

Energy Regulatory Office

<https://www.ure.gov.pl/en/communication/news/334,What-will-our-gas-bills-look-like-in-2023.html>
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What will our gas bills look like in 2023?

The President of URE approved the tariffs for the supply of gas by PGNiG Obrót Detaliczny and for the distribution of the fuel by Polska Spółka Gazownictwa

17 December 2022. The President of the Energy Regulatory Authority approved the tariffs of the major gas sector players, i.e. the gas supplier PGNiG Obrót Detaliczny (PGNiG OD) and the distribution system operator Polska Spółka Gazownictwa (PSG). In case of the gas retailer (PGNiG OD), the tariff will remain in effect until 31 March 2023.^[1]

Specific solutions to protect consumers in 2023

Given the exceptional situation in the European and domestic gas market, which has continued for more than one year, the law makers decided to introduce solutions in order to protect household customers and customers carrying out vital public services^[2] from price shocks caused by the unprecedented levels of natural gas prices in 2023^[3]. Accordingly, the gas price for eligible customers has been frozen at the 2022 level, i.e. PLN 200.17/MWh^[4]. The distribution tariff rates have also been frozen at the level of the last tariff for distribution services applicable in 2022.

However, the introduction of price-freezing provisions does not mean that the tariff approval proceedings conducted by the Regulator are no longer necessary. The tariffs for 2023, approved by the President of URE and invariably calculated on the basis of justified costs, will provide the basis for calculating the amount of compensation payable to energy companies.

How have the prices and rates changed under the approved tariffs?

A significant increase in natural gas prices across Europe has been observed since 2021. For companies involved in supplying the retail market, this translates into higher sourcing costs, which means an increase of the prices at which gas is offered to consumers. Indeed, the persistently high price level on the TGE exchange market, which is the primary source of gas for PGNiG OD, is the most significant contributor to the price increase in the tariff. As a result, the price of gas in the tariff of PGNiG OD approved for 2023, for example for tariff groups W1-W4, is PLN 649.92/MWh.

The increase in gas prices in the approved PGNiG OD tariff is not, however, passed on to the gas bills of households or customers carrying out vital public services, yet it provides the basis for calculating the amount of compensation payable to energy companies as they supply gas at a price below the purchase cost.

In the case of Polska Spółka Gazownictwa, which is responsible for the distribution of gas in most areas of our country, the increase has been justified by:

- lower the volume of gas distributed;
- increase in inflation;
- higher cost of electricity and gas purchases,
- increase in the cost of external services.

The level of distribution tariffs approved on 17 December by the President of URE translates to an increase of the average bill for distribution services by about 21 per cent compared to the December 2022 level, with the rise affecting customers other than households and customers carrying out vital public services.

The decisions of the President of URE, together with the approved tariffs, are available [on the URE'S website](#).

- The prices approved and announced by the Regulator are exclusive of VAT.
- The total gas bill paid by household customers consists of: a commodity charge, fixed monthly fee (included in the tariff of the gas supplier – e.g. PGNiG OD) and gas distribution (transport) service charge based on the tariff rates of the distribution system operator (e.g. PSG).
- In Poland, the companies of the PKN Orlen group have a dominant position in the supply of gas to end customers, and in the provision of gas distribution services, with PGNiG's share in gas sales of nearly 89 per cent in 2021.
- The President of URE approves tariffs for both the supply (only for customers buying gas household use and customers carrying out vital public services) and the distribution of gas (for all customer groups).
- The majority of household customers supplied by PGNiG OD, because of the scale of their business activity, pay distribution charges according to the PSG's tariff.
- According to the current legislation, the tariffs for the supply of gas to household customers and customers carrying out vital public services will be approved by the Regulator for the last time for 2027.

^[1] Taking into consideration the reasons presented by the Company, specifically the present uncertainty in the gas market, including the lack of adequate instruments at the Polish commodity exchange (TGE) to secure the supply of natural gas for the remainder of the year, the Regulator granted the Company's request for the approved tariff to remain in effect for one quarter.

^[2] The full list of eligible customers to be charged on the basis of the tariffs is set out in Article 62b(1)(2) of the Energy Law Act of 10 April 1997 (Dz.U.2022.1385, as amended).

^[3] On 15 December, the Polish Parliament passed the Act of 15 December 2022 on the special protection of certain consumers of gaseous fuels in 2023 in connection with the situation on the gas market, which was then sent to the President.

^[4] Pursuant to Article 12(3) of the Act of 15 December 2022 on special protection of certain consumers of gaseous fuels in 2023 in connection with the situation on the gas market, the maximum price of gaseous fuels and the rates of charges for the provision of gaseous fuel distribution services do not include VAT and excise tax as referred to in the Act of 6 December 2008 on excise duty (Dz.U.2022, items 143, 1137, 1488, 1967, 2180 and 2236).

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[Previous Page](#)
[Next Page](#)