

Energy prices & energy poverty in Southern Europe: realities & perspectives

Energy poverty at Portugal



**RIGHT TO ENERGY
FOR ALL EUROPEANS!**



OBSERVATORIO
NACIONAL
luta contra a pobreza



2016

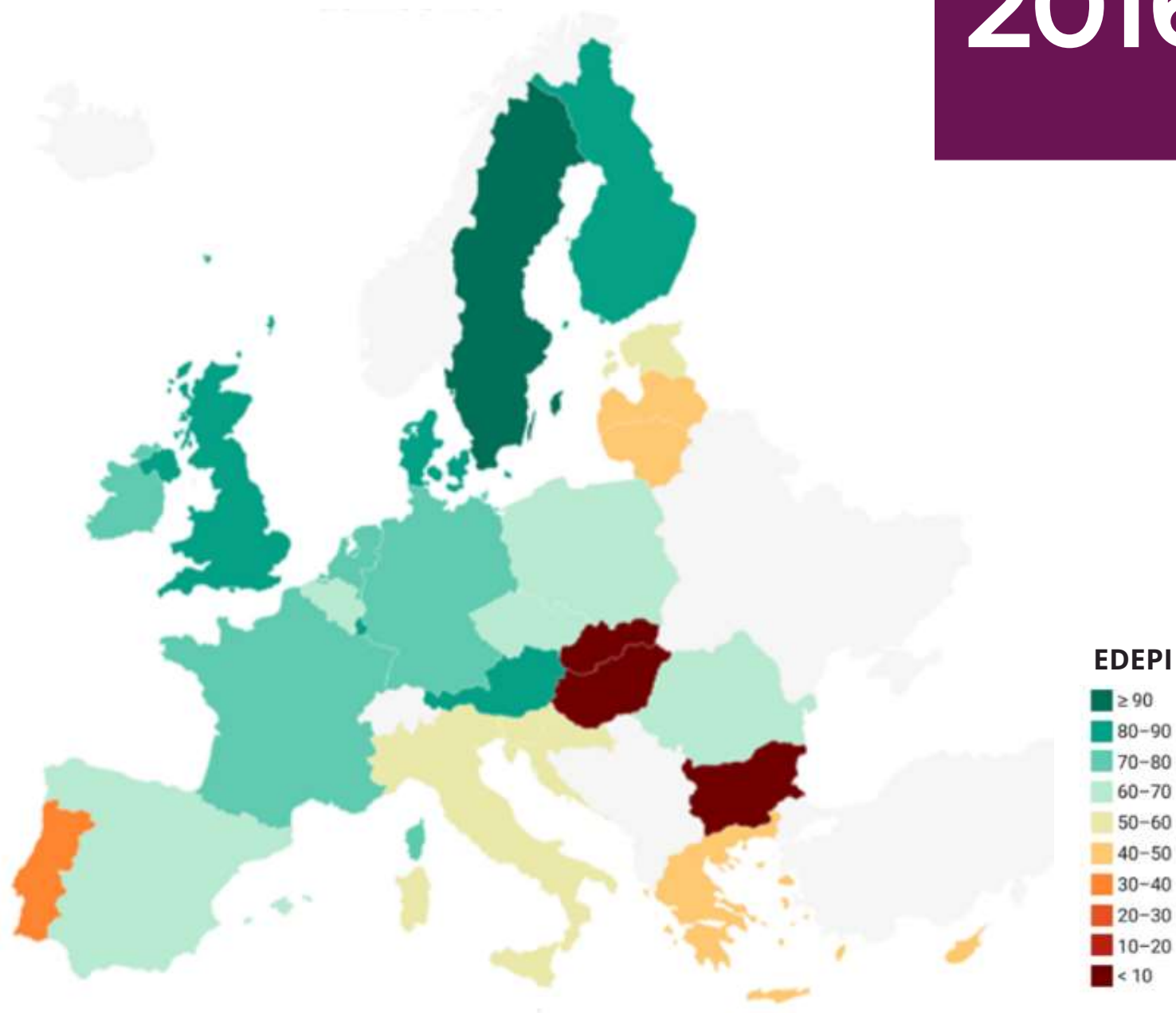
EUROPEAN DOMESTIC ENERGY POVERTY INDEX - EDEPI

Portugal was the fourth
European country with lowest
ranking (36.7)

64% Share of 1st quintile population unable to keep their homes warm in winter

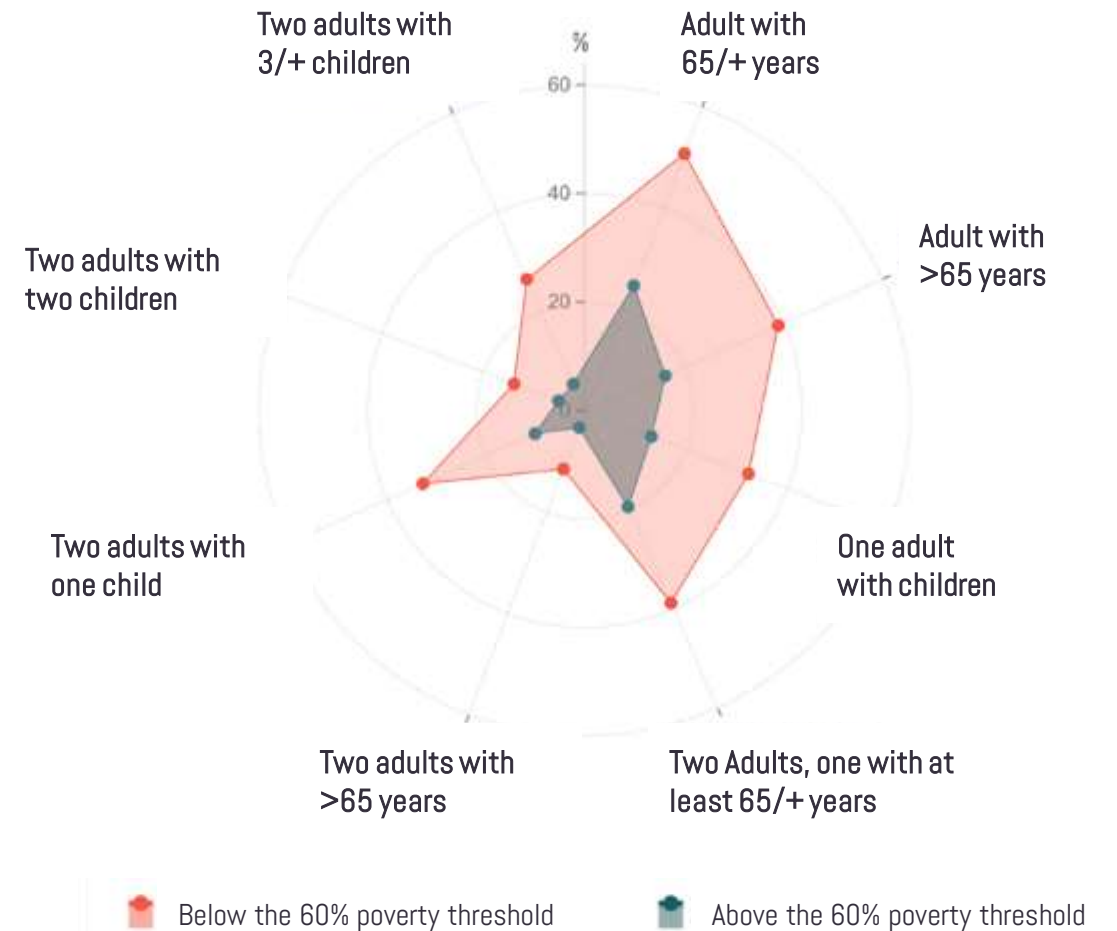
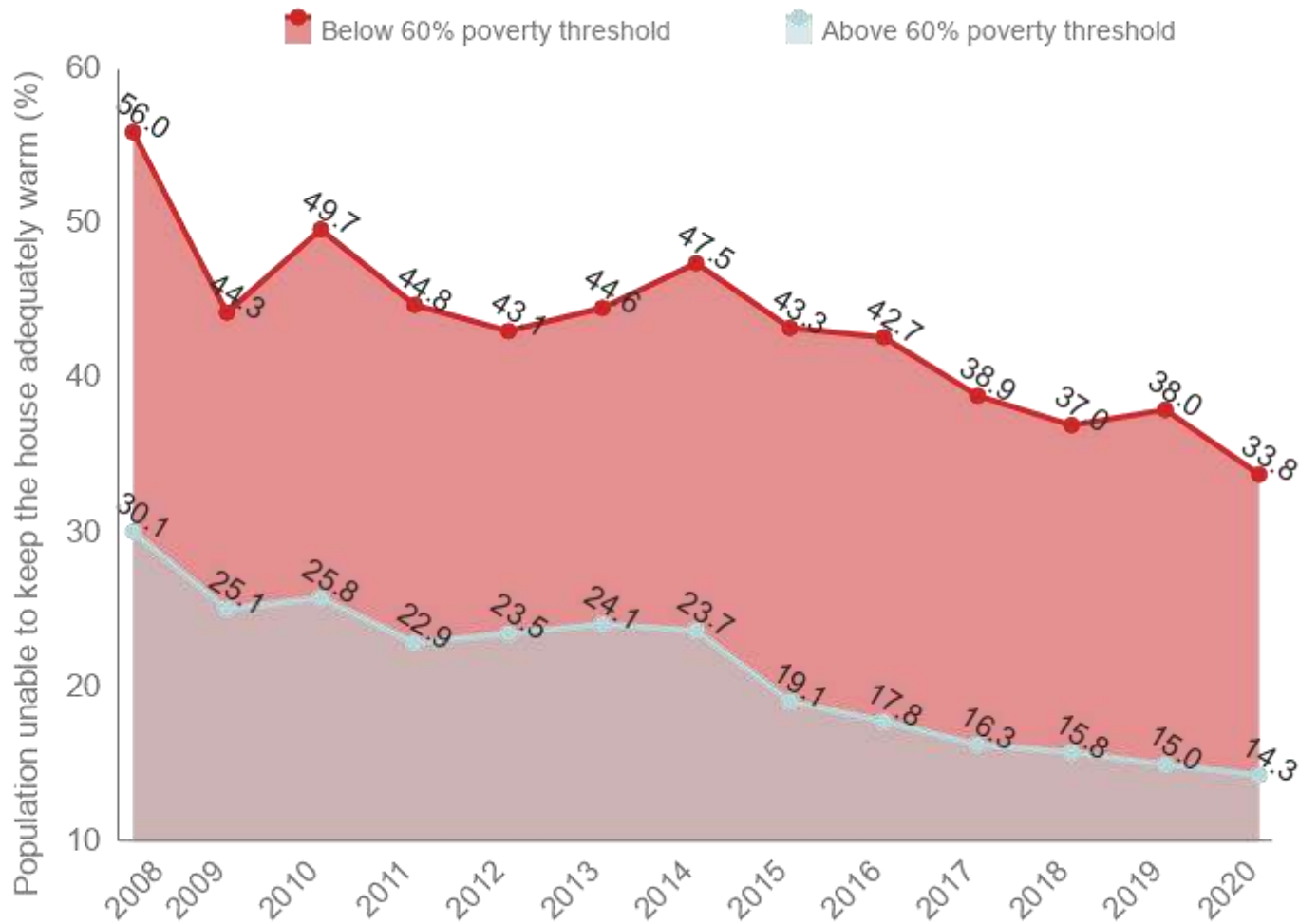
56% Share of 1st quintile population living in homes not comfortably cool in summer

84% Share of 1st income quintile population living in leaking homes



Population unable to keep house adequately warm

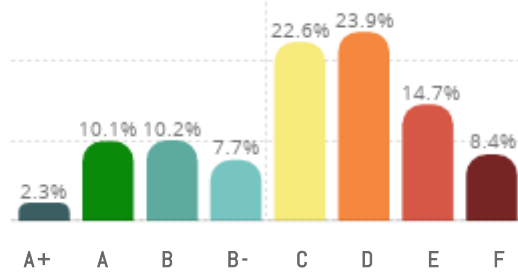
Higher risk on **elderly population**, particularly if below the poverty threshold (single adult: **50,9 %**; two adults, at least one 65/+ years: **38.7%**) Source: Eurostat





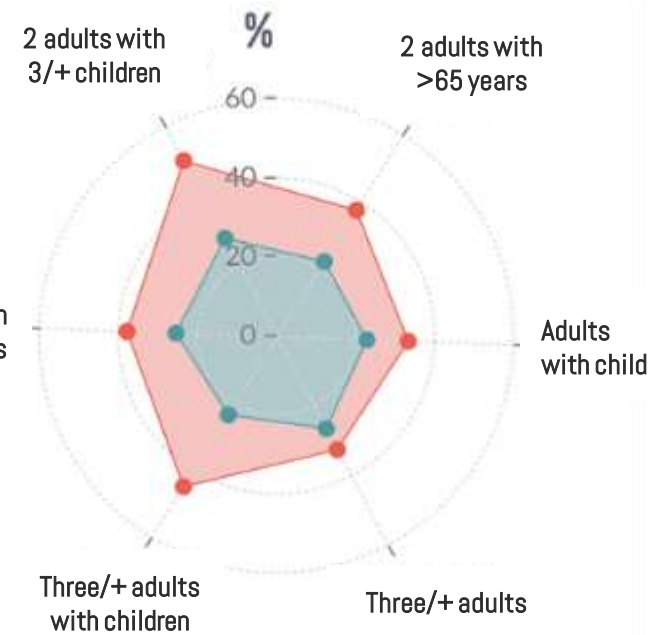
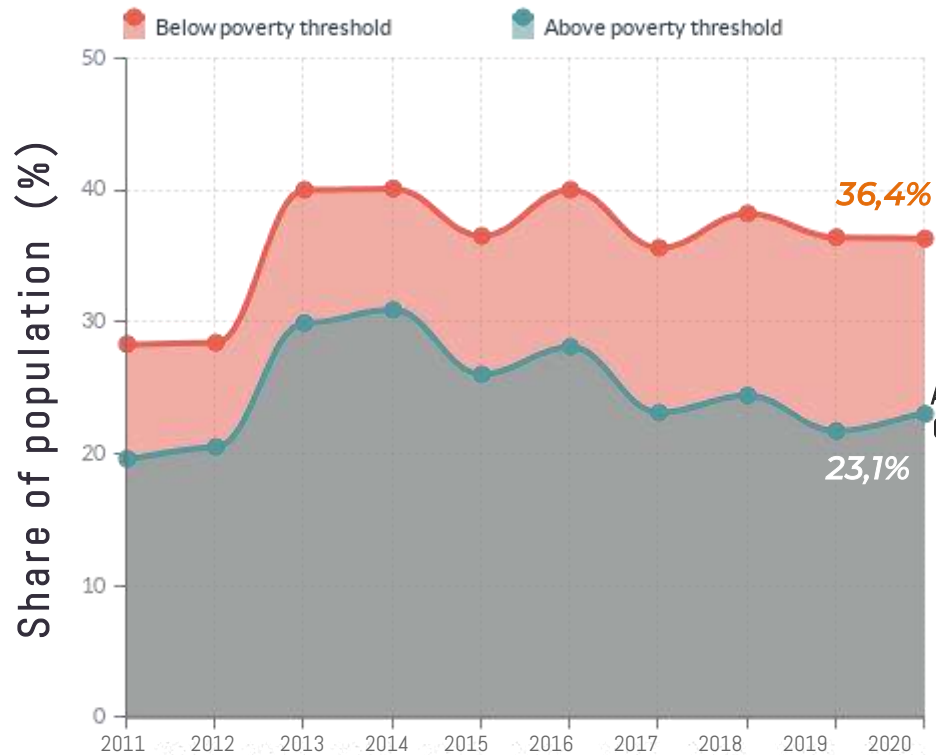
Housing deprivation

About 69,5 % of houses in Portugal have low energetic efficiency



Source: ADENE

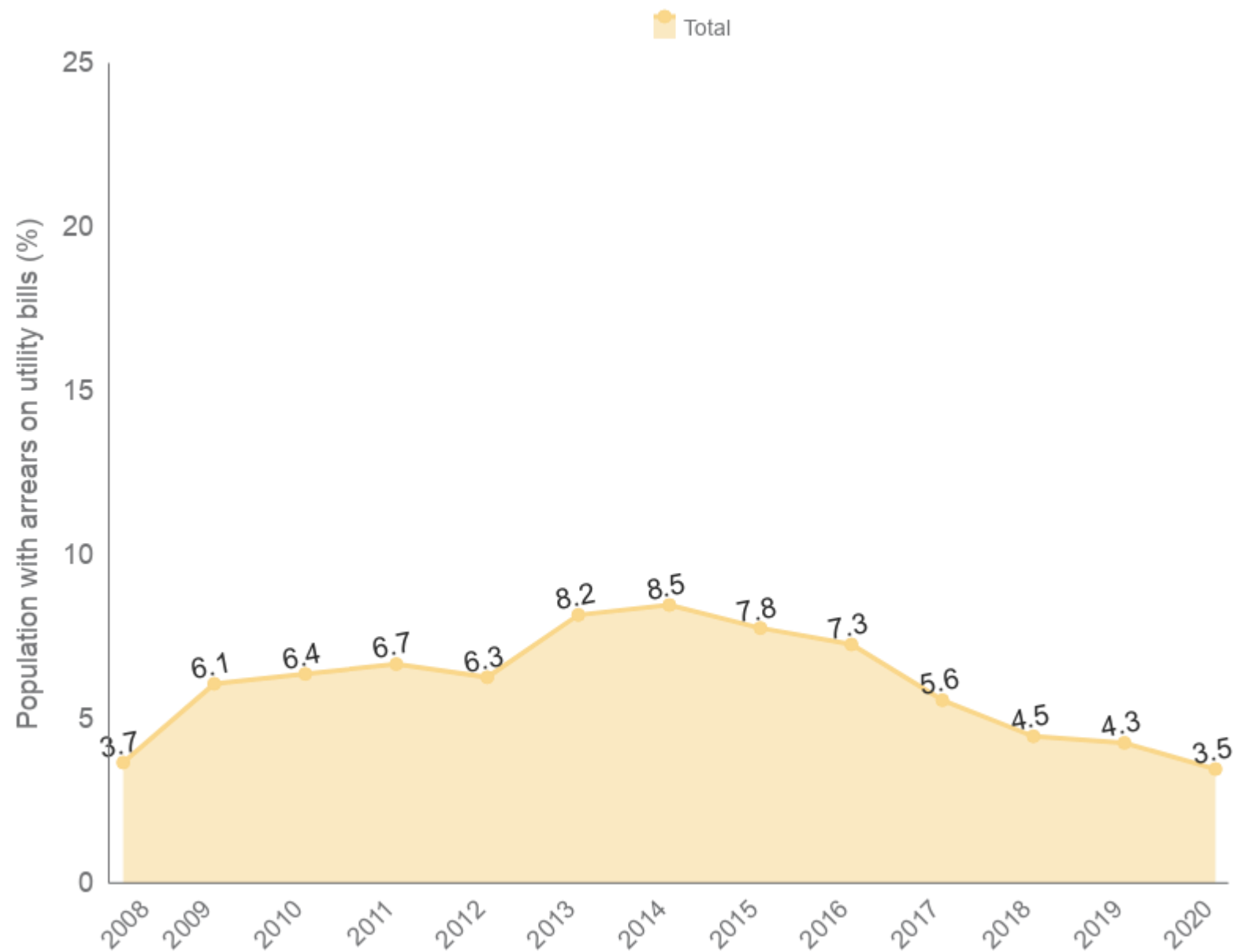
Population living in a dwelling with a leaking roof, damp walls, floors or foundation, or rot in window frames/ floor (Source: Eurostat)





Arrears on utility bills

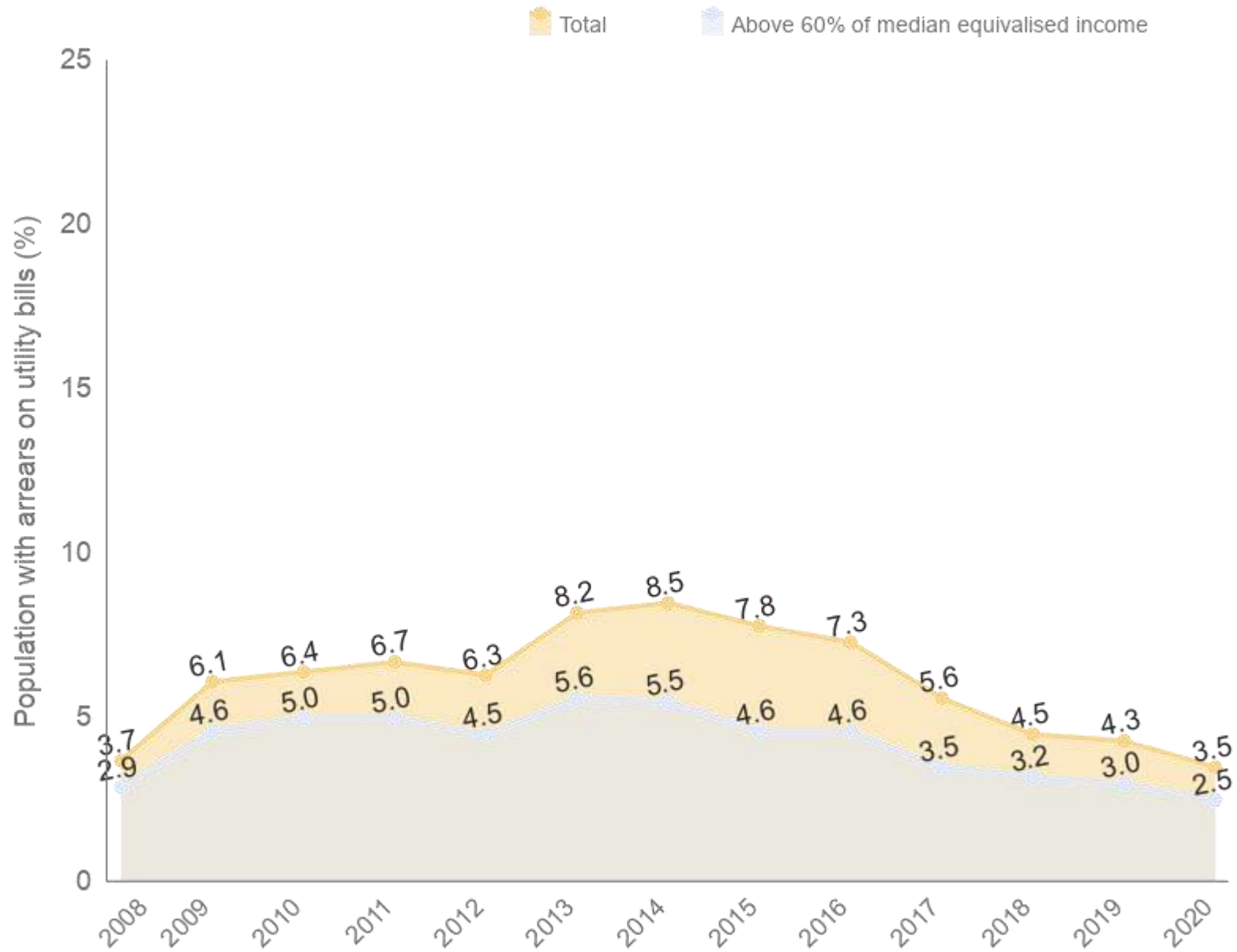
Source: Eurostat





Arrears on utility bills

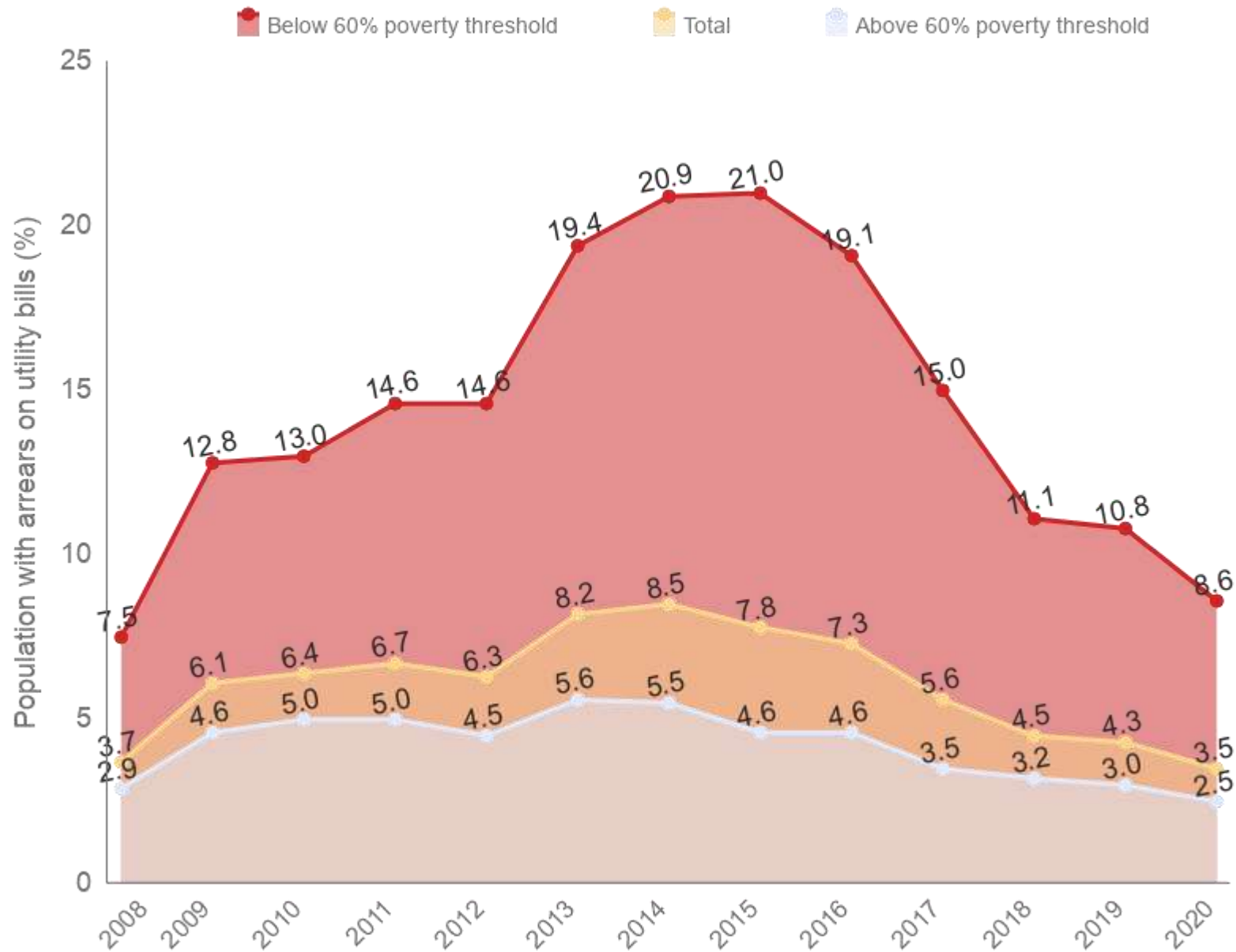
Source: Eurostat





Arrears on utility bills

Source: Eurostat



There is a "normalization" of cold. People would rather dress with layers than turning the heating on



National policy on energy poverty

Social Tariff

Allows a discount on low- voltage electricity and/or low-pressure gas to vulnerable consumers. Attribution is automatic, according to information available from Social Security.

The National Long-Term Strategy to end energy poverty (2021-2050)

Framed within the RRP

Is a good document and provides a good diagnosis of the situation. It has not yet been approved at AR and implemented.

Program "Vale Eficiência"

Vouchers worth €1,300 plus VAT, to invest in improving the thermal comfort of houses. Aims to "deliver 100,000 "efficiency vouchers" to economically vulnerable families by 2025,

- *It does not fully address the problem.*
- *- Obstacles to access this voucher. Beneficiaries must own the house they live in, which excludes a considerable number of families.*

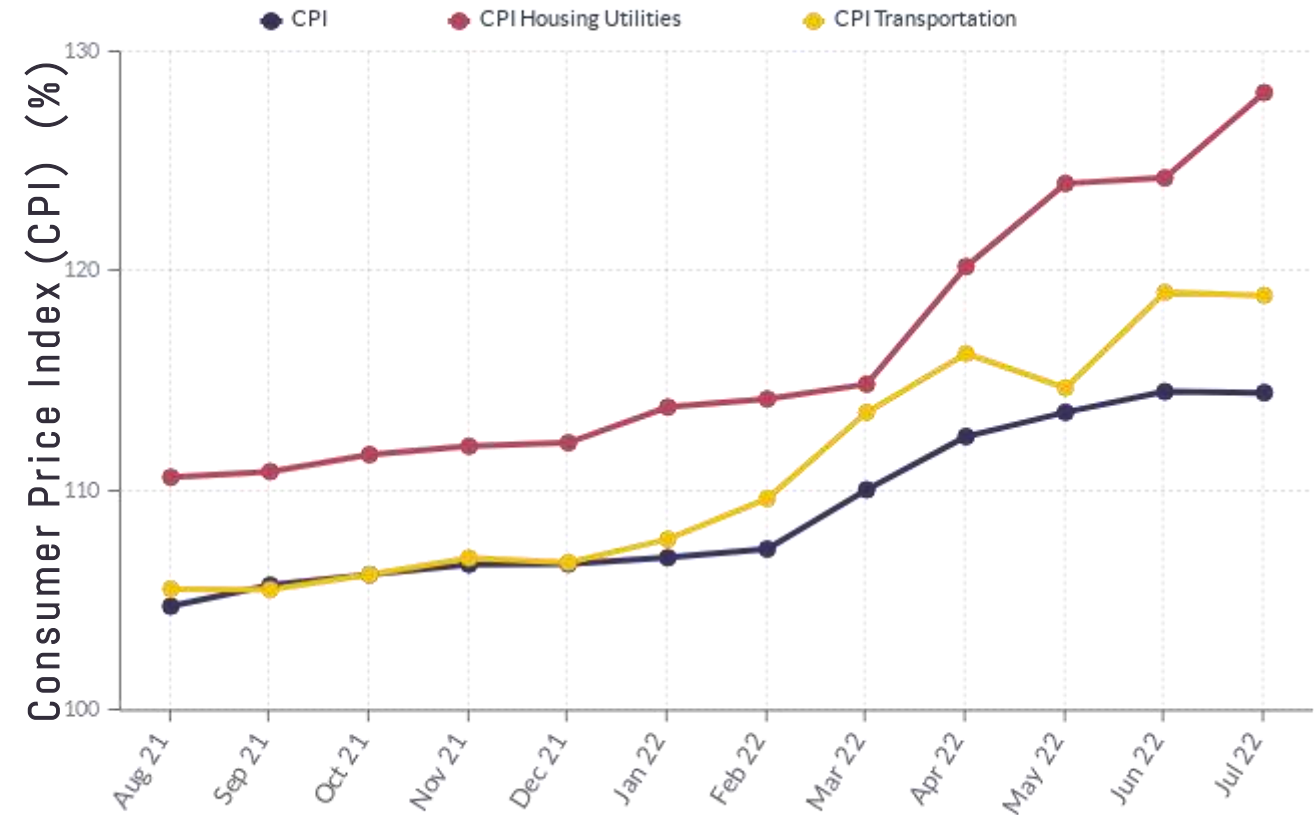
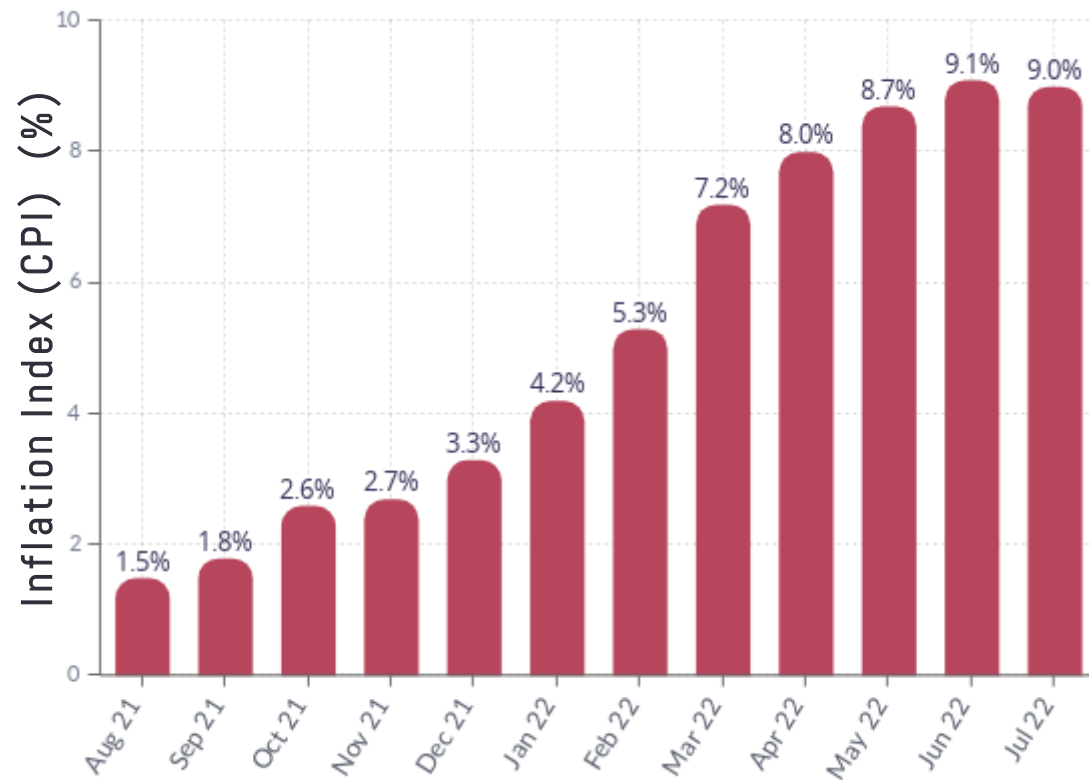
In 2021, aimed to deliver 20,000 vouchers (out of 8 000 applications, 1 000 vouchers have been delivered). Application to these vouchers was extended to 2022.

Since february, inflation rate and the consumer price index (CPI) has skyrocketed. This poses a threat not only for the population below or marginally above the poverty threshold, but also to a significant fraction of the population with a middle income, whose purchasing power has been decreasing steadily - According to the Bank of Portugal, the overall purchasing power of Portuguese families is expected to decrease by 1% in 2022.



CPI and Inflation

Source: Trading Economic



How does Inflation affect people in practice?

EAPN Portugal, Poverty Watch 2022



CPI and Inflation

"My son used to tell me that, a few months ago, he could fill the car's tank with 70€. Now he needs 70€ each week to go to work. It's a brutal increase in the budget".



"With the budget available you just stop buying things, even if you need them".



"I have to manage my budget even more tightly, not only because the food price increased, but also electricity and water."



"We see the prices that are being charged and companies profits are huge. The Government should establish limits and until we don't get out of this crisis, prices should be held fixed so people can continue to survive... The most vulnerable are the first to fall, but those trying to hold on to the boards will also fall later. Domino effect."



Portuguese support package

5 September 2022

Attribution of an extraordinary payment of 125€ in October *to each non-pensioner with a gross income of up to 2 700 €/month*

Attribution to all families an extraordinary payment of 50€ in October *for each descendant up to 24, regardless of income.*

Extraordinary supplement for all pensioners equivalent to 50% of their monthly pension in October. *Additionally, they will propose to AR an increase of 4, 43% in pensions up to 886€, 4.07% for pensions between 886-2 659€ and 3.53% for the remaining pensions*

Suspension of the Carbon tax and reimbursement of the VAT on petrol products, up to 50 L /month *until December 2022. This will translate in a return of 16€ per 50L deposit in the case of fuel, 14 € for gasoline*

VAT reduction on electricity from 13% to 6% *in force until December 2023 (in a bill of about 35€, the saving VAT saving is 1€)*

Limit, as of January 1st 2023, the maximum adjustment of housing and commercial rents to 2% *A compensation will be provided as form of tax exemption to landlords.*

Freeze all public transportation passes and railway tickets in 2023. *A compensation will be provided as form of tax exemption to transport companies.*



EAPN Portugal

Some biggest recommendations

No disconnections. Debts should be absorbed from industry profits, taking care that industry does not just transfer costs from people who cannot pay, to other consumers.

Windfall taxes. We witness rising energy prices at a time of super high fossil fuel profits. This is unacceptable. Exorbitant profits should be used to fund immediate financial relief for those who cannot afford to keep warm and subsidize renovations and renewables programs.

Emergency support for those in need of energy is vital in short term, but we must build a path towards long-term, lasting energy poverty solutions (i.e. investments in subsidized home insulation, access to renewable energy).

Alter electricity market design in Europe to reflect the reality that energy is a basic right, rather than a consumer luxury. We want to see regulation of electricity prices to put the energy system under democratic governance and public control.

Implement progressive green tax systems leveraging energy tax revenues to support energy-poor and low-income groups and support social policies (i.e. adequate minimum wages, social safety nets, social protection, working conditions).



How EAPN Portugal is tackling energy poverty

EAPN Portugal "Ecology and Poverty" working group:

EAPN Portugal together with this group responded to the public consultation on the National Strategy to fight energy poverty.

EAPN Portugal is currently working with DECO in order to organize sessions for vulnerable people that aim to:

- inform and help consumers to improve energy efficiency at their homes;
- manage their energy consumption;
- understand how the energy market works;
- to support mechanisms in situations of energy poverty;





Thank you for your attention!

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