The Finance Hub

WEEK 24 • FREE EUROPEAN MONEY GUIDE

THE EUROPEAN ELECTRICITY BILL TRAP

A cheaper price per kWh can still produce a higher yearly electricity bill.

INSIDE THIS FREE GUIDE

Annual-cost formula • €105 versus €120 example • Hidden contract risks • Printable electricity contract comparison worksheet

Electricity Contract Audit | 16-22 November 2026

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WHAT YOU REALLY PAY

Understand the complete annual cost before comparing suppliers

A tariff is more than one headline number.

Electricity offers may display an attractive consumption rate while applying other charges, discounts and conditions. Compare estimated full-year totals on the same household usage and tax basis.

A SIMPLE ESTIMATED ANNUAL COST MODEL

Annual kWh × unit rate + annual fixed charges

± eligible taxes, levies, discounts and other terms

CHECK THESE SIX ELEMENTS

01 Annual consumption
Use your own kWh from a recent bill.

02 Unit rate
Compare the price per kWh and whether it can change.

03 Fixed charges
Standing charges or base fees can change the result.

04 Taxes & network costs
Check what is included in each quoted price.

05 Discounts
Record eligibility, conditions and expiry date.

06 Contract terms
Check duration, notice, changes and exit conditions.

Tip: If a supplier combines items differently, avoid double-counting the same taxes or network fees.

CHEAPER UNIT RATE. HIGHER BILL.

Worked comparison - illustrative figures, not actual supplier offers

A €105 saving that becomes a €15 loss

Assume the same household uses 3,500 kWh per year. Offer B charges 3 cents less per kWh than Offer A, but the monthly standing charge is €10 higher.

UNIT PRICE SAVING

3,500 × €0.03

€105 / year

EXTRA FIXED CHARGES

12 × €10

€120 / year

NET ANNUAL DIFFERENCE

€120 extra - €105 saved = €15 MORE

WHAT THIS MEANS

- An attractive consumption rate does not guarantee the lowest total cost.
- Use identical annual kWh assumptions for both quotes.
- Apply introductory discounts and any expiry dates correctly.
- Check whether fixed charges and taxes are already included in quoted figures.

Important: The example compares only the difference between otherwise equivalent offers. Real contracts can have additional terms and changing rates.

THE HIDDEN CONTRACT RISKS

What can make a seemingly good offer disappoint later

Five questions to ask before switching

01 WHAT HAPPENS AFTER THE INTRODUCTORY PERIOD?

A discount valid for a few months should not be treated as a year-round reduction.

02 IS THE RATE FIXED, VARIABLE OR TIME-OF-USE?

For variable plans, document how rates may change. For time-of-use, only count electricity you can realistically move.

03 WHAT ARE THE FIXED COSTS?

Convert monthly standing charges to annual amounts and add them consistently.

04 WHAT DOES THE QUOTE INCLUDE?

Check taxes, network costs, meter fees and the stated billing assumptions. Avoid comparing differently defined prices.

05 HOW FLEXIBLE IS THE CONTRACT?

Review minimum term, advance notice, cancellation provisions and any contractual penalties permitted locally.

Rules and consumer protections differ by country. Verify current conditions with the supplier and relevant local consumer or energy regulator.

DO THE ONE-PAGE AUDIT

A repeatable way to compare two supplier offers fairly

The five-step decision process

1 COLLECT

Find a recent invoice, annual kWh consumption and the full terms for both offers.

2 NORMALISE

Compare prices for the same usage, tariff period, tax basis and household.

3 CALCULATE

Multiply each unit rate by the same kWh, then add fixed charges and applicable extras.

4 STRESS TEST

Check price changes, post-discount rates, your seasonal use and contract restrictions.

5 RECORD

Save the assumptions, quote dates and a screenshot or PDF of each offer.

Decision rule: Choose the offer that fits your estimated annual cost, price-change risk and flexibility - not just the lowest advertised kWh price.

PRINTABLE CONTRACT AUDIT

Fill in the boxes with actual supplier terms; compare like with like

Electricity Contract Audit - your comparison

Quote date: _____ Annual household use: _____ kWh

WHAT TO CHECK	OFFER A	OFFER B
Supplier / tariff name		
Unit rate (€/kWh)		
Fixed charges (€/year)		
Taxes / other charges*		
Discounts over full year		
Estimated annual total		
Rate change / exit terms		

ANNUAL COST FORMULA

(kWh × rate) + fixed costs + other charges - discounts

Choose the estimated lower total only after reviewing contract risk.

Checklist:

[ ] Same annual kWh [ ] Same tax basis [ ] Discounts checked

[ ] Rate changes checked [ ] Exit terms checked [ ] Quotes saved

* Only include charges not already contained in the quoted unit or fixed prices. Educational tool, not a personalised recommendation. See official sources: Eurostat electricity price statistics; European Commission electricity prices; Your Europe energy contracts and consumption.