

**R2E Coalition Energy Forum 2020**

**Workshop “Who pays and who benefits in the energy transition?”**

**2 December 2020, 11:30-12:30**

**Input Mathias Maucher, Policy Officer, EAPN: Additional Information**

Some **data, focusing on the social and economic impacts of energy poverty and precarity**, to the evidence presented by Louise Sunderland [RAP (2020): Equity in the energy transition: Who pays and who benefits?]:

- Over the last years on average around 1 in 10 Europeans could not properly warm their homes in the winter. Across the EU an estimated 100,000 deaths in the winter are caused by energy poverty. In 2018, about 34 million Europeans were unable to access essential energy services.



- In 2017 on average 8% of EU citizens declared they could not adequately heat their homes – with 5 EU MS where this share was more than double, namely Bulgaria (33%), Greece (23%), Cyprus (22%), Lithuania (28%) and Portugal (19%). For households below the poverty line (= 60% of average weighted median household income) this share, however, was nearly 20% (19,5%) – with 9 EU MS reaching shares of at least 20%, namely Bulgaria, Croatia, Cyprus, Greece, Hungary, Italy, Lithuania, Portugal and Spain (Lowest shares: Finland, Sweden, Estonia, Austria, Luxembourg and the Netherlands [for info: France: 16%; Germany: 8%])
- Since 2000 the share of income that low-income families pay for energy has doubled. Together with a situation where low-income households clearly over-proportionally live in/have to leave in badly insulated and/or damp housing and in housing with poor thermal efficiency when it comes to the heating infrastructure, this leads to vulnerable households renouncing to heating, or alternatively consuming large amounts of energy to stay warm or cool which again increases their costs.
- Between 2004 and 2016, the share of population paying utility bills late grew by 40%: 41.5 million arrears in paying utility bills (EU SILC 2016); 7 million disconnections (and many more disconnection threats)

- Energy poverty has negative consequences for our societies and quite a cost: 1) It induces higher mortality rates and morbidity rates; 2) It increases the risk of mental health problems and isolation; 3) It means that children living in cold homes have twice the incidence of respiratory problems compared to those living in normally heated housing.

Against the backdrop of these social realities, EAPN sees an **urgent need for action, i.e. for policies and regulation to effectively support energy poor households and to avoid arrears and disconnections:**

- A **right to energy for all**: For EAPN energy is a public good. Access to energy for everybody to heat or fuel their apartment or house to an acceptable standard at an affordable cost thus must be conceptualised and guaranteed as a human and social right. This is also in line with Principle 20 EPSR on “Access to essential services”. This approach also implies **direct income support for low-income households** (by means of social/reduced tariffs, specific heating/housing allowances or supplements to social assistance benefits), **a ban for disconnections and/or the supply of a minimum amount of energy for all**.
- This mix of measures also helps **address the substantial barriers households** at the risk of poverty and social exclusion and more generally low-income households **face in financing and implementing energy efficiency measures and in shifting to renewable energy**. They have a limited capacity to pay upfront and to access financing, given the long pay-back periods for investments. Therefore “policy must establish consumer rights and enforce consumer protections across all energy sources and supply mechanisms” [R2EC (2020): “Who’s To Pay? Splitting the bill for a just energy transition”, p. 5]
- EU-level and national policies and regulation for a transition to a green and carbon-free economy have to undergo a **systematic ex-ante social and distributional impact assessment, including on income distribution and income inequalities**. This is to check their impact on the income also of poor/low-income households in order to ensure that they are not worse off and that social/income inequalities are not increasing. For EAPN the cost of transitions to green and climate-friendly energy production and consumption should also be covered, to quite some part, by general progressive taxation, not only levies.
- EAPN would also see a necessity to **prioritise investment in energy efficiency measures that benefit poorer households and the social housing sector**: Revenues from levies to fund energy efficiency measures and the shift to renewable energy or from carbon taxing and pricing needs to be returned to all users. They should be also ringfenced/earmarked for low-income households to offset higher energy prices in the transition phase. The costs of energy-efficiency renovations should also not be pushed to and borne by low-income households.
- **Participation**: EAPN calls on governments to develop and implement new forms and practices of more democratic decision-making process in the field of energy production and consumption. This comprises a **better and more meaningful participation of the vulnerable consumers and the NGOs advocating for their interests in the monitoring of the causes and consequences of energy poverty**. They should also be **involved in the formulation and evaluation of policies put in place to prevent or reduce energy poverty**. In this context it is key that “any initiatives to encourage user engagement must not unfairly disadvantage low-income households” – as again recommended by the R2EC [R2EC (2020): “Who’s To Pay? Splitting the bill for a just energy transition”, p. 10].