

Energy Poverty

European Commission proposal	eurelectric ELECTRICITY FOR EUROPE
Article 28 MS to define the concept of vulnerable customers which may refer to energy poverty and to the prohibition of disconnection of electricity to such customers in critical times	Electricity Directive 
Article 29 MS to define criteria to measure energy poverty MS to monitor number of households in energy poverty and report to the Commission every 2 years	Electricity Directive 
Article 5.2 MS to tackle energy poverty in a targeted manner by other means than intervention in price-setting	Electricity Directive 
Article 5.3 MS can maintain price regulation for energy poor or vulnerable consumers for 5 years after the entry into force of the Directive	Electricity Directive 
Article 7a.5 Requirement to tackle energy poverty in energy efficiency obligation schemes	EED 
Article 7b.2 Requirement to take energy poverty into account when designing alternative policy measures	EED 
Article 2a MS to contribute to the alleviation of energy poverty through their long term renovation strategy	EPBD 
Article 21 MS to monitor number of households in energy poverty and report to the Commission every 2 years	Governance 

National governments are in the best position to assess and address energy poverty

The European Commission rightly leaves it **up to Member States to define criteria and policies to combat energy poverty whilst strengthening their reporting obligations at EU level**. Indeed, Member States' situations differ greatly in terms of employment, social security systems, climatic conditions, electricity consumption, building stock, or energy retail prices. Tackling the issue should be done at the level where it is most efficient to do so, in line with the **subsidiarity and better regulation principles**.

Using social policy to tackle energy poverty is more efficient than regulating prices

Protecting vulnerable consumers through price regulation is counterproductive as it does not take people out of broader poverty; the pricing methodology often lacks transparency; and in the long run it may increase energy costs for vulnerable and non-vulnerable consumers alike. Customers who have energy debts are likely to struggle paying for other essential services too (e.g. housing, food, etc.). Wider social policy is the best mechanism to help consumers tackle the root causes of debt, including energy debts.

Energy efficiency is key to alleviate energy poverty but financing through the bill isn't sustainable

If energy efficiency measures are financed through energy bills, then the costs are distributed among consumers regardless of their ability to pay. We must transition to using more progressive sources of funding such as (i) financial incentives including tax exemptions, (ii) EU funding programmes like Structural Funds or the European Fund for Strategic Investments, (iii) financing tools which leverage private investment, including tools such as Energy Performance contracts (EPC), Energy Saving Agreement (ESA) or on-bill repayment.

Key proposed amendments

Article 7a.5

Member States ~~shall~~ **may** include requirements with a social objective in the saving obligations they impose, for example by requiring a share of energy efficiency measures to be implemented as a priority in households affected by energy poverty or in social housing.

Energy Efficiency
Directive

Justification

Given the constraints on resources across Member States, we agree that available assistance for energy efficiency should be focused on those most in need. However, supplier obligations are not the best way of funding and delivering energy efficiency measures because costs are distributed among customers regardless of their ability to pay. Leaving sufficient flexibility for Member States is also crucial, as national circumstances are diverse. With this amendment we suggest to revert to the existing EED wording.

Article 5.3

By way of derogation from paragraphs 1 and 2, Member States who apply public interventions in price setting for the supply of electricity for energy poor or vulnerable household customers at the date of entry into force of this Directive may continue to apply such public interventions during five years from the entry into force of this Directive, **provided they are financed through the public budget.**

Electricity Directive

Justification

In most cases where customers have energy debts, they are likely to struggle paying for other essential services too (e.g. housing, food, etc.). Wider social policy is the best mechanism to help consumers tackle the root causes of debt, including energy debts. Support granted to people suffering from poverty should come from general income of the state, i.e. through general taxation. Considering the progressive nature of taxation, this would allow for a fair burden-sharing without causing those on lower incomes to bear a disproportionately higher burden (meaning when a contribution is levied on the bill, all customers pay the same).