



Online Conference

Energy poverty at the crossroads of the European Pillar of Social Rights and the European Green Deal

20/04/2021 | 10.00 - 16.00



CONCLUSIONS

1. INTRODUCTION

1.1 GAINING POLITICAL MOMENTUM ON THE ISSUE OF ENERGY POVERTY

In 2019, over 35 million Europeans claimed to be unable to afford to keep their homes warm enough; in the context of the COVID-19 pandemic, concerns about energy poverty have increased. Energy poverty affects the practical living conditions of families, women, young couples, children, elderly people and, in particular, the most vulnerable households. This is a distressing problem, which has serious human, social and financial costs and cannot remain unaddressed by EU decision-makers. The EU and its Member States should develop a political narrative and coalition to make energy poverty a priority on the EU agenda, setting a specific target of zero energy poverty in the EU by 2030.

The ambitious climate targets that the EU has set itself will require the transition to speed up in a way that may increase inequalities in Europe with regard to access to energy. Including the issue of energy poverty as a priority under the European Green Deal's (EGD) action plan and narrative, giving tangible sense to the "no-one left behind" motto, is key in order to build consensus around its objectives.

Moreover, the recovery from the effects of the coronavirus crisis is an opportunity for a system reset to enhance EU society's resilience and address energy poverty at its core. The investments should deliver a European "wellbeing" economy, based on the EU fundamental principles of democratic values and the rule of law, protecting human and social rights, strengthening the economic resilience of the EU, boosting its economy, and achieving the UN Sustainable Development Goals (SDGs), climate neutrality and the full implementation of the European Pillar of Social Rights (EPSR) by 2050 at the latest. Tackling energy poverty is relevant to all of these goals. In fact, reducing the number of people at risk of poverty or social exclusion by at least 15 million is one of the three headline targets to be reached by the EU by 2030, as indicated in the Action Plan for the Implementation of the EPSR. Therefore, energy poverty must be tackled under the Sustainable Development Goals, the European Green Deal and the Action Plan on the Implementation of the European Pillar of Social Rights to deliver green, economic and social objectives.

1.2 CALL FOR A BROAD POLITICAL COALITION

Energy poverty should be addressed on the basis of a broad political coalition across all three EU institutions and European organised civil society. It should be the opportunity to show how EU action can help national governments solve European citizens' practical problems and promote solidarity among Member States. The upcoming Slovenian Presidency and the new trio that will follow it (France - Czech Republic - Sweden) should make alleviating energy poverty a priority. Civil society organisations should play a key role in the definition, implementation and monitoring of energy poverty in Europe.

Therefore, the EESC proposes to hold an annual conference to take stock of progress made in combatting energy poverty at European level by the three EU institutions and organised civil society working closely together.

The Porto Summit on 7-8 May 2021 will be already an excellent opportunity to give political impetus to the inclusion of energy poverty in the EPSR and its Action Plan and reinforce the social dimension of the EGD.

Based on the outcomes of the online conference organised by the EESC on *Energy Poverty at the crossroads of the European Pillar of Social Rights and the European Green Deal* on 20 April 2021, these conclusions will outline the main challenges and recommendations put forward by the conference participants.

2. ESTABLISHING AN OVERARCHING STRATEGY, NATIONAL PLANS AND FINANCIAL SUPPORT

The new Multiannual Financial Framework and the NextGenerationEU recovery instrument should be used to tackle energy poverty in the post-COVID period. In particular, they should support large-scale EU investment in building renovations and in affordable, energy-efficient social housing as well as community housing projects. Moreover, the Cohesion Fund and the Just Transition Mechanism could provide resources for regions and communities that are most affected by the clean energy transition, ensuring for example that coal-fired district heating systems are offered clean and affordable alternatives. The Commission should also continue funding energy poverty projects under Horizon Europe and the LIFE Programme.

Member States which show a lack of commitment to tackling energy poverty under their National Energy and Climate Plans (NECPs) should be encouraged to step up their efforts with clear monitoring and evaluation frameworks, in accordance with the Commission's Recommendation on energy poverty. All Member States should be encouraged to develop relevant measures under their Long-Term Renovation Strategies.

Member States should develop national plans and policies for the eradication of energy poverty, integrating and giving coherence to all funding and policy instruments. The National Recovery and Resilience Plans (NRRPs) should provide a great opportunity to create these synergies for the post-COVID period and they should be consistent with the NECPs. For example, Member States could include in their plans measures such as the creation of a national fund for low-income energy efficiency measures, and the introduction of performance standards for new and old buildings and of minimal quality standards for rented housing or financial incentives for refurbishment which are graduated according to household income.

Civil society organisations should play a key role in the definition, implementation and monitoring of these policies at national and EU level, also using their specific knowledge and connections to propose structural improvements to the regulatory framework.

3. ENSURING A COMMON UNDERSTANDING OF THE PHENOMENON

Energy poverty is a complex issue that concerns many aspects of everyday life: heating, cooling, lighting, energy to power appliances, mobility, etc. A common understanding of the issue of energy poverty is necessary to be able to take harmonised action at European, national and local level.

Member States therefore need to agree on a common definition of energy poverty at EU level on the basis of proposals by the Commission, and the EU institutions and Member States need to continue to develop common metrics and comprehensive indicators to allow EU, national and local policymakers to understand energy poverty and align it with the implementation of the SDGs. These should take into account not only the main issue of heating buildings but also cooling and access to transport.

The European Commission has issued dedicated energy poverty recommendations, which assist and guide the assessment of the phenomenon at national and regional level, as well as on identifying best practices.

4. ERADICATING ENERGY POVERTY WITH A SPECIAL FOCUS ON THE MOST VULNERABLE

Already before the pandemic, social protection systems were underfunded and had difficulty in covering the vulnerable population properly. The pandemic revealed and deepened structural inequalities and weaknesses, which hit the most vulnerable disproportionately. Energy poverty is no exception, affecting in our developed society in particular the following groups: elderly people, homeless people, atypical and self-employed workers, low-income households, women, children in low-income families, people with disabilities, travellers and Roma, migrants and asylum seekers.

To end energy poverty for these groups, the following measures are proposed:

4.1 RIGHT TO ENERGY

Access to clean and affordable energy should be guaranteed for everybody, irrespective of their income, and be recognised as a human and social right in accordance with Principles 19 (Right to adequate housing) and 20 (Right to essential services) of the European Pillar of Social Rights. To this end, tailored direct income support for low-income households (e.g. by means of social/reduced tariffs, specific heating/housing allowances or supplements to welfare benefits) and a ban on disconnection should be introduced.

4.2 MEASURES AT EU AND NATIONAL LEVEL

- The fight against energy poverty should be mainstreamed into and tackled in all initiatives providing for the more vulnerable, particularly in the upcoming Affordable Housing Initiative, the Platform for collaboration against homelessness and the already adopted European Disability Strategy 2021-2030, the 2020-2030 EU Roma Strategic Framework for Equality, Inclusion and Participation, and the Child Guarantee.
- All EU and national policies and regulations for a transition to a green and carbon-free economy in the framework of the Green Deal and the initiatives planned in the EPSR Action Plan should be subject to a prior social and distributional impact assessment to ensure that inequalities are not increasing as a consequence.
- Protecting the most vulnerable households should be a priority also under the upcoming revision of the relevant energy legislation, ensuring that the energy poor are no longer locked into fossil gas or coal infrastructure or foot the bill for the transition. Concerns have been raised regarding the possibility of the EU Emissions Trading System (ETS) being extended to buildings as this could result in poor households facing rises in energy prices, rent increases and less affordable housing. There would be benefit in forging clearer synergies between the Energy Efficiency Directive (EED), the Energy Performance of Buildings Directive (EPBD) and the Renewable Energy Directive (RED) to streamline renovations and renewable installations towards 100% renewable-energy-based heating and cooling systems and prioritise access to them for the vulnerable. The revised EED could provide Member States with a significant budget to ensure that energy efficiency is accessible and available for those living in Europe's worst performing buildings and that low-income households are given access to funding, tailored schemes and practical assistance. Specific energy efficiency programmes should prioritise social housing and housing associations, low-income tenants and low-income homeowners. Ambitious measures will also be required in the forthcoming revision of the EPBD, for example by setting high-performance standards for heating equipment and making it accessible to as many people as possible.

- The Renovation Wave should not support investments leading to further housing exclusion of low-income and vulnerable groups. A clear call could be made to Member States to monitor the impact of building renovations on rent increases and prevent these through, for instance, rent caps or bans on evictions. A regulatory framework could be set up to curtail soaring property prices and maintain the same levels of rent after renovation work.

4.3 MEASURES AT LOCAL LEVEL

- EU citizens, especially the most vulnerable, need special measures and support such as one-stop shops so that they can benefit from unbiased information on renovation possibilities and financing at local level to tackle energy poverty at its roots. This would be a holistic, non-biased initiative that could benefit consumers in general. To make it accessible to more vulnerable households, specific outreach and engagement services should be provided.
- To successfully reach vulnerable households, it is essential to reinforce action at local level. In this regard, synergies should be encouraged with existing initiatives such as the Covenant of Mayors, Clean Energy for EU Islands, Coal Regions in Transition platforms and the new Energy Poverty Advisory Hub, to allow best practice to be shared and provide technical guidance and monitoring of outcomes and progress. This should also ensure that EU and national funds for low-income energy efficiency measures are successfully invested in local actors at municipal level. In this regard, civil society organisations should be involved so that they can contribute to developing, implementing and monitoring initiatives.
- Both loans and pure aid should be used, depending on the target group, as far as possible using small banks, municipalities and regional authorities.
- Synergies between companies producing or distributing energy, local authorities and organisations protecting the most vulnerable can come up with innovative solutions, to identify hidden vulnerabilities and help monitor consumption levels.

4.4 INVOLVEMENT OF CIVIL SOCIETY

- The role of civil society organisations should be reinforced in providing direct assistance to the most vulnerable in the short as well as in the long term. Their role in facilitating the renovation of the EU's building stock should be duly recognised and supported.
- Vulnerable groups and their representative organisations should be better and more involved in the decision-making process and in the formulation and evaluation of policies put in place to prevent or reduce energy poverty, as well in the regulation of energy services.
- Regular structured dialogue with social civil society organisations – including Social NGOs - is needed to ensure the needs of the most vulnerable groups are integrated into the European Green Deal and Climate Pact, the National Energy and Climate Plans and the National Recovery and Resilience Plans.
- Thanks to their connections with citizens and businesses at grassroots level, civil society organisations could also contribute to raising awareness, creating synergies and partnerships and making tangible policy proposals, participating in their roll-out through targeted action at micro level.

5. A TRIPLE WIN FOR ECONOMIC RECOVERY, CLIMATE NEUTRALITY AND EUROPEAN CITIZENS

The Renovation Wave can provide a significant contribution to climate neutrality and EU economic recovery and boost employment in the construction sector. The renovation market is a vital part of business for many construction SMEs, which represent more than 90% of the businesses in the EU building sector. As both individual building renovation projects and neighbourhood renovation projects are targeted by the Renovation Wave, public tenders should aim to offer equal opportunities to both large companies and SMEs.

Enterprises should generate innovation and appropriate technologies and follow a deep and holistic renovation approach, where affordability should be not forgotten. Research and innovation should be supported by European Union programmes with energy poverty eradication objectives.

To have a tangible impact, it is necessary to identify clear goals and financial incentives which take into account the different kinds of buildings and the economic capacity of actors: buildings built in the Soviet era in Eastern Europe need to be renovated, as do buildings built in Western European cities. The building sector has to be placed at the centre of the transition and the Renovation Wave must provide a particular ringfenced mechanism to specifically target energy poverty.

Targeted investments and funding instruments in energy efficient housing and sustainable buildings can have a positive impact on the economy. Moreover, the building itself can be integrated into energy networks. This would allow buildings to be used as energy hubs and storage facilities.

The role of private enterprises in fighting energy poverty could also be better explored with regard to innovation and creation of tools and technologies for energy efficient materials and for wind and wave motion energy systems, using EU funding where appropriate.

Reskilling and upskilling the workforce is essential, especially in the context of the digital transition. It is of the utmost importance also to make the building industry attractive for young people (e.g. decent wages; new, safe, green and high-quality jobs at local level). A European campaign should promote this new wave of industry and these potential new jobs to the younger generations by launching an "Erasmus for energy-efficiency renovation 2050" programme.

6. NEW WAYS OF ENERGY PRODUCTION: DECENTRALISED ENERGY PRODUCTION

The energy transition is not just a technological matter – it is also a profoundly social and political challenge. Workers, trade unions and consumers must be involved in the energy transition, as promised by policymakers.

The energy sector in Europe is going through a revolution, with transition to green and renewable forms of energy and the energy union as its objective. This process brings the opportunity to develop new ways of energy production with people as principal actors and which can contribute to reducing energy poverty.

The EU and Member States can facilitate this process by reducing excessive bureaucracy and enabling more people to invest.

Decentralised, renewable and digitalised forms of energy supply have the potential to reduce pollution, bring economic development to regions, improve energy efficiency in housing and decrease energy poverty.

In a decentralised system, consumers can contribute to value creation as active customers, citizen energy communities, farmers, SMEs and municipal companies. Decentralised energy systems provide major impetus for regional development and can lead to the creation of new, high-quality and skilled jobs in the regions.

While developing these projects, however, it is important to ensure that the returns are socially reinvested in the community and in local services that can benefit the poor.

Energy communities and cooperatives should be encouraged to give citizens, including the most vulnerable, an active role in producing clean energy for themselves.
