

## **Energy: after sharp drops, a rebound for electricity + 15.6% and gas + 11.4% with higher consumption and economic recovery**

**typical families still saving 207 €/year in 2020 compared to 2019**

Milan, 29 September 2020 - **After the sharp drops** in the **second quarter** of 2020 (-18.3% electricity and -13.5% gas), which also continued in the third quarter for gas (-6.7%), although with a slight increase for electricity (+ 3.3%), **the 'rebound' for energy prices follows the strengthening of economic recovery and consumption, with prices returning** to close to **pre-COVID levels**. For the *typical family*<sup>1</sup> using the standard offer service, the strong growth in prices on the wholesale markets will increase the **electricity bill by + 15.6% and the gas bill by + 11.4%**, a figure which is also linked to the usual seasonality with the relative growth in demand.

Regarding the **effects on consumers** (before taxes), **in 2020** the typical family will benefit from a **total saving of 207 €/year compared with 2019**.

In detail, **the typical family's electricity expenditure in 2020** will be around € 485, a drop of **-13.2% compared to 2019**, corresponding to a **saving of about 74 €/year**.

In the same period, the **typical family's expenditure for the gas bill** will be approximately € 975 euros, with a change of **-12% compared to the 12 months of the previous year, a saving of around 133 €/year**.

**After the collapse in prices** recorded on the **wholesale energy markets** in the most acute phase of the COVID emergency, the **recovery in energy consumption**, which confirms the relaunch of the economy in Italy and Europe, **has therefore led to a gradual rise** in prices. The overall effect is particularly marked in the natural gas and CO2 markets and is consequently also reflected in the electricity market.

**In fact, in the third quarter of 2020 the Single National Price (PUN) for electricity was approximately 42 €/MWh, compared to 25 €/MWh in the second quarter, an increase of approximately 70%**. Last August, the PUN recorded an average value of 40.32 €/MWh, which **should rise to around 49 €/MWh in September**, or to the level of one year ago. Forward markets indicate that current price levels will be maintained for the fourth quarter of the year.

As regards gas, for the fourth quarter of 2020 the **forward price recorded on the wholesale market** and used for updating the standard offer service (TTF) **is up by 96% compared to the previous quarter**, reflecting both the seasonality of consumption and the improved economic forecasts.

More precisely, for **electricity** the price increase is exclusively linked to the **rise in the energy component, with an impact of + 15.6%** on the final price for the typical family, which **can be broken down into + 17.6% due to the raw material (PE) and -2% linked to the dispatching item (PD)**. Overall, **general charges and regulated network tariffs** (transmission, distribution and metering) remain unchanged.

**For natural gas**, the trend is determined by an **increase in the raw material component (with an impact of +12.1%** on the final price for the typical family), linked to the prices forecasted on the wholesale markets in the next quarter, partially **offset** by a decrease in the equalisation components of the **regulated transmission and meter management tariffs (with an impact of -0.7% on the final price)**. General

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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.

charges remain stable. This results in the **+11.4% drop for the typical consumer in the standard offer market.**

*“The energy system is gradually returning to its pre-COVID position” states ARERA Chairman, **Stefano Besseghini** “With the resumption of production and the consequent increase in energy demand, the foreseeable rise in prices is taking place all over Europe. In the coming months the overall picture will also be influenced by decisions related to the Recovery Fund, in particular in support of future renewable sources, which today would be covered by the bill”.*

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