

## Energy: sharp reduction of -18.3% for electricity and -13.5% for gas

**overall savings of 184 €/year for the typical family. Coronavirus emergency and low consumption reduce wholesale prices. Available funds of the "COVID account" for consumer assistance increased to €1.5 billion**

Milan, 26 March 2020 - In the second **quarter of 2020, electricity and gas bills have had a sharp fall**. The persistently low prices of raw materials on wholesale markets linked to a sharp reduction in consumption as a consequence of the COVID 19 emergency and a substantial stability in the need for general charges, caused a **reduction of -18.3% for electricity and -13.5% for gas** for the *typical family*<sup>1</sup> in the standard offer market.

With regards to the **effects on families** (before tax) **for electricity the typical family's expenditure** in the rolling year<sup>2</sup> (between 1 July 2019 and 30 June 2020) will be approximately **€ 521**, with a variation of **-7.9% compared to the equivalent 12 months of the previous year** (1 July 2018 to 30 June 2019), a **saving of around 45 €/year. 521 euro**. In the same period, the **typical family's expenditure for the gas bill** will be approximately **€ 1,019**, with a variation of **-12% compared to the equivalent 12 months of the previous year**, a **saving of around 139 €/year**. Therefore, compared to the rolling year, the **overall savings** for the typical family for **electricity and gas** is **about 184 €/year**.

The **funds available** in the specific **account** already set up through the Energy and Environmental Services Fund for the **COVID-19 emergency** will be **increased to 1.5 billion euros** (compared with the current billion euros) **to ensure the sustainability of current and future regulatory interventions in favour of the entire electricity and gas supply chain, which will ultimately benefit consumers and users**.

The updates to the standard offer conditions for the second quarter of 2020 reflect **prices on the wholesale electricity and gas markets that are expected declining, due to a drop in consumption** that could continue in the next months, **due in part to the COVID-19 emergency**.

With regard to the main energy commodities, the sharp falls in the wholesale market - first of all oil - are affected by the prospect of a significant reduction in demand this month and in the following months, **due to the strict measures adopted by most countries** in connection with the pandemic (with a reduction in the operations of production chains, closure of non-essential businesses and limitation of domestic and international travel).

This is in addition to the **significant downward trend in spot prices for natural gas**, which began in the first quarter of 2020, on which electricity generation is heavily dependent.

The final reduction for **electricity** is fully caused by the sharp **fall in the price of electricity, -18.3% on the typical family's expenditure in the standard offer market**. General charges and regulated network tariffs (transmission, distribution and metering) remain unchanged.

**For natural gas** the trend is caused by a **strong decrease in expenditure for the raw material (-12,4% on the typical family's expenditure)**, linked to the prices forecasted in the wholesale markets in the next quarter,

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<sup>1</sup> The typical family has an average electricity consumption of 2,700 kWh per year and a committed power of 3 kW; for gas, consumption is 1,400 cubic meters per year.

<sup>2</sup> The rolling year refers to the year composed of the quarter under review and the three previous quarters, also considering the consumption associated with each quarter.

in addition to the **drop in regulated transport and distribution tariffs (-1.1%)**, mainly determined by the components related to transportation. General charges are stable.

This results in **-13.5% for the typical type in the standard offer market**.

*"Never before has the complexity of the energy system's connections been more evident" - says ARERA Chairman, **Stefano Besseghini**. "The good news about lower prices for consumers is the result of a global economic slowdown. The institutions, governments and regulatory authorities must work on this delicate balance during this emergency to ensure continuity of services and support for citizens, without compromising the stability of the system. On the other side, citizens have to contribute in a moment like this, maintaining the regularity of payments as an important act of solidarity."*