Energy price scenarios

The price cap limits the risk of higher energy prices for households, but public finances worsen. We examine the economic consequences of different energy prices in four scenarios



Scenario: gas price €50 lower than baseline scenario



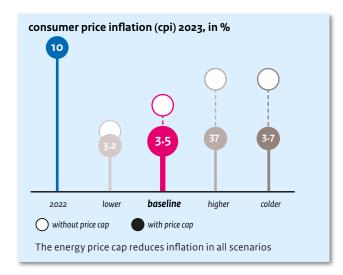
Baseline scenario: average gas price in 2023 €128 per MWh (market forecast)

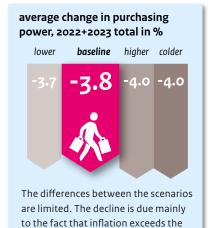


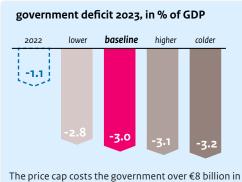
Scenario: gas orice €50 higher han baseline scenario



Severe winter scenario: €50 higher + extra consumption







the baseline scenario. The deficit is worsening, but as higher prices result in higher revenues from natural gas sales the differences between scenarios are limited

projection before Budget Day lower baseline higher 450,000

increase in wages

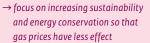
Policy measures have resulted in fewer households facing the risk of being unable to pay their fixed outgoings than previously anticipated. People on low incomes have to spend more of their income on energy and run more risk

500,000

colder

Towards a structural solution

Energy prices are expected to remain high for longer. The price cap does not provide a structural solution. People who are not in financial need of compensation still receive it and the incentive to save energy is reduced. This can actually boost inflation



- → provide targeted compensation for the most vulnerable households
- → higher wages boost purchasing power





