

Energy poverty in the EU

SUMMARY

In 2022, over 41 million Europeans were unable to keep their homes adequately warm. Energy poverty is a multi-dimensional phenomenon, considered to be caused by a combination of low income, high energy expenses, and poor energy efficiency in buildings.

The EU has been addressing this issue in various legislative and non-legislative initiatives, most recently in the context of its climate policies and energy transition, as well as the energy crisis. The Gas and Electricity Directives ensure the protection of vulnerable consumers, and the Energy Efficiency and Energy Efficiency of Buildings Directives require measures to alleviate energy poverty alongside efficiency efforts. The 'renovation wave' initiative under the European Green Deal aims to boost structural renovation in private and public buildings, while the Social Climate Fund includes households in energy poverty among its main beneficiaries.

The Social Climate Fund regulation and the revised Energy Efficiency Directive define energy poverty as a household's lack of access to essential energy services, such as heating, hot water, cooling, lighting and energy to power appliances. The 2020 European Commission recommendation on the topic provides a set of indicators relating, for instance, to the inability to keep a home adequately warm, arrears on utility bills, and a high share of income spent on energy bills.

A number of possible policy options exist to address energy poverty under energy policy, social policy, or a mix of various regulatory solutions. Specific measures range from price regulation and tax breaks, to limits on disconnection, to social tariffs, energy efficiency improvements, and energy savings. Against the backdrop of security of energy supply concerns, high energy prices, and the ongoing EU transition to climate neutrality, the issue of energy poverty will be a crucial one in the months and years to come.

This is an update of a briefing published in July 2022.



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Introduction

[Energy poverty](#) can be understood as a 'situation where a household cannot meet its domestic energy needs'. The scale of energy poverty in the EU can be assessed in a number of ways. According to Eurostat, over 41 million people in the EU ([9.3 %](#) of the population) were unable to keep their home adequately warm in 2022. Moreover, almost [7 %](#) of the EU population had arrears on their utility bills, and almost [15 %](#) lived in dwellings with leak, damp or rot in 2020 (last available year for data). In 2018, the poorest European households (i.e. the lowest 10 % income bracket) spent [8.3 %](#) of their expenditure on energy.

The energy supply crisis linked to Russia's war on Ukraine, along with energy prices that had been rising already for several months, are forcing consumers to pay more for fuel, heating and electricity. According to the International Energy Agency ([IEA](#)), the rise in energy prices before the war was due to the post-pandemic economic recovery and increased demand, coupled with unusually low supply owing to a cold and long winter season, unfavourable weather conditions resulting in less wind energy, and low gas storage levels in Europe. European Commission [analysis](#) shows that both gas and electricity prices in Europe rose to unprecedented levels over the course of 2021, only to be further extended in 2022. Even though energy prices [have fallen](#) from their record levels, they remain elevated compared to the situation before the crisis.

According to the 2020 Commission [recommendation](#) on energy poverty, energy poverty is linked to a combination of three factors: low income, high expenditure on energy, and poor energy efficiency in buildings. Volatile energy market prices – together with 'a broad range of socioeconomic factors associated with general poverty and issues arising from housing tenure systems' – also play a role. Energy poverty has negative [impact](#) on health, wellbeing, social inclusion, and quality of life. People affected by energy poverty suffer from inadequate comfort and sanitary [conditions](#), such as unsuitable indoor temperatures (too hot or too cold), deficient air quality, and exposure to harmful chemicals and materials, which may lead to lower productivity, health problems and higher mortality. The energy poor also experience significant psychological stress over unaffordable energy bills. The Energy Poverty Advisory Hub ([EPAH](#)) points out that 'adequate warmth, cooling, lighting, and energy to power appliances are essential services needed to guarantee energy-efficient homes and a decent standard of living, thermal comfort, and citizens' health'. Energy poor households are lacking in these essential energy services.

The ongoing energy transition to a climate-neutral EU economy requires addressing energy poverty and mitigating the transition's social aspects, to guarantee affordable energy prices and social inclusion. The [European Green Deal](#) stresses the need to tackle energy poverty and ensure a fair transition, for instance through designing measures for households unable to afford key energy services, financing renovation schemes, and reducing energy bills.

Definitions and indicators

To get an accurate picture, the complex phenomenon of energy poverty in the EU needs to be defined properly and accompanied by indicators monitoring its evolution.

Definitions

Energy poverty is defined in the 2023 Social Climate Fund [regulation](#) and the [revised](#) Energy Efficiency Directive as 'a household's lack of access to essential energy services that provide basic levels and decent standards of living and health, including adequate heating, hot water, cooling, lighting, and energy to power appliances, in the relevant national context, existing social policy and other relevant policies, caused by a combination of factors, including but not limited to non-affordability, insufficient disposable income, high energy expenditure and poor energy efficiency of homes'.¹

Earlier legislation that referred to the concept of energy poverty includes Directive (EU) 2019/944 on common rules for the internal market for electricity (the '[Electricity Directive](#)'), which mentions the concepts of 'vulnerable customers' and 'energy poverty'. It proposes that calculation of the number of households in energy poverty may include criteria such as 'low income, high expenditure of disposable income on energy, and poor energy efficiency' (Article 29). It also states in its clauses on protecting vulnerable customers that the Member States 'shall define the concept of vulnerable customers which may refer to energy poverty' (Article 28). The latter wording also appears in Article 3(3) of Directive 2009/73/EC (the '[Gas Directive](#)'). Both directives are currently under revision, but do not significantly amend these provisions.

Energy poverty was also an important concept in the 'Clean energy for all Europeans' legislative [package](#) proposed in 2016. Regulation (EU) 2018/1999 on the Governance of the Energy Union and Climate Action (the '[Governance Regulation](#)') required Member States to assess the 'number of households in energy poverty', and include this assessment in their national energy and climate plans, while taking into account the Commission's indicative guidance on appropriate indicators for measuring energy poverty (Article 3(3)(d)). Moreover, the Electricity Directive specifically obliged the Commission to provide guidance on the definition of a 'significant number of households in energy poverty' (Article 29). The Commission did so in its 2020 recommendation on energy poverty, which provides guidance for the Member States. The recommendation defines energy poverty as 'a situation in which households are unable to access essential energy services', i.e. 'adequate warmth, cooling, lighting, and energy to power appliances'. It also points out that principle 20 of the [European pillar of social rights](#) includes energy among 'the essential services which everyone is entitled to access'. The staff working [document](#) accompanying the Commission recommendation includes a detailed discussion on indicators, factors underlying energy poverty, and EU support.

At EU Member State-level, various definitions exist, and they are enshrined in the national legislative frameworks to varying degrees (see a 2015 European Parliament [study](#) for an overview). Furthermore, the concept of 'energy poverty' is related to concepts such as 'vulnerable households' or 'vulnerable customers', 'transport poverty', and [poverty](#) in general.

Indicators

Energy poverty is a multi-dimensional issue, and so cannot be measured by a single indicator. However, data collection and monitoring may offer insights into the full scale of the problem, and provide the basis for evidence-based policy action. The Energy Efficiency Directive [revised](#) in 2023 proposes four indicators to be considered by the Member States when assessing energy poverty: inability to keep home adequately warm; arrears on utility bills; population living in a dwelling with a leaking roof, damp walls, floors or foundation, or rot in window frames or floor; and the at-risk-of-poverty rate. Eurostat provides data on all of these aspects.

The EU Energy Poverty Observatory (EPOV, subsequently Energy Poverty Advisory Hub – see text box), produced a 2020 [methodology guidebook](#), which identified several primary and secondary indicators to measure energy poverty across the EU. The four [primary indicators](#) include:

- 1 arrears on utility bills;
- 2 low absolute energy expenditure;
- 3 high share of energy expenditure in income;
- 4 inability to keep home adequately warm.

According to these indicators, a 2020 EPOV [analysis](#) shows that energy poverty measured through arrears and inability to keep warm was particularly high in eastern, central and southern Europe, with Bulgaria and Greece exhibiting the highest rates of energy poverty. However, there was less

spatial variation for the two expenditure-related indicators (low and high energy expenditure), although the energy poverty rates measured in this way were generally slightly higher in some parts of northern and western Europe.

In addition to the primary indicators, 19 [secondary indicators](#) have been developed. These do not measure energy poverty itself, but are relevant in the wider context, for example: energy prices; being at risk of poverty or social exclusion; energy expenses in different income groups; number of rooms per person; share of dwellings with energy label A; air conditioning facilities; excess winter mortality; and presence of leak, damp or rot in a dwelling. The indicators were [reviewed](#) and slightly adjusted in October 2022. The data sources used in the primary and secondary indicator sets included Eurostat general data, EU statistics on income and living conditions (EU-SILC), the Building Stock Observatory (BSO), and the household budget survey (HBS). Some data have a significant time lag, e.g. they date back several years, which makes them less policy-relevant. EPAH also proposes [local indicators](#) that can be used at the subnational level.

The 2020 Commission [recommendation](#) on energy poverty also provides a set of suggested indicators in its annex. While most of them are based on Eurostat data, one indicator comes from an external database. However, not all data have an annually updated time series. The Commission recommends that Member States use the indicators in their energy poverty assessments, with the staff working [document](#) accompanying the recommendation providing further guidance on the indicators' interpretation. The indicators proposed by the Commission include two sets:

Indicators focusing on the affordability of energy services:

- share of population at risk of poverty (below 60 % of national median [equivalised disposable income](#)) not able to keep their home adequately warm, based on the question 'Can your household afford to keep its home adequately warm?';
- share of total population not able to keep their home adequately warm, based on the question 'Can your household afford to keep its home adequately warm?';
- arrears on utility bills: share of population at risk of poverty (below 60 % of national median equivalised disposable income) having arrears on utility bills;
- arrears on utility bills: share of population having arrears on utility bills;
- expenditure on electricity, gas and other fuels as a proportion of total household expenditure;
- proportion of households whose share of energy expenditure in income is more than twice the national median share;
- share of households whose absolute energy expenditure is below half the national median.

Complementary indicators:

- electricity prices for household consumers – average consumption band;
- gas prices for household consumers – average consumption band;
- gas prices for household consumers, lowest consumption band;
- share of population at risk of poverty (below 60 % of national median equivalised disposable income) with leak, damp or rot in their dwelling;

Energy Poverty Advisory Hub

The Energy Poverty Advisory Hub (EPAH) is the central platform of energy poverty expertise for authorities and stakeholders committed to eradicating energy poverty. It offers resources with guidance on the implementation of specific actions, including:

- [publications](#) on energy poverty, tracking of [indicators](#), and an overview of [policies](#);
- [EPAH ATLAS](#), an online interactive database featuring local and international projects and measures addressing energy poverty worldwide;
- [online courses](#) and [training materials](#) to increase knowledge and build capacity on energy poverty;
- [calls for technical assistance](#) to help local governments tackle energy poverty.

Source: [Energy Poverty Advisory Hub](#).

- share of population with leak, damp or rot in their dwelling – total population;
- final energy consumption per square metre in the residential sector, climate-corrected.

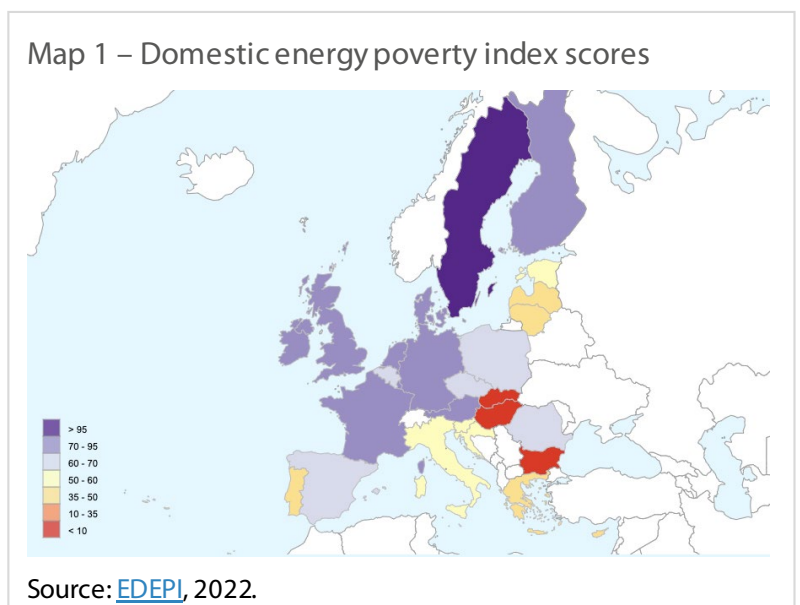
According to the Commission's staff working document, energy poverty indicators can be divided into four groups: 1) measures comparing energy expenditure and income; 2) indicators based on self-assessment (e.g. regarding affordability); 3) indicators based on direct measurement (e.g. room temperature); and 4) indirect indicators measuring related factors (e.g. arrears on utility bills, number of disconnections, and housing quality).

Subjective indicators such as self-assessed ability to afford energy, and objective indicators such as energy expenditure as share of income, should be seen as complementary, as self-reported affordability may diverge from the official spending statistics. Using a variety of indicators also helps prevent 'false positives': energy-poor households may be spending less than the threshold, while still living in cold homes. On the other hand, very low energy expenses should be checked against housing quality, as they may result from high energy efficiency rather than energy poverty. Moreover, relative measures of consumption may be [masking](#) energy poverty linked to the surge in energy prices.

[OpenExp](#), an independent network of experts, offers an alternative composite domestic energy poverty index (EDEPI). The index features composite scores (see Map 1) based on four indicators: 1) share of energy expenditures out of total expenditure; 2) share of the first income quintile population unable to keep their homes in winter; 3) share of the first quintile population living in homes not comfortably cool in summer; and 4) share of the first quintile population living in leaking homes.

According to the EDEPI index, Sweden scores the highest, while Slovakia, Hungary and Bulgaria score the lowest. A divide in scores is also visible between western/northern European countries and eastern/south-eastern European countries, as well as the Baltic states. According to a 2019 [report](#) on the European energy poverty index, EU Member States with a gross domestic product (GDP) per capita higher than EU average and with 'long-standing building regulations and policies to tackle energy poverty' score the best.

The report also highlights the impact of geographical location, as populations living in northern/western Europe are at risk of facing mainly winter domestic energy poverty, while those living in southern/eastern-southern Europe potentially face both summer and winter domestic energy poverty. For instance, Portugal, Italy and Spain have low scores, as they have to alleviate at the same time summer and winter energy poverty. The latter can be addressed by insulating homes and improving energy efficiency of heating systems, while the former requires a combination of insulation, passive cooling solutions, and efficient cooling/ventilation systems.



Several EU documents call for developing EU-level energy poverty indicators, based on granular and high-quality data (e.g. the 2021 [proposal](#) for a Council recommendation on ensuring a fair transition towards climate neutrality, published as part of the Commission's second 'fit for 55' package; see also section on EU institutions, below). A 2022 JRC [report](#) presents energy poverty data according

to socio-demographic categories, such as age, gender, employment status, as well as regional location. This helps gain insights into the levels of energy poverty in various population groups.

EU policies to tackle energy poverty

The EU has taken multiple measures to tackle energy poverty and protect vulnerable consumers, including through legislation. While Member States follow their own approaches to addressing the issue, the European Commission has been paying greater attention to energy poverty in the context of energy efficiency, decarbonisation and clean energy transition policies in recent years. The recent energy crisis and rising energy bills has also put a renewed focus on energy poverty.

Legislation

The energy poverty concept appeared as early as the 2009 [third energy package](#), and was mentioned explicitly in the first Electricity Directive ([2009/72/EC](#), repealed) and the Gas Directive ([2009/73/EC](#)), which called on the Member States to 'develop national action plans or other appropriate frameworks to tackle energy poverty', define 'vulnerable customers', and protect them, for instance through social security systems, prohibition of disconnection of gas and electricity in critical times, and provision of energy efficiency improvements.

The fourth energy package ('Clean energy for all Europeans') included several legislative acts with energy poverty clauses. An important novelty in the legislative framework was the obligation for Member States to assess the number of households in energy poverty. The requirement is laid down in Article 3(3)(d) of the 2018 Governance Regulation as one of the elements to be included in the [national energy and climate plans](#) (NECPs). If the assessment reveals a significant number of energy-poor households, the Member State concerned must integrate in its NECP a national indicative objective to reduce energy poverty, outline policies and measures addressing energy poverty (including timeframes), and report on progress to the Commission. In 2020, EPOV published the previously mentioned [analysis](#) with an overview of how Member States implement the energy poverty rules under their NECPs (Chapter 2.2.6), and a longer [overview](#) of energy poverty measures in each Member State. A newer study from 2022 on '[Energy Poverty National Indicators](#)' proposes further diagnostic tools to help assess energy poverty and implement mitigation measures.

The 2019 revised [Electricity Directive](#) recalls the Member States' obligation to assess the 'number of households in energy poverty' (Article 29) under the Governance Regulation, obliging the Member States to 'establish and publish a set of criteria, which may include low income, high expenditure of disposable income on energy, and poor energy efficiency of their homes'. It also called on the Commission to provide guidance on defining the 'significant number of households in energy poverty', which the Commission provided in its 2020 recommendation and accompanying staff working document (see section on indicators, above). The revised Electricity Directive also allows public interventions in the price setting for the supply of electricity energy-poor or vulnerable household customers (Article 5), and extends the obligation to report on the number of energy-poor households to the Member States that apply such interventions (Article 5(5)). Furthermore, Article 28 of the directive obliges the Member States to protect vulnerable customers, for instance through adequate safeguards; prohibition of electricity disconnection in critical times; transparency regarding contractual terms and conditions; general information and dispute settlement mechanisms; benefits under social security systems; support for energy efficiency improvements; and other measures addressing energy poverty, including in the broader poverty context. Special protection should also be ensured for customers in remote areas. Moreover, Article 27 of the Electricity Directive requires the Member States to ensure the provision of universal service to all household customers and small enterprises, if appropriate, i.e. 'the right to be supplied with electricity of a specified quality within their territory at competitive, easily and clearly comparable, transparent and non-discriminatory prices'. It obliges them to 'impose on the distribution system operators an obligation to connect customers to their networks' under the terms specified in the directive, and allows them to appoint a supplier of last resort. A new revision of the Electricity

Directive [proposed](#) in March 2023 (procedure [ongoing](#)) adds new provisions on access to regulated retail prices for households and SMEs in the event of crisis and an obligation for energy suppliers to guard against high energy spikes (for instance through forward contracts locking in future prices). It also requires Member States to establish a supplier of last resort regime and proposes provisions enabling consumers to share renewable energy directly, without the need to create energy communities, to help them take advantage of low-cost energy.

Furthermore, the 2009 [Gas Directive](#) contains similar provisions on protecting vulnerable customers (through adequate safeguards, prohibition of disconnection of gas in critical times, protection for remote areas, appointing a supplier of last resort, etc.). An ongoing [revision](#) of this directive includes new provisions to support active customers and facilitate citizen energy communities.

In its provisions on the energy savings obligation, the [Energy Efficiency Directive](#) (EED) (2012/27/EU, last amended in 2021 and currently under revision) requires the Member States to take account of the need to alleviate energy poverty, for instance by requiring a share of national energy efficiency measures or alternative measures and programmes 'to be implemented as a priority among vulnerable households, including those affected by energy poverty'. Information about the outcome of the measures aimed to alleviate energy poverty must be integrated in the national energy and climate progress reports. Moreover, the [revised](#) EED as agreed by co-legislators includes a new definition of energy poverty and specifies indicators to be considered when assessing the number of people in energy poverty (see sections on definitions and indicators, above).

The [Energy Performance of Buildings Directive](#) 2010/31/EU (amended by Directive (EU) 2018/844 and last revised in 2021) requires Member States to establish [long-term renovation strategies](#) (as part of the NECPs). In terms of contents, Article 2a(1)(d) stipulates that such a strategy must provide 'an overview of policies and actions to target the worst performing segments of the national building stock', and 'an outline of relevant national actions that contribute to the alleviation of energy poverty'. While this particular clause is deleted in the 2021 Commission [proposal](#) to revise this directive (legislative procedure is [ongoing](#)), new provisions are added regarding minimum energy performance standards in order to accelerate the building renovation with a view to decreasing energy costs and alleviating energy poverty. The proposal also calls for financial incentives and other policy measures to target, as a priority, vulnerable households, people affected by energy poverty, and people living in social housing.

While the [Renewable Energy Directive](#) (EU) 2018/2001 does not contain any provisions on energy poverty, it encourages accessibility of renewables to low-income and vulnerable households, for instance through self-consumption (generating energy for their own use) and energy networks, providing information on support measures.

The [regulation](#) on a social climate fund, intended to compensate the future cost of extending the emissions trading system (ETS) to the building and road transport sectors, includes households in energy poverty among the fund's main beneficiaries (article 1) and provides a definition of energy poverty (Article 2). The social climate plans have to include an estimate of the increase in prices resulting from the inclusion of buildings and road transport in the ETS 'on households, and in particular on incidence of energy

Research projects on energy poverty

A number of research projects on energy poverty were funded under Horizon 2020, the EU's research and innovation programme:

- [STEP \(Solutions to Tackle Energy Poverty\)](#) focuses on exploring behavioural change and low-cost energy solutions to alleviate energy poverty in the most affected countries.
- [ENPOR](#) assesses how energy efficiency affects the privately rented sector and identifies dimensions of energy poverty.
- The [SocialWatt](#) project aims to support utilities and energy suppliers in developing and testing innovative energy poverty schemes.

Source: [Horizon Europe](#).

poverty' (article 4). The payment of social climate fund support must be conditional on achieving the milestones and targets regarding reductions in the number of vulnerable households, in particular households in energy poverty (article 5). The progress report on the plan's implementation (included in the national energy and climate progress report) has to include detailed data on the number of households in energy poverty, and – if applicable – on progress towards the national objective to reduce energy poverty. The fund also refers to transport poverty.

In October 2022, the Council adopted a [regulation](#) on an emergency intervention to address high energy prices with measures to reduce electricity demand and redistribute the energy sector's surplus revenues and profits to households and businesses, to mitigate the effects of rising energy prices. The resources obtained from these surplus revenues can be used for instance to fund direct transfers to customers, reductions in network tariffs and promoting customer investment in renewables and energy efficiency. The regulation also allowed Member States' temporary intervention in price setting.

Moreover, the 2021 [proposal](#) for a revised Energy Taxation Directive introduces a clause allowing targeted tax reductions to tackle the social impact of energy taxes, and exemptions from taxation to protect vulnerable households.

Non-legislative measures

Against the backdrop of high energy prices, in October 2021, the Commission adopted a [communication](#) with a [toolbox](#) designed to mitigate the impact on consumers and businesses. The proposed immediate measures included emergency income support for energy-poor users, temporary deferrals for bill payments, safeguards to avoid disconnections from the energy grid, reduced taxation rates, and aid for companies and industries. The medium-term measures included improving EU storage capacities, promoting energy community arrangements, and boosting investment in renewables and energy efficiency improvements. The communication also recommended exchanging best practices and coordinating measures with the 'Energy poverty and vulnerable consumers' [coordination group](#).

In the context of energy supply concerns, further exacerbated by Russia's war on Ukraine, in May 2022, the Commission adopted the [REPowerEU](#) plan aimed at diversifying energy imports, promoting energy savings, and accelerating the green transition. The plan was accompanied by a legislative [proposal](#) raising energy efficiency targets and the share of renewables in final energy consumption, and boosting renewable energy deployment. It also included approaches such as the [solar energy strategy](#) and the EU '[Save energy](#)' plan.

Previous major EU initiatives include the '[renovation wave](#)', announced in October 2020 as part of the European Green Deal, and aimed at boosting structural renovation in private and public buildings. 'Tackling energy poverty and worst-performing buildings' is one of the three focus areas under this initiative. Part of the renovation wave is also the [affordable housing initiative](#), which aims to double renovation rates to reach 35 million renovated buildings by 2030, and focuses in particular on social and affordable housing facilities.

European Parliament

In its October 2022 [resolution](#) on the EU's response to the increase in energy prices in Europe, the Parliament stressed the impact

Citizens' Energy Forum

The Citizen's Energy Forum meets annually to explore consumers' role in shaping the energy market. It structures the debate and provides an outlet for consumers', regulators' and industry's view on energy policy. Since 2020, the forum comprises three working groups: on just transition, consumer engagement and consumer rights. Topics discussed recently include better access to renewables for vulnerable citizens, energy efficiency and the renovation wave, a fair energy system, consumer information, digital tools, and strengthening consumer rights. The forum's [conclusions](#) and the [outcomes](#) of the working group discussions are published on the event website.

Source: [European Commission](#).

on citizens and urged Member States to ensure access to affordable and clean energy to vulnerable households. It also called for better consumer protection and putting in place public strategies for population groups in the most critical situation.

In its [amendments](#) of 22 June 2022 to the Commission proposal on a social climate fund, the European Parliament regretted that, despite numerous initiatives, there was still no standard EU-level definition of energy poverty and, as a result, a lack of transparent and comparable data. The Parliament called for establishing such a definition, and proposed its own version. Moreover, according to Parliament, while social tariffs and income support may provide immediate relief to energy-poor households, only structural measures (such as the ['energy efficiency first' principle](#), renewable energy sources, and awareness-raising campaigns, in particular on building renovations) can help combat energy poverty. It also encouraged promoting 'renewable energy' and 'citizen energy' communities, and making them eligible beneficiaries of the social climate fund.

In its January 2021 [resolution](#) on access to decent and affordable housing for all, the Parliament characterised energy poverty as a 'persistent scourge' further deepened by the Covid-19 crisis. Parliament highlighted the direct impact of the housing stock's energy efficiency on the cost of maintenance, and praised the renovation wave's role in alleviating energy poverty through 'energy saving, reducing costs and energy consumption'.

In an October 2021 [debate](#) on high energy prices and energy poverty, Members of the European Parliament pointed out that escalating energy prices are a direct threat to EU stability, and highlighted the role of energy efficiency and renewable energy in making energy more affordable.

In its September 2020 [resolution](#) on maximising the energy efficiency potential of the EU building stock, Parliament called for a regulatory framework addressing energy poverty. It underlined the importance of renovating buildings, adopting energy-saving measures, and promoting energy-efficient consumption habits and behavioural change.

In its [resolution](#) of 15 January 2020 on the European Green Deal, Parliament stated that 'the energy transition must be socially sustainable and not exacerbate energy poverty', calling for targeted actions to reduce energy poverty.

Council and European Council

The European Council, at its special [meeting](#) of 30-31 May 2022, stressed the importance of diversifying supply sources, accelerating deployment of renewables, improving energy efficiency, and promoting energy savings, and invited the Commission to explore ways to curb energy prices. The European Council [conclusions](#) of 24-25 March 2022 noted the negative impact of high energy prices on citizens and businesses, further compounded by Russia's war on Ukraine. The conclusions recommend discussing short-term solutions, such as direct support, tax rebates, state aid, taxation, price caps, and other regulatory measures. They also highlighted the need to reduce gas prices and address their contagion effect on electricity markets.

At the extraordinary [meeting](#) of the Energy Council on 2 May 2022, ministers assessed the energy situation in the context of Russia's war on Ukraine, and supported measures addressing the supply crisis, including the establishment of a European gas purchasing platform to guarantee EU energy supply at affordable prices.

The June 2022 Council [recommendation](#) on ensuring a fair transition towards climate neutrality explores ways to reach that aim, including measures to tackle energy poverty. It presents an overview of current and planned EU actions, along with further recommendations, such as a 'gradual harmonisation and consistency of definitions, concepts, classifications and methodologies' based on the Commission recommendation on energy poverty mentioned above. The accompanying staff working [document](#) presents an overview of the green transition's employment, social and distributional impacts (current trends and projections), and an overview of relevant policies and funding opportunities.

Advisory committees

In its December 2022 [opinion](#) on 'Tackling energy poverty and the EU's resilience: challenges from an economic and social perspective', the European Economic and Social Committee (EESC) called for a common approach to energy poverty, setting an objective of bringing it to a minimum level by 2030 and eliminating it altogether in the long term, as well as creating an EU strategy against energy poverty.

In its March 2022 [opinion](#) on 'What conditions are needed for the energy and low-carbon transition to be socially acceptable?', the EESC called for a reassessment of the 'fit for 55' proposals to 'improve the capacity to deal with energy price volatility and problems following from emergencies, including war'. It also reiterated that, at the same time, social justice and energy poverty must be addressed under the energy transition. In a January 2021 [opinion](#) on an EU strategy for energy system integration, the EESC called for tangible measures to tackle energy poverty at both national and European levels, such as better access to support for thermal renovation and replacement of heating systems, mandatory basic supply models, and general safeguards for energy consumers.

In its April 2022 [opinion](#), 'Towards a socially fair implementation of the Green Deal', the European Committee of the Regions (CoR) underlined that climate and energy policies must not affect vulnerable households. It called for an EU-level definition of energy poverty and related indicators, and highlighted the importance of measures relating for instance to energy efficiency, renewable energy sources, and community-led projects in combating energy poverty.

In its June 2019 [opinion](#) on 'Multilevel governance and cross-sectoral cooperation to fight energy poverty', the CoR highlighted the need to develop a precise definition and indicators measuring energy poverty, with attention to regional and local circumstances. It considered improving the energy efficiency of the housing stock key to addressing the problem, and called on the Commission to propose 'specific objectives for reducing energy poverty by 2030 and eradicating it by 2050'.

Stakeholders

In its position [paper](#) on the green transition, the European Consumer Organisation (BEUC) called for dedicating a minimum share of energy-efficiency measures 'to help energy-poor consumers renovate their homes and/or get more energy-efficient heating/cooling appliances'. BEUC also asked to put in place adequate measures to protect consumers from increased energy bills.

[Eurocities](#) considers current energy poverty regulations in Member States' NECs and long-term renovation strategies insufficient, and argues for more support at local level. [Energy Cities](#) underlined the importance of local action and creating a broad stakeholder coalition to address energy poverty in the local context, as no 'one size fits all' strategy exists. It also highlighted the positive role of self-consumption and local energy communities.

In its [statement](#) on the 'fit for 55' package, the European Federation of National Organisations Working with the Homeless (FEANTSA) warned of the impact of ETS extension on people living in energy inefficient and worst quality housing. FEANTSA criticised the social climate fund proposal for insufficient funding and an ex-post approach, suggesting that the Commission should adopt an 'ex-ante design of policies that prioritise the energy poor and finance the renovation of their homes'.

In a [press release](#), the environmental network Friends of the Earth Europe welcomed some parts of the 'fit for 55' package (in particular as regards legislation on energy efficiency and a social climate fund), but warned that the proposed ETS overhaul would raise energy bills. In its [analysis](#) of the REPowerEU plan, the network criticised lack of funding to 'get heat pumps and solar panels to energy poor households'. It called for 'funding or further regulation to kick-start subsidised renovation programmes to tackle energy poverty', for instance an 'EU energy poverty renovation fund'. Friends of the Earth Europe also pointed out that behavioural change is not enough to overcome poor households' lock-in into the fossil fuel infrastructure.

Outlook and policy options

Against the backdrop of the energy crisis linked to Russia's war on Ukraine, and the elevated energy prices driving inflation, energy poverty is likely to remain high on the policy agenda. In this context, a number of measures may be considered to tackle energy poverty:

- limits on disconnection;
- price regulation;
- tax breaks;
- social energy tariffs;
- social transfers to vulnerable groups;
- financial support for building renovation for the energy poor;
- subsidies for energy-efficient solutions such as heat pumps and solar panels;
- structural improvements in energy efficiency;
- development of local energy communities;
- information campaigns and education on energy saving; and
- a harmonised indicator set to monitor energy poverty.

To avoid increased burden on consumers, alleviate existing energy poverty, and ensure a fair energy transition, various aspects of this multi-layered issue will need to be addressed, including energy prices, housing conditions, and efficiency solutions. Providing an EU energy poverty definition is a significant step forward, however, binding targets, indicators and monitoring procedures could be considered to further support policy implementation.

While social-policy options fall mainly in the Member States' responsibility, the EU can propose measures linked to its energy policy, which is a shared competence between the Member States and the EU. Several EU policy measures to tackle energy poverty are already underway, and this area is likely to be strengthened in the future.

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ENDNOTES

- ¹ The SCF regulation was adopted in May 2023. Initially, the legislative proposal for SCF referred to a new definition put forward in the proposed Energy Efficiency Directive recast. However, the SCF regulation was adopted first and thus became the first piece of EU legislation enshrining the energy poverty definition. The compromise agreement on the EED was reached in March 2023 and then formally accepted by the Parliament and the Council. Publication in the Official Journal is expected in the coming weeks.

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