

# The European Commission's science and knowledge service

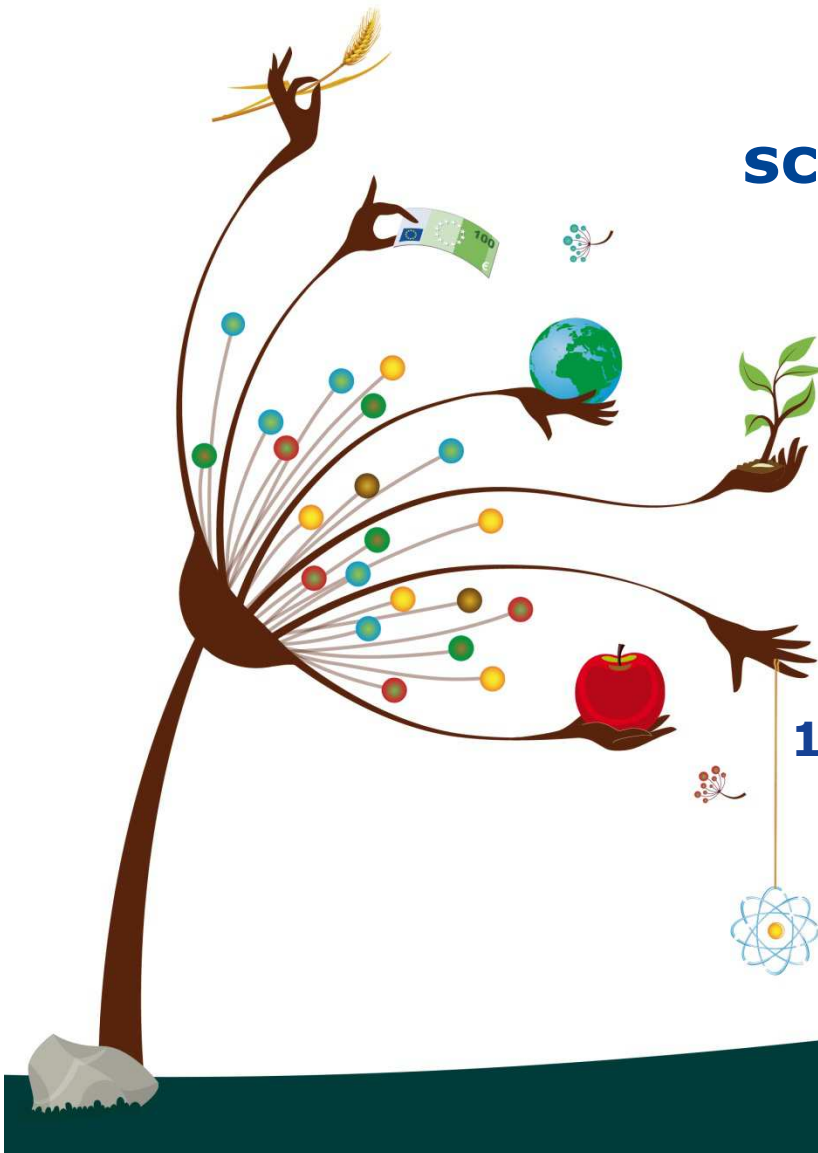
Joint Research Centre

## Energy Poverty: an EU perspective

10<sup>th</sup> South East Europe Energy Dialogue

Belgrade 14/6/2017

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## Problem description

- Approx. 10% of EU population:
  - a) can't afford winter heating,
  - b) falling behind with energy bills or
  - c) live in poor and leaky housing conditions.  
(Insight\_E Policy Report, May 2015)
- A combination of three factors is at the root of energy poverty:
  - a) Low income
  - b) High energy prices
  - c) Lack of home insulation

## Issues with problem definition

- A **uniform approach on the definition of "energy poverty"** by EU MS would be beneficial because it would allow for the **effective coordination of policy interventions** for the protection of vulnerable consumers.
- Variety of metrics available:
  - expenditure based indicators
  - actual energy vs necessary energy consumption
- **EC suggestions:** *"households that spend more than a pre-defined threshold share of their overall consumption expenditure on energy products' – with the threshold being 'double of the national average" – or those "that have (or have had in recent times) payment difficulties or are in arrears with energy bill payments."*
- Lack of standardized data collection



## EU Policy

EU Directives 2009/72/EC & 2009/73/EC require Member States to '**develop national action plans** or other appropriate frameworks **to tackle energy poverty**' and to **define and protect 'vulnerable customers'**.

EU Directive 2010/31/EU – *on the energy performance of buildings* – suggests that **energy poverty could be mitigated through better energy efficiency of buildings.**

Directive 2012/27/EU – *on energy efficiency* – **investments in energy efficiency** can help prevent fuel poverty and **should be a priority in energy-poor households**, while Member States can require that vulnerable customers benefit from energy efficiency efforts within energy obligation schemes.



## EU Policy – "the Winter Package"

The **Clean Energy For All Europeans** proposal presents a new approach to protect vulnerable consumers. MS are expected to take energy poverty into account, by:

1. **reducing the costs of energy** for consumers through support in energy efficiency investments;
2. requiring a share of energy efficiency measures to be implemented as a **priority in households affected by energy poverty** or in social housing;
3. implementing **procedural safeguards** before a consumer can be disconnected.

Furthermore, EU funds promoting energy efficiency and self-generation should likewise focus their attention on those members of the public hit by energy poverty so that they too benefit from better energy efficiency obligations, improvements in the retail market and promotion of self-consumption.



# EU Energy Poverty Observatory: Rational

- As part of the process, and depending on the outcome of the negotiations of the Clean Energy Package, **MS would have to monitor and report on energy poverty.**
- The Commission will facilitate the exchange of best practices and coordinate these monitoring efforts at EU level with the help of the recently established **Energy Poverty Observatory.**
- The observatory was set up to assist MS and other stakeholders to respond to these challenges:
  - poor quality and availability of statistical data;
  - policy transfer not being always successful even if some Member States are being very proactive in addressing the problem;
  - huge number of European and nationally funded projects focused on energy poverty, but there is no mechanism for disseminating the project findings and key lessons in a comprehensive manner.



# EU Energy Poverty Observatory: Objectives

- **Improve transparency** by bringing together the disparate sources of data and knowledge that exist in varying degrees across the whole of the EU.
- **Provide a user-friendly and open-access resource** that will promote public engagement as well as informed decision making by local, national and EU-level decision makers
- **Enable networking and facilitate knowledge sharing** and co-production among member states and relevant stakeholders
- **Disseminate information and organise outreach work** that will connect and build on existing pan-European and Member State initiatives in the energy poverty domain
- **Provide technical assistance** to the widest possible range of interested parties, based on a holistic approach to understanding and addressing energy poverty in the EU



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