

Addressing energy poverty in the Energy Community Contracting Parties

Over the last 15 years, energy market reforms in the Energy Community Contracting Parties brought a number of benefits to final consumers of electricity and gas, mainly in terms of greater transparency, choice and quality of service. The need to increase the security of supply and competition in an economically sustainable manner, on the other side, contributed to an increase of average end-user prices for households¹. While market reforms are still not accomplished thus enabling long-term advantages for consumers, the clean energy transition will inevitably enter the Contracting Parties' doors and induce steps towards decarbonization and technological development. In this context, it becomes even more important to make sure that no customer is left behind and that basic energy services are guaranteed to vulnerable and poor citizens as well.

The Energy Community legislation already provides the framework for addressing energy poverty and protecting vulnerable customers: Electricity² and Gas³ Directive, both in Article 3, require the Contracting Parties to *define the concept of vulnerable customers and ensure that rights and obligations linked to vulnerable customers are applied*. Furthermore, the Contracting Parties have to *take appropriate measures, such as formulating national energy action plans, providing benefits in social security systems to ensure the necessary electricity supply to vulnerable customers, or providing for support for energy efficiency improvements, to address energy poverty where identified*. In order to assist the Contracting Parties in the process of implementing mentioned provisions, the Energy Community Secretariat prepared and the Ministerial Council of the Energy Community adopted, in 2013, the Outline of the Social Strategy in the Energy Community⁴, proposing, among others, a definition of a socially vulnerable customer. The majority of the Contracting Parties defined the vulnerable customers and identified certain measures for their protection⁵. However, to Secretariat's knowledge, the effects of the measures taken so far have never been analyzed, and in particular have not been brought in connection with a broader concept of energy poverty. Some statistics on energy poverty in the Contracting Parties may be found, developed by different organizations and institutions, however it remains questionable how reliable these sources are and what are the approaches behind.

¹ With different dynamic in different Contracting Parties. For more information on retail prices and market developments, please see ECRB (https://www.energy-community.org/dam/jcr:aafb2ad4-2788-4129-9c30-d5eba8f74866/ECRB_Retail_MMR_122019.pdf) and ACER (https://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/ACER%20Market%20Monitoring%20Report%202018%20-%20Electricity%20and%20Gas%20Retail%20Markets%20Volume.pdf) retail market monitoring reports.

² Directive 2009/72/EC of 13 July 2009 concerning common rules for the internal market in electricity (https://www.energy-community.org/dam/jcr:1af4857c-9985-4c2a-baff-95c5bf1ee38b/Directive_2009_72_EL.pdf)

³ Directive 2009/73/EC of 13 July 2009 concerning common rules for the internal market in natural gas (https://www.energy-community.org/dam/jcr:004b3ca7-fa52-4633-875e-8ac1b2cea021/Directive_2009_73_GAS.pdf)

⁴ https://www.energy-community.org/dam/jcr:5ac223ad-6576-48f3-ae78-ffe7175ab07f/EnC_Outline_strategy.pdf

⁵ ECRB annual retail market monitoring reports, as mentioned in footnote 1, regularly take stock on treatment of vulnerable customers.

In the EU, the so called Clean Energy Package introduced a set of requirements related to energy poverty. For example, 2018 Governance Regulation⁶ requires from EU Member States to assess the number of households in energy poverty and, in the event that there is a significant number of households in energy poverty, to include in its plan a national indicative objective to reduce energy poverty and to report regularly on the progress achieved. The new Electricity Directive⁷, on the other side, requests from the EU Member States to establish and publish set of criteria for assessing number of customers in energy poverty. Finally, the Energy Poverty Observatory was established more than 3 years ago, with a mission to share the *knowledge about the extent of energy poverty in Europe, and innovative policies and practices to combat it*⁸. According to the Ministerial Council conclusions in 2019 those acts will become part of Energy Community acquis in 2021.

Against this background, the Energy Community Secretariat intends to launch a study on energy poverty in the Energy Community Contracting Parties, focusing on the following tasks:

- Based on the current status of development of the energy sectors and of the economies of the Contracting Parties in general, selecting a number of criteria for measuring energy poverty in a reliable and harmonized manner;
- Proposing definition(s) of energy poverty and identifying the main causes of energy poverty in the Contracting Parties and
- Providing recommendations for policies and measures addressing energy poverty in the Contracting Parties, giving priority to measures having long- term and sustainable effects on society and climate. Such measures should in particular focus on increasing energy efficiency, thus reducing energy costs and improving quality of life of those affected by energy poverty⁹. Finally, the proposed measures shall allow poor households to actively participate in clean energy transition and enjoy the benefits of developing technology.

The implementation of the study would rely on the good communication and cooperation with the relevant institutions of the Energy Community Contracting Parties.

⁶ Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action (<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018R1999&from=EN>)

⁷ Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity (<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019L0944&from=EN>)

⁸ <https://www.energy-poverty.eu>

⁹ The new Directive on energy efficiency (DIRECTIVE (EU) 2018/2002, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018L2002&from=EN>) requires that a *share of energy efficiency measures under their national energy efficiency obligation schemes, alternative policy measures, or programmes or measures financed under an Energy Efficiency National Fund, to be implemented as a priority among vulnerable households, including those affected by energy poverty and, where appropriate, in social housing.*