

FIGHTING ENERGY POVERTY S&D MANIFESTO



Group of the Progressive Alliance of
Socialists & Democrats
in the European Parliament

in the European Parliament

FIGHTING ENERGY POVERTY

Part 1: An EU Framework to Fight Energy Poverty

1.1 We call for the adoption of a broad and common definition of energy poverty and for the Commission to propose a dedicated Communication and an action plan to tackle energy poverty.

1.2 We call for EU-wide collection of data on energy poverty to target assistance for energy-poor citizens as efficiently as possible and for Energy Union governance to include objectives and reports from Member States on energy poverty.

1.3 We call on the Commission to step up support for the Covenant of Mayors, as a tool to facilitate the exchange of best practice between local authorities, regions and Member States and to inform local authorities of financial support available.

Part 2: Targeting Energy Efficiency Measures on Energy-Poor Citizens

2.1 We call for the measures for energy-efficient renovation of existing buildings to be prioritised among the most energy-poor in the context of the review of the Energy Performance of Buildings Directive and for a target to be agreed to improve the efficiency of residential building stock, alongside future minimum efficiency standards for rented housing.

2.2 We call for the revision of the Energy Efficiency Directive to include a provision for a significant minimum percentage of measures in energy efficiency obligation schemes to target low-income consumers.

2.3 We call for EU funds for energy efficiency and support for self-generation to target energy-poor citizens.



Part 3: Improving Retail Market Conditions

3.1 We call for the full implementation of the Third Energy Package and a review of the legislation to strengthen consumer protections and introduce a moratorium on disconnections for vulnerable citizens.

3.2 We call on the Commission to take action to raise awareness of market opportunities for energy-poor citizens and we call on Member States to provide sufficient resources for local information for energy-poor citizens.

3.3 We call for the promotion of social energy tariffs centred upon meeting the needs of the energy-poor and for Member States to automatically place consumers on these tariffs.

3.4 We call for a revision of the role of taxes, tariffs and levies on energy bills and exemptions to be implemented for energy-poor households.

Foreword

When more than 50 million citizens in Europe struggle to pay their energy bills, it is a collective responsibility to do more.

The fight against energy poverty is crucial for Socialists and Democrats (S&D) Members of the European Parliament. We know that change can only be achieved if our battles are coordinated at regional, national and European levels. Our Manifesto "Fighting Energy Poverty" presents ten essential recommendations that our political Group will stand for in the debate on upcoming legislation towards the achievement of the Energy Union between European Member States.

We must work together to ensure our society is truly based on solidarity and equality and does not leave anyone behind.

Gianluca Ferrero



Overview

More than 50 million people are affected by energy poverty in the EU. **As the S&D group we strongly believe that we need to take action at local, national and European levels to eradicate energy poverty in the EU.**

We need to take action to ensure that citizens are not paying excessive electricity and gas bills and that their health is not affected by a lack of access to energy; **no one should have to choose between heating, cooling and eating.**

Energy poverty is linked to general poverty and has various drivers:

- **Market conditions**, i.e. high-energy prices, aggressive commercial and marketing techniques;
- **Government decisions** on network charges, taxes, levies and VAT;
- **Individual circumstances**, i.e. health and disability, lack of access to tailored offers and/or online services, low income;
- **Living conditions**, i.e. types of heating system, the quality and energy performance of housing stock.

This manifesto presents 10 recommendations to address this important issue, which are complementary, respect subsidiarity and will be put forward by the S&D Group in the forthcoming legislative and policy proposals forming part of the Energy Union framework. The recommendations directly target the different drivers of energy poverty and are divided into three main dimensions:

- **Establishing an EU framework dedicated to fighting energy poverty.**
- **Targeting energy efficiency measures on energy-poor citizens.**
- **Improving retail market conditions to support energy-poor citizens and promote energy self-consumption.**

This manifesto is the result of meetings and workshops with experts from the European Commission, universities, consumer organisations, local government, trade unions, not-for profit organisations and industry.

An EU Framework to Fight Energy Poverty

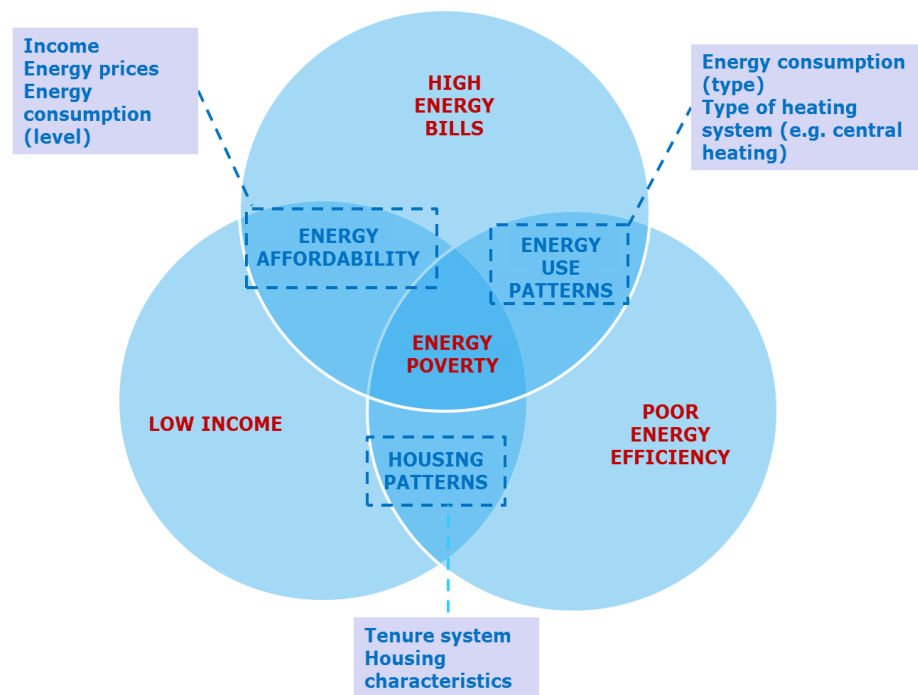
1. Adopt an EU Definition of Energy Poverty

We believe that the EU should adopt a broad and common definition of energy poverty within the context of a new Commission Communication and action plan on energy poverty. We are not looking for a definition that includes a quantitative threshold but rather a definition that focuses on the idea that access to affordable energy is a basic social right.

Adopting a common definition will ensure a common understanding of the problem and will facilitate agreement on the measures needed to tackle energy poverty.

Working together, we have come up with a series of elements that we think should feature in an EU definition of energy poverty:

Energy is essential and access to energy services is a basic social right. Energy poverty is the inability of a household to support an adequate level of energy supply so as to guarantee basic levels of comfort and health, due to a combination of low income, high-energy prices and low quality, poor performing housing stock.



We call for the adoption of a broad and common definition of energy poverty and for the Commission to propose a dedicated Communication and action plan to tackle energy poverty.

2. Collect Data and Require National Energy Poverty Plans

One of the main challenges, when addressing the issue of energy poverty at the EU level, is the poor quality of existing data. **We believe that standardised data is needed to target assistance as efficiently as possible.**

This data should be gathered under the umbrella of a European body specifically working on energy poverty such as an Energy Poverty Observatory, or under the responsibility of the existing Building Observatory Initiative, which is currently being developed by the European Commission.

We believe there is a need for standardised data on energy poverty, energy efficiency standards, heating systems, impacts on health, energy practices and energy prices broken down in a comparable format.

As part of the Energy Union governance system, national energy and climate plans should include measures to reduce energy poverty and Member States should be required to set objectives and report on progress made. Additionally, when developing key indicators for the Energy Union, the Commission should include specific and detailed indicators on energy poverty in order to improve the availability of data.

We call for EU-wide collection of data on energy poverty to target assistance for energy-poor citizens as efficiently as possible and for Energy Union governance to include objectives and reports from Member States on energy poverty.

Further data on energy poverty is needed to target assistance



3. Exchange Best Practice

The Commission should collect best practice which should be exchanged in both a top-down and bottom-up approach. There is a need to ensure that national and regional planning and development frameworks address the alleviation of energy poverty.

The Commission should inform local authorities of financial instruments available, both in terms of grants and investment opportunities, and examples of best practice in terms of energy efficiency as well as measures to prevent new households falling into energy poverty in the future.

The Commission should ensure that the Covenant of Mayors is an efficient mechanism for local authorities to access best practice and information.

We call on the Commission to step up support for the Covenant of Mayors, as a tool to facilitate the exchange of best practice between local authorities, regions and Member States and to inform local authorities of financial support available.

Targeting Energy Efficiency Measures on Energy-Poor Citizens

4. Prioritise Measures for Energy-Efficient Renovation of Existing Buildings among the most Energy-Poor Citizens

Energy efficiency measures, particularly those focusing on energy renovation of buildings, must be the central part of any strategy to address energy poverty. It is important that as far as possible measures are provided free of charge to energy-poor citizens. There is considerable scope for increased targeting of such measures, although this requires identification of energy-poor households. We should consider setting a target to reduce energy inefficient housing, with a dedicated target for energy-poor households. In order to address the rental market, we propose introducing future minimum efficiency standards for the renting of residential buildings.

We call for the measures for energy-efficient renovation of existing buildings to be prioritised among the most energy-poor in the context of the review of the Energy Performance of Buildings Directive and for a target to be agreed to improve the efficiency of residential building stock, alongside future minimum efficiency standards for rented housing.

5. Set Criteria for a Significant Minimum Percentage of Energy Efficiency Obligation Schemes to Target Energy-Poor Citizens

Under the Energy Efficiency Directive, Member States are required to set up energy efficiency obligation schemes. These schemes require energy suppliers to achieve yearly energy savings of 1.5% of annual sales to consumers.

In order to reach this target, suppliers or other organisations are required to carry out measures which help final consumers improve energy efficiency. These may include improving domestic heating systems, installing double-glazed windows, or better insulating roofs and walls to reduce energy consumption. It should be ensured however that energy efficiency services do not hamper consumers freedom to switch to a different supplier. Energy efficiency measures should preferably be carried out by third parties to bypass the inherent conflict of interests for suppliers that benefit from higher sales volumes.

We call for the revision of the Energy Efficiency Directive to include a provision for a significant minimum percentage of measures in energy efficiency obligation schemes to target low-income consumers.





6. Target EU Funds for Energy Efficiency and Self-Generation on Energy-Poor Citizens

Many energy-poor households are unlikely to be able to afford to pay for energy efficiency measures upfront and thus need financial support through energy and housing policies. Furthermore, for citizens living in private rented accommodation, they are also likely to face barriers as landlords have few incentives to invest in building stock improvements. Additionally, incentives for self-generation are not currently targeted at energy-poor citizens.

All existing and future European funds should include criteria to target energy efficiency actions on energy-poor households and more specifically to address the issue of split incentives between tenants and owners.

To facilitate access to financing both for private and public schemes, we should mobilise local participants, develop model schemes and replicable investment models for example by connecting small projects together to improve investor confidence and secure investments. These funds should be easily accessible and information on the different funds and instruments available should be brought together in one place by the Commission.

Additionally, to address the issue of split incentives between tenants and owners and help home owners who cannot afford the upfront costs, schemes should be encouraged whereby Distribution Systems Operators or energy suppliers pay the upfront investments and households gradually pay them back through the savings made on their energy bills, therefore costing the consumer nothing and actually saving money.

We call for EU funds for energy efficiency and support for self-generation to target energy-poor citizens.



Improving Retail Market Conditions

7. Fully Implement and Revise the Third Energy Package

In reference to energy poverty, the 2009 Third Energy Package requires each Member State to define the concept of vulnerable customers. The legislation also includes provisions to protect vulnerable consumers through adequate safeguards, including preventing the disconnection of electricity and gas at critical times.

We call for the Commission to put in place more safeguards before a company is allowed to disconnect a customer and/or an obligation to offer free help/advice by the company or a third party before actual disconnection. A moratorium should be introduced to prevent vulnerable citizens being disconnected.

Most Member States do not have a legal definition of a citizen or population group that is energy poor. **Member States should therefore be required to adopt a legal definition which should be comparable to other Member States' definitions.**

We call for the full implementation of the Third Energy Package and a review of the legislation to strengthen consumer protections and introduce a moratorium on disconnections for vulnerable citizens.

We call for energy suppliers to automatically put their consumers on the cheapest tariffs based on historic consumption patterns. At present switching rates remain very low throughout Europe and while much can be gained by switching provider, the reality is that very few consumers switch providers whilst vulnerable consumers remain stuck on outdated, expensive tariffs, often perversely cross-subsidising those on new, lower tariffs.

We call for mandatory comparisons of offers to be included on energy bills, which would enable all consumers, even those without internet access, to see whether they could save money by switching to an alternative supplier. A comparison table from an independent source should be included in energy bills, based on the customer's historic energy consumption, detailing how much they would have paid with the cheapest competitor, together with information on how to switch supplier.

A moratorium should be introduced to prevent vulnerable citizens being disconnected

8. Empower Energy Poor Consumers

We call on Member States to provide sufficient resources to local authorities to enable them to set up one stop-shops to provide information, specifically focused on energy-poor consumers, on energy efficiency products and services and to facilitate switching of energy suppliers.

Additionally, **smart meter roll-outs should benefit energy-poor households**, for example by providing advice, practical help and accessible feedback on their energy consumption and in all cases smart meters should be provided free of charge and not lead to increased charges on energy bills.

We also call on the Commission to incentivise collective switching schemes which allow consumers to club together and achieve reductions on their energy bills. Funding for the organisation of such schemes could be awarded to consumer organisations and local authorities in order to increase switching rates and to try to reach the most vulnerable citizens who ordinarily might be excluded from participating in online collective switching schemes.

We call on the Commission to take action to raise awareness of market opportunities for energy-poor citizens and we call on Member States to provide sufficient resources for local information for energy-poor citizens.

Sufficient resources should be provided for local information for energy-poor citizens

9. Promote Social Tariffs

At present, the vast array of different tariffs can be confusing and impossible to compare effectively. In order to facilitate comparisons, and thus switching, we call for regulators to ensure that **only a limited range of standardised tariffs are available centred upon meeting the needs of energy-poor consumers.**

Social tariffs can be vital for low-income, vulnerable citizens and it is important that these are not only permitted, but actively promoted, **centred upon meeting the needs of energy-poor citizens. Member States should ensure energy-poor citizens are automatically placed on these tariffs.** Removing price regulation in many areas may be justified, but this should never be at the expense of those who rely on social tariffs to help make ends meet.

We call for the promotion of social energy tariffs centred upon meeting the needs of the energy-poor and for Member States to automatically place consumers on these tariffs.



10. Revise the Role of Taxes, Tariffs and Levies on Energy Bills

Recent years have seen the proportion of wholesale energy costs included in energy bills falling, and at times stark increases in taxes, levies and other charges. The Commission should issue guidance on these elements of energy bills to encourage Member States to limit to an absolute minimum the non-contestable component in the final household energy price.

We call for exemptions to be implemented for energy-poor households. As far as possible such elements should be funded from general taxation, which is less regressive. Where they are applied directly to energy bills, they should not be fixed charges but rather should be progressive, with the heavier burden falling on high energy users, except in the case of energy-poor consumers.

We call for a revision of the role of taxes, tariffs and levies on energy bills and exemptions to be implemented for energy-poor households.

FOR FURTHER INFORMATION, PLEASE CONTACT
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