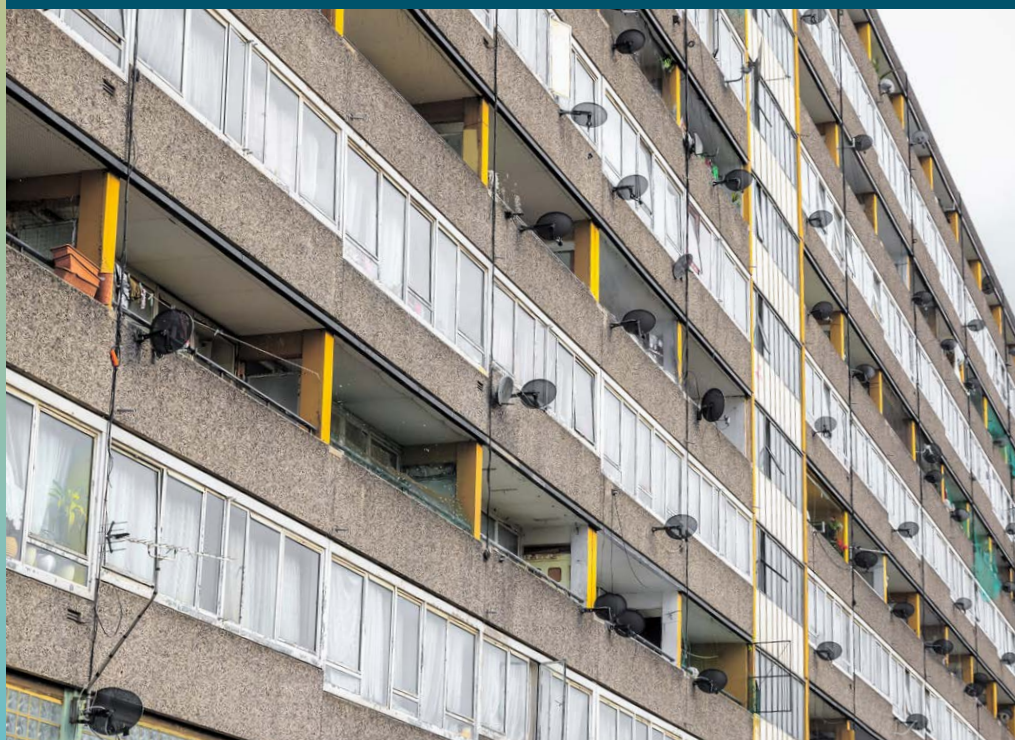
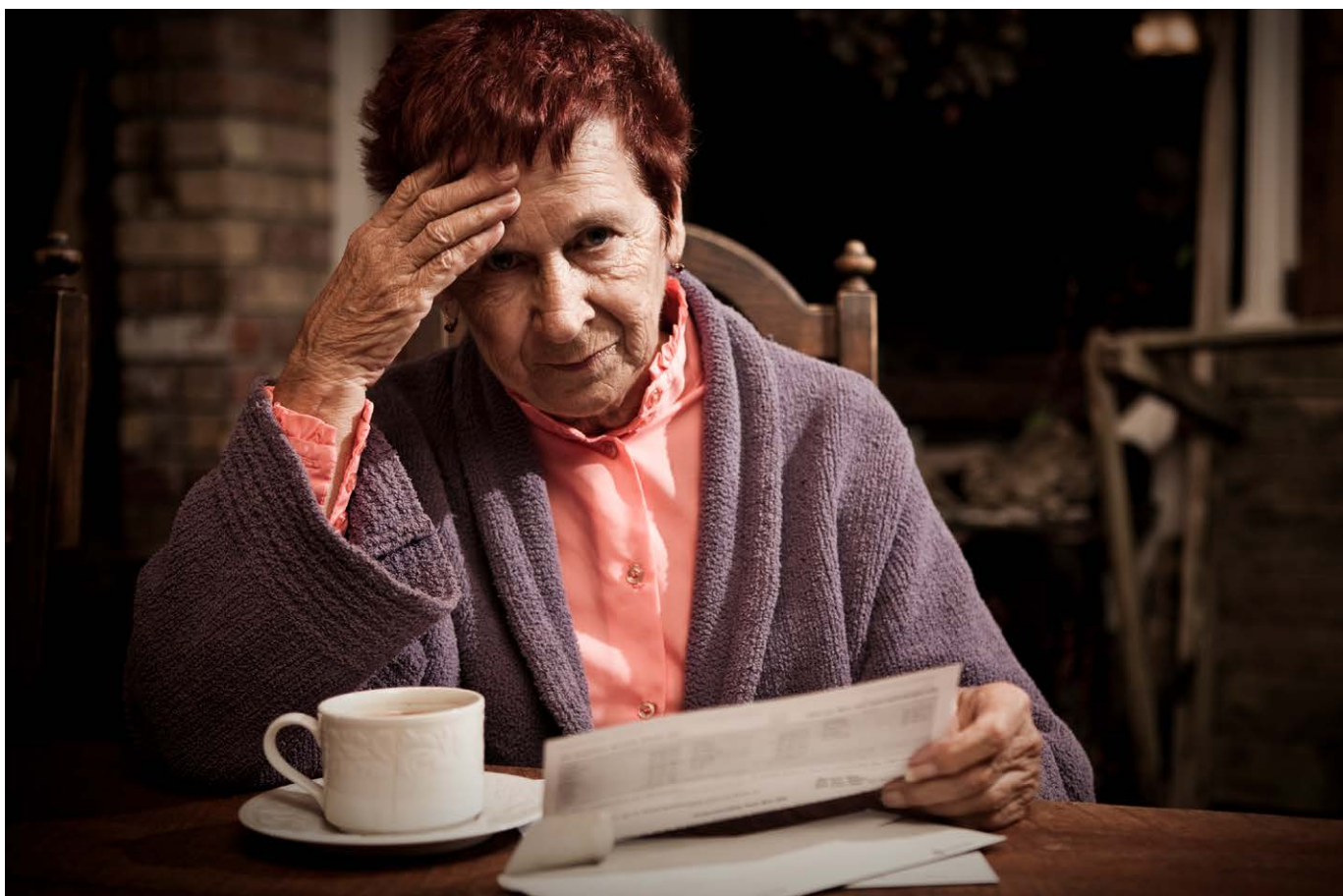


Assessment report of the provisions about energy poverty in the Clean Energy package





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Solutions to Tackle Energy Poverty (STEP) is a project to develop a simple, innovative and replicable model of measures to address energy poverty.

STEP's overall objective is to alleviate energy poverty by encouraging behavioural change and low-cost energy efficiency solutions among consumers in or at risk of energy poverty through trusted, tailored advice.

The project covers some of the countries with the highest rates of energy poverty in Europe.

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Clean Energy for All Europeans package:

Assessment of the provisions on energy poverty

The Clean Energy for All Europeans package is a very important collection of legislative acts for both the energy sector and European consumers. The main objectives of the package are putting energy efficiency first, achieving global leadership in renewable energies and providing a fair deal for consumers.

Why it matters for the energy poor?

According to Eurostat¹, 8% of the EU's population couldn't afford to adequately heat their homes in 2017. This is a big enough figure to require action from Members States to support its citizens that are undergoing low incomes, poor home energy efficiency and rising energy costs. The Clean Energy for All Europeans package includes a series of provisions that aim to tackle energy poverty.

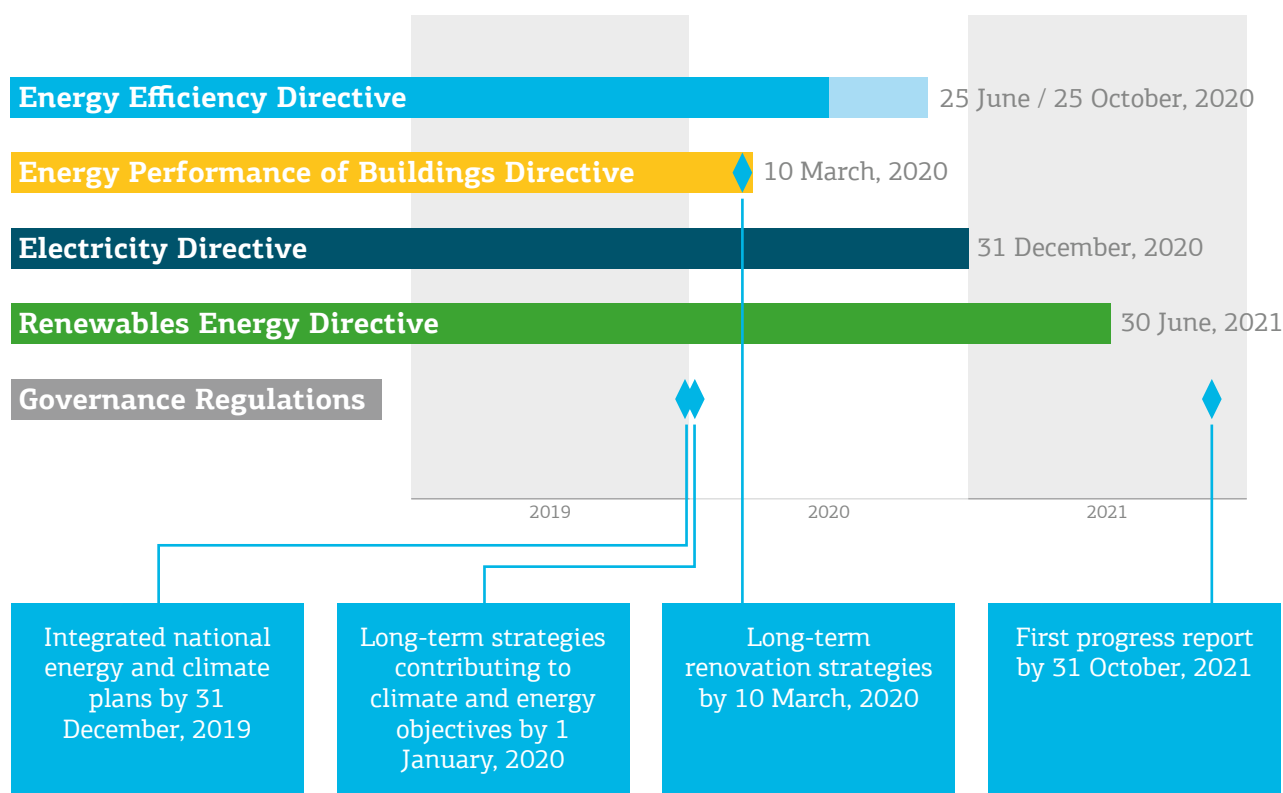
- **Electricity Directive** aims to ensure consumers are well protected and empowered in electricity markets across Europe
- **Energy Efficiency Directive** points that energy efficiency measures should be steered towards consumers in energy poverty
- **Energy Performance of Buildings Directive** specifies that the least efficient building stocks should be first in line for renovation
- **Renewable Energy Directive** encourages access to renewables to low income and vulnerable consumers
- **Governance Regulation** requests Members States to identify energy poverty levels and outline solutions to tackle this

¹ <https://ec.europa.eu/eurostat/web/products-eurostat-news/-/DDN-20190131-1>

Energy poverty has made it in many provisions of all 5 legislations. There is still however a long way to go at national level to implement the protections of consumers in energy poverty and in vulnerable situations, be it policies, financing programs, energy efficiency measures, renovation or consumer rights to access electricity service. The STEP project partners will work hard on the implementation on the Clean Energy package in their countries and contribute to transforming its objectives into reality.

This report describes more in detail the provisions on energy poverty in each of the 5 legal acts of the Clean Energy package as well as their timeline for implementation.

Clean Energy Package Implementation Timeline





Energy Efficiency Directive (EED)

One of the main objectives of the revised **Energy Efficiency Directive (Directive 2018/2002 on energy efficiency)** is to reduce energy consumption and thereby lower energy bills for consumers. It also aims to make Europe less reliant on energy imports, incentivize producers to innovate and attract more investments in the building sector. Brexit will likely influence the implementation of this directive.²

The Energy Efficiency Directive points that efficiency measures should target consumers and support those that are in energy poverty in a variety of ways. Therefore, it is the main focus of the STEP project which plans to achieve energy efficiency savings for the energy poor.

Energy efficiency measures targeting energy poor

Energy efficiency measures should benefit in particular the energy poor and those living in social housing. When achieving their energy savings obligations, Member States should include the energy poor in their national policies. This is one of the core elements of Article 7 of this directive to ensure energy efficiency serves the ones that are most in need to start with. Investments in renovation will result in a variety of benefits, both for the energy poor as well as for the efficiency and climate goals.

Assistance for energy savings

Directive's aim is lowering the energy expenditure by assisting consumers to reduce their energy use and increase the efficiency, where possible, of their living space and appliances. The STEP project aims to translate this goal into practice and will provide advice and training directly to consumers and specifically to the energy poor to help them use energy more efficiently and increase the comfort of their homes.

Accessibility of energy efficiency funds

The directive specifies that Member States should create programmes at national level that will provide financial support for efficiency measures and that the energy poor households should have access to these schemes.

² https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CONSIL:PE_19_2019_REV_1&qid=1553522135987&from=EN

STEP project will monitor whether such national schemes exist and how they are implemented. STEP will also support national bodies to put in place such schemes if they are not in place already or repeat existing schemes by increasing the available budget. STEP will make the case for schemes to prioritize the energy poor and adopt a principle of 'worst first'.

The revised Energy Efficiency Directive represents an important step towards steering energy efficiency measures towards households in energy poverty and those in vulnerable position. However, the directive includes rather high level of flexibility for Member States when implementing Article 7. Therefore, additional advocacy work during the national implementation of the directive will be necessary to ensure energy poor households can easily access and benefit from energy efficiency measures, for example specific no- and low-cost provisions for energy poor consumers are included.

This is also important considering the draft National Energy and Climate Plans which show that national policies to tackle energy poverty and accompanying measures are often missing or are inadequately addressed by Member States.



Energy Performance of Buildings Directive (EPBD)

The revised **Energy Performance of Buildings Directive (Directive 2018/844 on the energy performance of buildings)** aims to tap into the building sector's potential, create economic opportunities in the construction industry and alleviate energy poverty. This should be done by set of national policy measures.

First in line for renovation

The Energy Performance of Buildings Directive specifies that the least efficient building stocks should be first in line for renovation.

These types of buildings are often associated with consumers in energy poverty who then cannot afford the investments in upgrading the building stock and must pay too large energy bills due to the poor efficiency and insulation. This directive therefore requires Member States to promote equal access to finance for renovation for the energy poor. Member States should also apply requirements for a certain level of energy performance for rental properties. This is in order to avoid that the energy poor find themselves in dwellings that owners keep in an inefficient state and they cannot improve as renters.

The directive again includes high degree of flexibility as it encourages Member States to take measures to alleviate energy poverty according to their own set of criteria. When implementing their renovation strategies, it is also up to the Members States to decide what a relevant action is.

One stop shops

Overall, it is very important that actions and policies to alleviate energy poverty are set to be part of long-term renovation strategies that countries have to submit by 2020. Moreover, Article 2a re-emphasizes the need for one stop shops for consumers and the availability of financing for renovation.

One stop shops and energy advisory services are particularly good idea for consumers, especially for the energy poor and vulnerable consumers, as this should eliminate excessive paperwork that would deter this group having access to energy efficiency renovation of buildings. Consumer and frontline organizations can facilitate, via training, advice and information, access to consumers and especially to energy poor to such national renovation schemes.

The introduction of minimum energy efficiency requirements for rental properties can play an important role in reducing energy consumers' energy costs and improving their health and well-being. Consumer and frontline organisations can help make tenants aware of their rights and inform landlords about their obligations.



Electricity Directive (ED)

The revised **Electricity Directive (Directive 2019/944 on common rules for the internal market for electricity)** aims to redesign the electricity market so that it's more flexible and better integrates renewable energy sources. The directive also updates consumer rights and protections so that these are fit for the future and consumers can easily navigate and engage in electricity markets.

Electricity Directive aims to ensure consumers, including the vulnerable and energy poor, are well protected and empowered in electricity markets.

This legislation includes several elements that come to support the energy poor.

The need for setting criteria and introducing a national definition

According to Article 29 of this directive, Member States are to develop a set of criteria to identify energy poor households within their countries in order to be able to provide targeted support. These criteria may include low income, high expenditure of disposable income on energy and poor energy efficiency. Members States are further encouraged to share their good practices in doing so. To help Member States in their work, the European Commission will provide a guidance paper on how to assess what is a significant number of households in energy poverty.

Article 28 mentions the need for Member States to adopt a concept of vulnerable customers which may refer to energy poverty. This may include income levels, the share of energy expenditure of disposable income, the energy efficiency of homes, critical dependence on electrical equipment for health reasons, age or other criteria.

Price regulation

Article 5 of this directive requires Member States to ensure the protection of energy poor and vulnerable household customers by social policy or by other means than public interventions in the price setting for the supply of electricity. However, it also sets conditions under which public intervention in the price setting is allowed.

The directive further supports that consumers which are under the regulated tariff, and these are usually the more vulnerable or energy poor, should be made aware of the tariffs that are available on the competitive markets. In addition, consumers should have access to smart metering and be protected from peaks in electricity prices. Consumers must be supported to engage with the energy market and the market should offer competitive and affordable tariffs.

Moreover, the directive puts forward the idea that “Community energy can also advance energy efficiency at household level and help fight energy poverty through reduced consumption and lower supply tariffs.” Organized groups of consumers could have a bigger power to negotiate tariffs or bring bigger changes in efficiency. This directive talks about Citizen Energy Communities (CECs) – communities with a wider scope for action than Renewable Energy Communities, or RECs (the latter are already in place in many countries, better known as ‘solar cooperatives’ or similar). CECs can engage in smart distribution grids and demand response, or exploit other technological advances, not necessarily related to the usage of renewable energy sources.

Consumer protection

Consumer protection is the key to a well-functioning energy market. This is present in several provisions of the directive as follows.

Article 10 underlines that consumers should not face discriminatory means of payment and should be offered a wide enough choice of payment means. Article 10 as well as other parts of this directive support again the idea that vulnerable consumers should be sufficiently protected, provided with social measures and policies for investments in energy efficiency and not be disconnected from electricity supply. They should be offered alternative measures to retaliate their debt instead. It is important that prepay consumers are not placed at a disadvantage and that procedures are put in place to prevent ‘self-disconnection’.

As it can be seen throughout the entire directive, consumers and the energy poor households in particular play a key part in the market design. It is essential that follow up is done at national level to see that consumer rights are indeed well enforced in the energy market.



Renewable Energy Directive (RED)

The revised **Renewable Energy Directive (Directive 2018/2001 on the promotion of the use of energy from renewable sources)** updates the EU renewable energy target and policy for 2030 and establishes regulatory framework on self-consumption as well as on renewable energy communities.

The Renewable Energy Directive encourages access to renewables to low income and vulnerable consumers. This is done through several measures such as:

Information and training

Information on support measures should be available to all consumers, including the low income and vulnerable ones. According to Article 18, special training and information programs will be created to raise awareness on renewables in this target group.

Financial schemes

Member States should ensure accessibility of renewables self-consumption to all consumers including the vulnerable and energy poor. Article 21 specifies that unjustified barriers to financing should be addressed in order to facilitate access.

Renewable energy communities

Renewable energy communities will be open to all consumers and authorities' participation encouraged according to Article 22, specifically mentioning low-income or vulnerable households. Again, tools will be implemented to facilitate access to information and financing.

Energy poverty is not as present in the Renewable Energy Directive as in other legal acts. However, renewables are a powerful tool in reducing grid dependency and providing affordable energy services, in case the necessary investments are available and these do not result in a burden for consumers.



Governance Regulation (GR)

The **Governance Regulation (Regulation 2018/1999 on the Governance of the Energy Union and Climate Action)** aims to provide a framework for cooperation between the EU and Member States so that national and EU trajectories are best aligned with a view to meeting the objectives and targets of the Energy Union, consistent with the Paris Agreement goals and in particular the EU's 2030 targets for energy and climate. Brexit will likely impact the implementation of this regulation.³

The Governance Regulation requests Member States to identify the numbers of households in energy poverty at national level and provide solutions to tackle this. More details on how this could be done can be found in the national strategies⁴ as well in the obligatory reporting that needs to be provided by Member States. The STEP project will keep tracking the evolution of these indicators, especially in the projects' partners' countries.

National Energy and Climate Plans

By the end of 2019, Member States have to make available their final National Energy and Climate Plans (NECPs). These should cover the actions to be implemented in the next 10 years, also taking into account the longer term perspective. As part of these plans, as stated in Article 3 of this regulation, Member States are to identify if there is a significant number of households in energy poverty and provide measures, either social or other national programmes to alleviate this.

Annex I further explains the importance of including the objectives, national targets and policies in regards to energy poverty and timeframe to when these can be met. In order to support countries to identify what the significant numbers of energy poor are at national level the Commission will provide a guidance paper containing the relevant indicators that Member States can consider when making this estimation. References to this guidance paper can also be found in the Electricity Directive.

³ https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CONSIL:PE_19_2019_REV_1&qid=1553522135987&from=EN

⁴ In coordinated manner, Long term renovation strategies should also be provided by March of 2020, in line with NECP provisions, while Long term strategies contributing to climate and energy objectives shall be provided by the 1st of January, 2020.

Energy poverty reporting

Article 24 reinforces the provisions of the national plans by requesting Member States, especially those with a significant number of households in energy poverty, to report on the number of these households and the measures taken to reduce these numbers. This data would also be shared with the Energy Poverty Observatory.

Annexes III and IX connect the reporting on energy poverty to that on energy efficiency. This directly implies that the reporting on energy savings made as result of the Energy Efficiency Directive should also specify which of these savings were realized as a result of measures and policies implemented to reduce energy poverty.

The final version of the National Energy and Climate Plans will be most awaited at European level to see how Member States will tackle energy poverty. Research and advocacy actions coming from STEP project will follow closely in partner countries the mandatory reporting figures of these national plans.