

PRESS RELEASE

Electricity: standard offer service ending for small companies from 1 January 2021, but gradually

New 'gradual standard offer service' for around 200,000 companies, ensuring continuity of supply. The standard offer service will remain in place for families and micro-companies until 2022.

Milan, 25 November 2020 - **From 1 January 2021** the **mandatory progressive transition** from the standard offer service **to the free electricity market** will begin **for small companies** only, while the standard offer service will remain in place for families and most micro-companies until 2022.

After extensive consultation with stakeholders, **the 'gradual standard offer service' will be introduced** for small companies that have not yet chosen a free market supplier in the new year. This is a service to ensure continuity of supply and give them time to choose the offer that best suits their needs.

The gradual standard offer service **will be aimed** at companies with **low voltage** delivery points that meet the conditions of being a **small company in accordance with the EU definition** (having between 10 and 50 employees and an annual turnover between 2 and 10 million euros) or that have a delivery point with contractually committed power greater than 15kW.

Therefore, for small companies (and only for micro-companies with at least one point with a power greater than 15 kW) **the main mode of supply will be the free market from 1 January 2021**, as required by European directives. For domestic customers and micro-companies with all delivery points with power less than or equal to 15 kW, the deadline is set for the following year, January 2022.

How the new 'gradual standard offer' service works

Starting from 1 January 2021, small companies and only those micro-companies with at least one delivery point with a power exceeding 15 kW in the standard offer market, where they have not signed up to a free market offer, will automatically and temporarily, without an interruption in their supply, move into the 'gradual standard offer service'.

In the period **1 January 2021 - 30 June 2021** the user will be temporarily be assigned to the standard offer supplier already serving the customer, with contractual conditions coinciding with those of the existing PLACET offers (free price contracts under equivalent protection conditions).

The price in this first phase will be similar to that of the standard offer service which, for the part relating to energy expenditure, will continue to reflect the changes in the price of electricity in the wholesale market but will be based on the final values of the PUN (Single National Price - the reference price for electricity in Italy purchased on the Power Exchange). All other bill components will continue to be established by the Authority.

Standard offer operators will contact non-domestic customers who own low voltage connection points with a power lower than or equal to 15 kW to request a self-certification attesting to the possession of the size requirements for a micro-business (i.e. a company that employs less than 10 people and achieves an annual turnover or an annual balance sheet total not exceeding 2 million euros).

After 1 July 2021, on the other hand, allocation will follow specific arrangements and the gradual standard offer service will be provided by the **operators selected through specific competitive procedures** (repeated after three years) in the different territorial areas, under the contractual conditions of PLACET offers.

The economic conditions relating to energy expenditure will continue to be based on the final PUN values, as in the provisional allocation, and include fees to cover other procurement and marketing costs¹, with a part defined on the basis of the results of the tender award.

In any case, **small companies will receive detailed information** (from their own operator) when the gradual standard offer service is activated. **The conditions established by the Authority will be applied** in relation to billing methods and timing, content of billing documents, guarantees to be requested from the customer, timing and methods of payment, payment by instalments and application of default interest in case of non-payment on the part of the final customer etc.

¹Specifically, this is the C_{DISP} fee (to cover dispatching costs); the C_{SB} fee (to cover a minimum portion of the costs relating to the imbalance of an efficient operator); the C_{COM} fee (to cover a minimum portion of the costs relating to the marketing of an efficient operator) and the C_{PSTG} and C_{CM} fees (relating to specific compensation mechanisms). With respect to the provisional allocation, the price paid by customers will also depend on the level of the parameter offered by the gradual standard offer service operator in each territorial area where the service is allocated. The α parameter, equal to the weighted average of the volumes of the territorial areas where the gradual standard offer service is allocated, as well as the β parameters offered by each allocated operator in each territorial, will be applied.