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FEANTSA's Reaction to the Citizens Energy Package

FEANTSA welcomes the Citizens Energy Package's recognition that the energy transition must be socially just and appreciates the proposed measures to prevent disconnections and empower citizens to switch to more favourable tariffs. The support in designing tailor-made policies, National Building Renovation Plans that help vulnerable people living in poorly performing buildings to reduce the energy bills and live more comfortably in their homes, in winter and in summer, is forward-looking. The package also acknowledges that energy poverty remains widespread across Europe, while the implementation of relevant EU legislation continues to be uneven.

However, the overall approach of the package risks increasing inequalities and bypassing households most affected by energy poverty. Policies are primarily centred on general price reductions, market participation, flexibility, consumer choice and community energy risk, reinforcing existing inequalities, e.g. through regressive impacts. Measures lack any reflection on their distributive impacts and do not sufficiently guarantee targeted support for vulnerable households, enable that they benefit at least proportionally from the measures. At the same time, many of the proposed energy poverty measures rely on soft instruments that do not ensure structural drivers—such as inefficient and inadequate housing and limited access to capital—are effectively addressed. Meanwhile, existing legislative provisions with strong potential to tackle energy poverty, including requirements to prioritise vulnerable households through proportionate energy savings obligations and targeted funding, remain insufficiently utilised. While soft measures aimed at supporting the implementation of EU law can be useful, they do not provide sufficient guarantees for effective enforcement.

To ensure the energy transition benefits all citizens, the Package must better address distributional impacts, strengthen targeted support mechanisms and ensure stronger implementation of existing EU legislation on energy poverty and consumer protection.

PILLAR I – LOWERING ENERGY BILLS FOR HOUSEHOLDS

Actions 1–2: Electricity taxes, levies and network costs

We welcome the consideration of targeted reductions of electricity excise duties for vulnerable and energy-poor households.

However, we need to emphasise that energy affordability depends on cost-to-income ratios. Universal electricity price reductions benefit higher-income households more because they consume more energy and therefore capture larger savings.

Fully electrified households – those most able to benefit from lower electricity prices – are also more likely to be higher-income households that can invest in insulation, electric heating, solar panels, batteries and smart systems.

Many vulnerable households, particularly in Central and Eastern Europe, rely on firewood or other solid fuels. Electricity price reductions, therefore, do little to reduce their energy burden, while firewood prices also increased significantly during the energy crisis.

Adjusting electricity-to-fossil-fuel price ratios through higher fossil fuel taxation has negative distributional consequences for low-income households in countries where reliance on fossil fuels remains high and building stocks are inefficient.

Suggestions

- Introduce social tariffs and implement targeted tax reductions for vulnerable households systematically
- Monitor distributional impacts of electricity price reduction measures using cost-to-income ratios and residual income indicators.
- Provide grant-based support for low-income households to reduce energy needs and upgrade electrical installations before electrification.
- Monitor firewood and other non-utility fuel prices and protect vulnerable households from price spikes.
- Protect vulnerable households from electricity price volatility.

Action 3: Clean and energy-efficient technologies

Accelerating the deployment of clean technologies and electrification is essential for reducing emissions and energy costs in the long term.

However, electrification must also address obsolete electrical installations. Around 132 million European dwellings have outdated wiring, increased safety risks and limit the ability to integrate new electric appliances, while clean and energy-efficient technologies are also less affordable for the lowest income groups. Also, electrification without prior renovation risks locking vulnerable households into high electricity bills, as poorly insulated buildings require significantly more energy for heating.

Targeting the worst-performing buildings with repair and renovation delivers large benefits for both citizens, public budgets and the energy system. Social leasing schemes also carry risks. Evidence shows that financing technologies through monthly instalments can shift costs into

debt that vulnerable households may struggle to manage. In practice, such schemes often benefit middle-income households rather than those facing the deepest energy poverty.

Suggestions

- Prioritise renovation of the worst-performing buildings before electrification, including electrical installation inspections and upgrades.
- Provide grant-based support for vulnerable households and targeted renovation programmes.
- Introduce rent-to-buy options for lower-middle-income households with clear and affordable pay-off periods.
- Provide vouchers for energy-efficient appliances for vulnerable households.

Action 4: Consumer information and switching

The proposed early warning system informing consumers when their energy consumption exceeds expected levels or when cheaper tariffs are available is an important and positive step. Tough, information alone does not resolve energy affordability problems for households facing energy poverty, particularly when energy markets remain complex and difficult to navigate.

Suggestions

- Ensure that social tariffs and debt-management schemes are available and vulnerable households are automatically informed about them when tariff switching does not resolve affordability issues.

PILLAR II – PROTECTING AND EMPOWERING CONSUMERS

Households relying on firewood or coal represent a large share of people at risk of poverty in CEE Member States, but are not covered by vulnerable energy consumer protections, and their fuel prices are not monitored at the EU level. This needs to be changed.

Action 5: Energy communities and energy sharing

Energy communities and energy sharing have the potential to democratise the energy system and increase vulnerable citizen participation in the energy transition.

But energy communities in Germany look like golf clubs, with predominantly well-educated, high-income male members, while only a fifth of communities reached out to vulnerable groups. The European Court of Auditors highlights that deployment lags seriously behind EU aspirations, and guarantees for inclusion of vulnerable households are far from being systemic. Without targeted support, they risk becoming instruments for upper-middle-income participation rather than tools for social inclusion.

Suggestions

- Provide guarantees for social inclusion and targeted financial and technical support enabling vulnerable households to participate in energy communities.
- Ensure energy sharing mechanisms deliver benefits to vulnerable households.

Action 6: Flexibility and digitalisation

The benefits of flexibility depend largely on technologies such as smart meters, electric heating systems, digital devices and sometimes electric vehicles. These remain largely inaccessible to households in energy poverty.

Higher-income households, capture most benefits from flexibility schemes. Evidence shows that households with electric vehicles gain significantly, up to three times more from DSF than those relying on heat pump flexibility, with the highest surplus (€13.68/MWh) achieved through bidirectional charging, compared with less than €1/MWh for heat pumps. The study also highlights cannibalisation effects, where EV users absorb low-price electricity, disadvantaging consumers who depend on daytime consumption or centralised storage

In Spain, mid- and high-income households have about 50% more energy flexibility than low-income households, regional differences can increase this gap up to fourfold, and when combined these socioeconomic and geographic disparities can create ten-fold differences, highlighting the need for energy policies that address inequality and support energy justice

Access to charging infrastructure also varies significantly, with public charging often much more expensive than home charging.

Smart meters and digital technologies may also increase system costs if rollout is financed through network charges, potentially placing a disproportionate burden on low-income households.

Housing conditions further limit participation. Demand response measures often assume well-insulated homes where temporary reductions in heating do not reduce indoor comfort, which is not the case in poorly insulated buildings.

Suggestions

- Monitor, and if regressive, balance the impacts of flexibility gains by social tariffs and targeted support for vulnerable households.
- Ensure flexibility and digitalisation policies do not increase costs or barriers for vulnerable households.
- Consider housing conditions, technology access and income disparities when designing flexibility schemes.

PILLAR III – TACKLING ENERGY POVERTY

Action 8: Reducing energy poverty

We welcome the highlight on the EU legislative framework addressing energy poverty and the proposal to support Member States in developing National Building Renovation Plans targeting the worst-performing buildings and vulnerable households.

The Commission's assessment of National Energy and Climate Plans shows that energy poverty-related provisions are implemented unevenly across Member States. Additional guidance and best-practice sharing are useful, but many provisions remain non-mandatory or insufficiently enforced.

Suggestions

- Ensure National Building Renovation Plans include targeted upfront support for vulnerable households and sliding-scale grants and loans, and effective social safeguards. We suggest considering elements from our guidance on Socially Inclusive Renovation Plans, when providing feedback for Member States.
- Implement and, if necessary, enforce provisions in the Energy Efficiency Directive and Energy Performance of Buildings Directive, prioritising vulnerable households in renovation funding and energy efficiency measures.

Action 9: Protection from disconnections

We welcome that early warning systems, supplier intervention and debt-management schemes are included in the plan, as these can help prevent disconnections. Focus on reconnecting disconnected households, and households using prepayment meters could further enhance the inclusivity of measures. Also, existing EU legislation already requires protection from disconnections, but implementation remains uneven across Member States.

Suggestions

- Ensure Member States operate effective debt-management services.
- Share best practices for reconnection and debt renegotiation as well.
- Prioritize access to energy sharing and solar projects for disconnected households or households using prepayment meters, thus risking self-disconnection at the of the month.
- Fully implement EU provisions protecting vulnerable households from disconnection.

PILLAR IV – IMPLEMENTATION

The strong emphasis on implementation is welcome. However, several provisions addressing energy poverty already exist in EU legislation, particularly in the Energy Efficiency Directive and the Energy Performance of Buildings Directive, yet implementation remains uneven.

Suggestions

- Ensure effective implementation of energy poverty provisions in EU legislation, including
    - Art. 28 of the EMB, which requires that “Member States shall ensure that vulnerable customers and customers affected by energy poverty are fully protected from electricity disconnections”
    - Article 17.18 of the EPBD, which requires that “financial incentives shall target, as a priority, vulnerable households”
    - Art. 8.3 of the EED on implementing energy savings in priority and at least proportionally among vulnerable households and
    - Art. 24.3 of the EED that requires implementing “energy efficiency improvement measures to mitigate distributional effects from other policies and measures” and making the best possible use of public funding available at the Union and national level, […] for investments into energy efficiency improvement measures as priority actions.