

Ms Kadri Simson
European Commissioner for Energy
European Commission
Rue de la Loi 200

The Consumer Voice in Europe

B-1049 Brussels

Ref.: BEUC-X-2020-025/MGO/rs

Brussels, 21 April 2020

Subject: COVID-19 implications for energy consumers and BEUC recommendations to ensure consumer access to affordable and secure energy supply.

Dear Commissioner Simson,

Europe is currently facing an unprecedented crisis, which is exacting an enormous toll in terms of lives lost across all EU Member States. However, the COVID-19 pandemic is also having a parallel, wider impact on society. The shutdown of most economic activities means that many citizens have lost their jobs or were switched to part-time work arrangements and are facing a reduction of their income. The European Union will successfully overcome this crisis only if EU and national policy-makers mitigate its negative effects on their citizens. Particular attention should be paid to the most vulnerable, who have been more severely impacted by the economic slowdown.

While several Member States have already put in place measures to protect energy consumers, the situation and the level of ambition varies considerably across Europe. Energy supply is an essential service and should be prioritised with respect to the various support packages governments are putting in place. Energy represents a significant share of EU households' expenditure and lots of consumers were already having difficulties with paying their bills before the lockdown.¹ Home confinement leads to higher household consumption as people need to keep their homes warm or cool and they rely more on digital technologies to be able to work and remain close to their family. This will inevitably lead to increasing energy bills which are likely to be higher for people living in homes with poor energy standards.

COVID-19 is teaching us that swift policy changes are possible. The European Commission has a significant role to play in the mitigation of the crisis by initiating measures and issuing guidance to Member States to ensure energy consumers are well protected and have access to affordable energy supply. At the same time, the European Commission, Member States and energy regulators must closely monitor the impact of the crisis on energy consumers, evaluate the effectiveness of the measures that have been introduced and adjust them, where necessary. The sharing of best practices, for instance in the context of the Energy Poverty Observatory, should be facilitated.

.../...

¹ In 2015, middle income households spent 6% of their expenditure on energy, excluding transport. This share was 9.8% for the poorest ten percent of EU households. As a result of high energy costs, in 2018 almost 7% of EU households were unable to pay their bills. Source: Eurostat (2020), Arrears on utility bills, available at: <https://ec.europa.eu/eurostat/web/products-eurostat-news/-/DDN-20200120-1>

Since the beginning of the COVID-19 pandemic, BEUC member organisations have been supporting consumers on a daily basis and advising them on a variety of issues. Several consumer organisations have also shared proposals for better consumer protection with their governments, regulators and companies, including in the energy sector.² At the same time, a number of BEUC members have been advocating for immediate action to help low income consumers pay their energy bills under the Solutions to Tackle Energy Poverty (STEP) project.³

There is a need for immediate support in three areas: disconnections, flexibility in payments and support to vulnerable consumers.

1. Disconnections for non-payment of energy bills should be suspended

Several national governments and energy regulators⁴ have already introduced this measure, to ensure that households unable to pay their bills during the crisis continue having access to energy supply to satisfy their essential needs.

2. Households should be granted flexibility to settle their energy bills and debts

Many households across Europe have had a significant reduction in their income and are unable to pay their bills. To ease the impact on these households, measures increasing the flexibility in paying their energy bills should be introduced. These measures may include⁵:

- a. a moratorium on the payment of energy bills;
- b. allowing households to settle already existing and new debts in instalments, with no interest rate;
- c. emergency top-ups for households with pay-as-you-go meters, which should also be allowed to settle the top-up in instalments.

While flexibility in paying energy bills provides an important immediate relief to households, particular attention should be paid to consumers in vulnerable situations so that they do not face accumulation of debts at a later stage.

To assist vulnerable consumers in the short-term, there is also a case for government funding for rebates to help cover fuel bills for unemployed people and other low-income households confined to their homes during lockdown periods. This could include a higher rate for low income households recovering from COVID-19 as their needs for energy are even greater. For instance, in Flanders in Belgium, the government is paying one month's utility bill to those temporarily unemployed as a result of the economic measures taken to address the pandemic.

3. Energy specific measures on social inclusion should be strengthened in light of COVID-19

Some households who were not in a vulnerable situation before the lockdown, are now experiencing difficulties due to the sudden reduction or absence of income and need immediate relief. For this reason, the list of consumers eligible for support should be extended to households which have been affected by COVID-19. While some national authorities have already enacted similar measures, these are still rather rare across the EU.⁶

.../...

² Overview of BEUC's and our members' activities in relation to the COVID-19 emergency is available at <http://www.beuc.eu/covid-19-and-consumer-policy>

³ Solutions to Tackle Energy Poverty (STEP) is a project funded by the Horizon 2020 Programme and aims to develop a simple, innovative and replicable model of measures to address energy poverty. STEP project partners are exploring ways to assist consumers in vulnerable situations remotely (for instance via social media, phone, web chats) and advocate for long term improvement of Europe's housing stock to ensure it is healthy and affordable to heat and power in the future. For more information, please, see the project website: <https://www.stepenergy.eu/>

⁴ For instance, Italy, Spain, Germany, Belgium, France, UK, Portugal and Ireland.

⁵ Some of these measures have already been introduced in Italy, Ireland, Germany.

⁶ Measures aimed at easing the financial burden of energy bills on households have been introduced for instance in Spain, Cyprus, Slovenia, Greece.

In addition, postal services are under pressure because of an increase in activity and a reduction in personnel, which may lead to delays in processing applications for government support to vulnerable households. These households need to be sure that they do not lose the support they are benefitting from because their deadline to apply was missed due to postal delivery delays. Only a few countries have made administrative procedures more flexible for vulnerable consumers so far.

When the worst of the health crisis is behind us, we will need to focus on rebuilding our economies. It is important that this happens while being mindful of another crisis affecting people and the planet: the climate crisis. This is why the European Green Deal action plan has become more important than ever and the European Commission must stick to the Green Deal's ambition. The Green Deal has enormous potential to stimulate growth in the energy efficiency and renewable energy sectors and should therefore become a guiding principle in steering the European economic recovery.

In the longer term, the Renovation Wave initiative has a huge potential to make people's homes more energy efficient, warmer and healthier. More efficient homes also mean lower energy bills in the long term. Moreover, this initiative has the potential to create new jobs not only in the building sector, but also in construction materials, heating appliances or financial services. However, this initiative will only benefit society if making the 'sustainable choice' is an easy choice and if there are measures to ensure funding is trickled down to households. For this reason, we urge the Commission to take into account the consumer angle in this forthcoming initiative and to ensure its swift adoption and implementation.

We would very much welcome the opportunity to discuss these points with you in an 'e-meeting' at your convenience. In the meantime, we remain at the disposal of your services should you require any further information.

Yours sincerely,

Monique Goyens
Director General

C/c: Mr Stefano Grassi, Head of Cabinet;
Ms Ditte Juul-Jørgensen, Director-General;
Mr Klaus-Dieter Borchardt, Deputy Director General;
Ms Catharina Sikow-Magny, Head of Unit;
Mr Jan Panek, Head of Unit.