

## **Energy: gas drops further at -6.7%, with electricity at + 3.3% for system stability**

**Total savings of Euro 212 per year for the typical family.**

Milan, 25 June 2020 - **After the sharp falls** recorded in the second quarter (-18.3% for electricity and -13.5% gas), **the third quarter of 2020** saw a further **-6.7%** drop in **gas** bills for the *typical family*<sup>1</sup> in the standard-offer market, and a **+3.3%** rise in **electricity** bill amounts, linked to system running costs.

As far as the impact **on consumers** (before taxes), the typical family shall benefit from a **total saving of Euro 212/year** compared with last year.

More specifically, **the typical family** shall spend around **Euro 496** on **electricity** during the rolling year<sup>2</sup> (between 1 October 2019 and 30 September 2020), down **-12.2% compared with the equivalent 12-month period of the previous year** (1 October 2018 – 30 September 2019), corresponding to an **annual saving of approximately Euro 69**.

During the same period, the **typical family's expenditure on gas** shall be approximately **€ 1,006**, down **-12.4% compared with the equivalent 12-month period of the previous year**, corresponding to an **annual saving of around Euro 143**.

In a context where wholesale markets are showing the first signs of recovery after the price collapse recorded in the second quarter, **increasing electricity bills** are substantially **linked to increased costs for the running and stability of the system** (dispatching costs).

Generally speaking, these costs tend to increase during periods characterised by low consumption, when greater system "handling" is required on the market for dispatching purposes. The measures taken to contain the epidemic, reducing demand for electricity, have therefore contributed to an increased need for dispatching resources. The Authority is nevertheless completing some analyses regarding the market monitoring activities falling within its scope of responsibility, in order to better assess the increase in these costs, also taking into account the structure of Italy's electricity system.

Taking a more detailed look at the individual items in **electricity** bills, the increase is linked to the rise in the **'raw material'** component, in turn determined by a **+ 3.6%** increase in the dispatching item (PD), counterbalanced by a **-0.3%** drop in the energy item (PE). General charges and regulated network tariffs (transmission, distribution and metering) remain unchanged despite the revenue reduction caused by the drop in demand and the increased weighting of incentives for renewable sources.

**As far as the natural gas**, the trend is determined by a **sharp decline in expenditure** for the **raw material** (**-7%** on the typical family's expenditure), linked to expected wholesale market prices for the next quarter, partially offset by a slight increase in regulated tariffs for transport and distribution (**+0.3%**), calculated based on a prudent review of the distribution equalisation component. General charges remain stable. This results in the **-6.7% drop for the typical consumer in the standard offer market**.

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<sup>1</sup> On average, the typical family consumes 2,700 kWh of electricity per year, with a committed power of 3 kW; 1,400 cubic metres of gas are consumed each 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.

*“By using the financial flexibility still present in the system and the extraordinary measures provided for by the ‘Relaunch’ Decree Law - **commented the president of ARERA, Stefano Besseghini** - we have managed to keep general charges at the same level. It is not certain whether these conditions shall continue over the coming quarters, as we hope that consumption will return to pre-crisis levels, allowing the wholesale markets to recover as a result; however, at this time, with the economy being relaunched after lockdown, it was necessary to use every measure to allow businesses and families to recover”.*

All the details of this update are available in the [Technical Data Sheet](#).