

## C4E Forum Panel Session Report

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### Tackling Energy Poverty Through the EED Energy Savings Obligation (Joint ENSMOV/SocialWatt session)

September 23, 2021, 9:00, Poiana Brasov, Romania

The topics and results of the ENSMOV project were presented and disseminated at the [C4E Forum](#) in Poiana Brasov, Romania, on the 23<sup>rd</sup> of September 2021, as part of a joint session with the [H2020 SocialWatt](#) project. The main theme of the panel was tackling energy poverty through the Energy Efficiency Directive (EED) Energy Savings Obligation. The SocialWatt project aims to enable obligated parties under Article 7 of the Energy Efficiency Directive and utilities working outside of Article 7 obligations to develop innovative schemes to alleviate energy poverty. The project has developed tools to identify households in energy poverty, assess programmed and schemes to alleviate energy poverty and to monitor the effectiveness of these actions. The effective targeting of energy savings according to Article 7/8 EED through energy efficiency obligation schemes (EEOS) is the common thread between ENSMOV and SocialWatt.

The first presentation, by Louise Sunderland from the Regulatory Assistance Programme (RAP), focused on Article 7 (or Article 8 in the proposed changes to the EED), which is the single most important article for delivering energy savings in the European policy portfolio. The EU Commission's new proposals for the EED would see Member States' binding energy efficiency obligations increased from 0.8% to 1.5% new annual savings per year, with a greater focus on energy poverty alleviation. Each Member State would need to achieve a minimum share of the required savings among energy poor households. The share of energy savings should be at least equal to the share of population identified to be in energy poverty published in the National Energy and Climate Plan (NECP). Where the NECP does not publish level of energy poverty, the share should be calculated from the average of three indicators published in the recast Directive.

The second presentation, by Sam Thomas from RAP, examined the experiences in tackling energy poverty through Energy Efficiency Obligation Schemes (EEOS) in seven European countries. EEOSs are the most important tools in contributing to the Article 7 energy savings target as they make up 35% of total aggregated savings. Currently, less than half of the 16 EEOS in Member States make provision for energy poverty alleviation. Austria, Croatia, Cyprus, Greece and France use uplifts on energy savings if achieved in energy poor households. France, Ireland and the United Kingdom use ringfences (sub-targets). Experience so far shows that ringfences, which require energy efficiency actions amongst energy poor households, have been much more successful in driving energy savings in this group than uplifts. This experience is likely to explain, in part, the EU Commission's proposal for ringfences for all Member States in the EED recast.

The third presentation, by Lovorko Marić from the Energy Institute Hrvoje Požar (EIHP) in Croatia, focused on the current status of energy poverty in Croatia and the attempts to alleviate it through alternative



measures and EEOS. 20 to 25% of the Croatian population are considered to be at risk of energy poverty, with 9% not being able to afford heating costs. A case study on the energy renovation of family houses specifically targeting energy poor households was presented, financed by the national Energy Efficiency Fund with a 100% grant. The financing programmes for energy poor households are increasing in number and in the overall sum. These energy poverty alleviation programmes need to be reported, monitored, and verified within the national System for Monitoring and Verifying Energy Savings (SMiV). The EEOS include a 1.1 to 1.3 uplift, depending on whether the energy poor households are targeted in developing areas or are defined as vulnerable consumers. It is expected in the future there will be a combination of alternative measures and EEOS to combat energy poverty, with an implemented monitoring programme aimed specifically at energy poor households.

The fourth presentation by Camelia Vasile from ISPE (Institute for Studies and Power Engineering) summarized the energy poverty situation in Romania. Energy poverty was defined by law only in 2019, while the Vulnerable Consumer Law was introduced in 2021. The SocialWatt project focused on the percentage of arrears in utility bills and the inability to heat houses at an adequate level. Energy poor households only receive 3.5% income support. Romanian houses are 96% owner occupied, which is one of the highest in Europe (the average is 70%). According to the SocialWatt tool that analyzed 1 million households, 17% of households are in energy poverty. The recommendation is to draft an action plan on energy poverty, including 100 million € of grants with supports decreasing by income and 100% of bill support for consumers with an income of less than €40/month.

The final presentation was by Alisa Vlasa from CEZ Vanzare, the Romanian electricity and gas supplier, on the utility experience of delivering energy poverty measures in Romania. Romania does not currently use an EEOS to deliver its EED energy savings obligation. The utility budget is used to fund a grant competition campaign aimed at financing projects, providing affordable energy management technology (e.g.: thermostats), paid through monthly fixed rates free of interest, supplying free energy saving LED bulbs for customers, and improving and educating people (including children) on energy efficiency behaviour. Projects are delivered by two NGOs and one retailer, where an estimated €800,000 has been invested with more than 600,000 estimated final beneficiaries and over 13 GWh of savings. One of the biggest challenges in providing these services is engaging the energy poor and to convince them in the long-term benefits of such programmes. Awareness raising is therefore recognized as the first step. Additionally, the lack of data on household level income and dwelling conditions, along with the absence of a national definition of energy poverty, hinders the development of programmes. Designing financing schemes suitable for energy poor households is challenging. Combining national or local funding with utility support is essential for higher cost measures.

The panel discussion highlighted several issues:

- the inconsistent, and in some cases absence of, indicators used to define energy poverty in Member States' National Energy and Climate Action Plans;
- interdisciplinary analysis, including by local actors, is often necessary to find out the entire context of what makes a household energy poor or vulnerable, analyzing not only household income but health, state of surrounding infrastructure, social inclusion, etc;
- sometimes there is a mismatch in targeting, with funds going to those who are not energy poor at all; however,

- the perfect should not be the enemy of the good - available eligibility criteria can be used as benchmark proxies, as they are closely correlated.

At the end of the session, the new Energy Poverty Advisory Hub was presented by Ruxandra Mocanu from Ahoka Romania. The Hub will interlink municipal, regional, and national approaches to become the central platform of energy expertise in Europe.

The panel's conclusion was that the combination of regulatory ringfences, secure funding sources and local knowledge will be crucial in resolving issues raised during the discussion. An emphasis should be given on creating awareness at the local level (including social services), since the most reliable and accurate data should come from the ground. Creating long-term and trustworthy relationships between the energy poor and those implementing the programmes will bring about further success in alleviating energy poverty.

