



Concept of „energy poverty“ as an example of multidimensional perspectives of social inequalities and its impacts

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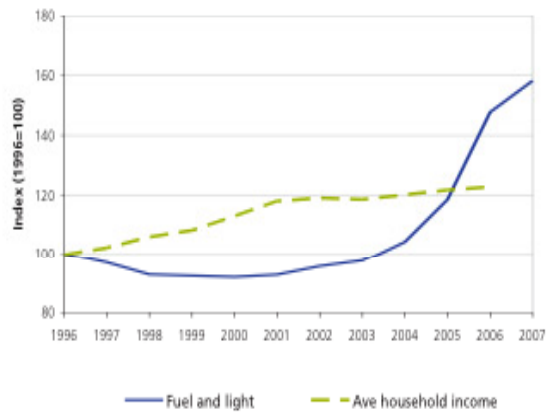
>outline



- >Low income households in Europe and access to energy
- >What is energy poverty? The concept and problems with definitions/methodology of research.
- >Field research outcomes: who is in the fuel poverty and what is the scope of the problem? What are the social and environmental impacts?
- >Low income households – what to focus on?
- >Policy options: challenges and opportunities ahead

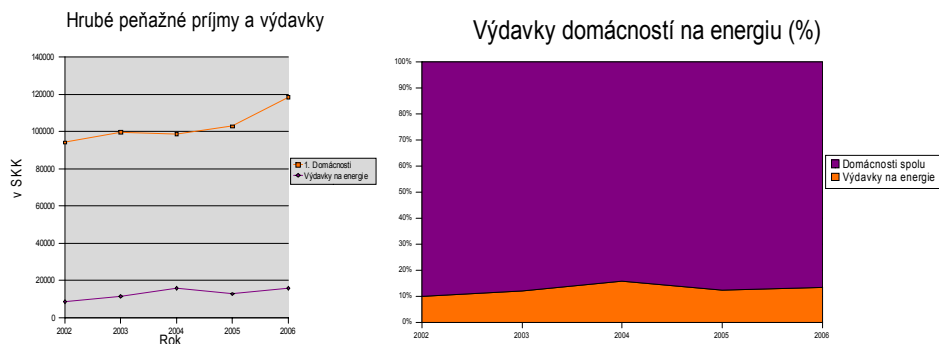


>England: Prices against income 1996 - 2006



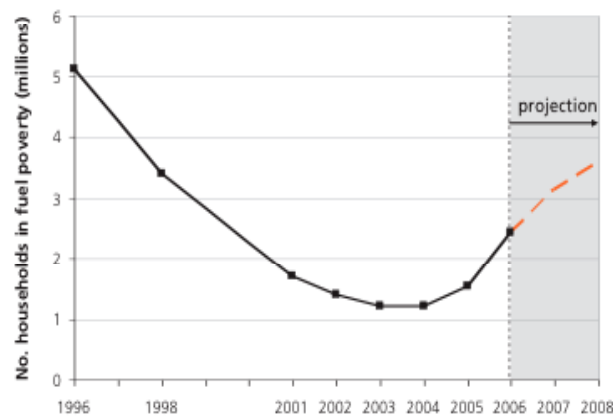
Source: UK Fuel Poverty Strategy Sixth Annual Progress Report 2008

Gross fiscal income/expenditures of households and share of energy in the total households' bills: Slovakia 2002 - 2006

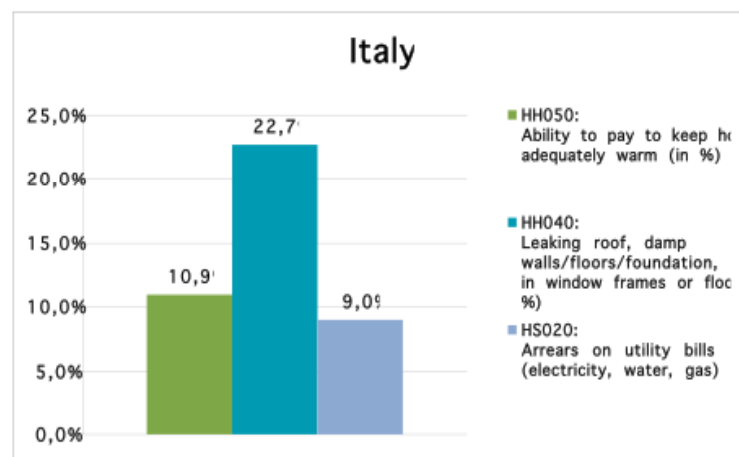


Source: Based on data from the Slovak Bureau of Statistics 2008

> Projection of fuel poverty for England for 2007 and 2008



Source: UK Fuel Poverty Strategy Sixth Annual Progress Report 2008



Source: Evaluation of fuel poverty in Belgium, Spain, France, Italy and the United Kingdom - EPEE project (2008). data based on the EU-SILC survey



>Defining Energy Poverty



>The definition of fuel poverty adopted by government in the UK Fuel Poverty Strategy 2001 – *a household is in fuel poverty if, in order to maintain a satisfactory heating regime, it would be required to spend more than 10 per cent of its income on all household fuel use;*

>>There are few troubles with this definition:

- How to evaluate a family's "required" level of energy consumption?
- How to evaluate what is/what is not income of a household?
- Geographic location matters.
- Problem with self-regulation.

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>Defining Energy Poverty



>Other proxy indicators:

- Households with difficulties to pay for energy bills - estimated by number of arrears on utility bills, power disconnections, and by use of prepayment counters,
- Thermal quality of the accommodation - indicator of cold, under heated accommodations, with risks of mould and condensation,
- Winter over mortality rate: consequences of under heated homes.

>>Complexity of the quantitative and qualitative data (e.g., statistics, EU-SILC, field research) Vs. definitions: similar problem as with the defining poverty as such.

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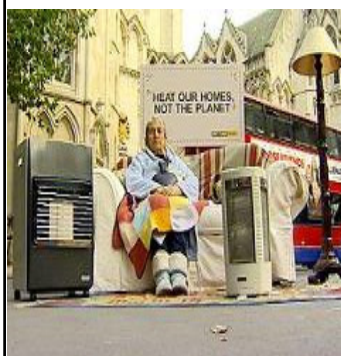




> More than 20% of income of marginalized groups goes for fuel in Hungary (UNDP 2003 survey);

> Economic crisis in Latvia and increasing problems with energy bills in the winter 2008/2009

> Data from qualitative survey in Slovakia: regional disparities, geographic location and social situation matters.



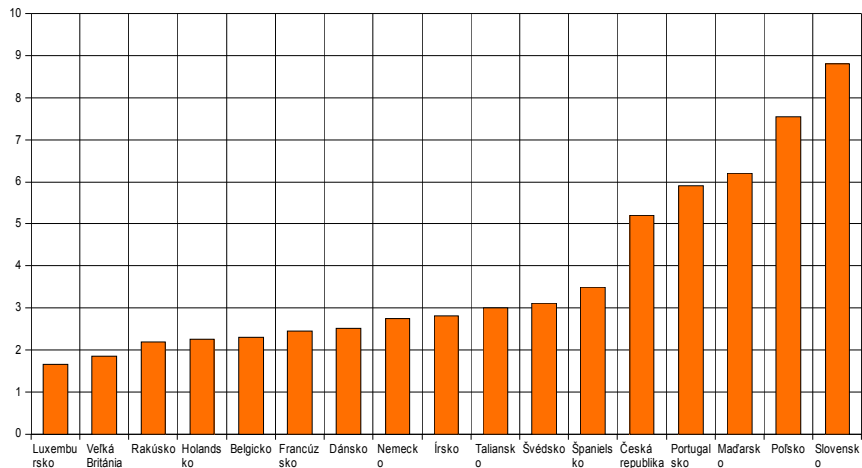
> Several interconnected factors may lead to energy poverty:

- Macro level:
regulation/liberalisation and other variables reflected in energy prices;

- Micro level:

- the level of household income;
- geographical location;
- the energy efficiency of house.

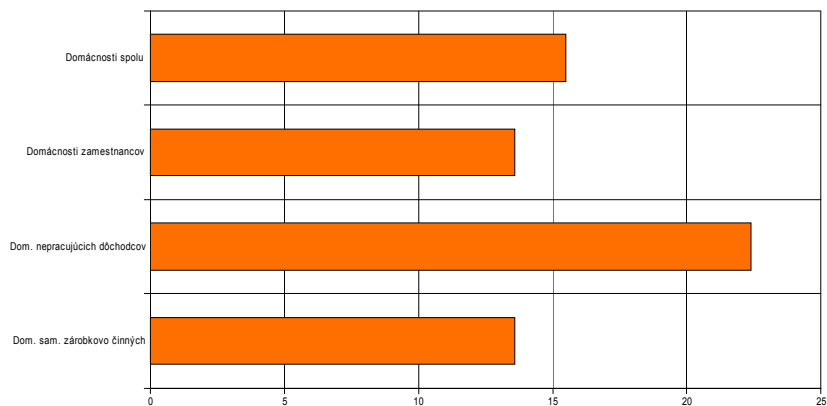
Households' share of expenditures on gas in the total expenditures – selected European countries in 2007



Source: Slovak Bureau of Networks Regulator (Úrad pre reguláciu sieťových odvetví) 2008

>Share of energy expenditures on total households bills: Slovakia 2006

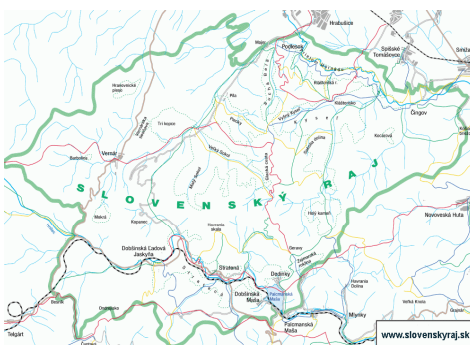
Podiel výdavkov za energiu v roku 2006 (%)



Source: Based on data from the Slovak Bureau of Statistics 2008



- Affiliated with life cycle
- Regional disparities as a strong phenomenon:
 - „hidden poverty“ of big energy inefficient houses,
 - 1990s: from fuel wood to gas –
 - 2000s: from gas¹³



- Social exclusion
- Health problems
- Environmental pressure
 - indoor/outdoor air quality
 - Illegal logging and timber trade

>Addressing the problem



- Growing energy prices increase pressure on households(exacerbated by Global economic crisis);
- Raising inequalities reflected also in access to loans and support schemes;
- EU and governmental support schemes have tendencies to support bigger projects and require certain social capital;
- Regional disparities contribute to deepening of the gap (Insulation of „panel“ houses as an indicator)

>Energy poverty: Policy Responses

Member States should ensure that the lowest-income population groups are not further disadvantaged. There was no panacea, but a social tariff for basic energy requirements would be an example of a good solution. The basic energy supply for low-income groups should not become a luxury, however. In the light of the latest price developments, the time had come for state intervention in the energy sphere.

Commission President Barroso (2008)



>Energy poverty: Policy Responses



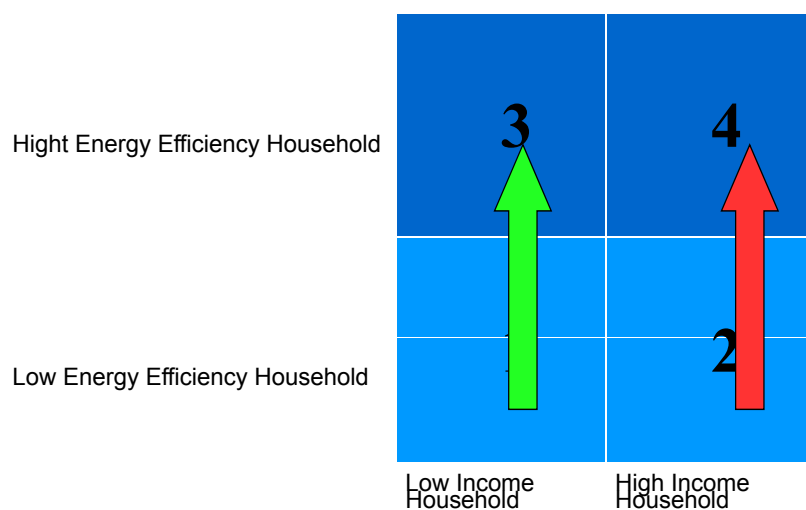
There is universal solution: BUT how to design and implement a range of programmes to tackle the problem:

- > Regulating monopoly and prices,
- > Social tariff for basic energy requirements and other direct support;
- > Regulations and norms for EE, schemes for supporting vulnerable groups
- > Call for Government action (e.g., WarmFront in the UK, winter protection in the US)
- > Involvement of energy suppliers to in order to meet the priority group – broader question of privatization of assets and socialization of liabilities,
- > Awareness raising and involvement of NGOs & Public
- > Improving the energy efficiency of homes through better insulation and heating systems as the first step to reducing energy bills and in turn helping to remove households from energy poverty.

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Households' income/energy efficiency paradox of energy poverty





Investing into EE



- USA: the Green Jobs Act of 2007) primary target: people living under poverty line.
- EU: The European Parliament approved on April 2nd measures to extend Community regional funding available for co-funding energy-efficiency and renewable energy schemes in housing to all member states.
- Czech Rep: Green Light to Savings (Zelená úsporám) 10 bil. CZK in

