

The evolution of Spanish households' electricity bills in 2022

This year remained extremely convulsive in the energy markets, with significant pressure on prices – accentuated by the war in Ukraine – and the consequent intervention of the markets to try to defuse it.¹ But how did the electricity bills of Spanish households evolve? We analyse this question based on individual CaixaBank customers' direct debit electricity bill payments.²

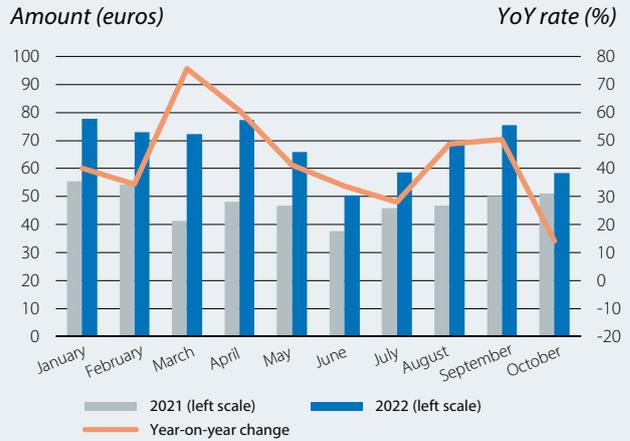
In a previous article,³ we found that price changes in the wholesale electricity market spread more quickly to electricity bills on a regulated tariff (PVPC) than to those on a free-market tariff, which usually have a fixed price for the duration of the contract.⁴ Thus, while the median regulated-tariff bill increased by 32% year-on-year in Q4 2021, in the case of the free-market tariff it fell by 14%, as the price increases were not yet being passed on to consumers but the first relief measures implemented for households were.

The analysis of bills in 2022 shows that households on a regulated tariff have continued to experience highly volatile and high electricity bills, while fixed-tariff bills (which account for around two-thirds of the total)⁵ have gradually increased as more and more contracts have been renewed. More specifically, the median bill in the regulated market is 68 euros in 2022 (the average between January and October); this is 20 euros higher than in the previous year, but with significant fluctuations ranging from +14% in October to +75% year-on-year in March (+42% on average), as a consequence of the movements in the wholesale market.

In contrast, the year-on-year increases of household bills based on fixed-price contracts have gradually risen as the year progressed. In January 2022, the average bill was 60 euros, 27% less than a year earlier. By the spring, bills were already at roughly the same level as a year earlier (0% year-on-year growth). In October 2022, in contrast, the average bill reached almost 80 euros, representing a year-on-year growth of +21%.

For 2023, we expect electricity bills to remain high, although there is great deal of uncertainty linked to the gas market and regulatory developments. Household bills in the regulated market will be higher than the

Spain: monthly evolution of the median electricity bill in the regulated market (PVPC tariff)



Note: Amounts of individual customers' direct debit electricity bill payments each month (excluding companies and self-employed workers).
Source: CaixaBank Research, based on internal data.

Spain: monthly evolution of the median electricity bill in the free-market (fixed-price tariff)



Note: Amounts of individual customers' direct debit electricity bill payments each month (excluding companies and self-employed workers).
Source: CaixaBank Research, based on internal data.

previous year, considering that the price of MIBGAS futures for 2023 are slightly higher than in 2022 (+8.2% on average), although the gas price cap may partially offset these increases in the first half of 2023. In any event, the volatility of regulated-market bills will be reduced after the planned PVPC tariff reform is introduced. Households on a free-market tariff whose contracts are renewed will see their bills go up, continuing the trend observed in 2022, although the increases could begin to moderate from Q2 2023 onwards.⁶ The respite in electricity bills will come, but we do not expect this to happen before the end of 2023.

Josep Mestres Domènech and Alberto Graziano

1. For further details, see D. Rodríguez Rodríguez (2022). «Un año de intervenciones regulatorias en electricidad y gas: un análisis de situación». Fedea (content available in Spanish), <https://documentos.fedea.net/pubs/ap/2022/ap2022-27.pdf>.

2. We analyse the amounts of individual customers' direct debit electricity bill payments each month (we exclude companies and self-employed workers) and we differentiate between customers on a free-market tariff and those on a regulated tariff (PVPC).

3. See the Focus «[Electricity prices are sky high, but what about household bills?](#)» in the MR01/2022.

4. For further details on how Spain's retail electricity market works, see the Focus «[The Iberian electricity market and the price rally in Spain](#)» in the MR01/2022.

5. According to CNMC data, in Q3 2021 35.1% of households had regulated-market contracts and 64.9% had free-market contracts.

6. In the past, it has taken around 12 months for changes in the price trend of the regulated market to spread to the free market.