

# Rise in Electricity Prices

## Press Conference: Impact and Proposals

*March 9, 2022*

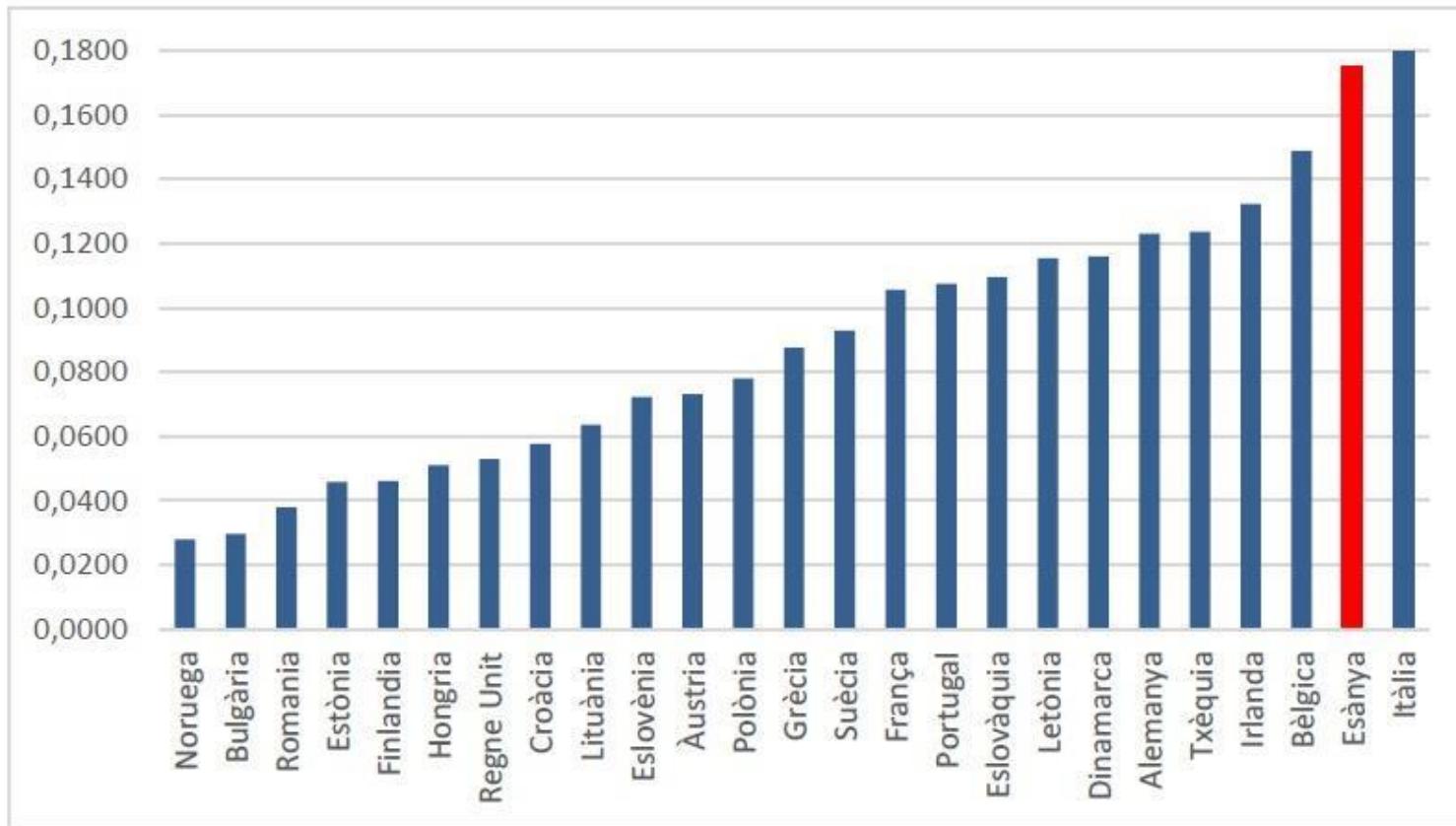


# State of the Situation

[REDACTED], president of PIMEC Energy Committee

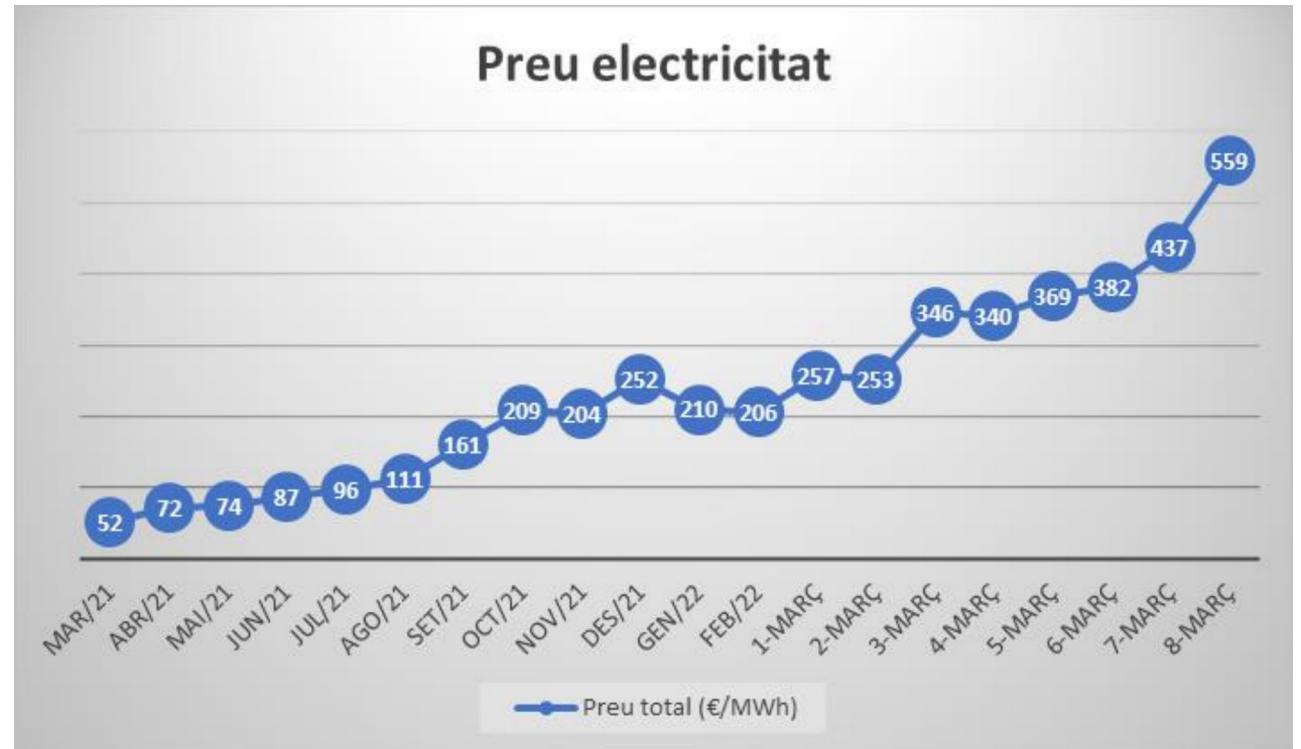
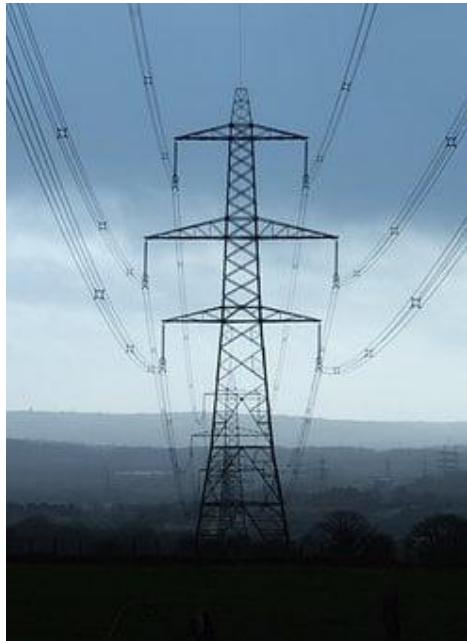


Spread in the Price per kWh between large consumers (over 20,000 MWh in annual consumption) and small consumers (less than 20,000 kWh) in Member States in 2020



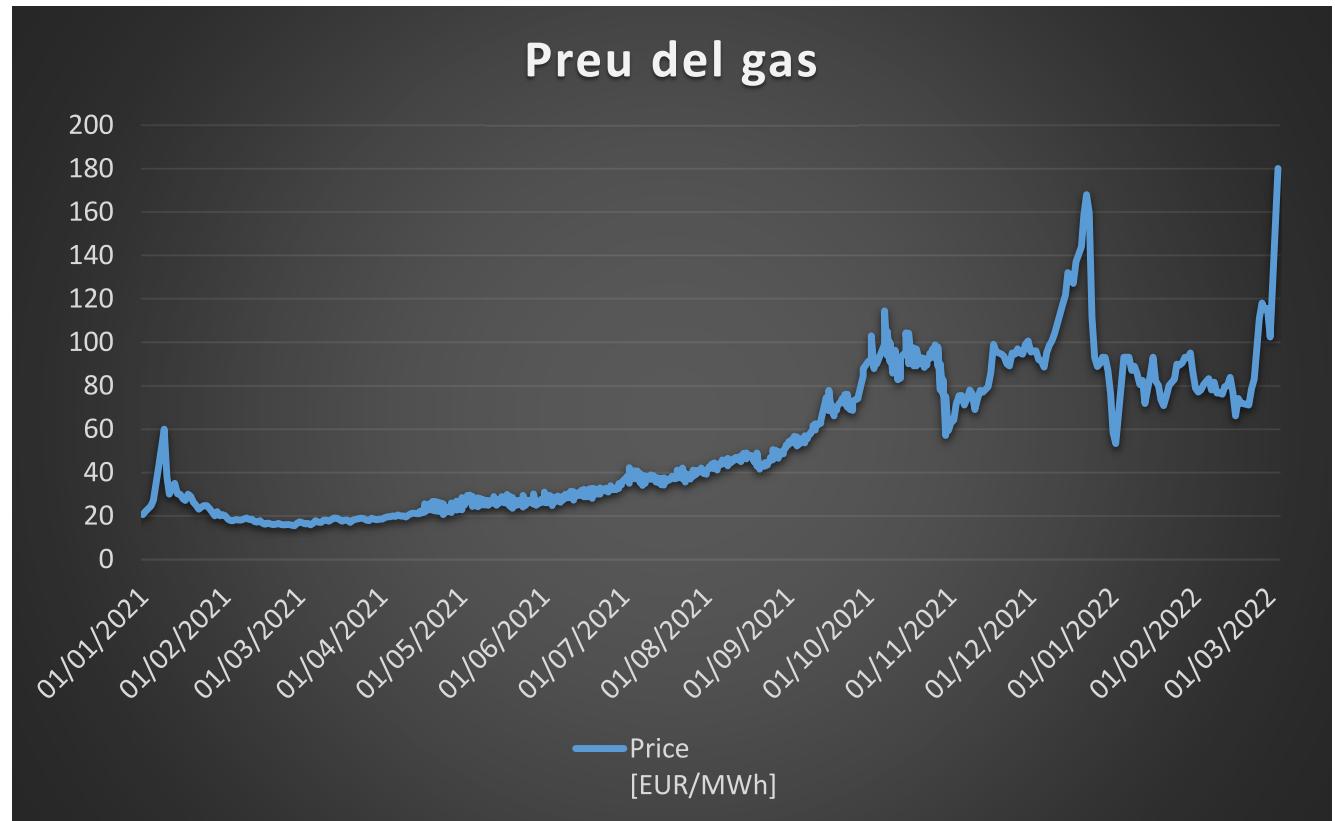


# Electricity Price





## Natural Gas Price





# How is the marginal price of electricity set?

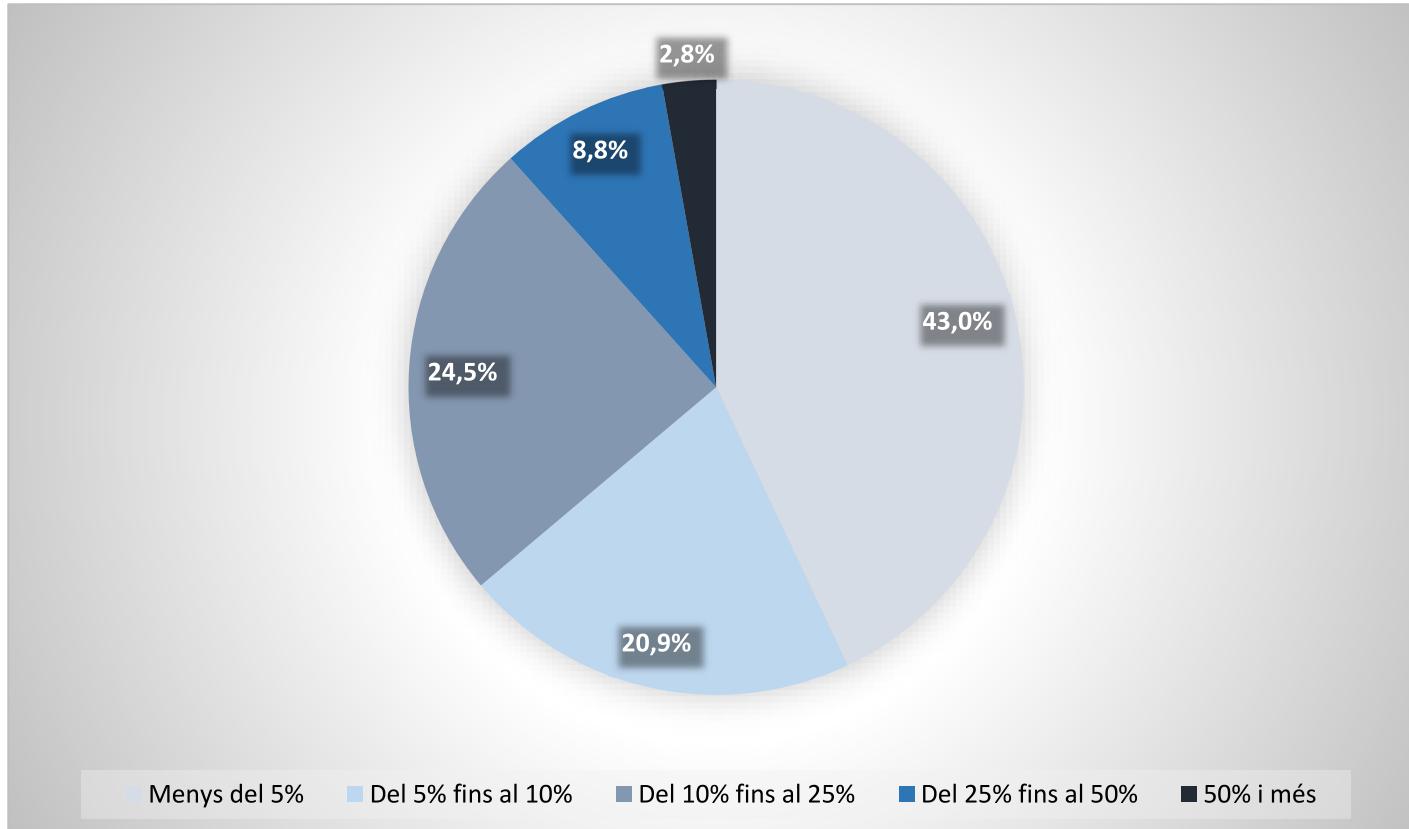
- **Market 1: Hydraulic and Nuclear Energy**
- **Market 2: Renewable Energy**
- **Market 3: Fossil fuels Energy**



# Results of the Survey

[REDACTED], PIMEC Chief Economist

## What is the share of energy costs on the enterprise's annual revenues?

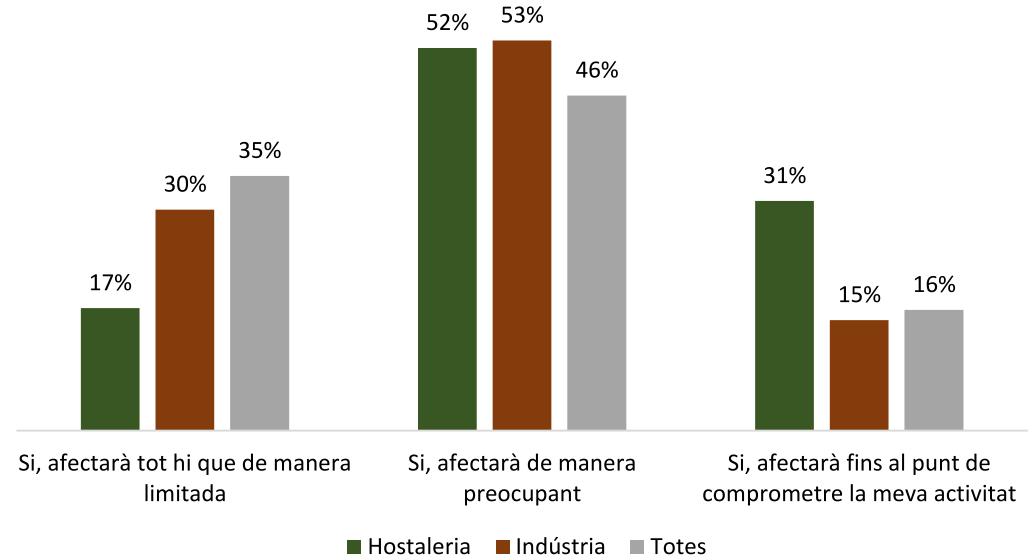
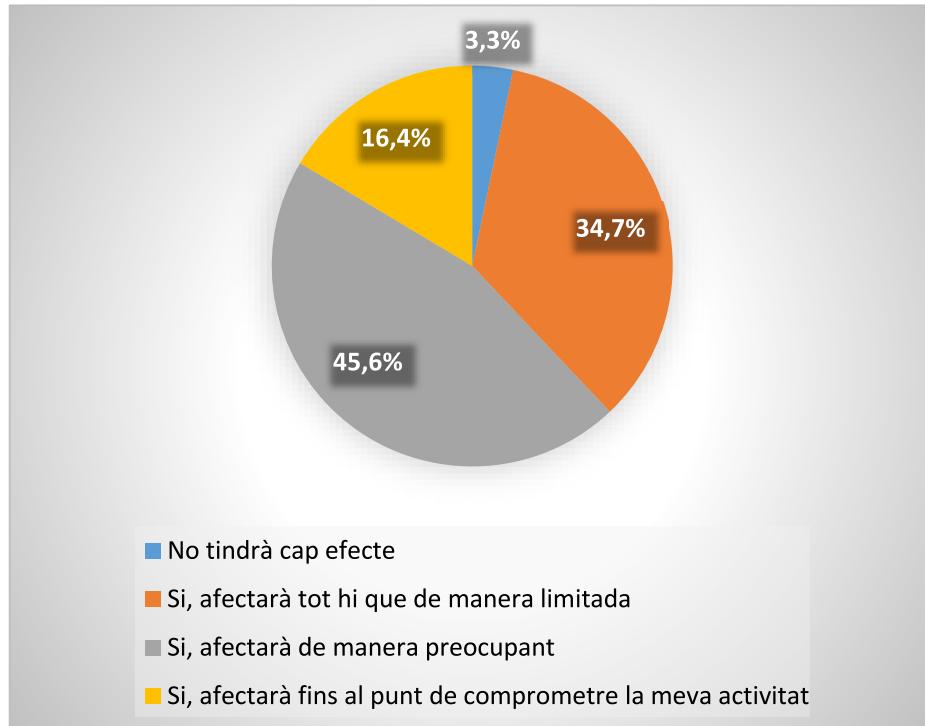


In 36% of enterprises, energy costs exceed 10% of revenues.

The average profit margin (profit/revenues) of Catalan SMEs is **just 6% !**



## If energy costs continue high or on the rise, how would they affect your business?

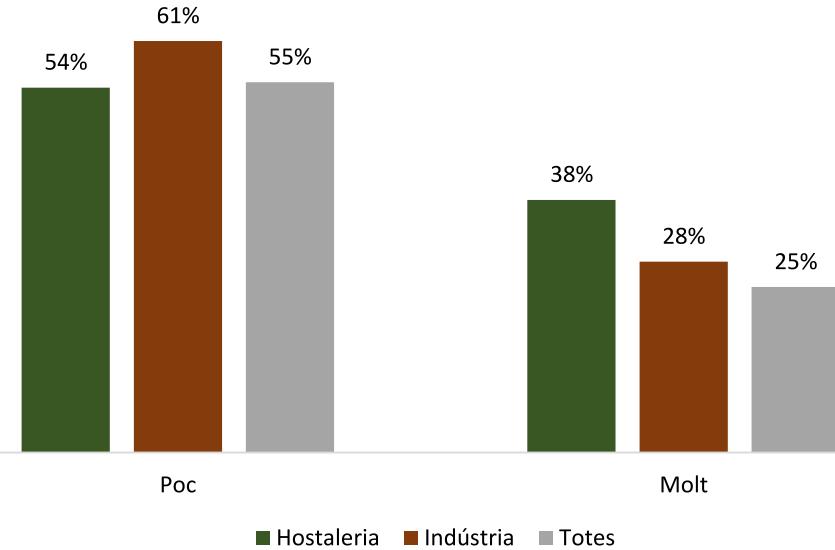
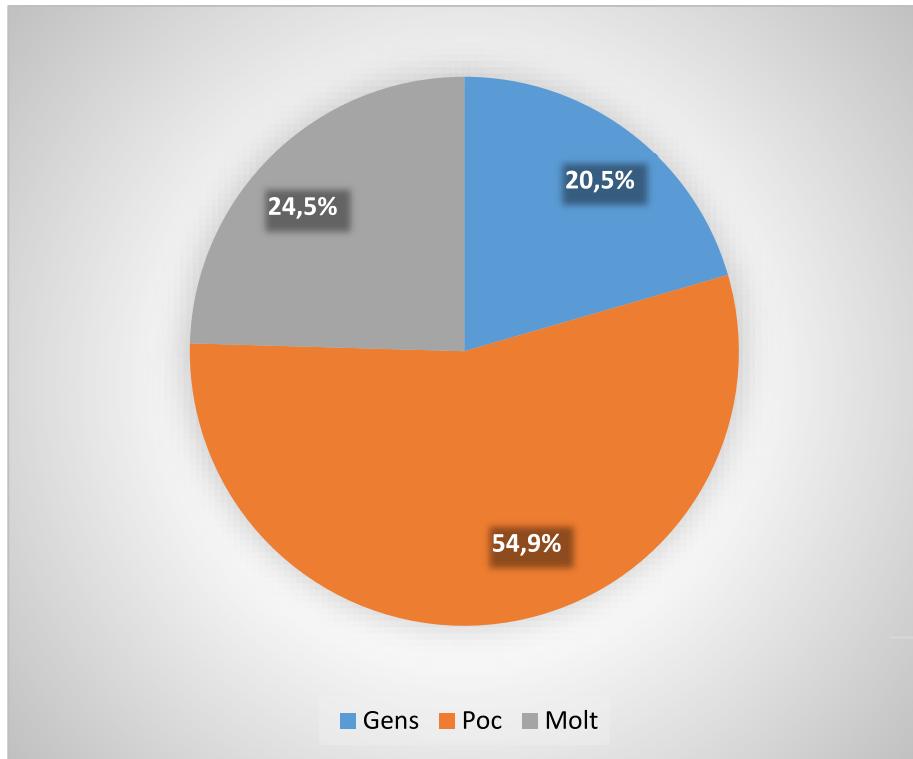


This situation would severely affect 62% of surveyed enterprises. By sector, 83% of enterprises in the hospitality sector and 68% in the manufacturing sector are substantially affected.

Only with 16% of companies seeing their business feasibility compromised by rising energy costs, approximately **320,000 jobs would be at risk**.

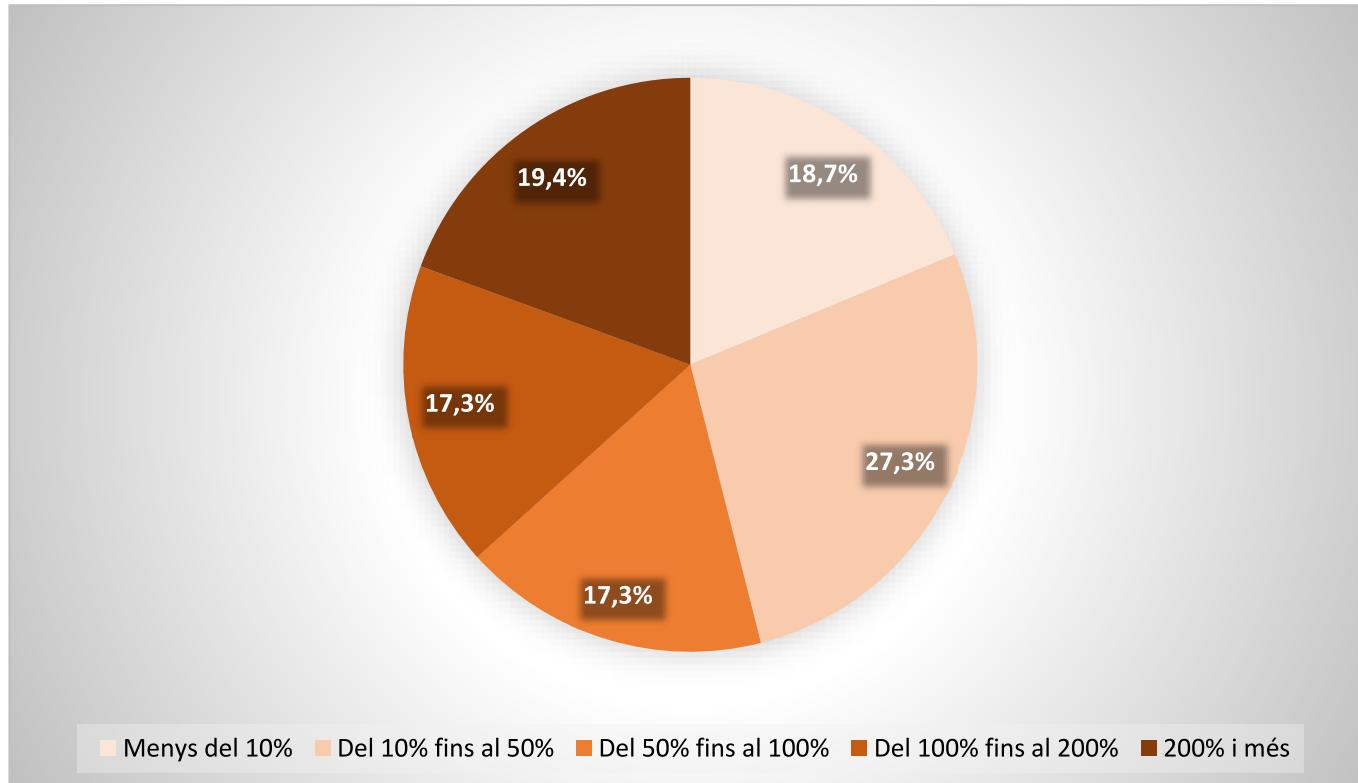


## Do you envisage to pass the rise in energy costs onto final consumers?



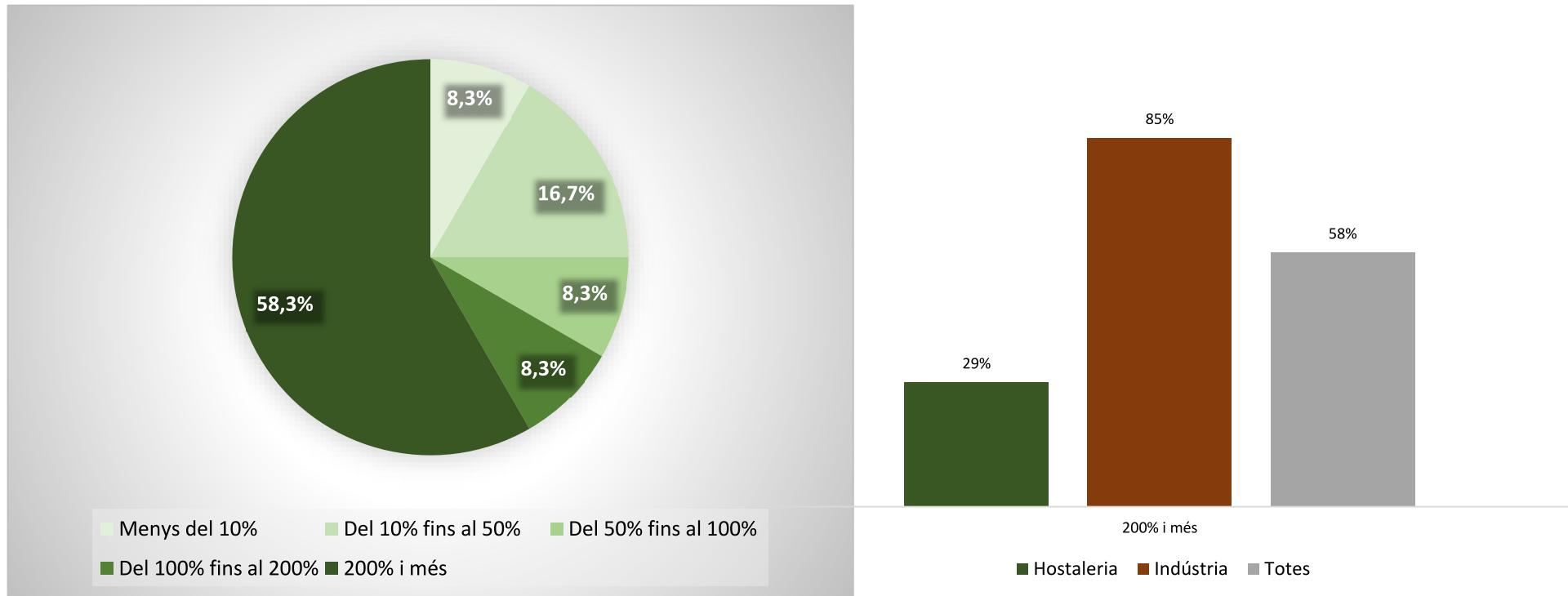
Only 24% of surveyed enterprises will be able to pass the energy costs substantially onto consumers. The share in the hospitality sector is 38%.

## What has been the increase in electricity costs in your supply contracts?



Over half of surveyed enterprises have witnessed increases above 50%.

## What has been the increase in gas costs in your supply contracts?



Over half of surveyed enterprises have witnessed increases above 200%.

This share reaches 85% in the case of manufacturing companies.



# PIMEC Proposals

[REDACTED], president of PIMEC



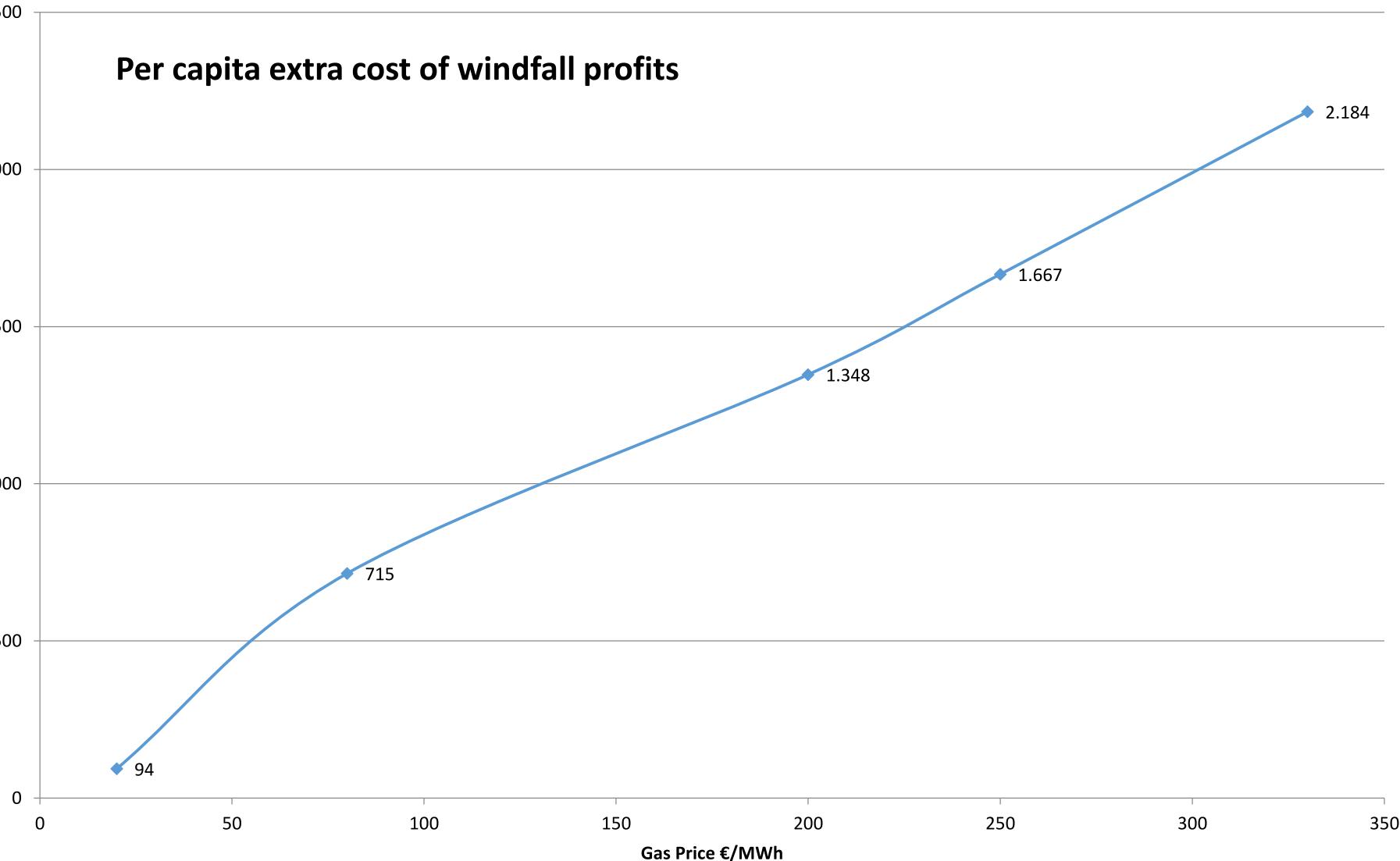
- **Natural gas should be excluded from the marginalist pricing system** in the wholesale electricity market, given that in the current circumstances its price may be responsible for more than 50% of the increase in electricity prices.
- **Regulation 2019/943** of 5 June 2019 on the internal market for electricity should be **immediately amended** to replace the marginalist price-setting rule (Article 6.4) with a weighted-average scheme.
- The Spanish and Catalan Governments shall implement **fiscal measures** to capture the windfall profits of energy suppliers, estimated at **75.6 billion € in Spain alone**, which represents 1,700 euros per capita.
- All such measures are in line with the European Commission “Repower EU” initiative of Communication COM (2022) 108 of March 8.



## Impact Estimates on Electricity Price setting by marginal price vs. weighted-average price

Price of Gas per MWh	Marginal Price	Weighted-average price	Windfall profit in case of marginal cost method	Extra cost per capita
80 €	230 €	100 €	32.89 billion €	715 €
200 €	423 €	178 €	61.98 billion €	1.348 €
250 €	514 €	211 €	76.65 billion €	1.667 €

Remark: Estimate made for an annual consumption of 150 million kWh.





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Membre de la

