

Since early 2021, wholesale electricity prices have been rising sharply. The main reason for this is the dramatic rise in gas price, which has doubled this year.

In the following link, you can check the wholesale electricity market price history for the year 2021:

<https://www.omie.es/es/market-results/annual/daily-market/daily-prices?scope=annual&year=2021>

This situation is not exclusive to Spain and affects the whole of the European Union. In the following link, you can quickly and clearly see the daily prices of the leading European markets:

<https://www.energylive.cloud>

This abnormally high price situation has resulted in the highest daily price record several times so far this year, and the record for the most expensive month has also been broken. Energy markets are forecasting that the situation will not be corrected in the coming months.

This situation of high wholesale market prices directly impacts the price you pay for energy on your bill. Currently, the fixed prices offered by U energia are below the actual cost price, so there are two ways to resolve the situation:

- 01** Raise prices
- 02** Offset the costs

At U energia, we think that the high price situation is exceptional, and that is how we will deal with it. Therefore, U energia has decided that it will not raise fixed prices and will apply the market costs adjustment formula as an exception. This formula means that the cost difference will only be compensated when the market exceeds the parameters that we will explain below. This system will not only compensate for price rises but also price falls so that if the wholesale price falls below the expected cost for U energia, we will add a line subtracting the difference.

After the most recent price revision on 01/07/2021, the fixed prices offered by U energia are designed to cover energy costs in the wholesale market of 87 euros/MWh.

HOW ARE WE GOING TO COMPENSATE THE COSTS?

Until 31/01/2022, U energia will apply the following formula to compensate the cost differences in the wholesale market:

$$PC = E * ((CO_{mie} - CU_{energia}) / 1000)$$

Where:

- **PC:** Cost compensation term price
- **E:** Energy consumed in the billing period
- **CO_{mie}:** Actual cost of the wholesale market in the billing period
- **CU_{energia}:** Expected cost for U energia

Although this formula may be a bit complicated, let's now look at some simple examples to clarify it.

Example 1

The actual energy cost was 97 euros/MWh in the billing period, and the energy consumed was 350 kWh.

$$PC = 350 \text{ kWh} * ((97 - 87) / 1000) = \text{EUR } 3,5$$

Example 2

The actual energy cost was 77 euros/MWh in the billing period, and the energy consumed was 350 kWh.

$$PC = 350 \text{ kWh} * ((77 - 87) / 1000) = \text{EUR } -3,5$$

As you can see, a correction is simply applied to the bill taking into account the difference in costs between the actual cost of energy and the expected costs for U energia. It is entirely transparent on our part to apply both the differences above and below market prices.

This formula will apply to bills issued from 01/09/2021 to 31/01/2022.

HOW WILL WE REFLECT THIS ADJUSTMENT ON YOUR INVOICE?

You will see an extra line on your invoice like the one shown below once the calculation has been made:

- Market costs adjustment as an exception: **-3,5 euros**
- Expected cost: **87 euros/MWh**
- Actual cost: **77 euros/MWh**