Energy Regulatory Office

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How much are we going to pay for electricity as of January 2023?

The President of URE approved tariffs for the supply of electricity to household customers by four suppliers of last resort (PGE Obrót, Tauron Sprzedaż, Enea and Energa Obrót) and, this year exceptionally, one of the companies acting as a SoLR, which had so far been exempted from the obligation to submit tariffs for approval, i.e. Tauron Sprzedaż GZE.

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How are charges for electricity going to be calculated in 2023?

Due to the extraordinary and unstable situation on the commodity markets (coal and gas), the law makers decided to introduce a number of solutions to protect eligible consumers^[3] (mainly households) from rising electricity costs in 2023. However, this does not mean that the tariff approval proceedings conducted by the Regulator are no longer necessary. The tariffs approved by the President of URE, while not directly applicable to household customers, will indicate the justified costs of the energy companies.

This year's tariffs, calculated as always on the basis of justified costs, will provide the basis for the assessment and payment of compensation due to energy companies - notes Rafał Gawin, President of URE.

In the coming year, electricity prices for household customers, up to certain consumption thresholds $(2,000 \text{ kWh} / 2,600 \text{ kWh})^{[4]}$ have been frozen at the level of the

January 2022 tariffs of the supply companies. What is more, the retail price for electricity consumption above these volumes has been capped at PLN 0.693/kWh^[5]. Distribution charges for household customers have also been frozen for volumes up to the above consumption thresholds. If, however, a household consumes more electricity during the year than the indicated consumption threshold – the distribution charges which will apply for each kilowatt hour (kWh) supplied in excess of the threshold will be set in accordance with the operators' tariffs for 2023 as approved by the President of URE.

The following graphic shows the logic behind the calculation of charges for household customers, and how electricity bills may change next year.

Fig. 1. Simplified charges calculation model for household consumers in 2023.

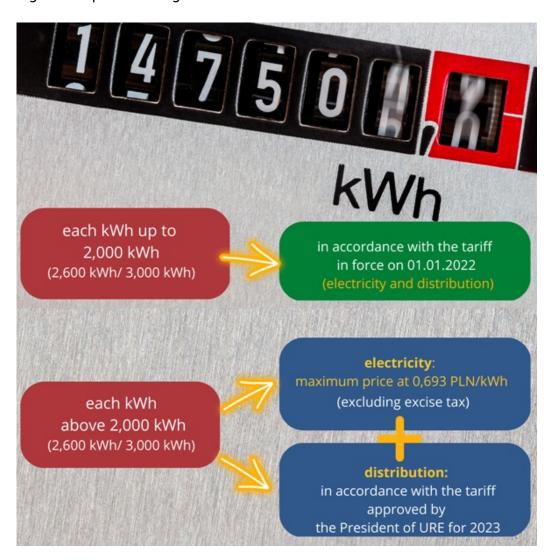


Table 1. Change in monthly electricity bill (percentage and absolute values) for customers in G11 tariff groups with yearly consumption volume of 2,500 kWh, after exceeding the maximum consumption level indicated in the Act. The calculation does not include Stoen Operator and E.ON due to the fact that E.ON's tariff has not been approved to date.

Distribution System Operator/Supplier of last resort	Total change in electricity bill per month	
	%	(PLN/month)

ENEA Operator/ENEA	60	84.60
Energa Operator/ENERGA Obrót	56.7	88.30
PGE Dystrybucja/PGE Obrót	60.5-61*	90.80
Tauron Dystrybucja/Tauron Sprzedaż/ Tauron Sprzedaż GZE	59-61*	83.10-85.40

*The total impact on PGE Dystrybucja and Tauron Dystrybucja customers is presented as a range due to different charge rates applicable in the different areas of operation of these companies.

Saving energy - helping your wallet and the environment

The protective measures introduced by the law makers, concerning the freeze the commodity prices and distribution rates alike, refer to certain levels of annual electricity consumption. Among individual consumers, the vast majority belong to the G11 Group (with constant electricity price throughout the day), accounting for nearly 87 per cent (around 13.5 million). In this group, the average annual electricity consumption is 1,800 kWh. It is good to know how to save electricity to avoid exceeding the thresholds set out in the legislation. Thereby we can not only reduce our bills but also help the planet. Every unit of energy saved is a gain for our wallet and the environment. What can we do to minimise our electricity expenses? For useful tips visit the public awareness campaign of the Ministry of Climate and Environment - 'Let's save energy'. URE is a partner of the campaign. We also publish information on how to save energy on Twitter.

How do prices and rates change in the approved tariffs?

The rise of electricity prices, which has continued for many months now, is caused by the unstable situation on the commodity markets, primarily gas and coal, which translates into elevated wholesale prices. In the distribution sector, the most important drivers of tariff increases are:

- high costs electricity purchases to cover network losses,
- increase in the tariff of the transmission system operator, i.e. Polskie Sieci Elektroenergetyczne,
- rising inflation,
- investment in the development and modernisation of electricity networks.

Table 2. Changes to average electricity prices and tariff rates in the approved 2023 tariffs of suppliers of last resort and distribution system operators (DSOs).

Distribution System Operator/Supplier of last resort	Change in average rate in distribution (for all tariff groups)	Change in average rate in distribution for customers in groups G	Change in average transaction price (for suppliers of last resort) for customers in groups G
	%	%	%
ENEA Operator/ENEA	48.1	45.5	158.1
Energa Operator/ENERGA Obrót	40.5	40.7	177.3
PGE Dystrybucja/PGE Obrót	48.0	48.3	158.1
Tauron Dystrybucja/Tauron Sprzedaż	45.5	45.1	173.6
Tauron Dystrybucja/Tauron Sprzedaż GZE	45.5	45.1	170.3*
Stoen Operator	43.0	45.9	-
Total	45.5	45.3	-

^{*} the change in the average transaction price for Tauron Sprzedaż GZE, i.e. the company hitherto exempted from the obligation to submit a tariff for approval, was calculated taking into account the average price resulting from the Report of the President of the Energy Regulatory Office of 24 October 2022 No. 46/2022 on the overall average electricity prices under the tariffs of suppliers of last resort and the average prices for each of the tariff groups included in these tariffs taking into account the 2022 time intervals.

What will you find in the new tariff?

The tariffs of the suppliers of last resort applicable to electricity supply to household customers, and the tariffs of electricity distributors approved on 17 December by the President of URE contain information on both electricity prices and distribution charges for 2023 as well as those prevailing in 2022. The crucial provision for the customer is that the prices and charges that are to apply starting from January 2023 will be consistent with

those being in effect on 1 January 2022, subject to the annual electricity consumption limit specified in the regulations.

The decisions of the President of URE, together with the approved tariffs, are available on the URE's website.

- All prices and charges approved and announced by the Regulator are exclusive of VAT. Accordingly, the VAT rate does not affect the level of the tariff approved by the President of URE.
- For more information and clarification of questions related to the measures introduced in 2022 to protect electricity consumers from price increases in 2023, visit the website of the Ministry of Climate and Environment.
- In Poland, there are 15.5 million household customers. According to data from tariffs approved by the Regulator, the average consumption in Group G in 2021 was 2,000 kWh.
- The G11 group (with a constant electricity price throughout day) accounts for 87 per cent of G-group customers (around 13.5 million). Statistically, the average annual electricity consumption in the G11 group is 1.800 kWh.
- The average annual consumption in the G12 group is 3,200 kWh.
- Electricity suppliers whose tariffs are not subject to approval by the President of URE are also required to freeze their prices for 2023. In accordance with the Act on special solutions for the protection of consumers^[6], when charging eligible customers (except for those who signed contracts with a price guarantee) these companies are required to apply the average electricity prices resulting from the tariffs approved for 2022 by the President of URE up to the pre-defined consumption limits.
- Electricity companies will be entitled to compensation (the difference between the price/rate resulting from the tariff and the one indicated in the eligible customer's bill) for the application of the frozen and capped electricity prices in their settlements with eligible customers in 2023.

^[1] Act of 7.10.2022 on special solutions for the protection of electricity consumers in 2023 in connection with the situation on the electricity market (Dz.U.2022.2127).

Tariff approval procedure was also conducted at the request of another supplier in a similar formal position, i.e. E.ON. However, the tariff for this supplier has not been approved to date.

- Article 2 of the Act of 7 October 2022 on special solutions for the protection of electricity consumers in 2023 in connection with the situation on the electricity market (Dz.U.2022.2127) and Article 2 of the Act of 27 October 2022 on emergency measures aimed at limiting the level of electricity prices and support for certain consumers in 2023 (Dz.U.2022.2243).
- Households up to 2,000 kWh per year, families with a disabled person up to 2,600 kWh per year, farmers and large families up to 3,000 kWh per year.
- ^[5] Price excluding excise tax (PLN 0.698/kWh incl. excise tax).
- ^[6] Article 6 of the aforementioned Act.

29.12.2022

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