



Clean Energy for All Europeans – addressing energy poverty

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WHERE IS OUR FOCUS?

CREATING JOBS & GROWTH, BRINGING DOWN GREENHOUSE GAS EMISSIONS, SECURING ENERGY SUPPLY



**Putting
energy
efficiency
first**



PARIS2015
UN CLIMATE CHANGE CONFERENCE
COP21 • CMP11



**Demonstrating
global
leadership in
renewables**



**Delivering a
fair deal for
consumers**

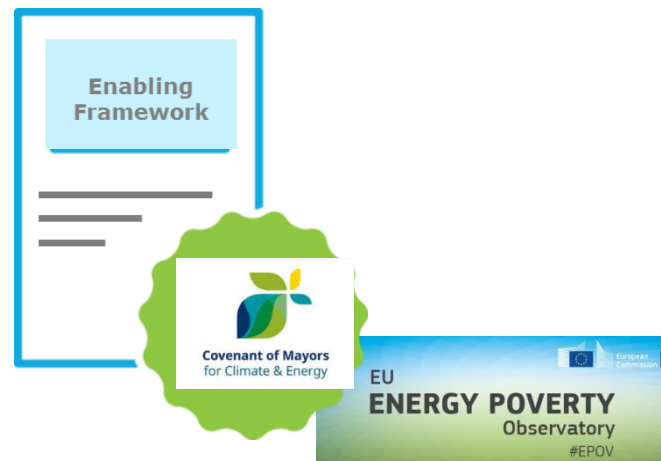
WHY DO WE NEED A NEW LEGAL FRAMEWORK?

SIGNAL TO INVESTORS THAT CLEAN ENERGY TRANSITION IS THE GROWTH SECTOR BOTH THROUGH:

adapting our regulations



putting on the table an enabling environment.



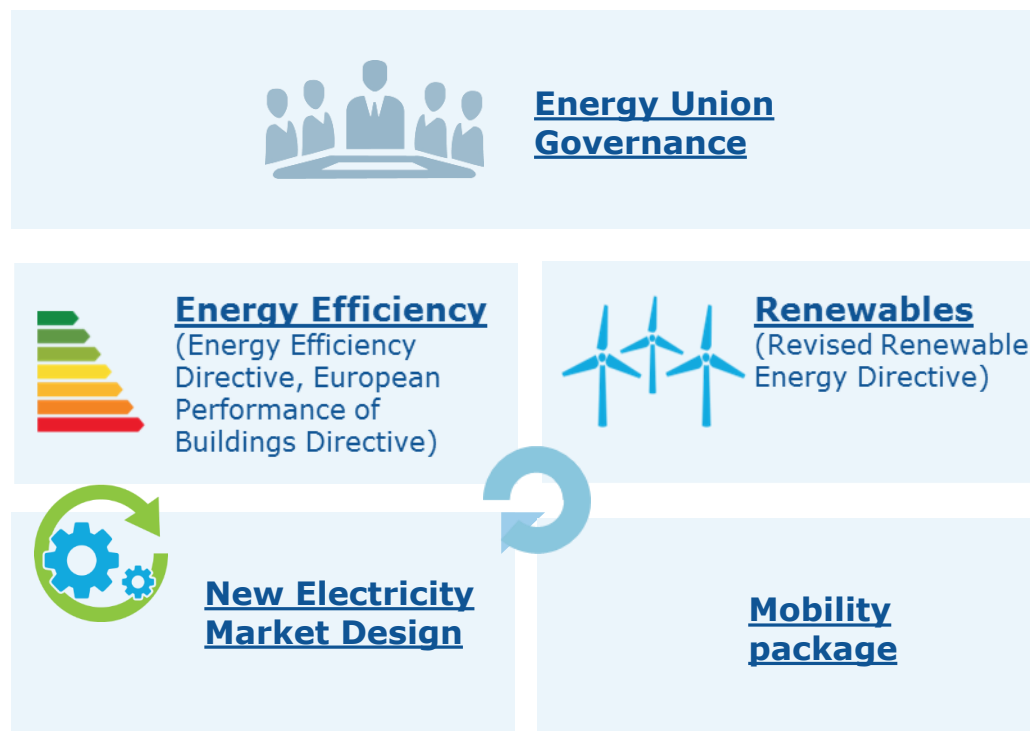
THE CLEAN ENERGY FOR ALL EUROPEANS Package

HOW DO WE GET THERE?

THE RIGHT REGULATORY FRAMEWORK FOR POST – 2020

" In essence the new package is about tapping our green growth potential across the board"

Commissioner Miguel Arias Cañete (2016)



Consumers: three actions

- **Empowerment:** *active consumers, demand response, Local Energy Communities*
- **Better information:** *on billing, switching suppliers, price comparison tools*
- **Protection:** *energy poverty and data protection*



Energy poverty today in EU electricity, gas law

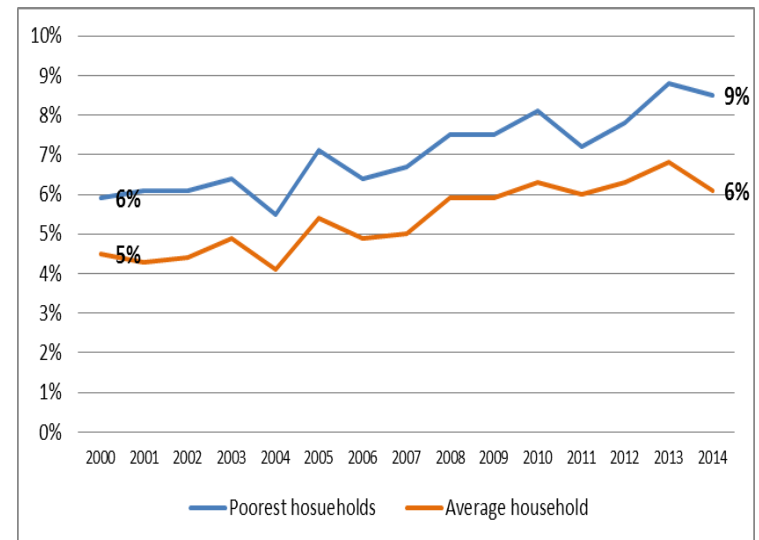
- *Energy poverty **recognised** as an energy policy issue*
- *MS required to identify and protect **vulnerable** consumers*
- *Energy poverty to be **addressed** (**if** identified as a problem)*

Rationale for new provisions

- Energy poverty *increasing* across the EU
- Lack of reliable *data*, information on its scale in MS
- -> Difficult to design effective policy

Nobody to be left behind

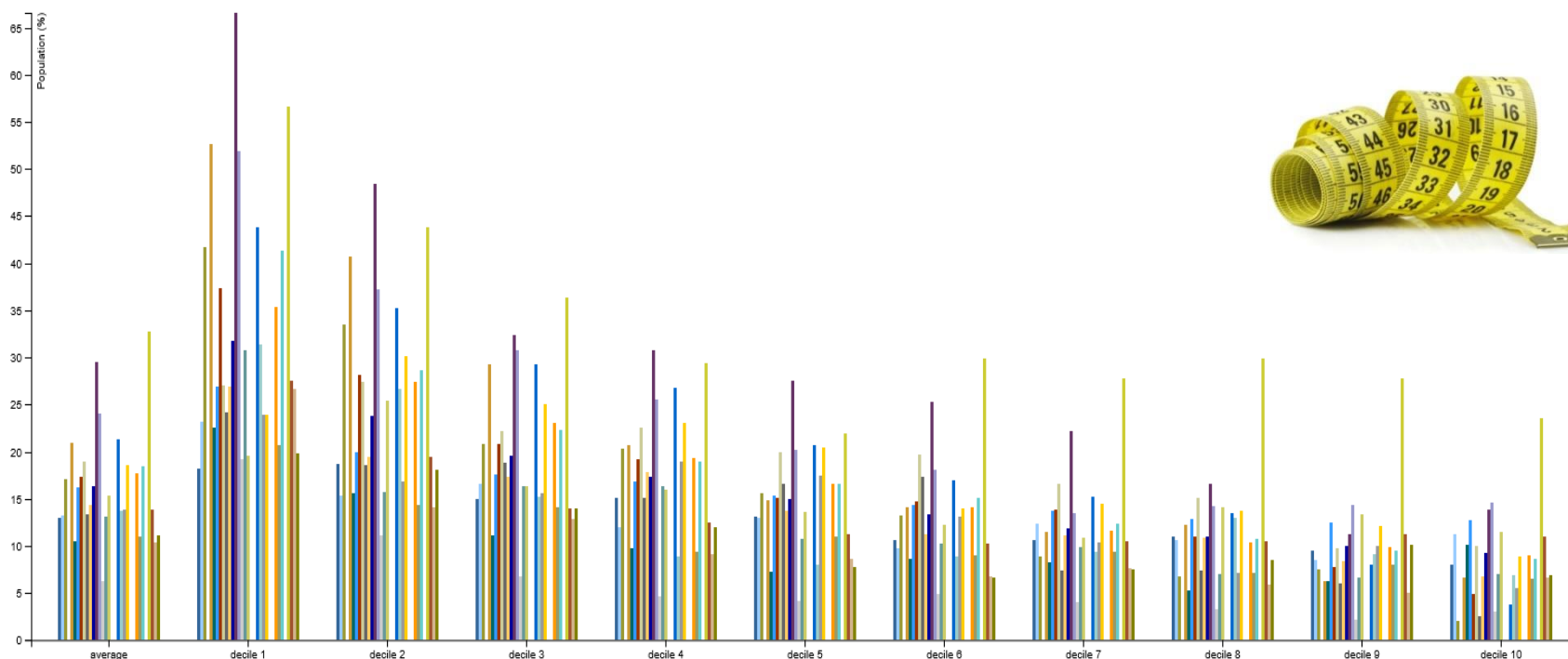
50 million!



Hidden energy poverty

Share of population whose absolute energy expenditure is below half the national median.

HIDDEN ENERGY POVERTY (HEP) | 2010 | BY INCOME DECILES



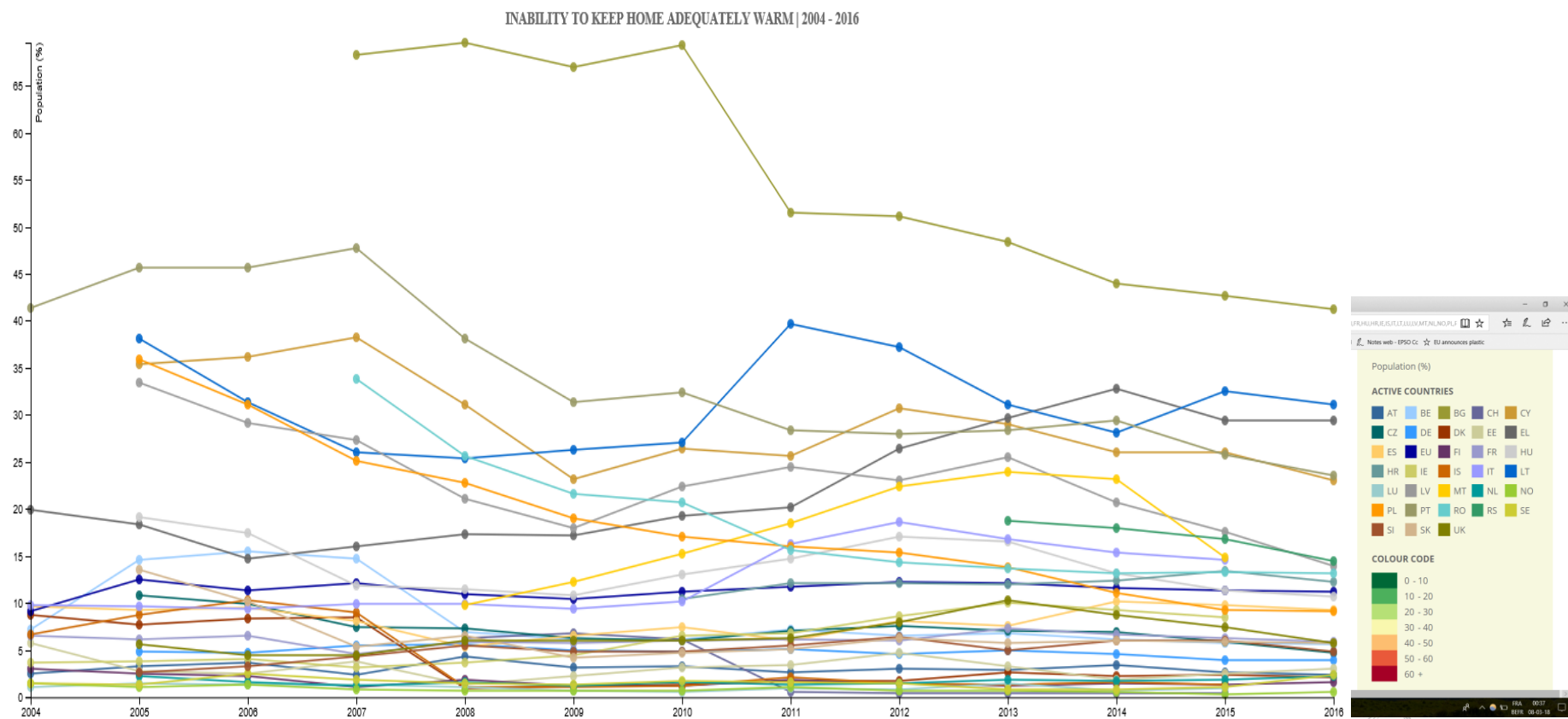
Electricity Directive – more focus and **transparency**

- Article 29 on Energy Poverty
Requires Member States to **define a set of criteria for the purpose of measuring energy poverty**, obliging Member States to **monitor** the number of households in energy poverty and **report** energy poverty levels to the Commission every two years as part of their Integrated National energy and Climate Progress Reports (Governance Regulation)
- Recital 40
describes energy poverty as the

inability to afford basic energy services such as adequate warmth, cooling, lighting and the energy to power appliances, due to a combination of low income, high energy expenditure and poor energy efficiency of dwellings.

Inability to keep home adequately warm

Share of (sub-) population, Source: SILC, HS050



Electricity Directive - avoiding **disconnection**

- Article 10 on Basic Contractual Rights
Requires that customers in arrears with their energy suppliers are given adequate information on **alternatives to disconnection** sufficiently in advance before the disconnection. These alternatives may refer to sources of [financial] support, alternative payment plans, debt management advice or disconnection moratorium and **should not constitute an extra** cost to customers.

Enabling Measure – Energy Poverty Observatory

- The Commission launched the Energy Poverty Observatory to support Member States in energy poverty actions and monitoring by sharing **good practices** and producing reliable and comparable **statistics** on energy poverty. EPOV has developed a **project concept for replication** through **Covenant of Mayors** municipalities.

Energy Efficiency Directive – energy poverty as a **priority**

- requirement for Member States to focus a share of their energy efficiency measures for households in energy poverty and social housing
- *Art 7§7 In designing policy measures [...], Member States shall take into account the need to alleviate energy poverty, in accordance with criteria established by the Member States and taking into consideration their available practices in the field, by requiring, to the extent appropriate, a share of energy efficiency measures under their national energy efficiency obligation schemes, alternative policy measures, or programmes or measures financed under an energy efficiency national fund, to be implemented as a priority among vulnerable households including those affected by energy poverty [...].*
- *Member States shall include information about the outcome of measures to alleviate energy poverty [...] in their integrated national energy and climate progress reports in accordance with [Regulation on the Governance of the Energy Union].*



Energy Performance of Buildings Directive – renovation requirement (final)

- Article 2a:

*Each Member State shall establish a long-term renovation strategy to support the renovation of the national stock of residential and non-residential buildings [...] by 2050 [...]. Each **long-term renovation strategy** shall [...] encompass:*

*d) [...] an outline of **relevant national actions** that contribute to the alleviation of energy poverty*



- Recital 11:

*The need to alleviate energy poverty should be taken into account, in accordance with criteria defined by the Member States. While outlining national actions that contribute to the alleviation of energy poverty in their renovation strategies, the **Member States** have the right to **establish** what they consider to be **relevant** actions.*

Governance Regulation – assessment requirement (1/2)

- Article 3.3

With regard to their integrated national energy and climate plans, Member States shall: [...]

(d) assess the number of households in energy poverty taking into account the necessary domestic energy services needed to guarantee basic standards of living in the relevant national context, existing social policy and other relevant policies, as well as indicative Commission guidance on relevant indicators for energy poverty.

*In the event that a Member State finds that it has a **significant** number of households in energy poverty as supported by its assessment based on verifiable data, it shall include in its plan a national indicative objective to reduce energy poverty. The Member States concerned shall outline in their integrated national energy and climate plans the policies and measures which address energy poverty, if any, including social policy measures and other relevant national programmes;*



Governance Regulation – conditional reporting requirement (2/2)

- New article 24

[A Member State finding itself with significant numbers of energy poor]

...shall include in its integrated national energy and climate progress report:

(a) information on progress towards the national indicative objective to reduce the number of households in energy poverty; and
(b) quantitative information on the number of households in energy poverty, and, where available, information on policies and measures addressing energy poverty.
The Commission shall share data communicated by Member States pursuant to this Article with the European Energy Poverty Observatory.



Energy poverty Reactions to proposals

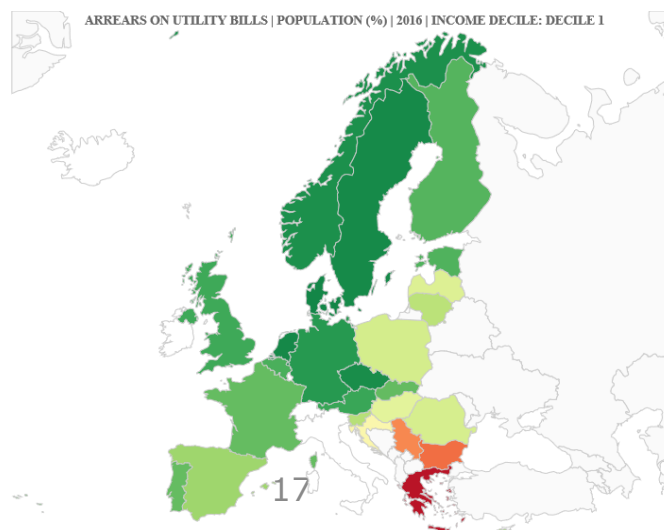


Energy poverty

Member State practices

Three types of key measures to tackle energy poverty are applied:

1. Financial transfers
2. Disconnection safeguards and legislated procedures
3. Long-term energy efficiency measures



Arrears on utility bills

Source: SILC, HS020/HS021

Energy poverty

Member State practices – Financial Transfers

13 Member States (e.g. CZ, EE, SI, PL, FI, SK) support **energy spending through a housing support allowance**. Support varies by Member State and household criteria such as composition, income, eligibility and energy consumption. Average allowance for a single household ranges from 56€ in Slovakia to 148€ in Poland and 225€ in Finland.

10 Member States (e.g. UK, IE, DK and RO) have a **heating allowance**, targeted specifically at heating energy. Again variations by Member State and household criteria. For example in the UK selected households receive 25GBP per week for very cold weather in winter while in DK the allowance covers 25% to 75% of pensioners' heating expenses.

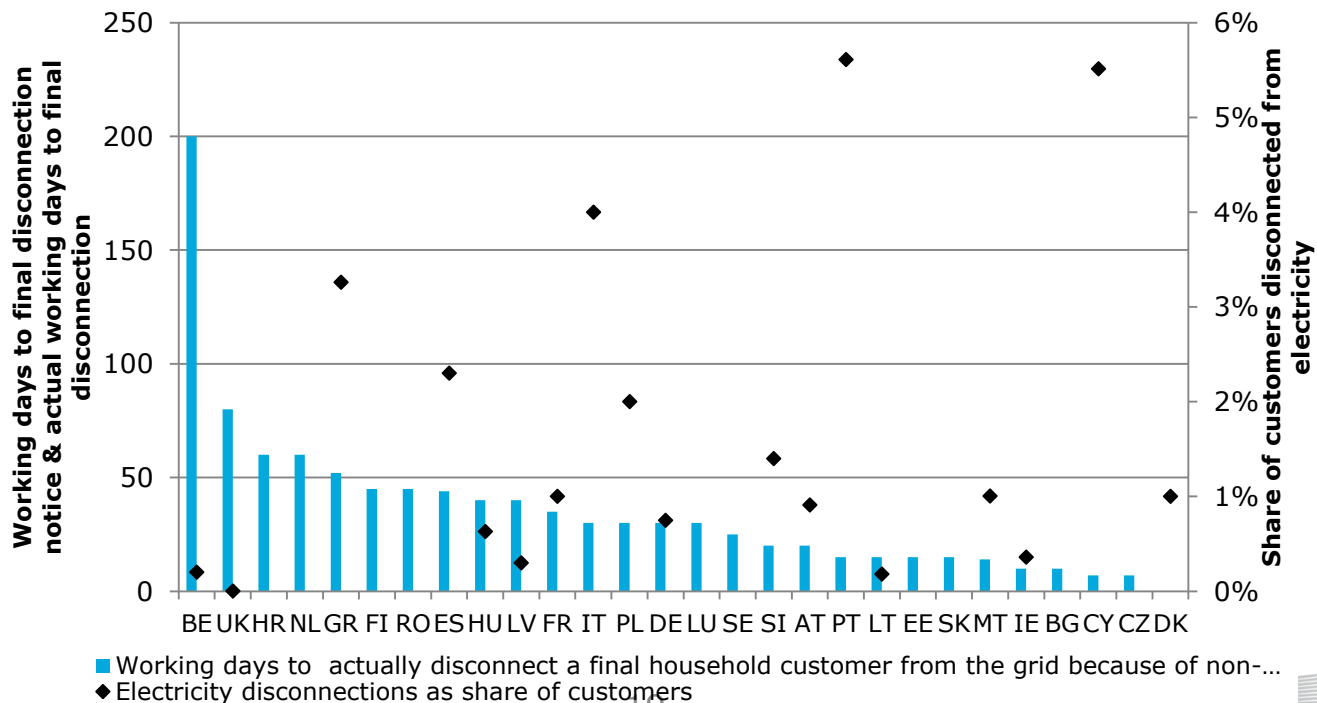
Often combined with electricity and/or gas allowances



Energy poverty

Member State practices – Disconnection legislated procedures

- Most Member States have legislated procedures to disconnect consumers. Include one or more written notices of unpaid bills before disconnection.
- The number of days between the unpaid bill, the final notice and the disconnection itself are usually legislated.



Energy poverty

Member State practices – Disconnection safeguards

Disconnection safeguards provide an additional layer of protection including:

- **Direct protection measures**, such as disconnection prohibitions, and
- **Complementary or alternative measures** such as debt management, prepaid meters, and customer engagement.



Source: Bornrealist.com

Energy poverty

Member State practices – Long-term energy efficiency measures

Two types to address the **root causes** of energy poverty:

- **low-cost measures** (audits, information campaigns, energy efficiency services and insulation kits);
- **higher cost measures** such deep renovation of buildings

Low-cost measures can bring **immediate benefits** in terms of reduced energy consumption and related costs, as well as improved indoor temperatures and associated health benefits.

Cannot replace the higher cost measures which can make a significant difference to the energy consumption in the long-term.



Energy poverty

Rationale for removing price regulation

Blanket price regulation an ineffective in protecting vulnerable and energy poor.
Disproportionately favours high-income households



EU ENERGY POVERTY Observatory

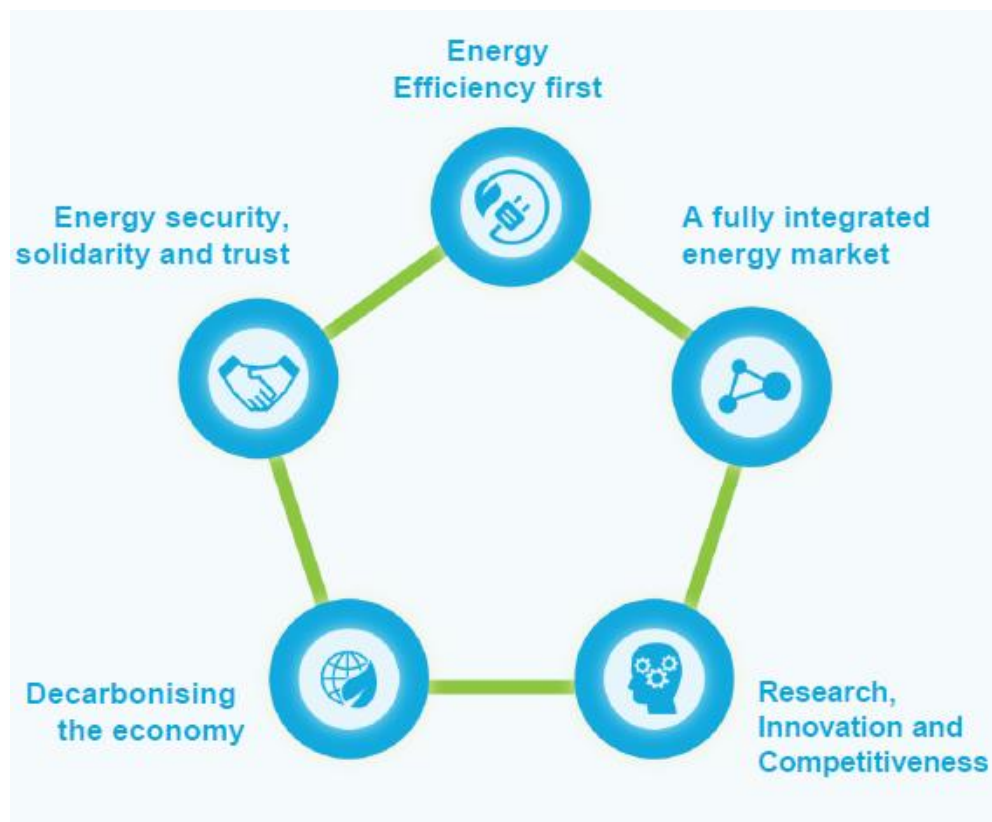
#EPOV



Thank You

WHAT IS THE STRATEGY?

AN ENERGY UNION BASED ON 5 MUTUALLY SUPPORTIVE AND INTERLINKED DIMENSIONS



Role of EPOV

- **Improve transparency** by bringing together the disparate sources of data and knowledge across the EU
- **Develop** a user-friendly, open-access **information resource**
- **Enable networking** and facilitate knowledge sharing and co-production among Member States and stakeholders
- **Disseminate information** and organise outreach work
- **Provide technical assistance** to the widest possible range of interested parties, based on a holistic approach.



- Energy Union enabling measure
- Partnership of six organizations (University of Manchester, Ecofys, European Policy Centre, Intrasoft International, National Energy Action, Wuppertal Institute)
- 7 subcontracting bodies, International Advisory Board ~100 people – important pool of expertise
- Launched in January 2018

Energy poverty

Member State practices – Disconnection safeguards and legislated procedures

Measures	Disconnection prohibition									Complementary measures		
	Year-round measures						Seasonal measures (Winter or certain days of the week)			Debt management	Pre-paid meters	Customer engagement
Targeted consumers	All	Vulnerable/ low income/ socio-demographic	With (or at risk of) medical conditions	Public services (lighting, hospitals, transport)	Unemployed	Under bill dispute settlement	All	Vulnerable/ low income/ socio-demographic	With (or at risk of) medical conditions	All		
AT										LV	LV	LV
BE							EG			LV	L	LV
BG												
CY		E	E							L		
CZ										L		
DE										LV	LV	LV
DK		E										L
EE			EG		EG		EG					
ES			E	EG						LV		LV
FI		EG	EG		EG			EG	EG			
FR		EG						EG		L		L
GR		EG	EG		EG			EG		V		
HR												
HU		EG	EG					EG	EG	L		
IE				E				EG	EG	L	L	L
IT						E	E			L	L	LV
LT		EG						EG				
LV												
LU						E				L	L	LV
MT										L		
NL			EG			EG	EG			L		
PL	E	EG				EG				L	L	L
PT	G					EG						L
RO		E										L
SE			E			E				L		LV
SK												L
SI			E					E		L		
UK								EG		L	L	V
Total	1	9	8	2	3	6	4	7	3	18	8	15
Total MS			18					13			22	
Total					20						22	
Legend		E = electricity		G = gas			L = legislated			V = voluntary		