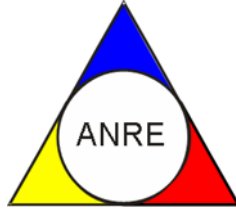




European Energy Network



ROMANIAN ENERGY REGULATORY AUTHORITY

EnR Network Presidency 2017/2018

EnR Draft Consultation/Position Paper on Energy Poverty in EU and MS

**ANRE Romania
The Energy Efficiency Department
Mrs. Mirela PLESCA**

**EnR Thinking Group Meeting - TGM
27 -28 September 2017
Salzburg, Austria**

EnR Network Presidency 2017

The European Energy Network EnR is a voluntary network of national energy agencies within Europe and in neighbouring countries. Established in Strasbourg in 1991, EnR currently numbers 24 member agencies, each one with national responsibility for promoting and actively contributing to energy efficiency, renewable energies and environmental protection.

Starting February 2017, the EnR Presidency & Secretariat for one-year period is assured by ANRE (Romania).

The EnR management is jointly formed by the EnR Presidency & Secretariat and the EnR Troika. The EnR network Troika consists of mandated agency representatives for the previous (DENA Germany), current (ANRE Romania) and next Presidencies (ENEA Italia).

Focus topic : *Energy poverty in EU and MS* – benchmarking of the relevant documents and reports and *Clean Energy Package* proposals

The Position Paper on *Energy Poverty in Europe and Vulnerable Consumers* developed by ANRE will be discussed between 27-28 September 2017 in Salzburg at the EnR Thinking Group Meeting

Europe 2020 Targets

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EU/Member State	Employment rate	Gross domestic expenditure on research and development	Greenhouse gas emissions	Share of renewable energy	Energy efficiency	Early leavers from education and training	Tertiary educational attainment	Poverty and social exclusion
EU-28	Increasing the employment rate of the population aged 20-64 to at least 75%	Increasing combined public and private investment in R&D to 3% of GDP	Reducing greenhouse gas emissions by at least 20% compared to 1990 levels	Increasing the share of renewable energy in final energy consumption to 20%,	Moving towards a 20% increase in energy efficiency (equalling a reduction to 1 483 Mtoe of primary energy consumption)	Reducing school drop-out rates to less than 10% (of the population aged 18 to 24)	Increasing the share of the population aged 30-34 having completed tertiary education to at least 40%	Lifting at least 20 million people out of the risk of poverty and social exclusion (compared to 2008)*
Belgium	73.2 %	3 %	- 15 %	13 %	43.7	9.5 %	47 %	- 380 000 persons
Bulgaria	76 %	1.5 %	+ 20 %	16 %	16.9	11 %	36 %	Reduce by 260 000 the number of persons living in monetary poverty
Czech Republic	75 %	1 % (public sector only)	+ 9 %	13 %	39.6	5.5 %	32 %	- 100 000 persons
Denmark	80 %	3 %	- 20 %	30 %	17.8	10 %	> 40 %	Reduce by 22 000 the number of persons living in households with very low work intensity
Germany	77 %	3 %	- 14 %	18 %	276.6	< 10 %	42 % (ISCED 2011 level 4-8)	Reduce by 20 % the number of long-term unemployed (unemployed for more than one year) compared to 2008. (equalling to a reduction of 320 000 longterm unemployed persons)
Estonia	76 %	3 %	+ 11 %	25 %	6.5	9.5 %	40 %	Reduce to a rate of 15 % the number of persons living at risk of poverty after social transfers (compared to 17.5 % in 2010)
Ireland	69 - 71 %	2.5 % of GNP (Approximately 2 % of GDP)	- 20%	16 %	13.9	8 %	60 %	Reduce by a minimum of 200 000 the population in combined poverty (either consistent poverty, at-risk-of-poverty or basic deprivation).
Greece	70 %	1.2 %	- 4 %	18 %	24.7	<10 %	32 %	- 450 000 persons
Spain	74 %	2 %	- 10 %	20 %	119.8	15 %	44 %	- 1 400 000 to - 1 500 000 persons
France	75 %	3 %	- 14 %	23 %	219.9	9.5 %	50 % (age group 17 to 33)	- 1 900 000 persons (compared to 2007)
Croatia	62.9 %	1.4 %	+ 11 %	20 %	11.5	4 %	35 %	Reduce to 1 220 000 the number of persons at risk of poverty or social exclusion .
Italy	67 - 69 %	1.53 %	- 13 %	17 %	158.0	16 %	26 - 27 %	- 2 200 000 persons

Europe 2020 Targets

ROMANIAN ENERGY REGULATORY AUTHORITY

EU/Member State	Employment rate	Gross domestic expenditure on research and development	Greenhouse gas emissions	Share of renewable energy	Energy efficiency	Early leavers from education and training	Tertiary educational attainment	Poverty and social exclusion
Cyprus	75 - 77 %	0.5 %	- 5 %	13 %	2.2	10 %	46 %	- 27 000 persons or reduce the rate to 19.3 % of the population (compared to 23.3 % in 2008)
Latvia	73 %	1.5 %	+ 17 %	40 %	5.4	10 %	34 - 36 %	Reduce by 121 000 the number of persons living at risk of poverty after social transfers and/or in households with very low work intensity
Lithuania	72.8 %	1.9 %	+ 15 %	23 %	6.5	< 9 %	48.7 %	- 170 000 persons and limit to 814 000 persons in 2020
Luxembourg	73 %	2.3 - 2.6 %	- 20 %	11 %	4.5	< 10 %	66 %	- 6 000 persons
Hungary	75 %	1.8 %	+ 10 %	13 %	24.1	10 %	34 %	- 450 000 persons
Malta	70 %	2 %	+ 5 %	10 %	0.7	10 %	33 %	- 6 560 persons
Netherlands	80 %	2.5 %	- 16 %	14 %	60.7	8 %	> 40 %	Reduce by 100 000 the number of persons (aged 0-64) living in a jobless household (compared to 2008)
Austria	77 %	3.76 %	- 16 %	34 %	31.5	9.5 %	38 %	- 235 000 persons
Poland	71 %	1.7 %	+ 14 %	15 %	96.4	4.5 %	45 %	-1 500 000 persons
Portugal	75 %	2.7 - 3.3 %	+ 1 %	31 %	22.5	10 %	40 %	- 200 000 persons
Romania	70 %	2 %	+ 19 %	24 %	43.0	11.3 %	26.7 %	- 580 000 persons
Slovenia	75 %	3 %	+ 4 %	25 %	7.3	5 %	40 %	- 40 000 persons
Slovakia	72 %	1.2 %	+ 13 %	14 %	16.4	6 %	40 %	Reduce to a rate of 17.2 % the number of persons living in poverty or social exclusion (compared to 20.6 % in 2008)
Finland	78 %	4 %	- 16 %	38 %	35.9	8 %	42 % (excluding former tertiary Vocational Education and Training (VET))	Reduce to 770 000 the number of persons living in poverty or social exclusion
Sweden	> 80 %	4 %	- 17 %	49 %	43.4	< 7 %	45 - 50 %	Reduce to well below 14 the percentage of women and men (aged 20-64) who are not in the labour force (except full-time students), long-term unemployed or on long-term sick leave
United Kingdom	No target in National Reform Programme	No target in National Reform Programme	- 16 %	15 %	177.6	No target in National Reform Programme	No target in National Reform Programme	No target in National Reform programme, but numerical targets exist under the umbrella of the 2010 Child Poverty Act and the Child Poverty Strategy 2011-2014

People at risk of poverty or social exclusion 2008 and 2015

	% of total population		in thousands	
	2008	2015	2008	2015
EU*	23.7	23.7	115,908	118,759
Austria	20.6	18.3	1,699	1,551
Belgium	20.8	21.1	2,194	2,336
Bulgaria	44.8	41.3	3,421	2,982
Croatia	:	:	:	:
Cyprus	23.3	28.9	181	244
Czech Republik	15.3	14	1,566	1,444
Denmark	16.3	17.7	887	999
Estonia	21.8	24.2	291	315
Finland	17.4	16.8	910	904
France	18.5	17.7	11,150	11,048
Germany	20.1	20	16,345	16,083
Greece	28.1	35.7	3,046	3,829
Hungary	28.2	28.2	2,794	2,735
Ireland	23.7	0	1,050	0
Italy	25.5	28.7	15,082	17,469
Latvia	34.2	30.9	740	606
Lithuania	28.3	29.3	910	857
Luxembourg	15.5	18.5	72	95
Malta	20.1	22.4	81	94
Netherlands	14.9	16.8	2,432	2,813
Poland	30.5	23.4	11,491	8,761
Portugal	26	26.6	2,757	2,765
Romania	44.2	37.3	9,115	7,428
Slovakia	20.6	18.4	1,111	963
Slovenia	18.5	19.2	361	385
Spain	23.8	28.6	10,786	13,175
Sweden	14.9	16	1,367	1,555
United Kingdom	23.2	23.5	14,069	15,028

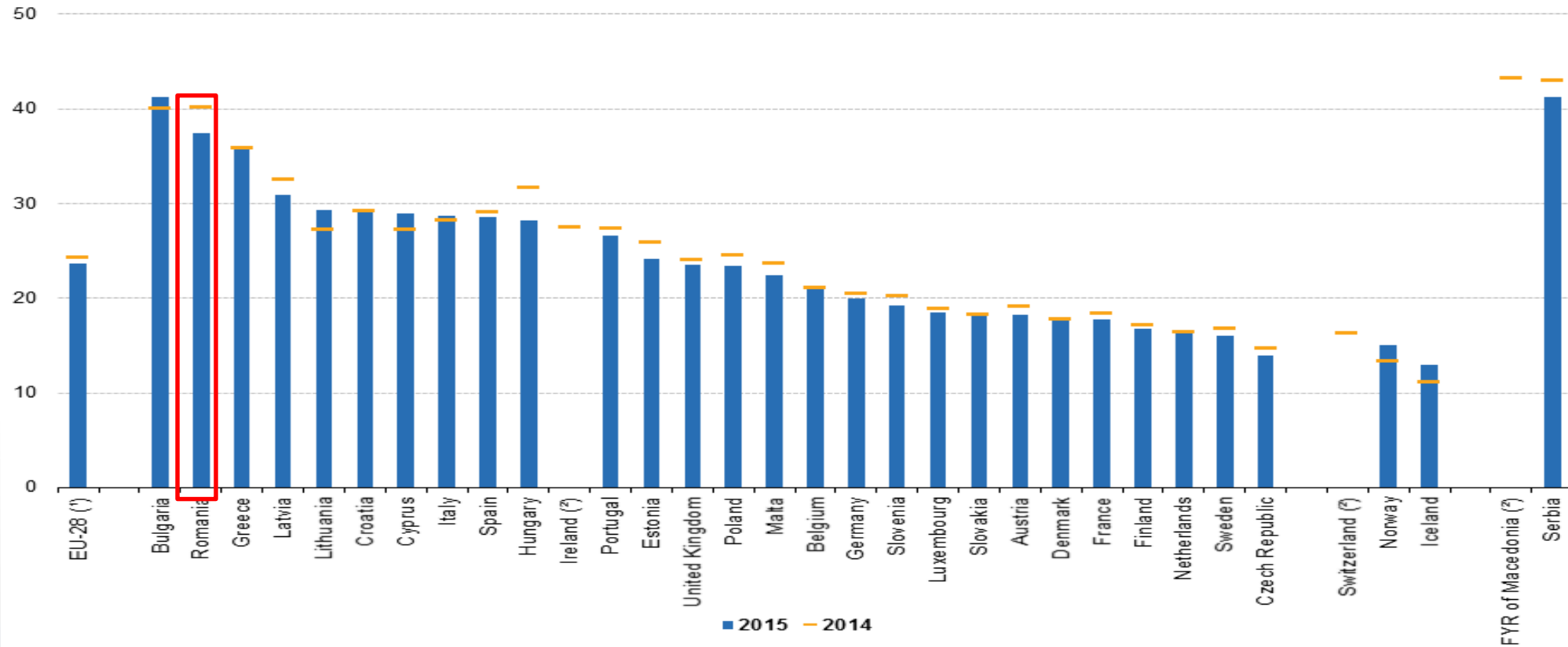
* Data for 2008 exclude HR, data for 2015 are estimated

: Data not available

Source: Eurostat, (ilc_peps01)

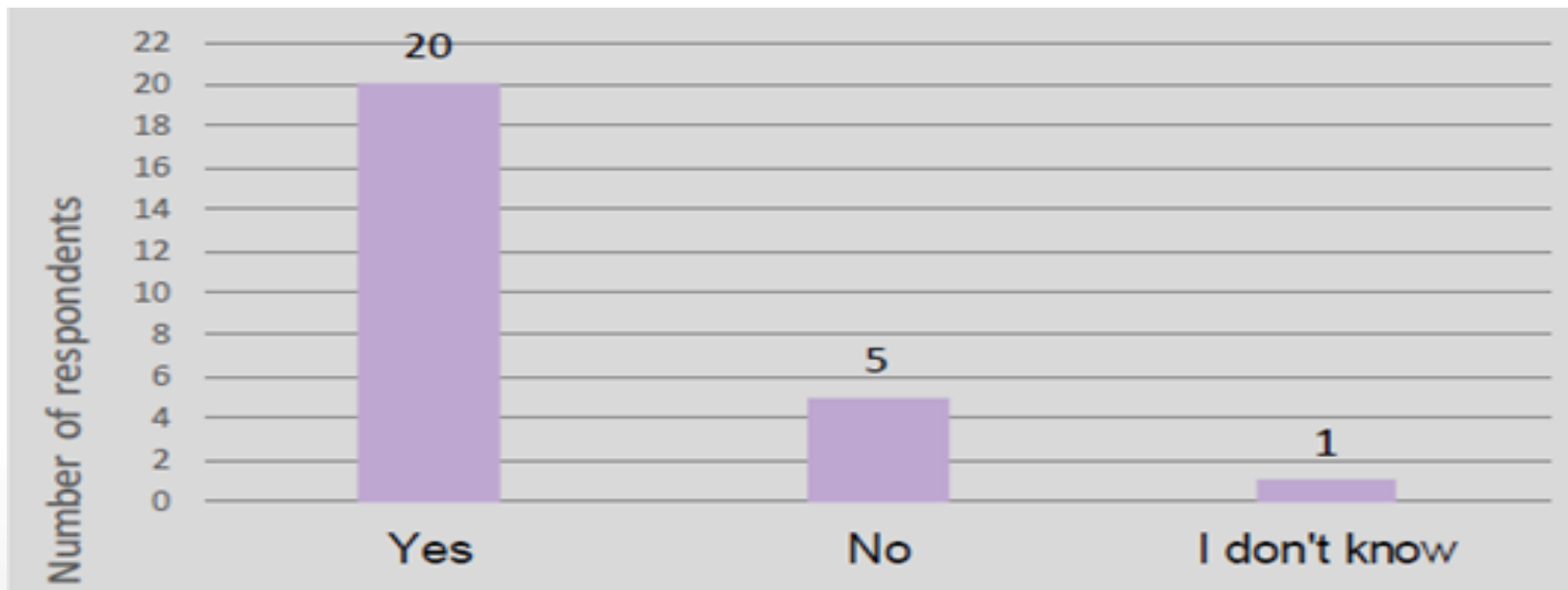
“Fighting poverty or social exclusion is a key political priority for the European Commission. One of the five headline targets of the Strategy 2020 is to lift at least 20 million people out of the risk of poverty or social exclusion by 2020, thus reducing poverty from 116.4 million in 2008 to 96.4 million over the decade. In the aftermath of the global financial and economic crisis however, Europe has drifted away from achieving its poverty target. Making further progress requires renewed efforts for poverty reduction at European and Member state levels.”

At-risk-of poverty or social exclusion rate, 2014 and 2015 - Eurostat



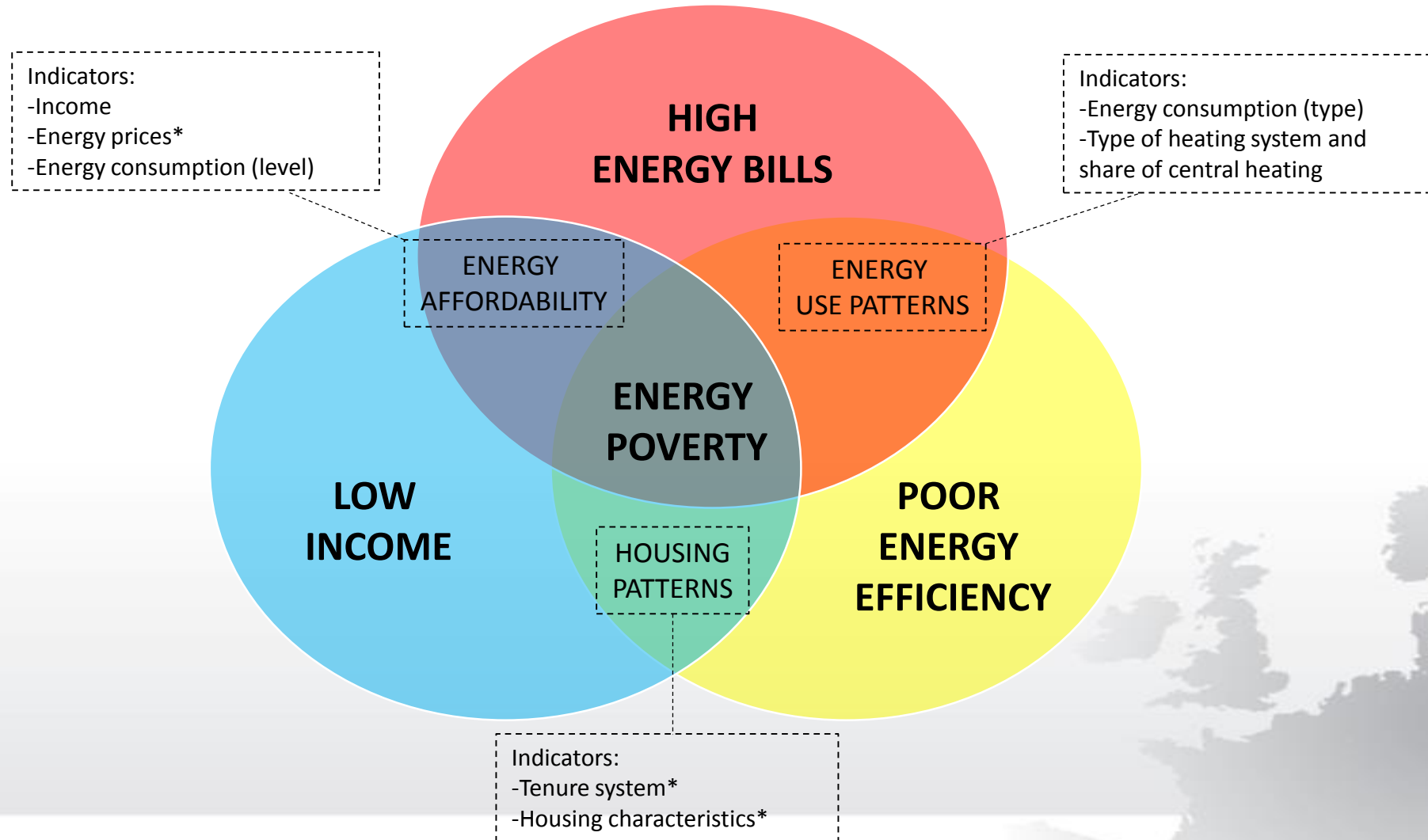
(*) 2015: estimate.
(*) 2015: not available.

Does energy poverty exist in your country?



Source: Energy poverty within the EU – CA EED Project (2016)

Drivers of energy poverty - Insight_E Report 2015



Drivers of vulnerability - DG ENER, EC (BPIE Study Alleviating fuel poverty in the EU)

Social and natural context

State of economy
Climate

Market conditions

Energy process
Level of competition

Individual circumstances

Income level
Health/disability

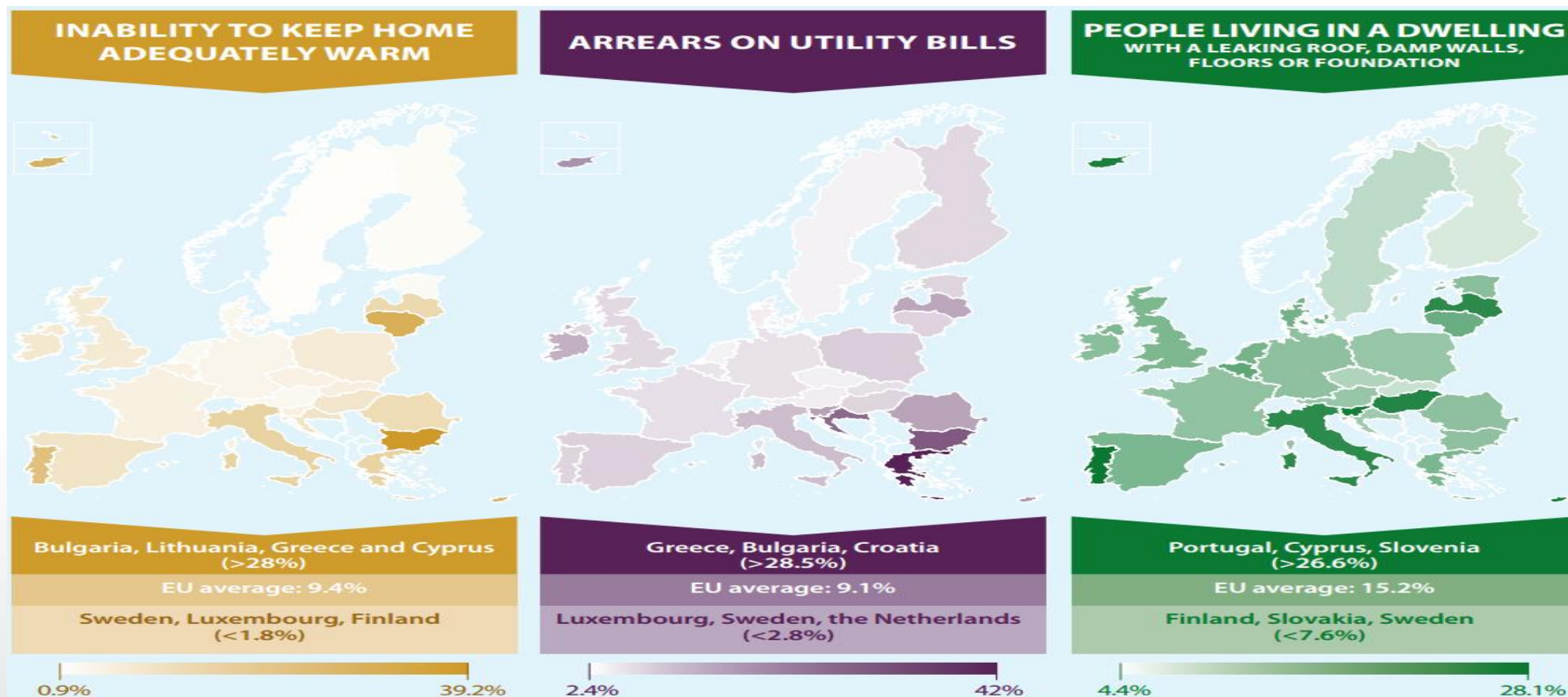
Education
Access to information

Living conditions

Under occupancy
Energy performance of the building
Heating system



Energy poverty in Europe



Source: BPIE own analysis based on 2015 Eurostat data

Trend

- 11% from EU population
- Between 50-150 millions people

Solution

- Subsidiarity principle

THIRD ENERGY PACKAGE (2009)

→ ENERGY CONSUMER ←

- ✓ Recognition of energy poverty
- ✓ National Action plan for energy poverty
 - Definition of vulnerable consumer;
 - Integrated measures.

➤ **ENERGY POVERTY:**

- MS have to adopt an unanimous definition, but most opinions are related to the impossibility of a household to ensure for itself the necessary energy services at affordable costs.

➤ **VULNERABLE CONSUMER:**

- Requirements for MS to define energy vulnerable category and ensure benefits from protection



Third Energy Package :

National legislation must guarantee you the right to receive adequate protection, if you are defined as a 'vulnerable consumer' by relevant national legislation. Member States have to define the concept of vulnerable consumers in their national legislation and ensure there are adequate measures in place to protect vulnerable customers. Member States have some flexibility to define vulnerable customers according to their own particular situation but they must take measures to address energy poverty while ensuring a high degree of protection.

Understanding energy poverty



Energy poverty – subset of consumer vulnerability and general poverty. Specific problem where energy and social policies meet.

How to address energy poverty? First one step back to

1. Agree on a generic concept
2. Measure the level of energy poverty
3. Set up targeted policies to tackle it and measure their effectiveness

Recommendations



1. A generic, simple and flexible **definition** of energy poverty centring around **low-income; affordability; adequate domestic energy services.**



2. Comparable **indicators** taking account of **energy expenditure** and **household income.**



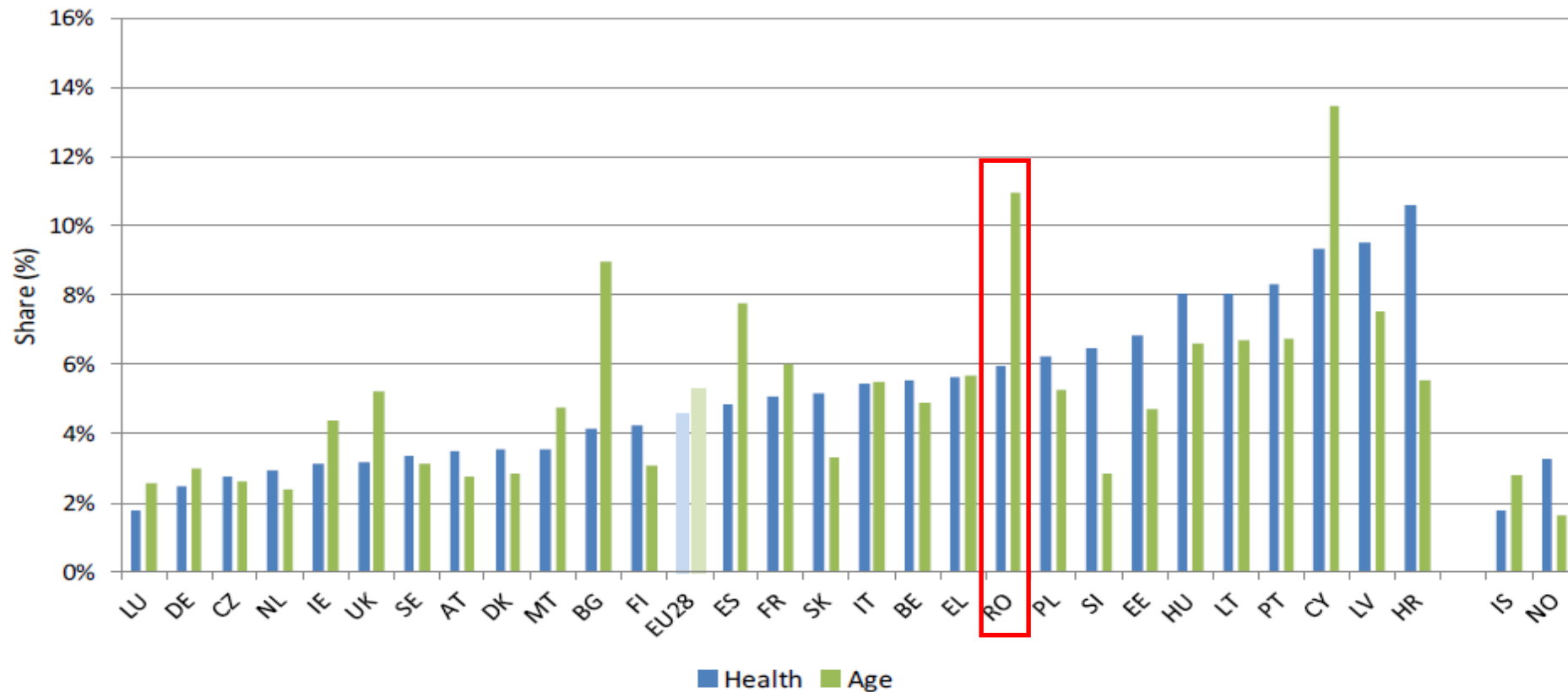
3. Better data on **houses** and **households**



4. Combination of **policies**

Targeted & Effective	
Financial measures	Social policy ,Energy efficiency
Safeguards against disconnection	Consumer protection

Share of consumers who feel vulnerable due to health and age reasons Consumer vulnerability across key markets in the European Union Report 2016



Integrated measures for energy poverty and vulnerable consumers

SHORT TERM EFFECTS

- 1. Financial measures** (Government) - **40% from MS**
e.g. Social tariffs, social support, subsidies (generals/older people)
- 2. Non-financial measures** (NRAs/energy suppliers) - **20% from MS**
e.g. disconnections interdictions, network extension on rural area

SUSTAINABLE EFFECTS

- 1. Energy Efficiency** (measures for all)
e.g. grants/loans/fiscal incentives, increasing social houses efficiency, legislation
- 2. Information and awareness**
e.g. campaigns, guides, invoices transparency, smart meters, price comparison

The European countries actions referring to vulnerable customers and energy poverty

Measures to protect vulnerable customers in the EU (2014)

Measures	Applicability	
	electricity	Natural gas
Limitations on disconnections for nonpayment	AT, CY, GR, FR, GB, HU, IE, IT, LU, LT, NL, RO, SI, SE	AT, BG, GR, FR, GB, HU, IE, IT, LU, NL, RO, SI, SE
Special prices of energy for vulnerable consumers (the so-called social tariffs)	BE, CY, GR, ES, FR, GB, PT, RO	BE, FR, GB, PT
Exemptions from certain components of the invoice (e.g.: the cost of the actual energy, network fees, taxes, etc.)	GR, IE	IE
Additional social benefits, unallocated, for the payment of energy bills	AT, CZ, DE, FR, HU, NO, SE	AT, CZ, DE, FR, HU, NL, SE
Social benefits exclusively pre-allocated for the payment of outstanding expenses with energy.	AT, DE, FI, GB, HU, IE, NO, PL, SE	AT, DE, FI, GB, HU, IE, PL, SE
Free counseling on the ways to save energy	AT, FR, HU	AT, FR, HU
Free replacement of energy-inefficient appliances	FR	BE, FR
Financial grants for replacing inefficient appliances	AT, CY, FR	AT, FR
The right to postpone payment	CT, FR HU, LT	FR, HU
Other	AT, DK, GR, HU, IE, LT, MT	AT, DK, HU, IT, LT, SI

Source: The database on national indicators of CEER (2015)

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The European countries actions referring to vulnerable customers and energy poverty



Source: Energy Poverty and Vulnerable Consumers in the Energy Sector Across the EU, INSIGHT, 2015

Law no. 123/2012 on electricity and natural gas

vulnerable customer - the final customer being part of a household group that, for reasons of age, health or low income, is at risk of social exclusion, and in order to prevent this risk, benefits from social protection measures, including financial ones.

The vulnerable customers are the main beneficiaries of the social aids envisaged in the process of the gradual phasing out the regulated prices/tariffs.



In accordance with the "Procedure regarding terms and conditions for granting the social tariff to electricity household consumers", approved by ANRE Order no. 38/2005 as amended and supplemented, **vulnerable consumers with average monthly income per family member less than or equal to the minimum wage set by Government Decision** have the right to apply for social tariff.

About **937,337 consumers** of the total of 8,550,624 households (10,96%), benefited of this social tariff, at the end of 2016.

Protection of vulnerable energy consumers in Romania

ANRE Regulations regarding vulnerable consumers

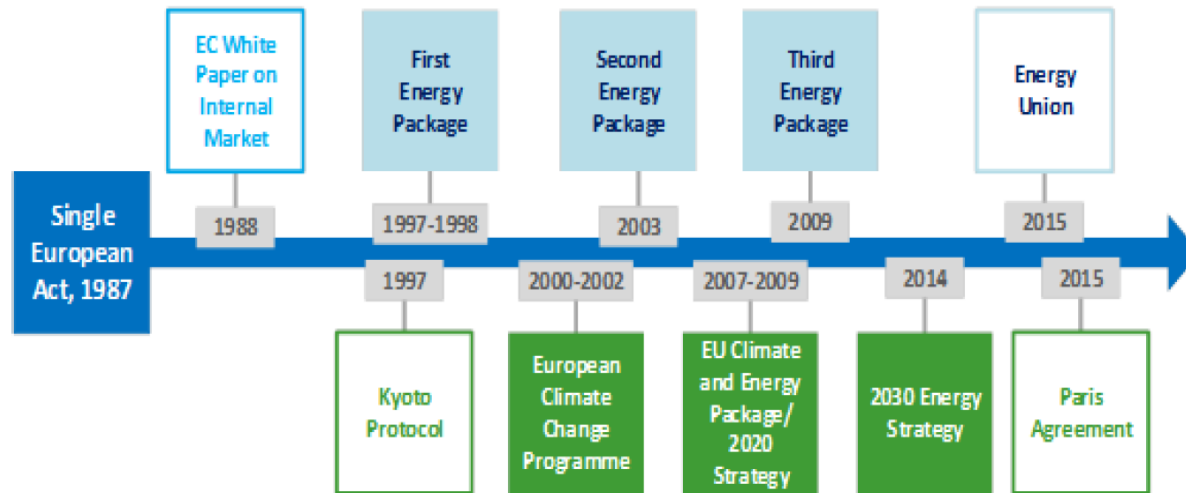
Procedure for granting the social tariff to household electricity consumers
(ANRE Order no. 38/2005, amended and supplemented by ANRE Order no. 6/2006)
and ANRE Order no. 176/2015, amended and supplemented by ANRE Order no.
115/2016 and no. 50/2017

Performance Standards for electricity distribution service
(ANRE Order no. 11/2016, amended and supplemented by ANRE Order no. 49/2017)
and for natural gas distribution service (ANRE Order no. 162/2015)

Regulations for electricity supply to final customers
(ANRE Order no. 64/2014, amended and supplemented by ANRE Order no. 121/2015
and no. 12/2017) and natural gas supply to final customers (ANRE Order no. 29/2016)

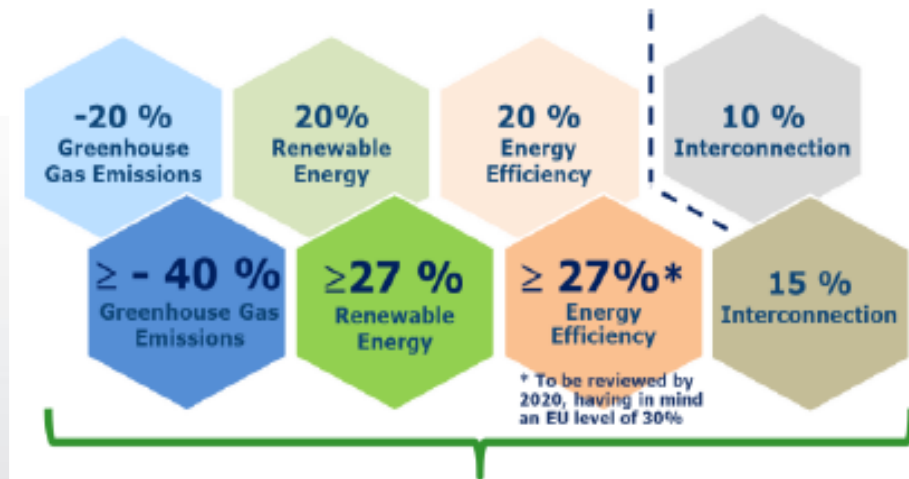
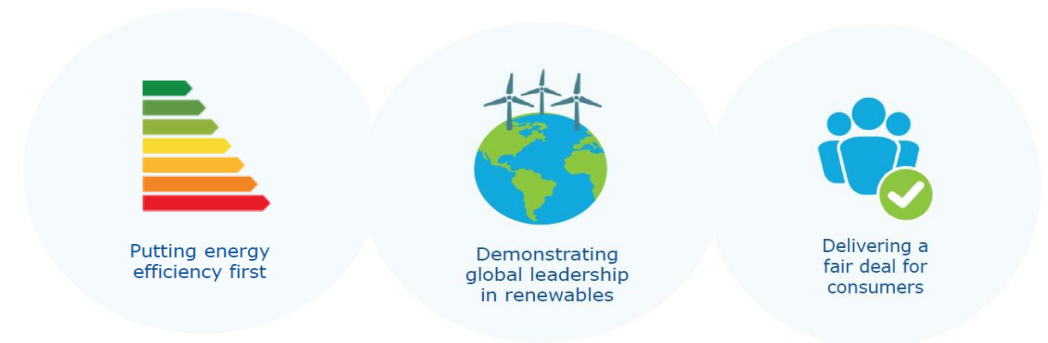
Performance standards for the electricity supply (ANRE Order no. 6/2017)
and for natural gas supply (ANRE Order no. 37/2007)

Figure 1: Major milestones in EU energy and climate policy



Source: Report for DG ENERGY 29.03.2017- Specific contract No ENER/C3/SER/2015-659/SI2.729305/2015-665/SI2.731474 implementing Framework contract No ENER/C3/2013-484-Ricardo-AEA Ltd

CLEAN ENERGY FOR ALL EUROPEANS 2016



Energy poverty in EU

Energy poverty is a major challenge across the EU, having its roots in low incomes and energy inefficient housing. The EU Survey on Income and Living Conditions (EU SILC) estimates that 54 million European citizens (10.8% of the EU population) were unable to keep their home adequately warm in 2012, with similar numbers being reported with regard to the late payment of utility bills or presence of poor housing conditions.

The Commission's energy efficiency proposals *Clean Energy for all Europeans* package ask Member States to take energy poverty into account, by requiring a share of energy efficiency measures to be implemented as a priority in households affected by energy poverty or in social housing.

Also, as part of the Energy Union Governance process, Member States will have to monitor and report on energy poverty while the Commission will facilitate the exchange of best practices.

The Commission is also setting up an Energy Poverty Observatory to provide better data on the problem and its solutions as well as to help Member States in their efforts to combat energy poverty.

Law no. 196/2016 regarding the minimum inclusion income - starting April 2018-

Approved to meet Romania's Europe 2020 target of reducing the number of people at risk of poverty and social exclusion by 580,000 compared to 2008.



VULNERABLE CONSUMER - household client, single person or family who can not afford from their own budget the full coverage of the expenses related to the heating of the dwelling and whose income is within the limits provided by the present law



ENERGY POVERTY – designates the inability of the vulnerable consumer to meet the minimum energy needs for optimal warming of the household during the cold season

**Law no. 196/2016
regarding the
minimum inclusion
income**

01.04.2018

- ART. 3 (1) The minimum inclusion income represents the financial state aid in order to assure the minimal living conditions defined on the art 54 from the law 292/2011 and also for preventing the poverty risk among children and stimulating the children participation to the education system.
- (2) In order to reach these purposes, the minimum inclusion income is composed by one or more from the following financial aids categories :
 - a) inclusion aid;
 - b) aid for family with children;
 - c) supplement for housing.

Law no. 196/2016 regarding the minimum inclusion income

•ART. 26

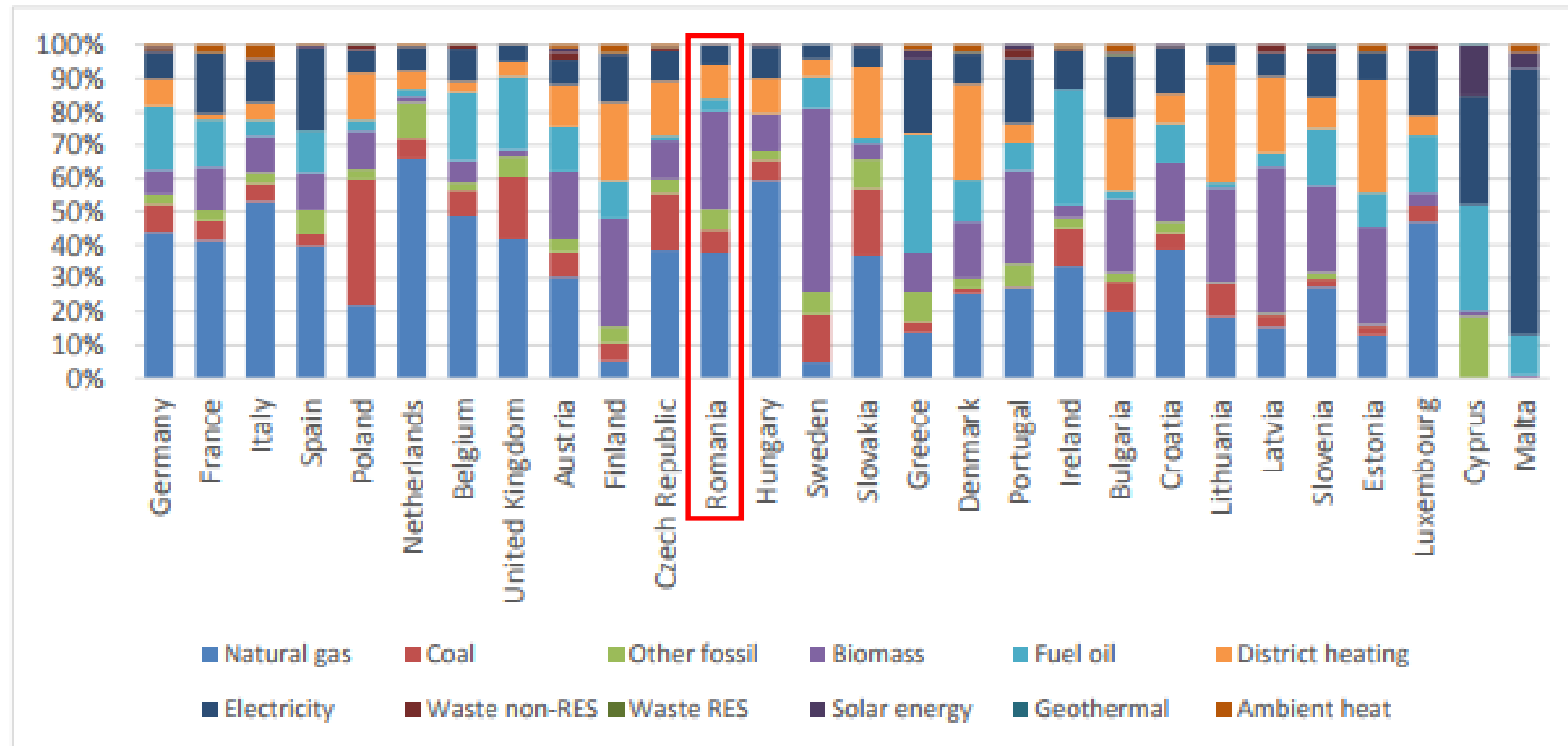
- (1) In order to support the vulnerable consumers who use district heating for the heating of the dwelling during the cold season, the local public administration authorities have the obligation to establish, by decision of the local council, one or more social protection measures supported from local budgets, as follows:
 - Monthly subsidies to cover the difference between the production, transport, distribution and supply price of the heat supplied to the population and the local price of the thermal energy invoiced to the population;
 - Monthly aids for home heating, in addition to those provided from the state budget;
 - Both the monthly subventions stipulated in letter a), as well as the monthly aids from letter b).
- (2) The value of the social protection measures provided in paragraph (1) should be at least 10% of the total amount of the heating aid granted from the state budget.
- (3) Depending on their own resources, the local public administration authorities may approve, by local council decision, monthly allowances for household heating in addition to the income tranches and the amounts used to calculate the heating supplement granted from the state budget.

**Law no. 196/2016
regarding the
minimum inclusion
income**

•ART. 77 The amounts representing the expenditures for the heating of dwellings, related to the consumption of thermal energy, electricity or natural gas, paid directly by the consumers of a contract for the supply of thermal energy or an individual agreement, respectively a contract for supply of natural gas or electricity, as well as the heating subsidies paid by the territorial agencies for payments and social inspection or by the local public administration authorities, under the present law, are collected in the ESCROW accounts, as defined in the Government Emergency Ordinance no. 115/2001 approved with amendments by Law no. 84/2002, with subsequent amendments and additions, opened at banks by distributors and producers of thermal energy, natural gas suppliers and electricity suppliers.

Final energy consumption for heating and cooling, 2012

An EU Strategy on Heating and Cooling - COM(2016) 51 final



- **National Reports on Directives 72/2009 (electricity market) and 73/2009 (gas market) – Deadline 31.07 current year (N) using data for previous year**
 - **Data regarding vulnerable consumers** and on the evolution of the electricity and natural gas markets, in accordance with the ACER-CEER requirements.
- 5. Consumer protection and dispute settlement in electricity and gas**
 - 5.1. Consumer protection**
 - 5.1.1. Electricity**
 - 5.1.2. Natural gas**
- **Progress Reports on meeting the national energy efficiency targets according to Directive 27/2012 on energy efficiency**
 - **Deadline 30.04 current year (N) for Eurostat data (N-2) according to Annex XIV**

EnR/ANRE proposals related to the Draft Position Paper on Energy poverty in Europe and MS

EnR Presidency 2017-2018

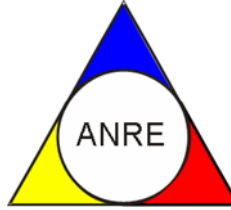
- official harmonized definition of energy poverty at EU level mentioned in the Clean Energy Package provisions and criteria to measure energy poverty and to monitor the number of households in energy poverty and to report on both the evolution of energy poverty and abatement measures every two years to the EU Energy Poverty Observatory;
- harmonized **National Reports on Directives 72/2009 and 73/2009 - 31.07 current year - on data regarding vulnerable consumers and harmonized Progress Reports on meeting the national energy efficiency targets according to Directive 27/2012 - deadline 30.04 current year;**
- EU methodology for developing the **National Action Plan for energy poverty** as part of the Energy Union governance Regulation proposal in order to integrate the provisions of the EED proposal and the Directive proposal on common rules for the internal market in electricity to take **energy poverty** into account, by requiring a share of energy efficiency measures to be implemented as a priority in households affected by energy poverty or in social housing;
- prioritized Energy efficiency programs allocation at European and national level for drafting and updating the **National Action Plan for energy poverty** by addressing the energy performance of buildings and appliances and the awareness among energy consumers for energy efficiency (grants, state aids, structural funds, subsidies, etc.)

Input received from:

- ADEME
- AEA
- EST
- IDAE
- STEM

Following actions:

- Revise TGM EnR member presentations and consolidation of the EnR Energy Poverty Position Paper (end of October - beginning of November 2017)
- Publishing EnR Energy Poverty Position Paper on EnR website (November 2017)
- Present the document to the European Commission during the Bucharest Sustainable Energy Investment Forum (beginning of December 2017).



THANK YOU FOR YOUR ATTENTION !



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<http://enr-network.org/about-enr/>



EnR Presidency & Secretariat 2017
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