Written summary of the event

Energy Poverty and Rising energy prices in Southern Europe

16 September 2022, Madrid, Spain.
FEANTSA – ECODES – Cáritas Española

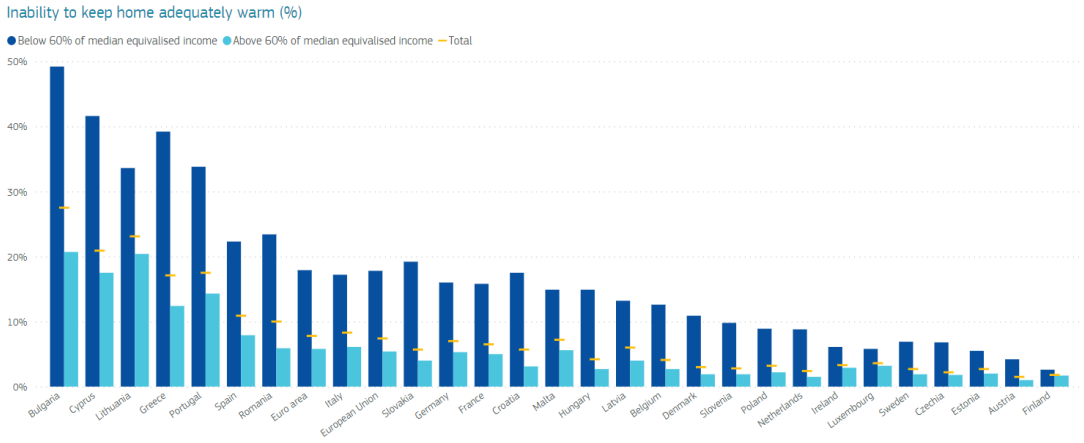
On September 16, 2022, FEANTSA – ECODES and Cáritas Española organized a joint event in Madrid to better understand the similarities and differences in energy poverty in countries of southern Europe, how have governments responded to the increase of energy prices and its impact of Energy poor and discuss potential policy actions. The meeting gathered experts, academics, representatives from the industry and the European Commission as well as social services providers.

The expert meeting started by a European Panel on how the European policies address energy poverty and the energy price crisis.

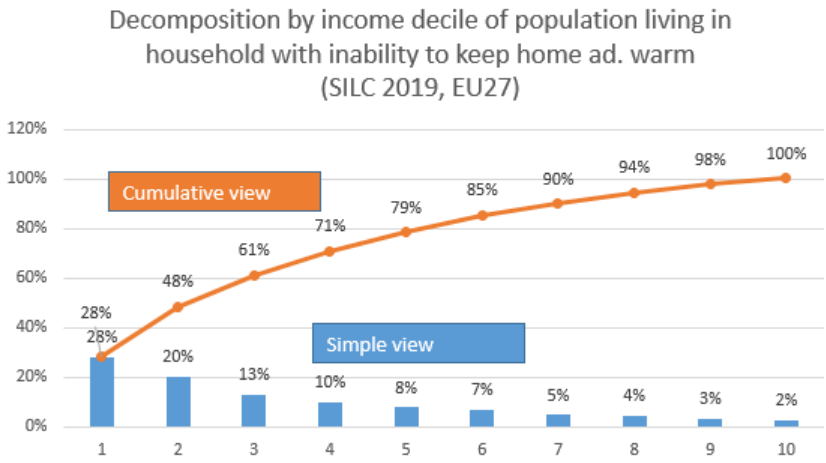
Pablo Jacome from the European Commission's Directorate-General for Employment, Social Affairs, and Inclusion (DG EMPL) presented the overview of EU's action on energy poverty. He recalled that the "access to essential services" (including energy) is part of the EU pillar of social rights and presented the Fitfor55 (a set of policy tools aiming to reduce carbon emissions by 55% compared to 1990 levels by 2030). He presented the Council Recommendation to ensuring a fair transition towards climate neutrality, among which figures the "access to essential services, housing".

He brushed a state of play of energy poverty in the EU. There is no harmonised EU definition of energy poverty but it is understood as a mix of a low levels of income, high (or extremely low) expenditure on energy, and other factors related to energy efficiency. He presented the existing indicators to calculate it: the Material deprivation indicators (EU SILC), the Household Budget survey, and secondary indicators from the Energy Poverty Advisory Hub.

Among the challenges, there are considerable differences between Member States in the rates of people at risk of poverty, and the fact that this affects a large portion of the population (middle class):



Source: own European Commission - DG EMPL calculation based on Eurostat data



Then, the speaker recalled some of DG EMPL's initiatives on energy poverty: the work of the Social Protection Committee's Indicators sub-group on indicators, the report on access to essential services, the GD-AMEDI (EMPL-JRC project) on the Green Deal (which assess and monitor the employment and distributional impacts of the twin transition), and the call for tenders "Study on Transport Poverty: Definition, Indicators, Determinants and Mitigation Strategies".

Finally, Pablo Jacome recalled that solutions are being proposed by the EU to address the further increase in energy prices due to Russia's invasion of Ukraine, referring to the conclusions of the Energy Council, REPowerEU and the Commission President's recent State of the Union statements. He also presented the Energy Poverty and Vulnerable Consumer Coordination Group, which is a platform to exchange information, experiences, best practices, and expertise and ensure coordination between the European Commission and Member States.

Clotilde Clark-Foulquier, Project Manager at FEANTSA, presented FEANTSA's position on the potential impact of the Fitfor55 on vulnerable households. She argued that with the deep energy efficiency in buildings, synergies must be found to improve thermal comfort, lower energy use and therefore costs, reducing health risks due to cold or damp homes, and

reducing carbon emissions.[1] She warned on the social risks of the ETS extension to road transports and buildings saying that it could lead to an increase of 460€ in energy expenditure for Flemish households for example. She warned that deep renovations have a higher impact on lowest-income groups, and that the renovation wave could lead to rising rents and "green gentrification". Clotilde Clark-Foulquier referred to the exacerbated urgency for social services, such as in Ireland, where 29,4% of people are in energy poverty and where support services reported an increase in demands. In Poland, the Barka Foundation reported a cost of electricity on a scale not seen in decades.

Regarding the solutions from a legal perspective, the speaker proposed to guarantee housing as a right by introducing rent caps, banning renovictions, and transforming inadequate collective housing with the Housing First principle. From an economic perspective, she proposed to target European funding to low-income households in cold homes and increase and diversify the sources of funding for the Social Climate Fund.

Second, experts from Spain, Portugal, Italy, Greece, and France presented the national realities of energy poverty in Southern Europe.

Cecilia Foronda from ECODES presented the situation in Spain, where more than 3 million households are in situation of energy poverty according to the indicator of disproportionate expenditure on energy supplies. Energy poverty increased by almost 22% in 2020. The population unable to keep their homes at an adequate temperature in winter and with arrear on utility bills increased by almost 45%.

Indicator (%)	2014	2015	2016	2017	2018	2019	2020	2021
2M: Share of energy expenditure above twice the national median	16.6	16.6	16.7	17.3	16.9	16.7	16.8	
M/2: Absolute energy expenditure below half the national median (HEP)	13.2	12.2	12.6	11.5	11	10.6	10.3	
Ability to keep home adequately warm in winter	11.1	10.6	10.1	8.0	9.1	7.6	10.9	14.3
Arrears on utility bills	9.2	8.8	7.8	7.4	7.2	6.6	9.6	

ecodes tiempo de actuar

(2) ttps://www.miteco.gob.es/es/ministerio/planes-estrategias/estrategia-pobreza-energetica/actualizacionindicadorespobrezaenergetica2021_tcm30-534743.pdf

Energy Poverty in Spain: Realities

Spain faces a problem with inefficient dwellings: 55% of the Spanish building stock was built before 1980, and almost 58% of the buildings were built before the first regulation introducing energy efficiency criteria. 81% of the buildings in the Spanish building stock are in the E, F or G class in terms of emissions, and 84.5% in the case of energy consumption.

In Spain in many cases, people living in energy poverty are those:

- on social benefits

[1] Synergies are interactions or cooperations of two or more agents to produce a combined effect greater than the sum of their separate effects.

- working part-time
- elderly people with low pensions
- unemployed and/or in debt
- living in unfit housing
- lacking heating systems

National measures: Among the current Spanish measures to tackle energy poverty, on the middle term basis, we find the National Energy Poverty Strategy 2019-2024. On the short-term basis, there are also emergency plans to tackle the energy crisis, such as increase discounts for the electric social bonus, automatic granting of the social bonus (not implemented yet), a reduction of the VAT to 5 % until the end of December 2022, taxes reduction, gas price cap, and reform of the electricity pricing system.

For ECODES, these measures to tackle energy poverty do not reach the vulnerable groups who most need them. For example, 50 % of the families that meet the requirements to be beneficiaries of the electric social bonus (which enables discounts in electricity bill) are not receiving it, and household renovation subsidies do not reach people in energy poverty.

Recommendations: In Spain, it is necessary to consider the coming winter and the ability to heat homes, but also the next summer and the ability to cool homes due to strong heat waves in the region.

To do so, ECODES proposes:

- A ban on disconnections
- A super-reduced VAT of 4 % for a "minimum vital power and consumption" (for higher consumption and power, the normal VAT rate of 21%)
- The automation of the Social Bonus by income criteria
- Develop programmes to detect people in energy poverty situation
- Resources to create one-stop shops to accompany and increase the resources of municipal social services and NGOs
- Ringfencing 20% of the budget of building deep renovation programmes for vulnerable households' housing
- Social safeguards such as rental price caps for vulnerable households' housing
- An express renovation plan for dwellings that can be undertaken individually, quickly and at low cost
- Mechanisms to facilitate the participation of energy poor families in collective self-consumption and energy communities in collaboration with local administrations

Finally, they presented best practices to tackle energy poverty form Italy, France, and Spain.

Catia Santos from EAPN Portugal presented the situation in Portugal stating it was a big issue as Portugal is the fourth European country with lowest ranking on energy poverty in 2016. In Portugal, there is a higher risk of energy poverty for elderly people, especially if they live below the poverty threshold. About 69,5 % of houses in Portugal have low energetic efficiency. There is a "normalization" of cold, people would rather dress with layers than turning the heating on.

Since February, inflation rate and the consumer price index has skyrocketed in Portugal. This has a negative impact not only on the population below the poverty threshold, but also the middle class, whose purchasing power has been decreasing steadily.

National measures: The measures implemented by the Portuguese government to face energy poverty are a social tariff (started in 2016), the National long-term strategy to end energy poverty for the period 2021-2050 (not yet implemented), and the program "Vale Eficiênci", which proposes vouchers worth €1,300 plus VAT, to invest in improving the thermal comfort of houses and aims to deliver 100,000 "efficiency vouchers" to economically vulnerable families by 2025. According to EAPN, this program is too weak to fully address the problem and fails to reach families renting their homes.

To combat the crisis of energy prices, the state launched a Support Package in September 2022, with direct income support for non-pensioners, pensioners, and all families, an increase in pensions, the suspension of the Carbon tax and reimbursement of the VAT on petrol products, a VAT reduction on electricity from 13% to 6% (in force until December 2023), a limitation of the maximum adjustment of housing and commercial rents to 2%(as of January 1st 2023), a tax exemption to landlords, and the freeze of all public transportation passes and railway tickets in 2023. EAPN is critical about the tax carbon on fuel in Portugal because households don't have an option in public transportation.

Recommendations: For EAPN Portugal, the state should:

- Ban disconnections
- Introduce windfall taxes for super high fossil fuel profits.
- Propose emergency support for those in need of energy
- Alter the electricity market design in Europe and regulate energy prices
- 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).

Finally, Catia Santos presented EAPN Portugal's work on energy poverty through the EAPN Portugal "Ecology and Poverty" working group, and their work with DECO 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, and support mechanisms in situations of energy poverty.

Cristina Pizzorno and Fabio Gerosa from Fratello Sole[2] presented the situation in Italy. They showed that the number of families in energy poverty has considerably risen between 2018 and 2022 from 3.8 Million to 7.7 Million. This is because the country is really dependant on Russian gas, and because its electricity production is mostly produced by gas. In 2021, the electricity bills rose by 82% for the average family compared to 2020, and the gas bill increased

[2] Fratello Sole is the first non-profit consortium company in Europe supporting the Energy Transition of Third Sector Organizations. They are a member of the National Observatory on energy poverty and Alliance on energy poverty in Italy.

by 71%. Energy poverty mostly concerns little houses or apartment in old buildings (constructed before the energy standards for buildings).

National measures: Policies exist to tackle energy poverty in Italy: there are social bonuses on electric energy, gas and waterfall, the reduction of energy costs for the most vulnerable, building bonuses, and energy communities (with an incentive for self-consumption as the state pays for 50% of the installation). To tackle the current energy crisis, the Italian government launched the Ukraine Bis Decree, with the cancellation of general system charges in the bill and a 5% VAT reduction on gas, the enhancement of Social Bonuses for less well-off families, and the reduction of general energy costs for 30 million households and 6 million businesses. Taxes bonuses exist as well, such as an electricity bonus, gas bonus for heating and cooking, and bonus on water consumption. Regarding the energy transition, incentives exist for SMEs, residential buildings and condominiums, local public administrations, and NPOs and religious entities to build an energy community.

Evangelia Chatzikonstantinou and Fereniki Vatavali from the Nikos Poulantzas Institute presented the situation in Greece. They first recalled how the 2010 crisis shaped the discourse on energy poverty in Greece, making it obvious that access to energy should not be taken for granted. Today, the energy sector is under extensive transformation, and this has led – among others – to the explosion of energy prices. A crucial factor is the liberation of the energy market and particularly the financialization of energy in the context of EU energy transition. The researchers state that the policies to support households (subsidies on power bills, social tariffs for electricity supply and rules for vulnerable households) do not respond to the problems. In Greece, renovation policies have low budgets and require private funds.

In May 2022, the two researchers conducted a research project on energy poverty in Greece. The project consisted of a quantitative and a qualitative part. The quantitative part was based on a survey. 1.061 valid questionnaires were collected from households living all over the country. The qualitative part was based on interviews with households that live in apartment buildings in Athens.

Regarding the state of energy poverty, the main findings show that:

- 83% of the respondents declared that the rise of energy prices has affected them
- 50% stated that covering energy needs is difficult for them
- 30% stated that they were late paying energy bills

The study also highlight that this led to changes in everyday practices:

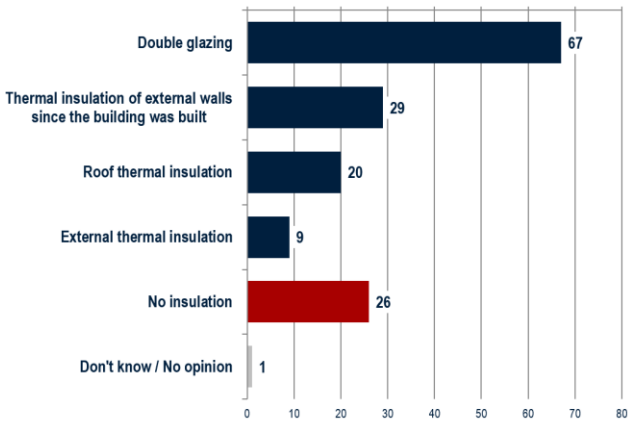
- 62% of the respondents reduced the use of heating systems
- 51% reduced the use of cooling systems
- 61% reduced the use of electronic equipment
- 40% turned on heating for less than four hours per day on average
- 37% heated just a part of their dwelling
- 36% turned off the heating even if their home is cold

According to the study, this had an impact on the respondent's living conditions:

- 35% of the households declared that they do not feel comfortable at home during the winter

- 29% declared that temperature at their dwelling was less than 18oC during the last winter
- 34% declared that do not feel comfortable at home during the summer
- 33% faced problems with damp and/or mould on the walls, floors, or foundations

Dwellings' energy efficiency



Does your dwelling has some kind of thermal insulation?

According to the study, 26% of the buildings in Greece have no insulation at all. However, the actual situation must be much worse, as more than 55% of the buildings was built before 1980 (when thermal insulation became obligatory for the new buildings). Thus, the country is facing considerable challenges with the energy efficiency of buildings.
On this topic, the study shows that:

- 56% of the households that live in E, F or G energy class dwellings face problems with energy
- 40% of the households that live in B energy class dwellings face problems with energy

Regarding apartment buildings, only 7% of the respondents that live in an apartment building declared that some sort of energy efficiency intervention that affects the entire building has been implemented. The researchers argue that multiple ownership, multifunctionality and social diversity are some of the special features of the apartment buildings in Greece that should be considered by policy makers.

Finally, the study highlighted that 26,1% of the population rents their homes, that homeowners invest less (by 30-40%) on rental properties than on self-occupied properties, and that usually, interventions of retrofitting on rental properties are less costly than those implemented in self-occupied properties.

As 26% of the tenants would like to change home due to low energy performance of their dwelling, the researchers argue that renovation policies should pose goals that improve the energy efficiency of rental dwellings, keep rents in an affordable level and prevent "green gentrification".

Hélène Denise from the Abbé Pierre Foundation (FAP) presented the situation in France. She explained that 12M of people live in energy poverty in France. Between 2020 and

2021, unpaid bills rose by 17%. 5.2M of citizens live in inefficient housing. She explained that there was a 30% sur-mortality in winter is due to unfit housing. Although subsidies exist for housing renovations, there is an average of 40% leftover charges after renovation. For the middle class, this can reach 60%. The introduction of Minimum Energy Performance Standards will start in 2013, with a tool for tenants to ask renovations to their landlords. In the context of the rising energy prices, rent freeze will be introduced as well as energy checks.

Regarding the banning of disconnections, the speaker presented the case of the French energy company EDF that stopped the power cuts during the crisis, providing a minimum service of electricity (1000 watt) for the time the households will find money to pay bills. However, this is not implemented in the law.

National measures: The French Government implemented a generous energy shield, even before the Ukraine's invasion. Energy prices were frozen price of energy at a 30% increase cap (instead of 100% increase). However, Hélène Denise stated that there was no salary increase, although there was a strong inflation.

Third, participants gathered in workshops to exchange views on the social impact of energy prices increase & the Fitfor55.

Participants reflected on the benefits of price regulation versus tax cuts. They argued that tax cuts tend not to focus on the vulnerable population and used the example of petrol prices in Spain to argue that these can and do lead to speculation and higher prices. They argued that "superbonus" is a special tax cut, as vulnerable households can end up benefiting from said tax cuts. In Italy, the measure was so successfully implemented that the government published a price lists which companies had to comply with to receive the superbonus, which is an indirect measure of price regulating.

Participants discussed the unequal access to incentives to implement ecological transition measures that creates an "ecological gap". Low and middle-low-income households are not benefiting from building renovation incentives and have a difficult access to the information. Italian participants commented that maybe the next edition of the superbonus will focus only on worst performing buildings and/or vulnerable households. People argued that energy literacy is necessary to carry out a just energy transition.

Another aspect that was discussed was the measures' level of ambition and funding, arguing that the current national and European measures against energy poverty are not allowing to set in motion big, structural, and focused measures. People claimed that one should consider the energy crisis not as a specific crisis, but as part of a bigger crisis which is the climate crisis, regulate the energy market and rethink the way we live together.

Among the ideas that were found to combat energy poverty, people proposed to include different VAT for different households depending on revenues and energy consumption, one stop shops for energy efficiency and advice to consumers, and audit on the energy pricing system Participants argued that governments should better monitor the results of energy refurbishments and access data about households' energy consumption. Participants stated that it was important not to lose the confidence of consumers (and especially vulnerable

consumers), and that governments should not give contradicting signals (by subsidising gas boilers for example), better communicate on energy efficiency and provide people that are going to invest in housing with tangible data on the energy efficiency of the building. People talked about the necessity of creating climate shelters.

Fourth, guests from the energy sector answered to the feedbacks of the workshops.

Silvia Estivill, EU Affairs Manager at SHV Energy recalled the importance of considering people in the rural areas living outside off the grid. She explained that 25% of people in rural areas are at risk of poverty. In Europe, 40Million houses and 110Million people are off the grid.

Ester Sevilla from the Naturgy Foundation stated that knowledge about energy is necessary to combat adequately energy poverty and explained Naturgy Foundation's work on renewables.

Javier Martinez from ACCIONA ESCO explained that creating energy communities could be a solution for the rural environment, and that public private contacts could allow to increase savings and reuse them in the community. He explained that the gains that can be done from energy community could be reinvested in the fees that cannot be paid by vulnerable people.

On the taxation of energy companies' exceptional benefits due to the crisis, a discussion touched upon the designation of which sector should participate to the solidarity mechanism, as not all companies saw their benefit increase.

Finally, the speakers discussed the difficulty working with the administration of public structures. Some argued that it is sometimes difficult to collaborate with municipalities (on social services for example) as it is difficult to reach agreement (on economic terms mostly).