

Energy poverty in the Contracting Parties- towards National Energy and Climate Plans

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Defining energy poverty

- Definition, nature and causes of energy poverty subject to considerable debate
- Energy Poverty Observatory
- ✓ Energy poverty occurs when a household suffers from a lack of adequate energy services in the home
- ✓ Due to low income, high energy expenditure, inefficient buildings and appliances and specific household energy needs
- Strongly linked with general deprivation
- Energy poverty vs. vulnerable customers

Currently applicable legislation

■ Electricity and Gas Directive, Art.3:

- CPs shall define the concept of vulnerable customers which may refer to energy poverty and, inter alia, to the prohibition of disconnection of electricity/gas to such customers in critical times. CPs shall ensure that rights and obligations linked to vulnerable customers are applied.
- CPs shall take appropriate measures, such as formulating national energy action plans, providing benefits in social security systems to ensure the necessary electricity/gas supply to vulnerable customers, or providing for support for energy efficiency improvements, to address energy poverty where identified, including in the broader context of poverty.

■ Energy Efficiency Directive, Art.7

- Within the energy efficiency obligation scheme, CPs may:
...require a share of energy efficiency measures to be implemented as a priority in households affected by energy poverty or in social housing;

New legislation (1)

■ Directive 2019/944 on common rules for the internal market for electricity

- Art. 5 Market- based supply prices

Protection of energy poor and vulnerable customers without price interventions, but a derogation under certain conditions may be applied:

- ✓ not going beyond what is necessary to achieve general economic interest;
- ✓ being clearly defined and transparent;
- ✓ guaranteeing equal access of undertakings to customers;
- ✓ limited in time and proportionate;
- ✓ not resulting in additional costs for market participants in a discriminatory way.

If price interventions for energy poor and vulnerable customers applied, the provisions of the Governance Regulation related to energy poverty have to applied, regardless of whether the MS concerned has a significant number of households in energy poverty.

- Art. 29 Energy poverty

MSs to **establish and publish set of criteria for assessing number of customers in energy poverty**, which may include low income, high expenditure of disposable income and poor energy efficiency

EC guidance on “significant number of households in energy poverty” to be provided

New legislation (2)

■ Regulation 2018/1999 on the Governance of the Energy Union and Climate Action

- Not one of the dimensions, but a tool to promote just transition
- Art. 3 Integrated NECPs

MSs shall assess the number of households in energy poverty taking into account the necessary domestic energy services needed to guarantee basic standards of living in the relevant national context, existing social policy and other relevant policies, as well as indicative EC guidance on relevant indicators for energy poverty.

In the event that a MS finds, that **it has a significant number of households in energy poverty, it shall include in its plan a national indicative objective to reduce energy poverty. ...and outline policies and measures which address energy poverty.**

- Art. 24 Integrated reporting on energy poverty

If there is a significant number of households in energy poverty, progress report to include: (a) information on progress towards the national indicative objective to reduce the number of households in energy poverty; and (b) quantitative information on the number of households in energy poverty, and, where available, information on policies and measures addressing energy poverty.

New legislation (3)

■ Directive 2018/2002 on energy efficiency

- Art. 7 Energy savings obligation
- ✓ In designing policy measures to fulfil obligations, MS shall take into account the need to alleviate energy poverty
- ✓ By requiring...a share of energy efficiency measures under their national energy efficiency obligation schemes, alternative policy measures or programmes or measures financed under an EENF, to be implemented as priority among vulnerable households, including those affected by energy poverty and in social housing
- ✓ Information about the outcome of measures to alleviate energy poverty to be included in the NECP progress reports

■ Directive 2018/844 amending Directive 2010/31 on the energy performance in buildings

- Art. 2 Long- term renovation strategy
- ✓ To encompass an overview of policies and actions to target the worst performing segments of the national building stock, split- incentive dilemmas and market failures, and an outline of relevant national actions that contribute to the alleviation of energy poverty;

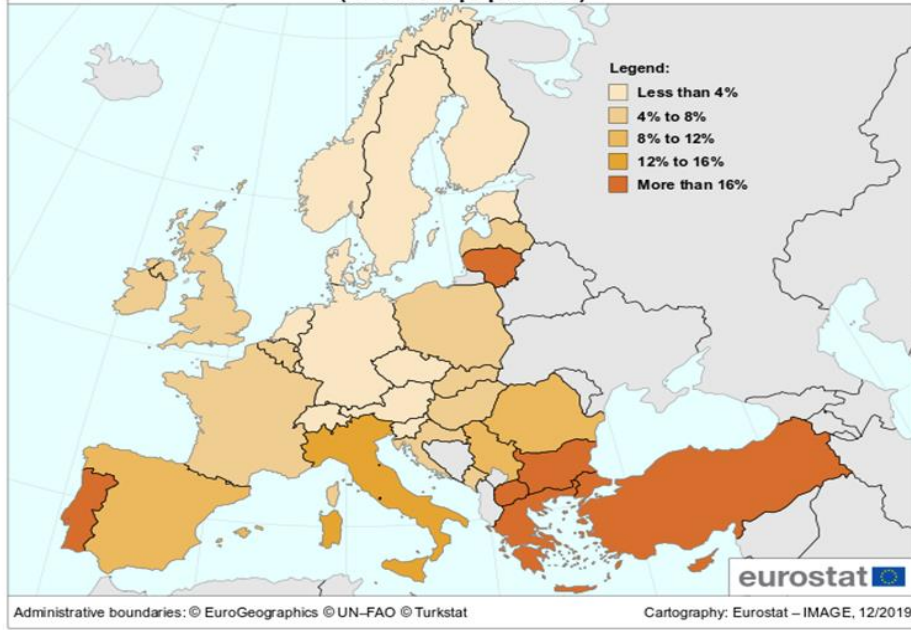
New legislation (4)

■ Directive 2018/2001 on the promotion of the use of energy from renewable sources

- Art. 18 Information and training
- ✓ MS shall ensure that information on support measures is made available to all relevant actors, such as consumers including low-income, vulnerable consumers...
- Art. 21 Renewables self- consumers
- ✓ Enabling framework to promote and facilitate the development of renewables self-consumption shall address accessibility of renewables self-consumption to all final customers, including those in low-income or vulnerable households
- Art. 22 Renewable energy communities
- ✓ Enabling framework to promote and facilitate the development of renewable energy communities shall ensure the participation in the renewable energy communities is accessible to all consumers, including those in low-income or vulnerable households
- Art. 23 Mainstreaming renewable energy in heating and cooling
- ✓ When adopting and implementing the measures to increase the share of RES in heating and cooling, MS shall aim to ensure the accessibility of measures to all consumers, in particular those in low-income or vulnerable households, who would not otherwise possess sufficient up-front capital to benefit.

Some statistics on energy poverty

People who cannot afford to keep their home adequately warm, 2018 (EU = 7.3%)
(% of total population)



Montenegro, North Macedonia and Turkey: 2017 instead of 2018 data

EU average 2018: 7.3%

Some EU MSs:

- Bulgaria- 34%, Greece- 23%, Italy- 14%, Austria- 2%

EnC CPs:

- Montenegro- 4.5%, North Macedonia- 24.9%, Serbia- 10%

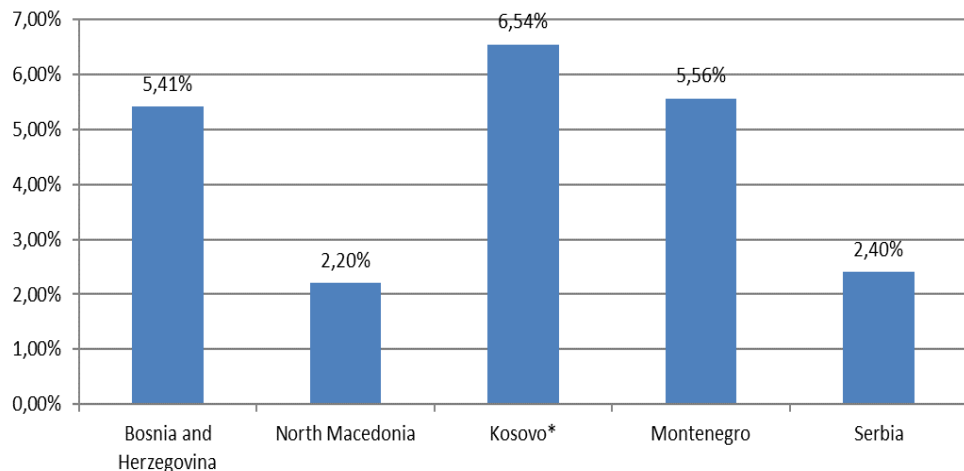
Other sources on CPs:

- Ukraine: 29% (huge regional differences)
- Albania: 20%
- Georgia, Kosovo*: absolute poverty rate- 20% i.e. 30%

Lack of reliable and harmonized data for EnC CPs

Definition and treatment of vulnerable customers in the CPs

- Outline of the Social Strategy in the Energy Community (2013)- regional definition
- All CPs have definition of vulnerable customers, except Georgia and, partially, Bosnia and Herzegovina (ECRB Retail MMR 2019). There is no definition of energy poverty, but it is addressed through a certain framework (strategies, action plans etc.)



Share of vulnerable customers,
ECRB MMR 2019

Measures to protect vulnerable customers in the CPs:

- Restrictions on disconnection due to non-payment
- Earmarked social benefits to cover energy expenses
- Right to deferred payment
- No special energy prices for vulnerable customers

Study on addressing energy poverty in the EnC CPs- tasks

Status review of currently implemented definitions and measures

Identification of main drivers of energy poverty

Setting indicators for measuring energy poverty

Preliminary assessment of the number of households in energy poverty

Recommendations for adequate objectives, policies and measures to address energy poverty

Study on addressing energy poverty in the EnC CPs

- ✓ PHLG informed and consulted before tender
- ✓ Tender launched in September 2020
- ✓ Deadline for applications- 15th October
- ✓ Timeline: November 2020- June 2021
- ✓ Workshops with each Contracting Party separately, after completion of Tasks 1-3



THANK YOU
FOR YOUR ATTENTION

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