

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(81) 539 final

Brussels, 1 october 1981

ENERGIE PRICING - POLICY AND TRANSPARENCY

(Communication from the Commission to the Council and
draft Council resolution)

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CORRIGENDUM

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1. INTRODUCTION

1.1. A consistent and rational approach to energy pricing is one of the main components of policy for the achievement of the aims which the Community has set itself in the field of energy supply and demand. It should in particular, assist the process of macro-economic adjustment to higher prices for imported oil, permit an adequate stimulus to investment, encourage energy efficiency and contribute to the transition from oil to other forms of energy.

1.2. In this Communication the Commission:

- develops the principles of energy pricing adopted by the Council in its Resolution of 9 June 1980, and suggests a series of practical aims for energy pricing policy (Section 2);
- surveys the state of transparency in the markets for the various forms of energy (Section 3);
- describes recent trends in prices within the Community (Section 4);
- examines the reasons for divergence in prices for individual forms of energy within the Community (Section 5). Since taxation is the main cause of disparity in prices for oil products, reference is made to the Commission's Communication on Oil Taxation (COM(81) 511);
- presents, in conclusion, a draft Council Resolution which contains a fuller statement of Community aims in this field, proposes a

programme of action to improve transparency, and suggests a number of areas where there is immediate scope for action to improve the consistency of policies affecting energy pricing.

1.3. In this main paper, many complex issues are dealt with in summary form. It is based on a fuller analysis of market prospects, the state of transparency and the reasons for divergence in price within the Community which will be sent to the Council separately¹. A statistical annex presents a summary of some of the latest price data available to the Commission.

SECTION 2 - GENERAL PRINCIPLES

2.1. Both the Council and the European Council have on numerous occasions reaffirmed the central role that energy pricing has to play in promoting structural change in the economy of the Community. At a macro-economic level the main elements of policy were set out in a Communication of the Commission to the Council on "Energy and Economic Policy" (COM(80) 583). This paper laid particular stress on the need for consumer prices to reflect in full trends in energy prices on world markets, on the need for adjustment in oil product prices in a manner that does not discourage energy saving and fuel switching, and on the need for a predictable and rational hierarchy of relative prices between individual forms of energy.

In a Resolution of June 1980, the Council adopted the following principles for energy pricing policy:

- "consumer prices should reflect representative conditions on world markets, taking into account long-term trends";

¹ Commission staff working paper on "The price and cost structure of energy markets in the Community", XVII/256/81, dated 5 October 1981

- "one of the factors determining consumer prices should be the cost of replacing and developing energy resources";
- "energy prices should be characterised by the greatest possible degree of transparency"¹.

2.2. However, acceptance of these principles at a theoretical level is not in itself an adequate response to the problem. This is in part because energy markets are highly imperfect: external oil prices are largely determined by decisions of the Organization of Petroleum Exporting Countries (OPEC); oil product prices are heavily influenced by consumption taxes; coal pricing is dominated by public intervention; gas and electricity utilities enjoy local monopolies and are in most cases directly or indirectly controlled by government. Even between Member States who are genuinely seeking to implement the agreed principles, differences in policy can and do lead to disparities in prices.

2.3. This imperfection in markets is accompanied by a generally poor level of transparency. The Community has devoted particular attention in recent years to improving the scope and quality of public information on energy prices in the belief that this is one of the best means of ensuring that prices genuinely reflect cost and market conditions, and distribute costs fairly between consumers. Section 3 below reviews the progress that has been made in this field.

¹ Annex to Council Resolution of 9.6.1980 on "New Lines of Action in the Field of Energy Saving". OJ No C 149 of 18.6.1980, page 4.

2.4. The first two principles - the need, on the one hand, for realistic pricing ("vérité des prix") and, on the other hand, for prices to reflect trends in long-run cost - raise a wide range of difficult theoretical issues. To what extent is there, or will there be in the future, a world market for coal and gas such as already exists for oil? What is the long-term trend in production costs for individual fuels? To what extent will inter-fuel substitution affect relativities between the prices of individual fuels? How is the replacement cost of a non-renewable resource to be defined? How long is the long term? If prices on world markets depart in the short or medium term from levels that are justified by long-term cost considerations, which principle is to take priority?

2.5. It would be difficult to develop proposals for energy pricing policy in the Community by seeking agreement on all these issues. Trends in energy prices and costs can be foreseen only in very general terms. In particular, the world price of oil will inevitably remain highly unstable and unpredictable. This instability is indeed a major reason why the Community has set itself the strategic objective of reducing dependence on oil. Because the price of other fuels is linked on the one hand to that of oil, and on the other hand to their own production costs, the cause of their prices is also unpredictable; but it is possible to identify some long-term trends.

The principle conclusions that can be drawn from the more detailed analysis of possible future trends in prices for the main energy forms are as follows:

- (a) Oil prices will remain volatile. In the long run an upper limit will be set by the cost of non-conventional oil which will probably be higher than the present price. At these levels, oil will cease to be competitive for the production of heat and electricity, and its use will increasingly be confined to non-substitutable uses, especially transport fuels and petrochemical feedstock.
- (b) The future course of gas prices is particularly difficult to forecast. Reserves are large, and better distributed than those for oil. In the short run, the concentration of export capacity in the hands of a few producer countries does offer then an opportunity to prices for an alignment of gas prices against those for crude oil. However, in the long run, a ceiling will be set by the price of alternatives, especially coal and electricity.
- (c) World coal reserves are very large and seem capable of meeting any likely expansion in demand at prices which will remain competitive with those for oil. Transport and infrastructure costs will remain an important element in consumer prices.
- (d) The cost of electricity supply has fallen relative to the price of competing fuels, and this trend is likely to continue.

2.6. Priority should therefore be given to conversion from oil to coal and electricity. Gas has made a useful contribution to the reduction of oil dependence in the past; however, the extent to which gas can continue to enlarge its share of the Community energy market without giving rise to security and price risks is an issue now under active discussion (see Section 5 below).

2.7. At the same time, however, there are many sources of inequality in prices within the Community which arise not from differences in cost but from differences in market structure, fiscal policy, and the organization and financing of public utilities. It is in minimising the distortions which arise from these sources that there is a particularly important role for the Community to play in promoting a consistent approach to pricing policy. In implementing the agreed principles, the Community's aims should include the following:

- consumer prices must ensure an adequate rate of return on investment in energy supply and energy efficiency;
- prices should provide reliable market signals on the price of energy relative to those for other goods and services and, so far as is possible, on trends in price relativities between individual forms of energy;
- pricing policies should combine realistic pricing based on market conditions and costs with the rigorous pursuit of other energy objectives, particularly on the demand side. Differences in energy prices within the Community may only be justified by the existence of comparative advantage (whether it arises from favourable location, prudent investment or superior productivity) or by the existence of priorities (such as the reduction of dependence on oil, or the penetration of coal, electricity or other alternative sources), provided that such priorities are in accordance with Community energy objectives;
- differences in prices within the Community arising from differences in policy must in any case be clearly identified as a matter of urgency, and progressively reduced. To this end, there is a need to develop common approaches in such areas as energy taxation, price regulation, the construction of gas and electricity tariffs, and the management and financing of public utilities.

SECTION 3 - TRANSPARENCY

3.1. As suggested in paragraph 2.3. above, transparency in the market for energy is a necessary, but not sufficient condition for the realisation of the above aims. In practical terms, the requirement for transparency means that:

- all consumers should have easy access to information on the price of energy, on how that price would vary in response to changes in the volume and pattern of individual demand, and on the implications for their energy expenditure of switching to alternative forms of energy;
- in the case of industry, consumers should also have ready access to information on the energy prices available to their competitors, both locally and in other countries;
- consumers should be able to reach informed judgements on trends in energy pricing; they should therefore be informed about the methods by which prices and tariffs are determined, about the prices paid for primary energy by the energy industries, and about other costs incurred in the transformation of primary energy and its distribution to consumers.

3.2. These three aims represent an ascending scale of ambition. Efforts by the Commission to improve transparency, especially in the oil market, have generated a wealth of reliable, published information on the price of transport fuels and of prices for other forms of energy for domestic consumers.

For prices to industry, the position is less satisfactory. Although official prices and tariffs are widely published, industrial prices are, in most countries, normally set for all but the smallest consumers in individual contracts. Such contract prices, even when based on published tariff formulae, may vary significantly in accordance with individual circumstances. Although many suppliers are willing to publish aggregated data on the average cost of energy to consumers in specified categories, some are not; this applies in particular to very large consumers.

3.3. Not all of the information available to the Commission on energy prices and costs contributes directly to transparency. In the first place, a great deal of information, some of it supplied under Community regulations, is communicated to the Commission on a confidential basis. The Commission can only use this information as background, and in some cases uses aggregated results derived from it in official documents. In other cases the Commission receives restricted information which can be communicated to Member States and other interested authorities, but which cannot be published. The most direct contribution to transparency is made in cases where information is collected with a specific view to publication. In summary, the situation for each form of energy is as follows:

(a) Coal. The ECSC Treaty requires the publication of official sales prices of Community coal producers. In practice, however, the prices actually paid by consumers, determined not only by the cost of production, but are heavily influenced by transport costs and by the practice of downward alignment to the price of imported coal. The Commission receives data on coal import prices and publishes aggregated indices. The coal industry provides reliable information on the cost of production within the Community on a confidential basis; some producers publish information of this kind.

(b) Oil. The Commission publishes extensive information of prices of crude oil and prices for and taxes on retail sales of the main products. Work on improving this data is in hand on a continuing basis with the assistance of an expert group: attention is at present focussed on contract prices for bulk supplies of heating oil and on the means of improving transparency of refining and distribution.

(c) Gas. The Statistical Office of the European Communities (SOEC) publishes an annual survey of gas prices. For most countries this gives a reliable indication of prices applying to new contracts for the supply of firm (non-interruptible) gas to a range of consumers but excluding some of the largest industrial consumers. However, in the UK and parts of Germany, industrial gas tariffs are not

published, and no information is available from the largest German supplier (Ruhrgas). In most countries, an important share of industrial gas is supplied under interruptible contracts for which conditions vary widely, and on which the Commission receives no systematic data. The Commission receives no information of any kind on the price at which suppliers acquire gas nor on the costs of handling and distribution.

- (d) Electricity. The SOEC publishes an annual survey of electricity prices throughout the Community which gives a reliable guide to prices to all but the very largest industrial consumers. As with other forms of energy, transparency of prices to such consumers, especially in the steel and chemical industries, is poor, and the picture here is complicated by the existence in many countries of long-term contracts concluded in the past at very favourable prices. Some electricity producers publish data on the cost of generation and distribution, but others, especially in those countries (Germany, Belgium, the Netherlands, Denmark) where the industry is privately owned, publish none. There is no reliable information on the input price of oil and gas.

- 3.4. For the retail market, the present situation is generally satisfactory. The market in bulk supplies for industry presents more difficulties. Some energy suppliers and consumers argue that since skill and specialised knowledge are required to make meaningful comparisons between markets where conditions differ, the communication of price information should be restricted. The Commission does not agree. The progress that has already been made in the oil and electricity markets shows that the collection and publication of reliable data is both possible and useful. There is no justification for treating different forms of energy in different ways, and the Commission therefore attaches importance to the improvement of the quality of existing gas and coal price statistics, and to establishing arrangements for the collection and publication of data on coal and gas import prices.

3.5. In the absence of arrangements to ensure complete transparency for very large consumers it will at least be necessary to develop separate arrangements for monitoring the prices charged in contracts of this kind at Community level so as to ensure that Community rules on competition and the agreed principles on energy pricing are respected.

SECTION 4 - RECENT TRENDS IN ENERGY PRICES

4.1. Some of the price data referred to above is presented at Annex in the form of four tables showing trends in the relative levels of prices as between Member States¹, the incidence of taxation, the evolution of prices in real terms, and trends in the dispersion of prices within the Community. The prices are for January 1973, 1978, 1980 and 1981. The following general conclusions can be drawn:

(a) The position of each Member State with respect to the Community mean differs for each form of energy; this reflects policy differences. (see Annex, Table 1):

- Germany: low prices for gasoline; high prices for heavy consumers of domestic electricity; high prices of industrial gas.
- France: low prices for industrial electricity.
- Italy: low prices for diesel; high prices for gasoline; low prices for small domestic consumers of gas and electricity.
- Netherlands: low prices for domestic gas.
- Belgium: high prices for domestic electricity.
- Luxembourg: low prices for motor fuels and electricity.
- UK: high prices for automotive diesel; low prices for domestic gas.
- Ireland: high prices for industrial electricity.
- Denmark: high prices for heating oil.

¹In most cases comparable statistics for Greece are not yet available.

- b) Consumer taxes have an important influence on price levels and are an important element in differences between consumer prices (see Annex Table 2) (1).
- c) The evolution of prices in real terms differs between countries and between forms of energy. The imprecision of coal and gas data makes it difficult to draw reliable conclusions for the market in industrial fuel. Nevertheless attention is drawn to the large increase in prices for heating oil and to the relatively small increase in prices for motor fuels and for electricity (see Annex Table 3).
- d) The dispersion of prices for individual energy forms between Member States shows a tendency to diminish in most cases (with the exception of domestic gas and electricity) (see Annex Table 4).

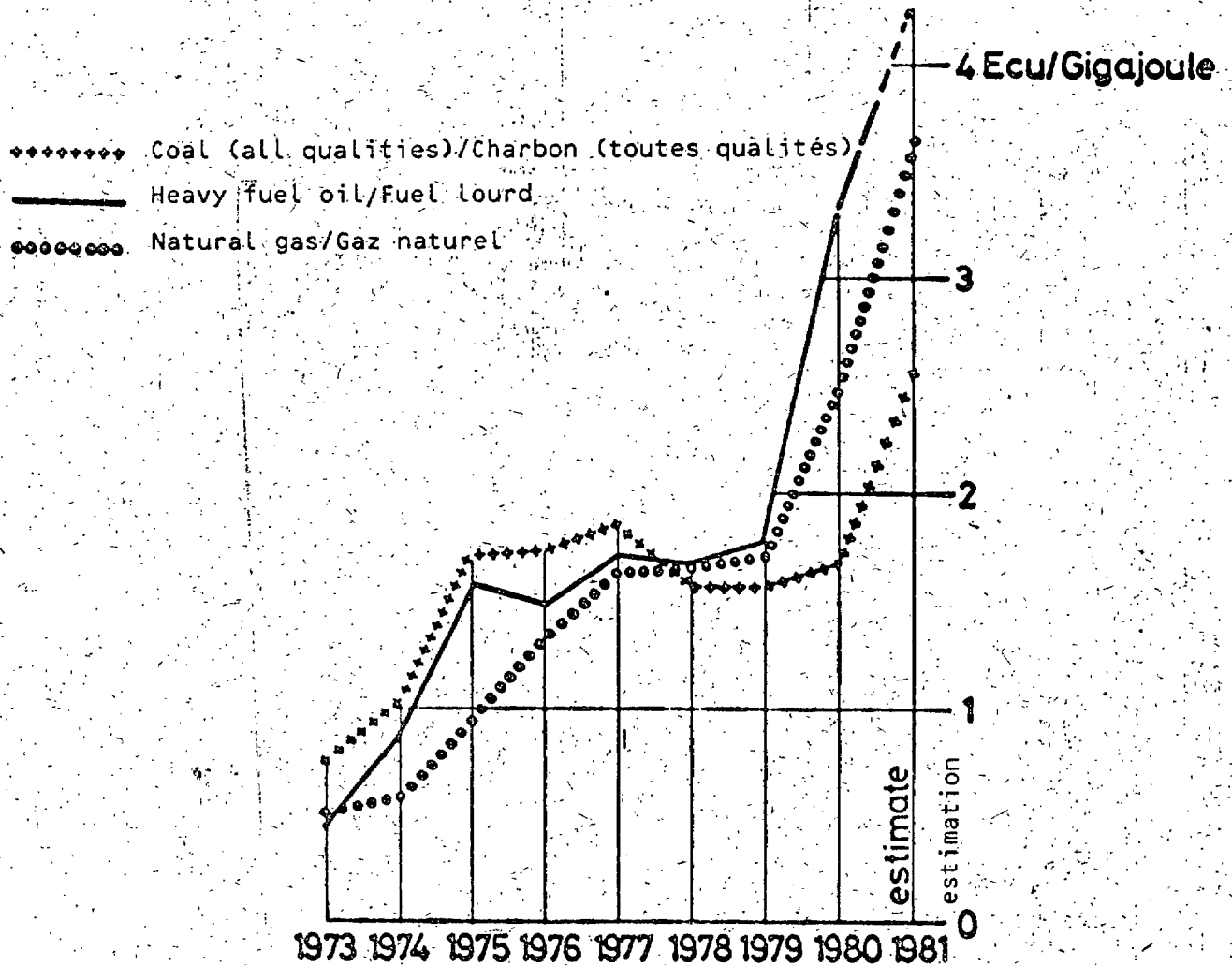
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(1) In a separate paper (COM (81) 511 final, the Commission has examined the particular problems which arise in the field of oil taxation.

4.2. The graph reproduced below shows the evolution of relative prices for fuel oil, natural gas and coal. The conclusions should be treated with caution as it is based on highly aggregated data.

COMPARATIVE EVOLUTION

(Prices excluding VAT/Prix hors TVA)



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These figures are taken from the Commission's investigations into ruling prices in general industry aggregated for the whole of the Community.

Although the price of the three energy forms rose roughly in step from 1973-78, the graph shows a breakdown at that point, coal rising by significantly less than oil, with gas occupying an intermediate position. The price of electricity, which does not appear on the graph, has risen more slowly; in real terms the increase in price during the period 1973-81 is of the order of 100% at most (and is even negligible in the case of some domestic applications), while it is of the order of 200-300% for oil fuels.

- 4.3. In the case of industrial energy, differences in energy prices for individual forms of energy between Member States have diminished (see Annex, Table 4). This does not, however, apply in the market for small and medium consumers and the statistics suggest that consumer prices of gas and electricity for some domestic consumers are not being permitted to rise in line with the cost of supply, especially in Germany, Italy, Luxembourg and Greece (electricity), and in Italy, the Netherlands and the UK (gas).
- 4.4. As noted in Section 3, these figures do not cover the prices of energy for large-scale industrial applications. This is, however, the area which is of most significance for industrial competitiveness. A recent report by a joint industry, trade union and government task force in the UK suggested that while pre-tax prices for industrial energy in the UK are for most consumers broadly in line with those prevailing elsewhere in the Community, for very large consumers of gas and electricity, UK prices are relatively high, especially in relation to those prevailing in France and Germany. The Commission's investigations suggest that this is probably true of electricity, but the position on gas is less clear.

SECTION 5 - THE REASONS FOR DISPARITY

5.1. Energy prices may differ within Member States for the following reasons:

- (a) There may be cases in which prices are deliberately held below economic levels, either in general or to particular consumers.
- (b) There may be differences in policy between Member States. Examples include taxation, price control and differences in policy on the place of gas in the energy economy as a whole.
- (c) Differences in financial structure within the energy supply industry (e.g. privately owned or nationalised; integrated or not) and in accounting practices can lead to significant differences in energy prices even in cases where costs of supply are similar.
- (d) Finally, differences in location, wage and investment costs, productivity and levels of investment lead to differences in the cost of supply.

5.2. Of these four types of explanation, only the first involves departure from the principles agreed by the Council. But the aim should be to eliminate differences in policy and practice so that the energy price structure of each Member State is a genuine reflection of the cost of energy in that country. In practice, differences in price which arise from policies and practice that do not depart from the agreed principles can nevertheless give rise to political pressure on public authorities for concessions which would involve breach of the principles.

5.3. Although the need for realistic pricing is generally respected, there are cases where Member States depart from this principle.

They can be summarised as follows:

- (a) In coal producing countries, the cost of domestic production is not competitive either with other fuels or with imported coal, and is heavily subsidised. The budgetary cost of this subsidy in 1980 was 2,200 MECU for the four Member States concerned.
- (b) In some extreme cases, state aids which appear to be incompatible with the Common Market as understood in the sense of Article 92 of the Treaty are paid to individual groups of energy consumers, for example, to the horticultural industry in the Netherlands, to fisheries in Belgium, France and Italy, and to agriculture in Belgium. In all these cases the Commission has opened proceedings in accordance with Article 93 of the Treaty.
- (c) In most countries, there are isolated situations in which, for historic reasons, individual large-scale consumers have been granted long-run contracts at very favourable prices. This is the case of electricity supply in the Ruhr, where contracts for the steel and chemical industries were set many years ago at levels determined by the ability of major industries to generate their own electricity if the electricity supply industry could not offer competitive prices. Another case where problems may exist is the supply of gas to the fertiliser industry. All of these cases require careful investigation.
- (d) The application of counter inflation policy may involve short-term restraints on the adjustment of prices in line with inflation. Recent examples are the freeze on gas and electricity prices in the UK in 1978/9 and in France in 1981. Provided such controls are clearly seen as temporary, they may do little harm in practice. It may, however, be useful for the Council to consider an arrangement whereby all such temporary controls are notified to the Commission, with a timetable for their removal specified in advance.

(e) Finally, certain sectors, including agriculture and public transport, are to varying degrees exempt from oil taxation in all Member States. The Commission is therefore pursuing this issue separately.

5.4. The main reasons for divergence in price specific to each sector are as follows¹:

(a) Coal. Differences in production and transport costs give rise to differences in price within the Community, but these are partially reduced by the practice of alignment.

(b) Oil. Only in the UK and Germany is there no control on oil product prices. In all other Member States there are regimes whereby movements in product prices are related to movements in the price of crude oil. This situation appears to give rise to distortions, especially at times of tension on oil markets, and the Council may wish to consider the scope for adopting more consistent arrangements within the Community.

Differences in the structure and level of taxation on oil products are the most important source of differences in consumer prices, and as stated above, this is the subject of a separate Communication to the Council (COM(81) 511 final).

(c) Gas. There is an important difference in policy between the UK, where British Gas is seeking in the medium term to align prices for firm gas with gasoil, and other Member States where residual fuel oil is the reference fuel. This difference in policy reflects in part differences in perception between Member States of the future availability and cost of gas supplies and of the proper place of gas in the energy economy. These wider issues are the subject of a separate Communication to the Council (COM(81) 530).

¹For details see the Working Paper cited in paragraph 1.3.).

(d) Electricity. Differences in electricity prices reflect not only differences in the cost of generation, but also differences in the construction of tariffs. In implementing the Recommendation on electricity tariff structures which the Council is now being invited to approve, the Commission wishes to pay particular attention to the methods whereby tariffs encourage off-peak consumption, and to the accounting conventions whereby generating costs are allocated between different types of consumer.

SECTION 6 - CONCLUSION

6.1. The Council is invited to adopt a Resolution in the terms of the following draft.

DRAFT COUNCIL RESOLUTION

1. The Council reaffirms that energy pricing policy has a central role to play in reducing dependence on oil; this implies a need to observe the principles agreed by the Council in June 1980.⁽¹⁾ In pursuing the implementation of these principles the Council emphasises that:

- consumer prices must ensure an adequate rate of return on investment in energy supply and energy efficiency;
- prices should provide reliable market signals on the price of energy relative to those for other goods and services and, so far as is possible, on trends in price relativities between individual forms of energy;
- pricing policies should combine realistic pricing based on market conditions and costs with the rigorous pursuit of other energy objectives, particularly on the demand side. Differences in energy prices within the Community may only be justified by the existence of comparative advantage (whether it arises from favourable location, prudent investment or superior productivity) or by the existence of priorities (such as the reduction of dependence on oil, or the penetration of coal, electricity or other alternative sources), provided that such priorities are in accordance with Community energy objectives;
- differences in prices within the Community arising from differences in policy must in any case be clearly identified as a matter of urgency, and progressively reduced. To this end there is a need to develop common approaches in such areas as energy taxation, price regulation, the construction of gas and electricity tariffs, and the management and financing of public utilities.

2. Transparency of the energy market is a necessary and urgent condition for the practical implementation of the principles set out above. This means that:

- all consumers should have easy access to information on the price of energy, on how that price would vary in response to the volume and pattern of individual demand, and on the implications for their energy expenditure of switching to alternative forms of energy;
- in the case of industry, consumers should also have ready access to information on the energy prices available to their competitors, both locally and in other countries

¹⁾ Annex to the Council Resolution of 9.6.1980 on "New Lines of Action for the Community in the Field of Energy Saving".
OJ No C 149 of 18.6.1980, p4.

- consumers should be able to reach informed judgements on trends in energy pricing; they should accordingly be informed about the methods by which prices and tariffs are determined, about the prices paid for primary energy by the energy industries, and about other costs incurred in the transformation of primary energy and its distribution to consumers.

To achieve transparency the Council endorses the following programme of action:

1. After consultation with Member State administrations and the coal industry the Commission will make proposals for improving the scope and quality of information on coal prices currently available under ECSC rules, and how to make that information available to the consuming public.

2. The Commission's existing Expert Group on Oil Transparency will continue its work, focussing attention on the improvement of data on wholesale supplies of heating oil and on the transparency of refining and distribution.

3. The Commission will consult the gas and electricity industries and Member State administrations on the best means of improving the scope and quality of existing information on gas and electricity prices, and will make proposals to the Council accordingly. In this context member states will take all necessary measures to ensure that gas and electricity suppliers publish the tariffs or tariff formulae on which their prices are based.

4. Following these consultations the Commission will make appropriate recommendations to the Council. These will give priority to:

- Data on the prices at which coal, oil products and gas are purchased by the gas and electricity industries, and on other elements governing the cost of gas and electricity supply;
- Arrangements to monitor the prices paid by large industrial consumers so as to ensure the observance of community rules on competition and of the agreed principles of energy policy.

3. In working towards consistency in energy pricing policy the Council agrees that priority should be given to the following issues:

Oil taxation The Council will respond as a matter of urgency to the proposals of the Commission on the structure and level of oil taxation.

Price Control The Council notes with satisfaction that the Commission has decided to propose arrangements to ensure that price controls introduced in support of counter-inflationary policy do not conflict with energy policy objectives.

Oil Price Regimes The Council invites the Commission to consider how to achieve greater consistency within the Community between systems for setting oil product prices, and, before the end of 1982 to present a report accompanied by such recommendations as may be necessary.

Gas Pricing Policy The Council will respond without delay to the Commission's Communication on gas supplies and prospects.

Gas Tariffs The Council invites the Commission to submit proposals for the harmonisation of gas tariff structures.

Electricity Tariffs The Council has approved a Recommendation on the harmonisation of electricity tariff structures. It invites the Commission to consider with the electricity industry and Member State administrations the best means of implementing this recommendation, and of further harmonising the conventions governing the formation of electricity tariffs; and within six months to present a report accompanied by such recommendations as may be necessary.

4. The Council invites the Commission, in its annual review of the energy policies of Member States, to report on the implementation of the general principles defined above and to make such recommendations as may be required for further progress in this field.

STATISTICAL ANNEX

Sources:

Oil Data communicated by Member States in accordance with Council Directive 76/491/EEC. For earlier years, SOEC

Coal Commission investigations

Gas SOEC: COMETEC - GAZ

Electricity SOEC : UNPEDE

Table 1

ANNEX

RELATIVE LEVELS OF ENERGY PRICES
 TAX-INCLUSIVE (1) ENERGY PRICES : RATIO TO COMMUNITY MEAN IN YUA'S

Prices on 1 January of each year		D	F	I	NL	B	L	UK	IRE	DK	H	Stan- dard devia- tion
RESIDUAL FUEL OIL	1980	.99	.98	.96	.86*	.86*		.99	1.12*	1.23*		.13
	1981	.94	.91	.86*	.96	.98		1.0	1.06	1.28**		.13
GASOIL	1980	1.08	1.02	1.03	0.98	0.97		0.87*	0.85	1.19*		.11
	1981	0.91	1.07	0.96	0.97	0.96		1.03	0.92	1.17*		.09
DIESEL	1980	1.28*	1.12	0.73*	0.95	1.03	0.77*	1.29*	0.91	0.91		.20
	1981	1.13	1.08	0.70*	0.91	1.06	0.77*	1.41*	1.05	0.89		.21
PREMIUM GASOLINE	1980	.91	1.17*	1.18*	1.03	1.11	0.86*	0.87	0.83*	1.06		.14
	1981	.87*	1.07	1.21*	0.97	1.09	0.82*	0.95	0.97	1.06		.12
DOMESTIC COAL	1980											
	1981											
INDUSTRIAL COAL	1980											
	1981											
DOMESTIC ELECTRICITY (small consumers)	1980	1.28	1.21	0.59*	1.17	1.50*	1.12	0.95	0.78	0.92	0.48*	
	1981	1.21	1.01	0.57*	1.03	1.31*	0.88	1.24*	0.98	1.01	0.77	.2
DOMESTIC ELECTRICITY (heavy consumers)	1980	.91	1.35*		1.31*	1.29*	0.84	0.72*	0.88	1.13	0.57*	.28
	1981	.76*	1.09			1.16	0.70*	0.89	0.98	1.29	0.92	.20
INDUSTRIAL ELECTRICITY (small consumers)	1980	1.11	.90	.91	1.14*	1.13*	.99	.84*	.92	1.07		
	1981	1.04	.82*	.96	1.13*	1.08	.96	1.07	1.18*	0.90	0.86	.12
INDUSTRIAL ELECTRICITY (medium consumers)	1980	1.04	.90*	.96	1.17	1.08	0.98	0.89	0.94	1.04		.09
	1981	0.96	.83*	1.02	1.12	1.06	0.76*	1.13	1.19*	0.95	0.98	.13
DOMESTIC GAS (small consumers)	1980	1.21	1.21	0.64*	0.58*	1.16	1.07	.45*	1.19	1.79*		.37
	1981											
DOMESTIC GAS (medium consumers)	1980	.92	1.14	.96	.73	.91	.69	.52*	1.59*	2.19**		.46
	1981											
INDUSTRIAL GAS (small consumers)	1980	1.14*	1.07	1.0	.92	1.09	.78*	(.79)*				.18
	1981											
INDUSTRIAL GAS (medium consumers)	1980	1.12*	.98	1.04	.95	.9						.14
	1981											

(1) Including VAT except for residual fuel oil and industrial fuels

* Prices which differ from Community mean by more than one standard deviation

** Prices which differ from Community mean by more than two standard deviations

Table 2

ANNEX

Prices on 1 January of each year. **INCIDENCE OF TAXATION AS PERCENTAGE OF PRE-TAX PRICE**

		D	F	I	NL	B	L	UK	IRL	DK	H
<u>INDIVIDUAL FUEL OIL</u> (excl. VAT)	1973	21.1	0	5.5	26.0	11.8	5.9	21.9	5.3	0	-
	1978	7.2	0	1.4	7.1	3.3	-	11.6	6.9	18.7	-
	1980	4.6	0	0	4.8	2.1	-	8.4	4.6	34.3	-
	1981	3.4	0	0.5	3.1	0	-	8.7	13.0	27.3	-
<u>GASOIL</u> (incl. VAT)	1973	18.7	29.8	28.1	4.4	41.8	24.5	10.7	5.2	18.7	-
	1978	15.7	21.5	32.9	15.8	17.5	-	6.9	5.4	32.8	-
	1980	16.5	33.8	26.8	25.9	11.7	-	6.2	3.4	43.8	-
	1981	16.3	29.4	21.8	24.3	16.0	-	5.1	9.2	41.2	-
<u>DIESEL</u> (incl. VAT)	1973	205.4	161.2	183.9	100.0	150.4	52.6	195.7	54.6	49.8	-
	1978	135.8	99.6	38.0	58.2	85.9	25.5	95.9	38.5	30.1	-
	1980	101.1	97.5	26.5	57.0	50.7	16.4	85.8	59.0	41.5	-
	1981	87.0	78.7	21.5	50.7	64.3	25.1	83.9	55.5	22.0	-
<u>PREMIUM GASOLINE</u> (incl. VAT)	1973	198.7	132.7	187.3	247.0	307.5	186.1	178.1	174.0	122.9	-
	1978	141.2	148.4	247.4	158.7	168.3	95.2	102.2	123.1	130.0	-
	1980	109.7	146.9	174.7	121.0	114.2	87.2	77.8	80.8	171.4	-
	1981	84.6	121.6	163.3	101.3	110.8	68.0	80.4	102.4	137.3	-
<u>DOMESTIC COAL</u> (incl. VAT)	1973	11.0	17.6	-	-	6.0	-	0	-	-	-
	1978	12.0	17.6	-	-	6.0	-	0	-	-	-
	1980	13	17.6	-	-	6.0	-	0	-	-	-
	1981	-	-	-	-	-	-	-	-	-	-
<u>DOMESTIC ELECTRICITY</u> (small consumers) (incl. VAT)	1973	11.0	29.5	11.0	16.0	13.9	5.0	0	5.3	14.9	-
	1978	17.4	29.3	9.6	18.0	15.9	5.0	0	0.0	21.4	-
	1980	18.7	28.2	8.2	18.0	15.9	5.0	0	0.0	43.8	8.0
	1981	18.7	28.2	9.8	18.0	16.1	5.0	0	11.8	50.7	8.1
<u>DOMESTIC ELECTRICITY</u> (heavy consumers) (incl. VAT)	1973	11.0	26.0	-	16.0	14.1	4.3	0	5.2	14.6	-
	1978	17.3	26.8	-	18.0	16.3	4.8	0	0	29.2	-
	1980	18.8	28.2	-	18.0	15.9	5.0	0	0	61.0	-
	1981	18.7	28.1	-	18.0	15.8	5.0	0	0	67.7	7.9
<u>INDUSTRIAL ELECTRICITY</u> (small consumers) (excl. VAT)	1973	0.0	0	3.1	0	0	0	0	5.6	0	-
	1978	5.4	0	1.2	0	0	0	0	0	6.0	-
	1980	5.3	0	0.7	0	0	0	0	0	0	-
	1981	5.3	0	0.6	0	0	0	0	0	0	-
<u>INDUSTRIAL ELECTRICITY</u> (medium consumers)	1973	0	0	3.1	0	0	-	0	6.0	0	-
	1978	5.4	0	2.8	0	0	-	0	0	-	-
	1980	5.3	0	0.6	0	0	-	0	0	0	-
	1981	5.3	0	0.3	0	0	-	0	0	0	-
<u>DOMESTIC GAS</u> (small consumers) (incl. VAT)	1973	11.0	17.6	6.0	4.0	6.1	5.2	0	6.8	15.0	-
	1978	12.0	17.6	34.6	4.2	5.9	5.0	0	0	18.0	-
	1980	13.0	17.6	28.4	18.1	6.0	5.0	0	0	38.1	-
	1981	-	-	-	-	-	-	-	-	-	-
<u>DOMESTIC GAS</u> (medium consumers) (incl. VAT)	1973	11.0	17.6	6.0	3.9	6.2	5.4	0	6.4	15.0	-
	1978	12.0	17.6	40.5	4.1	5.9	5.0	0	0	18.0	-
	1980	13.0	17.6	30.1	18.2	6.0	5.0	0	0	38.1	-
	1981	-	-	-	-	-	-	-	-	-	-
<u>INDUSTRIAL GAS</u> (excl. VAT)	1973	no tax levied									
	1978	no tax levied									
	1980	no tax levied									
	1981	no tax levied									

INDEX OF TAX INCLUSIVE PRICES AFTER DISCOUNTING FOR INFLATION

Prices on 1 January of each year

1973=100

		D	F	I	NL	B	L	UK	IRE	DK
Residual fuel oil	1980	288	385	338	282	298		238	275	372
	1981	373	441	377	412	444		243	325	503
Gasoil	1980	318	274	365	268	208		198	278	348
	1981	324	321	372	313	240		213	337	387
Diesel	1980	123	142	121	145	145	143	170	127	255
	1981	132	153	126	161	161	171	203	126	283
Premium gasoline	1980	114	134	135	109	118	118	117	132	137
	1981	131	136	151	120	133	133	115	171	154
Domestic coal	1980									
	1981									
Industrial coal	1980									
	1981									
Domestic electricity (small)	1980	110	98	80	115	96	95	101	122	132
	1981	128	94	77	120	100	90	120	172	166
Domestic electricity (large)	1980	105	136		174	127	94	112	164	180
	1981	113	130		193	139	99	132	214	244
Industrial electricity (small)	1980	101	119	139	133	120	103	102	138	141
	1981	108	116	154	145	126	111	111	185	127
Industrial electricity (large)	1980	192	123	158	153	121	102	110	167	174
	1981	111	110	173	164	131	89	139	223	171
Domestic gas (small)	1980	128-98	124-113	85-124	100	93-97	99	62-65	126	238
	1981	178-109	130-118	99-180	111	101-95	-	73-77	-	-
Domestic gas (large)	1980	122-117	165-133	165-117	177	107	152	72-78	203	205
	1981	171-160	198-141	198-141	226	113	-	81-89	-	-
Industrial gas (small)	1980	136-151	124-172	288-306	198	146	-	145-174	-	-
	1981	-	235-189	350-380	260	170	-	-	-	-
Industrial gas (medium)	1980	159-222	209-290	295-311	205	268	-	136-79	-	-

Prices include VAT except in the case of residual fuel oil and industrial fuels.

Table 4

ANNEX

Prices on
1 January of each
yearTRENDS IN DISPERSION OF PRICE WITHIN COMMUNITY

Trends in the dispersion of prices within the Community as measured by the coefficient of dispersion of prices (the standard deviation expressed as a percentage of the Community mean price). Before and after tax prices are shown, measured both in EUA's and SPP's. VAT is included for residual fuel oil and industrial fuels.

		Prices in EUA's		Prices in SPP's	
		Before tax	After tax	Before tax	After tax
Residual fuel oil	1973	26.0	24.1	32.3	29.0
	1978	13.9	16.3	27.3	27.6
	1980	8.7	12.6	19.1	18.2
	1981	4.8	12.9	16.5	12.3
Gasoil	1973	9.7	11.3	17.0	14.4
	1978	9.9	8.9	26.6	23.6
	1980	6.4	11.3	12.3	12.6
	1981	7.9	8.6	11.5	7.6
Diesel	1973	10.1	32.1	13.9	35.0
	1978	11.1	26.1	23.5	32.7
	1980	6.8	19.9	12.5	19.8
	1981	10.0	21.2	9.7	17.8
Gasoline	1973	14.8	13.9	11.9	13.7
	1978	6.9	16.9	16.8	27.3
	1980	8.0	13.8	13.3	19.3
	1981	4.2	11.9	11.9	18.2
Domestic coal	1973				
	1978				
	1980				
	1981				
Industrial coal	1973				
	1978				
	1980				
	1981				
Domestic electricity - small	1973	23.2	24.8	21.7	21.9
	1978	29.8	32.0	22.6	22.4
	1980	30.2	21.6	20.3	19.9
	1981	24.8	22.3		
Domestic electricity - heavy	1973	18.9	21.9	16.4	17.9
	1978	15.5	20.3	15.1	13.7
	1980	23.8	28.1	17.5	19.7
	1981	11.0	17.6		
Industrial electricity - small	1973	15.8	14.9	12.2	11.8
	1978	19.3	20.4	12.4	12.4
	1980	16.5	11.4	10.0	8.4
	1981	11.9	11.9		
Industrial electricity - medium	1973	18.4	18.2	16.5	16.4
	1978	17.1	16.2	17.3	13.5
	1980	21.3	9.0	16.1	10.0
	1981	13.6	13.0		
Domestic gas - small	1973	23.8	24.6	22.7	22.5
	1978	36.3	35.3	27.2	24.6
	1980	34.7	36.9	31.8	32.7
	1981	-	-	-	-
Domestic gas - medium	1973	24.5	25.6	26.2	26.2
	1978	31.4	31.1	29.9	28.3
	1980	38.9	46.1	41.6	45.5
	1981	-	-	-	-

FIGURE 3

NORTH SEA GAS FIELDS AND GAS PIPELINES

Gas (oil) field Existing pipeline
Boundary Planned
0 100 200 km

