

## Energy as a basic social right

A progressive alliance against energy poverty in the EU. Report of the energy policy workshop "Affordable Energy, a Basic Social Right – How to Abolish Energy Poverty?" | 29 May 2017 | European Parliament, Brussels

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A cold home in winter and no light after dark. It is estimated that 11 per cent of the EU's total population directly suffers from, or is at high risk of, energy poverty.(1) According to other estimates, up to 125 million EU citizens are affected.(2) Even in a wealthy country like Germany some 350,000 people are forced to live without electricity. Up to 600,000 people are at risk of having their electricity cut off. While the European Commission is striving to establish an internal energy market in the EU and to further integrate energy policy, the plight of large numbers of people in the EU is being disregarded. In the Commission's view, inadequate energy efficiency is the chief cause of increasing energy poverty. Accordingly, the Commission's "Winter Package" on energy policy proposes to combat energy poverty by means of improved building renovation. However, rather than a consequence of inadequate energy efficiency, energy poverty is both a socio-economic and technical problem, as quickly became clear during the workshop **Affordable Energy, a Basic Social Right – How to Abolish Energy Poverty?**

## Pictures

At the invitation of the German The Left (DIE LINKE) delegation in the European Parliament and the Rosa-Luxemburg-Stiftung Brussels Office, and in collaboration with the transform! europe network, on 29 May 2017 politicians and energy policy experts from Germany, Hungary, Bulgaria, Spain, Denmark and Austria met in Brussels to discuss how to tackle the growing problem of energy poverty. The aim of the workshop was not only to exchange ideas, but also to develop courses of action for combating energy poverty. Agreements were reached both on future initiatives for work in the European Parliament, and with non-parliamentary actors on establishing closer links. The workshop was intended to serve as a further step towards closer ties between left-wing forces in Europe in the interest of a common energy policy, as Martin Schirdewan, Director of the Brussels Office of the Rosa Luxemburg Foundation, said in his opening statement. As agreed during an initial **energy policy workshop in June 2016**, the focus was on energy poverty. Since energy poverty is not only a social issue, but also a structural one that is closely connected with liberalisation processes in the European energy markets and the question of to whom energy actually belongs, the issue of energy poverty overlaps with the scope of action of various left-wing actors.

## What exactly is under discussion? The problem of defining energy poverty

The workshop participants soon became aware of the contentious issue that there is no common definition of energy poverty. One reason is that an ideological battle is being waged at European level about what energy poverty actually is, **Maxime Benatouil**, programme director at transform! europe noted.

In terms of shaping the debate, a definition of energy poverty, which in the future might be enshrined in EU law, is of key importance. Differing descriptions of the problem, causes and solutions are already set out in the various definitions of energy poverty. Benatouil therefore advocated a definition that specifies a threshold for energy poverty that is linked to income levels. If a household has to spend more than 10 per cent of its income on energy costs, then it suffers from energy poverty.

The **European Anti-Poverty Network** currently gives a more general definition, according to which energy poverty is when a person is not able to heat or fuel their home to an acceptable standard at an affordable cost.(3) However, the MEP **Cornelia Ernst** argues that the definition of energy poverty as a "lack of affordable heating" is inadequate since it disregards the socio-economic context.

From a critical perspective, in the debate on energy poverty it is essential to also highlight the conflict between efforts to liberalise energy markets and the protection of people on low incomes, such as through price regulation and social tariffs for energy. However, all of the workshop participants were in agreement with respect to analysis of the causes of energy poverty – insufficient income levels, high and generally rising energy and living costs, and inadequate energy efficiency.

While there is not yet a common definition of energy poverty at EU level, **Gabriele Zimmer**, chairwoman of the GUE/NGL group in the European Parliament, declared it a success that the progressive forces in the European Parliament have at least stimulated debate about energy poverty. By the end of 2017, a European Energy Poverty Observatory (EPOV) is to be established at EU level and implemented by a consortium led by the University of Manchester. In the period leading up to 2020, it will gather extensive

information about energy poverty in the EU, which will be published on the [www.energypoverty.eu](http://www.energypoverty.eu) website. Zimmer also proposed adding energy poverty to the scoreboard of the European Semester as a new indicator.(4)

## Energy poverty – a multifaceted problem

For those suffering from energy poverty, of greater relevance than an accurate definition of the term is the demand for an immediate measure prohibiting electricity being cut off during the winter in the EU. However, tackling the problem of energy poverty will remain the task of the individual Member States for the time being.

According to Eurostat data from 2015, Member States in Eastern and Southern Europe are especially prone to various forms of energy poverty. In Greece, Cyprus, Bulgaria and Lithuania, for example, more than one in four people is not able to heat their own home adequately.(5) The following overview given by the European Federation of Public Service Unions (EPSU) and the European Anti-Poverty Network (EAPN) highlights the problem.

The main causes of energy poverty are insufficient income levels, rising energy costs and, especially in low-income households, low energy efficiency. The European economic crisis and the policy of austerity and impoverishment that was implemented as a result has forced more people into energy poverty. The problem is exacerbated by the combination of rising energy costs and stagnating or even falling incomes. It should be noted that not all people who are at risk of poverty are also at risk of energy poverty. The key measure is the relationship between income levels and local energy consumption costs.

In addition to the varying extent of the problem in the various countries, energy poverty is combated in very different ways in the Member States. Existing projects to combat energy poverty in Europe are sporadic and exchange of experiences and ideas is lacking.

## The situation in Bulgaria

To date Bulgaria has been the country with the lowest energy prices in the EU (9 cents per kilowatt hour), but even now the country has one of the highest levels of energy poverty (see the figure above). Energy costs are the highest in the EU as a proportion of the average net household income.

There is no definition of energy poverty in the Bulgarian context yet. However, state support is made available for socially disadvantaged households to ensure the fair supply of energy. In addition, regulations are in effect that prevent such households being disconnected from the grid in a crisis. However, applying for such support involves vast amounts of paperwork, so uptake is low.

Liberalisation of the energy market for the purpose of establishing the EU's internal energy market resulted in soaring energy costs, sparking countrywide protests in 2013. The protesters called for the nationalisation of energy companies and a radical departure from the neo-liberal consensus. The new prime minister, however, affirmed that there is no alternative to liberalisation and Bulgaria should continue on that path. According to the Bulgarian journalist **Georgi Medarov**, the chief argument made by the prime minister is that prices will fall due to privatisation of the energy markets and the resulting competition between companies. However, given that energy prices in Bulgaria are still lower than elsewhere in the European Union, they can be expected to rise further, exacerbating the problem of energy poverty.

## The situation in Hungary

No surveys on energy poverty in Hungary are available yet. **Attila Vajnai**, a member of the Hungarian Workers' Party, notes, however, that an estimated 70% of households have to spend more than 10% of their income on energy. He argues that energy supply needs to be tackled as a European-wide problem, rather than as a national one. At the local level, he believes one approach is to educate people about renewable energy projects, especially those for socially disadvantaged households, and the implementation of such projects. Even if the liberalisation of European energy markets were to lead to a reduction in electricity and gas prices, which there is no sign of as yet, poor households in Hungary would hardly benefit, since they often still use wood and waste materials for heating, he said.

## The situation in Spain

In Spain, 11% of the population now suffers from energy poverty or cannot heat their home properly. The number of those affected has risen by 22% within a short period of time. Each year there are over 7,000 deaths due to energy poverty. Under the slogan "No thirst, no cold, no darkness!"(6), Maria Campuzano from the **Aliança Contra la Pobresa Energètica** (Alliance Against Energy Poverty) made clear at the conference how unfair the energy market in Spain is. The market, which is dominated by five main providers, is oligopolistic. According to Campuzano, the providers use opaque and illegitimate cost structures. Furthermore, providers have the right to cut off the electricity supply of consumers who are in arrears. Campuzano's alliance has therefore set out the following clear demands: (1) Everyone has a right to electricity; (2) Nobody should be denied electricity.

The movement has already chalked up some successes. Since 2015, a law has been in effect in Catalonia that bans customers who cannot pay from being disconnected from the electricity grid.

**Alejandro García** from the Spanish United Left (Izquierda Unida) party called for social regulation of energy prices and an end to the market dominance of the energy companies. Furthermore, close ties between the political elite and energy companies represent a major problem and are an obstacle to a social and environmentally friendly energy policy.

## The situation in Germany

**Caren Lay**, deputy chairwoman of the The Left (DIE LINKE.) group in the German Bundestag, worked out that there are 360,000 cases of disconnection from the electricity grid per year, even in the wealthy country of Germany. Up to one million people are affected. That is due in part to sharp increases in energy prices in Germany. Heating costs, for example, have risen by 150% in the past ten years. Electricity costs have more than doubled since 2000 due to the liberalisation of the electricity market and high taxes. As a result, the energy transition is being paid for by ordinary consumers, while the energy-intensive industrial sector is benefiting from large discounts. A further pitfall of a socially unfair energy transition is that investors frequently abuse improvements in energy efficiency, such as through building renovation, as a gentrification strategy. Renovation is used as a means of forcing out tenants with old rental agreements.

There is not yet a definition of energy poverty in Germany either. However, based on the British definition, up to 7 million households suffer from energy poverty. In response, The Left (DIE LINKE.) proposes an energy flat rate that would benefit low earners, allowing their basic energy needs to be met. In addition, the party is calling for a ban on cutting off electricity. As a first step, it is pushing for a ban on disconnecting consumers from the grid who are particularly vulnerable, such as elderly people and families with children.

## The situation in Austria

Like in Germany, it is a problem in Austria that there is little or no growth in income levels while the costs of living and energy are rising sharply. **Christiane Maringer** from the Communist Party of Austria (KPÖ), reports that her party is pushing a debate about a basic energy provision, which, as a non-monetary, unconditional partial provision, such as in the form of a basic tariff, would directly help people suffering from energy poverty. Currently the basic tariffs for energy in Austria are expensive, but additional consumption is relatively cheap. That should be reversed to ease the burden on those with low incomes, and to encourage energy saving. In addition, there is a debate about whether there should be incentives to consume less than the basic provision. The basic energy provision would be financed both by itself and by contributions of the energy providers, which, under the Constitution, have remained in majority state ownership. Nevertheless, there is constant debate about privatisation and re-municipalisation.

Despite the differences between the various countries, what they have in common is a frequent lack of adequate data for constructing arguments about energy policy. The publication of data demonstrating energy poverty is often withheld by state authorities and private companies. Europe-wide data collection, using a substantive definition of energy poverty, could help in that respect.

## Energy democracy as a way of escaping energy poverty

Two examples in Germany and Denmark demonstrate that successful local strategies against energy poverty also exist.

**Eric Häublein** from **Berliner Energietisch**, a broad-based civil society alliance in Berlin that advocates the re-municipalisation of energy supply, emphasised the importance of the democratisation of energy supply, including transparency and strong co-determination. The advantage of energy supply being municipally owned is that political control is regained, enabling both social tariffs and an environmentally friendly approach. Non-parliamentary pressure can also be exerted more effectively on policy makers than on private companies. In addition, energy supply being in municipal hands would enable further objectives to be established, besides making profits.

In a referendum on socio-ecological municipal energy supply, the alliance gained a clear majority, but turnout was too low. There is now, however, a municipal utility company in Berlin. The re-municipalisation of electricity and gas grids remains the aim. In addition, legal advice is provided to people suffering from energy poverty, such as advice on debt management or on reducing energy consumption.

The alliance is also calling for social tariffs for low-income households. A basic amount of energy should be provided to everyone since energy poverty is generally an input problem rather than an output problem. The problem is caused not by consumption being too high, but by insufficient income levels and excessively high prices.

**Rie Krabsen** from the Danish EBO Consult energy cooperative reports that there are successful projects that have managed to combine the energy transition with social justice. In Denmark, energy cooperatives offer lower prices than private companies. A democratic feedback loop is enabled by executives of the cooperatives being members of the cooperative. In addition to investments in expansion of supply, low prices are therefore the key aim. The cooperatives provide free technical advice and loans for investments in energy, such as in renewables. The installation of photovoltaic systems on roofs is implemented in close collaboration with housing cooperatives. Thanks to strong tenant democracy, decisions about energy-related renovation are made jointly and do not result in low-income tenants being driven out.

# Overlaps with housing policy and energy efficiency

The workshop also looked in depth at the overlaps between energy poverty and housing policy. **Jan Laurier**, vice president of the **International Union of Tenants** (IUT), which has member organisations in 52 countries and has 1.6 million members in the Netherlands alone, noted that low living costs and energy costs in relation to income levels are key to combating energy poverty.

**Clémence Hutin** and **Genady Kondarev** from Friends of the Earth addressed the link between energy efficiency in the field of building renovation and energy poverty. Private investments in building renovation are strongly on the rise in the EU since they are deemed safe. However, the state subsidies cannot be used by those with low incomes. As a result, the Commission's approach of combating energy poverty by technical means alone is ineffective. In addition, rising rents due to energy-related renovations are a growing problem for low-income households; they are becoming the victims of "green gentrification". In Hungary and Bulgaria in particular, corruption is rife and the renovation of homes is subject to few quality checks. A Europe-wide financing programme for energy-related renovation is needed that establishes quality standards and benefits people suffering from energy poverty in a targeted way.

**Karl Vogt-Nielsen**, energy expert from the Danish Red-Green Alliance (Unity List – The Red-Greens), also addressed the widespread problem that tenants not only pay pro-rata costs for the building renovation, but also increased rental fees due to the renovation. In Denmark, tenants have a right to a replacement home if their rent rises too sharply due to renovation. In addition, there are various renovation schemes in Denmark. The Red-Green Alliance has devised a programme for energy-related renovation in cooperation with the Tenants' Association. Thanks to state subsidies, both tenants and landlords benefit from the programme.

## The next steps

Following informative contributions and discussions, the focus returned to the initial objective of the workshop: the coordination of joint initiatives with respect to parliamentary work and the reinforcement of energy policy links between progressive forces in Europe.

**Pablo Sanchez Centellas** from the European Federation of Public Service Unions (EPSU) noted that the forces with opposing interests are well organised and the fight for the "right to energy" will be hard to win. In his view, it is vital that regulated prices are defended. Not all progressive forces are in agreement on that point. The Greens and some NGOs have repeatedly advocated liberalisation of energy markets, especially with the aim of enabling representatives of green capital to acquire shares in energy markets in Europe. However, as Centellas emphasised, liberalisation has led to oligopolistic markets instead of the repeatedly claimed low prices. With respect to work in the European Parliament, he proposed that a progressive block be formed to prevent further liberalisation in the vote on the Commission's "Winter Package" on energy policy.

The left wing must be involved in the debate on the definition of energy poverty, including critical consideration of the EU term "vulnerable consumers", since otherwise too little consideration will be given to social justice. To further the debate, it was agreed that a consultation should be held on the topic of energy poverty. In addition, it was proposed that a major event be planned, with the involvement of representatives of the new European Energy Poverty Observatory led by the University of Manchester, to identify joint indicators and draw up a specific definition. In substantive terms, the aim is also to lobby for a ban on cutting off electricity and to take greater account of the link between living costs and energy costs. The key requirement is for "energy as a basic social right" to attain majority support. It should also be made clearer what is meant by energy as a "commons" and energy as a basic social right.

## An alliance against energy poverty – energy as a basic social right

Furthermore, under the demand for "Energy as a Social Right", an alliance against energy poverty was established, marking a further step towards closer links between left-wing forces in Europe on energy policy matters. The aim is to persuade further civil society actors and representatives of other European countries to join the alliance. In addition, close talks are planned with the **"Right to Energy" coalition**, which was co-initiated by EPSU, and efforts are to be made to tap into existing Europe-wide discussions, such as those on energy democracy.

The next step is for an overview of current research and literature to be compiled on behalf of the alliance for the purpose of enabling a specific comparative study of measures to combat energy poverty in the various European countries.

### Contact:

Malte Fiedler, [maltefiedler@hotmail.com](mailto:maltefiedler@hotmail.com)

Marlis Gensler, [marlis.gensler@rosalux.org](mailto:marlis.gensler@rosalux.org)

## Footnotes

1 Dobbins, Audrey and Steve Pye (May 2015): **Energy poverty and vulnerable consumers in the energy sector across the EU: analysis of policies and measures**. Policy Report, 2, Insight Energy.

2 EPEE (September 2009). Tackling Fuel Poverty in Europe. Recommendations Guide for Policy Makers.

3 European Anti-Poverty Network, workshop presentation on 29 May 2017: "Energy poverty is when a person is not able to heat or fuel their home to an acceptable standard at an affordable cost."

4 The European Semester, which is designed for economic policy coordination of the EU states and monitors the budget discipline and macroeconomic imbalances of the Member States in an annual cycle, uses various indicators, such as average current account balance, changes in unit labour costs, and average unemployment rate. Those indicators are compiled in the "scoreboard".

5 EPSU and EAPN (2017). **Right to Energy for All Europeans!**

6 Maria Campuzano, **workshop presentation** on 29 May 2017.

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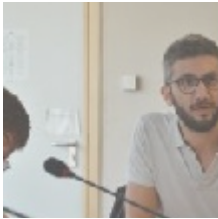
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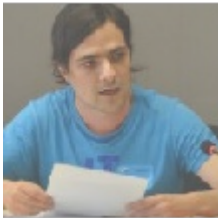
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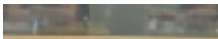
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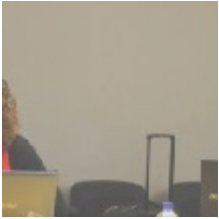


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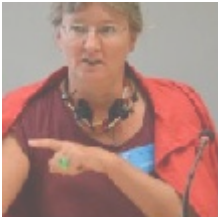
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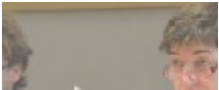
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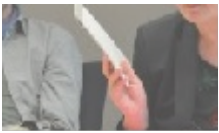


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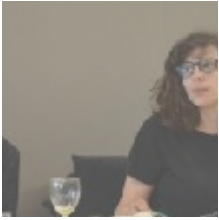


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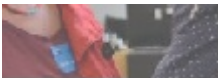


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