

# Analysis of European Power Price Increase Drivers

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A EURELECTRIC study

May 2014

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*We speak for more than 3,500 companies in power generation, distribution, and supply.*

***We Stand For:***

***Carbon-neutral electricity by 2050***

We have committed to making Europe's electricity cleaner. To deliver, we need to make use of **all low-carbon technologies**: more renewables, but also clean coal and gas, and nuclear. Efficient electric technologies in **transport and buildings**, combined with the development of smart grids and a major push in **energy efficiency** play a key role in reducing fossil fuel consumption and making our electricity more sustainable.

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We support well-functioning, distortion-free **energy and carbon markets** as the best way to produce electricity and reduce emissions cost-efficiently. Integrated EU-wide electricity and gas markets are also crucial to offer our customers the **full benefits of liberalisation**: they ensure the best use of generation resources, improve **security of supply**, allow full EU-wide competition, and increase **customer choice**.

***Continent-wide electricity through a coherent European approach***

Europe's energy and climate challenges can only be solved by **European – or even global – policies**, not incoherent national measures. Such policies should complement, not contradict each other: coherent and integrated approaches reduce costs. This will encourage **effective investment** to ensure a sustainable and reliable electricity supply for Europe's businesses and consumers.

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## KEY MESSAGES

Rising power prices are of major concern throughout Europe. Efforts are thus being made by several stakeholders to understand what the drivers of such increase are. In the wake of the publication of the European Commission's analysis of energy prices and costs in Europe (COM (2014) 21), EURELECTRIC decided to launch its own enquiry into what drives bills up. Its main results are:

- Transparency in the way electricity statistics are collected, validated and disseminated is missing. As a result, customers are not able to see what they pay for.
- Member states reporting to the European Commission can include policy support elements – for instance support given to specific generation technologies – in any of the three components (energy & supply; network; taxes & levies). These non-standardised reporting obligations lead to a lack of comparability.
- Increases in electricity prices are largely a result of government add-ons, falling within the taxes & levies component. Between 2008 and 2012 energy & supply costs decreased by 4% and network costs increased by 10% for households. Taxes & levies rose by as much as 31%, wiping out any benefits derived from functioning wholesale markets.
- Within the taxes & levies component, policy support costs (levies) have more than doubled between 2008 and 2012. However, taxes such as value-added tax and excise duties still cost 56% more and make up most of burden. In 2012, European households spent an average of 39€/MWh on taxes and 25€/MWh on policy support costs.

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# **1. Introduction**

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Rising power prices are of major concern throughout Europe. Efforts are thus being made to understand what drives bills up. Yet, the current national reporting system does not allow the identification of price increase drivers in sufficient detail either at EU or on national level.

To tackle this shortcoming and provide a clearer picture, EURELECTRIC has carried out an analysis of European power prices with a special focus on price increase drivers. The Study pioneers in assessing the impact of public interference by creating a unique inventory of policy supports costs.

The analysis is based on a methodological approach that creates a harmonised picture of the effect of taxes and levies on the total price while other elements are based on official government data.<sup>1</sup> This allows comparability and the identification of the most significant trends.

The EURELECTRIC study yields a distinct and – to the highest possible extent – homogenous identification of price increase drivers, along with the assessment of their impact on end-user prices. It serves as a stepping stone towards any future analysis, providing a quantitative basis for policies that aim to increase the competitiveness of Europe’s industries and ease the financial burden on European households.

Results of the EURELECTRIC study are presented in two parts. Chapter 2 identifies price increase drivers. Chapter 3 provides a detailed analysis of identified elements that contribute the most to recent rise of power prices.

## **1.1 Background**

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In May 2013 the European Council mandated the European Commission (EC) to conduct an in-depth analysis of European energy prices and costs.<sup>2</sup> The EC based their analysis on three main price components: energy & supply, network, and taxes & levies. The EURELECTRIC study keeps this price

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<sup>1</sup> For further information on the analysed consumer types, consumption bands, reporting period and metadata please consult the methodological annex.

<sup>2</sup> All related documents available at: [http://ec.europa.eu/energy/2030\\_en.htm](http://ec.europa.eu/energy/2030_en.htm)

breakdown, with one crucial difference: EURELECTRIC has striven to harmonise the reporting of taxes and levies. This ensures a cleaner distinction and thus avoids comparisons of overlapping components.

## 1.2 Reporting systems at a glance

No binding EU framework exists that would ensure the fully harmonised reporting of price components. The reporting obligation of industrial prices, allows Member States to interpret the legislation in different ways. For household price components there is no legislation in place at all. Instead, household prices are currently reported on voluntary basis along the lines of the industrial legislation. As a result, any country can report to Eurostat any policy support element in any of the three components. Therefore, comparing a certain component across member states means that only the name of the component is identical, while the composition of the components is highly divergent. Conversely, EURELECTRIC's reporting system ensures that explicit taxes and levies are not accounted in the energy & supply or the network component (Figure 1).<sup>3</sup>

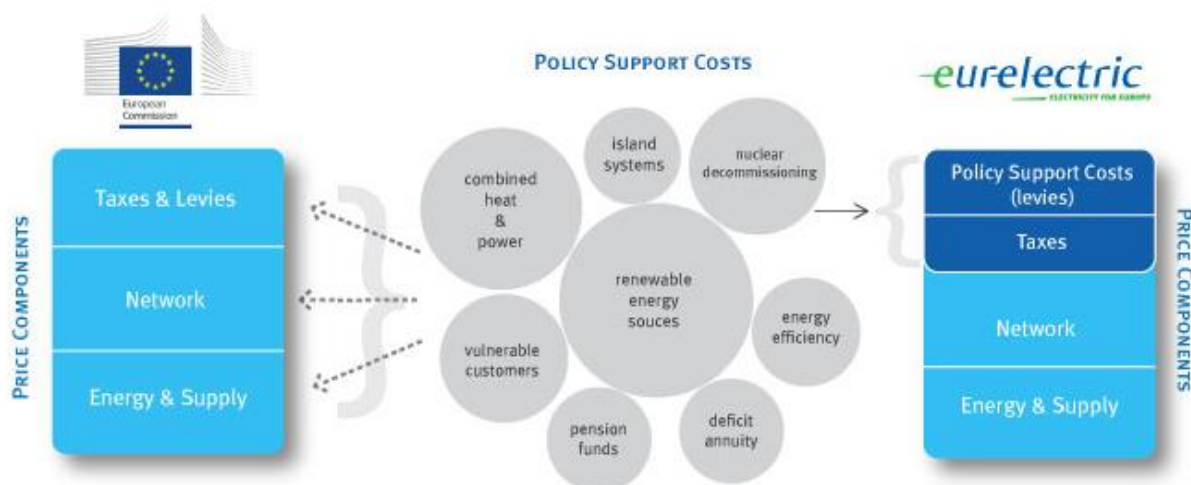
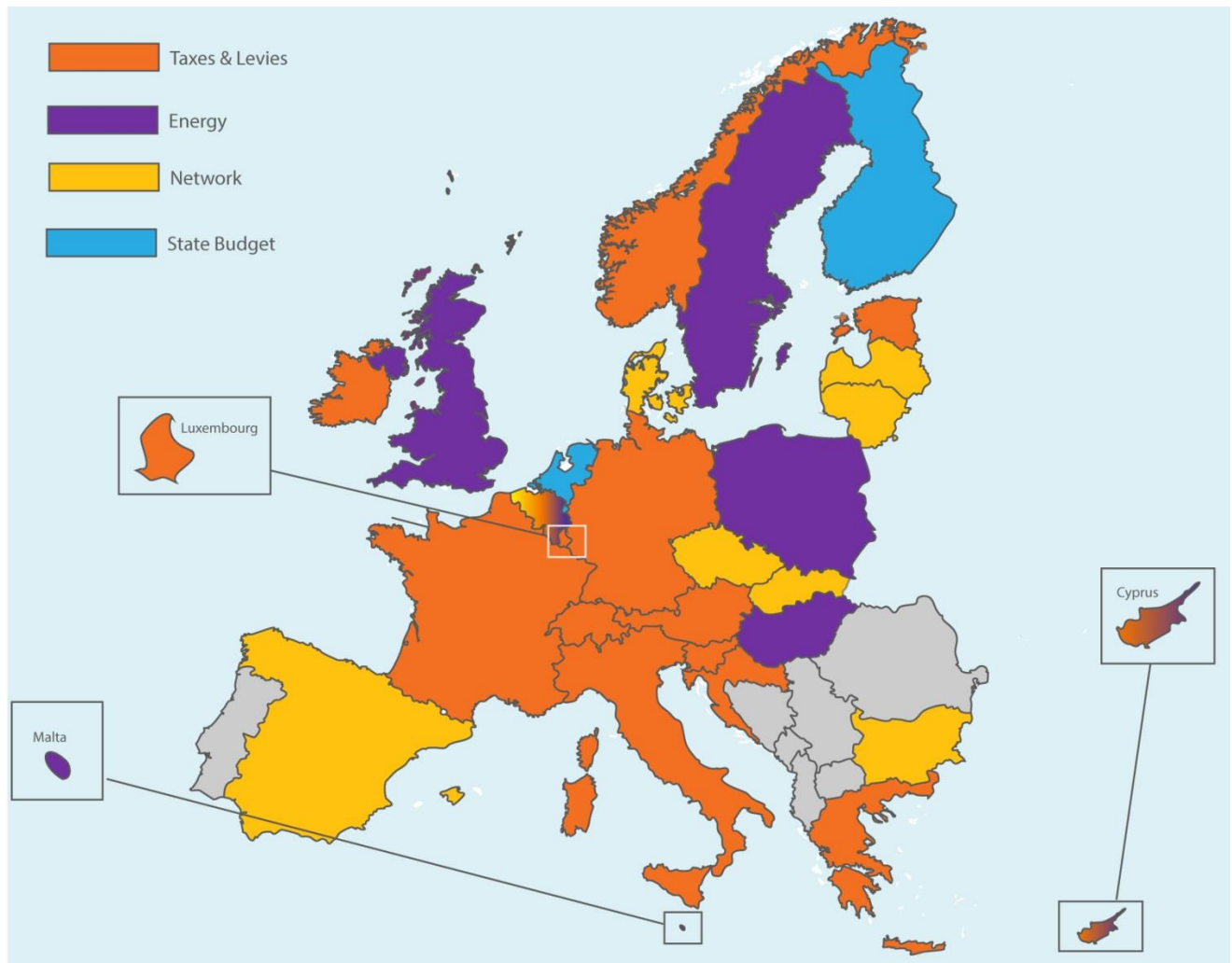


Figure 1: Reporting Systems<sup>4</sup>

<sup>3</sup> Embedded taxes, such as real estate or corporate taxation, and the impact of the EU Emission Trading Scheme are not reallocated from the Energy & Supply or Network components into the Taxes and Levies component.

<sup>4</sup> The figure displays the most common policy support items. It does not aim to provide an exhaustive list.

Figure 2 illustrates in which component countries typically reported their policy support costs (levies) to Eurostat in the period 2008-2012.<sup>5,6</sup>



**Figure 2: National reporting to the EC<sup>7,8</sup>**

<sup>5</sup> The Study examines explicit costs and therefore does not capture the impact of the centrally provided financial support. For further information on countries financing policy support costs from state budget please consult country comments CZ1, FI1, NL1, LU1.

<sup>6</sup> For changes in the accounting of policy support costs after the reporting period please see country comments AT1, BG1, HU1.

<sup>7</sup> For further information on the damage of the Vasilikos power station on Cyprus and its implications to the level of policy support costs, please consult country comment CY1.

<sup>8</sup> For further information on the reporting of Belgian policy support costs and their implication for the EURELECTRIC study, please consult country comment BE1.



The study is based on data provided by EURELECTRIC national member associations. The following countries have answered the EURELECTRIC questionnaire: Austria, Belgium, Bulgaria, Croatia, Czech Republic, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Norway, Slovakia, Slovenia, Spain, Sweden, Switzerland, United Kingdom. Their aggregated power consumption accounts for 97% of the consumption of the European Union and EFTA together.

## 2. Identification of Price Increase Drivers

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### 2.1 Industrial Price Components

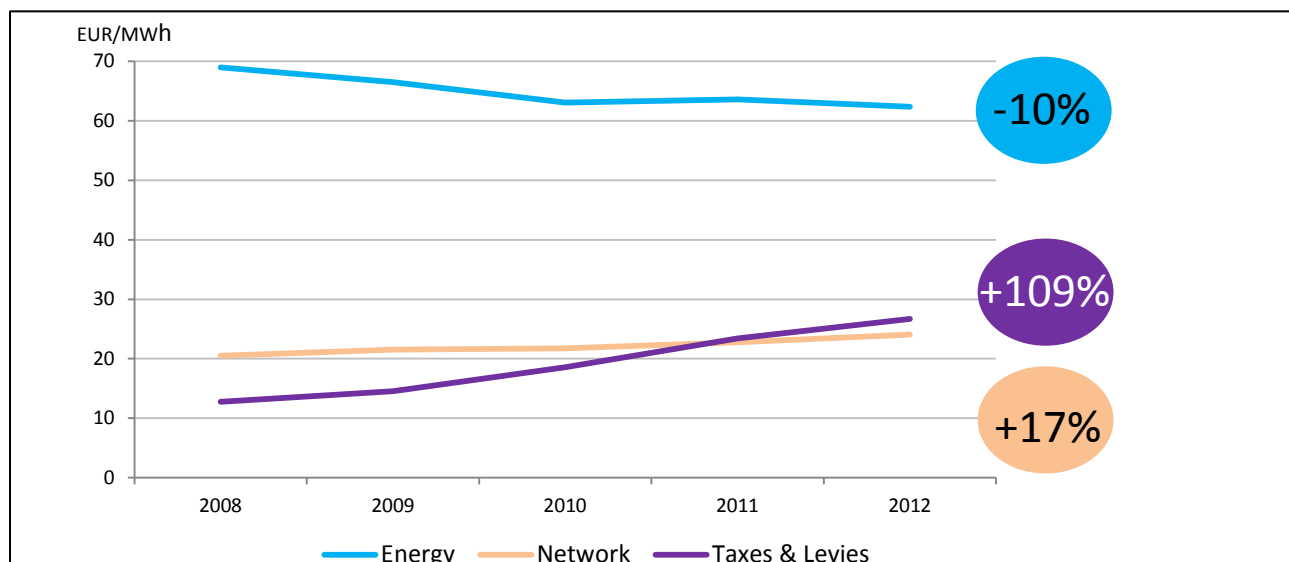
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Taxes & levies for industrial customers more than doubled. They accounted for €26.7/MWh in 2012 compared to €12.8/MWh in 2008. Throughout this period, the share of this component in the total average price increased from 13% to 24% (+11p.p.), reflecting the change in the absolute cost.

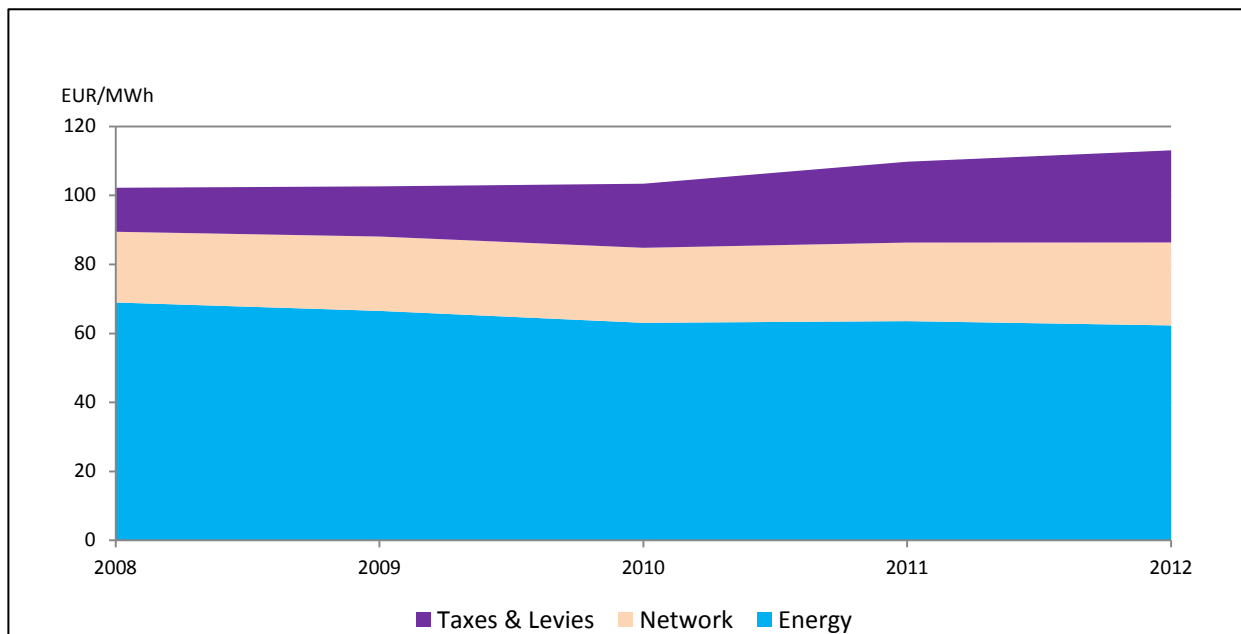
The average network component for industrial customers increased by €3/MWh or 17%. The share of the network component marginally increased from 20% to 21% (+1 p.p.).

The energy & supply component decreased by an average of €7/MWh or 10%. The share of this component in the total price declined from 67% in 2008 to 55% in 2012 (-12 p.p.).

The regulated part of the bill– the sum of network tariff and taxes and levies – increased from 32% to 45% for industrial customers.



**Figure 3 Evolution of average industrial price components**



**Figure 4 Share of Industrial Price Components**

The significant increase of the taxes & levies component, the slight increment of the network component and the decrease of the energy & supply component led to a 10% increase on the total price for industrial consumers.

## **2.2 Household Price Components**

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Taxes & levies for household consumers increased from €51/MWh to €67/MWh, a rise of 31%. The share of this component in the total price increased from 29% to 34% in the period 2008-2012 (5 p.p.).

The network component increased by €4.5/MWh or 9%. The share of the Network component remained constant accounting for roughly a quarter of the total average price.

The energy & supply component decreased also for household consumers both in absolute and relative terms. In 2012 it was 4% lower than in 2008 as it decreased from €81/MWh to €77/MWh. In 2012 it made up 40% of the total bill having experienced a 5 p.p. decrease.

For household consumers the energy & supply component decreased annually by 1%. The network component increased by 2%, meanwhile the taxes & levies component rose by 6% annually.<sup>9</sup> If these growth patterns are sustained over the period 2013-2014 taxes & levies already costs the average European consumer more than energy itself.

Overall household prices rose by the same pace as industrial prices, as they were 10% higher in 2012 than in 2008<sup>10</sup>.

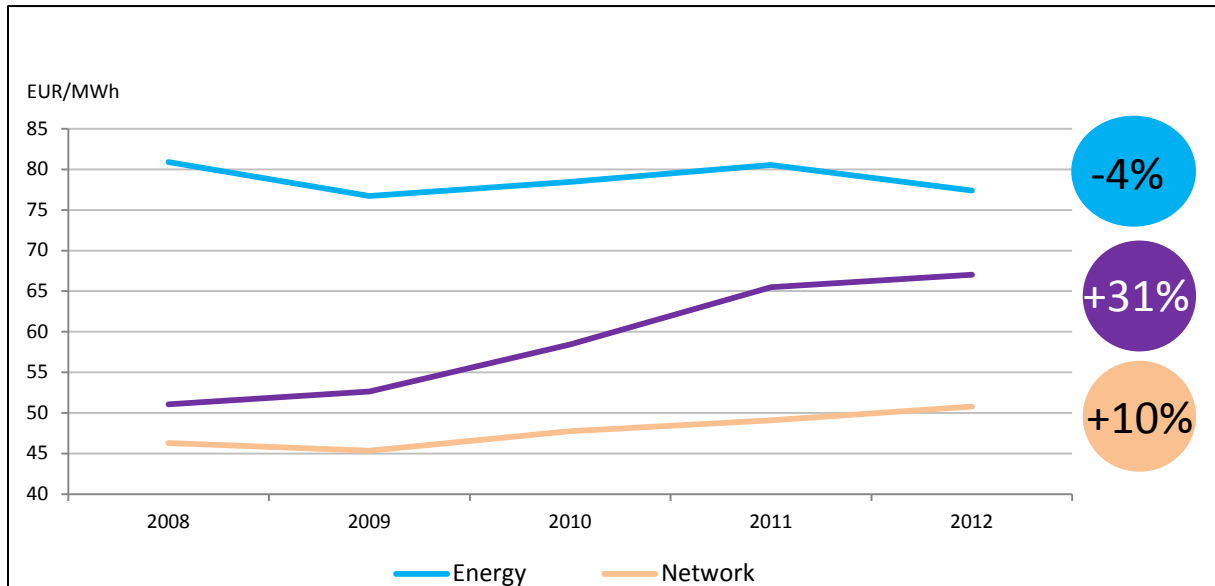


Figure 5 Evolution of average household price components

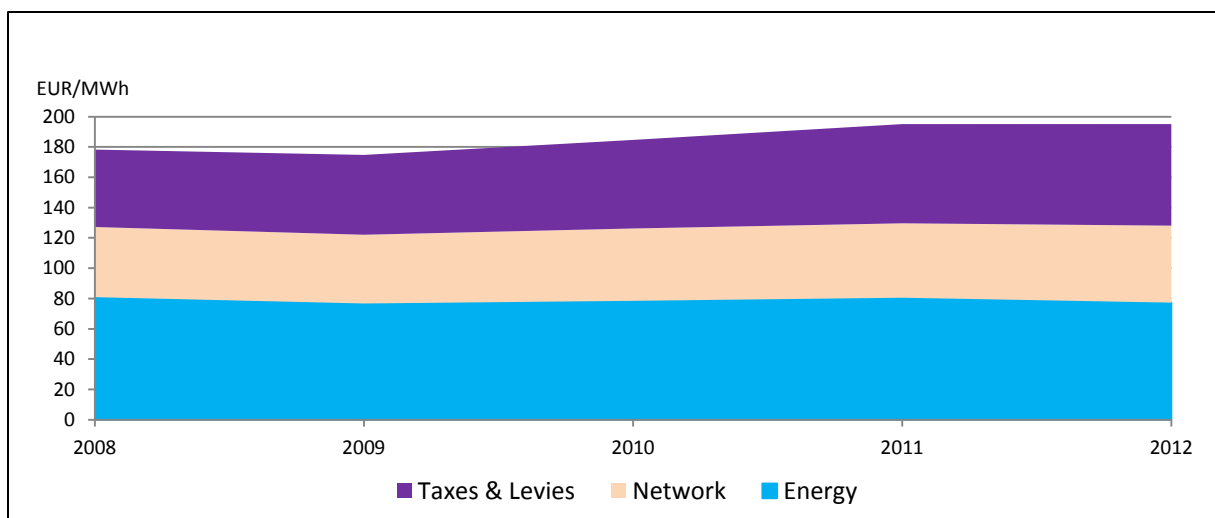


Figure 6 Share of Household price components over time

<sup>9</sup> Compound Average Growth Rate 2008-2012

<sup>10</sup> Household retail prices were regulated in 15 out of the 25 reporting EU countries at the end of the reporting period. [http://www.acer.europa.eu/Official\\_documents/Acts\\_of\\_the\\_Agency/Publication/ACER%20Market%20Monitoring%20Report%202013.pdf](http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/ACER%20Market%20Monitoring%20Report%202013.pdf)

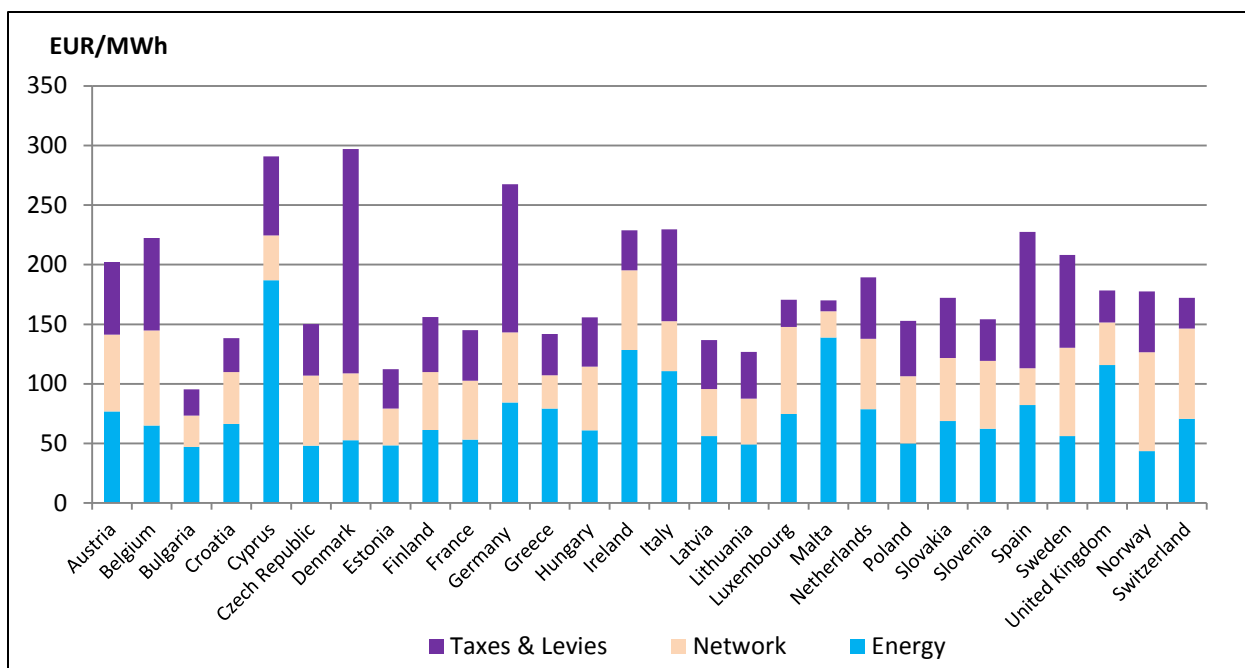


Figure 7 Household price components by country in 2012

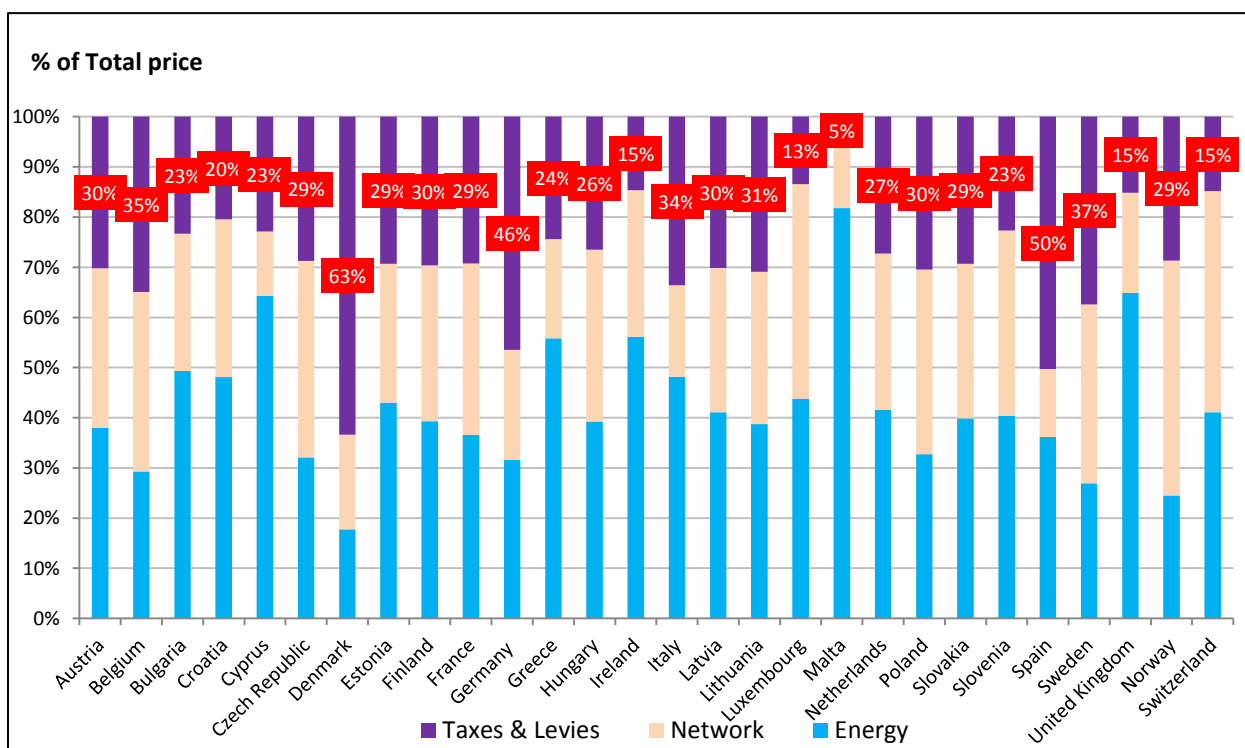


Figure 8 Share of household price components by country in 2012

## 2.3 European Commission vs. EURELECTRIC Price Components

The following figures provide a comparison of the European Commission (EC) and the EURELECTRIC components. For countries that report PSC in either the energy & supply or the network component, the corresponding components of the EURELECTRIC analysis are smaller than the EC component, while the EURELECTRIC taxes and levies component is respectively higher. In cases where countries report PSC as part of the taxes and levies component the EC and EURELECTRIC data are identical.

### 2.3.1 Taxes and Levies Component

Figure 9 provides a comparison of the EC<sup>11</sup> vs. EURELECTRIC results for the taxes & levies component<sup>12</sup>:

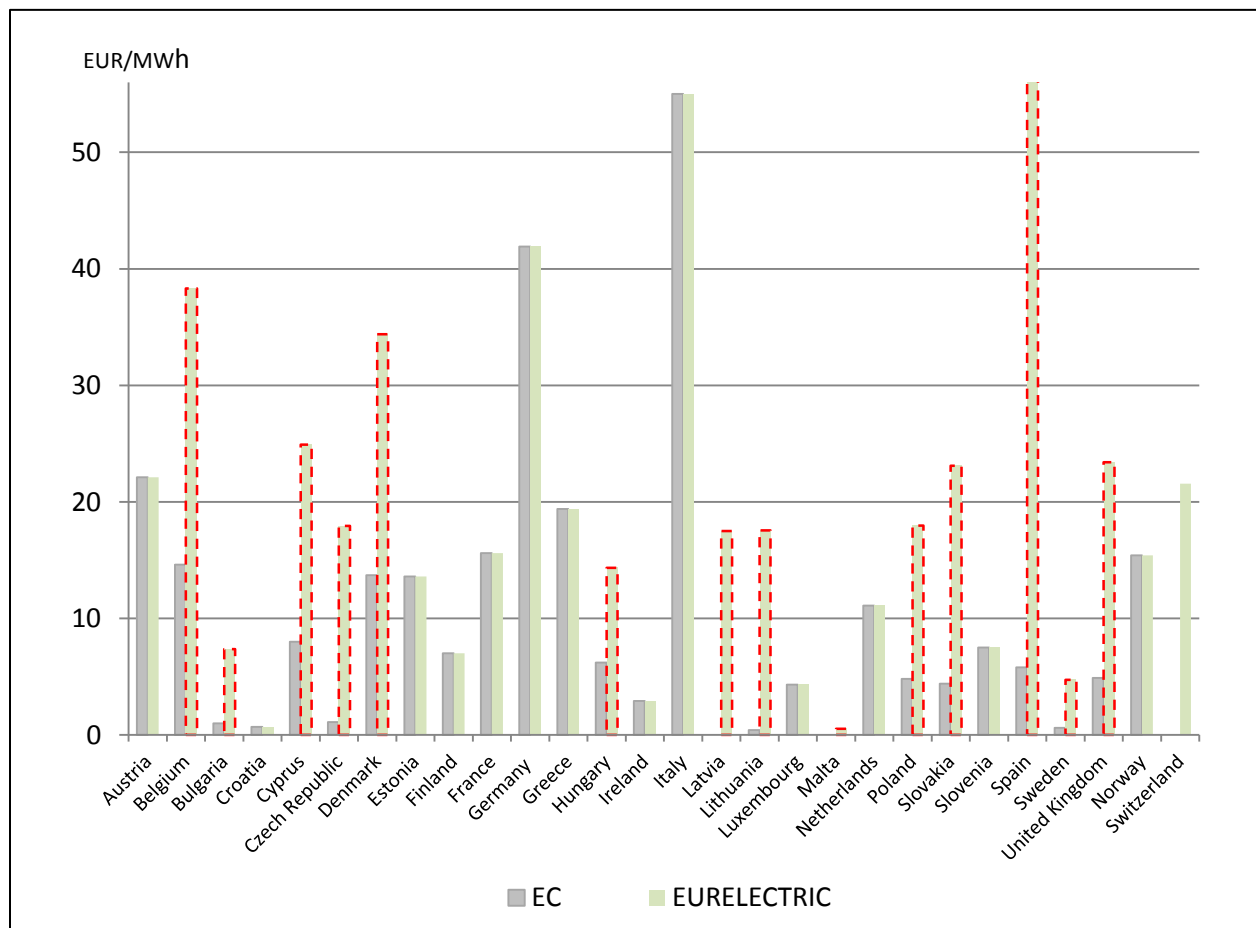
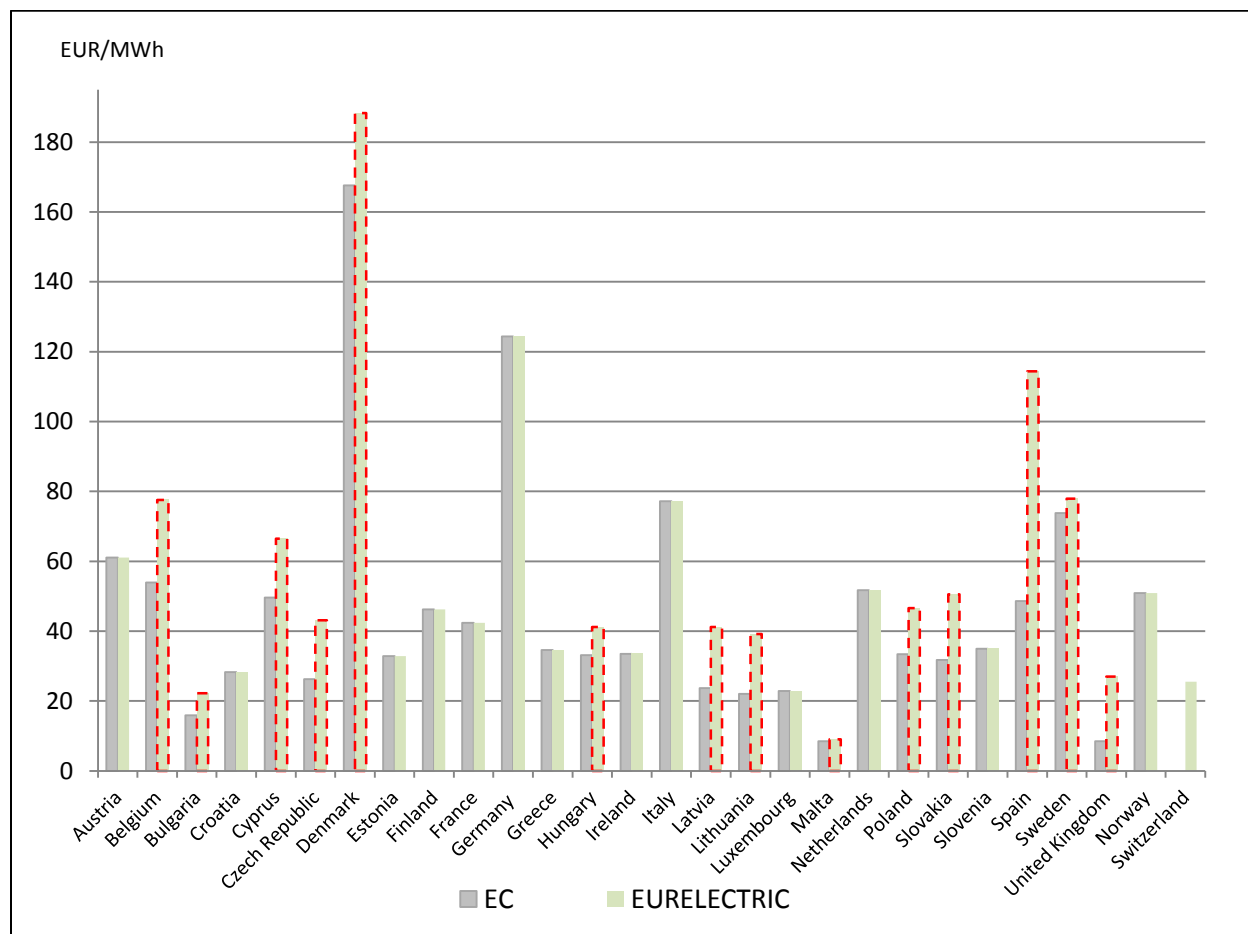


Figure 9 Distortion of the industrial taxes and levies component in 2012

<sup>11</sup> The EC does not publish Swiss energy data.

<sup>12</sup> Excluding VAT and other recoverable taxes.



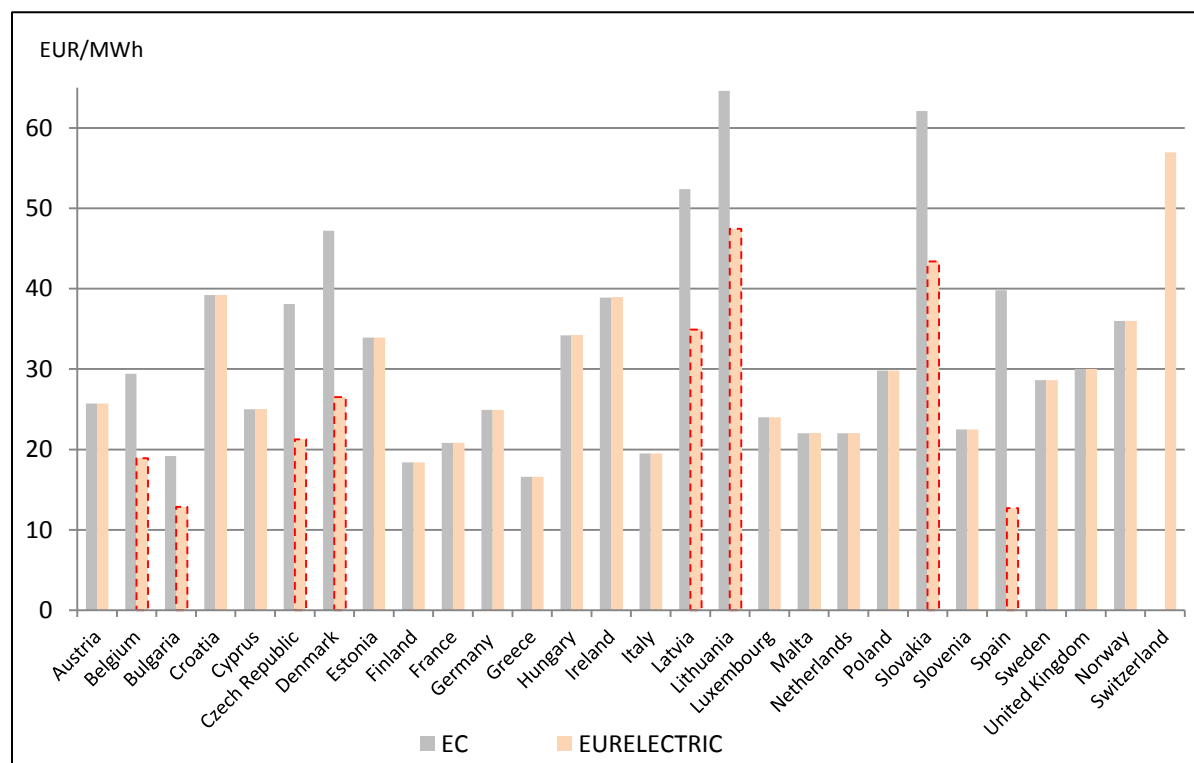
**Figure 10 Distortion of the household taxes and levies component in 2012**

The EC data provides a distorted picture of all 14 countries that include their PSC in the energy or network components, resulting in the taxes & levies component being disproportionately low. The real cost of taxes & levies for these countries, is displayed by highlighted bars. EURELECTRIC data shows that household taxes and levies amounted for 66.4 EUR/MMh on average, meanwhile the EC data displays 56.2 EUR/MWh.

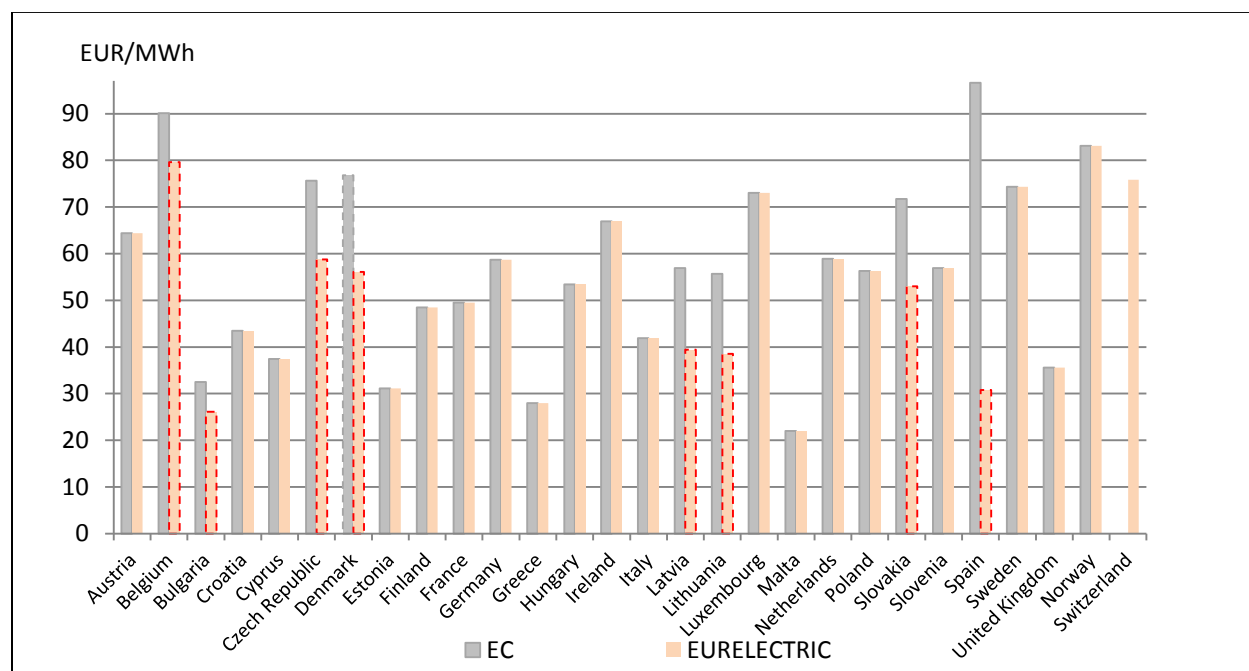
The average industrial and household taxes and levies components are respectively 27% and 18% higher once policy support costs are allocated in a harmonised manner. The average distortion of the industrial and household taxes and levies components across the concerned countries are at 767% and 59% respectively. The EC data is zero for the Maltese and Latvian industrial taxes and levies components. In reality industrial consumers have to pay policy support costs (levies) in both countries.

### 2.3.2 Network Component

Figure 11 provides a comparison of the EC vs. EURELECTRIC results for the network component:<sup>13</sup>



**Figure 11 Distortion of the industrial network component in 2012**



**Figure 12 Distortion of the household network component in 2012**

<sup>13</sup> For further information on concerns expressed by the Estonian EURELECTRIC member please consult country comment EE1.

The EC data does provide a distorted picture of all 8 countries that report PSCs in the network component, resulting in their network components being disproportionally high. The average distortion of the industrial and household network components across the concerned countries are at 39% and 30% respectively. In single cases, such as Spain, the distortion can be as high as 68%.

### 2.3.3 Energy & Supply Component

Figure 13 provides a comparison of the EC vs. EURELECTRIC results for the energy & supply component<sup>14,15</sup>:

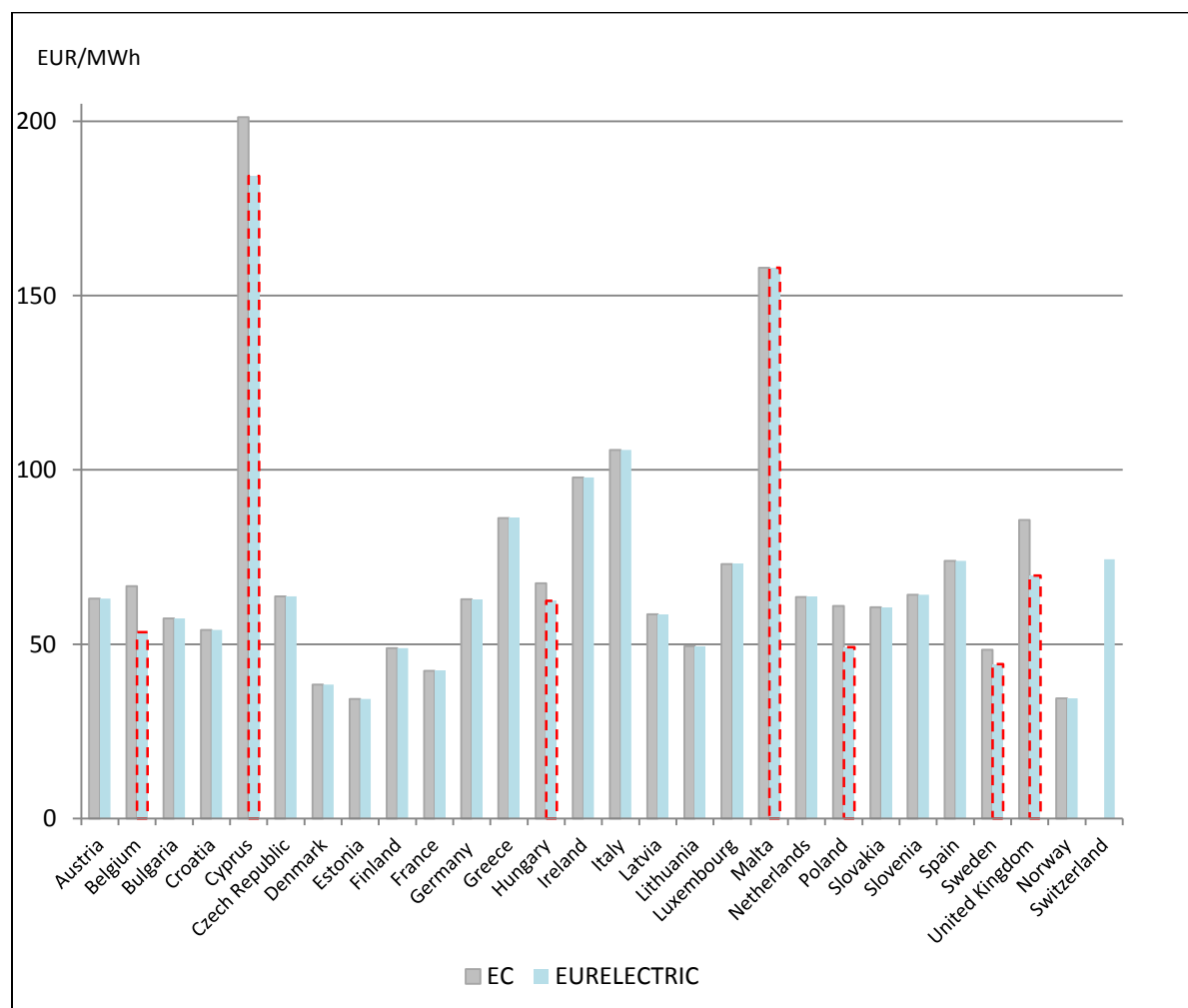
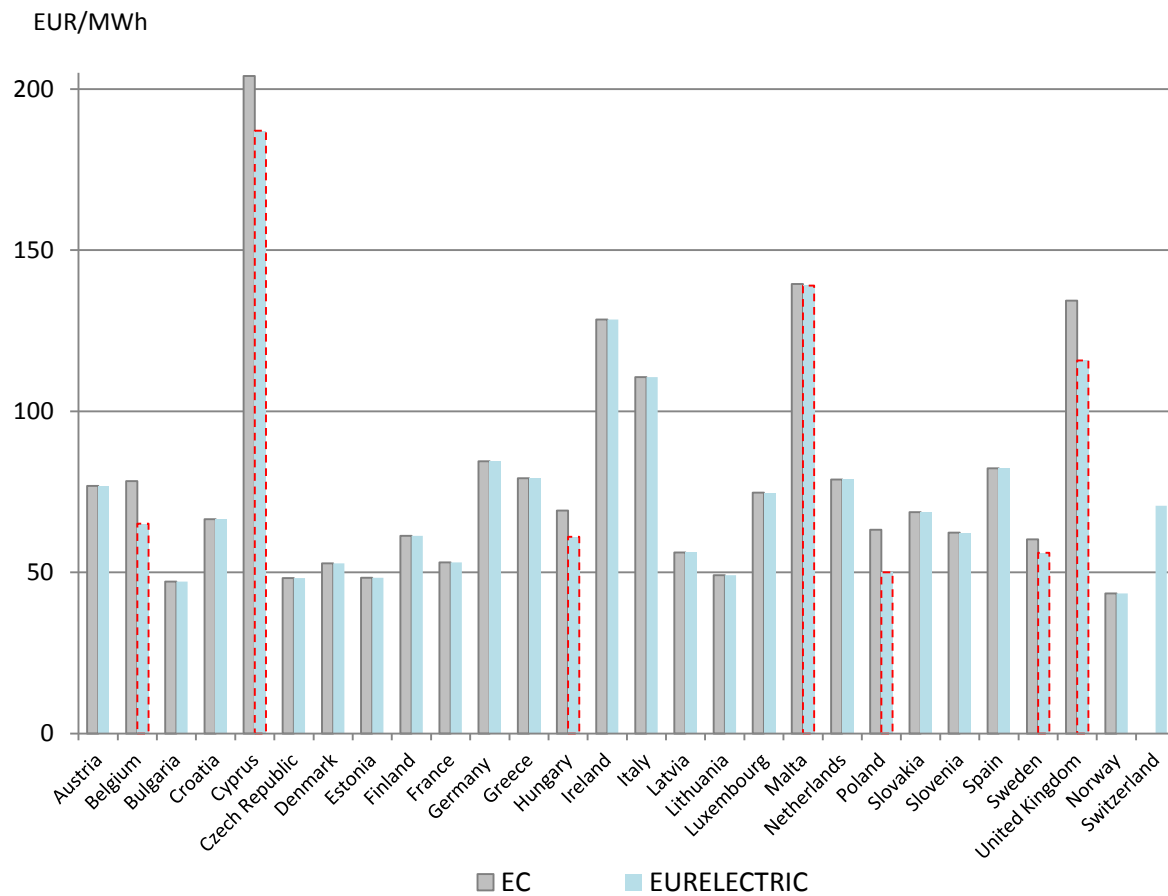


Figure 13 Distortion of the industrial energy component in 2012

<sup>14</sup> For further information on the level of the energy component in island systems, please consult country notes CY2 and MT1.

<sup>15</sup> For more information on the Italian industrial energy component in 2012, please consult country comments IT1.





**Figure 14 Distortion of the household energy component in 2012**

The EC data provides a distorted picture of all 7 countries that include PSC in the energy & supply component. As a result, the energy component is disproportionately high. of the industrial and household network components across the concerned countries are at 39% and 30% respectively. In single cases, such as Spain, the distortion can be as high as 68%.

### 2.3.4 Implication for Countries that Report PSCs in Taxes & Levies

Figure 15 displays the impact of the reporting of PSCs for the international benchmarking with a focus on countries that report PSCs in their taxes and levies components. In almost every country this component is dominated by taxes, so that the inclusion of PSC does not lead to differences between the EC and EURELECTRIC results that are as significant as in case of the network or energy component. However, with only one exception, every country that reports its policy support costs in the taxes & levies component, is ranked lower in the EURELECTRIC chart than in the EC chart. While Germany ranks second in both charts, Italy (#3 to #5), Austria (#5 to #8), Norway (#8 to #10), France ( #12 to #15), Slovenia (#13 to #19) Greece (#14 to #20), Ireland (#15 to #21), Estonia (#18 to #22), Croatia (#20 to #23) and Luxembourg (#23 to #25) all have a lower taxes and levies component in international benchmarking, when the harmonised taxes & levies components are displayed.

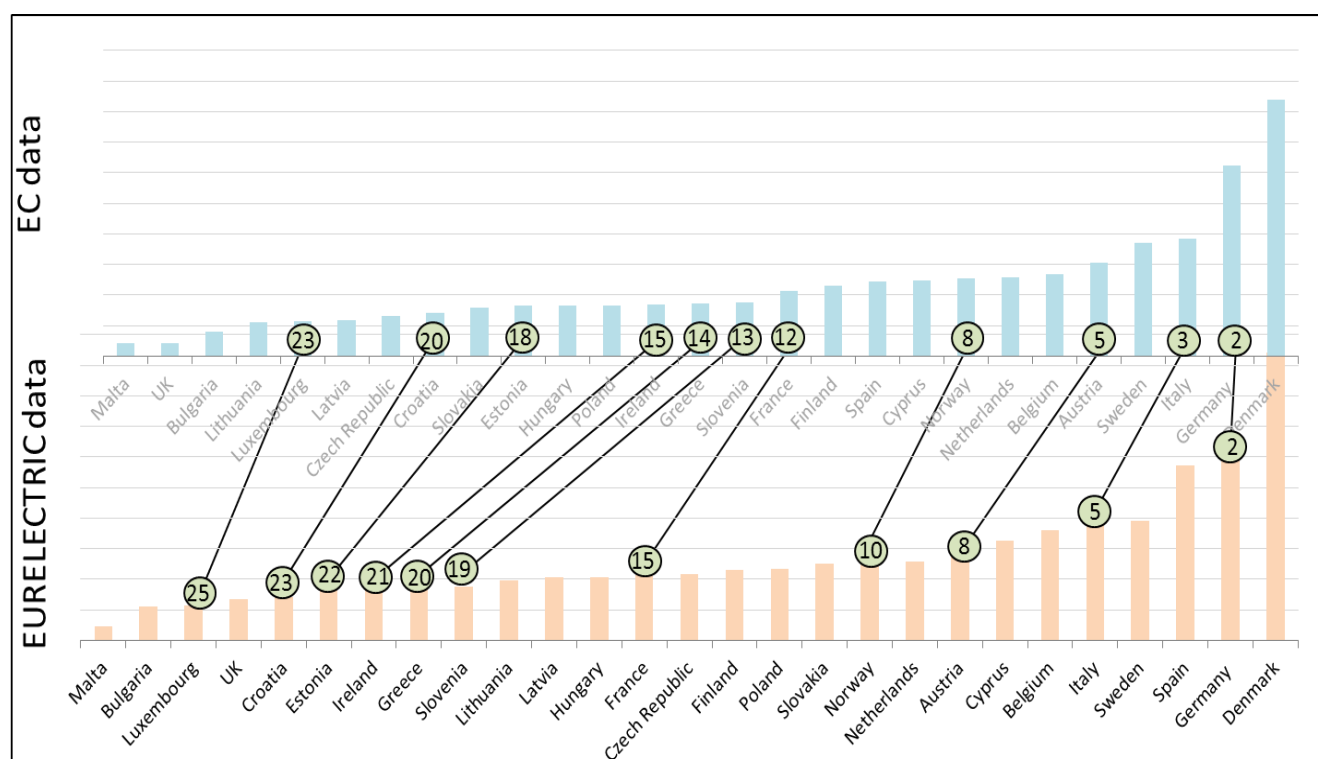


Figure 15 International comparison of the 2012 household taxes and levies component

Chapter 2 showed that the taxes & levies component accounted for most of the increase in the total average price. This chapter analyses the identified price increase driver in greater detail. It is exclusively based on EURELECTRIC data.

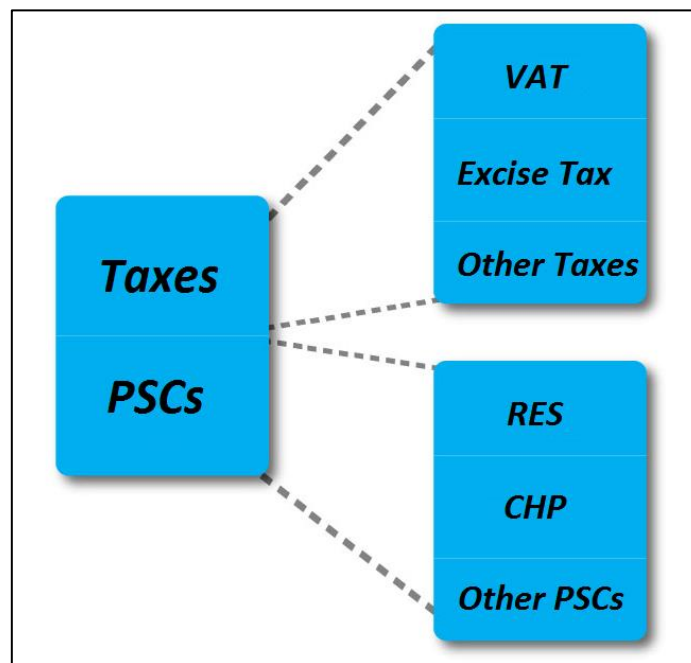


Figure 16 Composition of taxes & levies

### 2.4 Policy Support Costs (Levies)

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Policy support costs consist of a wide range of elements. Renewable energy sources (RES) and combined heat and power (CHP) premiums are the most common charges.

Renewables support is levied on electricity bills in each reporting country for household customers and with one exception to industrial consumers as well. 23 out of 28 countries have designated RES billing in place, while 3 countries combine RES support with other cost elements.<sup>16</sup> The Netherlands and Finland imposed no levies.

CHP is explicitly levied in 16 countries for both consumer categories.

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<sup>16</sup> For further information on the Swiss policy support system and its implications for the Study, please consult country comment CH1.

A wide range of other policy support costs exists. They can include nuclear decommissioning, support for vulnerable consumers, energy efficiency support, island systems compensation, tariff deficit annuities, stranded cost and compensation fees, research funding, security of supply surcharges, concession fees, offshore grid connection surcharges, coal decommissioning, pension funds and several other items.<sup>17</sup> The variety of other policy support costs does not allow the creation of any further sub-categories. Policy support costs assigned to this category exist in 17 countries.

### 2.4.1 Industrial PSC

Industrial policy support costs grew by an average of 157% across all reporting countries, meaning that their cost more than doubled between 2008 and 2012. In 2012 the average industrial levy was 21 €/MWh.<sup>18</sup> At the beginning of the reporting period 24 countries billed policy supports costs to industrial consumers. By 2013 this number has grown to 27<sup>19</sup>.

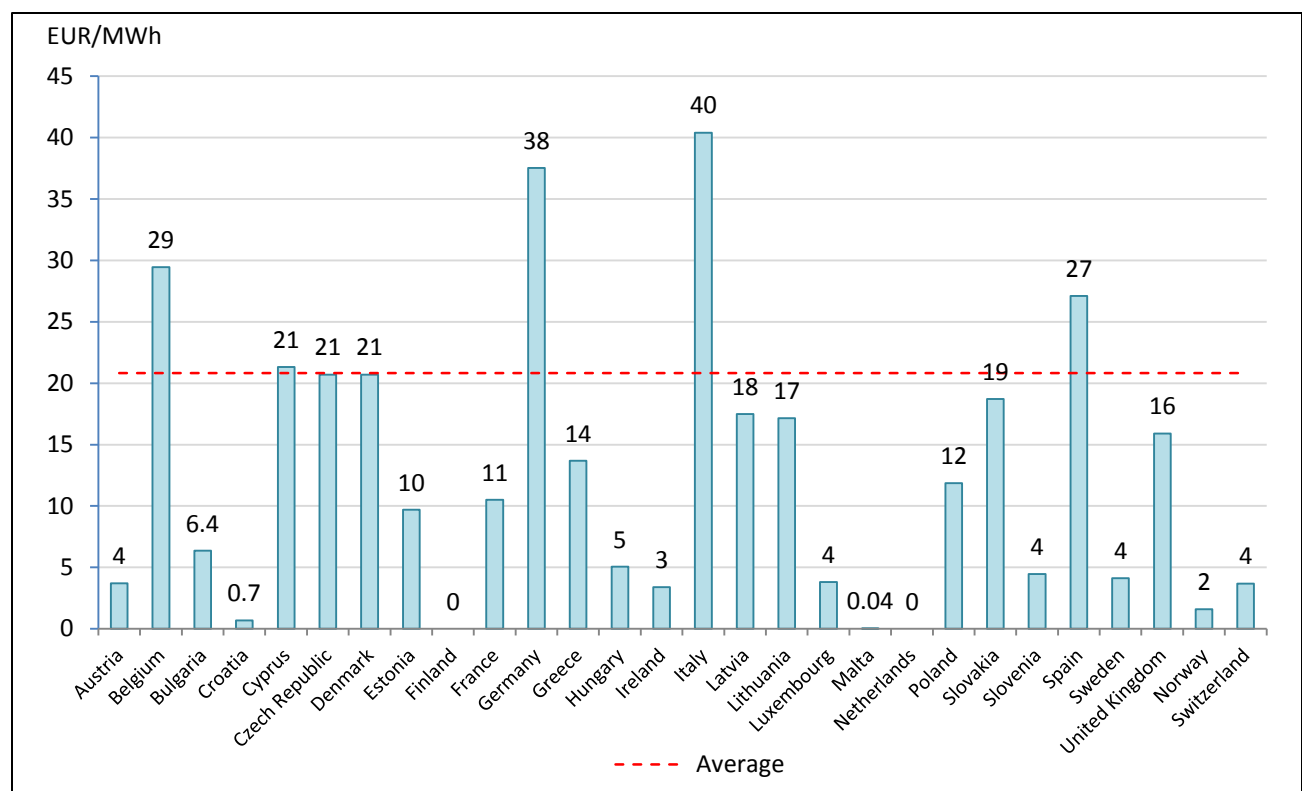


Figure 17 Total Industrial PSC in 2012 by country

<sup>17</sup> For further information on German policy support costs introduced after the reporting period, please consult country comment DE1.

<sup>18</sup> For further information on Austrian metadata on the level of industrial policy supports costs, please consult country comment AT2.

<sup>19</sup> For further information on Croatian policy support costs after the reporting period, please consult country comment HR1.

## 2.4.2 Household PSC

Policy support costs for household consumers grew by 140% on average across all reporting countries. In 2012 the average household policy support cost was €25/MWh. At the beginning of the reporting period 23 countries billed policy supports costs to household consumers. By 2013 this number has grown to 27.

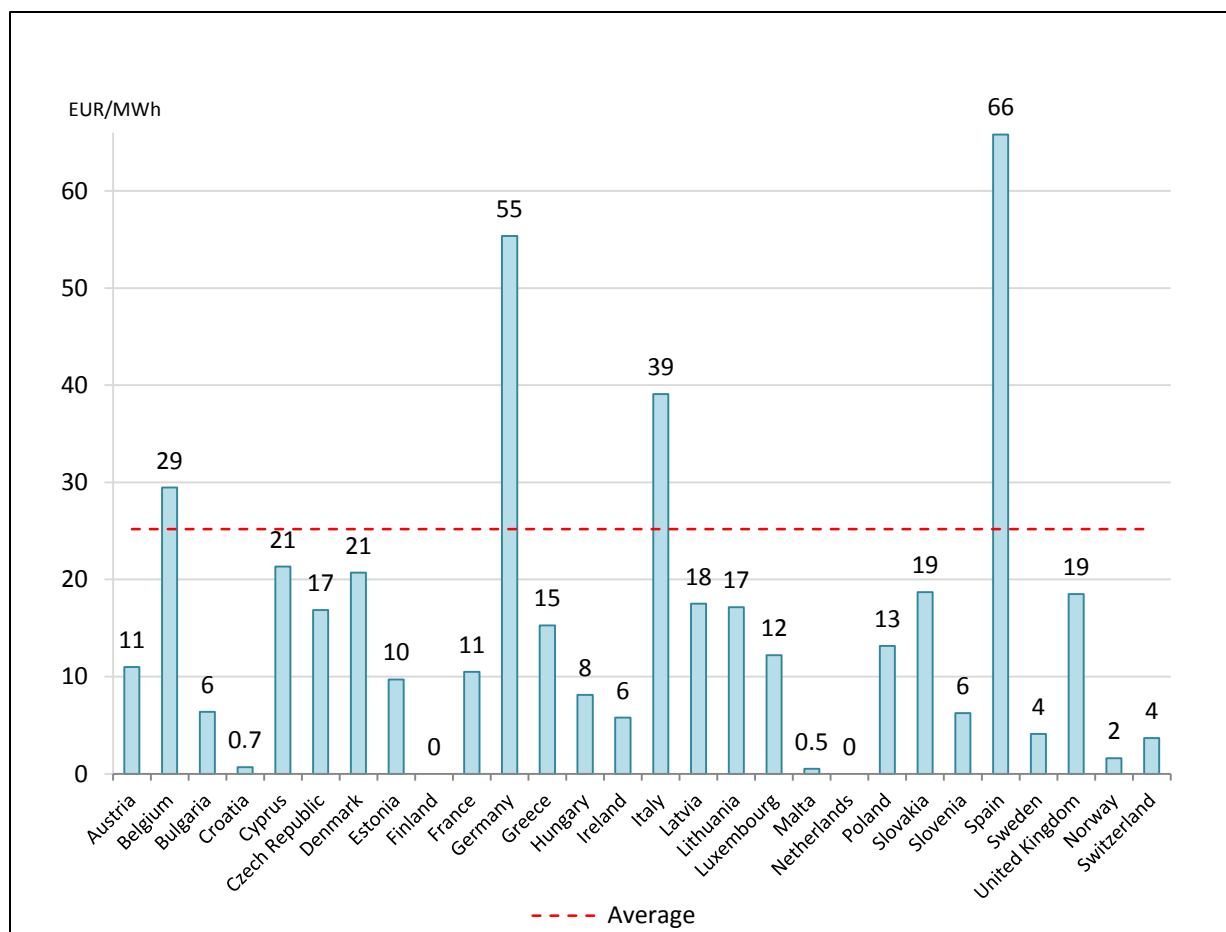


Figure 18 Household PSC in 2012 by country

Across all reporting countries, every PSC that is imposed on household consumers is also imposed on industrial consumers. There are no PSCs specifically levied to household or industrial consumers. The only exception is Hungary where the RES PSC does not apply to industrial consumers.

The burden is shared equally between industrial and household consumers in 15 out of 28<sup>20</sup> countries, with the same PSC rates applied to both consumer categories. 13 countries apply different rates, 12 of them impose a higher financial burden on household consumers (AT, CY, DE, ES, GR, HU, IE, IT, LU, MT, PL, SI, UK).<sup>21</sup> Italy is the only country that imposes higher PSCs to industrial compared to household consumers. Burden allocation of PSCs is more equal than the burden allocation of taxes as household consumers face significantly higher tax obligations in almost every country. This is mostly resulting from recoverable VAT and other exemptions for industrial consumers.

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<sup>20</sup> In terms of this study the burden sharing is equal also in Finland and in the Netherlands.

### 2.4.3 Breakdown of Household Policy Support Costs

Due to the fact that the consumption band 500 to 2000 MWh annual consumption is not a representative band for energy intensive industries. The study provides a detailed analysis only of household PSCs.

The average household RES levy in 2008 was €4.8/MWh. It increased to €15.8 /MWh by 2012. The share of RES in the total average PSC value increased from 40% to 62% in the same period (+22 p.p.).

The average household CHP levy was €1.87/MWh in 2008. This amount marginally increased to €1.73/MWh by 2012. The share of CHP in the total average levy across the reporting countries decreased from 9% to 7% (-2 p.p.).

All other policy supports costs made up for 51% of the total average PSC in 2008, weighting €6.43/MWh on household consumer bills. The share of these policy support costs in the total average PSC decreased from 51% to 31% (-20 p.p.) while the absolute amount of billed other PSCs increased by €1.6/MWh to €8/MWh.

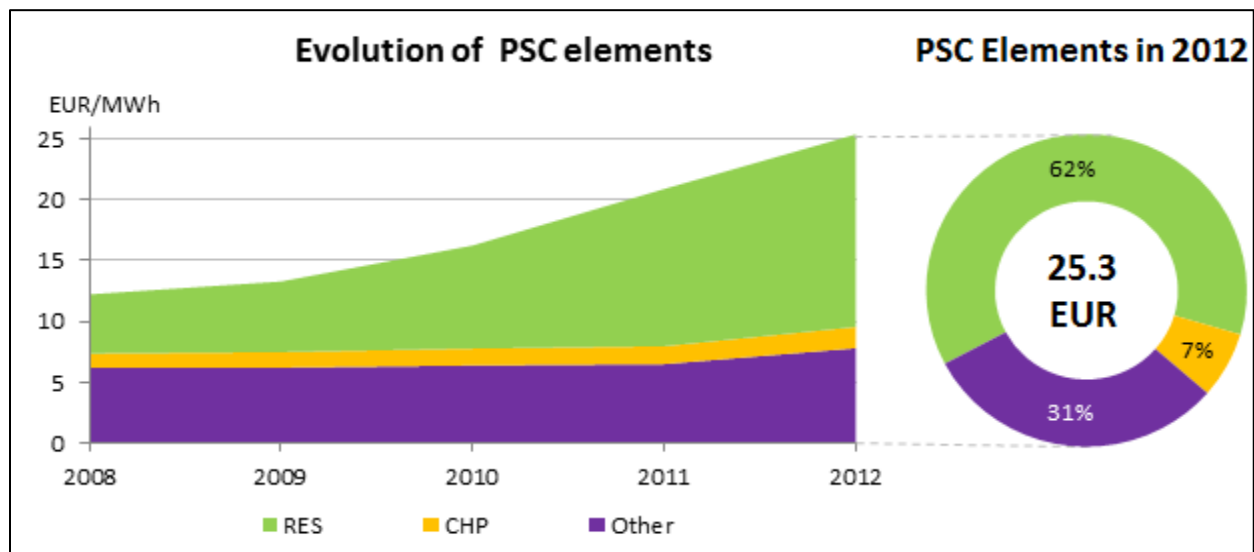


Figure 19 Breakdown of Household PSC in 2012

## 2.5 Taxes

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The most common imposed taxes are VAT and excise tax. VAT exists in every country and ranges from 5% in the United Kingdom to 27% in Hungary. Excise tax has been regulated at EU level since 2003 by [Council Directive 2003/96/EC](#). The legislation introduced a minimum excise tax level of €0.5/MWh for business use and €1/MWh for non-business use.

### 2.5.1 Industrial Taxes

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In several countries taxes imposed on industrial consumers are recoverable. Furthermore a significant number of tax exemptions exist. It is to be noted that these exemptions apply mostly to larger consumption bands<sup>22</sup> and therefore most probably do not significantly impact a smaller consumption band such as the chosen IC band. As no comprehensive list of tax exemptions exist, further analysis of the current study focuses on taxes imposed on household consumers.<sup>23</sup>

### 2.5.2 Household Taxes

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Household excise taxes per megawatt hour in 2012 ranged from €1 in Latvia to €108.3 in Denmark. In the United Kingdom, Slovakia, Cyprus and Bulgaria household consumers were exempted. All tax data are publicly available in the [CIRCABC](#) archives.<sup>24</sup>

A numerical verification method developed by EURELECTRIC shows that the role of other taxes is not significant. Merely environmental or local taxes might exist, accounting for € 1-2/MWh<sup>25</sup> on average across the reporting countries.

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<sup>22</sup> Typically Eurostat's consumption band ID und upwards.

<sup>23</sup> For further information on the reduction of the industrial excise tax rate in Denmark after the reporting period, please consult country comment DK1.

<sup>24</sup> For further information on the Dutch excise tax rate, its statistical accounting and its implications on the Study, please consult country comment NL2.

<sup>25</sup> Includes all statistical differences and the costs of different voltage connection rates.



Even though the cost of designated policy support costs has been increasing since 2008, taxes still cost household consumers 56% more than policy support costs. Household consumers across the reporting countries paid €39/MWh taxes and €25/MWh PSCs on average in 2012. This clearly shows that electricity bills do not equal electricity prices. Significant state imposed add-ons turn electricity bills into carriers of various policies. The following graph displays the absolute amount of taxes and policy support costs (levies) in each country in 2012:

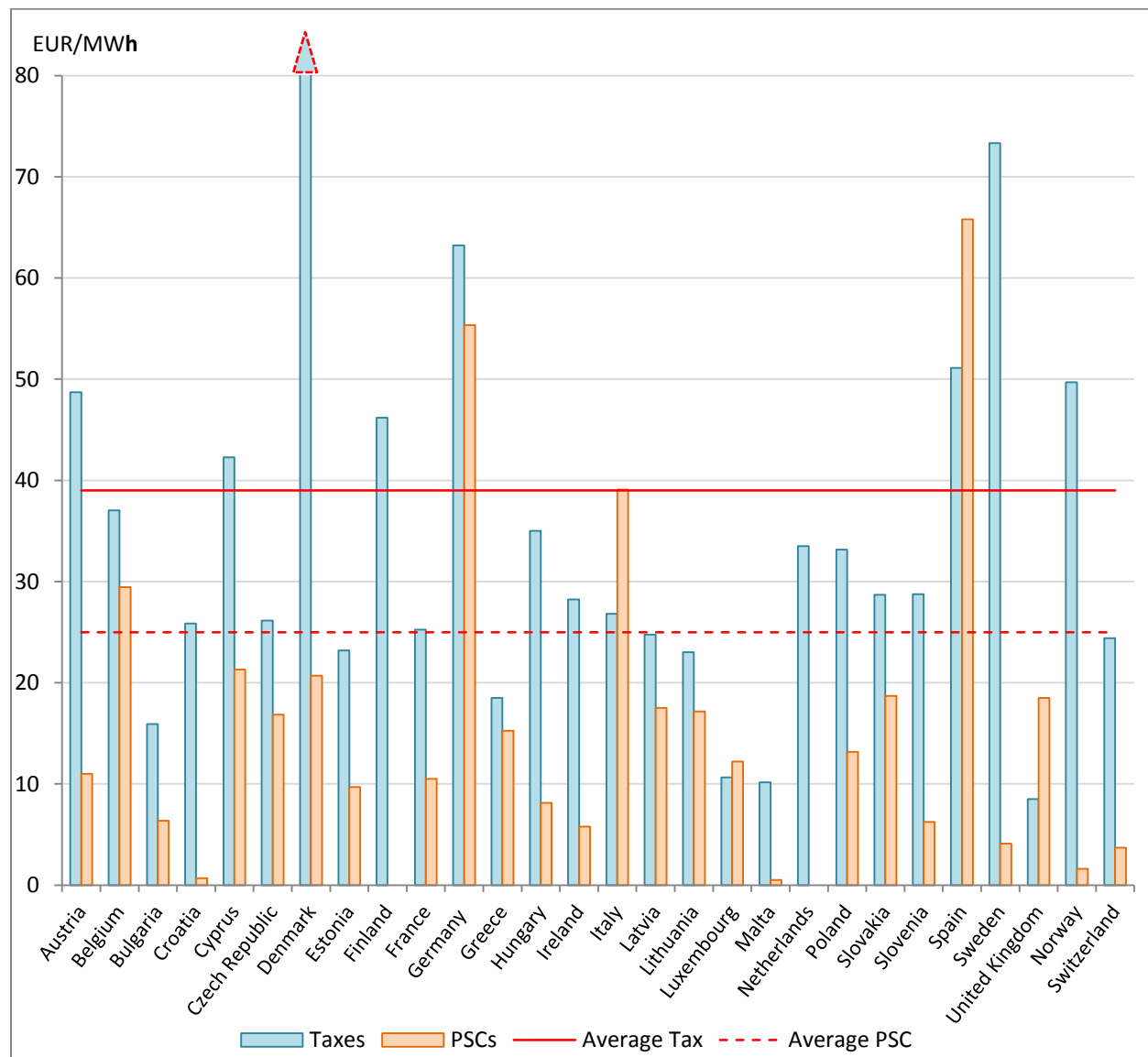


Figure 20 PSC and tax levels in 2012 by country<sup>26,27</sup>

<sup>26</sup> Danish taxes totalled at 167.74 EUR/MWh in 2012

<sup>27</sup> The sum of VAT, excise tax and PSC does not equal the total taxes and levies component. Depending on the country and consumer category the total taxes and levies component might contain further taxes that are not elaborated in this study.

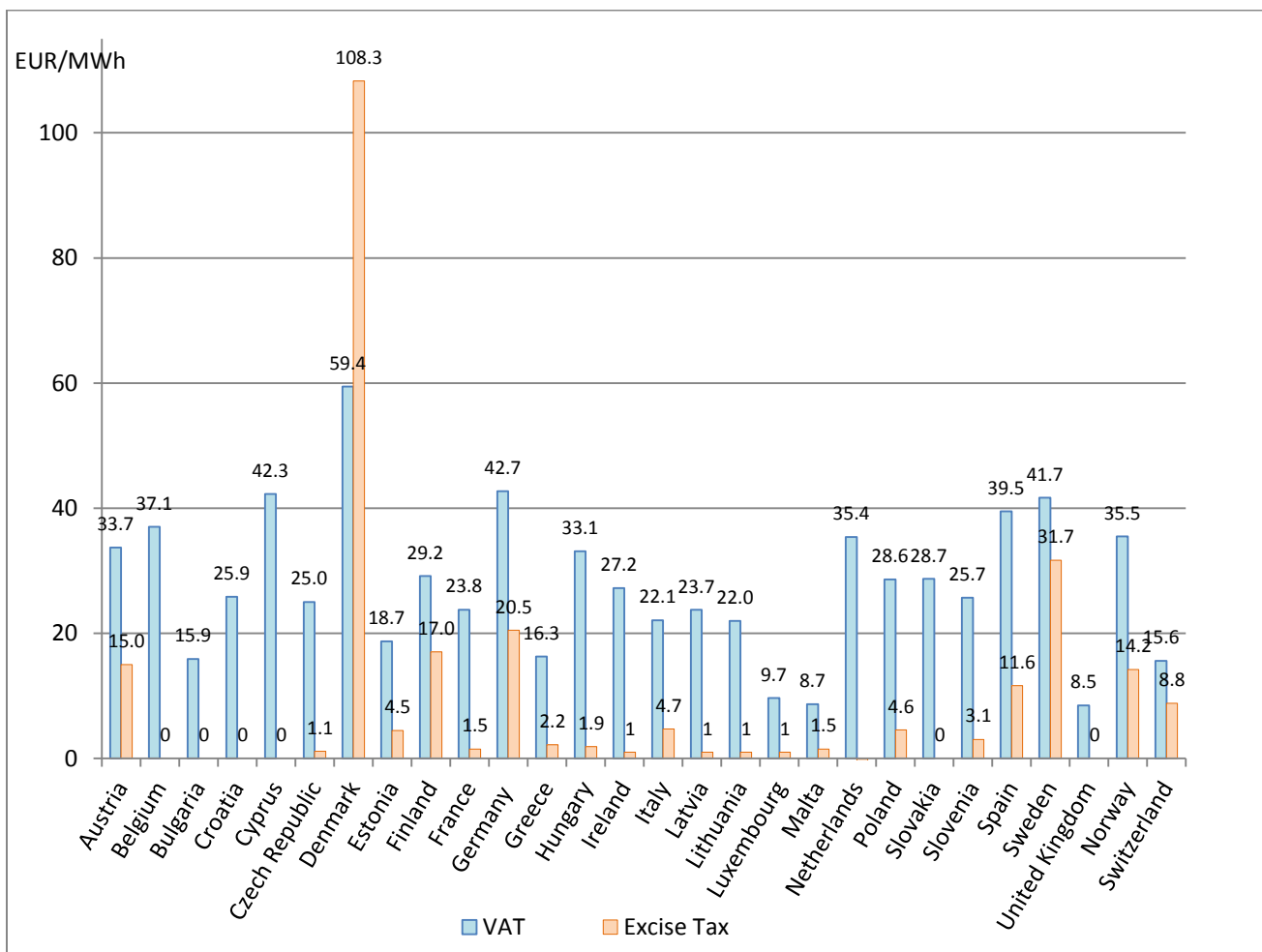


Figure 21 VAT and excise tax rates in 2012<sup>28</sup>

<sup>28</sup> Croatian excise tax data was first published by DG Taxud in Excise Duty tables of July 2014.

## Annex 1 Methodology

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EURELECTRIC surveyed its members for a detailed breakdown of policy support costs. Source for total prices and price components was Eurostat.

EURELECTRIC price components are based on Eurostat data. Differences between EURELECTRIC and EC data result from the harmonised allocation of policy support costs. For the Eurostat price component data used in the study please consult the [Eurostat Data Base](#):

Industrial electricity price components: nrg\_pc\_205\_c

Household electricity price components: nrg\_pc\_204\_c

Total annual prices are computed as a sum of the three components. It is to be noted that total prices based on the bi-annual Eurostat data (nrg\_pc\_204 and nrg\_pc\_205) differ from total prices calculated as a sum of the components.

All values refer to the industrial consumption band IC (500-2000 MWh annual consumption) and to the household consumption band DC<sup>29</sup> (2500-5000 KWh annual consumption). For further information please consult Eurostat [metadata](#).

Aggregated average values computed for the responding countries are weighted averages. For Eurostat consumption data used in the study please consult the [Eurostat Data Base](#):

Final electricity consumption: nrg\_105a

Industrial code: B\_101800

Residential code: B\_102010

Band specific consumption data is partially available for household consumers in Eurostat's [Price Systems](#) overview. No band specific data is available for industrial consumers

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<sup>29</sup> For further information on the representative validity of the chosen consumption band in certain countries, please consult country comment SE1 and NO1.

To the values of countries that reported levies in national currencies, a GDP deflator was applied to (partially) eliminate the impact of exchange rates. GDP figures are available in the [World Bank](#) database. [ECB](#) exchange rates were applied.

Levies are defined as policy support costs. EURELECTRIC acknowledges that excise tax on electricity could be interpreted as an implicit policy support cost. Excise tax is considered a tax in the current report.

## **Annex 2 Current Legal Framework of Electricity Price Statistics**

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Electricity statistics on the European level are governed by [Regulation \(EC\) No 1099/2008](#), the Council Directive [90/377/EEC](#) with regard to the methodology to be applied for the collection of gas and electricity prices charged to industrial end-users and of the Council of 22 October 2008 on Energy Statistics and [Directive 2008/92/EC](#) concerning a Community procedure to improve the transparency of gas and electricity prices charged to industrial end-users. Directive 2008/92/EC determines only the list of taxes and levies that must be provided but does not specify in which component they must be reported. Levies might fall under “other specific costs”. This item represents costs which are neither network costs nor energy and supply costs nor taxes. If this kind of costs exists, they are to be reported separately.

Whereas the first document contains no specific provisions on electricity prices Annex II of the latter one sets the legal framework for reporting. As the title suggests, the legislation concerns only industrial prices; no legal obligation exists for the reporting of household prices. Eurostat currently covers close to 100% of the household sector due to voluntary data provision. The legal umbrella is expected to be extended to household prices in the near future.

Directive 2008/92/EC determines two annual data collection processes. The first one covers the period January- June of each year, while the second collection covers the period July-December. This data is presented in the Eurostat data base as bi-annual data.

Each January reporting must be accompanied by information about the main average characteristics and factors affecting the prices reported for each consumption band. Such information must consist of the rates and method of calculation as well as a description of the taxes levied on electricity sales to industrial end-users. The description must include any non-tax levy covering system costs and public service obligations.

Once a year, alongside the January price reporting, a breakdown of electricity prices into their main components must be communicated to Eurostat.

EURELECTRIC acknowledges the indispensable and valuable work carried out by Eurostat as well as the fact that Eurostat operates in a binding legal framework, set by the EU Member States.

**UPDATED: The study was first published on 21 May 2014, covering 27 countries. An updated version, covering 28 countries was published on 14 October 2014.**

## Annex 3 Country Notes

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### *Austria*

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AT1: in July 2012 Austria changed the national accounting of policy supports costs from the energy to the network component.

AT2: Due to data availability and confidentiality reasons, the level of industrial policy support cost is based on the exceptional consumption band of all industrial consumers with an annual consumption up to 10,000 MWh.

### *Belgium*

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BE1: Belgium reports its policy support costs in all three components. Commodity related RES and CHP support (50%) is reported in the energy component, system related RES support (23%) is reported in the network component. Public service obligations and social bound policy supports costs (27%) are reported in the taxes and levies component.

### *Bulgaria*

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BG1: Bulgaria includes policy supports costs in the energy component since August 2013 in its national accounting.

### *Croatia*

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HR1: According to the Ordinance on Fees for Incentivizing Electricity Production from Renewable Energy Sources and Cogeneration (Official Gazette 128/2013), the incentive fee was increased to 0.035 HRK/kWh as of 1 November 2013. Electricity customers who are obliged to grant CO2 emissions allowances are subjected to a reduced fee of 0.005 HRK/kWh.

### *Czech Republic*

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CZ1: CZ1: In the Czech Republic policy support costs are partially covered by the state budget. For more information please visit [Act No. 165 of 31 January 2012 on promoted energy sources and on amendment to some laws.](#)

## *Cyprus*

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CY1: A consumption based temporary surcharge of 6.96% was introduced as of 1 October 2011. The surcharge was imposed in order to cover the extensive damage that completely interrupted Vassilikos power station's operation as a result of an explosion at a nearby naval base on the 11 July 2011. The surcharge was reduced to 5.75% as of 1 August 2012. This surcharge is reported in the energy component and was re-allocated into the taxes and levies component in the scope of the EURELECTRIC study.

CY2: Main drivers for the high energy component on island Member States are high dependency on liquid hydrocarbons and the isolation faced by these countries, which have to manage the island's cyclic demand by relying solely on their own power systems. This results in their less efficient operation.

## *Denmark*

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DK1: The Danish industrial excise tax rate was lowered to the EU minimum level of €0.5/MWh as of 2013. The Danish excise tax includes a CO<sub>2</sub> element.

## *Estonia*

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EE1: The Estonian EURELECTRIC member expressed concerns regarding the levels of industrial and household network components, noting that according to their calculations the industrial network component should be consistently lower than the household network component.

<b>Industrial Consumption</b>	<b>€ / MWh</b>	<b>Household Consumption</b>	<b>€ / MWh</b>
≤20 MWh	50.36	≤ 1.0 MWh	51.60
20-500 MWh	39.30	1.0-2.5 MWh	49.98
500-2000 MWh	33.96	2.5-5.0 MWh	48.24
2000-20 000 MWh	27.73	5.0-15.0 MWh	45.60
20 000-70 000 MWh	21.17	15,0 < MWh	3.,43

70 000-150 000 MWh	11.28
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Source: The Union of Electricity Industry of Estonia.

### *Finland*

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FI1: In Finland policy support costs are financed directly from the state budget and are not levied on the electricity bill.

### *Germany*

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DE1: As of 2013 Germany introduced an offshore-wind farm levy to handle the risks related to incoherent completion of the park itself and its connection to the grid (Offshore-Haftungsumlage). As of 2014 Germany introduced a levy to co-finance payments for suppliers of demand side management measures (Umlage für abschaltbare Lasten).

### *Hungary*

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HU1: Hungary includes CHP support in the taxes & levies component since July 2011 in its national accounting.

### *Italy*

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IT1: The Italian EURELECTRIC member ASSOELETRICA has expressed concerns regarding the value of the 2012 industrial energy component.

### *Luxembourg*

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LU1: In Luxembourg policy support costs are partially covered by the state budget.

### *Malta*

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MT1: Main drivers for the high energy component on island Member States are high dependency on liquid hydrocarbons and the isolation faced by these countries, which have to manage the island's cyclic demand by relying solely on their own power systems. This results in their less efficient operation.



## *Netherlands*

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NL1: In the Netherlands policy support costs are financed directly from the state budget and are not levied on the electricity bill. The Netherlands has introduced a sustainable energy levy as of 2013. The levy is a part of the SDE+ mechanism.

NL2: In the Netherlands in 2012 the excise tax rate was €114/MWh. An automatic, fixed amount refund, granted per connection and irrespective of consumption, eliminates tax burdens for consumers below a threshold of consumption. The refund remained constant at €318.62/year from 2010 to 2014. This refund accounts for the fact that the EURELECTRIC/EC taxes & levies figures are smaller than the excise tax itself. For more information, please visit [Belastingdienst.nl](http://Belastingdienst.nl).

## *Norway*

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NO1: As the annual consumption of the average Norwegian household is 20,000 KWh the consumption band DC is not representative. Nevertheless, the Norwegian EURELECTRIC member considers the main findings of the study valid.

## *Sweden*

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SE1: As the annual consumption of the average Swedish household is 8,000 KWh the consumption band DC is not representative. Nevertheless, the Swedish EURELECTRIC member considers the main findings of the study valid.

## *Switzerland*

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CH1: The Swiss total policy support amount was constant from 2009 to 2012 and was increased by 33% in 2013. A maximum of 5% of the total policy support amount can be utilised for energy efficiency measures, a maximum of CHF 0.1 can be used for river re-naturalisation. The total policy support must therefore consist of minimum 73% RES support. The study is based on the

maximum possible levels for energy efficiency and river re-naturalisation and the minimum level for RES support.