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GUIDING PRINCIPLES FOR EFFECTIVE POLICIES TO ADDRESS ENERGY POVERTY

Position paper



Written within the framework of 'European Energy Poverty: Agenda Co-Creation and Knowledge Innovation' (Cost Action CA 16232)

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This paper gathers the conclusions of the Bucharest Energy Poverty Conference 'Energy poverty, clean energy, and the European energy divide' organized on 22-24 January 2019. Conclusions were reached during the two introductory panels attended by researchers, experts, policy-makers and representatives of a variety of stakeholders from across our ENGAGER COST action Member States. Discussions centered around two topics: 'Transforming the State of the Art' and 'Addressing Energy Poverty through Innovative Approaches.' The conference was organized by Babes-Bolyai University of Cluj-Napoca, Romania, in partnership with ENEL Romania and the National Energy Regulator (ANRE), with the support of the Representation of the European Commission in Bucharest, within the framework of the ENGAGER COST Action.

The ideas below are based on the points made by the speakers during the collective panels and do not reflect the official position of the institutions to which they are affiliated.

Speakers:

Christian Egenhofer, Center for European Policy Studies (CEPS), Brussels
Anna Amato, on behalf of the Italian Presidency of EnR, ENEA, Italy
Chrysoula Argyriou, DG Energy, European Commission
Slavica Robic, DOOR, Croatia
Davide Cassanmagnago, Covenant of Mayors
Harriet Thomson, EU Energy Poverty Observatory
Alessio Menegazzo, ENEL Romania
Alberto Barranco, Ministry of Ecological Transition, Spain
Corina Murafa, Ashoka Romania

Proceeding from the topics discussed within the conference panels, this position paper aims to answer the following questions: *What are the main challenges associated to energy poverty around Europe and how should they be faced? Is there a potential for innovative action and what are its premises?*

Context

The burden of energy costs on households is pervasive. Energy poverty has a strong impact on the quality of life, whereas it also paves the way for more fundamental challenges to economies and the environment. It is a silent yet rapidly progressing phenomenon, as we embarked upon a process of transforming our economies into sustainable and clean systems.



It is also a phenomenon of high complexity, as it is both a result and a cause, with externalities both nationally and across state borders, involving energy policies, but the healthcare system, the construction sector, the labor market, welfare policies, and the economy as a whole. Its manifestations are specific from one region to the other. Despite the lack of consensus with regard to measurement, reality has proven that there is a wide room for action and that good practices amount, whereas the potential for innovation remains untapped.

While there is no general remedy to cause massive and rapid transformations, there is capacity for small and powerful change. The principles that lay at the basis of change are common and are based on steady dialogue, mutual trust, inclusiveness, and engagement of all stakeholders, accountability, cross-sectorial learning.

- A common energy poverty toolkit is fundamental:
 - to set the limits of and inform constructive politics while preventing misconduct;
 - to equip institutions and decision-makers across Europe;
 - to empower consumers;
 - to understand the spatial variations of energy poverty and encourage the development of tailor-made policies;
 - to understand similarities across spatial variations and facilitate the implementation of good practices;
 - to identify and integrate all key players on the market;
 - to build on and stimulate innovation and research;
 - develop indicators beyond 'the ability to keep houses warm' in order to integrate as many aspects of energy poverty as possible;
- Action should not be precluded in anticipation of European standards, but should
 - lead to the development of custom made solutions, while pursuing the curtailment of this rapidly advancing phenomenon;
 - should cause steady and mutual trust-based synergies between a diversity of stakeholders at all levels;
 - cause inclusiveness and the mitigation of side-effects;
 - breed technological, business-model and political innovation;
 - should be followed up on and results should be measured;
 - should lead to the development of local/regional/national variations of toolkits;
 - feed into a more ambitious European set of principles.
- Member states should be keen on implementing into their legislation the EU energy market principles, which are centered on the welfare of consumers;
- The EU should fine-tune its mechanisms of integrating grassroots expertise;
- Different decision-making levels should learn to coexist and allow the lead to the most effective one.

Recommendations

All European states (both EU and non-EU) deal with energy poverty in their national public policies. At the European level, it is considered a policy objective of the Energy Union and the 'Clean Energy for all Europeans' legislative package. Moreover, the European Commission has committed substantial financial support for developing meaningful research.

There is a substantial need to standardize the approaches of energy poverty and to create a common language and a set of instruments between scholars (Bouzarovski and Tirado Herrero 2015, Sovacool 2015) and policy-makers, who often enact single-dimensional policies, and at a larger scale, among EU Member States, which hold limited comparative understanding.



A standard set of instruments and a common definition can be a good guide and support for constructive politics, quality policy-making and implementation as they can set the framework for awareness at the level of stakeholders and for responsible intervention through suitable and well-targeted measures, while minimizing the potential for distortions and abuses. In a time of growing challenges to democratic regimes across Europe, multi-dimensional topics, especially those with considerable social sonority, play easily into the hands of some politicians who display fractional images of reality, leading to the enactment of measures that are attractive to voters on the short-term, but which are unsustainable and distorting the long-term and with regard to the national economy in general. It is, therefore, paramount to support and inform responsible politics in order to prevent abuses. The development and energy poverty action toolkit is essential to equip institutions and decision-makers with tools to provide better policies and responses, and to society at large (NGOs, the media and the public opinion) to prevent misconduct. The effective dissemination of such tools, of good and bad practices is therefore just as important as their development.

Beyond the need for conceptual and instrumental clarity, another significant challenge is to **deepen the understanding across „spatial patterns’** of energy poverty (Boardman 1991, Bouzarovski and Tirado Herrero 2015, Bouzarovski and Petrova 2015). There is a need to understand the practical variations in the occurrences of energy poverty depending on the various economic, social, to some extent historic and cultural, but also political and institutional contexts and legacies. Therefore, beyond the need to cause agreement there is a need for well-tuned implementation based on the realities on the ground. These variations will not only help us understand that there is no single recipe to fight energy poverty, but they can also ease the transfer of good practices between regions that face similar challenges.

So far, action in the field of energy poverty has been promoted at either a EU or a Member State level. However, **taking action at levels, which deviate from the traditional national or European approach, is more suitable.** The more locally one acts, the easier it becomes to cause synergies between stakeholders, to find agreement, to act within a common framework, to design suitable solutions, to find the necessary resources and maximize results. Beyond national borders, a macro-regional approach would allow for more suitable answers in terms of historic heritage, market, structural and societal models.

It is important to judge the efficiency of measures against a quantification of results. All too often action is taken without following up on its impact, which brings uncertainty and inconsistency into the process of policymaking. In order to determine whether an action has been effective or not, it is essential to know in what respect the efforts and resources involved have reached their goal, what can be done to optimize for results and to compensate for the side-effects produced. Results also need to be transparent as a principle of public accountability. This can be a safeguard against fraud. Also, funding, which is an important topic in the discussion on fighting energy poverty, becomes available based on the principles of transparency and attainment of results.

Despite the absence of a common definition, various European measures have been in place for some time now, aiming to touch upon different aspects of energy poverty through energy market regulations. **It is vital for Member States to enact into their national legislations the European energy market principles** in order to allow for the development of a more coherent and inclusive common market, especially now that the consumer lies at the center of the Energy Union.

Over the past few years, energy vulnerability and poverty have made important steps forward at EU level. There is special interest and room for debates within the European Parliament and other institutions; we have a recognition of the issue at the level of European



regulations with specific obligations enacted for the Member States within the Third Energy Package and the 'Winter Package' and related legislation, and there are clear principles with regard to energy poverty at the foundation of the Energy Union; a number of dedicated tools and institutions have been created over time to support the fight against energy poverty. The Energy Poverty Observatory has pioneered the field by compiling a high range of resources, developing tools to record and disseminate good practices from various levels of governance, in order to cause awareness with regard to and to build on innovation. EPOV has also managed to collect a considerable amount of data to support research and action.

More attention to the topic has also been awarded nationally with some Member States having even elaborated energy poverty definitions or complex indices while others are becoming increasingly willing to address the topic. In the process of building up a robust and liberalized energy market it is only natural to be concerned with those who are being sidelined by the process, which takes additional political commitment. **Coordination and cooperation on the topic is fledgling and hopefully willingness to address the issue will increase even more in the near future.**

Moreover, hope remains that it will not take any longer until **measurement instruments will be developed** beyond what is the ability to keep houses warm and go into other features of energy poverty. They would be a tool that would help us comprehend the magnitude of the phenomenon and its variations across regions in order to support the enactment of suitable policies.

It should, however, be noted that **action cannot be delayed in expectation of a definition and measurement instruments.** Neither can these be developed void of action. There are doorstep measures that can be enacted in order to curtail the deterioration of the situation. There are already policies in place with regard to retrofitting, social aid, reduction of consumption, etc. Of course, optimization of results will be reached through refined definitions and instruments, and this should be an ambition in itself, but their development should happen in association with action. Beyond what Member States come up with to help them better regulate and absorb the issue at national level, more sophisticated instruments should be embraced at EU level in order to secure a better general framework for cooperation and comparison, concerted action, exchange of good practices, and for further scientific innovation. Mechanisms to collect results and good practices at the level of the EU from the national arenas and the grassroots, should be constantly fine-tuned in order to feed in to policies and actions that are better anchored into reality and in that sense, more visionary. This way a sturdy way forward will be secured.

Flexibility, better communication between spheres of action and a constructive alternation of levels of decision-making are to be encouraged. The development of tools at all levels of governance might help tackle different aspects of energy poverty as this allows for one and the same phenomenon to be looked at through different glasses. Therefore, all these levels of action and enactment (be that European, macro-regional and transnational, national, sub-national or local) need to learn to better coexist and allow for that actor to take the lead that is most suitable to deliver results.

There is a need for a transversal/integrated approach with regard to energy poverty. The EU and its Member States should not aim for enacting single-dimensional policies. Pursuing goals with respect to climate change while neglecting the costs of these transitions for their populations can lead to negative outcomes. Taking into account the social costs involved in these visionary pursuits should allow for a stronger popular support and for a more inclusive way forward.

The development of a better framework with regard to energy poverty can benefit from cross-learning with other policy sectors, such as the telecom. Innovation was



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approached and integrated from three different perspectives: with regard to technology, the business model and political innovation. This does not only describe the types of efforts and actors that need to be approached in the process of generating innovation with respect to energy poverty, but also that all these efforts need to be blended together through mutual trust and a shared sense of vision. The public, private and non-for-profit sectors need to team their efforts together to bring forth results. This will pave the way for sharing know-how, data, perspectives in order to create small and simple steps forward.

Steady dialogue is paramount to effective policy-making in the field of energy-poverty. One-sided intervention (either just from state actors or only from the market) is unsustainable and obsolete. In theory and practice energy poverty has evolved as a field of synergies, proving that precise understanding and effective action can only happen where a diversity of stakeholders merge efforts. One side cannot possibly identify all ramifications of the issue, does not possess all resources to act and will more than certainly fail in action. Policies need to be inclusive, create as few as possible side effects for as few as possible actors and be visionary and anticipative in the long-term.