



**CONCERTED ACTION
ENERGY EFFICIENCY
DIRECTIVE**

Energy poverty within the context of the Energy Efficiency Directive

Executive Summary 6.7

Consumer information programmes, training and certification of professionals

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1 Background

European legislation such as the Energy Efficiency Directive (EED), the Energy Performance of Buildings Directive (EPBD) and the internal market legislation for electricity and gas can be instrumental in the fight against energy poverty by addressing parts of the causes of the problem. For example, the EED can support the alleviation of energy poverty by addressing the energy performance of buildings and appliances (Art.5(7)) and awareness among consumers (Art. 12 and 17(4)) by recommending easy-to-implement saving measures and providing information on consumption and tariff comparison as well as by targeting measures to energy poor households, for instance in the energy supplier obligation schemes (Art. 7(7)).

Energy poverty, where a household cannot afford to heat or cool its dwelling due to a combination of low income, poor energy performance of the dwelling and high energy prices, is, according to a survey to which 26 MS responded, affecting a majority of EU Member States.

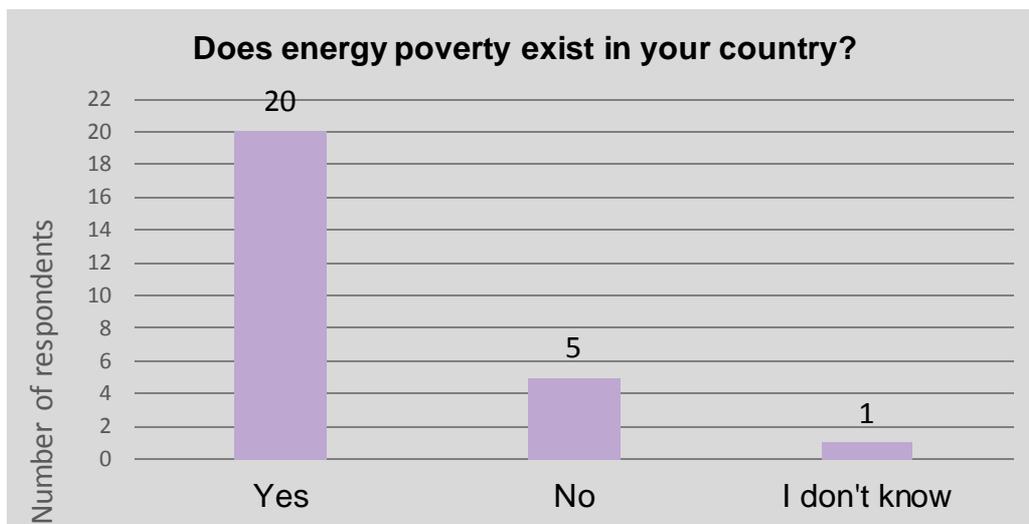


Figure 1: Energy poverty within the EU

The inability to heat their homes adequately can have a wide range of other significant impacts on the lives of people dwelling in energy poor households such as on health, wellbeing and social inclusion. In one MS it is estimated that energy poverty has caused several thousand excess winter deaths in a year: other identified important implications of social nature have also been identified, such as children in cold homes struggling to do their homework.

The number of energy poor households / people is estimated in different ways from one country to another. This shows that there is no common understanding of energy poverty across the EU and most countries do not make a clear distinction between energy poor households and vulnerable consumers.

Tackling energy poverty is clearly defined responsibility in most countries, although it is spread over several actors at a national, regional and local level. The Ministry responsible for social affairs is the body that was mentioned by most Member States (MS). Many MS pointed out the need for better coordination across countries, actors and levels.

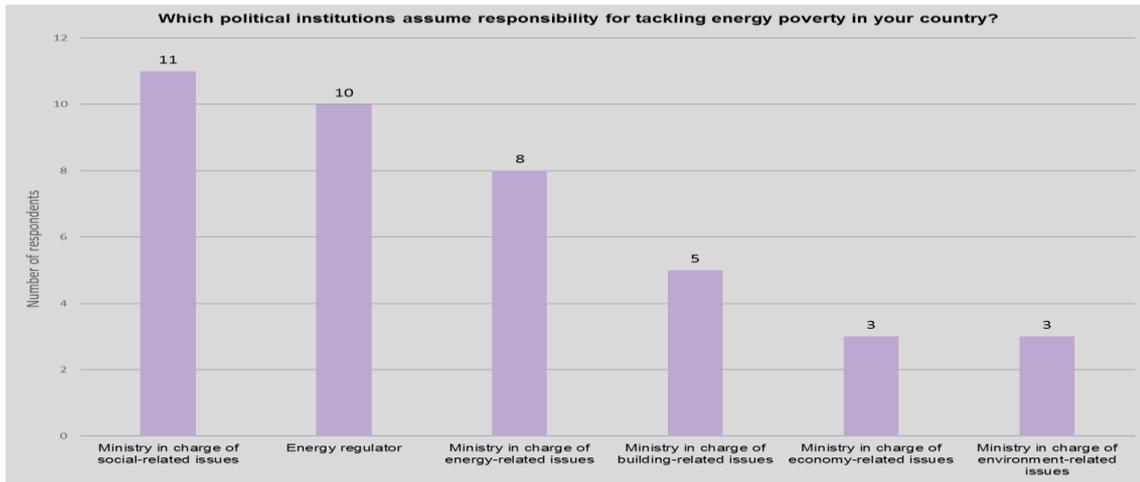


Figure 2: Political institutions responsible for energy poverty

Although the best practice examples of how to address fuel poverty across MS are promising, their number is limited. It also appears that common definitions and reliable and comparable data relating to energy poverty are lacking.

Relevant sources of information also include the activities undertaken by the [Vulnerable Consumers Working Group](#) under the Citizens Energy Forum and the Insight_E report¹.

In this work we limit the discussion about energy poverty to heating, cooling and electricity. We do not include energy for mobility (transport) which would be too complex.

¹ Pye S., Dobbins A. et al. (2015) "Energy poverty and vulnerable consumers in the energy sector across the EU: analysis of policies and measures."

2 Main findings

The purpose of this topic was to explore to what extent MS have addressed energy poverty within the context of the EED, relating to the following articles in the directive:

- Energy efficiency actions within social housing bodies (Art 5(7))
- Requirements with a social aim included in energy efficiency obligation schemes by Member States. (Art 7(7))
- Information and awareness raising measures targeted to energy poor households (Art 12 and 17(4))

One conclusion is that existing measures for energy efficiency are not designed to target energy poor households. This means that much more could be done within the existing frameworks such as the EED simply by targeting measures like information and financial incentives to energy poor households. It is important to keep it simple from the households' point of view and acknowledge that energy poor households, as other households, can be unaware to a large extent of the practical steps needed to reduce their energy consumption.

About half of all MS take specific provisions to encourage social housing bodies to improve the energy efficiency of the buildings they own (Article 5(7)). Ways to improve energy efficiency in social housing vary, but financial mechanisms to boost retrofitting are the most commonly used method.

The role of social housing in addressing energy poverty can vary from country to country. In one MS for instance, social housing is typically more energy efficient than other housing as they are more regulated and therefore have a better building standard, which means energy poor households are likely to be found elsewhere. In other countries the situation is different.

Strategies, programmes and/or initiatives to tackle energy poverty exist in the majority of MS. Such initiatives are mainly financed by the state and, to a lesser extent, by taxes or levies included in the energy bill and by energy suppliers subject to an energy efficiency obligation scheme implemented according to Article 7 of the EED.

7 MS have included social aims in the obligation scheme according to Article 7.7 and other MS are planning to do so.

The EED requires that MS inform consumers about energy efficiency generally (Art.12 and 17.4). 5 MS have information campaigns and other activities specifically targeted towards energy poor households. However in many cases, it is not easy to distinguish measures especially targeted to energy poor households or other target groups.

The most popular ways to give information for energy poor households are via webpages, helplines (e.g. operated by energy suppliers or charitable organisations) and information centres financed by the state. Nearly as popular are information or customer service centres operated by energy suppliers and campaigns (e.g. television, radio, billboards, web portals).

Energy poor households do not have sufficient funds and knowledge to reduce their energy consumption. However, only 14 MS have fiscal incentives, access to finance, grants or subsidies, or information provisions and campaigns targeted specifically to energy poor households.

During the roll-out of smart meters, only a few MS are or have been targeting information specifically to energy poor households. One MS prioritises the roll-out of smart meters to energy poor households. However, it should be kept in mind that the degree to which smart meters have been implemented varies between MS; in some countries the roll out of smart meters has been completed, in some countries it is still in early piloting phases.

Tackling energy poverty is a challenge. Although many MS experience energy poverty, only a few have good examples of how to address it. Some MS do not differentiate energy poverty from general poverty. In these countries the energy poor are included in housing benefits.

2.1 Examples from Member States of strategies and measures to address energy poverty

A number of good practice examples have been identified:

- **Energy poverty approaches** – *James Kerry* (UK)
- **REACH** – *Dean Smolar* (Croatia)
- **Energy Poverty Observatory** – *Christos Tourkolias* (Greece)
- **Study: Energy Efficiency – national priority to reduce energy poverty** – *Mirela Plesca* (Romania)
- **Challenges facing energy poverty in Italy: Best practices and project experiences** – *Carlo Alberto Campiotti* (Italy)

Presentations slides for all the case studies listed above are available on the [CA EED website](#).

In discussing the case studies above, MS were asked to identify what works and what does not work in addressing energy poverty. The results were the following:

What's working

- Social tariffs for electricity (for a limited monthly amount of electricity)
- Basic energy audit of houses, followed by step-by-step renovation if possible
- Target the real energy poor households
- Standard “packages” for energy efficiency improvements
- Keep it simple
- Tackle the root of the problem, i.e. energy efficiency of the dwelling
- The application and enforcement of mandatory minimum standards for roof insulation, windows etc. for private landlords
- Public funding for energy efficiency – grants or preferably cheap loans
- National action plan to combat energy poverty (long term strategy) combined with a continuous monitoring of the situation (number of energy poor households for instance)
- Communicate and disseminate best practice, even if they are small

What's not working

- A clear definition of energy poverty, taking into account national and regional circumstances, is lacking
- Lack of co-operation on national level (between ministries)
- In some countries, the European Regional and Development Fund could be used to a larger extent to combat energy poverty if the Ministries for social affairs were more aware of the possibilities
- In multi-apartment buildings, households receiving subsidies for their energy bills may block decisions to renovate the building
- Problem of split incentive for private rental sector
- Renovation of social housing without education/information for households on energy saving measures
- It is difficult to target energy poor households
- More liberalised markets in some MS means increasing energy prices for households



The participants agreed that there is no 'one size fits all' when it comes to addressing energy poverty because the nature of the problem varies from country to country and is related to the status of the housing stock, the functioning of the energy market, income levels and general welfare policies among other factors. Therefore each MS must analyse the problem in the national context and find solutions adapted to the situation in the country.

3 Recommendations

Many MS are struggling with the issue of energy poverty. Could the provisions in the EED be used more strategically in order to address energy poverty?

Assuming that energy poverty is caused by a combination of low household income, high energy prices and poor energy performance of dwellings and appliances, here are a few recommendations on how to address energy poverty within the context of the EED.

Based on the findings from this working group, we recommend that MS follow these three steps to make the most use of EED in the context of energy poverty:

- Identify
- Inform
- Incentivise

Identify

The first step is to identify the households at risk of energy poverty. This should be done through a national definition that takes into account the specificities of each country, for instance when it comes to the housing stock, the functioning of the energy market and general income levels as well as the availability of data. MS should be careful in choosing a definition that is meaningful for the national context, and for the purpose of clarity, make a distinction between energy poverty and vulnerable consumers.

A proper identification of the number of households at risk of energy poverty is fundamental for the development of a strategy and also for future provisions of how future policies in different areas may affect the number of energy poor.

The proper identification of energy poor households provides the basis for choosing a proper policy portfolio. The EED contains provisions related to renovation (Art. 4), public sector buildings (Art 5.7), obligation schemes (Art 7.7), information and awareness and consumer engagement during the roll-out of smart meters (Art. 12 and 17) and financing (Art. 20).

Depending on the national context, each of the provisions above can be used to address energy poverty. For instance, in a situation where energy poor households to a large extent are living in old buildings that are both privately and publicly own, energy poverty can be addressed in the national renovation strategy. If a majority of energy poor households are living in social housing, the provisions in Art 5.7 on how to encourage social housing bodies to improve energy efficiency in buildings they own can be more appropriate.

In countries that have an obligation scheme according to EED Art. 7, and where energy prices are relatively high, the use of social aims in the obligation scheme - that for instance can be used to replace inefficient appliances with new efficient appliances - can be a strategic tool.

MS that are in the process of the roll-out of smart meters for electricity and gas could use this opportunity to target information and advice to energy poor households (EED Art. 12).

These are a few examples of how the situation in each MS can lead to different strategies to address energy poverty once energy poor households have been identified.

Inform

Lack of awareness, interest and knowledge is often a barrier to energy efficiency improvements. For energy poor households, easy-to-implement behavioural changes that lead to energy savings should be a priority. With this in mind, MS could use the provisions on information and behavioural change in EED Art 12 and 17 in a strategic way by targeting certain measures to energy poor households.

To be able to do this, the identification of households at risk of energy poverty as explained above is crucial. When reaching out on energy efficiency it is essential that the message is easy to understand and very well targeted to

the audience. Information channels and ways of informing that are familiar and natural to energy poor households should be chosen.

All MS are working actively with information measures but only a few MS use the possibility of targeting the information measures to energy poor households. For the future, we recommend that MS investigate the possibility of targeted information and awareness measures for energy poor households. This could be for instance through local energy advisers that actively reach out to energy poor households.

Incentivise

Obviously, energy poor households will in general not have the financial means to invest in energy efficient renovation or new energy efficient products to the extent needed. This is why information and awareness targeted to energy poor households should be coupled with incentives that give the energy poor households or the building owners the possibility to take the necessary steps. This is related to EED Art. 20 where the MS that have chosen a national fund for energy efficiency could for instance earmark funds for projects targeted to energy poor households. The use of European Structural and Investment Funds, where already 20% of the fund is earmarked for the transition to a low-carbon economy, could be an option to look into for MS with a high number of energy poor households. Alternative financing models such as Pay As You Save or Third Party Investment could be further explored by MS.

Concluding remarks

Finally, one recommendation is that strategies to address energy poverty should target the underlying causes to the problem, i.e. poor energy performance of buildings and dwellings, rather than compensating for high costs incurred. This is also relevant for the overall climate and energy targets in the EU because compensating for high costs can be regarded as an indirect subsidy of fossil energy that can hamper the transition to a sustainable energy system.

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For further information please visit www.eed-ca.eu or contact the CA EED Coordinator Lucinda Maclagan at lucinda.maclagan@rvo.nl



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