

PRESS RELEASE

Electricity: **-55.3%** for the protected bill due to the sharp drop in wholesale prices

the Government's measures of the 28 March decree have been implemented: for the second quarter of 2023, general electricity charges were reactivated on the bill, gas charges were still set at zero and social bonuses were strengthened.

Milan, 30 March 2023 - With the sharp drop in wholesale energy prices, **the reference price of electricity for the typical household¹ in protection regime in the second quarter of 2023 will fall by -55.3%**. Implementing what the Government had envisaged in the decree approved on 28 March, **ARERA has intervened on general system charges, resetting them to zero also for the next quarter for all gas customers and confirming the strengthening of social bonuses for gas and electricity for households with an Isee level of up to 15,000 euros (with the Isee level for large households, with at least 4 dependent children, rising to 30,000 euros). Instead, general system charges are reactivated for all electricity customers, including households.**

These measures go hand in hand with the **confirmation of the 5% VAT reduction on heat management, district heating and gas. Also for gas, the UG2 negative tariff component**, introduced in April last year by ARERA and applied to consumption up to 5,000 scm/year, **is gradually reduced and then zeroed in the second quarter of 2023**. This is a special measure that allowed to counteract the spike in gas prices for households and small users.

Developments in the energy markets saw sharply declining wholesale gas prices in the current quarter, influenced by several factors: a falling European demand (-13% in 2022 compared to 2021), a subdued recovery in Asian LNG demand, the resumption of operations or new liquefaction terminals in the US and regasification terminals in Europe.

The mild temperatures in the winter of 2022-2023 fostered a limited utilisation of European storage (in mid-March still full to about 57% of their capacity), and forward prices indicate less tense conditions for balancing gas supply and demand in second quarter of 2023.

In this framework, electricity futures prices also moved downwards, following the sharp drops already recorded. Already in the first quarter of 2023, according to preliminary data, the single national electricity price (PUN) was down by approximately 36% compared to the fourth quarter of 2022.

“We are in a new and in some ways still delicate phase of this very long crisis - says the Chairman of ARERA, Stefano Besseghini - Gas wholesale prices show a market that has taken the European effort to diversify and consolidate facilities seriously. We see the signals quickly being passed on to end consumers, also thanks to a regulatory system that works. However, we must not lose focus on the commitments made and on the implementation of the choices made”.

According to the calculation method introduced last July by ARERA (resolution 374/2022/R/gas), the gas price for customers still under protection, for gas consumed in March, will be published on 4 April 2023 (the second working day after the end of the reference month).

The effects in electricity power bills

¹ The typical household has an average electricity consumption of 2,700 kWh per year and a committed power of 3 kW.

The growth in wholesale prices over the last year and their continued high level (albeit declining slightly) is reflected in the **electricity power bill**. In terms of final effects, **the expenditure for the typical household in the rolling year** ²(from 1 July 2022 to 30 June 2023) **will be about 1,267 euros, +33.7%** compared to the equivalent 12 months of the previous year (1 July 2021 - 30 June 2022).

Therefore, the support provided by social energy bonuses towards households is still relevant. These are applied directly in their bill, provided that they have a valid ISEE in 2023 and within the specified threshold of 15,000 euros (30,000 euros for large households).

In this regard, **it is recalled that** the ISEE is valid for the calendar year **and it is therefore important to resubmit the Dichiarazione sostitutiva unica (Consolidated Declaration in Lieu) to obtain the certification for 2023.**

The components of the bill

With respect to the individual components of bills in detail, **the -55.3% change in the final price of electricity for the typical household, thus reaching 23.75 euro cents per kWh, including taxes,** is essentially due to the major decrease in the price of energy (PE), -60.9%, to a slight reduction in dispatching (PD), -1.2%, to an adjustment to equalisation items (PCV and DispBT), +0.5%, and to an increase in system charges, +6.3%, following their reactivation. Regulated grid tariffs (transmission, distribution and metering) are unchanged.

Full details on the update are available in the Data Sheet.

² 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.