

Energy Poverty – A European Issue

A proposal for Discussion by INFORSE-Europe, 30/12 2008

When a family is not able to afford the costs of keeping its house warm and the lights on, it is hit by “fuel poverty”. In many ways it is not different from other kinds of poverty, but if the economic problems comes from raising energy costs and the energy bill is a large part of household expenditures, it is reasonable to look for energy – related solutions. This can be increasing energy efficiency or get cheaper energy.

In the, UK fuel poverty is said to occur when in order to heat a home to an adequate standard of warmth a household needs to spend more than 10% of income on total fuel costs (heating fuel plus electricity). The UK have adressed fuel poverty (or energy poverty) in a number of ways with a priority to end fuel poverty soon, with grants for winter fuel for elderly people, grants for improvements of insulation and heating systems for vulnerable groups, involvement of utilities, municipalities, and NGOs.

Fuel poverty is not at all confined to the UK. In many EU countries, not the least in Central Europe, it is common that poor people pay well above 10% of their income for household energy costs. It is also common that poor people disconnect from heat and gas supply to save money. In Central Europe the traditional solution was to subsidize energy supply for the entire population, with the well-known results of low energy efficiency and no incentives to develop renewable energy. With the reductions of the subsidies there are now incentives to save energy, but too often the poorer part of the population suffers from high household energy bills with the low efficiency in existing houses and higher energy costs.

To address the problem of affording the household energy bills, the strategy must be to reduce the bills with energy efficiency, but also to give a subsidy specifically targetted to the poorest families. Since it is a common problem for many EU countries, eliminating energy poverty should become an EU energy priority together with internal market, climate, and security of supply. The internal energy market and the EU Emissions Trading Scheme tend to increase household energy costs, thus energy poverty reduction policies must give a counterweight for the poorer part of the population. The solutions should include increase of energy efficiency as the most sustainable solutions, but also increased renewable energy and subsidies for those hardest hit.

Eliminating energy poverty should be a priority for EU funding, including structural, social, and cohesion funds. If energy poverty is a national priority, energy suppliers should have a focus on families in energy poverty in their energy efficiency activities, a possible requirement with an extension of the energy service directive. As an EU priority, energy poverty elimination programmes should also be granted exemptions from state aid rules.

To bring energy poverty elimination to the European agenda, it must be recognized by the EU Parliament or a council of ministers: social ministers, energy ministers, or prime ministers. That would be an important first step.

INFORSE-Europe, International Network for Sustainable Energy – Europe is a network of 72 NGOs promoting renewable energy and energy efficiency. See www.inforse.org/europe. Contact ove@inforse.org, ph-+45-86227000