Addressing energy poverty in the context of high energy prices and supply concerns

Energy poverty in the Contracting Parties

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Marta Schulte-Fischedick, Branislava Marsenica, Energy Community Secretariat
Energy poverty is **multidimensional** and **cannot** be measured by a single indicator.
Energy poverty is expected to be more pronounced in the CPs than in the EU.
GDP per capita in the EU is almost three times the CP average.
Electricity prices in the EU are on average **three times higher** than in the CPs, with Ukraine having the lowest and Montenegro the highest prices.
Gas prices are on average lower in all of the CPs compared to the EU.

Gas prices, Households
(2021)

<table>
<thead>
<tr>
<th>Country</th>
<th>Price (£/kWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GE</td>
<td>0.014</td>
</tr>
<tr>
<td>UA</td>
<td>0.027</td>
</tr>
<tr>
<td>RS</td>
<td>0.034</td>
</tr>
<tr>
<td>BA</td>
<td>0.037</td>
</tr>
<tr>
<td>MD</td>
<td>0.047</td>
</tr>
<tr>
<td>MK</td>
<td>0.057</td>
</tr>
<tr>
<td>DE</td>
<td>0.069</td>
</tr>
<tr>
<td>BG</td>
<td>0.071</td>
</tr>
<tr>
<td>EU</td>
<td>0.078</td>
</tr>
</tbody>
</table>

⌀ = 0.036
Households in all CPs **use less energy** on average compared to the EU (underspending).
Contracting Parties vs. EU

- Energy efficiency of housing is **lower**
- Household member size is bigger -> thus energy spending's per person are **lower**
- Energy prices are **lower**
- Incomes are **lower**
- **Less** rooms/space per person
To measure energy poverty rates, CPs are advised to use a set of primary and secondary indicators.
CPs are advised to use a set of **6 primary** (Eurostat) and **5 secondary** (Eurostat, World Bank, Statistical Offices) indicators. **Data availability should be improved.**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Source</th>
<th>Available for</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy burden</td>
<td>HBS</td>
<td>all CPs</td>
</tr>
<tr>
<td>M/2 indicator</td>
<td>HBS</td>
<td>all CPs</td>
</tr>
<tr>
<td>2M indicator</td>
<td>HBS</td>
<td>all CPs</td>
</tr>
<tr>
<td>Arrears on utility bills</td>
<td>EU SILC</td>
<td>Albania, Kosovo*, Montenegro, North Macedonia, and Serbia</td>
</tr>
<tr>
<td>Inability to keep home adequately warm</td>
<td>EU SILC</td>
<td>Albania, Kosovo*, Montenegro, North Macedonia, and Serbia</td>
</tr>
<tr>
<td>Condensation, leaking roof, rot in windows or doors</td>
<td>EU SILC</td>
<td>Albania, Kosovo*, Montenegro, North Macedonia, and Serbia</td>
</tr>
</tbody>
</table>

- **Electricity and gas prices** [EUROSTAT]
- **Average monthly net wages** [National Statistics Offices]
- **Annual unemployment rates** [World Bank]
- **Share of population living below USD 1.9 per day** [World bank]
The number of people living in energy poverty is indicated by a lower bound (inability to keep the dwelling adequately warm) and upper bound (sum of criteria 2M and M/2).
To elucidate underlying **patterns** and identify the most **vulnerable groups**, indicators should be **disaggregated** by different categories.
To elucidate underlying patterns and identify the most vulnerable people, indicators should be disaggregated by different categories.
Possible short- and long-term measures for alleviating energy poverty

Short-term measures
- Protection against disconnection
- Direct financial support
- Social tariffs

Long-term measures
- Program for mitigating energy poverty
- Energy retrofitting of buildings
- Replacement of household appliances
- Heating system improvements
- Energy advice for low-cost EE
- Support for RES
Some implemented short- and long-term measures for alleviating energy poverty in the CPs

North Macedonia: annual programs for co-financing energy efficiency and small RES applications

All CPs: allowances for energy bills
Electricity and gas price increase in 2021-2022

In 2022, gas prices for households were increased only in Moldova.

Source: EUROSTAT, HEPI, VaasaETT/E-Control/MEKH; EnC NRAs

Source: EUROSTAT, EnC NRAs
Activated measures to support household consumers due to high energy prices (ECRB report)

- Albania, Kosovo*, North Macedonia: subsidies for producers/traders, indirect support for consumers
- North Macedonia: VAT for households lowered to 5%
- Moldova: compensation for gas and heating price difference in winter period
- BIH- Federation BIH: capped electricity price increase to 20% in comparison to 2021
- Ukraine: martial law and stabilization measures
Some measures in the EU MSs to support household consumers due to high energy prices

- Price caps
- Reduction of network charges
- Reduction of taxes and levies
- Subsidies to companies
- Deferred payments
- Direct assistance for energy bills
Possible impact of crisis on policies and measures for energy poor

Short-term/ad hoc measures:
- Great public acceptance
- Temporary relief
- Properly targeted - for all or for poor?

Long-term measures:
- Reduction of demand
- Improvement of health and wellbeing
- Contributing to clean energy transition

Will the implementation of ad hoc measures lower the funds available for addressing energy poverty in the long-term?

Is freezing energy prices at the pre-crisis level a good idea?

New funding sources:
- Capture of windfall profits?
THANK YOU
FOR YOUR ATTENTION

marta.schulte-fischedick@energy-community.org
branislava.marsenic@energy.community.org

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