

**Energy: - 10.2% for electricity and -10% for gas.
The Authority approves first bill reduction in 18 months.
Extended and enhanced bonus for families in need.**

***Besseghini: "extraordinary measures for an objectively extraordinary situation".
30 million domestic users and 6 million companies will have their bills reduced,
thanks in part to the Government's actions, which confirm
the cancellation of general charges and the reduction in VAT on gas.***

Milan, 30 March 2022 - Despite new record highs in wholesale prices recorded after the Russian invasion of Ukraine, data on price trends, albeit in a context of great uncertainty, lead to a **decline in reference prices for electricity and natural gas, the first after 6 quarters** (7 if gas is included). The second quarter of 2022 will see a reduction for the typical household ^[1] with a standard offer of **-10.2% on the electricity bill and -10% on the gas bill.**

*"In an objectively extraordinary situation, with an ongoing conflict and unprecedented volatility in the history of energy markets" - says **Stefano Besseghini**, President of ARERA (the Italian Regulatory Authority for Energy, Networks and Environment) - "and in light of the increased verification and control responsibilities assigned to it, the Authority has decided to adopt extraordinary measures in favour of customers, both for the free and the reference price market alike."*

ARERA has in fact modified a tariff component that allows for the countertrade of gas marketing costs. A reduction measure, to the benefit of all customers, which applies to the consumption range up to 5 thousand cubic metres/year.

The intervention creates the context within which to enhance the possible effects in support of final customers of the monitoring of natural gas import contracts, which the Authority will now be able to carry out on the basis of the provisions of the recent Decree-Law no. 21/2022.

The overall reduction in bills, both for electricity and gas, is also possible thanks to **constant institutional collaboration with the Government and Parliament.**

The Authority can in fact confirm the cancellation of **general system charges** in the bill in the next quarter, owing to the provisions of Decree-Law no. 17/22, with which the Government - in addition to confirming the **reduction of VAT on gas to 5%** for the quarter - has allocated the additional resources necessary for the intervention, allowing to **lighten the bill for almost 30 million households and over 6 million companies.**

With the same decree, the Government has also allocated the resources that enable the **Authority to confirm the strengthening of the social bonus for the next quarter and for a greater number of families in need**, due to the raising of the ISEE (Equivalent Economic Status Index) limit level for access (raised from €8,265 to €12,000, or € 20,000 for families with more than 3 children).

The beneficiary families, with the so-called *Ukraine bis decree*, now number over 3 million for the electricity bonus and over 2 million for the gas bonus.

And the automatism in force since 2021 still applies to them too: those who are entitled to it find the bonus directly credited in the bill, simply by making the ISEE request. However, it remains necessary to complete the application for reductions for physical difficulties (use of life-saving electromedical equipment).

^[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.

The effects on bills, in detail.

Despite the first decline in prices, the difference in spending from the previous rolling year still remains marked. In terms of final effects, **for the electricity bill, the expenditure for the typical household in the rolling year¹** (from 1 July 2021 to 30 June 2022) **will be about €948, +83%** compared to the equivalent 12 months of the previous year (1 July 2020 - 30 June 2021).

In the same period, the expenditure of the typical household **for the gas bill will be approximately €1,652, +71%** compared to the equivalent 12 months of the previous year.

Market trends

Since 24 February 2022, the day the Russian army entered Ukraine, the list prices of the main energy raw materials have recorded major volatility, touching new all-time highs last 8th March, amidst a climate of great uncertainty due to the possible extension to the energy sector of the economic sanctions previously adopted against Russia and, consequently, to the risk of a partial or total interruption of Russian supplies. In particular, the price of oil (Brent) reached, on that date, \$132 per barrel while the spot price of natural gas, in the main European hubs, exceeded 230 €/MWh. Subsequently, prices have moved lower but volatility remains high.

In this context, the price of electricity also reached a record high on 8th March, reaching a daily average of 587.67 €/MWh and falling back to significantly lower levels in the following days.

The components of the bill

In detail, the individual components making up the **electricity** bill sees the reduction completely linked to the decline in the raw material component, with an impact of -10.2% on the final price of the typical household (broken down, within it, into: -8.9% due to the effect of the item PE energy, -1.6% linked to the item PD dispatching, -0.2% for the item EPP equalisation, the latter linked to the recoveries of discrepancies compared to the previous quarter, +0.5% for the item PCV+DispBT).

General system charges remained unchanged at zero. Regulated grid tariffs (transmission, distribution and metering) are also unchanged.

The trend of **natural gas** is determined by the decrease in the raw material component, based on forward quotations for the next quarter, with a -1.3% impact on the final price of the typical household, by the extraordinary reduction of 8.8% in the UG2 component and by a small increase in the transport tariff component (+0.1%).

General charges for gas are also almost zero and VAT remains at 5% as in the previous quarter. This results in an overall change for the typical user of -10%. 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.