

Energy poverty and vulnerable consumers in the energy sector across the EU: analysis of policies and measures

**Eero Ailio, Deputy Head of Unit
European Commission, DG Energy**

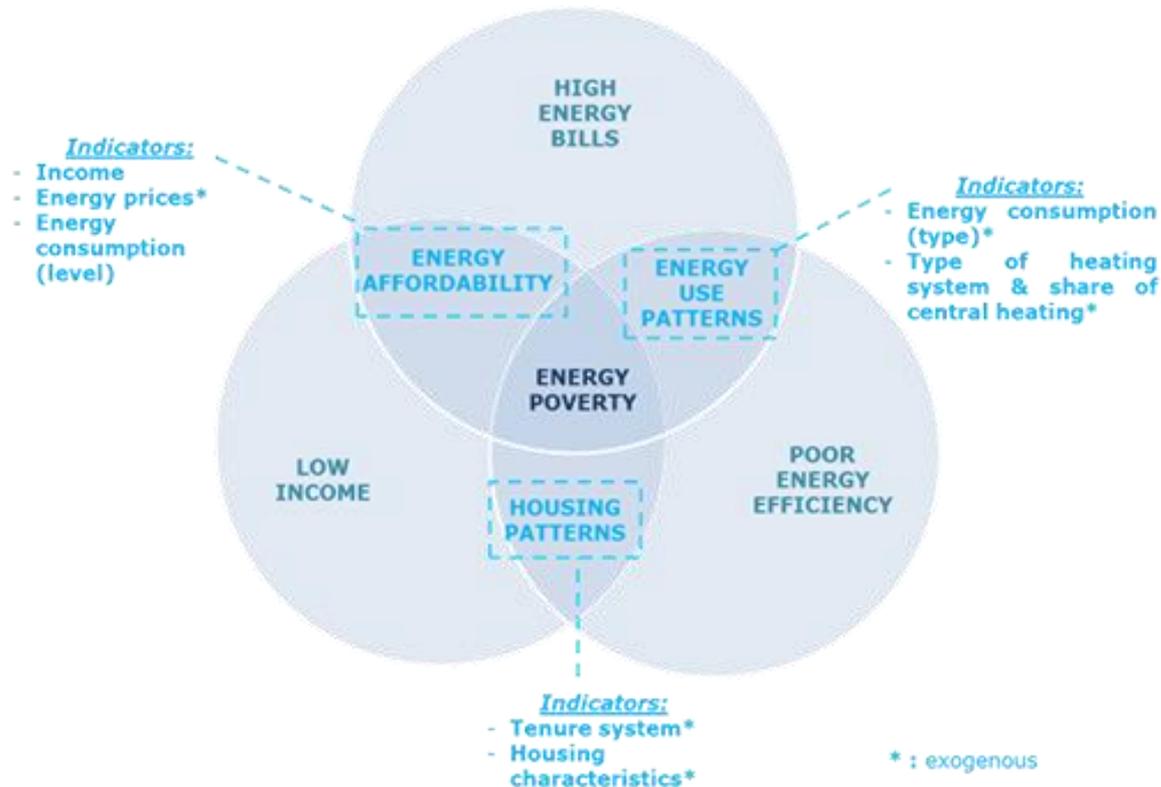
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Research questions

- How have different Member States defined issues of energy poverty and vulnerable consumers?
- What different measures have Member States put in place to address the issues of energy poverty and vulnerable consumers?
- Based on the above review, what are the similarities / differences across Member States with respect to recognition and definition of the issue, and policy measures implemented to address the issue?
- What can the Commission do to address this issue across the European Community?

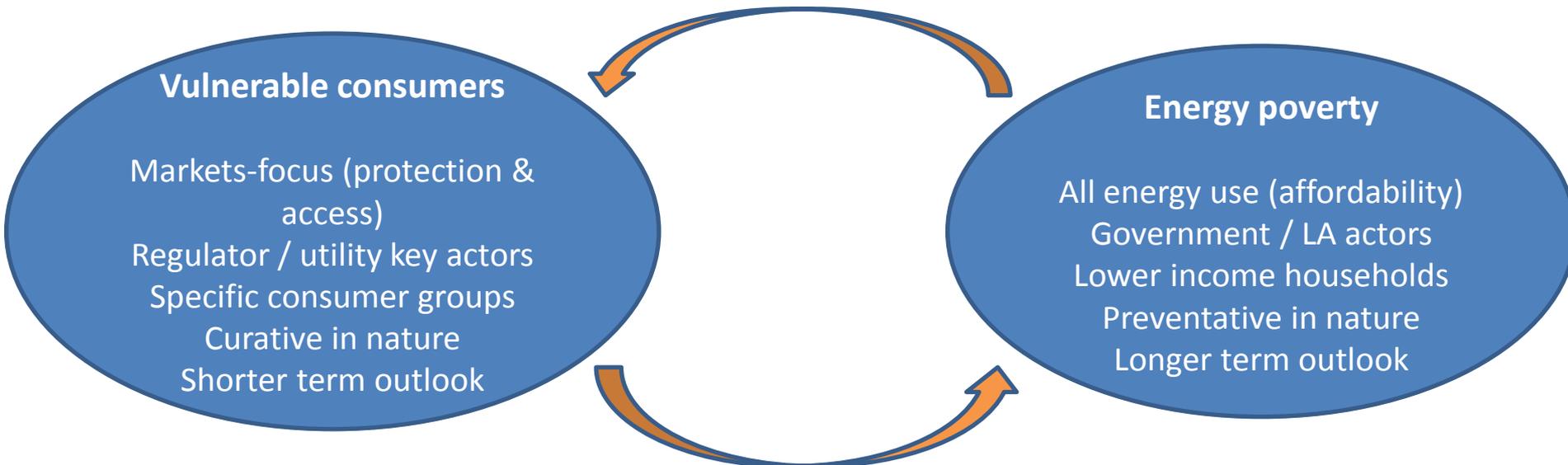
What is energy poverty?

- Usually defined as a situation where individuals and / or households are not able to adequately heat their homes at affordable cost.
- Three key drivers in combination or isolation – low incomes, poor thermal efficiency of buildings, and high energy costs
- The report considers energy poverty from both a regulated energy markets perspective – but also in a broader sense.



The linked issue of vulnerable consumers

- The functioning of energy markets can clearly have an impact on those in or at risks of energy poverty, through ensuring consumer protection and safeguards, offering competitive tariffs (and access to them) and assisting in the efficient use of energy.
- Vulnerable consumers are specific consumer groups who require additional protections and support.
- Critically, it is a **distinctive** issue as shown by differing characteristics of both in the figure below.



Member State approaches: defining the issues

Key findings

Definitions used for vulnerable consumers vary significantly across Member States, reflecting differences in problem identification and in approaches to action.

Less than a third of Member States explicitly recognise concepts of energy poverty. Those that do see it as a **linked yet distinctive** problem from vulnerable consumer protection.

Member State approaches: taking action

Key findings

Financial interventions are a crucial means of short-term protection for vulnerable consumers. Many Member States use the social welfare system to both identify recipients of support and distribute payments. Enhanced targeting of energy-poor needs to be balanced against administrative complexity.

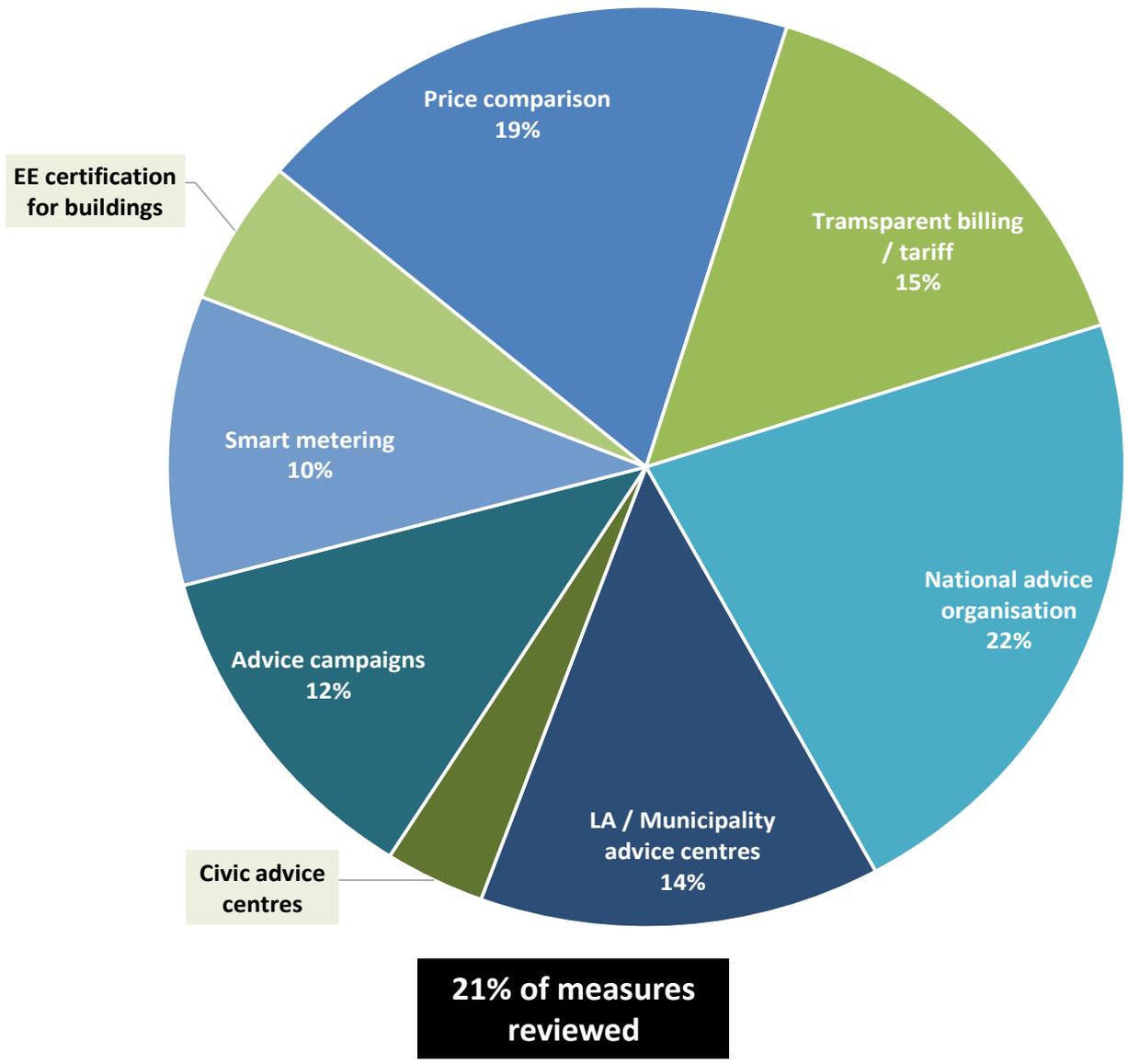
Consumer protection measures focus on vulnerable consumer protection, and are dominated by disconnection protection. This category also has a diverse set of measures, primarily coordinated by regulators and energy supply companies. Many measures e.g. billing information, codes of conduct, debt protection are often most prevalent in competitive markets.

Energy efficiency measures, particularly those focusing on building retrofit, are a key part of a strategy to address energy poverty. There is considerable scope for increased targeting of such measures, although this requires an understanding of which are the energy-poor households. There are a wide range of approaches to implementation e.g. funding source, extent of targeting, implementing body. Such factors need to be considered in view of national circumstances.

Information provision, including measures relating to price comparison and transparent billing, are often found in Member States with the most liberalised markets. Where there is a strong civic society movement in relation to energy or fuel poverty, the number of **awareness campaigns** is higher.

Information & awareness

- Member States with the most liberalised markets tend to be those that have more measures relating to price comparison and transparent billing.
- Where there is a strong civic society movement in relation to energy or fuel poverty, the number of awareness campaigns is higher.
- Greater awareness of energy poverty and how to tackle it could come through the greater use of smart metering.



Energy efficiency measures critical to addressing energy poverty

- 65% of measures relate to building retrofit, 30% of which specifically targeted.

Type of measure	EE targeted measure
Low income households with employment benefits	Germany: <i>Stromspar-Check (Energy-savings-check for low-income households)</i> Belgium: <i>Energy savers (Energiesnoeiers) project</i>
Low income households	Croatia: <i>Energy efficiency & renewable energies for households</i> UK: <i>Energy Company Obligation (ECO)</i> Ireland: <i>Better Energy: Warmer Homes</i>
Social housing focused	France: <i>Habiter mieux programme ("Living better")</i> Netherlands: <i>Energy Saving Covenant / Energiesprong</i>
Communal buildings	Hungary: <i>SOLANOVA - renovation of large residential buildings and heat-supply-systems</i> Lithuania: <i>Multi-family building renovation via JESSICA funding mechanism</i>

Key insights relating to energy efficiency measures

- Potential for stronger targeting of measures
- Useful examples of social housing focus – but much more challenging in private rental market
- Delivery of retrofit offers opportunities for local employment
- Incentives are critical for effective delivery, while funding of measures need to be carefully thought through
- Monitoring is key, to better understand effectiveness

Summary of EU level recommendations

Defining the issue

Highlight distinctive yet linked issues of EP / VC

Defining what is meant by 'vulnerability'

Defining the energy poverty challenge – but not necessarily the metric

Disseminating good practice measures

Develop database of VC / EP measures

Support for enhanced targeting of EE measures

Improved data

Create data reporting mechanism/ EP indicator

Improved appraisal

Develop appraisal guidance via impact assessment guidelines