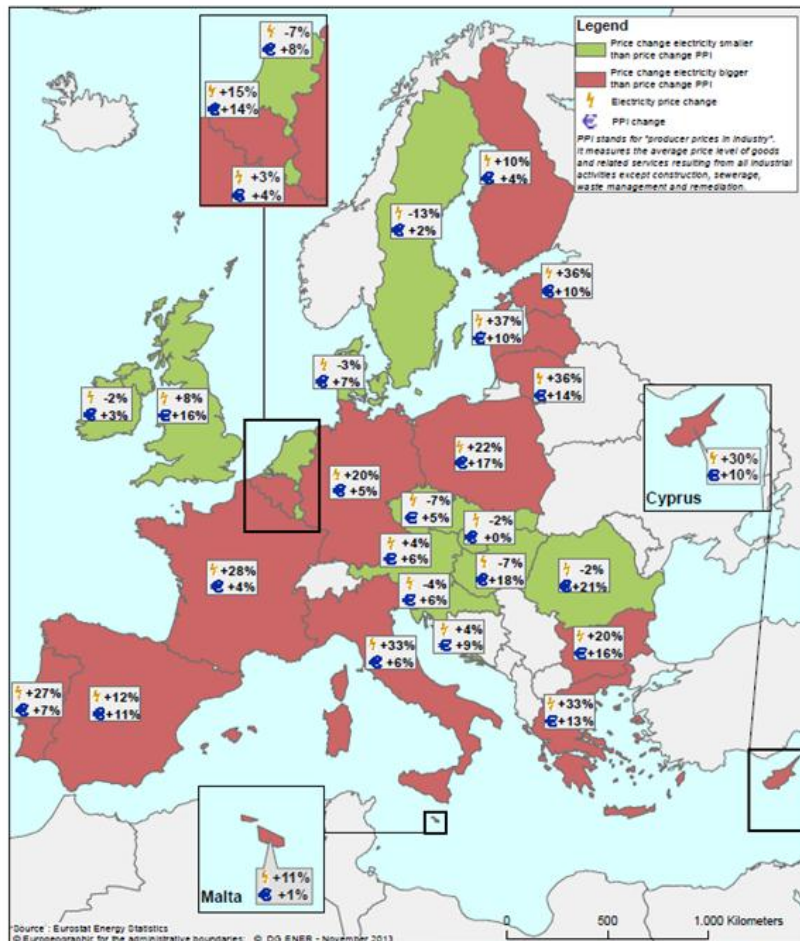
European  
Commission



### COMPARING PRICE CHANGES: ELECTRICITY VS PRODUCER PRICE LEVEL

Electricity prices for median industrial consumers (500 MWh < Consumption < 2 000 MWh) net of VAT and other recoverable taxes and levies

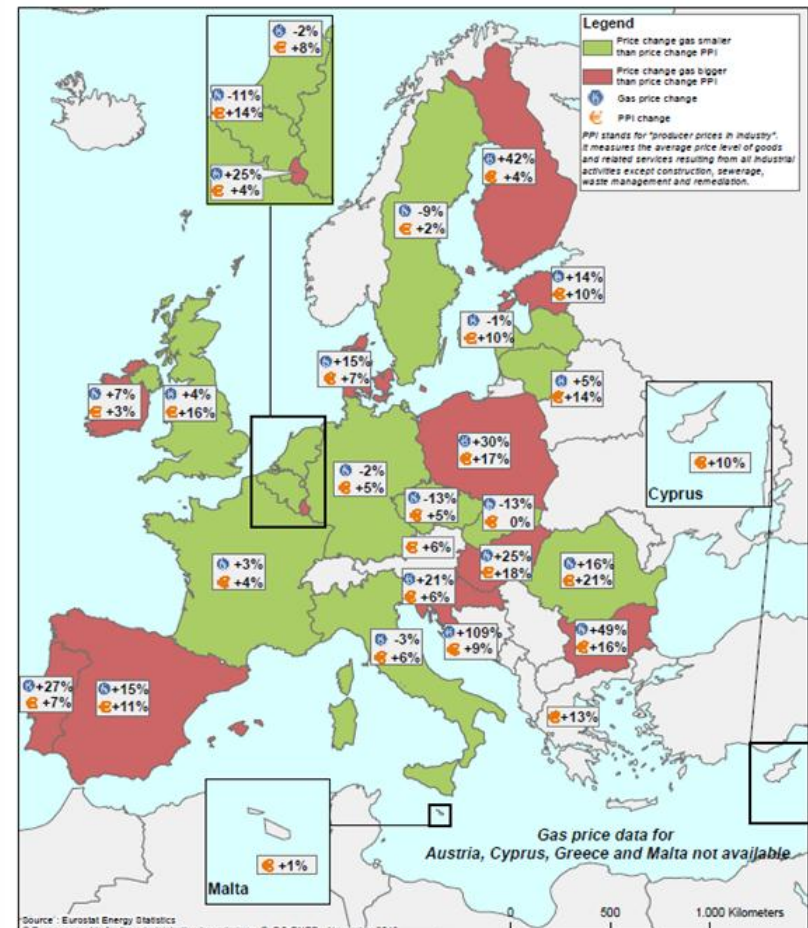
2008 - 2012% change  
All prices in national currency



### COMPARING PRICE CHANGES: NATURAL GAS VS PRODUCER PRICE LEVEL

Gas prices for median industrial consumers (2.78 GWh < Consumption < 27.78 GWh) net of VAT and other recoverable taxes and levies

2008 - 2012% change  
All prices in national currency





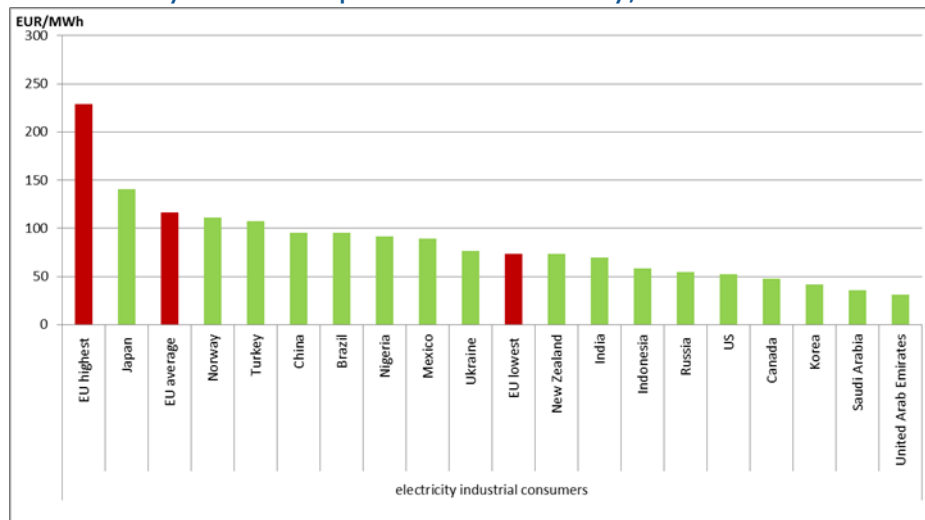
European  
Commission

# Global energy price trends

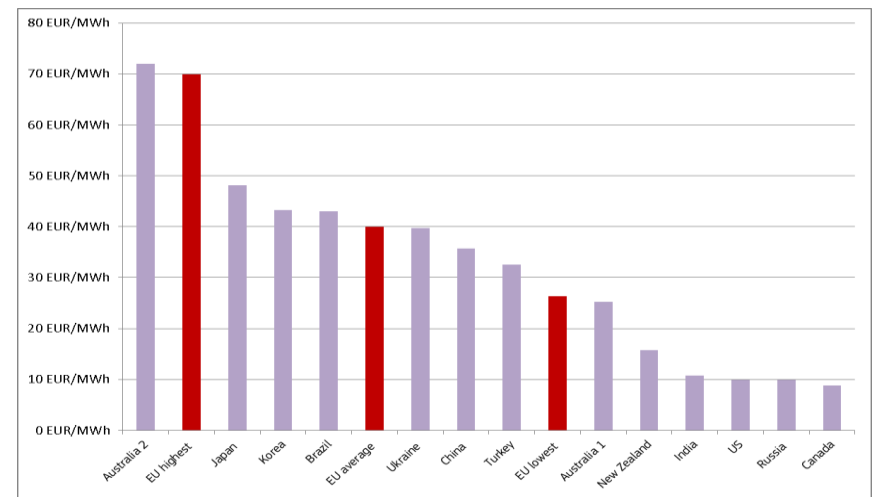


# EU industries pay more for electricity and gas than major trading partners

Electricity end-use prices for industry, 2012

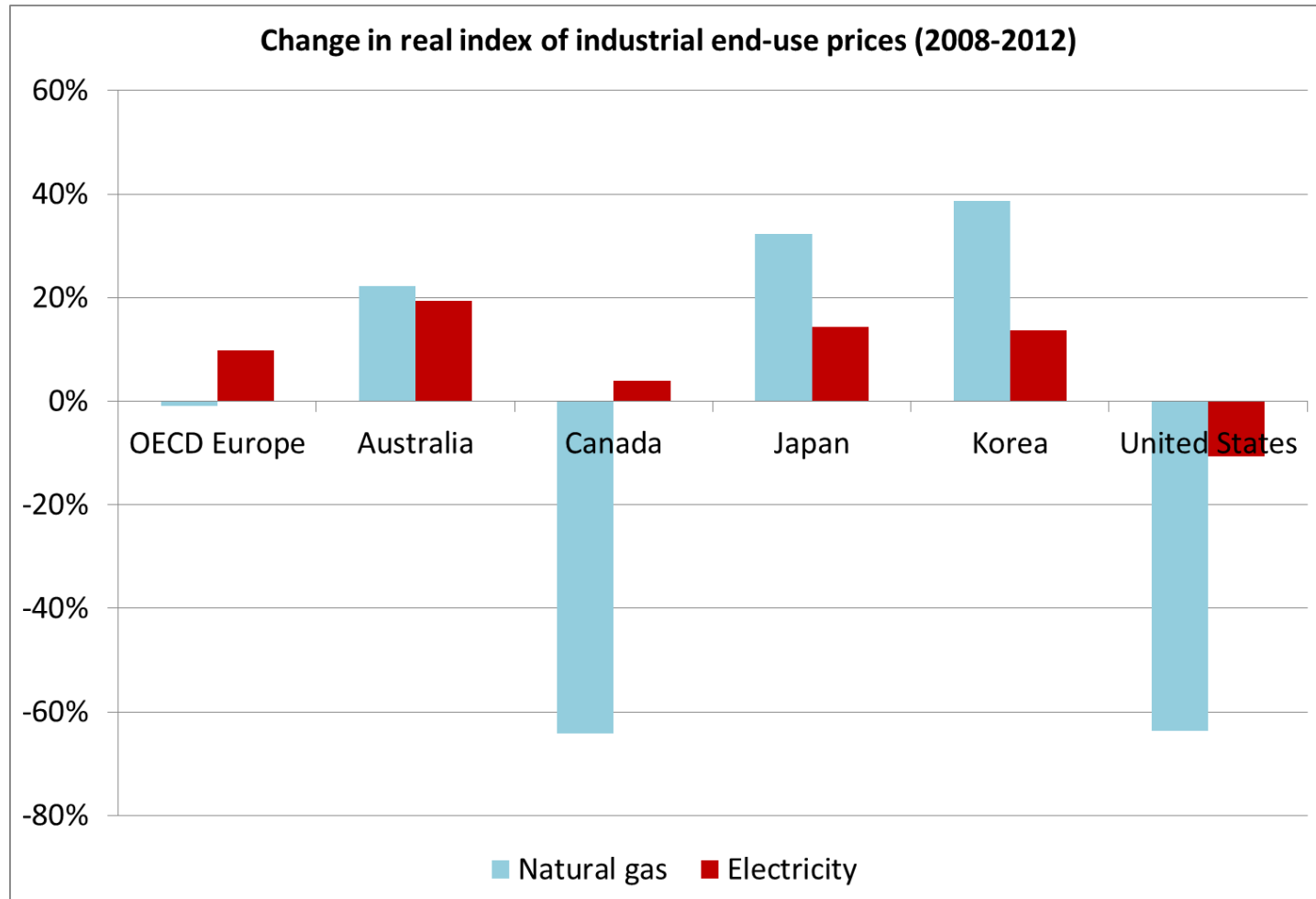


Gas end-use prices for industry, 2012



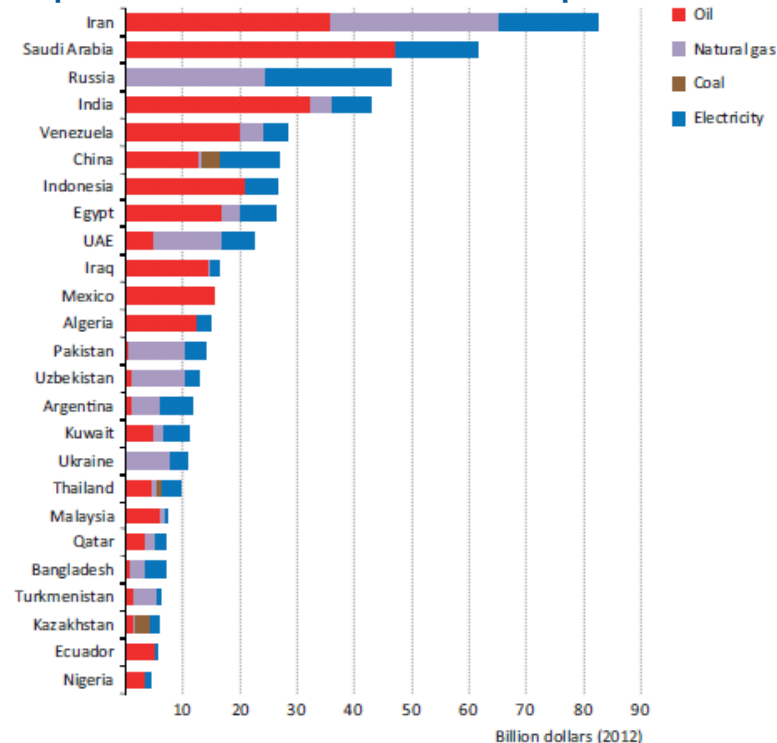
Sources and notes: see p. 177 and 179 of SWD (2014) 20

## Price developments 2008-2012



# No level playing field in fossil fuel pricing

Fossil fuel consumption subsidies for top 25 countries, 2012



Source: IEA WEO 2013

# Moving on... what to do about rising costs?

- **Complete the internal (wholesale and retail) market:** competition brings cost savings, alignment of wholesale and retail prices
- **Switch energy supplier/energy procurement**
- Look at non-market elements - network costs, taxes and levies - in light of **best practice**
- Keep (energy financed) **energy and climate policies** cost effective
- Use more **energy efficient products** and processes
- Ensure **level playing field in energy pricing** (bilateral, WTO action)
- Diversify suppliers and supply routes, common European voice in negotiations with suppliers
- Ultimately, protect vulnerable households and exposed industries



**Thank you for your attention**