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Institut für angewandte Ökologie
Institute for Applied Ecology

How to end Energy Poverty? Scrutiny of current EU and Member State Instruments

Presentation of study results

Benjamin Greiner
ITRE Workshop on Energy Poverty
Brussels, 9 November 2016

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About the Study

About Us

Öko-Institut e.V.
Institut für angewandte Ökologie
Institute for Applied Ecology

- Founded in Freiburg, 1977
- Research and consulting in all environmental fields
- Committed to sustainable development

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The Team

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Aim of the Study

Commissioned by ITRE, beginning of 2015

- Drivers of fuel poverty
- Survey of current existing policies
- Identifying effective measures
- Identifying bottlenecks
- Suggestions & opportunities for EU action

Methodology

- Explorative study
- Comparative case studies of 8 Member States
- Gathering of economic indicators, building performance, energy costs, and heating requirements
- Expert interviews and publically available reports to assess policy effectiveness

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Energy Poverty in Member States

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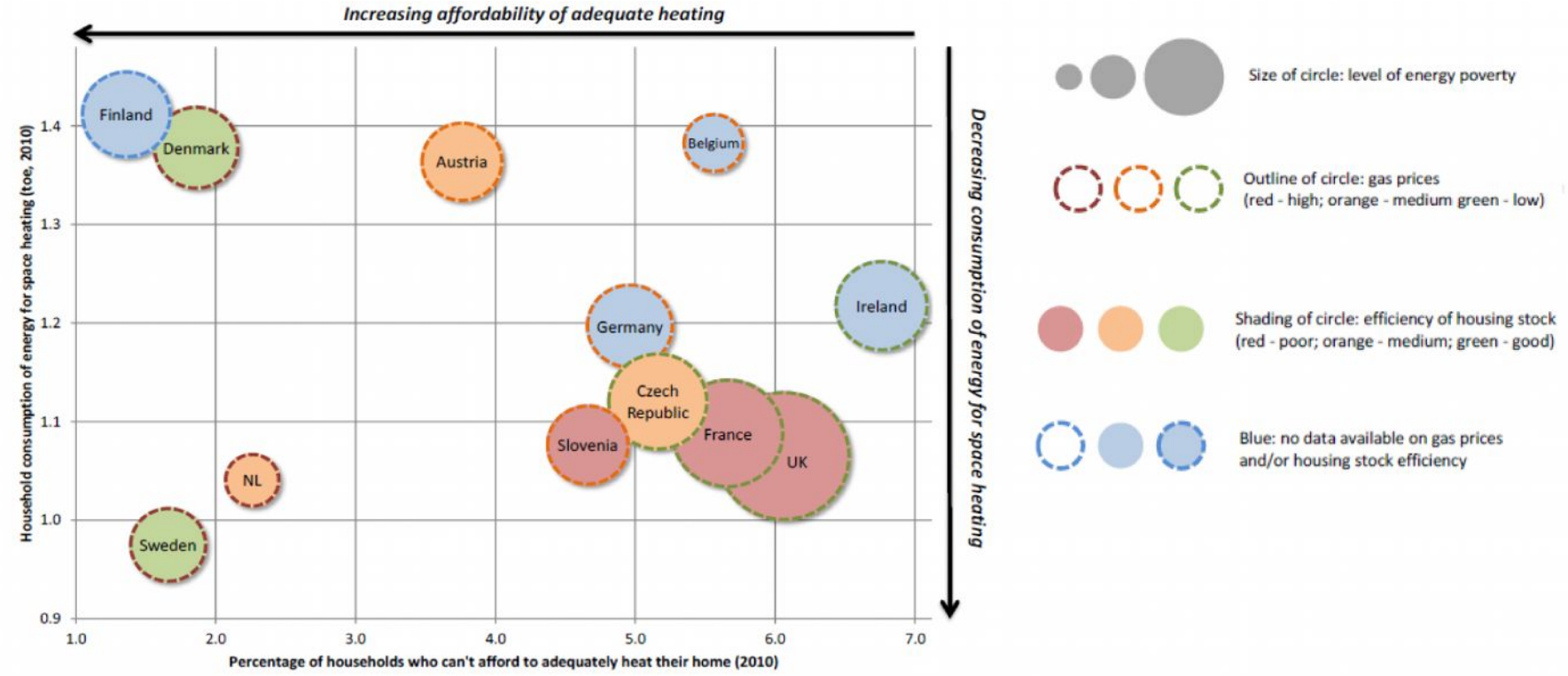
Prevalence of Energy Poverty in Europe



Source: Association for the Conservation of Energy (2013): Energy-Bill-Revolution – Fact File: The Cold Man of Europe.

Case Selection

- Geographically differentiated (North / South)
- Economically differentiated (High income / Low income)
- EU-15 and post-2004 Member States

Selection: ES, EI, FR, UK, IT, PL, BG, EL

Generic First Findings

- Energy prices on the rise in all Member States
- Energy poverty loosely connected to macroeconomic indicators
- Energy poverty acknowledged as problem in most Member States
- Specific policies present in very different forms, but not in all Member States
- Very different track records of policies

Spotlight: Ireland

- Definition via expenditure approach
- 52% of poorest decile of households affected

- Better Energy, Warmer Homes: Funding of efficiency measures
- Household Benefits Package: Earmarked benefits
- Fuel Allowance: Seasonal benefits
- Unorthodox Measures: Better Energy Communities, Oil Stamps Saving Programme

Spotlight: France

- Expenditure definition & a basic right to energy
- 36% of poorest quartile of households affected

- Energy Solidarity Fund: obligations for utility companies
- Social tariffs for electricity & gas
- Habiter Mieux: home improvement scheme, implemented by local authorities

Spotlight: Bulgaria

- Steep energy prices, low incomes, outdated building stock
- 50% of population at risk of poverty
- Lack of data and resources

- Heating covered via generic social policy
- Building improvement measures unrelated to poverty

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Spotlight: UK

- Many buildings with low energy performance
- Over 30% of population outside of England affected
- Elaborate methodology (LIHC) and data collection

- Focus on energy company obligations
- Financial support to low income households
- Further devolvement of implementation in 2017

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A closer look at the results

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Our Analytical Approach to Policies

Three stages to designing a social policy:

Dubois, U. (2012). From targeting to implementation: The role of identification of fuel poor households. Energy Policy, 49, pp. 107–115. doi:10.1016/j.enpol.2011.11.087.

Challenges: Options for Targeting

- **Expenditure-based**: Simple, but does not take cost-cutting and differences in housing stock into account
- **Low Income, High Costs**: Accommodates for individual differences in heating performance, but enormous demand on building data and labour-intensive
- **Social policy**: No additional policy effort, but very inflexible regarding individual situations

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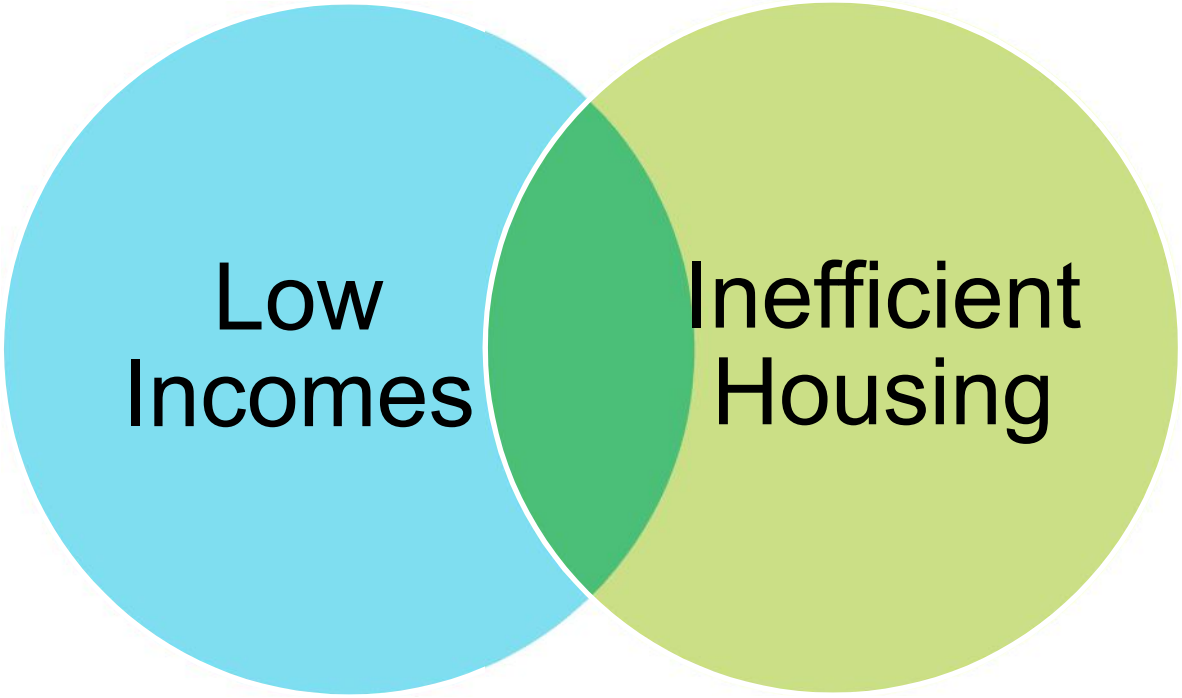
Poverty and Fuel Poverty



Challenges: Identification

Frequently underestimated step in policy

Difficult due to

- lack of detailed data about housing
- stigma of receiving benefits

Positive: Implementation by local or neighbourhood authorities (FR, UK)

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Results matrix

Problem Definition	IE	FR	UK	EL	IT	ES	BG	PL	EU
National definition for Energy Poverty	yes		yes	no	no	no	no	no	no
Data collection and investigation	yes		yes	neutral	neutral	no	no	yes	yes
National strategy and coordination			yes	yes	yes	yes	neutral	neutral	no
Policy Design and Targeting									
Definition of target group clear and adequate	yes	neutral		yes		no	yes	no	no
Short-term or long-term strategy	both	both	both	short term	short term	short term	mainly short term	mainly short term	market efficiency
Identification and Funding									
Identification of and awareness among target group	neutral		no	neutral	neutral	no	yes	no	no
Adequate funding for PaMs	neutral	no	no	neutral		no	no	no	neutral
Monitoring, evaluation, transparency	neutral	yes	yes	no	no	no	yes	neutral	no
Implementation									
Effectiveness of policy							low level	no	no
Long-term improvement of distribution	neutral	neutral	no	no	no	no	no	no	no

yes
neutral
no

Effective Policies (1)

Social electricity and energy tariffs (EL, ES)

PRO

Effective improvement if identification works

CON

Financial pressure on energy suppliers

Does not tackle root causes

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Effective Policies (2)

Support for building renovation (FR, UK)

PRO

Solution to root cause of energy poverty

Side benefit of energy and emissions savings

CON

Hard to allocate sufficient funds

Low performance does not equal fuel poverty

Effective Policies (3)

Allowances for energy to low-income households (IT, BG)

PRO

Low administrative burden

CON

May not target fuel poor efficiently

Does not tackle root causes of low income and building performance

Challenges for Member States in General

1. **Availability of data on housing quality**
2. **Identification of particular fuel poor households**
3. **Acquisition of sufficient funding**
4. **Implementation of long-term solutions**

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Recommendations

Options on the EU level

1. **Provide standardised and extensive data on building performance, deepen the work of BPIE**
2. **Strengthen the topic in existing channels, such as Citizens' Energy Forum**
3. **European minimum standards for building performance**
4. **Observing subsidiarity**
5. **Provide funds via existing means**

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