

Vulnerable Consumer Working Group Guidance Document
on Vulnerable Consumers, November 2013

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Executive Summary

EU legislation for energy retail markets is aimed at supporting all customers, but in particular consumers in vulnerable circumstances. This report, summarising the views of the Vulnerable Consumer Working Group (VCWG), focuses on Member State obligations for vulnerable customers as defined in EU energy-related legislation, and the need for comprehensive transposition of the relevant Directives. It addresses household customers and consumers only - as their needs are more pressing on a day-to-day, quality-of-life basis - and not small- and medium-sized enterprises.

Consumer vulnerability is multi-dimensional. There is a wide range of factors which can increase the risk of consumers being vulnerable in markets supplying essential services such as energy. These factors include people's individual circumstances and needs, which can be short- or long-term, and may fluctuate over time. Other critical contributory factors arise from the policies, practices and behaviour of market players, and the way that the energy market operates, for example, if there are barriers to accessing affordable energy or to obtaining information and advice. Member States should thus identify and address the factors that contribute to consumer vulnerability in their respective energy markets.

The aim of the report is to ensure energy customers and consumers in vulnerable situations receive the support they need to have a decent standard of living, and to be well informed and able to engage in the rapidly-developing energy retail markets. Such engagement will ensure that consumers in vulnerable situations benefit from the best deals and are on the most appropriate tariffs, just like any other consumer. But to do this, they need to know what opportunities are available to them and what their rights are. They need to know that they have the right and ability to switch supplier to be on the most suitable and affordable tariff, for example.

Ultimately it is the responsibility of the Member States to ensure they have an appropriate policy mix in place to provide the best level of support to consumers in vulnerable situations. This may mean addressing both social policy to support customers with paying their bills and energy policy aimed at reducing consumption and improving efficiency, along with other relevant policy areas, with the overall aim of creating a fair, equitable and inclusive market. But it is not just Member State Governments that have a role to play. Local authorities, national regulatory authorities, consumer associations, industry, independent ombudsmen etc. are all key contributors to the process of reducing - or, at the very least, stabilising - levels of vulnerability and energy poverty where it exists. This report is therefore aimed at a wide audience and brings together information and existing practices from a number of sources across the EU, with the aim of presenting ideas for potential solutions. It is relevant to note that equal coverage of activities in the 28 EU Member States is not provided in the report; some Member States are more active than others and thus more data are available. The report has been drafted mainly on the basis of input received from the members of the VCWG, with contributions from academia. Efforts have been taken to deliver an inclusive and relevant document, which all VCWG members could acknowledge as common and joint work. The VCWG was established in the context of the annual Citizens' Energy (London) Forum, and the meeting minutes and participant lists are available online¹.

¹ http://ec.europa.eu/energy/gas_electricity/forum_citizen_energy_en.htm

In addition to summarising the relevant EU legislation in place, the report also refers to work carried out by bodies such as the Council of European Energy Regulators (CEER) to establish the situation in individual Member States regarding customer and retail market provisions. It addresses the many factors that may drive vulnerability and provides examples of measures in place in the Member States (further details are provided in the drivers of vulnerability documents annexed to the report). Topics such as regulated prices and the impact of energy poverty on quality of life are covered in the chapter on drivers of vulnerability. The instruments chapter addresses energy efficiency measures and funding in the sector to improve, for example, the quality of housing stock. It also refers to heating and cooling, demand response achieved through smart meters, and the benefits to be gained from reducing energy consumption. Sections 3.1 "Explanation and Overview of the Drivers Table" and 4.1 "Explanation and Overview of Member State Instruments and Practices" and the corresponding Annexes 3-5 represent a significant part of the work undertaken by the VCWG. These texts are especially relevant for Member State authorities when addressing policy measures.

The report concludes with recommendations for the relevant stakeholders on concrete actions that can be taken to reduce the risk of vulnerability in the energy market and energy poverty. As mentioned previously, there are many parties which have a role in supporting such consumers, however, it is recognised that the ability to take action will vary due to a number of factors, such as lack of resources. The question of resources is pertinent during the current financial and economic crisis, but this does not imply that the situation can be ignored, especially as there is a range of low-investment solutions, some of which are presented in this report.

Overview of Member State Instruments and Practices

(see Annex 5 for full details of examples of Member State instruments and practices)

Household Energy Efficiency: the type of heating system used, the quality of the housing stock, and the (in)efficiency of household appliances can all impact household energy use. Enforcement of housing standards and building regulations are key to improving the quality of housing stock, especially in the private rental sector. Instruments to encourage investment in energy efficiency include subsidies for energy efficiency improvements and energy-efficient equipment (with the subsidies possibly rising for those on lower incomes). Free energy audits are sometimes available, as are energy "tutors" who help consumers to implement simple energy efficiency measures. Household energy efficiency can be impacted by factors such as the landlord-tenant dilemma (the "split" incentive).

Financial Support: addressed through social policy, this may be necessary where a high percentage of disposable income is needed to cover energy costs, where household incomes are low, or the household consists of a single parent, many children or a (full-time) carer. Those who are retired or unemployed may also require financial support. Some Member States offer social tariffs to vulnerable consumers, and some offer lower tariffs for consumers who have a high energy requirement, for example, 24/7 electrical equipment functioning. Consumers in vulnerable situations should have a choice of tariffs available to them, regardless of limitations they may face in terms of payment methods etc. Financial support to vulnerable consumers should take into account all heating methods, not just electricity and gas. Practices and instruments in place include winter and cold weather payments for various consumer groups such as the elderly and disabled.

Protection: consumers in vulnerable situations may need protection where there are, for example, low levels of competition or poorly functioning markets, poor debt policies and selling practices and/or

pre-contractual practices, and insufficient choice in payment method. Consumers with health issues, a disability, the elderly or the very young may require additional support. Governance plays a large part in ensuring that the appropriate policy is in place to protect such consumers. Practices and instruments that may help vulnerable consumers include improving market functioning and increasing competition through liberalisation, the introduction of interconnectors between Member States etc. A level playing field is necessary in energy markets to avoid incumbents having an (unfair) advantage. NRAs should monitor competition and the position of incumbents. In addition, selling methods (telephone and doorstep sales, for example) are sometimes tightly regulated.

Information and Engagement: this is partially the responsibility of the energy retailers as they tend to be the main point of contact for the consumer, and partially that of Government and other bodies. In addition to the communication work undertaken by the energy companies, NRAs and consumer associations can provide free advice etc. However, lack of access to appropriate media such as the internet may still mean that vulnerable consumers lose out. In addition, lack of education may impact an individual's ability to follow developments and/or make appropriate choices in the energy sector, requiring additional support. Immigrants and ethnic minority citizens may face language barriers, necessitating translation of information into the relevant language(s). Price comparison tools are increasing in popularity as a means for all consumers to find and switch to the best, most appropriate tariff. Member States are introducing a single point of contact as required by EU legislation. This should assist vulnerable consumers if they need support, for example, the contact details can be provided in the energy bill.

Transparency and Information Sharing Between Stakeholders: this could include, for example, data sharing between NRAs and the energy companies in the supply chain to ensure energy prices and bill components are monitored. The sharing of customer information (taking into account legislation on data protection) between energy retailers and other parties (DSO etc.) can be useful in maintaining up-to-date data on vulnerable consumers. The use of such data to create blacklists must be avoided. The NRAs can monitor supplier practices, and undertake debt and disconnection reviews etc.

Physical Measures (Industry): such measures can be used to ensure vulnerable consumers are not disconnected at critical times, such as in the winter or the summer depending on the climate. Some consumers need 24/7 energy provision for health reasons and thus need assurance that they will not be disconnected. Physical measures (such as prepayment meters if the tariffs are fair) can also be used to help consumers manage their bills in a transparent manner. Suppliers of last resort are also available in some Member States to ensure that consumers can always find a company to provide them with energy. Work is being undertaken in some Member States to improve access to the grid for consumers living in remote locations.

1. Introduction

At last year's Citizens' Energy Forum (CEF), it was clearly stated that the consumer should have a central role in energy retail markets, and that the 'vulnerable customer concept' be urgently defined by Member States². It is therefore vital that consumer associations, local authorities, regulators, ombudsmen, industry and other key stakeholders work hand-in-hand to achieve this goal. The CEF is the ideal platform for such work with its remit of implementing

² See Annex I for definitions of vulnerable customers and vulnerable consumers

fair, competitive, and energy-efficient retail markets for consumers. The Vulnerable Consumer Working Group (VCWG) has been established by Commission services (DG Energy (ENER) in close collaboration with DG Health and Consumers (SANCO) to address these needs, feed the discussions in the CEF, and thus support the implementation of the 3rd Energy Package³.

The approach taken by the VCWG is based on addressing the multi-dimensional nature of consumer vulnerability. It recognises that there is a wide range of factors which can increase the risk of consumers being vulnerable in energy markets. These factors include people's individual circumstances and needs, which can be short- or long-term, and may fluctuate over time. The approach also seeks to avoid assumptions that particular 'groups' of consumers are by definition vulnerable, such as older people. Much depends on people's individual circumstances and needs and also on other factors, such as providers' practices and behaviour. It also depends on the way that the energy market operates, for example, if there are barriers to accessing affordable energy or to obtaining information and advice. Member States should thus identify and address the factors that contribute to consumer vulnerability in their respective energy markets.

Developments in the energy retail markets, in particular the increasing competition amongst suppliers, and product and service innovation, should lead to benefits for all consumers in terms of more choice and empowerment. Moreover, the availability of new demand response and management solutions that involve "smart grids" have the potential, in the future, to allow consumers to be better informed about their consumption patterns and to take advantage of lower prices at off-peak times.

Effective competition should also help to keep prices of the commodity component of energy bills in check while strong and independent national regulators should keep the evolution of network-related price components under control. Yet the impact of increased competition may be uneven, with some consumers benefitting more than others. Previous development of energy infrastructures and energy policy priorities by Member States may also have resulted in an uneven distribution of benefits between different consumers.

Moreover, in some Member States, the energy market may not yet be sufficiently developed for competition to keep prices affordable for all consumers, to promote better service levels and innovative products, or to adequately address the consumers' need for more efficient energy use. This is especially applicable in those Member States that have only recently liberalised their markets or those that have not yet done so, especially if lack of interconnectors between Member States impedes diversity of supply. Furthermore, the envisaged rise of global energy prices may have an additional impact on the final consumer.

In addition, competition does not affect certain significant components of the final energy bill (taxes, levies, renewable energy support such as feed-in tariffs⁴, etc.) that are subject to

³ http://ec.europa.eu/energy/gas_electricity/legislation/legislation_en.htm

⁴ For more details on support schemes and best practice indications, see the European Commission guidance for the design of renewables support schemes (http://ec.europa.eu/energy/gas_electricity/doc/com_2013_public_intervention_swd04_en.pdf)

national policy. Indeed, according to Eurostat data⁵, increases in taxes on electricity bills resulted in an overall increase in the bill of as much as 7.7% in one Member State between the second half of 2011 and the second half of 2012. For gas over the same period, but in a different Member State, the tax increase amounted to a 17.8% increase in the final bill. In half of the 22 Member States with a gas market, and for which data were available, increases in taxes resulted in an overall increase in the gas bill of more than 5%. It should be noted that this could increase the number of consumers in a vulnerable situation as they will be worse off financially. In addition, if the energy commodity price only represents a small percentage of the final bill, and taxes etc. represent a high percentage, switching will not be as beneficial for the consumer.

Some of the factors mentioned above may have a negative impact on consumers in vulnerable situations, including those with a low income and/or those facing (energy) poverty. The number of consumers at risk of vulnerability for economic reasons is growing in some Member States. Eurostat figures indicate that 9% of the EU population were severely materially deprived (unable to afford four out of nine deprivation items) in 2011 and 18.3% were materially deprived⁶ (unable to afford three out of nine deprivation items). Material deprivation could imply that consumers are at a higher risk of vulnerability and energy poverty⁷. It is recognised that energy-related policy measures for reducing energy poverty - and in particular energy efficiency ones - can be important for improving a household's overall situation and thereby fighting poverty. Susceptibility to energy poverty is a function of - inter alia - household income adequacy, household energy needs (influenced by the thermal and energy efficiency of housing stock, and domestic heating systems and appliances), and the all-inclusive cost per kWh of energy supplied to the consumer. Therefore, for any given level of income, households and individuals have an *unequal capability* to convert income into adequate warmth which is distinct from, and additional to, those deprivations associated with insufficient income.

In addition, developments in energy retail markets could prove challenging to consumers who may not have the tools or competencies (literacy, including computer literacy, access to (online) information etc.) to participate actively and reap the benefits on offer as markets become more complex. Consumers may thus increasingly face the risk of vulnerability for reasons other than, or in addition to, poor health, low income or a precarious economic situation etc. This could be exacerbated by unfair commercial practices or selective marketing strategies as vulnerability depends on both the individual's situation and market activity. Businesses may focus on particular customer groups through market segmentation, which

⁵ <http://epp.eurostat.ec.europa.eu/portal/page/portal/energy/data/database>; the European Council conclusions of 22 May 2013 state that the Commission intends to present an analysis of the composition and drivers of energy prices and costs in Member States before the end of 2013

⁶ http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/3-03122012-AP/EN/3-03122012-AP-EN.PDF

Deprivation items: pay rent/mortgage or utility bills on time; keep home adequately warm; face unexpected expenses; eat meat, fish or a protein equivalent every second day; a one week holiday away from home; a car; a washing machine; a colour TV; a telephone (including mobile phone).

⁷ See Annex I for definitions of energy poverty and fuel poverty

may prevent others, for example those on lower incomes, from enjoying the same service offers and benefits.

This range of risks has the capacity to create deep-seated conditions of exclusion and inequity, since they may result in increased vulnerability for some groups of energy consumers and some types of customers of the energy companies. The growing importance of the problem is not an argument against continued liberalisation to open markets and encourage competition, but highlights instead the fact that market reform must be accompanied by appropriate measures for all types of consumers who may be vulnerable. Ensuring adequate support for consumers, especially those in vulnerable situations, could thus be one of the key success drivers of the completion of the EU's internal energy market.

Competition and energy sector regulation in the internal energy market - enabled by EU law and national regulation - may not be sufficient to achieve such support. Accordingly, more public and policymakers' attention is now focused on consumers at risk of vulnerability and the coherence of EU policies (consumer, employment, health, social, energy etc.) that protect them.

1.1 Mandate, Scope and Composition of VCWG

As set out in the Conclusions of the 4th Citizens' Energy Forum (2011), the European Commission launched a Working Group on vulnerable consumers.

The Terms of Reference (ToR) provided at Annex 2, as adopted by the VCWG at the outset of its activities in early 2012, set out the following as the concrete outcomes and deliverables of the Group:

- establish a qualitative and quantitative mapping of various aspects of vulnerability and measures which can contribute to addressing the issue
- provide recommendations for defining vulnerable consumers in the energy sector, based on current state of play in Member States
- highlight good (national) practices and appropriate non-policy solutions with long-term potential to better target vulnerability

The ToR also stipulate that the aim of all these activities has to be twofold:

- (i) to reduce the number of vulnerable consumers, including those in energy poverty;
- (ii) to prevent consumers from falling into energy poverty, where possible.

The VCWG enabled Commission services to interact closely on this subject with consumer associations (NGOs, national organisations), public bodies/institutions (CEER, Ministries, independent ombudsmen etc.), industry (Eurogas, EURELECTRIC, CEDEC, GEODE, industry mediator), and academia (see Annex 2 for further details). Nine meetings were held between spring 2012 and autumn 2013, and the meeting minutes and participant lists are available online⁸.

⁸ http://ec.europa.eu/energy/gas_electricity/forum_citizen_energy_en.htm

Whilst the 3rd Energy Package technically addresses all consumers in terms of vulnerability, the VCWG focussed on issues facing households i.e. individual consumers (and not large users or SMEs) as this has a direct impact on individuals' quality of life.

This report, including its Annexes, represents the output of VCWG discussions on household consumer vulnerability. It includes three documents (Annexes 3-5) which focus on the drivers of vulnerability and examples of instruments and practices that are in place in EU Member States to support consumers facing vulnerability.

1.2 Working Principles of VCWG

The VCWG discussions and work followed two broad principles:

1. The definition of the concept of vulnerable customers used by Member States should allow them to identify the different groups of customers in real need of assistance with respect to meeting their energy needs. To this end, the Group stimulated discussion on the drivers of vulnerability (see Annexes 3-5), while recognising that vulnerable consumers do not represent a static group within society.

2. Direct financial measures (such as specific tariffs for financially vulnerable consumers), which benefit vulnerable consumers, should have the lowest possible negative impact on the completion of the internal market and on competition. Simultaneously, these measures should provide clear and relevant forms of support and encourage energy companies to provide inclusive services. In terms of non-financial measures (such as protection against disconnection, assistance to find best tariffs and to reduce consumption), the VCWG also explored examples of practices (Annex 5), and shared practices that have proved both successful and unsuccessful. Energy or housing policy measures, such as investment in energy efficiency improvements for the benefit of consumers in vulnerable positions or those facing energy poverty, should also play an important role in Member States' actions.

The discussions in the VCWG have confirmed the importance of addressing consumer vulnerability in relation to successful transformation of the EU's retail energy markets. They proved to be a useful source of input to the Commission's policy-making and an effective means for structured thematic stakeholder dialogue. The first results of the discussions also assisted with the drafting of the 2012 Communication "Making the internal energy market work"⁹ that was released in autumn 2012. The VCWG has proved to be a useful platform for stakeholder input into Commission and Member State regulatory authority verification of the transposition of EU energy legislation regarding provisions on consumer protection, energy poverty and vulnerable customers. The VCWG should continue to serve as a point of reference for the future.

1.3 VCWG Presentations

A wide range of presentations have been made at the VCWG meetings since March 2012. These have included perspectives of NRAs, the French national ombudsman, the company mediator of GDF SUEZ in France, a British consumer association, academia, and industry representatives. Some presentations focussed on practices in place in the relevant Member State(s), while others addressed potential solutions for vulnerability and energy poverty. The

⁹ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52012DC0663:EN:NOT>

academia presentations focussed primarily on how to define vulnerable customers and the issues such customers face, for example, the additional energy needs disabled people may have. The consumer association presentation addressed the poverty premium issue, whereby vulnerable customers may pay more for goods and services than other customers. Details of the individual presentations are available as Annex 7.

2. Regulatory Framework at EU and National Level

This report addresses electricity and gas provision as covered by the 3rd Energy Package (Directives 2009/72/EC and 2009/73/EC). It also addresses energy efficiency and the scope of the Energy Efficiency Directive, as well as relevant aspects of social policy, which is often the primary means used at a national level for providing support to vulnerable consumers. Social measures are discussed at the end of this chapter, along with other policy options, such as energy efficiency measures. Alternative Dispute Resolution¹⁰ legislation is also mentioned.

2.1 Article 3 of Directives 2009/72/EC and 2009/73/EC

The Electricity and Gas Directives (the 3rd Energy Package) require each Member State to define the concept of vulnerable customers, and to ensure there are adequate safeguards to protect vulnerable customers. Commission staff issued several documents in 2009 and 2010 where these provisions are taken into consideration¹¹. One of them states that the legislation allows Member States the flexibility to define vulnerable customers according to their own particular situation while ensuring a high degree of protection¹².

To fulfil this requirement, Member States must define the categories of customer who will qualify as vulnerable customers. For example, there may be a tendency to assume that disabled or elderly customers are vulnerable in energy markets, however, not all customers within these groups should be considered vulnerable. Those with high incomes might not be vulnerable or might be at a lower risk of vulnerability.

This definition may refer to the concept of energy poverty where it has been clearly identified. Any mechanism adopted to protect vulnerable customers should be in line with competitive market functioning and must take into account other social policy measures in the Member State. At the same time, competition should not result in any welfare loss, particularly for the vulnerable sectors of the population. The definition may also refer, inter alia, to the prohibition of disconnection of electricity to such customers in critical times. For example, older customers on a low income may be considered to be vulnerable during a severe winter if they face difficulty in adequately heating their homes. The prohibition may take the form of a licence condition or obligation. Other relevant provisions in the two Directives include the

¹⁰ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:165:0063:0079:EN:PDF>

¹¹ Staff Working document "An Energy Policy for Consumers" [SEC/2010/1407]: http://ec.europa.eu/energy/gas_electricity/consumer/consumer_en.htm; Commission Staff Working Paper Interpretative Note on Directive 2009/72/EC concerning common rules for the Internal Market in Electricity and Directive 2009/73/EC concerning common rules for the Internal Market in Natural Gas Retail Markets http://ec.europa.eu/energy/gas_electricity/interpretative_notes/doc/implementation_notes/2010_01_21_retail_markets.pdf

¹² SEC/2010/1407

possibility to impose public service obligations relating to security, and (in the Electricity Directive) the right for all household customers to enjoy universal service.

The Commission services encourage Member States to adopt appropriate long-term policy solutions, and not only temporary relief. The aim of these policies could be to replace direct subsidies for high energy bills with support for improving the energy quality of the dwellings. Energy efficiency measures should be an integral part of welfare policies. Given the diverse situations of energy consumers in different parts of the EU, the Commission services did not consider it appropriate after the adoption of the 3rd Energy Package to propose a single EU-wide definition of energy poverty or of vulnerable customers¹³.

The Commission is responsible for assessing complete and correct transposition of the Electricity and Gas Directives, while the European Court of Justice is responsible for ultimate decisions on legal interpretation. Presentations by the national regulators for Austria, Belgium and Italy at VCWG meetings have contributed to the transposition debate and illustrated the diverse national approaches to addressing the legislation, as have presentations by the French national ombudsman, a representative of GDF SUEZ France, and Energy UK.

2.1.1 CEER Status Review and SANCO Study of Retail Markets

Details of the preliminary results of the Status Review were presented at a VCWG meeting.

The CEER 2012 Status Review of Customer and Retail Market Provisions from the 3rd Energy Package as of 1 January 2012 includes a chapter on vulnerable customers. The main findings were as follows:

- CEER member countries had different understandings of what a concept of vulnerable customers entails
- The level of protection of vulnerable customers could only be assessed by examining the protective measures in place in a given country
- The existence of a defined concept of vulnerable customers did not provide sufficient information as to how well customers are protected
- Vulnerable customers were protected through a combination of energy specific protection measures and social security benefits in most CEER member countries
- 17 out of 26 Member States stated that a concept of vulnerable customers existed in energy law, other law, or a combination of both. As the text in the 3rd Energy Package does not specify the criteria to be fulfilled for defining the concept, the impression was that Member States decided for themselves if the national context provides for such a context or not. Measures to protect vulnerable customers included protection from disconnection, supplier of last resort, default supplier, support for energy efficiency improvements, social tariffs etc.

¹³ SEC/2010/1407

DG SANCO commissioned a study on the functioning of retail electricity markets for consumers in the EU¹⁴ between 2009-10 to have a deeper understanding of consumer conditions in the electricity market.

Consumer market surveys (Consumer Market Scoreboards) have shown over the past few years that electricity and gas markets still underperform for EU consumers. This study specifically addressed retail electricity markets and investigated a broad spectrum of electricity consumer issues, including vulnerable consumers. The following findings from the in-depth study are relevant for this report.

According to a survey of regulators, most Member States did not have an official definition of a citizen or population group that is "energy poor". The survey of regulators and desk research identified 10 Member States where an official definition of energy poor or non-affordable energy income threshold exists, compared to 13 Member States where there was no such definition (no information on this was found for the remaining four Member States). Among the Member States where an official definition was identified, several types of criteria were used to classify consumers as being part of a group that was at risk of having problems paying energy bills. These included the following: income thresholds; share of income required to meet adequate fuel requirements; consumer characteristics (age, illness, etc.). The first was used in France, Greece, Malta and Romania, where consumers fall within the definition of energy poor or non-affordable energy income threshold based on whether their income is below a certain level. For Franceⁱ, those with incomes below a certain threshold (€7,521 on 1 July 2009) qualified for a special tariff. In Greece, consumers must also only consume a low volume of electricityⁱⁱ to fall within the definition. In Malta, the impact assessment of proposed regulated electricity prices for 2010 made a specific analysis of the impact on households in defined low income bands. For Romania, the income threshold is the same as the Government-set minimum wage.

The second criterion was used in the United Kingdomⁱⁱⁱ. Households were described as living in fuel poverty if they needed to spend more than 10% of their income on fuel in order to maintain an adequate level of warmth^{iv}. For this measure fuel costs were modelled by combining the fuel requirements of the household with corresponding fuel prices, rather than based on actual spending. If the ratio of modelled fuel costs to income was greater than 10% then the household is defined as fuel poor.

The third type of criterion is applied in Belgium, Romania, Slovenia and Spain where consumers are defined as 'vulnerable' if they have health problems or because of their age or their socio-economic situation. For more detailed information please see Annex A – Country fiches of the study on the Functioning of Retail Electricity Markets for Consumers in the European Union¹⁵.

Several types of measures are taken to ensure prices are affordable for consumers who have difficulty paying energy bills. Some of these measures address prices, whereas others address other factors affecting the affordability of electricity, such as income. The main types of

¹⁴ Report on the Functioning of Retail Electricity Markets for Consumers in the European Union, DG SANCO: http://ec.europa.eu/consumers/consumer_research/market_studies/docs/retail_electricity_full_study_en.pdf

¹⁵ http://ec.europa.eu/consumers/consumer_research/market_studies/retail_energy_market_study_en.htm

measures are: regulated prices, social tariffs, assistance to find a cheaper tariff, energy-related payments, grants to improve home energy efficiency, social security benefits, deferred payment, and simulation of cost savings.

A new call for tender concerning a study on consumer vulnerability across key markets in the European Union was launched by DG SANCO in June 2013. The study will address three key sectors: the financial sector, the energy sector and the online environment¹⁶.

i) In France, since 1 July 2013, the threshold is €1,604 per year for a single person and €24,360 per year for a family of 4 persons.

ii) Current status in Greece: consumers who consume a low volume of electricity and/or belong to specific categories of disabled customers fall within the definition.

iii) Within the UK, the definition has changed in England: a household is deemed in fuel poverty if it is on a low income and has higher than typical modelled fuel costs.

iv) This definition is currently used in France.

2.2 Directive 2012/27/EU (Energy Efficiency)

The Energy Efficiency Directive¹⁷ adopted by the European Parliament and the Council on 25 October 2012 (2012/27/EU) has become the central tool in the energy efficiency policy of the Union. The Directive brings forward legally binding measures to step up Member States' efforts to use energy more efficiently at all stages of the energy chain from the transformation of energy and its distribution to its final consumption. Measures among others include:

- the requirement to establish energy efficiency obligation schemes (or equivalent alternative measures)
- the requirement to establish long-term strategies for the renovation of buildings
- the promotion of energy audits
- requirements to boost consumer rights as regards free-of-charge access to useful metering and billing information
- measures to enable and develop demand response
- measures to find solutions to landlord-tenant split incentives
- requirements to inform smaller final customers (SMEs and households, etc.)

Article 7 of the Directive obliges Member States to set up energy efficiency obligation schemes (or alternative measures). Under Article 7(7)(a) Member States may include requirements with a social aim in energy savings obligations that 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. Member States are required to notify the Commission of their proposed detailed methodology for the operation of the schemes by 5 December 2013.

¹⁶ http://ec.europa.eu/eahc/consumers/tenders_2013_cons_08.html

¹⁷ http://ec.europa.eu/energy/efficiency/eed/eed_en.htm

Article 14 requires Member States to prepare a comprehensive assessment to identify the cost-effective potentials to improve the efficiency of heating and cooling, in particular the potential of high-efficiency cogeneration, efficient district heating and cooling, and other efficient heating and cooling solutions. This assessment must be notified to the Commission by 31 December 2015.

Article 12 requires Member States to take appropriate measures to promote and facilitate efficient use of energy by small energy customers, including domestic customers. Article 17 goes into the question of information provision in greater detail, for example, "Member States shall establish appropriate conditions for market operators to provide adequate and targeted information and advice to energy consumers on energy efficiency". Article 19.1.a requires Member States to address the issue of split incentives between property owners/landlords and tenants, stating that it should be resolved by removing legal obstacles, and developing relevant measures and incentives. This should ensure that improvements in the energy performance of buildings are made. Under the Energy Performance of Buildings Directive¹⁸, Member States must ensure that Energy Performance Certificates are issued when buildings are constructed, sold or rented out to a new tenant, allowing tenants to know the energy efficiency of the property.

2.3 Supporting Vulnerable Consumers

Some Member State authorities stated in the VCWG that vulnerable consumers are adequately covered by their existing social policies. It is recognised that social policy can provide comprehensive financial support to individuals, and it may offer economies of scale in implementation as consumers are easily identified. In addition, it may be preferable to distortive intervention in market prices. However, it is not certain that support through such policy represents the best and most economically efficient choice for all Member States as it depends on how national social welfare systems have been designed. Indeed such support may represent a short-term solution, which does not necessarily address the root causes of some aspects of the vulnerability issue. It should nevertheless be possible to address all forms of vulnerability of energy consumers using a range of policy measures.

Finding the right combination of cross-cutting social policy measures and sector-specific measures linked to the 3rd Energy Package represents a challenge to be addressed. It is also necessary to ensure that only those consumers who truly need support are receiving it, rather than offering blanket support.

Social policy measures generally entail significant revenue expenditure and are currently under strain as some Member States take steps to reduce public expenditure deficits during the current financial and economic crisis. It is possible to significantly reduce energy poverty through energy-related policy measures - and in particular energy efficiency ones - but these also entail capital expenditure. There is now substantial evidence that this form of expenditure - in addition to potentially providing a long-term solution to some of the drivers of vulnerability - has multiple benefits in other policy areas. It reduces the health and social care costs of treating the symptoms of cold and damp homes. It provides a cost-effective route to reducing CO₂ emissions, and brings about significant macro-economic benefits (e.g. for

¹⁸ Directive 2010/31/EU

employment, training, manufacturing) that are quicker to realise and more cost-effective than likely alternative routes to boosting economies.

In Member States where financial support and social tariffs are considered the primary means for addressing consumers at risk of vulnerability and those in energy poverty, such policy should explicitly refer to energy issues and stipulate in concrete terms how the policy supports consumers facing difficulty with respect to their energy supplies. In this context, such cross-cutting social policy should have an energy dimension, and all consumers - regardless of their situation - should be energy-conscious.

3. Vulnerability Drivers: Challenges and Solutions

The drivers of vulnerability are extensive and may vary between Member States. ISO 26000:2010 'Guidance on social responsibility'¹⁹ recognises this diversity and characterises a vulnerable group as a "group of individuals who share one or several characteristics that are the basis of discrimination or adverse social, economic, cultural, political or health circumstances, and that cause them to lack the means to achieve their rights or otherwise enjoy equal opportunities". It was therefore decided to use the VCWG as a platform for discussions that allow stakeholders to go into considerable detail to set out these factors, and establish which policy measures could be suggested for implementation in Member States. Economic measures to benefit consumers at risk of vulnerability are also wide-ranging and vary between Member States: some focus primarily on social policy, others on a wider mix of social and energy policy. Presentations on the topic have been given by two academics, the French national ombudsman and Energy UK. Several VCWG participants shared existing research and data with the other participants.

3.1 Explanation and Overview of the Drivers Table

As a result of these discussions, a drivers of vulnerability table and a Member State examples of instruments and practices document have been prepared by the VCWG with input from the various stakeholders including regulators, ombudsmen, consumer associations, industry and academia. An explanatory note (Annex 3) sets the context in which these documents should be used, whilst concluding that it is not possible to have a single, EU-wide definition of the concept of vulnerable customers. The table (Annex 4) covers the factors that may drive vulnerability (in other words, factors that potentially move consumers into vulnerable situations), and the factors that may exacerbate vulnerability. It is split into four categories: market conditions, individual circumstances, living arrangements, and social or natural environment. Living arrangements include under-occupancy and quality of housing stock as key drivers of vulnerability. According to a recent UK Department of Environment & Climate Change report²⁰, "households living in properties built prior to 1919 were three times as likely to be fuel poor as households living in properties built post-1964" in England.

Two issues are addressed in greater detail in the report due to their relevance for vulnerable consumers: blanket price regulation and social tariffs, and remote areas and rural customers. The question of blanket price regulation is not addressed in the drivers documents as it is only relevant in some Member States. However, it is connected to the level of competition (or lack

¹⁹ <http://www.iso.org/iso/home/standards/iso26000.htm>

²⁰ <https://www.gov.uk/government/publications/fuel-poverty-report-annual-report-on-statistics-2013>

thereof), which is considered a key driver of vulnerability. Well-targeted social tariffs - in contrast to regulated prices - benefit those consumers that need the most support and represent a lower negative impact on market functioning. This issue is addressed in greater detail in the 2012 Communication "Making the internal energy market work"²¹. Secondly, whilst most of the drivers of vulnerability are self-explanatory, such as low income or poor health, the issue of consumers living in remote areas is not immediately apparent and indeed the data provided are striking.

Finally, having addressed the many drivers of vulnerability, it is recognised that consumers facing energy poverty may - as a result of that poverty - encounter other difficulties in their daily lives. This is addressed in the section entitled Energy Poverty Impact on Health and Quality of Life.

3.2 Blanket Price Regulation and Social Tariffs

The VCWG touched upon the issue of regulated prices and discussed the fact that blanket price regulation tends to keep out competition and reduce consumer choice. It may also decrease the incentive for energy-efficient behaviour. It was suggested that the June 2013 Council conclusions might be a useful complement to this text on regulated prices.

Social tariffs - regulated prices limited to a well-defined group of vulnerable customers - have a lower negative impact than blanket regulated prices. Due to the fact that the costs of such a "discount" or "solidarity tariff" may be financed by all energy customers through their bills irrespective of their income situation, their use will require careful consideration from national governments. Such a tariff may place a relatively higher burden on less wealthy customers who fall outside vulnerability criteria.

Alternatively, direct payments may enable market prices to prevail for consumers and enable vulnerable consumers to interact with the competing suppliers on the same terms as other consumers. This may reduce stigmatisation vis-à-vis the energy suppliers that might be associated with social tariffs. Moreover, the recipients of direct financial support may have an incentive for energy-efficient behaviour as they would pay market prices and should thus be more aware of how much they spend.

Due to the complexities of the issue and the different national circumstances, the VCWG Group recommends further analysis to be carried out on this issue in 2014 year.

3.3 Remote Areas and Rural Customers

The 3rd Energy Package legislation refers to the protection of final customers in remote areas, in the context of vulnerable customers. The access of consumers living in remote rural areas to reliable, environmentally sensitive and affordable energy supplies is key when addressing vulnerability. The vulnerability of rural consumers is often connected with heating issues. In many countries, the district heating network is well developed only in urban areas and rural consumers have to use other fuel for heating. Around 40 million homes in Europe have no access to the natural gas grid so consumers use potentially more expensive and/or more carbon-intensive fuels for heating and cooling, resulting in higher CO₂ emissions and sometimes higher energy bills. Further information on this topic is available as Annex 6.

²¹ http://ec.europa.eu/energy/gas_electricity/internal_market_en.htm

3.4 Energy Poverty Impact on Health and Quality of Life

It is recognised that some of the drivers of vulnerability also drive energy poverty and vice versa. Where it exists, the definition of energy poverty varies considerably between Member States. Thus, whilst it is not practical to provide recommendations that will be suitable or feasible for all Member States to implement, it is important for the following aspects to be considered when developing policy.

Consumers facing energy poverty may also face other aspects of vulnerability such as poor health. Indeed, along with a poor diet, there is evidence that energy poverty also has an impact on individuals' health²², especially that of older people and children²³, which may affect the latter group's development. Furthermore, if consumers live in poor housing (poorly insulated etc.), this may also have an impact on their wellbeing, potentially exacerbating respiratory issues such as asthma, and mobility issues such as arthritis. Consistent evidence also links energy poverty to a range of mental health impacts. In winter 2011-12, there were an estimated 24,000 excess winter deaths in England and Wales, and WHO estimates that approximately 40% of these are likely to be attributable to indoor cold. The majority of deaths occurred among those aged 75 and over; there were 19,500 excess winter deaths in this age group in 2011-12 compared with 4,500 in the under 75-year-olds²⁴. It is also demonstrated by research that vulnerable consumers may take energy-related decisions (e.g. choice of supplier, tariff, payment modality) that could place them in an even more precarious situation²⁵.

Research undertaken in Northern Ireland on the impact of the Warm Homes Scheme 2000-2008 (a free, government-funded retrofit scheme for households in energy poverty) has demonstrated that 42% of the cost of the programme could be offset against reduced healthcare costs. This implies that every euro spent on house retrofits yields a saving of 42 cents in terms of healthcare no longer needed²⁶. There are also significant positive implications for employment, reductions in CO₂ emissions, energy savings, education benefits etc.

4. Instruments: Challenges and Solutions

4.1 Explanation and Overview of Member State Instruments and Practices

The document available at Annex 5 sets out some of the instruments and practices used by Member States; they have been split into six categories:

- Household energy efficiency (for vulnerable consumers' homes)
- Financial support (to help vulnerable customers manage their bills)

²² http://www.fuel-poverty.org/files/WP5_D15_EN.pdf

²³ Friends of the Earth: http://www.foe.co.uk/resource/reports/cold_homes_health.pdf

²⁴ Excess Winter Mortality in England and Wales, 2011/12 (Provisional) and 2010/11 (Final), <http://www.ons.gov.uk/ons/rel/subnational-health2/excess-winter-mortality-in-england-and-wales/2011-12--provisional--and-2010-11--final-/index.html>

²⁵ <https://www.ofgem.gov.uk/publications-and-updates/retail-market-review-findings-and-initial-proposals>

²⁶ <http://eprints.ulster.ac.uk/26173/1/FPcostbenefitsonweb.pdf>

- Protection (consumer protection measures for those in vulnerable situations)
- Information and engagement (to empower vulnerable consumers)
- Transparency and information sharing between stakeholders (to help identify, or target support to, consumers in vulnerable situations)
- Physical measures for industry e.g. avoiding disconnections

In addition, comprehensive information has been collected for each Member State to ascertain, inter alia, which policy measures they use to address consumers at risk of vulnerability. This information is set out as follows: Section 4.2 summarises the various consumer protection measures, including physical ones, which Member States apply. Section 4.3 covers EU measures and instruments promoting energy efficiency. Sections 4.4, 4.5 and 4.6 cover ways for a consumer to reduce and actively manage energy consumption through, for example, demand response measures facilitated by smart metering systems.

4.2 Support Measures in the Energy Sector

The CEER 2012 Status Review of Customer and Retail Market Provisions from the 3rd Energy Package as of 1 January 2012 examined which of the following measures are applicable in the individual CEER member countries.

Protection measures for vulnerable customers reported by CEER members:

Measures related to protecting customers from electricity disconnection

A majority of CEER member countries have protective measures in place in order to prevent or at least have a process in place to delay disconnection from electricity supply. Apart from a few exceptions, all CEER member countries throughout Europe have warning mechanisms in place in order to allow for sufficient time and notification before potential disconnections can take place. In this context, many CEER member countries have a defined procedure which stipulates the amount and frequency of warnings that need to be effected before disconnection can take place. Most countries stated that this measure applied to all household customers at a minimum (if not all customers).

In addition to such warning procedures, a number of countries reported to have measures in place which prohibit disconnection at critical times, particularly in winter months. Some of these states reported on the specific dates between which this measure is implemented. The results revealed that a general prohibition to disconnect customers hardly exists anywhere in Europe. In fact, CEER member countries typically mentioned certain conditions under which the prohibition of disconnection applies. Some of the most frequently mentioned groups that benefit from a general prohibition of disconnection are people with life threatening illnesses, hospitals or other specific population groups that are deemed particularly vulnerable in a given state (e.g. mostly elderly persons, households with children, cases in which there is a danger of severe property damage or residential customers dropped by their supplier). Poland is the only country that reported to have a general prohibition of disconnection in placeⁱ.

Measures related to protecting customers from gas disconnection

The picture is largely the same as in the electricity sector. Differences were noted in three countries (Greece, Ireland and Lithuania) which stated that a general prohibition of disconnection is not in place for gas customers. In these three countries, this measure is only in place for electricity customers. In Lithuania, gas customers also do not benefit from a

prohibition of disconnection in critical times¹¹.

Specific protection for electricity customers in remote areas

Protective measures for customers in remote areas exist only in very few cases. Other than Denmark and Italy, no CEER member country has implemented a specific protection policy for customers in remote areas.

Specific protection for gas customers in remote areas

As in the electricity sector, protective measures for customers in remote areas exist only in very few cases. These are different from the ones named in the electricity sector. Greece has policies in place for gas customers in remote areas, for example, incentives for grid extension schemes.

Electricity supplier of last resort and default supplier

The survey provided respondents with the option to indicate that a supplier of last resort and/or a default supplier was used as a tool to protect vulnerable customers. Around a third of the respondents reported that both a supplier of last resort and a default supplier mechanism existed in their countries. While in some cases the supplier of last resort and the default supplier coincide, in others they are separate entities. In almost all cases, however, the existence of a supplier of last resort and a default supplier was reported not to necessarily be targeted at vulnerable customers. In fact, suppliers of last resort and default suppliers serve different purposes in the context of providing universal service and, thus, benefit various strata of the population among which vulnerable customers may fall as well.

This is the main reason why most CEER member countries reported that either all customers or all household customers and small businesses benefit from these measures as long as they fulfil the eligibility criteria for receiving electricity from a supplier of last resort or from a default supplier. Vulnerable customers might fulfil these criteria and become eligible as well, yet are not singled out as specific target group.

Furthermore, a number of countries reported that they only have a supplier of last resort mechanism in place and no default supplier exists. The total number of countries with a supplier of last resort amounts to 15. This is still significantly lower than the number mentioned in chapter 2 on Universal Service. It can, thus, be concluded that some CEER member countries distinguished between a general supplier-of-last-resort mechanism and a measure to protect vulnerable customers while others did not. In addition, a small number of states reported to have only a default supplier mechanism in place.

Exact figures on the number of customers supplied by a supplier of last resort or default supplier are largely missing. While many countries responded that all customers can benefit from the services of a supplier of last resort, concrete numbers and information could not be provided in most cases. More information on eligibility and functioning of the supplier of last resort services can be found in chapter 2 on Universal Service.

Gas supplier of last resort and default supplier

For gas, the picture with respect to supplier of last resort and default supplier mechanisms in the context of vulnerable customers largely resembles the one in the electricity sector. A slight difference exists, namely in the case of Greece which only has a default supplier but no supplier of last resort in the gas sector. In Italy, suppliers of last resort are appointed on the basis of a competitive procedure. The NRA approves the criteria to which the "Acquirente Unico Spa" (Single Buyer), the state owned company in charge of handling this selective procedure, has to comply.

i) and ii) In France, since April 2013, no disconnection due to late payment can occur in winter (between 1 November and 15 March).

4.3 Energy Efficiency Measures: Dissemination and Information

Energy efficiency measures, depending on the availability of government-supported funding, are seen as a concrete means to support some consumers in a vulnerable situation and those facing energy poverty. Measures such as home insulation or the replacement of inefficient boilers represent both long-term support to help move consumers out of energy poverty and a concrete step towards Member States meeting the EU 2020 energy efficiency target set by the European Council in 2007²⁷. Housing regulations including minimum energy efficiency standards and building regulations are major contributors.

However, it should be recognised that some vulnerable consumers are unlikely to be able to afford to pay for energy efficiency measures up front and thus need financial support through energy and housing policies. Those living in private rented accommodation are also likely to face a barrier as landlords sometimes have little incentive to invest in building stock improvements.

According to the CEER 2012 Status Review, in less than a third of the examined states, measures which aim at supporting energy efficiency improvements are in place. Such measures are implemented as a tool to support vulnerable customers in six CEER member countries. Energy efficiency improvement measures in Denmark are not particularly targeted at vulnerable customers but were named as a measure nonetheless, given its positive impact to potentially mitigate vulnerability.

Mostly households subject to specific thresholds benefit from this measure (e.g. vulnerable households living in buildings that were built before a certain date or households below a specific income). The exact share of beneficiaries remains unknown.

Support for energy efficiency improvements:

In the gas sector, less CEER member countries provide support for energy efficiency improvement to vulnerable customers as compared to the electricity sector. In the gas sector, only five countries have such measures in place. Latvia and Lithuania which support efficiency improvements in the electricity sector don't do so in the gas sector. In the countries which do offer energy efficiency measures for the gas sector, the beneficiaries are individual household customers (comparable to the electricity sector). The share of customers benefiting from this measure is largely unknown. Only Belgium provided concrete numbers for its Flanders region and stated that around 7% of households can potentially benefit from this

²⁷ 7224/1/07, REV 1.

measure in Flanders given that around 7% of households are vulnerable in this region.

4.3.1 National Energy Efficiency Action Plans (NEEAPs)

In their NEEAPs, Member States are required to show how they intend to reach their national 2020 targets for energy efficiency as required by the Energy Efficiency Directive, as well as the indicative end-use energy savings target by 2016, as required under the Energy Services Directive²⁸. The Plans should describe the Member States' energy efficiency improvement measures, expected/achieved energy savings and how Member States intend to comply with their various obligations under the Directive. The next deadline for submitting NEEAPs to the Commission is 30 April 2014. The Commission Implementing Decision and the Guidance for the NEEAPs²⁹ do not mention establishing a specific block of measures addressing vulnerable consumers. However, Member States may do so and the specificities of vulnerable consumers should be taken into account when designing different new energy efficiency measures for their new NEEAP in 2014.

4.3.2 EU Funding for Energy Efficiency Measures

Structural Funds

The Structural Funds are financial instruments of EU regional policy, which is intended to narrow the development disparities among regions and Member States. The Funds participate fully, therefore, in pursuing the goal of economic, social and territorial cohesion. For the period 2007-2013, the budget allocated to regional policy amounts to around €278 billion.

Cohesion Policy Funding

As regards buildings, in the past cohesion policy co-financed energy efficiency investments only in public and commercial buildings. Following an amendment of the European Regional Development Fund (ERDF) Regulation in 2009, up to 4% of total national ERDF allocations may now be used for energy efficiency improvements and renewable energy investments that support social cohesion in existing housing in all Member States. Several Member States have taken this opportunity to invest in energy efficiency in housing, contributing to an increase of the total planned allocations of cohesion policy funds to energy efficiency (not only in buildings) for 2007-13 from EUR 4.2 billion in 2008 to EUR 5.5 billion in 2013.

A good example is France, which allocated its maximum of EUR 320 million for energy investments in social housing in accordance with the revised ERDF Regulation. A mid-term assessment of the programme found that EUR 200 million allocated to projects generated over EUR 1 billion of investment and created around 15,000 jobs with the renovation of more than 50,000 dwellings. The estimated average reduction of energy consumption amounted to 40%.

The ERDF regulation also allows Member States to set up financial instruments with their allocations for energy efficiency and renewable energy. Financial instruments can contribute

²⁸ Directive 2006/32/EC

²⁹ Commission Implementing Decision of 22 May 2013 establishing a template for National Energy Efficiency Action Plans under Directive 2012/27/EU of the European Parliament and of the Council (2013/242/EU) and the Commission Staff Working Document on Guidance for National Energy Efficiency Action Plans (SWD(2013) 180 final)

to making cohesion policy more effective and sustainable, thus helping regions to face their long-term challenges and increasing the long-term impact of the policy.

Support from cohesion policy funding is expected to increase in the coming years as Member States will have to devote a substantial share of their ERDF allocations to support investments in the fields of energy efficiency and renewable energy, foreseen to be at least 20% in more developed regions, 15% in transition regions, and 12% in less developed regions. Moreover, in the next period it is also expected that the Cohesion Fund will be able to support investment in energy efficiency and renewable energy in housing. It will be important that Member States, when designing their operational programmes for 2014-2020, in line with the identified development needs, consider allocating appropriate funding for investments in energy efficiency in buildings, including housing.

Cohesion Policy Funds: JESSICA, CONCERTO

The JESSICA initiative supports sustainable urban development and regeneration through financial engineering mechanisms. One good practice example is the KredEx facility in Estonia which provides low interest rate loans for building refurbishments. Since it started in mid-2009 until the end of 2012, 493 buildings with 18,281 apartments have been upgraded involving the renovation of 1,189 398 m² with an average expected energy use reduction of 38%.

CONCERTO is a European Commission initiative within the European Research Framework Programme (FP6 and FP7) which aims to demonstrate that the optimisation of the buildings of whole communities is more efficient and cheaper than optimisation of each building individually. Since 2005 the initiative has co-funded, with around EUR 180 million, 58 communities in 22 projects in 23 countries, with the following results:

- CONCERTO communities have halved the CO₂ emissions in their building sector, saving together around 310,000 tonnes of CO₂ per year;
- 1,830 million m² of building floor area have been built or renovated;
- The total electricity consumption of the CONCERTO communities has been reduced by 20% and the share of renewable energy in the electricity has increased significantly. 150 GWh of electricity and 250 GWh of heat are now produced annually from renewable energy.

4.3.3 Market Uptake: EACI

The Intelligent Energy Europe (IEE³⁰) Programme is currently a main Community instrument to tackle non-technological barriers to the spread of efficient use of energy and greater use of new and renewable energy sources. A presentation on six specific projects addressing vulnerable consumers and funded by IEE was given at a meeting of the VCWG by the Executive Agency for Competitiveness and Innovation (EACI) in July 2012. Project activities have for example included the organisation of workshops, consumer awareness raising activities, education provided by "energy ambassadors", or training people (e.g. social

³⁰ <http://ec.europa.eu/intelligentenergy>

workers) to become energy advisors who help households lower their energy bills through behavioural change³¹:

- EPEE³² (European Fuel Poverty and Energy Efficiency – 2006-2009);
- ECOLISH³³ (Energy Exploitation and Performance Contracting for Low Income and Social Housing – 2006-2009);
- FinSH³⁴ (Financial and Support Instruments for Fuel Poverty in Social Housing – 2007-2010);
- Energy Ambassadors³⁵ (Campaign to fight against fuel poverty and raise awareness on energy efficiency and energy savings – 2009-2011);
- EC-LINC³⁶ (Energy Check for Low Income Households – 2011-2014);
- ACHIEVE³⁷ (Actions in low income households to improve energy efficiency through visits and energy diagnosis – 2011-2014).

Overall, these successful projects have been implemented in 18 EU countries and their approach can be replicated in other regions or Member States. In 2013, IEE has called for further projects supporting EU policies on products, resulting in tangible actions from households, and taking into account, when appropriate, the needs of vulnerable consumers.

4.4 Reducing Energy Consumption

As stated in Section 3 above, the policy focus should be on requiring property owners and public agencies to take responsibility for improving homes and installing more efficient heating systems. This is where a good opportunity lies for cost-effective carbon reduction.

Vulnerable consumers, especially those facing energy poverty, should be given opportunities to increase their awareness of the benefits to be gained through efficient use of household appliances, heating, and insulation, thereby changing their habits whilst maintaining a decent standard of living. For example, the World Health Organisation recommends a maximum of 21°C in a household's living room and 18°C in other occupied rooms, which may offer the potential for energy savings through reducing the household temperature. The main cost

³¹ See for example <https://www.youtube.com/watch?v=j53L8Zr-6u4>

³² http://www.eaci-projects.eu/iee/page/Page.jsp?op=project_detail&prid=1557 or <http://www.fuel-poverty.org>

³³ http://www.eaci-projects.eu/iee/page/Page.jsp?op=project_detail&prid=1517 or <http://www.ecolish.com>

³⁴ http://www.eaci-projects.eu/iee/page/Page.jsp?op=project_detail&prid=1586

³⁵ http://www.eaci-projects.eu/iee/page/Page.jsp?op=project_detail&prid=1841

³⁶ http://www.eaci-projects.eu/iee/page/Page.jsp?op=project_detail&prid=2436 or <http://www.ec-linc.info>

³⁷ http://www.eaci-projects.eu/iee/page/Page.jsp?op=project_detail&prid=2434 or <http://www.achieve-project.eu>; <https://www.youtube.com/watch?v=j53L8Zr-6u4>

implication for implementing such measures is providing the information to consumers, for which multipliers are needed. Some of the projects funded under the Intelligent Energy Europe Programme (see section 4.3.3) arrange home visits, for example, which give households advice on reducing their energy consumption.

In addition, reducing primary energy consumption in a cost-efficient way should be a priority along the entire energy chain. More efficient energy extraction, production, transportation and end-use will benefit all final consumers, including those in a vulnerable situation, as these efficiency gains will help reduce their energy bills. A combination of energy-efficiency measures and lower energy consumption means that consumers are more protected from fluctuations in energy prices as their total energy consumption is lower.

4.5 Heating and Cooling

The cost of heating is an important element of household expenditure that can amount to 20% or more of households' income in some Member States. It is especially a big burden for financially vulnerable consumers. Affordable heating is an important element of life quality to which all consumers should have access. The lack of affordable heating can lead to deteriorated health and even premature death and, if it happens at a large scale, it can become a source of social unrest. In line with the Energy Efficiency Directive, Member States should address the issues of access to and the availability of efficient and affordable heating and cooling services, resulting from best practices - including cost-effective energy efficiency improvements - with a long-term view, also ensuring that supply is secured for vulnerable customers.

4.6 Enabling Demand Response: Smart Meters

The introduction of smart meters in many Member States in the near future represents an opportunity to complement supply side and energy efficiency measures with demand response by consumers, thereby increasing consumer empowerment. Some consumers should have greater control over their energy consumption and should be able to reduce it - thereby reducing their bills - as opportunities for immediate feedback and time-of-use tariffs are introduced. These potential benefits will depend on a clear understanding of the social, commercial and technological barriers to shifting energy use, and on providing good information and advice to engage and educate consumers to access this potential. Despite this, some consumers in vulnerable situations may not be able to change their consumption patterns to benefit from the best value tariffs and may continue to use electricity at peak times³⁸, for example, those who do not have a choice as to when they either heat their boilers or use high energy-consuming household appliances.

Nevertheless, switching providers will be easier, and in general bills will no longer be based on consumption estimates. Visualisation of consumption data can enable consumers to monitor their consumption closely and possibly limit their use of high-energy, non-essential appliances. In addition, smart meters could include a prepayment option to help consumers manage their finances. To benefit from this market development, vulnerable consumers need to be carefully informed (by trusted bodies, for example) about the advantages for them of using smart meters and of their choices. Indeed the benefits for consumers in vulnerable situations, such as cost savings, should be clearly assessed and communicated. Some

³⁸ <http://www.eea.europa.eu/publications/achieving-energy-efficiency-through-behaviour>

consumers - often those in vulnerable situations - who do not opt for time-of-use tariffs may continue to be at a disadvantage if standard tariffs remain among the highest priced tariffs on the market. In addition, attention needs to be paid to consumer protection against remote disconnection, and the effects of smart metering for consumers in vulnerable situations need to be monitored carefully.

Under the Energy Efficiency Directive, regardless of whether or not smart meters have been introduced, customers for electricity, natural gas, district heating, district cooling and hot water should normally have an individual meter that accurately reflects their individual energy consumption and provides information on the time of their energy use (with exceptions on technical and financial grounds, or for example if smart meter rollout does not take place in a Member State). From January 2017, this right will extend to residents of buildings with a common heating/cooling/hot water system.

4.7 Financing Social Security Measures

According to the CEER 2012 Status Review of Customer and Retail Market Provisions from the 3rd Energy Package as of 1 January 2012¹, social security measures are implemented on a large scale throughout CEER member countries. They range from specific government support to pay energy bills to broader social security measures which comprise low income population groups and other socially vulnerable groups. Therefore, beneficiaries of social security measures vary across member countries. Depending on the overall mix of measures in place, social security support is more or less intense in the different states. Results showed that social security measures are mostly implemented alongside other energy specific measures. A relatively small number of countries mentioned that no social security measures are in place to protect vulnerable customers. Greece and Slovenia for example do not offer any material support specific to energy through their social security networks but have a combination of other measures in place to support vulnerable customers. Poland reported that there are no social security measures particularly dedicated to vulnerable energy customers. Low-income customers in Poland are instead covered by the general social support system. The rest of the member countries do, however, provide active support for vulnerable customers through various social security measures as named above. Hardly any data could be made available with respect to the number of customers covered by social security schemes as this field of protection is subject to government policies (rather than policies enacted by national regulatory authorities).

Social tariffs for vulnerable customers: electricity markets

Belgium, France, Italy, Portugal and Spain have social tariffs in place which apply under certain legal conditions. Social tariffs are [typically] regulated prices set by the government or the NRA. In Italy, a specific discount is also granted to customers that require electricity-powered life-support equipment with severe health problems and diseases. Around 2.7 million households benefit from social tariffs in Spain, while around one million households benefit from social tariffs in Italy (around 17, 000 of them for severe health problems) and 8.2% of all residential customers benefit from social tariffs in Belgium. Figures for the remaining countries are not available¹.

Social security benefits for vulnerable customers

Social security measures are widespread in the gas sector and, thus, comparable in intensity and number to the social security measures prevailing in the electricity sector. In addition to

the list of countries mentioned in the electricity sector, Norway and Latvia do not provide for any social security protection measures specific to the gas sector. Poland reported that there are no social security measures particularly dedicated to vulnerable energy customers. Low income customers are instead covered by the general social support system.

Social tariffs for vulnerable customers: gas markets

Belgium, France, Italy and Portugal have social tariffs in place which apply under certain legal conditions. Data on the number of beneficiaries are largely missing with the exception of Belgium where it is known that 8.5% of all residential customers benefit from social tariffs and Italy where around 600,000 households benefit from social tariffsⁱⁱ.

i) In France, in 2012, 1,083,000 consumers benefited from social tariffs for electricity. This represents an average discount of €90 a year. In December 2012, the maximum income to benefit from these tariffs was increased by 35% thus 2.2m households could benefit from them currently. A law passed in December 2012 will mean that social tariffs will cover 4m households and all suppliers will be able to propose social tariffs.

ii) In France, in 2011, 313,000 consumers benefited from social tariffs for gas (all suppliers can provide them). This represents an average discount of €135 a year. The legal conditions to benefit from them are the same as for electricity.

5. Solutions and Recommendations

5.1 Policy Recommendations

When addressing consumer vulnerability and energy poverty in line with EU legislation, Member States' social, energy and consumer policy can and should be complementary to ensure the most effective protection and assistance, and to help vulnerable consumers access the benefits provided by the market. Social policy through financial support can be seen in broad terms as a measure with instant impact (support), while energy efficiency actions offer measures with a long-term effect at lowest cost (prevention). Member States are encouraged to consider the two jointly, in keeping with the requirements of the 3rd Energy Package (taking measures to address energy poverty where identified etc.). In addition, while making sure that actions taken represent the lowest possible negative impact for the energy market, support could be provided through a solidarity tariff or discount on energy bills, the cost of which is distributed between all energy consumers. Such support requires careful consideration since low-income consumers who are not eligible for the measure will still pay for it through their energy bills. The Government should set the size and eligibility criteria for such a measure, with the regulator potentially taking responsibility for its implementation.

While the above-mentioned measures will primarily support consumers facing energy poverty, they will not necessarily assist all consumers who are in a vulnerable situation due to, for example, a disability or a lack of IT skills. Other measures are therefore necessary to address such situations, for example, by improving accessibility of information in different formats, training staff on awareness of disability and vulnerability, or prohibiting disconnection of electricity at critical times.

To mitigate rural energy poverty, future policies could address the possible additional costs linked to rural housing by, for example, avoiding inequality of taxation or finding solutions

for the lack of access to the natural gas grid of many rural properties. Energy efficiency and energy poverty support programmes should be made available to rural inhabitants and could focus improvements on the fabric and heating systems of rural buildings. Consideration could also be given to providing direct grant or subsidy support for individual remote vulnerable consumers as they tend to be more isolated than the more densely populated urban communities.

Impact analyses conducted in EU and national administrations across consumer groups during the drafting of new legislation should include some distributional analysis to assess how different consumer groups could be affected. Measures to accommodate the energy poor should be considered as appropriate.

On a national level where distributional analyses show that consumers, such as those in the lowest income deciles are made worse off, Member States could take mitigatory action to support them.

The ACER/CEER Annual Report on the Results of Monitoring the Internal Electricity and Natural Gas Markets could potentially include a distributional analysis of their performance for consumers. Criteria could be established in consultation with stakeholders.

5.2 Accessibility of Information

In order for markets to work well and for all consumers - especially those in vulnerable situations - to make informed choices, there needs to be sufficient information available which is easy-to-obtain, accurate, understandable, comparable, timely and trustworthy. Energy markets are challenging as there is evidence that consumers do not always understand the differences between the available tariffs. In some Member States, the choice of tariff has been overwhelming, and consumers may have faced difficulty in establishing the best tariff. Consumers in vulnerable circumstances are likely to face further challenges because the affordability of their energy costs will depend on factors such as:

- the energy supplier's tariff and the accessibility of the most appropriate or least expensive tariff, which may be dependent on access to direct debit in some Member States, to the internet, and/or to smart or prepayment meters
- the availability of energy assistance schemes, for example, welfare benefits which may either contribute towards energy costs and/or entitle them to bill reductions, or special or social tariffs

People should have the requisite information to enable them to choose the most suitable tariff, and if not, know how to find out what would be the most suitable one. Clear information about cheaper tariffs and other forms of assistance is a critical need, as is how to access help. Information and advice about available payment methods is another crucial need. Consumers in vulnerable circumstances particularly need to know that the method will suit their needs and not entail unnecessary financial risks.

Member States should ensure that information on bills is clear and that it is easy to compare tariffs charged by energy companies³⁹. The terms and conditions on which particular tariffs

³⁹ Article 10(3)(e) of the Energy Efficiency Directive specifically requires information on energy costs to be provided in a timely and easily understandable format allowing consumers to compare deals

can be obtained also need to be set out in a clear and comparable manner. The provision of information needs to be reviewed regularly by a competent body, such as the national regulatory authority. Member States need to ensure that independent, accessible and understandable information is provided in a range of formats, not just electronically, so consumers can choose how to receive information. Assuming they have access to it, the internet can be an invaluable tool for this. Bills and other information should be available, for example, by post, online (ensuring accessibility standards are adhered to), by telephone or through personal assistance. Information also needs to be freely available in a variety of languages, depending on national circumstances.

Information also needs to be available from a source which is trusted by consumers. Member States should look for ways to encourage the provision of information by trusted third parties, for example, from the voluntary and community sector or independent advice or 'civil society' agencies. Such agencies should be involved in market development to ensure the interests of consumers in vulnerable situations are addressed.

5.3 Consumer Empowerment

Consumer empowerment comes about through a combination of choice and voice, and company behaviour. The ultimate power for a consumer is to exercise market choice by, for example, switching supplier. This requires a combination of:

- genuine choice: products and services that meet the needs of different consumer groups
- a range of accessible tools to facilitate switching (e.g. switching sites or collective switching)
- readily available, independent and clear information on tariffs and energy consumption to help people make an informed choice and to understand how much they are using and whether they can save energy

National regulators should monitor the markets, as set out in the 3rd Energy Package, to see that they are working properly in the interests of all consumers, and especially those in a vulnerable situation.

Where necessary, additional help may be provided to ensure that all consumers are treated fairly and have their concerns taken seriously. This ranges from affordable access to supply to the ability of third parties to represent consumers in relation to individual matters (see Annex 5 for further details). Energy companies should focus on providing inclusive services as a way to meet the range of consumers' needs. This should include the training of customer service personnel to ensure they recognise the indicators of vulnerability and can thus recognise and meet consumers' needs accordingly.

Companies should review their systems and processes, including call centres and the way that information is presented, and ensure they remove unnecessary barriers to consumers who are trying to obtain information and help. This includes avoiding the use of costly telephone systems, difficult-to-navigate call centres, and unclear or unreadable information. Energy companies, including non-utility companies, should also have systems which allow them to track general consumer concerns, for example, recognising company failures through the monitoring of data on complaints.

All marketing routes, including doorstep selling by energy companies, need appropriate regulation and monitoring by the competent body. Agents need to be properly trained; there should be no inappropriate incentives, and a clear cooling off period should be available to consumers. Breach of these rules should lead to financial penalties on the energy companies.

Consumers should have access to transparent, independent, impartial, fair and effective out-of-court procedures to resolve their contractual disputes with energy companies. Such access is ensured through the recently adopted legislation on consumer Alternative Dispute Resolution (ADR), which EU Member States need to implement by July 2015. Under this legislation, traders - including energy companies - that are obliged to use ADR and those that fail to resolve a dispute bilaterally with the consumer are required to provide information on ADR in a clear, comprehensible and easily accessible way on their website, along with their general terms and conditions. Finally, consumers have the right to be represented or assisted by a competent third party at any stage of the ADR procedure.

Regular analysis of the complaints gathered by third party bodies (such as local administration and advice bodies, independent ombudsmen and consumer organisations) can help provide an assessment of market performance in the interest of vulnerable consumers. There should be clear arrangements to deal with particularly serious risks where the loss of an energy supply may endanger consumers' health or well-being. Member States should ensure that there are channels by which consumers, including people in vulnerable circumstances or their representatives and advisers, can raise general concerns about company practices. There is no single model for this but it can include creating specialist consumer representatives, creating consumer advisory bodies for regulators, and providing support for the voluntary, community and civil society sectors.

Collective switching is increasing in popularity and such switching has been organised by consumer associations and local government in several countries to reduce the energy bill of participants (who perhaps would not switch otherwise). It is however imperative to ensure well-functioning switching processes and to establish how this can be organised to ensure consumers in vulnerable positions are able to participate. The Working Group on Transparency in EU Retail Energy Markets recommends in its report "that accurate information about this active involvement in the energy market ... becomes widely disseminated."

5.4 Skimming

There is concern about "skimming", the practice of offering tariffs and other goods and services to a niche group of consumers, for example, those that offer companies higher profit margins. Energy companies should offer a wide range of products to all consumers, including those in a vulnerable situation. The Electricity Directive 2009/72/EC uses the term universal service, referring to the right to be supplied with electricity at reasonable, easily and clearly comparable, transparent and non-discriminatory prices. Indeed the Consumer Futures report entitled Addressing the poverty premium⁴⁰ states "Limited competition to supply products suitable for low-end or low-income users can cause prices of these services to be higher than they would be in a properly functioning market". This implies that there may be a need for

⁴⁰ <http://www.consumerfutures.org.uk/files/2013/06/Addressing-the-poverty-premium.pdf>

market oversight to ensure that companies develop appropriate products for consumer groups in these categories.

5.5 Energy Efficiency Measures

The VCWG agreed to actively encourage Member States to consider energy efficiency as a key element of the policy mix to combat energy poverty and help move some consumers out of vulnerability in the long term. Investment in housing stock improvements also helps to ensure that future generations are less likely to face vulnerability. One challenge is to ensure a fair approach to the recovery of investment costs. Different means of financing energy efficiency measures may be considered, for example, the costs of building insulation could be added to future energy bills instead of the consumer paying up-front. It is necessary to ensure that energy efficiency improvements do not result in any welfare loss for the consumer, for example, in the case of tenancy.

In transposing the Energy Efficiency Directive, Member States have the opportunity to prioritise support for energy efficiency improvements among vulnerable consumers when designing the national implementation of some of the new instruments, such as energy saving obligation schemes. This should result in a win-win situation, considering that the cost of implementing energy efficiency measures is often more cost-effective in the long run than only paying benefits through social policy. As previously mentioned, energy efficiency measures can complement social policy to ensure consumers get maximum value from their benefits, rather than using money to heat poorly-insulated homes or run inefficient boilers. In addition, local jobs are created through the implementation of energy efficiency measures.

In terms of available support and information, the European PPP Expertise Centre (EPEC)⁴¹ is a joint initiative of the EIB, the European Commission and European Union Member States and Candidate Countries. It helps strengthen the capacity of its public sector members to enter into Public Private Partnership (PPP) transactions. For example, EPEC works with Member States on building institutional capacity to deliver PPPs.

5.6 Heating and Cooling

Affordable and secure heat supply in the context of collective and social housing should be addressed by Member States while implementing the Energy Efficiency Directive. As the cost of heating is an important element of household expenditure which can amount to up to 20% of a household's income, special attention should be paid to measures related to energy efficiency in heating and cooling systems along the entire energy chain.

In line with (see Section 2.2), the cost-effectiveness of electric heating as well as its performance in terms of primary energy should be assessed on a case-by-case basis. It should be taken into account that there is a strong positive link between the efficiency of district heating and cooling networks and the number of users being connected to these networks, which is especially relevant in the context of collective housing.

The transposition of the Directive implies that Member States should promote the energy service market and act against barriers to energy efficiency including the 'landlord/tenant

⁴¹ <http://www.eib.org/epec/ee/>

dilemma'. These actions should take into account the potential for vulnerability amongst heat customers in collective and social housing.

Energy Performance Contracting (EPC) in collective buildings equipped with collective heating/connected to DH should be developed. For the purposes of the application of EPC in collective housing, public guarantees would ideally be applied.

Lessons learned from Member State and EU programmes should be further exploited to deploy energy efficiency services and building refurbishment on a larger scale in collective and social housing. For example, the 'Fresh' project, funded under the Intelligent Energy Europe Programme, looked into possibilities for Energy Performance Contracting in the social housing sector. It identified possible solutions to tackle the split incentive problem, such as mechanisms where financial savings are divided between the owner and the tenant, and the 'warm rent' system⁴², and explored possible financing tools and incentives like tax abatements⁴³. It should be pointed out that - in line with the Resolution of the European Parliament on the Energy Roadmap 2050⁴⁴ - the European Commission, the Member States, local authorities and competent social bodies should work together on tailored solutions to counter both electricity and heat poverty. There should be special emphasis on low-income, vulnerable households that are most affected by higher energy prices. Such a strategy should analyse national measures such as taxation, public procurement and regulated heat pricing in particular where they are hindering energy efficiency investments or the optimisation of heat production and use, and make recommendations on good practice and avoiding bad practice. In addition, the Resolution asks that Member States should report on a regular basis on actions taken to protect households from rising energy bills and energy poverty.

5.7 An Active Role for Stakeholders

A wide range of stakeholders can influence and improve the situation for vulnerable consumers in the energy sector. An example of this would be working with actors at a local level through initiatives like the Covenant of Mayors⁴⁵ and Smart Cities programmes. Replication of successful energy efficiency projects represents one way of ensuring positive results are widely shared. Social responsibility should be shared, and the corporate world and local actors should be included in this process. Consumer associations are vital to this process as they understand the needs of vulnerable consumers and the best ways to communicate and share information with such consumers.

In addition, institutions such as the European Parliament and Council, and the European and Economic and Social Committee, are active on the vulnerable consumer front and several

⁴² In such a system, tenants pay a total fee composed of the rent and energy charges, thus enabling the social housing operator to transfer the cost of energy retrofitting to the rent part, while energy savings lead to a reduction of the energy part of the total fee

⁴³ <http://www.fresh-project.eu/>

⁴⁴ European Parliament resolution of 14 March 2013 on the Energy roadmap 2050, a future with energy: <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2013-0088+0+DOC+XML+V0//EN>

⁴⁵ http://www.covenantofmayors.eu/index_en.html

papers have now been published⁴⁶. This represents an opportunity to create greater awareness among Member State authorities.

Member State Authorities: legislation for Member State transposition, such as relevant Articles of the 3rd Energy Package and the Energy Efficiency Directive, is addressed in sections 2.1 and 2.2 of this report. In terms of social benefits and specific energy-related measures available to vulnerable consumers, it should be recognised that not all consumers who are entitled to them actually apply for and receive them. This is an issue that needs to be addressed by Member State authorities.

In addition, EU funding programmes such as Structural Funds can be used by Member States to improve energy efficiency in the housing sector, in particular for low-income families. The use of Structural Funds for the period 2014-2020 is currently being defined, and it is hoped that Member State authorities will decide to address (social) housing. The CASH (Cities Action for Sustainable Housing) network has prepared a guide⁴⁷ on the best use of these new Structural Funds for sustainable social housing.

Public Bodies (including regional and local): the Energy Efficiency Directive states that Member States should encourage public bodies, and social housing bodies governed by public law, to adopt an energy efficiency plan, to put in place an energy management system (including energy audits), and to use energy service companies and energy performance contracting to finance renovations and implement plans to maintain or improve energy efficiency in the long term. Local municipalities can also play an important role in the context of energy efficiency improvements in buildings or increasing the use of public transport services. In addition, their tasks related to certain social policy measures can enable them to target vulnerable customers with information and assistance which can help them to adapt individual energy consumption behaviour, resulting in improved living standards and/or reduced costs. Various EU projects fund such activities, and Commission initiatives such as the previously mentioned Covenant of Mayors serve as a dissemination platform.

National Regulatory Authorities: it is recognised that the remit of and resources (human, financial etc.) available to NRAs vary widely between the EU Member States⁴⁸. NRAs

⁴⁶ European Parliament, resolution on "Strengthening the rights of vulnerable consumers", May 2012: <http://www.europarl.europa.eu/sides/getDoc.do?type=TA&language=EN&reference=P7-TA-2012-209>

European Parliament resolution of 11 June 2013 on social housing in the European Union: <http://www.europarl.europa.eu/sides/getDoc.do?type=TA&language=EN&reference=P7-TA-2013-246>

European Economic and Social Committee Opinion on 'Energy poverty in the context of liberalisation and the economic crisis': <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2011:044:0053:0056:EN:PDF>

⁴⁷ <http://urbact.eu/en/projects/low-carbon-urban-environments/cash/news/?newsid=975>

⁴⁸ http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/CEER_PAPERS/Customers/Tab2/C11-CEM-46-03_BR-Roles-Resp-NRAs_11-Oct-2011.pdf

"Where available (4 full-time equivalent for Belgium, 1 for Greece, 0.2 for Hungary, 0.5 for Ireland, 1 for Italy (within AEEG), 1 for Lithuania, 0.2 for Poland, 1 for Slovenia, 1 for Spain), the data on the human resources on which the NRA can rely for the specific protection of vulnerable customers show that they are, in general, less than the human resources dedicated to complaint handling."

should be active in protecting (vulnerable) customers as required by the 3rd Energy Package by, for example, ensuring disconnection is avoided during critical times. It is clear that investment is needed in some Member State NRAs in the consumer rights arena to ensure, for example, "that the consumer protection measures, including those set out in Annex I, are effective and enforced"⁴⁹. Activities in this area - including the provision of adequate resources for NRAs to fulfil their duties under the 3rd Energy Package - should be included in the mandate of the NRA, which implies intervention by the relevant Member State authorities.

The role of regulators should build on the 3rd Energy Package legislation and they should monitor the state of the market, including price levels and market failure. NRAs should detect and protect against general market failure. On the basis of this monitoring, national governments could determine where remedial action may be required, under which policies and by which departments and agencies. Trigger points should be established on the basis of drivers, such as those described in this report, to help indicate when action is required.

Independent Public Energy Ombudsmen: several EU countries and regions, such as Belgium, France, UK, Ireland and Catalonia, have implemented the Alternative Dispute Resolution through public energy independent ombudsman services that are completely independent from suppliers. They are gathered in an independent, not-for-profit, Europe-wide network, NEON (National Energy Ombudsmen Network).

These ombudsmen handle consumer disputes, within the framework of national regulations and legislation, with no discrimination, and pay special attention to vulnerable customers and their specific needs (clearer and more easily understandable information, awareness of energy consumption, personalised assistance and advice as provided for in the 3rd Energy Package etc.).

Ombudsman services are free-of-charge for the consumer; their procedures are easily accessible, transparent and simple.

Energy ombudsmen give advice to their respective governments, parliaments, consumer associations and operators to improve the consumers' understanding of the energy market. This covers consumer protection, social measures and energy efficiency improvements. They work in close partnership with consumer and social organisations in order to develop networking with them. At least once per year they publish a report. In Catalonia, for instance, every year, the Síndic (Ombudsman) informs the Parliament in plenary session on his work. He also presents special reports on specific issues deemed especially important or urgent. These public reports also contain recommendations regarding consumer protection.

Industry: obligations on energy companies aim to support all consumers, however, additional support may be necessary for consumers in vulnerable situations. Industry has a role to play in ensuring that consumers are informed about their options regarding energy supplier and tariffs. Bills and other information should be clear and simple to ensure consumers understand their consumption levels, contract end date etc. Voluntary action by energy suppliers can assist vulnerable customers with managing their consumption and their bills. In some cases, energy efficiency improvements and other measures can be implemented to support such customers. Working with NGOs, consumer associations, local government etc.

⁴⁹ http://ec.europa.eu/energy/gas_electricity/legislation/legislation_en.htm

to support vulnerable consumers may help to alleviate energy poverty. Staff dedicated to handling vulnerable consumer requests can help resolve issues, such as risk of disconnection, that may be faced by vulnerable consumers.

(National) Consumer Associations, Voluntary and Community Organisations, Civil Society Organisations: the role of consumer representatives can be to represent consumer interests in industry, regulator or government forums. It can include publishing information and offering tools to help consumers understand and access the market. The organisations can have an 'audit' function and assess new initiatives from energy companies to ensure they reflect consumer needs. Such common work is needed, particularly for vulnerable consumers where bad decisions can be very costly. These organisations can also be “trusted intermediaries” between energy companies and existing or prospective customers, helping improve customer relations, including the management of complaints and provision of extra help and support to vulnerable consumers. Joint efforts, which can be either part of a joint project and/or a specific campaign, between energy companies and certain types of consumer NGOs, may be beneficial in certain circumstances while also respecting the independence of consumer bodies, which is a prerequisite for trust from individuals.

Financing the engagement of consumer representatives is not an easy challenge to deal with. National governments can also further contribute to a strong consumer voice by supporting organisations with expertise in the energy sector, as this will help balance outcomes for all parties concerned. Other existing funding models include industry contributions directed through government. At present, due to the economic crisis, consumer NGOs in the EU face serious financial constraints. This impacts consumers, particularly the vulnerable, and eventually will affect the existing balance of interests represented in national energy markets. Member States are thus encouraged to further support consumer bodies. This can be in various ways including by involving them in projects that can benefit from state funding as a way of supporting the existing consumer expertise in energy markets.

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Annex 1

Definitions

Vulnerable Customers and Vulnerable Consumers

The 3rd Energy Package requires Member States to define the "concept of vulnerable customers", which refers to final customers, be they individuals or companies, that have a contract with a supplier for the supply of electricity and/or gas. For the purposes of this report, the term "vulnerable customers" will be used when reference is made to the legislation and when the relationship between the supplier and the customer is addressed.

The term "vulnerable consumers" will be used when it is necessary to reflect the fact that it is not only the final customer who should receive support, but rather all consumers considered as vulnerable. In some situations, for example, it is necessary to consider other people in a household, and their needs, and not just the "customer" whose name appears on the bill.

Energy Poverty and Fuel Poverty

The 3rd Energy Package refers to energy poverty, however, the definition of energy poverty - where it exists - varies between Member States. The International Energy Agency defines energy poverty as "... a lack of access to modern energy services. These services are defined as household access to electricity and clean cooking facilities (e.g. fuels and stoves that do not cause air pollution in houses)"⁵⁰. Some Member States use the term fuel poverty, which generally has the wider meaning of all household energy expenditure. To ensure simplicity in the report, the term energy poverty will be used.

The link between vulnerable customers/consumers and energy/fuel poverty

Customers and consumers can be at risk of vulnerability due to a wide number of factors as addressed in Chapters 4 and 5 of the report. The customers and consumers who are vulnerable may also face energy and/or fuel poverty; although there is likely to be a positive correlation between the two, it may be rather low. This is also the case with the correlation between poverty and fuel poverty: the poorest people do not always live in the worst housing, especially in Member States where subsidised housing is offered to those who are least well resourced.

⁵⁰ <http://www.iea.org/topics/energy-poverty/>

Annex 2

Working Group on vulnerable consumers in the area of Energy (VCWG) Terms of Reference

Following the mandate by the 4th Citizens' Energy Forum, the WG will focus on:

Overarching aims

- support the implementation of the 3rd Energy Package in areas of relevance to vulnerable consumers
- review factors that impact consumers' energy poverty and their ability to access and understand information about energy bills, energy consumption practices, or energy supply and service providers
- assess the differences in the impact of such factors on various consumers/groups, and identify drivers of vulnerability
- develop key characteristics of vulnerable consumers and what differentiates them from the typical customer base
- consider the effect of energy sector evolution, and in particular rising energy prices, on the affordability of energy and the number of vulnerable consumers, taking into account future socio-demographic trends, their implications for vulnerable consumers' situation, and their dynamics
- consider energy policy measures (such as energy efficiency) and non-energy instruments (e.g. social policy, consumer solidarity schemes, etc.) that can be used for greatest positive impact in addressing vulnerability, seeking synergies between them

Status analysis

- assess the state of play in the implementation of the provisions of the 3rd Energy Package concerned with vulnerable customers and energy poverty
- explore cultural differences related to energy consumption, energy efficiency and energy poverty
- assess impact/contribution of different fuels on energy poverty: what share of costs are for electricity, gas, heating, transport
- assess industry practices/corporate social responsibility measures which impact on consumers' vulnerability and on the availability of advice and/or third party assistance e.g. by telephone (freephone) helpdesks and face-to-face contact to better manage vulnerable consumers' energy bills and improve energy efficiency, and explore how specific solutions can address specific cases
- consider infrastructure challenges (outside and inside the household)
- assess the impact of the current state of the economy on vulnerability

Concrete outcomes and deliverables

- establish a qualitative and quantitative mapping of various aspects of vulnerability and measures which can contribute to addressing the issue and at what level in the energy field
- provide recommendations for defining vulnerable consumers in the energy sector, based on current state of play in MS

- highlight good (national) practices and appropriate non-policy solutions with long-term potential to better target vulnerability

How:

1. Collect and assess existing illustrative practices (e.g. national mandatory schemes, company-specific actions and sector-wide initiatives such as voluntary agreements by energy companies, "gentlemen's agreements");
2. WG members (consumers, 'social' NGOs, regulators [energy and other relevant public bodies involved in the process], industry) to work together for recommendations and actions needed to improve the situation of vulnerable consumers;
3. Review wide range of data (R&D results, reports, surveys etc.) and take informal contact with organisations unable to participate in the WG; interaction with and recommendations to price transparency WG

WG VC – Composition

Representatives from consumers, social NGOs, regulators and other relevant public bodies and industry

Consumers: members of the ECCG sub-group on Energy

Regulators: European energy regulators; national ombudsmen and dispute resolution instances; other national consumer authorities or social authorities

Social NGOs: representing interests of disabled, carers, elderly

Industry: Eurelectric, Eurogas, GEODE, CEDEC, EDSO

Chair: European Commission

Involved Commission Services: DG Energy (ENER); DG Health and Consumers (SANCO)

Annex 3

Drivers of Vulnerability Table - Instruments and Practices

These two documents result from the discussions of the Vulnerable Consumer Working Group during 2012-13. The main aim of the table and the instruments and practices document is to (i) assist those Member States that have not yet defined the concept of vulnerable customers, and (ii) to assist Member States develop policy - where it is needed - to ensure vulnerable customers are supported in the best possible way. The two documents complement the positions taken in both the Commission Communication "Making the Internal Energy Work"⁵¹ (2012) and the Price Transparency Working Group Report⁵² (2012), which Member State authorities should also refer to.

The documents cover some of the main elements that may drive and exacerbate consumer vulnerability, including energy poverty, and provide examples of Member State instruments and practices in place. Energy poverty is intrinsically addressed as the Working Group has concentrated on vulnerable customers in the energy sector. Some of the drivers of vulnerability will not be relevant in some Member States, bearing in mind diverse national circumstances. The documents have been prepared for guidance purposes only, however, all Member State authorities may consider the drivers, instruments and practice suggestions to establish which might be applicable at a national level. This may require a review of existing policy measures and an assessment of future policy measure development. It is recommended that the instruments and examples of practices in place are not implemented in isolation, but rather used to ensure a holistic approach to policy development. It is also recognised that vulnerability is not a static state and consumer status may change depending on health, employment and other factors, thereby requiring continuous effort by the authorities to ensure those that need support are receiving it.

In the interests of ongoing improvement, suggestions for further changes to the documents by Member State authorities and other parties are most welcome. The documents are published on the [Citizens' Energy Forum webpage](#).

⁵¹ http://ec.europa.eu/energy/gas_electricity/internal_market_en.htm

⁵²

http://ec.europa.eu/energy/gas_electricity/doc/forum_citizen_energy/2012111314_citizen_forum_meeting_working_group_report.pdf

Annex 4

MARKET CONDITIONS

Drivers	Explanation
KEY FACTORS	
Final energy price levels	Rising energy prices may result in a higher number of customers in energy poverty. Energy prices are forecast to rise in the coming years for various reasons, including the need to invest in infrastructure and support renewable energy; taxes may also increase
Level of competition	Competitive markets encourage suppliers to develop products and services in the consumers' best interest and at competitive prices. Lack of competition in the market may place consumers in a vulnerable position. Imperfect competition may create a risk of new vulnerability such as exclusion of certain groups of consumers
EXACERBATORS	
Debt policies	Company policy may mean that bad debtors or those likely to fall into the category may be disadvantaged e.g. exclusion lists. The concept of vulnerable customers should therefore be defined
Selling practices and precontractual practices	VC may need additional advice/support to protect them where regulation is insufficient to prevent illegal sales practices or unwanted direct sales activity. Lack of access to some sales channels may make choosing and buying more difficult for some. VC are more likely to be the target of poor door-to-door sales practices as they may spend more time at home due to poor health, old age, unemployment etc.
Bill transparency and accessibility	Consumers may be confused or find it difficult to compare market offers if they are not online due to different tariff structures. VC may have greater difficulty than other consumers in understanding their bills (consumption information etc.). This is work is being undertaken by the Price Transparency, Billing and eBilling Working Groups to address all consumers
Available payment methods	Lack of choice in payment methods may exacerbate a consumer's vulnerability

Inclusiveness of corporate system designs and service provision

Quality of advice and responsiveness of suppliers' frontline staff and call centres can create barriers for consumers to access advice and information. Call centre design may make it difficult to navigate, and telephone charges may make it hard for consumers to afford to stay on the line. Information should be presented in a wide range of formats and be easily accessible, including for those with sight and hearing difficulties

INDIVIDUAL CIRCUMSTANCES

Drivers	Explanation
KEY FACTORS	
Income level	Those on a low income may find it difficult to pay for the minimum amount of energy needed to maintain a decent standard of living, and a higher percentage of income is spent on energy. Low income may correlate with living in less energy-efficient housing and having less energy-efficient equipment. As a result, many people on low incomes avoid using heating/cooling or otherwise constrain their consumption e.g. stay in one room in the winter, or not feeding their pre-pay meter (self disconnection)
Health and disability	For health reasons, some consumers may need an uninterruptible electricity supply (e.g. to keep devices running). Those who are unwell may need to maintain higher or lower household temperatures. Energy poverty may have a long-term impact on consumers' health, especially that of children. Consumers may need to receive bills in a special format e.g. large font for those with poor vision; additional services for reading meters etc. may also be required
IT skills/internet access	Those lacking in IT skills or with no internet access are less likely to benefit from price comparison sites/ cheaper online deals, including many older people and some disabled people who are more likely to be digitally excluded. This group may find it harder to use energy displays or appliances. Unable to access key information in a timely way. There may be greater reliance on phone lines which can be expensive and deter customers from engaging with their supplier. Some rural areas still don't have broadband, and the cost of a computer and the internet is out of reach for some
Education: literacy/numeracy skills	Poor literacy and numeracy skills may mean it is harder to budget, and to check and understand energy bills. Consumers are less likely to understand their rights and to seek redress where problems exist. In addition, these customers might be more susceptible to any misselling, and might be less aware of what are unacceptable sales practices and where they can seek advice

INDIVIDUAL CIRCUMSTANCES

EXACERBATORS	
Age	Very young and elderly are more susceptible to insufficient heating/cooling provision. Elderly may spend more time at home and need to maintain a higher minimum or lower maximum temperature
Single-parent/large family/carer	In single-parent households or those with many children, the household income will have to stretch further.-Carers could have a limited income and be at risk of fuel poverty as they may not be able to work full-time etc. Some Member States document cases of people choosing between heating or eating
Retired/ unemployed	This impacts both the amount of time spent in the home and finances to cover heating/cooling costs. Older women especially are at greater risk of poverty due to lower pensions
Immigrant/ethnic minority	Lack of knowledge of the local culture and language may impact access to information
Prepayment meters	VC can be disadvantaged as they have to pay up front, cannot benefit from online offers etc. PPM prices may be higher than other tariffs, and there may be a limited choice of tariffs/options. It can also be a problem if customer does not live near easily- accessible top up point. Used primarily in UK and BE. However, PPM do give customers the opportunity to control their consumption and expenditure

LIVING CONDITIONS

Drivers	Explanation
KEY FACTORS	
Under-occupancy	Higher risk of fuel poverty for those in large homes who are managing energy bills alone as heating/cooling needs will be high. This may apply to some people in social housing who do not have control over the size of property they live in. It also tends to apply to older people who often stay in the family home after their children have left (especially women who live longer than men), but who have a choice of where they live
Type of heating system	Gas and district heating tend to be cheaper than electricity, solid fuel, oil or LPG. High-rise flats and rural houses are less likely to have gas heating (see "location" below)
Quality of housing stock	Housing stock varies greatly between MS and housing quality can have a great impact on the amount of energy needed to keep a property warm/cool. Older homes are generally much more inefficient than newer homes e.g. because the former are built with solid walls. 16% of EU population suffer from at least one element of inadequate housing e.g. leaking roof, damp walls*. For example, vulnerable consumers are more likely to live in buildings with shared boilers where bills are split according to floor areas of a flat. Energy efficient behaviour is not encouraged and energy may be wasted. (Link with tenancy exacerbator, see below)
EXACERBATORS	
Equipment efficiency (boilers, heaters, appliances)	Older equipment is likely to be less energy-efficient, resulting in higher running costs. Consumers may not have thermostatic valves on radiators to control temperature. Consumers may live in multi-apartment buildings with shared boilers and may have their bills split according to the floor area of a flat
Location	Rural consumers face a higher likelihood of not being connected to the electricity grid or having access to a gas supply. Universal service provisions apply to electricity and all customers should be connected to an electricity supply. Gas is substitutional with other heating fuels such as oil. Higher number of older homes in rural areas (see "quality of housing stock" below) and rural homes do not benefit from 'urban heat bubble' effect
Tenancy	A home-owner is more likely to have the resources and the motivation to implement home improvement measures than a tenant. There may be little incentive for landlords to invest in energy efficiency measures such as insulation or to maintain/replace old appliances, including boilers. Tenants may be less engaged in the market if the owner manages the energy bills. Conversely, social housing tends to be more efficient than private housing due to regulated minimum standards etc.

SOCIAL/NATURAL ENVIRONMENT

Drivers	Explanation
KEY FACTORS	
State of economy	Reduced public spending, for example, during the current financial and economic crisis, requires a review of expenditure models and investigation of new funding
Climate	Living in an especially cold or hot climate may mean higher energy bills to heat or cool a home. Living in a colder climate will also mean a longer winter heating period. Refer to WHO recommended temperatures for accommodation
EXACERBATORS	
Governance (local/ regional/national)	Policy, be it local or national, can impact both positively and negatively the number of people facing vulnerability. MS should test and evaluate policy mechanisms at a local level
Social inclusion	The most vulnerable people are often socially isolated so are less likely to protest about poverty or to take part in other self-advocacy action

Annex 5

Examples of Member State Instruments and Practices

Examples of instruments and practices in place in various Member States are set out below. This is not intended to be a comprehensive overview of all Member State instruments and practices. Policy measures are presented in Member State alphabetical order and do not represent a hierarchy in terms of preferred practices. The explanatory text for each heading is based on the scope of the examples that have been received. This document forms a package with Annexes 3 and 4 of the Vulnerable Consumer Working Group report; please refer to Annex 3 for an explanation of how the document may be used for policy development.

i) Household Energy Efficiency

Improving Housing Stock, Heating Systems and Household Appliances

The type of heating system used, the quality of the housing stock, and the (in)efficiency of household appliances can all impact household energy use. Enforcement of housing standards and building regulations are key to improving the quality of housing stock, especially in the private rental sector. Instruments to encourage investment in energy efficiency include subsidies for energy efficiency improvements and energy-efficient equipment (with the subsidies possibly rising for those on lower incomes). Existing schemes include energy supplier and DSO targets for installing energy efficiency measures, whereby customers repay the costs through their energy bills.

- Austria: energy efficiency subsidies: <http://www.umweltfoerderung.at/kpc/de/home/allefoerderungen/#energiesparen>
- France: subsidies for low-income home owners: <http://www.anah.fr/habitermieux.html>
- France: tax reduction for investments in energy saving: <http://www.economie.gouv.fr/cedef/economie-energie-credit-dimpot>
- GB: Energy Company Obligation - supplier obligation to deliver energy efficiency improvements to domestic consumers: <https://www.gov.uk/energy-company-obligation>
- Greece: energy efficiency subsidies: <http://exoikonomisi.ypeka.gr/>
- Italy: tax reduction for investments in energy saving: <http://www.ufficienzaenergetica.enea.it/edilizia/incentivi/>
- Italy: White Certificates: <http://www.gse.it/it/CertificatiBianchi/Pages/default.aspx>
- Portugal: energy efficiency measures for vulnerable consumers and social support NGOs: <http://www.edp.pt/pt/media/noticias/2013/Pages/EDPvaioferecertressistemasdemicrogeracaoalPSSs.aspx>

Home Visits

Free energy audits are sometimes available, as are energy "tutors" who help consumers to implement simple energy efficiency measures.

- Belgium/Flanders: DSO free energy audits: <http://www.vlaanderen.be/nl/bouwen-wonen-en-energie/energie/energiefactuur/energiescan>
- Belgium/Wallonia: energy tutors: <http://gouvernement.wallonie.be/les-tuteurs-nergie>

Social Housing and Incentives for Tenants and Landlords

Household energy efficiency can be impacted by factors such as the landlord-tenant dilemma (the "split" incentive). Policies thus focus on requiring property owners and public agencies to take responsibility for improving homes and installing more efficient heating systems. Actions for landlords include reduced tax rates for those that do invest, and providing an energy performance certificate to new tenants of rental property.

- Austria: mandatory energy performance certificate for each building: <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
- GB: Landlord's Energy Saving Allowance: <https://www.gov.uk/landlords-energy-saving-allowance>
- GB: Energy Act 2011 making it illegal from 2018 to rent a property below EPC rating E: <http://www.legislation.gov.uk/ukpga/2011/16/contents/enacted>
- GB: Energy Efficiency Standards for Social Housing in Scotland (incoming minimum of SAP 65 or 69 (depending on fuel source and housing type): <http://www.scotland.gov.uk/Topics/Built-Environment/Housing/sustainable/standard>
- The Netherlands: Covenant on Energy Saving in the Rental Housing Sector: http://www.iut.nu/members/Europe/West/2012/WoonbondEnergyConvenant28_juni_2012.pdf

ii) Financial Support

Financial support - addressed through social policy - may be necessary where a high percentage of disposable income is needed to cover energy costs, where household incomes are low, or the household consists of a single parent, many children or a (full-time) carer. Those who are retired or unemployed may also require financial support. The state of the economy, especially at present with the ongoing financial and economic crisis, may also impact consumers' ability to pay, thereby also necessitating support. Financial support to vulnerable consumers should take into account all heating methods, not just electricity and gas.

- Austria: Electricity Assistance Fund: <http://www.verbund.com/cc/en/responsibility/corporate-citizenship/electricity-assistance-fund>
- Belgium: "dare to compare" campaign to stimulate consumers to compare energy providers' contracts: http://economie.fgov.be/nl/consument/Energie/Facture_energie/durf_vergelijken/#.UkmK1eSyHTo
- Hungary: home maintenance support for families in need, ensured by local municipalities: <http://csaladitudo.kormany.hu/download/7/5c/60000/lakásfenntartási%20támogatás%202013.doc>
- The Netherlands: social support: http://wetten.overheid.nl/BWBR0020031/geldigheidsdatum_11-10-2013

Winter and Cold Weather Payments

Practices and instruments in place include winter and cold weather payments for various consumer groups such as the elderly and disabled. However, these should ideally only be targeted at those who truly need financial support.

- Austria: Wiener Energieunterstützung (Viennese Energy Support) for energy advice, replacement of old appliances and financial aid; the latest comprehensive policy instrument to cover energy needs and costs of low-income households and other eligible households: <http://www.wien.gv.at/gesundheit/sozialabteilung/energieunterstuetzung.html>
- GB: Warm Home Discount scheme: <https://www.gov.uk/the-warm-home-discount-scheme>

Tariffs

Some Member States offer social tariffs to vulnerable consumers. One option is to offer progressive tariffs whereby the more energy a consumer uses, the higher the tariff s/he pays. Alternatively some Member States offer lower tariffs for consumers who have a high energy requirement, for example, 24/7 electrical equipment functioning. Time-of-use electricity tariffs are already available in some Member States to help consumers manage their consumption and bills; these will become more widely available as smart meters are rolled out.

- Belgium/Flanders (under development in Wallonia): a limited amount of free electricity for each household: <http://www.vreg.be/gratis-elektriciteit>
- Greece: social household tariff: <http://www.deddie.gr/default.aspx?id=31170&nt=19&lang=1>
- Hungary: discount for large families (3 or more children) on gas prices: <http://www.kormany.hu/hu/nemzeti-fejlesztési-miniszterium/hirek/egyszerubben-juthatnak-gazartamogatashoz-a-nagycsaladosok>
- Italy: social tariff for low-income families: http://www.autorita.energia.it/it/bonus_sociale.htm
- Portugal: social tariff: <http://www.edpsu.pt/pt/destaques/Pages/TarifaSocialAsece.aspx>

- Spain: social tariff on electricity:
<http://www.minetur.gob.es/energia/tur/bonosocial/paginas/bonosocial.aspx>

Payment Planning

Not charging interest on late bill payments and no charges for payment issues may also assist consumers in vulnerable situations, as can assessing whether a consumer's bills are actually affordable for that household. People who do not meet the criteria for specific aid should not automatically be considered as bad debtors if they face difficulty in paying their energy bills. Other alternatives for supporting vulnerable consumers include social welfare centres negotiating better payment plans for consumers, and retailers taking the customer's ability to pay into account when setting debt repayment levels. Social benefit payments can be directed straight to the supplier (i.e. they do not actually reach the customer) where the customer is facing difficulty in paying the bills. Consumers in vulnerable situations should have a choice of tariffs available to them, regardless of limitations they may face in terms of payment methods etc.

- GB: suppliers have to offer a range of payment methods to consumers in debt. A licence requirement ensures that repayment plans reflect individual's ability to pay:
<https://www.ofgem.gov.uk/about-us/how-we-work/working-consumers/supplier-performance-social-obligations>
- Greece: beneficial arrangements for paying electricity bills for vulnerable customers:
<http://www.deddie.gr/Default.aspx?id=61056&nt=19&lang=1>
- Hungary: deferred payment or payment in instalment for indigent consumers
http://njt.hu/cgi_bin/njt_doc.cgi?docid=110829.245949
- The Netherlands: law on debt management schemes by municipalities:
http://wetten.overheid.nl/BWBR0031331/geldigheidsdatum_16-10-2013

iii) Protection

Consumers in vulnerable situations may need protection where there are, for example, low levels of competition or poorly functioning markets, poor debt policies and selling practices and/or pre-contractual practices, and insufficient choice in payment method. Consumers with health issues, a disability, the elderly or the very young may require additional support. Governance plays a large part in ensuring that the appropriate policy is in place to protect such consumers.

- Austria: Electricity Assistance Fund: <http://www.verbund.com/cc/en/responsibility/corporate-citizenship/electricity-assistance-fund>
- Belgium, France, GB: independent energy ombudsman
BE: <http://www.ombudsmanenergie.be/index.php?lang=fr>; FR: <http://www.energie->

mediateur.fr/;

GB: <http://www.ombudsman-services.org/energy.html>

- GB: Priority Services Register offers free services e.g. safety check of gas appliances: http://www.adviceguide.org.uk/wales/consumer_w/consumer_energy_and_water_supply_e/consumer_energy_supply_e/consumer_help_if_youre_older_disabled_or_on_a_low_income_e/priority_services_register_for_older_and_disabled_people.htm
- Greece: procedures for resolving disputes between clients and suppliers through Hellenic Consumers' Ombudsman: <http://www.synigoroskatanaloti.gr/>
- Hungary: additional services for disabled people for metering, reading and billing procedures or payment terms. Non-interruptible supply for disabled consumers whose life is endangered by disconnection from electricity supply (vital electric equipment) http://njt.hu/cgi_bin/njt_doc.cgi?docid=110829.245949
- Portugal: independent client ombudsman: <https://provedordocliente.edp.pt/>

Competition

Practices and instruments that may help vulnerable consumers include improving market functioning and increasing competition through liberalisation, the introduction of interconnectors between Member States etc. A level playing field is necessary in energy markets to avoid incumbents having an (unfair) advantage. NRAs should monitor competition and the position of incumbents.

Selling Methods

Selling methods (telephone and doorstep sales, for example) are sometimes tightly regulated. In some Member States, suppliers have signed up to voluntary codes of good conduct; indeed industry self-regulation can result in positive practices vis-à-vis vulnerable consumers.

- Belgium: code of good conduct: http://economie.fgov.be/fr/consommateurs/Energie/Facture_energie/Accord_protegeant_le_consommateur/#.UkmMEOSyHTo
- GB: voluntary code of practice and sales agent register: <http://www.energy-uk.org.uk/customers/energy-industry-codes/energysure-code.html>
- Italy: voluntary code of good conduct against unfair practices: <http://www.autorita.energia.it/it/schede/C/faq-contrattinr.htm>
- The Netherlands: voluntary code of conduct on providing information and fair selling: <http://www.energie-nederland.nl/gedragscode-consument-en-energieleverancier/>
- The Netherlands: energy supplier voluntary agreement with debt service organisations: <http://www.nvvk.eu/schuldhulpverlening/Convenanten>

Consumer Awareness

In some Member States, the onus is on consumers to ensure the relevant authorities know about their vulnerable status, but consumers are not always aware of their entitlements or that they qualify to receive benefits. Equally, energy suppliers are not able to assist vulnerable consumers if they are not aware of their individual circumstances. Different forms of advice, provided by different bodies, to raise consumer awareness could be one approach to this issue.

- UK Energy Best Deal Campaign provides advice to vulnerable consumers
<https://www.ofgem.gov.uk/ofgem-publications/38138/energybestdealbookleteng2012.pdf>

iv) Information and Engagement

This is partially the responsibility of the energy retailers as they tend to be the main point of contact for the consumer, and partially that of Government and other bodies. In addition to the communication work undertaken by the energy companies, NRAs and consumer associations can provide free advice etc. However, lack of access to appropriate media such as the internet may still mean that vulnerable consumers lose out. In addition, lack of education may impact an individual's ability to follow developments and/or make appropriate choices in the energy sector, requiring additional support. Immigrants and ethnic minority citizens may face language barriers, necessitating translation of information into the relevant language(s).

- GB: Citizens Advice Consumer Service (Government-funded helpline for energy consumers):
http://www.adviceguide.org.uk/england/consumer_e/consumer_energy_and_water_supply_e/consumer_energy_supply_e/consumer_choosing_and_switching_supplier_e.htm
- GB: helpline for energy savings advice:
<http://www.energysavingtrust.org.uk/Organisations/Government-and-local-programmes/Programmes-we-deliver/Energy-Saving-Advice-Service>
- GB: suppliers have set up a Home Heat Helpline: <http://www.homeheathelpline.org.uk/>
- The Netherlands: consumer information and practical help on energy topics:
<http://www.consuwijzer.nl/energie>

Transparency and Billing

Improved transparency on the composition of consumers' bills raises the level of customer awareness. It helps if consumers are aware of how much of the final bill relates to the cost of energy supplied, for example, to assess whether switching is worthwhile. Good practices and instruments in place include the transparent provision of clear and simple bills via different media.

- Austria: specimen bill and compulsory billing information: <http://www.e-control.at/de/konsumenten/strom/stromrechnung>

- France: compulsory billing information (details for complaints, disputes, ombudsman etc.): http://www.legifrance.gouv.fr/jopdf/common/jo_pdf.jsp?numJO=0&dateJO=20120426&numTexte=31&pageDebut=07448&pageFin=07450
- GB: voluntary code of practice to ensure accurate billing: <http://www.energy-uk.org.uk/customers/energy-industry-codes/code-of-practice-for-accurate-bills.html>
- GB: Priority Services Register offers free services e.g. large print and Braille bills, or bills sent to friend/relative: http://www.adviceguide.org.uk/wales/consumer_w/consumer_energy_and_water_supply_e/consumer_energy_supply_e/consumer_help_if_youre_older_disabled_or_on_a_low_income_e/priority_services_register_for_older_and_disabled_people.htm
- Hungary: compulsory billing information; bills include supplier/distributor contact details; assistance with meter readings and understanding bills for disabled people: http://njt.hu/cgi_bin/njt_doc.cgi?docid=110829.245949;
- The Netherlands: voluntary agreement with regulator to make energy bills understandable: <https://www.acm.nl/nl/publicaties/publicatie/5446/NMa-presenteert-richtlijn-voor-betere-energienotas/>

Price Comparison Tools and Switching

Price comparison tools are increasing in popularity as a means for all consumers to find and switch to the best, most appropriate tariff. This should also benefit vulnerable consumers (even if they do not switch) as it encourages competition.

- Austria: NRA Tarifikalkulator: http://www.e-control.at/de/konsumenten/service-und-beratung/toolbox/tarifkalkulator/tarifkalkulator-application?sav_ref=http://www.e-control.at/en/consumers&js=1&sw=1600
- Belgium: price comparison tools:
 - Brussels: <http://www.brusim.be/>
 - Flanders: <http://www.vreg.be/vergelijk-doe-de-v-test-en-vind-uw-ideale-leverancier>
 - Wallonia: <http://www.cwape.be/?dir=2.1.02>
- Finland: NRA price comparison tool: www.sahkonhinta.fi
- France: free telephone information service; website including price comparison tool: <http://www.energie-info.fr/>
- GB: NRA Confidence Code for online price comparison sites: <https://www.ofgem.gov.uk/information-consumers/domestic-consumers/switching-your-energy-supplier/confidence-code>
- Greece: price comparison and information related to electricity bills: http://www.rae.gr/site/categories_new/electricity/market/supply/invoice/info.csp?viewMode=normal
- The Netherlands: examples of privately-owned price comparison websites: <http://www.DeEnergiegids.nl> ; <http://www.EasySwitch.nl> ; <http://www.Energieleveranciers.nl> ;

<http://www.Energieplaza.nl> ; <http://www.Energieprijzen.nl> ; <http://www.Energierekeningen.nl> ;
<http://www.Energieverbruiker.nl> ; <http://www.Energievergelijker.nl> ;
<http://www.Energiewereld.nl> ; <http://www.Gaslicht.com> ; <http://www.Prizewize.nl> ;
<http://www.Totaalwijzer.nl>

- The Netherlands: price comparison tools provided by consumer organisations:
<https://www.consumentenbond.nl/test/woning-huishouden/woning/energieleveranciers/overstapservice-energie/> and
<http://www.eigenhuis.nl/tools/Energie/energieprijzenvergelijker/>
- Sweden: NRA price comparison tool: <http://www.ei.se/elpriskollen/>

Collective Switching

In addition to individual consumers switching supplier, collective switching schemes are being used to reduce the energy bill for groups of consumers; ideally vulnerable consumers will benefit from such schemes. Such schemes must comply with relevant regulations, and be transparent and correctly operated.

- Austria: 2013 collective switching by Verein für Konsumentenschutzinformation (VKI), the main consumer organisation in Austria: <https://www.energiekosten-stop.at/>
- The Netherlands: https://www.consumentenbond.nl/test/woning-huishouden/woning/energieleveranciers/energiecollectief-aanmelden/?actioncode=adwords&cid=sea_google_energie or
<http://www.eigenhuis.nl/webwinkel/energie/collectieve-inkoop-energie/>

Single Point of Contact

Member States are introducing a single point of contact as required by EU legislation. This should assist vulnerable consumers if they need support, for example, the contact details can be provided in the energy bill.

- Italy: NRA is single point of contact: <http://www.autorita.energia.it/it/consumatori/reclami.htm>
- The Netherlands: www.consuwijzer.nl/energie
- Portugal: free telephone information service; website including price comparison tool:
www.erse.pt

v) Transparency and Information Sharing Between Stakeholders

This could include, for example, data sharing between NRAs and the energy companies in the supply chain to ensure energy prices and bill components are monitored. The sharing of customer information (taking into account legislation on data protection) between energy retailers and other parties (DSO etc.) can be useful in maintaining up-to-date data on vulnerable consumers. The use of such data to create blacklists must be avoided.

- France: Fuel Poverty Observatory: <http://www2.ademe.fr/servlet/KBaseShow?sort=-1&cid=96&m=3&catid=25227>
- GB: Government's Fuel Poverty Advisory Group: <https://www.gov.uk/government/organisations/the-fuel-poverty-advisory-group>
- The Netherlands: energy supplier voluntary agreement with debt service organisations: <http://www.nvbk.eu/schuldhulpverlening/Convenanten>

Role of National Regulatory Authorities

The NRAs can monitor supplier practices, and undertake debt and disconnection reviews etc.

- GB: NRA's Consumer Vulnerability Strategy and social obligation reporting: <https://www.ofgem.gov.uk/about-us/how-we-work/working-consumers/protecting-vulnerable-consumers>
- GB: NRA monitors suppliers' performance against social obligations: <https://www.ofgem.gov.uk/about-us/how-we-work/working-consumers/supplier-performance-social-obligations>
- GB: gas and electricity supply market indicators: <https://www.ofgem.gov.uk/gas/retail-market/monitoring-data-and-statistics/electricity-and-gas-supply-market-indicators>
- Portugal: information is shared with the NRA: www.erse.pt

vi) **Physical Measures (Industry)**

Such measures can be used to ensure vulnerable consumers are not disconnected at critical times, such as in the winter or the summer depending on the climate. Some consumers need 24/7 energy provision for health reasons and thus need assurance that they will not be disconnected. Physical measures (such as prepayment meters if the tariffs are fair) can also be used to help consumers manage their bills in a transparent manner. Depending on their location, consumers may not have access to the gas grid and, in a few cases, to the electricity grid.

Disconnection

- France: minimum notice period before disconnection if bills are unpaid: <http://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000019325694&fastPos=1&fastReqId=1811459339&categorieLien=cid&oldAction=rechTexte>
- GB: vulnerable consumers are protected from disconnection in winter months: <https://www.ofgem.gov.uk/about-us/how-we-work/working-consumers/supplier-performance-social-obligations>
- GB: voluntary agreement to never knowingly disconnect vulnerable customers: <http://www.energy-uk.org.uk/publication/finish/30-disconnection/308-era-safety-net.html>

- Hungary: minimum notice period before disconnection if bills are unpaid. Non-interruptible supply for those disabled consumers whose life is directly endangered by disconnection from electricity supply (vital electric equipment):
http://njt.hu/cgi_bin/njt_doc.cgi?docid=110829.245949
- Italy: prevention of unexpected disconnections if bills are unpaid:
http://www.autorita.energia.it/it/com_stampa/13/130222.htm
- The Netherlands: regulation of disconnection during winter months:
http://wetten.overheid.nl/BWBR0030164/geldigheidsdatum_11-10-2013

Prepayment Meters

Practices and instruments used in the EU to support vulnerable consumers include the provision of prepayment meters.

Suppliers of Last Resort

Suppliers of last resort are also available in some Member States to ensure that consumers can always find a company to provide them with energy.

- Portugal: supplier of last resort: www.edpsu.pt

Grid Access

Work is being undertaken in some Member States to improve access to the grid for consumers living in remote locations.

Annex 6

Remote Areas and Rural Customers

Three issues relating to rural energy users have been recognised in some or all EU Member States: the sometimes acute issues of energy affordability⁵³ and availability; low levels of home energy efficiency; and air quality and resulting health issues due to the fuels used. Exposure to energy poverty is generally exacerbated in rural areas, and income per inhabitant is 21-62% lower in rural areas of Europe; this gap is accentuated in Eastern Member States⁵⁴.

Most remote rural energy consumers in Europe are served by the electricity grid. However, they tend to be far more susceptible to blackouts due to the ageing infrastructure and length of wire necessary to reach outlying areas. This situation can be exacerbated when heavy and expensive heating loads are powered by electricity. Micro-generation projects and decentralised energy production, as encouraged by the Energy Efficiency Directive, would especially assist vulnerable remote rural consumers in accessing potentially cheaper, local electricity. However, micro-generation projects need to be financed and vulnerable consumers might not have the necessary financial means.

Focus should be given to improving the energy efficiency of remote rural homes which are often amongst the most energy-inefficient of all housing stock. A recent survey conducted in Scotland found that 68% of dwellings in urban areas have a 'good' NHER [National Home Energy Rating] rating compared with 29% of those in rural areas⁵⁵. This is primarily due to the nature of many rural buildings which tend to be older, often stone built, with little insulation and widely in need of renovation. Furthermore, rural buildings are often excluded from, or left behind in, energy efficiency programmes due to the increased investment required and the physical difficulties of delivering measures to rural areas where economies of scale cannot easily be achieved. In France, the National Statistics Office INSEE noted that “Urban inhabitants have been the first to benefit from better building insulation and energy efficient heating systems and vehicles”⁵⁶. As rural areas tend to contain higher proportions of elderly residents, excess winter mortality is a particular risk in rural areas in some Member States.

It should be remembered that there is a connection between household income level and type of fuel used in households. In some Member States, gas and electricity may be more expensive than solid fuels, thus customers connected to the gas or electricity grid may prefer solid fuels due to their lower cost. Hence vulnerability in some rural areas may be connected with income level and not with grid connection. In addition, altering a heating system from solid fuels to electricity or gas may be environmentally friendly but, due to the lower cost of

⁵³ Qualifying and quantifying fuel poverty across the EU using consensual indicators (H Thomson), <http://www.sciencedirect.com/science/article/pii/S0301421512008671>

⁵⁴ First European Quality of Life Survey: Urban-rural differences, European Foundation for the Improvement of Living and Working Conditions, 2006

⁵⁵ Scottish House Condition Survey, 2010, <http://www.scotland.gov.uk/Publications/2011/11/23172215/5>

⁵⁶ Les dépenses d'énergie des ménages depuis 20 ans, ADEME, 2006, http://www.insee.fr/fr/themes/document.asp?ref_id=ip1315

solid fuels in some Member States, may result in a greater number of consumers in vulnerable situations.

Where solid fuel is used heavily (especially in rural central Europe), there are health implications through air quality issues. Differences in air quality between cities and rural regions are falling and some Member States have noticed high levels of ozone and particulate matter emissions in rural areas. There are serious air quality issues in some rural areas of the EU with, for example, higher emissions of NO_x, SO_x and PM in France (due to oil and direct biomass (wood) use where polluting emissions are not filtered) and higher emissions of SO_x in Poland (due to coal consumption).

Annex 7

Working Group Presentations

Academia and Think Tank

Professor Graham of the University of Leicester gave a presentation on the Too Many Hurdles: information and advice barriers in the energy market⁵⁷ paper published in 2011. He focussed on consumers with vulnerabilities and different pressures that can impact on consumer vulnerability. He also addressed the fluctuating nature of vulnerability, for example, temporary fluctuations can occur when there is a bereavement in the family or a breadwinner in the household becomes unemployed. Consumers today face an increasingly complex market, and are also impacted by company policy and practices, which may lead to lack of trust. In the UK alone, an estimated >13 million people are in poverty and at least 10 million have physical impairments. He concluded by addressing bills and tariffs and how communication with customers needs to improve. This is a role for the companies in terms of staff training, call centre provision etc. to ensure inclusive service provision.

Ms Lavrijssen (University of Amsterdam) focussed on behavioural economics in her presentation. She provided definitions of the consumer, the "average" consumer, and energy poverty. Vulnerable energy consumers are considered as dynamic, and a range of factors can contribute to the risk of vulnerability. She explained the theory behind the rational consumer and how actual behaviour may not correspond with this. The role of regulators and legislators was also addressed with recommendations on how legislation could be developed. For energy consumers, this includes providing a range of information sources, tariffs and contracts. Finally, Ms Lavrijssen gave an assessment of the UK NRA's proposal to restrict the number of tariffs due to excessive tariff choice in the market at present.

Ms Valbonesi (University of Padova, Italy) presented economic approaches to address the definition of "vulnerable consumers" in energy markets. Suggested criteria for that purpose were affordability and household expenditure on utilities, price variations, and economies of scale. Ms Valbonesi then explained the different approaches to measure affordability: actual bill-to-income ratio, potential bill-to-income ratio, and the residual income approach. She emphasised the advantages of the residual income approach as the one better able to identify people in real need. She also emphasised the public utility-induced poverty approach for assessing affordability.

Ms Nutu (Expert Forum think tank, Romania) gave a presentation on regulated retail prices in Romania where she analysed the disadvantages of such a system for most consumers. She explained that retail price regulation constitutes part of a regulatory system that caters to specific interests rather than to the needs of vulnerable consumers. For the wholesale market, she discussed the distortive obligation imposed by the State on suppliers which forces suppliers to buy certain quotas of energy from producers at administered prices. These prices are unrelated to supply and demand conditions, thus eliminating competition and efficient allocation of resources at the wholesale level. She then addressed the benefits of market liberalisation in general, including switching, and the current lack of VC protection in

⁵⁷ <http://www2.le.ac.uk/departments/law/research/cces/documents/Too-Many-Hurdles-2011.pdf>

Romania. However, progress is being made as the price of domestic production is being increased gradually to reach parity with import prices. The regulatory regime for wholesale prices will be phased out at the same rate as for retail prices. However, given that such a phase-out is not in the interests of some suppliers, the NRA may be reticent to act.

Ms Lennard (University of Leicester) presented a recent report entitled the Energy Penalty: Fuel Poverty and Disability (see link below). This addresses the heightened risk of fuel poverty facing many disabled people, and risks to health and quality of life. Many disabled people are on low incomes and face higher costs of living due to additional needs for travel, equipment, laundry etc. Energy requirements may be higher if more time is spent in the home, or for other reasons such as the effects of medical conditions and medication side effects, extra laundry, cooking needs etc. The income of disabled people may be low or fluctuate due to (in)ability to work and, combined with the additional costs of disability, many face problems in affording essential services including energy bills etc. Policy should take into account the possible extra costs faced by disabled people, energy efficiency measures may need to be addressed, and company practices need to be monitored to remove barriers to support and information.

Professor Bouzarovski (University of Manchester) presented the research he and others have undertaken in Eastern and Central Europe (ECE) on energy poverty and vulnerability. Data from SILC (EU Statistics on Income and Living Conditions survey) and other sources demonstrates that those living in Eastern, Central and Southern Europe are more likely to experience difficulties in accessing adequate levels of energy services in the home. In ECE, the legacy of centrally planned economies has an impact today in terms of patterns of energy use, sector transformation, price restructuring etc. In addition, housing and social policy instruments may be insufficient in terms of supporting the improvement of residential energy efficiency. Institutions such as local government, NGOs and the utilities may have an inadequate role in policy development and implementation. Households may not have the choice to switch to more affordable or efficient fuels, for example, they may be forced to use electricity for space heating. The energy burden for pensioners tends to be higher in some Member States; in others it is unemployment. Finally, Professor Bouzarovski mentioned the activities of the EVALUATE project.

Consumer Association

Mr Stearn (Consumer Futures, UK) presented the Consumer Futures report entitled "Addressing the poverty premium – Approaches to regulation", published on 15 June 2013. It addresses the interaction between consumers and markets, whereby consumers on low incomes and in vulnerable positions may be at a disadvantage in terms of prices. He focussed on the potentially limited choices of such consumers, the fact that essential items may cost more, and the role of regulators. One aim of the report is to empower such consumers by working with regulators, industry etc.

Tenants Association

Ms Klomp (Dutch Union of Tenants) gave a presentation on her organisation and the rental market in the Netherlands, including the price setting for rent as covered in Dutch legislation. She addressed the split incentive issue of landlords wanting to cover any investment they make in a property by increasing the rent. This is solved by providing a housing costs

guarantee. The Covenant on energy savings focuses on energy labelling of property in the rental sector; it works to the benefit of tenants as landlords cannot charge as much rent if the housing stock is of poor quality. In response to questions following the presentation, Ms Klomp confirmed that energy efficiency saving calculations are based on reductions in real energy consumption. The Dutch government may face a very high EU fine for not mandating the energy label. She added that the landlord has to make the proposal for energy efficiency improvements to go ahead, and s/he therefore needs to be able to fund that work.

CEER and National Regulatory Authorities

Mr Van Evercooren provided details of the CEER Status Review of Customer and Retail Market Provisions from the 3rd Package as of 1 January 2012, which is referred to extensively in the body of the report. He covered the participating countries, the scope of the questionnaire and the planning for presentation at the 2012 Citizens' Energy Forum. The questionnaire addressed universal service, switching, final disclosure account, vulnerable customers, customer information requirements, and alternative dispute resolution. Regulated end-user prices were also covered in the questionnaire.

Mr Locquet (Belgian NRA) described the Belgian social tariff system, including eligibility, which provides tariffs for the elderly, the disabled etc. The suppliers are provided the details of those who are eligible by the Federal Administration, and the prices are set by the NRA. The tariffs are financed by a levy on all customers' bills. In 2012, 7.71% of households benefited from the electricity tariff, and 8.06% from the gas tariff. The distribution system operator is the supplier of last resort, and options to support such customers include the instalment of prepayment meters. Measures to reduce energy consumption include support for energy efficiency investment, expert advice, and interest-free loans.

Mr Malaman (Italian NRA) mentioned that in Italy the number of people at risk of vulnerability has increased. Disconnections for non-payment were stable between 2009 and 2012, while disconnections for small debts are not allowed. Measures in favour of vulnerable energy customers have been introduced, including a social tariff fully compatible with energy competition and the possibility to pay unexpected high bills by instalments. A free-of-charge payment method is available to all customers, but few people use it. Smart meters help consumers to receive bills based on real consumption and to monitor consumption.

Ms Abado (Austrian NRA/CEER) presented the CEER status review of Customer and Retail Market Provisions from the 3rd Package as at 1 January 2012. She gave an overview of Member State responses about the concept of and protection of vulnerable customers. There is not a common understanding of what the concept should be or how customers should be protected. Most Member States provide protection through a combination of energy-specific measures and social security benefits. The results do not indicate how market structures impact different consumer groups.

Mr Pichler (Austrian NRA) presented the state of play for vulnerable consumers and energy poverty in Austria. He mentioned the role of the NRA and the tools available for consumers, such as price comparison. Vulnerable citizens are protected by the social security system. Work is ongoing to assess how people are categorised as vulnerable, the scope of vulnerability (health, discrimination etc.) and what causes it, and how this ties in with energy poverty. Poverty in Austria is addressed through social security benefits, universal benefits

(childcare allowance etc.) and means-tested benefits. Few consumers consider themselves to be energy-poor.

Ms Gielis (VREG, the Flemish regulatory authority, Belgium) presented the results of a survey on the use of prepayment meters (PPM) in Flanders. She explained the system which results in the instalment of a PPM (reminders to pay bill, intervention by grid operator etc.). Consumers with PPM are guaranteed an energy supply through an emergency credit system, even if they no longer have credit on the meter. Protected consumers pay a social tariff, while those who are not protected pay a high tariff to discourage them from using the PPM. The survey demonstrated a high level of satisfaction from PPM customers; they appreciated the possibility to monitor consumption, for example. However, winter payments of course were high which was disadvantageous, and some customers considered that they paid more than they would without the PPM.

National Ombudsman

Ms Coffre (French National Ombudsman) explained the activities of the Ombudsman: it informs consumers about their rights, offers a price comparison tool, and handles dispute resolution. In 2011, it received 413,000 information requests and 18 000 complaints, many of which related to billing and payment problems. External activities include participating in the National Energy Poverty Observatory and working with the National Union for Community Welfare Action Centres. The Ombudsman favours the creation of a supplier of last resort and would like social tariffs to be replaced by energy cheques. Approximately 3.8 million French households devote more than 10% of their household budget to energy expenditure. Social tariffs are available for both electricity and gas; they are mainly available via EDF for electricity which does not encourage consumers to switch to other suppliers (a decree should be published before the end of 2013 to enable the other electricity suppliers to propose electricity social tariffs). About two million households could benefit from these tariffs, but many of them do not. Winter disconnection is forbidden for those who have received certain housing benefits in the past 12 months (since April 2013, the winter truce has been extended to all consumers).

Company Mediator

Mr Dantand presented the work of the mediator for GDF SUEZ in France, after setting the scene for vulnerability and poverty in a global context. The lack of a definition of energy scarcity/poverty was addressed. There are several social programmes in France to support those facing energy poverty, and a definition of energy scarcity definition was proposed but not concluded. In 2011 a national energy scarcity observatory was created (in which GDF SUEZ participates), along with a programme to renovate 300,000 properties. The poor pay more concept was addressed, and Mr Dantand outlined the work of companies in several countries to support those facing energy poverty. GDF SUEZ has launched several activities, such as "Rassembleurs d'Energies" which provides for example financial and/or technical support, and a programme to control energy consumption.

Industry and Industry Associations

Ms Sims (Calor UK) presented the FREE initiative: the Future of Rural Energy. She provided details about the rural population in the UK and EU-wide. The FREE initiative is aimed at

tackling fuel poverty and promoting energy efficiency advice/behaviour for communities in the UK that do not have access to the gas grid. The various partners in the initiative focus on, inter alia, research, training, and information provision. Ms Sims addressed issues specific to the UK rural communities such as poor housing stock. She indicated that under-occupancy in rural areas is widespread, in particular with pensioners staying in the family home. She mentioned the lack of attention from central government to rural communities, and specific difficulties faced when working with such communities.

Mr Slade (Energy UK) presented the UK perspective on consumer vulnerability where the definition of vulnerability can vary depending on the scheme used to support the consumer. Support for vulnerable customers is provided on both a regulated and voluntary basis. There are government obligations in place on large energy suppliers to deliver both financial and energy efficiency support to customers who are deemed to be fuel poor and vulnerable. The UK's six largest suppliers have also signed up to a voluntary agreement (The Safety Net) to never knowingly disconnect a vulnerable customer. Ofgem, the UK NRA, has recently adopted a risk-based approach to vulnerability, while the UK government has recently adopted a new definition of fuel poverty.

Mr Di Gaetano (Acquirente Unico, Italy) presented the work of Acquirente Unico (AU) in the Italian electricity market. He explained the liberalisation of the market and how transmission and distribution were unbundled. Consumers can choose between a supplier on the open market or AU to provide their electricity, and can switch between the two at any time. Most consumers today purchase electricity on the open market. The energy consumers' helpdesk is managed by AU, as is the energy conciliation service, which offers online alternative dispute resolution. Finally, AU operates an integrated information system to manage consumer data; it facilitates data flows between distributors and retailers, ensures prompt switching etc.

All Working Group presentations are available at
http://ec.europa.eu/energy/gas_electricity/forum_citizen_energy_en.htm