

Homeless service providers are experiencing the impact of the rapid increase in energy prices that started in 2021 and has skyrocketed after the Russian invasion of Ukraine. In this article, our colleagues Alice Bergoënd and Clotilde Clark-Foulquier explore how FEANTSA members have been affected by the rising energy bills and what their plans and options for the future are.

ENERGY PRICES AND THE RUSSIAN INVASION OF UKRAINE: WHAT IS THE IMPACT ON FEANTSA MEMBERS?

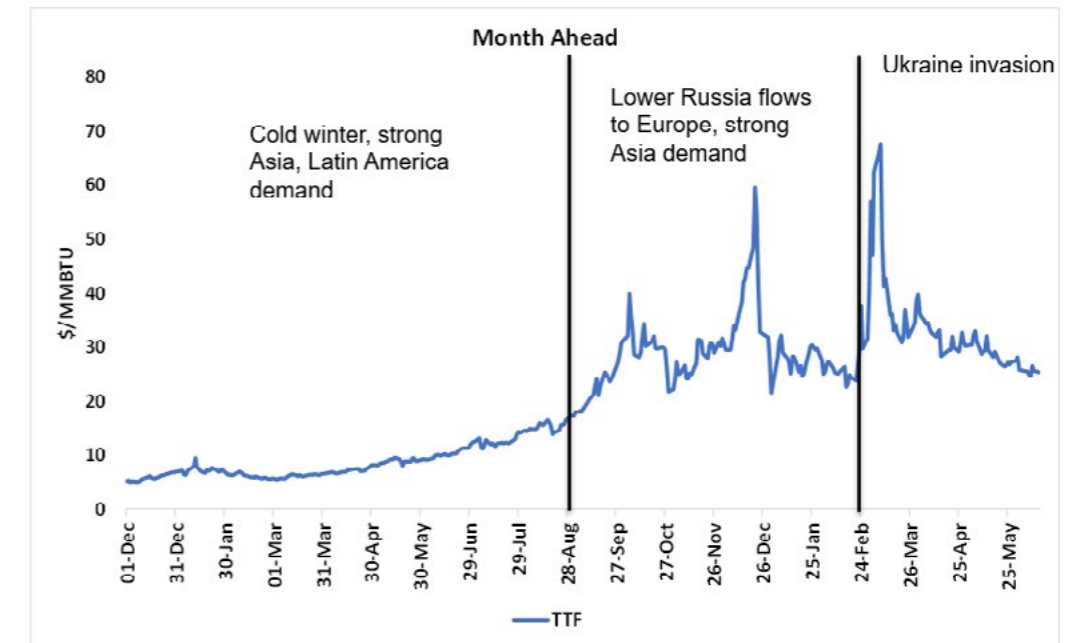


By **Alice Bergoënd**, Project Officer, FEANTSA

THE PRICE INCREASE IS NOT NEW

A core element of the energy transition is to achieve a massive improvement in the energy efficiency of buildings. This is particularly true in the current context of skyrocketing energy prices, exacerbated by the recent Russian invasion of Ukraine. Energy prices, however, did not increase only recently and due to the war. The trend started in 2021, with the economic COVID recovery that created a further surge in demand for energy and more upwards pressure on prices. Other extrinsic factors have also contributed to the situation, such as the weather. An unusually cold winter in 2020/21, especially in some parts of Asia, triggered an increase in demand for energy on international markets, leading to an increase in prices. This was sometimes exacerbated by technical issues in Europe, for instance due to maintenance work on 24 out of 56 nuclear plant reactors in France decreasing productivity. The current policy direction in most European countries is moving towards renewable energy sources and the closing of coal power stations while renewable sources are not able to provide sufficient power yet. This has increased Europe's reliance on gas and, therefore, Europe's vulnerability to Russian gas sourcing. In this context, the Russian invasion of Ukraine in February 2022 increased the pressure on a market that was already over-heating.

TTF Month Ahead (M+1) Prices 2021 - 2022¹



EUROPEAN GAS MARKET

 THE OXFORD INSTITUTE FOR ENERGY STUDIES

THE IMPACT ON SERVICE PROVIDERS: FROM STARK INCREASE TO DELAYED HIT

With an estimated 50 million people already living in energy poverty in Europe, this price surge and its consequent impact on inflation is likely to bring a devastating hit to many people that were already struggling to make ends meet. But what about its impact on those who support

¹ Oxford Institute for Energy Studies on 'European energy security'
<https://www.oxfordenergy.org/publications/quarterly-gas-review-short-and-medium-term-outlook-for-gas-markets/>

people – the service providers? To investigate this, FEANTSA has launched a data collection process to monitor the impact of the crisis on its members. What can already be seen is the decisive impact of **rising energy prices for many homeless organisations.**

- In Poland, the **Barka Foundation**, a network of organisations that provides accommodation in communities and is involved in social enterprising, reports that the recent increase in the cost of electricity is on a scale not seen in decades. In March 2022, the electricity price had increased by approximately 220% compared to 2021. Regarding heating, the organisation does not yet know the final scale of the price increases of thermal energy. They expect very drastic increases, comparable to the increases of fuel and electricity prices. These rising energy prices have dramatic consequences, particularly for people on low incomes who are at risk of social exclusion.

- **Monar Gościejewo**, also a Polish organisation, is a homeless shelter located in a rural area, 40 km from Poznan. The organisation has witnessed that electricity charges have increased by about 15% compared to the same month last year. For several years, they have noticed an increase in electricity charges from 2000 - 3000 PLN per month to currently 5500 PLN, with the same consumption.
- **Caritas Kielce** is a regional NGO from the Kielce region in Poland, providing shelter and care services including temporary and transitional housing. For the organisation, in the last quarter alone, gas costs have increased by around 400%. Electricity has increased by 15%, while coal has become 40% more expensive. The gas price cuts announced by the Government are not yet working and the gas supplier is demanding payment of inflated invoices.
- In Ireland, the organisation **Focus Ireland** saw increases from 4% up to 35% in the unit cost of electricity over the course of 2021. The organisation has a fixed rate contract until early 2022 and expects prices to continue to increase when the contract ends.

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Many other FEANTSA members were still benefitting from a fixed rate contract, so it was too early for them to assess the impact of the price increase on their services.

WHAT CONTINGENCY STRATEGIES?

FEANTSA members report that they know they will have to adapt. They recognise that the situation will put a heavy burden on budgets and may lead to indebtedness and loss of financial liquidity. Some organisations warn that they will reallocate funds away from front line services to cover the cost of these rising bills.

Monar Gościejewo cautions that “the rising prices of goods (among them energy) lead to fear and concern about what will happen next. The organisation carefully plans the costs of maintaining the shelter for each month (food prices, utility bills, salaries), and cannot make any additional expenditures on repairs or retrofitting the centre with required equipment”. The Portuguese organisation **CASA - Centro de Apoio ao Sem Abrigo** explains that the impact is not limited to building heating and electricity, but also affects the organisation in its outreach work due to the increased cost of fuels for transports.

To respond to the challenge of increasing energy prices, the organisations are forced to put strategies in place.

Some of them have decided to focus on the reduction of private energy consumption, asking the staff to make sure that residents turn off the lights everywhere, and that they don't use electric kettles or cooking machines in their rooms. To make savings, the **Barka Foundation** conducted educational activities aimed at employees and beneficiaries to change attitudes and habits resulting in energy wastage. When possible, the organisation even installed heat recuperators in ventilation systems. They are planning to raise funds for a photovoltaic installation, which would allow them to reduce spending on electricity.

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For other organisations, the strategy relies on searching for more subsidies. Focus Ireland has been discussing the possibility of an increase in funding, while other organisations are considering introducing additional charges on residents or seeking external sponsorship.

Although they want to plan renovation work, some organisations do not have the technical capacity to carry it out or cannot afford it. Poland, again, offers a range of examples. Fundacja Zupa, for instance, did not launch renovations because the premises are rented, so they do not have the opportunity to invest in modernisation and major renovations. The Barka Foundation has not benefitted from grants for energy efficiency renovation due to the unavailability or difficult conditions for such grants, as well as legal restrictions concerning, for example, listed buildings. Their district heating provider has offered to upgrade the heating system, but the savings from such an investment may not appear for another five years at the earliest. Monar Gościejewo is looking into the possibility of installing photovoltaic panels or replacing the entire heating system with a pellet-fuelled system. However, the organisation does not currently have the funds for this and will seek new sources of funding.

Other organisations are successfully implementing renovations. Galway Simon, an organisation committed to finding answers to the questions faced by people at risk of, or experiencing, homelessness in Ireland, has deep retrofitted five of their properties, availing of a grant from the Sustainable Energy Authority Of Ireland² to do so. They have identified several other properties that are also suitable for a deep retrofit, and as grants become available, they say that they will endeavour to also retrofit those. They will incorporate this work into their cyclical maintenance programme. Focus Ireland has been retrofitting some of their housing and offices as well over the last years, either through grants or donations, and in partnership with energy providers. The organisation has a rolling programme of upgrading their housing to higher energy and insulation standards. However, this process has been slower than they would like because of the limited grants and supports available.

2 The Irish governmental body established to promote and aid in the development of sustainable energy in Ireland.