

# Energy Poverty in South East Europe: Surviving the Cold

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# Motivation

- Governments have a duty, under *The universal declaration of human rights 1948 (Article 25)*, to ensure that:
  - (1) Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.



# Motivation

- Treaty establishing the energy community (Article 10): Each Contracting Party shall implement the *acquis communautaire* on energy
  - EU Internal Market in Electricity (2009/72/EZ) and Natural Gas (2009/73/EZ) Directive
    - **member states to define energy poverty and protect vulnerable energy consumers**
  - The Energy Efficiency Directive (2012/27/EU)
    - **....to ensure access to greater energy efficiency to vulnerable consumers**

# What is energy poverty?

- Poverty is lack of access to resources and lack of opportunities
  - 896 million of people in extreme poverty vs. 2 billion energy poor
- Energy poverty is a situation where a household is unable to access a socially and materially necessitated level of energy services in the home (Bouzarovski et al. 2010)
  - Consequences:
    - Degraded physical and mental health
    - Decreased opportunities to participate in community activities
    - Forced to choose between food and energy comfort
- New EU member states >30% of households



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# What is energy poverty?

- No agreement on definition!
- First measurable definition (Boardman 1991):
  - Fuel (energy) poverty occurs when a household is **unable to have adequate energy services for 10 per cent of income**
    - „need to spend”
  - This applies to heating, hot water, lighting and all other energy services within the home, not just warmth
    - Temperature: 21°C in the living room, 18°C elsewhere (WHO)
    - Heating: 9 hours a day for those at work or in full time education; 16 hours for those likely to be at home all day
    - All rooms, unless under-occupied

# Context

- SEE: Albania, Bosnia and Herzegovina, Croatia, Kosovo\*, Macedonia\*\*, Montenegro and Serbia
- Specific building stock
  - Low-level of thermal insulation of building envelope
  - High prevalence of furnace/stove heating
- Cultural and social inheritance
  - Indoor temperatures
  - No possibility to regulate consumption
- Distinct path of energy sector restructuring
  - Regulated energy prices – cheap energy
  - Problems of non-payment and electricity theft



\*According to the UN, Kosovo is "under the United Nations Interim Administration Mission in Kosovo (UNMIK) established pursuant to Security Council Resolution 1244".

\*\*According to the UN, the official name for Macedonia is "The former Yugoslav Republic of Macedonia".



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# Who is vulnerable to energy poverty?

- Examples of commonly vulnerable groups:
  - Recipients of social welfare, disabled and chronically ill, single parent families, pensioners and elderly etc.
- EU Internal Market in Electricity (2009/72/EZ) and Natural Gas (2009/73/EZ) Directive
  - **member states to define energy poverty and protect vulnerable energy consumers**
- The Energy Efficiency Directive (2012/27/EU)
  - **.... to ensure that vulnerable customers have access to the benefits of higher energy efficiency**

Vulnerable groups are those who, according to the economic and sociodemographic and energy indicators linked to their households, have a higher probability of becoming energy poor than the general population.



# A glimpse into reality

- Analysis of legislation and field work
- 833 field visits in SEE (Albania N=10, BiH N=103, Croatia N=397, Kosovo N=10, Macedonia N=206, Montenegro N=97, Serbia N=10)
  - Comparable data was collected for 612 households
  - Country analyses available in the Report
  - Health and socio-economic status + energy aspects of households





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# A glimpse into reality

- Low levels of energy efficiency of dwelling and heating systems: deteriorated buildings
- High prevalence of damp and continuous exposure to cold
  - Draught through windows and doors
  - Decreased living space in winter
- Overall inadequate energy services



- **Immediate action is needed** to enable more people to become active members of society and, by removing adverse health culprits, directly decrease national health care costs.
- It also protects the environment and climate
- **Investing in the alleviation of energy poverty means improving the economy and decreasing energy import dependency.**

# Adjusting the policy response

- Most common approach in SEE
  - Vulnerable = social welfare users and disabled (health)
  - Policies in place:
    - Direct payments
      - Monthly
      - Once a year
    - Disconnection policies
    - Provision of free kWh or m3
    - Social tariffs
  - Mostly focused on consequences not addressing causes!

It is indispensable to seek corrections to the adverse impacts of energy market liberalization and to avoid policy solutions through different taxes and levies on the already burdened household bills.



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# Adjusting the policy response

The European Commission states that it is of crucial importance to understand energy pricing mechanisms and structures when defining possible financial and legislative frameworks for tackling energy poverty to prevent passing on costs to consumers

- The energy efficiency of dwellings and of household appliances, while improving the heating and ventilation systems is the most effective and sustainable approach to alleviating energy poverty
- **Energy poverty is a cross-sector issue which requires immediate action from both social and energy actors**

Energy poverty is a **social issue requiring primarily technical energy solutions followed by financial support mechanisms.**

# Recommendations

- Continue discussions to adopt **measurable definitions of energy poverty** – at the national, regional and EU level
- Develop and adopt national, regional and EU wide **indicators for monitoring energy poverty**
  - Improve data collection based on selected indicators
- Undertake **detailed analysis** of the problem at the national level in collaboration with national bureaus of statistics
- **Ensure publicly available and easily accessible national statistics data** on energy expenditures and living conditions
- **Improve definitions of vulnerable groups** at national, regional and EU level



# Recommendations

- Energy poverty should be included in national programmes:
  - Low-cost energy efficiency and energy saving measures
  - Replacement of household appliances (“old for new”)
  - Replacement of inefficient heating system
  - Different levels of retrofitting building envelope
  - Subsidies for energy efficiency: high co-funding + support system for filling out the paperwork (minimizing bureaucracy)
  - No-interest loans (mainly for deep renovation)
  - Refurbishment of all state-owned social housing
  - “Energy literacy” campaigns for vulnerable groups

**Financial support**, such as compensation and support for paying the energy bills **should be used as a measure after all cost-effective energy efficiency options have been implemented.** It should not be the first measure as it does not contribute to overall improvement of quality of life and it does not promote rational energy use.



# Thank you for your attention!

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