

# ENERGY POOR MUST NOT BEAR THE COSTS OF SOARING ENERGY PRICES

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Rising energy prices put European households in jeopardy, particularly energy-poor and vulnerable households. While gas, electricity and carbon prices are soaring across Europe, millions of European are forced into unacceptable choices between heating or paying their rent. People on lower income living in poorly insulated homes and reliant on fossil gas for heating will suffer the most.

**Almost 80 million people in the EU were late or unable to pay their utility bills in 2019, and Covid-19 exacerbated the situation as people were stuck inside inefficient houses.** More than 50 million households in the European Union are experiencing energy poverty. Levels of income poverty, energy efficiency of the dwelling and energy prices are key to explain fuel poverty and the inability to keep the home at a reasonable temperature: a 1% increase in fuel prices for residential heating due to carbon taxation will raise the proportion of people experiencing fuel poverty from 11.5% to 12%.

In Madrid, the price of electricity and the heat wave threatened vulnerable households. Families faced temperatures of 40-43 degrees but could not afford to pay the cost of cooling their home.

*"With the increase in the price of electricity this year, I haven't even bothered to look for a fan,"* says Juani, one of those affected. Juani does not use air conditioning at home to avoid unpayable bills. *"When we can no longer stand it, we put the fan on for five minutes. I am very afraid that my bill will skyrocket",*

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1 European Commission study, 2019, HEAL 2019, Eurostat 2019, BPIE 2019

2 EU Energy Poverty Observatory, <https://www.energy-poverty.eu/about/what-energy-poverty>

3 ESRI Research Bulletin, August 2021, [Fuel for Poverty: A Model for the Relationship Between Income and Fuel Poverty](#)

she explains. Juani, who works as a cleaner, has not had a permanent contract for a long time. To avoid increasing her debts with the electricity supplier, she chooses to reduce the consumption of electricity as much as possible.

*"About one in five Belgians has difficulty in paying their energy bill. Behind this figure lies a very harsh reality, that of people who, without extra help, cannot meet their basic needs, cannot heat their homes or do not do so sufficiently, and are literally in the dark",* says Caroline Van der Hoeven, from the Belgian Anti-Poverty Network, following the decision of the Belgian government to extend the social tariff for gas and electricity and provide energy vouchers.

### **Testimonies of people living in poverty – EAPN Belgium:**

*"Thanks to the social rate it is an improvement, but it is still difficult. My children will have a lot of cold."*- **Tessa**

*"I definitely save 650 euros a year. It is a huge help, but it doesn't solve everything. Because you have to cut back on other things anyway, like medical costs."*- **Cindy**

**The European Anti-Poverty Network (EAPN) believes that access to clean and affordable energy is a fundamental right and a pre-condition to a life in dignity for all.** The clean energy transition needs to be accelerated to end dependence on fossil fuels and decarbonise vulnerable households, so they are not left locked into fossil gas infrastructure in coming years. Therefore, the transition towards a climate-neutral economy and low-carbon activities must be a socially just transition and put the impact on vulnerable consumers at the forefront.

The EU and Member States should fully integrate adequate income, energy efficiency and fair prices in their national climate and energy plans.

4 EAPN-ES quoted by Eldiario, [Cóctel de pobreza energética y ola de calor: "Tengo miedo a que se me dispare la factura"](#), 2021

5 [Budget fédéral: le Réseau de lutte contre la pauvreté salue l'extension du tarif social de l'énergie](#), 2021

6 EAPN & EPSU, [Right to energy for all Europeans!](#), 2017

7 Euronews, [Europe's energy prices are soaring and could get much worse](#), 2021

8 EAPN, [Key messages on the European Green Deal and the "Just Transition"](#), 2020

## We call on governments and the EU to prioritise the following urgent demands:

- Subsidise inclusive renovation programmes to make buildings, including social housing and rented houses, energy efficient and cut energy waste.
- Invest in targeted renewable programmes to halt the growing dependency of low-income households on fossil gas (also for electricity) and achieve a socially inclusive decarbonisation.
- Ensure that social protection measures to support low-income households to cover the cost of fuel are adequate to cover the actual cost, and available on time to all those who need it.
- Extend exceptional measures adopted during the Covid-19 pandemic, such as bans on disconnections and social tariffs for gas and electricity, to guarantee equal access to energy and avoid further indebtedness of vulnerable consumers.
- Support alternative energy models promoting community energy ownership and localised renewable energy systems. New energy models could reduce the dependency of low-income households on a volatile liberalised energy market in Europe, which is still very reliant on gas supplies – higher gas prices lead to higher electricity prices.
- Systematically integrate ex-ante and ex-post social and distributional impact assessment of EU-level and national policies for a transition to a carbon-free economy and clean energy, including the Fit for 55 package and Recovery and Resilience Plans.
- Increase tax justice on energy to achieve a socially just transition through tailored incentives for vulnerable households (e.g., energy voucher scheme for the poor) and subsidy cuts for companies who use polluting fuels.

As individual choices alone – such as drastic reduction of energy consumption during winter - are not able to stop the crisis, urgent EU-wide measures are needed. On October 13, the European Commission presented a toolbox to mitigate the impact of price rises for vulnerable consumers. The toolbox aims at helping the Member States to take immediate actions through a set of short and medium-term measures and alleviate pressure on low-income consumers while boosting the resilience of Europe’s energy system. It remains to be seen how such a toolbox - and the upcoming Council Recommendation guiding Member States on how best to address the social and labour aspects of the green transition – will contribute to an affordable, just, and sustainable energy transition for all in Europe.

**EAPN believes that the new EU toolbox alone cannot provide a long-term solution to the rising energy costs and a coordinated reform of the European electricity market is urgently needed.** The Commission is planning to review electricity market rules and assess how the EU’s power market can deliver on the transition to green energy. However, if the free-market rules remain the same it is unlikely that Europe’s poorest consumers will be protected in the long-term and will fully benefit from green energies. Despite governments’ emergency measures, there are several external factors at play which can impact the successful control of energy prices and the equal access to renewable energy sources in Europe: dynamics of external energy suppliers; renewable energy prices being lower but renewable energy production and storage capacities still insufficient; power companies’ reluctance to let governments intervene in the markets to reduce energy prices by applying new taxes to energy suppliers. In addition to this, Member States disagree on how to solve the issue of the gas price spike – curb market speculation or maintain the energy market as it is now - and on what constitutes renewable energy, as the EU Summit on October 21 disclosed. In fact, as coal is progressively phased out, some countries consider gas as a transition fuel towards a green economy, which also brings to light substantial differences of energy sources in the total energy available across Member States and their divergent perspectives on how to solve the crisis.

9 European Commission, [Energy prices: Commission presents a toolbox of measures to tackle exceptional situation and its impacts](#)

10 [Questions and Answers: Commission Communication on Energy Prices](#)

11 European Parliament, [Energy Security in the EU’s external policy](#), 2020

12 EU Science Hub, [Growth of solar energy is not in line with the needs for ambitious energy transition](#), 2020

13 Euractiv, [Spanish power companies clash with government over measures to reduce electricity bill](#), 2021

14 EU Observer, [Gas price spike exposes rift at EU summit](#), 2021

15 Eurostat, [Where does our energy come from?](#), 2019; [Share of fossil fuels in gross available energy](#), 2021

To date, **the EU wholesale electricity market has favoured fossil gas; consequently, the low costs of renewables are not felt by consumers and market speculation can easily drive up the cost of gas.** In some EU countries, the alternative to gas is still coal-fired power stations, whose production prices are also determined by the Emissions Trading System (ETS). EAPN Estonia reports that a significant component of the electricity price reaching the consumer is the price of CO2 emissions in the case of Estonian oil shale electricity.

**Empowering vulnerable consumers to change energy consumption can be a first step to reduce energy poverty.** EAPN Spain carried out trainings on energy poverty, together with Endesa and the Environmental Sciences Association (ACA), tailored to associations and public administrations in charge of advising families on energy poverty. The workshops, named “Tools for savings and energy efficiency in vulnerable homes”, aimed at preventing and alleviating energy poverty in vulnerable households while assessing how to optimise electricity bills, the social bonus, energy saving and efficiency habits.

The data published in the National Strategy against Energy Poverty estimate that between 3.5 and 8.1 million people (depending on the indicator used), are in a situation of energy poverty in Spain.

In Portugal, a public consultation was launched following the presentation of the National Long-term Strategy for Combating Energy Poverty 2021-2050. EAPN Portugal believes that **this Strategy is essential to combat energy poverty and gained new impetus with the adoption of the European Green Deal and the European Pillar of Social Rights**, which asserted EU’s commitment to renovations of residential and non-residential buildings and their conversion into decarbonised energy-efficient buildings. EAPN Portugal called for the protection of the most vulnerable people and families through concrete measures, such as the extension of the social tariff for energy and natural gas to more families, especially those whose budget is strangled by high housing costs.

16 Energypost, [Estonia needs a plan – and support – to get rid of its dirty oil shale](#), 2018

17 EAPN-ES, [EAPN-ES forma a más de 250 personas de distintas entidades y administraciones públicas en pobreza energética](#), 2021

18 EAPN Portugal, [Consulta Publica da “Estrategia Nacional de Longo Prazo para o Combate a Pobreza Energetica 2021-2050”](#), 2021

**They also consider of paramount importance tax reduction on electricity, gas and gasoline** to help not only vulnerable families, but also middle-class families that are struggling with huge costs in basic/essential services currently: “... *water and electricity are very expensive for the wages we earn and worse for the poorest people...*”, says a testimony of one of the members of the national council of citizens of EAPN Portugal.

About 19% of Portuguese live in energy poverty. Below Portugal are countries such as Bulgaria (34%), Lithuania (28%), Greece (23%) and Cyprus (22%) - Eurostat, January 2020.

**Carlos Susias, President of the European Anti-Poverty Network (EAPN), defines the current energy crisis** ‘*a true sword of Damocles*’ for the most vulnerable:

*"Faced with the current energy crisis in Europe, EU Institutions and Members States must put the well-being of their citizens at the forefront, particularly the most vulnerable people who will face unaffordable energy bills. It is necessary to protect the most vulnerable citizens from the impact of soaring energy prices and make their voice heard in the decision-making process, to end energy poverty in Europe".*

**EAPN is a member of the [Right to Energy Coalition](#).**

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