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PRICE AND INCOME ELASTICITY OF ELECTRICITY CONSUMPTION IN HUNGARY

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Abstract

The electricity consumption of a country is influenced by several parameters of the national economic structure, the level of societal advancement and the economic climate. Indicators based on the rate of GDP and electricity consumption are widely used for characterizing the productivity of an economy. In this paper, the electricity consumption of the household and productive sectors is analyzed based on reference electricity consumption (proportional to GDP) and the relationship between consumption and the price of electricity is presented for Hungary during the period from 1995 to 2010. We provide estimates of price and income elasticity of demand for electricity.

Key words: electricity intensity, income elasticity, price elasticity, reference electricity consumption

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