



Brussels, 13 October 2015

Dear Mr. Linder,

Following our meeting on the 11th September, I would like to thank you once again for engaging with EPSU and EAPN on the important issues of energy poverty and vulnerable customers. Given the acknowledged need from the Commission for action on these matters, we would like to take this opportunity to advance concrete proposals and measures which are not only in the interest of our numerous members in the electricity and gas sectors, but also energy users in general; particularly vulnerable customers and those on low-incomes.

Firstly, EPSU and EAPN strongly reiterate our support for regulated prices in the energy sector in order to protect vulnerable consumers and to ensure the right for all to access key services of general interest. We believe that the assumption from the Commission that market liberalization *always* leads to better outcomes for customers is a false logic which prevents necessary debate. We would also remind the Commission of the request made by the European Parliament in 2005 that a comprehensive analysis of the effects of liberalization be made, in particular on the situation of consumers and the employees concerned, which to date has not been completed<sup>1</sup>. Moreover, statistics clearly show that competitive pricing is failing the most vulnerable due to a combination of falling incomes, rising energy prices and significant cuts to social protection across the EU. For instance, data from the INSIGHT\_E study (supported by DG Energy) highlights that 54 million (10.8%) EU citizens were affected by energy poverty in 2012<sup>2</sup>. Yet despite this failure, only 12% of the most vulnerable consumers are put on the lowest energy tariffs<sup>3</sup>.

Consequently, price regulation should at a minimum be respected and remain in those countries where such protection currently exists, while social impact assessments must be undertaken to revisit, revise and rectify the failure of inadequate regulation in the broader EU context. Given the fact that vulnerable customers often face an extra cost burden (due to low quality housing, antiquated domestic heating and electrical appliances, grid inaccessibility, as well as increased consumption needs because of age, disability and health problems), we urge the Commission to compensate for this inequity through proposals to protect low and middle income users.

Under the Energy Efficiency Directive funding measures for the retro-fitting of existing buildings should be prioritized for the most vulnerable consumers to ensure that investments achieve a positive social impact. Otherwise there may be little private incentive for investing in energy efficiency. We would support the recommendation made in the Insight-E study commissioned by DG Energy that the Energy Efficiency Directive could mandate a percentage of funding in this

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<sup>1</sup> EP Resolution /A6-0275/2006. <http://www.europarl.europa.eu/sides/getDoc.do?type=TA&reference=P6-TA-2006-0380&language=EN&ring=A6-2006-0275>

<sup>2</sup> [http://ec.europa.eu/energy/sites/ener/files/documents/INSIGHT\\_E\\_Energy%20Poverty-Main%20Report.pdf](http://ec.europa.eu/energy/sites/ener/files/documents/INSIGHT_E_Energy%20Poverty-Main%20Report.pdf)

<sup>3</sup> <http://theresagriffin.eu/identifying-the-challenges-facing-europes-energy-market-and-how-to-address-them/>

area to tackling energy poverty through energy efficiency refurbishments in low -income households.<sup>4</sup>

As we also discussed, the mandate of the regulators should be focused on the protection of consumers; especially low-income users. We thus calls for the CEER (ACER) to be further empowered to turn its RASPE principle<sup>5</sup> from rhetoric to reality. We therefore demand that the Commission actively evaluate what actions have been undertaken by regulators to accomplish this stated goal. Organizations representing low-income households and trade unions must be involved in this assessment and adaption process. This could be achieved through their membership of an advisory committee for example. Additionally, regulators at EU and national level should have a dedicated low-income consumer advocate or ombudsperson that specifically protects and defends the rights and interests of these energy users.

The introduction of smart and prepaid meters may increase the possibility of “self-disconnections” (which are difficult to measure and thus manage). For example, a recent UK Citizen Advice study<sup>6</sup> found that 1.4 million households had cut off their energy supply in the previous 12 months. Half of these households included someone with an illness or disability and two in five households had children under 16 living there. Consequently, we strongly recommend that the Commission guarantee – within the planned provision of smart meters - a “minimum level of consumption” (compatible with national welfare requirements) to all EU households<sup>7</sup>. In general, concrete EU legislation should ensure and respect citizens Right to Energy by prohibiting disconnections for vulnerable consumers at critical times.

It is time progress is made in tackling energy poverty. We need measurements of energy poverty, as well as common criteria to address and reduce energy poverty. Finally, proposals made in the Directives concerning common rules for the internal market in natural gas (2009/73/EC) and electricity (2009/72/EC) calling for national energy action plans should also be finalized and made available as soon as possible.

If you require further clarification of the justification and rationality of these proposals please do not hesitate to contact us. We wish you success in your endeavor to advance these issues with your cabinet.

Yours sincerely,



Jan Willem Goudriaan  
EPSU General Secretary



Sergio Aires  
EAPN President

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<sup>4</sup> [INSIGHT-E: Energy poverty and vulnerable consumers in the energy sector across the EU: analysis of policies and measures \(May 2015\)](#)

<sup>5</sup> RASPE (Reliability, Affordability, Simplicity, Protection and Empowerment) principles “to be embedded into everything that all energy actors do.

<sup>6</sup> [https://www.citizensadvice.org.uk/global/migrated\\_documents/corporate/topping-up-or-dropping-out.pdf](https://www.citizensadvice.org.uk/global/migrated_documents/corporate/topping-up-or-dropping-out.pdf)

<sup>7</sup> [https://ec.europa.eu/energy/sites/ener/files/documents/INSIGHT\\_E\\_Energy%20Poverty%20-%20Main%20Report\\_FINAL.pdf](https://ec.europa.eu/energy/sites/ener/files/documents/INSIGHT_E_Energy%20Poverty%20-%20Main%20Report_FINAL.pdf)