

POLICY BRIEF

Reconnecting Citizens: European Solutions to Energy Poverty



SUMMARY Energy poverty, the inability to provide a home with sufficient energy for heating, cooling, cooking and lighting, has severe health impacts, harming individuals and, by extension, society. Across Europe, 57 million people live with energy poverty. In extreme cases, this may lead to the disconnection of energy supply for these vulnerable households, depriving them of an essential service.

Prohibiting disconnections assures a minimum level of protection afforded to European citizens. This measure needs to be supported by local initiatives doing the groundwork of mediating between stakeholders and assisting energy-poor citizens on the journey out of energy poverty.

CONTEXT Living in energy poverty harms people physically and mentally, hinders the unfolding of human potential, and prevents too many of us from fully participating in society. Energy poverty is a preventable social phenomenon. It is unacceptable in a modern democratic society that an increasing number of people are deprived of essential energy services because they are unable to pay their bills.

With climate change taking centre stage in the EU, it is vital that the transition to a cleaner energy system leaves no one behind. This requires continued attention to the issue of energy poverty as part and parcel of a just transition.

From its inception, the *raison d'être* of the EU has been to better the lives of Europe's citizens. Today, the EU highlights energy poverty in a number of publications. The Clean Energy Package includes measures addressing energy efficiency, information about disconnection and improved monitoring of energy poverty at the national level. Such measures are highly relevant, but they fail to address the social factors behind energy poverty and the responsibility of governments and corporations. The EU must move beyond a consumer-based approach to the issue and recognize the structural, systemic causes of energy poverty.

Key findings

1. DISCONNECTION IS THE GREATEST HARM

Disconnection is the most distressing aspect of energy poverty. People who have experienced it report devastating impacts on physical and mental health, as well as feelings of isolation, despair and shame.

2. DISCONNECTION PROHIBITION: A NEGLECTED POLICY TOOL IN EUROPE

Many Member States do not prohibit disconnection. Ten Member States prohibit disconnections nationally, often only in very extreme cases or for select groups or during the winter months). In three Member States prohibitions exist at regional levels, and fifteen Member States do not employ any disconnection prohibition policies.

3. ISOLATED NATIONAL APPROACHES

The largest number of energy poverty measures are designed and implemented at the national level by governments and other national authorities. The EU plays a less prominent role in the fight against energy poverty.

4. LOCAL INITIATIVES ACHIEVE RESULTS

Policy measures alone are insufficient in addressing energy poverty comprehensively. They need to be complemented by local initiatives, that help citizens access existing energy poverty policies of which they may not be aware. They are also able to educate and empower citizens and inspire trust from all relevant stakeholders. Peer-to-peer and group learning were found to be particularly effective, as they reduce stigma and mental health issues.

5. FIGHTING ENERGY POVERTY IS A JOURNEY

There is no "one-off" solution to energy poverty. Regular assistance for households is often required due to vulnerabilities underlying energy poverty, i.e. chronic illness.

Policy recommendations

1. Prohibition of disconnections for vulnerable households

Protecting vulnerable households from disconnection is the most urgently required policy measure to fight energy poverty.

Such a prohibition should apply year-round, as the increase in heatwaves and ensuing summer deaths create a growing need for energy not just for winter heating, but also for cooling in the summer months, especially for vulnerable citizens.

To this end, further definition of vulnerability is required to facilitate the identification of vulnerable households. Member states should preserve some flexibility in defining vulnerability, following a guiding definition of a minimum standard of protection to be set by the EU.

2. Vulnerability tests prior to disconnections

To be effective, banning disconnections for vulnerable households must be accompanied by a requirement that vulnerability be disproved before disconnection

is carried out. Households with arrears should be assumed vulnerable until proven otherwise.

To this end, substantial work is needed to promote efforts across Member States on collecting and managing vulnerability data. To take into account not only income-related criteria but also health-related factors and housing conditions, cross-sector data sharing should be facilitated, in accordance with data protection legislation.

In cases of non-payment, where vulnerability is not confirmed, power limiters should be used instead of full disconnection.

A power limiter enables energy companies to limit the amount of electricity available to a household. It allows a small amount of power to flow through the meter to maintain minimal service. If electricity use exceeds the limit allowed, electricity is shut off until the meter is reset. Smart meters could provide such functionality.

Recognising that records and definitions of vulnerability are likely to be imperfect, power

limiters offer a universal minimum level of protection, while avoiding the moral hazard of protecting all households *prima facie*. Power limiters are already used in Cologne and Brussels.

3. Long-term funding of diverse local initiatives

To further enable local initiatives in their support of energy poor households, a more diverse set of local initiatives should be funded. This should exceed the current focus on energy efficiency measures and be complemented by services such as

- Assistance to vulnerable citizens to access already existing social support measures (warm home discounts, social tariffs etc.)
- free legal advice and debt counselling
- independent advice on switching energy providers and on the functioning of energy systems
- energy saving advice.

Funds should be allocated with a view to long-term sustainability of the projects and to their commitment to peer-to-peer and group learning.

THE POWER OF THE EU TO EFFECT CHANGE

Action against power disconnections is in line with EU Directives on market regulations for natural gas and electricity (2009/72/EC, 2009/73/EC), stipulating that Member States should protect citizens against disconnections. Further justification for legislating a disconnection ban at EU level is provided in Art. 114 TFEU in conjunction with Art. 169 TFEU on consumer protection.

Energy poverty ties into many policy areas of shared competences (energy, climate, environment, consumer protection) or areas of very limited EU competences (economic and social policy). Action at EU level must be in line with the EU competences, as well as the subsidiarity and proportionality principles. Therefore, we suggest that the EU sets a guiding definition of a minimum standard of protection, strives for prohibition of disconnections and funds local initiatives. Member States should have some flexibility in defining vulnerable households.

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