



Energy Poverty & Vulnerable Consumers

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European
Commission

24.4%

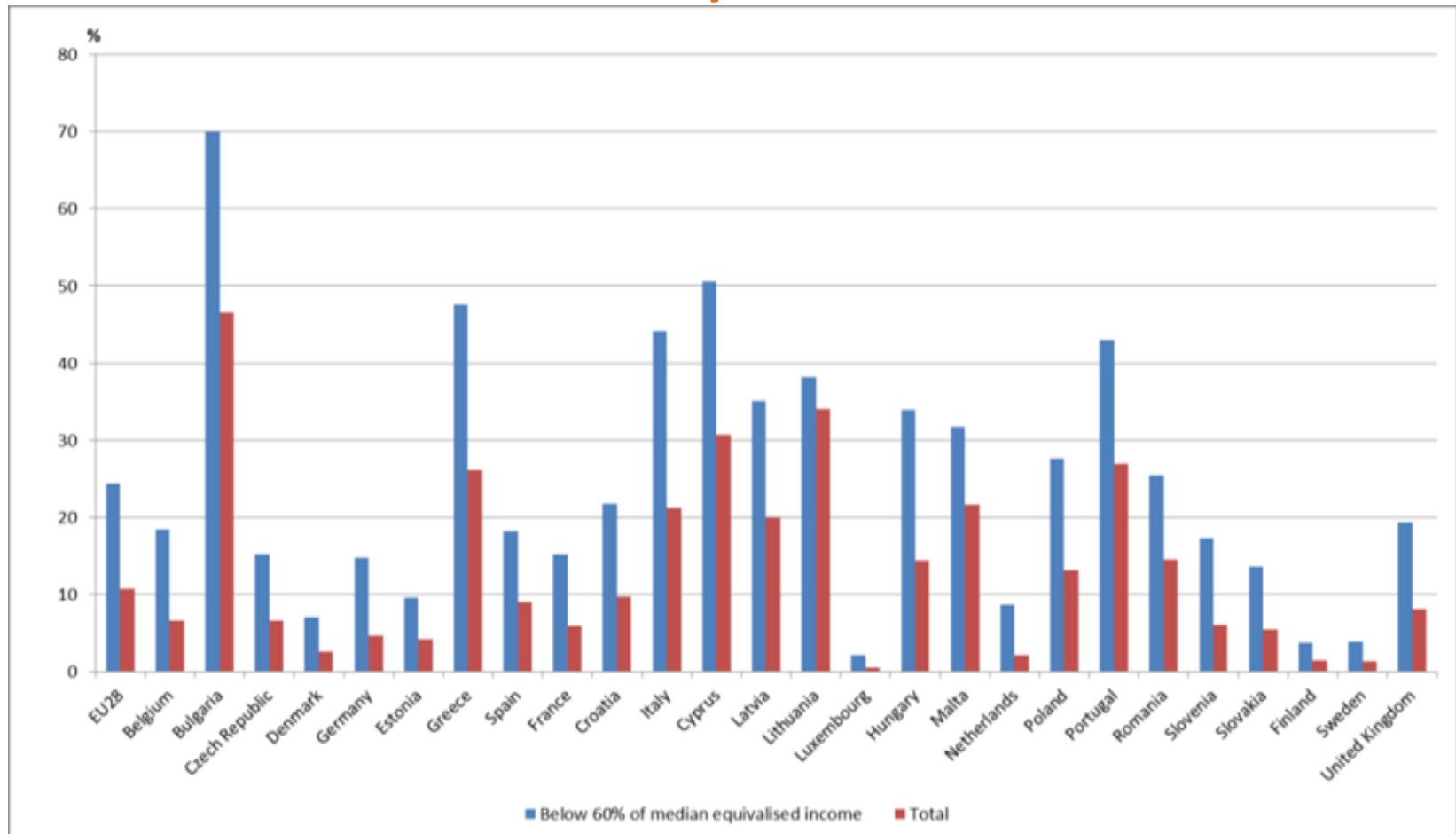
of lower income households
cannot heat their homes
adequately





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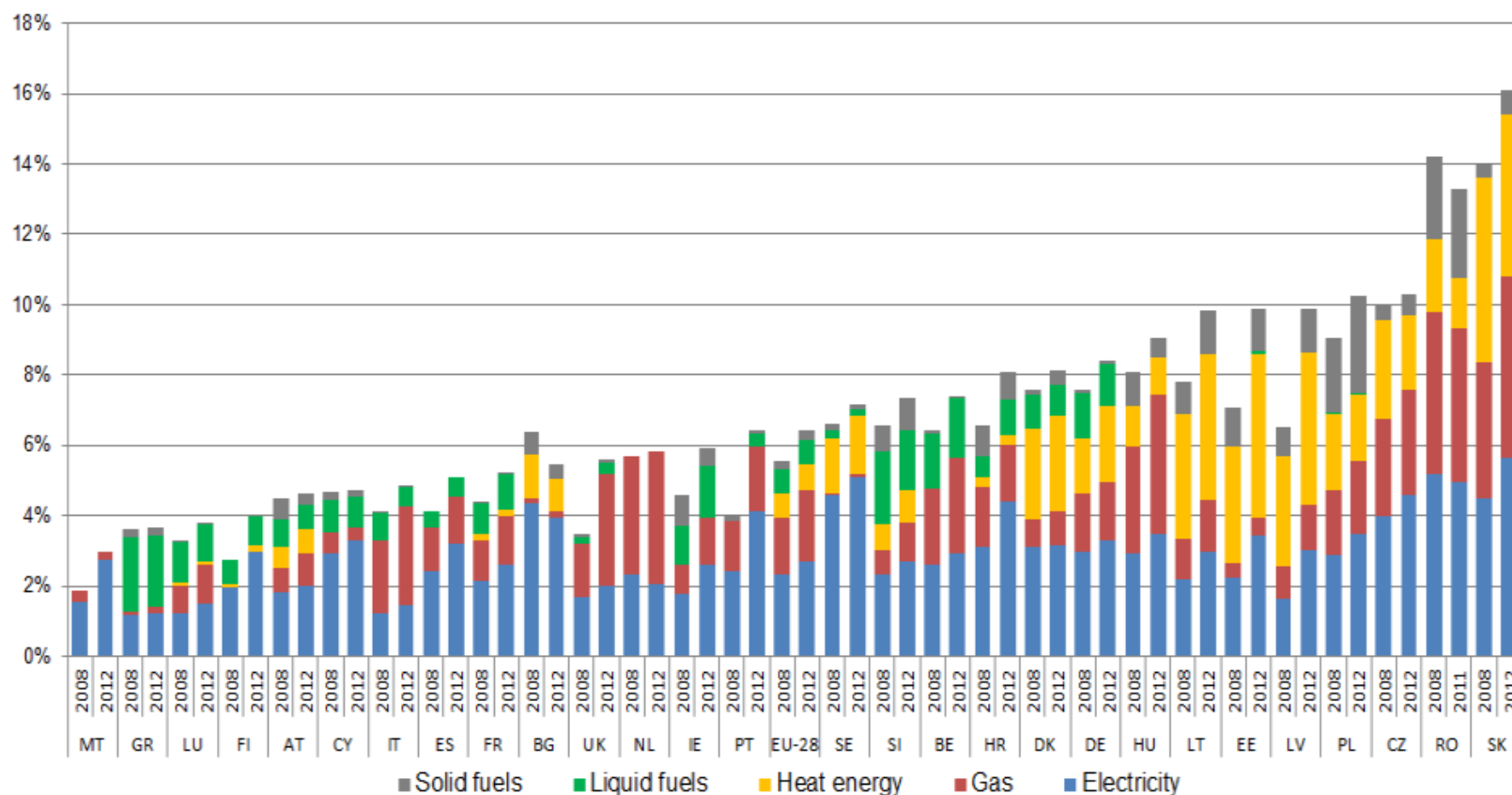
Inability to heat



Art 3 §7 Third Package

"Member States shall take appropriate measures to protect vulnerable customers, and shall, in particular ensure that there are adequate safeguards to protect vulnerable customers. In this context each Member State shall define the concept of vulnerable customers which may refer to energy poverty and inter alia to the prohibition of disconnection of electricity to such customers in critical times"

Weights of household energy products in the Harmonised Index of Consumer Prices in 2008 and 2012:



Source: Eurostat consumer price statistics

Drivers of vulnerability

Market Conditions

Final energy price levels

Level of competition

Individual Circumstances

Income level

Health and
disability

Education: literacy/
numeracy skills

IT skills/
internet access

Living Conditions

Under-occupancy

Type of
heating system

Quality of
housing stock

Social/Natural Environment

State of economy

Climate

Recommendations

Focus on long-term prevention

Invest in energy efficiency measures

Social tariffs and direct payments

encourage more energy-efficient behaviour

role and interaction of different stakeholders

provide accessible information

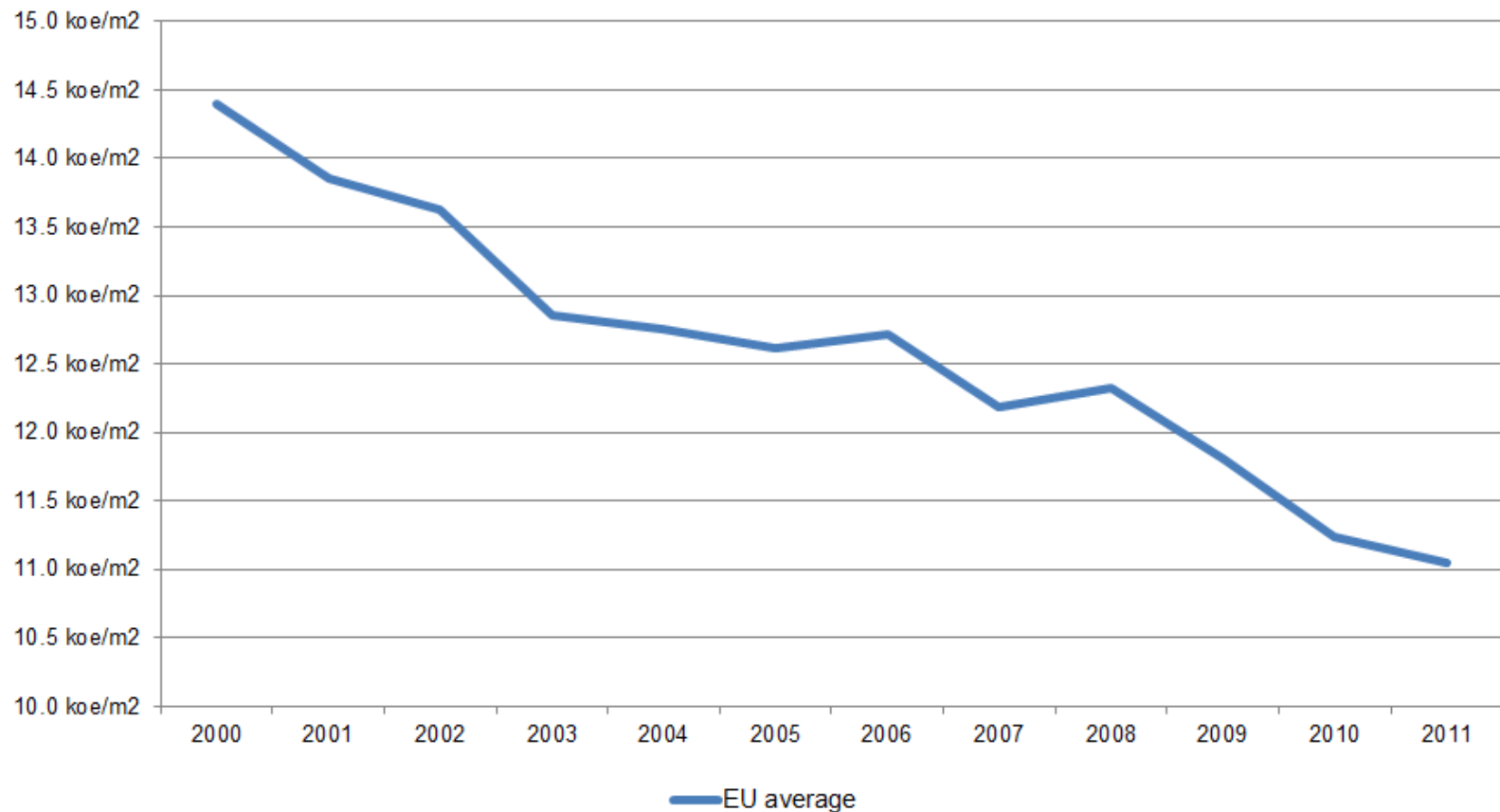
Empower consumers

Source: Guidance Document on Vulnerable Consumers




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Energy to space heating



Source: Odyssee energy efficiency database

Local Stakeholder Action

- Covenant of Mayors
 - About 6000 signatories, representing local/regional authorities
 - Commitment: reduce CO₂ emissions by  20% by 2020
- Intelligent Energy - Europe
 - Energy efficiency and renewable energy policies
 - Reaching the 2020 targets
 - Pan-European actions e.g. EC-LINC and ACHIEVE
 - <http://ec.europa.eu/energy/intelligent/>
- Next from 2020 to 2030
 - Data collection (e.g. Insight E)
 - Retail policy



THANK YOU FOR YOUR ATTENTION!

Documents:

http://ec.europa.eu/energy/gas_electricity/forum_citizen_energy_en.htm

Challenges + Solutions for Vulnerable Consumers

- Challenges
 - Commitment from Member State authorities
 - Providing support (3rd Energy Package) for energy efficiency improvements
 - Resources for energy efficiency improvements
- Solutions
 - Working with the EU institutions
 - Building awareness, from government to industry
 - Sharing good practice at a national level
 - Ensuring the best policy mix is in place
 - Replicating actions and projects that work

Member State practices

Vulnerable Consumer Guidance Document, Annex 5

Avoid
(winter/summer)
disconnections

Subsidies for
energy
efficiency
measures

NRA to monitor
number of
disconnections

Support with
payment planning

Bills in different
formats

Fuel Poverty
Observatory

Social tariffs and
direct energy
payments

Regulation of
selling methods

Encourage
landlords to
invest in housing
stock

Common definition of vulnerability

- Stakeholders considered unfeasible
- Solutions applied:
 - income thresholds /share of income needed to meet adequate energy requirements,
 - Difficulty/inability to adequately heat the dwelling
 - Consumer characteristics (age, disability, illness)
 - 'Blanket' approach
- Energy poverty, fuel poverty

EED relevant recommendations

- Review policy mix to ensure best combination of social, energy, housing etc. Focus on long-term prevention over short-term support
- Invest in energy efficiency measures to reduce bills, improve health, generate employment and meet CO₂ targets ->EED art 5(7), 7(7) (a)
- Targeted social tariffs and direct payments in preference to regulated prices for all household consumers. Direct payments may encourage energy-efficient behaviour
- Industry to provide accessible information in different formats
- Empower consumers by demand response, energy advice etc. Improve the role/interaction of stakeholders to better address energy poverty

EED: Energy poverty, opportunity to prioritize

EED Article 7(7)(a)

Within the energy efficiency obligation scheme, Member States may:

*(a) **include requirements with a social aim in the saving obligations** they impose, including by requiring a share of energy efficiency measures to be implemented as a **priority in households affected by energy poverty or in social housing** (...).*

- **Policy choice: pay for renovation or pay for heating fuel?**
- **Low co- and prefinancing capacity**
- **Solutions to tenant-landlord dilemma**
- **Awareness on individual consumption**
- **Limited flexibility for some groups (illness, disabled)**
- **Access to appropriate information and payment options**

E.g. Social Housing, Incentives for Tenants and Landlords

- Austria: mandatory energy performance certificate for buildings:
<https://www.help.gv.at/Portal.Node/hlpd/public/content/21/Seite.210400.html>
- France: landlords invest in energy efficiency measures:
http://www.legifrance.gouv.fr/affichTexte.do;jsessionid=0A586CCEA18474FBCAC71A910767A1AE.tpdjo12v_3?cidTexte=JORFTEXT000021327445&dateTexte=20110920
- UK: Landlord's Energy Saving Allowance: <https://www.gov.uk/landlords-energy-saving-allowance>
- The Netherlands: Covenant on Energy Saving in the Rental Housing Sector:
http://www.iut.nu/members/Europe/West/2012/WoonbondEnergyConvenant28_juni_2012.pdf

2014

Public consultation on retail market functioning

Energy consumer days in Member States

Compliance checks and infringement procedures

Data collection

London Forum, Covenant of Mayors

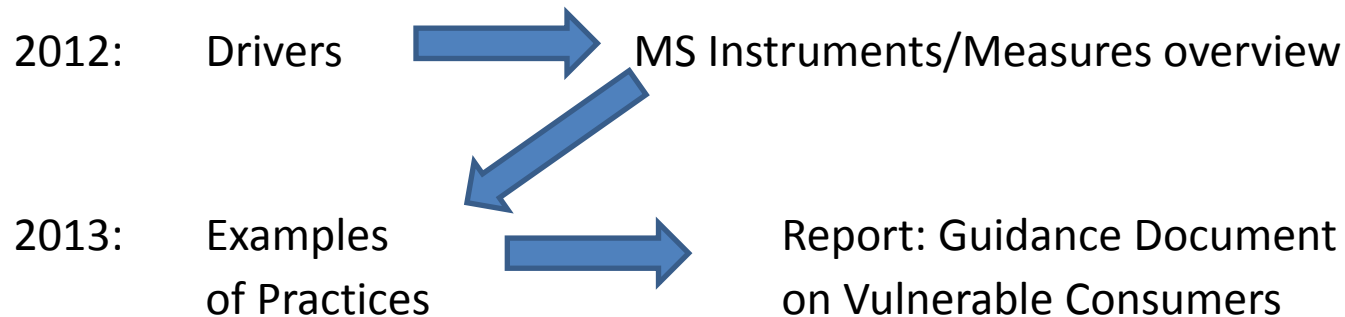
ESC proposal

“The difficulty or inability to ensure adequate heating in the dwelling and to have access to other essential energy services at reasonable price”

Guidance Document on Vulnerable Consumers

- Content
 - Legislation: 3rd Energy Package, Energy Efficiency Directive, ADR
 - Work undertaken by DG ENER, DG SANCO and CEER
 - Social and energy policy interaction
 - Key drivers and exacerbators of vulnerability
 - Examples of Member State instruments and practices
 - Energy efficiency, heating and cooling
 - Funding mechanisms
 - Enabling demand response
 - Stakeholder recommendations

Vulnerable Consumer Working Group Timeline



To assist Member States with:

- Defining the concept of vulnerable customers
 - Existing definitions are based on income, % of income spent on energy bills, consumer characteristics, household size etc.
- Sharing Member State instruments and practices
- Designing instruments
- Applying instruments

Vulnerable Consumer Working Group

Launched in March 2012

Membership:

NRAs/CEER + Ministry
representatives

Consumer associations, NGOs +
ombudsmen

Industry representatives

Academia

Actions:

Establish the drivers of
vulnerability and MS measures to
address it

Provide guidance for Member
States to define VC

Share examples of Member State
instruments and practices

Address energy and social policy,
incl. energy efficiency measures