

# Energy Poverty: the three pillars approach

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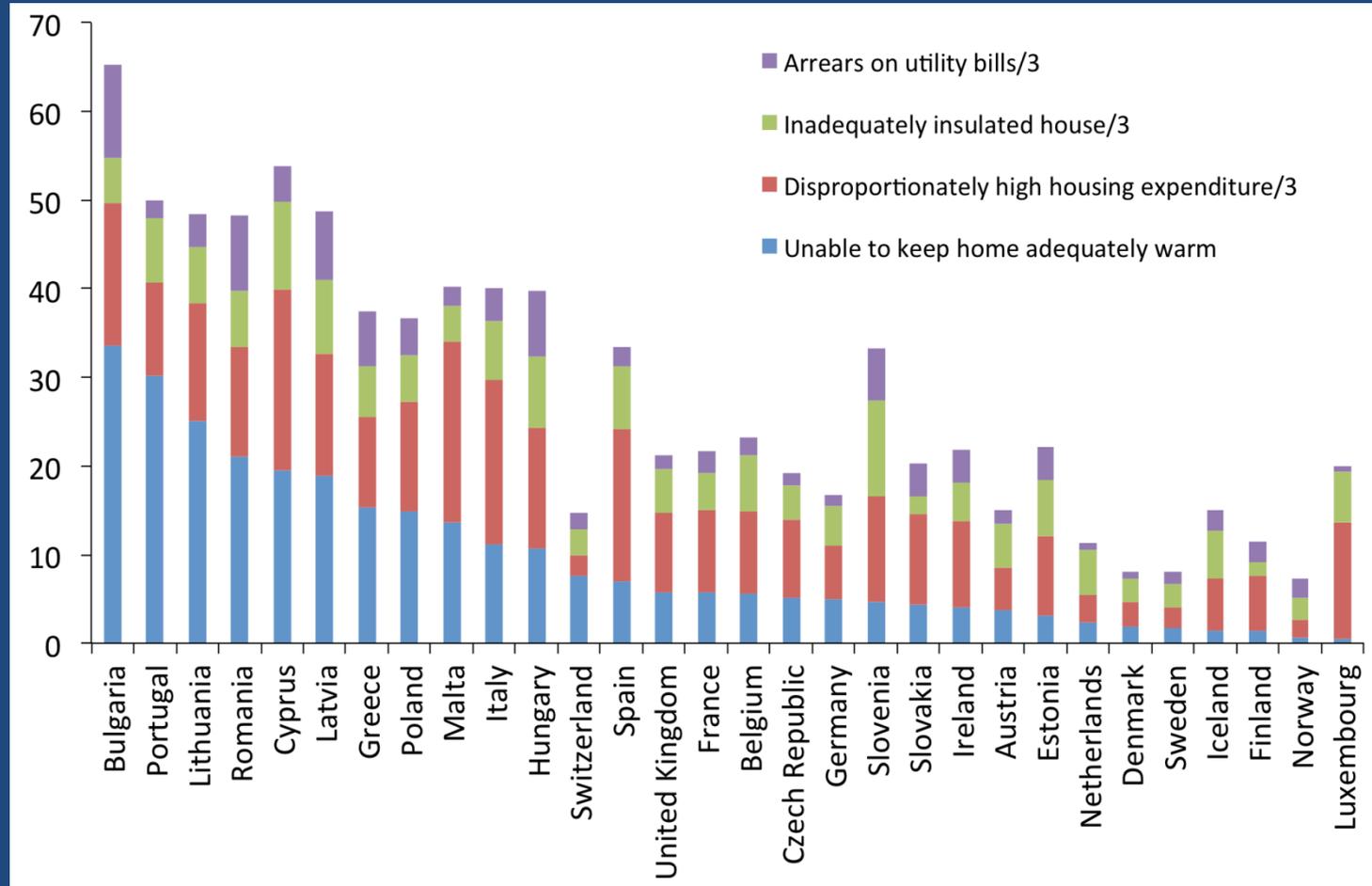
# The EU energy poverty situation

- Estimates indicate that between 50 million and 125 million people in Europe live in energy poverty (1.Tackling Fuel Poverty in Europe: Recommendations Guide for Policy Makers, September, 2009)
- In 2008 - 2009 it is already clear that more and more households in the EU have difficulties to pay their energy bills (NGO' network INFORSE) (2.Regions at Risk of Energy Poverty, ESPON & Innobasque, 2010)
- Energy poverty is a growing phenomenon everywhere in the EU since 2008... An alarming mix of poorly insulated homes, the rise in energy prices paid by final consumers, and the stagnation of disposable income due to the general economic situation is to blame for this phenomenon. (Housing Europe, the European Federation of Public, Cooperative and Social Housing presents the outline of its proposed strategy, 2014)

# The EU energy poverty situation

- Since 2004, fuel prices have increased by over 70% in real terms (3. Fuel poverty; 1991 – 2012 Commemorating 21 Years of Action, Policy and Research (R. Walker, H. Thomson & Chr. Liddell, University of Ulster, University of York, 2013)
- Between 2005 and 2011, average electricity prices in EU have increased by 29%; in the USA - by only 5%; in Japan - by 1% (Milton Catelin, World Coal Association).
- Fuel prices will most likely continue to rise (3).
- The number of energy poor will inevitably increase in the future in line with rising energy prices and energy bills (1).

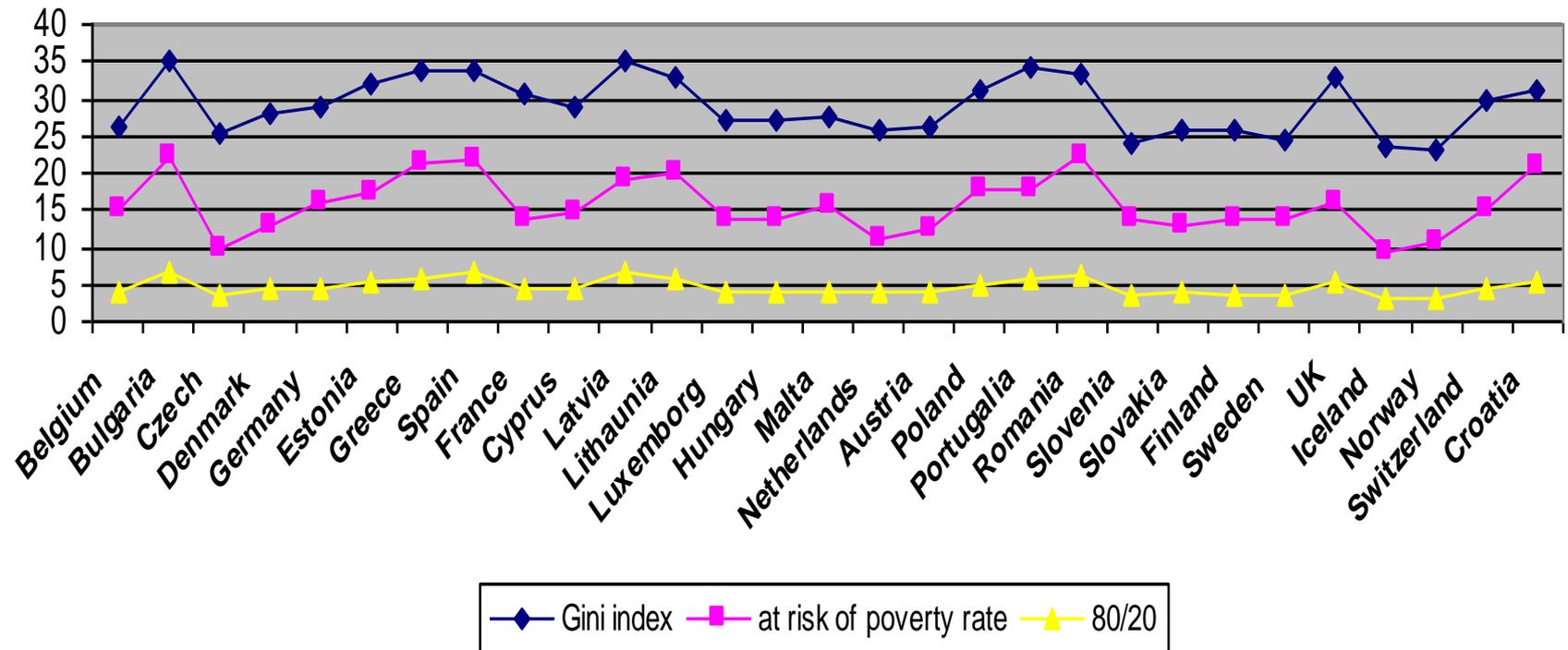
# Values of the Indicators for Energy Poverty in 2010



(4) Stefan Bouzarovski, Energy poverty in the EU: a review of the evidence, University of Birmingham, ноември 2011

# Is it possible to seriously address poverty without decreasing inequalities?

Inequalities and at risk of poverty rate 2011 (Eurostat)



# Trends

- Almost all countries are facing escalation of energy prices, while market liberalization nearly inevitably leads to an increase of the energy inequality. In many countries, there is an increase in poverty and inequalities, along with what seems an inexorable shift from progressive tax policies towards regressive policies in which taxes are applied to utility bills of households (3).
- "... The growth of energy poverty is a part of the pernicious trend of increasing poverty and inequality" – a trend that is reinforced by the 'austerity' programs, undertaken by many governments (3).
- Rising energy prices will inevitably turn into a serious social problem for a region from eastern Germany to the new member states, especially those with very low disposable income as Bulgaria, Romania, Hungary and Poland (2).
- A change is expected in the epicenter of energy poverty (research and action) from UK (due to the combination of cold and humid climate and poor quality housing) to other parts of Europe, especially Eastern Europe, "where the post-communist governments exacerbated the problems" (3).

# How policies respond:

- Willful blindness: Scarcity and fragmentation of scientific knowledge about the dynamics and regional distribution of energy poverty (4). Research is sparse, politically correct and inadequate, e.g. there are no adequate and meaningful definitions, no evidence of harm to health, no evidence of inequalities in the use of energy, etc.;
- The political framework is fragmented, it does not focus on either the causes of poverty, or link to other social indicators. Last resort measures aimed at consequences not at generators
- Low thresholds for access to heating support: As a rule short-term support for households with very low incomes is provided; The measures are residual and reactive; there are no long-term & preventive measures;
- The relative consensus for the direct causes, as a result of the combination of three key factors: (low households' incomes; high energy prices; poor quality of construction, poor standards of heating and insulation) is not transformed into actions.

# The underlying pro-energy poverty processes

- Human made or natural?
- Supporting or opposing?
- Intensifying or alleviating?
- Fragmenting or integrating?
- Long-term or short term?

# POLICIES FOSTERING ENERGY POVERTY IN THE EU

- Increase of inequalities and a decline in the incomes of large groups of population (the Secretary of State for Regulatory Reform in UK indicates that the country has spent £ 56 million pounds in one winter to fund social tariffs. However, as ‘the Observer’ points, the 6 largest energy suppliers have a profit of £ 2 billions pounds for the 6 months of the same year).
- Liberalization, including connections with money laundering and offshore companies; “What is needed is a strong regulator, empowered with the authority to restrict the liberalized market” & government intervention;
- “Austerity” - social inclusion policies are adversely affected and the number of disadvantaged users will increase dramatically;
- Unbalanced transition to a low carbon economy;
- Transferring more and more responsibility for the welfare to local authorities without the necessary resources for this;
- Research and scientific policies - inadequate financial flows subject to political correctness;

# POLICIES IN THE EU

- Energy poverty is gradually entering the mainstream of European policies and slowly moves from indirect to direct action policies;
- In 2008, the European Parliament calls on the Member States to establish National Action Plans and to strategically bind the issue of energy efficiency;
- The European Economic and Social Committee focuses on energy poverty;

# EP resolution (14 March 2013) on the Energy Roadmap up to 2050

## Social dimension:

- Welcomes the inclusion of the social dimension in the Energy Roadmap;
- Special attention to energy poverty and employment;
- Energy should be available to all and calls for solutions to problems such as electrical and heating poverty;
- EU Member States shall regularly report on actions taken to protect households from rising energy bills and energy poverty;
- Social dialogue that should involve all stakeholders is a key factor;
- Need to protect consumers from high energy prices and protect businesses from unfair competition: key role of price transparency and consumer information;

# Recommendations

(EAPN Working Paper on Energy Poverty, 17th  
March 2010)

## DEVELOP INTEGRATED COHERENT GUIDELINES AND POLICIES:

1. Recognize access to energy as a fundamental right;
2. Mainstream energy in social inclusion policies
3. Ensure a socially friendly approach to the fight against climate change
4. Promote an ambitious step forward for the rights of vulnerable consumers
5. Increase the knowledge of the extent of the problem at the EU level
6. Get energy prices and costs right

# Necessary actions to prevent energy poverty

- The 3 pillar approach – incomes, prices and energy efficiency, recognizing the limitations of fragmented policy measures:
  - ✓ Adequate minimum income standards – reference budgets
  - ✓ Who pays for what
  - ✓ Fair wages, fair profits
  - ✓ How to ensure real savings from energy efficiency

# Necessary actions to prevent energy poverty

- Honest independent social impact assessments – a service of general interest; definition that is speaking about realities and not manipulative one; consistent diagnosis against the existing deficit of scientific knowledge in terms of energy poverty;
- Responsibility approach
- A clear role for EU in reducing energy poverty, as set out in the Energy Directive, including agreeing a common definition, and developing a mechanism and process for MS to develop National Action Plans on Energy Poverty reduction.
- Development of stakeholders engagement, including people experiencing poverty and their organizations in an advisory group (and revisiting the role of vulnerable consumers group)
- The use of structural funds – how we ensure that the measures reduce poverty and involve civil society.
- Mainstreaming through Europe 2020, NRPs and CSRs.