

EXCEPTIONAL PRICES ADJUSTMENT EXTENSION

Update, 30th of april 2022

The war in Ukraine has caused high electricity prices to last longer than expected. Therefore, the Spanish and Portuguese governments have joined forces to promote measures to limit and control these high electricity prices that are affecting domestic consumers, SMEs and large companies alike, as well as to limit the extraordinary profits made by companies belonging to the oligopoly as a result of this situation of energy crisis.

These initiatives are included in the so-called "Excepción ibérica" ("Iberian Exception") and represent a set of measures that will be published in the BOE (Official State Gazette) in the coming days.

Due to this transitional period, we have decided to extend the exceptional adjustment measure that we have been applying in recent months until 31 May. This will give us time to analyse the measures once they have been published and communicate the new tariff structure before 1 June, which will mean a significant reduction in prices compared to the last six months.

Thank you

U energia team

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Update, 28th of december 2021

In 2022, we celebrate our 130th year anniversary and we are aware that we shall celebrate it in truly exceptional times, in a highly volatile environment, immersed in a global pandemic and jointly enduring a major energy crisis with you.

At “U energia”, we have implemented several initiatives designed to stimulate and promote the regularisation of the electricity market so that this crisis will cease to affect us as soon as possible and effectively deal with the increase in the price of the raw material which we manage, electrical power.

Based on the transparency which differentiates us, we want to inform you that we shall extend the application of the transitory formulas (more information is shown below in this notification) to offset the market costs in the invoices that are issued until 30/04/2022, coinciding with the extension of the exceptional measures approved by the Government in RDL 29/2021.

Starting in April 2022, it is predicted that the electricity markets will stabilise and we shall continue to offer the best rate for you and your business.

As we have been doing since 1892, we are at your disposal to provide you with the best professional and personalised advice so that you may optimise your consumption and your electricity bill, as well as keep you informed of the latest news and accessory products which we offer (self-consumption, charging points for electrical vehicles, telecommunications, etc.)

Thank you for placing your trust in us.

The “U energia” Team

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://euenergy.live/>

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:

$$PC = E * ((COmie - CUenergia) / 1000)$$

Where:

- **PC:** Cost compensation term price
- **E:** Energy consumed in the billing period
- **COmie:** Actual cost of the wholesale market in the billing period
- **CUenergia:** 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**