EPSU
EUROPEAN PUBLIC SERVICE UNION

EAPN
EUROPEAN ANTI POVERTY NETWORK

RIGHT TO ENERGY
FOR ALL EUROPEANS!

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BACKGROUND

Nearly 11% of the European Union's population faces a situation of energy poverty. They are not able to adequately heat their homes at an affordable cost. A study, published by the European Commission, lists rising energy prices, low income and poor energy efficient homes as the main causes of this problem.[1] Rising energy costs make energy poverty a growing concern, particularly in the context of stagnant or declining disposable incomes.[2] Market liberalisation, long vaunted as an antidote to high prices, seems to have had the opposite effect. EPSU represents workers in Europe's public services. EAPN is the largest network of antipoverty organisations in Europe,[3] involving people experiencing poverty. Many of our members are low paid or are on low income support and face or are at growing risk of energy poverty.

1. RIGHT TO ENERGY

To eradicate energy poverty in Europe, a right to energy for all citizens should be implemented in EU legislation. This would mean prohibiting disconnections, as is already the case in some countries for water services.

2. REGULATED PRICES

The market is failing to guarantee affordable energy for all. The best protection against the vagaries of volatile energy markets, are regulated prices for domestic consumers. They should stay and not be phased out.

Low income households should benefit from specific social tariffs in order to provide decent living standards. Nobody should be forced to choose between 'heating or eating'.

3. ENSURE ENERGY-EFFICIENCY MEASURES BENEFIT LOW INCOME HOUSEHOLDS

Public funds for promoting energy efficiency should earmark money to improve housing standards for low-income households with no extra costs incurred for the tenant. This would help to reduce energy consumption without increasing energy bills or housing costs.

Low-income households lack the financial capacity to renew heating installations, insulate houses or buy devices to reduce energy consumption. Public subsidies are therefore required. Investment in energy-efficient social housing must be a key priority.

4. KEY RECOMMENDATIONS

EAPN and EPSU demand:

- The Right to Energy for all by introducing concrete EU legislation banning disconnections for vulnerable consumers at critical times.
- Stop the phasing out of regulated prices in the energy sector for domestic households and support social tariffs for vulnerable customers.
- Assign an ambitious share of public investment in energy efficiency towards measures targeting low income households ensuring no additional costs in housing or bills for these households.

RIGHT TO ENERGY

Upgrading housing stock to improve the energy efficiency of buildings is not enough to fight energy poverty. Housing stock investment tends to be rather sluggish which, in the short and medium term, leaves low income households out in the cold.[4] As pointed out in the previous section, renovation costs might be passed through to the most vulnerable households by increased rents.

"Energy is no longer a luxury service that provides a higher standard of living but an essential commodity the absence of which might exclude people from participating in the life of society." [5]

In addition, energy poverty has a direct negative impact on health, including mental health, since it not only exposes people to unacceptable physical conditions but may also lead to stress and social isolation.

People living in energy poverty often face severe health problems leading to longer and more frequent occurrences of sick leave which in turn have an impact on employment. These negative health impacts materialise in tangible economic consequences that hit society as a whole.

"The annual cost to the NHS of treating winter-related disease due to cold private housing is £859 million. This does not include additional spending by social services, or economic losses through missed work." [6]

Consequently, in order to address the immediate needs of people who already suffer from, or are at risk of, energy poverty, EPSU and EAPN demand a universal 'Right to Energy,' banning disconnections for vulnerable consumers.

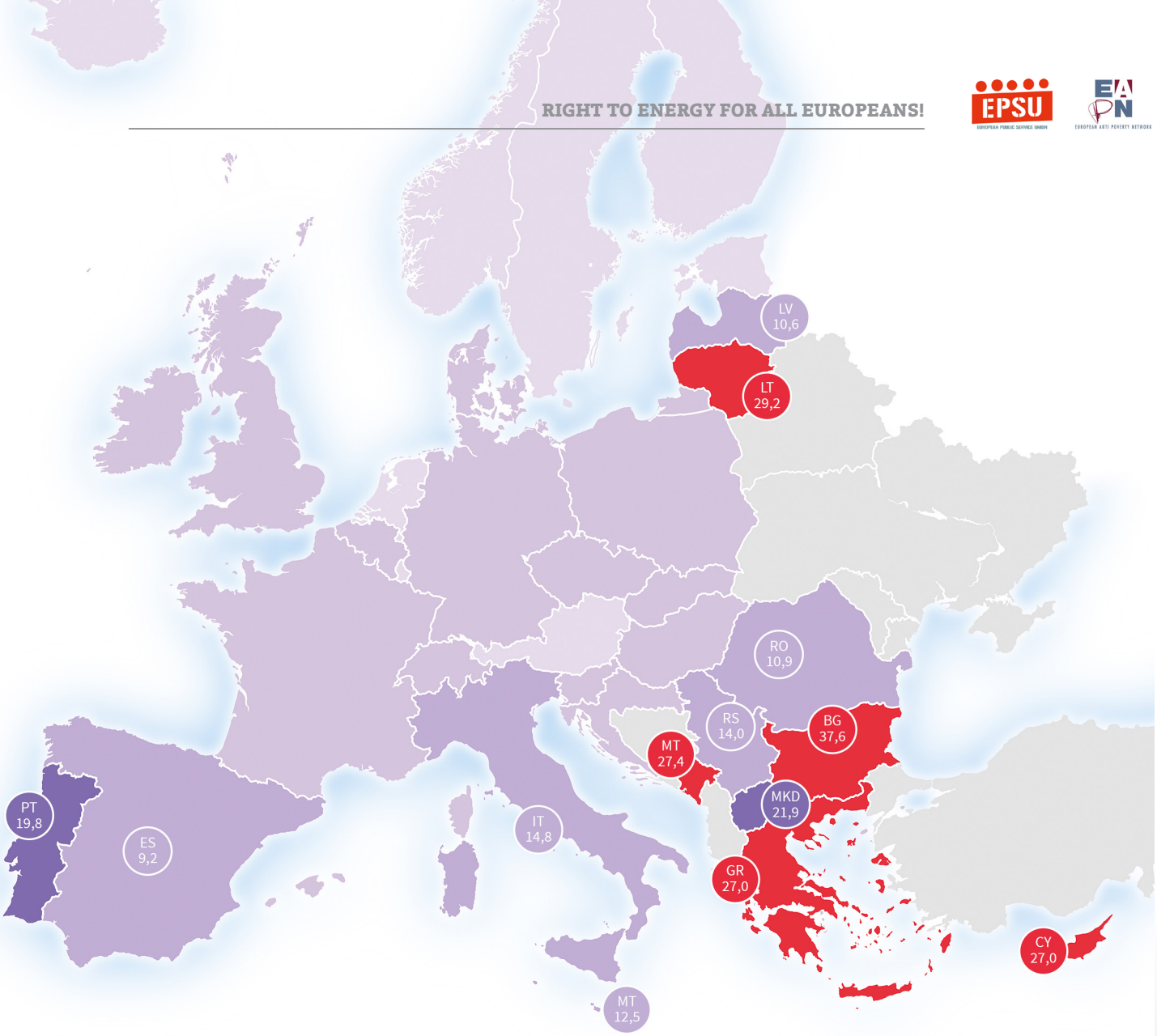
REGULATED PRICES

While the Eurostat index of consumer prices in the EU-28 increased by around 13 percent between 2007 and 2015, average electricity prices grew by almost 22 percent in the same period. Moreover, incomes have grown at a slower rate than energy prices. Consequently, energy spending has increased as a share of total household income which has worsened the situation of low-income households, in particular.

In its draft modifications to the Directive on common rules for the internal market in electricity, the Commission proposes phasing out regulated electricity prices. This means that governments wishing to protect low-income households will be deprived of the tool of electricity price regulation, which in the past has proven to be a particularly effective way of protecting against volatile energy prices. Regulated prices are one of the most effective ways to immediately assist people in and at risk of energy poverty.

Numerous recent studies, for example by the European Bank for Reconstruction and Development, have pointed out the strong link between deregulation/privatisation and price rises in EU post-soviet countries.[7] A further cause of high energy prices can be seen in the EU-wide market integration of the energy sector, that was carried out in a rush and irrespective of the substantial heterogeneity of national market-designs and regulatory practices in place.[5]

"The period of price rises across Europe has also coincided with the accelerated trend to liberalise and privatise energy services, underpinned by the expansion of EU internal market in energy services." [5]



ENERGY POVERTY IN EUROPE % OF THE POPULATION WHO ARE NOT ABLE TO KEEP WARM. EUROSTAT 2015

COUNTRY		%	CATEGORY	COLOR
NO	NORWAY	0,3	ACCEPTABLE	
LU	LUXEMBOURG	0,8	ACCEPTABLE	
SE	SWEDEN	0,8	ACCEPTABLE	
IS	ICELAND	0,8	ACCEPTABLE	
EE	ESTONIA	1,2	ACCEPTABLE	
FI	FINLAND	1,2	ACCEPTABLE	
NL	NETHERLANDS	1,7	ACCEPTABLE	
AT	AUSTRIA	1,7	ACCEPTABLE	
DK	DENMARK	2,3	DANGEROUS	
DE	GERMANY	3,5	DANGEROUS	
BE	BELGIUM	3,9	DANGEROUS	
SI	SLOVENIA	4,2	DANGEROUS	
CZ	CZECH REPUBLI	4,3	DANGEROUS	
SK	SLOVAKIA	4,6	DANGEROUS	
FR	FRANCE	4,7	DANGEROUS	
UK	UNITED KINGDOM	5,8	DANGEROUS	
PL	POLAND	6,3	DANGEROUS	
IE	IRELAND	6,6	DANGEROUS	
HU	HUNGARY	7,5	DANGEROUS	
HR	CROATIA	7,9	DANGEROUS	
ES	SPAIN	9,2	PRECARIOUS	
LV	LATVIA	10,6	PRECARIOUS	
RO	ROMANIA	10,9	PRECARIOUS	
MT	MALTA	12,5	PRECARIOUS	
RS	SERBIA	14,0	PRECARIOUS	
IT	ITALY	14,8	PRECARIOUS	
PT	PORTUGAL	19,8	EXTREME	
MKD	MACEDONIA	21,9	EXTREME	
GR	GREECE	27,0	VERY EXTREME	
CY	CYPRUS	27,0	VERY EXTREME	
MT	MONTENEGRO*	27,4	VERY EXTREME	
LT	LITHUANIA	29,2	VERY EXTREME	
BG	BULGARIA	37,6	VERY EXTREME	

* Figures of 2013

There is no complete overlap of income poverty and energy poverty, since energy poverty depends on the fraction of income that consumers would need to spend on energy in order to sufficiently cover their energy needs. Throughout the EU Member States there are wide variations between energy prices relative to average income indicators. Whilst in 2015 the nominal GDP per capita in Luxembourg was 3.6 times as large as in Portugal, Portuguese households face electricity prices that are 36 percent higher. This means that Portuguese citizens spend on average a far higher share of their income on energy, which in turn results in significantly more energy poverty in Portugal.[8]

"We fail to assist those who slide into an irresolvable debt cycle just because energy prices are too high in relation to their income." [5]

Policy solutions must not only focus on the 11% of Europeans already experiencing energy poverty,[8] but should also take a preventive approach. This means targeting the 14% of the European population at immediate risk of energy poverty.[9] This is why a particular weakness of the Commission's proposals is restricting the scope of regulated prices solely to those consumers currently experiencing energy poverty.

A major problem is that the definition of energy poverty can be easily misleading: energy-poor households are often simplistically defined as "those who spend more than a specific percentage of their household income on fuel".[10] This approach, however, ignores those people who would reach the critical threshold for being considered energy poor if they were to heat their homes in an adequate manner, but in reality they spend less with the consequence of sitting in the cold.[11] Therefore, an appropriate measure should account for 'modelled energy poverty', which is based on "the amount [a household] would need to spend to achieve adequate warmth exceeds a given level".[10] Given the complexity of this modelling approach, also in terms of interpretation at national levels, the tool of price-regulation to assist domestic households should be maintained as an additional option to assure that no one is left behind.

ENSURE ENERGY-EFFICIENCY MEASURES BENEFIT LOW INCOME HOUSEHOLDS

TTo ensure that investment in energy efficiency realises its full potential, not only in terms of energy saving but also in terms of reducing energy poverty, funds should include concrete targets dedicated to support low-income consumers. However, monitoring the social consequences of investment in housing stock is essential to make sure that it leads to the desired result of eradicating energy poverty instead of merely pushing up rents or pricing low-income tenants out of the area.

"[R]enovation costs may be passed to tenants through rent increases – leading often to welfare losses or renoviction, i.e. displacement" International Union of Tenants

Measures should be targeted to ensure no additional costs are passed on to low-income households. Priority must be given to energy-efficiency measures in social housing which are more likely to benefit a larger share of lower income households.

One example of good practice is 'Energy Leap' (Energiesprong) an innovative scheme in the Netherlands focused on social housing. It aims to fund investments in energy-efficiency retrofitting through bill savings, ensuring no additional costs to tenants.[12]

Information about access to available funds needs to be clear and communicated in a comprehensive way to promote widespread uptake of these measures. Adequate measures need to ensure that the most vulnerable citizens do not pay the cost of decarbonisation.

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EUROPEAN PUBLIC SERVICE UNION

www.epsu.org

EPSU is the European Federation of Public Service Unions. It is the largest federation of the ETUC and comprises 8 million public service workers from over 260 trade unions across Europe. EPSU organises workers in the energy, water and waste sectors, health and social services and local, regional and central government, in all European countries including the EU's Eastern Neighbourhood. It is the recognised regional organisation of Public Services International (PSI).

EUROPEAN ANTI POVERTY NETWORK

www.eapn.eu

The European Anti-Poverty Network (EAPN) is the largest European network of national, regional and local networks, involving anti-poverty NGOs and grassroot groups as well as European Organisations, active in the fight against poverty and social exclusion. It was established in 1990.