



## BRIEFING FOR MEMBERS

# ENERGY POVERTY IN THE EUROPEAN UNION

## What is energy poverty and how does it affect people in the EU?

The term “Energy Poverty” or “Fuel Poverty” relates to the inability of a household to keep its living arrangements adequately warm or cold or to ensure a sufficient electricity supply, often leading to the worsening of health conditions, social exclusion processes or even premature deaths. Generally this inability is measured with differing methods across the EU. The most common definition of “energy poverty” is if the energy costs surpasses 10% of the households income, but this depends on the national context. Other definitions include damp housing conditions (15.2%)<sup>1</sup> or arrears on energy bills (9.1%).<sup>2</sup>

Energy poverty is a problem in several EU Member States, due in particular to rising energy prices. After the financial crisis Energy Poverty has been rapidly rising reaching its peak in 2012 where 10.8 % of the EU population were *unable to keep their home adequately warm* according to the EU Survey on Income and Living Conditions (EU SILC).<sup>3</sup> Coinciding with the fall in oil prices this trend changed still affecting 9.4% of the EU population in 2015. This situation impacts mostly people at risk of poverty and social exclusion, i.e. almost one quarter of poor households across the EU touching especially single parents with dependent children.<sup>4</sup>

## Why is this relevant for Eurodiaconia members?

As Energy poverty has been increasing after the financial crisis, so has the impact of energy poverty on different groups of people Eurodiaconia members’ organizations are working with.

**Impact on health:** People affected by Energy poverty can suffer serious consequences, especially in terms of health. This impacts particularly the most vulnerable groups: children, elderly people and people with chronic diseases. Cold houses can lead to cardiovascular and respiratory diseases, a higher rate of influenza infections, injuries and falls hypothermia as well as it has a very negative effect on mental health.<sup>5</sup> For example adolescents living in cold housing are five times more likely to be affected by multiple mental problems.<sup>6</sup> Lastly it is estimated that around 10% to 50% of excessive winter deaths - the surplus of people dying from December until March - are directly caused by Energy poverty.<sup>7</sup>

**Poverty and social exclusion:** Low-income households are proportionally more affected by rising prices in the Energy sector. Rising energy prizes and stagnant or reduced income during the last years have led the most destitute households spending a very high proportion of their income in energy demands. A study of

<sup>1</sup> Eurostat data relating to 2015:

<http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tessi292&plugin=1>

<sup>2</sup> [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc\\_mdcs07&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_mdcs07&lang=en)

<sup>3</sup> [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc\\_mdcs01&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_mdcs01&lang=en)

<sup>4</sup> <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>

<sup>5</sup> The Greens/ EFA, BPIE, Housing Europe, EPAN – Energy poverty handbook, 2016,

<https://www.socialeurope.eu/wp-content/uploads/2017/01/energypoverthyhandbook-online.pdf>.

<sup>6</sup> Energy poverty handbook.

<sup>7</sup> Energy poverty handbook.





Civic Consultation of the Consumer Policy Evaluation Consortium<sup>8</sup> found that utility bills represent 68% the major cause of over-indebtedness in Europe.

This need is reflected in the demands received by social services. In its annual report 2011, the Diaconia Austria estimated that about one fourth of the emergency funds spend by social organizations in Austria is spend on financial support relating to energy bills. Furthermore the additional costs caused by cold housing for the national health care systems are enormous. In the UK alone a study estimated that the treatment of winter-related diseases caused by Energy poverty costs £859 million per year, whereas investments of £1 for preventing cold housing could save 42 pence each of those costs just in the health sector.<sup>9</sup>

Last but not least, Energy poverty - causing incapacities to cook, invite people, maintain proper hygiene or inabilities to learn or work – can lead to serious forms of social exclusion, social retreat and loss of self-esteem.

## Good practices examples

Many social services providers are working to facilitate and maintain people's access to energy through the promotion of energy efficient behaviour and energy saving project. Traditionally, support has focused on emergency relief services and extended debt-counseling services that play a crucial role in managing energy bills and the prevention of disconnections. Additionally, new forms of support have developed in recent years to reduce energy costs, addressing energy poverty on a long-term approach, but also leading to the reduction of energy consumption in line with the 2030 Energy Strategy of the EU.

### **Energy counseling – F.I.T. energy counseling by Diaconia Schweinfurt**

The energy counseling program implemented by Diaconia Schweinfurt provides free consultations for low-income households on how to reduce their energy consumption and energy costs. Over 100 of these energy consultations are conducted every year by trained volunteers. There, major sources of energy loss are identified and modifications to lower the energy consumption are undertaken. For instance, the organization provides energy saving lighting and supports more costly replacements like refrigerators. These energy consultations are accompanied by social services preventing disconnections, supporting in administrative work and developing long-term exit-strategies out of energy debt. Similar services in Germany have proven to reduce the energy costs of households by around 35 -225€ per month.<sup>10</sup>

### **Improve living condition through housing upgrading:**

Eurodiaconia member organizations Ecumenical Humanitarian Organization (EHO) and the relief program of the Federation of Swiss Protestant Churches (HEKS) work together at a "Dweller-Driven-House Upgrading" approach to improve living conditions for Roma communities in Serbia, Kosovo, Hungary and Rumania. They fund building improvement under certain conditions, one being that the communities provide the manual labor themselves (expect for electricity and water installations) and the other being that the local governments or communities provide access to electricity and water for the Roma Communities.

Their work has a great impact regarding energy poverty. After the renovation or reconstruction, most building now have one room that the household can heat appropriately. Furthermore as the households has access to sanitation, the people experience less exclusion and health conditions improve. This is especially true for children and women.

---

<sup>8</sup> Civic Consulting of the Consumer Policy Evaluation Consortium, The Over-Indebtedness of European Households, 2015.

[https://www.mabs.ie/downloads/reports\\_submissions/part\\_1\\_synthesis\\_of\\_findings\\_en.pdf](https://www.mabs.ie/downloads/reports_submissions/part_1_synthesis_of_findings_en.pdf)

<sup>9</sup> Energy poverty handbook.

<sup>10</sup> INSIGHT\_E, Energy Poverty –Main report, 2015,

[https://ec.europa.eu/energy/sites/ener/files/documents/INSIGHT\\_E\\_Energy%20Poverty%20-%20Main%20Report\\_FINAL.pdf](https://ec.europa.eu/energy/sites/ener/files/documents/INSIGHT_E_Energy%20Poverty%20-%20Main%20Report_FINAL.pdf)



## How is the European Union involved?

The European Union aims to be an “energy union” by making energy “more secure, affordable and sustainable” in the European Union.<sup>11</sup> To do so, the European Union for instance facilitates the circulation of energy across borders, as well as encourages the use of new technologies and investment in infrastructure. This strategy is based on several documents such as the November 2016 “energy package” which includes a communication on 'Clean Energy For All Europeans' as well as a proposal for a revised energy efficiency Directive and others. These have a direct impact on the national and individual energy supplies as well as the reduction of personal energy demand. However, the reality of energy poverty is not sufficiently addressed.

Within the EU's objectives of security of the energy supply and sustainability of the Energy sector and energy efficiency, several affirmations to the goal of alleviating Energy poverty have been made e.g. the “right to access essential services of good quality” formulated in the recently released Pillar of Social rights.

Whether these goals translate into concrete measures on an EU-wide or national level that sufficiently tackle the realities of people concerned by Energy Poverty remains uncertain. That's why the EU will establish an [Energy Poverty Observatory](#) which should provide and facilitate scientific monitoring from November 2017. Special attention should be given to the refurbishment efforts, the measurements of safeguard from disconnection put in place by the member states and the development of national anti-energy poverty plans.

### Refurbishment and energy efficiency upscaling

Housing energy inefficient constitutes a main cause of energy poverty, with about 75% of the building stock in the EU currently being energy insufficient.<sup>12</sup> The Energy Poverty Handbook further describes the situation:

*“More than 80% of the EU's existing building stock in the housing sector is highly inefficient and buildings are responsible for 40% of the EU's energy consumption (Cañete, 2016). Those emissions could be cut drastically if 3% of the building stock was renovated every year. Unfortunately, the EU renovation rate is only 1.2% per year (H2020 Work Programme 2016-2017, 2015) and a further problem is that there are no common standards of what constitutes renovation.”<sup>13</sup>*

The EU has decided to accelerate the renovation and refurbishment of this inefficient building stock by calling on the member state to address the energy efficiency of social housing or housing of people suffering from energy poverty. This idea is to ensure that a certain percentage of refurbishment is carried out in this sector.<sup>14</sup>

Despite the fact that funding has significantly been increased to address this priority, it remains questionable to which extent destitute households will benefit from this funding as the accessibility of this funding and adequate information for these households is insufficiently ensured. Moreover, the EU has a limited monitoring to ensure that renovation does not lead to a disproportionate rise in lease costs.

The EU has also put forth a plan “**Accelerating clean energy in buildings**” to install concrete services on the national levels, such as “**local or regional one-stop-shops**” that are “covering the whole customer journey from information, technical assistance, structuring and provision of financial support, to the monitoring of savings.”<sup>15</sup>

---

<sup>11</sup> <https://ec.europa.eu/energy/en/topics/energy-strategy-and-energy-union/building-energy-union>

<sup>12</sup> Clean Energy For All Europeans; [http://ec.europa.eu/energy/sites/ener/files/documents/com\\_860\\_final.pdf](http://ec.europa.eu/energy/sites/ener/files/documents/com_860_final.pdf)

<sup>13</sup> Energy Poverty Handbook.

<sup>14</sup> Clean Energy for All Europeans.

<sup>11</sup> [http://ec.europa.eu/energy/sites/ener/files/documents/com\\_860\\_final.pdf](http://ec.europa.eu/energy/sites/ener/files/documents/com_860_final.pdf)

<sup>15</sup> Accelerating clean energy in buildings

[http://ec.europa.eu/energy/sites/ener/files/documents/1\\_en\\_annexe\\_autre\\_acte\\_part1\\_v9.pdf](http://ec.europa.eu/energy/sites/ener/files/documents/1_en_annexe_autre_acte_part1_v9.pdf)



## What is Eurodiaconia doing?

Eurodiaconia secretariat has started to look into the issue of energy poverty only in 2017. Eurodiaconia is now monitoring what is happening at the European Union level because of the impact of Energy Poverty on members work and because it is directly related to a European Union competency (Article 194 of the Treaty on the Functioning of the European Union - TFEU).

The first step is therefore to monitor what is happening at the EU level, particularly in the framework of the 2016 energy package. From this first step, we hope to be able to go further in our understanding of Eurodiaconia member's work, to enhance the exchange of best practices between members, and linking the European Union to the concrete challenge of our members on the field. Eurodiaconia also aims to respond to the European Commission potential initiative to strengthen provisions to address energy poverty. If you are interested to work on this issue as a member of Eurodiaconia, please let us know.

## What can you do?

### Advocacy

The European Commission's energy efficiency proposals ask Member States to take energy poverty into account, by requiring a share of energy efficiency measures to be implemented in households affected by energy poverty and in social housing. The long-term building renovation strategies should also contribute to the alleviation of energy poverty. Eurodiaconia members can contribute to the implementation of this measures by monitoring the effective changes on the ground, and reporting on the reality experienced by people facing energy poverty.

- **Monitoring investment policies relating to energy**

The "Clean Energy For All Europeans" proposal calls on Member States to focus investments also on "energy poor", since energy efficiency is one of the best ways to address the root causes of energy poverty. The Energy Union Governance process monitoring also requires Member States to monitor and report on energy poverty while the Commission will facilitate the exchange of best practices.

- Eurodiaconia members can monitor the impact of energy efficiency upscaling in their country, or at local level. Please share your experience to know whether it has a positive impact of people at risk of poverty or exclusion because they can benefit from it, or it has no impact, or a negative impact driving housing market prices up and out of reach for the most vulnerable.

- **Work for more targeted information to vulnerable consumers on existing opportunities**

The first step in the direction of putting consumers at the center of the Energy Union is to provide them with better information about their energy consumption and costs.

- Eurodiaconia members can monitor the implementation of the proposal concretely e.g. how are smart meters, clear bills and easier switching conditions being developed at national and local levels.
- Eurodiaconia members can advocate for consumers right to appropriate information on energy services as formulated by the European Energy Directive<sup>16</sup>
- Eurodiaconia members can encourage Member States to develop dedicated local or regional one-stop-shops, covering the whole customer journey from information, technical assistance, structuring and provision of financial support, to the monitoring of savings.

---

<sup>16</sup> European Energy Directive 2011/0172 (COD).

<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52011PC0370&from=EN>



- **Call for a right to energy provision**

Eurodiaconia is looking to actively support “*the right to affordable energy, as a basic human entitlement, where no person can be deprived of a minimum service*”, which was put forth by several organizations in the energy poverty handbook. This would be in line with the protestant tradition and ethical values accrued by diaconal organizations and would matches the Christian understanding of the value of human live and the biblical call for the protection of the most vulnerable<sup>17</sup>.

- Eurodiaconia members voice their support and advocate for effective national Anti-Energy Poverty plans, that contain three mayor aspects:
  1. Make funding and grants for energy efficiency accessible for energy poor households
  2. Establish legislative safeguards and mechanisms that prevent disconnections for vulnerable customers as well as services that mediate within these processes
  3. Create **a right to a minimum basic service of energy**, through social tariffs on energy or adequately adjusted social benefits

## Funding

Eurodiaconia members can be eligible for EU funding in some projects addressing energy poverty in particular through social or structural investment programs. However, even if the funding is European, often members will need to apply to their National managing authority.

- In this period (2014-2020) the European Structural and Investment Funds (ESIF) will provides around EUR 19 billion for energy efficiency and EUR 6 billion for renewable energy, primarily in buildings and district heating and cooling. Distribution is managed through specific funds with agencies on the national level. In the social sector, for regional partnerships, building renovation as well research and innovative approaches these three funds are especially important:<sup>18</sup>
  - [European Social Fund \(ESF\)](#) – A fund aiming to improve employment, education and the situation for people in and at risk-of poverty.
  - [European Regional Development Fund \(ERDF\)](#) – Funding regional projects with a focus on less developed regions
  - [Cohesion Fund](#) – A fund only accessible by public authorities, which is aimed at member states whose Gross National Income (GNI) per inhabitant is less than 90 % of the EU average.

## Exchange of Best practices

- Share your experience of best practice, examples of challenges and successful actions, so that we can learn from your experience. In particular, please share any example of social return on investment showing that investing in energy efficiency is cost-effective for society as a whole.
- Tell us about your needs. Whether you need innovative ideas or partners for a project, please share your challenges with us

---

<sup>17</sup> Clear examples can be found in the social laws put forth by the Old Testament (see Ex 22, 25+26; Dtn 23,12+13)

<sup>18</sup> An EU Strategy on Heating and Cooling

[https://ec.europa.eu/energy/sites/ener/files/documents/1\\_EN\\_ACT\\_part1\\_v14.pdf](https://ec.europa.eu/energy/sites/ener/files/documents/1_EN_ACT_part1_v14.pdf)



## Further information and links

Accelerating clean energy in buildings

[http://ec.europa.eu/energy/sites/ener/files/documents/1\\_en\\_annexe\\_autre\\_acte\\_part1\\_v9.pdf](http://ec.europa.eu/energy/sites/ener/files/documents/1_en_annexe_autre_acte_part1_v9.pdf)

An EU Strategy on Heating and Cooling

[https://ec.europa.eu/energy/sites/ener/files/documents/1\\_EN\\_ACT\\_part1\\_v14.pdf](https://ec.europa.eu/energy/sites/ener/files/documents/1_EN_ACT_part1_v14.pdf)

Civic Consulting of the Consumer Policy Evaluation Consortium, The Over-Indebtedness of European Households, 2015.

[https://www.mabs.ie/downloads/reports\\_submissions/part\\_1\\_synthesis\\_of\\_findings\\_en.pdf](https://www.mabs.ie/downloads/reports_submissions/part_1_synthesis_of_findings_en.pdf)

Clean Energy for All Europeans.

[http://ec.europa.eu/energy/sites/ener/files/documents/com\\_860\\_final.pdf](http://ec.europa.eu/energy/sites/ener/files/documents/com_860_final.pdf)

European Energy Directive 2011/0172 (COD).

<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52011PC0370&from=EN>

Energy Poverty Observatory

<https://wupperinst.org/en/p/wi/p/s/pd/661/>

Eurostat

<http://ec.europa.eu/eurostat>

INSIGHT\_E, Energy Poverty –Main report, 2015,

[https://ec.europa.eu/energy/sites/ener/files/documents/INSIGHT\\_E\\_Energy%20Poverty%20-%20Main%20Report\\_FINAL.pdf](https://ec.europa.eu/energy/sites/ener/files/documents/INSIGHT_E_Energy%20Poverty%20-%20Main%20Report_FINAL.pdf)

Schenk, Martin: Kindergesundheit und Armut 2015

[http://diakonie.at/sites/default/files/diakonie\\_oesterreich/pdfs/diakonie-epaper-kindergesundheit-und-armut-2015.pdf](http://diakonie.at/sites/default/files/diakonie_oesterreich/pdfs/diakonie-epaper-kindergesundheit-und-armut-2015.pdf)

The Greens/ EFA, BPIE, Housing Europe, EPAN – Energy poverty handbook, 2016,

<https://www.socialeurope.eu/wp-content/uploads/2017/01/energypovertyhandbook-online.pdf>.